iGold Advisor

Independent Analysis of the Precious Metals Markets

Update on Precious Metals, Mining Sector, and Major World Markets

March, 2016

The precious metals sector has found a long-term bottom. We believe that the coming revaluation across the precious metals complex will be historic, and that fortunes will be made for those prepared to capture the move properly. Our work right now lies in doing research to identify the best targets to capture the maximum potential from the coming revaluation.

If you have received this research update, it is because you expressed interest in our premium research. Thank you again for your interest in our work... let's get right to the data.

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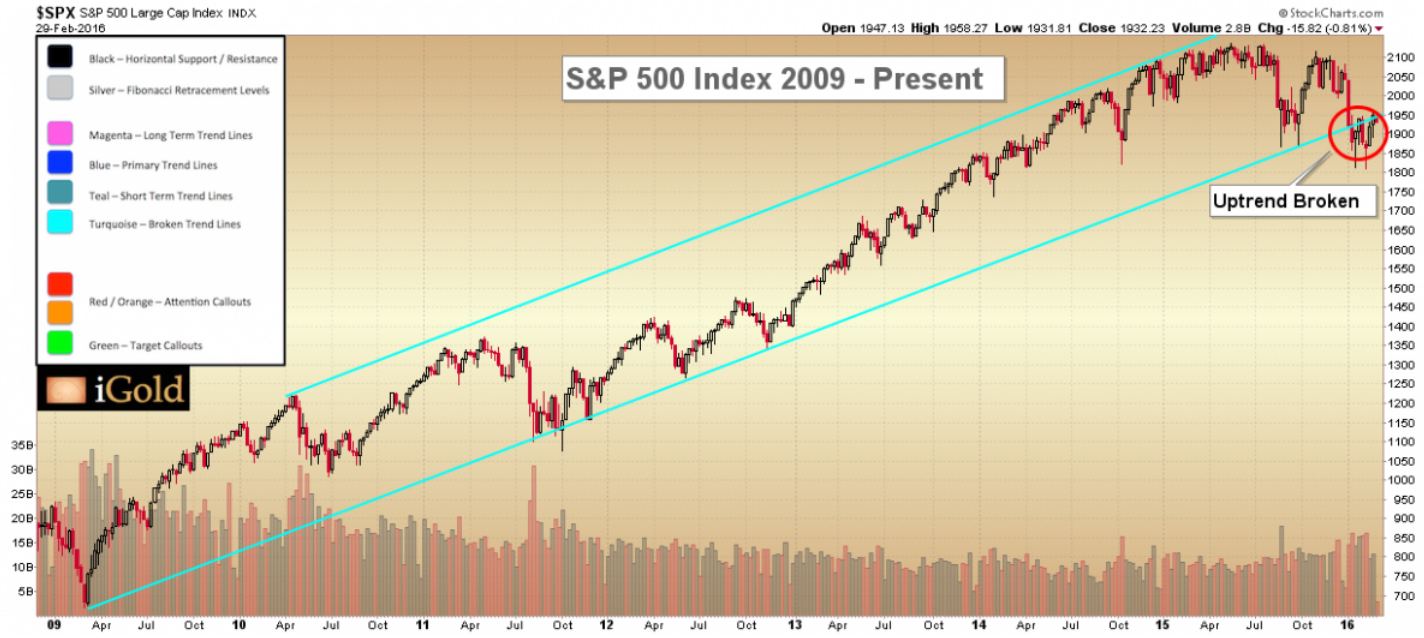
If you have been following economic news recently, you already know that the global financial markets are in turmoil. The price of oil has fallen to a 12-year low below $30/barrel. Chinese regulators have recently devalued the Yuan and actually halted all trading on the Chinese stock market for several days. The US stock market has had its worst yearly start in over 100 years.

Zooming in on the US stock market as shown by the broad S&P 500, significant technical damage has been finalized since the beginning of 2016. Our trend indicator warning is now flashing. Shown below we can see the 7-year uptrend since the 2008-09 lows has just been cracked, as the market has closed below the lower blue trendline for the first time in this entire period.

While we are not predicting an imminent crash, clearly the market is seeing a trend change that may take a number of years to play out. The action since mid-2014 looks like a broad topping pattern, similar to what we saw in 2007. Mainstream stock investors who have grown accustomed to riding the market higher may be in for a shock over the next several years.



The Crash of 2008 for Perspective

Let us compare the current situation in the US stock market to the topping pattern observed in 2007, prior to the crash of 2008.

In analyzing the 2002 to 2008 market, we note the following major points:

1) A clearly defined multi-year rising trend, perfectly contained by two rising parallel trend lines shown in blue. While the trend line was penetrated briefly one time in September 2011, the market quickly rebounded and never registered a weekly close below this level.

2) A broad 18-month topping pattern.

3) A break of the lower trend line on a weekly close basis.

4) Continued weakness, followed by a rebound several months later which hit the broken trend line, but this time from the downside.

5) After the failed retest, a continued decline.

6) The crash.

