Frontier Fortunes:
The Energy and Metals Portfolio

By Jeff D. Opdyke

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Back in the early days of the pandemic… before inflation was a problem… and before the Federal Reserve started pushing up interest rates at a rapid pace, I saw the writing on the wall and made a decision with my largest retirement account.

It was not a throw-away decision.

This is a multi-six-figure account that will fund much of my spending needs in retirement. For me, then, this was a big call with very significant future lifestyle ramifications.

That decision: Sell out of almost every stock and exchange-traded fund (ETF) I owned in that account—including Wall Street tech darlings such as Facebook, Nvidia, and Google—and plow almost all of my funds into a select few investments.

Those investments span several industries, but they share one crucial thing in common: They will soar higher amid a series of "super shocks" that the U.S. is going to face before the end of this decade, likely by 2027-2028.

I've been working in the financial media and investment world for more than three decades, and the biggest lesson I've learned is that too many people are much too faithful to the status quo. They wrongly believe that every tomorrow will look much like every today.

Alas, life does not work that way. Shocks slam the system way more frequently than people want to admit.

Since just the start of this millennium, we've had: the dot-com collapse that destroyed vast wealth as Wall Street plunged nearly 50%… the housing crash and the Great Recession that saw Wall Street plummet more than 52%… the COVID crisis that produced a 20% market collapse… and now the Federal Reserve-inspired rate-hike crash that has seen Wall Street fall more than 25%.

Four major financial events in less than a quarter century have scarred the economy and, more importantly, our portfolios.

The point is this: Things change.

They change frequently.

And when those changes roil economies and financial markets, everyday investors like you and me suffer the most as our retirement and investment accounts dive in value, and then take years to recover.

I'm 57 years old. I don't have years to wait at this stage of my life. I'd prefer to use the coming crisis to my advantage, and allow it to actually boost my retirement account rather than rob it yet again.

So, I've made changes to my personal portfolio that reflect—and gird against—three major super shocks I see barreling toward us:

1. Explosively higher oil prices, and by that I mean prices that soar above $150 per barrel and occasionally touch $250 per barrel.
2. A monetary crisis centered on a collapsing dollar and America's addiction to debt.
3. A societal super shock that could see the U.S. fragment in ways that would reshape our political and economic landscape.

As a longtime journalist and financial writer, I've experienced the four previous crises of the past 23 years from inside the trenches. And I sense those were small potatoes in comparison to these three super shocks now racing toward us.

To that end, I loaded up my portfolio with gold, silver, copper, and energy—the investments primed to surge most in the super shocks to come.

Now, to be clear, the majority of my funds are in traditional investments in these sectors, such as physical gold ETFs and industry-leading miners.

But I've also been researching lesser-known, more volatile investments with explosive growth potential. These are the kinds of assets where you can invest a small portion of your funds—an amount you're comfortable to risk—and potentially see life-changing gains.

That's why I'm launching *Fortune Fortunes: The Energy and Metals Portfolio*… to share this research with you.

Because it is precisely in times of crisis, when most people are too scared or simply don't have the money to invest, that some of the biggest—and easiest—opportunities open up…

I don't want to sit around and let the crises happen, and then react. I'd much rather flip the script by snapping up tomorrow's crisis winners at today's ultra-cheap prices.

That way we can turn the difficult years to come into the best years of our investment lives.

On July 1st, I will be launching the full *Fortune Fortunes: The Energy and Metals Portfolio*, revealing to you all of my high-potential picks.

But as a Chart Member of this new service, I'm going to immediately share with you five stocks that I've already completed research on, so you can get in earlier and potentially collect even greater profits.

Before I reveal these stocks and the investment case for owning each of them, let me first address the big question: Why energy and metals?

The Impending Energy Shock

The investments I'm revealing today are focused on preparing for the first two super shocks that will soon strike America.

The third super shock—a severe societal and political crisis—will impact the U.S. before the end of this decade, but the exact nature and outcome of that super shock are, at this point, unclear. America's politics is too chaotic and unpredictable at present.

But the first two super shocks are not only inevitable, their outcomes are clearly foreseeable. Which means we can now begin to tap into the assets that will soar higher during these events.

The first super shock, centered on energy, is a consequence of two factors… a dramatic collapse in oil and gas exploration during COVID, and an ill-thought-out global rush to green energy.

As you know, COVID basically shuttered the global economy. More than a billion workers in the U.S., Europe, China, and elsewhere stopped commuting to work. Airplanes stopped flying. Cruise ships stopped cruising. Demand for oil collapsed.

