



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

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Where Are We Now?

Based on 8/30/13's Comex close at \$1,395/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, Gold stocks trade as if Gold was \$847/oz. On average, Gold stocks are:

Undervalued -40%

Suppose...

A new bull market for Gold appears imminent. It will take a 20% gain off the 6/26/13 low of \$1,186/oz and occurs when the Metal clears \$1,423/oz. So, with Gold's close on Friday 8/29/13 at \$1,397/oz, just \$26/oz away, it's tempting to ponder how the Top 10 would fare if each stock returned to its past high.

This not a good investment strategy for the broad market as many stocks can be one time wonders, never to soar again as they're been left for dead by technological change (think Research in Motion and Blackberry).

But Gold stocks are different as their values much depend on Gold's price. Their ounces in the ground don't go away and there are no new recovery or processing methods on the horizon (such as fracking was for Oil & Gas) that could change the Gold mining industry's economics. So a study of the stocks' current prices versus past highs could be useful.

Investors are cautioned not to cherry pick the Top 10 based on which are furthest away from their past high and seemingly have the highest potential gain. This is because the risk is not the same for each stock and the rationale for holding 10 stocks is to mitigate risk. Far too many Gold stock investors have lost far too much by "betting the house" of one stock and losing due to one of many myriad hurdles that must be jumped before a deposit pays off as a mine.

For example, ABC at +464% is far more risky than XYZ, with seemingly the least to gain as its just needs 34% increase to reach its past high. ABC has only one mine and needs its final permit and to raise \$300+ mil to build the mine. In fact, we think it will get the final permit and be taken over at not much more than our \$1/share target.

XYZ is totally different with annual royalty and stream income from mines. Plus XYZ has cash and credit and could grow itself to a far higher price than \$60.

Top 10 Stock	Past High	Close 8/29/13	Potential Gain
This article discusses the GSA Top 10 stocks by name. Such info is for subscribers only, so we have blocked out or disguised them on this public sample page.		\$1.40	+183%
		\$58.03	+72%
		\$8.55	+151%
		\$11.38	+77%
		\$8.39	+259%
		\$6.74	+106%
		\$45.35	+34%
	\$1.54	+273%	
	\$11.03	+245%	
	\$0.50	+464%	
Avg Pot'l Gain			+186%

Coming in October's GSA-Pro

GSA will be attending the invitation-only Denver Gold Forum Sept 22-25 to hear presentations by 9 of the GSA Top 10, all of the Silver Fave 5 and over 100 other miners. Then we head to visit two Mexican mines. Full coverage in Oct GSA-Pro.

2014 Investor Day: Sunday, Feb 23 at Hyatt Pier 66. Details to come.