Gold Newsletter
Vol. XLIII November 2014

Alan Greenspan:
Big trouble ahead... *and* higher gold prices

Ironically, the launch of QE in Japan and Europe ignites "risk on" sentiment that sends gold tumbling through its long-held support.

Meanwhile, China kicks in with red-hot physical demand that, somehow, remains unreported by the mainstream media.

Plus: The New Orleans Investment Conference was rich in opportunities and insights. But the highlight was Alan Greenspan's surprising remarks....

By Brien Lundin

Four decades is a long time.

Granted, I wasn't around for the first decade of New Orleans Investment Conferences. But as I perused old photos and documents in preparation for our recently concluded 40th Anniversary conference, it was obvious that this event has helped mark many of the most tumultuous and impactful financial events in modern American history.

The New Orleans Conference was born thanks to the efforts of Jim Blanchard and a small number of dedicated gold bugs to restore the right of gold ownership to American citizens.

During the fight for gold legalization, Jim's organization was named the National Committee to Legalize Gold. Once the fight was won, Jim decided to host a conference to help educate Americans on how to invest in gold, and put the conference under the aegis of the "National Committee for Monetary Reform."

Gold doubled in price in anticipation of U.S. legalization, and then lost over half its value in a two-year slide immediately afterward. Then, during the advent of "stagflation," it steadily rose from a low of $103 in September of 1976, doubling, then tripling in price. Then, in late-1979 to early-

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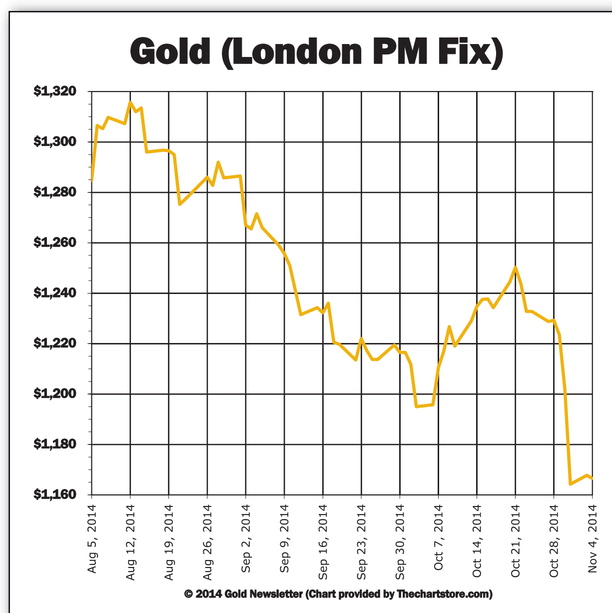

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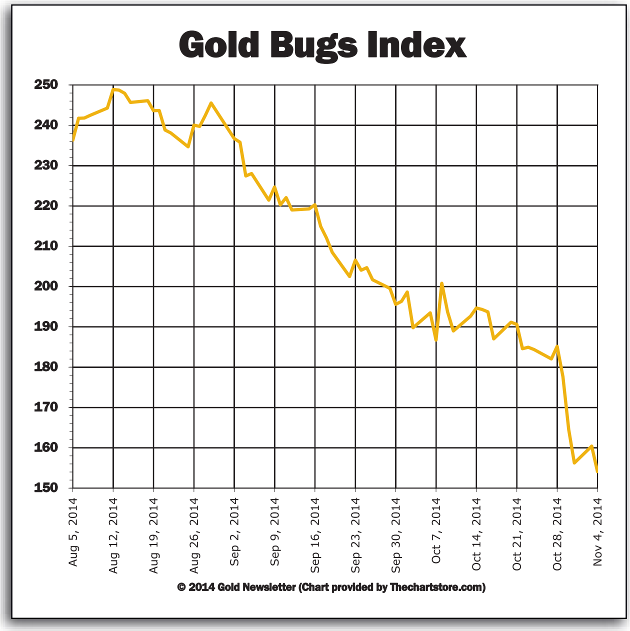

1980, the price went parabolic, reaching its constant-dollar high of $850.

I don't mean to bore you with a 40-year history of gold and the New Orleans Conference, but rather to illustrate that — as painful as the current correction in gold may be — we've been through all of this before.

In a moment, I'll report on the recent, disturbing price action in gold, and try to put it into a larger context that is being missed by most right now.

But first...related to that larger context...I think it's important to compare our current state of affairs with previous experience.

You see, throughout the long reign of our event as the "granddaddy of investment conferences," our attendees have received sound and profitable advice during some of the most tumultuous and uncertain times for our economy, the markets and the world at large.

But I have to say that the current investing environment is perhaps the most uncertain, dangerous and potentially profitable of the last four decades — outstripping even the strife-filled markets of the late 1970s.

And that's because we're about to get the bill for the economic experiment of massive quantitative easing...a monetary inflation of the sort not undertaken since the early 1930s, and made unique and unprecedented in this case by the mechanics of the modern markets.

So far, the experiment has been largely without gain or pain. But that is about to change.

Thus, it was perfect timing for us to welcome Dr. Alan Greenspan, the "Maestro" himself, to New Orleans to tell our attendees what to expect as the era of QE winds down, for now.

Greenspan's Shocker

You've probably seen some early reporting from other sources, including CNBC, that Dr. Greenspan delivered some big news at the New Orleans Conference. That he did — and I'll get to it in a moment — but he wasn't the only one to deliver real value.

I know I'm biased, but everyone I talked with during New Orleans 2014 agreed with my view that, in terms of content, this was one of the most valuable conferences in many years.

From start to finish, our speakers were hitting home runs. I have to compliment them for their preparation. It's a grand tradition with our event that our speakers often save their best strategies and tips to reveal here, but this year was like nothing I've seen before. Everyone brought their "A" game, even the panel moderators.

Of course, Alan Greenspan was our big headliner, participating in a one-on-one interview with our talented MC, Gary Alexander, and then participating in a panel discussion with Porter Stansberry and Dr. Marc Faber, also moderated by Gary.

In between these two sessions, I also had the opportunity to have lunch with Dr. Greenspan in my suite, along with a few other speakers.

I'll have a full recap of the Greenspan presentations in our November issue of Gold Newsletter, which will be published next week. For now, I can tell you that there were a few very important points that — once you combine everything he said in public and private and translate it from Greenspeak — were extremely compelling.

1) We are not going to exit QE and the Fed's zero interest rate policy without some sort of a major market event. These are not Dr. Greenspan's exact words, of course, but after quizzing him personally on the subject, I assure you he would not disagree with a word of it.

In effect, he noted that the tremendous expansion of the Fed's balance sheet is absolutely unprecedented, actually "beyond comprehension," and there is no easy path out of the predicament. He did outline one option — essentially a bookkeeping transfer of the Fed's liabilities to the balance sheets of the banks — but maintained that the market would still interpret this as the Fed tightening monetary policy.

And any tightening of monetary policy would eventually engender a very significant negative reaction in the markets.

2) An inflationary bonfire is just a spark away. I was pleased to see that Dr. Greenspan agreed with some of the major points of my speech.

In particular, he agreed that the only reason we have yet to see inflationary pressures was because most of the money printed through QE had found a home not in the economy, but in the banks' $2.7 *trillion* of excess reserves being held at the Fed, where they're earning about a quarter-point of interest.

As I've been saying, once banks start lending these reserves into the economy, monetary velocity will spike and retail price inflation will take root. I compared these excess reserves to a huge water balloon of liquidity overhanging the economy, in search of a pin. Dr. Greenspan called it "kindling" awaiting a "match" (increased bank lending) to ignite into an "inflationary explosion."

When the Maestro says that an "inflationary explosion" lies in our future, it goes without saying that we should take heed.

3) Gold is going "measurably" higher. Why? See above.

More specifically, when asked where the price of gold would be in a year, Dr. Greenspan demurred, noting that he would never make a market prediction. However, he volunteered that he would gladly predict where gold would be in *five* years...and that it would be "measurably" higher for the very reasons I've detailed above.

4) The Fed doesn't really control interest rates. Yes, he said that. But he qualified it as, although the Fed sets rates over the short-term, the massive monetary liquidity overhanging the economy means that "once the wheels start turning, all sorts of things will start happening."

In other words, the market will set rates as it sees fit, and the Fed will lose control.

Although he didn't express it, the comparison with the stagflation of the 1970s is obvious and concerning.

5) The Fed says that total public debt outstanding is now $17.8 trillion, but don't believe it — the total liability is actually incalculably higher.

In our discussion over lunch, I noted how many analysts erroneously exclude Federal debt held by the government itself, since we "owe it to ourselves" and can simply forgive the debt.

I thought Dr. Greenspan was going to take off on how inflationary such a debt write-off would be, but he stunned me and the rest of our party by taking a very different tack.

He asked us if we thought the Fed would allow, for example, J.P. Morgan to fail. Of course they wouldn't, we all agreed. So, he noted, the U.S. government has essentially guaranteed the debts of J.P. Morgan.

Thus, "no one has any idea what the Federal liability truly is, because they've essentially guaranteed the liabilities of all the too-big-to-fail entities."

So unless you were somehow able to compute the total liabilities of every banking, insurance or other financial institution, domestic and foreign, that the Fed is guaranteeing, you have no concept of how large the Federal debt/liability is.

That was a truly amazing — and frightening — admission by Dr. Greenspan. As was his admission that the Fed really isn't independent...his thoughts on how he managed to work within the political system without compromising his core principles...his views on

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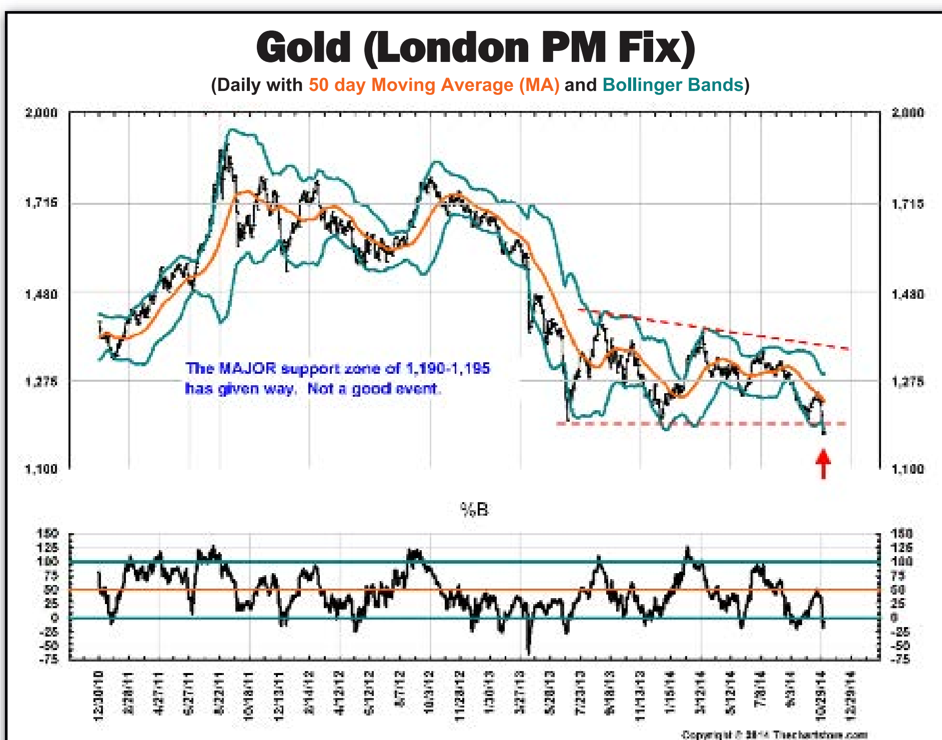

"It wasn't long after the close of the conference that the gold market started to slide."

gold as currency...and his prediction that China is converting its foreign exchange from dollars into gold.

Of course, one of my primary goals in getting Dr. Greenspan to speak this year was to get his side of the gold manipulation story. It may have been wishful thinking, but I held out some faint hope that he would deliver a shocker on the subject, perhaps finally revealing some level of central bank involvement in depressing the gold price.

