THE National Investor

March, 2020 *__You can get information anywhere. Here, you get KNOWLEDGE__.* **Company Profile**

THIS IS __NOT__ YOUR FATHER'S GOLD MARKET!

__A typical "gold bug" initiation__

Long-suffering gold bugs (those that still have any investible funds, that is, after the beatings of the last several years) have had some reason for cheer in the recent past. Their favorite asset broke out to the upside early in 2019 and—until the NASTY correction of late February—had approached $1,700/ounce, its highest in several years.

I'm here to tell you that things still ARE looking up *longer-term*. But, as usual, the Pied Pipers of the Gold Bug Echo Chamber are, *at best*, "fighting the last war." In the following pages, I'll explain to you why, indeed, this is NOT your father's gold market. **The dynamics driving gold are different than they have ever been.** The decisions you make as an investor must adapt. AND there are DEFINITELY things you should *not* do.

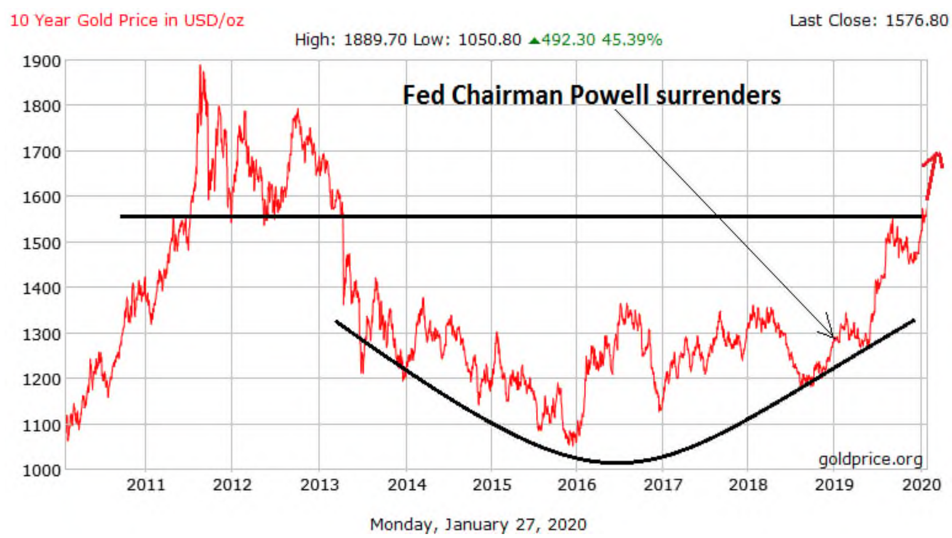
AN INTRODUCTION

From the desk of Chris Temple, Editor & Publisher

The National Investor

Of all the asset classes and sectors one can be an investor in, none over the years has been as rewarding…sometimes a little quirky…*and at times devastating* as has gold**. Even as I am releasing this Special Report, in fact, we have witnessed just the latest example of that latter**: in seemingly the blink of an eye, great gains for many gold stocks and ETFs of recent months *obliterated* in one fell swoop by the late-February wholesale selling (and as with the gold ETFs especially, made worse by margin calls) of just about *everything*.

This underscores the need more than ever for you to understand how markets work in the Year 2020—and how gold likewise "works" and the factors that influence it specifically—if you are going to be a successful investor and/or trader in this space. That you need to have an exposure here should not be in question: **when you see (as I will explain further along) major central banks of the world and the most successful and wealthy private investors hoarding the yellow metal as fast as they can, *there's a reason*!** Those others believe—*as do I*—that although gold has quickly surrendered the ground gained after breaking free of its long consolidation you see via the nearby chart (and gold stocks have especially been clobbered) the *long-term* picture remains as bullish as it did before.



But the bruising that investors in this space have endured yet again is the latest lesson that you MUST approach this sector *intelligently*. **And to the best of my ability and experience, this Special Report has been crafted by me to be your Guide in EXACTLY that endeavor.**

If you are one of the typical more "religious" gold bugs out there, in a way this will serve as a "deprogramming exercise" for you. In no way pretending to be right all of the time on *my own* market/stock calls, I will nevertheless necessarily be critical of a lot of the plain *bovine excrement* that many of you have been sucked in by over time. And for *everyone*, you are going to learn why the gold space—**as it has been since all the way back in 1971**, when the modern era of totally fiat national currencies and fractional reserve banking was fully unleashed on the world—can be an important part of your portfolio, IF you approach and invest in it with viable information and viable strategies, and NOT based on hype, sales pitches and religiosity out there that has done little but *cost investors money*.

Now, lest you think I am an "enemy" of gold's cause or some such thing, let me state unequivocally from the get-go that, for pretty much my entire adult life, I have *philosophically* been a "gold bug." As a student of money, banking and economics I recognize that central (i.e. - *fractional reserve*) banking and fiat currencies have served to make the rich richer and more powerful and—as the economist John Maynard Keynes long ago predicted—hollow out the wealth of the people. If I am fortunate to live long enough to see the death of central banking generally and the Federal Reserve specifically, I will help *organize* the party where we can all dance on those graves.

In that philosophy, I of all people embrace the role of gold—not to mention barter, community currencies, private sector- and citizen-created honest and interest-free money of various kinds and more.

But that said, I am NOT always a "gold bug" as a *practical* matter; chiefly, when it comes to the *investing* advice I impart. Especially when it comes to the volatile (and recently *again*, increasingly frustrating) world of mining stocks, an investor MUST know--as Kenny Rogers famously sang--"When to hold 'em and when to fold 'em." And that highlights but one of the fatal flaws many of the more "religious" gold bugs have: *SELL is a four-letter word that is not in their vocabulary when it comes to gold.*

Those I have often called "The Pied Pipers of the Gold Bug Echo Chamber" have at times made things *worse* for investors. Many of these gurus, precious metals and junior stock promoters and the like have played on the near-religious fervor of many politically conservative and usually older investors who have a natural affinity for the gold space (nothing wrong with that *philosophically*.) They play—*and prey*—on the blind faith such investors have in gold as that special talisman of sorts. I have seen countless occasions over my 40 years in this industry, now, where *entire portfolios* have been wrecked by investors who first unwisely put a disproportionate amount of their portfolio—*sometimes all of it*—in gold and gold stocks, overstay their welcome, and then have to clean up the mess afterward (or what's left of it.) Time and again when the Pied Pipers' various sales pitches and conspiracy stories leave their followers with their pants down and with crashing portfolios, it's *someone else's* fault: the most common "go-to" story being that some shadowy cartel or manipulators have torpedoed the gold market (I'll *briefly* address that subject farther along.)

The frustrating thing to me is that—on several occasions in recent years—the points at which to get into and then *at least partly* out of the gold space have been quite obvious; at least to me. Yet tragically, gold bugs—alternately led astray by bad information and goofy theories alike from many of their gurus—are prone to ride the roller coaster *down* as much as up.

As I said earlier, I by no means claim that I am always right. **But here's what I DO claim (and have the track record in the gold space to prove): as with every other asset class, I approach the gold sector as *an agnostic* as a first matter.** Just as it's unwise to be a "perma-bear" or "perma-bull" where, say, the broad stock market is concerned, one *especially* can't be dogmatic when it comes to gold. There are times that the factors which *do* affect it mandate being aggressive. Other times (as I advocated *almost dead on* at the peak of the late February rally) you need to take money off the table. (For the record, I wish I'd been *even more aggressive* with that SELL button of my own this last go-round!)

So as I do with all markets to my best ability, **I call things as I see them where gold is concerned, too, putting aside my own beliefs of how things *should be* and focusing on FACTS, REALITY and TODAY'S MARKETS**. I do not *start* from a place thinking "Gold just *has* to go up, *because* (insert your favorite gold guru conspiracy theory here)" and *then* look for evidence or theories to support that, *while rejecting facts and markets*.

I'm going to show you likewise how to do the same: approach gold as you can and should do with *any* sector or investment theme in a deliberate, calculated manner and with NO PRECONCEIVED NOTIONS to cloud your judgment. Space here presently will not allow, of course, for in-depth discussions about *each* subject I'll bring up; they are ones, though—with others—I have previously or will be covering in greater depth for Members in *The National Investor*, together with the more publicly-available knowledge and commentaries available on my web site and social media outlets.

But this will none the less be a MEATY, if sometimes fast-paced, Guide for you. Whether you are a long-time and *again* bloodied gold bug who needs some deprogramming, or someone new to the gold space—and perhaps investing generally—who needs to know if there is some rational reason why you should be looking at this asset class, this is for you! So read and re-read this…**and as always, feel free to drop me a line with your questions.**

AN EVOLUTION: FROM 1971—WHEN THE MODERN ERA OF GOLD INVESTING BEGAN—TO TODAY

At its core, my on-again, off-again (more the former since I turned *sector bullish* on gold again in late 2018) bullish stance on the yellow metal is for the oldest and most basic of reasons: the ongoing and ever-increasing need for the Federal Reserve and other monetary authorities the world over to continue to "create" their fiat currencies virtually without limit. It's what the late dean of newsletter writers, Richard Russell, simply termed their "Inflate or Die" mandate.

It started with these two--and with gold at $35.00/ounce

In our modern age, *monetary inflation* and its attendant maladies (and, yes, some benefits) were first uniquely unleashed by the United States of America. As we remember, the late President Richard Nixon in 1971 ended the international convertibility of U.S. dollars into gold and essentially ended its role as a key monetary asset. Having prior taken the global lead in issuing way too much in the way of fiat currency—and faced with threats from foreign governments to demand gold in return for their dollars/dollar assets they held, given America's more reckless finances and deficit spending of those days *compared to others*—there simply was not enough gold to "back" the dollar any longer. So Nixon *essentially admitted* the scam.

But the FAR more important part of the aftermath of Nixon "closing the gold window" and forever breaking its link to America's currency is the part of the story that few understand: the ensuing new role of the Federal Reserve. Long before there was an Alan Greenspan or a Ben Bernanke running the printing presses, Nixon's Fed Chairman Arthur Burns set the tone for the post-gold era; not just for the U.S. at the time but, since then, *for the world.* And many of those nations (China most of all recently) have since followed America's initial lead in currency debauching and debt issuance to even greater extremes.

Notwithstanding its occasionally wild swings along the way, gold has benefitted as now *the whole world* is forced to issue ever more fiat currency/debt just to keep things from imploding. And it's less a case that gold is special (though it *is* unique in several key ways as both a commodity and monetary asset *still* in parts of the world); more so that most everything "rises in price" when the dollars (and yen, euros, yuan, etc.) they are priced in are cheapened over time. Indeed, considering gold's starting point of a $35/ounce *fixed price* when Nixon opened it back to the markets again to today's (rounding it off) $1,600/ounce, **that gives you a 4,400%+ gain in gold's price since this new era started.**

That gain over that same time *substantially* exceeds the gains of the broad stock market (the Dow Jones Industrials over the same stretch have risen less than 3,000%) and even real estate.

And that gain for gold is also the *first* piece of evidence I'll offer that **those carnival hucksters who talk of some grand conspiracy to "suppress" the gold price are full of more crap than a Christmas goose**. If you have the misfortune of following the "advice" of these kinds of Pied Pipers, *my advice to you* is don't walk away…RUN!

