GOLD NEWSLETTER ALERT #801

JANUARY 21, 2016

New Year, Old Worries

The Federal Reserve thought the U.S. economy was on a solid-if-unspectacular growth track…that energy prices and price inflation were about to rebound…and it was safe to begin hiking interest rates.

Not so fast: Global stock markets have been plummeting as signs of economic weakness in the U.S. and China spread and oil prices continue to dive.

When it isn't being sold for margin-call cash, gold is benefiting from the uncertainty.

By Brien Lundin

When the final results were tallied, 2015 ranked as the worst year for U.S. stocks since 2008.

No more rate cuts or money printing; gone were the Fed-fed stock bubbles after the Great Recession and Great Remonetization. In this shift for a new normalization of monetary policy, the Dow lost 2.2% in 2015 and the S&P 500 fell 0.7%. According to Openfolio, nearly 70% of investors lost money during the year.

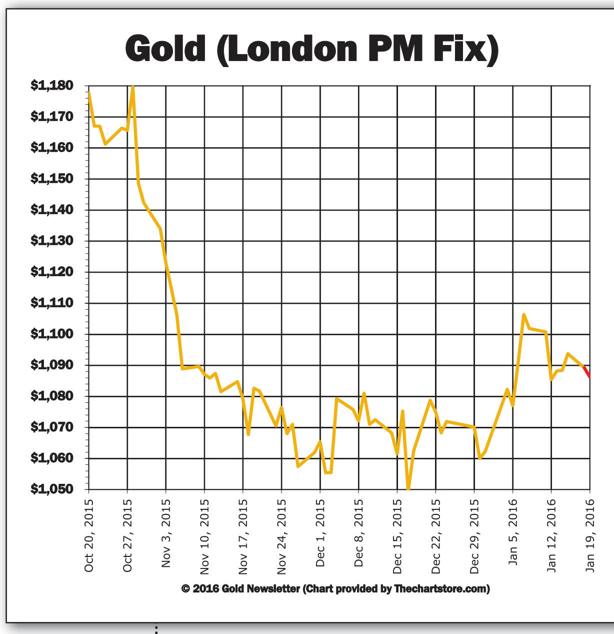
Yet after the opening days of trading in 2016, shareholders might have begun to refer to 2015 as "the good ole days."

That's because the year opened with a bang…and the fears of a much bigger bang…in Asia. First came a manufacturing PMI report indicating contraction in the manufacturing-dependent Chinese economy, which was followed by claims from North Korea that the nation had detonated a hydrogen bomb.

These events ignited a major sell-off in China's stock markets, and once the Shanghai Composite Index fell 7%, it triggered a newly minted circuit-breaker system and halted trading for the day.

As the world turned and the day progressed, market after market opened and sold off in succession.

In the U.S., there came an interesting piece of symmetry that apparently went unnoticed by other analysts: The U.S. ISM manufacturing purchasing manager's report — our version of the above-mentioned Chinese report — reported a drop that was pre-



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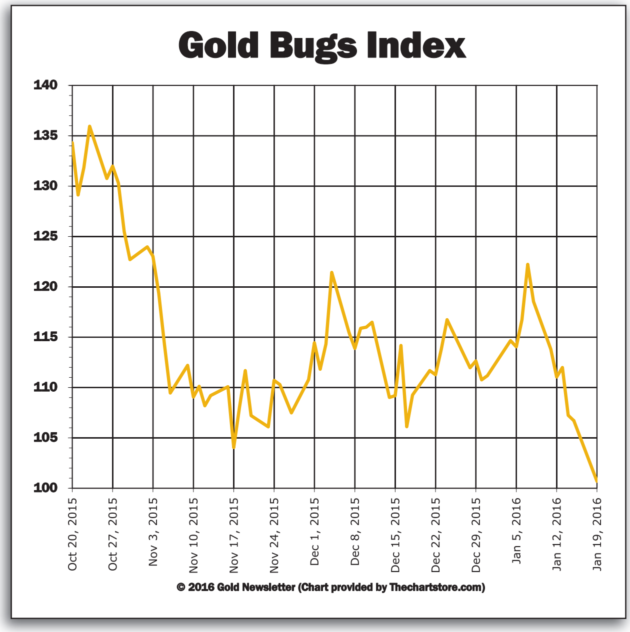

cisely identical to the Chinese data.

So not only were the manufacturing sectors for both China and the U.S. in contraction and falling, they appeared to be doing so in absolute lock step.

And as the days progressed, the tumult continued.

On Wednesday, January 6, the third day of unprecedented volatility, the website Zero Hedge summarized the situation in its typically eloquent fashion:

*"**Ok to summarize** — China has lost control of its currency (whether intentionally or not) and that is forcing carry unwinds en masse; North Korea tests a nuke; European inflation disappoints; US services economy collapses (follows manufacturing's lead and another pillar of hope is destroyed); Crude crashes to fresh decade plus lows; The Fed offers nothing in the way of hope for growth (or puts); Bernanke says not to expect Fed to save stocks; World Bank cuts global growth outlook...* ***But apart from that, everything is awesome!!!"***

In the first four days of trading, gold responded like a champ to the uncertainty, gaining about $50 from its 2015 close to an intraday peak of about $1,109 on Thursday, January 7. From that peak, however, the metal quickly retreated to trade in the $1,080-$1,090 range.

As I write, with global stock markets again being consumed in a firestorm of selling, gold has surged above the $1,100 level once again.

So far this year, however, there have been a number of factors conspiring to keep gold from soaring even higher.

Firstly, the initial burst in gold was largely due to safe-haven demand, and this is never a long-term phenomenon. Secondly, the steep sell-offs in U.S. equities are triggering margin calls. As we often saw during the 2008 financial crisis, gold often serves as the piggy bank that is broken to provide emergency cash for speculators facing margin calls.

In addition, of course, selling has mysteriously emerged to quench rallies time and again, to the point where even gold-bug-bashers like Dennis Gartman have begun referring to "malevolent forces" holding the gold market at bay.

Tinder Looking For A Spark

Even if gold has been held down to preserve appearances, the turmoil has continued unabated. The Chinese were forced to abandon their entire circuit breaker system if they wanted their stock markets to trade at all, and U.S. markets have repeatedly suffered stomach-churning drops…pushing all the major indices into 10% "corrections" to start the year.

This all may change by the time you read this, of course, because the world's equity markets are lately rising or falling by 2% or more over the course of just a few hours.

Still, the events so far are ominous. As NYSE floor legend Art Cashin pointed out in a recent note, the U.S. stock market indices just posted their second 10% correction within a relatively short period of time. Over the last century, this has happened only three times: 1929, 2000 and 2008.

None of those were good years for the stock market.

It also hits me that such events are happening with greater frequency. Counting the current event, there may have been only four such instances over a century…*but three of these have come within the last 15 years.*

What's the significance of this? Another trait that all four events have in common is Federal Reserve meddling.

In each of these instances, the Fed had blown up an asset bubble with easy money, leading to subsequent crashes when the bubble inevitably burst. In 1929, the Fed didn't respond quickly to supply the economy with liquidity, and the Great Depression resulted.

In 2000 and 2008, the Fed responded with monetary easing — even outright monetary injection via "quantitative easing" in the latter case — yet the economy still slipped into recession. And the easy money merely inflated another bubble.

It seems we're seeing yet another bubble bursting with these stock-market sell-offs. And some very credible voices are now saying what we've been telling you for months: The Fed is likely to return to zero — or even more QE — before it gets to 1% on the Fed Funds rate.

I'm reminded of what Alan Greenspan told me at our 2014 New Orleans Conference, that the Fed would be unable to exit its zero-interest-rate policy without some sort of a major "market event."

Frankly, I don't know whether Greenspan meant a stock market correction or an economic recession. Perhaps either would have qualified in his mind.

Regardless, today's stock market volatility has combined with some other disturbing indicators to raise fears of a recession in the minds of the investing public.

The Recession Wild Card

Right now, polls are still showing that only a minority of investors feel that a U.S. recession is imminent. So if there is one thing that will upset the apple cart, send the Fed scurrying to shift policy and launch gold higher, it would be confirmation of a recession in the U.S. economy.

So naturally we've been very attuned to any such indications for months. And I can tell you now that the signs are growing more powerful and frequent.

Think about it: The entire world — save the U.S. — is battling economic deceleration through monetary easing. America is the only major regime that is tightening…and seemingly swimming against a falling tide.

Up to now, the U.S. economy has been making some progress. But that progress is slowing, and it may have already begun to lose ground.

It made headlines when the Atlanta Fed's "GDPNow" service lowered its estimate of fourth-quarter U.S. GDP to 0.8%. But relatively few have noticed that their latest projection has just been lowered again, to just 0.7%.

As you can see from the accompanying chart, GDP expectations are already perilously close to zero, and the trend is down.

The consensus view still holds that the Fed will continue to raise interest rates step-by-tiny-step this year, as the economy reaches full employment and inflation pressures start to finally build. The Fed expects four incremental hikes this year, adding a full percentage point, while most analysts are projecting from two to four rate hikes.

A contrary view, which I subscribe to, is that the Fed moved too late — beginning its campaign of rate hikes just as the economy had begun to slow.

In fact, there have been growing signs of a looming recession recently, including falling ISM survey numbers (which, including the above referenced drop, have been falling for six straight months), as well as gloomy data in exports, manufacturing, construction spending and consumer spending.

