



Consider This TSX Gold Stock as the Yellow Metal Shines Bright

Description

The yellow metal ticked higher this year after a long hiatus in 2021. In the last few weeks, increased uncertainties in the broader market notably fueled gold and gold miner stocks. The trend could continue in 2022, as equities see more volatile sessions ahead.

Top TSX gold stock to buy

So, what should be your pick to play the gold rally?

In my view, Canadian gold miner **B2Gold** ([TSX:BTO](#))(NYSE:BTG) stock seems to be a smart move. Its earnings growth potential, solid balance sheet, and [reasonably valued stock](#) make it an attractive bet among peer gold miner stocks.

B2Gold is a \$6 billion senior gold producer that operates three mines in Mali, the Philippines, and Namibia. The company aims to produce approximately one million ounces of gold in 2022, almost equal to last year. It has substantially increased its production in the last decade. However, its all-in sustaining cost per ounce has remained largely the same. This indicates improved operational efficiency and superior profit margins for the company.

Strong balance sheet and financial growth

B2Gold's revenues increased by a handsome 23% CAGR, while the net income grew by 21% CAGR in the last decade.

Apart from superior financial growth, the company has a strong balance sheet. It has a negligible debt with a significantly large cash position. Generally, mining is a capital-intensive business, and companies carry a large amount of debt on their books. Thus, B2Gold's lower leverage makes it a relatively safer bet for investors.

Although pandemic fears seem to have significantly waned, several more severe challenges have

been unearthed this year. The Russia-Ukraine war has already muddled the inflation scenario. In addition, yield curve inversion points to an impending recession. Notably, all these factors should play well for gold prices.

Investors turn to a [safe haven](#) — gold — when broad market uncertainties increase. While it protects capital from volatility, gold miner stocks provide stable income from dividends.

B2Gold stock currently yields 3%, which is way higher than peer gold stocks. It is expected to pay \$0.16 per share in [dividends](#) this year.

While gold has been up 6% this year, BTO stock has soared a notable 20% in the same period. In comparison, peer gold minor stock **Barrick Gold** has gained 30%.

Note that BTO is currently trading 11 times its earnings, which is much lower than its peers' average. Barrick Gold stock is trading 22 times its earnings. BTO looks much cheaper than ABX and offers higher growth potential.

Conclusion

Higher gold prices combined with a strong production could boost B2Gold's earnings for the next few quarters. Superior dividend yield and discounted valuation make it a further attractive bet among the gold miners. It will report Q1 2022 earnings early next month. While its quarterly performance could see strong growth, the stock will likely keep rallying on higher gold prices.

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