

GOLD STOCK ANALYST™

A Monthly Newsletter Finding **Undervalued** Investment Opportunities through Fundamental Analysis & Rankings of the largest North American-Traded Precious Metals Mining Stocks

April 2003 • Issue #107 • Editor: John C. Doody • Single Issue: \$75.00

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Priced for Perfection

The best performing group in the gold mining stock universe has been the large intermediates (LIMs), those currently or soon will be producing near or above 500K oz/yr. Well managed and possessing one or more mines with low cash costs of \$100 - \$150/oz, these stocks have attracted a strong investor following, with share prices bid up to result in their having Market Caps/oz P+P Reserves and Production far above the industry averages (see Pages 4 & 5). In general, GSA sees the LIMs as fully priced, with further gains limited to only tracking gold's price higher. But, in the worst case, the stocks' prices could suffer due to some unexpected event.

As seen in the table, three of the four large intermediates are off their 12 month highs by percentages in the 20-30% range. The fourth, Meridian, is off 53% due permitting delays at Esquel, its 300K oz/yr project in Argentina for which MDG

paid \$300 mil in 2002. All else being equal, a "go" here will see MDG's price recover to the discount range of its peers, 20% to 30% off the 12 month high. More in our MDG report, Page 16.

Stock	12 Mon Hi	3/28 close	% off Hi
Agnico	US\$17.98	\$12.56	-30.1%
Glamis	\$13.20	\$10.15	-23.1%
Goldcorp	\$13.41	\$10.58	-21.1%
Meridian	\$20.88	\$ 9.72	-53.5%

GSA doesn't know what difficulty, if any, might befall the other three LIMs. But, AEM and GG are both single mine companies... ground stability problems or hoisting problems could hurt both; drill results showing the limits of the hi-grade zone have been found will stall GG, or Market's realization that it's paying gold multiples for bi-product credits could hurt AEM. GLG benefits from a portfolio of mines, but to reach its 500K oz/yr goal, it has two mines still to get permitted and built (El Sauzal is seen producing in '05; the second is not yet determined, but is likely to be Marlin, w/prod possible in '06).

PDAC Notes

The annual Prospectors & Developers Assn of Canada's convention (held March 9-12) is a major event that brings miners (8,000 delegates this year) home from all over the world to hear technical presentations and learn the latest in mining equipment and services. In the mid-90s, the PDAC added the Investors Exchange (IE), a separate area where companies take booths and meet with investors. This year the IE area was expanded to the maximum and it still sold out. At the higher current gold price many old projects are being revisited, often with a new owner, but there's still not much new in new discoveries due to the multi-year drought in exploration funding for juniors. GSA got updates on some companies we haven't been covering and found enough progress to warrant adding: ... continued Page 6

Next Issue Mailed: 5/1/03

Where Are We Now?

At 3/28/03's \$331/oz Gold, and based on GSA's proprietary Market Cap/oz database compiled since 1994, **Gold stocks are trading as if Gold was \$308/oz.** On average the stocks are:

Undervalued 5% based on MC/oz P+P
Undervalued 9% based on MC/oz Prod

- Based on what we learned at PDAC, we've **added to GSA Top 10.** See Page 3.
- **Mexico** joins **China** and **Russia** in selling Dollars; now approx \$25 mil/day from oil invested in non-Dollar additions (Gold, Euro, Yen?) to Central Bank reserves.
- **Japan** banks' year-end 3/31/03; Bank of Japan said would buy shares to buy prices if necessary to keep Nikkei 225 above 7,000 and keep banks' capital, which includes their share portfolios, from violating 8% capital-to-loan ratio required by Bank for International Settlements.
- Govt set South African gold royalty at 3%; adds \$10/oz to cash costs at \$333 gold.
- See you at Rio Hotel in **Vegas April 26/27.** Details from IIC: 800-282-7469.

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