THE PROSPECTOR
RESOURCE INVESTMENT NEWS
July 2014

THE GREAT "FLATION" DEBATE PERKS UP ANEW

MEXICO'S GUERRERO BELT STRIKES GOLD AGAIN

GUERRERO STATE: ABOUT TO HOST A **NEWSTRIKE** DISCOVERY

THE PALLADIUM BULL RUN IS UNDERWAY

table of
CONTENTS

03 **THE GREAT "FLATION" DEBATE PERKS UP ANEW**

09 **THE PALLADIUM BULLRUN IS UNDERWAY**

13 **MEXICO'S GUERRERO BELT STRIKES GOLD AGAIN**
GUERRERO STATE: ABOUT TO HOST A **NEWSTRIKE** DISCOVERY

15 **GOLDEN STANDARD'S PIÑON.**
GERMAN REPORT BOOSTS SHARES

17 **SUMMER HEAT (?)**

22 **AME BC SPEAKER SERIES:**
TOM ISAAC ON ABORIGINAL ISSUES

THE PROSPECTOR
RESOURCE INVESTMENT NEWS

Published by Foxtrot Communications Ltd.
www.theprospectornews.com

PUBLISHER: *Michael Fox*
editor@theprospectornews.com

PRODUCTION: *George Pitaru*
contact@uvizo.com

CONTRIBUTORS: *Thom Calandra, Eric Coffin, David O'Brien, David H. Smith, Chris Temple*

FOXTROT COMMUNICATIONS LTD.
Telephone: 604-639-5495
sales@theprospectornews.com

THE GREAT "FLATION" DEBATE PERKS UP ANEW

by Chris Temple

This past week--just after it was announced that the final number for first-quarter growth (or lack thereof) actually showed a shockingly large 2.9% contraction in the economy – I received an e-mail from an old friend. He is a dyed in the wool "deflationist"; one of those who has been an ardent follower of those like Robert Prechter, Harry Dent and others who basically warn that we are on the edge of a new deflationary implosion that might be so bad it will make 2008 seem like child's play. Commensurate with these views, my friend will have absolutely nothing to do with the stock market; not even good individual companies. As his favorite gurus are predicting, he insists that--some years down the road--he will be buying stocks, real estate, gold, and pretty much everything else at a fraction of their present prices.

...the average American household has certainly not been experiencing "deflation" where their living expenses are concerned.

There are a few problems with as dogmatic a way as these guys all cling to their deflation-only predictions. First, it's undeniable that they have spectacularly led astray those who are following their advice. They simply do not seem to understand our fractional reserve system and the various means by which the Federal Reserve has continued to inflate asset prices. I as well believe firmly that this latest party on Wall Street and among certain other "assets" will end in tears at some point. Yes, the great majority of stocks and other mispriced assets will at some point be forced to reckon with economic reality (or, more likely than that, an "accident" or Black Swan event of some kind that pulls the rug from under everything.) But until then--and as has been the case for a few years now, to the chagrin of the deflationists--bubbles may well be blown much larger.

Second, many of these folks seem just as oblivious as Fed Chairwoman Janet Yellen to the fact that the average American household has certainly not been experiencing "deflation" where their living expenses are concerned. As I asked my friend in a reply the other day (and not for the first time) why is it that I am paying nearly $4.00 per gallon of gas? When I travel on toll roads, why am I paying quadruple the cost of a decade ago? Why are most of the groceries I buy moving noticeably higher in price; even as the packages shrink? How about local taxes, utilities, health care? Housing, again?

"INFLATION IS ALWAYS AND EVERYWHERE A MONETARY PHENOMENON"

Some of you recognize the above quote from the late economist Milton Friedman. It does not tell the complete story of why prices rise. Often, shortages of something in particular will cause the price to rise regardless of what the Fed's monetary policy is or is not doing to the overall price level. At present, for example, weather extremes, feed prices and even disease (in the case of pork) have led to some of the increases in price levels. However, where the bigger picture is concerned, it is indeed the Fed that has set the general tone by pumping up the volume of "money" in circulation. And as time has gone on, it takes even more expansion of the money supply, debts, etc. to merely keep the economy from imploding (you will get the best understanding you've ever had of this by reading my "signature" presentation, Understanding the Game.)

It is, of course, impossible to look at a chart such as that above and not in your gut feel that the days of this latest Fed-fueled cyclical rally are numbered. The $64,000 question (more or less, depending on the size and positioning of your portfolio!) is what will bring about the next deflation of such asset prices?

As I said at the time, former Fed Chairman Ben Bernanke's comments after last September's Federal Open Market Committee meeting was effectively a doubling down of sorts for the central bank in its "Inflate or Die" quest. If you remember, it was at that time that the Fed had been almost universally expected to begin reducing its $85 billion per month Quantitative Easing program. What surprised Yours truly at the time was not that the Fed delayed, but that Bernanke was so honest as to the reasons why. Simply put, the Fed was not yet prepared to either find or engineer other means to keep interest rates in check (as it has successfully done thus far in 2014) that would allow it to start exiting without causing problems. Specifically, Bernanke cited the looming problem of some investment funds and sundry parties being wrong-footed already by the rise in market interest rates last summer; and that some could be in grave peril if interest rates moved higher because of Q.E. being whittled down back then.

...the Fed must now additionally see to "the stability of the financial markets/sector"...

This was the most candid admission by the Fed up to that point that it has taken unto itself-- as I have termed it--a third policy mandate. Congress gave this bank two: stable prices and full employment. But with both asset prices and the Main Street economy ever more dependent on the Fed's "trickle-down monetary policy" as some of us have dubbed it, the Fed must now additionally see to "the stability of the financial markets/sector" and such things. In other words--as Mrs. Yellen has been even more blunt about more than once--the Fed sees its job now as also preventing a deflationary tumble.

So although that chart just above surely makes things look like were on the edge of another plunge now, at least this one factor is different. Yes, many segments of the stock

market were obscenely over- priced in 2000. But in addition to a lot of foreign money that had sought safe haven in U.S. assets due to Y2K fears leaving, the Alan Greenspan-led Fed at the time made things worse by tightening monetary policy as the stock bubble was beginning to lose its air. Today's Yellen-led Fed will not be repeating that mistake!

What led to the 2008 implosion--a more systemic one that threatened the broad economy far more than the dot-com bust-- was that first the Fed had allowed rampant, risky lending and ensuing derivative market activities, chiefly where housing was concerned. That was the first mistake; the second was arguably when politicians and regulators later allowed Lehman Brothers to go bust. That decision--as Greenspan's to tighten credit in 2000--made a bad situation worse and increased the deflationary implosion that hit banks and the broader world economy as hard as share markets.

As Yellen matter-of-factly told us a bit over a week ago after the latest F.O.M.C. confab, she is happy to let the current bubble-blowing on Wall Street, in the shadow banking system, in bond pits and elsewhere continue indefinitely. To the growing nervousness of even some of her supporters, she sees relatively little danger in this. And after all, the Fed MUST keep its accelerator pedal to the floor to "help the economy" (i.e.--keep all the hyper-leveraged folks in the banking system and markets from plunging just like they did in 2008!)

THE PICK-UP IN CONSUMER INFLATION MUST BE DISMISSED

As I said above, the deflationists' dogmatic position doesn't hold much water either for the time being when you consider the typical expenses of the average household. According to John Williams' well-known Shadow Government Statistics (http://www.shadowstats.com/) organization and newsletter, if we calculated the cost of living increases for the average household using the same formula we did in 1980, that "inflation" rate would be 10%. I daresay that if you polled people on the street and asked them whether that figure was closer to their reality or if Janet Yellen's 1.5% P.C.E. measure was a better reflection, the great majority would immediately try to find a Janet Yellen doll to stick pins in!

In my post-F.O.M.C. comments back on June 18--which you can still read on my web site at http://nationalinvestor.com/331/yellen-dismisses-price-bubble-worries-inflate-die-mode/ -- I explained how the Fed has changed the methodology over the years to hide the truth. The "why" should be clear: the Fed simply cannot acknowledge the true state of inflationary pressures. If it does, it will have to do something. That means it will have to raise interest rates and/or drain liquidity from the markets and banking system. And if it does that,

then the Dents and Prechters of the world will be vindicated even sooner than they will otherwise be. This is why Mrs. Yellen has little choice but to dismiss rapidly rising prices as "noisy" inconveniences that she will not take seriously.

HOW /WHEN WILL THE NEXT BUST COME?

The reason why the Fed and, lately, the E.C.B. have had this almost pathological fear of deflation is twofold. First, only a long-term inflation and corresponding devaluation of currencies will allow choking debt levels to be at least serviced. Debauching of a currency has always been the means by which governments keep things afloat; at least until the inevitable BIG reckoning finally comes that destroys an entire system.

Second, they fear deflation because--once it becomes entrenched--it is all but impossible to turn around. Where consumer prices are concerned, this environment feeds on itself. Just ask the Japanese. A hellish "negative feedback loop" as I have heard one pundit describe it takes hold where, with the exception of things like fuel, foodstuffs and--sadly--other necessities, prices and economic activity go downward. And where asset prices are concerned, as these bankers all learned to their horror in 2008, their declines can quickly get out of control as well.

Make no mistake: at some point, the central banks will not be able to keep all of the proverbial balls in the air... Or all those plates spinning on top of all those sticks. What has changed somewhat in comparison to the last two busts is that the Fed and policy makers are a lot less likely to either cause or exacerbate the next deflationary bust. Even such an articulate bear and critic of the Fed as Jim Grant, Editor of Grant's Interest Rate Observer, recently conceded in a CNBC interview that the Fed's current hyperinflation of asset prices could well go on for a while longer; but would in itself necessarily contain the seeds of the next deflationary bust. As Marc Faber of the Gloom, Boom and Doom Report puts it, the big correction--if not crash--he has been warning of will simply come once the Fed has taken us up to a higher diving board.

No one can possibly know--probably not even the Fed itself--exactly what factor or event will cause the dominoes to start falling again. There certainly are plenty of candidates. China is at the top of the list, if it is unable to keep its colossal, fraud-enhanced credit monster from turning on the country and --quite possibly--the world's banks and markets. Who knows what hedge fund or investment bank might zig when it should zag, and cause a chain reaction of panic and/or forced margin selling? Will politicians deal a blow to leveraged markets in the name of belatedly combating favoritism and high-frequency trading? Will

the current sleepwalking behavior of the European markets be rudely interrupted again?

Nor does anyone know when one of these things might happen; though some are consumed with it. When you're looking for deflation in the form of plunging asset prices, it becomes a bit demoralizing to have to hope/wait for something bad to vindicate your view.

VERDICT: BOTH CAMPS ARE RIGHT... TO A POINT

Again, I encourage you to read Understanding the Game, where I have a much broader discussion of this and related subjects. In my estimation, we will increasingly be re-learning a word first coined back in the 1970's: STAGFLATION. I frankly expect more of the same of what we have seen in the wake of the 2008 debacle. Central banks will stay in "Inflate or Die" mode, finding increasingly absurd justifications for their necessary policies of creating "money" with reckless abandon. All else being equal, no one country or region will be likely to bear a disproportionate weight of stagflation longer-term, because of the fact that pretty much everyone needs to continue engaging in such policies.

The deflationists are correct in the sense that some goods and even some assets that are "wants" more than they are "needs" will go down in price over time due to the inability or unwillingness of consumers to pay for them. For a while now--even as stocks have marched to all-time highs--the majority of the reports coming from the average American retailer are grim. Despite some moderation in credit availability, people are a bit more sober in what they spend money on. Nor do most families any longer need the big "McMansions" built during much of the last generation to house suburban families. Financially, these are less affordable to own, heat and cool. More of their owners have become emptynesters. In some parts of the country you can hardly give away some of these types of dwellings.

Tragically, where the deflationists will remain wrong is where most necessities are concerned. Until we get to a place where we are in a full-blown DEPRESSION, it is unlikely that energy costs will moderate much at all. Nor food. Nor do I expect government to do much in the way of lessening ever-increasing school, property, sales and other taxes. In this sense, the stagflation of this time will be worse than that of the 1970's, as the average American household will be less able to deal with it.

Finally, as I have quipped a number of times, the story to me where the stock market is concerned is not that--temporarily, from time to time--we could see a 2008-style implosion that knocks a big chunk off of valuations for a while. It is instead that we will have more of the same of what we've seen for the last few decades. 30 years from now, the Dow Jones Industrials may well be 50,000. Perhaps a lot higher. But the real story will be that you will be unable in 30 years to buy in goods, services and the necessities of life with that 50,000 Dow what you can today with the Dow a bit under 17,000.