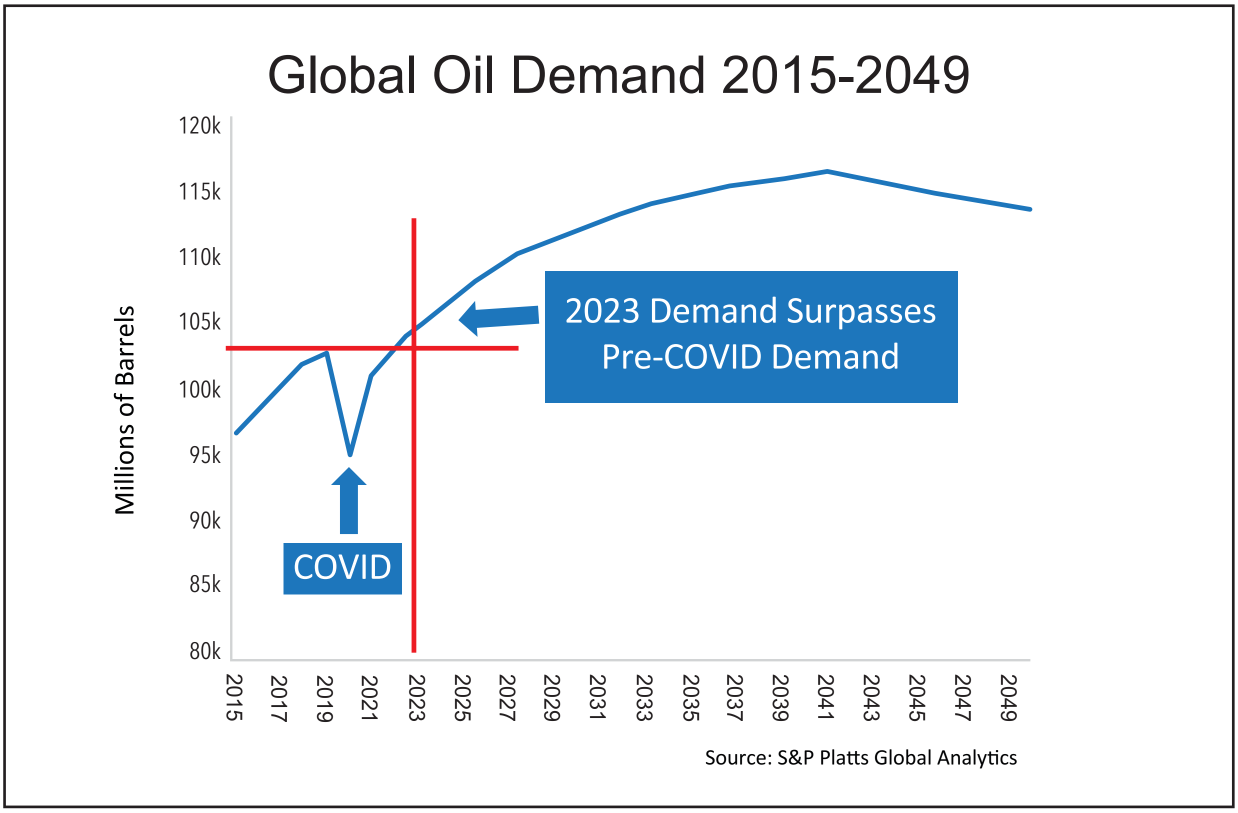
The supply of oil quickly built up, overwhelming storage capacity and, at one point, sending oil prices to less than $0 for the first time in history. Companies were literally paying people to take oil off their hands because they had nowhere to store it.

The media, bureaucrats, and think tanks all figured this was green energy's moment to shine… a chance to move the world away from fossil fuels once and for all.

Alas, that was never going to work out.

Oil demand was always going to rebound because there was no way that green energy could replace fossil fuel infrastructure in the span of a single pandemic.

Indeed, S&P Global, the company behind the S&P 500 and a well-respected provider of financial information, now forecasts that oil demand in 2023 will exceed the all-time pre-COVID high… and keep growing for the next two decades.



So, while green energy is inevitable, it's primacy as the dominant form of power generation is not nearly as close as environmentalists hope.

Yet, Western countries seem unwilling to face this reality.

One example: The U.S. government has set a goal of ensuring 50% of all car purchases are electric by 2030. That's clearly not feasible.

Recharging times are much too slow to facilitate anything beyond city driving. There aren't nearly enough electric-vehicle charging stations for electric cars and trucks to travel long distances. And there's no way to build that infrastructure in less than seven years.

However, this illogical push to manifest a green energy future is having a big impact inside energy company boardrooms.

All these new energy mandates and strict environmental regulations have made fossil fuel companies leery of investing the many millions of dollars necessary for finding and producing new energy reserves.

While oil demand is projected to hit a record high this year, capital spending by oil and gas companies is forecast to remain flat or below 2019's pre-pandemic levels, according to the *Oil and Gas Journal*.

So, energy companies are starting to spend on exploration and production again, but not at levels that can adequately meet future demand.

As such, we're going to reach a moment in the next year or two when demand for oil is going to run up against inadequate supply—or, at least, inadequate supply at current prices.

Supply will be available at much higher prices, above $150 per barrel with spikes to $250.

That will ultimately encourage further spending on oil and gas exploration and production, which will generate huge profits for energy production companies and energy exploration companies—the businesses that ship oil and gas from Point A to Point B, and the drilling companies that run around the world poking holes in the ground for the exploration companies hunting new reserves.

In many ways, this is a repetition of a trend I spotted more than a decade ago, when a little-known company called Cheniere Energy was building a natural-gas liquefaction plant along the Louisiana coast.

Lots of people thought it was a lame idea because Europe was pulling most of its natural gas from Russia, which had built strong post-Soviet friendships with the continent. Asia, meanwhile, was pulling largely from Qatar and oil-and-gas giants in the Middle East.

But it was clear even back then that demand for natural gas was going to surge, and that the embarrassing plentitude of natural gas America unlocked through fracking technology was going to drive down gas costs so much that shipping gas from the U.S. would be cost-effective.

And, lo and behold, that's exactly what happened.

And what came of Cheniere? A stock that I was recommending in the mid-single digits is today north of $140 and has seen recent highs approaching $180.

In the right set of circumstances, we could see some of the energy stocks below explode higher, too.

The Role of Metals in the Inevitable Debt Crisis

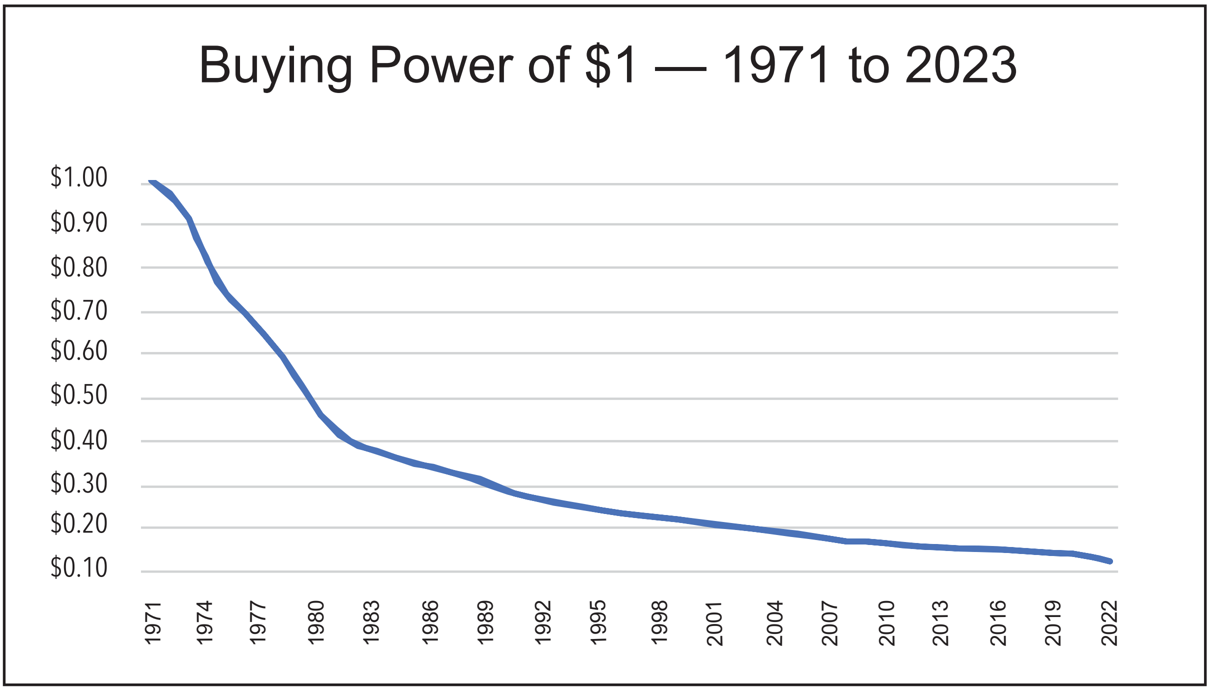
The metals side of the *Fortune Fortunes: The Energy and Metals Portfolio* that I'm unveiling today comprises two assets… gold and copper.

Gold will be the beneficiary of the second super shock—a debt and monetary crisis in the U.S.

As you likely know, gold is the last and final store of value when currencies devalue or even collapse. It has played that role of financial savior across the entirety of human history.

To see this in action, you only need to look at the value of gold vs. the value of a dollar since August 1971, when Nixon took the dollar off the gold standard and allowed it to float freely.

The dollar bill that Nixon-era consumers were spending is worth $0.13 today—a loss of 86% of its purchasing power.



Meanwhile, an ounce of gold that was worth $35 before Nixon ended the gold standard is today north of $2,000 per ounce—a 5,600% gain.

Gold prices have skyrocketed since 1971.

The dollar, a paper currency backed by nothing but an insignificant government guarantee, lost tremendous value.

