Gold Newsletter
Vol. XL December 2013/January 2014

Tiptoeing Through The Taper

Gold didn't rise on QE-Infinity, but it sure got slammed during most of 2013 as investors anticipated its eventual withdrawal.

Now, in the wake of the Fed's decision to actually begin a gradual withdrawal of quantitative easing, gold has taken another turn downward.

But its behavior earlier in the month, and immediately following the Fed decision, raises hopes that gold investors may learn to tolerate the taper.

By Brien Lundin

This is the time of year when we traditionally reflect back on the previous 12 months, analyze where we went wrong and what we did right...with the goal of doing less of the former and more of the latter.

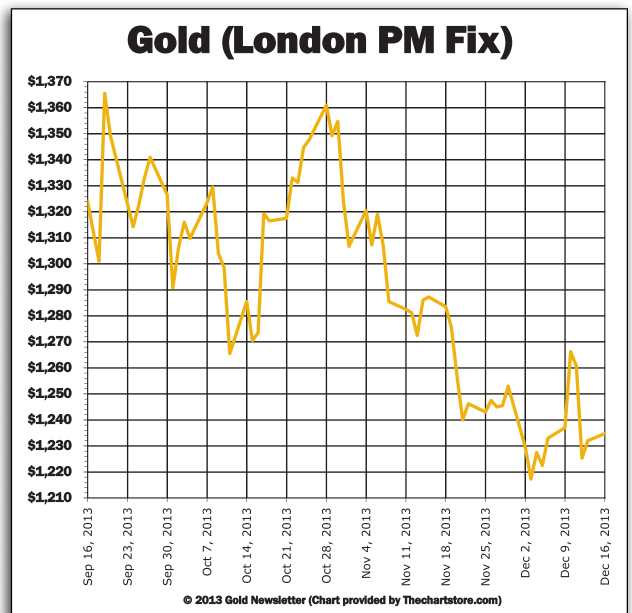
That's not hard to do this year, for sure.

As for what we did wrong: We should never again believe that any investment proposition is a slam-dunk.

To wit: Just because the most liberal president in American history has been re-elected to impose his policies with no fear of electoral repercussions...and just because the Federal Reserve has not only opened the monetary spigot to full-blast but also removed the valve...that doesn't necessarily mean that gold prices will soar as a result.

And so my prediction last year that 2013 would be a banner year for the yellow metal and mining stocks, was about as wrong as could be. My only consolation is that I had lots of company in that prediction. In fact, just about everyone thought higher gold prices were a slam-dunk.

So, a lesson learned. Whenever things can't get better for an investment, well....



On the "what we did right" front, about the only thing that comes to mind is not doing more of what went wrong. More specifically, my refusal to jump headfirst into the market until an uptrend in

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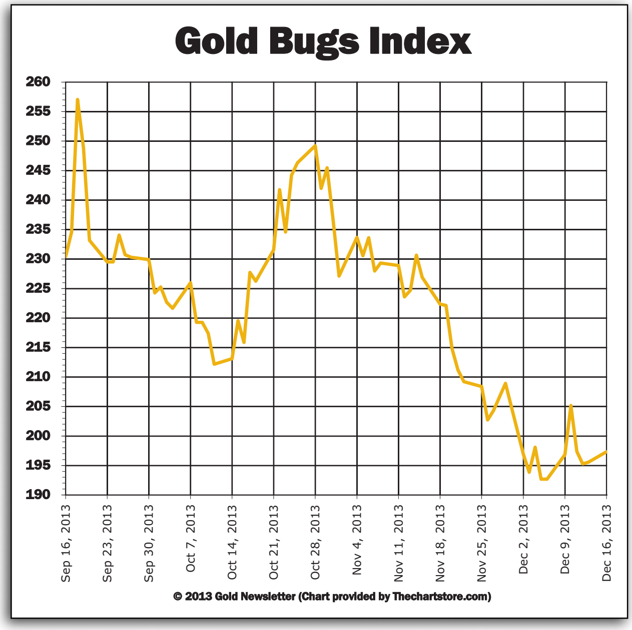

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gold was firmly established helped to prevent even greater losses.

There were some notable exceptions to this restraint, such as personally going long gold and silver options after the first nose-dive in April...as well as a few new stock recommendations in this letter during the year.

But nearly every equity recommendation we made during the year was based on real value in the ground that in each case is still worth far more than each company's market cap. The few exceptions were recommendations based on exciting exploration potential that remains in place.

And all this brings us to the burning question: Why *didn't* gold rise with the advent of unlimited quantitative easing...and what does this portend for the next year?

The Dog That Didn't Bark

Following the bottom of the 2008 crisis, the Fed began its money-pumping efforts in earnest, and gold soared in response. The record shows that QE1 and QE2 propelled gold about 150% higher from trough to peak.

Then the metal traded sideways during Operation Twist...rising at the end of that program as we approached an anticipated renewal of QE. And on that score, eager investors got more than they could have ever hoped for — not just QE, but *super*-QE, or QE-Infinity.

So perhaps we can be forgiven for having expected gold to run even higher. Instead, as I've noted, it sank.

Why? I believe that with the prior QEs having pre-established limits in time money, the market looked forward to the next round of easing as each deadline approached.

But with QE-Infinity — which broke new ground by being a "data dependent" program without preset limits in either time or money — the market could only look forward to...the *ending* of QE.

With no big market-moving announcement for speculators to anticipate and bet upon, even QE at $85 billion a month had no effect on the gold price. And when investors began to anticipate a tapering-off of the quantitative easing program, it didn't take long for a few deep-pocketed speculators to gang up (illegally, I might add) to knock the legs out from under gold.

Of course, all this is old news. The important question now is where gold will go in the New Year?

Can Gold Learn To Love The Taper?

Our accompanying three-month charts of gold and the Gold Bugs Index were produced before the Fed's taper announcement, and are already out of date (such are the perils of trying to produce a 40-plus-page issue while the markets are still moving). Still, you can see that gold and the equities were coming off of another interim bottom before the Fed's big news.

For gold, the previous bottom was the low of $1,180 made on June 28. As I write, gold appears determined to test that low, and this is not surprising.

I can tell you that near-term sentiment on gold was almost unanimously bearish amongst the speakers at our recently concluded New Orleans Investment Conference. The consensus opinion included the view of yours truly, as I put forth my position that — with the growing expectations of a QE taper in the imminent future — there were few potential drivers for a gold rally through the end of the year.

One thing that no one expected was gold beginning to discount a QE taper, and the gold sellers/shorts exiting their positions upon the realization of this event. In other words, the shorts "buying the rumor" of a QE taper and "selling the news" of the actual event.

This actually began to happen in early December, as economic data and taper talk moved against gold. But the metal not only failed to fall, but actually posted some impressive gains in the face of these headwinds.

In short (no pun intended), it seems that the gold price was beginning to discount the end of QE, and the market was running out of sellers. This would obviously represent a major shift in the gold market.

As my good friend Gene Arensberg (gotgoldreport.com) had been reporting, the "Managed Money" category of the disaggregated Commitments of Traders reports recently reached a record net short position in gold. Conversely, the Producer Merchants (who are almost always net short) have been adding to their already-record-high net long position.

Very simply put, this positioning argues strongly for a powerful short-covering rebound in gold...at least at some point.

That point is still undetermined.

I thought it had arrived when, after the Fed's somewhat surprising announcement this week that it was throttling back its QE program by $10 billion to "only" $75 billion in total asset purchases each month, gold actually rose in response.

But after a bit of time, the sellers re-emerged, and gold ended the day down about $11. All in all, it was a pretty muted response to the first appearance of the long-dreaded taper...until the sellers again ganged up the next day to take gold down below the key $1,200 level that had provided support.

This has been an important support level because it's where bargain hunters have shown their willingness to come in. Until gold proves it won't keep dropping, however, the bargain hunters won't come in.

Once the selling lets up, though, I expect physical demand to come in strongly.

One reason is because the QE issue has now been reversed, to a situation similar to what we saw with QE1 and QE2.

Consider that the current expectation is for a continued taper, with the Fed lowering the program by about $10 billion at each meeting. That's what is now being factored into the gold price.

However, with any deterioration in the economic data, which would not be surprising as corporations begin to plan for Obamacare in the New Year, speculators will begin to factor in the possibility of QE being ratcheted back up.

We'll see how the metal performs in the days ahead, but now that a taper is finally being discounted, I sense that the bottom is here, or at least near.

So my advice remains one of watchful waiting. There are bargains galore in the mining equities, from the major producers all the way down to the junior exploration/development companies.

But, with the exception of the irresistible bargain represented by our sole new recommendation this month, I recommend only cautious accumulation of our buys, unless you've been smart enough to have built up a sizable cash position.

And now, let's see what's going on in our world of junior resource stocks....

Almaden Minerals

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almadenminerals.com

For many years, Almaden Minerals has been one of the junior sector's most stalwart examples of the prospect generator model.

It has been able to parlay its geologic expertise, particularly in Mexico, into numerous joint venture partnerships that have funded work on its many projects. Since these deals are structured so that the JV partner does the heavy financial and exploration lifting, Almaden has been able to amass interests in a number of companies while keeping its share structure relatively tight.

But then, in 2010, Almaden hit upon what is now known as the Ixtaca target on its 100% owned Tuligtic project in Puebla State, Mexico. The early results were so compelling that management elected to drill the project itself, rather than farm that work out to a JV partner.

The decision was prescient, as an aggressive drilling program on this greenfield project led to a maiden resource estimate, released in early 2013. That estimated pegged Ixtaca's indicated resource at 2.0 million gold-equivalent ounces (960,000 ounces of gold and 54.9 million ounces of silver) and its inferred resource at 1.6 million ounces (741,000 ounces of gold and 41.9 million ounces of silver).

Currently, Almaden is engaged in an infill drilling program at Ixtaca designed to prove up as

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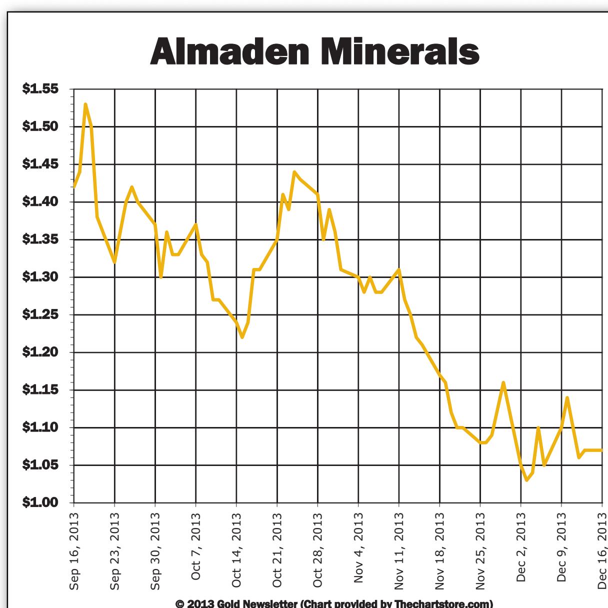
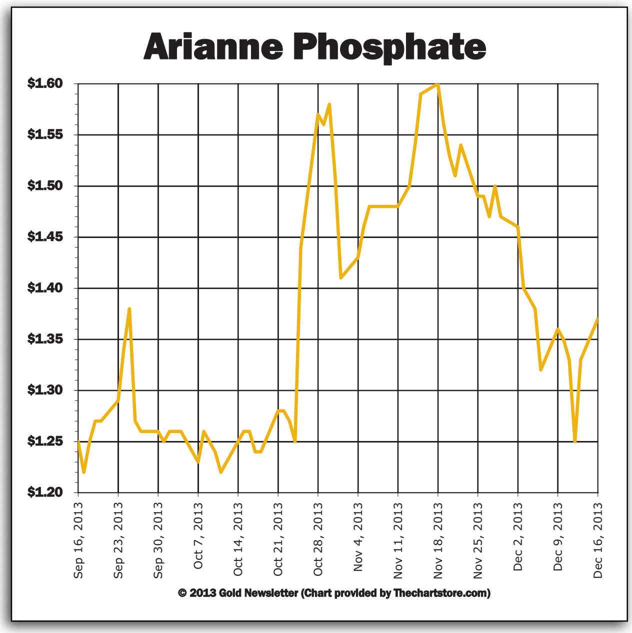


much of its inferred resources into the indicated category as possible.

The assays that have come back from this program indicate a substantial resource upgrade is very likely. Recent highlights from this program include Hole 354 (101.0 meters of 1.92 g/t gold and 113.2 g/t silver), Hole 343 (30.9 meters of 3.38 g/t gold and 230.8 g/t silver) and Hole 332 (30.5 meters of 1.55 g/t gold and 69.8 g/t silver).

Almaden expects to generate an updated resource estimate on Ixtaca in early 2014. That data will be used in a preliminary economic assessment that the company plans to release by late winter or early spring of next year.



Given the good work that the company has done so far on this project, I expect the resource estimate and the PEA will be largely positive. It still remains to be seen if the precious metals markets will cooperate in 2014, but if they enjoy a sustained rebound, these two meaty pieces of news flow could translate into substantial share price gains for AMM.

For those willing to wager on that outcome, now is a good time to build or add to your position in Almaden Minerals.

Almaden Minerals Ltd.

Recent Share Price: ....C$1.15
Shares Outstanding: ....60.0 million
Market Cap: ....C$69.0 million
Shares Outstanding
Fully Diluted: ....65.0 million
Market Cap
Fully Diluted:..............C$74.8 million

Arianne Phosphate

DAN.V; DRRSF.PK
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arianne-inc.com

As I mentioned in my update for the November issue of Gold Newsletter, Arianne Phosphate released the feasibility study on its Lac a Paul project in Quebec just after we went to press.

The approach of that feasibility study was a key reason why I added Arianne to our list in the October issue. Given the size and high grade of the Phosphate rock at Lac a Paul, I anticipated that the numbers would be good and that the company's share price would spike as a result.

Both those predictions proved accurate.

The study estimated the project's NPV (discounted at 8%) to be $1.9 billion. This figure is based on projected gross revenues over the life of the mine of $16.1 billion and operating cash flow of $7.4 billion.

To give you some perspective, Arianne's current market cap is just over $100 million. And this study estimates that the Lac a Paul project is worth 19 times that valuation.

Now granted, there's still a lot of work to be done before the company's current market cap begins to approach that valuation. But as its management team moves this high-profile phosphate project towards production, the market is eventually going to wake up to the fact that Arianne is sitting on a gold mine here (ok, a phosphate mine).

The study was based on a measured and indicated phosphate resource of 590 million tonnes grading 7.1% P_2O_5 and an all-in, per-tonne cost of $93.70 to mine, process and deliver the concentrate to the nearby Port of Saguenay. The mine is projected to have nearly 28 years of mine life and to produce three million tonnes of 38.6% P_2O_5 concentrate a year. IRR is 20.7% with a projected 4.4-year payback on capex.

As I expected, the company's share price spiked higher in the days after the study's release. The share price has since drifted back, largely due to volatility in the broader market. We'll keep it a hold for now, in hopes that the feasibility study will act as a trigger for buy-out offers.

Arianne Phosphate Inc.

Recent Share Price: ....C$1.35
Shares Outstanding: ....79.7 million
Market Cap: ....C$107.6 million
Shares Outstanding
Fully Diluted: ....96.9 million
Market Cap
Fully Diluted: ....C$130.8 million

Avino Silver & Gold Mines

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Avino Silver & Gold Mines has released positive financial results from its most recently completed quarter, ending September 30, 2013.

Thanks to its San Gonzalo mine and stockpile production, the company was able to generate $3.82 million in revenues during the quarter. That revenue resulted in $938,694 in quarterly earnings and cash flow from operations of $1.58 million.

During the period, Avino sold 148,123 ounces of silver and 747 ounces of gold at a cash cost per silver-equivalent ounce of $6.86. To these totals, San Gonzalo contributed 123,566 silver ounces and 551 of gold sold and the company's historic stockpiles contributed 148,123 silver ounces and 196 ounces of gold sold.

Avino's plans going forward call for growth in a couple of key areas.

First, it will develop the historically productive Avino mine for mineral production and expand its mill capacity from 500 to 1,500 tonnes per day. Production on this mine is expected to begin sometime in 2014.

There's good reason to believe that the Avino mine will be a key contributor to the company's future metal production. Founded in 1558, the mine was one of Mexico's first and during the 18th Century, the area hosted the largest open cut mine in the world.

Avino the company acquired the project in 1974 and successfully produced silver, gold, copper and lead there for the next 27 years. During that time, the mine generated 16 million ounces of silver, 96,000 ounces of gold and 24 million pounds of copper. Importantly, the vein that produced all this metal was abandoned not because it was mined out, but because of low metal prices and the closure of a nearby smelter.

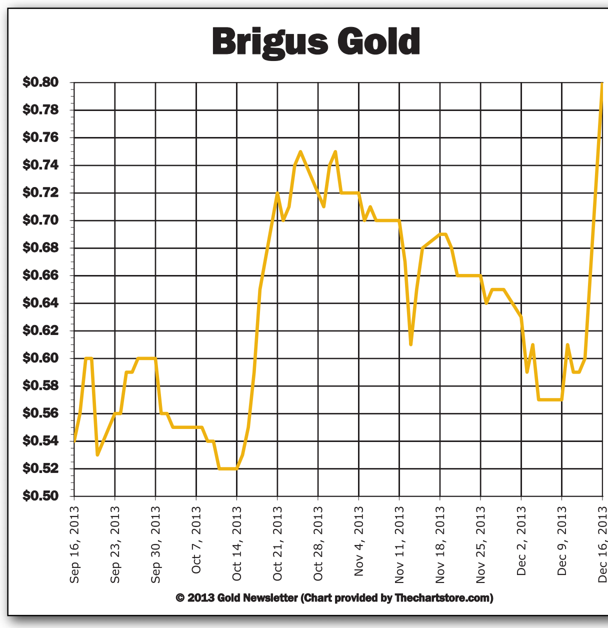
Since acquiring its remaining interest in the Avino mine in 2006, the company has been working steadily on making it productive once again. A rebuild of the mine's mill was completed in 2010, and the company conducted 33,200 meters of drilling between 2006 and 2012.

In addition to bringing the Avino mine back online, the company is also pursuing plans to generate metals from oxide tailings left behind by previous milling operations. And while San Gonzalo continues to provide a base of profitable operations, the company will also to seek to grow through exploration by testing regional targets on its flagship property and targets identified on some of its other property holdings.

I added Avino Silver & Gold Mines to our list a few months back because I liked the leverage it offered to rising precious metals prices, and I liked its plans for growth. These latest quarterly numbers have done nothing to dissuade me from that initial view. It's still a buy.

Avino Silver & Gold Mines Ltd.

Recent Share Price:	C$1.18
Shares Outstanding:	27.4 million
Market Cap:	C$32.3 million
Shares Outstanding Fully Diluted:	35.0 million
Market Cap Fully Diluted:	C$41.3 million



Brigus Gold

BRD.NYSE-A; BRD.TO
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brigusgold.com

Brigus Gold has been keeping the newswires humming over the past several weeks, releasing its third quarter financial and operational results and conducting an ongoing drilling campaign on it Black Fox Complex in Ontario.

The third quarter numbers were generally good. The company sold 28,344 ounces of gold during the period, an amount that represented a 49% increase over Q3 2012. Those sales were based

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“It’s hard not to like what Columbus has put together with this Nord Gold joint venture.”

on gold production of 27,174 ounces, a 39% increase over the same quarter in the prior year.

Year-over-year revenue grew by 22% during the quarter to $36.9 million and adjusted cash flow from operations increased by 38% percent to $15.5 million. Cash costs for the quarter came in at $617 per ounce and all-in sustaining costs were $992 per ounce.

In other good news, Brigus also managed to simultaneously increase its cash balance from the previous quarter and pay off some of its long-term debt. Year to date, the company has generated $18.8 million in income from mining operations.

On the exploration and development front, Brigus released an updated resource estimate for its Grey Fox target, inclusive of the 147, Contact and Grey Fox South zones. This estimate included a constraining pit shell that resulted in a projection for all three zones of 507,400 indicated ounces of gold and 228,600 inferred ounces of gold.

Exploration continues apace on both Grey Fox and the underground portion of Black Fox mine that is responsible for all of Brigus’ gold production. Recent highlights from the underground drilling at Black Fox include Hole 645-34-W (37.8 meters of 18.1 g/t) and Hole 645-01-W (26.8 meters of 40.7 g/t). The company is continuing to drill the area.

At Grey Fox, Brigus recently announced the discovery of a new hanging wall zone. The best holes from this new zone included Hole 801 (20.9 meters of 8.87 g/t and 18.4 meters of 4.19 g/t), Hole 674 (10.0 meters of 11.7 g/t and 3.1 meters of 8.86 g/t) and Hole 790, which cut a number of multi-meter intervals of high-grade gold.

Due to these results, the company is focusing its year-end drilling at Grey Fox on this new zone, with three drills turning there currently.

Between the good exploration results at Black Fox and Grey Fox and the strong quarter that Brigus just turned in, the company seems to be holding its own in a difficult environment for gold.

Its share price has weakened along with the broader market in recent months and is currently trading at an enticing level, particularly for those of us that see a sharp rebound in gold prices in 2014. Brigus remains a buy.

NOTE: Please see our Brief Notes section for a late-breaking update on Brigus.

Brigus Gold Corp.

Recent Share Price:................US$0.78
Shares Outstanding: ....231.5 million
Market Cap: ....US$180.6 million
Shares Outstanding
Fully Diluted: ....288.7 million
Market Cap
Fully Diluted: ....C$225.2 million

Columbus Gold

CGT.V; CBFDF.PK
888-818-1364
columbusgoldcorp.com

As I reported to you previously, Columbus Gold recently secured a large cash injection for its flagship Paul Isnard project in French Guiana.

The financial support has come as the result of a newly-inked joint venture deal with Nord Gold. Under the deal, Nord Gold can earn a 50.01% interest in Montagne d’Or, Paul Isnard’s 5.37-million-ounce gold deposit, by spending at least $30 million and completing a bankable feasibility study on the project over a three-year period.

Initial work based on this investment has now begun, an effort that will include 27,600 meters of drilling as well as metallurgical and environmental studies. The plan is to use the data from this work to generate an updated resource estimate and a preliminary economic assessment on Montagne d’Or by the end of 2014.

The drilling program, which is now underway, will focus on proving up as much of the deposit’s inferred resource into the indicated and measured categories as possible. To this end, it will drill multiple infill holes on a 25- to 50-meter spacing and to a depth of 200 meters. Currently a single-rig program, Columbus expects to add a second rig in early 2014.

It’s hard not to like what Columbus has put together with this Nord Gold joint venture. Not only does it get the money it needs to move this large gold deposit along the development curve, but assuming its partner helps it generate a feasibility study on Montagne d’Or, Columbus will still retain a healthy near-50% interest in the project.

In a world where gold majors are always on the hunt for large, open-pittable gold projects like this one, it's not hard to envision a day where some willing buyer takes this project off Columbus' hands. And thanks to the substantial investment by Nord Gold, the closing price is likely to be significantly higher than the company's current market cap.

It's a buy at current levels.

Columbus Gold Corp.

Recent Share Price: ....C$0.31
Shares Outstanding: ......121.0 million
Market Cap: ....C$36.9 million
Shares Outstanding
Fully Diluted: ....136.6 million
Market Cap
Fully Diluted:..............C$41.7 million

Endeavour Mining

EDV.TO; EDVMF.PK
604-685-4554
endeavourmining.com

Endeavour Mining has been busy recently. Between the sale of a non-core asset, the release of its Q3 2013 numbers and a feasibility study for its Hounde project, plus the pouring of the first gold bar at its Agbaou mine, the company certainly hasn't lacked for news.

By closing on the sale of its 40% interest in the Finkolo Joint Venture in Mail to Resolute Mining, Endeavour raised around $16 million in cash, with another $3 million due once it officially transfers one final area to Resolute.

Next, the company issued a feasibility study on its Hounde gold project in Burkina Faso. Using a base case gold price of $1,300 an ounce, the study projected an NPV (discounted at 5%) of $230 million and an IRR of 22.4%.

These economic projections assume annual gold production of 178,000 ounces over an 8.1-year mine life. Total LOM production is expected to be 1.44 million ounces. Costs for the mine include $315 million of capex, $62 million of sustaining capital and $26 million of closure costs. The company estimates all-in sustaining costs to average $775 an ounce.

With the feasibility study in hand, Endeavour's next task for Hounde is to get it through Burkina Faso's permitting process, which it expects will take 6 to 9 months. Further, it anticipates a 21-month window between Board approval of mine construction and the pouring of Hounde's first gold.

Speaking of which, as I mentioned at the outset, Endeavour recently poured its first gold bar ahead of schedule at Agbaou, its newest gold mine in Cote d'Ivoire. The company expects to achieve full commercial production on this project by Q1 2014. Agbaou's addition to Endeavour's production profile should provide it a significant boost towards its goal of becoming a 400,000-ounce-per-year gold producer.

Already, Endeavour is producing gold at a record rate. Its results for Q3 2013 included 88,445 ounces of gold production, a significant improvement over the 75,420 ounces of gold it generated in the previous quarter and a 17% increase over its Q3 2012 production numbers.

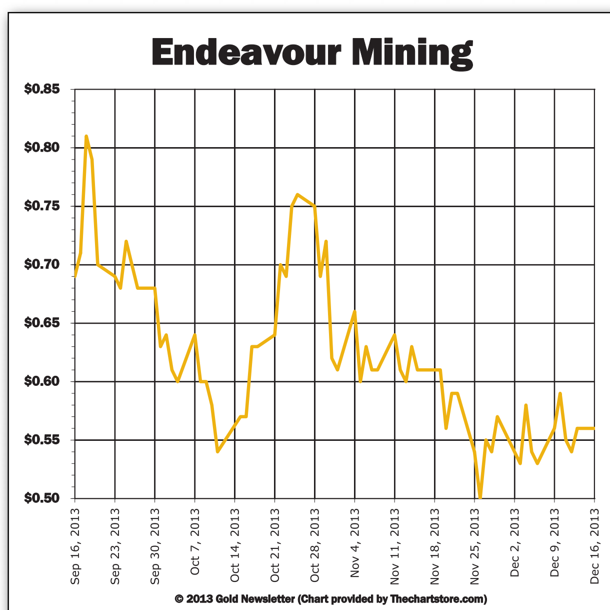
Revenues for the quarter were $121.1 million. From those revenues, Endeavour produced a mine cash margin of $35.4 million, a corporate EBITDA of $32.6 million and an adjusted net loss of $2.1 million. The loss resulted from the squeeze of lower gold prices and higher all-in sustaining costs.

Though the net loss is obviously not the news we would have hoped for, the fact is that Endeavour Mining is in prime position to deliver massive leverage on rising gold prices. With a production profile likely to approach 400,000 ounces in the next couple of years, the high-cost nature of its projects means that a sustained increase in gold prices should allow the company to generate an outsized profit performance.

For those that believe, along with me, that gold will surge in 2014, Endeavour Mining looks like a steal at current levels.

Endeavour Mining Corp.

Recent Share Price: ....C$0.54
Shares Outstanding: ....412.5 million
Market Cap: ....C$222.8 million



“All early signs from this drilling suggest that PLS has a great chance to become the Athabasca Basin’s next elephant-sized uranium project.”

Shares Outstanding
Fully Diluted: ....476.1 million
Market Cap
Fully Diluted: ....C$257.1 million

Fission Uranium

FCU.V; FCUUF.PK
877-868-8493
fissionuranium.com

Fission Uranium has completed its merger with Alpha Minerals.

The deal consolidates ownership of Patterson Lake South, perhaps the most promising uranium discovery in the past decade, under Fission’s roof. From our perspective, that means that we can follow this dynamic project through the lens of one company, rather than two.

Along with the folding of PLS completely into Fission Uranium, the deal created two spin-off companies.

The yet-to-be-named Fission 3.0 spinco received assets from Fission Uranium and C$3 million in cash. Shareholders received one share of the new incarnation of Fission Uranium and one share of Fission 3.0.

Alpha Minerals, meanwhile, has now been delisted from the TSX Venture Exchange and all of its outstanding shares have been acquired by Fission Uranium. The spinout from this part of the deal is called Alpha Exploration. This company also received C$3 million, along with the old Alpha’s non-PLS assets. A listing for the new Alpha, which would trade under the symbol AEX.V, has been applied for.

Alpha shareholders, of which there are likely many among Gold Newsletter readers, received 5.725 shares of the “New Fission,” a half-share of Alpha Exploration and a per share cash payment of $0.0001 per share.

On the heels of this deal closing, Fission Uranium officially exchanged 8,581,700 subscription receipts for $12,872,500 in gross proceeds. The money will support another aggressive drilling program on PLS. Current plans call for 30,000 meters of drilling in up to 100 holes in the next phase. The program will focus on growing the potential resource at PLS by connecting its six known zones of uranium and by testing new targets identified by surface exploration.

While Fission was completing the Alpha transaction, results from this year’s drilling on PLS continued to come in. The latest batch of assays included nine holes drilled on a trend extension to the west of the project’s R00E discovery zone and two holes on the newly-discovered R600W zone.

Though we still need to wait for the assays from the holes drilled on R600W, the early indications are good. Hole 124 cut 37.0 meters of composite mineralization between 97.5 meters and 208.5 meters; Hole 123 intersected 32.5 meters of composite mineralization between 95.0 meters and 163.5 meters. The other nine holes did not intersect anomalous radioactivity.

To date, Fission has completed 16,485 meters of drilling at PLS in 53 holes. Assays from 40 of those holes are still pending. The uranium trend’s strike length has been traced for 1.76 kilometers within six zones.

All early signs from this drilling suggest that PLS has a great chance to become the Athabasca Basin’s next elephant-sized uranium project. With money in the bank and a portfolio streamlined to focus on developing PLS, Fission Uranium has the potential to be a blockbuster in 2014. It continues to be a buy.

Fission Uranium Corp.

Recent Share Price: ....C$1.03
Shares Outstanding:......152.8 million
Market Cap: ....C$157.4 million

GoGold Resources

GGD.TO; GLGDF.PK
902-482-1998
gogoldresources.com

Looking to grow its exploration profile, GoGold recently closed on a deal with **Animas Resources** (ANI.V; C$0.07) for that company’s Santa Gertrudis gold mine in Sonora State, Mexico.

Longtime Gold Newsletter readers will remember Animas, as it used to be a part of our portfolio of recommendations. I ended up ceasing coverage on the company, not because of my opinion of Santa Gertrudis’ prospects, but because Animas didn’t really have the funding to turn those prospects into something more tangible.

That’s why I’m so excited about GoGold’s decision to acquire the project. After all, this is the same team that breathed new life into the Ocampo gold project for Gammon Gold (now AuRico Gold). These guys know how to maximize the value of an asset, and I have every confidence they will maximize Santa Gertrudis' value.

The terms of the deal call for GoGold to pay Animas a $250,000 deposit and $4.75 million upon closing. Animas will retain a 3% NSR on gold and silver and a 2% NSR on all other metals produced in the future by Santa Gertrudis. Beginning in 2017, GoGold will pay Animas a $250,000 advance royalty for four years, assuming the mine is not in production during that period.

The mine is a past producer, having generated 564,000 ounces of gold at an average grade of 2.13 g/t between 1991 and 2000. The exploration Animas did on the open pits left behind by this production generated an inferred resource of 557,000 ounces of gold.

GoGold is currently in the process of reviewing the large database of drill holes left behind by previous operators, including Animas. That database includes over 250,000 meters of core and RC drilling and 100,000 meters of blast holes. Its goal is to upgrade the current resource and advance it toward production.

Given that production is due to start on GoGold's Parral Tailings project in May 2014, GoGold should have a steady source of cash flow to support work on Santa Gertrudis and on its San Diego project, which is also in Mexico.

I like this acquisition, and I like GoGold's prospects going forward. With this management team and project portfolio, the company has a bright future. It continues to be a buy.

GoGold Resources Inc.

Recent Share Price:................C$0.93
Shares Outstanding: .....133.0 million
Market Cap: ....C$123.7 million

Great Panther Silver

GPL.NYSE-A; GPR.TO
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The third quarter numbers Great Panther turned in recently were a decidedly mixed bag.

On the positive side, the company did an admirable job reducing its cash costs from the previous quarter. Cash cost per payable ounce was $9.89 in Q3 2013 versus $18.14 in Q2 2013. Along with this decrease in operational costs came an increase in total metal production, with Great Panther posting its second straight quarter of record production.

Cash flow from operating activities also improved significantly, jumping from negative $0.7 million in Q2 2013 to $5.7 million in Q3 2013. The biggest contributor to this turnaround was reduced operating costs at the company's Guanajuato mine, which resulted from a concerted effort to trim the number of contractors at the mine, negotiate a better deal on labor cost and better mine planning and grade control.

On the negative side, lower silver and gold prices made for a challenging environment in terms of revenue and earnings growth. Compared to the same quarter in 2012, revenues for Q3 2013 were down 6% from $15.3 million to $14.3 million. This reduction flowed through to a 54% decrease in gross profit ($2.6 million in Q3 2013 versus $5.8 million in Q3 2012) and a 187% decrease in net income (negative $1.5 million in Q3 2013 versus $1.8 million in Q3 2012).

Looking ahead, Great Panther anticipates exceeding its 2013 production guidance of 2.4 to 2.5 million ounces. It will continue to emphasize grade control at Guanajuato and Topia and to bring its San Ignacio project online in the first half of 2014. Ore from San Ignacio will feed the Cata plant at nearby Guanajuato.

And speaking of Guanajuato, the company recently updated its resource estimate for its flagship project. Measured and indicated resources now stand at 4.43 million silver-equivalent ounces

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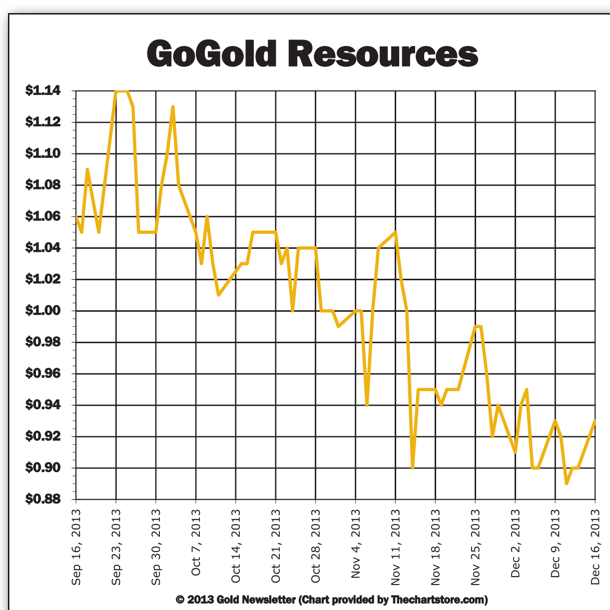
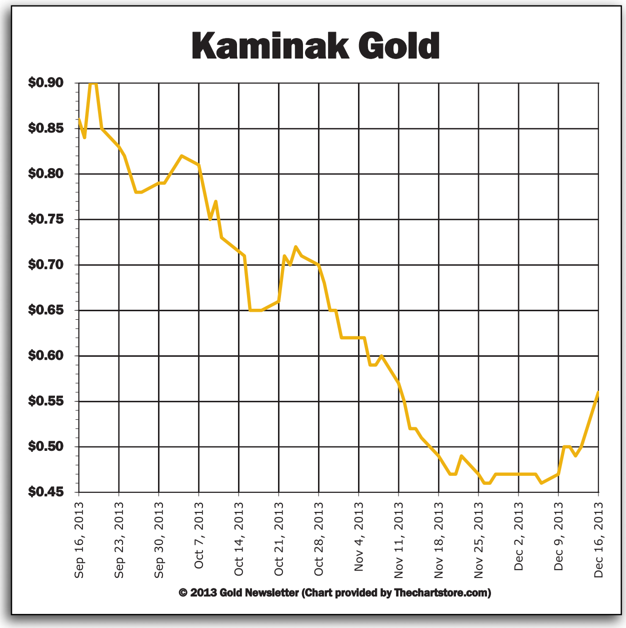


(504,700 tonnes grading 174 g/t silver and 1.65 g/t gold). Inferred resources are 3.9 million silver-equivalent ounces (434,000 tonnes grading 140 g/t and 2.32 g/t gold).

The new estimate showed a decrease in measured and indicated resources and an increase in inferred resources at Guanajuato. The M&I decrease owed to resource depletion from mine development and underground sampling. Great Panther will



focus on replenishing those categories by drilling the inferred resource in 2014.

Like most junior miners this year, Great Panther has been hurt by the tough market for precious metals. Still, even years after adding it to our list, it remains one of the most attractive primary silver producers in the sector. As such, it is a solid hold.

Great Panther Silver Ltd.

Recent Share Price: ....C$0.74
Shares Outstanding: ....138.4 million
Market Cap: ....C$102.4 million
Shares Outstanding
Fully Diluted: ....145.1 million
Market Cap
Fully Diluted: ....C$107.4 million

Kaminak Gold

KAM.V; KMKGF.PK
888-331-2269
kaminak.com

Kaminak Gold has been enjoying considerable success recently establishing the continuity of the various deposits that host the 3.2-million-ounce gold resource at Coffee.

The company's flagship project in the Yukon has consistently rewarded aggressive drilling, and evidence of the continuity of the deposit at Coffee has come from a number of targets.

Infill drilling on the Supremo T3 deposit pulled significant assays from 500 meters of strike within the central part of the deposit's 2.3-kilometer strike length. Highlight drill holes from this area include Hole 337 (11.0 g/t gold over 7 meters), Hole 338 (19.0 g/t over 3 meters) and Hole 307 (7.48 g/t over 6 meters). Trenching also returned impressive results (e.g., 10.9 g/t gold over 12 meters).

The obvious continuity that Kaminak has demonstrated with this work is important because Supremo T3 hosts 1.8 million gold ounces, with most of that being contained within more easily mineable oxide mineralization.

Drilling has also outlined new extensions of mineralization on the Supremo T5 and T7 zones. A new structure, dubbed the T5 Splay, covers a strike of at least 450 meters that trends northeast from the southern portion of T5. The work also added 400 meters to T7's strike length, an extension which appears to connect with the T5 Splay.

The best assays from the T5 Splay came from Hole 545 (6.23 g/t over 12.2 meters), Hole 546 (5.7 g/t over 6.1 meters), Hole 549 (2.78 g/t over 12.2 meters) and Hole 352 (3.54 g/t over 7 meters). The best hole in the most recent batch of assays from T7 came from Hole 332, an infill hole that cut 6.0 meters of 5.69 g/t gold.

Kaminak enhanced the good work it has been doing with the drill bit at Coffee by delivering positive metallurgical results to the market earlier this month. Drill core composites of oxide material from Latte and Supremo generated gold recoveries between 90% and 92% within 40 days.

When added to the 55,000 meters of drilling that the company has completed to date at Coffee, it is well on pace to deliver an updated resource estimate in Q1 2014 with a preliminary economic assessment to follow soon thereafter.

Kaminak's share price continues to be hurt by the turmoil in the precious metals markets. Yet the company continues to plug away, steadily de-risking its multi-million-ounce gold project and adding value with practically every turn of the drill bit.

