

GSA-ProTM

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

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Where Are We Now?

Based on 5/30's Comex close for Gold at \$1,563/oz, and GSA's proprietary Market Cap/oz database compiled since 1994, Gold Stocks trade as if Gold was at \$1,091/oz. On average, Gold Stocks are:

Undervalued -30%

Upgrade Your Gold

No one likes to suffer losses, but occasionally some good can come from them, in this case in two areas... how we are holding our Gold, and the Gold stocks owned.

We've been afraid of a Lehman II event erupting from Europe, as we've written many times. Since the July-11 issue of *GSA-Top10* we've been invested 1/3 Gold, 1/3 GSA Top 10 stocks, and 1/3 cash... our "one-third" portfolio.

As seen in the adjacent table, Cash and Gold have had a zero return YTD and the GSA is off -5.0%, but a far better return than any of the Gold Indexes, off -14.0% to -20.6%.

Our "one-third" portfolio is off just -1.7% YTD and we sleep well knowing with 1/3 in the best Gold stocks, we will catch the bottom and hope we'll be perceptive enough to realize it and invest the 1/3 cash into the Top 10... doubling up and again catching the huge gains we earned in 2009 and 2010.

As for upgrading, your Gold holdings might be improved as follows (and we'll answer some questions we are always asked in the process):

Gold: A portion of our one-third is kept in a safe but easily accessed place against the possibility, however remote, of a total financial meltdown. We have complete faith that the Fed will always ride to the rescue with more money printing to stave off any calamity. But against the black swan unknowns, we hold some 1 oz US bullion coins, Eagles and Buffalos, and some 90% pure "junk" Silver coins to use as transaction change. Safety deposit boxes are not good storage for this purpose because banks might not be open for you to retrieve the coins. Don't go overboard; current living expenses for 15-30 days is probably sufficient. Note: we don't think the coins will ever be used, but know we would feel very stupid if the world did happen, and we couldn't access some Gold or Silver for food, gas and other transactions when our need was greatest.

Our Investment Gold is held in more Gold bullion coins, but until now mostly in the big Gold ETF, GLD: <http://www.spdrgoldshares.com/> This is an upgrade opportunity as the GLD has several warts:

1) share sales from non-IRA accounts are taxed at the 28% collectable rate, 2) its 0.4% expense rate is high, 3) it's not redeemable by investors, and 4) there's lingering doubts that the gold is really there, made worse in a CNBC report from a London Gold vault. Reporter Bob Pisani held a Gold bar up for the camera with the numbers clearly visible. Pisani said it was owned by GLD, but the bar wasn't listed in the holdings on GLD's website, but on that of another, ETF Securities.

So why take the chance when closer and easily accessed Canada offers better alternatives? Two closed-end funds often sell at big premiums ... *continued Page 16*

Silver Stock Analyst debuts June 20, covering 25 Silver miners in a blended style of *GSA-Pro* and *GSA-Top10*. Coverage of the six Silvers in *Pro* moves to *SSA*, except Silver Wheaton, which will continue also covered in *Pro* as a Royalty stock. This means we'll go thru *Pro*'s list in 5 months, not 6, and generate fresh reports of non-Top 10 stocks more often. More on *SSA* on Page 14.

YTD 2012	Results
Cash	0.0%
Gold	0.0%
GSA Top10	-5.0%
"One-third" Portfolio	-1.7%
XAU Index	-14.0%
HUI Index	-15.6%
GDXJ Index	-20.6%