Unfortunately, that was not to be the case, as the following article by Gary Alexander describes in great detail. Dr. Greenspan maintained that he had no knowledge of any lending or sales of official U.S. gold holdings while he was in office, while noting that other central banks have sold gold, albeit under the auspices of the Washington Agreement.

I should also note that, during the panel with Porter Stansberry and Dr. Marc Faber, Gary made a final attempt to get some more insights from Dr. Greenspan, specifically regarding his comment in 1998 that "central banks stand ready to lease gold in increasing quantities should prices rise."

Unfortunately, Gary accidentally misquoted Greenspan in asking the question, leading to an irrelevant reply. However, Gary had taken the initiative beforehand to address the issue privately with Dr. Greenspan, who at the time said he did not recall the quote. However, Greenspan gave his assurances that he would look into it and follow up with us.

And that he did, as Gary recounts in his accompanying article, noting that "...when I said that central banks stood ready to lease gold, I was referring to those central banks which do, for example as I mentioned on Saturday, South Africa. To the best of my knowledge, the Federal Reserve was not one of those central banks that engaged in such a transaction."

So, as I guess we should have expected, no startling admissions of gold-manipulation guilt by Alan Greenspan.

A Stunning Fall In Gold

My initial reports on New Orleans 2014 noted a more-positive sentiment amongst attendees. While not a buying frenzy by any means, there was a general sense that — thanks to gold having bounced three times off the seemingly solid $1,180 floor — the downside was limited.

So investors were looking at new opportunities, and buying some of what they saw. If only we knew what was to come.

It wasn't long after the close of the conference that the gold market started to slide. The first round came with the most recent meeting of the Federal Reserve Open Market Committee and its resulting policy statement.

I won't go into all of the word-counting and clause-comparing that you'll find ad nauseam elsewhere. Suffice to say that Janet Yellen showed the guts to continue the tapering plan as it had been laid out, cutting off the last stub of QE that remained.

There was a dissenter, as we've come to expect. However, unlike previous dissents, this one came from a noted dove, Narayana Kocherlakota, who wanted to continue QE as long as inflation pressures remain muted. So the impression for the market was that the FOMC had switched from being dovish with a hawkish minority, to being hawkish with a dovish minority.

That sent the dollar soaring, and gold falling toward the low $1,200s. At that point, the major support line at $1,180 became a target, and the shorts got to work.

The impetus this time was the stunning move by the Bank of Japan to turbo-charge its own QE efforts. With Europe embarking on QE and Japan launching hyper-QE, one would think that monetary reflation of this degree would be bullish for gold.

But in today's world, where gold is priced by Western speculators without regard to underlying supply/demand fundamentals, one would be wrong.

The dollar rose, even more, on the news from Japan, and more shorts piled onto gold to drive it, finally, through the $1,180 support.

They weren't done. Just this week, in overnight trading on Wednesday, November 5, some "investors" dumped $1.5 billion in gold beginning at 12:30 a.m. EST. As usual, ZeroHedge was right on the issue:

"For the 5th day in a row, 'someone' has decided that 0030ET would be an appropriate time (assuming the 'seller' is an investor who prefers best execution rather than the standard non-economically-rational share-repurchaser in America) to be dumping large amounts of precious metals positions via the futures market. Tonight, with over 13,000 contracts

*being flushed through Gold — amounting to **over $1.5 billion notional**, gold prices tumbled $20 to $1,151 (its **lowest level since April 2010**). Silver is well through $16 and back at Feb 2010 lows. The US Dollar is also surging.*

***"The timing of the dump is right as Japanese trading breaks for lunch**."* (Emphasis by ZeroHedge.)

The dumping drove gold down another $25 in overnight trading.

The Great Fallacy On Gold Demand

Even before this latest assault on gold, the big underlying — yet almost completely unreported — story for gold had been red-hot physical demand from Asia, especially China.

If I was completely divorced from the gold market emotionally, I'd find it absolutely fascinating how this story has not only gone unreported by the major financial media, but that they persist in reporting precisely the opposite picture of demand.

You see, as I've been stressing in these letters and in my presentations at the New Orleans Conference, the vast majority of investors don't realize that Chinese gold demand this year isn't too far off the pace of 2013's record-bursting levels.

Whereas the financial media has been parroting World Gold Council numbers showing Chinese demand off about 50% this year, the detailed and accurate Shanghai Gold Exchange withdrawal statistics show that demand is only about 10%-15% off of last year's torrid pace.

And now it's accelerating. As Koos Jansen of [BullionStar.com] and Lawry Williams of [MineWeb.com] have been dutifully reporting, over the past three weeks as of this writing, the SGE delivered 66, 51 and 60 tonnes of gold in succession.

As Williams remarks, "Given global mine supply is only around 56 tonnes a week, that puts the level of Chinese demand into real perspective."

This was the big wildcard for gold that I predicted in my speech at New Orleans 2014. If you're looking for one factor above all others that will drive gold higher over the months ahead, *this is it*.

According to Jansen, the latest reports put total SGE withdrawals for the year through early November at 1,607 tonnes, which represents more than 70% of global mine production being consumed by China alone.

So the pace of Chinese demand was quickening even before the most recent plunge in the gold price. And now it's likely to have risen even more.

Therefore, it's not too far-fetched to think that demand could average at least 50 tonnes a week between now and the end of the year. That level of buying would bring the 2014 total to around 2,044 tonnes — or just about 7% behind last year's record total of 2,199 tonnes.

Again, *very few investors are aware that Chinese gold demand is running this hot*.

Add in increasing buying from India, the potential that Switzerland will have to buy about 300 tonnes a year if the November 30th gold reserves referendum passes...and the fact that global gold production is falling...and you see that the supply/demand picture is enough of a reason to consider higher gold prices as inevitable.

That does little to salve the wounds of gold bugs in the meantime, however.

Opportunities Abound — For The Courageous

As I said, there was a better mood amongst attendees at New Orleans 2014, and a belief — since proven to be misguided — that the worst was behind us.

So where does this leave us, now that gold has continued to fall, leaving the once-solid support well above?

As I also noted, the fundamental supply/demand picture is remarkably good. Asian demand for gold is soaring (although this factor is largely unrecognized). On the supply side, the longer-term trend of increasingly scarce supplies and higher costs continue to dampen global mine output to the point that many claim we are at or near "peak gold" production.

Add in the recent drop in gold and much of today's production is now coming at a loss, a fact that promises to further depress production over the longer term.

In the short term, the gold market is exceedingly short, and speculators will be forced to cover on any significant bullish news. The

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"If you're looking for one factor above all others that will drive gold higher over the months ahead, *this is it.*"

Swiss gold referendum coming at the end of this month could supply that news, and bears watching over the days ahead.

With all this said, flows from gold ETFs continue, and we're about to enter the tax-loss selling season.

On balance, it seems that the gold market, particularly the junior resource stocks, represent extraordinary values. But I've been saying that for awhile, and the bargains just keep getting "better." Tax-loss selling toward the end of the year will undoubtedly create some more opportunities.

If you're like me, you're fairly well allocated to this sector, and it may not be prudent to buy more until we see a sustained rebound in the metals. Some of the bargains I'm seeing now, however, are virtually irresistible, and I'm tempted to raise some cash and take advantage of them.

For those with both the cash and the courage to take advantage of the current market, there were a number of companies participating in New Orleans 2014 that enjoyed positive "buzz" from speakers and attendees.

In particular, companies with proven resources that could be had for a fraction of what they'll sell for in a better market, were widely recommended. That list would include **Almaden Minerals** (AMM.TO), **Columbus Gold** (CGT.V), **Fission Uranium** (FCU.TO), **GoGold Resources** (GGD.TO), **IDM Mining** (IDM.TO), **Kaminak Gold** (KAM.V), **Midas Gold** (MAX.TO), **Pershing Gold** (PGLC), **Romarco Minerals** (R.TO) and **Wellgreen Platinum** (WG.V).

There were some drill-hole plays getting attention as well, including **Balmoral Resources** (BAR.TO), **Calibre Mining** (CSB.V), **Lowell Copper** (JDL.V) and **Precipitate Gold** (PRG.V).

I was pleased to see that two companies that I'm personally heavily involved in as a co-founder and a director — **Natcore Technology** (NXT.V) and **Thunderstruck Resources** (AWE.V) — also received a lot of attention, and for good reasons. As an insider in both of these companies, I cannot recommend or officially cover them in my publications. But I do urge you to visit their websites to see why they're getting attention right now.

In our accompanying Mining Share Update, I'll cover the latest developments with many of our recommended companies. And in our annual, year-end double issue coming next month, I'll have more coverage of New Orleans 2014 and the presentations by our esteemed speakers.

For now, stay the course. Given current global demand trends, and the economic backdrop of massive QE from Japan and Europe, a turnaround in gold is inevitable, even if the timing remains in question.

At some point, the surging physical demand will not only attract notice, but will impact Western supplies. And we will need to be ready when that day comes.

Alan Greenspan On Central Bank Intervention in Gold Markets

By Gary Alexander

For the 40th anniversary edition of the New Orleans Investment Conference, October 22-25, 2014, conference director Brien Lundin asked me to conduct a 50-minute interview with former Federal Reserve Chairman Alan Greenspan. We wanted to cover his entire career, from his early years in Ayn Rand's inner circle through his 18 years at the Fed, plus his reaction to current economic challenges.

The vast majority of the speakers and audience were very satisfied with the results of my interview with Greenspan. There were many newsworthy moments, in my view. To me, the most newsworthy statement was Greenspan's comparison of QE money to "kindling" awaiting a "match" (increased bank lending) to ignite into an "inflationary explosion." Brien Lundin thought that the most important news story was the fact that Greenspan is predicting some type of a major market event resulting from the withdrawal of QE and ZIRP. In addition, Greenspan predicted that gold will be "measurably higher" five years from now.

All three of these statements are newsworthy, in my view, but there was another subject which was most important to a small but vocal minority in our audience, central bank gold market manipulation. To meet that demand, I asked him twice in the interview about U.S. government intervention in the gold market.

Here is a summary of my first question and Greenspan's answer:

Alexander: In your memoirs, you state that "there is no support for a gold standard today, and I see no likelihood of its return" but you added the practical caveat that "monetary policy can *simulate* the gold standard." You told a congressional committee that a fiat money system can be engineered "as though anchored by gold." True enough, gold was fairly stable under your watch. Gold traded at $461 the day you became Fed Chairman and it was $565 when you stepped down, 18 years and five months later. However, gold fell in half from $504 in late 1987 to $252 in mid-1999. Some people think the Fed or other central banks were manipulating markets to suppress the price. Was anything like that happening?

Greenspan: No. Other central banks were public sellers of gold in that era, and there was an agreement between those central bankers to set a limit on the amount of gold sold per year, to prevent a collapse in the price, but the United States abstained. We did not take part in those gold sales.

There was a big debate during Gerald Ford's administration about whether to sell ALL the U.S. gold. In 1976, Treasury Secretary William Simon and Fed Chairman Arthur Burns met with me and President Gerald Ford to discuss Simon's plan to sell off all 275 million ounces of gold and invest the proceeds in interest-bearing assets. Simon (with help from Milton Friedman) said gold serves no useful monetary purpose, but Burns and I carried the day with the argument that gold was the necessary ultimate crisis backstop to the dollar.

In his book, "The Map and the Territory 2.0," in a section called "Gold is Special" (pages 264-267), Greenspan elucidates this answer further, writing, "In my experience, there have been several cases where policy makers did contemplate selling off their gold bullion."

Then, he went on to describe his 1976 encounter with Simon and Friedman over Treasury gold sales. I have interviewed both men in the past, including three interviews with Dr. Friedman in connection with the New Orleans conference. I also interviewed William E. Simon for Jim Blanchard's Wealth Magazine. I'm not a confrontational interviewer, so I was taken aback when Simon got angry with me for a question I asked. I learned first-hand what others have since written about – Simon's "forceful personality" in any policy debate.