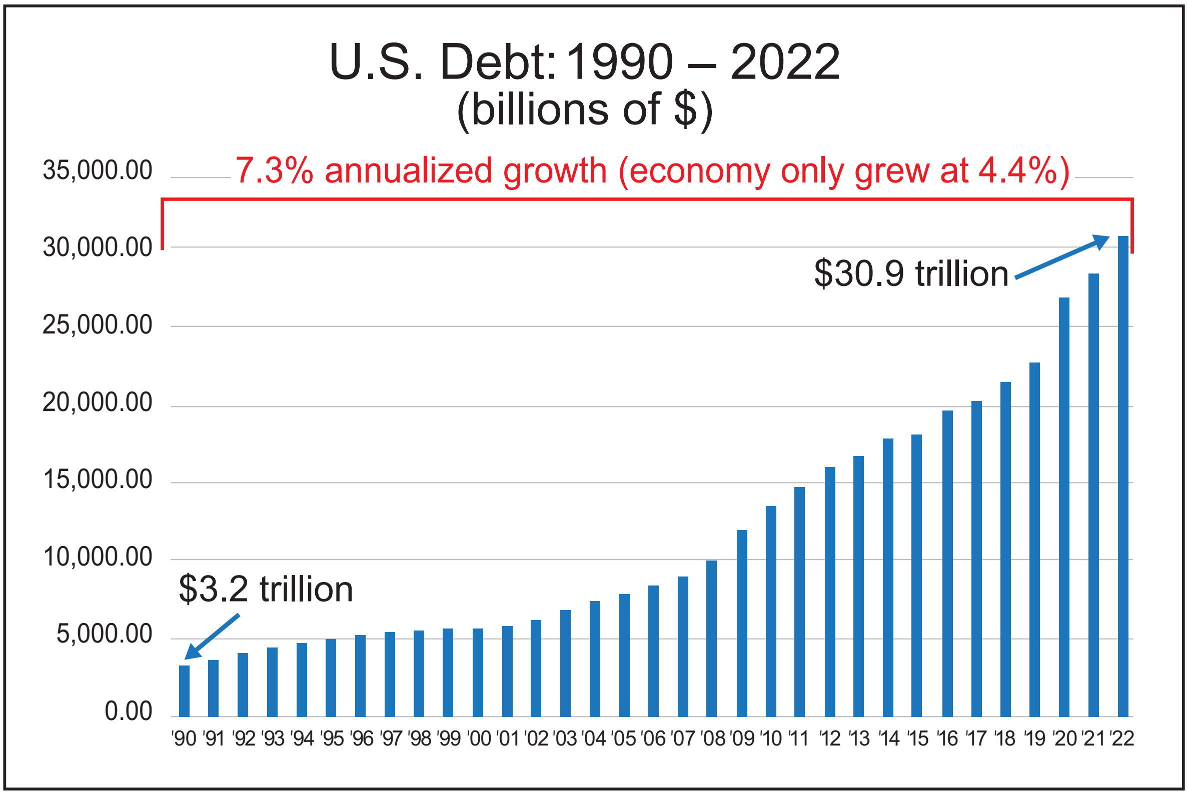
Gold, a hard asset for which no one can manipulate supply, gained tremendous value.

That trend is not going away.

In fact, it's only going to continue because America's fiscal house of cards is more tenuous than at any time in history.

At $31.5 trillion, Uncle Sam's debt is 120% larger than the country's annual economic output. And a recent Congressional Budget Office (CBO) report estimates America will add another $19 trillion to the mountain by about 2030—an astounding 60% increase in just seven years.

That's banana republic levels of economic mismanagement.



U.S. debt levels have skyrocketed over the past two decades.

The worst realization, though, is that when you include off-balance-sheet items such as Social Security, Medicare, and government employee and veteran benefits for which America is already on the hook, Uncle Sam actually owes another $181.8 trillion.

Combined with that $31.5 trillion, the country's real debt load is more than $213 trillion, or more than 700% of the country's annual economic output.

There's no way America can ever repay that.

At some point, the interest payments due on the ever-growing debt will overwhelm government's capacity to pay and the house of IOUs crumbles. That's not a sky-is-falling analysis. It's simple math.

The government cannot tax heavily enough, nor can it grow the economy fast enough, nor can it cut services deep enough to pay down that much debt.

Indeed, the CBO in March told Republican members of the House that plans to simply balance the budget within a decade—while leaving Social Security, Medicare, and defense spending untouched—would require that Congress cut 86% of everything else needed to run the country on a daily basis.

And balancing the budget does nothing to actually shrink the debt.

At this point, a debt and monetary crisis is America's future.

In a situation fraught with so much monetary risk, gold isn't just another portfolio building block. It's essentially lifestyle insurance. When a crisis emerges that centers on the dollar and America's extreme debt, gold will see unimagined highs.

Obviously, there are several ways to own gold: raw bullion, numismatic coins, ETFs that own physical gold, and gold miners. Each has a role to play.

In this portfolio, we're looking to own gold miners because they're a leveraged play on gold prices that can amplify your returns. Here's what I mean:

1. Miners own hundreds of thousands, if not millions, of ounces of gold in the ground.
2. Once a mine is up and running, the ongoing operational costs are fairly consistent—taxes, royalties, maintenance, and energy costs (which can fluctuate sharply).
3. As such, each new ounce of gold pulled from the ground flows almost unimpeded to the bottom line, meaning that rising gold prices represent increasingly fatter profit margins for mining companies.

