



Key Acquisition Positions This Top TSX Stock for Growth

Description

Yes, gold prices have underperformed of late. Some investors may be enticed to believe the bull market in gold may be over. However, for those crazy optimists like me, investing in companies like **Newmont** ([TSX:NGT](#))([NYSE:NEM](#)) could provide massive upside if the bull run in gold continues.

Here's more on why this is a top pick of mine in the gold mining space.

New acquisition deal bullish for Newmont stock

Newmont, the Colorado-based gold mining company, announced that it would be taking over GT Gold Corp. As per the details of the acquisition, Newmont would be purchasing all the outstanding shares of GT Gold for \$3.25 per share. The total equity value of the transaction is estimated to be approximately \$393 million.

With this deal, Newmont will bolster its claim in British Columbia's most coveted Golden Triangle mineral district. GT Gold's most significant asset is the 47,500-hectare Tatogga property, which is located in this region. Furthermore, this property falls under the territory of Tahltan Nation.

Newmont's CEO, Tom Palmer, has said that the company will continue its association with Tahltan Nation as it is yet to explore this property. He acknowledged that Tahltan consent would be necessary for the project to advance.

I believe that a company like Newmont [strengthening its reserves](#) is great news for long-term investors. Moreover, I feel that this company is making such additions at the right time.

Gold miners are extremely undervalued

The gold mining sector has been impacted owing to inflationary pressure. Moreover, as bond yields are rising, it appears that investors are increasingly bearish on this sector. That's because rising bond yields increase the real yield. Investors need to remember that real yields are still negative, but

investors seem to think higher inflation is more likely to be met with higher interest rates over time.

Nevertheless, I believe that this space is immensely undervalued right now. Considering past prices, gold miners have always been cheap. One of the primary reasons for gold miners to be undervalued was the poor allocation of capital by inefficient management teams in different companies.

However, with time, gold miners have become more and more appealing to long-term value investors. Most investors are aware of the fact that gold prices and the U.S. dollar have an inverse relationship. Moreover, the price of this commodity has a positive correlation with inflation.

Considering the amount of stimulus that is being injected into the U.S., it's possible that the gold market will go on a bull run. Indeed, gold should be trading at a higher price, in my view. Hence, there's a great opportunity for long term investors to play this commodity by investing in gold mining businesses like Newmont.

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1. Investing
2. Metals and Mining Stocks

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1. Gold
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TICKERS GLOBAL

1. NYSE:NEM (Newmont Mining Corporation)
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