

B2Gold Corp

Antelope deposit: a compelling opportunity to improve Otjikoto's mine life

Reiterate Rating: BUY | PO: 5.60 CAD | Price: 3.78 CAD

Could meaningfully improve production 2026 and beyond

Earlier, B2Gold (BTG) released exploration results from Antelope deposit at its Otjikoto mine in Namibia, which accounts for 10% of our mining net asset value (NAV). We view the results as very positive, as the deposit is located just 3km from the existing Otjikoto open pit, and has development potential as an underground mine to improve Otjikoto's production profile from 2026-2031. We think BTG is trading at an attractive valuation, and [view it as a solid holding in a constructive gold price environment](#), particularly as it delivers on production growth (new project coming online in Q1'25), i.e. growing torque. BTG has a portfolio of highly-prospective gold mines on which we think there is significant upside (as these drill results also suggest). Reiterate Buy.

Initial set of drill results screen attractively

Today's release included select reporting of 24 holes and 27 intercepts. We calculate a weighted-average grade of 7.2 grams per tonne (g/t) over 5.3 metres (m) core width. These grades compare very favourably to the overall Otjikoto mine reserve grade of 1.90 g/t (as at 31-Dec-23) which includes the open-pit, Wolfshag underground and stockpiles. However, grades are also even higher relative to the Wolfshag underground-only reserve grade of 5.55 g/t (also at 31-Dec-23). Thus, while it is still early days, the Antelope deposit looks very appealing as a development opportunity to improve production over the mine life.

Moving forward: maiden resource expected in Q3'24

BTG expects that it will report a maiden resource on the deposit in Q3'24, and complete an internal scoping study by Q1'25. At Otjikoto, we currently model production of just 86 thousand ounces (koz) in 2026E (and end of mine life as we conservatively do not model stockpiles processing from 2027 onwards). BTG potentially sees Antelope uplifting production above 100koz in 2026, and also supplementing production from 2027-2031 where current stockpiles would imply production of below 50koz per year.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.36	0.25	0.28	0.19	0.41
GAAP EPS	0.40	0.24	0.20	0.19	0.41
EPS Change (YoY)	-26.5%	-30.6%	12.0%	-32.1%	115.8%
Consensus EPS (Bloomberg)			0.30	0.21	0.39
DPS	0.16	0.16	0.16	0.16	0.16
EPS (BTG - US\$)	0.36	0.25	0.28	0.19	0.41
DPS (BTG - US\$)	0.16	0.16	0.16	0.16	0.16
Valuation (Dec)					
P/E	8.3x	11.2x	10.2x	14.8x	6.9x
GAAP P/E	7.5x	11.6x	14.3x	14.8x	6.9x
Dividend Yield	5.3%	5.7%	5.6%	5.7%	5.7%
EV / EBITDA*	3.1x	3.7x	3.1x	4.7x	2.5x
Free Cash Flow Yield*	10.4%	6.6%	1.4%	-9.7%	16.6%

* For full definitions of *IQmethod*SM measures, see page 4.

31 January 2024

Equity

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Stock Data

Price (TOR / NYS)	3.78 CAD / 2.82 USD
Price Objective	5.60 CAD / 4.00 USD
Date Established	20-Nov-2023 / 20-Nov-2023
Investment Opinion	B-1-7 / B-1-7
52-Week Range	3.56 CAD - 5.87 CAD
Market Value (mn)	4,903 CAD
Free Float	98.8%
Average Daily Value	15.55 USD
Shares Outstanding (mn)	1,297.2 / 1,297.2
BofA Ticker / Exchange	YBTO / TOR
BofA Ticker / Exchange	BTG / NYS
Bloomberg / Reuters	BTO CN / BTO.TO
ROE (2023E)	10.4%
Net Dbt to Eqty (Dec-2022A)	-19.1%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

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Refer to important disclosures on page 5 to 8. Analyst Certification on page 3. Price Objective Basis/Risk on page 3.