As Secretary of the Treasury, Simon had more influence over gold sales than Greenspan, who was then a "rookie" in government – an economic advisor to President Ford. To think that a soft-spoken Alan Greenspan and a softer-spoken Fed Chairman Arthur Burns could win an argument against our nation's most gifted free-market economic thinker, Milton Friedman, and a forceful Secretary of the Treasury is proof positive that Greenspan never compromised his pro-gold principles in office. He concluded: "In the end, Ford chose to do nothing and to this day, the U.S. gold hoard is little changed at 261 million ounces."

Just think what would have happened if Friedman and Simon had carried the day. Gold had fallen from $192 per ounce at the start of 1975, when Americans could finally own gold legally, to $104 in September 1976. If the Treasury had sold over 260 million ounces of gold in the open market, the price would have careened down

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"To me, the most newsworthy statement was Greenspan's comparison of QE money to 'kindling' awaiting a 'match' (increased bank lending) to ignite into an 'inflationary explosion.'"

"I never changed my fundamental philosophy, but I did change how I tried to get things done."

to maybe $50. We would never have seen a bullish rise to $850 in 1980, and the Treasury would be totally bankrupt in its gold reserves. Greenspan deserves credit for avoiding that dire outcome.

One thing you will learn from Alan Greenspan in his books and in person is that he is a principled man. He never changed his mind about the value of gold ("Gold is Special").

I asked him early in the interview if he ever had to compromise his values within government. He said, "It was fascinating to me to try to implement my closely-held values in the context of the political system, which has its flaws, to say the least. I never changed my fundamental philosophy, but I did change how I tried to get things done."

Greenspan's Second Answer About Gold Manipulation

Later in the interview, I sought a specific answer to his 1998 statement to Congress about gold, namely, that "central banks stand ready to lease gold in increasing quantities should prices rise." I showed him this statement backstage before the interview and told him I wanted to ask him about it. I didn't want to "ambush" an 88-year-old man who had spoken before Congress hundreds of times and said probably millions of words about a variety of subjects.

At the time, he said he did not know the full context of those remarks, but he assured me that he would look up the matter and get back to me later.

Here is what I asked him, in public, hoping to jog his memory about any similar kinds of incident:

Alexander: I'd like to get back to the gold price decline in the 1990s to $252 per ounce in 1999, since we've had a lot of questions from the audience about central bank gold price manipulation. Given the fact that you have said the Fed didn't SELL gold, I wonder if there was any other kind of operation. For example, in 1998, Frank Veneroso's "Gold Book" said that central banks had been LENDING their gold holdings out to the bullion banks and those banks would then sell the gold into the market and investing the proceeds into more speculative assets. Were you aware of any lending of U.S. gold supplies?

Greenspan: Not to my knowledge, and if I didn't know, I can't figure out who did!

Alexander: You also were connected with the Bank of International Settlements (BIS) and International Monetary Fund (IMF). Are you aware of any of those units that might have done something like that?

Greenspan: You have to understand that the gold market has a lot of lending and borrowing. For example, the South Africans for a long period of time would sell their gold forward, that is, right before they mined it, they would sell options against it, so their net reserve balances were very much larger than their actual gold. That process has been going on for a long time. What I'm getting at is that gold is like any other commodity, with derivatives associated with gold as with any commodity but none outside the issue of central banks selling gold in a conservative manner [to which he alluded in the first question].

Follow-up: On the Monday after the conference ended, Mr. Greenspan sent me a follow-up response, as promised: "One of my associates was handed the testimony I gave in July, 1998 relevant to our debate as to whether Federal Reserve was engaged in over-the-counter derivative contracts on gold. I stated in 1998 'central banks stand ready to lease gold in increasing quantities should prices rise.' This source is impeccable – me. However, when I said that central banks stood ready to lease gold, I was referring to those central banks which do, for example as I mentioned on Saturday, South Africa. To the best of my knowledge, the Federal Reserve was not one of those central banks that engaged in such a transaction."

Later on, in a panel, I mistakenly brought up this subject again and misquoted Greenspan. That was MY mistake, not attributable to GATA or anyone else, but that does not minimize the fact that Mr. Greenspan had already given us his best answers in the one-on-one interview earlier, as summarized above.

Postscript: To Alan Greenspan, Gold is Still Special

Mr. Greenspan said many other positive things about gold in the interview, for instance:

Alexander: Why do central banks still hold so much gold? Do they think gold really is money?

Greenspan: Nearly all central banks hold some gold. If gold is not relevant, why would they be buying it? If gold is a "barbarous relic" (Keynes' term) and it earns no interest, why do so many central banks own it? Gold is a currency. Gold, and to a lesser extent, silver are the only major currencies with intrinsic value, meaning that you don't need a third party to authorize or guarantee its value. There is no logical reason why gold mesmerizes the human soul, but as far back in history as you care to look, gold has always been accepted without reference to any other guarantee. For example, Germany could not import any goods as World War II was winding down unless the Germans paid in gold. My suspicion is that China now wants to convert a good share of its $4 trillion in foreign exchange from dollars into gold.

My conclusion is that if you want to find anti-gold sentiment in government, you'd best look elsewhere.

Mining Share Update

By Brien Lundin

Almaden Minerals

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Almaden Minerals has made a bold move that will see it complete its transition from a prospect generator to a development-stage gold company.

The company announced earlier this month that it would spin off its sprawling property portfolio and accompanying royalty interests into a separate entity. The new "spinco" will hold a wealth of assets, including:

A 2% Net Smelter Return (NSR) on the Tuligtic project (the post-transaction Almaden will retain Tuligtic)

A 1.5% NSR on its Caballo Blanco project in Mexico, which Goldgroup is currently advancing

A 2% NSR on the exploration-stage Elk project in Canada

A royalty portfolio that includes 21 other properties accumulated during Almaden's long history as a prospect generator

A property portfolio that consists of more than 20 projects, including the El Cobre copper-gold project in Mexico and the Willow copper-gold property in Nevada

The terms of the transaction call for existing Almaden shareholders to receive one "new" share of Almaden and a 0.6 share of the spinco for each current share of Almaden held.

Given the multimillion ounce, open-pittable deposit that Almaden has already proved up at Ixtaca (the deposit-hosting portion of Tuligtic), I think this move makes a great deal of sense. Not only does it free up the Almaden team to focus on moving Ixtaca along the development curve, but it also forces the market to assign a value to the impressive suite of projects and royalties that the company has accumulated over the years.

The market for precious metals is obviously shaky right now, which means buying anything in the current environment entails a certain amount of risk. That said, Almaden has been a consistent recommendation of this publication for more than 12 years because it is extremely well managed and knows how to operate successfully in a variety of market conditions.

My advice: Hold onto those spinco shares when you get them, as the new company stands to be well-levered to a resurgence in gold and silver prices. And view any significant weakness in the new, development-stage Almaden that will emerge from this transaction as a solid buying opportunity.

Almaden Minerals Ltd.

Recent Share Price:	US$1.04
Shares Outstanding:	64.6 million
Market Cap:	US$67.2 million
Shares Outstanding Fully Diluted:	75.1 million
Market Cap Fully Diluted:	US$78.1 million

Arianne Phosphate

DAN.V; DRRSF.PK
418-549-7316
arianne-inc.com

A bet on the need for more

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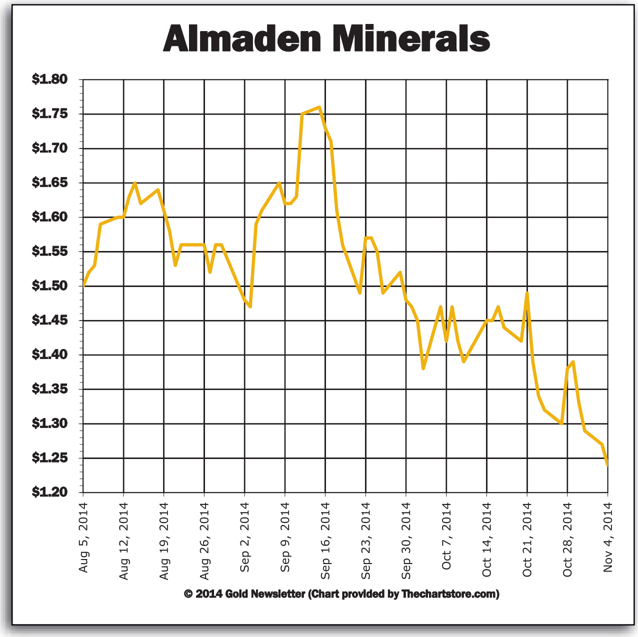
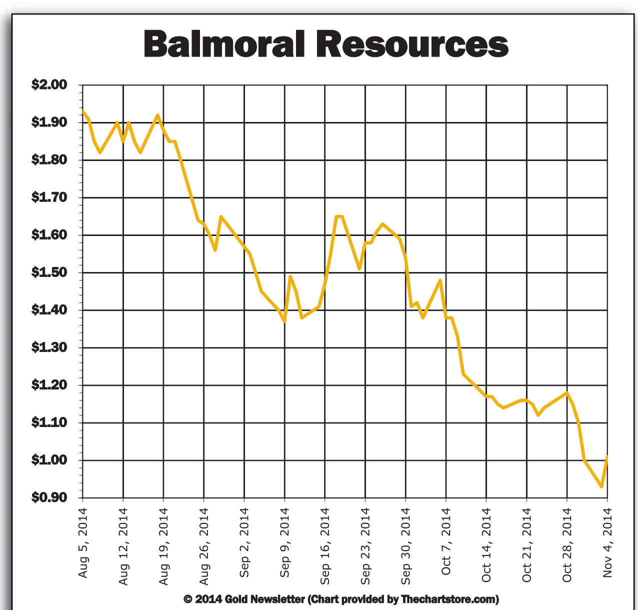


food to sustain the planet's ever-growing population, Arianne Phosphate controls the world-class Lac a Paul phosphate project in Quebec.

The company recently announced an updated resource estimate for the Paul zone, the resource-hosting portion of the project. The zone's measured and indicated phosphate resource now stands at 668 million tonnes of 7.01% P2O5 at a 4% P2O5 cut-off. Arianne also announced a new inferred resource on the Paul zone consisting of 38 million tonnes of 6.13% P2O5 at a 4% P2O5 cut-off.



The revised estimate included resources identified by drilling on both the Paul zone and the Western Extension target. The winter 2014 program consisted of 160 diamond drill holes on the Paul zone and nine diamond drill holes on the Western Extension. The overall program included more than 42,000 meters of core.

The new resource in the Western Extension gives the company a shot of achieving its goal of eventually proving up 50 years' worth of resources at Lac a Paul. Moreover, the near-surface nature of the mineralization could help the company to reduce the overall strip ratio of the deposit. Arianne recently completed a 3,000-meter program on the eastern end of the Paul deposit in an attempt to extend the known mineralization still further.

The project has available infrastructure that is supportive of development. It also has a style of mineralization that should allow it to generate a purer phosphate product than is typical of the world's phosphate deposits. That should give Arianne's output a distinct advantage in what is, inevitably, a commoditized market.

Of course, we're still a long way from production at Lac a Paul, but the potential here is still huge and the prospects of this project finding its way into production are very real. The goal for investors, of course, is a buy-out by a larger company. Short of such an offer, Arianne is not likely to make a lot of market-moving news in the short term. Our patience is growing thin, but we'll hang around awhile longer in hopes that an offer comes. So in the meantime, Arianne remains a hold.

Arianne Phosphate Inc.

Recent Share Price: ....C$0.81
Shares Outstanding: .....87.0 million
Market Cap:..............C$70.5 million
Shares Outstanding
Fully Diluted: ....98.0 million
Market Cap
Fully Diluted: ....C$79.4 million

Balmoral Resources

BAR.TO; BALMF.PK
877-838-3664
balmoralresources.com

Between some intriguing assays on its Bug Lake South target and the influx of funds from a warrant exercise and an impending bought-deal private placement, Balmoral Resources hasn't lacked for news in recent weeks.