Although it's been a buy of ours for some time, the new resource estimate and the upcoming PEA should provide us with a couple of potentially market-moving pieces of news. Thus, I am keeping it a buy, especially for those that share my view that both reports will surprise to the upside.

Kaminak Gold Corp.

Recent Share Price: ....C$0.59
Shares Outstanding: ....91.4 million
Market Cap: ....C$53.9 million
Shares Outstanding
Fully Diluted: ....100.8 million
Market Cap
Fully Diluted:...............C$59.5 million

Lara Exploration

LRA.V; LRAXF.PK
604-669-8777
laraexploration.com

As a rule, prospect generators remain more active on the property acquisition front than companies that focus on one or two core projects.

But few prospect generators manage their project portfolio as aggressively as Lara Exploration. In the past six week alone, the company has announced news on four transactions, one gold-related and the other three coal-related.

First up is a previously announced deal to option its Grace gold project in Peru in exchange for $2 million in cash. Under the terms of the deal, Apumayo S.A.C. can take a 100% interest in Grace by paying Lara $75,000 upon signing the agreement (paid) and making staged payments on the remaining $1.925 million once Apumayo receives approval from Peru's Direccion General de Mineria for the start of activities.

Lara will receive a tiered NSR of 0.75% on production between 200,000 ounces and 499,999 ounces and 1% on 500,000 ounces or more. Apumayo will also spend $500,000 exploring Grace, a commitment that will include at least 3,000 meters of drilling on the property.

The company also made a series of transactions in the coal space, including two acquisitions that set up a sale of Lara's coal assets to Nebo Capital.

It has elected to acquire an additional 6.6% interest in Carbhid, a Colombian coal producer. This move, in combination with the acquisition of the rights of Carbhid founding members who are not participating in this round of financing, will take Lara's total interest in Carbhid to 19.91%.

Funds raised by the rights issue will fund production on and further development of the El Diamante and Carbhid 2 shafts, and the development of the Carbhid 4 inclined shaft on Carbhid's Escalones concession.

Elsewhere in Colombia, Lara's Andean Coal Alliance with Kiwanda Mines took an option to earn up to a 100% interest in the Pelaya Exploration project, which lies within the Cesar Department of northern Colombia. The Alliance planned to fund $5 million of exploration over five years and, if that work bore fruit, to invest another $3 million taking the project to the feasibility stage.

But before work began in earnest based on either of these coal transactions, Lara and Kiwanda entered in to a letter of intent with Nebo Capital to sell the 19.91% equity interest in Carbhid, a 75% interest in the Pelaya coal prospect and a 100% interest in the Andean Coal Alliance.

The deal is fairly complex and I refer you to Lara's website for more details. The upshot is that the transaction has the potential to deliver significant cash flow to Lara in future years.

Granted, it was a long way around to get to this result with Lara's Colombian coal project, but the company excels at these types of transactions and keeps the newswires humming with them throughout the year.

It remains a great diversified bet on commodities production in South America and is still a buy at current levels.

Lara Exploration Ltd.

Recent Share Price: ....C$0.77
Shares Outstanding: ....30.7 million
Market Cap: ....C$23.6 million
Shares Outstanding
Fully Diluted: ....37.2 million
Market Cap
Fully Diluted:...............C$28.6 million

Midas Gold

MAX.TO; MDRPF.PK
778-724-4700
midasgoldcorp.com

Midas Gold has released partial results from a 7,000-meter infill and resource definition drilling program conducted on its Stibnite-Yellow Pine project in Idaho.

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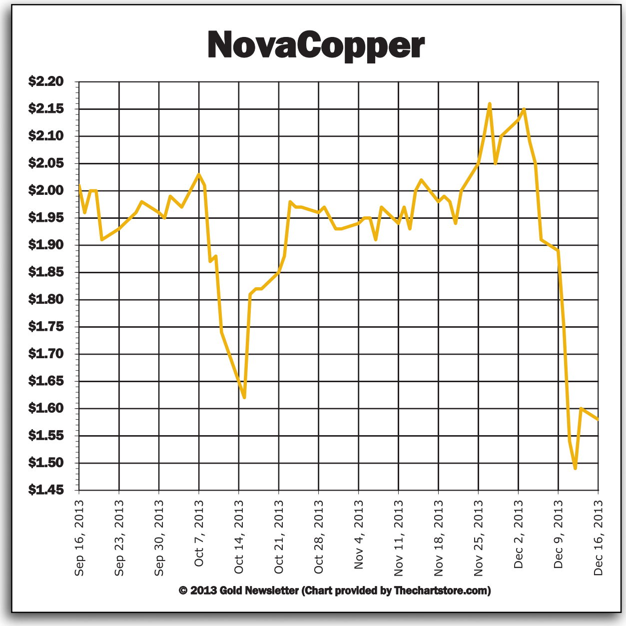
"...few prospect generators manage their project portfolio as aggressively as Lara Exploration. In the past six week alone, the company has announced news on four transactions, one gold-related and the other three coal-related."



I added Midas to our list recently because I think it has an excellent chance to turn the past-producing deposits on this property into a key new source of gold in a mining-friendly part of the world.

Hangar Flats, West End and Yellow Pine — the three deposits that contain the project's gold resources — host over 7 million ounces of gold in the indicated and inferred categories. That's a serious gold hoard, one that should allow the company to test the market for gold projects in the next few years.

In the meantime, Midas' recently completed drilling program has done nothing but confirm my initial faith in this company as a Gold Newsletter recommendation. With this program's conclusion, the company has now conducted 11,655 meters of core, auger and geotechnical drilling in 2013.

The best holes from the latest batch of assays included Hole 380 (100.9 meters of 3.12 g/t gold), Hole 382 (58.4 meters of 1.21 g/t gold and 19.1 g/t silver) and Hole 383 (82.0 meters of 2.91 g/t gold and 2.3 g/t silver). Another 25 holes remain at the lab for testing and should be released soon.

As the company enters the slow winter months, it will focus on incorporating the data from this year's exploration work into an updated resource estimate on the project. That estimate is due out some time in Q1 2014 and will be used in a prefeasibility study that Midas plans to finish near the end of Q2 2014.

With a market cap under C$100 million and a seven-million-ounce gold resource, the risk-reward profile on Midas is almost laughably in our favor. Each step the company takes to de-risk Stibnite-Yellow Pine should have a significant impact on the company's share price. And the closer the project gets to feasibility, the fatter a takeout target it becomes.

The value of this project, due to its size and mining-friendly locale, should be able to weather whatever happens in the broader gold market. I say that because, no matter direction gold prices head, the industry's majors always have to be in acquisition mode to boost their production profiles.

Projects with over seven million ounces are large enough to make an acquisition worth a major's while, regardless of the climate for the yellow metal. Based on that premise alone, Midas is still a strong buy at current levels.

Midas Gold Inc.

Recent Share Price: ....C$0.71
Shares Outstanding: ....127.5 million
Market Cap: ....C$90.5 million
Shares Outstanding
Fully Diluted: ....141.3 million
Market Cap
Fully Diluted: ....C$100.3 million

NovaCopper

NCQ.NYSE-A; NCQ.TO
855-638-8088
novacopper.com

NovaCopper announced some exciting results from its 2013 drilling program at Bornite, one of two major projects that form the company's Upper Kobuk Mineral Projects in Alaska's Ambler mining district.

To date, Bornite has yielded two promising zones, Ruby Creek and South Reef. A portion of the deposit at Ruby Creek looks amenable to open-pit mining and a portion could be exploited as an underground mine. South Reef's mineralization is at a depth that, if the zone were developed, would make it an underground mine as well.

NovaCopper is intrigued by the most recent assays released from Bornite, as they support management's theory that Ruby Creek and South Reef could connect on these deposits' north sides. All three holes released hit significant intervals of high-grade copper mineralization.

At a cutoff grade of 0.5% copper, Hole 227 cut 61.3 meters of 1.54% copper, Hole 231 cut 74.8 meters of 1.81% copper and Hole 233 cut 43.9 meters of 1.64% copper. The numbers using a 2.0% copper cutoff were 10.0 meters of 2.28% copper for Hole 227, 19.1 meters of 3.18% copper for Hole 231 and 7.2 meters of 2.73% copper for Hole 233.

NovaCopper's president and CEO Rick Van Nieuwenhuyse said these assays "strengthen our belief that the South Reef and Ruby Creek zones coalesce into a wide, continuous, and thick zone of high-quality copper mineralization extending approximately one kilometer down dip and over one kilometer along strike."

If that prediction proves accurate, the next resource estimate for Bornite, which is due out some time in 2014, could add substantially to the project's already significant copper resources. The most recent estimate pegged Ruby Creek's open-pittable resource at 178.7 million pounds of indicated copper and 883.2 million pounds of inferred copper. The underground resources at South Reef currently stand at 2.4 billion pounds.

Combined with the value already established at Arctic, NovaCopper's other Ambler-area project, the good news from drilling at Bornite demonstrates the considerable upside that this company possesses. If it is successful in its bid for a road to connect these projects to the Central Alaskan Highway, NovaCopper stands an excellent chance of turning these deposits into active (and lucrative) copper mines.

As a longer-term play on strong copper prices and Alaska's mineral bounty, NovaCopper maintains an important place in our list of buys. If you haven't already added this company to your portfolio, it's a terrific bargain at current levels, one that appears to have a well-protected downside. It remains a buy.

NovaCopper Inc.

Recent Share Price: ....C$1.46
Shares Outstanding: ....53.0 million
Market Cap: ....C$77.4 million
Shares Outstanding
Fully Diluted: ....61.9 million
Market Cap
Fully Diluted:...............C$90.3 million

New Recommendations

Brazil Resources

BRI.V; BRIZF.PK
855-630-1001
brazilresources.com

The silver lining to the recent market malaise for gold is that astute juniors can take advantage of the depressed market for gold properties and buy some great assets on the cheap.

That's exactly what Brazil Resources did recently when it closed an all-share transaction for Brazilian Gold Corporation (BGC), a company with properties in Brazil that very much complement Brazil Resources' pre-transaction holdings.

The company still has to jump through some regulatory hoops to be able to say it, but with the BGC acquisition, BRI has gone from a company with zero ounces in the ground when it went public in March 2011 to having almost 4 million total ounces today in indicated and inferred categories.

BRI boasts strong institutional support, thanks to a significant investment made by Brasilinvest Group, one of the largest private merchant banks in Brazil. The Brasilinvest Group has helped bring more than $16 billion in investments to the country and currently manages $6 billion in assets. BRI director Mario Garnero founded the group back in 1975.

Prior to the BGC acquisition, Brazil Resources' flagship property in Brazil was the 1,919-hectare Cachoeira project. Located in Para State's Gurupi Gold Belt, Cachoeira has an indicated gold resource of 786,737 ounces (17.4 million tonnes of 1.40 g/t) and an inferred resource of 563,200 ounces (15.2 million tonnes of 1.12 g/t).

I liked this project when it was in the Luna Gold (LGC.TO) portfolio. The resource is contained within three gold-rich targets at Cachoeira: Tucano, Coruja and Arara. All gold outlined to date on the project is near-surface and therefore amenable to open-pit mining techniques. The majority of the known ore at Cachoeira lies within the Tucano pit. BRI plans to develop the Tucano and Arara targets with a combination of infill and step-out drilling.

The deal for BGC closed last month, and valued the acquired company at around $13.5 million. BGC shareholders received 0.172 common shares of BRI for every share of BGC they held.

The transaction made great sense for Brazil Resources, as it not only expanded its in situ gold profile to almost 4 million ounces, but it also came with several advanced stage assets the compa-

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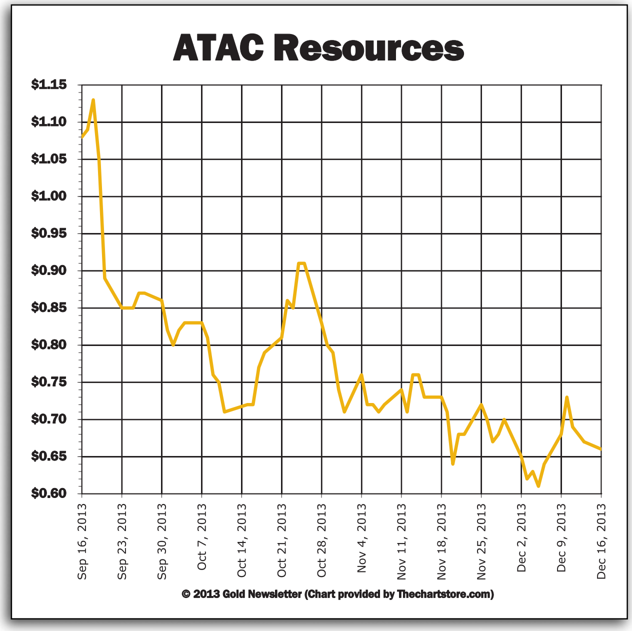
"The silver lining to the recent market malaise for gold is that astute juniors can take advantage of the depressed market for gold properties and buy some great assets on the cheap."



ny's management team is confident it can move along the development curve.

BGC came with three core gold projects named Sao Jorge, Surubim and Boa Vista.

Sao Jorge, the most advanced of the three, is another project that I had liked from previous due diligence of Brazilian Gold Corporation. In fact, I had considered recommending BGC on the basis of this property alone, but the general market malaise kept me from pulling the trigger.

Sao Jorge sports a resource estimate of 715,000 ounces of indicated gold and 1.04 million ounces of inferred gold. A preliminary economic assessment released on the property earlier this year projected an NPV (discounted at 5%) of $233 million and an after-tax IRR of 30.5% using a $1,200/ounce gold price. So you can see why I was impressed with it.

Surubim's Jau target has a comparatively modest, 503,000-ounce gold resource (inferred) and its Patoa-Colonia-Tucunare target holds promise as well. The Boa Vista project's VG1 target hosts a 336,000-ounce inferred gold resource. The deposits at Sao Jorge, Surubim and Boa Vista are all potentially open-pittable.

The deal for BGC was put together in large part by Brazil Resources' Chairman Amir Adnani. Amir has done well by Gold Newsletter's readers over the years thanks to his shrewd management of Uranium Energy Corp. That company has been a staple of our uranium picks, one that became the first uranium junior in this cycle to mine and process uranium in the United States.

I have tremendous confidence in Amir's abilities, having met him prior to UEC's launch as a public vehicle (and being among the first investors). Over the years, I've watched in amazement as Amir has steadily advanced the company against severe headwinds, sometimes by sheer force of will.

I have every confidence that Amir and his team at Brazil Resources will be able to work a similar brand of magic with this company's large and growing collection of gold properties in Brazil and elsewhere in South America.

Of course, there's not much excitement in the junior resource market right now. But experience shows that cyclical bottoms such as this are precisely the best times to build positions in undervalued assets.

Given the value in the ground that Brazil Resources already possesses, there's a good chance we may never see it at a cheaper price. It's a strong buy near current prices.

Brazil Resources Inc.

Recent Share Price: ....C$0.51
Shares Outstanding: ....60.5 million
Market Cap: ....C$30.9 million
Shares Outstanding
Fully Diluted: ....62.4 million
Market Cap
Fully Diluted: ....C$31.8 million

Brief Notes...

• **ATAC Resources'** (ATC.V; ATADF.PK; C$0.66) regional exploration program on the area surrounding its Anubis discovery has borne significant fruit.

Located 10 kilometers west of the Osiris group of gold mineralized zones, Anubis is another potentially large gold target within ATAC's district scale Rackla project in the Yukon. A combination of soil geochemistry, prospecting, excavator pitting and mapping have identified a 12-square-kilometer area around the Anubis discovery that warrants follow-on drilling.

In all, the company's exploration efforts identified six new Carlin-type gold deposits: Corona, Columba, Dorado, Draco, Zodiac and Lyra. ATAC's management plans to follow up on these targets with a fully funded exploration program in 2014.

As we are entering the winter slow season, we will move ATAC to a hold for now, with an eye towards putting it back on our buy list when the summer drilling season kicks off in earnest.

• **Avrupa Minerals** (AVU.V; AVPMF.PK; C$0.07) announced that Antofagasta, its JV partner on the Alvalade copper project in southern Portugal, had earned a 51% interest in the project by spending $4.3 million in exploration over the past two years.

If Antofagasta takes Alvalade through the feasibility stage by Dec. 1, 2018, it can earn an additional 24% in the project.

The JV is one of three that Avrupa has secured for its projects in Portugal. Blackheath Resources has entered into JV agreements on Avrupa's Covas and Arga projects. The company holds 15 exploration licenses in total: nine in Portugal, five in Kosovo and one in Germany.

A well-managed prospect generator, Avrupa should be able to leverage its JV deals into news flow in 2014. We'll keep it a hold for now.

• **Bankers Petroleum** (BNK.TO; BNKJF.PK; C$4.36) has ridden improved production and sustained high oil prices to significant gains over the past six months.

The company plans to spend $313 million on capital improvements at Patos-Marinza, its flagship heavy oil field in Albania. The program will feature horizontal drilling and the expansion of secondary recoveries within the field. Money will also be spent on infrastructure and facilities construction projects, core well drilling in the field's southern area, new development on its Kucova oilfield and natural gas exploration on Block F.

Drilling will receive the lion's share of the 2014 budget. The company plans to drill 150 to 170 wells during the year and has allocated $216 million of its budget to do so. Cash flow from operations, cash on-hand and credit facilities will provide all the money needed for next year's budget.

Along with a few other select hydrocarbon plays on our list, Bankers is a great way to maintain exposure to oil and gas. It remains a hold.

• **Brigus Gold** (BRD; US$0.78) has just announced, subject to shareholder and regulatory approval, its acquisition by **Primero Mining Corp.** (PPP; P.TO; US$4.47). The terms of the deal call for Primero issuing 0.175 of a Primero common share for each outstanding Brigus common share.

In addition, Brigus shareholders will receive 0.1 of a common share in a newly incorporated company ("SpinCo") for each Brigus common share as part of the Arrangement. SpinCo will hold Brigus' interests in the Goldfields project in Saskatchewan and the Ixhuatán and Huizopa projects in Mexico and will be capitalized with approximately C$10 million in cash.

Before giving any value to the SpinCo, the deal represents a 43% premium to Brigus' 20-trading day average closing price prior to the announcement. As this would indicate, this is perceived to be a good deal for Brigus, and in fact the share price immediately jumped over 30% post announcement.

The companies tout a number of advantages to the deal, including two gold mines in Mexico and Ontario totaling over 250,000 gold-equivalent ounces of annual production, with the likelihood of increasing to over 400,000 ounces in 2017. The underground mining expertise of Primero is another key element, and larger company obviously sees the potential of boosting efficiencies at Brigus' Black Fox mine and adding production from the Grey Fox project.

In short, this is a deal that Brigus shareholders should approve, and enthusiastically. I can't argue with anyone selling now, although the approaching end of the year means that anyone doing so must consider their personal tax situation even more carefully than usual.

For us, we'll move Brigus into the "hold" category, as we evaluate the market's response to the deal and consider the advantages of having a growing producer in our portfolio if/when gold gets going in the new year.

• **Calico Resources** (CKB.V; CVXHF.PK; C$0.19) has elected to sell Grassy Mountain, its flagship project in eastern Oregon.