Our friend Dennis Gartman offered up a very interesting analysis recently in his eponymous letter (thegartmanletter.com). Essentially, Dennis noted that three tests must be passed (failed?) before the U.S. economy can slip into recession:

1) The Ratio of the Conference Board's Coincident to Lagging Indicators must turn downward for at least several months. Check: This ratio turned lower in early 2011 and continues to trend lower. However, as

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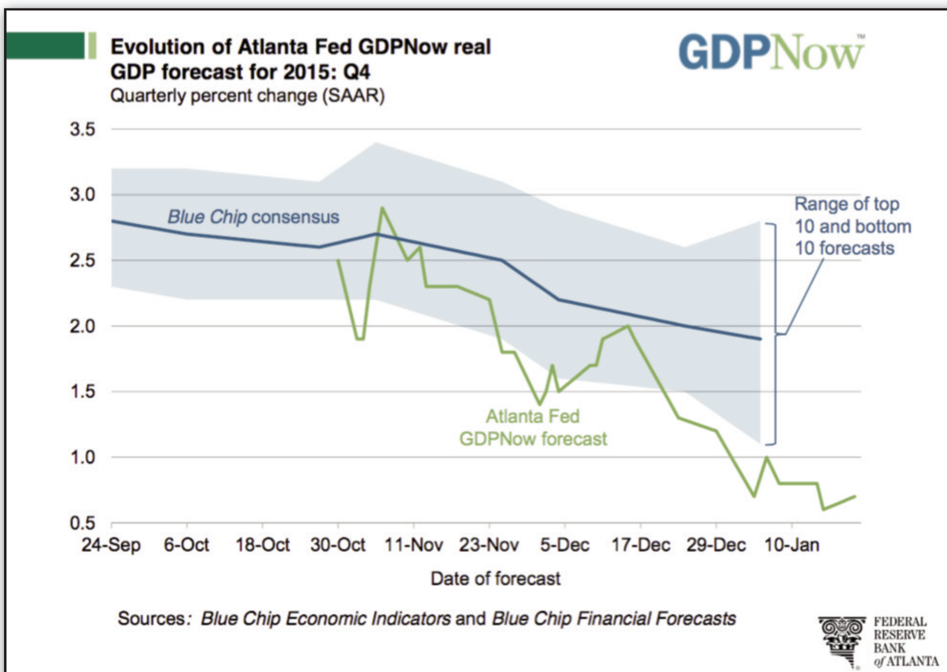

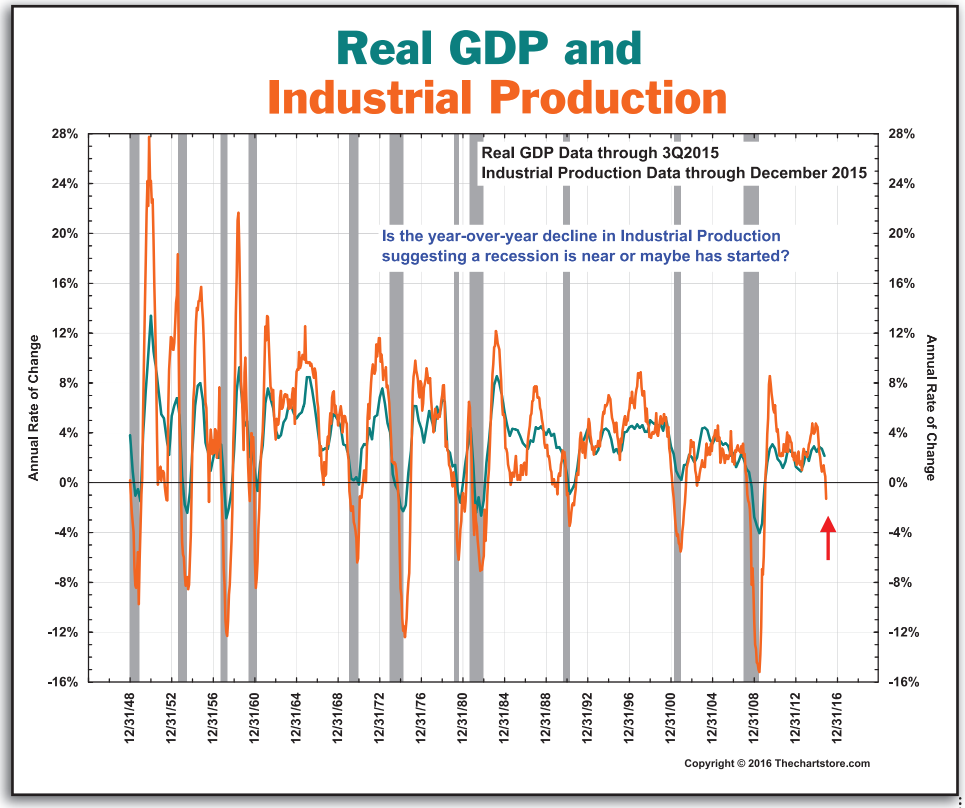

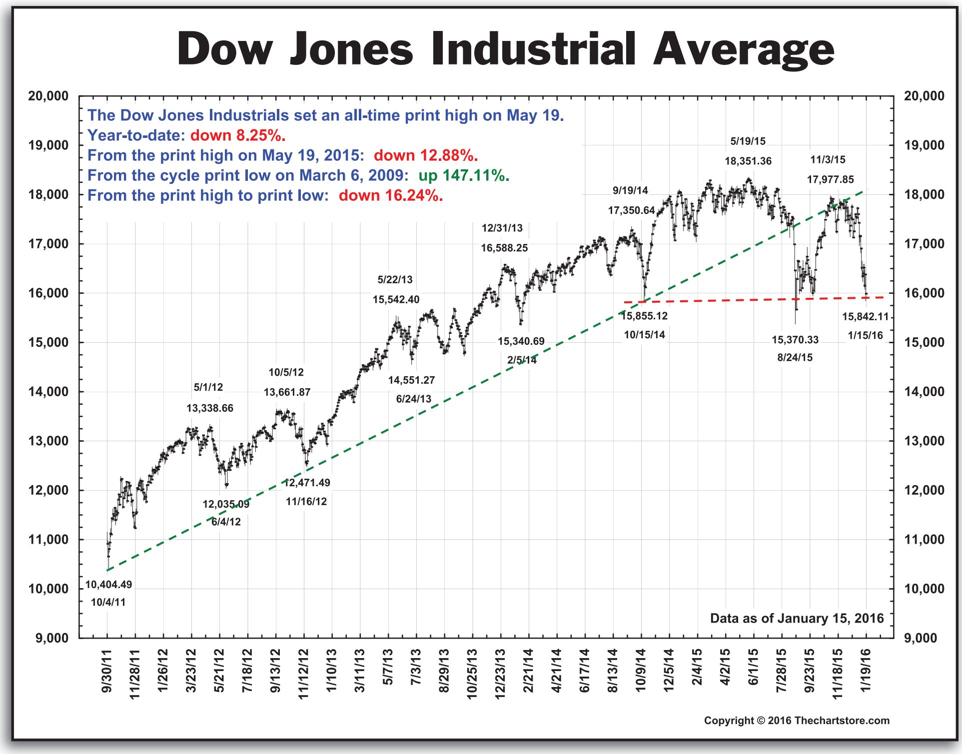

Dennis notes, “the Ratio always tops out months even perhaps several years before the on-set of recession.”

2) A falling trend in jobless claims must reverse. While the broader trend still shows initial jobless claims falling, more-recent data shows the trend turning upward. Regardless, the period of falling jobless claims is long in the tooth, and a near-term trend change — and a recession — would surprise no one.

3) The yield curve must invert. In other words, the overnight Fed Funds or 2-Year Treasury rate must rise above the 10-Year Treasury rate. This is far from the case currently, and would take some good bit of time to accomplish.

Still, one of the tests is confirmed, and the second may be in the process of doing so. As Dennis noted:

“...If claims suddenly turn for the worse and if the trend lines on the chart of weekly claims is definitively broken, our fears regarding impending recession shall rise markedly, with attention then turned to the yield curve as the last bastion against recession. Consider everyone put on recessionary notice therefore.”

Of course, arguing against a recession would be the blockbuster December nonfarm payrolls number, which was a huge upside beat at 292,000 jobs (against expectations of 200,000). However, this number was greatly inflated by seasonal adjustments and add-ons by due to the “Birth-Death Model.”

It gets very complicated, but our friend John Williams of ShadowStats.com provided a bottom-line summation: “With the aggregate, monthly upside biases well in excess of 200,000 jobs, the actual December 2015 headline payroll gain most likely was close to flat. On a not-seasonally-adjusted basis, however, recent slowing in year-to-year payroll growth held steady, with December annual growth at a nineteen-month low.”

So the December jobs number may be misleading. Less likely to be misleading was the December and fourth quarter 2015 Industrial

Production report. To put it bluntly, it shows that Industrial Production is crashing.

The latest numbers were so disturbing that Ron Griess (proprietor of TheChartStore.com) issued a rare chart dispatch to his subscribers showing the significance of this development. As you can see from his chart, such a year-over-year decline in Industrial Production has always been accompanied by a recession.

As John Williams put it, "… the 1.8% year-to-year decline in December 2015 industrial production was of a magnitude not seen before, outside of formal post-World War II recessions."

A careful observer will note in Ron's chart that Industrial Production usually goes into decline *after* a recession has officially begun. We must remember that the National Bureau of Economic Research typically determines that a recession began months before the idea reaches the public consciousness.

So not only is a near-term recession possible, we may have actually been in one for months.

If further signs of a recession develop, the Fed would be forced to reverse course in its monetary policy, keeping rates steady and perhaps even returning to quantitative easing to some degree.

Such an event would be extremely bullish for gold, of course.

Near-Term Factors

Dialing in to a closer view, we see that the U.S. stock market still can't manage to hold onto early-session rallies, as equities are continually dragged back downward by falling oil prices.

There has been a very close, direct correlation between oil and stocks since oil dropped below $40 in December, with Cumberland Advisors reporting the correlation between Brent futures and the S&P 500 at 91.39%.

Whether due to margin calls, sentiment, deflationary concerns or all of the above, gold has often been lumped into the mix, without enough fear being generated to drive money into gold.

Again, as I write, gold is soaring higher as the U.S. stock market is plummeting. We'll have to see if this pattern continues.

One potentially bright spot is that gold has recently demonstrated some independence from the U.S. dollar index.

On that note, the dollar index, as you can see from the accompanying chart, failed once again at the 100 level. It seems that every time the index hits this key point, a central banker comes out (coincidentally of course) to talk the dollar back down. And so it happened once again when the greenback touched 100 ever so briefly.

The fact is, with the Fed being the only major central bank in a tightening mode and the U.S. economy still very fragile, a continually rising dollar simply cannot be allowed. So expect to see ECB head Mario Draghi or some other major central banking figure trotted out to talk their currencies higher if/when the dollar index hits 100 once again.

While the dollar is one factor that I don't see hurting gold much in the near future, I also don't see the structure of the "paper gold" market helping the metal over the next couple of weeks or so.