The early part of the secular bull market unleashed for gold by the Nixon/Burns duo—basically, from 1971 through the first manic peak in 1980 of over $800/ounce—*was* uniquely due to the U.S. dollar's being turned into toilet paper by Burns. In those days, America emerged as the initial, sole leader in the world in uncontrolled money printing, soaring debt and overall monetary idiocy. So back then, you had a fairly "pat" dynamic of an inverse correlation between the U.S. dollar and the yellow metal: a weaker dollar *against other currencies* (KEY POINT!) meant a rising U.S. Dollar gold price and vice versa.

That pat dynamic has been changing (though you wouldn't know it from many of the Pied Pipers and their propaganda, regularly predicting the demise of the U.S. dollar; *at best* fighting the obsolete "war" of the 1970's.) Indeed, despite the continuing monetary inflation and the rest from the Fed, today other central banks have done *even more* to trash their own currencies, banking systems, etc. That fiat U.S. Dollar remains—relatively speaking—the strongest fiat currency in the world; not *backed* by gold, but *enforced* through intrusive and adventuresome industrial, economic and military policies—and via the dollar's continuing status as the world's reserve currency.

Failing (or *refusing*, for marketing purposes) to understand both this changing currency picture and the broader story today of how monetary inflation affects other asset prices, many gold gurus and investors have been even more ill-equipped to know when to zig, and when to zag. The world has passed them by. Far from rising in U.S. Dollar terms as 1970's-style cost-of-living increases accelerate, **gold has instead risen as the U.S. Dollar has also risen in value.** Further, gold has risen even as the central bankers decry their inability to stoke that 70's-style inflation **and instead are worried about *deflation*** (Deflation dangers that their own money printing have actually exacerbated; a story for another day.)

Introducing... "Cargo Plane Jay" Powell and his sidekick "Bombs Away John" Williams

"I just need to fix a little plumbing problem."

It's a MUCH different world today, of course, when *deflation* is a greater danger…interest rates have crashed around the world, rather than soared as debt levels rise exponentially…and all the rest. A generation ago, gold would have declined against this back drop. *But not today*.

This helps, of course, explain why gold continued to rise recently *along with* the dollar and a rising Treasury bond market (with yields falling.) Even when Federal Reserve Chairman Jerome Powell late last summer was suddenly moved to fix the "plumbing" in repo markets—and on cue, the Pied Pipers said the U.S. dollar was going to crash and burn as a result—the dollar still moved *higher* against most all the other fiat currencies.

It's a different world. And whether any of us agree with it or not the FACT is that MARKETS regard the dollar—and gold in a renewed way, to be sure—as "safe havens" of sorts; together with Treasury securities and other sovereign debt and, most of the time, the Japanese yen. **This is why, for instance, that I considered the first danger sign for gold of late being when the U.S. dollar started to *fall*.** That was a "This does not compute!" moment for the Pied Pipers and the others fighting the last war. But for those who understand *today's* market dynamics it was simple: as gold and major gold ETFs were bought WITH a rising dollar (and on margin, no less) they were *automatically* suspect when the dollar changed course.

The present-day definitions of "inflation" have also left the Pied Pipers behind. The lesson of gold's *monster rally* from the late-2008 depths—and then multi-year, *agonizing decline* afterward—starkly demonstrate this; together with the broader inability of many to understand how gold relates to other markets *today*.

In the immediate aftermath of the 2008 financial crisis, **a narrative quickly developed that undergirded demand for gold broadly for a while**: In order to "rescue" us all, the central banks of the world are going to print so much money that we will all soon be using wheelbarrows instead of wallets to carry our dough around, as they did in 1920s Germany. With one after the other cutting interest rates to zero or less…"printing" trillions of dollars via Quantitative

Easing…and the rest, that narrative did not *seem* to be far-fetched. Most important, it made at least some sense to investors NOT automatically gold bugs, but who came to believe that this thesis could prove true and that *they* should put some money to work in the yellow metal.

But the inflation, if not hyperinflation, that the Pied Pipers breathlessly awaited as they herded anyone who would listen into gold failed to materialize; at least, not in the manner they predicted. The first thing those calling for it failed to "get" was that—for every new dollar the central bankers created—they were for a while merely mitigating the obliteration of *$100* lost in the sudden, massive DEFLATION OF ASSET PRICES that culminated with the 2008 Financial Crisis.

Further, as their efforts *did* finally take hold, the "inflation" that returned was not in the form of the 1970's-style "cost-push" inflation, but in THE RENEWED INFLATION OF STOCKS AND OTHER FINANCIAL ASSETS. As stocks ever more regained their footing and the world wasn't ending after all—and as the Weimar-type "inflation" was A.W.O.L., despite the hyperventilating Pied Pipers' claims that gold was going into the stratosphere thanks to Q.E. and all *but was not*—wise investors sold out of the gold space and piled even heavier into "risk assets."

Here again, this is another key lesson that many too enamored with gold—and their own preconceived, dated notions, or the propaganda of the Pied Pipers—just haven't learned yet. It doesn't matter what YOU think gold and gold stocks should do. **What matters is what the other 99% of investors think.** Especially when it comes to fund managers and other institutional investors who *did* see it wise to have some exposure to gold in the immediate aftermath of the 2008 crisis (THEY, not gold bugs, drove gold from under $700/ounce to over $1,900/ounce in under three years—WHERE were the "price suppressors *then*?) *they* had no choice but to bail and put money back into the stock market, etc.

From late 2008-early 2011, I had my highest-ever recommended allocation to precious metals: about 35% of an overall portfolio. **Early in 2011, I advocated selling half across the board** (about the time P.M. stocks were peaking; gold itself hit its high in the late summer.) We sold more along the way. Thus, we avoided the great majority of the resulting UGLY cyclical bear market for mining stocks especially.

Summing things up before I change subjects *a bit*, gold has been driven much more in recent years by a "fear trade" than by a more benign "love trade." In 2008-2011, it was a fear that real interest rates would crash and inflation would soar (the first one came true, at least, to *some* extent.) In the recent past, it's been a story of gold's role as what I have called "The Un-Currency" in a world where some $15 *trillion* worth of debt now carries negative interest rates and deficit spending goes through the roof everywhere. (Once upon a time gold was disparaged as a monetary asset or investment alternative because it "paid no interest." Again, how times have changed!)

So like 7-Up was the soft drink that distinguished itself from all the Cola products out there so, too, is **gold's MAIN driver today its status in NOT being just one of the fiat currencies of the world**.

"The Un-Currency"

Critically, it's important to know that the more benign "love trade" for gold—driven, in part as it was for the 2003-2008 bull move most recently, by rapidly-growing wealth and good times in much of the world, *chiefly in China*—is now subdued. This helps explain for those who can put aside those pre-conceived notions one of the reasons why gold stocks of late have generally *not* done as well in bullish moves for gold itself as in the past. And this also looms as near-term danger for gold as well, as jewelry and related demand CRASH. *More on all this further below…*

SUPPLY AND DEMAND FACTORS TURNED UPSIDE DOWN!

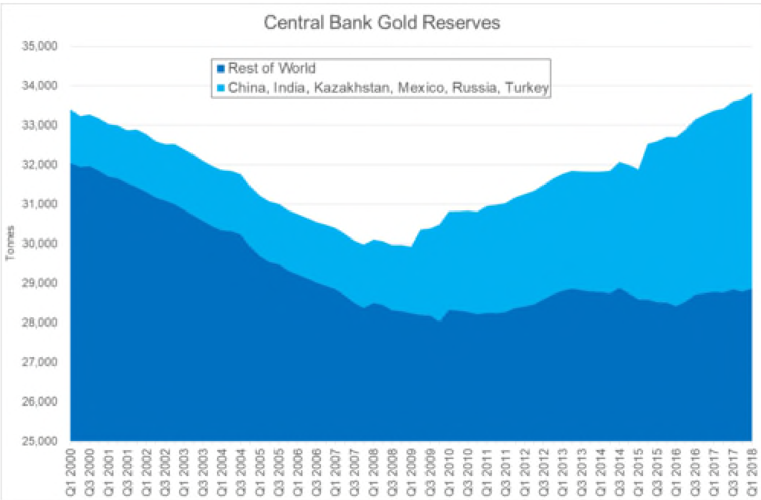
Indeed, the supply and demand "mix" for gold *here in 2020* is CRITICAL to understand in order to properly be an investor *or even trader* in the gold space. And here is an especially stark lesson in the theme of my cover "title" that ***This is NOT your father's gold market*!**

Following that manic 1970's surge for gold when a lot of investment money piled into the sector as gold rose more than 20-fold—and gold stocks rose even more**—the yellow metal settled into a more than two decade-long relative slumber.** Investment demand became quite muted and for largely the same reason as I earlier discussed when it came to that more recent 2011 time frame: the "action" was better in the general stock market. So the price meandered slowly but surely, trending downward ultimately to under $300/ounce on and off.

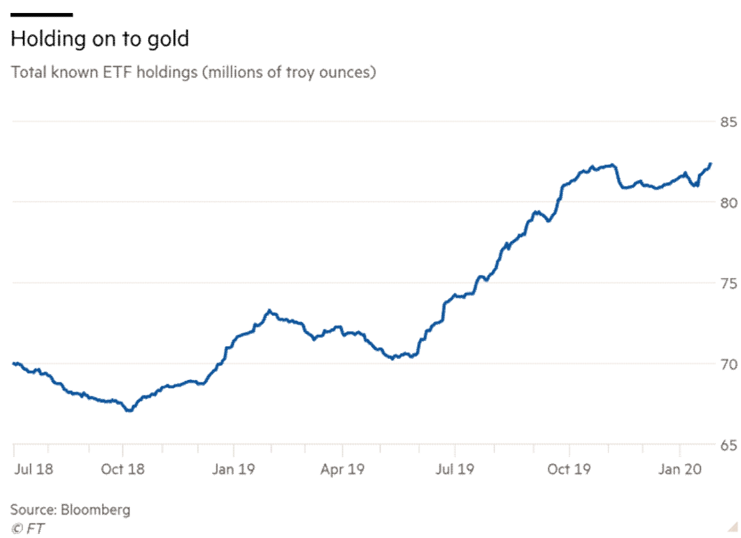
The demand equation in those days pretty much was simple: basically, 2/3 of overall gold demand was for fabrication: jewelry, industrial and technological uses and the like. The rest was investment-related demand and official sector holdings.

