



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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Where Are We Now?

Based on 9/30/15's \$1,115 close in NY for Gold, and GSA's proprietary Market Cap/oz data base, **gold stocks trade as if gold was \$473/oz**; Gold stocks on average are:

-58% Undervalued

Denver Gold Forum 2015

Gold's premier mining conference, excepting only GSA's Annual Investor Day for subscribers (next is Sunday, Feb 28, 2016), is the invitation-only Denver Forum. Here investors and analysts meet one-on-one with top management and/or watch their presentations. On Page 3 we detail our take-aways from our meetings with the GSA Top 10, and below are our general comments on the conference, the general state of the industry, and some specifics on non-Top 10 stocks.

With Gold down ~\$100/oz from year ago, attendance was off, at 910 vs 1,040 in 2014 and approx 123 companies presented, level with year-ago. The mood was one of resignation to Gold staying in \$1,100-\$1,200 range and learning to live with it, which many have.

Good news is that with energy ~25% of the cash cost of running a mine, its ~50% price fall since year ago to \$45/bbl for WTI crude is alone cutting cash cost/oz by 10% or more.

Second good news for some is falling currencies vs the US\$. As seen in the graphic, even the Gold is down in US\$ by ~8% from \$1,220 year ago, in the weaker currency resource nations, the Gold price has actually increased. In Canada, Mexico and Australia, their lower currencies make Gold trade as if it was \$1,300-\$1,400/oz. Brazil's Real has fallen so much it's as if Gold was back at \$1,800/oz!

Beyond cash operating costs, miners have made multiple rounds of staff and other expense cuts. For example, **Barrick**, the production leader with 6.3 mil oz in 2015, has cut its Toronto headquarters staff 60%, from 370 in 2013 to now 150 and closes its Salt Lake City office in November to cut another 110 workers. To drive home the new austerity, Barrick's Co-President Dushnisky flew coach to Denver.

And some have found a new way to look at their deposit, or a new way to frame a development deal, For example, non GSA-covered **Exeter** now proposes to start w/ Heap Leaching the 1.7 mil oxide oz atop 38 mil sulfide oz at Caspiche that would need a mill and capex is cut from \$ billions to ~\$250 mil.

Seabridge Gold's giant K-S-M site with 38 mil oz Au and 10 bil lbs Cu has a capex now too big for a Gold miner, so it will probably go to a Copper miner that's used to \$5+ bil capex projects. But rather than give 80-90% of the project to a Cu miner to develop it, SA is open to giving 100% and taking back a Gold stream from the ~500K of/yr of Au produced as a by-prod as its reward.

Coverage Changes:

Adding: Newmarket Gold w/3 Aussie mines, an All Star management team and big plans for future. Page 15

Last Report: Luna Gold's hugely dilutive financing to save the mine robs all upside from the shares. Page 14