That's because the extremely bullish set up we had been drawing your attention to — with the

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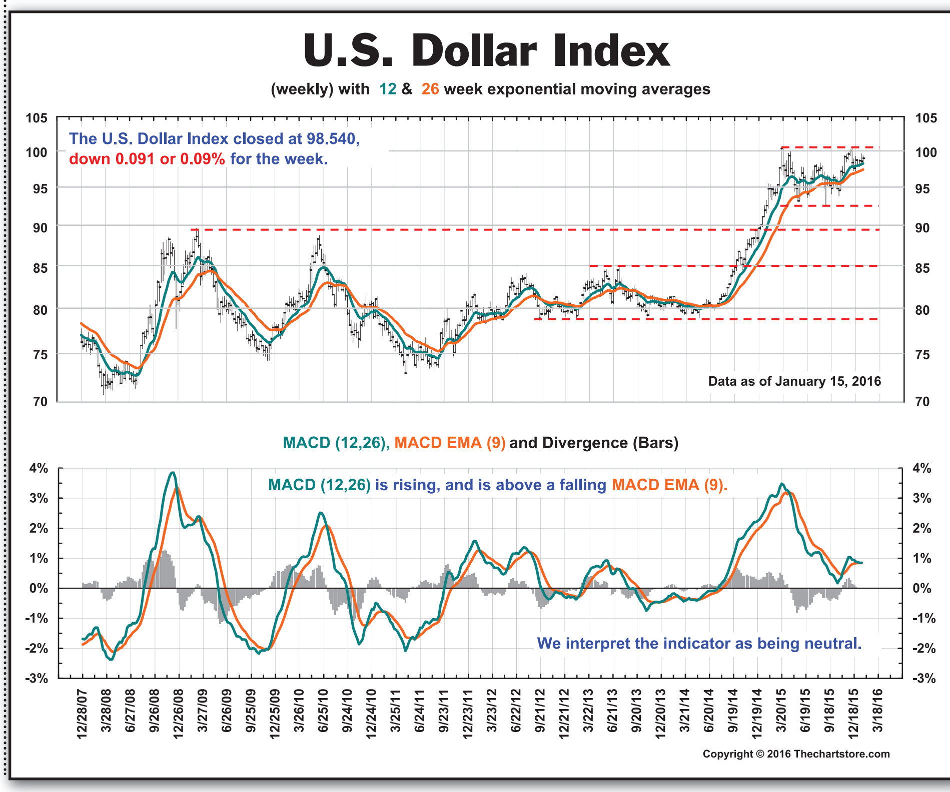

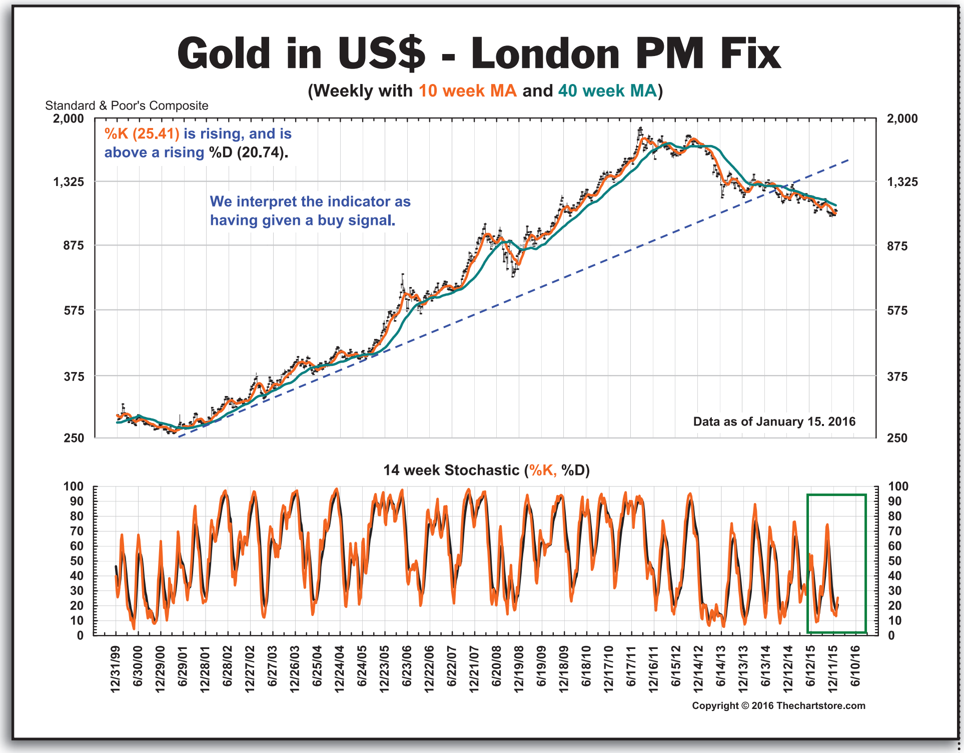

large speculators exceedingly long and the large commercials at their least-short levels ever — has been alleviated to a great degree.

The latest Commitment of Traders report shows that the large commercials apparently sold gold into the $50 spike that began the new year, thus increasing their natural short positioning. It's still only about a fourth of the levels of last October, but the set-up isn't quite as bullish as it was a couple of weeks ago.

That's primarily because, while the large speculators are still net long, they don't appear as vulnerable to a short squeeze as they had been. Apparently they covered a good bit of their short positions on that same early rise in gold.

Elsewhere, the gold stocks have recently begun to materially underperform gold itself. And that's putting it mildly. There are rumors that a large fund has been forced to liquidate gold stocks, and if that's true then the decline in the gold equities isn't foreshadowing a decline in the underlying metal.

This bears close watching over the coming days because, as you can see from our final chart, the 14-week stochastic for gold is actually predicting another turn upward in the very near future.

In light of all this, my advice remains the same: Continue to accumulate juniors with established, high-quality resources.

Regardless of what gold may do over the next few weeks, the fact remains that we are in a long-term bottoming phase that we know will end at some point.

And we need to be well-positioned when it does.

So without further delay, let's begin our tour of our junior resource stock universe….

Bankers Petroleum

BNK.TO; BNKJF.PK
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bankerspetroluem.com

Bankers Petroleum released Q4 2015 operating numbers that reflect the difficult environment it and all other oil and gas producers are living through.

For the full year, production averaged 19,384 barrels of oil per day (bopd), a substantial but anticipated dropoff from the 20,690 bopd it averaged in 2014. The company has been curtailing production and shuttering marginal wells in order to weather the extreme bear market in oil prices.

Also down significantly in Q4 2015 was the price of oil received by Bankers. The heavy oil product generated by Patos Marinza, its flagship oilfield in Albania, sells at a discount to the Brent oil price. In Q4, it sold oil for approximately $33.62 per barrel (77% of the average Brent oil price of $43.69 per barrel). This was a substantial decrease from the $39.50 per barrel (79% of the Brent oil price of $50.26) it received in Q3 2015.

Production in Q4 was also curtailed by the heavy rains that impacted Patos Marinza in the early part of the quarter. Those rains decreased production by 1,000 bopd over a two-week period.

As the company continues to tie-in sour production from the Bubullima area, it has shut-in certain wells to limit the amount of sour fluid coming into its central processing facility. The company hopes to optimize treatment processes and facilities during the balance of 2016 to accommodate more sour fluid.

Bankers' hedge program helped lighten the burden of lower oil prices in 2015. A 6,000 bopd hedge netted the company $60 million over the course of the year. For the coming year, the company has placed 4,000 bopd under costless collar contracts with an aver-

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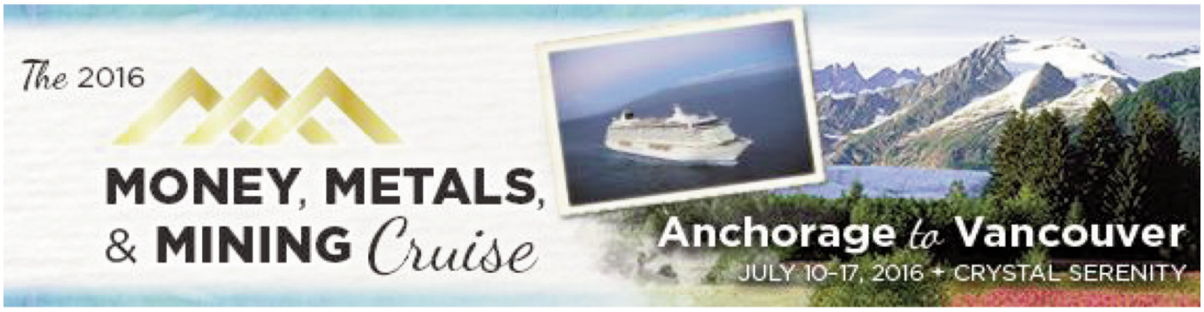

Get to Know Your Distinguished Faculty

Brien Lundin

Brien Lundin is president of Jefferson Financial, executive editor of *Gold Newsletter*, and host of the famed New Orleans Investment Conference. He draws on more than 30 years of experience in investment analysis and publishing to deliver uniquely profitable advice to his readers.

Rick Rule

Rick Rule founded Global Resource Investments, Inc., which provides investment advice and brokerage services to high-net-worth individuals, institutional investors, and corporate entities worldwide. Global Resource Investments, Inc., is now part of the Sprott, Inc., group of companies, a public company, focused on investment management in the natural resources sector.

Peter Schiff

Peter Schiff is the CEO and chief global strategist of Euro Pacific Capital, an SEC-Registered Investment Advisor, and a full-service broker/dealer. He is one of the few widely known economists and investment professionals to have spoken about the financial crisis before it began.

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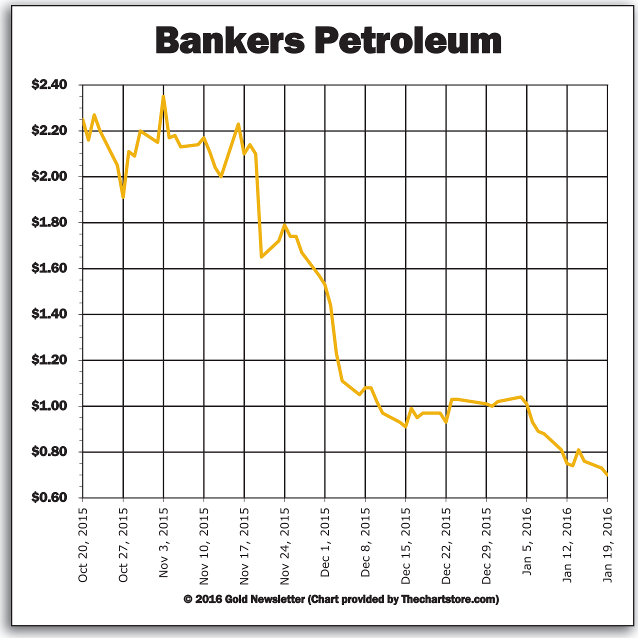

age floor of $54.31/barrel and an average ceiling of $57.29/barrel.

