



## Attention Value Investors: This Could Be the Cheapest Stock on the Planet

### Description

**Gran Colombia Gold** (TSX:GCM) is a Canadian-based [gold and silver exploration and development company](#) focused on acquiring and developing properties. The company's principal product is gold and it also produces silver. GCG's properties are primarily located in Colombia. Gran Columbia Gold (GCG) holds 100% of Frontino Gold's gold and silver assets, including the largest underground gold and silver mining operation in Colombia. Indirectly, GCG also has property interests in Guyana.

The company has a price to earnings ratio of 3.09, price to book ratio of 2.16, dividend yield of 3.13% and market capitalization of \$363 million. Debt is very sparingly used at GCG as evidenced by a debt to equity ratio of just 0.29. The company has depressed performance metrics with an operating margin of (6.51)% and a return on equity of (53.25)%. GCG's offices are located in Toronto, Ontario and Bogota, Colombia and the company has over 3000 employees.

### Disciplined exploration strategy

GCG owns the [rights to interests](#) in a venture called the Marmato Project, which it acquired a few years back. These individual properties in Marmato are held under different licenses but are all part of the same geological system. In 2019, GCG created value for shareholders by spinning-out the Marmato Mining Assets to a separate company.

GCG also owns other exploration projects in Colombia and implements a disciplined exploration and development strategy. The company has a comprehensive environmental, safety and community program, meeting international standards of best practice.

### South American exposure

GCG also owns a 100% interest in the Lo Increíble Properties in Venezuela. In 2011, the Venezuelan government nationalized gold exploration and mining operations in the country, including a minimum state equity participation of 55% in gold projects, a new 13% royalty and the banning of export sales by producers.

The company engaged the Venezuelan government with respect to negotiations for the company's properties in Venezuela for adapting the project to then-current Venezuelan legal requirements while being indemnified for nationalization of a majority stake of such properties.

For the purposes of holding, developing and financing the company's Venezuelan assets, GCG entered into a share purchase agreement with the potential of spinning off the Lo Increíble Properties. Through the proposed spin-off of the company's Venezuelan assets, GCG will retain a major stake in the new company while leveraging the capital markets to provide the funding required for exploration and development of the mining assets.

## Effectively navigating regulations

Mineral exploration and mining activities are affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls and income taxes. In 2019, the company entered into a three-year refining agreement with an international refinery to sell all the gold and silver it produced, significantly reducing the company's risk.

The company's activities in foreign jurisdictions are affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. The risks created by potential political and economic instability include extreme fluctuations in currency exchange rates and high rates of inflation. Despite these risks, GCG could be significantly more valuable if gold prices climb higher.

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**Date**

2025/08/22

**Date Created**

2021/02/22

**Author**

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