The deal with Rockstar Resources hinges on that company's ability to secure financing to close the deal. In the event that it cannot do so, Calico will retain the

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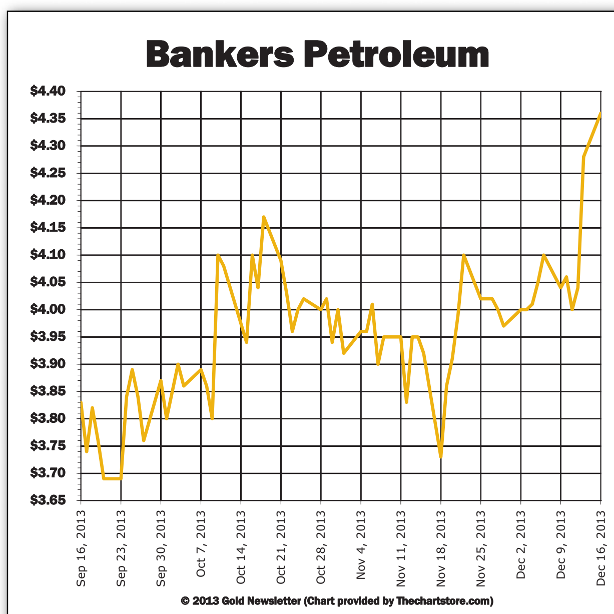
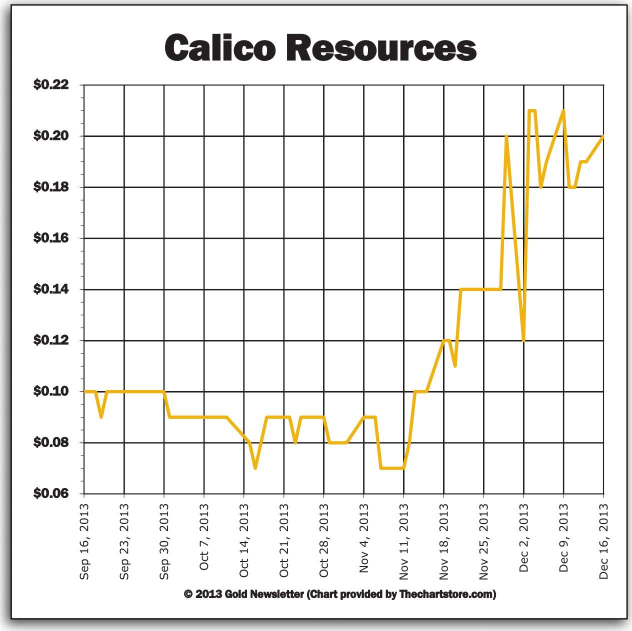




property and at least $700,000. If the deal goes through, Calico will receive $30 million in cash and will keep a 1% NSR on any future gold production at Grassy Mountain.

To discharge an underlying 10% net profits interest royalty, Calico will pay former owner Seabridge Gold $2.5 million and Rockstar will pay Seabridge $5 million as part of the deal.

I've always like the Grassy Mountain project and thought if there was a management team capable of shepherding it through Oregon's difficult permitting process, Buck Morrow's team at Calico was the one to do it.

Assuming the deal happens, Calico will have $30 million in cash and a strong management team. That would be a lot more than most juniors can boast these days and certainly enough for me to keep the company a hold for now.

• **Cayden Resources** (CYD.V; CDKNF.PK; C$1.10) has released the latest results from its ongoing drill program at El Barqueño, one of two major projects that the company controls in Mexico.

Highlights from this latest batch of assays include Hole 6 (17 meters of 1.61 g/t gold, 8.0 g/t silver and 0.11% copper), Hole 8 (43 meters of 0.61 g/t gold, 9.5 g/t silver and 0.45% copper), Hole 10 (10 meters of 5.88 g/t gold, 5.5 g/t silver and 0.03 g/t gold), Hole 13 (20 meters of 1.79 g/t gold, 4.1 g/t silver, and 0.12% copper) and Hole 14 (16 meters of 5.89 g/t gold and 7 meters over 7.83 g/t gold). Assays on the silver and copper content of Hole 14 are still pending.

Eight holes are currently at the lab, and Cayden has now completed 3,500 meters of a planned 5,000-meter program. Along with drilling, the company has been conducting an extensive surface exploration campaign at El Barqueño. Management is sanguine that many of the surface targets identified by this effort hold similar promise.

Given the strength of the El Barqueño results and the company's full treasury, I expect Cayden to generate a lot of news flow in 2014. It's a buy.

• **Colorado Resources** (CXO.V; CLASF.PK; C$0.16) provided an update on its 2013 exploration campaign on North ROK, the company's flagship copper porphyry project in northwest British Columbia.

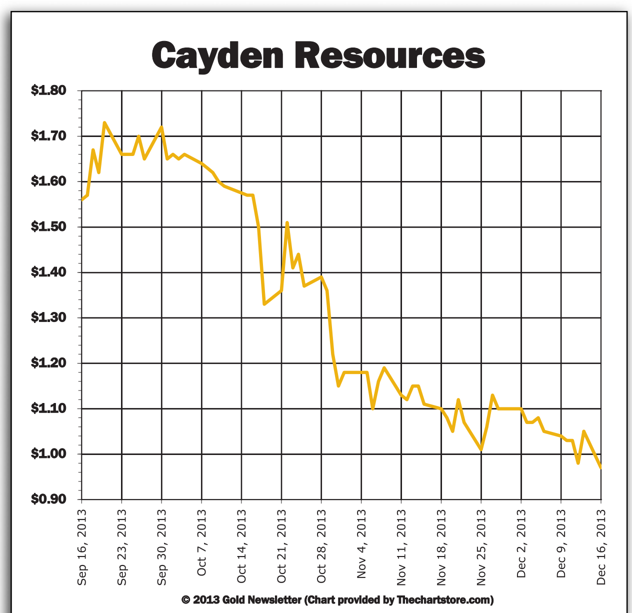
Over the seven months since it drilled its initial discovery hole at North Rok, Colorado has conducted an 11,448-meter drill program and done quite a bit of surface exploration as well. So far, mineralization has been outlined over a 900-meter strike length at North Rok. The surface work indicates that this trend lies within a larger, 1-kilometer-by-2-kilometer intrusive, porphyry system.

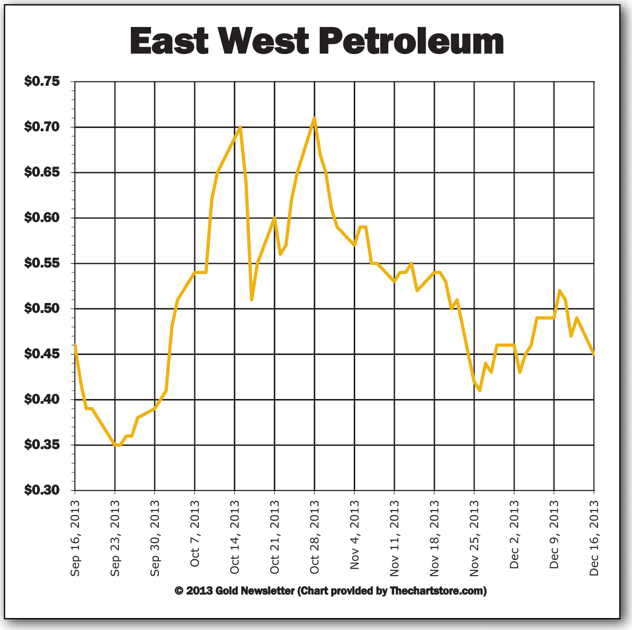
Colorado has the money to fund at least 10,000 meters of drilling on North Rok beginning in the spring of 2014. It plans to divvy this program up among North Rok's main zone and the Mabon North, Mabon West and Lower Mabon zones.

Colorado is fishing for whales here, and I think it still has a good chance to land one in the form of a large copper porphyry deposit. It's a hold for now.

• **Corex Gold** (CGE.V; CGEKF.PK; C$0.08) released the assays for the first hole drilled by JV partner Vale on Corex's Santana property in Sonora State, Mexico, and they were impressive.

Hole 1 cut a 49-meter interval, beginning at 173 meters, of 1.5%





copper, 0.37 g/t gold and 97.5 g/t silver. Given the project's location within a major copper porphyry belt, this hole, pulled from Santana's Benjamin Zone, could be the opening salvo in a program that outlines the region's next big copper-gold-silver deposit.

We'll eagerly await the next assays from the Vale program here. Corex is still a buy.

• **East West Petroleum** (EW.V; EWPMF.PK; C$0.47), along with its New Zealand joint venture partner TAG Oil, have been awarded a combined 100% interest (40% to East West, 60% to TAG), in exploration permits covering 106,157 acres of the country's East Coast Basin.

For the first 12 months, East West must reprocess existing seismic data collected on the permitted area. To maintain its 40% interest after that, EW must finance 60 kilometers of new 2D seismic data and drill one unconventional well to 2,500 meters by April 2017.

The news comes as the JV partners continue to enjoy success drilling for hydrocarbons within New Zealand's Taranaki Basin. TAG recently drilled the Cheal-E-4 well, located within the Cheal North permit, to 2,235 meters. Further, it expects to reach total depth on Cheal-E-5 sometime this month. The Cheal-E-1 well has already begun to produce oil for export.

Between this success with its Taranaki project, the new acquisition in the East Coast Basin and the recent permits the company received on its Romanian holdings, East West Petroleum has the opportunity to generate a lot of news flow of the positive variety in the coming months. It's a buy.

• **Flinders Resources** (FDR.V; FLNXF.PK; C$0.39) and **Tasman Metals** (TAS.NYSE-A; TSM.V; C$0.91) recently announced that they plan to merge, with Tasman acquiring all outstanding shares of Flinders at a yet to be determined exchange ratio.

The deal makes a great deal of sense for a number of reasons.

Both Tasman and Flinders have projects based in Sweden, a key supplier of domestic natural resources to industrial Europe. The combined company would hold projects that contain rare earth elements, tungsten and graphite, three strategic metals recently declared critical by the European Commission.

Moreover, Tasman's less-advanced Norra Karr REE project should benefit from the supply negotiations that Flinders has already undertaken to sell graphite from its more-advanced Woxna operation.

Last, but not least, both companies share a strategy of providing Europe with a reliable supply of commodities that China largely owns, but dispenses to the rest of the world in an erratic fashion.

As both Tasman and Flinders are recommendations of this missive, we'll keep a close eye on how this merger progresses and will continue to follow the combined company with great interest. Both remain holds during the merger period.

• **Gold Standard Ventures** (GSV.NYSE-A; GSV.V; US$0.80) continues to intrigue with the drill bit on at North Bullion, the main target within its 100%-controlled Railroad project located along Nevada's Carlin Trend.

Highlights from the latest drilling included Holes 9 and 12,

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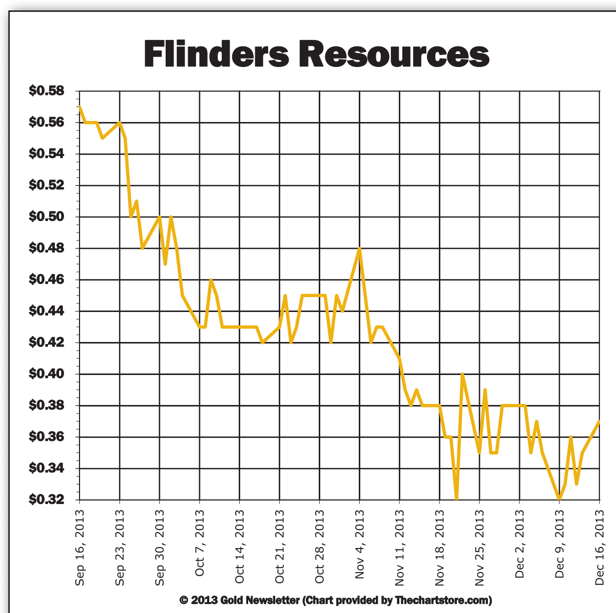
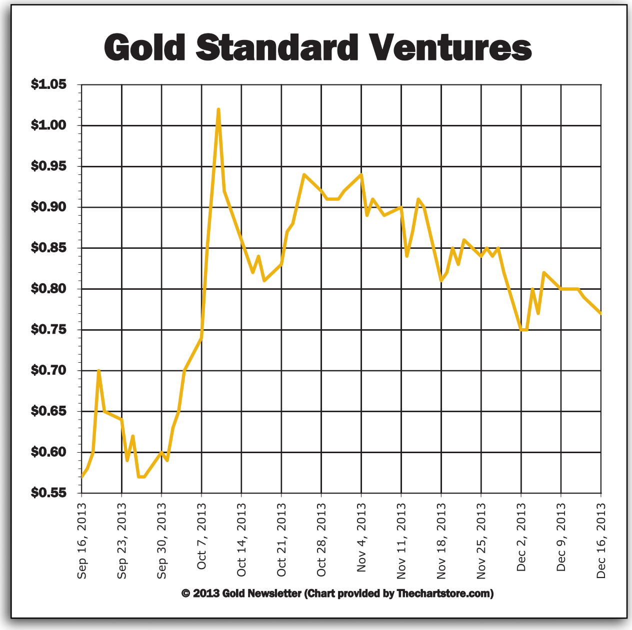




which expanded North Bullion's mineralization to the east and north respectively. Hole 9 intersected 102 meters of 0.86 g/t gold within a near-continuous, 240-meter intersection of 0.50 g/t gold. Hole 12 cut 91.8 meters of 1.06 g/t gold, including 13.6 meters of 4.01 g/t.

Those are the kinds of widths and grades that, if they can be duplicated in step-out drilling on North Bullion and in exploration drilling further to the south at Railroad, could put this project on the map as the Carlin Trend's next multi-million-ounce gold deposit.

Time will tell of course. But the news from the drill program on North Bullion, though a bit on the slow side, has been positive. The company's share price continues to trade in a pre-discovery range, making current levels an attractive buying opportunity for those that share my belief that Railroad could host Nevada's next major gold mine. It's a buy.

- **Prophecy Platinum** (NKL.V; PNIKF.PK; C$0.60) has drilled the longest interval of mineralization yet at Wellgreen, the company's flagship PGM-nickel-copper project in the Yukon.

Hole 215, drilled on the project's Far East Zone, intercepted 756 meters of continuous mineralization grading 1.92 g/t platinum equivalent (0.46% nickel equivalent). That intersection included a narrower (but still mind-blowing) 461 meters of continuous mineralization grading 2.31 g/t platinum equivalent (0.55% nickel equivalent).

At current metals prices, the primary source of value from Wellgreen's mineralization comes first from its platinum, palladium and gold content and then from its nickel, copper and cobalt.

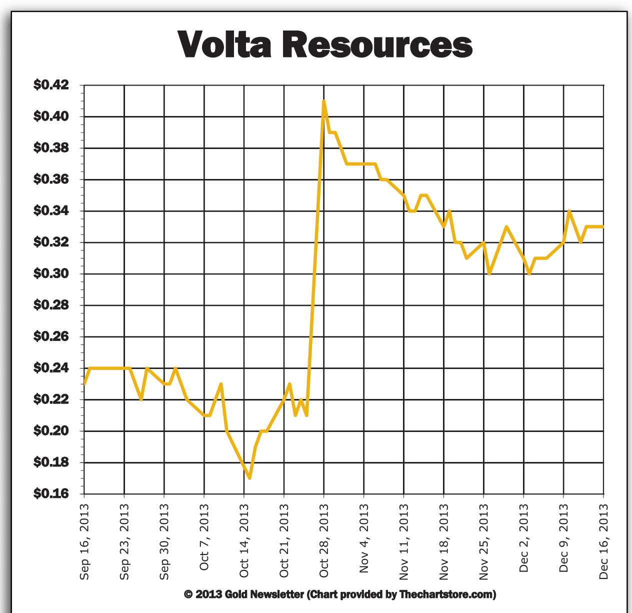
Not long after announcing this remarkable hole, the company added more excitement by reporting results, from the same area, of new sampling and re-logging of old drill holes. In short, two nearly interpreted cross-sections, represented by previously drilled holes along fences 225 and 325 meters east of Hole 215 in the Far East Zone, showed that the rich and thick mineralization from Hole 215 continues in the same manner.

Hole 153, for example, hit 345.4 meters running 2.05 g/t platinum equivalent, which included 16.5 meters of 4.65 platinum equivalent and a second high-grade interval running 24.5 meters of 3.48 g/t platinum equivalent. This hole was on a fence 225 meters to the east of Hole 215.

On the fence 325 meters to the east, Hole 177 cut 375.8 meters running 2.10 g/t platinum equivalent, including 21.7 meters of 3.43 g/t platinum equivalent. This fence of holes comes on what was interpreted to be the eastern limit of the Wellgreen deposit, and indicates that the deposit may continue along strike in that direction. Just as importantly, all the newly logged holes indicate that the mineralization continues down-dip to the south, for a distance that is projected to exceed 500-600 meters.

In other words, a deposit that was already world-class in size has gotten considerably larger. And richer.

This news comes as Prophecy's 2013 field program at Wellgreen begins to come to a close. This year's campaign involved 4,735 meters of new drilling and the assay of 8,136 meters of core taken from 21,784 meters of historical core drilling. The company plans to produce a resource estimate update and a



PEA incorporating the new geologic model in Q2 2014.

Given the project's significantly enhanced potential as a polymetallic mine, Prophecy Platinum still rates a buy.

- **Volta Resources** (VTR.TO; VLTAF.PK; C$0.33) has reached an agreement with **B2Gold** (BTG.NYSE-A; BTO.TO; US$2.04) for that company to acquire all of Volta's outstanding common shares at C$0.42 per share.

The deal values Volta at US$63 million based on fully-diluted, in-the-money Volta shares outstanding. It was announced on October 28 and, at the time, the price represented an 81% premium based on the two companies' volume-weighted share prices for the previous 20 days of trading.

It's not the blockbuster deal we might have hoped for, but it does give Volta shareholders a piece of a larger company with more resources at its disposal. And in the current market environment, that's nothing to look askance at.

Even so, I don't foresee following closely B2Gold going forward, and so with this transaction, we'll bid Volta farewell.

Ceasing Coverage

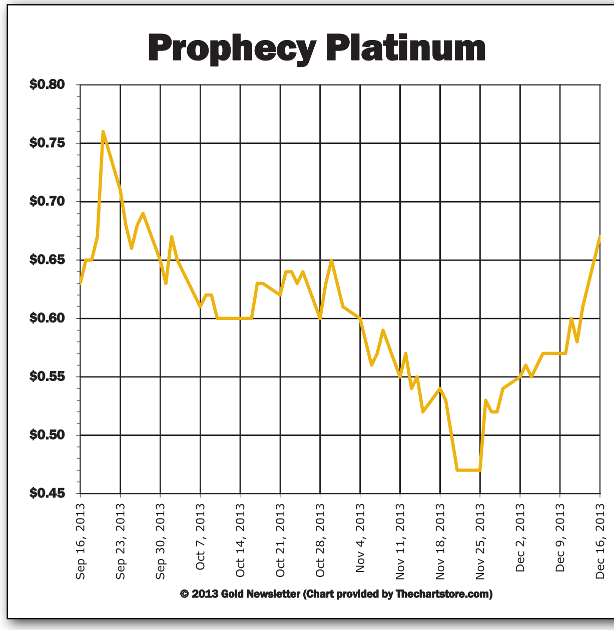
The end of the year (and especially this year) is a natural time to reassess our portfolios and rearrange our bets. To that end, we're going to cease coverage on a number of companies in our Gold Newsletter portfolio, so that we can better concentrate on what we perceive to be faster horses in the stable.