While we must necessarily be prepared and somewhat positioned for the possibility of the next deflationary bust hitting, we must also continue investing as befits this stagflationary environment; one that will increasingly take on a 1970's-type tenor. And that leads me next to a review of a VERY successful first half of 2014 for our Recommended Portfolios, and a look ahead to the back half of the year.

The above is the Cover Story excerpted from the June 28, 2014 edition of The National Investor. For a full FREE sample issue, as well as Membership and investment recommendation information, e-mail Editor/Publisher Chris Temple at *chris@nationalinvestor.com*, or visit *http://nationalinvestor.com/subscribe-renew/*

THE PALLADIUM BULL RUN IS UNDERWAY

By David H. Smith

A precious metal which has over 80% of its annual production coming from just two countries? Considerably rarer than its cousin, platinum – known by the Spanish Conquistadors as "little silver" - yet sells for a bit more than half as much? Like silver, a "two-doors" metal with both vital industrial applications and increasing investor interest? And like these metals, it can be bought and sold by investors in the form of bullion coins and ingots? That metal is palladium.

Its better known relative, platinum, also suffers from a supply-demand imbalance, which over the next few years should take its price much higher.

However, palladium, which now trades at $600 per ounce less, yet can be substituted for most of the roles platinum fills, is in the eyes of this writer an investment option with even more lucrative potential.

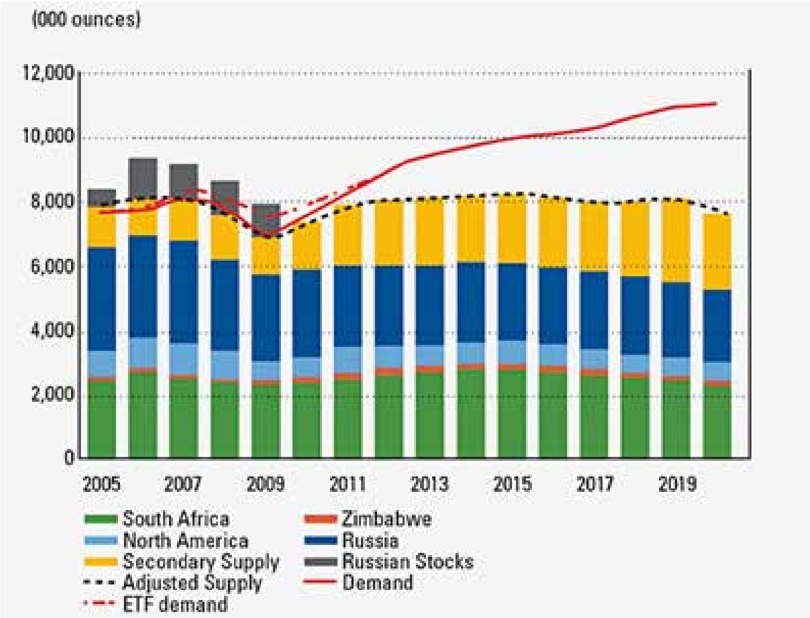
Most of the world's Palladium (85-90%) comes from South Africa and Russia. South Africa faces ongoing labor strife – don't expect the recently settled strike to be its last - and rapidly increasing energy costs as it digs ever deeper to reach the narrow vein structures typically hosting Platinum Group Metals' (PGM) deposits. Of the remaining sources, North America and Zimbabwe account for just 4% each.

Palladium's largest demand component is for automotive catalytic converters. In an extraordinary development auguring for increased usage, China recently announced its intention to take off the road by the end of 2014, at least 6 million vehicles which do not meet current emission standards.

Canadian Palladium Maple Leaf (dgse.com)

Use in jewelry is palladium's second demand component, then electronics/dental and finally investment interest. The advent of exchange traded funds (ETFs) which hold physical metal based upon investment purchase of shares has added a relatively new element to the supply-demand equation. Not to be left behind is the physical purchase of palladium by investors, which as the word gets out is showing increasing strength.

In most mining operations, because the primary ores mined are nickel or platinum, palladium production plays "a supporting role" of 7 – 12% of the ore's total value. For example, take Russia's massive Norilsk production complex. Though in the past it has been one of the two largest palladium producers on the globe, the majority of its refined ore is actually nickel and copper! Thus palladium is relatively "price inelastic" – meaning that a significant rise in price won't translate to a big increase in the available supply. This is an important consideration for investors, because it is just one more reason why the current bull-run underway in palladium has the potential of lasting longer – and moving higher – than most market watchers currently believe is possible. And this move could last well into the next decade.



Palladium's Growing Supply-Demand Gap (Stillwater Mining)

READING THE PALLADIUM TEA LEAVES

Early last year, I penned an article for The Prospector, a Canadian resource investment news publication. (I mention this, not only because it is relevant to our discussion, but due to its follow-on premise which relates directly to the potential for extraordinary gains during the coming years for ALL of "the precious metals four" – gold, silver, platinum and palladium.) Titled Lead Indicators for Silver's Coming Price Explosion?, the premise as it relates to platinum and palladium was stated as follows:

...over the next 12 – 18 months, an evolving supply-demand imbalance in two precious metals is likely to evolve into a price explosion. In terms of the scale and violence at that time, this may appear to be a secular price blow off. But more likely, they will have merely established a penultimate

Daily Cash Palladium

or secondary top, with their own final all-time highs registered

later, around the time that gold, and especially silver, reach the public mania stage.

Because they are likely to precede the final convulsive rise of gold – and especially silver, by some time – perhaps as long as 2-3 years, their price behavior may offer an important "preview of coming attractions" for the astute investor. Actions on the charts may tip us off in advance – presenting a mirror image of how silver's final price surge is likely to look.

With palladium's breakout above $800 this spring that move now appears to be getting underway. In the following chart, you will notice several sharp price drops which no doubt flushed a number of "weak hands" out of their leveraged positions. Yet each decline was followed by higher prices. The most recent drop of almost $40 was due to the announced settlement of the miners' strike in South Africa. But keep in mind that during this 5 month strike – the loss in new supply was on the order of 5,000 – 10,000 ounces per day! If demand from both industrial and investment users continues as has been the case over the last few years, a resumption in production will have but a marginal effect on the bullish case arguing for much higher PGM prices.

Stillwater Mining, the only significant PGM producer in the Western Hemisphere, has written the following:

Every so often a convergence of events results in a seismic shift, a tipping point or simply an abrupt change in outlook. Such can occur unexpectedly with surprising outcomes even when signs of change are obvious. We call this being blindsided, suggesting a lack of attention....But whatever it's called – game change; tipping point; defining moment – a market re-rating for palladium is underway in which a new equilibrium between platinum and palladium will emerge.

