



GSA ProTM

The version of Gold Stock Analyst newsletter for Professional Investors
 Reports on 60+ Gold miners plus the mid-month GSA-Top10 newsletter

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**Next Issue
Web Posted:** 3/1/14

Where Are We Now?

Based on 1/31/14's \$1,245 close in NY for Gold, and GSA's proprietary Market Cap/oz data base, **gold stocks trade as if gold was \$685/oz**; Gold stocks on average are:

-45% Undervalued

\$1,000/ounce

That's the "magic number" countless Corporate Development people on company rosters and M&A Investment Bankers cite as the upper limit filter when looking at potential acquisitions.

Investors abandoned Gold and Gold stocks in 2013 with the final washout at year-end as they dumped the stocks and drove them lower. In 2014, with the weak holders gone, sanity has returned. The Top 10 portfolio is up +27.6% while the broad stock market index, the S&P500, is down -3.6%.

GSA Top 10	+27.6%
XAU Index	+7.8%
Gold	+3.2%
S&P 500	-3.6%

Looking within the Top 10 portfolio, the biggest winners have been the 4 Developers, up by +39.1% to +67.6% (details Page 2). What's driving them is their potential to be acquired, hence the headline metric above, \$1,000/ounce.

We think the recent takeover deals and the gains of our 4 Developers signals a new trend in the Gold mining industry.

And while many other factors come into play, such as location, grade, total capex, additional sites, etc, the "first look to acquire" starts with the three ingredients that ideally add to less than \$1,000/ounce:

1) Cost to Acquire or the current Mkt Cap per Proven and Probable Reserve ounce; 2) Capex per P+P to build the mine, if not already built; and 3) Cash Cost/oz based on operating history or estimated by an independent Full Feasibility Study.

Versus the \$1,000/oz metric, the table above lists price paid for: A) Three recent "done" deals ("almost" for Osisko as it fights Goldcorp's hostile bid), B) The current Mkt Cap/oz for the four GSA Top 10 Developers, and C) several big ounce "usual suspects" which have issues w/feasibility study or huge capex that scares off suitors.

The 4 GSA Top 10 Developers are the universe of miners with either a shovel ready project, or has begun construction, or in a 1+ year ramp-up to full production (altho Romarco awaits a final permit). (The fifth listed, Torex, recently sold 104 mil units to raise the \$125 mil equity needed to join with existing cash and \$250 mil promised bank debt to fund \$675 mil capex at its Morelos site in Guereero, a lawless Mexican province. We await the bank's commitment to fund) ... *continued Page 3*

	Acquis/oz P+P or Mkt Cap/oz	Capex/oz P+P	Cash Cost/oz	Total \$/oz
Recent Deals	(Price paid)			
Rainy River	\$310mil= \$82	\$885m=\$233	\$613	\$928
Brigus	\$220mil= \$288	In Prod	\$675	\$973
Osisko	\$2,636m=\$261	In Prod	\$772	\$1,033
Top 10 Devels	(Curr Mkt Cap)			
Golden Qn	\$130m= \$100	\$120m= \$92	\$345	\$537
Rubicon (M+I+ 50% of Inf= 2.2mil)	\$366m= \$166	\$180m= \$82	\$620	\$868
Detour	\$889m= \$57	Prod Started	\$850	\$907
Romarco	\$232m= \$116	\$320m=\$160	\$379	\$655
Torex(not Top 10)	\$737m= \$180	Full funded?	\$421	\$601
Unlikely Acqd	(Due to issues)			
Novagold (DCK)	\$804m= \$73	\$3.35b=\$305	\$409	\$787
Seabridge	\$378m= \$10	\$5.50b=\$143	\$141	\$294
Pretium	\$602m= \$82	\$664m= \$91	\$458	\$631

Editor interviewed by Frank Curzio on Stansberry Radio, starting at 13:15:
<http://www.stansberryradio.com/Frank-Curzio/Latest-Episodes/Episode/456/Ep-220-John-Doody-The-Best-Gold-Analyst-in-the-World>