

# GOLD STOCK ANALYST™

A Monthly Newsletter Finding **Undervalued** Investment Opportunities through Fundamental Analysis & Rankings of the largest North American-Traded Precious Metals Mining Stocks

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## Dividends, the Antidote to the Gold ETFs

Gold ETFs have been a blessing and a curse. They've helped the metal move higher by providing an easy way for investors to add a 5-10% exposure to their portfolio. But, this has been a double-edged sword as the ETFs have also given investors a way to avoid mining stocks with their operating difficulties and rising production costs.

GSA believes 2008 will be a good year for miners' profits as they've worked hard to control cash costs and will benefit from \$900+ Gold. And with these profits the miners can offer investors something the ETFs cannot, a dividend for income

The table shows the dividend-payers and their yields. Dividend growth lags profit growth, so we expect 2009 will show higher payouts, especially from the Top 10s on list.

Stock	Div/year	Recent	Yield
Agnico	\$0.18	\$73.96	0.2%
Anglogld	\$0.20	\$33.08	0.6%
Barrick	\$0.40	\$45.00	0.9%
Buenavnt	\$0.22	\$64.44	0.3%
Franco	\$0.24	\$24.54	1.0%
Goldcorp	\$0.18	\$46.36	0.4%
Gold Fld	\$0.09	\$12.54	0.7%
Iamgold	\$0.07	\$6.05	1.2%
Intl Roy	\$0.03	\$5.34	0.6%
Kinross	\$0.04	\$23.32	0.2%
Newmnt	\$0.40	\$52.68	0.8%
Randgold	\$0.10	\$46.41	0.2%
Royal	\$0.28	\$30.30	0.9%
Yamana	\$0.12	\$16.57	0.7%

## Lower US\$ is Not Improving US Deficits

The rising cost of Imported Oil means a falling US Dollar does not improve the Trade nor Current Account Deficit. Yes Exports rise, but Imports are up too, driven by Oil. In table below, Oil was 6.3% of the Trade Deficit 2 years ago, 1Q06, when Oil averaged \$53/bbl. For most recent quarter, Imported Oil averaged \$86/bbl (discounted price due to impurities) and accounted for 10.9% of the Trade Deficit.

April's Imported Oil averaged \$97/bbl, a \$13/bbl discount from the NYMEX Crude average. If Oil Imports average 10.0 mil bbls/day in 2Q08 (April was 10.1 bbls/day) and all else remains the same, using GSA-calculated net monthly average Oil prices of \$110/bbl for May and \$118 for June, the Oil Deficit rises to \$98 bil in 2Q08 and will be 13.6% of the Trade Deficit, more than double that of 2 years ago.

The never-ending flood of US\$ into Forex market can only result in driving the Dollar lower and Gold higher.

\$ Billions	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	Est 2Q
Trade Deficit	(\$756)	(\$767)	(\$790)	(\$700)	(\$718)	(\$715)	(\$672)	(\$695)	(\$700)	(\$722)
Oil Deficit	(\$48)	(\$57)	(\$64)	(\$49)	(\$47)	(\$56)	(\$63)	(\$72)	(\$76)	(\$98)
Oil's %	<b>6.3%</b>	<b>7.5%</b>	<b>8.0%</b>	<b>6.9%</b>	<b>6.5%</b>	<b>7.9%</b>	<b>9.3%</b>	<b>10.3%</b>	<b>10.9%</b>	<b>13.6%</b>
Income-In	+\$59	+\$64	+\$45	+\$61	+\$51	+\$39	+\$92	+\$145	+\$119	Est based on April trade data and Oil price to date
Trnsfrs-Out	(\$86)	(\$96)	(\$99)	(\$88)	(\$121)	(\$100)	(\$111)	(\$119)	(\$125)	
CA Deficit	(\$783)	(\$800)	(\$844)	(\$725)	(\$788)	(\$776)	(\$692)	(\$669)	(\$706)	

- GSA coverage added this issue: **Great Basin Gold.**
- Editor interviewed June 17: [http://www.smartstox.com/analyst/john\\_doody/](http://www.smartstox.com/analyst/john_doody/)

**8% Undervalued**

Next Issue  
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## Where Are We Now?

Based on 6/27's \$920 Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, for a Rising Gold market, **Gold stocks trade as if Gold was \$846/oz.** On average the stocks are: