2 of the Best Canadian Mining Stocks for Young Investors

Description

While it's impossible to eradicate risk entirely from a metals and mining stock portfolio, there are definitely strategies a new investor can stick to in order to bring it down. One way is to invest in ETFs that spread the risk of various assets, while another is to pick miners that have the healthiest balance sheets and track records. Here are two stocks that may fit the bill for a young TSX index investor interested in metals.

Wesdome Gold Mines (TSX:WDO)

Down 2.62% in the last five days, Wesdome Gold Mines has seen its share price fall after the release of its first-quarter results. It's something of a shame to see this outperforming stock falling at the moment, though it does, of course, present a value opportunity (or at least it would if it weren't for high market ratios, such as a P/E of 37 times earnings and P/B of 3.5 times book

Returns of 113% for the past year put Wesdome Gold Mines ahead of the pack when it comes to key performance indicators, and with a low beta of 0.26 relative to the TSX index, its share price is among the less capricious. Investors looking for a stock with a strong track record may be suitably impressed by Wesdome Gold Mines's one-year past earnings growth of 1054.5%, while its five-year average of 26.2% is solid enough.

Selling at around a quarter of its future cash flow value, investors looking to make money with stocks may want to weigh carefully its current market ratios, which are a little high (see a P/E of 37 times earnings and P/B of 3.5 times book). Two further metrics make this stock a comfortable buy: its 57.3% expected annual growth in earnings is significantly high, while its debt level is low at 6.2% of net worth and is amply covered by Wesdome Gold Mines's operating cash flow.

Lundin Mining (TSX:LUN)

Having lost 4.47% off its share price over the last five days, there is a value opportunity in this healthy and well-positioned copper, nickel, and zinc miner. While Lundin Mining underperformed the metals and mining industry (which itself returned -13.5%) over the past 12 months, it has a lot of other things going for it, from a clean balance sheet to some decent market variables; let's take a look.

Trading at book price at far less than its future cash flow value, Lundin Mining should catch the eye of a value investor. While its P/E of 21.7 times earnings is a little high, it's far from the highest such ratio on the TSX index.

In terms of performance, a past-year ROE of just 4% shows that Lundin Mining could make better use of shareholders' funds; meanwhile, an ROA of 3% indicates that Lundin Mining used its assets less efficiently than the Canadian metals and mining industry average (which itself was only a minimal 7.2% for the same period). Luckily, this is countered by low debt, which, at just 1.8% of net worth, goes some way to up the quality of this stock.

The bottom line

Lundin Mining's dividend yield of 1.81% matched with a pleasing projected 27.3% annual growth in earnings make this stock a clear buy for new investors keen to gain exposure to Canadian metals. Though it doesn't match Wesdome Gold Mines's track record, Lundin Mining's a negative one-year past earnings growth rate is mitigated by a positive five-year average of 23.9%, making both stocks solid investments for new investors.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. TSX:LUN (Lundin Mining Corporation)
2. TSX:WDO (Wesdome Gold Mines Ltd.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

Date
2025/08/24
Date Created

2019/05/09
Author
vhetherington