In addition to shuttering marginal wells, Bankers has elected to defer further drilling activity on Patos Marinza until oil prices improve. The drills remain in Albania and will be readily available when conditions warrant continued drilling.

The company's enhanced oil recovery (EOR) program will continue in 2016, albeit at a slower pace. In all, 30 converted wells became injection wells in 2015, with 19 additional wells converted to polymer injection in Q4 2015. Banker plans to convert another 16 wells under the EOR program in 2016.

The company wrapped up several capital projects ahead of 2016 in an attempt to capture the associated cost savings from those projects in 2016. An emulsion pipeline system is being brought online in the first half of 2016 and vapor recovery units should be installed at Pad D and Pad H in Q1 2016.

Bottom line: These are tough times for oil producers of all stripes. However, as I've said in past reviews of Bankers, this company's heavy oil product ensures that it will deliver significant leverage to the upside during the next bull market in oil prices.

Of course, when that bull market will materialize is still very much up in the air. Still, Bankers management team seems to be making all the right moves to keep its operations viable during this market bottom. It's a hold that could quickly become a buy, if and when the oil market begins to show signs of life.

Bankers Petroleum Ltd.

Recent Share Price: ....C$0.69
Shares Outstanding:.....261.0 million
Market Cap: ....C$180.1 million
Shares Outstanding
Fully Diluted:...............279.0 million
Market Cap
Fully Diluted:..........C$192.5 million

Columbus Gold

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columbusgoldcorp.com

In a non-dilutive move to raise capital, Columbus Gold has sold a 5% minority interest in its Paul Isnard gold project in French Guiana to Nord Gold.

As you'll remember, Nord Gold is Columbus's current operating partner on Paul Isnard's Montagne d'Or deposit. Prior to the deal for the additional 5% of Paul Isnard, the French company was already in the process of earning a 50.01% interest in the project by taking it through the feasibility stage by 2017.

In exchange for the additional 5% interest, which will be made official when Nord Gold earns its 50.01% share in the project, Columbus Gold has received an advance of $6 million (C$8.5 million). Nord Gold is taking over operatorship of Paul Isnard this month.

A closer look at this transaction indicates that Columbus and its shareholders are getting good value for this 5% interest.

Based on the preliminary economic assessment's three million ounces of potential reserves at Paul Isnard, the company's current market cap suggests its 49.99% portion of those ounces is being valued at $24.10/ounce. And yet the 150,000 ounces of future production accounted for by the 5% interest equates to $40/ounce, a more than 70% premium on the company's current market cap.

Looked at on the basis of the five million resource ounces Paul Isnard contains, Columbus' 49.99% interest in the project is valued at $13.88/ounce. Yet the deal values those ounces at $24/ounce, another 70% premium on the company's current market cap.

The deal also demonstrates how much value Nord Gold continues to place on Paul Isnard. When it initially agreed to take a 50.01% interest in the project for $30 million, it was valuing each 5% interest segment of the project at $3 million. This $6 million deal implies Nord Gold is now willing to pay double that valuation for an additional 5% interest.

With the deal, Columbus is cashed up for a robust 2016 exploration program on its Eastside project in Nevada. And it has managed to do so with a transaction that will be essentially tax free (thanks to exploration expenditures) and without the fees and dilution that would have attended a private placement.

It also retains a 44.99% interest in a project that seems well along the way to becoming a working mine. The Montagne d'Or deposit is not only large, but also relatively high grade and open-pittable. Combine that with the fact that French Guiana is a mining-friendly jurisdiction, and you have the recipe for an operating gold mine.

And if/when that happens, Columbus' 44.99% stake implies that Nord Gold would have to spend $735 million to buy the junior down to a royalty position. Given that highly unlikely scenario, the company's shareholders should get to have their cake and eat it too, with a minority stake in a high-profile gold project and a full treasury to explore the potential at Eastside.

With a floor now set on any eventual sale price for Paul Isnard, the deal sets up Columbus for an upward rerating when Nord Gold completes the feasibility study on the project toward the end of the year.

The deal is a shrewd move in a difficult financing environment. I continue to be excited about Columbus' long-term prospects and look forward to the completion of the feasibility study and the results from this year's exploration of Eastside. The company remains a buy.

Columbus Gold Corp.

Recent Share Price:................C$0.36
Shares Outstanding:.....141.7 million
Market Cap: ....C$51.0 million
Shares Outstanding
Fully Diluted: ....154.2 million
Market Cap
Fully Diluted: ....C$55.5 million

Excellon Resources

EXN.TO; EXLLF.PK
416-364-1130
excellonresources.com

I added Excellon to our list last year based on the uber-high silver-lead-zinc grades its Platosa mine enjoyed and on the company's dewatering plan to fully access that high-grade ore.

The company provided updates recently, both on 2015 production at Platosa and on the ongoing dewatering project.

Production numbers were down in 2015 compared to 2014. This was expected, given the water table challenges that Platosa is currently experiencing,

The mine generated 1.4 million ounces of silver equivalent production in 2015 (compared to 2.05 million silver equivalent ounces in 2014). That production consisted of 794,289 ounces of silver, 4.4 million pounds of lead and 7.4 million pounds of zinc. These totals were considerably less than the 1.2 million ounces of silver, 7.5 million pounds of lead and 10 million pounds of zinc Platosa generated in 2014.

The lower numbers reflected the ongoing water management issues and the fact that Excellon's dewatering plan got off to a later-than-anticipated start due to financing issues. The water issues limited access to the high-grade 623 and Guadalupe South mantos at Platosa. They also resulted in the bulk of the ore in November and December of Q4 2015 coming from the lower-grade Guadalupe North manto.

In more optimistic news, the company's mine planners and geologists encountered a new mineralized zone between 623 and Guadalupe South that the company plans to exploit in Q1 2016. Also, the dewatering program has already had a positive impact on the 6A, Guadalupe North and Rodilla mantos, where water levels have been reduced significantly.

A day after announcing Platosa's production numbers, Excellon provided the market with an update on its optimization plan on the project. As I mentioned, that work has already enjoyed significant progress, with the 6A and Rodilla mantos almost entirely dry.

The company installed high-efficiency sump pumps in December 2015. It also completed pilot HQ wells at the first four

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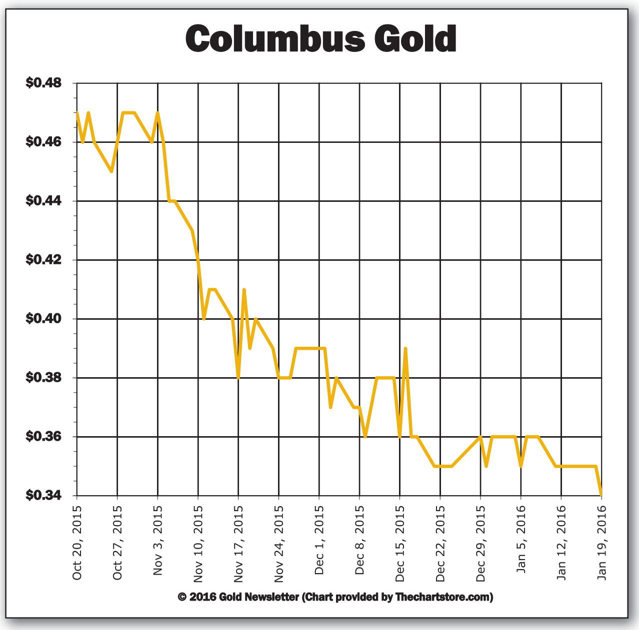

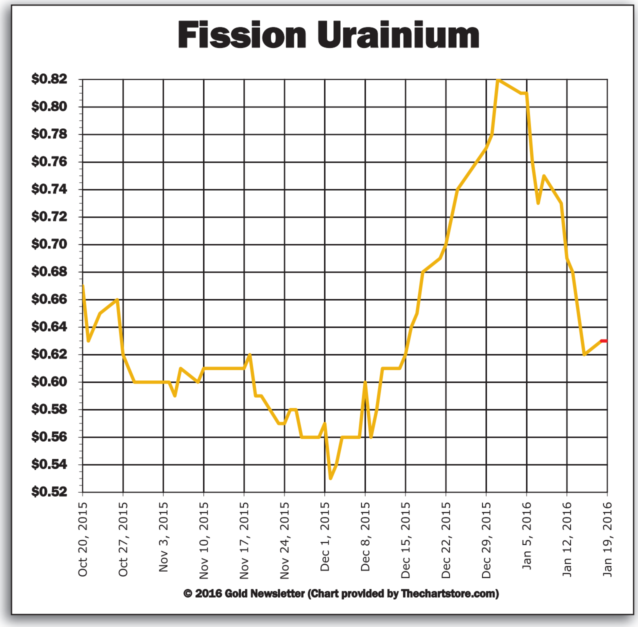

dewatering target zones. Development is underway for Phase II, which will involve primary well drilling for the first and second 14-inch primary well zones. That work is expected to begin in mid-February.

President and CEO Brendan Cahill elaborated: "As further progress is made on the optimization plan, we are working to accelerate dewatering using existing pumping infrastructure by focusing on areas of high and efficient flow. We're chasing flow instead of fighting water — a new mindset at Platosa that will result in significantly higher production and lower costs as the project is fully implemented and Platosa's exceptionally high grade resources become rapidly accessible."

In other good news, the project should reap the benefits of the lower energy costs and favorable exchange rates that have been in play since the company released an initial PEA on the project in July 2015.

Energy costs per kilowatt hour have averaged 64% less than PEA projections. The Canadian dollar has been 13% weaker than forecast compared to the U.S. dollar, and the Mexican peso has been 19% weaker compared to the U.S. dollar.

