



2 Market-Beating Resource Mining Stocks to Add to Your Growth Portfolio in April

Description

There is great potential for market-beating capital gains on investments in gold miner **B2Gold Corp.**'s ([TSX:BTO](#))(NYSE:BTG) equity and in oil and gas growth stock **Parex Resources Inc.** ([TSX:PXT](#)) at current trading levels. These two firms are poised to realize significant top-line growth, increase their profitability levels, and generate growing free cash flows going forward.

Here is a closer look at each of the potential market outperform candidates for this year.

Parex Resources Inc.

Parex Resources is a rising oil and natural gas exploration, development and production firm with a rich and growing asset base located in South America.

The company operates a debt-free balance sheet, and its growth projects are self-funded from internally generated stable cash flows – something to really cherish about a growing resource stock in a rising interest rate environment.

The stock is poised to benefit immensely from a rising oil price environment that's likely to remain strong throughout the year. High oil prices will significantly support accelerated free cash flow and profitability growth for the company during 2018.

Moreover, Parex Resources increased its 2017 annual average production by 20% from 2016 levels, and the company announced significant new resource findings that have substantially increased the company's estimated and measured resource base and enabled it to announce significantly improved net present value estimates for current projects.

There is a strong chance for more oil and gas resource findings going forward, as the company managed to expand gross undeveloped drilling locations during the past year, and any positive updates from these efforts this year may be positively received by the market.

Parex recently turned to profit during the last quarter of 2017 after reporting \$55.9 million in net income for the quarter from record quarterly oil and natural gas production levels, which were up over 25%

from a comparable quarter in 2016.

Analysts are highly bullish on the stock today, with seven of the 11 recently polled analysts recommending the stock an outright Buy, while the rest rate the stock an outperform candidate for 2018.

The stock is trading at \$18.29 at the time of writing; at \$26.45, the current consensus price target on the Parex' equity shares could give investors a 43% price return from an investment if this target is hit this year and there has been some good momentum to the stock over the past six months.

That said, historical valuation multiples warn that the stock has become somewhat overvalued of late, buying the dips in the stock may be an advisable entry strategy, but such opportunities may never come on this strong growth candidate.

The stock could become a dividend growth king in the long term too.

B2Gold Corp.

B2Gold Corp. is one of the fastest-growing Canadian gold producers with five operating gold mines and numerous exploration and development projects in various countries. The company boasts a significantly low cost gold mine, the Fekola Mine located in Mali that is now in production and could catapult the company into strong top-line, cash flow generation and profitability growth this year.

The company recently announced that the Fekola mine will not be subject to any changes to the Mali mining code, thereby erasing market fears that potential unilateral changes to Mali mining laws by the government may subject the project to financial harm should the host government [become increasingly aggressive](#) in demanding more economic benefits from the country's natural resources.

The miner is poised to benefit from the recently rising gold price amid [global trade war fears](#), and it's expected to generate revenue upwards of \$1.2 billion per year over the next few years, up from \$828 million last year.

The company's stock has a consensus Buy rating, with nine of the 16 polled analysts recommending an outright Buy, and the remaining seven rating it an Outperform candidate for 2018. The consensus price target on the stock, at \$5.38 could give the stock a near 50% price return.

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:BTO (B2Gold Corp.)
2. TSX:PXT (PAREX RESOURCES INC)

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