The first "jolt" to what was at that time a fairly dull environment (and for that matter, one during which more often than not one could say that the gold market was *managed*, much as DeBeers once managed diamond prices more effectively) came in 1999 with the crafting of what was known as The Washington Agreement. **This—almost like putting the paddles to a patient in cardiac arrest—jolted the slumbering investment part of demand back to life**. As I chronicled at the time and since, that episode 1. Resulted in the greatest-ever short-term trades for our members and 2. Caused the ONE AND

ONLY instance I have *ever* seen of what was legitimately a price suppression exercise (by the Fed) for a spell. For those interested in all of that *really* cool history, two items archived on my web site tell it all: at https://nationalinvestor.com/1490/gold-manipulation-history-lesson-feb-20-2018-issue/ and at https://nationalinvestor.com/1482/now-gold-suppression/



So as the demand side goes, central bank *selling* for so many years has turned into *net buying* since (notably) the 2008 Financial Crisis. As I point out in my video introduction to this Special Report—at https://www.youtube.com/watch?v=Ct-bWS97hDw&t=214s –the overwhelming majority of that net buying has come from what are commonly called developing countries (an imperfect descriptor, to be sure.) China. Russia. Turkey. Iran. And others. *And why they are so keen to accumulate gold is one of the subjects I'll touch on at the end*.



Investment demand for gold—chiefly, via large institutions and directional traders, using ETFs—has more recently emerged, however, as the *biggest* gold driver recently. It has been well-chronicled recently how a lot of this dough that came into the gold space was put into garden-variety gold proxies like the "Spider" Gold Shares (NYSE Arca-GLD), as well as the major ETFs representing the largest mining stocks (and the miners themselves.) *But you have to accept the good with the bad sometimes*. THIS money is NOT religious about gold; and historically, such "hot money" can enter and leave the sector quickly. All the more danger now—as folks just learned anew—when this kind of buying carries the most clout.

***Considerably* diminished now—and likely to get worse before it gets better—is jewelry and fabrication demand.** The story of the very nice move for gold…gold stocks…and *all commodities*, truly, in that 2003-2008 period could be summed up by the photo at left. Growing middle class wealth in China (and India and elsewhere, too, lest they be left out) helped the "love trade" aspect of that move.

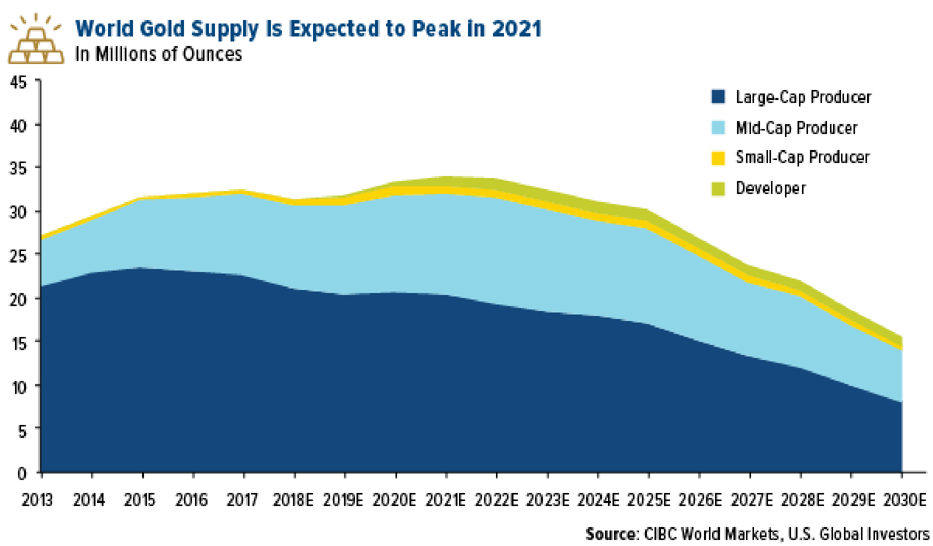
But now, thanks to its creaky economy, the gold-loving Chinese consumers don't have as much to spend these days on gold baubles (true too, elsewhere, as the global economy weakens.) Those that *do* have some money to spend are staying home for fear of meeting this new creature called Covid-19. And I daresay what bullish prognosticators are out there telling you that all will be well after this Flash Crash of recent days that hit the gold space with everything else aren't uttering *a word* about this.

I am. And all else being equal, consumer/jewelry demand is looming as a BIG negative. Gold had a great year in 2019 *despite total gold demand being down 1% for the year*; investment and central bank demand made up for NO contribution for the factor—jewelry, fabrication and the like—that *used to* account for 2/3 of overall gold demand. (A good and instructive exercise for you if you follow, subscribe to or buy products from one of the Pied Piper sorts, is to ask his/her advice as to how gold, etc. are going to do when the World Gold Council publishes demand figures for Q1, 2020 **showing that jewelry and fabrication demand has been ANNIHILATED by the Coronavirus**.)

I even have to question the extent to which **central banks** will be as strong a net, positive force as they have been the last several years. It could well be that some of them (China the prime "suspect," as you might imagine) take foreign exchange reserves and whatever other money they would previously have spent building their coffers and instead have to spend it on mitigating the effects of the headaches, slack demand, supply chain issues and a LOT more things that have crept up recently.

So more than ever, the fate of the gold sector in the immediate future rests more than it EVER has before with the inflows—and outflows—of investors. And almost all of that money is held and managed by people who ARE NOT "GOLD BUGS." Thus—as we 1. Invest in gold generally, 2. Determine how to invest and trade and 3. Determine what kinds of companies to own/trade—it behooves us to know what will garner THEIR interest.

The good news in what has otherwise all of a sudden become a more tenuous picture near term is that, wherever the demand comes from in the future, gold's new supply is set to become less. While some of what you may have read on the subject of Peak Gold has been overstated to some degree, it is TRUE that:



1. Existing mines are being depleted,

2. New mines aren't replacing them fast enough,

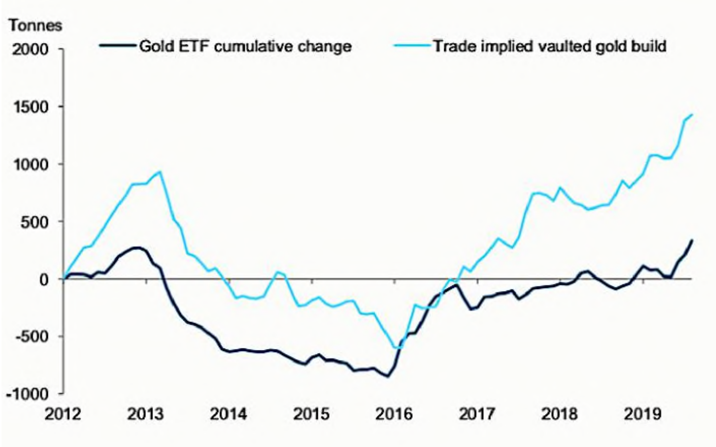
3. The industry has underinvested in itself in recent years, leading to expected production declines going forward and

4. What *is* being found in the way of reserves for future production is lower grade and more expensive.

So no matter how things evolve—and even if we *are* set to go through an interlude for a while where the gold space languishes anew—**the supply end of things is going to be *a net positive*.**

WHAT MIGHT COME NEXT?

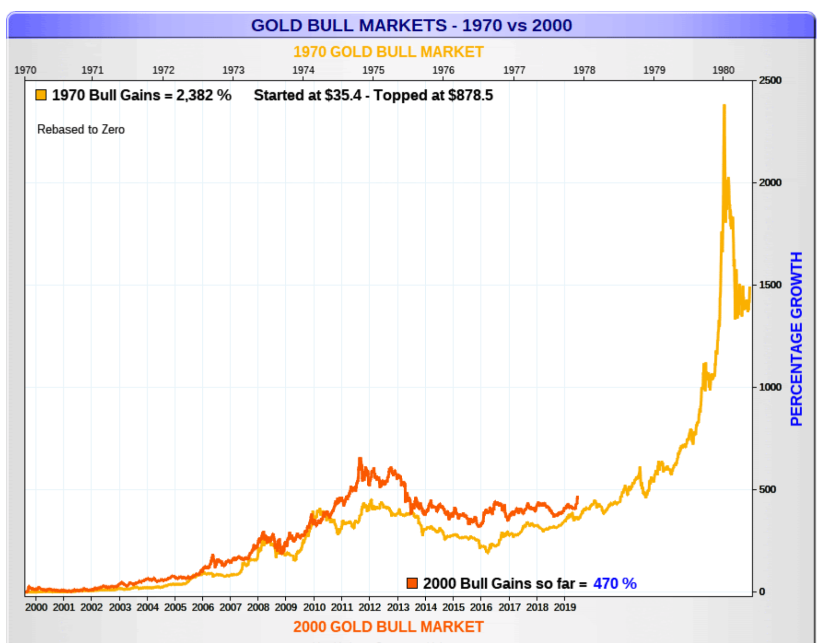
Exhibit 18: The implied build in non-transparent gold investment has been larger than the build in gold ETFs



As I suggested back near the beginning, when you see many of the world's central banks and the wealthiest/smartest people on the Planet aggressively buying gold, YOU need to know why, and take a look yourself!

I'll get back to the central banks in just a bit; as well as *briefly* address (for now) one of the true Doomsday scenarios that would drive gold to the stratosphere as well as upend the average American's way of life.

As you see via the chart at left, beside central banks there has been evidence over the last few years that well-heeled investors have been accumulating physical gold as well, and storing it in vaults. **They, too see the handwriting on the wall for, *at the least*, more of the same of what we have seen now for *nearly half a century*: ever more money-printing, debt and rolling crises of one kind or another world-wide.** Though it wouldn't go up by any means in a straight line—and the sector will time and again *massacre* the unwary and "religious"—the trend will be the same as it has been since 1971.



When and under what circumstances the gold sector moves forward *from here* remains to be seen. As I am writing this everyone—even Yours truly and my Members but, thankfully, to *much* less an extent than most, as we had the sense to take at least some money off the table before the debacle of the last few days of February—is busy licking their wounds. (When it comes to *good companies* that got caught up in the selling, I don't spend 30 seconds worrying; they will come back.)

Beyond that, we have to ask what is going to positively (*or negatively*) affect the gold sector going forward now. Many insist this bullishness of the last yearplus is only getting started; and as the nearby chart suggests, the REALLY big parabolic move is yet to come. I certainly can make a case myself for that, if enough of the right "stars" align along the way. **After all, the broad investing public by and large took little part in the recent move.** The time will come—as it has in the past with gold, and has more recently with bubbly behavior in things from Bitcoin to cannabis—when the broader investing public piles in for fear of missing the hot new (for gold, *renewed*) craze.

When that happens—when your Uber driver starts to talk about the latest hot tip he got on a junior gold stock—**it will be time to SELL** (there it is again: that four-letter word that has been the ruin of the more religious gold bugs for years on end!)

As time goes on, of course, I will continue to give our regular, full-service Members here at *The National Investor* my best wisdom and recommendations on this…and a lot more. The day-to-day nuances of the markets now—including how they impact gold—are hard to judge *as I write this*. If the global economy really tanks in the near term and/or the fear trade ends up on steroids, gold will ROAR back higher (gold stocks less so, but gold will likely move enough to drag them along anyway.)

I can't comment beyond that on what might happen near term; as always, I keep our Members apprised of moves they should (and *should not*) be making; recently, on pretty much a daily basis!

But I do want to talk about **a couple broader themes I am looking at**: one which will affect things in the foreseeable future one way or another…and one which MIGHT loom down the road a bit:

THE "FLATION DEBATE"

"Whatever it takes, I'm going to make it to the top!"

As I will be writing on in *much* greater detail yet again in the very near future—and have spoken and written about a lot already in the recent past—**the big threat global central banks are trying to fight off yet again is DEFLATION.** And as I alluded to in some of our earlier discussion, the "hyperinflation" of asset prices, new bubbles in debt and derivatives and all the rest since the Financial Crisis HAS ALREADY HAPPENED. The next big move from here is most likely to be those asset prices falling again, as we saw following financial bubbles in 1998-2000 and then again in that 2007-2008 time frame.

The central banks now have relatively little left with which to fight *the next recession*, let alone financial debacle. **They admit it.** *New* tricks will need to be pulled from their sleeves as well as from those of the fiscal authorities.

The best that we can hope for is for the central banks to stave off another *disaster* and merely keep things papered over; **in the end, leading to the kind of "Stagflation Lite" scenario I have discussed**. I have described why I believe one "trick" will be to embark on massive infrastructure programs, in part funded by government-created and seeded but then privately-financed *infrastructure banks*. Again, that's a story for another day. **But those of you who really want to see your *gold stocks* especially do well should be rooting for the central banks and elected policy makers to SUCCEED…not fail**. And especially if present financial risks can be mitigated…we can at some point later put the Coronavirus in the rear view mirror…deflation is fought off…and "Cargo Plane Jay" and his crew at the Fed *do* manage to stoke broader price inflation (so that you also see copper, industrial materials and energy recover meaningfully) the investing environment for precious metals and P.M. stocks will be more constructive and *relatively* less risky.

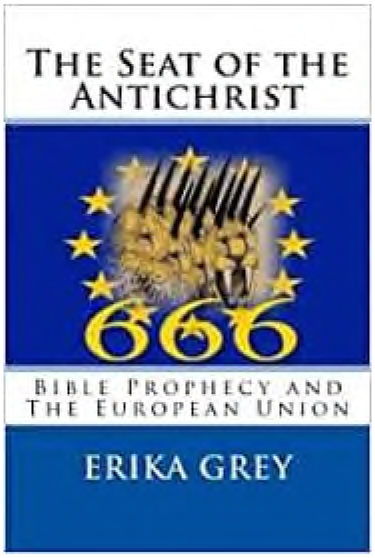
The alternative—FEAR-driven trades—might bolster *gold itself* more dramatically, but it would be largely *alone in rising.*

THE COMING "DEATH OF THE DOLLAR?"

I have regularly chided those snake oil salesmen out there who for *years* have in one form or another warned that **the "death" of the U.S. dollar**—or at least its end as the world's reserve currency—was nigh. One particularly memorable instance of a while back was one Pied Piper guru—still incredibly well thought of, for some reason—who predicted that, on September 30, 2016 (and at "about 4:00 p.m. Eastern time" no less; he named the TIME too!) the U.S. dollar would be replaced by a revamped International Monetary Fund "currency." **It was all B.S., as I explained in detail at the time** (a few of my past tirades against this phony baloney are on my web site.)

Numerous times since, this same character—and others—have regularly trotted out their latest "secret" reports on the coming MAJOR changes to the greenback, and how that was about to cause gold to explode higher. **None of them, of course, ever pan out.** But they keep coming. *Tragically*, their followers—among the more religious of the gold bugs out there, though they are steadily dwindling in number, leading to even goofier come-ons and predictions to keep the remaining "faithful" in line—lap it all up. Like the Silas character in *The Da Vinci Code*, they seem to think that the more they suffer, the more faithful they are to the Gold creed and their guru (or *something*.)

I humorously remember some years back when the euro was about to be launched. There was NO END to the excited and sometimes ominous calls for the strengthened European Union—and its new currency—to be the fulfillment of Biblical prophecy: the Revived Roman Empire and its "antichrist" currency. **Here again, all B.S.**; and in this instance, not swallowed hook, line and sinker just by the gold bug audience but as well by many



millions of well-meaning but similarly misled evangelical Christians, whose own Pied Pipers peddling such creations are no more honest than the Gold Bug variety (but there's a TON of money in it *for them*!)

The sad fact—as I continue to explain as the need arises, and have explained in some older commentaries on my web site—is that **the U.S. Dollar's global hegemony is *not* going to end any time soon.** I wish I was wrong; and would be happy to be proven so. And I do not say that because I want to see gold go up even more. I say that because the U.S. Dollar and America's owning that reserve currency has been the force for a lot of BAD things in this world. If other countries were not essentially *forced* by those financial considerations to support America's destabilization of the Middle East, *overthrow* of governments we don't like (the Russians are PIKERS in trying to "influence elections" by, at most, buying ads on social media) and all the rest, the world would be a better and safer place!

All that said, we need to keep our eye on the previously-discussed dynamic of so many central banks in the "Eastern world" especially that have been gobbling up gold. To a very great extent (some of you have followed this for years more than others) physical gold has been moving from West to East. Most *infamously*, Great Britain under the numbskull (or *conspirator*, with certain parties who benefitted) Chancellor of the Exchequer Gordon Brown sold most all of its gold at the bottom of the market 20 years ago. Switzerland has sold most of what it once had. Canada, too.

And the Russians, the Chinese and some others have been happy to take it off their hands.

What I *do* see potentially looming some day is that, *at the least*, the dollar will be joined more forcefully by the yuan (at least regionally) and *what might be left of* the euro by then (pretty much *within Europe* more than for regional or global trade) as more bona fide reserve currencies. That will, frankly, be part of the process as the Globalization regimen of the Post-WW2 area unravels in the coming years anyway (*a lot* on my web site about this, as well.) It's something I expect to evolve over time; but it could also be impacted by 1. Politics and 2. By whether President Trump does get a second term and can more aggressively prosecute *his goals for the dollar* (the subject of another upcoming Special Report.)

Necessarily leaving that subject for later, I will say this to my fellow Americans who—encouraged by the propaganda of the Pied Pipers—are rooting for that "Death of the Dollar": BE CAREFUL WHAT YOU WISH FOR. In part *because* Tricky Dick closed the gold window and led the whole world into the present-day fiat currency regimen globally, the dollar's status as the main global reserve was extended. With that has come a lot of privilege as far as costs for American citizens, as well as the world-beating ability of the U.S. government to get a lot of external help in funding its massive deficits (and WARS) over the years. I point this out not because I like or agree with the policies involved. I do *not*. But as I hope you have figured out by now, I deal with facts and reality; not the world as I think it *should be* but is not.

Were the dollar's status as the world's reserve currency to end—especially abruptly—by other nations banding together and helping bring about an end to dollar hegemony, **I submit to you that what you might gain in your gold investment portfolio will be lost by how much EVERYTHING ELSE soars in price for YOU!** As I alluded to earlier, the world, net, will be a safer place, if the Deep State that runs America is much less able to spend trillions of dollars and kill untold people the world over in the quest to keep The Empire intact. THAT would be a good outcome. But your living costs as an American will soar, when external money is no longer there and the Powers-that-Be have to add a couple zeroes to future Q.E. programs; and the kind of "hyperinflation" long predicted but not realized might finally be at hand.

I admit this is an intriguing subject; and one which you'll be hearing more about. The world's "De-Dollarization" fought off by Nixon is inevitable.

1. WHAT DO WE DO…AND NOT DO?

Let me start with the latter first:

1. RUN—don't walk—away from the Pied Piper QUACKS!

You know now *why* the gold sector received such a beating along with everything else in recent days. If your guru cannot logically explain this—or worse still, blames some "conspiracy," "manipulation," "cartel" or space aliens from the Planet Glorb for "smacking down the PM's,"—find a better source of *knowledge* and common sense (unless you have *such a Silas complex* that you'd rather suffer.)

CONSPIRACY

Because sane, logical explanations just aren't as fun as bat-shit crazy theories.

2. The average person should NOT store *physical* metal any place EXCEPT in his/her own preferred hideaway.

This is admittedly more opinion, than it is based on any investment formula or such thing. But consider: as I will point out below, the Number One reason why one would own *physical* gold (or silver, preferably) bullion is to use as "Mad Money" if/when the doomsters are finally proven correct and the economy implodes, sending us at least for a while to a barter/wilderness economy. What the heck good is your physical gold going to be to you then, when you can't lay your hands on it?

If you are a heavy enough hitter—like the previously-mentioned folks storing LOTS of gold—so that you know ***you*** **will be an exception** if that dark day comes and everyone else loses access to bank accounts, safe deposit boxes and your stored gold, etc., fine. Then it might be cost-effective and secure enough for you to risk that inconvenience. Otherwise, you should have your coins and such where you can use them if/when that becomes necessary.

3. Do NOT buy so-called "rare coins" for ANY other reason than as a pretty, historical collectible (AND only if you know what you are doing!)

Here I offer the voice of experience, Yours truly and some of my financial planning clients of long ago being sucked in for a while to the pitches of *a couple pastors*, no less, selling numismatic coins as both a crisis hedge and viable investment.

If you know what you are doing, have the surplus savings and like history, fine: you might want to own some "rare coins." **But for most people, stay away.** Premiums charged by dealers can be *huge*. And as to the implications offered by some crooks back during the Y2K craze (and since) that such coins could even serve as valuable things with which to barter, *please*!! If we were plunged into a "wilderness economy" and you were negotiating for something you/your family need to live, do you think the person on the other end cares whether that one ounce of gold you paid 20X the gold price for is "rare??"

4. Do NOT fall for "Gold IRA" scams

Urgent Warning: Dollar Collapse Imminent by Spring 2020?

- Kaboom! Why US Dollar could Implode in the Spring 2020
- China Takes Big Step at Dethroning Dollar as #1 Currency
- Urgent Alert: Law Gives Bank Rights to Confiscate Your IRA?
- Dollar Collapse Begins Shortly. How to Prepare…- Chinese Currency to replace the dollar?
- Federal Gov't to Steal our IRA's & 401(k)s to solve fiscal crisis?
- Urgent Warning: Dollar Doomsday. How to survive…
- Markets Could Collapse By Spring 2020
- Spring 2020: Here's the Asset That Stands to Soar

Here's a representative one of many I see *even today*; a sales pitch from one outfit peddling Gold IRA's that in one, overall come-on ticks the boxes on *several* of the most common conspiracy theories and outright LIES used by promoters.

It would take an *entire* Special Report just to go through the above point-by-point (for now, ask yourself: if you have gold coins in an IRA and IRA's are "confiscated" by Uncle Sam, you think YOU will be exempt!?)

Keeping things elementary for present purposes, the reasons *against* having physical gold coins in an I.R.A. are the same as cited above: *physical* gold should be *in your possession* to use in case of emergency. Further, the outfits peddling gold I.R.A.'s do not sell you garden-variety bullion typically, but instead "proof" and other coins *with higher premiums and mark-ups*.

Given the tax treatment of I.R.A.'s, you are FAR better off in setting such accounts, or parts of them, aside to use for your stock/ETF investing *and especially trading*. Whatever gains you realize enjoy the favorable tax status of whatever brand of I.R.A. you have, as opposed to generating such gains in a taxable account where you have to pay income tax as you go along. (**NOTE**: I have written in times past more comprehensively on this subject of "Gold IRA's"—for more, drop me a line.)

5. Do NOT put a disproportionate amount of your portfolio into the gold space.

In addition to making the mistake of failing to *sell* much of anything when the gold sector hits peaks (or even when individual stocks have HUGE gains, suggesting *in the average case* that at least some money should be taken off the table in the interests of sound, overall portfolio management) many a Gold Bug makes *an even deadlier mistake*.

They shovel THEIR ENTIRE PORTFOLIO into precious metals (usually a mixture of producer and exploration company shares) in one way or another.

It's bad enough this violates one of the KEY cardinal rules of investing, in *not* diversifying. And it would be one thing if a person put ALL their dough, say, into utility stocks and REITs. At least in such a case, the downside risk for *the total portfolio* is less.

I can't tell you how many people I have talked to over the years—*especially conservatively-inclined retirees* too enamored with gold and their favorite Pied Piper's come-ons—who have put and kept pretty much 100% of their portfolio into this sector. Tragic. Many such people rode exploration stocks especially *all the way down* from the peak in 2011-2012. Thus, *starting* from a place where their whole portfolio has lost 70 – 90% over the last several years, what good is it if we finally ARE going to get that monster bull market for PM's? Most of it will be spent on just making up past losses.

Hey—I have several companies and recommendations (and stocks I own) that got whacked in recent days, too. **But they do NOT represent a significant part of my total recommended portfolio; certainly not so debilitatingly-high a part of it that we're going to need much time or "help" to make them up.**

2. WHAT DO WE <u>DO</u>…AND NOT DO?

The GREATEST news I can offer you in this Special Report is that, by and large, **the broad investing public and the majority of institutional and "Mainstream" investors are *not* involved in the gold sector.** They didn't even take part in the latest surge (and, for now, *ensuing debacle*, the latter of which may keep them at bay a while longer.) When the bigger moves for gold DO come and they take part, you'll be happy you were wisely invested *now*!

1. Physical Gold

As alluded to above, *physical*, bullion-type U.S. gold (and silver) coins are good to have on hand to use as "Mad Money" in case the everyday economy breaks down and you are forced to barter. I have always advocated owning some, in an amount that meets *your* potential needs, etc. (IF, for example you live in a rural area and have your own garden and/or food stored up, firewood, a generator and all the usual things, *your* need to have PM's to barter with is relatively less than someone without those things, of course.)

Such coins are not to be viewed as the be-all and end-all in *either* event, though. I have long said (only half-jokingly) that I'd volunteer to enter a contest with people who are "all gold" for such contingencies: *You stock up on gold and I'll stock up on tobacco and whiskey*. If we're both right and we need to use our respective goods as a means of exchange someday, which of us do you think will have the easiest time in bartering? I'll bet it's me.

When buying physical PM's, costs can vary widely. I regularly keep tabs on several different firms out there whom I feel offer gold and silver buyers the best deal; so if you're in the market, let me know what you want to do and I'll direct you to what I think is the best source.

As said earlier, the good news is that there is not presently heavy demand; so premiums for either gold or (especially) silver coins are not burdensome right now. That is *unlike* one stretch following the 2008 crisis, when premiums soared when, for a while, the broader public thought it wise to buy some physical metal.

2. Gold bullion ETF proxies

Over the years, it has *generally* been the case that when **non-Gold Bug investors** buy into the sector for trading and investment purposes, *most* of them start with the Exchange-Traded Fund (ETF) proxies *for bullion*. Many do not understand *or trust* the world of gold mining-related companies. And because a money manager who goes *too far* afield in the mining stocks arena and makes a bad decision might end up driving an Uber or flipping burgers rather than managing money, most will at least start with the relatively safest bets even when they do determine that they need to have some gold exposure.

The best-known of such ETF I mentioned earlier: the SPDR Gold Trust. As the biggest and most liquid, it is the first place money finds its way to. **Usually, I prefer (as in the most recent past *and present case*) the ProShares Ultra Gold ETF (NYSE Arca-UGL).** The way it's managed offers leverage to the gold price itself; and as you see in the above charts, has nearly doubled GLD's return since gold's latest big move began in late 2018.

In my opinion and recommendations, I view these more as trading vehicles anyhow than as “buy and hold” ones OR as the best places for your money in an *extended* bullish move for stocks (in that latter case, the *mining stocks* usually outperform.) And there are exchange-traded products that offer even more leverage (but with *the attendant greater risk if you are wrong*) than UGL, not to mention products that *short* the gold bullion price.

Especially for the more novice or cautious investors, GLD or, at most, UGL would be a meaningful place for part of your portfolio, provided that with especially the latter you have a sound strategy to “trim sails” now and then as needed.

Lastly (for present purposes and keeping in mind this is a Cliff Notes-like discussion!) these ETFs are NOT where you put money if you are expecting things to *totally* implode. The issue of which of these ETF’s actually have all the gold they say or are just holding/swapping derivative contracts and the like will be moot if you can’t access banks, brokerage accounts, ETFs or anything, *period*.

3. Gold stock ETF proxies

Though *in a sense* I am putting the cart before the horse here in talking about ETF’s holding mining and/or gold exploration stocks I am talking about them *first* because 1. After the bullion ETFs like GLD, this is where ***new* money from NON-Gold Bugs** will be coming from to some extent and 2. I necessarily need to spend a bit more time separately on the “2020 Rules” for buying *individual* mining stocks anyway, since **the greatly changed landscape for them is more than anything the evidence that “*This is NOT Your Father’s Gold Market!*”**

Some of that last comment is evidenced also, in fact, by the “blah” performance of the two best-known gold mining ETFs recently: they are the **VanEck Vectors Gold Miners ETF (NYSE Arca-GDX)** and the **VanEck Vectors Junior Gold Miners ETF (NYSE Arca-GDXJ)**. Each of them is a fund owning many different companies. In the past, it was *typically* the case that mining stocks *much more dramatically* outperformed the gold bullion price itself than what we have seen in this latest surge since late 2018. That, in turn, was because of two things:

1. Companies actually mining gold profitably *already* see a more *exponential* increase in their profitability for the *nominal* increase in the gold price itself. All things being equal (which they have NOT been so much in recent years, as I will be explaining in a minute) this means that **there is much greater leverage with a *good* mining *company*.**

2. Likewise, when it comes to exploration companies not in production *but growing resources and reserves of gold in the ground*, the potential economic rewards also go up exponentially on a nominal increase in the gold price.

The underperformance of the recent past of these ETFs (in comparison to what had been the norm of times past) *primarily* reveals that it was most recently short-term, momentum-chasing traders who had jumped into these ETF's *and then, this week, quickly back out*.

My own preference is to find the best stories among *individual companies* when it comes to long-term investment; and more so in an environment where I think that we have an overall bullish thesis for gold generally. To me, these ETFs (and here, too, you have leveraged ones as well as inverse ones that bet against mining share valuations) tilt more toward *trading vehicles.* They are ideal to help us boost *overall* portfolio exposure to the space (though I am *underwhelmed* by what they have done recently) and provide the easiest means to cut exposure without having to cut good long-term stories.

While that is how Yours truly likes to do things, that is not how the markets *and investors to come* will be prioritizing things. As with my earlier comment, especially if you are a novice investor in the gold sector who wants to at least get started, you can do worse than by accumulating GDX and GDXJ. Once things get cranked up down the road, you will have *a lot* of company! For when others start to come into the sector in a bigger way they will *first* go into such funds also.

AN OVERDUE "CLEANING OUT" AND CATHARSIS

I have in the past compared junior—even *fledgling*—exploration companies in natural resources generally and gold particularly *to biotech stocks* (those two sectors go back and forth as my favorite and second favorite ones **for transformative "story stocks" that can become ENORMOUSLY profitable if you are correct in your pick**.) Careful research of and then an *appropriate* investment in legitimate companies is NOT what you do with the *majority* of your portfolio, of course.

Yours truly has a little plaque on my wall which reads, "When I am right no one remembers. When I am wrong, no one forgets." *Self-explanatory*. Likewise—though over the years there have been many legitimate companies that went from near-nothing to make their investors *fortunes*—the knock especially against more speculative exploration companies endures in the minds of many. Some boil it down simply to another old saw: "A gold mine is a hole in the ground with a liar standing over it." To a very great extent this has come about because of past misdeeds and investor losses caused by a combination of questionable companies *to begin with* and the paid promoters who flogged them.

In recent years, the attitudes toward even producers and larger companies has been little better. While admittedly the most extreme such example, consider the former Goldcorp (NYSE-GG), recently acquired by Newmont Mining (NYSE-NEM). Prior to the acquisition, many had taken to jokingly rename the former darling of the sector as Gold*corpse*. Few would have imagined that a company that was once THE most spectacular one in its sector would have no higher a share price after gold had *more than tripled*.

Goldcorp sadly became a microcosm of pretty much everything that has not only brought the gold space into recent disfavor and criticism *but laid the foundation for a much better investing environment going forward*. The company's astounding success of the late 1990s and well into the early 2000's was courtesy of the world class, uber-high-grade discovery at its Red Lake Mine in Ontario. This rendered Goldcorp the most spectacular cash- and profit-generating machine pretty much *ever*.

But then the company decided to spread its wings—and fortunes—and acquire many other assets. It overpaid for some. Others were not what was thought or expected. Along the way *everywhere*, the **costs** of exploration and production were rising with the gold price. Investors in the stock learned a hard lesson of what I have from time to time insisted: **Gold companies are *companies*, too**!

For all the above, it's my contention (though a lot of "blood" will be spilled still in the process) that a corner is being turned for the better where all of this goes. And much like I *still* want to believe where the general stock market is concerned—that value investing will reassert itself at some point over the robotic passive investing we've seen—so, too, do I think that the changes underway in the gold space are going to make the sector more transparent and honest *and eliminate a lot of the chaff*.

Here are some key changes that are going to bring this about even more over time:

1. Accountability and transparent, stronger finances required *of producers.*

In 2018, billionaire hedge fund manager, philanthropist *and noted gold bull* John Paulson (left) formed a coalition of other major investors and funds in the sector to push for BIG changes in how companies are managed. In addition to sometimes questionable acquisition valuations as alluded to above with Goldcorp, Paulson has gone after extravagant management costs and lifestyles. Essentially, he was calling out an entire industry which got fat, happy and rich over the years by being better at mining *investors* and blowing money than they were at mining gold.

Along the way, Paulson has also decried what I do herein: the fact that religious/gullible Gold Bug investors helped to *enable* such practices (abetted by their Pied Pipers.) In one of Paulsen's own tirades, he was critical of such investors—even including some institutional ones—of behaving like "sheep being led to the slaughter." Check out https://www.reuters.com/article/us-gold-paulson/paulsons-gold-investor-group-urges-deals-costs-purge-idUSKCN1VX20U for a story on Paulson's "Shareholders' Gold Council."

Now, you are seeing even more rewards for gold companies that perform well financially…and punishment for those that disappoint when it comes to fundamental news. *And that's as it should be*.