Stillwater Mining gets it. Industrial users get it. Investors in PGM ETFs get it. Readers of The Morgan Report get it. Shouldn't you consider getting some palladium for yourself?

Disclaimer: I own shares of SWC.

David H. Smith is Senior Analyst for *http://www.Silver-Investor.com* and is a regular contributor to *https://www.IndependentLivingBullion.com.* For the last 15 years, he's investigated precious metals mines and exploration sites in Argentina, Chile, Mexico, China, Canada, and the U.S. He shares his findings and investment perspectives with readers, media listeners, and audiences at North American investment conferences.

MEXICO'S GUERRERO BELT STRIKES GOLD AGAIN

GUERRERO STATE: ABOUT TO HOST A NEWSTRIKE DISCOVERY

By David O'Brien

SAME TREND. SAME TEAM

Well, based on the track record of **Newstrike Capital Inc. (NES: TSX-V)**'s exploration team, involved in the biggest plays in the region, we should expect no less.

A strong reputation for discovery can go a long way, especially when it's resulted in projects like **Goldcorp Inc. (G: TSX, GG: NYSE)**'s Los Filos Project and **Torex Gold Resources Ltd. (TXG: TSX; TORXF)**'s Morelos Project...both of which are 'on trend' with NES' Ana Paula deposit.

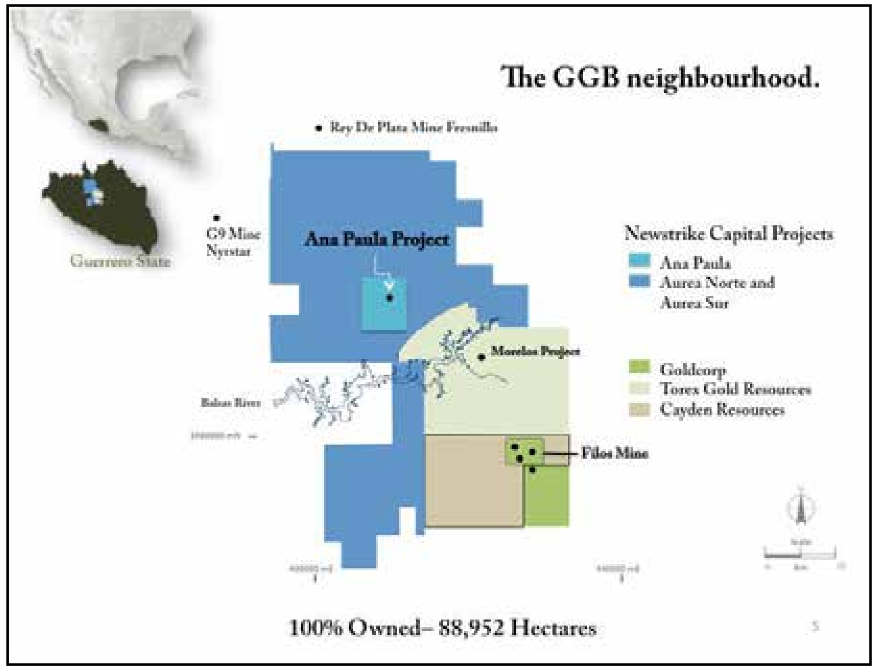
Together this management team was influential in the 31 million oz. Au discovered to date in the area, and the team, led by **Gillian Kearvell**, V.P. Expl., recognize Ana Paula as "a robust and economic deposit" and produced in 2013 a maiden NI 43-101 report for this combined open pit and underground mining opportunity. Ms. Kearvell was Vice President of Corporate Development for Aurea Mining. She served in several increasing management roles for **Teck Exploration (TCK: TSX, NYSE)**, she co-discovered the San Nicolas VMS deposit in Zacatecas and led Teck's exploration team responsible for the El Limon gold discovery.

Guess we'll have to ask the company to change its name to Newstrike Exploration & Development Co.... just sayin'.

As President and CEO **Richard Whittall** says "Newstrike is built on the success of management's experience in the Guerrero Gold Belt."

The following map shows the proximity play: along with Goldcorp and Torex, **Cayden Resources (CYD: TSX-V)**, the G9 Mine of **Nyrstar NV Bruxelles (NYRSF)** and the Rey De Plata Mine of **Fresnillo Plc London (FNLPF)** 'round out the map'.

The gold-laden and silver-bearing GGB map, that is.



From their website, "Newstrike acquired the 'Ana Paula' project from Goldcorp in June 2010. Ana Paula is an advanced-stage gold exploration project, covering 7,622 hectares over 4 mineral claims in the established Guerrero Gold Belt where Goldcorp had previously identified anomalous gold at surface over a 1.0 by 2.0 km area and in a similar geological setting to other deposits in the GGB."

Although there is a similar intrusion-style of mineralization, there is also a unique to the region breccia-style mineralization which "significantly improved the potential for the Ana Paula project. Subsequent drilling since discovery has outlined a core zone of high-grade mineralization hosted in breccia that is surrounded by an alteration halo of lower grade mineralization hosted in intrusion, hornfels, skarn and sedimentary rocks...".

STRONG TREASURY, SOLID INVESTORS. LOW INITIAL CAPEX.

Combine the open pit's low strip ratio (less than 2:1 is estimated for the first four years), and locally built-out infrastructure of paved roads, water and hydro electric power, according to Scotiabank analyst Mike Hocking the initial project's IRR runs up very quickly... reaching 26% after-tax or a projected US$383mm (Project's base case = US$1,300/oz Au and US$21/oz Ag).

