

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: 12/1/03

Where Are We Now?

At 10/28's \$384/oz Gold, and based on GSA's proprietary Market Cap/oz database compiled since 1994, **Gold stocks are trading as if Gold was \$365/oz.** On average the stocks are:

Undervalued 3% based on MC/oz P+P
Undervalued 6% based on MC/oz Prod

Crown Resources

agreed to be acquired by **Kinross**, as GSA fctd in Apr-03 issue when we added CRCE to GSA Top 10 at \$0.88. Announced after Mkt closed on Oct 8, KGC offered 0.2911 KGC per CRCE, or \$2.22/shr. In addition, Crown's 9.6 mil shrs of Solitario will be spun off to holders and was then worth another \$0.19/CRCE, for a total value of \$2.41. Based on the original recco'd price, holders made a 174% in just over 6 months. Read GSA's advice to CRCE holders on Page 3 herein.

Dissecting the deal, KGC is paying \$99 mil (net of cash from wts/opts exercise) for Crown's fully diluted 50.3 mil shrs and will issue 14.6 mil KGC common. Crown's Buckhorn Mtn deposit does not have a completed feasibility study, nor does it have operating permits for the UG mine it now plans after the prior planned OP mine was rejected by regulators. Obviously, KGC is comfortable on the permits (as is GSA) and accepts Crown's pre-feasibility estimates of 838K oz P+P in a larger 1.31 mil total resource. Based on these numbers, KGC's \$99 mil price works out to \$118/oz P+P and \$76/oz resource. These are high numbers and reflect 1) KGC's need to find oz to feed its Kettle River mill and 2) the deposit's low estimated cash cost of \$140/oz (before including trucking cost to mill 40 miles away), and 3) the deposit's US location.

Due to the permitting and location similarities, the question now begged is "What does this make **Canyon Resources'** 13.7 mil oz worth?" ... *continued Page 7*

Investors Drinking Friedland's Kool-Aid?

One's last victory or failure usually forms peoples' current opinion. For Robert Friedland, it's memories of **DiamondFields'** spectacular success. As an exploration company looking for diamonds in Newfoundland, DFR's geologists stumbled onto a huge nickel deposit that was ultimately sold to Inco for C\$4.3 bil in 1996 (Voisey's Bay, where mining has yet to begin).

But in gold mining ventures, the charismatic Friedland has been more of a Pied Piper, leading investors in at least three stocks over the "cliff:" A heap leach pad liner leak at **Galactic Resources'** Summitville mine bankrupted the Co in 1992. As an early Superfund site, US taxpayers have spent over \$200 mil to clean up the leak and acid runoff from earlier miners' workings; Friedland is reportedly contributing \$28 mil to the cost. **Vengold** assembled land positions near the huge Las Cristinas deposit in Venezuela; in 1994 the stock soared to \$12, but ultimately collapsed when no gold was found. **First Dynasty** reached \$10/shr in 1996 on hopes Co would obtain good expl props in then hot Indonesia; but these never came.

Now investors have bid up Friedland controlled (he reportedly owns 42%) **Ivanhoe Mines'** shrs to a US\$2.1 bil Mkt Cap (IVN on TSE: last C\$11.23). GSA believes IVN is now very overvalued as investors drink Kool-Aid thinking an Inco-like bid for the Mongolia site will come. If only due to Inco's ... *cont Page 16*

Worrying GSA

is the proposed 12 month tax holiday for companies repatriating foreign stashed profits back into the US. Now repatriated profits are taxed at 35%, so profits earned overseas by US companies' foreign subsidiaries tend to remain there. At end-02, estimates JP Morgan, American firms had built up a \$400+ billion ... *cont Page 7*

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