

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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Next Issue Mailed: 2/1/03

- GSA revamps the Stock Data table, expanding to two pages and now including **Dividends, Other Gold Mineralization, and Cash Costs/oz Production.** See Pages 4 & 5
- **GSA's 900 number** is no more due to a change in AT&T 900# service. But, GSA's Editor is still available to subscribers - See the details on Page 2.
- Change made to the **GSA Top 10.** See Page 3 for who and why.

Gold: The Macro Picture Couldn't be Better

GSA is on record predicting \$350/oz Gold by end '02, on the way to \$450/oz by end '03. This is based on a 76% price gain off the \$256 low, repeating the 1985-87 Gold bull market which was driven by the same primary reason as now, a huge US Current Account Deficit. (Gold traded above \$350 in Asia on 12/18, but has yet to close at this level.) This time around, many more factors beyond the record US Current Account deficit (that will ultimately weaken the Dollar as foreign appetites for greenbacks are sated) work on Gold's behalf:

1. Hedging has lost its appeal: Low market interest rates available cut the contango, the spread between Gold borrowing and the interest earned on the Gold's sale proceeds, despite Central Bank leases rates well below 1%... so low the CBs almost can't give their Gold away. And second, the stock market has ... *continued Page 6*

Montana Court Rules Against Canyon

It was bad news, very disappointing, but not completely unexpected. The elected District Court Judge ruled for the State of Montana in Canyon's suit to overturn I-137, the anti-cyanide processing Referendum passed in 1998 when the miners were not allowed to counter-advertise.

To GSA, this was an entirely political ruling. If Judge Sherlock (who, to GSA, is not a "Holmes" searching for the truth) had let the case proceed to full trial now, when the MT economy is in the dumps and the State budget deficit is headed over \$100 mil, the press (and his neighbors) would likely have been screaming about CAU's potential \$500 mil win and how it would bankrupt the State, which has total tax revenues of not much more than \$1 bil.

CAU now must decide to 1) ask the Judge to reconsider based on errors made, 2) appeal to MT Supreme Ct, or 3) activate the Federal case that's already filed but couldn't go forward until a MT court rendered a decision. "Takings" law is much more defined at the Federal level and judges are less political, since they are appointed, so CAU should get an impartial hearing. ...*continued Page 6*

Silverado: Back from the Dead

It's not GSA's practice to "pick on" companies we don't cover as we generally believe gold stock investors should follow a *caveat emptor* rule of thumb and remember Mark Twain's sage advice: "A gold mine is a hole in the ground with a liar standing next to it." But, with Gold's price well off the bottom and some stocks that should have died again finding life, we're constantly asked to opine on stocks that (in GSA's opinion) have a big promotion budget and little else. Some of these companies exploit a big SEC loophole that seemingly allows Canadian based miners that primarily trade in the US to escape the SEC's attention. ...*continued Page 6*

Happy Holidays to All! GSA will be closed until Thursday Jan 9, 2003

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