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Timestamp: 31 January 2024 09:24AM EST

iQprofileSM B2Gold Corp

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	14.0%	8.0%	6.8%	5.7%	11.7%
Return on Equity	14.1%	9.0%	10.4%	6.1%	12.5%
Operating Margin	39.7%	28.6%	27.4%	24.9%	39.9%
Free Cash Flow	407	247	53	(354)	607

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.9x	2.2x	2.0x	1.6x	1.6x
Asset Replacement Ratio	0.8x	1.0x	1.7x	2.4x	0.6x
Tax Rate	36.5%	46.0%	50.1%	35.3%	39.7%
Net Debt-to-Equity Ratio	-20.2%	-19.1%	-7.2%	-5.6%	-13.8%
Interest Cover	NM	NM	NM	40.9x	NM

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	1,762	1,733	1,934	1,686	2,447
% Change	-1.5%	-1.7%	11.6%	-12.8%	45.1%
Gross Profit	769	604	778	553	1,086
% Change	-19.8%	-21.4%	28.7%	-28.9%	96.3%
EBITDA	1,083	916	1,091	727	1,358
% Change	-9.5%	-15.4%	19.0%	-33.3%	86.8%
Net Interest & Other Income	12	28	10	(17)	(10)
Net Income (Adjusted)	384	264	366	249	532
% Change	-25.4%	-31.3%	38.7%	-31.9%	113.4%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	502	321	302	258	615
Depreciation & Amortization	379	348	388	308	398
Change in Working Capital	(105)	(49)	(37)	(152)	25
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(58)	(30)	67	(18)	(210)
Capital Expenditure	(310)	(342)	(667)	(749)	(220)
Free Cash Flow	407	247	53	-354	607
% Change	-31.6%	-39.4%	-78.6%	NM	NM
Share / Issue Repurchase	6	14	12	0	0
Cost of Dividends Paid	(168)	(171)	(195)	(208)	(208)
Change in Debt	(34)	(25)	(28)	100	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	673	652	332	371	770
Trade Receivables	32	29	33	33	33
Other Current Assets	341	354	365	517	492
Property, Plant & Equipment	NA	NA	NA	NA	NA
Other Non-Current Assets	2,515	2,646	4,174	4,611	4,428
Total Assets	3,561	3,681	4,903	5,532	5,723
Short-Term Debt	25	16	0	0	0
Other Current Liabilities	206	218	310	810	532
Long-Term Debt	50	42	34	134	134
Other Non-Current Liabilities	319	294	417	377	455
Total Liabilities	600	569	761	1,321	1,121
Total Equity	2,961	3,112	4,143	4,211	4,602
Total Equity & Liabilities	3,561	3,681	4,903	5,532	5,723

* For full definitions of iQmethodSM measures, see page 4.

Company Sector

Gold & Precious Metals

Company Description

B2Gold (BTG) is a global, growth-oriented mid-tier gold producer whose primary assets include gold mines located in the Philippines (Masbate), Namibia (Otjikoto) and Mali (Fekola). It also holds the Gramalote gold project in Colombia, and is currently constructing the Goose Project in Nunavut (Canada). BTG is headquartered in Vancouver, British Columbia (Canada) and listed on the TSX and NYSE (tickers: BTO and BTG).

Investment Rationale

BTG has a high-quality portfolio of producing mines and a relatively fulsome project pipeline. BTG has a very solid and proven track record of operational excellence and project execution.

Key Drivers

	2023E	2024E	2025E
Gold price (US\$/oz)	1,943	1,975	2,098
Gold Production (Koz)	1,060	899	1,166
TCC (US\$/oz)	759	966	783
AISC (US\$/oz)	1,203	1,473	1,005

Stock Data

Average Daily Volume	5,605,412
Shares / Common - Dual Listed	1.00

Quarterly Earnings Estimates

	2022	2023
Q1	0.06A	0.10A
Q2	0.04A	0.06A
Q3	0.03A	0.05A
Q4	0.11A	0.09E

Price objective basis & risk

B2Gold Corp (YBTO / BTG)

Our price objective for B2Gold (BTG/YBTO) is US\$4.00/C\$5.60 based on the stock trading at 1.25x our estimated net asset value (NAV). Historically, North American precious metal stocks have traded between 1.0x and 3.0x NAV and between 1.0x and 2.0x more recently with a median of 1.25-1.50 times, with unhedged, growth-oriented producers occupying the upper end of the range. We use a 1.35x NAV multiple for BTG vs. mid-tier gold producer peers' target multiples at 0.65x-1.75x due to its superior free cash flow generation, partly offset by low production growth.