Bug Lake South resides on the company's Martiniere property, part of a district-scale property position that Balmoral holds along the Detour Gold Trend in Quebec. The six-hole program at Bug Lake South yielded six hits, with every hole encountering gold mineralization.

This target yielded impressively high-grade assays from Hole 147 (7.99 meters of 12.5 g/t gold, including 0.72 meters of 132.5 g/t gold) and Hole 149

(7.28 meters of 5.23 g/t gold). The company has also uncovered a porphyry zone here, dubbed the HW Porphyry zone, that is open in all directions. The aforementioned holes identified this target with 5.11 meters of 4.32 g/t gold (Hole 147) and 2.89 meters of 12.3 g/t gold (Hole 149).

These holes demonstrate the outsized potential at Bug Lake. High grades and the potential discovery of a new porphyry zone suggest the presence a large, untapped gold system at Martiniere.

Thanks to a recently announced bought-deal financing, Balmoral should have ample funds to pursue further exploration at Martiniere and its high-potential Grasset nickel-copper-PGE project, which is also on the Detour Lake Gold Trend.

Given the recent drop in the company's share price, the terms of the financing will probably need to be renegotiated. The announced deal would have placed 5.9 million flow-through shares priced at C$1.70 per share. Whatever the new terms end up being, the company should still be able to raise most, if not all, of the C$10,030,000 proposed in the original financing.

In the interim, the company will have plenty of funding to proceed with exploration, as a single subscriber recently exercised 470,588 warrants at C$0.75 per warrant. That transaction resulted in a cash windfall just north of C$2 million for Balmoral.

The company now has a cash balance of C$7.1 million and the opportunity to more than double that, if the flow-through financing goes through in some form. The results at Bug Lake South are an indicator of the potential here. This area of Canada has a long history of rich metals deposits.

Though not a stock to go chasing, Balmoral is definitely a company to buy on any considerable weakness.

Balmoral Resources Ltd.

Recent Share Price: ....C$1.00
Shares Outstanding: ....104.2 million
Market Cap: ....C$104.2 million
Shares Outstanding
Fully Diluted: ....112.4 million
Market Cap
Fully Diluted: ....C$112.4 million

Calibre Mining

CXB.V; CXBMF.PK
604-681-9944
calibremining.com

How do you get exploration done as a junior miner these days? One effective way is to follow Calibre Mining's lead and combine a strong property position with well-heeled joint venture partners.

That's exactly what the company has done with Eastern Borosi and Minnesota, two of its more promising gold projects in Nicaragua. Both projects have great potential, with Eastern Borosi being joint ventured to IAMGOLD and Minnesota JV'd to B2Gold.

These two partners have allowed Calibre to make news in the face of a bloated share structure and a very tough market for financing. The resulting news flow from this strategy has been in evidence over the past month, with assays announced from drilling Eastern Borosi and the beginning of a drilling program at Minnesota.

At Eastern Borosi, good results thus far have convinced the partners to expand the ongoing campaign there from 31 holes and 3,400 meters to 45 holes and 5,000 meters. To date, the partners have completed 27 holes on the project and received assays for the first 18 holes.

So far, the program has tested the California, Vancouver and Gaupinol vein systems on this epithermal property. Highlights have come from Hole 15 (0.5 meters of 19.2 g/t gold), Hole 10 (6.5 meters of 16.9 g/t gold) and Hole 3 (4.8 meters of 25.7 g/t gold). Other vein systems will be tested during the latter part of the program.

IAMGOLD can earn a 51% stake in Eastern Borosi by spending $5 million on exploration and paying Calibre $450,000 over three years. It can up that stake to 70% by spending a total of $10.9 million exploring the project.

Meanwhile, drilling is now

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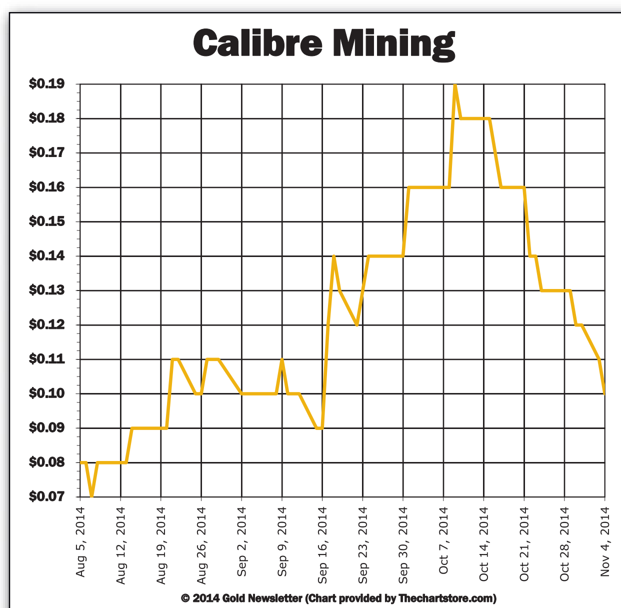
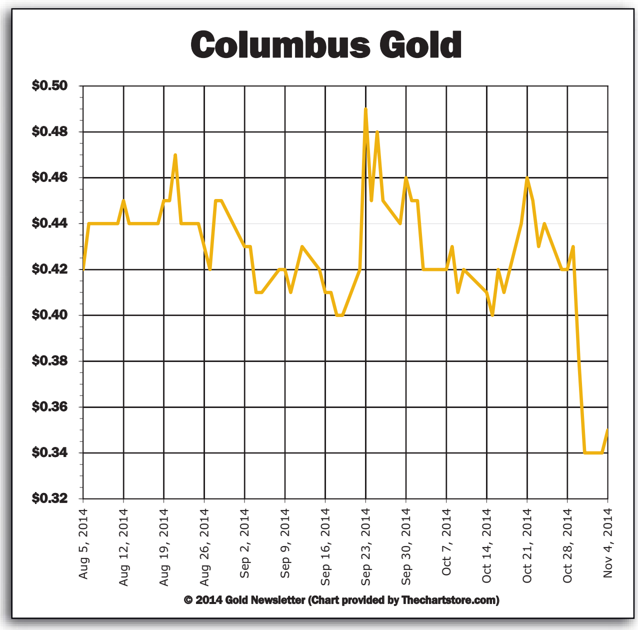


underway at Minnesota, with B2Gold having already earned a 51% interest and acting as operator. Like IAMGOLD, B2Gold can increase its stake to 70% by spending an additional $6 million over three years.

The 10-to-12 hole, 1,500-meter program will follow up on intriguing channel sampling and trenching results encountered in surface work on the northern, central and southern areas at Minnesota. Highlights from the trenching in the project's northern area have included a trench (93.5 meters of 1.65 g/t gold) that remains open in both directions. Channel samples from its central area have run as high as 8.0 meters of 6.35 g/t gold and 9.2 meters of 4.17 g/t gold.

That Calibre can advance these projects at all in the current environment speaks volumes, about both their potential and this management team's ability to find strong exploration partners. The company also received a lot of buzz at our recently concluded New Orleans Investment Conference.

Given the news that will continue to flow from its Nicaraguan asset base, Calibre is still a strong buy.



Calibre Mining Corp.

Recent Share Price: .... C$0.10
Shares Outstanding: ....222.9 million
Market Cap: ....C$22.3 million
Shares Outstanding
Fully Diluted: ....248.9 million
Market Cap
Fully Diluted: ....C$24.9 million

Columbus Gold

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

This past month, Columbus Gold announced assays from a nearly completed drilling program at Montagne d'Or. It also announced plans for an aggressive rotary drilling program on its Eastside project in Nevada.

At Montagne d'Or — the multi-million-ounce deposit within Columbus' Paul Isnard gold project in French Guiana — joint venture partner NordGold is spending $30 million to earn a 50.01% interest in the property. The current, three-rig drilling program is cutting holes on 50-meter spacings (and to a depth of 200 meters) in an attempt to prove up as much of the deposit's inferred resource as possible.

So far, the partners have completed 20,750 meters of drilling in this Phase II program. Given that the majority of the holes have returned thick intervals of gold mineralization, prospects are excellent for an upgraded resource when a new estimate is released in January.

Simultaneously, Columbus is gearing up for an ambitious exploration program at its Eastside gold project, located near Tonopah, Nevada. The planned 64,400-meter program will test five targets, including the original target identified at Eastside and four new targets established by recent surface work on the project. The goal is to complete a resource calculation on the project by the end of 2015.

In a vote of confidence in Columbus' prospects, the company recently announced that NordGold had accumulated a 9% stake in the company by buying its shares on the open market between September 2013 and August 2014.

Having its JV partner squarely behind it is a good sign for Columbus. It indicates NordGold's belief in Montagne d'Or's potential as a gold producer. Between this endorsement and the likelihood of news flow from Eastside, Columbus remains a solid bet on gold's long-term prospects and a buy.

Columbus Gold Corp.

Recent Share Price: .... C$0.34
Shares Outstanding: ....135.8 million
Market Cap: ....C$46.2 million
Shares Outstanding
Fully Diluted: ....148.8 million
Market Cap
Fully Diluted: ....C$50.6 million

Endeavour Mining

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

Endeavour Mining announced production results for its operating mines in West Africa, and, on balance, they were quite good.

Overall, the company's four operating mines (Agbaou, Nzema, Youga and Tabakoto) are operating smoothly. Collectively, they have generated 346,041 ounces of gold in the first nine months of 2014. This figure includes 117,612 ounces of gold production in Q3 2014. The nine-month totals represent 83% of Endeavour's 2014 production guidance (400,000 to 440,000 ounces).

In the release on the third quarter production numbers, the company noted that Agbaou, Nzema and Youga are all ahead of their guidance mid-points year-to-date. Tabakoto is the one laggard. Endeavour's management will focus on improving Tabakoto's output by ramping up production on its new Segala underground mine.

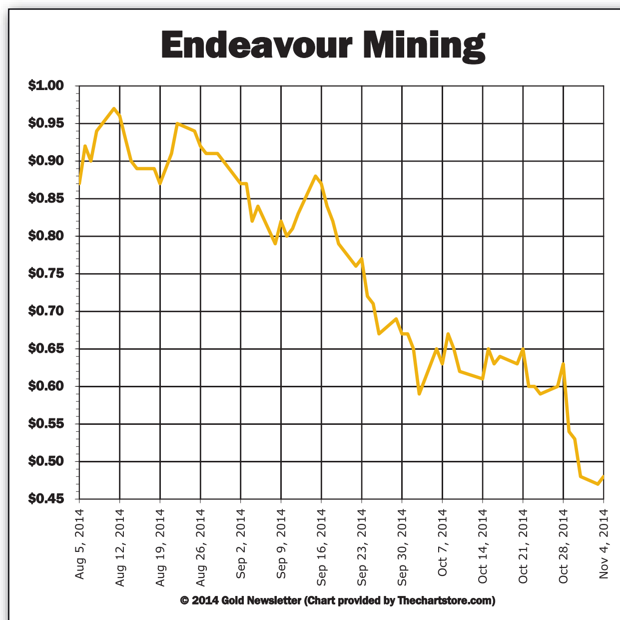
Per-mine contributions in Q3 2014 include 43,428 ounces from Agbaou, 18,432 ounces from Youga, 30,866 ounces from Tabakoto and 24,886 ounces from Nzema. The company expects aggregate production to exceed the top end of its guidance for the full year.

Of the four operating mines, the Agbaou mine is performing particularly strongly. Not only is its throughput running 37% higher than planned, but the ore density and grades have been higher than expected. As a result, Agbaou has already surpassed Endeavour's original 2014 guidance of 85,000 to 95,000 gold ounces.

Meanwhile, an ongoing drilling program to expand the resources and reserves at Agbaou has continued to bear fruit. Highlights from recent drilling on extensions to the mine's North and West pits include Hole 1745 (8.0 meters of 5.0 g/t gold), Hole 1780 (7.2 meters of 3.0 g/t gold) and Hole 1895 (8.8 meters of 8.2 g/t gold).

