

# GSA-Pro<sup>TM</sup>

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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## Where Are We Now?

Based on 6/28's \$1,502/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, **Gold Stocks trade as if Gold was at \$1,238/oz.** On average, **Gold Stocks** are:

**Undervalued -18%**

## Top 10 Selling as if Gold was \$706/oz

The lead article in June issue of GSA-Top10 examined how cheap stocks are compared at the current \$1500+ Gold price range, based on where they have been in past (portion of that chart to right).

As we have said many times, Gold and the Gold stocks are not Siamese twins. The stocks are stocks first, and proxies for Gold second.

As stocks, they are subject to swings in investor sentiment, where Mr Market waxes too enthusiastic and drives the stocks to far overvalued, as last occurred 10/31/07 when they peaked at +25.0% overvalued (see chart).

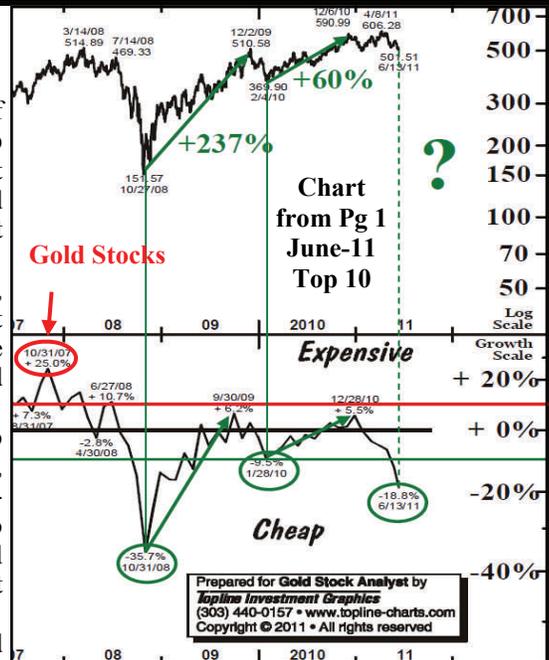
And as we are currently and painfully experiencing, Mr Market's enthusiasm can wane too far in the opposite direction. In June issue of Top10, our database saw Gold stocks almost -19% undervalued versus where they have should traded at Gold's then \$1,526/oz. Two weeks later, there's little change.

When Gold stocks are at such a deep discount, it's the time to buy, as the chart shows. Additional buying support comes in July when miners should report record earnings for 2Q11 due Gold averaging \$1506/oz, \$122/oz higher than 1Q11.

While Greek default risk has passed in the short term, it remains for the US and drives investors cash. We are sure it will be resolved by printing more money (QE3 or equivalent) and that will ultimately drive Gold stocks higher, just as it did from the -36% low in October 2008 (see chart).

The table to right considers the GSA Top 10 target prices are based on \$1,500 Gold and \$35 Silver (stocks are listed in their Page 2 order). Since these targets are based on the miners' existing operations and growth already in their pipelines, we wondered what discount Mr Market is currently applying to them.

As seen, the Top 10 on average are selling at 47% of their targets. Since the target price is based on \$1,500 Gold, applying 47% to the 6/24 Gold price of \$1,503 yields \$706/oz, the effective Gold price at which the Top 10 are now trading if they were fully valued at \$1,500 Gold.



Top10 Stock	6/24 Close	Target Price	% of Target
#1	\$3.26	\$6.00	54%
#2	\$46.84	\$80.00	59%
#3	\$12.11	\$25.00	48%
#4	\$57.20	\$137.00	42%
#5	\$31.75	\$75.00	42%
#6	\$9.20	\$34.00	27%
#7	\$11.37	\$27.00	42%
#8	\$24.81	\$57.00	44%
#9	\$9.71	\$21.00	46%
#10	\$37.30	\$63.00	59%
<b>Avg % of Target</b>			<b>47%</b>