Since commodities are priced in U.S. dollars, these exchange rates have been extremely favorable to Excellon's cost structure at Platosa. The company is moving ahead with its dewatering plan and forecasts that the project will have a material impact on production over the balance of 2016.

On the thought that this plan will continue to bear fruit — thereby allowing the company better access to Platosa's high-grade ore — Excellon remains a buy.

Excellon Resources Inc.

Recent Share Price: ....C$0.27
Shares Outstanding: .....54.9 million
Market Cap: ....C$14.8 million
Shares Outstanding
Fully Diluted: ....62.0 million
Market Cap
Fully Diluted: ....C$16.7 million

Fission Uranium

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Fission Uranium has entered into a binding letter of agreement with CGN Mining, a Chinese company, on a subscription agreement and an off-take agreement.

The subscription agreement, which will close on or about January 29, 2016, involves the private placement of 96,736,540 common shares prices at C$0.85 per share. The total subscription price is C$82,226,059 and includes a C$3 million deposit that CGN has released in advance of the deal closing.

Upon close, CGN will control 19.99% of Fission's issued and outstanding shares. The deal gives the acquirer the right to nominate up to two directors to Fission's board. The company's seven-person board will increase to nine directors when the deal closes.

The off-take agreement is for 20% of the annual uranium production from Fission's Patterson Lake South property in Saskatchewan's Athabasca Basin. The deal also includes an option for CGN to purchase another 15% of production, subject to industry standard terms. CGN Mining must maintain a threshold level of ownership in Fission to retain its board nomination, anti-dilution and off-take rights.

CGN Mining's controlling shareholder is China Uranium Development Company, a wholly-owned subsidiary of China Nuclear Power Corporation. In making this deal with Fission, CGN is looking to further its evolution as a resource development and energy services company.

The deal gives Fission a substantial amount of cash to move PLS and its world-class Triple R deposit towards the feasibility phase. While obviously dilutive, the investment by CGN Mining speaks volumes about how much emphasis China places on nuclear power as a clean solution to its energy and environmental problems.

It's also an endorsement of the size and viability of the Triple R deposit. The off-take agreement, in particular, indicates that

CGN Mining is confident that this deposit will one day become a working mine.

Fission plans to leverage CGN Mining's expertise as it moves Triple R along the development curve. The deal ensures that Fission will have the money to do just that and to continue its successful drilling programs on the property.

Given CGN's strong endorsement of PLS's prospects, Fission is a hold for now. We'll await the closure of this deal, along with the first signs of improvement in the uranium market, to move it back to a buy.

Fission Uranium Corp.

Recent Share Price: ....C$0.62
Shares Outstanding:.....387.2 million
Market Cap: ....C$240.1 million
Shares Outstanding
Fully Diluted: ....419.7 million
Market Cap
Fully Diluted: ....C$260.2 million

Great Panther Silver

GPL.NYSE-A; GPR.TO
888-355-1766
greatpanther.com

Last year, Great Panther Silver optioned the Guadalupe de los Reyes ("GDLR") property in Sinaloa, Mexico from Vista Gold. The moved added an earlier stage exploration and development story to the production story provided by its Guanajuato and Topia primary silver mines.

The company recently announced assays from a diamond drill program at GDLR, and the results were quite good. The 41-hole, 5,514-metre program tested the Guadalupe, Noche Buena, San Miguel and Zapote zones, and was designed to test the continuity of mineralized zones with infill holes and expand known zones with step-out holes.

Here is a summary of the results by zone:

Guadalupe: At the Guadalupe Central zone, drilling mainly intersected historical workings from 19th century mining, with Hole 8 (5.3 meters of 3.76 g/t gold and 171 g/t silver) providing an example of the mineralization in this section of the property.
At Guadalupe West, an isolated zone to the west of the main Guadalupe Zone, Hole 3 intersected 2.55 meters of 3.94 g/t gold and 75 g/t silver.

Noche Buena: This zone received further definition from Hole 10 (9.2 meters of 11.28 g/t gold and 212 g/t silver) and Hole 11 (5.3 meters of 6.96 g/t gold and 52.0 g/t silver).

San Miguel: At the main San Miguel zone, drilling encountered multiple structures. Highlights include Hole 26 (2.07 meters of 8.91 g/t gold and 1,005 g/t silver) and Hole 27 (1.72 g/t gold and 209 g/t silver).

Zapote: This zone was the site of 20th century mining, and drilling here targeted the area's hanging wall breccias and veins. The Zapote North target's portion of those structures appears to be mainly intact. Hole 31 returned 0.5 meters of 7.0 g/t gold and 45 g/t silver and 4.79 meters of 8.18 g/t gold and 4 g/t silver. At Zapote South, drilling was highlighted by Hole 41 (9.0 meters of 4.44 g/t gold and 37 g/t silver).

Great Panther is combining the aggregated data from this 2015 program with historical data to update the resource estimate for GDLR and build an economic evaluation. This latter evaluation will be for internal decision-making purposes only and will not be released as an NI 43-101 compliant preliminary economic assessment.

The analysis will guide Great Panther as it decides whether to pursue further exploration and development at GDLR by making a US$1.5 million option payment to Vista Gold. The parties have extended the due date of that payment by one month to February 15, 2016 to give Great Panther time to make its assessment of the project.

Given the largely positive nature of the results, I would be surprised if Great Panther didn't make the payment and continue its work on GDLR. This likely won't be a flagship project for the company, but looking at the grades involved, it could be a nice addition to its production profile as an underground-open-pit gold-silver mine.

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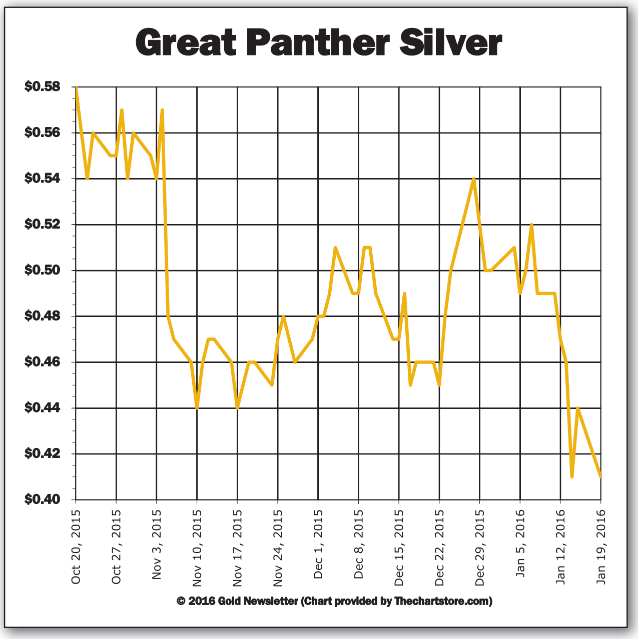
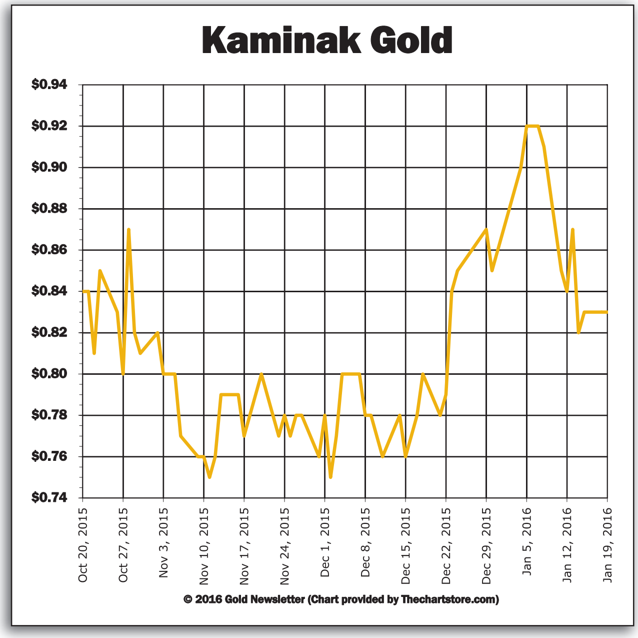




Great Panther continues to be attractively priced at current levels and is a buy.

Great Panther Silver Ltd.

Recent Share Price: ....US$0.44
Shares Outstanding: ...141.7 million
Market Cap: ....US$62.3 million
Shares Outstanding
Fully Diluted: ....154.7 million
Market Cap
Fully Diluted: ....US$68.1 million

Kaminak Gold

KAM.V; KMKGF.PK
844-646-4520
kaminak.com

Kaminak Gold is moving forward with permitting at its Coffee gold project in the Yukon, having just released a highly positive feasibility study on the project.

Using a base case scenario that assumes a gold price of US$1,150 and an exchange rate of C$1.00 to US$0.78, the study posits a 10-year open-pit mine with 200,000 ounces per year of production in the first five years. The after-tax NPV, discounted at 5%, for this base case is C$455 million and the after-tax IRR is 37%.

Initial capex is projected to be C$317 million with life-of-mine capital cost of C$478 million. The all-in sustaining cash costs for the mine are projected to be US$550 per ounce. That implies that Coffee can be a profitable operation under a variety of gold price scenarios.

Over the 10-year mine life, Coffee would send 2,157,000 ounces of gold with a head grade of 1.45 g/t gold to the mill. The study assumes gold recoveries of 86.3%, so the total gold produced over that period would be 1,862,000 ounces.

The project has a payback period of 1.5 years pre-tax and 2.0 years after tax. The overall mine plan calls for four open pits mined by conventional shovel and truck methods. The strip ratio is projected to be 5.7:1.

Accessed primarily from Dawson City, Yukon, the project is connected to the city by a 214 kilometer single-lane gravel road. Upgrading 37 kilometers of that route would cost around C$25 million. The study assumes electrical power would be produced by on-site diesel generators. Access road construction would take nine months, and the project itself would take 18 months to complete.

The new feasibility study leaves the total ounces mined unchanged from the 2014 PEA it put out on the project. The mine life is shorter than in the PEA, with a higher head grade, lower reserve tonnage and a higher strip ratio.

The study is highly sensitive to gold prices. At an average gold price of US$1,500, the after-tax NPV nearly doubles to C$828 million. But even at US$1,000, the after tax NPV remains a respectable C$295 million.

