

GSA-ProTM

The version of Gold Stock Analyst newsletter for Professional Investors
 Reports on 70+ Gold miners plus the GSA-Top10 newsletter in mid-month

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Where Are We Now?

Based on 8/27's \$1,235/oz London PM fix, and GSA's proprietary Market Cap/oz data base compiled since 1994 for Rising and Falling Gold markets, **Gold Stocks** trade as if Gold was \$1,208/oz, and are

-2% Undervalued

'Tis the Season

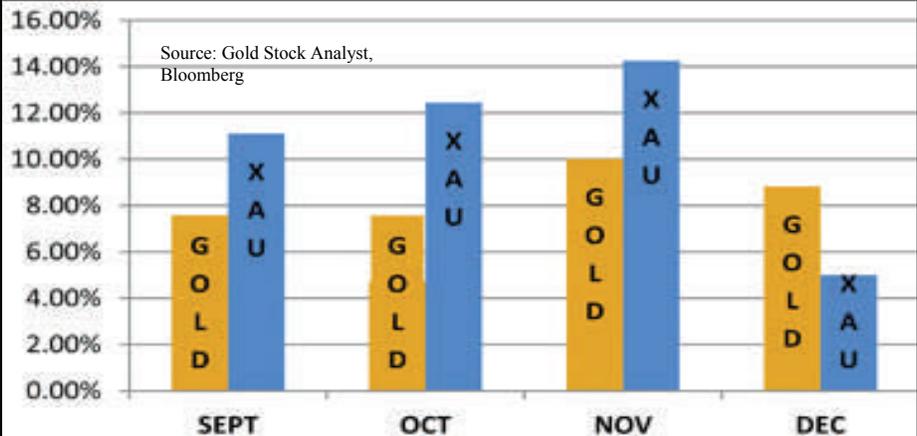
Gold is usually strongest in the Fall due the wedding season in India and China and end-of-year holiday gift giving for much of the rest of the world.

The chart below examines the final four months of the year for this Gold bull market, 2001 to date. From the start of each month's trading, we look at the maximum gain for Gold and the XAU Gold Stock Index during the period, and then averaged the results for each month.

As the chart shows, over the nine years, Gold had average peak monthly gains of 7% to 10% and XAU had peak gains of 11% to 14%. We don't show it, but the GSA Top 10 Stocks gained 7X more than the XAU thru the period, so it's likely well-selected stocks will do much better than the results below show.

'Tis the season to own the GSA Top 10. Don't ignore this fact or Santa might leave you a lump of coal at year-end.

Average Maximum Gain by Month, 2001-2009



Oil Price Spike Impact on Cash Costs/oz?

A long time subscriber asked the above question. We assume a big oil price spike could only happen due to some political move... Iran blockades the Straits of Hormuz... or Israel bombs Iran's new nuclear reactor. Here's our answer:

On average, energy is 25% of Gold mining's cash costs/oz. If a miner has a \$500/oz cash cost, energy would be ~\$125/oz. So roughly, if oil spiked and doubled to \$150/bbl, the energy component of cash costs/oz would also double, increasing total cash costs by \$125 to give a new company total of \$625/oz.

So if Oil doubles, so long as Gold's price also increases by \$125/oz, miners' total profits would be unchanged.

• **October Issue:** The GSA team will be at the invitation-only Denver Gold Forum for investment professionals. Among the 91 companies presenting over the Sept 19-22 period are eight of the GSA Top 10 stocks, and we'll have highlights in the October issue. If you can't wait, most presentations will be shown live and archived on the Forum's website, <http://www.denvergold.org/>