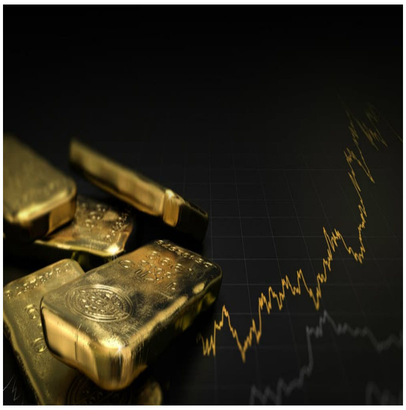

# TFSA Investors: This TSX Gold Stock Is Hitting Record Production Numbers

## Description

The past few years haven't been kind to TSX gold stocks.

With the price of gold having peaked in 2011, it's been tough for gold miners to reach their previous heights.



At the height of the post-recession "gold mania," many of the big gold miners took out copious amounts of debt to finance future exploration. Then, when gold collapsed, they found themselves with enormous interest expenses that ate into earnings substantially.

To this day, debt is causing problems for gold companies — even with this year's bullishness in gold. However, there's one Canadian gold miner that had its growth spurt *after* 2011, leaving it with a strong balance sheet and excellent profitability metrics. This company is growing its earnings by leaps and bounds year over year and has risen 700% in less than three years. This year, the company has been posting record production numbers and is on track to hit its targets for 2019.

## Kirkland Lake Gold

**Kirkland Lake Gold** (TSX:KL)(NYSE:KL) is a Canadian gold mining company that owns mines in Canada and Australia. The company's Fosterville mine in Australia produced 356,000 ounces in 2018 alone, and its output is expected to increase in 2020.

In Q1, Kirkland Lake posted record production of 231,000 ounces. The company's target is 950,000 to a million ounces in the 2019 calendar year. The Q1 numbers show that there's hope of reaching that level.

## Financial and operating metrics

Owing to its rapidly increasing production and strong gold prices, Kirkland Lake gold is cranking out excellent financial and operating metrics.

In Q2, the company posted $104 million in net earnings — a 66% increase year over year. In the same quarter, the company increased revenue by 31% and operating cash flow by 52%. For the full 2019 fiscal year, gold production increased by 43%. Owing to the strength of these results, Kirkland Lake upped its dividend payout from CAD$0.04 to US$0.04 — a 30% increase because of the exchange rate.

## Continued bullishness in gold could take things even higher

If Kirkland Lake continues its production increases and efficient financial management, it could be a huge gainer, even with gold going flat.

However, that's far from the best-case scenario for this stock.

A really incredible outcome would be if gold remained bullish for the next few years while the company continued hitting new production records.



Commodity price increases generate more revenue for miners *without* a corresponding increase in operating costs. Revenue increases obtained in such a way are essentially "free," but, of course, there's always the risk of gold going lower.

Personally, I'm not one to try and predict commodity prices. However, there are some economic and financial commentators who insist that gold is headed for long-term bullishness. Peter Schiff of Euro Pacific Capital recently gave a target price of "above $5,000," while others are calling for prices anywhere between $1,500 (about where it's at now) and $10,000. Nobody knows what the future holds, but Kirkland Lake Gold is better positioned to thrive than almost any other TSX gold miner.

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