2. Those past "enablers" are *literally dying*.

Those legions of (I mean no *personal* disrespect to anyone in such a necessary generalization for these purposes) retired, affluent, (mostly) white (mostly) men who once jammed precious metals-oriented investor conferences and had a seemingly bottomless pit of money to throw at the best sales pitches they ran across **are fewer in number as time goes on**. (Among other things, this means that the Pied Pipers in some cases are getting ever dopier with their conspiracy theories and come-ons, in the hopes of keeping such Gold Bugs' ears tickled and wallets opened, squeezing the remaining utility out of a too-trusting demographic *that is going away*.)

Increasingly now, companies looking to get noticed will have to do so on their merits and the legitimacy of their properties/stories/etc. (Isn't *that* a novel idea!) Among the things that legitimate companies are going to have to learn FAST is how to get in front of and make themselves relevant *to new blood*.

This is already starting a winnowing-out process among a universe of companies, *many of which should not even exist.*

3. Likewise—partly due to reality and partly due to oversight like that from Paulson's group—money is being spent *far* more judiciously by financers of companies.

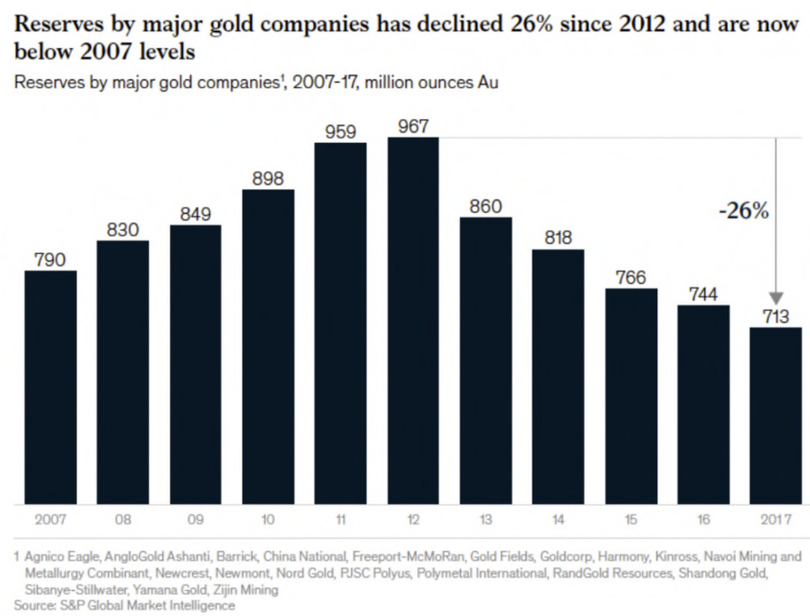
One of the part-humorous *and part-telling* developments I have been following since gold itself made its cyclical bottom back around the beginning of 2016 is **how the financing of gold exploration companies/stories has become a feast-or-famine story.** Companies that do not have all (or even most) of the necessary ingredients in place to be taken seriously by discerning investors can't get as far as they once did by keeping the promoters and dwindling Gold Bug audience entertained. I have spoken with many in the recent past—*a few of which I once had as recommendations but dropped*—trying to get *me* re-engaged. But when I bring up the lack of money for them to continue and scant prospect of raising any, they complain about *the whole sector starving* (not true) or Bitcoin and/or cannabis hogging the action (true only marginally, I.M.O.)

There has been *and is* money available for the better stories and companies/management teams out there. Happily, for the individual investor attempting to figure out which interesting speculative stories to buy, a BIG factor in many cases is already being answered: are streaming companies…royalty companies…and the most knowledgeable BIG investors putting *their* dough to work?

I see a LOT of interesting stories…but of companies *running on fumes*. The great majority of them will wither away in the coming months/years.

WHAT OTHER FACTORS TO CONSIDER IN PICKING COMPANIES IN THIS SECTOR

When all is said and done, in looking at ANY individual company for prospective investment, you "kick the tires." What's the story? Property? Jurisdiction? Regulatory issues? Management; how good and experienced are they? Do they have a compelling game plan to prove themselves *and the money to enable it?*



Source: McKinsey & Company

The big picture for looking at companies in the gold space all along the food chain, frankly, is compelling. Notwithstanding the sudden, surprise (to most, anyhow) beating of the last few days prior to this report, the *long-term* picture for gold is bullish.

That will be magnified if you can *especially* find the kinds of companies **and potential future production** that will help solve the industry's problem at left. As alluded to earlier, the industry's reserves are dwindling. The biggest "majors" in the gold sector are looking for where their production is going to come from 10, 20 *and 50* years from now.

So one of the KEY considerations is, what companies have assets of significant-enough potential (or existing resources with a chance to grow *a lot* more) that they will be in most cases **in the sights of a much larger company that will want their asset(s)?**

When it comes to companies with at least some **production**, or near-term production, are their stories *economically* standouts? Are their costs lower—and margins higher—than their peers? Is something looming that might make them an outlier?

Generally speaking—and as evidenced by the assortment of companies in this sector that Yours truly presently recommends—**the best chances for outsized gains are in exploration, not production companies.** (In any event, we have exposure broadly to producers via GDX and GDXJ.)

And that—to use the biotech analogy again—is because it's more fun and potentially rewarding to "buy mystery"; and if we are right to later "sell history." Buying a drug researcher/developer that scores big-time with something, like **Sarepta Therapeutics (NASD-SRPT)**—being, as some of you know, our most profitable recommendation *ever*—can be portfolio- and life-changing. Yet a big, established pharma company—such as Switzerland's **Roche Holdings, AG (OTC-RHHBY)** with whom Sarepta has partnered on some things—might be a solid company, but won't ever be a triple-or quadruple-digit (or more) winner.

Sometimes it will be an individual story just *so unique* and potentially so explosive as to defy the normal criteria/stereotypes for what to look for. Among the companies I currently recommend and offer brief snippets on below, there's one particular example I'll lead off with.

And with a few others I'll name, investors today are looking to **NEW jurisdictions** as well; for our purposes, **Ecuador** being the new "jurisdiction story" that has captured the industry's attention over the last few years.

SPECIFIC EXAMPLES FROM MY RECOMMENDATIONS

The companies I discuss VERY briefly below are presently recommended to my Members here at *The National Investor*, each as a long-term BUY. They are in this issue specifically—and getting the added attention via this *publicly*-available and distributed issue—by virtue of their sharing costs of the distribution beyond my paid Membership audience. This neither means that they are the only companies I recommend nor that you should automatically consider these *to the exclusion of* any others.

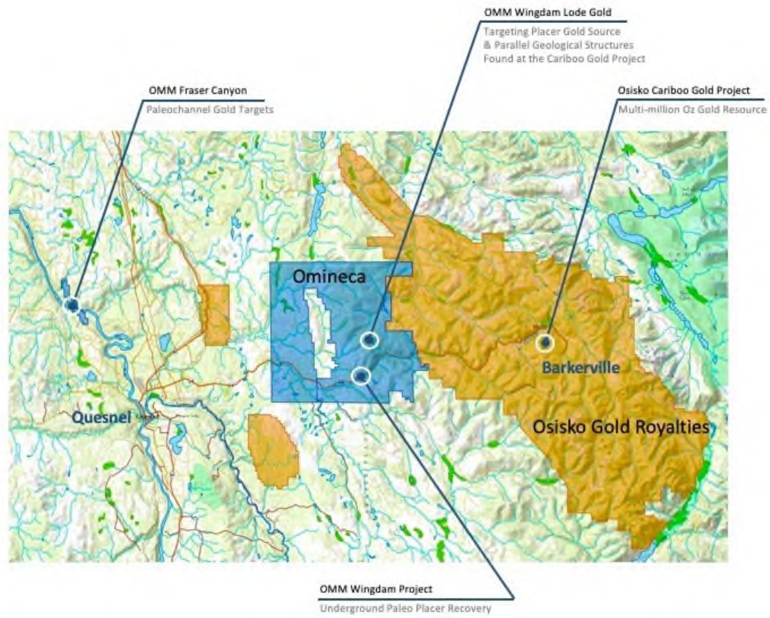
A ONE-OF-A-KIND STORY—AND FROM PEOPLE I TRUST

Omineca Mining and Metals (TSXV-OMM; OTC-OMMSF)

Over the years, The MacNeill family of Saskatoon, Saskatchewan has done more to make our Members money than any other. Dad Bill was the founder and long-time Chairman of the former Claude Resources, which was bought out in 2016. At times it was a roller coaster ride; but in the end, we did well.

Much more spectacular was what son Ken MacNeill has done with **Star Diamond** (another of my recommendations) formerly known as Shore Gold. We got into it—and another diamond explorer which the former Shore later absorbed—starting way back in the late 1990's at around C10 cents/share. Most of what we had we sold North of C$5.00/share.

Now it is Ken's brother Tom's turn, potentially. And as I have already written to Members, Omineca (already up nicely since I added it to my recommended list last March, with most of that gain coming recently) has the potential to supplant Sarepta Therapeutics as my most profitable recommendation *ever.*



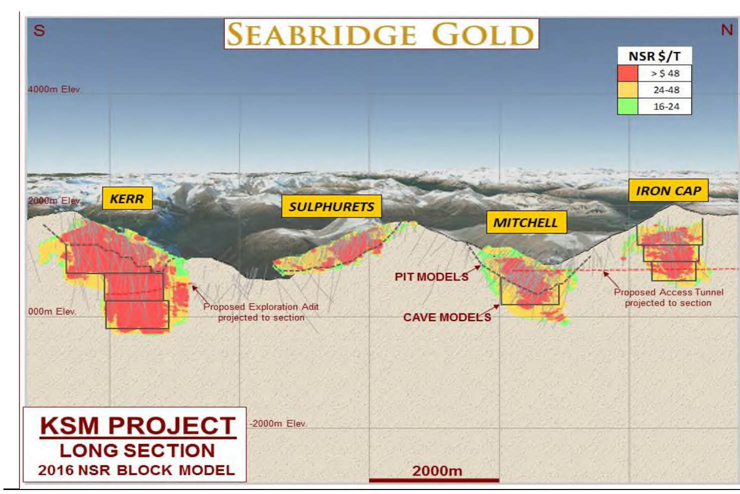
The company already owned a "buried" placer deposit in the Cariboo District of British Columbia which their contractor partner plans to soon start a rolling "bulk sample" of. After a lot of past work, engineering and more (and importantly, sitting on it and spending little money until all the pieces fell together to exploit the hidden gold) 2020 is poised to deliver potential cash flow from what is called the Wingdam Property which (Omineca's share) will *dwarf* its current small market cap.

Recently, Omineca added considerably further to the ground it has staked for exploration, as you see in the above map. There is—as I just updated Members on—considerable potential also here for a hard rock discovery, given the geology and past work in the area surrounding Wingdam. And recently animating new investors who have been buying, Omineca's activity is coming on the heels of well-known Osisko Gold Royalties' purchase of the former Barkerville Gold Mines and its existing and potential high-grade gold resources in a "rediscovered" Cariboo Gold Camp in British Columbia.

To learn more, visit https://www.ominecaminingandmetals.com/

WHAT THE MAJORS NEED—(AND WITH EVEN MORE UPSIDE)

Seabridge Gold (NYSE-SA; TSX-SEA)



Seabridge's main property, KSM, is **the *world's* largest undeveloped copper and gold deposit (by *proven reserves*.)** It contains nearly 40 million ounces of gold and over 10 billion pounds of copper in four separate deposits, as you see in the cross-section of at left.