These latest assays are part of a successful campaign that has included 165 holes to date, 88% of which have intersected significant mineralization. Data from this work looks likely to prove up a substantial portion of the pit extensions' inferred resources into the indicated category.

The company's financials were announced earlier this week. They are indicative of the tough environment for gold companies of all stripes. Revenues were $145.2 million for Q3 2014, and all-in sustaining margin was $32.1 million. Adjusted after-tax earnings were just $1.7 million.



As you can see, in spite of strong production numbers, Endeavour's share price continues to lose the battle with the downdraft in gold prices. The high marginal costs of its mines make it an excellent lever on rising gold prices, one that should deliver results for shareholders with the fortitude to weather the current market environment. We'll move it to a hold for the time being.

Endeavour Mining Corp.

Recent Share Price:...............C$0.45
Shares Outstanding:....413.1 million
Market Cap: ....C$185.9 million
Shares Outstanding
Fully Diluted:.............438.1 million
Market Cap
Fully Diluted: ....C$197.1 million

Excelsior Mining

MIN.V; EXMGF.PK
866-683-8030
excelsiormining.com

With a five-billion-pound-plus copper resource and a potentially low-cost, phased approach to get it into production, Excelsior Mining has a very attractive risk/reward profile.

The company is currently in the process of drilling its Gunnison copper project in southern Arizona to increase the confidence level of its North Star deposit's inferred resources. The 13-hole, 16,890-foot program is underway and could add significantly to the life-of-mine production plan for North Star.

In addition to this program, the company is also conducting a hydrological drilling program at Gunnison. Its purpose is to assess the company's ability to tap the area's aquifer for the water needed to support in situ extraction of

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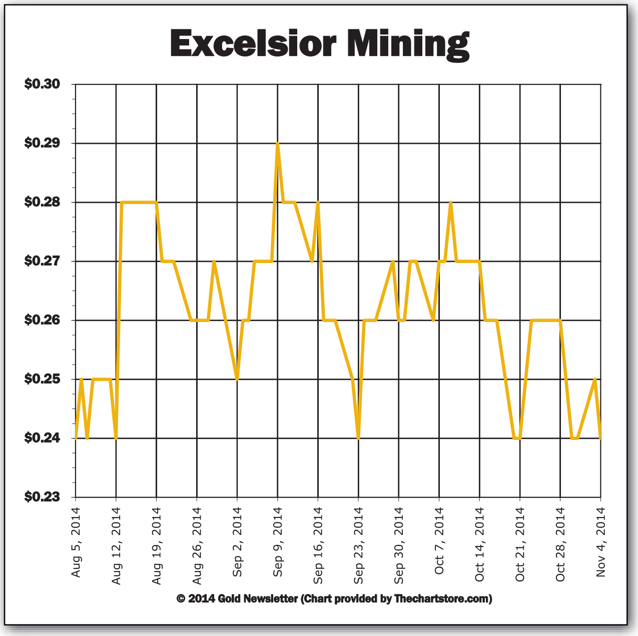


the copper from the North Star deposit.

I added Excelsior to our list a couple of months back, in part, based on the connections and track record of Mark Morabito, the company's chairman. Mark has since helped the company complete its transaction with Greenstone Resources.

With the closing of the second tranche of financing from Greenstone, Excelsior has now added US$10 million to its coffers. The terms of the deal called for the issuance of 20,580,000 common shares priced at C$0.34 a share in the first tranche and 11,889,507 shares at C$0.34 a share in the second tranche. Greenstone now holds 32.4 million Excelsior shares and owns 28.2% of its issued and outstanding common shares.

Excelsior will use this money to pay for the feasibility study needed to attract construction financing. As I've said in previous reviews, the scalable nature of the project and the presence of a nearby processing plant make it likely that Excelsior will be able to find that financing.

In the interim, the cash injection from Greenstone will allow Excelsior to move Gunnison along the development curve and make news in the process. If you believe, as I do, that strong copper demand and restricted copper supplies are going to drive prices higher in the long term, then an investment in Excelsior is a great way to bet on that premise. It's still a buy.

Excelsior Mining Corp.

Recent Share Price: ....C$0.23
Shares Outstanding: ....114.8 million
Market Cap:..............C$26.4 million
Shares Outstanding
Fully Diluted: ....134.8 million
Market Cap
Fully Diluted: ....C$31.0 million

Globex Mining

GMX.TO; GLBXF.PK
819-797-5242
globexmining.com

When executed well, the prospect generator model of junior exploration can make a company a very attractive investment.

Such is the case with Globex Mining, which appears to have perfected this model. Thanks to a strategy that emphasizes staking quality projects and carefully shepherding its resources, the company has amassed a huge and diverse property portfolio, primarily in eastern Canada.

That portfolio consists of 126 properties, including 64 precious metals properties, 44 base metals properties and 18 specialty metals properties. The vast majority of these are located in Quebec, Ontario, Nova Scotia and New Brunswick.

Globex also boasts 39 royalties and five active property options that include cash and share payments, exploration expenditures and gross metal royalties. The property portfolio as a whole contains 47 historical or NI 43-101 compliant resources.

The company is a long-time industry player that has managed to survive and thrive in various market environments. Its share structure (just over 40 million shares issued and outstanding) is amazingly tight, given its longevity. Plus, it has no debt.

Thus, Globex has the financial flexibility to add to its portfolio when it comes across projects that make sense. One relatively recent acquisition was Santa Anna, a gold deposit located in Quebec near the town of La Sarre. Santa Anna came with a modest, non 43-101 compliant resource of 122,098 ounces (1.28 million tonnes grading 2.97 g/t gold). Globex paid approximately C$112,500 for the property by issuing 450,000 shares and 150,000 share purchase warrants.

Globex's property portfolio is so diverse that it is truly a bet on commodities as a whole for the long-term. A company with this many irons in the fire has a lot of ways to make news and be successful. Add in its management team's geologic expertise and collective eye for quality projects, and you have the recipe for a very attractive play on the metals sector.

It remains a good value at current levels and a buy.

Globex Mining Enterprises Inc.

Recent Share Price: ....C$0.14
Shares Outstanding: ......40.8 million
Market Cap:................C$5.7 million
Shares Outstanding
Fully Diluted: ....43.1 million
Market Cap
Fully Diluted: ....C$6.0 million

Inca One Gold

IO.V; INCAF.PK
604-568-4877
incaone.com

Progress continues at Inca One Gold's Chala plant in Peru, the first of a planned series of small processing plants that the company intends to operate in the country.

The Chala plant recently received delivery on a second 50 tonne per day (tpd) ball mill that, once installed, will bring Chala's total milling capacity to 100 tpd. As part of the ramp-up process, the company has built the necessary concrete pads and begun installing both 50 tpd ball mills. Management expects to commission the ball mills within two weeks of completing installation.

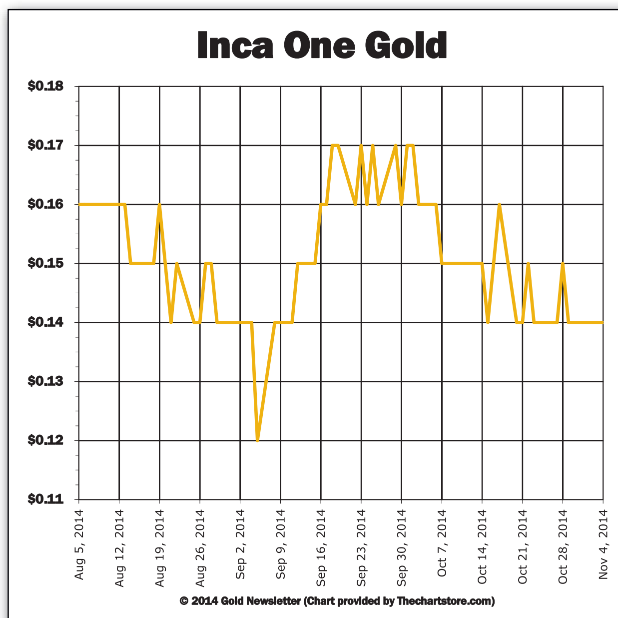
Inca One has set up an interim milling circuit to process the ore that is already coming into the plant. This stockpiled material will be processed once the mills are operational, allowing the company to refine its production process. Full-scale production should commence in early 2015.

It's all part of Inca One's plan to be a processor of choice for the myriad small gold miners in Peru. The strategy is a response to a relatively country's recent decision that all small miners register with the government and process their ore at toll mills like Chala.

To that end, Inca One recently got its first big customer. Management has signed a Letter of Agreement with a government-approved mining company to process 350 tonnes per month (tpm) of ore. That delivery schedule will eventually ramp up to 1,000 tpm.

The company's plan is to cut similar deals with a variety of small miners and get the Chala plant operating at capacity as quickly as possible. In the long term, Inca One will both increase capacity at Chala and look to add other small processing plants across the country.

I continue to like Inca One's model of development. The change in Peruvian law should create a steady market of small-scale miners in need of an efficient, environmentally friendly place to process their ore.



As investors, the company's strategy has great merit. It is scalable, providing a low capex path to growth. It is also timely, as it shifts from exploration to cash flow generating production at a time when cash flow is increasingly important.

In the current environment for this sector, being a producer should help maximize the company's leverage to gold prices when we see a resurgence in the gold market. In the interim, it continues to look attractively priced at current levels.

Inca One Gold Corp.

Recent Share Price: ....C$0.14
Shares Outstanding: ......63.9 million
Market Cap:................C$8.9 million
Shares Outstanding
Fully Diluted: ....82.7 million
Market Cap
Fully Diluted: ....C$11.6 million

Millrock Resources

MRO.V; MLRKF.PK
877-217-8978
millrockresources.com

Millrock Resources has completed the private placement and share consolidation that I reported on in last month's issue.

The placement raised C$4,045,000 in gross proceeds for Millrock through the issuance of 80,900,000 units priced at C$0.05. Each unit consisted of one common Millrock share and one purchase warrant, redeemable until Oct. 21, 2016 for C$0.07 and thereafter until Oct. 21, 2019 at C$0.10 a share.

With the transaction, the

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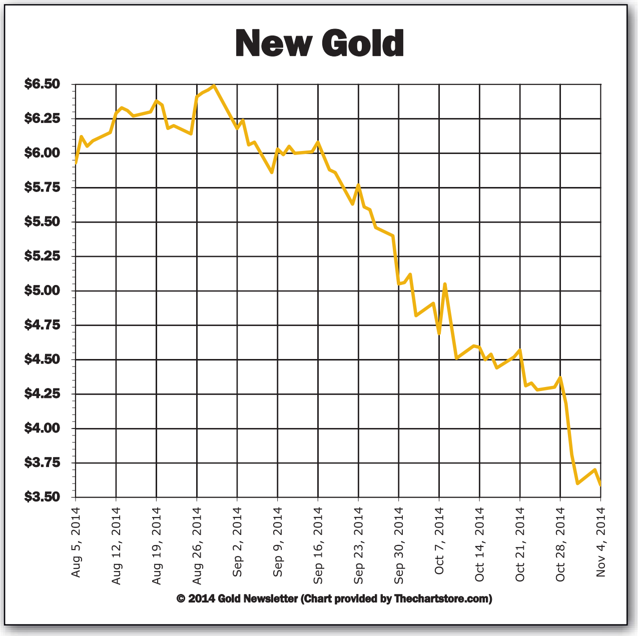


© 2014 Gold Newsletter (Chart provided by Thechartstore.com)

company also rolled back its shares outstanding on a 10:1 basis. Though painful to existing shareholders, that action has gone a long way toward cleaning up Millrock's share structure. The consolidation and financing should allow it continue its existence as a prospect generator for some years to come.

As is typical of this model of exploration, the company recently found a partner to help it explore its Rio Sonora project in northern Mexico. The unnamed third party has signed a letter of intent to spend C$250,000 on initial exploration at Rio Sonora in an attempt to find porphyry-style copper-moly deposits.

The project lies between Cananea and La Caridad, two Mexican copper mines with a long history of production. These mines sit along an identified trend of copper-moly porphyries that runs, fairly uniformly, from Sacaton, Arizona south to these two mines in Mexico. The partners will follow up on geophysical work that indicates another of these porphyries may lie buried under cover at Rio Sonora.

