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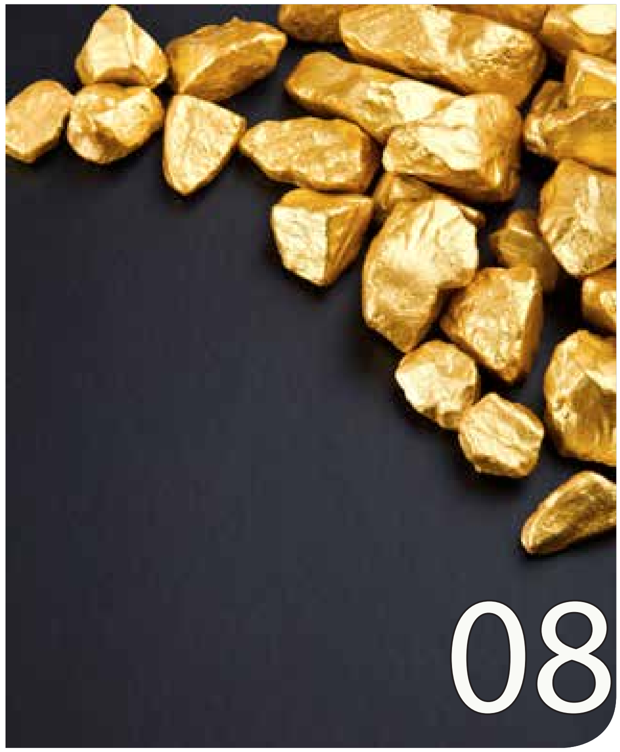

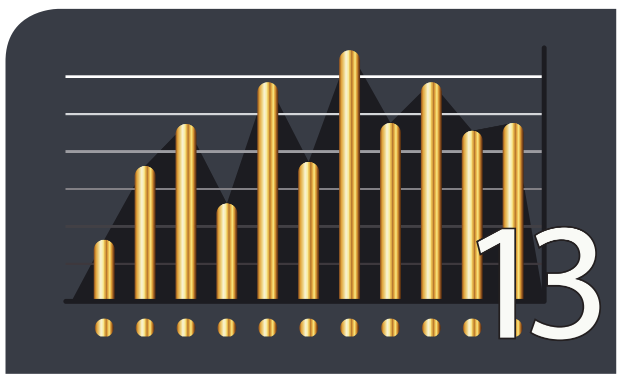

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PUBLISHER
Michael Fox
editor@theprospectornews.com

FOUNDER & CO-PUBLISHER
ABORIGINAL MINER
Dr. John Belhumeur
aboriginalminer@theprospectornews.com

PRODUCTION
George Pitaru
info@pitaruism.com

CONTRIBUTORS
Leonard Melman, Nicole Engbert, Beverly O'Neill, Eric Coffin, Rohit Savant, Mike Neihauser, Laurence Raulston

FOXTROT COMMUNICATIONS LTD.
#104 - 333 East 1st St.,
North Vancouver, B.C. V7L 4W9
Telephone: 604-639-5495

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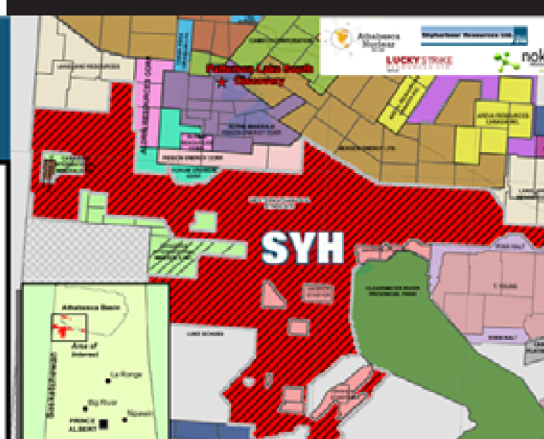

ANGKOR GOLD FINDS A GOLDEN LINING WORKING IN CAMBODIA

By Leonard Melman

Several nations around the world are working diligently to make their countries more attractive to resource development as a means of improving economic development. One such nation is Cambodia and Canadian junior miner, Angkor Gold Corp. (TSX-V; ANK), is working to take advantage of this current favorable environment.

Several market analysts visited Angkor's Cambodian projects during late March in the company of Angkor's President and CEO, Mike Weeks. When asked about reasons for Angkor's becoming the first North American mining company working in Cambodia he replied, "...Angkor has a first-mover advantage. Cambodia is a country in which doing business is encouraged and supported by government. As it happens, I also love the people and the country."

When it comes to mining, the Cambodian government has attempted to simplify and speed up the regulatory process by modeling their general minerals policy after mining-rich Australia.

During a meeting with two lawyers active in Cambodian corporate law we learned that one important goal of Cambodian law-makers was consistency of law, particularly for the mining ministry which has seen permit applications grow from about 15 five years ago to over 70 today.

Cambodia has been steadily improving their infrastructure, specifically including road improvement projects, which have reduced the driving time from the capital of Phnom Penh to the community of Ban Lung adjacent to Angkor's project areas from two days to only six or seven hours with more improvements scheduled. Given the country's high annual rainfall, adequate water supplies are readily available and electricity is imported from generation projects in nearby Vietnam.

The company focus is aimed in three specific directions. First, they plan to continue conducting sufficient exploration work to develop interest in some of their vast holdings in order to attract joint venture offers. Second, where feasible, construct such joint ventures to include Net Smelter Returns on future productions with the goal of establishing future reliable cash flow. Third, the corporate plan is to use such revenues to further development of their own exploration projects.

Clearly, in order to efficiently work toward the first goal, a cost-effective and time-saving method of establishing mineral potential would be invaluable and Angkor has applied new technology to relatively old technique, that of analyzing samplings from termite mounds which proliferate across many of their holding areas. During our travels in northern Cambodia, we saw literally hundreds of them.

Termite mound analysis is actually a well-known method which has been documented with some degree of success in both Africa and Australia. In a paper published in "National Geographic News", researchers in Africa, Australia, India and South America. The droppings recovered from these mounds could indeed be valid indicators of mineral values. Like virtually all living creatures, termites require water to live and, during dry seasons, they burrow down through varying material in order to reach the water table, digesting whatever material they encounter along the way. The droppings from this

material, which can be recovered from the surface of these mounds, can then be examined for metals values via spectrometer analysis.

The great advantages for Angkor in using this process are speed and expenses. Using 'normal' investigative techniques, evaluation studies could take three months or longer before preliminary results might be obtained.
By using spectroscopic analysis of termite mound material, the same progress can be accomplished in as little as three weeks.

Angkor's project areas cover a total of five Tenements (or Concessions) named Banlung, Banlung North, Oyadao, Oyadao South and Andong Meas. The combined total of the company's areas of interest is about 1,102 square kilometers.

Other valuable indicators of potential economic mineralization include widespread evidence of substantial past artisanal mining activity by local citizens which dates back to Cambodia's colonial eras; evidence of alluvial gold throughout many areas of the company's holdings and data gained from Angkor's rock chip sampling and trenching activities.

To date, Angkor has completed two working agreements. An Indian company, Mesco Gold Ltd., has signed an agreement calling for cash

Continued...

payment of $1.2 million and future production royalties of 10% in order to develop and mine Angkor's Phum Syarong (PS) prospect located within the Oyadao South Concession. According to the most recent estimates, Mesco aims to be in production by late 2014.

The other agreement is with a private Chinese company, "All Solutions (Cambodia) Ltd." and involves the sale of a 78 Sq Km section of the Oyadao tenement for cash payment of $2,400,000 with Angkor retaining all rights to the remaining 222 Sq Km of the Oyadao license.

Angkor's own project areas include the Dokyong Project where strong soil anomalies have generated several drill targets and where exploration is being conducted to e valuate the strong alteration and mineralization thata is associated with a 10 Km shear zone. This fault zone connects Dokyong to the Mesco-PS Project.

In addition, company geologists are actively exploring their Okalla Project, located in the Banlung tenement where the company is working to confirm a large-tonnage copper-gold-molybdenum porphyry system. To date 33 drill holes covering 5,461 meters have been drilled with a further 1,400 meters being contemplated for later this year. Going forward, plans include further assistance to the Mesco-PS Project and aggressive mapping and infill exploration to advance Dokyong, Okalla and other company properties.

One important company function, under the leadership of VP-Corporate Social Responsibility Delayne Weeks, is the entire realm of sustainable community relationships. Among the goals set out for these relationships are identifying factors to improve health, education and economic standards for area communities; improve clean water facilities in the region; give area village people stronger control and responsibility for their own development and provide training and workshops on project management, planning, monitoring and evaluation techniques.

As VP- Corporate Development Fletcher Morgan noted, "We strongly believe our community support actions are the right thing to do and are a key part of our social license to operate. The locals are stakeholders in our success and we welcome their active participation."

Angkor's management team is headed by President and CEO Weeks; Chief Operating Officer Scott Donahue; VP Exploration Dr. Adrian Mann; VP Corp. Development Dr. Fletcher Morgan; Country Manager J. P. Dau; Exploration Manager Kurtis Dunstone; VP CSR Delayne Weeks and Special Advisor Richard Stanger, also President of the Cambodian Mining Association.

For further information contact Morgan at fm@angkorgold.ca or visit the company's website at www.andgkorgold.ca.

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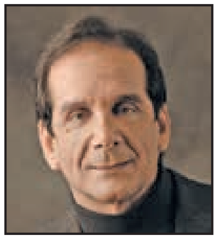

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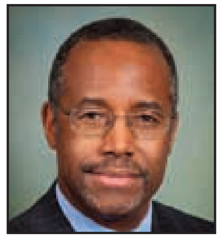

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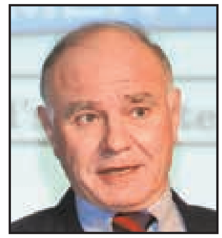

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This year, the New Orleans Conference will once again feature the most successful advisors in metals and mining, including **Brien Lundin**, **Rick Rule**, **Brent Cook**, **Lawrence Roulston**, **Adrian Day**, **Gene Arensberg**, **Chris Powell**, **Mary Anne and Pamela Aden** and many more.

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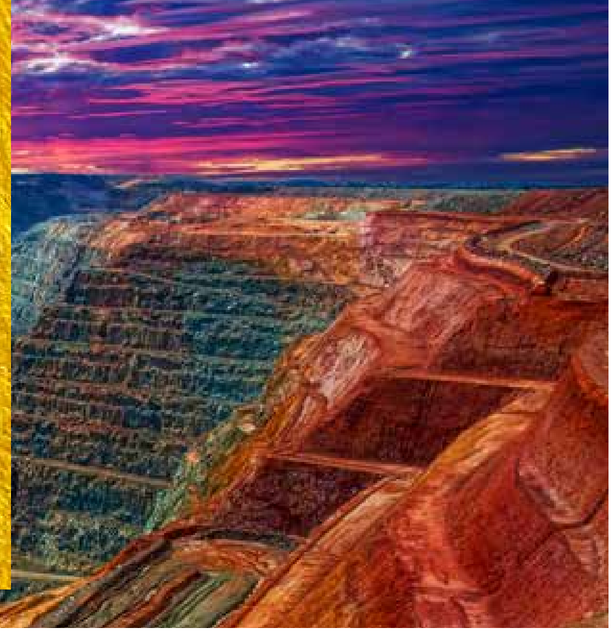

NISGA'A

MAINTAIN THEIR OPPOSITION TO THE AVANTI KITSAULT MINE DESPITE PROVINCIAL GOV'T APPROVAL

Despite opposition from First Nations, the Province of British Columbia has granted conditional environmental approval to the Kitsault Mine project.

Environment Minister Terry Lake and Energy, Mines and Natural Gas Minister Rich Coleman have issued a conditional Environmental Assessment Certificate (EAC) to Avanti Kitsault Mine Ltd. (TSX-V: AVT), for the Kitsault open-pit molybdenum mine project, located at the head of Alice Arm, approximately 140 kilometres north of Prince Rupert.

Nisga'a Lisims Government President Mitchell Stevens claims the Province has breached its treaty obligations to the Nisga'a Nation by approving the environmental assessment certificate as proposed.

The Nisga'a are reporting that they have consulted with leading scientists and have determined that the environmental assessment conducted by the BC Environmental Assessment Office (BCEAO) and the Canadian Environmental Assessment Agency (CEAA) have not yet properly assessed the environmental impacts resulting from the discharge of heavy metals into the area's freshwater and marine environments.

In a statement issued in response to the BCEAOs initial referral to the provincial ministers, the Nisga'a note that the project's effects will include a loss of approximately 50 per cent of the aquatic life and habitat in a significant local watershed downstream from the mine site," adding that "could have potential, but as yet unknown corresponding effects in Alice Arm."

Nisga'a Lisims Government President Mitchell Stevens claims the Province has breached its treaty obligations to the Nisga'a Nation by approving the environmental assessment certificate as proposed.

The area is a traditional harvesting zone for the Nisga'a Nation.
When announcing the conditional approval, it was noted in a statement from the Province that the decision was made after the ministers reviewed the BCEAO's review, which concluded that "the project is not expected to result in any significant adverse effects, based on the mitigation measures and conditions of the Environmental Assessment Certificate."

The ministers' statement also noted that the EAC includes 34 legally binding conditions and a Certified Project Description (CPD) that Avanti Kitsault Mine Ltd. must meet to be in compliance with the certificate. It is also a legal requirement that the project be built and operated in accordance with the CPD.

Key conditions for the Kitsault Mine project that the proponent must meet, include: water quality must meet BC Water Quality Guidelines or approved Site Specific Water Quality Objectives for mine contaminants; develop and implement Aquatic Effects and Maine Environment Monitoring Programs; develop and implement a Wildlife Corridor Management Plan; and provide $100,000 in annual funding to support the recovery of the Nass moose population and the Northwest Assessment and Monitoring Trust.
In addition, Avanti must also develop and implement spill response and prevention plans, as well management, communications and mitigation plans with stakeholders, including the Nisga'a Lisims Government.
The Nisga'a, however, want to be heard now. In fact, according to Stevens, they've been trying to be heard for the past two years.

"The Nisga'a Nation and its consultants, all of whom are acknowledged leaders in their fields, have been calling for the BCEAO to gather the information required to conduct a proper assessment for over two years," Stevens said.

"Many of the Nisga'a Nation's concerns raised over this period have fallen on deaf ears. The BCEAO has not yet properly assessed the impacts on the health and well-being of the Nisga'a people or the social or economic effects of the project, as required by the Treaty."

The Province reports, however, that the environmental assessment process involved a rigorous, thorough review that provided significant opportunities for the Nisga'a Nation, other First Nations, government agencies and the public to provide input on the potential environmental, economic, social, heritage and health effects of the proposed project, and to ensure that Crown obligations under the Nisga'a Final Agreement and to consult affected First Nations, have been met.

Avanti president and CEO Craig J. Nelsen said the company is "delighted" by the response from B.C. Government and is looking forward to a similar approval from the CEAA under their joint review memorandum, and will continue to be proactive in working with First Nations. "We continue to reach out to First Nations and the Nisga'a Nation to work constructively toward implementing the requirements set forth in the EAC". Neslen said.

In the meantime, the Nisga'a Nation has filed a Notice of Disagreement with British Columbia and Canada under the Nisga'a Final Agreement concerning the environmental assessment of the Kitsault Mine project, but in the statement from the ministers it is noted that "the Province is satisfied that it can engage, in good faith, in the dispute resolution stages and meaningfully address any outstanding issues through the subsequent processes required for permitting and in accordance with conditions of an EA Certificate."

The Nisga'a have also stated they intend to participate in the process in good faith, however, Stevens is adamant that "the Nisga'a Nation will not allow the health and well-being of Nisga'a people to be put at risk for this project."

In mid-May, Avanti also received notice of a Federal Court application by the Nisga'a Nation, challenging a decision by the Department of Fisheries and Oceans Canada (DFO) that certain waters in the area of the tailings impoundment facility as proposed for the Kitsault Mine are not "frequented by fish."

The Application seeks an order quashing DFO's decision and declarations that the Crown breached its obligation to evaluate the environmental impacts of this decision and consult with the Nisga'a Nation. The Attorney General for Canada and the Minister of Fisheries and Oceans are respondents. Avanti is also named as a respondent and intends to participate in and oppose the application.

The Kitsault Molybdenum Project, a former producer, previously operated by Kennecott and Amax, has produced in excess of 30 million pounds of molybdenum intermittently between 1969 and 1982, when the mine closed due to low prices.

Avanti plans to redevelop the mine with "strategic Asian partners who have a long term need for molybdenum." Permits necessary for start of construction are in process and expected later this year, according to the company's website.

THE CARLIN GOLD TREND, NEVADA'S CROWN JEWEL

By Nicole Engbert

The Carlin Gold Trend is 8 km wide and 80 km long, running in a northwesterly direction through north central Nevada. Nevada is the largest gold producing state in the United States, mostly in thanks to the Carlin Trend. Gold was first discovered on the Trend in the 1870's, and by 2008, approximately 70 million ounces of gold had been produced. Production was small-scale until the discovery of the Carlin Mine deposit in 1961. This kicked off the search for, and discovery of, numerous other gold deposits in the area.

Gold production in Nevada averaged 7 million ounces per year over from 1995 to 2010.
http://nevada-outback-gems.com/prospecting_info/micron_gold/Nevada_gold_prod.htm

The gold deposits are sediment hosted disseminated gold with very fine grained particles that cannot be seen with the naked eye. The gold is associated with fine grained pyrite and arsenopyrite, often incorporated within the sulphide crystal structures (known as refractory ore). The source of the mineralization is the dissolution of underlying silty carbonates by hydrothermal fluids. Wide spread dispersal of the fluids along faults and fractures is responsible for forming the large, low grade deposits that the Carlin Trend is known for. Accessory mineralization includes silver, copper, antimony, mercury, thallium and barium. The extraction of these elements along with the gold does not always provide additional economic benefit; in fact, several of these can cause severe negative environmental impacts if the waste products are not stored and disposed of properly.
Most mines started out as low grade, high tonnage, open pits, and have now transitioned to underground operations that target the higher grade, down-dip extensions of the deposits. Mines on the Carlin Trend are known for pioneering heap leaching methods for gold recovery from low grade deposits. However, the refractory nature of some of the mineralization has called for the development of roasting and bio-oxidation facilities to break down the sulphides and release the gold. Modern operations use oxide mills, refractory mills, or heap leach methods, depending on the nature of the ore. Typically, the higher grade mineralization is milled as it can have a larger refractory component, while the lower grade ore can be heap leached.

Active mines include Newmont Mining Corporation's (TSX: NMC) Gold Quarry open pit and Leeville underground operations. Gold Quarry is Newmont's largest pit on the trend. Newmont operates a total of 14 open pit mining operations, 4 underground mining operations and 14 processing facilities on, and near, the Carlin Trend.

Other companies operating on the Carlin Trend include Barrick Gold Corporation (TSX: ABX), and Premier Gold Mines Ltd. (TSX: PG), along with numerous junior miners.

Nicole Engbert, BSc.
Research Associate – Mining, for Fundamental Research Corp.
FRC does not provide coverage on the companies mentioned in this article.

TRADES & BLADERUNNERS GIVING OPPORTUNITIES

A stepping stone to the future? Since 1994, agencies delivering the BladeRunners program throughout BC have been creating opportunities for at-risk youth (15-30 years) to explore careers, in skilled trades leading to long-term employment including some through self-employment.

BladeRunners was the brain child of community leader, the late Jim Green. He saw 'great kids' who '...just failed over and over again' who just needed an opportunity to show what they could do. BladeRunners began in 1994 with the placement of 25 participants on the construction site of Vancouver's GM Place, now Rogers Arena. However, it quickly became apparent that this was more than a typical training and employment placement program. What began as a project to help inner-city disadvantaged 'street-involved' youth obtain jobs in the construction industry soon evolved into what it is today – a community development program involving government, community and private enterprise that has spread across the province and beyond.

> Through programs like BladeRunners, Aboriginal people are given the opportunity to realize their dreams of a career in the trades – these are the stepping stones to a ticket in the trades

Because many youth involved in BladeRunners experience problems outside their regular work hours, like street involvement and lack of life skills, the award-winning BladeRunners model offers ongoing, intensive support by BladeRunners coordinators who act as mentors, coaches and guides to help youth become established in their communities. This support also facilitates success in the workplace with their employers. Working with youth and their employers, BladeRunners coordinators also provide guidance in career development and planning, and help in getting additional certification.

The genesis of connecting at-risk youth with trades was ignited by the construction of what is now Vancouver's Rogers Arena. Today, throughout BC, BladeRunners has been involved with building skyscrapers, roads, social housing and community centres. The program has also expanded into careers in hospitality, cooking, agriculture, and theatre. The program is delivered by more than 25 service providers in centres BC-wide, including Nanaimo, Comox, Williams Lake, Kelowna, Victoria, Duncan, Vancouver, Prince George, and more (see www.bladerunners.info for more locations).

In 2012-2013, Industry Training Authority's Aboriginal Initiatives supported trades programs that included BladeRunners graduates. The Coast Salish Employment & Training Society (www.CSETS.com) Aboriginal Carpentry program at Vancouver Island University and Camosun College consisted mainly of BladeRunners graduates. More than 80% of the participants who are part of the VIU and Camosun initiatives end up in trades specific training apprenticeships, mainly carpentry. Glenn Boyda, CSETS BladeRunners Coordinator, states that "Our partnerships are key in that we identify a much needed cohort (e.g. carpentry) and compliment that apprenticeship training by having all interested participants complete BladeRunners first. For many, it is the first stepping stone into apprenticeship." Participants who successfully complete the BladeRunners program are then transitioned into technical training, such as carpentry, at VIU and Camosun.

ITA Director of Aboriginal Initiatives Gary McDermott says, "Through programs like BladeRunners, Aboriginal people are given the opportunity to realize their dreams of a career in the trades – these are the stepping stones to a ticket in the trades."

Aboriginal Community Career Employment Services Society (ACCESS) manages most of the BladeRunners programs delivered in BC on behalf of the Ministry of Jobs, Tourism and Skills Training. Twenty five service delivery agencies run the program on behalf of ACCESS (www.accessfutures.com). Prince George Nechako Aboriginal Employment and Training Association (PGNAETA) and Ktunaxa Nation Council (KNC) also manage direct service delivery in regions surrounding Prince George and Cranbrook respectively.

The goal of all BladeRunners service delivery agencies is to ensure that BladeRunners participants receive certified health and safety training and learn life skills and job readiness skills that help them build self-esteem and confidence. BladeRunners Director Tom Galway says, "Almost 20% of BladeRunners participants who train for work in construction eventually obtain their journeyperson status."

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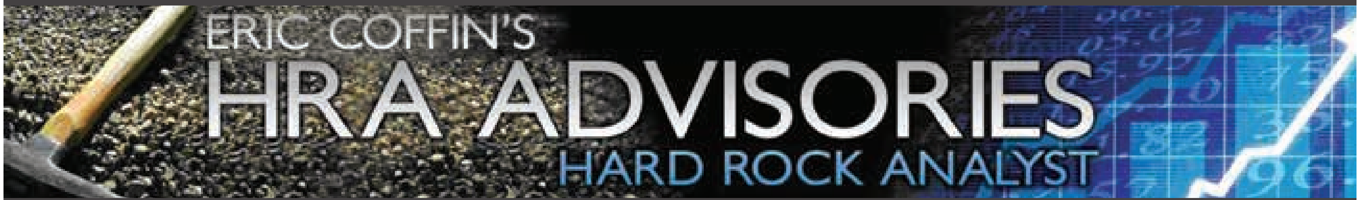
Funding for the ITA Aboriginal Initiatives and ACCESS BladeRunners program are provided through the through the Canada-British Columbia Labour Market Agreement.

ACCESS is one of Canada's most comprehensive Aboriginal training providers. As well as providing direct service delivery of various employment programs targeting urban Aboriginal people since 2002, this agency provides management and oversight of provincially and federally funded programming through various initiatives including the BladeRunners Program.

Established in 2004, the Industry Training Authority (ITA) is charged with the responsibility of managing BC's industry training system to develop the province's skilled workforce. As a provincial Crown agency, ITA works collaboratively with Aboriginal communities and agencies, industry, training providers, labour, governments and other stakeholders with the advice of an Aboriginal Advisory Council.



Gold continues to struggle and so do explorers. I am seeing encouragement in the trading of some discovery stories but this is a very small subset of the junior sector.

THE GOOD NEWS BEARS

By Eric Coffin

I think the precious metals markets are well set up for a rally but gold rallies don't usually happen in the summer. It's still possible but I don't think a rally strong enough to drag the juniors along for the ride can be assumed in the short term.

I will continue to focus on discovery and potential discovery stories. The lack of well-funded companies with targets I really like means I haven't been adding new names to the list recently. I don't see that changing soon. In a low liquidity bear market no one wants to get stuck with the wrong stock. There are a handful of situations that look interesting but I'm waiting for the market to come to me. If that happens those of you on the SD list will hear about it first.

Most of the companies I have been concentrating on are either drilling or will be before the next issue is out. That is where the rubber meets the road for this type of speculation. We've had one work out and I'm hoping to see other successes before much longer. The summer doldrums are almost upon us but companies that announce important discoveries will still get attention.

Markets just keep getting stranger. Traders are obsessed with guessing when the US Fed will start to taper their QE program. This has been generating a lot of counterintuitive trading.

The US economy continues to post positive economic readings though it looks like things may be slowing a bit.

It's clear market participants don't think the US economy is strong enough yet to advance without prodding by the Federal Reserve. Every comment by a member of the Fed Open Market Committee (voting or not) sends markets stampeding one way or another. Volatility levels are high. A lot of retail money recently entered the markets for the first time in years. It will be interesting to see if the wild swings during the last couple of weeks are too hard on their nerves.

The overwhelming concerns about QE or no QE can be seen in the reaction to major economic readings through the last month. In a "normal" market that has seen the sort of move the S&P 500 has the past few months any sort of negative or even contradictory economic reading would be a disaster. That certainly hasn't been the case lately.

The US employment report for May is a perfect example. The US economy produced 175k jobs in May, slightly higher than the consensus estimate of 165K jobs. Revisions to March and April data basically accounted for the amount above consensus. Normally this would have produced a flat or down session in the markets as traders who bet on a strong reading exited.

