



GSA Pro TM

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

September 2016 • Since 1994 • Issue #269 • Editor: John C. Doody • Single Issue: \$249.00

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**Next Issue
 Web Posted: 10/1/16**

Where Are We Now?

Based on 08/30/16's Comex close at **\$1,310oz** Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, **Gold stocks trade as if Gold was \$1,086/oz.** On average, Gold stocks are:

Undervalued -17%

GSA's Three Metrics, 2016 to Date

All Gold miners produce exactly the same thing, ounces of Gold. Since all ounces are the same, we want to find the cheapest, within other parameters such as political risk at the minesite, the miner's financials and quality of management.

Our three metrics are each plotted versus Gold price in the charts to right from the Oct-08 Financial Crash thru Gold's \$1900 peak in 2011, and 2016 to date.

As shown by the vertical black line, 2016 has seen the Gold price improve which partly accounts for increased stock prices and the increased Market Caps/oz and OCF Multiples.

The other factors include fewer P+P ounces by ~20 mil, as lower Gold caused marginal oz to be dropped from Reserves and lower Production as uneconomic oz are now left unmined.

These facts combine for higher profits that are not yet seen in a higher OCF Multiple.

In the top chart, the last time Gold was rising and in the mid \$1,300s, the average OCF multiple was over 10X (red horizontal line), meaning the Stocks were valued significantly more than the ~6X OCF at which they now trade.

This, in turn, implies the stocks could trade ~67% higher, with no change in Gold price, if the miners continue to report improved results.

