



Why Kirkland Lake Gold Shares Plunged

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 gold miner **Kirkland Lake Gold** (TSX: KGI) sank 10% today after initiating a strategic review process to explore shareholder-boosting options that may include the sale of assets.

So what: The stock has plunged over the past year on slumping gold prices, and today's announcement only reinforces concerns over Kirkland's current financial position. Bay Street is particularly skeptical that the company will be able to shed assets at a decent price, if at all, given its lackluster track record, prompting investors to sell on the risk of even more disappointing news ahead.

Now what: Kirkland's Board of Directors has appointed a Special Committee of independent directors to conduct the review. "The strategic review will encompass a careful evaluation of the Company's business plan, development strategy, market valuation and capital structure and will consider various alternatives for the Company," [said](#) Kirkland CEO George Ogilvie, "including the potential sale of the Company's shares or assets, and any other options identified by executive management with the fundamental objective of achieving the best value for the Company's shareholders." Given Kirkland's still-very speculative nature, however, conservative Fools would be better off watching things unfold from the sidelines.

CATEGORY

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