Instead of that we got a huge rally in equities and a pummeling (again) for gold. Most mainstream finance sites credited an employment report that "beat consensus" for the rally. I think a widespread belief that the job gains would not be strong enough to convince the Fed to cut QE was the real reason stocks soared.

The charts above show recent action in the gold, $US and Yen markets. Gold has continued to struggle, which is not comforting given the looks of the $USD chart.

The Dollar Index has put in what looks like an important top, losing 4% and dropping below its 200 day moving average. At least some of this is due to the bounce in the Yen. Traders closing Yen short/ Dollar long positions certainly accounts for some of the move. It's also part of the reason precious metals have reacted so weakly to the Dollar move.

Another trade that may be affecting the Dollar is a move out of US Treasuries. It's hardly a stampede but yields on 10 and 30 year treasuries have increased by a third (from a record low base, admittedly) in the past month or so. This too is a reflection of traders betting on how and when the Fed exits QE.

I can't read Bernanke's mind any better than Wall St traders can but I'm not convinced he's as close to pulling the trigger as many assume. Swings in the markets are making the decision that much harder. The Fed Open Market Committee is well aware of the impact this move will have. They want to time it to ensure the change in QE buying does not become a self-fulfilling prophesy that crashes bond markets and takes Wall St down with it.

Based on comments by Bernanke he is looking for at least a 200k per month increase in employment for several months running. We haven't got that yet. Job growth is still light and the jobs being created are mainly low quality ones.

Another important factor the Fed will consider is the lack of inflation. The chart above shows the longer term trend in the Personal Consumption Index deflator, the Fed's preferred inflation measure. It's at 1.1% (ex food and energy) and has been trending down since early 2011.

I'm not bearish on the US economy and would be shocked if the PCE went negative. That said, I don't see Bernanke risking it. Deflation is VERY hard to get rid of if it gets entrenched. Japan is throwing everything and the kitchen sink at the problem. Inflation is fairly easy to beat when you have a zero interest rates. You just jack rates up if you think inflation is trending up. Deflation is a low probability outcome but one Bernanke would be unwilling to risk.

The Fed sets interest rates, but only some of them. Treasury and LIBOR markets provide benchmarks for many loan types. When QE ends the Fed will cease being a large buyer in the Treasury as well as some mortgage markets. This could have a big impact, generating interest rate increases that will be damaging if they are timed wrong. QE will end, but perhaps not as fast as some fear.

None of this will help the gold market unless the Fed announced firmly that QE will continue. Gold has managed to hold its price range but hasn't been able to rally convincingly. Recent moves by the Indian government to make gold buying more expensive has put a dent in gold demand. It's too early to say if that drop is permanent but it's not helping. Given corruption and incompetence in the Indian financial sector it's hardly surprising many Indians prefer to hold gold.

I still think the gold market is set up for a rally but will continue to focus on discovery stories until that rally arrives.

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hra@publishers-mgmt.com http://www.hraadvisory.com

THE PROSPECTS FOR GOLD GOING FORWARD

By Rohit Savant
Senior Commodity Analyst
CPM Group, New York

Gold prices have fallen sharply this year, in a series of sharp moves lower followed by weak recoveries. The first decline occurred in the middle of February, followed by drops on 12—15 April, and again in the second half of June.

The failure of investors worldwide to step in as bargain hunting buyers of gold in the wake of the June sell-off suggests that while they saw the sharp drop to $1,320 in the middle of April as a buying opportunity, investors now are not buying gold for two reasons. Some investors are waiting for still-lower prices before they buy. Others are shifting their opinions about future gold price trends and directions, away from expecting higher prices toward expecting lower prices.

Prices may have more short-term downside, but they are approaching fundamentally unsupportably low levels. While prices may move lower in the next two months, from an intermediate term perspective prices may be at or approaching their cyclical lows.

Bank analysts are responding to the steady decline in gold prices by shifting from their earlier bullishness (many banks were still calling for record prices earlier this year) to now calling for further sharp declines to price levels around $1,000—$1,100, which would be unsustainably low in the long run (although not in the short run).

We expect gold prices around present levels to be the cyclical lows for gold. We are expecting another leg down on a short-term basis, most likely in the period from now through August. The reason for this is the fact that investors, at least through today, have not signaled that they view prices all the way down to $1,200 to be low enough to whet their appetite for gold.

Beyond that, we expect gold prices to consolidate, moving sideways perhaps between $1,350 and $1,550, through 2015, before possibly rising again. These views are based on our analysis of gold market fundamentals and the macro-economic outlook.

All of this leads to the question as to whether now is a good time to buy gold again for an intermediate-term investor. At these levels at this time gold may make sense as an intermediate to long term buy. Silver is looking less attractive. Platinum and palladium continue to look more attractive.

Several issues must be considered by individual investors in determining whether gold makes sense to buy at this level. Some of the issues are specific to individual investors, and some are related to the opportunity costs, or benefits, of moving more assets into gold at this time.

SHORT TERM CONSIDERATIONS; THE RISK OF A SPIKE LOWER

For one thing, on a short-term basis, the gold price still is vulnerable to a spike lower in the near term. Some investors may want to hold off on making fresh purchases at present levels, but should be prepared to purchase gold on a possible steep decline in prices at some point over the next two months, during the period of seasonal weakness in gold demand and prices, and the time of greatest risk to such a move downward in prices. Other investors may well be content to purchase gold at current levels and not try to pick the low of the market. Still others may want to wait to see where gold prices are in September, after the period of seasonal price weakness and heightened risks of a sell-off are past.

Whether or not investors see the current lower prices as another opportunity to stock up on gold is critical to the short term gold price, and also bears important implications for prices over the next few years. If investors have shifted their views and do not see prices around $1,200—$1,250 as a bargain, if they refrain from buying either because they do not think prices are low enough yet, as they did in April, or because they have decided prices are heading lower on a longer term basis and thus a sell off is no longer a buying opportunity, then prices are at risk of another leg down.

At present, there are few signs of strong demand at these lower prices. Indian market sources reported increased demand, but said the buying levels were less than half the volumes seen in the first week of May. Chinese dealers reported modestly stronger purchases, but said investor appetite was well below the levels seen during the sharp sell-off in April.

Following the sharp decline in the middle of April, which had pushed gold prices to two-year lows, there was strong demand for buying the metal from investors around the world. While much of the market press focused on demand in Asia, investors in North America, Europe, the Middle East, Latin America, and other quarters all participated in what they saw as a bargain hunting opportunity. Those shorter term funds that had shorted gold around $1,560 before the sell-off bought back their shorts, and in some cases went long on a short-term basis, adding to the strength of the price rebound. As a result, prices quickly rebounded to around $1,480 in nine trading sessions. This was not as high as gold prices were before the selling began on 12 April, and the rally stalled out. This signaled likely further weakness in prices, which was seen in May and then again late last week and this week.