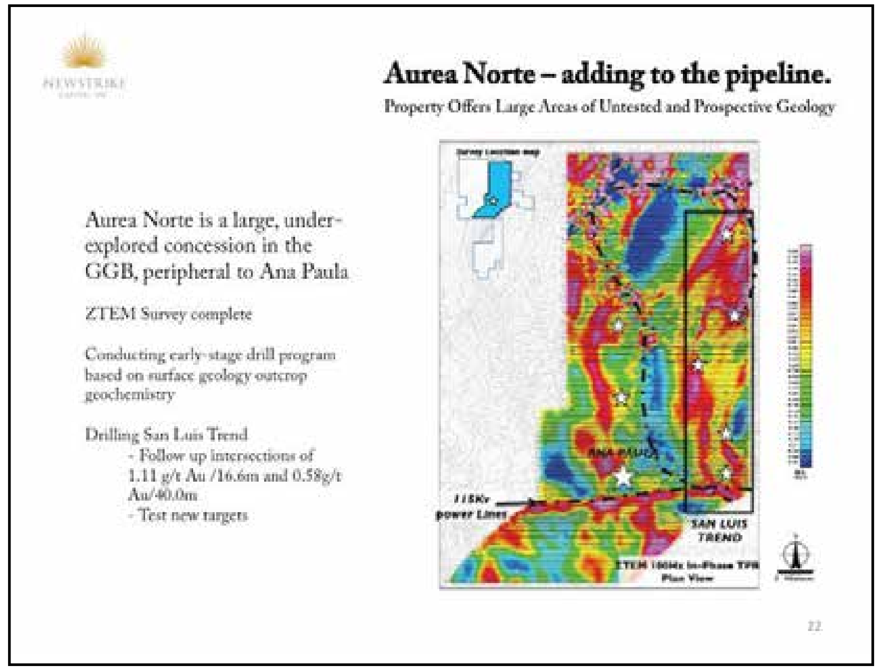
Using the company's internal calculations in a wide range of gold (US$600 - $1,450) and silver prices (US$11.59 - $28) at various cutoff grades (from 1.05 to 0.45 g/t AuEq), the cash costs range from about US$290/AuEq recovered up to just under US$650/AuEq recovered... meaning it's 'robust' at all prices.

Since the open pit is high-grade, the project is capital-efficient and offers a quick payback. Revenue generated will subsidize an expansion drilling program to discover more ounces. We like that, as the need to go to the market for funding is reduced or eliminated, preventing dilution for existing shareholders. **Lucas Lundin** must have liked it, too, as the family has invested heavily in NES...and is the largest shareholder.

That's a great credibility signal as well.

NEXT STEPS. DRILLING TO FURTHER DEFINE THE RESOURCE.

Based on the 46,000 metres of drilling since the Maiden Resource, the best potential targets are already identified to be in the Underground Breccia zone at Ana Paula.



Outside of Ana Paula are the two areas on the above map: Aurea Norte and Aurea Sur. A ZTEM Survey has been completed on the Aurea Norte and further drilling is planned to follow up intersections of 16.6m of 1.11 g/t Au and 40m of 0.58 g/t Au.

Operational expertise is brought to bear by the renown **Dr. David E. Euresti-Reyna**, President of Mexican Operations, and **Dr. Craig Gibson**, an Operations Consultant to Newstrike. Their resumes are here: *http://newstrikecapital.com/corporate/our-team/*

Suffice to say that their expertise and local regional experience make a very strong team.

There's a lot to like about Newstrike as 'our checklist' continues with all the right answers: the project, the management, the corporate structure and financial health...and the potential!

Do your Due Dili, of course; however, this is one of the best we've seen, and we've uncovered some great stories these past few years, as you'll recall.

*David O'Brien, is the owner of **Int'l Mining Research Inc.** which employs Media, Event and Online expertise, including **MineSnooper.com.** O'Brien also owns **W.I.T. Marketing**, an ad agency, and has been contributing articles to **The Prospector NEWS**, on demand. He owns no shares in the above companies.*
dobrien@InternationalMiningResearch.com

GOLD STANDARD'S PIÑON
GERMAN REPORT BOOSTS SHARES

By Thom Calandra

A report on Gold Standard Ventures' Pinon deposit helped to gap GSV shares higher this morning.

The so-called gap higher to 73 cents USD from about 67 cents is one feature of increased "retail" or individual investor, interest in the Nevada-centric gold prospector. The blip higher took place on trading volume of about 150,000 shares in New York. The gap occurred in Canada trading as well.

Here is Germany analyst Stephan Bogner's report: *http://www.rockstone-research.de/research/RockstoneGSVupdate1english.pdf*. It appears to have been distributed by a press release publisher: ACCESSWIRE.

The report is detailed with comments about the mineralization quality of the first five drill-hole core from a 12-hole program. Good photos of the drill core.

Mr. Bogner says he is not paid to research the company but owns GSV shares. Gold Standard Ventures is one of our **TCR 7**, now 6. (See below.) Its principals in the past have used **Germany-produced literature** to good effect. That is the case with Mr. Bogner's **Rockstone Research**.

Mr. Bogner's thesis is much the same as ours, which we stated here **10 days ago**. (See previous reports and *CEO.ca distribution*.) An area that holds non-compliant gold ounces of about 840,000 could double or more with the fresh drilling. The mineral is contained in a **collapsed-style breccia** that is seen in producing Nevada mines nearby.

Pinon is one of three targets across GSV's holdings near Elko, Nevada. Tuesday's activity in the shares -- in USA and Canada -- support a belief at **TCR** that the next sustained railly in resource equities will benefit at first prospectors in the world's top-rated mining jurisdictions, such as Nevada and Quebec. The company just filed for base shelf-registration of shares in the USA and Canada. This is a way to sell shares to individual investors via short-form prospectus.

We await Gold Standard Ventures and its anticipated exploratory drilling and resource report on the **Pinon** purchase in Nevada. (GSV in USA and Canada).

The **12-hole program** at Pinon, which is similar to Newmont-owned Emigrant Gap's collapsed-style breccia about 20 miles away, likely will be completed in the next week or two. A resource could emerge as soon as July. The hole assays will be out much sooner and could be actionable for individual investors.

We spent time in Los Angeles with **Gold Standard Resources** and CEO **Jonathan Awde**. Jonathan says we will see compliant resources and a mineral inventory from GSV's three targets by year's end: Railroad's North Bullion Zone, recently purchased Pinon and nearby gold-copper Bald Mountain. Pinon, purchased from Scorpio Gold, could show some of Nevada's most readily oxidized gold -- perhaps 1 million inferred ounces at almost a gram per metric ton, according to reports I have collected.

Maybe much more.

Some of the material includes discussions and formulae that are not for publishing.

What is for public viewing is brokerage analyst Mike Gray's work of the past two years. Mr. Gray is in Canada and is a bank analyst. He is listed on GSV's web site with contact information for those who want his latest reports on GSV.

At **Piñon** (photo of current drilling attached), some 1 million oxidized ounces at depths of less than 125 meters would give Gold Standard Ventures a sell-able property, if it so wishes. Or one with a three-year timeline to heap-leach production at an operating cost of, dare I even estimate, $600 an ounce.

