



Sep 30, 2009

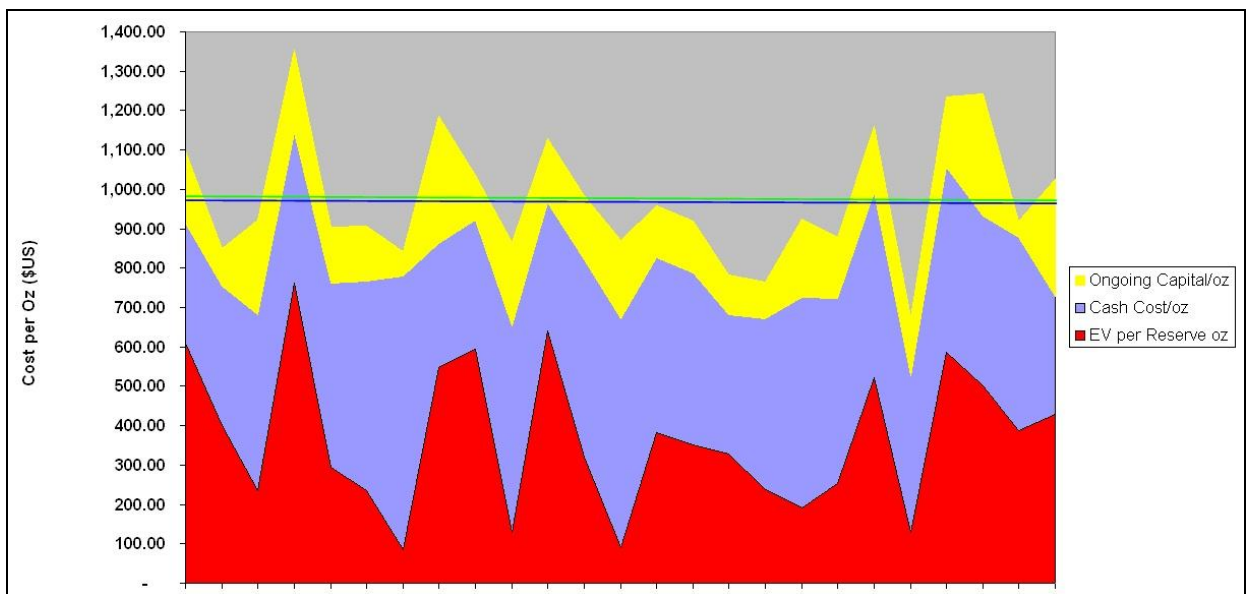
North America's Top 25 Gold Producers

This article highlights some of the key averages for North America's Top 25 listed gold mining companies in order to establish some useful benchmarks to use when analyzing prospective gold stocks to invest in.

The following chart looks at Enterprise Value per Reserve oz, Average Cash Cost per oz and the Ongoing Capital Cost per oz. These figures are combined to arrive at a **Total Cost per mineable oz** of gold paid by investors who purchase shares in these companies.

Summary:

- EV per Reserve oz: Average US\$370/oz (red section)
- Cash Cost per oz: Average: US\$440/oz (blue section)
- Ongoing Capital Cost per oz: Average: US\$168/oz (yellow section)
- Total Cost per Mineable oz: Average: US\$978/oz (blue horizontal line)
- Current Spot Price: US\$990 (green horizontal line)



Source: GoldNerds North America.

With the spot price for gold at US\$990/oz (Sep 30, 2009), the average Total Cost per Mineable oz for the Top 25 gold producers is US\$978/oz (marginally below the spot price). When looking for undervalued gold mining companies, these benchmarks become very useful. Ideally you want to invest in companies where the **Total Cost per Mineable**

oz you are paying is less than the spot price. 36% of the above companies (9 out of 25) presently trade at a Total Cost per oz above the present spot price (excluding construction costs for undeveloped projects). Does this automatically indicate they are bad investments? Not necessarily. There may be reasons for this premium. These companies may have excellent growth potential. For instance they might have significant resource ounces easily convertible into reserves. On the other hand, very often they have been market favorites and have simply become overvalued. If you are a proactive investor in the precious metals sector you owe it to yourself to keep tabs on this information. To have a sense of value is important.

[GoldNerds](#) is a wonderful product that takes publicly available information for gold mining companies and combines it into a sophisticated spreadsheet for you. This spreadsheet allows you to sort and filter companies according to useful indicators such as:

- Enterprise Value per Reserve oz
- Enterprise Value per Resource oz
- Cash Cost per oz
- Total Cost per oz
- Annual Production
- Future Production (assuming development stage projects are completed)
- Future Cash Cost per oz (including development stage projects)
- Political risk
- Financial numbers (cash, listed investments, liabilities, hedge book etc)
- Reserves and Resources

A customized scoring system makes it simple for investors to score and compare companies according to the criteria they deem as important.

My name is Troy Schwensen and I am the editor of the North American version of [GoldNerds](#). I am also the editor of [The Global Speculator](#) where we have been utilizing this product in our work with Australian gold mining companies. We have been testing the performance of the product. The initial results have been very encouraging and can be found on our website. For a look at the work we do and practical examples of how we utilize the [GoldNerds](#) product pay us a visit at www.globalspeculator.com.au. For a more detailed look at the [GoldNerds](#) products and the companies that are presently covered visit www.goldnerds.com.au.

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