The decline in prices in the middle of April had been very timely, occurring just prior to the wedding seasons in India and China. This resulted in a substantial amount of buying from consumers in those countries, especially India. This demand helped push gold prices higher through the end of April.

We expect gold prices to consolidate, moving sideways perhaps between $1,350 and $1,550, through 2015, before possibly rising again.

Some investors were taking advantage of the increase in prices during the second half of April to exit their long positions in gold, however. Physically backed exchange traded product (ETP) holdings continued to decline through the rest of April and May, and non-commercial market participants on the Comex were building even larger net short positions, taking gross shorts to record levels by late May. These investors were disillusioned by the lack of gold's inability to rise for more than 18 months past its 2011 highs, and by the fact that the late April rebound only saw a partial recovery that fell far short of the ranges of prices prior to 12 April.

The premia on gold products issued by the U.S. Mint resumed their earlier slide in May, after rising in the second half of April. With a majority of the buying from the Indian and Chinese wedding season done during the second half of April there this one large factor no longer was providing support to gold. Prices fell back in May, and staged an even less healthy recovery in late May and early June, signaling vulnerability to another steep decline. Comments regarding the winding down of monetary accommodation by the Federal Reserves chairman, Ben Bernanke, on 19 June pushed most asset prices down sharply on 20 June. The negative impact of these comments lingered into this week, with prices declining to $1,196.10, on an intraday basis, on 26 June.

This time around there maybe little reason to expect gold prices to rise after the sharp decline in prices, as was seen in the middle of April this year. The inability of gold prices to sustain the gains seen during the second half of April may cause gold market participants to wonder if they should wait for prices to decline further before they step in as buyers.

Even in countries like India and China, where there is a great deal of demand to own gold, there is less incentive to rush in and buy at present levels. It is not clear if investors this time have the same sense of urgency to purchase gold as they did in the middle of April.
In India, any weakness in the gold prices is likely to be offset by a decline in the Indian rupee against the U.S. dollar and an increase in import duties by the government. Both of these factors would make imports into the country more expensive. The next marriage season in India is not until November. The next round of gold buying for weddings in China is not expected to occur until September, ahead of October when there would be an increase in the auspicious days for weddings. The gold market is moving into a seasonally weak period, typically both fabrication demand and investment demand slow over the next few months.

Investors in gold ETPs have been selling into prices rallies and price declines, which suggests that there is an eagerness among these investors to exit their gold positions. There was a marginal increase in the premia on U.S. Mint gold coins following the sharp decline in gold prices on 20 June. Total open interest in Comex gold has been rising alongside the sharp decline gold prices, which suggests that investors are building fresh short positions.

The next support level for gold prices is $1,200. If there is not sufficient demand for gold at this level prices could see another round of declines, possibly toward $1,150 or even $1,100. Gold market participants who have not been buying or have been selling gold may be more inclined to see value in owning gold at those levels.

Rohit Savant is a Senior Commodity Analyst at CPM Group. CPM Group is an independent commodities research and consulting firm headquartered in New York. For information on CPM Group's services and research, contact info@cpmgroup.com or Matt Taub +1 212 785 8320.

NAMIBIA RARE EARTHS' EXCEPTIONAL
HEAVY RARE EARTH RESOURCE

By Mike Neihauser

"Namibia Rare Earths' CEO Gerry McConnell (left) and President Don Burton inspecting diamond drill core at Area 4 of Lofdal project in Namibia"

Namibia Rare Earths (TSX: NRE, OTCQX: NMREF) may be among two or three to rise from the ashes of the downturn in rare earth prices. Jack Lifton recently opined following his trip to China that the clampdown on illegal mining is real; in particular, that heavy rare earths continue to be mined from ionic clays on the riverbanks in southern China and smuggled into Vietnam and Thailand for processing, and then smuggled back across the border into China. Clearly this has an environmental impact on those downstream. This unregulated and untaxed activity negatively impacts government tax collections and environmental initiatives, and commercial processors who are sore over their unused capacity and the loss of their monopoly.

It has been estimated that illegal mining may account for up to 40% of Chinese rare earth production. China controls about 95% of the world's rare earth production. China's long term goal is to transition from an export driven economy to domestic consumption. Export quotas (limits) remain the proven tool to keep rare earth prices low at the expense of the rest of the world.

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Astute natural resource investors are recognizing the difference between heavy and light rare earths. Heavy rare earths continue to demand higher prices relative to light rare earths. Heavies are responsible for optimizing performance of permanent magnets, phosphors and capacitors. There are few substitutes or recycling options. These metals include dysprosium, terbium, europium and yttrium. These are recognized by the U.S. Department of Energy to be important to "clean technology" with high supply risk through 2025. China as well recognizes it is at risk of becoming an importer of dysprosium.

Namibia Rare Earths recently completed an initial heavy rare earth resource estimate at Area 4 of its Lofdal project in Namibia. According to Technology Metals Research, Lofdal has the highest rare-earth-oxide unit basket price per kilo of any rare earth project in the world. This is because 93% of the value comes from the four most critical heavy rare earths. About 45% of the value is attributed to dysprosium.

Their initial heavy rare earth resource is notable for the exceptional lengths taken to establish credibility to differentiate itself relative to other rare earth projects amid declining rare earth prices. The initial resource was based on 93 diamond drill holes for a total of 10,025 meters, on 25-35 meter centers, predominantly within only 75 meters from the surface. The program also included 987 meters of trenching every other drill section, hundreds of downhole rock density measurements, and an intense QA/QC program including thousands of radiometric and magnetic readings. Assaying tested a broad array of elements which was economized by the use of an on-site hand-held XRF device, which is particularly useful for identifying yttrium, which is correlated with heavy rare earths at Lofdal.

The initial resource, at a 0.3% cut-off, identified a 900,000 tonne Indicated resource of 0.62% TREO with 86% heavy rare earth enrichment and an Inferred resource of 750,000 tonnes at 0.56% TREO with 85% heavy rare earth enrichment. At a lower grade cut-off of 0.1% the resource increases to an Indicated resource 2.88 million tonnes at 0.32% TREO with 76% heavy enrichment, plus the Inferred resource increases to 3.28 million tonnes at 0.27% TREO with 75% heavy enrichment.

It was noted in press releases that the initial resource could be upgraded to Measured and Indicated from Indicated and Inferred, without additional drilling, upon completion of metallurgical testing. Namibia Rare Earths is assessing the potential to sort material on-site to produce a concentrate. This may increase the amount of economic material by reducing the cut-off grade to possibly 0.1% TREO.

