



*The version of Gold Stock Analyst newsletter for Professional Investors
Reports on 50+ Gold miners plus the mid-month GSA-Top10 newsletter*

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**Next Issue
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**Top 10 News (on Pg 3):
For Pro subs only**

Gold's Recent Acquisition Trend

GSA and others say the Gold mining Majors need ounces! Annual production eats up reserves at approx 115% of the actual net production due to processing losses; i.e. 1.0 mil oz of production consumes ~1.15 mil oz of P+P reserves. (More exactly, Heap Leaching recovers 70% to 85% of the Gold, while more capital expensive Milling gets 88% to 95% of the ounces.) GSA's coverage universe collectively forecasts ~26 mil oz of Gold produced in 2018, which means ~30 mil ounces of P+P Reserves will be consumed. These need to be replaced by exploration or purchase or acquisition.

We've seen some recent deals: Hecla acquired producing Klondex. Alamos acquired producing Richmond. In 2017, Barrick sold Goldcorp 50% of its big Cerro Casale (low grade and needing a higher Gold price). These deals had no synergies for the acquirer beyond bulking up production and reserves.

Now Newmont has acquired Novagold's 50% interest in Galore Creek, a total 16 mil mineralize oz gold/copper deposit that's 50% owned by Teck. In 2011 a study saw C\$5.2 bil capex for total 225K oz Au and 340 mil lbs Cu/yr. NEM paid \$100 mil now and the balance as goals are met. NEM is targeting ~5.0 mil oz prod in 2018, meaning it will consume ~6.0 mil, 9%, of its 68 mil oz P+P Reserves. Not needed now and Galore is years away from a production decision, but one of management's jobs at any miner is to line up ounces for the next generation of leaders.

Lately in the news is Detour Gold w/16.0 mil P+P oz and nearly 600K oz/yr prod in politically safe Canada (report herein). Hedge funder, now activist, John Paulson w/reported ~5% of DGC's shares, seeks to replace the Board and spark the stock higher. There's few Gold miners large enough to swallow this \$1.7 bil market cap miner, but Barrick is mentioned... especially due its own sliding prod profile.

For the last big Canadian Gold miner acquired, Osisko w/similar 500K oz/yr prod and 13+ mil oz Mineraliz, it took a 50/50% JV btw Agnico and Yamana and they paid a total US\$2.9 bil. The same price for Detour would calculate to \$16.57/shr, a 70% gain from DGC's current and surely would be welcomed by holders. But it's unlikely as Detour has few other assets to be divided among JV partners... Osisko had expl props that AEM recently paid AU\$ ~\$160 mil for its 50%.

As for potential acquis targets among the Top 10, we see three...(info available to subscribers only).

The GSA team will be at the Denver Gold Forum, held this year in Colorado Springs Sept 23-26, 2018. Most companies in the coverage universes of *GSA-Pro* (including *GSA-Top 10*) and *GSA-Silver* will present and be web streamed. More details in coming issues. <http://www.denvergoldforum.org/program-agenda/>

Internet: