THE GLOBAL SPECULATOR

Gold Stock Summary Report Sample

North America

Quarter Ended 31 December 2010

Issued 28 Apr 2011

Summary Report Sample Q4 2010

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GoldNerd Settings and Indicator Descriptions

GoldNerd Settings	• GoldNerds Data as at 28 April 2011 (unless otherwise stated in the data notes). • Exchange Rate Conversion: C$1 in US$:1.056. • Silver converted to Gold at a gold/silver ratio of: 32:1. • Mineable oz settings: 100% reserves; 20% resource and 10% potential.
Total Cost per Ounce (TCO)	Future Cash Cost + EV per mineable oz + Development Costs per mineable oz. Companies are sorted from the lowest to highest TCOs. Note the green bars signal better than average and the blue bars below average. For the producer categories, the focus stocks we provide commentary on have TCOs no more than 85% of the average. For the Development stage categories (no producing assets), we focus on the companies which have a better than average TCO (no discount is applied to the average). Note the TCO for the purposes of this report differs from the GoldNerds spreadsheet calculation with the exclusion of ongoing capital costs. The primary reason for this is the variability of this number.
Future Cash Cost per Ounce	All our focus companies must have a future cash cost better than the category average. Unless otherwise stated in the commentary, the cash costs reflect either a company forecast for the next financial year (in this case FY11) or, if not provided, we use the previous rolling 4 quarter average for producing projects. If the company has a development project, the cash cost parameters for these projects are incorporated into an overall average.
Enterprise Value (EV) per Mineable Ounce	This is the Enterprise Value (EV) of the company divided by an estimate of how much gold the company can realistically mine from its projects (Mineable oz). The EV is an estimate of what value the market is presently placing on the company's non-financial assets (Please note that GoldNerds has a much broader definition of Enterprise Value). In calculating Mineable oz, we count 100% of any reserves (for producing and feasibility study stage projects) and 20% of the resource over and above the reserve in recognition of the capacity for reserve conversion. We also include 10% of any non 43-101 compliant potential. For the development stage companies with scoping study projects, we treat 100% of the mine plan oz (as indicated by the company) as a surrogate reserve. We then add 20% of the resource (over and above the surrogate reserves) and 10% of any potential as previously explained. Typically, the companies with the lowest EV per mineable oz also have the highest cash costs and or development costs. In other words, the market is discounting the value of these ounces due to their marginal nature and or development risk. In addition, for the development stage categories, you will see that a low EV per mineable oz (say less than $50/oz) usually occurs when the market gives the company little chance of successfully developing their key projects. In some cases this may be justifiable, given environmental permitting issues or huge capital expenditure requirements making it difficult for a junior company to manage.

Development Costs per Mineable Ounce	This simply represents any outstanding development costs on new projects or expansion plans on existing production projects. This figure is then divided by the Mineable oz for the company. Note for the established producer categories, only a handful of companies have any development activity. Producing companies which have significant development projects often tend to trade at a discounted TCO. This reflects the risks associated with bringing a new project on steam.
Current/Future Capital Expenditure per Oz	For the Production categories, we use the rolling 4 quarter Current Capital Cost per annual production oz. For the Development Stage companies, we use the Future Capital Costs per future annual production oz (based on the mining studies). Note how in the different categories this per oz figure fluctuates markedly. In the Producer categories you are looking at anywhere from $250/oz to $350/oz. In the development categories (mining studies), however, this number is not as comprehensive and the average is anywhere from $20-$100/oz. Please note this number can vary significantly from year to year.
Net Financial Asset Position % (NFA)	This takes the Market Capitalization, subtracts the Enterprise Value and then divides the result by the Market Capitalization. Represents a % of the Market Capitalization made up of net financial assets (or net financial liabilities if you get a negative percentage).
Shares Outstanding	The number of shares outstanding allows us to see how many shares it has taken each respective company to achieve its present level of development (relative to its peers). We have added a small note next to the companies which have undertaken share price consolidations.