Over the years, Seabridge was one of my favorite *trading* vehicles among individual companies when I used them, at times, to play the swings in the gold market. Nearing a development or even sale story (where KSM is concerned), however, **we are in it now for the duration**. And that is due to the great work management, led by Co-founder, Chairman and C.E.O. Rudi Fronk has done to grow, de-risk and diversify KSM.

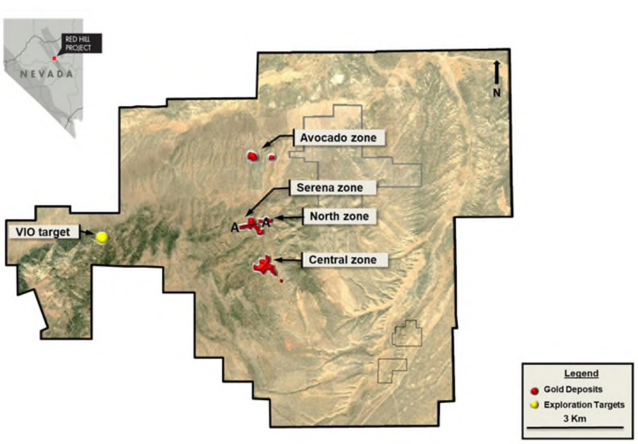
The "knock" against KSM in the past *had been* that it was too low grade (gold) and uneconomic. **But a lot has changed over the last couple years or so.** Higher-grade resources have been discovered, bolstering the economics. Also doing so was **the realization that copper was a big component as well**. Indeed, the latest economic study shows that the project's A.I.S.C. (All-In-Sustaining Costs) would be well over $400/ounce of gold produced, using copper revenues as a credit.

For both its copper and gold reserves, Seabridge is in the sights of majors looking for just this kind of a *multi-decade* potential producer.

And there is exploration potential elsewhere to boot on other of the company's projects. The most intriguing—*and telling*, for the way in which ONE key industry player views Seabridge—is the **Snowstorm** and nearby consolidated projects Seabridge began acquiring a few years ago in Nevada. A highly prospective land package **at the confluence of three gold trends in that state**, Snowstorm had been owned by an entity controlled by the previously-mentioned John Paulson. That this recent "house cleaner" of a gold personality wanted *Seabridge shares*—and its broader story—for Snowstorm says *a lot*. (Exploration there will be picking up during 2020.)

To learn more, visit https://seabridgegold.net/.

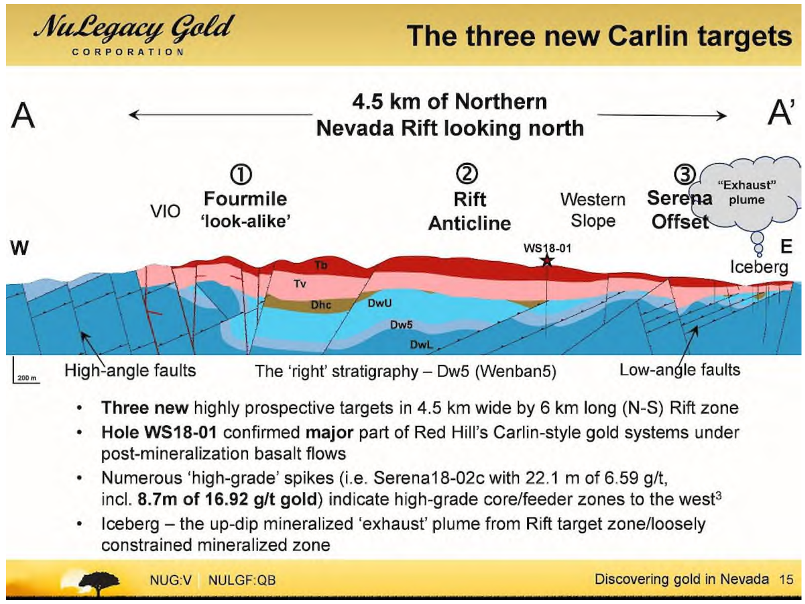
SWINGING FOR THE FENCES (AND WITH BABE RUTH AT THE PLATE; NOT PEE WEE HERMAN)



NuLegacy Gold (TSXV-NUG; OTC-NULGF)

Focused *solely* in Nevada is NuLegacy, which I have long praised for a trait not typically evidenced by small exploration "juniors." **They make no bones about the fact that they especially are a "Swinging for the Fences" story.** But as I quip above, they couldn't have heavier hitters up to bat with them as they attempt to hit a "home run" at their Red Hills property complex.

With that characterization I am referring to the fact that C.E.O. Albert Matter has put together a geological and technical team full of the old Barrick Gold brain trust (and others) who have been responsible for *several* multi-million ounce gold deposits in the state. They have crafted a strategy based on a *ton* of work (I've spent a fair bit of time chronicling and explaining it for Members recently) **which they feel is slowly but surely leading to an "elephant" discovery**.

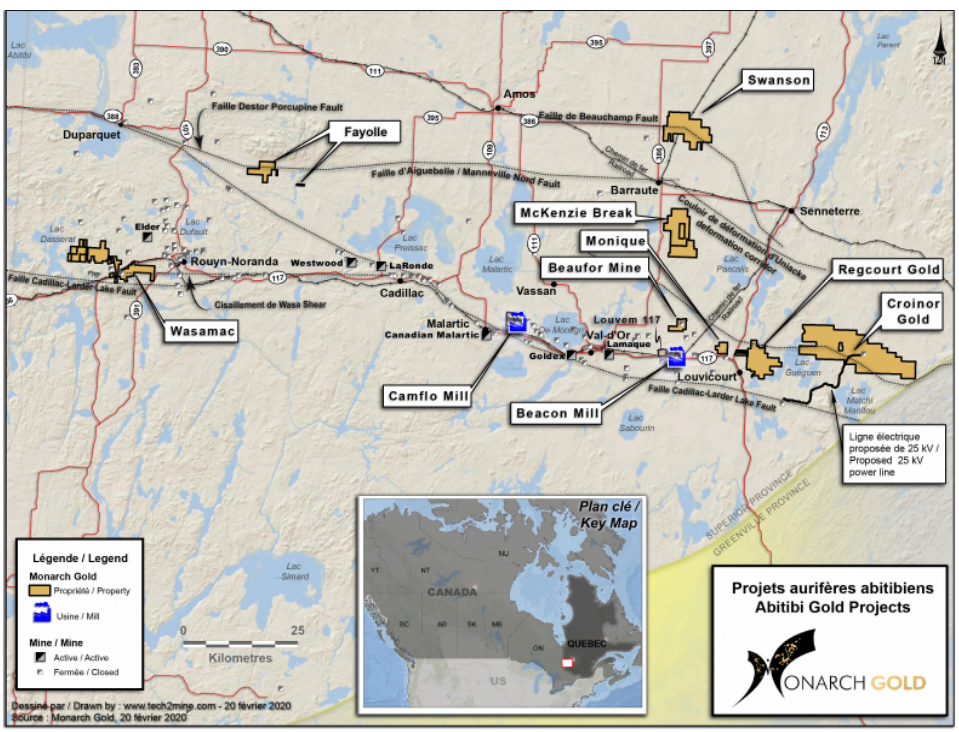


Though it looked less than a year ago as if the company might have to either sit on Red Hills or find a partner to bring in, **the company was able last October to raise over $7 million to fund at least one more aggressive shot at finally hitting the "big one" in its own right.** Most of the targets the company's team has honed in on are expected to be permitted for new drilling by late summer/early fall; so it will be a while before we know whether speculative forays here are likely to pay off in the near term via positive drill hole (assay) results.

To learn more about perhaps the highest risk—*but highest potential reward*—of my current recommendations, check out https://nulegacygold.com/

A SOUND AND UNAPPRECIATED "SUM OF THE PARTS" STORY

Monarques (Monarch) Gold (TSXV-MQR; OTC-MRQRF)



Quebec-based Monarques Gold has received short shrift from investors so far. Especially in what still is to some extent a lukewarm environment for "small company" stories, that the company has amassed a considerable portfolio of assets in one of the world's premier camps means little to most investors. Even **located as they are in Canada's Abitibi-Greenstone Belt region**, most *individually* haven't wowed people, despite there being an interesting array of two permitted mills, a couple legacy mines and several other exploration projects.

But 2020 *could be* the year in which the company is able to begin monetizing at least some assets in one form or another and/or otherwise garner greater attention. By far, the majority of the company's total four-plus million ounces of gold resources are at Wasamac, its western-most holding. A recent economic assessment shows a very profitable potential deposit, as you can view the details of on the company's web site/presentation. I am expecting some kind of J.V. and/or development announcement before much longer.

Elsewhere, in just the last few days prior to this report **Monarques reported eye-popping grades from recent drilling at McKenzie Break**: 32 grams/ton of gold (that's ONE OUNCE per ton, folks!) over a 7+ meter width at a *new* discovery zone there.

President/C.E.O. Jean-Marc Lacoste came *highly* recommended to me a few years ago by one of the most successful mining executives and entrepreneurs with prior involvement in the Abitibi area. To be sure, the array of assets he has put together have at times raised as much criticism (suggesting a lack of focus to some or just a plain, "So, what?" attitude) as they have accolades for **buying cheap assets and building a company/portfolio.**

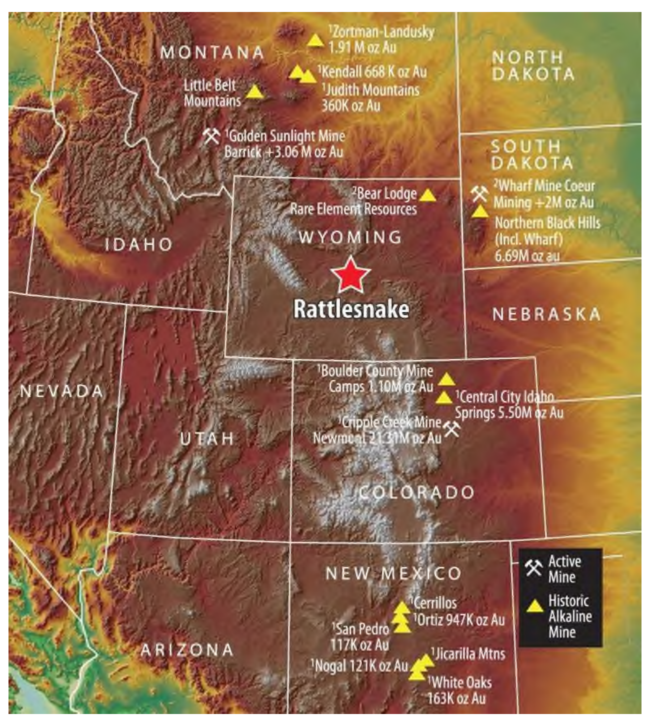
But if Lacoste does succeed in the near term in monetizing/striking a deal with its flagship Wasamac Project—and as he can log exploration success like the latest at McKenzie Break—he might have the last laugh.

