

GOLD STOCK ANALYST™

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

February 2005 • Issue #130 • Editor: John C. Doody • Single Issue: \$75.00

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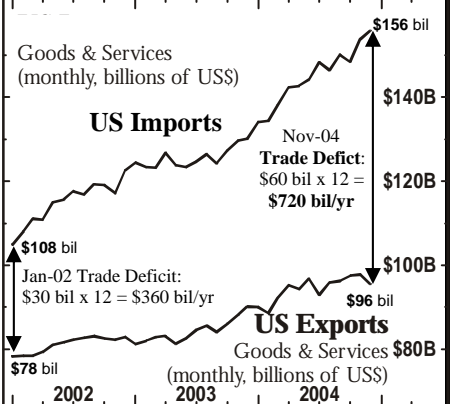
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Defying Laws of Economics

It's not supposed to happen this way. When a profligate nation splurges on Imports from the rest of the world and runs a big Trade Deficit, foreigners are supposed to grow weary of the currency they've been accumulating and sell it, driving down its value. The lower currency raises the cost of Imports and cuts their demand while lowering the cost of the profligate nation's Exports to foreign buyers, raising their demand. By the operation of basic economic law, the Trade Deficit closes.

But as the chart shows, economic law is being defied in US trade markets. When the Dollar Index was strong at 120 in Jan-02, the US Trade Deficit annualized at \$360 bil. Now 3 years later with the Dollar 30% lower at 84, the annualized Trade Deficit has doubled to \$720 bil!

Meanwhile, GSA can contribute anecdotal info based on our 18th consecutive New Year spent on the quaint but chic French island of Saint Barthelemy, located in the Caribbean near Saint Martin: <http://www.st-barths.com>. ... *continued Page 6*



Prepared for Gold Stock Analyst by
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Gold P+P Reserves

Miners soon report end-04 Reserves. SEC dictates a trailing 3 year avg, and allows an upside bias. Means \$375/oz likely used, assuring an increase for most miners, as lower grades now economic vs end-03's \$325/oz.

Gold Prices	Au Price	Au Price
Avg 2001	\$271/oz	—
Avg 2002	\$310	\$310/oz
Avg 2003	\$363	\$363
Avg 2004	—	\$410
3 yr avg thru '03	\$315/oz	—
3 yr avg thru '04	—	\$361/oz

Next Issue
 Web Posted: 3/1/05

Where Are We Now?

At 1/28/05's \$427/oz Gold, and based on GSA's proprietary Market Cap/oz database compiled since 1994, **Gold stocks are trading as if Gold was \$375/oz.** On average the stocks are:

Undervalued 22% based on MC/oz P+P
Undervalued 24% based on MC/oz Prod

- **Print Subscribers** missed mid-Jan Update w/comments on: **NSU, CAU, KRY, AZS, AU, QRL** several others. Convert anytime to Web Access with mid-month Updates; send us an email from our website: www.goldstockanalyst.com.
- **GFMS's Gold Survey 2004, Update 2** is out; read excerpts or order at: www.gfms.co.uk. GFMS fcsts an average \$447/oz for 1H05.
- **LBMA's price forecasts** for 2005 from "known" metal, not stock, analysts:
 - Gold (25 analysts): High: \$525 (avg all: \$481); Low: \$340; Avg all for '05: \$434.
 - Silver: (20 analysts): High: \$9.50 (avg all: \$7.88); Low: \$5.00; Avg all '05: \$6.56.
- **Homeland Investment Act** rules on use of repatriated profits set by Treasury 1/13/05; a JPMorgan survey of clients ests \$100 bil of est total \$300 bil to be brought back still needs to be converted to US\$. With US Trade Deficit now running \$700 bil/yr, the \$100 bil US\$ inflow offsets 14% of the outflow, enough in GSA's opinion to impact Dollar's value (and thus Gold price) over first half 2005.