Once GSV's geology team completes an analysis of stratigraphic sections for Pinon, the company might be able to trace similar, if not identical, rock types (minerals, formations, thicknesses, texture) across each of its three targets. Such an occurrence on the geological layering of the deposits would go some way toward allowing technicians and other outside analysts to determine a "safe" and inferred resource estimate for all three targets, well before year's end. Maybe even by mid-July. Gold Standard by November, I believe, will have additional resource estimates or a mineral inventory published and filed in Canada and the USA for North Bullion Zone (Railroad) and Bald Mountain. Most of that will be inferred and allow for interpretation by company executives, if I understand the concept correctly.

"Getting our first resource published at Pinon is a de-risking event," said Mr. Awde, who has yet to reach age 40 .

Two other Pinon heap-leach comparables -- aside from producing Emigrant) -- are Corvus's **Bullfrog**, which is a quarter of what Pinon's grade could show, and Midway's Pan.

Both are not yet producing and both are in Nevada.

I remember where I was when GSV published assays from breccia drilling at Railroad (North Bullion). That was in September 2013, and I was in Toronto, meeting with a graphite company.

Gold Standard at the time showed 98 meters of 3-plus gram/gold at Railroad near Elko. It already had something like 75 grams of 3.5-gram-plus gold in the tray, and that core was from close by. Most of it was breccia, which is a success in Nevada Carlin Trend set-ups if the grade shows a mere 1 gram per metric ton.

The GSV geology team benefited from **David Mathewson**'s bold senior-citizen strikes across a vast holding there in the high desert. Now, more methodical structural geologists are at work on GSV properties, including the new Pinon. Mr. Mathewson is onto a fresh GSV assignment at another property, inside another corporate entity called **Tanqueray Resources**. Its name will change to reflect the GSV connection.

Back to the reference to Michael Gray, who writes for Macquarie Equities Research. Once the 12 **Piñon** holes get published, we could see a bunch more back-of-the-envelope estimates not just for what Pinon holds, but across the three properties. (I am estimating 4 million ounces on the three targets alone. There is something like 115 square km total in GSV's land package, a nice portion of it owned outright and the rest claimed, staked, optioned and so on.) This is because, as stated, stratigraphic similarities, layering matches if you will, across that part of GSV's Nevada holdings, will make it so.

Piñon is considered a sister deposit to Emigrant. But little is known even with some drilling at the Pinon property in years past. What I do know after seeing Railroad twice is that any data confirming similar structure, grades, depths (less than 125 meters), trend direction -- more info about flat-lying breccia, for instance -- could be extrapolated and employed by outside analysts in their own deposit models.

Theoretically, again, gold and silver at Pinion outcrops at surface, then would get hauled downhill to private sections that already are secured, with water rights.

GSV has become one of my five largest natural resource positions and is a member of the **TCR 6. New York writer and investor Peter Epstein** also is active in researching the company and is a member of the TCR family.

We are eliminating Solvista Gold from our **TCR 7** in the wake of its decision to focus on non Colombia assets. It is likely a good decision given the political climate and administrative morass surrounding all things resources in that nation. I am for now holding my Solvista Gold (SVV in Canada) shares, more than 200,000 of them. That makes it **TCR 6**: Atico Mining (also in Colombia and under review), Colt Resources, Angkor Gold, Gold Standard Ventures, NuLegacy Gold and Pilot Gold.

GSV, NUG and PLG (Canada tickers) are each active in Nevada.

SUMMER HEAT (?)

FROM THE HRA JOURNAL: ISSUE 215
ERIC COFFIN, JUNE 12, 2014

Ok, it could be another head fake (there have been plenty) but the latest move in the gold stocks looks strong enough to be the real thing, even though its just begun.

If it is it will represent a very different outcome for the sector though the summer than most are expecting. Of course that is the thing about markets. They have a disconcerting habit of doing precisely what most traders don't expect.

A couple of HRA list companies that released economic studies have gotten good reactions that don't seem like one day wonders and a few companies that have released good drill results are also seeing traction that lasted. That is a better outcome than anyone was seeing a month or two ago. Nothing convinces management teams its time to get into the field again like seeing another company clocking big gains on exploration results. The more of that we see the tougher it will be for companies to blame the weak market for their decision to hang back.

Of course, the above comments apply to companies that actually have money to spend. Most don't but the list of companies at least moderately cashed up has been growing. Companies are still hesitant but that can change overnight if a few more companies get good receptions to discovery news.

Eric Coffin

A couple of the markets we follow closely appear to have resolved their former range bound states. Both did it in the direction I most expected, unfortunately for the gold market. Don't despair though. Notwithstanding a mountain of negative sentiment (I think because of it) gold soon found a bottom and is moving up again. I think we are overdue for the juniors to break out of their torpor and could have a much better summer than most expect. Let's deal with the large markets first though.