Kaminak will spend the balance of 2016 and into 2017 shepherding Coffee through the permitting process in the Yukon. And while the feasibility study results are exciting, there aren't a lot of near-term catalysts to drive the company's share price higher.

Still, this is a high-quality, multi-million-ounce gold project in a favorable jurisdiction. As such, it warrants a continued hold on our list while we wait for the gold market to affirmatively right itself.

Kaminak Gold Corp.

Recent Share Price:................C$0.84
Shares Outstanding:.....171.2 million
Market Cap: ....C$143.8 million
Shares Outstanding
Fully Diluted:...............195.2 million
Market Cap
Fully Diluted:..........C$164.0 million

Newmarket Gold

NMI.TO; NMKTF.PK
604-559-8040
newmarketgoldinc.com

Based on the full year and Q4 2015 results Newmarket Gold just released on its operating mines in Australia, the company is doing admirable work on the production and cost containment fronts.

Newmarket's three mines generated a record 222,671 ounces of gold in 2015. That total was led by its Fosterville operation, which generated 123,095 ounces of gold over the course of the year, an amount that exceeded guidance with record head grades and record recoveries. The Cosmo mine generated 63,255 ounces of gold during the year, and the Stawell operation generated 36,321 ounces of gold.

Newmarket achieved record production at its operating mines while keeping costs contained. Consolidated operating cash cost per ounce was a record low $704, down from $905 in 2014. All-in sustaining costs per ounce sold were $986, down 20.1% from 2014 and on the low end of management guidance for the year.

The full-year results benefited from a strong fourth quarter that saw the company's mines generate 53,179 ounces of gold. That makes the 10th quarter in a row that production has exceeded 53,000 ounces.

In conjunction with the quarterly and annual numbers, Newmarket also released guidance for 2016. That included gold production of between 205,000 and 220,000 ounces, operating cash costs between $700 and $750 and all-in sustaining costs between $950 and $1025. The company plans to update its mineral reserves and resources before the end of Q1 2016.

On that front, the company should benefit from aggressive drilling at Fosterville, from which it recently released assays for 60 holes totaling 13,076 meters.

Highlights included more high-grade mineralization from Eagle Fault. Hole 1481 cut 161 g/t gold over 7.35 meters, and Hole 1416 intersected 32.02 g/t gold over 6.25 meters. The drilling expanded Eagle Fault by 100 meters along strike. Total strike for the mineralization now stands at 600 meters. It spans 290 meters of vertical height and remains open down plunge.

Other intersections of note came from the East Dipping Fault (645 g/t gold over 3.50 meters in Hole 1456), the Lower Phoenix Fault (16.53 g/t gold over 4.50 meters in Hole 1444), the Lower Phoenix Footwall Fault (5.94 g/t gold over 7.40 meters in Hole 1366) and Kestrel (9.77 g/t gold over 4.55 meters in Hole 1406).

The company anticipates releasing an initial resource for the Eagle structure along with the updated reserves and resource estimate that it will put out by the end of the quarter.

With growth through the drill bit and solid operational numbers, Newmarket continues to justify my decision to add it to our list last year. This is another of the companies in our portfolio with producing resources and growth potential that's selling a big discount, thanks to the weakness in the broader market. It's still a buy at current levels.

Newmarket Gold Inc.

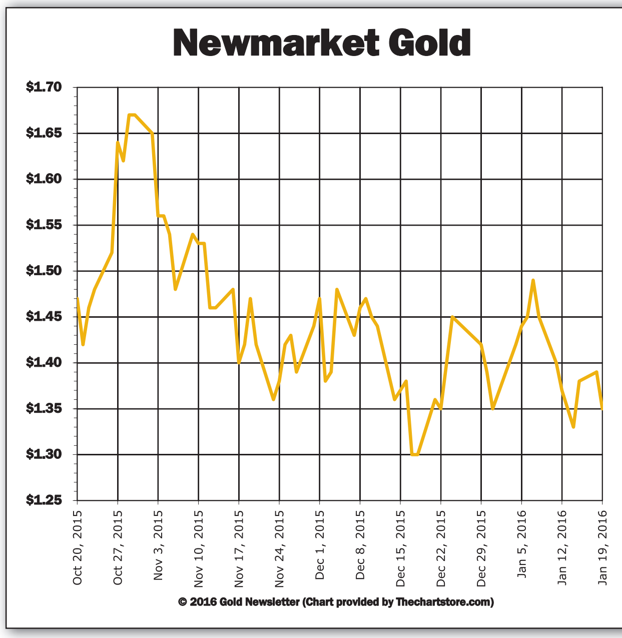
Recent Share Price:................C$1.39
Shares Outstanding:......135.9 million
Market Cap: ....C$188.9 million
Shares Outstanding
Fully Diluted: ....190.2 million
Market Cap
Fully Diluted:..........C$264.4 million

Northern Dynasty Minerals

NAK.NYSE-A; NDM.TO
800-667-2114
northerndynasty.com

Northern Dynasty Minerals made a couple of key financing moves in late December. Both had been previously announced.

First, it closed on a private placement that issued 12,573,292 shares of the company at US$0.412 per share. The financing raised approximately US$5,180,200.



Second, it completed its acquisition of Mission Gold, a company whose primary asset was C$9 million in cash and the Alto Parana project, which will eventually be sold to a third party.

Under the terms of the acquisition, Northern Dynasty issued 27,593,341 common shares to Mission Gold shareholders at an exchange ratio of 0.5467 of a Northern Dynasty share for each share of Mission held.

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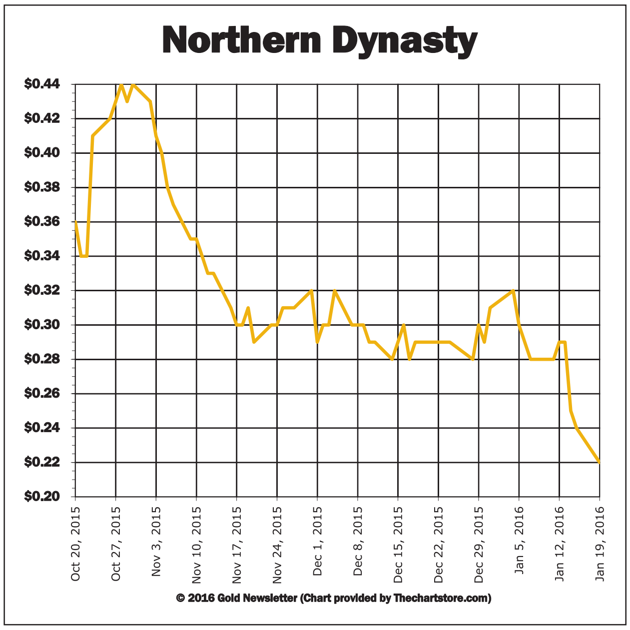


Warrants to purchase 13,182,076 common shares of Mission at C$0.50 were exchanged for warrants to purchase 13,182,076 shares of NDM at C$0.55 a share before July 9, 2020. Warrants to purchase 2,735,433 shares of Mission Gold at C$2.72 per share were exchanged for warrants to purchase 2,734,433 common shares of NDM at C$3.00 per share on or before September 14, 2017.

This deal and the private placement have helped Northern Dynasty refill its coffers as it plays a waiting game on development of its massive Pebble project in southwest Alaska.

As longtime readers of this missive will remember, the company's interest in the mine was put in jeopardy by a biased and ill-conceived EPA ruling against building a mine at Pebble.

The good news, for those willing to wager on such outcomes, is that the U.S. presidential contest looks likely to put someone with more favorable views toward development in the White House come 2017.

The truth is that the potential at Pebble is too spectacular to be summarily dismissed. At a 0.3% copper equivalent cutoff, this is a project with a measured and indicated resource of 56.8 billion pounds of copper, 70.4 million ounces of gold, 3.4 billion pounds of moly, and 343.6 million ounces of silver and an inferred resource of 24.6 billion pounds of copper, 37.3 million ounces of gold, 2.18 billion pounds of moly and 170.5 million ounces of silver.

At some point, this huge deposit is going to become a mine. The only question is when.

With cash in the bank to weather the long and winding story that is Pebble, NDM continues to be a hold for those willing to play the long game.

Northern Dynasty Minerals Ltd.

Recent Share Price: ....US$0.21
Shares Outstanding:......221.6 million
Market Cap ....US$46.5 million
Shares Outstanding
Fully Diluted:...............249.2 million
Market Cap
Fully Diluted: ....US$52.3 million

Roughrider Exploration

REL.V
604-697-0028
roughriderexploration.com

Roughrider Exploration has amended its option agreement with **Kivalliq Energy** (KIV.V; C$0.08) on the Genesis uranium project.

Located in an underexplored area east of the Athabasca Basin in Saskatchewan, Genesis hosts several highly prospective targets for basement-hosted uranium. The amended agreement with Kivalliq buys Roughrider more time to execute its exploration expenditure commitment.

Revised terms are as follows:

The Phase 1 expenditures required for Roughrider to earn its initial 50% interest in Genesis have been reduced by C$400,000.

While payment of 1,969,828 shares of REL is still due to Kivalliq by August 31, 2016, the commitment date for Roughrider's Phase I expenditure has been extended by a year to August 31, 2017.

Kivalliq has agreed to spend C$400,000 in exploration on Genesis in 2016 and will reduce Roughrider's expenditure agreement by another 15% if KIV does not complete this work program by August 31, 2016.

The commitment date for Roughrider to earn an 85% interest in Genesis has been extended by a year to August 31, 2019.

Roughrider has agreed to pay Kivalliq C$400,000 for signing the agreement.

The creativity of this deal is what I would expect of CEO Scott Gibson and his management team. This is a group that can find ways to finance deals in any market, thus keeping alive high-potential uranium projects like Genesis.

I remain high on this project, this management team and uranium in general. With an exploration program on the docket for 2016 and an agreement that buys both companies time to make some significant news flow, Roughrider remains a hold.

Roughrider Exploration Ltd.

Recent Share Price: ....C$0.06
Shares Outstanding: ....21.6 million
Market Cap: ....C$1.30 million
Shares Outstanding
Fully Diluted:..................30.6 million
Market Cap
Fully Diluted:.............C$1.84 million

Rye Patch Gold

RPM.V; RPMGF.PK
604-638-1588
ryepatchgold.com

Rye Patch has kept the newswires humming over the past several weeks, with the announcement of an extension to its earn-in agreement on its Patty project, some nice drill results from its Gold Ridge project and the acquisition of claims comprising the new Panther Creek project.