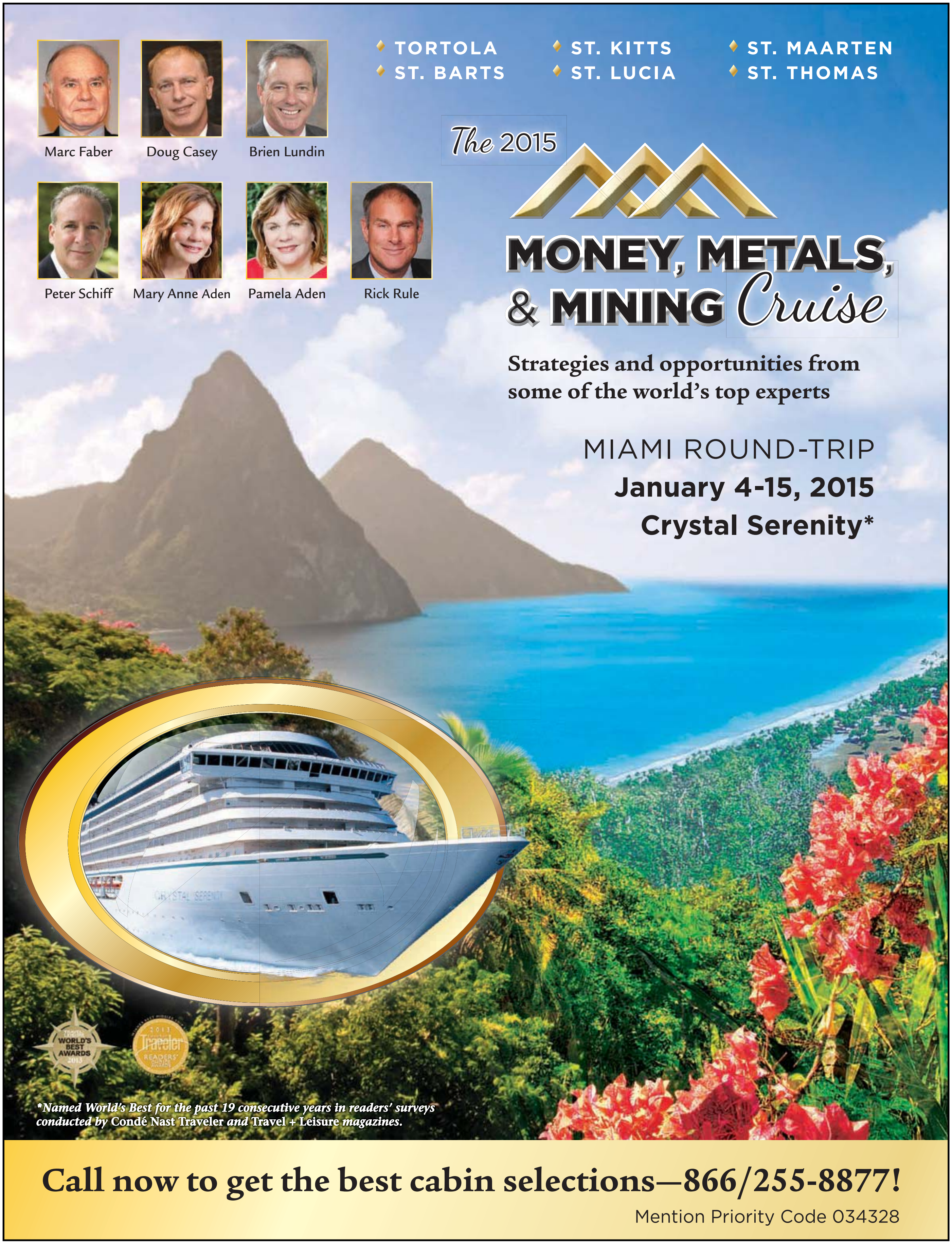
So with this issue, we're ending coverage on **Edgewater Exploration** (EDW.V), **Mira Resources** (MRP.V), **Tintina Resources** (TAU.V), **Americas Bullion Royalty Corp.** (AMB.TO), **Cartier Resources** (ECR.V), **Crosshair Energy** (CXX.TO), **Entourage Metals** (EMT.V), **Homestake Resources** (HSR.V), **Volta Resources** (VTR.TO) and **Xtra-Gold Resources** (XTG.TO).

Of course, the companies on this list have been victimized by the junior resource market downturn of the past two years. But then again, nearly every company in the sector has been eviscerated by this bear market. So that fact, and our ceasing coverage, should not be considered an indictment of the companies or their management.

Rather, we're stopping our active coverage primarily because of the constraints of time and attention, as our list had grown far too large to manage adequately. And just as importantly, the current market apathy gives us time to renew coverage if/when these companies make an important discovery or achievement.

So, for now, we'll clean house a bit to better focus on the remaining companies in our portfolio.





Marc Faber
Doug Casey
Brien Lundin
Peter Schiff
Mary Anne Aden
Pamela Aden
Rick Rule
TORTOLA
ST. BARTS
ST. KITTS
ST. LUCIA
ST. MAARTEN
ST. THOMAS
The 2015
MONEY, METALS, & MINING Cruise
Strategies and opportunities from some of the world's top experts
MIAMI ROUND-TRIP
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Crystal Serenity*
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New Orleans 2013 Highlights

A Disappointing Year, But Powerful Fundamentals Going Forward

By Brien Lundin, with reporting by Ray Knight and Gary Alexander

It wasn't supposed to happen this way. Even the experts admit they didn't see it coming.

Last year, the New Orleans conference atmosphere crackled with electric anticipation of the presidential election just days away. The prevailing sentiment was that if Obama won, it would be bad for the country, good for gold. He did, it was (bad for the country), and it wasn't (good for gold).

Despite all the sound reasons why they should have rallied, gold languished and resource stocks sunk over the past year. Investors flocked to this year's conference seeking rhyme and reason for the market contradictions and guidance on how to deal with them.

What follows is just a brief sampling of excerpts from many of the valuable revelations unveiled by the collection of top investment strategists. (To benefit from the full, in-depth word-for-word wisdom of the entire conference faculty, order the complete audio or video recordings of these presentations available on DVD by clicking here.)

Mary Anne and Pamela Aden

"The Five Best Investments Today"

With the uncertainties of a perplexing marketplace, popular analysts Mary Anne and Pamela Aden, co-editors and publishers of The Aden Forecast, acknowledge that it has been touch and go for resource investors. "We've been in uncharted waters since 2007, and in many ways it has been a rocky road. This year has taken many people by surprise," says Pamela Aden.

Going forward into next year, the Adens see profit opportunities in five key areas:

#1 Stock Market. "Our Number One best investment has been the stock market," says Pamela. "That's been the big strong surprise of the year." For investors who have not been in the stock market, it's not too late, she says. "We think it has more upside to go."

In international stocks, emerging markets have been lagging and may show some promise but it's still to be seen. Germany is the best global market.

Mary Anne Aden

#2 Gold and Silver. Many have been frustrated with gold and silver. "Gold is at a crossroads," says Pamela. It has to prove itself still to see when a renewed rise will get together. If it closes above $1,420, it will zip to $1,536…above $1,600-$1,700, it will be back into a stable period. "But we can't rule out more weakness. In a worst-worst case scenario, if $1,200 were to be broken for several days, then $1,000 is not out of the question, though it's more unlikely now than a few months ago."

Silver looks like gold but

(Continued...)

Pamela Aden

with more potential, the Adens believe. They see $21 as a solid bottom for silver. If it gets above $26, it will be off and running.

Gold shares are oversold, with limited downside. But trading this market requires selective buying and lots of patience.

#3 Major Currencies. "With the dollar down, our next favorite investment is major foreign currencies," says Mary Anne Aden. The dollar is in a 42-year decline, propelled more recently by the monetary base and federal debt shooting up dramatically since 2008.

As the dollar declines, the other major world currencies go up. "The currencies we like best are the euro and the Australian dollar," says Mary Anne. "The euro is basically the offset currency to the U.S. dollar. The Australian dollar is one of the commodity currencies." These currencies provide a great way to maintain purchasing power as the dollar really starts going down.

#4 Resources. Oil and copper have held firm since 2000. Copper is the global economic barometer. "It's steady, so it says everything is okay on the global front. We think it's poised to rise as the economy continues to gain some steam," Mary Anne says.

#5 What to Avoid: Bonds. "We don't like the outlook for bonds," Mary Anne declares. Interest rates since the early '80s have been in a huge decline. Since 2008, they have been build-

ENERGY PANEL

Moderator **Rick Rule** peppered panelists **Nick Hodge** (Angel Publishing), **Marin Katusa** (Casey Research) and **Keith Schaefer** (Oil & Gas Investments Bulletin) with probing questions on major energy trends and specific investment opportunities.

Q. There are a lot of conflicting trends in the energy business these days. There is systemically weak demand from the slow U.S. recovery, flying in the face of dramatic increases in North American shale-based energy production. So, over the next couple of years, which way will energy prices move?

Keith Schaefer: I think we will see lower oil prices here in North American. Our production is jumping by 100,000 barrels a month now. In Europe, Brent prices will stay steady or come down a little. Heavy oil prices will hold up fine. It's tough to see any scenario in which natural gas prices will go higher.

Nick Hodge: I think oil prices will remain range-bound, with WTI trading from $95 to $105 a barrel. We're seeing the bottom of that range now. Natural gas will also remain range bound, say from $4 to $6.

Marin Katusa: Brent will remain at a premium

to WTI, which could go down to $65. Natural gas is a localized market. I believe it will stay near $3.50 per million cubic feet here, while Japan is paying $17 and Europe is paying $9 to $10. I would stay away from coal because of the natural gas competition.

Q. What are some of your picks in the much-ignored but still-important energy service sector?

Schaefer: My top two picks in the entire energy sector are both service companies, **Secure Energy** and **Canadian Energy Services**. They both handle fluids, primarily the oil and water coming out of the oil wells. This is a high-margin business. It is the "dirty work" that must be done with the oil wells.

ing a bottom, held down artificially low by the Fed's QE program. "At some point, once this lets loose and interest rates do begin to rise and the QE stimulus does create inflation —which sooner or later is going to happen — then we could really see the bond bubble burst, which has been predicted in recent years though it hasn't happened."

Picks include :* • *Global Stocks*: iShares MSCI Germany Index Fund** (EWG); • ***U.S. Stocks*: PowerShares QQQ Trust** (QQQ) • ***Metals*: Central Fund of Canada** (CEF.Amex) • ***Resources:* BHP Billiton** (BHP); • ***Bonds: Avoid.

Note: Any 1, 2 or 3-letter symbols without market designation imply the New York Stock Exchange (NYSE).

Benjamin Carson

"America the Beautiful: Rediscovering What Made This Nation Great"

"The dream is sometimes the only thing that pushes you when everything looks bleak," says Dr. Benjamin Carson.

He should know. He rose from a bleak childhood in a rough ghetto neighborhood to become a renowned medical doctor who holds more than 60 honorary doctorate degrees, hundreds of awards and citations, and the nation's highest civilian honor — the Presidential Freedom Medal. Pushing the envelope to achieve a dream, on the edge doing new kinds of things, means persisting in the face of failure.

America is the pinnacle nation in the world, but there

Benjamin Carson

have been others before us that failed — ancient Egypt, Greece, Rome, Great Britain, France, Spain — pinnacle nations that were going to be there forever, but they failed because they lost their moral compass, tolerated corruption and went right down the tubes.

"Some people say it can't happen in America. I think

(Continued...)

(Energy Panel continued...)

Hodge: We're going to keep drilling in North America, but not all drillers will make money. The best of the service companies will make money. In that sector, I prefer **Chicago Bridge and Iron**.

Katusa: If Canadian shale eventually is shipped in pipelines to China and Europe, then the companies that are guaranteed to make money will be the top service companies. The best two are **Schlumberg**er and **Halliburton**. Be careful with the junior service companies, which can blow up and not get paid.

Q. What are some of your more speculative picks in the energy field?

Katusa: I see big potential upside in **Genel Energy**, which has operations in Northern Kurdistan. I also like **PRD Energy**, which I discussed in detail in my main talk.

Hodge: My two favorites are **Fission Uranium** and **SolarCity**.

Schaefer: **Secure Energy** and **Canadian Energy Services** remain my two favorite picks.

Q. What is your best big, established "institutional" energy stock choice?

Schaefer: **Green Plains Renewable Energy**, an ethanol pick. Ethanol, with or without favorable legislation, is one of the most profitable sectors in the energy field.

Hodge: **StatOil**.

Katusa: **Suncor**, which is partly owned by Warren Buffett, and **Canadian Oil Sands**.

***Picks by Keith Schaefer include:* Secure Energy Services** (SES.TO), **Canadian Energy Services & Technology** (CEU.TO) and **Green Plains Renewable Energy** (GPRE.Nasdaq)

***Picks by Nick Hodge include*: Chicago Bridge and Iron** (CBI)**, Fission Uranium** (FCU.V), **SolarCity Corp.** (SCTY.Nasdaq) and **StatOil ASA** (STO)

***Picks by Marin Katusa include*:** **Schlumberger** (SLB)**, Halliburton** (HAL), **Genel Energy** (GENL.London), **PRD Energy** (PRD.V), **Suncor** (SU) and **Canadian Oil Sands** (COS.TO) you've got to be really dense to believe that," Carson says, "because it's already happening. The real question is, can we be the first pinnacle nation in the history of the world to actually learn from the mistakes that others have made and utilize that to our advantage, to avoid the same kinds of pitfalls. That is a huge question for us to ponder."

Carson warns that he is not politically correct and pays no attention to the "PC police." "That's a bunch of crap, quite frankly," he asserts. This country was based on freedom of speech, freedom of expression, free will. "I think the Founding Fathers would turn over in their graves if they could see what's happened." Everybody's cowering in a corner, fearful that anyone heard what they said. How did we allow this to happen to us in the "home of the brave"?

"We don't have to tolerate it," Carson declares. "We don't have to allow ourselves to be pushed into a little box. We don't have to allow ourselves to be controlled, to have other people telling us telling us what we can say, what we can do, where we can go, when we can go, what we must buy. That's a choice, a choice of those who go along to get along or those who stand up for what they believe in."

ECONOMIC PANEL

Economist Dr. Mark Skousen (Forecasts & Strategies) explored the state of the U.S. and global economies with a panel including analyst **Michael Berry** (Discovery Investing), fund manager **Axel Merk** (Merk Investments) and global strategist **Peter Schiff** (Euro Pacific Capital). **Dennis Gartman**, editor of The Gartman Letter, made an unscheduled appearance on the panel at Dr. Skousen's request.

Q. Peter Schiff has said the Fed now has three goals: control inflation, control unemployment…and a new concept — to keep the stock market going. In the past, Alan Greenspan's attitude was to let the stock market do whatever it wants to do. If it crashes, no big deal. To manipulate the financial markets is a new concept. Is this something they seriously take into account?

Peter Schiff: It's an unwritten goal. If you look at the very basis for QE3, according to Ben Bernanke, is to make the stock market and real estate market go up. That is a conscious decision, and in fact they take credit for the rise in the stock market. What's interesting is that if you try to blame the Fed for the housing bubble, they claim that their monetary policy had no effect on housing prices in the past but that it's pushing them up now.

Axel Merk: I disagree with the order of the Fed mandates you mentioned. After inflation and employment, the third one should be financial stability. But the first item mentioned by Janet Yellen in accepting the nomination as Fed chair was full employment. One has to understand that for Bernanke, full employment was the end point. He tried to keep interest rates low. Whereas Janet Yellen is in the social engineering camp. So she starts out with an unemployment target. That means the Fed will be more willing to step in where fiscal policy is failing.

Q. The easy money policy has caused an expansion of dollars going around the world, yet they maintain strength. Why is that?

Merk: I disagree. The dollar hasn't maintained strength. We have been indoctrinated that we have the cleanest of the dirty shirts. Year-to-date, the best performing currency is the euro. The reason the dollar in recent years has benefited when there was a crisis is not because of quality, it's because of liquidity. If you have a billion to deploy, the U.S. is the only game in town.

That said, there is change on the way. We can do without the U.S. There's always another place where yield-chasers can find yield.

We need to understand that it is okay to disagree with people. In fact, you can learn a lot more from someone you disagree with than someone who agrees with you all the time. “If two people agree about everything, one of them isn’t necessary,” Carson quips.

If someone disagrees with you, sit down and have a civil discussion, probably learn something…that’s how we make progress. We never make progress getting into corners and throwing hand grenades at each other. There are those who benefit when we do that, and we simply have to stop.

When we get things moving in the right direction in this country again — and we people with common sense, people of faith who have values and principles are going to do that — it is very important to be the adult and not treat other people the way they have treated us, to be fair and govern in a way that works for every segment of our society.

When people try to shut him up, Carson remembers the Founding Fathers, people like Patrick Henry, who said, “Give me liberty or give me death,” and Nathan Hale, who said as he was about to be hanged as a spy by the British, “I regret that I have but one life to give for my country.”

“When we sing our national anthem,” Carson urges, “when we get to the end of that first stanza, don’t just let those words roll off your tongue. Think about what they’re saying — the land of the *free* and the home of the *brave*. Remember, we cannot be free unless we’re brave.”

Eric Coffin

Eric Coffin

“Find Companies with Discovery Potential to Fight a Weak Market”

“What gets us out of the mess we’re in? Why are we in such a bad mess?” wonders Eric Coffin, publisher of Hard Rock Analyst. “Why is the market for small companies that explore for commodities so bloody ugly?” There

(Continued...)

(Economic Panel continued...)

Q. What’s the truth about bubbles, which seem to happen for no apparent reason?

Berry: Markets are efficient sometimes, sometimes they are not. Clearly we’re seeing a bubble now in the stock market. We’re juicing the market and spreading wealth creation now for a very small portion of the population. And this bubble will burst. Dennis Garman would say the trend is your friend until it stops....

Skousen: Dennis Gartman is still in the room. Maybe we should have him come out and defend himself. [Gartman appeared onstage shortly after.]

Schiff: The idea that these bubbles blow up on their own spontaneously, that they have nothing to do with central bankers who are inflating them is like everybody is drunk and nobody looks at who the bartender is and see what do all of these bubbles have in common. They have the central bank. They have money being too cheap. Instead of letting the free market set the price of money, we let a government bureaucrat disguised as a banker price-fix money. And the result is these kinds of bubbles.

Q. Do you see a disconnect between Main Street and Wall Street? Is Wall Street a bubble? Is it going to crash?

Dennis Gartman: Why fight the trend? Why fight what is happening? Why argue whether the monetary policy is good, bad or indifferent? Why not simply understand that the monetary policy is what it is and trade and invest accordingly?

There shall come a time — no ifs, ands or buts about it — when gold will rise in price, when stock prices shall fall, when interest rates will go up. But fighting that, spending time arguing about it, having the wrong trade on is a waste of your investment time.

Q. Is the stock market technically overvalued? Where is the evidence?

Merk: The best bubble indicator is complacency. You can measure that in the VIX index.

Schiff: The ultimate bubble that they’re inflating is in the currency. That’s what’s going to collapse.

are rational reasons for it, Coffin explains. "It's not just because God hates all of us."

Coffin cites examples of commodity markets like gold, copper and oil that have seen rough spots but are not really in bear markets. Yet the junior resources sector is horrible, with no doubt that it's a bad bear market.

With commodities doing not great but not horribly either, what happened to junior resources?

It's not just commodity prices. The exploration sector in general has a big credibility issue. People wonder why all the touted projects that looked so wonderful four or five years ago suddenly don't look so wonderful. There's a lot of doubt about PEAs [preliminary economic assessments] and resource estimates. There's good reason for it because a lot of mistakes were made.

MINING SHARE PANEL

Rick Rule of Sprott Global Resource Investments moderated a discussion on mining shares with panelists **Eric Coffin** (HRA Advisories), **Brent Cook** (Exploration Insights), **Louis James** (Casey Research), **Brien Lundin** (Gold Newsletter and the New Orleans Investment Conference) and **Lawrence Roulston** (Resource Opportunities).

Q. If all of the economic fundamentals are the same today as they were in 2011, why are natural resource and resource stocks down so far?