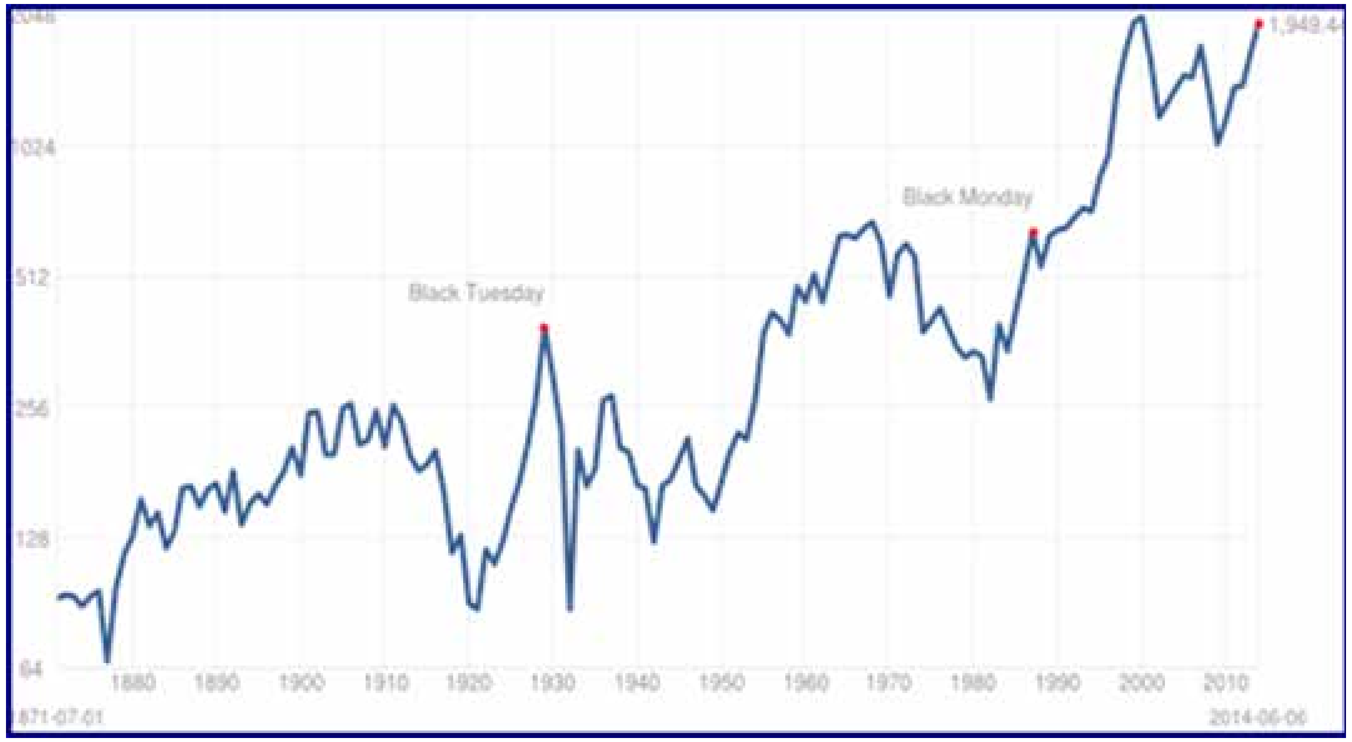
The S&P broke out of its range in late May and got to 1950 before backing off in the past few sessions. Most of the readings out of the US have been positive, though I would classify most as only moderately positive.

Revisions have largely been negative but no one pays attention to them. There would be a lot less "surprises" when major data points were released if traders checked revisions too but don't hold your breath waiting for that sort of patience.

Traders were pleased by the latest monthly payroll report though the job gain was slightly larger but hardly the big bounce back maybe expected when winter ended. The weather excuse is getting a little old.

I'm not bearish on the US economy but there will have to be substantial acceleration later in the year if we're going to see a 3% print for 2104 GDP growth. The numbers the US is putting up are decent but not good enough to generate that sort of growth rate by year end with Q1 growth coming in at -1.0%.

If you want some real long term perspective on the US market you can find it on the chart below. This 134 (and counting) year chart shows the price level of the S&P in real (inflation adjusted) terms using constant 2014 dollars.



It's a handy reference point and widely beloved by perma-bears. Because it uses inflation adjusted pricing the "real" S&P peak is in 2000, not last week, though you can see it's not far off even in inflation adjusted terms. The real S&P all time high is 2038, about 5% above current levels.

Do we get to 2038? 5% isn't much in a market with tons of liquidity sloshing about but 2000 will be a big psychological hurdle for traders. It may take a few attempts to clear it, if it even does. Getting through it would be bullish enough that it might carry the index to a record. I'm agnostic on the subject of whether we're in a secular bull or bear market. I think it's a new bull market. More to the point, when a market has a near 200% rally like the S&P has I don't see the sense in sitting it out because it might be a "bear market rally".

A new high in inflation adjusted terms is the last line in the sand for many permabears. It will be interesting to see if any in the secular bear camp change their tune if the S&P does breach 2038. I suspect they will come up with a new reason to maintain this isn't a "real" bull market.

Alas, the picture was less bullish in the gold market. Gold did break out of its narrowing channel and, as I feared, the break was to the downside.

The cause for the drop from the $1280s to the $1240s was comments by ECB head Mario Draghi that he was really, really going to get serious about stimulating the European economy. I noted in a couple of Special Deliveries sent after those comments that I was skeptical he would bring out the big guns. Draghi did make good on his promise to cut interest rates—a little—going so far as to take the deposit rate for banks that hold funds with the ECB into negative territory. That was an expected move but the "Euro QE" that traders were hoping for never arrived. Draghi promised more in his post rate decision news conference. That helped gold bounce off its lows and reversed the drop in the Euro. That surely wasn't intended. Getting the Euro to drop would be one of the main goals of a QE program in Europe. The difficulty is that the bond markets in Europe aren't that integrated so Draghi would have to decide which bonds (issued by which government) would be favored with large scale ECB purchases. That brings way more politics into play.

For that reason as much as anything I remain a skeptic when it comes to Euro QE. Europe has the biggest deflation risk by far

but I'll believe in QE there when I see it and not before.

Gold has reacted well to more recent data. We are entering the slowest period of the year for physical demand. We could see lower prices still before a bottom in the summer but there are reasons to be optimistic a new floor is in.

One reason is India. Now that Modi has won the election it's widely expected that import restrictions on gold will be relaxed. There was a cosmetic change but nothing like the wholesale cuts in import duties and scrapping of the 80:20 rule for jewelers gold bulls are hoping for.

There are many who believe changes will come when Modi brings down his first budget which is expected this month. The current duty regime means that gold trades at a large premium in India. Those premiums have dropped from $139/oz to about $30 since the election. Clearly there are a lot of market participants that expect a much less constrained market in India.

That's the good news. The bad news is that buying volumes will be light unless and until those changes happen.

If you think the government is going to loosen up the gold market in the near term you would not be buying now. You'll wait until the changes are in place and the price of bullion goes back down to something closer to the world price. India could provide badly needed buying volume but it won't happen until there are actual changes in the laws. That might come with the next budget. If it does we could see the traditional fall rally in gold starting a couple of months early.

Geopolitics, this time Iraq, is being blamed for the latest move up in gold. I'm not sold on that. There has been trouble brewing in Iraq for a long time and commentators always fall back on politics when they have a move in the gold price they can't explain.

The other potential short term support which I think is more relevant is the bearishness of western traders. Virtually all recent commentary on the gold market was negative. Everyone expects the gold price to revisit $1100 and many traders positioned themselves for exactly that.
Traders made large additions to the speculative short position in gold recently and huge additions to the shorts for silver. This set up was similar, though less extreme, than the prevailing situation late last year. Whenever a market gets as one sided as gold was a few days ago things tend to start swinging the other way. The market simply runs out of sellers.