This is just one property in a large portfolio of gold and copper oriented properties that Millrock controls in Alaska, Arizona and Mexico. The cash infusion from the recent financing will provide Millrock with needed money to ply those projects with exploration work and ready them for joint-venture partnerships.

I continue to like this company. It has the property portfolio and the management team to make things happen, even in the current challenging environment for junior miners. With the dust now settled from the share consolidation, I think Millrock looks ripe for accumulation again. It's a buy.

Millrock Resources Inc.

Recent Share Price: ....C$0.37
Shares Outstanding: ....19.5 million
Market Cap: ....C$7.2 million
Shares Outstanding
Fully Diluted:..................32.6 million
Market Cap
Fully Diluted:..........................C$12.1

New Gold

NGD.NYSE-A; NGD.TO
888-315-9715
newgold.com

There's no doubt that these have been difficult times for gold miners. With the yellow metal in a downdraft, lower prices have squeezed revenues and profits at producers like New Gold.

The company reported $169.3 million in revenues for Q3 2014, a 13.6% decrease from the same quarter in 2013. The bottom line results flowed in similar fashion, with operating margin down 20% from $93.9 million in Q3 2013 to $75.1 million in Q3 2014. The company posted a sizable net loss of $59.6 million in the most recent quarter (as compared to the $12.2 million in net earnings it posted in Q3 2013).

One bright note was net cash generated from operations, which increased from $36.2 million to $58.2 million on a year-over-year basis. For the first nine months of 2014, New Gold's operations have generated $198.9 million in net cash, compared to the $72.2 million they generated during the same period in 2013.

Thanks to credits from robust copper production at its New Afton mine, the company's all-in sustaining costs (AISC) were $848 per ounce. The company expects its full-year AISC to come in within guidance of $815 to $835 per ounce.

Production for Q3 2014 included 93,400 ounces of gold, 230,700 ounces of silver and 25.6 million pounds of copper. The gold and silver production numbers were both down slightly from the comparable quarter in 2013, while the copper production was slightly up.

The company is anticipating a strong fourth quarter, with full-year gold production of 380,000 to 420,000 ounces, copper production of 92 million to 100 million pounds and silver production of 1.35 million to 1.75 million ounces.

The silver lining for New Gold is that is has a highly profitable operation at New Afton that can help it weather the current storm in gold prices. It also has a sizable cash cushion ($416 million) to fall back on.

The financials this quarter obviously weren't great. Still, significant mid-tier producers like New Gold should be able to find their sea legs once gold prices stabilize. For the time being, we'll keep this company as a hold on our list.

New Gold Inc.

Recent Share Price: ....US$3.48
Shares Outstanding: .....503.6 million
Market Cap: ....US$1.8 billion
Shares Outstanding
Fully Diluted:................543.1 million
Market Cap
Fully Diluted:..............US$1.9 billion

SilverCrest Mines

SVLC.NYSE-A; SVL.TO
866-691-1730
silvercrestmines.com

SilverCrest Mines is beginning to reap the benefits of transitioning its Santa Elena mine in Sonora, Mexico from an open-pit to an underground operation.

The Q3 2014 production numbers tell the story. Silver production is up 90% compared to Q3 2013, coming in at 385,251 ounces. Silver-equivalent production also hit a record: 810,334 ounces, a 26% improvement over the same quarter last year. Gold production was 7,085 ounces during Q3 2014. The company commissioned a new mill at Santa Elena in this past quarter, a move that has upped the mines average capacity to 2,500 tonnes per day of ore.

Company president and COO N. Eric Fier elaborated: "Our current operational focus is to optimize ball mill grind size in efforts to achieve throughput tonnages at or above the nameplate capacity of 3,000 tpd and manage the short-term delays related to the first underground stope production."

SilverCrest expects production to ramp up still further in the fourth quarter, allowing it to hit its revised production guidance of between 3.0 million and 3.3 million silver-equivalent ounces. At that point, the mine should start generating significant free cash flow.

Meanwhile, drilling has begun on the Durazno target, located on Ermitano Concession that lies seven kilometers south of Santa Elena. The company will ply this target with roughly 2,000 meters of drilling to test outcropping areas of epithermal mineralization.

The good news from Rosario comes in the face of a fairly steep drop off in metals prices. Still, as with the other primary silver producers on our list, SilverCrest remains a prime candidate to deliver leverage on spiking silver prices.

The dearth of silver-predominant miners makes this company a solid addition to our portfolio. With the transition to underground mining at Santa Elena looking likely increase the mine's production profile in Q4 and going forward, the company's growth story continue to look solid.

This is a company to peck away at if the market dampens the share price still further, as SilverCrest is geared for a rebound when the broader market rights itself.

SilverCrest Mines Inc.

Recent Share Price: ....US$1.26
Shares Outstanding: ....118.8 million
Market Cap: ....US$149.7 million
Shares Outstanding
Fully Diluted: ....126.7 million
Market Cap
Fully Diluted:.......US$159.6 million

Brief Notes...

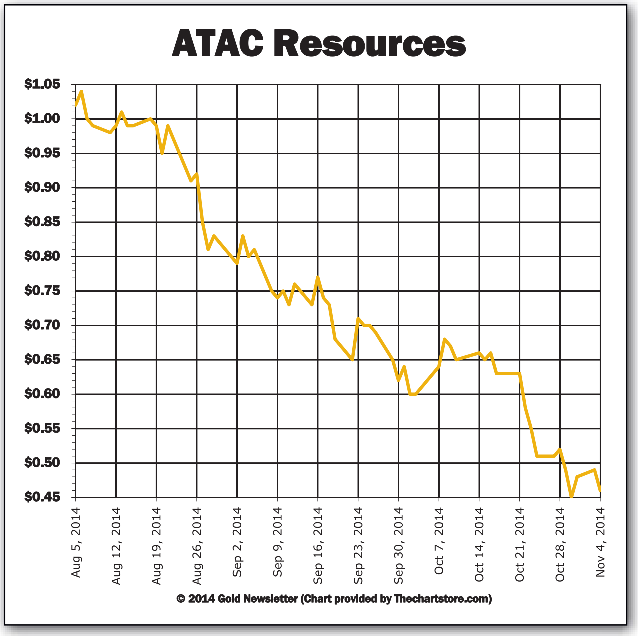
- **Adamera Minerals** (ADZ.V; DDNFF.PK; C$0.04) is continuing its pursuit of high-grade ore to feed to a mill owned by Kinross Gold in eastern Washington. The mill is operating at half capacity, with the nearby Buckhorn mine currently providing the bulk of the ore to the mill.

Buckhorn only has about a year of mine life left, a fact which makes viable Adamera's plan to quickly prove up gold deposits on its property position in the immediate area. The company wants to move straight from outlining gold resources to delivering mineable ore to the Kinross mill.

On the exploration front, Adamera recently announced promising results from shallow drilling on its Oversight property. The nine-hole program turned up assays ranging from 0.25 to 2.5 g/t gold. More importantly, the property appears to host the same two styles of mineralization that host gold at the adjacent Overlook mine.

Adamera has always been a drill hole play, but one with a potentially quick payoff. That

"SilverCrest Mines is beginning to reap the benefits of transitioning its Santa Elena mine in Sonora, Mexico from an open-pit to an underground operation."



continues to be the case, but we'll relegate it to a hold for now.

• **ATAC Resources** (ATC.V; ATADF.PK; C$0.46) announced an eye-popping assay from the last of the holes drilled in this year's program at Conrad, one of the key zones of mineralization on the eastern side of ATAC's district-scale Rackla gold project.

Hole 228 cut 40.2 meters of 6.57 g/t gold. Adding to the allure of this impressive hole was Hole 229 (19.2 meters of 4.21 g/t gold) and Hole 230 (42.7 meters of 3.03 g/t gold). Of note, the Lower Zone at Conrad remains open along strike and at depth. These last three holes have extended the mineralization in the Lower Zone encountered by Hole 227 (30.8 meters of 9.50 g/t gold).

As exploration at Rackla continues to bear fruit, the potential for elephant-sized, Carlin-style mineralization on this project remains very real. ATAC is still a buy for those looking for near unlimited upside in their exploration stories.

• **Avino Silver & Gold Mines** (ASM.NYSE-A; ASM.V; US$1.17) has completed its acquisition of Bralorne Gold Mines.

As of Oct. 20, Avino has acquired all the outstanding shares of Bralorne it did not already own. The deal gives Avino a 100% interest in the Bralorne Gold Mine in British Columbia. The area has a history of gold mining, with past production of 4 million ounces.

Because the area has a history of hosting high-grade, vein-hosted mineralization, relatively little systematic exploration work had taken place beyond the known veins. Bralorne rectified that situation, applying diamond drilling to the area and establishing a small, NI 43-101 compliant resource. The mine is engaged in small-scale production and remains amenable to expansion through exploration.

The addition of Bralorne gives geographic diversity to Avino's heretofore Mexico-focused operations. It fits in well with the small, but extremely scalable production model that the company has pursued on its Avino property. The company's share price continues to look attractively priced. Avino remains a buy.

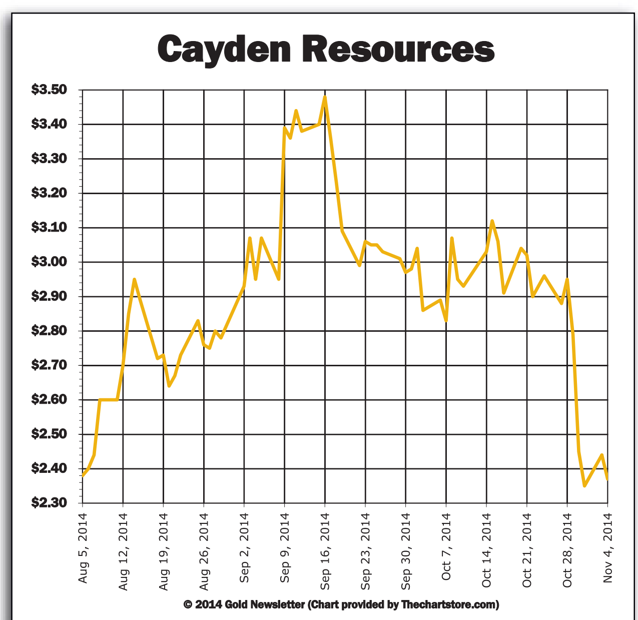
• Antofagasta has earned a 60% interest in **Avrupa Minerals'** (AVU.V; AVPMF.PK; C$0.16) Alvalade joint venture in southern Portugal.

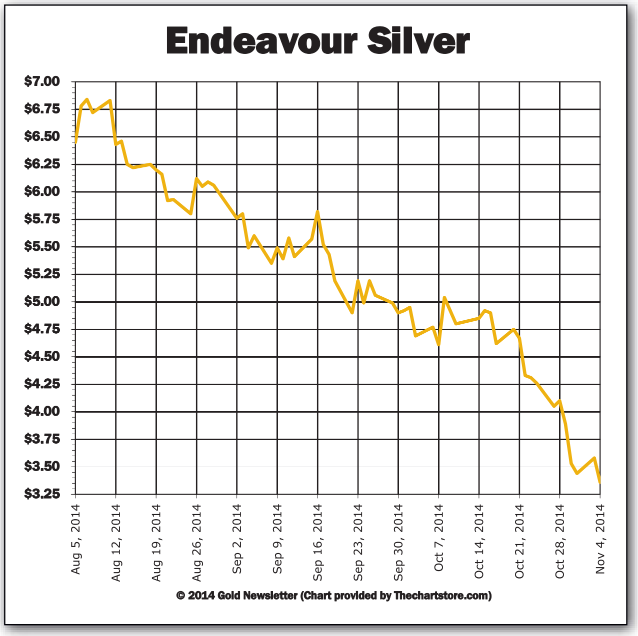
Drilling at Alvalade has focused on the Sesmarias area, with recent results increasing the strike length of the Sesmarias West target. The drills will now move to the Sesmarias East target, where the partners hope to encounter more examples of copper-rich massive supplied material. A new target basin in the Pombal area, some 15 kilometers south of Alvalade, has also been discovered.

