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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IN THIS ISSUE:

Reviewed Inside:

Analyses Inside:

Next Issue Mailed:	8/1/03

Where Are We Now?

At 6/27/03's **$345/oz** Gold, and based on GSA's proprietary Market Cap/oz database compiled since 1994, **Gold stocks are trading as if Gold was $326/oz**. On average the stocks are:

Undervalued 4% based on MC/oz P+P
Undervalued 7% based on MC/oz Prod

Gold Supply and Demand

Gold Fields Mineral Services is now working on behalf of the World Gold Council to compile and issue Gold's supply and demand data on a quarterly and annual basis. The report for all 2002 and 1Q03 versus year ago periods notes these important market factors (data table on Page 6):

1) Mine supply was essentially flat for the annual and quarterly periods.

2) Official (Central Bank) net sales were up 5% in '02, but down 7% in 1Q03 as some CB's were adding gold (China) as others sold.

3) Scrap supply up by double-digit percentages both periods due higher gold price.

4) The overall gold market switched from disinvestment in 2001 to net investment in 2002 and 1Q03, reflecting investor flight from Dollar assets.

5) Jewelry demand was off approx 11% in each period due higher prices and slower world economic activity.

Target Price Analysis Revisited

Last month's Target Price Analysis prompted lots of emails. The exchange below is typical and is reprinted to assist those that also had questions, but didn't write.

"Dear Mr. Doody: In the latest GSA you say that IAMGOLD is expected to move to an over rated status. I presume you mean it will be dropped from the top ten. I also am curious why Cambior, Placer Dome, Golden Star, Lihir are not part of the Top 10 when their expected value is higher than NEM and Anglogold. I understand there can be other factors involved such as the present ratings not being based on $450 gold.

Thank you for what I feel is a solid and balanced view of the industry. Your experience and knowledge is very valuable to an inexperienced person like myself." *(Please forgive GSA's self-serving inclusion of flattery - Ed.)*

Dear.... We can do all the number crunching in the world, but in the end, it's still a subjective decision on which to put in the Top 10, and some of this is based on other considerations:
IAG: we expect to reach the overvalued levels of the AEM/MDG/GLG/GG.
CBJ: Future rests on the Gross Rosebel... mines in the Guinean Shield often disappoint, like CBJ's Omai.
PDG: 2/3 of P+P in South Africa and commitment to hedging = poor market sentiment for stock.
GSS: good company... border line Top 10... can they operate successfully at projects that failed under prior owners by changing from HL to Mill processing?
Lihir: No growth beyond the Island... no off island exploration portfolio... no management commitment to gold (all Rio Tinto execs)...high costs now, could rise as mining gets to hotter areas of "not quite extinct volcano."
NEM will attract general funds as the "go to" stock as gold goes thru $400.
AU has great 5+% dividend.

"Dear Mr. Doody… Thank you for your prompt reply. I knew there must be other factors involved. That's what I count on you for: to evaluate the other factors."

• Mistake in June's Target Prices: **Newmont's** potential gain 60% at $450 gold, not 160%; no change in recco as we expect NEM to go to a premium to its target price.
• New York Gold Show: Sept 8&9. For more info, call IIC: 800-282-7469.

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