



Why Guyana Goldfields Shares Gained

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of **Guyana Goldfields** (TSX: GUY) popped 11% today after the gold miner's board approved a \$238 million expenditure for the Aurora Gold Project to reach commercial production.

So what: The stock has slumped in 2013 on depressed gold prices, but today's news is reigniting optimism over Guyana's growth prospects going forward. In fact, management expects the Aurora project to generate peak-year (2021) cash flow of about \$250 million even if gold prices stayed relatively flat.

Now what: The expenditure is contingent upon project financing and other approvals, which is expected to be completed by Q2 2014. "This is an extremely significant milestone for the Project and for the Company," [said](#) President and CEO Scott Caldwell. "We are excited to be moving the Aurora Gold Project forward and have engaged an excellent team whose strengths complement each other." So while Guyana Goldfields remains just too speculative for average investors, its seemingly bolstered production prospects, coupled with the stock's still-beaten down price (off about 60% from its 52-week highs), make it an intriguing opportunity for resource-savvy Fools.

CATEGORY

1. Investing

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Date

2025/07/25

Date Created

2013/12/10

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bpacampara

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