

## Stock Pick of the Week #23, January 29/2010 AD

This week's pick is Capital Gold Corporation. [www.capitalgoldcorp.com](http://www.capitalgoldcorp.com)

The stock trades on the TSX under the symbol CGC.TO and in the USA as CGLD: BB

The company is producing gold at its El Chanate open pit gold mine in Sonora Mexico. In 2008 they produced 40,000 ounces and in 2009 they were able to increase production by almost 50%.

The cost of production is low at 321.00/oz. The company was able to show a profit within the first year of operation. On January 25<sup>th</sup> the company announced a 1 for 4 reverse split in order to qualify for listing on the AMEX. This listing application is now in progress.

Capital Gold recently installed new equipment at its plant and as a result expects to produce 70,000 ounces of gold in 2010. The company owns several other projects in Mexico where it is exploring for gold and silver.

CGC.TO was a previous Pick of the Week which resulted in a 36% profit.



The chart pattern shows price to be in uptrend. The 50D is in positive alignment to the 200D (green oval). The current pullback will likely end when gold bullion turns back up. In the meantime price could drop to 3.00, or even 2.80; but a breakout at the blue arrow will tell us that the decline has bottomed out. In 1980 when gold bullion peaked at 850.00, every gold producer listed on a major exchange was trading at 10.00 or higher. In inflation-adjusted dollars that would translate into about 30.00 today.

Here is a review of Picks #1 - #22.

- #1 CPQ.V (CPQRF) at 2.01; Bought 08/13/09 sold 11/19/09 at 3.45, profit = 110%
- #2 CGC.TO (CGLD.BB), Bought 08/20/09 at 0.60; sold 11/4/09 at 0.94, profit = 36%
- #3 SVM.TO (SVM) Bought 08/27/09 at 3.74, sold 10/20/09 at 5.98, profit = 60%.
- #4 SCP.TO (SCPZF) at 3.10; last traded at 4.33.
- #5 FCG, bought 09/10/09 at 14.88; sold 10/20/09 at 18.69, profit = 25%.
- #6 MAG.TO (MVG) bought 09/17/09 at 5.55, sold 12/02/09 at 7.48, profit = 35%
- #7 ARZ.TO (AZK) at 4.60, last traded at 4.07.
- #8 IPT.V (ISVLF), at 0.88, last traded at 1.12.
- #9 RUN.V (RFXRF) at 0.22, last traded at 0.165.
- #10 KCL.TO (KCLOF) at 2.74, last traded at 2.95.
- #11 GPD.TO (GPRXF) at 0.59, last traded at 0.59.
- #12 GBG.TO (GBG) at 1.71, last traded at 1.78.

#13 PGF/UN.TO (PGH) at 10.26, last traded at 10.80.  
#14 CHE/UN.TO (CGIFF) bought 11/12/09 at 9.12, sold 01/11/10 at 12.48; Pr = 36%  
#15 GAS.TO (CYMF) at 4.97, last traded at 5.21.  
#16 GOZ.V (GREXF) at 0.50c, last traded at 0.52.  
#17 AOG/UN.TO (BAOGF) at 4.60, last traded at 4.75.  
#18 GDXJ at 26.14; last traded at 22.93.  
#19 SBT/UN.TO (SVRZF) at 12.92; last traded at 11.47.  
#20 MAG.TO (MVG), at 6.58, last traded at 6.26.  
#21 SVM.TO (SVM), at 7.09; last traded at 5.73  
(SVM paid a nice monthly dividend Jan 21 of 2c/share).  
#22 R.V (RTRAF) at 1.51; last traded at 1.48

6 Picks have been sold at profits ranging between 25% and 110%, all within 3 months of purchase. 9 picks are trading above the introductory price and 7 are available at or below the starting price. There are some true bargains among these 7, since gold and silver have corrected substantially since they were picked.  
The success ratio is 15 to 7.

Subscribers are notified as soon as we take a profit.

We encourage investors not to 'chase' these picks, but to try to buy them at or below the price at which they were introduced. The goal is to buy low and sell high! As long as a 'pick' remains as part of this list, it is an indication that we still like it, even if it slips below the price at which the stock was first listed.

Whenever you buy a stock at its pink listing (the five letter symbols), always be 'price-specific' to avoid ending up with a bad fill.

To be notified when we take profits, all you need to do is become a subscriber. (The cost is less than \$1 per week). For details click on 'how to subscribe.'

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Please do your own due diligence. Investing involves taking risks. I am NOT responsible for your trading decisions.

Happy trading!

Peter Degraaf

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