While our gold price forecast is a key driver of our rating, it is also a risk to our BTG valuation/forecasts. Other downside risks to our BTG valuation are: 1) political risk from Mali 2) mine plan estimates in excess of BTG reserves, 3) lack of commodity diversification, 4) mine plans that are based on outstanding permits or approvals, 5) unfavorable changes in currencies, 6) unforeseen increases in in put costs such as the price of oil and labor, 7) the possibility it could lose its social license to operate at any of its mines or projects 8) potential cuts to the dividend or reduced capital return and 9) issues with the ongoing construction and ramp-up of the Goose project. Upside risks are a higher gold price, the possibility for BTG to be acquired and unexpected exploration success.

Analyst Certification

I, Harmen Puri, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Metals and Mining Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Agnico Eagle Mines	AEM	AEM US	Lawson Winder, CFA
	B2Gold Corp	YBTO	BTO CN	Harmen Puri
	B2Gold Corp	BTG	BTG US	Harmen Puri
	Barrick Gold	GOLD	GOLD US	Lawson Winder, CFA
	Cameco Corporation	YCCO	CCO CN	Lawson Winder, CFA
	Cameco Corporation	CCJ	CCJ US	Lawson Winder, CFA
	Commercial Metals	CMC	CMC US	Lawson Winder, CFA
	Endeavour Mining	YEDV	EDV CN	Harmen Puri
	Endeavour Mining	EDVMF	EDVMF US	Harmen Puri
	Endeavour Mining PLC	XEDVF	EDV LN	Harmen Puri
	Franco-Nevada	YFNV	FNV CN	Lawson Winder, CFA
	Franco-Nevada	FNV	FNV US	Lawson Winder, CFA
	IAMGOLD	YIMG	IMG CN	Lawson Winder, CFA
	IAMGOLD Corp.	IAG	IAG US	Lawson Winder, CFA
	Ivanhoe Mines	YIVN	IVN CN	Lawson Winder, CFA
	Ivanhoe Mines	IVPAF	IVPAF US	Lawson Winder, CFA
	Lundin Mining	XLPRF	LUMI SS	Lawson Winder, CFA
	Lundin Mining Corp	YLUN	LUN CN	Lawson Winder, CFA
	Lundin Mining Corp	LUNMF	LUNMF US	Lawson Winder, CFA
	MP Materials	MP	MP US	Lawson Winder, CFA
	Newmont Corporation	NEM	NEM US	Lawson Winder, CFA
	Newmont Corporation	XNCRF	NEM AU	Lawson Winder, CFA
	Nucor	NUE	NUE US	Lawson Winder, CFA



North America - Metals and Mining Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Pan American Silver	PAAS	PAAS US	Lawson Winder, CFA
	Teck Resources	YTECK	TECK/B CN	Lawson Winder, CFA
	Teck Resources Ltd	TECK	TECK US	Lawson Winder, CFA
	Triple Flag Precious Metals Corp.	YTFPM	TFPM CN	Lawson Winder, CFA
	Triple Flag Precious Metals Corp.	TFPM	TFPM US	Lawson Winder, CFA
	Wheaton Precious Metals	WPM	WPM US	Lawson Winder, CFA
NEUTRAL				
	Alamos Gold	YAGI	AGI CN	Harmen Puri
	Alamos Gold	AGI	AGI US	Harmen Puri
	Alcoa Corporation	AA	AA US	Lawson Winder, CFA
	Cleveland-Cliffs	CLF	CLF US	Lawson Winder, CFA
	First Quantum	FQVLF	FQVLF US	Lawson Winder, CFA
	First Quantum Minerals	YFM	FM CN	Lawson Winder, CFA
	Freeport-McMoRan	FCX	FCX US	Lawson Winder, CFA
	Hudbay Minerals	YHBM	HBM CN	Lawson Winder, CFA
	HudBay Minerals	HBM	HBM US	Lawson Winder, CFA
	Reliance Steel & Aluminum	RS	RS US	Lawson Winder, CFA
	Steel Dynamics	STLD	STLD US	Lawson Winder, CFA
UNDERPERFORM				
	Centerra Gold	YCG	CG CN	Lawson Winder, CFA
	Centerra Gold	CGAU	CGAU US	Lawson Winder, CFA
	Eldorado Gold	EGO	EGO US	Harmen Puri
	Eldorado Gold	YELD	ELD CN	Harmen Puri
	Kinross Gold	KGC	KGC US	Lawson Winder, CFA
	New Gold Inc.	YNGD	NGD CN	Harmen Puri
	New Gold Inc.	NGD	NGD US	Harmen Puri
	Nexa Resources	NEXA	NEXA US	Lawson Winder, CFA
	Royal Gold	RGLD	RGLD US	Lawson Winder, CFA
	SSR Mining Inc.	SSRM	SSRM US	Lawson Winder, CFA
	SSR Mining Inc.	YSSRM	SSRM CN	Lawson Winder, CFA

