

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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Next Issue
Web Posted: 4/1/11

Where Are We Now?

Based on 2/28's NY close of \$1,411/oz, 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 \$1,328/oz**, and are

-6% Undervalued

Changeover to 2011 Forecasts

Now that the Majors, those with 1+ mil oz/yr Au production, and many Intermediates, those in 100K - 999K oz/yr range, have reported 2010 results and guided for 2011, GSA has updated the data tables on Page 4 - 6 to reflect the new information.

Notable changes in the Industry data:

- Total P+P Reserves in GSA's coverage universe, after producing 41 mil oz in 2010, increased to 892 mil at end-10 from end-09's 857 mil. Some of the increase came from drilling off more Reserves at mine sites, some from acquisitions/mergers of/with stocks not covered by GSA (Anatolia's merger with Australia's Avoca to form Alacer Gold, for example), and some from simply using a higher gold price that makes marginal ounces economic.

- The weighted average Gold price used to calculate P+P Reserves at year end increased from \$831 on 12/31/09 to \$911/oz on 12/31/10. The SEC allows firms to use the past 3 years' rolling average Gold price, which as of 12/31/10 was \$1,023, but as seen on Page 4, many miners still use lower prices.

- Total production for the 40 producers GSA covers is seen increasing from 40.9 mil oz in 2010 to 43.5 mil in 2011.

- The average cash cost/oz of Gold production was \$488/oz in 2010, and is forecast increasing to \$539 in 2011, a 10% gain. See page 5. Given the miners are always optimistic, and oil price has gained \$20/bbl in the past month, the actual cash cost for 2011 is likely to be higher.

March 1 Market Action:

Gold Stocks Finally Act like Gold, not Stocks

In 2008 the S&P500 fell -39%, while Gold was up +6%. Gold stocks, using XAU Index as a proxy, acted like stocks and fell -26%.

Editor and subscribers wonder how Gold and Gold stocks would act if there's a big S&P500 sell off in 2011?

GSA thinks S&P would not sell off to the 2008 magnitude; investors know that drop created a buying opportunity and they'd jump in early to take advantage of low prices.

Today's action, while only one trading day, did say "this time it's different". Stocks were down, while Gold & Gold stocks were up. Hopefully, this is a permanent change.

	3/1/11 Chg
S&P500	-20.89
DJIA	-168.32
Gold	+\$22/oz
XAU	+1.94
HUI	+10.70
GDX	+0.97
GDXJ	+1.08

Editor's Speaking Schedule

- **PDAC:** The Prospectors and Developers Convention is the World's largest mining conference. Annually held in Toronto, this year it's Sunday March 6 to Wednesday March 9. Editor will speak at Noon on Sunday, with other well-known Editors before and after. In the Exhibit area will be the booths of ~600 miners (of Gold, Silver and many other elements), and of these ~140 will be making separate presentations over the four days. <http://www.pdac.ca/pdac/conv/index.aspx>

- **New York Hard Assets:** It's May 9-10 and held, as always, at the Marriott Marquis in Time Square. As opposed to the PDAC, this conference gives space to the newsletter Editors and it's a great opportunity to meet with your favorites, as well as visit with about 100 exhibiting miners. <http://www.hardassetsny.com/>

Editor's presentations for both conferences will be posted to GSA's website.