



## 1 Cheap Gold Stock to Buy in October 2021

### Description

Talk about cheap [gold stocks](#) ... **Equinox Gold** ([TSX:EQX](#)) is more than being out of favour. Investors outright hate the stock right now! But not insiders. Insiders own about 8.5% of the gold stock, which is rare. One of its peers has 1.4% insider ownership. And some insiders own as little as *none* of the shares in the gold miners they run.

Equinox Gold is pretty much at the bottom of the pack when it comes to recent stock price performance against its peers. The gold stock is absolutely depressed right now. However, it appears to be basing technically, which could be the cue to buy for price gains for patient investors. Given the right pieces fall in place, it could deliver great upside.

### Equinox Gold could be a dark horse

Equinox Gold stock could be the dark horse among its mid-cap peers. The gold miner has sold off substantially by about 44% since September 2020. Apparently, that was when it suspended the mining activities for Los Filos, its mine in Mexico, due to an illegal road blockade by members of a nearby community. Los Filos is one of seven operating mines at Equinox Gold, and it accounts for a meaningful proportion of production — roughly 20%.

A smaller factor for the gold stock's decline is lower gold prices. The gold spot price was as high as US\$1,992 per ounce in September 2020 and it has fallen about 12% to the US\$1,760 level. That said, gold prices are still materially higher than the US\$1,067-\$1,375 levels from five years ago.

Shareholders would be happy to hear that the issue at the Los Filos mine was resolved in late July 2021. The mine has resumed operations. One of its growth projects includes the expansion of the Los Filos mine, which would extend the life of the mine.

### This gold stock has massive growth coming!

Notably, [Equinox Gold](#) has *the best* expected production growth among its similar-sized peers.

Through 2024, management estimates production growth of 83%. It has four growth projects in the works to help it achieve top-tier growth.

One growth project is the Greenstone Project in Ontario, which is projected to add about 240,000 ounces per year to Equinox's production. This project alone is significant seeing that Equinox's most updated 2021 guidance is production of 560,000 to 625,000 ounces. That is, Greenstone can add roughly 40% of production per year. A growth project that's expected to come online even sooner is the Santa Luz mine — a past-producing mine that could start adding approximately 100,000 ounces annually as soon as Q1 2022.

Importantly, the gold stock is dirt cheap today. At \$9.51 per share, it trades at a discount of about 40% from its net asset value. This valuation is, again, near the bottom of the pack. The idea is that, as Equinox's growth projects go into service, it should trade at a higher valuation that more aligns with its peers. The stock could potentially double over the next few years.

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