



B2Gold Is Shaping Up as One of the Hottest Picks for 2014

Description

Gold continues to extend its 2014 rally, hitting a three-month high of U.S.\$1,329 and bringing the investment spotlight firmly back on the gold mining industry. A company that is fast emerging as a favorite among analysts is **B2Gold** ([TSX:BTO](#))(NYSE:BTG) and it is not hard to see why.

Solid fourth quarter and full year 2013 results

B2Gold has reported some exceptional operational results for the fourth quarter and full year 2013. Key among these is the company's record gold production for both the fourth quarter and full year 2013. For the fourth quarter, gold production shot up an impressive 138% in comparison to the same period in 2012 to 105,577 ounces. For the full year 2013, gold production leapt by 132% year over year to 336,313 ounces.

As a result B2Gold reported record revenue for both periods. Fourth quarter 2013 revenue almost doubled in comparison to the same period in 2012 to U.S. \$138 million, while the full year revenue more than doubled in comparison to 2012 to U.S. \$544 million.

This is an impressive result, particularly in an operating environment where gold prices continued to soften. Now with gold rebounding to above U.S. \$1,300 per ounce and continuing to rally, B2Gold's outlook for 2014 is particularly optimistic.

The future outlook is increasingly positive

B2Gold's future outlook is particularly positive with the company expecting another year of record gold production in 2014. Management estimated in their recent guidance statement that gold production will grow between 8% and 15%, with all in sustaining costs of U.S. \$1,025-\$1,125 per ounce produced.

Such a significant increase in gold production in an environment where gold prices are continuing to rally will certainly boost B2Gold's revenue, cash flow and bottom-line. But I would like to see B2Gold reduce its estimated all in sustaining costs per ounce, which are significantly higher than many of its lower costs peers. This includes **New Gold** ([TSX:NGD](#)), which is targeting all-in-sustaining-costs of U.S.\$815 to U.S.\$835 per ounce and **Yamana Gold** (TSX:AUY) ([NYSE:AUY](#)), which is targeting U.S. \$925 per ounce.

However, unlike B2Gold, New Gold is not targeting any significant increase in production for 2014, which will prevent it from taking full advantage of the gold rally. Yamana has forecast a 16% increase in gold production for 2014, which in conjunction with its lower all in sustaining costs and the rally in gold, will see its revenue and ultimately profitability grow.

After 2014, I am expecting B2Gold's gold production to continue growing significantly with construction of the open pit Otjikoto Mine in Namibia on time and on budget. The mine is expected to commence production in the fourth quarter 2014 and produce 141,000 ounces of gold annually. The company is also currently working on expanding the mine, which by 2015 will see its annual production climb to 170,000 ounces of gold.

Neither New Gold nor Yamana have any major projects reaching completion over the short term, as such preventing them from taking full advantage of the firmer gold price.

Foolish bottom line

It is not hard to see why B2Gold is fast becoming a favorite pick among analysts, with the company reporting record gold production for 2013 and set to do so again in 2014. B2Gold has a solid future and significant production growth coupled with a firmer gold price will see it deliver further value for investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:BTO (B2Gold Corp.)
3. TSX:NGD (New Gold Inc.)
4. TSX:YRI (Yamana Gold)

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