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities
Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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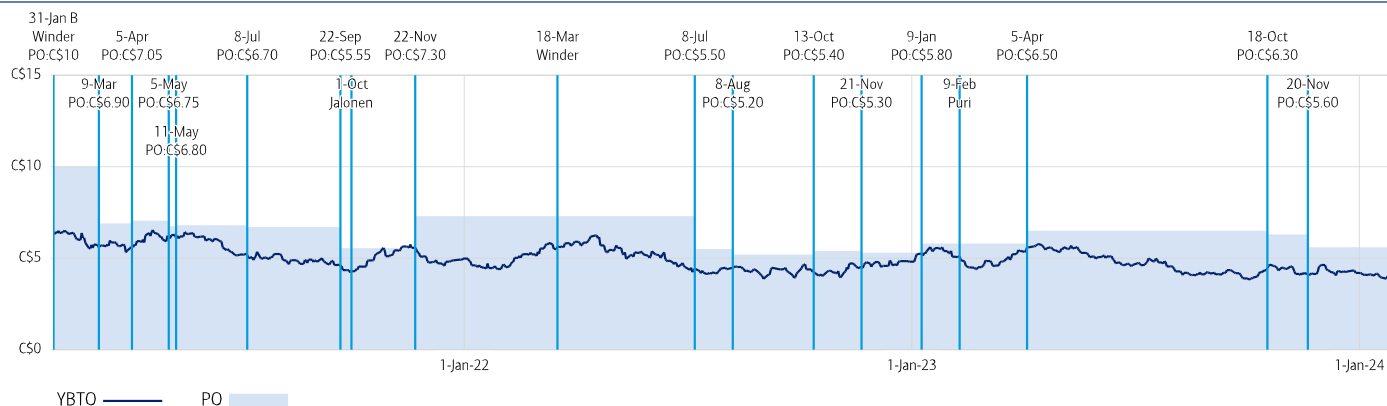
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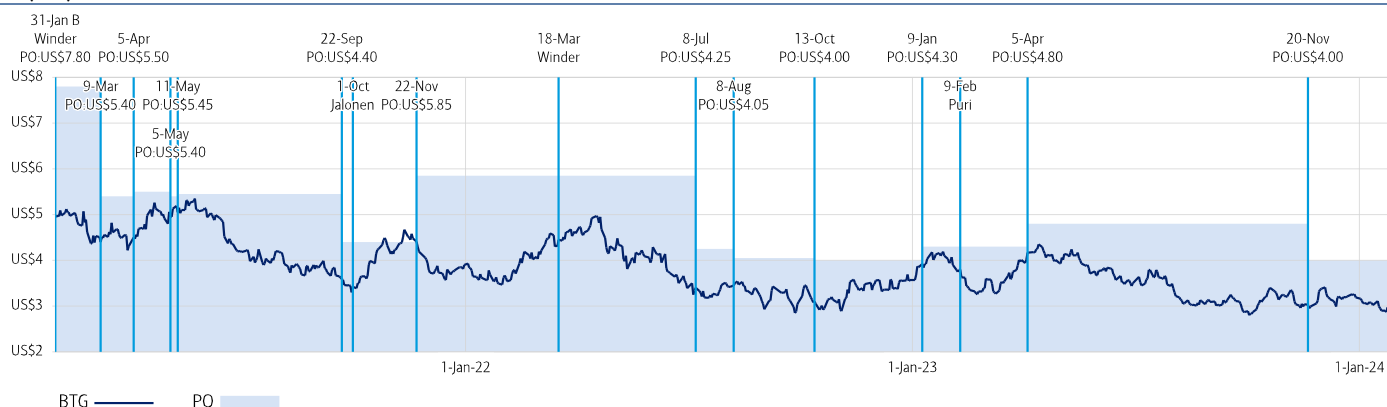
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B2Gold (YBTO) Price Chart



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B2Gold (BTG) Price Chart



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Equity Investment Rating Distribution: Non-Ferrous Metals/Mining & Minerals Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	58	53.70%	Buy	26	44.83%
Hold	24	22.22%	Hold	10	41.67%
Sell	26	24.07%	Sell	13	50.00%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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