It is important to recognize that the indentified resource consists of an exceptionally consistent tabular zone extending from surface, with an Indicated resource within 75 meters of surface, and an Inferred resource within 150 meters of surface. They have tested this zone to 250 and 350 meters from surface, and predictably intercepted what appears to be a continuation of the main zone. This implies the potential to increase the length of the mineral zone an additional 200 meters. In addition, there is an opportunity to locate parallel mineralized zones in the hanging wall with the potential to reduce waste. The strike length of Area 4 is only 650 meters, and they have identified additional heavy rare earths along strike at up to 1.5 kilometers to the northeast.

Namibia Rare Earths recently completed initial metallurgical testing on the high-grade sample which provided a flowsheet significantly de-risking the project. This also determined that it is possible to remove thorium at site. This is now being optimized and once applied to lower grade material, the economic potential of Area 4 will be become more readily apparent to investors. Lastly, as heavy rare earths at Lofdal are contained within xenotime, the only mineral containing heavy rare earths to be successfully cracked, we believe Namibia Rare Earths may be one of the few successful rare earth projects in the current metal cycle.

"The writer owns shares of Namibia Rare Earths"

Correction: What's a few Billion amongst friends

We mixed up our millions and Billions in the Mike Neihauser article in the May issue article about South American Silver Corp. (page 19)

The resource estimate should have read:
"At a 0.2% CuEq cut-off, the Escalones project had an Inferred resource of 420.6 million tonnes, containing 3.8 billion pounds of copper, 610,000 ounces of gold, 16.8 million ounces of silver, 56.9 million pounds of molybdenum, or a copper equivalent of 4.5 billion pounds. The resource at this cut-off had average grades of 0.41% copper, 61.39 ppm molybdenum, 0.05 g/t gold, 1.24 g/t silver, for a copper equivalent grade of 0.49% CuEq.*"

We apologize for our error

THIS TIME IS **DIFFERENT**

By Lawrence Roulston

We all know that the market for junior resource companies is in a terrible state. We also know that this industry is cyclical, and no matter how bad it gets, it eventually turns around.

I have experienced a few cycles in the resource industry. In some ways, this is the worst situation that I have ever seen. But, this time is different and it is important to understand those differences to know what to do next. In 2008, the resource industry was clobbered, along with most investments around the world. That sharp selloff was driven by external forces. Everything went down sharply, but then everything rebounded in tandem. Over the next two years, the TSX Venture index tripled.

Market commentators called mining a "sunset industry", implying that the world's need for metals was going to suddenly evaporate.

If we look back a little further, 1999 through 2001 was considered the "nuclear winter" of the mining industry. At that time, the mining industry was still in the classic era, when high metal prices led to increased production which led to oversupply and declining prices. Several big new mines had just come on stream and demand for metals was sluggish. At that time, nobody dreamed that China and the rest of the developing world would soon begin to take off. Metal prices were down: copper, at $.60 a pound, was at the lowest price ever in real terms; gold hit a low of $252 an ounce. The producing companies were losing money.

Market commentators called mining a "sunset industry", implying that the world's need for metals was going to suddenly evaporate.

It took real courage at that time to look beyond the moment. To be an investor, you had to believe that there would be a fundamental change in the mining industry – that metal prices would eventually rebound to a level that would make it profitable to develop and operate mines.

Some people had that vision and courage. Ross Beaty bought 12 big copper deposits in Lumina Copper, mostly deposits that were castoffs from the majors. Lumina's investment of a few tens of millions of dollars turned into a multi-billion dollar payoff for investors.

Bob Quartermain did the same thing with silver deposits in Silver Standard, buying silver in the ground for a pennies an ounce.

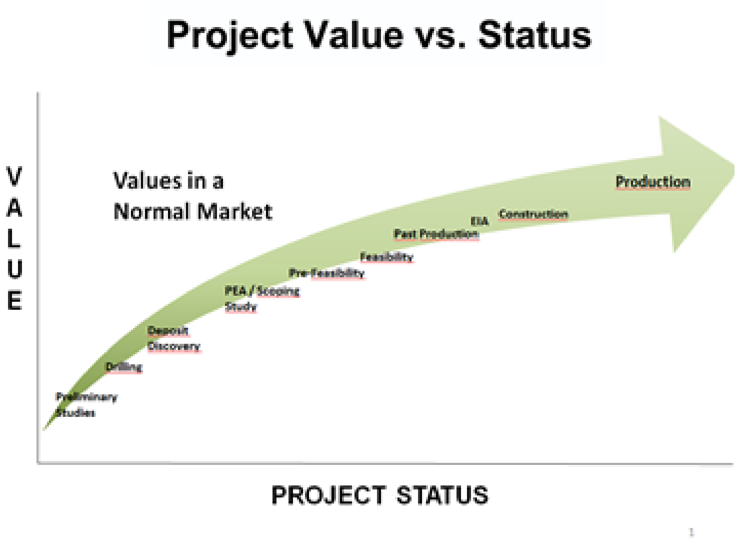
The Hunter Dickinson group also accumulated assets at that time and again generated billions of dollars in value for shareholders. In one case, they were paid $16 million by a major mining company to take ownership of a shutdown copper mine. That mine has since generated hundreds of millions of dollars of operating profits.

Continued...

I started Resource Opportunities during that period, with the firm belief that there was money to be made in buying shares of resource companies at a time when so few people wanted anything to do with the mining industry. Demand for metals was not going to go away, and the industry would come back.

Of course, the decade following that "nuclear winter" produced the biggest, richest bull market in resources ever.

In some ways, the current situation is even worse for the junior resource companies than that "nuclear winter". This time is different because of the disconnect between share prices and fundamental values. The mining industry is still generally profitable. Demand for metals is continuing to grow at a time when new supplies are severely constrained. Metal prices, for the most part, are well above long term averages.



At this time, you don't have to be a visionary with a long term perspective to see the extraordinary values available in the junior markets .

The challenge now is to differentiate among the companies. While there are many companies which are irrationally undervalued, there are even more juniors which are irrationally overvalued.

In a moment, I will discuss how the valuations have become so seriously distorted.

Let us start with the overvalued companies: a lot of companies raised money, lots of money, in that period of euphoria from 2009 to 2011. Much of that money was spent on rent and salaries and investor relations. Some of the money when into the ground, but the vast majority of the exploration spending failed to produce meaningful results. In short, billions of dollars of shareholder money was burned up with little to show for it.