This European prospect generator is doing an admirable job making news in a difficult market. With joint venture partners there to do the heavy financial lifting on its most promising projects, Avrupa shouldn't lack for news flow any time soon. It's another buy.

• **Cayden Resources** (CYD.V; CDKNF.PK; C$2.35) has received clearance from the Supreme Court of British Columbia to move forward with its plan to be acquired by **Agnico-Eagle Mines** (AEM.NYSE; US$23.23).

The court order followed a nearly unanimous shareholder vote in favor of the arrangement. Under the terms of the deal, Cayden shareholders will receive a 0.09





share of Agnico Eagle, plus C$0.01, for each share of Cayden held.

The next step in the process is for the deal to receive Mexican anti-trust approval. Once that is settled, the companies expect the transaction to close sometime before the end of 2014.

• **Endeavour Silver** (EXK.NYSE; EDR.TO; US$2.84) recently announced production results for Q3 2014.

The numbers weren't stellar. Silver production decreased by 12% to 1.63 million ounces and gold production decreased by 38% to 14,118 ounces. While the company expects production to improve in the fourth quarter, the fact remains that gold and silver prices are not trending favorably right now.

Given the decrease in metals production and the recent drop in precious metals prices, I expect the company's third quarter financial numbers to be down as well.

The good news is that the company is having success drilling for more resources at its San Sebastian project in Jalisco State, Mexico. Highlights from recent drilling at San Sebastian include 557 g/t silver and 1.47 g/t gold over 11.3 meters, 1,605 g/t silver and 2.77 g/t gold over 8.3 meters and 1,440 g/t silver and 0.97 g/t gold over 0.54 meters. With intersections like that, Endeavour looks likely to add to San Sebastian's resource total when it produces a new resource estimate for the project later this quarter.

With the Endeavour Silver currently fighting fairly strong market headwinds, we'll keep it a hold for now.

• **Fission Uranium** (FCU.TO; FCUUF.PK; C$0.74) announced more quality assays from Patterson Lake South, its flagship uranium project in the Athabasca Basin.

The highlight hole from this latest batch of assays was Hole 270 (24 meters of 8.53% U_3O_8, including 7.5 meters of 24.87% U_3O_8). The assays also managed to extend the R780E zone laterally. Still pending are assays from the remaining 40 holes drilled during the company's summer drilling program.

High grade assays like this are par for the course for PLS. They bode well for the maiden resource estimate that Fission will release on the project before the end of the year. For those of you willing to wager that the upcoming estimate will surprise to the upside, now is the time to do so.

• Chip and channel sampling on the Pinion North Zone have convinced **Gold Standard Ventures** (GSV.NYSE-A; GSV.V; US$0.49) to add a third RC drill rig to the ongoing program at its Pinion gold project in Nevada.

The surface program yielded some intriguing drill targets at Pinion North. Gold Standard is in the process of drilling a 27.4-meter channel sample on the target that graded 1.05 g/t gold.

Management is confident that additional drilling will allow the company to expand the mineralization at Pinion to the north. The drilling will test below the channel samples with six to 10 angle holes.

Between Pinion and its nearby Railroad project, Gold Standard Ventures is pursuing elephant-sized deposits in Nevada. Thus, the upside for the company remains as good as any company on our list. As a first-rate discov-

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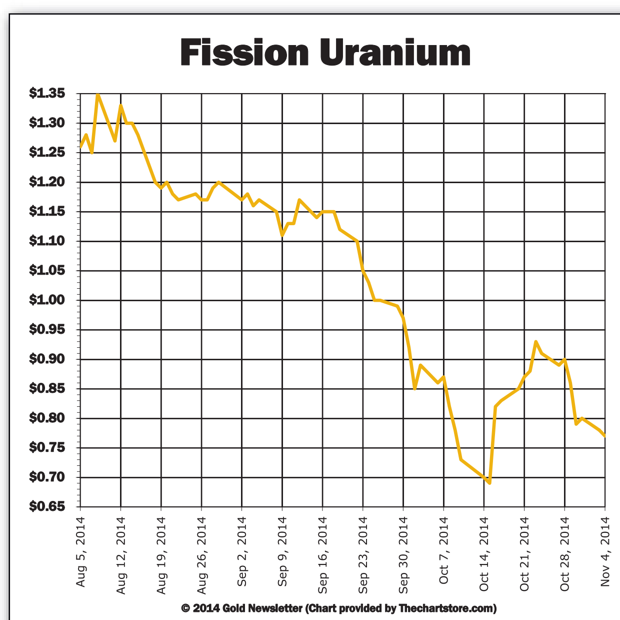
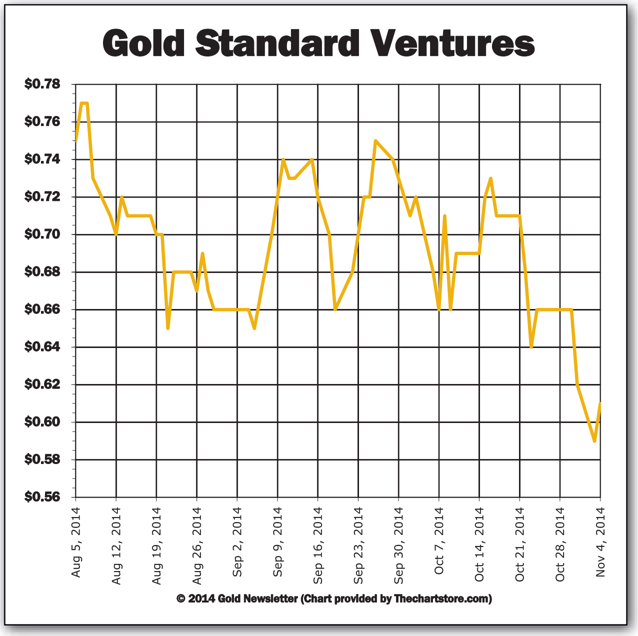




ery play, it remains a buy.

• **Great Panther Silver** (GPL.NYSE-A; GPR.TO; US$0.68) achieved a record for quarterly production. The numbers for Q3 2014 were solid, with a 13% year-over-year increase in silver equivalent production to 890,641 ounces. That total was comprised of 565,965 ounces of silver production and 4,200 ounces of gold production.

The company also reported some high-grade intercepts from the first six holes of a drilling program on San Ignacio, a satellite mine to its flagship Guanajuato mine in Mexico. The highlight from this first batch of assays was Hole 120 (5.26 meters of 1,133 g/t silver and 6.86 g/t gold). The latest results give management confidence that it can add significant ounces to the south of the current resource block at San Ignacio.

Mexican silver plays like Great Panther are a staple of our list for one simple reason: in rising silver markets, they provide us with excellent leverage potential. Given the current market for silver, though, we'll keep the company a hold.

• **Lion One Metals** (LIO.V; LOMLF.PK; C$0.23) continues to move ahead with development at Tuvatu, the company's gold project in Fiji.

The latest news came from Fiji's Department of Environment, which gave the green light to Lion One's environmental management plans for the project. That approval encompasses a potential processing plant, mine and road construction, infrastructure and water management facilities.

Studies are underway for several components of a potential mine at Tuvatu. That work is expected to be complete before the end of the year. Management appears to be moving the project along briskly, which means that gold production is likely not too far in the future. At current levels, Lion One is a solid speculation on that possibility.

• **Midland Exploration** (MD.V; MIDLF.PK; C$0.80) has added the Willbob property to its portfolio.

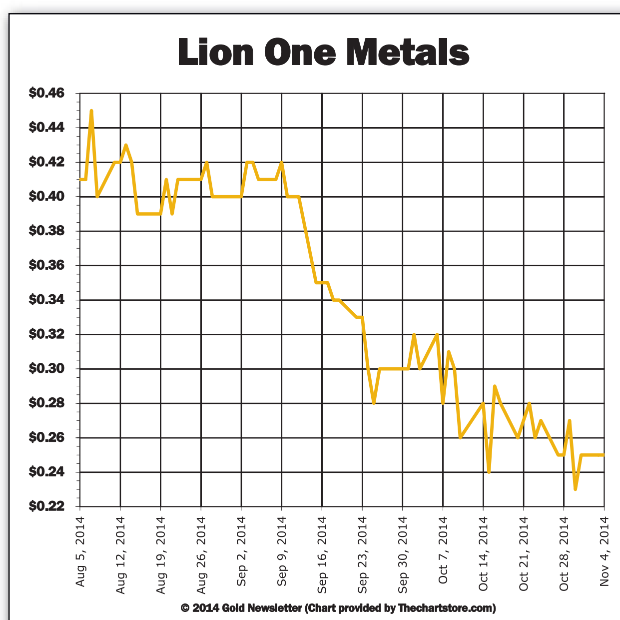
Willbob came to Midland as a result of the staking of 23.2 square kilometers of ground along the Labrador Trough in Quebec. Surface sampling on this gold/PGE property included samples grading as high at 31.3 g/t gold. Previous exploration revealed several large surface showings of high-grade gold. These showings are open in all directions.

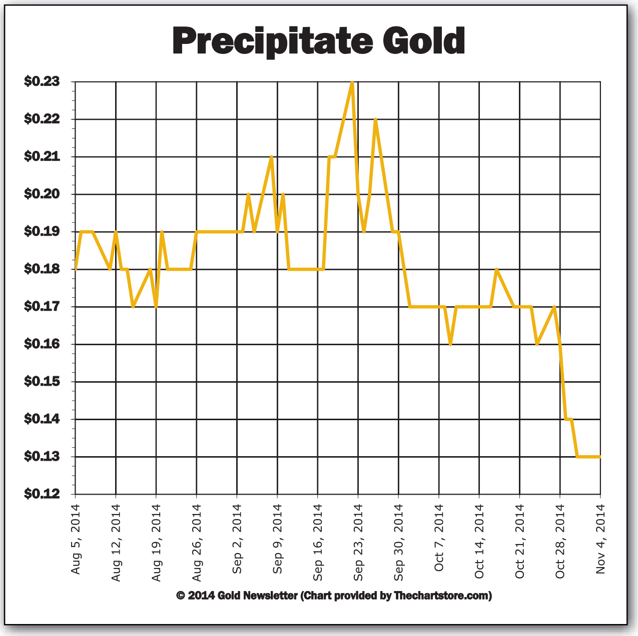
The addition of Willbob strengthens Midland's presence in the area — its Pallas project lies not too far away. Given the company's propensity to cut joint venture deals, it wouldn't surprise me to see it option Willbob as well. The property's potential gives us yet another reason to keep this Canada-focused prospect generator on our list. It's a hold for now.

• **Precipitate Gold** (PRG.V; PREIF.PK; C$0.12) has discontinued pursuit of its option on the Cecilia project in Sonora, Mexico.

The decision is based on the positive drilling results on the Ginger Ridge zone within its Juan de Herrera gold project in the Dominican Republic. The funds preserved by walking away from Cecilia will help the company focus more intensively on its properties in the Dominican Republic.

I am excited about the progress Precipitate is making at Ginger Ridge. It confirms my faith in the management team that runs this company. This is a group that





knows how to make news and move projects along the exploration curve.

With gold and silver in the doldrums right now, it seems that only drill hole plays like Precipitate have a chance to make real headway. So for those looking for a solid speculation amidst the broader carnage, Precipitate remains a buy.

• **Santacruz Silver Mining** (SCZ.V; SZSMF.PK; C$0.40) has released Q3 2014 production results from its Rosario silver mine in San Luis Potosi, Mexico.

At 184,900 silver equivalent ounces, Rosario's production was 9.9% higher than its production levels from the quarter previous. The silver equivalent total was based on 115,445 ounces of silver, 94 ounces of gold, 184.9 tonnes of lead and 462.2 tonnes of zinc.