In short, if a hypothetical miner's all-in costs for operating a gold mine are, say, $1,000 per ounce, then gold at $1,500 means a profit of $500 per ounce.

But if gold moves to $2,000, that represents $1,000 in profit per ounce, or a doubling of the miner's profits at no real additional cost (aside from some taxes and royalties).

And if gold production volume of, say, 1 million ounces were to increase by 20% to 1.2 million ounces in a given year, then all things being equal, profits of $500 million in Year 1 are $1.2 billion in Year 2.

That will obviously be reflected in a much higher stock price. So, miners are a riskier, but far more lucrative way to invest in the metals space.

The Curious Case for Copper

The other metal I own and that I believe every savvy investor should hold is copper.

It's a metallic play on the energy side of our portfolio.

See, the oil-price super shock we're going to experience stems from the fact that the green energy movement has warped thinking inside Western governments to such a degree that politicians are moving away from fossil fuels as fast as possible.

Some environmentalists have even called for the immediate cessation of all fossil fuel drilling, apparently not clued in enough to realize that the entire planet would collapse into darkness and starvation within a few years, since most of the world's power supply, and much of its ability to feed itself, stems from fossil fuel production.

Nevertheless, environmentalists have won the broader argument and we're moving toward a greener future with electric cars, solar-powered houses and buildings, smart roadways and sidewalks, and power plants that rely on non-fossil fuel technologies.

And in that fundamental re-electrification of the planet, one metal shines brightest: copper.

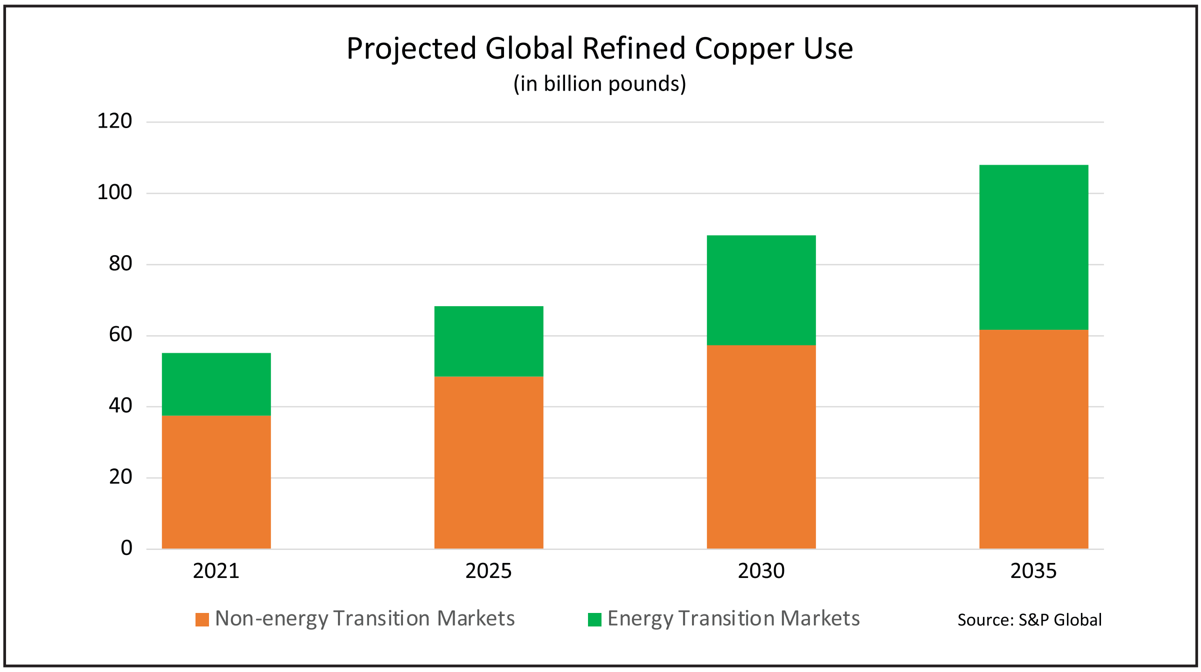
Copper is the most useful, efficient, and cost-effective of all the metals that are used in power production.

S&P Global projects that by 2035, global copper demand will more than double from today's levels to around 108 billion pounds per year as the world pursues green energy in all its various forms.

Daniel Yergin, a vice chairman at S&P and one of the world's foremost experts on energy markets, told CNBC last summer that the green energy transition "is going to be dependent much more on copper than our current energy system."

Yergin also noted that the projected annual demand of 108 billion pounds means that, cumulatively, the world will consume more copper between now and 2035 "than all the copper consumed globally between 1900 and 2021."

So, I want exposure to copper over the longer term because demand will surge, prices will rise, and copper miners are going to experience windfall profits that flow through their income statement, their share price, and whatever dividends they pay.



