



## Eldorado Gold Corp.'s Share Price Drops More Than 25%: Is it Time to Buy?

### Description

**Eldorado Gold Corp.** ([TSX:ELD](#))([NYSE:EGO](#)) saw its share price fall off a cliff on Monday in trading, as the stock plummeted more than 25% to just over \$2 a share. The massive sell-off came as a result of the company announcing that it would be revising its 2017 guidance for its Kisladag gold mine located in Turkey, where the company now expects to see 40,000 fewer ounces of gold than what was expected.

The new guidance is a result of the company revising the recovery rate that it expects from the mine after internal testing revealed poorer results than anticipated. Eldorado now expects its recoveries from the mine to be a little more than 40%.

### Guidance update comes just before Q3 earnings are expected

The timing of the release is very curious given that the company has its Q3 results scheduled to be released later this week. Typically, companies provide updates to their existing guidance in earnings releases rather than just days before.

This might be a way for the company to try and soften the blow of a poorly performing quarter, and the problem is that investors might be assuming just that, given the incredible sell-off that has taken place.

### Not the only mine that has had issues

Eldorado also ran into issues with its operations in Greece, where its Skouries project has been under fire for not complying with environmental regulations. As of the company's last update on the issue, it received one of the two permits that it had been requesting from the Greek government, with one still outstanding.

Previously, Eldorado had said that it would suspend any further investment in its operations in the country, as the company had grown frustrated by the government's continuing delays in issuing permits.

## Stock price reaches a new 52-week low

Trading on Monday saw the company's stock price reach a new 52-week low, as the stock struggled to stay above even \$2 a share. Previously, Eldorado's share price had seen strong support at ~\$2.40, and you have to go back more than a decade for the last time the stock price was this low.

Admittedly, the stock has been on a downward trajectory for several years, but the current price could be an opportunity to take advantage of a stock trading near 40% of its book value.

## Should investors buy the stock today?

It's always dangerous to buy a stock that is in the midst of a free fall, because you can't ever be sure when it has hit the floor. However, if the earnings report later in the week comes with even mild results, the stock could soar.

In all likelihood, many investors are reading into Monday's release as a sign of things to come in the company's Q3 earnings, so the share price might already include a significant amount of pessimism for the upcoming earnings release.

That is not to say the stock couldn't go any lower, but at this price the stock could get a big jump if earnings are not abysmal. This is certainly not an investment suitable for a risk-averse investor, but growth investors might see a big opportunity to buy the stock at a deep discount.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

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2. TSX:ELD (Eldorado Gold Corporation)

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djagielski

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