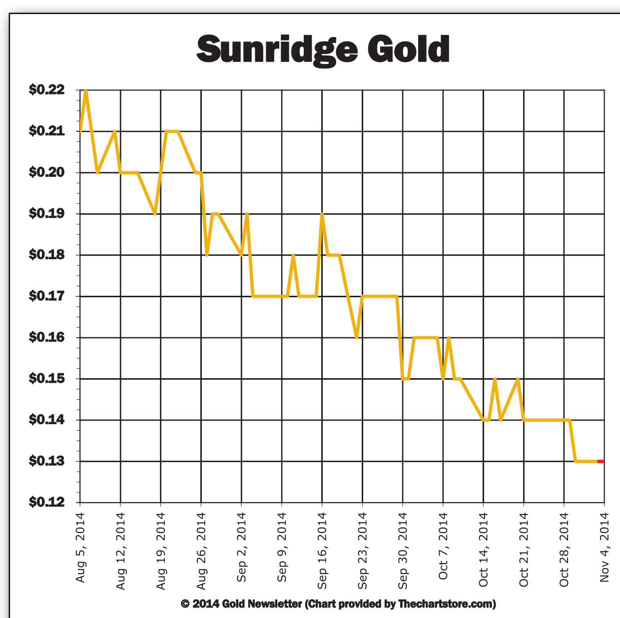
The milling circuit at Rosario has a 300 tpd capacity, while the ore production rate of the mine averaged 380 tpd in Q3 2014. This situation has resulted in a stockpile of around 8,500 tonnes of ore. The company is in the process of adding a third ball mill that will boost milling capacity to 450 tpd. Once planned flotation cells are integrated into the circuit, that rate will jump to 700 tpd.

All this bodes well for future quarters of production at Rosario. If prices can make even a modest comeback, Santacruz is the kind of marginal silver producer that should provide significant leverage to rising gold prices. It remains a hold for the time being.

• **Sunridge Gold** (SGC.V; SGCNF.PK; C$0.12) has formed the Asmara Mining Share Company ("AMSC") with ENAMCO, the company's government-held partner in Eritrea.

The terms of the deal call for ENAMCO to pay Sunridge $18.33 million for a 30% participating interest in the Asmara project. The company will have received $5 million of that total by the end of this month. ENAMCO will pay one-third of Asmara expenditures going back to July 2012. Going forward, project development will be financed with costs shared according to a 66.7% (Sunridge)/33.3% (ENAMCO) split.

With ENAMCO's 10% free carried interest, ownership of the Asmara project is split along a 60%/40% basis, with Sunridge owning the majority of the project. I'm excited about this latest development, as it suggests that Asmara's outsized potential will begin getting tapped in earnest next year. On that basis, Sunridge remains a buy.



• **Tower Resources** (TWR.V; TWRFF.PK; C$0.03) recently updated the market on the results of its 2014 exploration program on Rabbit North, a coper-gold property in south-central British Columbia.

The highlight from the work was the discovery of KV, a target that appears to be a porphyry-related copper-gold zone. Surface work has outlined mineralization at KV over a 400-meter by 460-meter area. Grab samples taken as part of this work grade up to 0.79% copper and 6.23 g/t gold.

Tower's geologists will use the winter to assess the data from this campaign and to identify drill targets for a program that would begin in spring 2015. While the KV discovery is exciting, the fact that the company won't drill Rabbit North until at least spring means it will be awhile before we can get any market-moving news.

In light of this, we'll drop cov-

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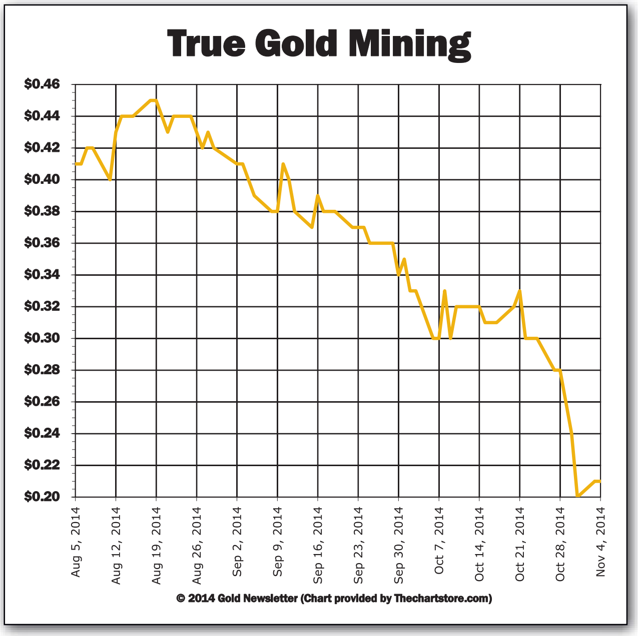

erage for now, and look to possibly get back in at some point in the spring, when drilling seems ready to commence.

• **TriMetals Mining** (TMI.TO; TMIAF.PK; C$0.10) reminded the market recently that its Gold Springs project is a large and target-rich environment.

The 74 square mile property boundary straddles the Utah-Nevada border. Historical work at Gold Springs had already yielded 18 surface targets. The company is using geophysical tools in its ongoing exploration of the property. That effort has identified several additional target areas that may warrant additional follow up.

Rock sampling on the newly identified Snow Prospect target turned up samples grading as high as 3.7 g/t gold and 12 g/t silver. The company plans to follow up these good results with more sampling and some trenching as well. Other samples of note came from the White Point and North Grey Eagle targets.

With drilling ongoing at the resource-hosting Jumbo area and this surface work continuing, TriMetals should keep the newswires humming as we move towards the close of 2014.

The surface exploration program is exposing the property's district scale potential, and the prospect of production from the Jumbo and Grey Eagle targets makes the company look cheap at current levels. Still, considering the state of the market right now, we'll make TriMetals a hold for the time being.

• **True Gold Mining** (TGM.V; RVREF.PK; C$0.21) has delivered an impressive preliminary economic assessment on North Kao, the blind discovery it made last year on its Karma gold project in Burkina Faso.

The North Kao looks likely to contribute significantly to the cash flow from the mine True Gold plans to build at Karma. With inferred resources of 312,000 ounces (9.9 million tonnes of 0.98 g/t gold), North Kao is expected to generate 118,000 ounces of gold per year over a 2.5-year mine life.

Though a small deposit, its modest capex and low operating costs will allow it to kick off $118.6 million in after-tax cash flows over that mine life. IRR is a whopping 213% and NPV after-tax is $69.6 million. This latter number is discounted from 2022, based on a phased development plan for Karma that would see the target developed in Year 9 of operation.

All this, of course, is future oriented. Right now, most investors are focusing on the unrest in Burkina Faso. I don't pretend to have a crystal ball in that regard, so we'll move True Gold to a hold while we wait to see how events unfold.

Potpourri

Miscellaneous Notes and Observations

By Brien Lundin

Censorship on gold?

As I mentioned in my lead article this month, I'm becoming increasingly frustrated at how the major financial news media is missing the story on the massive demand for gold in China that emerged last year and has continued virtually unabated through this year.

As long-time readers know, I'm not a big conspiracy buff. But I'm finding it very curious that inattention to the subject of Chinese demand has shifted to downright misinformation. Not only that, now some organizations that you would believe to be on the gold investor's side are actually censoring themselves on issues that could be massively bullish for the metal.

Consider that the World Gold Council has, for some reason, chosen to completely ignore the gold withdrawal statistics from the Shanghai Gold Exchange. As I've been reporting, great work by Koos Jansen of Bullionstar.com has revealed that SGE withdrawals equal wholesale Chinese gold demand, and these figures show that Chinese buying has been totaling over 2,000 tonnes annually over the past two years.

In contrast, the World Gold Council insists on using statistics from the China Gold Association, which dramatically under-reports Chinese demand in its publications intended for Western audiences. As a result, the WGC reported 2013 demand in China at merely 1,066 tonnes. In contrast, the China Gold Association recently admitted, in an annual report published only in Mandarin, that demand was 2,200 tonnes last year.

Yet the World Gold Council has remained strangely silent on this issue.

And that's not the only one: A recent Bloomberg report on the upcoming Swiss gold referendum noted how potentially bullish a "yes" vote on this initiative would be. As I've noted, this initiative would require the Swiss National Bank to hold at least 20% of its assets in gold, to repatriate all of its gold held overseas, and to never sell any gold reserves going forward.

Passage of this referendum would require the SNB to buy about 1,500 tonnes of gold over the next five years. So, as the experts quoted by Bloomberg agreed, a "yes" vote would be enormously bullish for gold.

Naturally, you would expect the World Gold Council to comment upon such an event. Yet, as Bloomberg was careful to note, "The World Gold Council declined to comment on the pending initiative."

Wow. *Really?* Perhaps the most important issue facing the gold market right now, one that could potentially spark a popular movement in more nations to repatriate, audit and retain gold for use as national reserves...and the gold industry's major association *declines to comment?*

Other industry associations beg, everyday, to get in front of international media on topics related to their bailiwicks. But the WGC declines the opportunity?

Chris Powell of GATA offers up one possible reason why: "The council won't help gold if it might offend a central bank."

Again, I'm not a conspiracy buff. But Chris' explanation seems logical to me.

Postscript: There's much more to this issue, including how the Wall Street Journal and Reuters are reporting erroneous Shanghai Gold Exchange premiums to indicate slack Chinese demand, while simultaneously ignoring the withdrawal statistics showing near-record levels of demand.

Quite literally as I was writing this, a great analysis by Koos Jansen arrived in my inbox. I urge you to read it here.

China's not the only one on the bid

As prices have dipped, we've seen demand for gold and silver surge in a number of places...including the West.

There have been reports that investors have been buying silver coins hand over fist -- particularly silver Maple Leafs from the Canadian Mint and silver American Eagles from the U.S. Mint.

In fact, as I write this, Reuters is reporting that "The U.S. Mint said on Wednesday it has temporarily sold out of its American Eagle silver bullion coins following 'tremendous' demand in the past several weeks."

So this buying predates the most recent downturn in gold and silver. Imagine how strong demand will be now that the metals are even cheaper.

If the past is any guide, we should also closely watch the registered gold stocks cover levels on Comex. The "owners per ounce" level was recently at around 47. If Western demand

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"In contrast, the World Gold Council insists on using statistics from the China Gold Association, which dramatically under-reports Chinese demand in its publications intended for Western audiences."


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continues as reported, we could see this level rise steeply soon.

The Republican wave

Of course, the big news outside of the gold market has been the remarkable U.S. mid-term election results, with the Republicans regaining control of the Senate, extending their lead in the House, and gaining a number of governorships.

Although I have more of a libertarian bent myself, I feel that the Republican party is leaning more and more in my direction -- thanks largely to the good work of Ron and Rand Paul.

There's a good argument that all politicians are alike, and it doesn't much matter which party is in power. Related to this is the well-found belief that gridlock is good, as it keeps the government from meddling in the economy and our lives.

But it seems that today's version of the Republican party is more hands-off than previous iterations, and they may be able to ram-rod legislation that actually lessens the burdens and intrusions of government.

I know -- wishful thinking. But let's keep hoping.

Another New Orleans Conference behind us

As I mentioned in my lead article, I think New Orleans 2014 was one of our best ever.

Everything ran seamlessly and without any major hitches (many thanks to my dedicated and talented staff). Our speakers and MCs were also incredibly prepared and obviously dedicated to providing our attendees with the greatest possible value.

And our attendees were eager, appreciative and active.

In fact, as I noted in our Closing Panel, they exhibited one of the traits that I admire most in investing and life in general, and one that Jim Blanchard epitomized like no one else I've ever met: *passion*.

Our attendees, as we've come to expect, were up at 7:00 a.m., listening to speakers and furiously taking notes...and staying up as late as 10:30 p.m. doing the same. That's passion for you, and it's why everyone here at Jefferson Financial works so hard to deliver value worthy of such enthusiasm and interest.

I think we were successful this year. But, as always, please tell us any ways you think we can do more (outside of getting the gold price up -- we're working on that everyday, unfortunately to little effect!).

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