

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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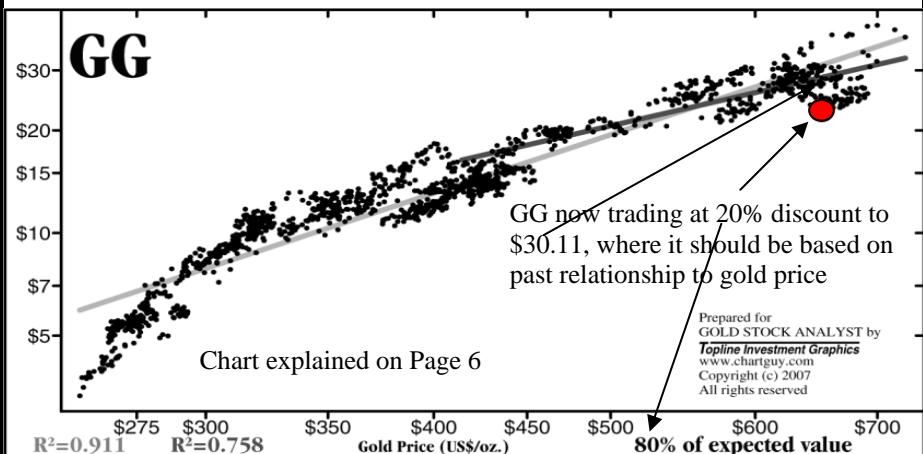
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Back Up the Truck!

Gold stocks get rewarded by investors with premium prices when they deliver in three key areas: 1) Production growth, 2) Low Cash Costs/oz of Production, and 3) Accomplishing this without issuing more shares. **Goldcorp** is undervalued based on the stocks' past relationship with gold price (see chart below), and as its ability to meet these tests becomes more evident to Mr Market, the stock should see dramatic price gains beginning mid-2007. Booyah!

2006 saw GG make two major acquisitions: First were 4 Placer Dome mines producing 600K oz/yr and 40% of Pueblo Viejo, a JV with Barrick that's seen producing 800K oz/yr in 2011 at \$185 cash/oz. Second was Glamis, with 4 operating mines for 600K oz/yr and Penasquito, forecast at 500K oz/yr in 2010, with a negative -\$400 cash/oz due to Ag/Zn by-prod credits (using conservative ... *cont page 6*



Gold Price Forecasts

Broker National Bank Financial polled 32 peers for price forecasts. Results adjacent: Appears to GSA that most expect a lower US\$ will ultimately cure the US Current Account Deficit, removing the main driver behind Gold's move higher in the 6 year Bull Market since April 2001.

Gold	2007	2008	2009	2010
Avg	\$674	\$676	\$619	\$584
High	\$750	\$850	\$732	\$770
Low	\$625	\$550	\$500	\$425

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Where Are We Now?

Based on 5/30's \$667/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994 for Rising and Falling Gold price trends, **Gold stocks trade as if Gold was \$609/oz.** On average, gold stocks are:

9% Undervalued

- **ETFs** prove to be a double-edged sword and lead Gold's May swoon as they became **net sellers** to exacerbate the downtrend. GLD's peak holdings of 16.1 mil oz on April 19 (in keeping w/Metal's 2007 high of \$691 on April 20), fell to a low 14.9 mil oz on May 30 and a \$653 price. The liquidated 1.2 mil ounces were dumped on the Market by GLD holders selling their shares, driving the metal lower.
- Adding to pressure on gold were **1.2 mil oz ECB sold** in April & May, which it said completed sales for year ending 9/26/07 under Central Banks' Gold Agreement.
- Coverage added for 2 stocks: **New Gold and Peak Gold.** More coming in July.
- **US GDP** update, out May 31, showed 1Q07 growth at a paltry +0.6%, less than half the earlier released rate of +1.3% for the quarter. This, along with continued weakening of US housing market, continues to support GSA's belief that Fed's next rate move will be down, further weakening the US\$ and boosting Gold.