All that said, let me tell you about the five companies in the energy and metals sectors that are primed to race higher as these events unfold.

Now, to be clear, these stocks have a higher risk rating since they operate in the energy and metals spaces, and short-term volatility is inherent with stocks in these industries.

But given where the economy is headed, I forecast that each stock has the potential to soar in value over the next year and beyond…

America's Ridiculously Cheap Natural Gas Giant

Houston-based **Southwestern Energy (NYSE: SWN)** is one of America's leading natural gas exploration-and-production companies. Its operations are focused on two gas basins: Hayneville in northwest Louisiana, and Appalachia, spread across West Virginia, Ohio, and Pennsylvania.

Last year, the company produced about 4.7 billion cubic meters per day of natural gas and NGLs, or natural gas liquids—products like ethane, propane, and others that are extracted from the natural gas production stream.

Southwestern is in an excellent position to benefit from the increase in natural gas demand that's now happening on two fronts.

First, there's the green energy movement that sees cleaner-burning natural gas as the bridge fuel from oil and coal to renewables. Second, there's the war in Ukraine that has completely redrawn energy maps.

Because of the war of competing sanctions that emerged between Russia and the West, Europe's gas supplies were severely disrupted in the early months of the invasion of Ukraine.

The continent once depended heavily on Russian gas to supply fuel for power stations from Poland to Ireland, and most particularly Germany, Europe's manufacturing powerhouse.

That dependency on Russian gas has died away, and now Europe is increasingly gobbling up U.S. and Middle Eastern supplies in the form of liquified natural gas, or LNG, a super-frozen version of natural gas that turns it into a liquid for easier and more efficient transport.

The upshot is that the U.S., because of its vast natural gas reserves, and its vast capacity to liquefy natural gas, has become the world's largest LNG exporter.

Southwestern plays a role in that. One-third of its production is sold into the LNG market—a market that clearly has legs since, even if the Ukraine war ended today, Europe isn't about to revert to a reliance on Russia ever again.

Moreover, the green energy movement is not going away… ever. And with so many nations having no domestic gas or oil resources, they're increasingly dependent on buying fuel abroad. That plays to the U.S. as a stable supplier.

Which benefits Southwestern as a large player in the industry.

The company is well-positioned to meet rising demand, since it has 15 years of core inventory still in the ground (Haynesville has 20-plus years). Management is also developing new reserves in Haynesville and Appalachia that should come online in the next couple of years.

The company has a good bit of debt, at $4.4 billion, but it has been generating such impressive cash flow that it was able to reduce debt by $1 billion last year alone. That should continue, which only serves to strengthen Southwestern's financial fundamentals.

It has also been using its robust cash flow to buy back shares. Last year it repurchased $125 million worth of its shares, which helps bolster per-share earnings and ultimately the share price.

As I write this, Southwestern is trading at about $5 per share. Back in 2014, the stock price was nearly $50. Interestingly, many of today's operational and financial metrics are stronger than they were a decade ago. The only meaningful difference is that debt, which is 2x larger.

But with the cash flow rapidly decreasing the debt, that's going to fade away soon enough.

A decade ago, Southwestern regularly commanded a price-to-earnings (P/E) ratio in the high-teens to mid-30s. Today, the P/E is a measly 2.9 based on what the company should earn in 2023. (Based on what it earned last year, the P/E is just 3.)

Could the stock see $50 again—giving us a 10-bagger?

I certainly won't rule it out. Small-cap can fly in a bull market for energy. If nothing else, I absolutely expect we will see these shares north of $20, giving us a multi-hundred-percent win over the next few years.

My Recommendation: Buy Southwestern Energy (SWN) at prices up to $6 per share.

Risk Profile: Higher. (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale here.)

Stop/Exit: 55% Trailing Stop Loss.

Canada's Pipeline King With a Huge "No or Go" Decision

Calgary-based **Pembina Pipeline (NYSE: PBA)** operates a spiderweb of pipelines that for more than 65 years has gathered, processed, and transported oil and gas from the energy fields of western Canada to refineries, processing plants, and storage facilities in the region. One transmission route runs as far south as Chicago.

I'm a huge fan of this company because I love businesses that have built a moat around themselves and which generate their income through a collection of services that their customers *must* purchase.

Pipelines are an expensive proposition, and they take years to license, permit, and build. So, it's not like some upstart is going to easily step into this game and suddenly compete against Pembina with an equal-sized network.

Moreover, it's one thing to be an exploration-and-production company that finds a giant reserve of oil or gas. But if you cannot transport that oil or gas to market easily, then so what? It's a trapped asset with a sharply reduced value.

That's where Pembina steps in with the pipelines that companies need in order to move energy products to where they need to go.

As much as 70% of the contracts Pembina signs with its customers are so-called "take-or-pay" contracts, meaning that the customer has contracted to pay for a certain amount of volume shipped through a particular pipeline, and they pay for the volume whether or not they use all of it.

