

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 9/29's \$600 Gold, and GSA's proprietary Market Cap/oz data base since 1994 for a Rising Gold Market, **gold stocks trade as if gold was \$576**; gold stocks on average are:

4% Undervalued

Denver Gold Forum

It's the annual invitation-only event held late September where almost every significant gold miner presents to approx 500 money managers and analysts. This year, over a 3 day period, 68 companies presented and another 16 had table-top displays one evening. GSA covers 53 of the presenting companies, so it's a great opportunity to get brought up to date and question management. But it's also a grueling event with multiple conflicts; your Editor did catch 31 of the formal presentations, including those by all 9 of the Top 10 attending.

Six of the companies were involved in takeovers and the attendees had much fun discussing the merits of the respective deals and the squabbles of several. **IAM-GOLD** and **Cambior** is thought to be a good match, with nary a dissenter to be found. **Goldcorp** and **Glamis** made an effective presentation of why their marriage was made in heaven and GG's former head McEwen seemed to be the only dissenter in attendance. GSA sees his proxy fight launched mid-show as hopeless.

Barrick extended its \$14.50/share cash bid for **Novagold** and the latter gave out soft rubber squeeze balls (for stress relief or to throw at ABX?). Those GSA spoke with thought NG's fight was doomed in the light of no other bidders and agreed with GSA that there no legal definition of the "bankable feasibility study" that ABX must deliver and which NG says is "impossible". GSA likes to say ABX could hand a blank piece of paper to NG at Nov-08 due date and say "Here's the feasibility study. We like the results so much we start construction tomorrow". NG's almost \$3/share pullback from its post-bid \$18.20 high to the \$15.00 range indicates the Market is finally beginning to realize NG's fate is sealed.

Read the key take-away points from the presentations; the Top 10 are on Page 3 and other presentations of interest on Page 13.

Party Over for Gold?

The Dow hits new record highs Oct 3/4 and gold swoons from \$600/oz to \$560s. Does that mean the party and Gold's bull market are over? *NO!* thinks GSA.

It's easy to forget that Gold trades in two different markets, as a commodity and as money, the anti-Dollar, although in fact the markets co-exist as one.

Sometimes both markets move together as they did earlier this year when Gold sailed past \$700/oz. Sometimes the markets offset each other and Gold price stag-nates, as it did while trading in a \$460 to \$480 band from Sept thru Nov 2005 before topping \$500 in early Dec-05. And sometimes one "market" overwhelms the other, as is happening now. Commodity market sellers drown out the warnings of the anti-Dollar Gold buyers as the greenback's many problems are ignored. ... *cont Page 8*

- **Changes to the Top 10.** See who comes and who goes, and "why" on Pages 2/3.
- **P+P Reserve prices** head higher; SEC tells miners to use last 3 years' average prices. If 2006 ended on 9/29, Gold would be using \$485/oz and Copper \$1.84/lb.
- **Central Bank gold sales** data out 10/4 showed Sept sales at 55 tonnes and total for year ended 9/26 at 393 tonnes, well under 500 tonne quota (more at: <http://www.gfms.co.uk>). This implies gold's Sept price weakness was due to hedge fund jitters over possibility of big CB sales and not the reality of actual sales.
- **Truth about greenies** revealed; documentary DVD at MineYourOwnBusiness.org
- See you at the **San Fran Gold Show**, Nov 26/27 (Sun/Mon). Info at: iiconf.com