



2 Gold Stocks to Buy as an Inflation Hedge

Description

The world's most precious metal has fascinated people for centuries. Investors in contemporary times [run to gold](#) when the global economy is shaky or uncertain. Many regard it as the perfect hedge against inflation. Canada's largest gold miner, **Barrick Gold**, is on investors' radars in 2022, and so are two smaller [mining stocks](#).

Wesdome Gold Mines ([TSX:WDO](#)) and **Karora Resources** ([TSX:KRR](#)) are considerably cheaper, but their potential gains could be so much more than TSX's premier gold stock. Both have been solid performers so far this year, and their share prices could climb higher, as gold increases in value due to inflation fears.

Intermediate gold producer in the making

Wesdome Gold is a momentum and [growth stock](#) rolled into one. This \$1.92 billion gold producer hasn't disappointed investors and is a winner in the last three years. At \$13.48 per share, investors are up 17.12% year to date. Based on market analysts' forecasts, the return potential in 12 months is at least 23.5% (\$16.65).

The gold is a TSX30 member in 2019 (19th), 2020 (seventh), and 2021 (10th). Only **Shopify**, **Ballard Power Systems**, and **Cargojet** are the other companies that made the list in each of the three years since **TMX Group** launched the flagship program for TSX growth stocks.

Wesdome's goal is to become Canada's next intermediate gold producer. Its producing gold mines are in Ontario (Eagle River Underground Mine) and Quebec (Kiena Complex). The equity position in Goldshore Resources also gives the company meaningful exposure to the Moss Lake gold deposit.

Last year, total gold production grew 37% year over year to 123,843 ounces. While free cash flow dropped 26.6% versus 2020, Wesdome's net income rose 158.9% to \$131.28 million. For 2022, management expects to produce 160,000 to 180,000 ounces of gold.

In Q1 2022 (quarter ended March 31, 2022), total gold production increased 14% to 25,611 ounces

versus Q1 2021. According to Wesdome president and CEO Duncan Middlemiss, the quarterly results were in line management's expectations. The company will present the financial results for the quarter on May 11, 2022.

Higher production in 2022

Karora Resources, a \$1 billion multi-operational mineral resource company, operates in Western Australia. In Q1 2022, its Beta Hunt Gold Mine and Higginsville Gold Operations combined to produce 27,489 ounces of gold. The full operational financial and operational quarterly results will come out soon, although Karora reported record production in 2021.

Paul Andre Huet, Karora's chairman & CEO, said, "During 2021 we produced a record 112,814 ounces of gold placing us in the upper end our guidance range of 105,000 to 115,000 ounces. Over the last two years, we have demonstrated an ability to overcome many challenges and I am confident we will continue to do so with whatever 2022 brings."

For the full-year 2022, Karora expects total gold production of 110,000 to 135,000 ounces. Management also expects temporary cost and labour impacts from COVID-19 to diminish by the back half of this year. This gold stock trades at \$6.50 per share, and analysts covering Karora see an upside potential of as high as 30.8% in one year.

Easiest exposure

Owning physical gold is difficult, but investors can gain exposure through the TSX. Adding Wesdome and Karora lends stability to any portfolio, as the market reels from high inflation.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:WDO (Wesdome Gold Mines Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/12

Date Created

2022/04/26

Author

cliew

default watermark

default watermark