

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 9/30's \$473/oz Gold, and GSA's proprietary Market Cap/oz data base compiled since 1994 for Rising and Falling Gold price trends, **Gold stocks trade as if Gold was \$476/oz.** On average, Gold stocks are:

Fully valued based on MC/oz P+P
Overvalued 1% based on MC/oz Prod

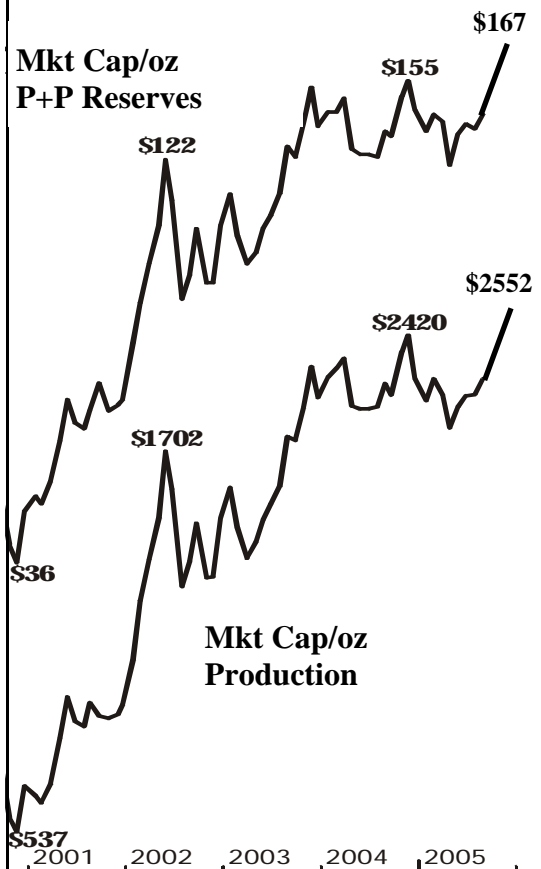
Market Cap/oz P+P Reserves and Production at Record Levels

Valuations have come a long way since the bleak days of the early 2000s, when gold was in the \$250/oz range. Then, based on stock prices, the average Reserve oz was valued by the Market at \$36 and the average oz of Production at \$537.

With gold now at \$473, just short of a double, a P+P oz is valued at \$167, a 4.6X increase over its low; a Production oz is being valued at \$2552, a 4.8X increase.

This is a clear demonstration of why one should own shares rather than the metal. Despite all the issues that come with the miners, their shares clearly outperform the metal over time.

As gold goes higher, GSA expects the shares to continue their record of achieving significantly larger gains.



2005 Denver Mining Forum

An invitation-only annual event, the 2005 edition saw approx 450 analysts, money managers and company execs gather to watch 68 companies (51 covered by GSA) update all on their activities and prospects. Due to scheduling conflicts, your Editor was able to sit in on only 37 of the 20 to 35 minute presentations; those made by our Top 10 Stocks and notable others are reviewed further below. The overall mood, while lamenting increasing cash costs/oz, was one of confidence that gold was headed higher, based on: 1) a resumption of Dollar's slide due to US Current Account Deficit and a soon ending of Dollar repatriation flows (a market factor of which only GSA-subscribing execs seem aware), ... continued Page 15

- What's the **relationship between oil price and cash cost/oz**, subscribers often ask. At the Denver Mining Forum GSA heard several execs with open pit mines say "A \$1a barrel change in oil price is a \$1 change in our cash cost/oz."
- **Changes in our Market Indicators page:** We've added the Gold/XAU ratio to the gold price panel and Net Large Commercials to Net Large Specs panel.
- See you at the **San Francisco Gold Show, November 27 & 28**. More info at: www.iiconf.com or call 800-282-7469.

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