



This Mining Stock Could Soar to Triple its Price!

Description

Eldorado Gold Corp. ([TSX:ELD](#))([NYSE:EGO](#)) released its third-quarter results last week, which showed the company post a loss of \$4 million for the quarter, down from a profit of \$20 million in the prior year. Revenue was also down 18%, while year-to-date sales have dropped 9%.

Earlier in the week, [Eldorado announced a revision in its guidance for the year](#), which sent the stock into a major sell-off, resulting in the share price losing 25% of its value and dropping below \$2 a share.

The stock would go on to shed even more of its price and finish below \$1.70 before the company's earnings were announced, which, at that point, had a minimal impact on the share price, with much of the damage having already been done.

Former CEO quits board

Paul Wright, former CEO of the company, was the vice chairman on Eldorado's board and will continue to be until the end of the year; he announced his resignation on the same day that the company's earnings were released.

He has spent over two decades with the company and retired earlier this year when he was still CEO of the company.

This is a high-profile departure for the company and will do nothing to ease investors' concerns about Eldorado's future. Wright did not specify a reason for his exit, leaving investors to speculate about if potential issues exist within the company.

What positives can investors take from the company's earnings?

Regardless of which metric you look at, Eldorado certainly had a bad quarter. Sales and production were down, the company wrote down \$31 million of its assets, posted a loss for the quarter, and had negative cash from operations.

The silver lining for investors can be that with all the issues that Eldorado has seen this year,

particularly in Greece, relating to getting permits issued, is that it could have been worse. Unfortunately, investors [can face considerable risks](#) when investing in mining companies, but the company can still rebound from this.

With gold prices continuing to rise amid global uncertainty, we could see Eldorado and other gold stocks, like **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX), stand to benefit and see sales rise with or without increases in volume.

The stock is near 15-year lows

The share price has dropped more than 60% year to date and has lost nearly 90% of its value over the past five years. Value investors might see a great opportunity to buy the stock at a little more than a third of its book value.

Should investors consider an investment in Eldorado?

With so much bad news surrounding the stock, it's hard to believe the stock wouldn't be incredibly undervalued and oversold. Investors can look to the fact that the company has been profitable in three of the past five quarters and hope that Eldorado may still be able to turn things around.

It's hard to forecast how much lower the stock price will go, but at this price, the stock could be a great long-term buy with lots of upside. Even if the share price were to triple from where it is today, it would still not reach its 52-week high. However, the company will likely need to post a good quarter or two before it will be able to win back the trust of investors.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

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2. NYSE:EGO (Eldorado Gold Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:ELD (Eldorado Gold Corporation)

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