Brent Cook: Your premise is not quite right. The fundamentals in mining are not the same as before. As the price of the metals went up, the grade of the ore plummeted to less than a gram of gold per ton of ore, so the properties that once promised profits no longer make economic sense.

Brien Lundin: There has been a widespread belief that the Fed's current round of quantitative easing involves "printing money," but that is not true. They are merely adding to bank reserves. I am short-term bearish on gold, seeing $100 to $150 of "air" under the price of gold, but I am long-term bullish.

Eric Coffin: There is a big credibility issue with mining shares. The ETF buyers have backed out of the market. They put 800 tons of gold back into the market, and we could not absorb that much gold here in North America. However, China is buying physical gold, and that will support gold's price over time.

Lawrence Roulston: Prices for commodities are still way above where they were in 2001, but in 2010 and 2011 the prices soared too fast, so we have a fairly normal correction that feels like a bear market.

Louis James: Gold took 25 years in the wilderness to reach $1,000, but then it jumped rather rapidly up to $1,925, closing in on $2,000. A decade ago, we were all hoping to see $1,000 in our lifetime, but then gold shot way beyond $1,000, too fast. Gold got ahead of itself, so we have to endure this correction.

Q. OK, gold is down. When will the bleeding stop? How long will the bear market continue?

Cook: We're closer to the bottom than we were last year (laughter among audience and panelists). Until we see half the companies on the venture listing go away, we will probably be flat-lining. My guess is that sometime next year we will see a revival of interest in this sector.

James: The market can remain irrational longer than an investor can remain solvent. In the meantime, look for value in good companies, and you don't have to worry about when the overall sector bottoms.

Roulston: We're seeing a bifurcation in the market. I still think 80% of the stocks on the venture market are overvalued. They will continue to come down. More than any time in my 30 years in this industry, it is important to differentiate between good companies and the overall market.

Coffin: The super-ugly bottom might have happened last summer. There's no question that most of

During the 12-year run-up in gold prices, the only thing people wanted to hear about was how many ounces in the ground a company had. All these plays were about ounces and building the largest resource they could, pushing the envelope on the economics.

Then came an extreme increase in cost in the mining sector from 2003 to 2009 and the correction in commodity prices to the downside. The PEAs based on early-cycle assumptions made the companies look like idiots.

The field got overcrowded, with 2,000-plus companies looking for mineral deposits. There aren't enough good projects and not enough good management to support that many companies.

What Coffin recommends that investors look for in the junior resource sector are these clues:

(Continued...)

(Mining Share Panel continued...)

the companies must disappear. We have to go back to the old school of "guys going out and finding stuff." I realize that raising money is important, but if that's the only thing a company does, you have to worry.

Lundin: Nobody really knows when the bottom will occur, and nobody can forecast the specific recovery date with any accuracy. That said, I'm bearish in the near term. It will take time to see a consistent uptrend in gold before we see any increase in mining stocks, but greed is a powerful force, and we could see a very rapid and sharp rise once it starts.

Q. What commodity is the most oversold, most unloved, despised, boring — and hence cheapest?

Lundin: I am tempted to say gold, but if you look at all the other metals I'd say tungsten.

Coffin: I agree about tungsten. Zinc is another unloved metal.

Roulston: All the base metals, with the possible exception of copper, are undervalued. Right now, I'd look for a silver mine which includes base metal content as a nice "kicker."

James: I'll choose gold, particularly bulk-tonnage gold projects that are selling extremely low right now.

Cook: The platinum metal groups, which are found in only three countries (South Africa, Russia and Zimbabwe.)

Q. What regions or sectors are most oversold now? The dog of the decade?

Cook: The grass roots, early stage exploration sector has been hammered. There is no money for it, but that is where the new mega-deposits must come from. The way to play that is the project generators.

James: I'd say the Yukon is the most oversold region now. All of a sudden, the Yukon is "remote," but it hasn't moved, to the best of my knowledge. An up and coming underdog might be Mexico, with a new tax they are unrolling, but that's no worse than the Peru situation, and they're still mining in Peru.

Roulston: Small companies with valuable assets, including some near-term gold opportunities, are having trouble raising money because they are so unloved now. In a nutshell, the consolidation of these small companies provides opportunity to create the critical mass to raise the money for viable projects.

Coffin: Argentina has great geology and tons of great projects, but the government there has made life miserable for miners. If you think Mexico is scary, look at the dismal situation in Argentina.

Lundin: The other panelists took all my best answers, but I agree most with Brent. Many small companies aren't doing anything. They're "zombie" companies, paying salaries but not exploring for prospects.

Q. What is your ONE best big-name investment-quality gold or silver mining stock?

Lundin: **Kaminak Gold** (KAM.V)

Coffin: **Silvercrest Mining** (SVL.V)

Roulston: **Santacruz Silver Mining** (SCZ.V)

James: **Dynacor Gold Mine** (DNG.TO)

Cook: **Virginia Mines Inc**. (VGQ.TO)

Q. What is your best "speculative" pick?

Cook: **Lara Exploration** (LRA.V)

James: **Pretium Resources** (PVG)

Roulston: **Nexgen Energy** (NXE.V)

Coffin: **San Marco Resources** (SMN.V)

Lundin: **Millrock Resources** (MRO.V)

- Good targets — potential for high grades or potential for size, preferably both.
- Strong technical management that can make and market a discovery.
- Cash on hand now — preferred — or a joint venture partner carrying the project as long as the JV deal is a good one.
- Location that will allow exploration to continue for at least a couple of months if initial results are positive.
- It's important that it's "new" — infill drilling or expansion of an existing resource might get a lift, but nothing like a new discovery.
- A jurisdiction that allows for quick staking or application won't matter to the discovery company but will sure help everyone else.

Picks include: **Mundoro Capital** (MUN.V) and **San Marco Resources** (SMN.V)

Brent Cook

"Turning Rocks Into Money When Times Are Tough"

Brent Cook

In summarizing what went wrong in the last few years, Brent Cook, editor of Exploration Insights and a renowned exploration analysts and geologist, offers a litany of bearish trends. Gold mining costs are up, while

PRECIOUS METALS PANEL

Thom Calandra, editor of The Calandra Report, moderated a free-form exploration of the precious metals market involving **Mary Anne** and **Pamela Aden**, editors of the Aden Forecast, **Terry Hanlon**, president of Dillon Gage Metals, **Brien Lundin**, editor of Gold Newsletter and **Bill Murphy**, chairman of the Gold Anti-Trust Action Committee (GATA). These are key ideas that surfaced in the free-flowing discussion:

Pamela Aden: "In the second quarter, when gold fell sharply, we could see some market manipulation. That's why it's so important to own physical metals rather than leveraged paper gold derivatives." Looking forward, "the downside in gold is definitely limited… particularly in selected gold shares." Short-term, she says, "We're neutral to bullish. We need to see an intermediate rise in gold to $1,424, to avoid the threat of further declines" but even if gold fell to $1,000 we would still be in a "primary bull market," similar to the 48% correction in 1975-76.

Mary Anne Aden: "There is a big shift from West to East in gold demand." Due to QE in the U.S., Japan and Europe, she says, "massive amounts of new debt have been created. Normally, that would be very inflationary, but this time around there is very little inflation, because the money is not turning over, meaning that it is not going through the economy. It has been going into stocks, creating a stock bubble." Money is flowing into stocks, in part due to the Fed's zero-interest-rate policy, "which has kept yields down in traditional outlets like bank CDs, Treasury bills and bonds." In the last five decades, says Mary Anne, "gold shares have never been as low as they are now. They are in position to move up, but it could be a few months or up to a year before that happens."

Terry Hanlon: Hanlon sees physical demand trends every day as a distributor for all of the world's sovereign mints. These mints, he says, "often fail to meet demand," partly because there is virtually no secondary market for investment gold. Physical gold investors tend to buy and hold. They don't typically sell their coins back in a secondary market. "Those who are buying the metal want to sit on the metal." The biggest demand is in China:

profits and quality are down. The mining industry is now in a panic mode, facing a severe deficit of new deposits. From 2010 to 2011, the Gold Bug Index (HUI) rose 40% but it is now down 50% from 2010. The junior gold mine index (GDXJ) rose by 70%, but is now down 65%.

The biggest recent change, he says, is the formula for profit margins. Miners once used "production costs per ounce" for their profit calculations. Those costs increased from $190 to $800 per ounce since 2000. The more realistic figure, "all-in costs," however, increased from about $250 in 2000 to $1,500 now.

The new all-in computation reflects the real world. It includes cash costs ($700 per ounce), sustaining and construction capital ($425), exploration ($125), G&A ($50) and taxes ($200), leaving no room for any profit at gold prices below $1500. All-in costs at the top 12 gold mining companies in 2012 averaged $1,574. Barrick (average cost: $1,527) says they "can't make money" on 54 million ounces.

Even when you pick the right property and right company, however, you must time your purchase before the mass of buying comes in. Often there is some initial buying excitement followed by announcement of some disappointing results, followed by a long period as an "orphan" stock. That's when you need to know your company, acquiring shares in good companies with good properties in their dormant stage.

Three questions to consider: Will metal demand increase over the next decade? Will mining companies need new deposits? And will metal discoveries keep up with production? The answers, Cook believes, are yes, yes and no. When looking for a mining property, focus on working capital, a committed and solid management team, legitimate exploration potential, and value at a discount. Look for higher tons and high grades of deposit, low

(Continued...)

(Precious Metals Panel continued...)

The London Bullion Markets Association (LBMA) recognizes 14 refineries in China, versus three in North America. That's a big indication of the migration of gold from West to East. The other two precious metals are also strong: He says "we sell as much silver, in dollar terms, as we do gold, and that has never been the case before. There are now shortages in .9999 silver, more so than with gold." As for platinum, "those coins are thinly traded and not always in stock."

Bill Murphy: "Whenever we see a major catalyst for the price of gold, gold will move quickly, but then there is an orchestrated campaign to keep gold down." This year, he says, almost all of the gold produced in all global mining operations is being absorbed by China, but the powers-that-be are able to manipulate the ETF and futures market to generate a gold decline. Short-term predictions have failed, Murphy says. "Every smart guy I know has failed in gold predictions this year," but he sees a rise to $100 silver, and a "correspondingly high gold price."

Brien Lundin: Lundin says he is "short-term bearish, but long-term bullish" on gold. He shares a contrarian view on several traditional assumptions about the gold market. Some examples:

• On geopolitics: When asked if the latest political developments in Iran could become a possible wild card for gold, Lundin says that "with Obama running foreign policy, we can expect failure more than success. But don't invest in gold based on geopolitical events, since someone else will beat you to the punch. It's very difficult to be first-in and first-out in a crisis situation."

• On Asian demand: Lundin cautions against believing that the price of gold is falling everywhere. "The price of gold is set in the paper market, but that is not the price paid in physical markets in Asia and elsewhere. The premiums are high and rising. You have rising imports into Hong Kong, going into China, of over 100 tons per month. The Shanghai gold market also has 1,100 tons of gold sold at the mid-year point. China may be absorbing all of this year's newly-mined gold."

• On silver and platinum: Silver is *not* a major industrial metal. Industrial demand for silver is too price-sensitive. Rising industrial uses would only kick in if silver traded under $10. Over $20, silver is trading primarily on its investment or monetary value. If you want an industrial metal within the precious metals complex, platinum is a better play. Platinum's usage in automobiles, for catalytic converters, would not be limited by a major rise in platinum's price.

metallurgy process costs, capital expenditure and the company's exploration goals.

Picks include: **Kaminak Gold** (KAM.V) and **Avrupa Minerals** (AVU.V)

Adrian Day

"Where In the World? Best Opportunities for the Year Ahead"

Adrian Day, president of Adrian Day Asset Management, uses his global perspective to compare the economic and market fundamentals of the United States with other global market opportunities. In the United States, he says, there has been virtually no net new job growth since the late 1990s. The press applauds any increase in net payroll jobs of 150,000 per month, but the U.S. economy needs over 200,000 net new jobs just to keep the unemployment rate from rising further.

Adrian Day

With all the talk about tapering at the Fed, nobody has projected that the Fed will cut their $85 billion per month bond buying by any more than about $20 billion — down to $65 billion per month. In Japan, they are easing even faster, intending to double the money supply within 18 months. The European Central Bank (ECB) has cut back a bit on their monetary easing this year — and that's one reason gold has fallen — but the recent ECB rate cuts show that Europe is easing monetary policy from another direction.

Overall, 38 countries now offer negative real interest rates, an unprecedented situation. The Fed can't keep U.S. rates down forever. If interest rates begin to rise, the impact on the budget deficit will be immense. Rates at just 3.5% average would push service on the federal debt up to 20% of revenues.

Foreigners, notably China, were the biggest buyers of U.S. debt in recent years, but this year, foreigners became net sellers of U.S. bonds. The Federal Reserve buys the lion's share of new Treasury bond offerings. Social Security owns the most U.S. debt, and the Fed is now #2 owner of bonds, followed by China and Japan, so our government owes most of its debt to another branch of the U.S. government.

Bottom line: Buying bonds today is like buying "return-free risk." This is a positive environment for gold and other natural resources, but they are currently depressed, creating a good buying opportunity.

Picks include: **Kingsmen Creative** (KMEN.Singapore), **Collectors Universe** (CLCT.Nasdaq) **Virginia Mines** (VGQ.TO)

Scott Gibson

"Quality Gold Stocks with Leverage to the Bottom in Gold"

"Has gold bottomed? Where is it going next?" rhetorically asks Scott Gibson, chairman of Sterling Marketing Corporation and managing director of Kitco Gibson Capital Corp. The latest bottom was $1,180 on June 28. So far, that bottom has held. It should continue to hold, since $1,150 to $1,200 is the lowest cost of production available at major mining projects. Below $1,200, there will be less new gold mined, pushing the supply/demand curve toward higher prices.

In each of the last seven years (2007-2013), Gibson says, mainstream analysts predicted lower gold prices. They were wrong every year except this one, so what makes us think they will be right about predicting lower prices for 2014? Is it possible they will be wrong again? They cite the money coming out of the gold ETFs, but there has been rising physical demand to offset the sale of paper gold shares. At the same time, most global central banks are rapidly increasing the quantity of liquidity and fiat paper currencies.

The TSX Venture Exchange is "decimated," he says. About 600 companies trade for under 10 cents per share, reflecting a bifurcation in the industry. Many undercapitalized firms will disappear, while a few quality companies are still growing and adding value. Respected management teams with 20 to 30 years' experience still know what they are doing — finding and delivering economic ounces in the ground.

Gibson is looking for "special situations," meaning smaller-cap companies with large-scale projects in a situation where something important has recently changed in a positive direction. He also looks for a group that has enough cash to acquire a valuable asset, run by a management with proven success.

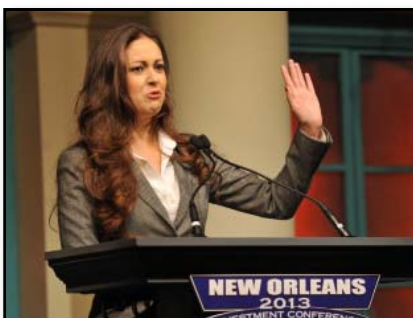
Picks include: **Midas Gold** (MAX.TO) and **Millrock Resources** (MRO.V)

Lindsay Hall

"Taking Advantage of Global Chaos:

Capitalize on Shifting International Interest Rates"

Interest rates measure the price of money, affect bond prices, are the world's ultimate commodity and are easily traded with high volume and large open interest, says Lindsay Hall, chief marketing strategist with Rutsen Meier Belmont Group. "There's a lot of activity that means you can get in and get out. It's liquid. You don't have to be married to it," says Hall.



Lindsay Hall

Inflation comes into play as the bond's worst enemy. The reason for holding a bond is to get periodic payments from it. Inflation robs that periodic payment of purchasing power. That causes investors to demand higher yields. At a certain point, investors stop buying bonds.

Inflation results from an increase in the volume of money and credit relative to available goods and services. As inflation goes up, yield goes up. As yield rises, bond prices fall.

Bonds face interest rate risk, credit risk and inflationary risk.

Yield on the 10-yr. T-Note is already inching up even though the Fed has not acted to raise interest rates yet. The rise in yield will become more volatile when the Fed finally takes action to raise rates.

The escalating volume of money, expressed in the M2 money supply terms, soared $700 billion over the past year and is now growing at the rate of $150 billion a month. The government wants the inflation rate to be higher.

Even the hint of stimulus tapering can start a stampede in bonds and a sharp fall in bond prices.

In short, "Bonds are the worst place to be right now, absolutely the worst place you could be," Hall declares.

Stocks are stealing all the glory. Housing has bottomed. Smart money is moving out of bonds.

Hall recommends a strategy that allows investors to dip a toe in the water, utilizing put options on the 10-year T-note. The basic idea is to short the bond market for the duration, however long that is.

The point is to be toe-in-the-water. "When it goes our way, we add to the position. When it shifts back, we go back to the core toe-in-the-water position." This strategy allows maintaining a position throughout the duration. It allows tight control on capital.

Frank Holmes

"Opportunities and Risks in Emerging Markets"

Frank Holmes

The emerging world holds 50% of the global population but only 23% of the global GDP, notes Frank Holmes, CEO/CIO of U.S. Global Resources. The growth rates are much stronger in money supply and GDP in the emerging countries. It's important to track these countries, in particular for gold funds because that's where the gold is going.

There is negativity on gold. Yet over the past few years, gold has outperformed bonds. Even so, the bulk of American retail investors have gone into bonds out of fear and trepidation.

Holmes recommends a 10% weighting in gold, not 25%, not 50%, not the-world-is-coming-to-and-end. Investors should have gold as a diversification and rebalance to adjust for gold's spectacular moves.

The massive redemptions in emerging markets and equity bond flows were substantial, and they triggered a great buying opportunity for investors. Every time we've had such panic and redemptions, it has historically been a great buying opportunity for that sector.

Holmes sees these intriguing contrarian opportunities for investors:

• Commodities, cyclical

(Continued...)

stocks, energy stocks, basic materials stocks are the most under-loved and under-appreciated asset class today, by both retail and institutional investors.

• Emerging Europe stocks (Eastern Europe) give a bigger beta, so if Europe is turning (Germany and France improving, for example), you'll get a much bigger return in Eastern Europe due to a highly educated group with a lower GDP and hourly cost of manufacturing.

- In spite of a lot of pessimism, metals correlate highly with OECD's leading indicator. As the indicator turns up, suddenly metal demand picks up.
- China's accelerating birth rate creates demand for infant formula products.
- Chinese stocks are undervalued.
- China is importing oil, copper…high-speed rail development is booming, creating opportunities for U.S. companies.
- High ROIs drive oil shale exploration stocks.

POLITCAL DEBATE

Ahead of the midterm elections coming next year, **Gary Alexander** moderated a spirited panel comprised of Pulitzer Prize-winning liberal columnist **Fred Kaplan**, conservative pundit **Charles Krauthammer** and former Libertarian Party vice presidential candidate **Wayne Allyn Root** (now a Tea Party Republican).

Q. In light of the Declaration of Independence and the Constitution as amplified by the Gettysburg Address, what is the role of government? What are the limits to federal government?

Charles Krauthammer: I don't believe in the "living Constitution" the liberals believe is anything that the liberals on the court happen to believe when they wake up that day. But I do believe that the country is fundamentally different in the 21st century than in the 17th. We were an agrarian society with a very small and homogenous population back then with a wholly different set of problems which we don't have now.

We as conservatives recognize and accept the achievements of the New Deal. We argue that the structures that were established 70 years ago are now obsolete. The argument that conservatives ought to have is with reactionary liberalism that simply will not let go or change one iota the structures that were adapted to the times a hundred years ago.

