

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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Where Are We Now?

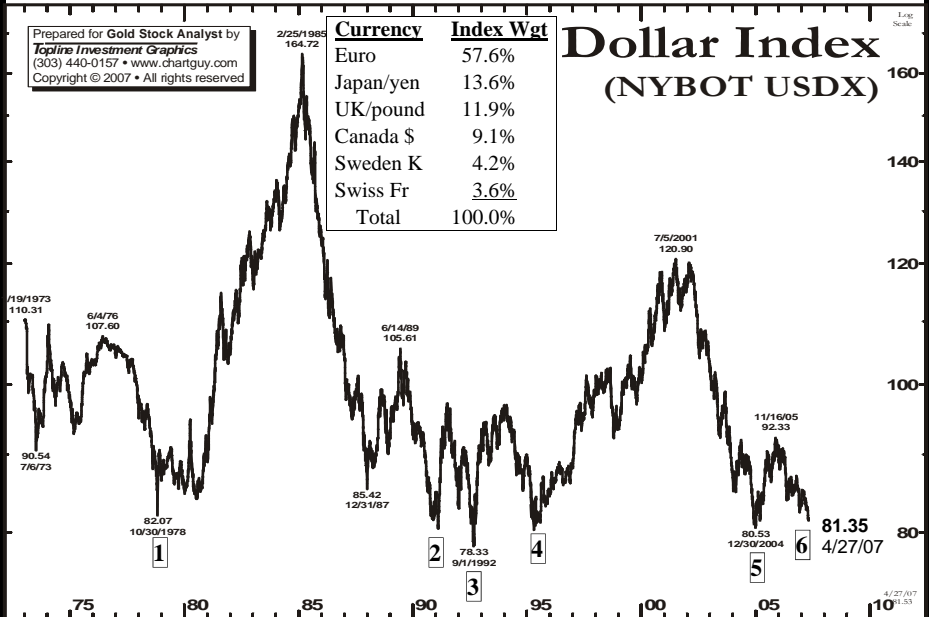
Based on 4/27/07's \$678 Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, for a Rising Gold market, **Gold stocks trade as if Gold was \$614/oz.** On average the stocks are:

9% Undervalued

US Dollar Index.... NOT!

The nail in the Dollar's coffin should have been, by GSA's thinking, Friday 4/27's report that US GDP was up only +1.3% 1Q07, after a +2.5% gain 4Q06. And this came just days after existing US home sales were down 8.4% in March, twice the expected level. The Fed's next move is surely lower, which lessens US\$'s appeal.

While the US\$ Index looks to retest the 80 level for a 6th time (see chart below), why hasn't it solidly punched thru? The US Current Account Deficit is massive; as a percent of US GDP, it's twice the 3.5% record level in 1985-87, the last CAD driven bull market for gold. No question that the CAD is behind the Dollar's fall and Gold's rise since 2001, but "Why not more, given the Deficit's size?" GSA has wondered. The answer is found by examining the Index's make up.... *cont Page 3*



- **Supporting US Stock Markets** are buyout/buybacks has withdrawn \$1.1 trillion in stocks from US equity markets in the past year. The 5% loss in total supply, at an avg \$4 bil/day, has created a share shortage that props up prices for those stocks that remain. (Only the dogs and those too big to be bought are left behind?)

- **Uranium Futures Contract** trades May 7 on NYMEX; the 250 lb contracts will be cash settled to avoid delivery issues of the radioactive material. Is this coming just ahead of a **black cloud developing for Uranium pricing?** HMY report herein: Co sees 1.0 mil lbs/yr potential at low cost from just one of 56 tailings dams. U3O8 is commonly found in South African mines; GFI and AU must have same potential.

- **New York Gold Show**, May 14/15 at the NY Marriott in Time Square. Over 100 miner exhibits, 21 covered by GSA (4 Top 10), plus featured speakers, including your Editor. Stop by GSA's booth and say "Hello". For info: www.iiconf.com

Special 28 Page Issue: Which Stocks most Correlated to Gold? Most Undervalued? Have Highest Leverage?