



3 Mining Stocks That Are Too Cheap to Ignore

Description

This macro environment is terrible. Inflation is high, valuations are coming down, and there aren't many places investors can hide. Accordingly, those seeking a defensive posture may wonder why mining stocks are trending lower.

In particular, gold mining companies, such as the ones I'm going to talk about in this article, have underperformed relative to the expectations of many investors. Given the hedging power of gold relative to other risk assets, one would have thought another bull market in this pocket of the commodity market would be underway.

While I do think the medium- to long-term outlook for gold remains strong, there are reasons for this. The U.S. dollar remains near multi-decade highs. And other commodities provide similar hedging power and have been beaten up to a greater extent.

That said, gold and other precious metals remain the kings of diversification and the safety trade for defensive investors. Here are three top mining stocks that I think provide the best exposure to this asset class right now.

Top mining stocks to buy: Agnico Eagle

After its merger with Kirkland Lake Gold in February, **Agnico Eagle** ([TSX:AEM](#)) has become the world's third-largest gold miner. This stock has actually been a decent performer, posting a nice uptrend in recent years.

As per a statement by Andre Leite, Agnico's Ontario vice president, he sees more growth potential in northeastern Ontario. Additionally, he expects the production to grow to 30 tons/year from its current capacity of 20 tons/ year.

Adding to this uptrend, Ensign Peak Advisors hiked its holdings of AEM stock by 21.3 % in the second quarter (Q2). As more institutional money flows into big players like Agnico, investors stand to benefit.

These trends are all solid and all reasons to consider this gold miner at these levels. With a dividend [yield of more than 3%](#), Agnico Eagle remains one of the best ways to play this sector.

Newmont Gold

One of the world's leading gold mining companies, **Newmont** ([TSX:NGT](#)), has reported impressive numbers of late. The company's Q3 production came in at nearly 1.5 million ounces — an increase of 3% year over year. Accordingly, for those bullish on where the price of gold is headed, these numbers are worth considering.

In terms of scale, Newmont remains a top pick for most gold investors. This is a gold miner with some of the best operating metrics in the industry. That's typically very important for institutional investors, who own a significant chunk of this stock.

Lower average realized sales prices and less of a production increase than expected are risks that could hit this stock moving forward. However, this is a company that also pays a meaningful dividend yield of 4.8% in a time when investors seek capital returns.

Overall, Newmont undoubtedly remains among the top mining stocks investors should be looking at right now.

Barrick Gold

Rounding out this list of top mining stocks to buy is one of my favourites, **Barrick Gold** ([TSX:ABX](#)). This company's valuation of around [15 times earnings](#) does beat its peers on this list (at around 35 times earnings). Thus, this is the top pick among mining stocks for most [value investors](#) right now.

The company's performance over the past five years has been solid, despite this lower multiple. Indeed, in many respects, this is the best pick of the bunch (had to save the best for last) in terms of upside for those bullish on appreciating commodity prices.

All in all, I think these three mining stocks make for great additions for investors seeking diversification and a market hedge in these difficult times.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:AEM (Agnico Eagle Mines Limited)

3. TSX:NGT (Newmont Mining Corporation)

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Author

chrismacdonald

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