Those are fantastic contracts because they provide a level of earnings stability. That stability, in turn, generates a meaningful dividend for us… 5.9% as I write this.

That's not a bad deal—collecting a 5.9% annualized yield on an energy play that has never-ending demand and that benefits from the increasing need for oil and natural gas into the foreseeable future.

The irony is that Wall Street nevertheless treats Pembina as though it's correlated to oil prices, even though that correlation is clearly missing when you compare oil-price movements to Pembina's financial performance.

But, so be it. That just means we can snap up a high-quality pipeline company at a bargain price. The NYSE-listed shares today trade at just under $33 and have a P/E ratio of 8.6.

When I look out two to three years, I see Pembina shares closer to $75 to $80. That's based on the stock trading at a normalized P/E in the 17 to 20 range (historically common for this stock), and earning upwards of $4 per share.

Driving the earnings higher are several projects, including the expansion of the company's existing Peace Pipeline, as well as what should be higher pipeline utilization rates as demand continues growing for natural gas.

More exciting to me is the fact that later this year, Pembina is expected to announce a final "no or go" decision on the so-called Cedar LNG project, a floating LNG terminal to be built with the indigenous Haisla First Nation tribe in an inlet of the Pacific Ocean in coastal British Colombia.

That project would be only the second LNG facility of any size on the West Coast of North America, and it would serve the explosive demand for LNG coming from Asia. As such, I imagine Pembina will decide to proceed with the project, which has already secured environmental approval from the British Colombia government.

A decision to go with Cedar LNG would likely see a pop in the stock.

My Recommendation: Buy Pembina (PBA) at prices up to $40 per share.

Risk Profile: Higher. (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale here.)

Stop/Exit: 55% Trailing Stop Loss.

The "Dirt-Cheap" Driller With Explosive Profitability

With **Patterson-UTI (NYSE: PTEN)**, we round out our energy exposure. Southwestern is a production company, Pembina runs pipelines, while Patterson operates a fleeting of onshore drilling rigs that pulls oil and gas out of the ground that then flows into the pipelines.

Patterson is one of the three largest onshore drilling-rig companies in the U.S., and as I write this has 131 rigs in operation across eight states: North Dakota, Wyoming, Colorado, Oklahoma, Texas, Louisiana, Ohio, and West Virginia.

The story here is simple: As I noted earlier, exploration-and-production companies spent too many years under-investing in finding new reserves, and now they're going to have to catch up.

That trend is apparent in Patterson's financials.

From 2015 to 2021, Patterson saw an unending string of net losses that cumulatively amounted to more than $1.7 billion.

But starting last year, the tides turned. Patterson earned $130 million in net profit—the first positive year since 2014, when Patterson earned almost $163 million.

Better yet, 2023 should far exceed last year's effort. As management stated in a January conference call, the executive team "expects a significant increase" in earnings this year.

Moreover, management told Wall Street that the industry is clearly in a "multi-year upcycle" with premium rigs and pumping equipment "effectively sold out due to strong growth in [drilling] activity."

That has led to robust pricing increases and higher rig utilization rates, both of which are expected to persist for several years to come.

Because of all of those factors, my bet is that Patterson posts earnings in 2023 that approach $400 million, or $1.85 per share. And I think I'm being exceedingly conservative with that estimation.

Nevertheless, with Patterson's stock trading at $12.10 as I write this, earnings at my expected level would imply a P/E ratio of just 6.5, which is dirt cheap. A decade ago, prior to that string of dry years, Patterson regularly sported a P/E ratio that ranged between the low-teens and the low-20s.

I fully expect to see Patterson's P/E migrate back toward the low-teens.

Even if that's a P/E of just 10, earnings-per-share of $4 would imply a share price of $40 or so, meaning we have broad upside in this stock.

I fully expect Wall Street to award Patterson a low-teens P/E given that earnings over the next several years should grow at an average, annual rate of 25% to 30%. A 6.5 P/E simply makes no sense for a company growing at that rate… and the Street will take notice and push this stock markedly higher.

In the meantime, we'll collect a decent dividend in the 2.6% range while we wait for those higher stock prices to come.

My Recommendation: Buy Patterson-UTI (PTEN) at prices up to $15 per share.

Risk Profile: Higher. (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale here.)

Stop/Exit: 55% Trailing Stop Loss.

One of the World's Most Efficient Gold Miners

Vancouver-based **SSR Mining (NYSE: SSRM)** is a mid-tier gold miner operating mines in the U.S., Canada, Argentina, and Turkey. The company last year produced just under 625,000 ounces of gold and is targeting a production level of 700,000 ounces this year, though that could go even higher.

The gold SSR produced in 2022 sold for an average of $1,811 per ounce, yet all-in production costs were just $985… meaning nearly $900 flowed directly to the bottom line for every ounce produced. Much of the rest of the industry has production costs in the $1,200 to $1,300 range.

SSR is one of the industry's most well-managed companies, and its balance sheet is financially robust.