EVERYONE EXPECTS THE GOLD PRICE TO REVISIT $1100

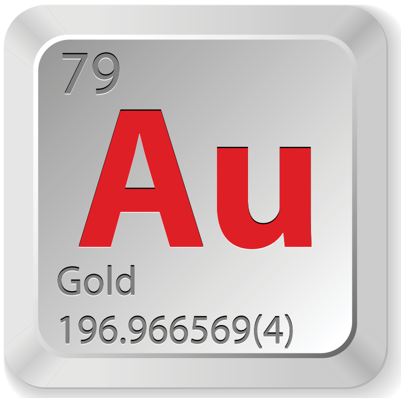
One highly encouraging aspect to the current situation is the behavior of gold equities when compared to the gold price. The GDXJ chart above is highly instructive. When gold dropped to the $1240s in late May this index dropped too, but it found a floor very quickly. As soon as gold found a bottom the GDXJ started moving higher and moving much more strongly than bullion itself. As this is written gold is only back to the $1270s but the GDXJ is trading at levels not seen since gold was at $1320. The move has been similar but less pronounced in the GDX index which tracks the larger gold miners.

The GDXJ chart is close to parabolic so we may see it settle back but I am highly encouraged by the strong

volumes. That looks a lot more like some long overdue sector rotation that short term panic buying. Some serious money moved in the direction of the gold sector, at least in ETF land.

I've noted many times that volume is critical when things are turning and that when there is a real move in the PM sector the stocks often see the stronger move first. I find it interesting that the junior ETF is moving more strongly than the senior one. Traders usually expect the big stocks to get the first move and position accordingly.
Unlike the GDXJ, the Venture Exchange has held its trading range so far. It too is seeing better volumes though and it also didn't fall back as much as many expected. That is a good sign going into the summer doldrums.

I'm still sticking with my prediction of a 30% gain this year for the Venture, though we need a continued gold rally to make that happen. News flows have started to increase and that is the necessary first step.
Like the gold market, everyone expects the Venture to have a weak summer.



Just about everyone expects a moderate to strong rally in the fall now. Traders with that belief will want to position themselves ahead of a rally. That speaks to a better move up starting before the fall. If gold can manage to advance a bit farther we may, in fact, be seeing the very early stages of that move now. A bit of summer heat for this beleaguered sector is long overdue.

Ω

Best analysis of junior mining sector you'll see today – Eric Coffin from HRA Advisories chats with Vanessa Collette about the state of today's junior resource market and what investors need to be paying attention to. An absolute must-see for serious investors in this space.

To view Eric Coffin's recent video interview at the Canvest Vancouver Conference, please click *here*.

Eric Coffin, editor of HRA, looks for companies with the potential to at least double over one or two years based on asset growth and development of metals deposits for production or take over by larger companies. HRA also uncovers high risk/high potential exploration plays, the kind of "swing for the fences" trade that can yield returns of hundreds or even thousands of percent.

AME BC Speaker Series

OSLER'S TOM ISAAC REAFFIRMS THE **NEED FOR ABORIGINAL CONSULTATION** IN LIGHT OF THE SUPREME COURT DECISION

By David O'Brien

Tom Isaac is a partner of Osler, Hoskin & Harcourt LLP and leads the firm's National Aboriginal Law Group. He advises industry and government clients across Canada on aboriginal, energy, natural resource and environmental assessment matters and regularly acts as a negotiator for industry and governments dealing with aboriginal groups.

In his presentation, he outlined the industry's 'Duty to Consult', 'Accommodation', 'Government Policies', 'International Trends and UNDRIP', 'BCs Mineral Tenure Regime' and 'Myths'.

He reaffirmed Government has a duty to consult and, where appropriate, accommodate aboriginal peoples where the interests of aboriginal peoples may be affected by a Crown decision or action.

Citing 6 Key Supreme Court Decisions:
- Haida (2004)
- Taku River (2004)
- Mikisew Cree (2005)
- Rio Tinto (2010)
- Beckman/Little Salmon (2010)
- Behn/Moulton Contracting (2013)

Isaac concluded Crown may not always meet aboriginal expectations. Aboriginal peoples must show causal relationship between Crown conduct/decision and potential for adverse effects.

Duty restricted to particular Crown decision at issue – underlying infringement, continued breach, lack of past consultation do not give rise to the Duty. **Aboriginal peoples required to participate in good faith** in consultation and should not thwart Crown's good faith efforts to consult. And most importantly; **Duty to exercise good faith is "reciprocal"** – (e.g. Louis decision, BCCA 2013)
In the Crowns Duty of Consultation and Accommodation he notes:

Accommodation is not always required, it depends on facts in each individual case. Accommodation is judged on "reasonableness". Mitigation, minimized effects and/or avoidance can all be forms of accommodation. Courts are only to interfere where a Crown decision-maker has made a "palpable error" (Little Salmon). Benefits agreements can assist in mitigating risk and are common.

This environment can of course be challenging for exploration companies due to limited capital, restricted uses & increasing expectations for access. The best course of action is to begin the consultation process earlier rather than later.

It was noted that there is an ever-growing amount of case law as more of these disputes wind their way through the courts. Interestingly Governments are winning more cases as they are proven to be acting honorably.

Crown cannot "abuse its regulatory discretion by using the application as a tool to undermine the existing rights of the applicant."

Fascinating was the vast difference in approach because of the varying degrees of co-operation among Aboriginal groups themselves, including the range of Provincial behaviors based on those levels of co-operation. Many precedents have been established, however not all of them would apply universally across Canada. Makes for a confusing scenario, plenty of uncertainty and the net result is that there's a lot of work to be done...to smooth the paths of mutual, sustainable and shared development...and ultimately the maximizing of everyone's benefit.

*David O'Brien of **Int'l Mining Research Inc.** was invited to witness the presentation.*

Canadian Investor Conference

Toronto 2014

September 25-26, 2014
Toronto, ON

Cambridge House International

Top Performing Resource Technology & Diversified Investment Opportunites

Companies in Mineral Exploration, Oil & Gas, LNG, Agriculture, Life Sciences, Energy Metals, Technology & Real Estate will exhibit.

You will meet top industry analysts, newsletter writers C-suite executives, Hedge Fund Managers & Trend Forecasters. All while finance celebrities cover speculative and direct investments, strategies, economic outlook and macro trends.

Details

Register online at www.cambridgehouse.com

Sheraton Centre Toronto Hotel
123 Queen Street
Toronto, ON, M5H 2M9
Canada

Register online at: www.cambridgehouse.com
Register by phone: 1-877-363-3566

@Cambridge
Cambridgehouseconferences