Located in Nevada, contiguous to and on strike with Barrick's Goldrush project, Patty is an optioned project from the Barrick Group. The amendment to the Patty agreement gives Rye Patch until December 31, 2017 to make the US$5 million in expenditures necessary to complete its earn-in on the project.

According to the company, that extra time is needed given the geologic analysis that goes into placing each drillhole at Patty. Drilling in 2015 originally intended to focus on both the Indian Creek and Goldrush targets, but only three holes were completed at Indian Creek during the year. No assays of significance resulted from this work, as the holes did not reach the targeted lower-plate horizon.

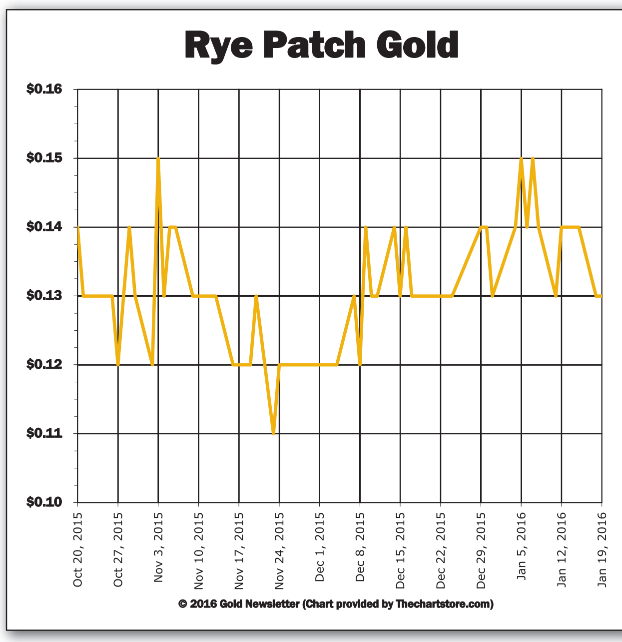
Considerably more promising were the drill results from Gold Ridge. Located along the Oreana trend in Pershing County, Nevada, Gold Ridge has a similar mineralization style to the Florida Canyon mine to the north.

The 2,420-meter program at Gold Ridge enjoyed considerable success, intersecting significant gold and silver mineralization in 18 of the 24 holes drilled. Highlights included Hole 27 (1.16 g/t gold equivalent over 42.7 meters) and Hole 32 (0.91 g/t gold equivalent over 18.3 meters). The latter hole ended in mineralization.

There are two main target areas at Gold Ridge — a northern target with an 800-meter strike length and a southern target area with a 500-meter strike length. Rye Patch has high hopes for this project as a low-grade, bulk-tonnage gold deposit.

Indeed, so promising were these results, that Rye Patch elected to stake the Panther Creek claims shortly thereafter. Located between Gold Ridge to the south and Florida Canyon to the north, the Panther Creek claims consist of 119 unpatented lode claims and span roughly 10 square kilometers. The company plans to follow up initial mapping and sampling of the claims with a surface exploration program that will begin in spring 2016.

Self-financed through its royalty on a portion of Coeur Mining's Rochester Mine, Rye Patch is well-positioned to thoroughly explore Gold Ridge, Panther Creek and the other projects in its portfolio. It remains a relatively riskless speculation at current prices and is a buy.



Rye Patch Gold Corp.

Recent Share Price: ....C$0.12
Shares Outstanding: .....144.0 million
Market Cap: ....C$17.3 million
Shares Outstanding
Fully Diluted: ....149.0 million
Market Cap
Fully Diluted:.............C$17.9 million

Brief Notes...

• **East Africa Metals** (EAM.V; EFRMF.PK; C$0.04) provided an update on infill drilling at its Mato Bula deposit within the company's Adyabo project.

The company announced results for 16 holes totaling 2,265 meters at Mato Bula. Highlights included Hole 50 (19.5 meters of 21.6 g/t gold including 8.6 meters at 46.8 g/t gold) and Hole 53 (20.7 meters of 18.37 g/t gold including 10.7 meters of 34.23 g/t gold).

Though primarily infill holes, these results indicate the high-grade potential at Mato Bula. We'll keep East Africa Metals a hold for now while we wait to see

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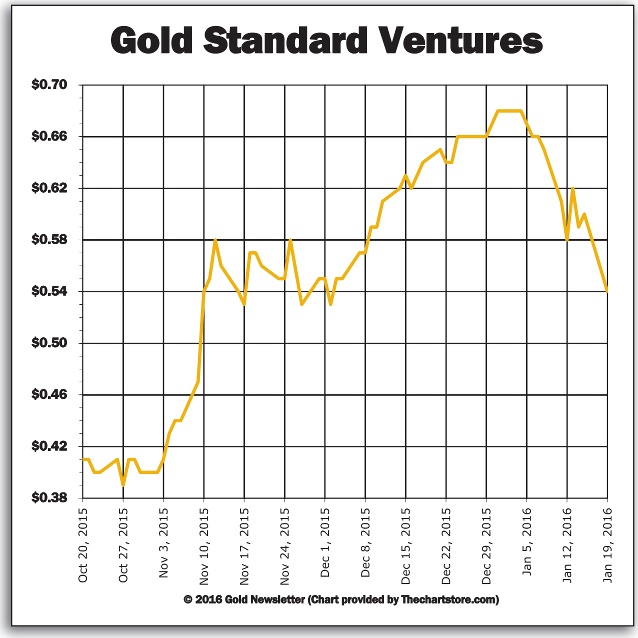

© 2016 Gold Newsletter (Chart provided by Thechartstore.com)

what the next round of drilling brings on its Ethiopian projects.

• **Endeavour Silver** (EXK.NYSE; EDR.TO; US$1.02) recently released 2015 production numbers for its three operating mines in Mexico.

The combined output of the Guanacevi, Bolanitos and El Cubo mines was 11.4 million ounces of silver-equivalent material. That total was based on 7.18 million ounces of silver and 59,990 ounces of gold produced during the year.

During Q4 2015, silver production decreased 14% to 1.73 million ounces and gold production increased 2% to 15,433 ounces. Silver equivalent production for the period was 2.8 million ounces.

The lower production numbers were to be expected, given the current state of the market for gold and silver. Not expected has been the steep slide of late in Endeavour's share price. Whether this is due to sales from the "at-the-market" offering the company announced in November or some other issues is hard to tell. But until we see some stabilization, we'll mark the stock as a hold.

• **Gold Standard Ventures** (GSV.NYSE-A; GSV.V; US$0.56) has been bucking the broader market in recent months, as excitement mounts over the drill results coming in from its Railroad-Pinion project.

Located along Nevada's prolific Carlin Trend, Railroad-Pinion has been generating assays that suggest it may hold the trend's next elephant-sized gold deposit.

The latest fuel to that fire came from the North Bullion deposit, where two of three holes encountered significant mineralization to the northw est of the deposit area. Hole 13 was the highlight hole, intersecting 12.4 meters of 3.53 g/t gold within a wider interval of 1.68 g/t gold over 74.4 meters. North Bullion remains open to the north and the west-northwest.

With three significant gold deposits and one of the largest land positions along the Carlin Trend, Railroad-Pinion is a target-rich environment with a lot of exploration upside still left. Gold Standard Venture remains a buy at current levels and a strong buy on any significant weakness.

• **Midland Exploration** (MD.V; MIDLF.PK; C$0.54) has added to its land holdings around its Willbob gold property in Quebec by acquiring the Dessureault gold showing to the north.

Willbob now covers over 31 kilometers of favorable geology. The Dessureault showing was discovered in the late 1980s with grab sampling that ranged as high as 15.0 g/t. Follow-on channel sampling returned gold samples ranging from 3.0 g/t to 31.6 g/t gold. The original operator went on to identify a 200-meter long by 50-meter deep area of mineralization that is open in all directions.

The enlarged Willbob property now spans 136 square kilometers and shows all signs of being a target-rich environment. Combined with the company's joint ventured projects eastern Canada, the Willbob property supports my enthusiasm for this exploration story. We'll keep Midland a hold while we wait to see how the 2016 exploration season develops.

• **Precipitate Gold** (PRG.V; PREIF.PK; C$0.07) has amended the terms of its purchase agreement on Juan de Herrera, one of the company's gold projects in the Dominican Republic.

The purchase agreement covers both the Juan de Herrera and Los Pinalitos concessions. As amended, the new deal reduces Precipitate's cash payments for the concessions from C$300,000 to C$150,000.

That new figure consists of two staged payments of C$75,000, the first of which has already been made to the underlying vendor. That payment also included the issuance of 1 million Precipitate shares. The next anniversary for this agreement will see the company issue an additional 1 million shares and pay the final C$75,000 for the concessions.

In other news, Precipitate remains aggressive on the exploration front, with the granting of four new exploration concessions — three within the company's

Juan de Herrera project and one in the Pueblo Viejo Mining Camp.

While it has been a slow moving story, I continue to like the management team running Precipitate, and I continue to be high on the prospects of these Dominican Republic concessions. It's another exploration story on our list that's a hold for now.

• **Riverside Resources** (RRI.V; RVSDF.PK; C$0.13) recently provided the market with a summary of its growth plans for 2016.

Those plans include drilling on its Thor project in Mexico, and follow-up exploration work on its Tajitos and Penoles projects, which are also in Mexico. In addition, Riverside intends to grow is Canadian portfolio through acquisition and will look to secure strategic partnerships to add to and advance its large portfolio.

By following the prospect generator model of junior mining exploration, Riverside has amassed a solid portfolio of projects and should be able to advance those projects with the help of joint venture partners.

It's a low-risk, high-reward way to operate in a difficult market, and one that makes Riverside a solid value (and a buy) at current levels.

• **Taseko Mines** (TGB.NYSE-A; TKO.TO; US$0.27) produced 142 million pounds of copper and one million pounds of moly from its Gibraltar project in British Columbia.

The copper production represented a 4% increase compared to 2014. This increase came about despite copper production of 33.1 million pounds in Q4 2015, a figure which was lower than the previous quarter due to lower head grades, throughput and recoveries.