Cash and inventory (basically gold ore) amounted to more than $1.2 billion. Yet total debt is just $330 million. The upshot is that net cash of about $4.45 per share represents 27% of the stock's current price near $16.50.

That's a significant value proposition that means we're really just paying about $12.80 per share for the company's operations.

Those operations include four mines in the four countries I mentioned above, as well as projects underway in Peru and an expansion in Turkey. SSR last year sold a silver project in Mexico to Endeavour Silver for cash, shares of Endeavour, and an ongoing 1.25% royalty from the metal Endeavour produces that will add incrementally to SSR's earnings over time.

SSR also has five, key exploration projects across those four countries.

All in, SSR has more than 7.6 million ounces of proven and probable gold reserves in the ground at its production and expansion mines, as well as 39.9 million ounces of silver reserves.

As the new projects come online, they will add to production as well as the reserve count.

The Turkish expansion is on track to begin production this year, and adds an additional 1.2 million ounces of gold production to the life of that mine. Meanwhile, a restart of a mine in Turkey temporary suspended because of a leak of cyanide solution (used in leaching gold from the ore) should see production increase by between 50,000 to 80,000 ounces this year.

All of this should serve as catalysts that propel SSR's share price as production ramps higher and as gold prices push higher.

I will assume gold remains at $2,000 per ounce—though, again, I'm being conservative here. In that scenario, SSR's earnings that were $0.63 per share in 2022 should drive past $0.80 for 2023 and upward of $1.00 for 2024.

That should see the stock move toward the high-$20s to low-$30s over the next two to three years, giving us at least a double on the current share price.

My Recommendation: Buy SSR Mining (SSRM) at prices up to $17.50 per share.

Risk Profile: Higher. (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale here.)

Stop/Exit: 55% Trailing Stop Loss.

This Micro-Cap Copper Miner Is Like Owning a Metals ATM

Canada's **Taseko Mines (NYSE: TGB)** is a small-cap copper miner producing at a single, larger-scale mine in British Colombia, with a second mine soon to begin producing in southern Arizona. (It also has three development projects underway in British Columbia.)

The story here is tied to energy. As I noted earlier, the green energy transition is, by definition, a copper-intensive process. A fully electric car, by way of one example, requires 183 pounds of copper on average, while a traditional gas-powered car needs just 49 pounds.

Spread that 130-plus additional pounds of copper across tens of millions of vehicles sold annually, and you can see why copper demand from the electric-vehicle market alone is projected to hit 3.7 billion pounds by 2027—up from roughly 500 million pounds today. That's a more than 7x increase in just four years from now.

Look out even further, as state and federal government electric-vehicle requirements kick in, and consumption of copper is going to simply skyrocket.

As such, owning the right copper mine is basically going to be like owing a metals ATM—it's going to print money.

Taseko will be a big beneficiary of this explosive trend.

The company is quite small today with a market cap of just $500 million. That's a so-called micro-cap company. By comparison, Southern Copper, one of the copper industry's gorillas, has a market cap of more than $60 billion.

But in this instance, small means turbo-charged returns as copper prices push higher and as Taseko brings its Arizona project online sometime this year. That mine, known as Florence, has a 21-year life expectancy and holds an estimated 1.7 billion pounds of recoverable copper.

Taseko expects it can produce 85 million pounds of copper per year at Florence.

The company's British Columbia mine, known as Gibraltar, produced about 120 pounds per day, and is one of the three lowest-cost, open-pit copper mines in the world.

You can see, then, that adding Florence will mark a significant ramp in production, which will mean a significant ramp in earnings… which will flow through to the share price.

But here's why I'm most intrigued by Taseko: The market has deeply undervalued this stock.

Based on the value of underlying assets available for production, the Gibraltar mine is worth about $950 million. Florence is worth about $930 million. Combined, that's nearly $1.9 billion.

Even if I cut that down to a combined value of just $1 billion, a dramatic haircut, that's still 2x the company's current $500 million market cap.

That's simply too steep a discount for a company that has its mining operations in the two most-stable mining jurisdictions in the world.

As such, I want to own exposure to Taseko because that value gap is destined to narrow as production and earnings increase. What is currently a stock trading at $1.70 per share could easily be a stock trading at $3.50 to $5 per share, giving us substantial upside from here.

My Recommendation: Buy Taseko Mines (TGB) at prices up to $2 per share.

Risk Profile: Higher. (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale here.)

Stop/Exit: 55% Trailing Stop Loss.

Recommendations Recap

- Buy Southwestern Energy (SWN) at prices up to $6 per share.
- Buy Pembina (PBA) at prices up to $40 per share.
- Buy Patterson-UTI (PTEN) at prices up to $15 per share.
- Buy SSR Mining (SSRM) at prices up to $17.50 per share.
- Buy Taseko Mines (TGB) at prices up to $2 per share.

All of these stocks have a Higher risk rating and should be bought with a 55% Trailing Stop-Loss. (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale here.)