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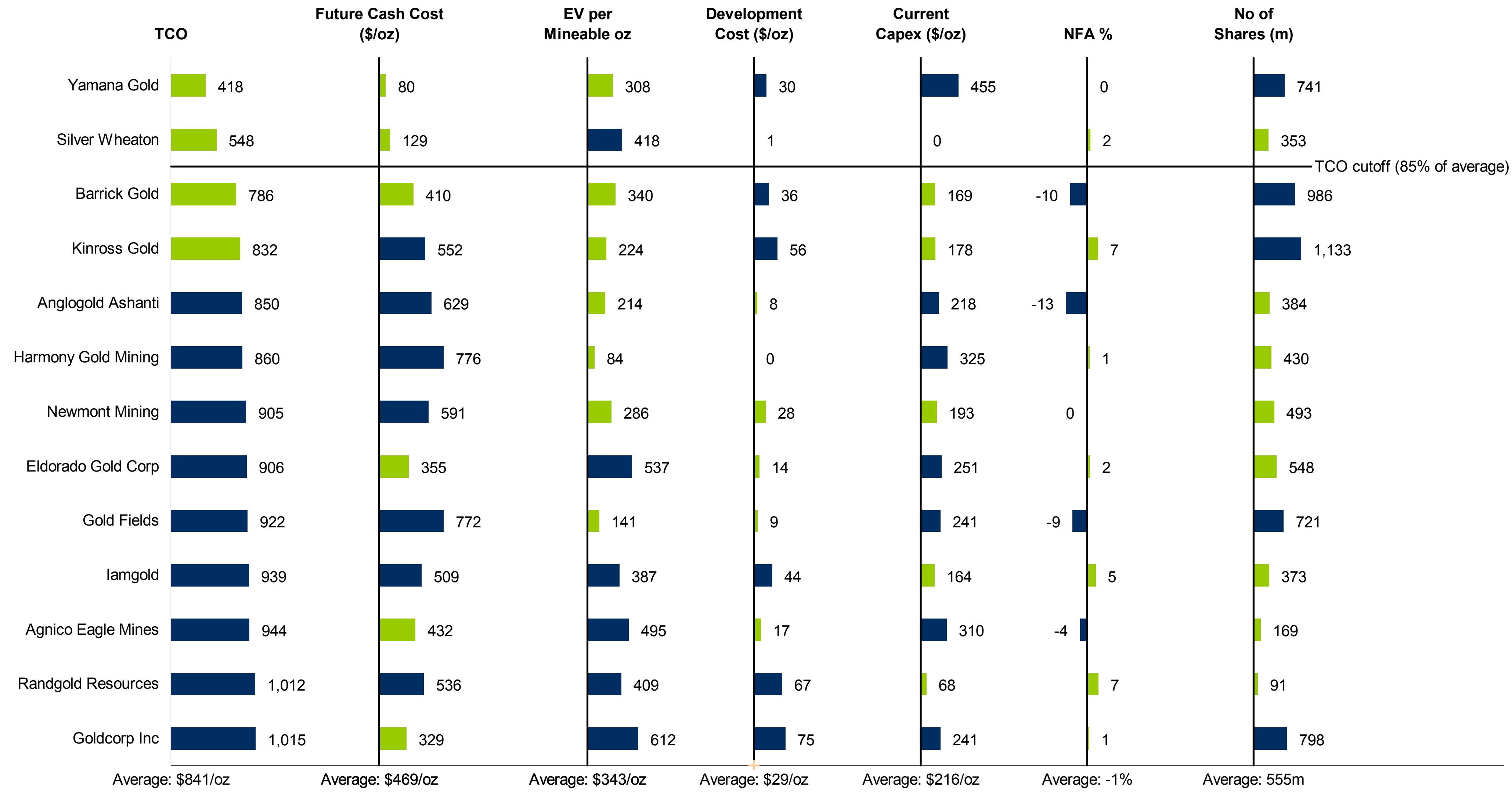
Producers (Market Cap > 5b)



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Producers (Market Cap > 5b)

Company Commentary

• **Yamana Gold (YRI):** Gold/Copper companies seem to trade at a discounted TCO. The last 12 months has seen excessive ongoing Capital Expenditure of $455/oz. This could be one contributing factor to the lower TCO. The FY11 forecast is US$230/oz, closer to the category average. The number of shares outstanding is significantly above average due to a previously aggressive acquisition strategy. Some of these assets have since been sold. This may also be a contributing factor to the lack luster share price and TCO.

• **Silver Wheaton (SLW):** The very low cash cost does not appear to be fully reflected in the EV per mineable oz and consequently the TCO. Silver Wheaton also has the advantage of no ongoing capital expenditure which should also theoretically boost the EV per mineable oz. With silver, there are generally lower recovery rates (than gold) which may be overstating the mineable oz and understating the EV per mineable oz to some extent (perhaps 25 - 30%). Regardless of this, there still appears to be value (especially given the current silver prices). Despite an aggressive acquisition program, the number of shares outstanding remains respectable for this category. These acquisitions look to have added significant value for shareholders.