



GSA ProTM

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

January 2017 • Since 1994 • Issue #273 • Editor: John C. Doody • Single Issue: \$249.00

IN THIS ISSUE:

GSA's Top 10 Stocks	2
GSA Stock Data	4-6
Gold: Price, Stock Indexes, Market Indicators	7

Reviewed Inside:

Golden Star	8
Guyana Goldfields	8
IAMGold	9
Kinross	10&11
Kirkland Lake	12
Lydian	14
Lundin Gold	13
Midas Gold	13
Mandalay	14

Mega-Oz Projects

Novagold	15
Pretium	15
Seabridge	16

Analyses Inside:

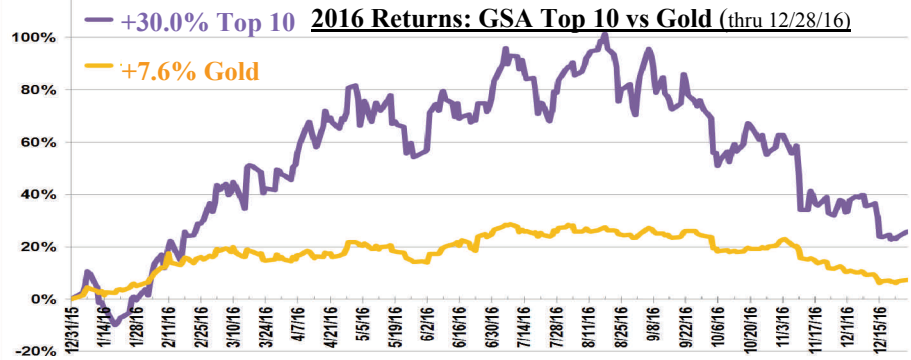
Top 10 News	3
Royalty Multiples	3
Investor Day 2/26/17	17

Next Issue
 Web Posted: 2/1/17

Where Are We Now?

Based on 012/28/16's \$1,142/oz close in NY for Gold, and GSA's proprietary Market Cap/oz data base, **gold stocks trade as if gold was \$832/oz**; Gold stocks on average are:

-27% Undervalued



2016 in Review

The year opened with Gold at \$1,061/oz and GSA in a "hunkered down" approach to the Top 10. We held 20% cash, 3 Royalty Earners, 2 Growth Producers and 3 fully-financed Developers.

Ending 2015 Barrick, the #1 Gold miner producing 6+ mil oz/year, was seen possibly defaulting on its heavy debt load. And, with Gold having fallen over \$600/oz from \$1,675/oz in the three years since 12/31/12, we were focused on staying as safely invested in the sector as possible until the inevitable upturn in Gold came.

As seen in the chart above, Gold began 2016 strongly, up \$21/oz on Jan 4 the first trading day, and topped \$1,100/oz on the 7th after 4 days of trading. But then it fell back below \$1,100 and carried the GSA Top 10 into negative territory. But by end-Jan the Metal had gained its footing and steadily climbed to \$1,294 in early May.

In Mid-Feb, with Gold in the \$1,200s, GSA added the best and safest big ounce deposit owner, Seabridge and its 38 mil oz KSM deposit, as an option on higher Gold (with 0.70 Au oz/share!). Mid-April, with Gold steady in the mid-\$1,200s, we added Belo Sun and Sabina with near term development projects in mining friendly Brazil and Canada. And, unable to see a reason to raise Detour's target price from the \$20 it had just reached, we sold DTC and booked an 85% gain for just 2016.

Gold peaked at \$1,366/oz on July 6 and was unable to move higher, topping out at \$1,364 on August 2. The Metal ignored its traditional strength in the third quarter and after hanging in the \$1,300s after its July peak, fell out of bed early October and slid for nearly three months, to \$1,126 on Dec 15. Since then, the Metal has rallied (on short covering?) and as we write it's looking at a +7.6% gain, with the Top 10 poised to lock-in a +30% profit for 2016.

We see a continuing Gold upturn in 2017, are using \$1,400/oz for forecasting future stock prices, and are comfortable with the current Top 10 stock list.

Time to Rebalance. The GSA Top 10 is rebalanced around yearend. Shares are sold or bought such that each of the Top 10 stocks begins the new year with approximately the same Dollar amount invested. As on Page 11 of Dec-16's *GSA-Top10* showed, over the 14 years to 12/29/14, the **annually rebalanced Top 10 tripled** the gain of the non-rebalanced list of the same stocks, up +581% to +192%!

It's tough to sell one's favorite stocks, especially those that have done well. But the record shows a cold hearted approach yields the best returns.