I think there is a consensus in the country that central government has an obligation, whether it's in the Constitution or not, the to the poor, the needy and the helpless. I do believe we want to go back to a sense of respect for the Constitution. That means a severe and unrelenting critique of things like Obamacare, but at the same time not reject any role for the government in helping the needy.

If you want to be cynical about it, if Republicanism and conservatism reverts to a pre-New Deal position, we don't have a chance to win election for dogcatcher, let alone for the presidency.

Fred Kaplan: I'm kind of stunned. I agree with about 80% of what you said.

Krauthammer: Well then I retract all of it.

Kaplan: I would add that the president who is seen as the most minimalist in terms of government — Jefferson — bought this state, the Louisiana Purchase. I would also note that you are sitting in this room right now and not flooded with water is that levees were created by the Army Corps of Engineers. Nobody would have built them otherwise.

The two greatest impetuses of economic growth in the last several decades have been the microchip and the computer. Those were both created by pri-

- Gold does not look like a bubble compared to tech and oil bubbles. Apple lost more money for investors than gold ($188 billion versus $37 billion). China is rushing to buy gold. Premiums on gold are at all-time highs in India.
- Thailand's stock market is up 42%.

Picks include: **U.S. Global Investors Emerging Europe Fund** (EUROX), **Global Resources Fund** (PSPFX)

Louis James

"Crisis Investing 2013 Update: What We Are Buying Today"

"Looking at all the red ink on my brokerage statement, I truly understand the pain you're feeling with the recent gold stock declines," sympathizes Louis James, senior editor of Casey Investment Alert and the

Louis James

International Speculator "If you are a speculator — and if you are willing to buy low and sell high — this is a perfect environment."

With that thought in mind, James details some of his favorite stocks for this environment, including these:

• **Pretium Resources**, which was hit hard after some discord within the firm, with some of "ambulance chasers" selling their shares.

• "Time machine stocks," those with the same bullish fundamentals they had two years ago, but now suffering from a huge (often 80% to 90%) price decline — including **Dynacor Gold Mines**, with properties in Peru.

• **Kaminak**, based in the Yukon. There has been some market bias against this "remote" location, "but the Yukon is no more remote than it was last year," and it is more accessible than many properties in Third World nations. Its resource has 3.2 million ounces at over 1.5 grams per ton average. The majority (2.0 million ounces) grades at three grams per ton, a good grade for an open-pit resource.

Picks include: **Pretium Resources** (PVG), **Dynacor Gold Mines** (DNG.TO), **Kaminak Gold Corp** (KAM.V)

(Continued...)

(Precious Metals Panel continued...)

vate companies, but it was big government purchases that got them going. Without it, it wouldn't have happened.

Wayne Allyn Root: Government fails at everything it does. All you have to do is walk into a DMV office, and you see the reality of government. Government is filled with people who couldn't hack it in the private sector.

Government cannot exist without people starting their own businesses, paying taxes that fund government. Government by itself funds nothing.

The Constitution is an instrument for limiting the power of government. I believe very strongly in limiting the power of government.

Government can never create jobs. Government can never create prosperity. It can only get in the way.

Krauthammer: I'm against Big Government. I think it's crushing our economy, increasing our debt and is unbelievably inefficient. Why are we conservatives having this terrible, ridiculous, needless civil war among ourselves, which is a war over tactics and not objectives, when the other side is in collapse, when liberalism is at a crisis unlike any it has had in 50 years, and when we ought to be addressing the crisis of the welfare state and entitlement state and Obamaism and this new kind of left-wing social democratic liberalism instead of attacking ourselves.

Kaplan: I propose that the Republican leaders make a deal with the Obama administration and say, okay, the debate over the existence of the thing is over, we accept that this is now an act, it exists and our campaign to overturn it or defund it is over. But let us talk about revising it in the following ten ways. Would you do that?

Krauthammer: There's not a chance in hell I would do that. You gave us a Yugo. You're saying, come on and work with me, we're going to improve the Yugo. Take the Yugo and drop it in the East River, and then build a Mercedes.

Marin Katusa

Marin Katusa

"The Next Bakken"

With the current focus on North American energy fields (like Bakken), investors have ignored Europe, where the infrastructure is better developed than in North America, says Marin Katusa, chief investment strategist for the Energy Division of Casey Research and editor of the Casey Energy Report, Casey Energy Confidential and Casey Energy Dividends newsletters.

In the last few years, European energy demand has become "Putinized," meaning that many major European nations depend on Russia for most of their energy needs: Finland imports 100% of its conventional natural gas from Russia, followed by the Czech Republic (88%), Poland (87%), Hungary (79%) and Germany (39%). In addition, most of Europe's oil supply comes from the Middle East and North Africa (MENA) — unreliable partners.

Obviously, Europe needs to develop its own oil and gas reserves. The infrastructure is there. What is needed is the political and environmental permission. This will come. In 2011, the European Council said: "In order to further enhance its security of supply, Europe's potential for sustainable extraction and use of conventional and unconventional [shale gas and oil] fossil fuel resources should be assessed."

Management at **PRD Energy** has already invested C$20 million of their own money in the only private placement to date. The key exploration team is from **Burlington Resources**, the company that developed the Bakken shale oil before it got bought out by ConocoPhillips. PRD has production licenses and three exploration licenses covering 518,300 acres (810 square miles) in Germany, and there is an agreement with ExxonMobil Germany to acquire the legacy seismic and production data for all five production licenses. The stock is up. "It was $0.40 last year, when we recommended it, and it is up to $1.40 now. We think it can triple again and perhaps become a net '10-bagger,'" by rising to over $4 per share.

***Pick*: PRD Energy Inc.** (PRD.V)

Charles Krauthammer

"Apocalypse Now and Again: The Washington Meltdown and What It Means for 2016"

On the day Dr. Charles Krauthammer spoke at the conference, former President Bill Clinton called for President Obama to honor his promise to let Americans keep the health insurance coverage they had before Obamacare took effect. Krauthammer, Pulitzer Prize-winning Washington Post columnist and TV pundit, sees that as a watershed event with profound effects on future politics in Washington.

Charles Krauthammer

"This is the beginning of an avalanche, the breaking of the dam," says Krauthammer. Democrats whose seats are at risk in the next election fretted over the backlash to Obamacare but had kept their concerns private within the party. They were afraid to say what they want, which is either to postpone implementation of the new health system for a year or to kill it in the crib.

The ostensible objective of Obamacare was to insure the uninsured. "The real objective was to take over American health care," says Krauthammer. It was presented under the emotional guise of caring for the uninsured, but it was actually a ploy to control one-sixth of the American economy. "That's the core of gaining control, of establishing a sort of social democratic regime in the United States akin to what they have in Europe — something that is quite alien to the United States."

Obamacare is flawed in the policy. It's not just the rollout or the technicalities. Obama was deliberately deceptive from the beginning and knew that millions of Americans would lose their health insurance as a result of the plan. The proof is on video. "He knew, and he said otherwise."

Then Obama kind of apologized — for the discomfort, not because he lied. He went on to say the problem was that they were not careful in crafting the law. Another lie. "That is the opposite of the truth," charges Krauthammer. "There was no crafting of the law that was inexact."

The crafting of the law to deprive people of their health insurance was cynically deliberate. The reason is simple. For the law to work, the relatively well-to-do people who can pay to self-insure have to be thrown off their health plans to be driven into the Obamacare marketplace so they will be forced to overpay for stuff they don't want or need.

"Why? Because you need the excess, the surplus, to subsidize the older and the sicker and the people with pre-existing conditions. Otherwise the system doesn't work. All the pretense that it was an oversight or a badly crafted law is a simple lie."

"This is a very important moment in the Obama presidency. It's a very important moment in the future of the Congress," says Krauthammer. "There's a very good chance now that the Democrats could lose control of the Senate."

"Why I think this is so important is that health care reform is the centerpiece of modern American liberalism." Obama came to office with a mandate and the backing of both chambers of Congress, saying "I'm here to change America, and I'm going to start with healthcare." For liberals, this is the Holy Grail that they have been trying for a hundred years to enact.

Obama is not a liberal. He is a social democrat who sees Europe as a more just society. But his ideological revolution is over, and it's over because of what's happening with Obamacare.

"This is a crisis not only of this administration. It is a crisis of liberalism. This was the New Wave. This was Obama planting the flag. This was Obama saying 'This is the new liberalism.' This was to be the crowning achievement of liberalism," says Krauthammer.

If it goes down — and right now it's the object of constant ridicule — it could cause a crisis of American liberalism that could take a decade or more to recover from. They are in a crisis of their own doing, and there is no clear exit.

The conflict among Republicans is over tactics, not strategy, and certainly not over objectives and ideology. "I'm rather optimistic for a united (although fractious) Republican opposition coming up against the Democrats in the next election — and the one after that," says Krauthammer. "I think we have the argument. We have the American people on our side. We have reality on our side."

Brien Lundin

"Money, Debt and Gold: What Does the Future Hold?"

Brien Lundin

Dissecting the state of the gold market, Brien Lundin, president and CEO of Jefferson Financial, publisher of Gold Newsletter and host of the conference, breaks it down into the effects of this year's correction, near-term prospects, long-term prospects and the possible game-changing impact of an "interesting wildcard" he sees developing.

Since last year's conference when gold was expected to soar if Obama won re-election and QE continued, the yellow metal has done the opposite, breaking below the long bull market trend channel, declining steadily to what appears to be a bottom in June, propelled there in part by a massive orchestrated takedown in April.

Since that summer bottom, gold has made little headway. Even the Fed's non-taper in September wasn't able to provide more than a short-term boost for gold. Gold stocks were decimated in the correction.

Gold soared in reaction to QE1 and QE2 — rising about 150% from trough to peak. It traded sideways during Operation Twist...rising at the end as the anticipated renewal of QE neared. Then came QE-Infinity, and gold sank in response. Why?

"I believe that with QEs having pre-established limits, the market looked forward to the next round of easing as each deadline approached," explains Lundin. "With QE-Infinity, the market could only look forward to...the *ending* of QE. With no big market-moving announcement to motivate the speculators, even QE at $85 billion/month had no effect on the gold price."

When will the correction end?

(Continued...)

No one can say. "The fact is, gold is so driven right now by the headlines and shifting sentiments, it's impossible to tell where it's going over the short term," Lundin says.

In the near term, he sees the possibility of a $100-$150 dip if the Fed announces QE tapering. Conversely, gold could surge by the same amount if economic data begin to deteriorate again.

Since the dollar and gold generally move inversely, strength in the dollar versus other currencies is a short-term negative for gold.

Another near term bearish indicator is that gold failed to stay above its 50-day moving average. The same is true for silver.

The long-term outlook is decidedly more upbeat. Gold has generally been climbing since the turn of this century for two reasons: money and debt — and too much of both. The federal debt is already too large (and growing too quickly) to address through spending cuts or economic growth. Some significant degree of monetary debasement — paying off debts with cheaper dollars — is unavoidable. The Fed's QE and easy-money policies have created an enormous overhang of money and potential inflation. There will be no easy exit from this predicament, and higher gold prices are virtually assured.

"So, on balance, I'm short-term bearish on gold and long-term bullish," Lundin says.

But there's a wildcard that must be taken into account. There's a war going on in gold — paper gold versus physical gold, speculators versus savers, West versus East. Whatever it's called, the effect is that the massive drop in the gold price this spring (thanks to the manipulations of Western speculators) sparked a huge surge in gold demand in Asia.

The price of gold may be set in the futures pits of the COMEX, but the future of gold is being determined in the Far East, specifically in China. With the monthly average of net imports into China having soared to around 100 tonnes a month, the effect on global supply and demand is getting impossible to ignore. Where's all this gold coming from?

COMEX is one source. But here's the catch: There are 59 paper claims for every ounce of gold in the COMEX vault available for delivery. To put that in monetary terms, just $837 million would soak up — at a full, unleveraged price — the entire COMEX gold holdings available for delivery. The result would be a gold price catapulting to record highs.

Ian McAvity

For gold to reach its price peak of 1980 in real terms, today it would have to trade at $2,558. "Will we get there? Given the macro factors I've described, the burgeoning debt and the necessity of depreciating the dollar to address it, I think we exceed that level at some point," he predicts.

Picks include : **Arianne Phosphate** (DAN.V), **Avino Silver & Gold Mines** (ASM.V), **Avrupa Minerals** (AVU.V), **Brigus Gold** (BRD.Amex); **Cayden Resources** (CYD.V), **Columbus Gold** (CGT.V), **Comstock Metals** (CSL.V), **Eurasian Minerals** (EMX.V), **Fission Uranium** (FCU.V), **Flinders Resources** (FDR.V), **Globex Mining** (GMX.TO), **GoGold Resources** (GGD.V), **Great Panther Silver** (GPR.TO), **Kaminak Gold** (KAM.V), **Kivalliq Energy** (KIV.V), **Midas Gold** (MAX.TO), **Millrock Resources** (MRO.V), **NovaCopper** (NCQ.TO), **Prophecy Platinum** (NKL.V), **Revolution Resources** (RV.TO), **Rye Patch Gold** (RPM.V), **Santacruz Silver Mining** (SCZ.V), **Tarsis Resources** (TCC.V), **Tasman Metals** (TSM.V), **Uranium Energy** (UEC.Amex), **Uranerz Energy** (URZ.Amex).

Ian McAvity

"Big Picture Deliberations on the Gold & Stock Market Charts"

When examining the performance of gold versus the S&P 500 since 2002, Ian McAvity, editor of Deliberations on World Markets, says gold still leads the way by a long shot, but the stock-oriented newspaper Barron's said in the midst of this run, on October 4, 2009, "Gold is STILL a Lousy Investment" — after it had consistently beaten the stock market for seven years.

Since September of 2011, gold has been in a correction phase, which McAvity thinks is "about to end." In particular, he says the decline since 2011 resembles the nearly 50% decline in gold during 1975 and 1976, right before gold shot up more than eight-fold, from barely $100 per ounce to $850 within four years.

Turning to the stock market, he shows that the average length of the long-term ("secular") bull and bear markets of the last century was 15 to 20 years (average: 17), so this secular stock bear market, starting in 2000 may have five more years to go. Bear market? Yes: Even though the Dow and S&P 500 are at new highs, the NASDAQ is far off its highs, and the S&P is well below its real inflation-adjusted 2000 peak.

McAvity's chart analysis also shows that the latest rally in stocks is mostly fueled by quantitative easing — new money and debt. There is currently a record-high margin debt in the S&P 500 at $401 billion, surpassing the old $381 billion record set right before the previous stock market cyclical high in 2007. Stock market margin debt also peaked right before previous market peaks in January 1973, September 1987 and March 2000.

He thinks $1,200 gold will hold, but we need to see stops taken out at recent highs of $1,362 (set October 13, 2013) and $1,432 (set August 28, 2013) before gold can advance further.

He is more optimistic on the recovery in silver, due to the high gold/silver ratio, which recently exceeded its normal trading channel of between 30-to-1 and 60-to-1. In recent months, the gold/silver ratio has traded at around 63-to-1.

The U.S. dollar is up, but McAvity calls the dollar the "best looking horse in the glue factory," since *all* of the major global currencies have fallen sharply to gold over the last 50 years.

Ron Paul

"Liberty Defined: The Future of Freedom"

"It's great to be among friends. When I speak in Washington, DC, I don't get any applause," quips Congressman and recent Presidential campaigner Ron Paul.

Paul recalls conference founder Jim Blanchard. "This is a very special conference for me. When Jim started this conference, I was a Gold Newsletter subscriber as a doctor with a practice in Houston. I flew over to New Orleans for the first conference. I had been a gold bug for many years, especially after Nixon closed the gold window" on a Sunday, August 15, 1971. He also imposed wage and price controls and other intrusive measures.

Ron Paul

It amazed Paul at the time that Nixon's acts were very popular. He was surprised to see his Chamber of Commerce endorse Nixon's moves. The stock market soared on the Monday morning after Nixon closed the gold window. Later on, Nixon said, "We are all Keynesians now." That was "a tragic statement" to make, but it was a true statement at the time. "I was outraged," Paul says, but he felt almost alone.

After coming to Jim Blanchard's first conference in 1974, Paul says that seeing so many gold activists gave him the idea of running for Congress in 1974. He told his friends and family that he knew he would lose, because he was so "hard core" about gold and about his stand against pork barrel benefits, but his wife warned him that he might win! They were both right. He lost in 1974, but he was elected to Congress in a special election in the spring of 1976. (In all, Paul served 12 terms in Congress from 1976 to 2013).

During his recent Presidential campaigns, Paul was "delighted" with his positive reception on college campuses. "They know they are inheriting a debt that they did not create." They are also up to speed on Austrian economics, and they know that Obamacare is flawed. It is a crippling burden on them and the nation. Paul says "this revolution is very serious" on many campuses. "It is not a factional Republican Revolution. It comes from all sides." Keynesianism will eventually be repealed, he predicts, replaced with the freedom philosophy based on Austrian economics. Our task is great, but the opportunity is also great.

Internally, we have "an authoritarian government invading our privacy," not a government based on protecting the liberties of its citizens. Our two major parties have not been interest in total liberty. They fight for "partial liberty" — Republicans seek economic liberty and Democrats campaign for personal liberty, but "I look at liberty as a single unit — how can you have one kind of liberty and not another?"

This year marks the Federal

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Reserve's 100th anniversary. Since 1913, the U.S. dollar has lost 98% of its value in terms of gold. And now we have Janet Yellen at the Fed, "a bigger inflationist than Bernanke or Greenspan." For years, he says, "I have been advocating an audit of the Federal Reserve," As a result, there has been a growing groundswell of support within the House for an audit of the Fed.

Unconstitutional powers need to be taken away from the federal government. "We all have a responsibility to defend our own freedom and the freedom of our neighbors. That includes free choice in medical care and schools, as well as the ownership of our guns and gold," declares Dr. Paul. "There is great hope for America, since so many are aligning behind the freedom principle." He quotes Victor Hugo, who said that "an idea whose time has come is stronger than an invading army."

Chris Powell

"Gold Market Manipulation Update"

Chris Powell, managing editor of the Journal Inquirer in Connecticut and spokesman for the Gold Anti-Trust Action Committee (GATA), says most financial journalists assume that gold is at best a "quaint antique." Powell responds by saying that "gold not only remains money but...gold is in fact the secret knowledge of the financial universe."

To back up that bold claim, Powell says that "gold is a powerful competitive international currency," so powerful that central banks, including the Federal Reserve and other global central banks and government agencies, have acted to "rig the gold market."

Gold is the target of "financial repression," a term now used by some former Fed officials. Fifty or more years ago, they rigged gold conventionally and in the open by selling their gold reserves at strategic moments and then regularly, more often, even every day, primarily through the London Gold Pool.

Since the 1960s, four Fed chairmen have admitted gold manipulation. For instance, in testimony to Congress in July 1998, Federal Reserve Chairman Alan Greenspan declared that "central banks stand ready to lease gold in increasing quantities should the price rise." In other words, price suppression.

In the last decade, the advent of gold ETFs and leveraged "paper gold" has created an artificial market. Paper gold is more open to manipulation than gold bullion. In effect, Powell says, gold has been "printed practically to infinity." Estimates of the ratio of paper gold to physical gold range from 92 to 100 parts paper gold to one part real gold. (The Reserve Bank of India estimates 92:1, while Jeffrey Christian of CPM Group testified to the U.S. CFTC that the ratio of paper gold to real gold may be as high as 100:1).

The Real Estate Guys

Gold's price held up very well until Friday, April 12, 2013, when there was a concerted effort to dump gold. The dumping of gold that day and the following Monday, April 15, totaled the nominal equivalent of maybe a quarter of annual gold mine production sold in two days even though there was no special gold-related news. There was another such "brazen bombing of the gold futures market" on October 11.