For more, visit https://www.monarquesgold.com/

TWO MAJOR EXPLORATION PROJECTS FOR THIS PAST-PRODUCING TEAM

GFG Resources (TSXV-GFG; OTC-GFGSF)

The management team of GFG is one I have a history with. I mentioned earlier that—before it was taken over—the former Claude Resources had at times been an up and down story. One time it was particularly down there was a management shakeup; and a new team led by Brian Skanderbeg came in and took control. Some hard decisions and a financial turnaround later, the company was sold for *many* times the share price at which they stepped in.

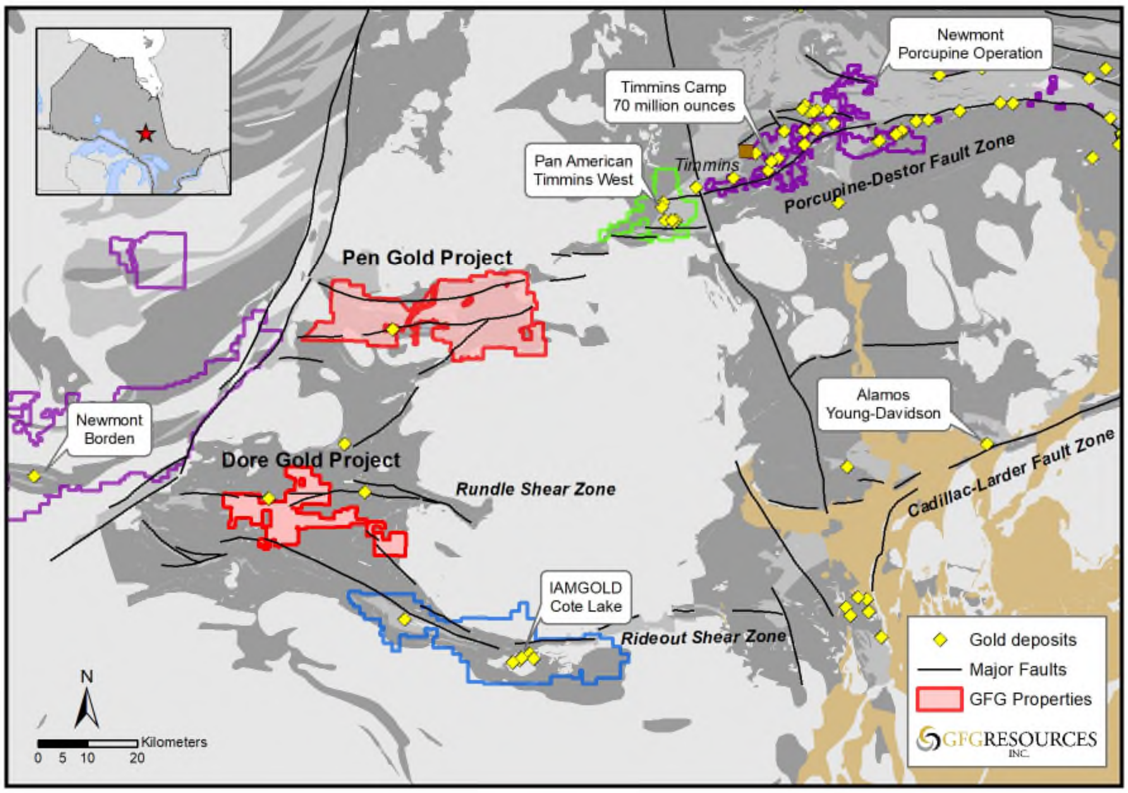


Now GFG's President and C.E.O., Skanderbeg (who brought others of the former Claude management with him) has acquired two major exploration projects, success at *even one* of which could be company-makers by themselves.

One is the **Rattlesnake Hills Gold Project** in Wyoming. Already, several mineralized zones are known here; two of them (each of which could be a shallow open pit) are believed to hold one million ounces-plus combined. That and the ongoing exploration potential could keep GFG busy for a while.

But the intriguing thing to me when I first started to learn this story involves GFG's recent partner at RSH: Australia's Newcrest Mining, one of the largest gold producers in the world. Both companies are of the belief that underneath the several varied evidences of gold already known about lies a deeper and much larger porphyry or "feeder" system. And that Newcrest is involved here (in Wyoming, of all places)—a company that is ONLY looking for multi-decade and multi-million ounce resources—speaks to RSH's believed potential well beyond what is known.

Assay results released at the beginning of the year proved disappointing, though. It is still believed that a determined "hunt" could be more successful; both parties know well that you seldom hit the richer "pay" of a porphyry early on. GFG and Newcrest were recently putting their heads together to assess things; *and just a few days prior to this report, the parties announced that a March deadline within which Newcrest had to decide whether to go deeper into its J.V. arrangement with GFG has been postponed*.



Elsewhere, GFG's focus is on a *massive* land package—much of it little disturbed, despite its own world-class location—in Ontario. Its West Timmins Land Package (two major claim areas as you see above: the Pen Gold Project and Dore Gold Project) totals nearly 700 square kilometers in all and is near some of the most premier past and present producing areas in eastern Canada.

As you'll learn at the company's web site, **2019 was a good year for exploration there; and the year ahead is planned to add to that.** Several new zones have been discovered and some previous scant work confirmed by what GFG's field team was able to do. *The focus will be chiefly on the Pen Project.*

To learn more about an *especially* undervalued stock now, visit https://www.gfgresources.com/.

“NEW JURISDICTION” STORIES--ECUADOR

The International Council on Mining & Metals (ICMM), based in London, U.K., *just* announced that Ecuador’s National Chamber of Mines (the biggest mining industry group in the country) is one of its newest members (for the complete news release, see https://www.icmm.com/en-gb/news/2020/icmm-welcomes-sibanye-stillwater-cme-and-cmic). This *further* confirms Ecuador’s arrival on the global mining stage. **And it further vindicates Yours truly in being *the first* among my newsletter/analyst peers to embrace this emerging mining/country story, even as some incredibly *still* scoff.**

Already, our Members have done better with the companies I have recommended there as a group than what we have experienced with mining-related equities generally. Three winners are/have been the following:

Cornerstone Capital Resources (TSXV-CGP; OTC-CTNXF)

Cornerstone some years back served as my introduction to this small but beautiful Andean country. It had made the decision to pretty much go “all in” in the South American country, getting rid of various other projects it had (mostly in Canada) and focusing on exploration assets in Ecuador. *As I wrote to Members at the time, the little prospect generator had decided to become a notably riskier company; but with greater potential rewards.*

Those rewards came big-time in 2016, with the first really big success from its world-class Cascabel Project (where you see me at far right, above, with Cornerstone personnel and that of its J.V.

partner there.) Coming, too, at the same time as a "coming out party" of sorts for the whole country and its industry at the time, it thrust the new Cascabel Project specifically (to date, **23+ million ounces of gold** and **almost 11 million tons of copper** in its resources) and Ecuador generally into the global mining industry spotlight.

Aside from a 15% carried interest in Cascabel (and total interest of about 22% given its shareholdings in its partner company SolGold, plc) Cornerstone has various other exploration projects, most JV'd with other parties. Noteworthy among them is an alliance with Ecuador's State Mining Company ENAMI (where there have been recent rumblings of activity after a long quiet period) and two projects on which it is partnered with Australia's Newcrest.

It also has a carried interest in the highly prospective Bramaderos concession, with its partner Sunstone Metals, Ltd. based in Australia the "senior partner" and operator. Both companies are high on the prospects of Bramaderos hosting the kind of monstrous porphyry(ies) as Cornerstone first discovered as well at Cascabel.

To learn more, visit http://www.cornerstoneresources.com/s/Home.asp

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Aurania Resources (TSXV-ARU; OTC-AUIAF)

Two geologists who back in 2006 started the modern-day gold rush (and since, copper as well) in Ecuador—discovering **the world class high-grade Fruta del Norte** deposit in Southeast Ecuador, now an underground mine that poured its first gold to great fanfare in the country in 2019—have moved on and are now piloting two other exploration companies, each of which is on my recommended list as well.

The better-known of the two is C.E.O. and Chairman (*and major investor in his own company*) Dr. Keith Barron of Aurania (on the left in the nearby photo.) That exploration company has amassed a substantial land package in the same part of the country as Fruta Del Norte is located; and in an area where it is believed that the Spanish once mined for gold and other metals in the most easily-accessible high grade zones they could find *several centuries ago.*

In fact, that nearby photo here is but one recently released in the area of what Aurania and Barron have dubbed "The Lost Cities Project" where there was shown evidence of former Spanish workings, roads and more. Those of us who have followed the story are intrigued (and I must confess, *envious* of Barron and his team) in being able to explore for mineralization in a setting where they are every bit as much Indiana Jones-type *archaeologists* as much as geologists.

This will be a long, tedious exploration project; and in a way, seemingly, with almost so many targets as to be dizzying. **But the people are focused and experienced; and the company well-funded**. To learn more about one of the more fascinating exploration companies you'll *ever* come across, visit http://aurania.com/.

Salazar Resources (TSXV-SRL; OTC-SRLZF)

The other main geologist on the Fruta del Norte exploration team back when is *native Ecuadorian* Fredy Salazar; on the right with Yours truly in the nearby photo, during one of my several visits to the country. As I have told the story numerous times since, when I was wrapping up a long visit to the country with a meeting with an executive of another of my Ecuador companies—and he discovered in the course of our conversation that I had never met Fredy—he told me to make it a priority to visit Fredy before I returned home.

I did. And it's good that I did!

Salazar's namesake own company has, in percentage terms, done among the best of all my metals-related recommendations of the past few years already. Much of that is due to the staggering success it (and its own J.V. partner Salazar brought in a while back) **continuing to prove up one of the highest-grade polymetallic resources you, I *or anyone* has ever heard of at the company's flagship Curipamba Project**. The El Domo "core" area of it—which the companies continue work on to proceed, eventually, toward development—has the most *obscenely* high grades of any project I've ever known of. I literally stood by a drill rig on one visit as core was taken out which—as with several other holes there—carried *grades in excess of 20% copper equivalent*, counting copper, zinc and gold, chiefly.

In addition to other J.V. projects—two others of note—Salazar has several other projects it owns 100% of, and has of late been prioritizing for further exploration work, bolstered by a strengthened treasury.

To learn more, visit https://www.salazarresources.com/.

Soon after this Report, I am actually doing a separate and *much more detailed* one on Ecuador itself: the evolution of its mining industry, a LOT more details on the business and political environment, and more color on Cornerstone, Aurania and Salazar and their stories. *That will be out later in March*.

As for this Special Report, we've covered a LOT of ground! Just as I said early on, a lot of subjects were *mentioned*; many of them I could have done a long report on by themselves. Likewise, the other companies discussed herein were done so merely with "quickie" narratives: a lot more details have been and will continue to be contained in the regular issues of *The National Investor*.

If you would like additional information…have questions…comments...*complaints*…or what not, feel free to drop me a line at chris@nationalinvestor.com. **Paid Members**, I must say, move to the front of the line as their questions/comments come in; but I do eventually answer *everyone*.

Don't forget that those of you so inclined can follow my thoughts, focus and all *daily* ! ! !

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