

7 great stocks under \$5

While the market has rallied this year, a lot of small stocks have been left out. American Airlines and the six others listed here have low share prices and the potential to make big moves.

By Michael Brush, MSN Money

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Hecla Mining

Buy limit: \$3.50

Shares of **Hecla Mining (HL)** have fallen to around \$3.20 from \$4 in August, and down here the stock looks attractive for a simple reason, says Tom Winmill, manager of the **Midas Fund (MID5X)**.

The company has two silver mines – the Green Creek mine in Alaska and the Lucky Friday mine in Idaho – with very high-grade deposits. That translates into lower costs and higher profit margins. **Winmill puts costs at \$17 an ounce for silver over the long haul, with silver selling recently at more than \$22 an ounce.**

The market doesn't seem to appreciate the value of these assets. The company trades at just 0.8 times book value, less than the value of its assets. This is partly because the company has a long history of producing poor returns on mine investments. But it's done a better job over the past three-plus years.

Hecla Mining also recently purchased a mining company called Aurizon Mines which has underinvested in its mines. Hecla has the financial strength to invest in them and bring them up to speed.

Hecla CEO Phillips Baker says his company's overall silver production will more than double, to 15 million ounces a year, over the next five years. Hecla also mines gold. Baker thinks production could ramp to 175,000 to 200,000 ounces in 2014, from 50,000 this year. He thinks proven silver reserves will grow to at least 150 million ounces from 50 million ounces, and gold reserves will more than double to 2.2 million ounces.

"Hecla will become very attractive in a rising gold and silver price environment," says Winmill. He expects concerns about inflation, the Fed's expansionary monetary policy and profligate spending in Washington, D.C., to push gold and silver much higher. **Analysts have a \$4 price target on Hecla, according to Thomson Reuters. But that will probably go up as confidence in the company returns, and if gold and silver prices go back up, as Winmill expects.**