Management anticipates operating within a similar cost structure in 2016. It will operate on a relative shoestring during the first half of the year, with less than $5 million committed to sustaining capital at Gibraltar.

Taseko is one of those companies that I keep on our list because it has the potential to provide significant leverage in a rising copper market. While I'm not as positive on copper as I am gold and silver, we are in the midst of a long-term bottom for all the metals. Based on the expectation of a recovery in copper prices over the longer term, Taseko is a hold.

• **Tasman Metals** (TSM.V; C$0.23) delivered a corporate update to the market earlier this month.

The company will spend 2016 focused on its Norra Karr rare earth element (REE) project in Sweden, as it works to optimize the processing flowsheet for the project and search for markets for its industrial minerals. The company is counting on ongoing support from the EU's EU-RARE project as it seeks to balance progress with cash conservation at Norra Karr.

As part of its cost reduction strategy, Tasman has elected to withdraw from its Finnish chromite projects. The company enters 2016 with sufficient cash to support the lower overhead model it is pursuing during this difficult period for the metals markets.

I still like Tasman's story based on REE production in Europe's backyard. With its downside protected by the value in the ground at Norra Karr, the company continues to look like a good value and remains a long-term hold.

• **TriMetals Mining** (TMI.TO; TMIAF.PK; C$0.06) recently completed a 14-hole reverse circulation program on its Gold Springs project's Jumbo target.

Although results have yet to be announced, the company notes that the 3,100-meter effort appears to have expanded the mineralization footprint at Jumbo.

In other news, TriMetals has renegotiated an option, at no additional cost, to take a 100% interest in the remaining 4,689 hectares of the Escalones project in Chile it doesn't already own. The renegotiation has extended the option to purchase the additional claims by two years to June 30, 2020. The next option payment for Escalones is C$400,000 and is due on June 30, 2017.

TriMetals remains a hold as we await results from its latest drilling.

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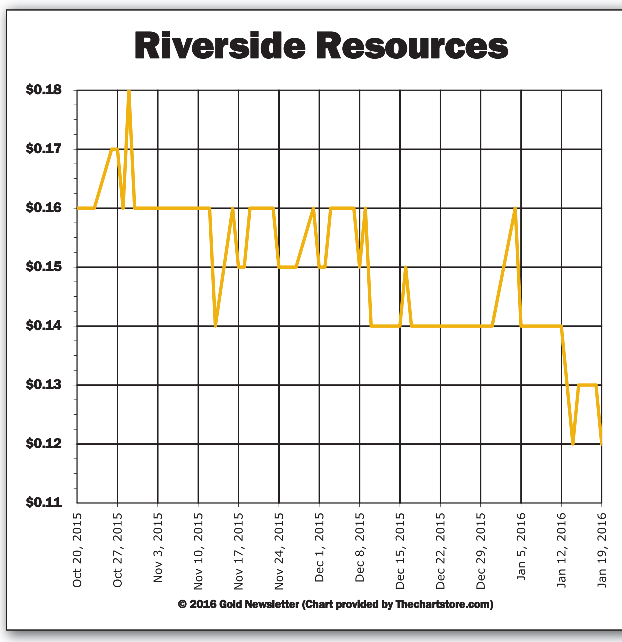

Potpourri

MISCELLANEOUS NOTES AND OBSERVATIONS

BY BRIEN LUNDIN

Confirmation: Chinese gold demand far exceeds mainstream consensus

One of the most important issues in the gold market is also one that is being completely ignored by mainstream financial media: What is the true size of Chinese gold demand?

As informed gold investors like you well know, Koos Jansen of bullionstar.com has ably demonstrated that withdrawals from the Shanghai Gold Exchange are a very accurate proxy for domestic gold demand in China.

However, the established market authorities such as GFMS, CPM Group and Metals Focus (which are also data providers to the World Gold Council) first ignored the explosion in SGE gold withdrawals and then tried to explain it away as loan collateral and other such financial machinations.

But Koos has refuted every one of their arguments in turn, relying on both logic and official Chinese regulations.

One of these data points -- the official yearbook of the Chinese Gold Association -- was recently brought to light again by long-time gold analysts Lawrie Williams (LawrieOnGold.com) and Nick Laird (Sharelynx.com).

The CGA takes a long time to publish its yearbook, and it's also published in Mandarin, so it typically escapes notice by the aforementioned mainstream market analysts. But Nick recently noted that the 2014 edition of the yearbook had finally been published, and it shows total Chinese gold demand for that year of 2,106 tonnes.

SGE withdrawals for that year were 2,102 tonnes. As well, the 2013 totals for both data sets were nearly identical, so these two statistics obviously track very closely.

In contrast, the World Gold Council reported 2014 Chinese demand at only 813.6 tonnes.

Again, the WGC and its data providers may throw various sources of demand into different categories, but the difference for 2014 of 1,292 tonnes is simply too large to explain away. And the cumulative differences of the last few years amounts to thousands of tonnes of "missing" gold demand that frankly destroys the credibility of the mainstream services.

In addition to Koos, Lawrie is doing the best job out there of keeping track of this issue. As he recently noted,

"…to add weight to the veracity of the CGA figures is the reported total of Chinese gold imports that year (1,294 tonnes) plus the amount of gold produced by China's own domestic industry -- 462 tonnes (figure from Metals Focus) -- which between them add up to 1,756 tonnes. Add in 350 tonnes or so of recycled gold and you have a figure which equates closely to the CGA's 2,106 tonnes or the SGE withdrawals figure of 2,102 tonnes.

"If this does not in reality represent Chinese demand, then one might ask where on earth this gold is going given that China prohibits gold exports."

Lawrie goes on to note that the WGC totals India's gold imports and domestic production to determine total demand for that country, yet it treats Chinese demand completely differently for some reason.

Very curious, indeed.

Remember, as we've reported, total 2015 Chinese demand as indicated by SGE withdrawals was a new record at 2,596 tonnes. However, there is some question as to whether we'll be able to track this statistic in 2016, as Chinese authorities have changed their methodology of reporting.

I urge serious gold investors to closely follow Lawrie Williams, Koos Jansen and Nick

Laird through their services if they want the real story behind global gold demand -- a story this is being untold elsewhere.

Peak gold is here

While I don't trust GFMS or the other "mainstream" gold market analysts for their estimations of Chinese gold demand, I do have some confidence in their accounting of newly mined gold supply.

And the news from this quarter is good for the prospects of higher gold prices.

That's because the peak level of world gold production, long suspected to be near, is now confirmed as behind us.

According to GFMS, global gold production reached a record of 3,155 tonnes last year. And it won't get any higher than that in the near future, as production is forecast to decline by 3% this year.

That production has peaked isn't much of a surprise, but this year's predicted decline is larger than I had expected. The Financial Times quoted Kevin Dushnisky, president of Barrick Gold, as blaming the drop on "falling grades and production levels, a lack of new discoveries, and extended project development timelines" which "are bullish for the medium and long-term gold price outlook."

As noted above, physical gold demand is soaring, particularly in Asia. Now we see that physical supplies are contracting. It would be the perfect recipe for higher prices…if only we would see similar restrictions on the supplies of *paper* gold.

Profits in paradise

The reserved cabin block for our exciting Money, Metals and Mining cruise to Alaska is closing soon, and so may your chance to join some of today's most sophisticated investors and top experts.

I'll be joining **Rick Rule** and **Peter Schiff**, along with another top expert soon to be revealed, for a seven-day tour of not only the markets, but the magnificence of the Alaskan wilderness.

I urge you to review the ad in this issue, and call for more details. But suffice to say that this will be the fourth investment cruise that I've done and is the one I'm most excited about by far.

First off, you simply can't beat the experience of a Crystal cruise. It's not only the top-ranked mid-sized line in the world, it's the best by far. With only two ships, Crystal lavishes every possible amenity upon each ship and all their passengers.

Second, the opportunity to spend days in the lap of luxury, mingling and sharing ideas with some of today's most successful investors and most widely-followed authorities, is absolutely invaluable. I've not only gained insights that have yielded small fortunes in profits, but also friends for life.

And finally, the chance to experience all of this in such a majestic locale as Alaska is something we may never enjoy again.

As I say, our cabin block will close soon, and your chance to join this exciting investment expedition to Alaska -- which will include a full day seminar in Vancouver as well as two days of events at sea -- could escape.

So call toll free **800-797-9519** (and mention priority code 039597) or CLICK HERE to learn more.

Zero before one -- an increasingly popular view

I find it interesting that more and more analysts and investors, including some of the most credible authorities in the business, are now repeating our previously "crazy" view that the Fed will go back to zero interest rates before they ever get to 1%.

In fact, none other than Ray Dalio, founder of Bridgewater Associates, the world's largest hedge fund, recently shocked the on-air hosts at CNBC when he predicted the Fed's next move will be to ease.

Dalio isn't predicting a recession as I am, but he does feel the Fed will have to reinstate QE. "I think a move to a quantitative easing would bolster psychology," he told CNBC's "Squawk Box" at the World Economic Forum in Davos, Switzerland.

He went on to note that "The risks are asymmetric on the

(Continued...)

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downside, because asset prices are comparatively high at the same time there's not an ability to ease. That asymmetric risk exists all around the world. So every country in the world needs an easier monetary policy."

If Dalio is saying this, you can bet it's also a common view amongst the world's central bankers. I don't see any way the Fed can continue its newly begun campaign of rate hikes in this environment and, as I've noted, a move toward QE will set the gold market on fire.

More Russian mischief on the way

Another view that's become quite prominent in the investing world is that it won't be long before Russian strongman Vladimir Putin will be up to his old ways stirring up trouble somewhere in the world.

It's no secret that oil prices are tumbling, but so is the Russian ruble. Capital flight is accelerating, revenues are drying up and Putin's hand will be forced at some point.

Long before the association between oil prices and Putin escapades became common knowledge, legendary dissident Garry Kasparov explained to me how simple it was to analyze Russian geopolitics. There was no complicated master strategy, the Chess Grandmaster told me, but just the desire to keep tensions -- and energy prices -- elevated.

Essentially, Putin goes around "poking Uncle Sam in the eye" wherever and whenever he can to keep oil and gas prices high, and he and his cronies in power and in the money.

So with both oil and the ruble collapsing, watch out for Putin's next step.

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