3 Precious Metals Stocks Under $5 Per Share

Description

Investing in precious metals can be a wild ride. Buying the stocks of mining companies that produce precious metals can be even more volatile.

While pricing swings can be difficult to handle, they often provide limited-time opportunities to buy stocks at a deep discount.

Here are three precious metals companies under $5 per share.

A classic example of value

Lucara Diamond (TSX:LUC) stock fell 30% in the final months of 2018 and haven't recovered since. The events driving the stock lower are a perfect example of scooping up shares at a temporary discount.

In 2017, diamond selling prices were around $850 per carat. Last year, prices tumbled to just $500 per carat, causing revenues to drop from $220 million to $175 million. EPS dipped even harder from $0.17 to just $0.03.

Still, there's reason to believe the pricing dip was due to classic, cyclical factors and don't represent the long-term health of the industry. Through 2030, the gap between supply and demand will continue to grow, providing the perfect conditions for higher pricing.

Today, Lucara shares pay a fully covered 6.5% dividend, giving you a solid income while you wait for pricing to revert higher.

This stock continues to surprise

Now at $3 per share, **Osisko Mining** (TSX:OSK) has had a volatile year. Over the past 12 months, shares have ranged between $1.60 and $3.60 apiece. However, much of the volatility was simply the market digesting good news.

With a market capitalization of less than $1 billion, few analysts are paying attention to Osisko. Based on recent revelations, perhaps they should.

Over the past few months, the company has released several updated resource evaluations for its key properties. The news has been all positive. For example, at its Lynx Zone project, indicated gold reserves increased by 153,000 ounces while inferred gold reserves jumped by 82,000 ounces.

Osisko's management team believes 2019 should hold many more catalysts, including additional drill results and resource updates across other valuable projects.

A profitable mining stock

Fool contributor Matt Smith is a big fan of **Dundee Precious Metals** (TSX:DPM).

In December, he wrote that "Dundee is an attractively valued means for investors to bolster their exposure to gold in an environment riven with economic fissures and geopolitical risk." How exactly can Dundee deliver risk-mitigated results for shareholders?

Most importantly, Dundee is experiencing rising output and falling prices. If commodity prices strengthen, Dundee should benefit two-fold. If pricing falls, Dundee should be able to withstand the pressure without too much angst.

For example, Dundee recently revised its all-in costs to just US$710 per ounce, nearly 20% lower than its earlier guidance. Rising production helped generate US$25 million in free cash flow last quarter — something few mining stocks were able to achieve.

With one of the cleanest balance sheets in the industry, Dundee is a great pick for investors looking to gain gold exposure but don't want to deal with the industry's nerve-wracking boom-and-bust cycles.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:DPM (Dundee Precious Metals)
2. TSX:LUC (Lucara Diamond Corp.)
3. TSX:OSK (Osisko Mining)

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