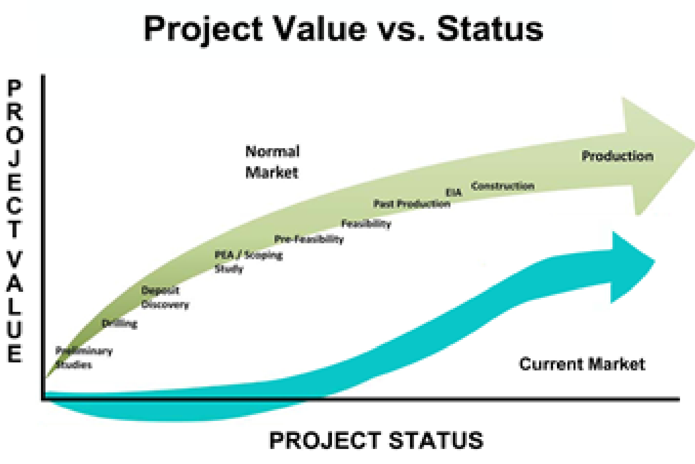
For some of those companies, those which have no cash and no assets, it is like holding a lottery ticket the day after the draw. Many of those companies are basically shells, and there are so many shells around that they have little value.
As to what happened: There is a lot of talk about risk aversion and concerns over global growth and metal prices being down. In reality, the most significant reason why investors hate mining companies at this time is the terrible performance of the mining industry itself. The majors have taken write-offs of more than $60 billion over the past 2 years. At least 7 major company CEOs have been axed.

The performance of the juniors has been even more appalling. Companies listed on the TSX Venture exchange from 2010 to early 2013 took in $26 billion of new shareholder money. Unfortunately, most of that money was spent without creating much value. As a result, the holders of all those shares want out. They want to sell all of their resource shares, they don't care about the price and they want to forget they ever heard of mining. Everything has been knocked down, the good along with the bad.

But, let us remember that for every share sold, there is a buyer. However, the buyers have been a lot more discerning than the sellers.

Here is an interesting way to look at mining companies. We have all seen variations of this chart. Simply put, the value of a metal project increases as it advances toward production. At least, that is what happens in a normal market. This is not a normal market.

Here is what is happening at this moment. Early stage exploration projects are given very little or no value. In fact, in some cases investors are giving exploration projects negative values. Some companies with exploration projects are trading for less than cash value.



It may seem attractive to buy cash at a discount, but you have to factor in salaries, rent and travel to conferences. That cash has value only to the extent that management will do something useful, like advance a metal deposit. Exploration spending has been slashed, but rent and salaries continue to be paid.

At the other end of the scale, high quality production or near production projects are trading at roughly 20 to 40 percent discount from realistic values.

Most people are saying that there is no money for junior mining companies at this time. The reality is, there is an enormous amount of money available. Various funds and private equity groups are sitting on billions of dollars of

Continued...

cash and are salivating over the exceptional values available in the mining industry.

The only problem is that they are focused almost entirely on the right side of that chart. They want assets at the right side of the chart, and especially they want cash flow, but they want to pay the prices on the left side of the chart.

Over time, those investors will move into that middle ground: projects that are a couple of years from production, but which can be acquired for pennies on the dollar. When those big pots of money move to earlier stage projects (prefeasibility and feasibility), the values will start to move toward rational values. That is where investors should focus at this time: Companies with good assets which can be bought for pennies on the dollar.

Looking forward, I believe that the extremely low valuations, the recent takeover offers and the improving global economic outlook provide strong evidence for a rebound in high quality development-stage companies. In due course, "the market" will also begin to move higher. In the meantime, I will continue to present high quality companies which can generate big gains in spite of the near-term market sentiment.

Resource Opportunities has been providing subscribers with successful stock picks in the 100% subscriber-supported newsletter for over a decade. No company ever pays to receive coverage, and they are included in the newsletter based solely on the merits of the company. My decades of experience in this sector have helped me identify which companies have the best outlook for success, and this research is what I present to subscribers.

As a geologist and business analyst, I do conduct an extraordinary level of due diligence, which includes site trips all over the world to obtain a first-hand look at the projects, and am often ahead of the pack when it comes to making company recommendations. In the past year alone we have seen tremendous gains in companies like Colorado Resources, Sandstorm Gold and SantaCruz Silver, many of which we were the first to cover.
The Resource Opportunities newsletter has recommended over 25 Ten Baggers to subscribers, many of which were recommended in a market JUST LIKE THIS ONE.

Now is the time for smart investors to lay the foundations for future wealth.

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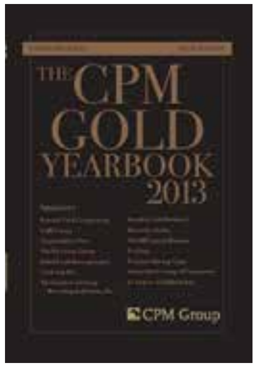
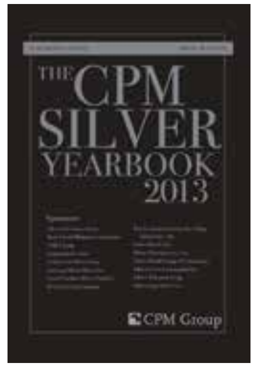
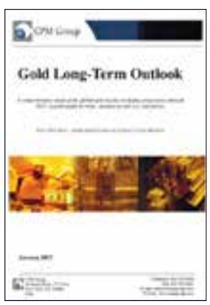
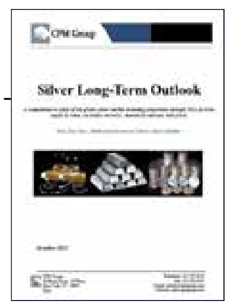
CPM Group 2013 Yearbooks and Precious Metals Long-Term Outlooks





The **CPM Gold, Silver, & Platinum Group Metals Yearbooks 2013** contain definitive and detailed statistics and analysis on the international precious metals markets. The reports, published by **Euromoney Books** and **Metal Bulletin**, include analyses of supply, fabrication demand, investment demand, bullion market activity, projections for 2013, and detailed statistics on mine production, secondary recovery, prices, futures and options activity, and other aspects of these markets. These reports average over 200 pages each and are available in hard or electronic formats.





CPM Group's Long-Term Outlooks

- 35 Years of Historical Supply & Demand Data
- 10-Year Supply, Demand, and Price Projections
- Disaggregated Statistics on the Markets in China
- Supply Details by Major Producer Countries and Companies
- Fabrication Demand Forecasts by End-Use
- Supply, Demand, and Price Projections under Alternate Scenarios
- CPM Group's 10-Year Economic Outlook

For more information on CPM Group's **Long-Term Outlook** reports, please contact Matt Taub at 212-785-8320 or via email at *mtaub@cpmgroup.com*

CPM Group · 30 Broad Street, 37th Floor · New York, NY 10004 USA

Tel (212)785-8320 · Fax (212)785-8325 · info@cpmgroup.com · www.cpmgroup.com