

B2Gold Corp. a Buying Opportunity if You Don't Mind Joining the Crowd

Description

If you check the Toronto Stock Exchange's list of actively traded stocks, **B2Gold Corp.** ([TSX:BTO](#)) (NYSE: BTG) is nearly always at the top. The stock is up and down like a yo-yo, but it's consistently heavily traded. Why are traders attracted to this gold-mining stock?

Despite its shaky status (down more than 22% over the past six months), B2Gold is a solid producer with four gold mines and a number of others in development.

Earlier this week, the company announced that its new Otjikoto mine in Namibia achieved commercial production ahead of schedule and budget. In January 2015, the mine produced 8,587 ounces against a budget of 8,267 ounces. Operating cash costs for the month of January were \$612 per ounce versus a budget of \$705 per ounce.

For 2015, Otjikoto is expected to produce between 140,000-150,000 ounces of gold at a cash-operating cost of approximately \$500-525 per ounce and all-in-sustaining costs of approximately \$700 per ounce.

In its Q4 earnings release on Friday, the Vancouver-based gold producer reported quarterly consolidated-cash-operating costs of \$646 per ounce, slightly higher than the fourth quarter of 2013. All-in-sustaining costs for the quarter were \$946 per ounce, compared with \$986 per ounce in Q4 2013. With gold bullion hovering around \$1,150 per ounce this week, B2Gold has a cushion to protect itself against possible weaker prices in the future.

The company also reported a loss of \$356.8 million in the quarter, mainly due to a non-cash impairment charge related to its Masbate mine, which B2Gold has opted not to expand at this time. This has affected the mine's current value and resulted in a net impairment charge of \$305 million at 2014's year end.

Stripping out the charges, B2Gold reported an adjusted loss of \$8.4 million, or \$0.01 per share, compared to adjusted net income of \$0.6 million, or \$0.00 per share in the same period of 2013.

Consolidated gold revenue for the quarter was \$122.4 million on sales of 102,612 ounces at an average realized price of \$1,193 per ounce compared to \$138.1 million on sales of 106,185 ounces at an average realized price of \$1,300 per ounce in the fourth quarter of 2013. Gold revenue declined in the quarter, mainly due to an 8% decrease in the average realized gold price, the company said.

B2Gold is projecting another record year for gold production in 2015. Company-wide production from the newly constructed Otjikoto mine, together with the Masbate, La Libertad, and Limon mines, is expected to be in the range of 500,000-540,000 ounces of gold, an increase of about 35% over 2014.

Consolidated-cash-operating costs this year are expected to be in the range of \$630-660 per ounce, and B2Gold expects long-term production to reach 900,000 ounces in 2018.

All things considered, especially lower gold prices, B2Gold's 2015 projections are impressive. Still, the stock price remains stubbornly low and that's a worry for investors. But as a long-term buying opportunity in the precious metals sector, look no further.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. TSX:BTO (B2Gold Corp.)

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