

GSA-ProTM

The version of *Gold Stock Analyst* newsletter for Professional Investors
Reports on 70+ Gold miners plus the *GSA-Top10* newsletter in mid-month

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Web Posted: 3/1/12

Where Are We Now?

Based on 1/30/12's \$1,739/oz Gold, and GSA's proprietary Market Cap/oz data base compiled since 1994 for Rising and Falling Gold price trends, **Gold stocks trade as if Gold was \$1,443/oz.**

On average, Gold stocks are:

-17% Undervalued

Gold Dividends

Today is an era of miniscule yields on savings accounts and negative real interest rates eroding the purchasing power of savings due the on-going 3% inflation.

With Bernanke promising zero interest rates thru 2014, the path is cleared for a higher Gold price and investors may finally be figuring out that the right Gold mining stocks are a safe place to put one's money.

We think dividend paying Gold miners is the right place and six of the Top 10 are payers, with an average yield 1.25%. Mr Market apparently agrees as the GSA Top 10 portfolio leads the XAU Gold Stock Index and Gold bullion in 2012 to date (see tables).

Investment	2012 YTD
GSA Top 10	+15.2%
XAU Index	+11.3%
Gold	+11.2%
S&P 500	+4.4%

Stock	2012 (Indic Div)	1/31/12 close	Yield
Agnico-Eagle	\$0.64	\$37.40	1.7%
Alamos	\$0.14	\$20.54	0.7%
AngloGold (8R/\$1)	R1.45 = US\$0.18	US\$45.80	0.4%
Barrick	\$0.60	\$49.26	1.2%
Buenaventura	\$0.56	\$42.90	1.3%
Centerra (C\$)	C\$0.10 + Special	\$19.85	0.5%
DRDGold (8R/\$1)	R0.75 = US\$0.09	\$5.59	1.6%
Eldorado (C\$)	C\$0.18 (Au linked)	\$15.11	1.2%
Franco-NV	\$0.48	\$45.22	1.1%
Goldcorp	\$0.54	\$48.39	1.1%
Gold Fields (8R/\$1)	R1.40 = US\$0.18	\$16.43	1.1%
Gold Resource	\$0.60	\$26.33	2.3%
Harmony (8R/\$1)	R0.60 = US\$0.08	\$12.06	0.7%
IAMGold	\$0.25	\$16.74	1.5%
Kinross	\$0.12	\$11.29	1.1%
Newcrest	A\$0.30 = US\$0.28	\$35.93	0.8%
Newmont	\$1.40 (Au linked)	\$61.48	2.3%
Randgold	\$0.20	\$114.41	0.2%
Royal Gold	\$0.60	\$76.12	0.8%
Silver Wheaton	\$0.36 (Ag linked)	\$35.61	1.0%
Yamana	\$0.20	\$17.27	1.2%

• **Plan now:** Toronto's PDAC conference is the single best forum for non-institutional investors to meet and talk with over 600 exhibiting miners. Held March 4-7 in 2012, exhibitors include 39 miners covered by *GSA-Pro*. We will be there and have a report in the mid-March issue of *GSA-Top10*.

• **Fed targets 2% inflation**, but measured by Personal Consumption Expenditures (PCE), not the familiar CPI. PCE reflects consumers substituting lower priced goods for those that are rising, i.e. steak price increases so people switch to hotdogs to stay within their budgets. The PCE does not measure true inflation and it averages two-thirds the CPI over time; carried its logical conclusion, we'll be a nation of hotdog eaters but enjoying a low (but phony) rate of inflation.