GATA believes that gold market manipulation matters because the rigging of gold market facilitates the rigging of all markets. Gold market manipulation can only end by shining the light of truth to a wider audience. If investors realize that "as much as 90% of the world's investment gold, supposedly being held in trust for its owners, may not exist… gold will rise to multiples of its current price." But, he says, "as long as a piece of paper is considered as good as a bar of gold, the gold mining industry has no future. And until free markets are restored, humanity itself won't have much of a future, either."

The Real Estate Guys

"How to Use Real Estate to Profit from a Falling Dollar"

Robert Helms and Russell Gray co-host The Real Estate Guys Radio Show. "Generally, investors tend not to think about real estate the same way they do about other investments," says Helms, by way of introducing the team's financial strategist Gray to explain how to use real estate to short the dollar.

"The dollar is under attack, been under attack for quite a while whether on purpose or by accident" declares Gray. "The dollar is getting weaker."

"When you own things that are real, they hold their value," Gray says. "It isn't about collecting more dollars. It's about owning things that are real and being able to exchange them for other things that are real, because paper isn't good for anything except as a medium of exchange. When it loses that utility, what good is it?"

People don't talk about real estate. They talk about homes and housing and how to buy low/sell high. But there's a whole different way to play the game, treating it as an investment like other investments, with capital gains, dividends, tax benefits, etc.

Whether the dollar gets weak or strong, you can still win with real estate. The bad news is that it's more hands-on. It's messier. It has hair on it. It's kind of like owning your own business. You feel all the bumps. If you have the stomach for that, you probably have the stomach for real estate investing.

Here are the advantages of real estate:

- Like a commodity, it's real.
- Like a precious metal, it's durable.
- Like food, it serves a basic human need.
- Like a business or a bond, it produces income (rental real estate)
- Like an option, it provides leverage.
- Like a mutual fund, the day to day management can be outsourced.

The Real Estate Guys recommend what they call real asset investing. Buy income-producing tangible assets — things like rental real estate, producing oil and gas, producing farmland…all basic human needs that aren't going away anytime soon.

Real estate gives you the depreciation and the leverage to short the dollar by bringing future dollars in today to buy present assets. Producing oil and gas and farmland gives you income based on commodities. It doesn't matter where the prosperity is. Whether people buy coffee at Starbucks or the grocery store, it all comes back to the coffee bean.

Wayne Allyn Root

Wayne Allyn Root

"The Obama Economy: The Murder of the Middle Class"

"Obamacare is a fantastic success," comes the shocker from firebrand libertarian Wayne Allyn Root, known as The Capitalist Evangelist.

"Obamacare was never meant to help America or heal the sick or lower health care costs or lower the debt or expand the economy," declares Root, quoting a popular column he penned on Fox News. Republicans should stop calling Obamacare "a train wreck," implying that it's a mistake, an accident, a gigantic flop or failure.

"It's not," states Root. "This is a brilliant, cynical and purposeful attempt to damage the U.S. economy, kill jobs and bring down capitalism. It's not a failure. It's Obama's grand success. It's not a train wreck. It's a suicide attack."

Root charges that Obama wants to "hurt us, to bring us to our knees to capitulate so that we agree under duress to accept Big Government, and capitalism is changed forever."

According to Root, Obama's hero was Sol Alinsky, a radical intent on destroying capitalism. Alinsky's advice was to call the other guy a terrorist to hide your own intentions, to scream that the other guy is extreme, that the other guy is ruining America, the other guy is the bad guy, while you're the one plotting the end of capitalism, you're the one wiping out the middle class.

"The Establishment GOP and the average American just don't get what's happening to them," fumes Root.

Root's message to the Republican establishment, with which he loudly locks horns frequently, is that "This isn't a game. This isn't tiddly-winks. This is a serious, purposeful attempt to hijack America and destroy capitalism."

His advice to the GOP: "Stop apologizing and start fighting." To the GOP leadership that tries to reign him in, Root bristles, "Conservatives aren't terrorists. We are patriots and saviors. We

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represent the Constitution and the views of the Founding Fathers. We are the heroes and the good guys. And unless you get this through your thick skull, America is lost forever."

Lawrence Roulston

"The Light at the End of the Tunnel"

"There is light at the end of the tunnel, but it will not shine equally on all companies," says Lawrence Roulston, a geologist with engineering and business training and editor of Resource Opportunities newsletter.

Lawrence Roulston

Some good companies are so undervalued now that Roulston calls 2013 "the best buying opportunity I have seen in my 30 years in this business." He says you can buy companies for less than their cash on hand and get top quality management for free. While the overall market may not recover for some time, good companies will double, triple or even gain five-fold before the overall market indexes clearly recover.

If we think back to past cycles, there were huge gains when investors made substantial profits after the major global crises in 2001 and 2008. At those times, as well as now, mining was considered an archaic business. All the growth was supposed to be in technology, not mining, but a number of multi-billion-dollar success stories were launched at market bottoms by people like Bob Quartermain (Silver Standard), Ross Beaty (Lumina Capital), Bob Dickinson and Lukas Lundin, each of whom built several winners.

This time around, we're going to see more successes. It makes sense to buy low and sell high, but one of the biggest challenges is to know exactly when the market is at or near the bottom. In previous bull markets, investors bought because they assumed the underlying metals would keep rising forever. That is no longer true — and that has driven buyers away from resource stocks. When the sentiment is so negative, as it is now, it is easy to believe that the market will keep going down. Nobody knows the exact bottom, but we can see that most mining stock indexes have stopped falling and are slowly back on the rise.

Financing follows success and the price of the metals. The Toronto Venture Exchange's total financings set a record high of $11.1 billion in 2007, falling in half to $5.5 billion in 2008 before rising back to $10 billion in 2011 and falling back to $6 billion in 2012. New gold discoveries did not follow the 500% increase in gold's price from 2001 to 2011. New gold discoveries peaked in 1996 and have fallen by approximately 50% since then, even as exploration spending grew five-fold from 2002 to 2010.

In this market, he says, look for multi-mine producing companies, takeover candidates or consolidations. Invest in companies with business plans that add shareholder value, and are not reliant on higher metals prices.

***Picks include*:** **Cayden Resources** (CYD.V), **NexGen Energy** (NFX.V), **NovaCopper** (NCQ.Amex).

Rick Rule

"Bear Market Bottoms Are Best for Bargains"

Paying tribute to conference founder Jim Blanchard, whose 70th birthday would have been on the opening day of the conference, noted resources guru Rick Rule of Sprott Global Resource Investments recalls that Blanchard was a bargain hunter who started a mutual fund firm when equities were out of favor and sold it near the top. He also sold a coin company to General Electric at a handsome price. As Jim's broker for some of his resource stocks, Rule says he would often sell individual stocks when they were still rising, to harvest profits before they fell.

In any other market, we tend to buy low. We buy most goods and services when they go on sale. When we see $400 coats on sale for $150, we want to buy one — unless we just bought the same coat for $400!

Rick Rule

When it comes to resource stocks, the fundamentals of global "quantitative easing" have not changed. Liquidity is no substitute for solvency. All of the fundamentals that supported gold's seven-fold bull market rise from 2001 to 2011 are still in place. The recent decline in gold is a lot like 1975-76, the cyclical decline in gold from $200 to $100 in the midst of a long bull market rise from $35 to $850.

There were other bear markets like this, including 1990-92, when about 250 of 800 Canadian-based mining venture companies died. Then, there was a deeper, longer, stronger bear market from 1998 to 2002, which resembles today's situation. Each of these painful bear markets bottomed out with "buyers' exhaustion," followed by a period of excessive speculation and dramatically higher prices. Most of us are speculators. Real speculators lick their chops at the current prices on quality resource companies.

Rule emphasizes two key ideas to remember: 1) "You have been through the pain. You might as well hang on for the gain" and 2) "The power of the next bull market will reflect the depth of the current bear market."

Rule's favorite commodity group is platinum and palladium, which have compelling fundamentals of supply and demand, not dependent (like gold and silver) on their role as a monetary metal.

Keith Schaefer

Pick: **Sprott Physical Platinum and Palladium Trust** (SPPP)

Keith Schaefer

"How to Profit from LNG"

"In Canada, we're just beginning to build our infrastructure," says Keith Schaefer, editor of Oil & Gas Investments Bulletin, but "we're at the start of a pervasive move across the whole continent."

Schaefer notes that the U.S. is way ahead of Canada in natural gas infrastructure. Six to seven years ago, he says, the U.S. built 16 billion cubic feet of LNG storage for imports, costing about $125 billion, "but then came the shale revolution." Now, he says, "all those facilities are completely idle." Very soon, however, that added storage capacity will a godsend. It will be used for North American exports rather than imports.

The Panama Canal is being widened to accommodate huge new LNG tankers, now being built. North American LNG will be exported because the prices in Asia are so much higher ($16 per million cubic feet) vs. North America ($4). "It's an exciting time for this relatively new, cheap fuel that is moving from a local market to a global market." Asia does not have indigenous gas. Energy must be imported.

For current recommendations, he likes the LNG shippers and the "frackers," which will "get the love" first, since "a lot of wells are yet to be drilled. We're drilling North America like Swiss cheese."

Mark Skousen

Picks include: **Canyon Services Group** (FRC.TO, the best fracking idea) and **Precision Drilling** (PDS, the best drilling idea).

Mark Skousen

"Austerity Vs. Stimulus (Hayek Vs. Keynes): How the Big Debate Of the 21st Century Will Affect Your Investments"

"There is a battle of ideas going on," says Dr. Mark Skousen, best-selling author, editor-in-chief of Forecasts and Strategies and current holder of the Ben Franklin Chair of Management at Grantham University.

"It's between two forces…between the Keynesians — believers in Big Government, the welfare state, easy money forever, deficit spending — versus the Austrians — followers of the Austrian school represented by Friedrich Hayek, believers in balanced budgets, limited government, free trade, low taxes, rule of law without being burdensome with business."

It's important for investors to know more about the Austrians, because if we're ever going to turn this ship of state around, it is going to be the Austrians that get it done.

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"Speaking of ships, you've heard of the ships that are too big to fail. Lately it's been ships that are too big to bail. Unfortunately, the ships are now too big to sail," quips Skousen.

We live in a slow-growth "snail economy" as Barron's called it. The Keynesian model leads to slow growth economy. It may stimulate the economy in the short term, but you pay the price in the long term. There's no free lunch in monetary and fiscal policy.

The Austrians — or Austrian school economists — rely on Ben Franklin's three grand principles of life — industry, thrift and prudence. When a country loses those three elements, then they are going down the way of Rome and all the other countries that have declined.

The Keynesians have the upper hand right now. But not completely. The battle has not been lost.

What should the U.S. do? Skousen's number one rule is "Do no harm" when it comes to taxes, Obamacare, regulations, EPA, Sarbanes-Oxley, Dodd-Frank. "I think it would be great if we had a rule that government can't pass any emergency legislation until a year after the emergency," muses Skousen. So many rules are passed in response to crises, and then we regret them but they become law. Once they become law, they become ingrained in our system.

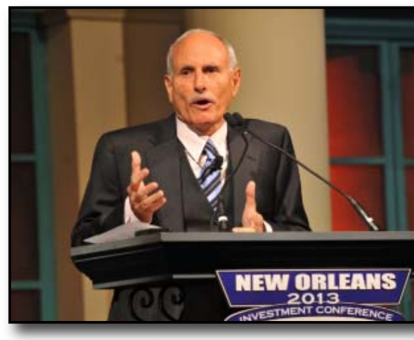
Number two rule, simplify the tax code.

Finally, emphasize the supply side of productivity with lower taxes, especially lower corporate taxes.

"I still think we're in the sweet spot of investing, particularly in the dividend-paying arena," advises Skousen. "I don't think this is over. It's still the place to be with dividend stocks that are increasing their dividends."

Martin Weiss

"Soaring Interest Rates: Why No One, Not Even the Fed, Can Stop Them. When They're Bound to Impact Nearly Every Investment You Own. How to Protect Yourself. How to Profit."



Martin Weiss

The mainstream financial press focuses on stocks, but the bond market is much bigger, says Dr. Martin Weiss, founder of Weiss Research. Long-term interest rates are determined by bond investors, not the Federal Reserve. Long rates are rising, pushing bond prices down, and the Fed can't stop it.

Weiss traces a historical tour of a few significant turning points in the U.S. bond market.

First stop: 1959, the time of President Eisenhower and the Cold War. Ike announced plans for a balanced budget, but nobody seemed to care, so Weiss' father, J. Irving Weiss, formed a committee dedicated a strong dollar and a balanced budget. They called it "The Sound Dollar Committee."

Next stop: 1979. In the midst of runaway inflation, the Fed suddenly stopped supporting the bond market, so we soon heard about a new group of investors called the "bond market vigilantes," investors who owned government bonds and were willing to dump those bonds when they thought they would go down in value.

By February, 1980, bond prices fell so far that the yield surged past 12%, the highest rate since the Civil War. This resulted in federal bond market credit controls in April 1980, sending the economy into a nose dive. Eventually, Treasury bonds peaked at 14.7%, but that launched a 30-year bull market in bonds.

Fast forward to today, as we approach a "perfect storm" for bonds — we see financial cliffs, government shutdowns and debt ceiling debates without end. The President and Congress can't keep spending in check, leading to a bond collapse. We also face the threat of foreigners unloading their bonds, and the downgrading of Treasury debt by Moody's and the other debt rating services. We also see the threat of tapering the Fed's quantitative easing, fueling a mass sales in bonds, pushing rates through the roof.

But, Weiss says, this could be a blessing in disguise, as it was in America in 1980, when inflation and interest rates peaked and then came down rapidly. It could also be the political medicine needed to get the government serious about cutting expenditures and balancing the budget. Our opportunity is to invest in bonds *after* rates rise, when there will be some wonderful long-term buying opportunities in bonds.

Potpourri

Miscellaneous notes and observations
By Brien Lundin

The largest Gold Newsletter in history!

The Age of the Internet has brought many strange and wonderful things.

In the "wonderful" category you can now add the all-electronic delivery of Gold Newsletter, which enables us to disregard the page-length restrictions of physical printing to bring you all the valuable information we have at our disposal.

And thus, we have now delivered the largest and most value-packed issue in the entire 42-year history of Gold Newsletter.

Of course, in recent years we have combined our December and January issues into one expanded year-end edition. But freed from the constraints of printing a physical newsletter, we were able to put everything I wanted into this issue -- even if it ended up stretching far beyond the bounds of any previous letter.

As one example, I was able to include a lot more speaker presentations, and more excerpts from each, in our New Orleans Conference highlights article. And I was able to significantly expand our coverage of developments in the junior resource stocks.

Still, even with all the value this issue delivers, there are two things you should do to get even more market analysis, picks and predictions:

1) *Get the New Orleans 2013 Audio/Video Recordings*. Trust me when I say that this issue's highlights article, as long as it is, still only scratches the surface of the insights and intelligence you'll get from viewing and/or listening to our recordings of the Conference presentations.

These recordings allow you to get all the insights from our blockbuster faculty at your leisure. Frankly, they are simply the best investment value around. Check out all our offerings by visiting our home page at www.neworleansconference.com.

2) *Make sure you're signed up for Golden Opportunities*. As you're probably aware, Golden Opportunities is our free investment e-letter, where I present some stock recommendations (importantly, long after they've been unveiled in Gold Newsletter), other investment ideas that don't fit within the Gold Newsletter sector focus.

I also provide guest commentary, audio/video interviews with leading experts, free reports and (after an appropriate delay) videos of some of the most compelling presentations made at the New Orleans Conference.

As a Gold Newsletter subscriber, you're probably already signed up for Golden Opportunities. But there's a chance that you're not. To make sure, visit www.goldnewsletter.com and click on the Golden Opportunities sign-up banner on the left of the page.

Who should debate Greenspan on gold?

For this year's stellar 40th Anniversary New Orleans Investment Conference, I've already lined up legendary Fed Chairman **Alan Greenspan**. He's scheduled for an in-depth Q&A with the audience and -- even more exciting -- a moderated panel with two other speakers.

I've gotten a commitment from **Kyle Bass**, who's one of the most successful hedge fund managers of recent history, and someone who I personally believe is among the smartest people in the business. Interestingly, I first met Kyle back in the '90s, when he was an attendee at a New Orleans Conference!

Kyle has agreed to return to the Conference this year with an exclusive presentation of his own, and to also participate in the panel with Greenspan.

Frankly, I'm expecting that this "panel" will turn out to be more of a debate -- on gold, money and the role of the Federal Reserve. We also plan to probe how Greenspan, who was a devoted Ayn Rand acolyte in the '60s and one of the most eloquent advocates for gold as money, evolved into the man who pulled the levers of monetary policy like no other before him.

This is an unwritten chapter

for Greenspan and his legacy. In short, this year's New Orleans Conference will be history in the making.

But this brings up the question: Who else do we bring onto that panel?

Frankly, as I watched **James Grant** take on CNBC's Steve Liesman the other day, it hit me that he may be the perfect foil for Greenspan. Few today understand the role of gold better, and the mistakes of the Fed in setting the price of money, than Grant. And no one is more articulate in their advocacy of gold.

Kinda reminds me of Greenspan, in his early years.

So what do you think? Drop us an e-mail at admin@goldnewsletter.com with your thoughts and ideas.

Gartman on gold sentiment...

My friend Dennis Gartman, despite his inability to resist taunting gold bugs at every opportunity, has earned my respect for his ability to sense market turns.

Thus, I was interested to see his comments in his December 18 letter, in which he first noted how many staunch gold bulls were being forced to abandon their positions, if not their entire businesses. He then went on to comment that...

"Such are the signs of market bottoms; such are not the signs of market tops or even market midpoints. We stand by our thesis that the time for being short of gold is behind us, but we are not yet of the mindset that the time to own gold is immediately ahead. That time shall come; it is simply not now. However, with the 'merchants' net long of gold futures for the first time in years and with the public having been liquidated and/or liquidating, the market's internal health is turning bullishly forward. Of that we are certain; we are just uncertain of the timing."

I think Dennis has summarized my view here better than I could myself.

As a side note, I was not only interested in Dennis' comments, but also a bit proud. He got his information on the gold "merchant" positioning from a good friend, Gene Arensberg, to whom I was able to introduce Dennis at a recent New Orleans Conference.

As a result, Gene's valuable insights gained a bit wider audience, and we're all the better for it.

Dennis went on, however, to present a near-term bearish scenario. He pointed to the fact that gold has traced out a "pennant" or "flag" pattern wherein the metal has traded in a progressively narrower range.

Usually, a market in such a pattern will eventually break out in the direction that held before the pattern was entered. In this case, it would argue for at least one more thrust to the downside for gold, to challenge or fall through the previous low of late June.

While I don't discount this possibility, and I'm a big believer in this technical indicator, I think that Dennis' drawing of a pennant pattern in what is essentially a one-month time frame is a bit of a stretch. Frankly, I just don't see it in this case.

But, as always, time will tell. In the meantime, I think we need to maintain caution, and hope that gold's ability to shake off the beginning of the Fed's QE taper will develop into a positive trend.

Best wishes for a Merry Christmas and a Happy New Year!

After the year we've lived through in the gold market, we could all use a relaxing holiday season and, hopefully, a happy, healthy and wealthy New Year.

From me, my family and all the dedicated staff here at Gold Newsletter and the New Orleans Investment Conference, please accept our best wishes for all of this and more for you and your loved ones.

We'll see you next year....

Remember: Use your e-mail address and Password to log into the "Subscribers Only" section of the Gold Newsletter site (goldnewsletter.com).

This allows you access to the current and archived issues of Gold Newsletter, the Gold Newsletter portfolio and special offers and products. You'll also be able to view your account and profile, and make necessary modifications.

Gold Newsletter In Our 43rd Year