Back to the Present

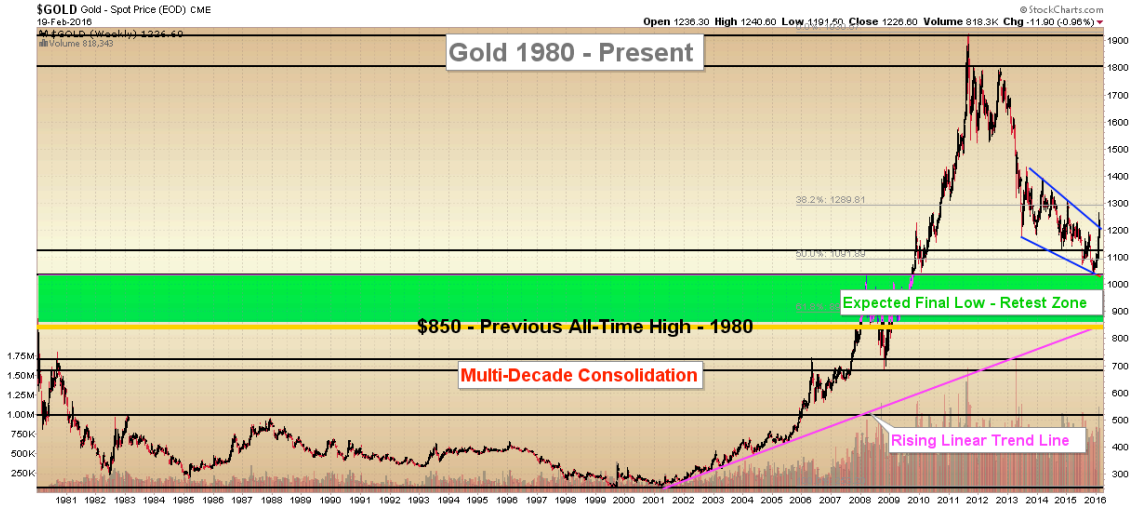
Where does this put the US stock market currently? To continue with the 2002 to 2008 comparison, we find ourselves at point (3) above. Note that this does not mean that the stock market is facing an imminent crash; rather, it means that we are observing a major trend change. Continued weakness should follow, followed by a moderate rebound over the next 6-9 months. If this trend change signal is to remain valid, *the potential would be setting up for a more significant decline during the second half of 2016.*

Precious Metals Analysis

The mainstream financial press is altogether missing the importance of the recent price action we are seeing in gold and silver. Most financial analysts give 5-year targets for gold somewhere in the $1,000 - $1,300 range.

What they are missing is a historic perspective. The gold market made a high in 1980 just above $850 per troy ounce. It then spent 29 years consolidating below that level, only to finally break through for good in 2009. From the breakout above the 1980 high, the price advanced just over $1,000 to $1,917 in 2011, before the current bear market.

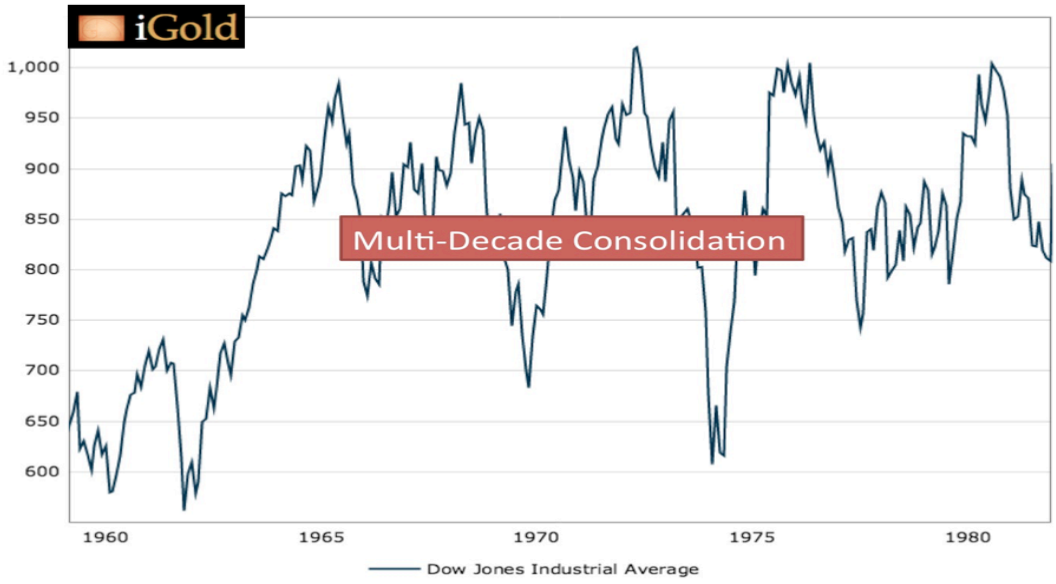
The move back down from $1,917 to the low of $1,045 is a retest of the multi-decade 1980 - 2009 consolidation. When we study markets across different timeframes, we will often see that once an important level is broken, the price will almost always revert back to that broken level for a retest. The 2011-2016 bear market was exactly such a retest, and it looks like it has proven successful.



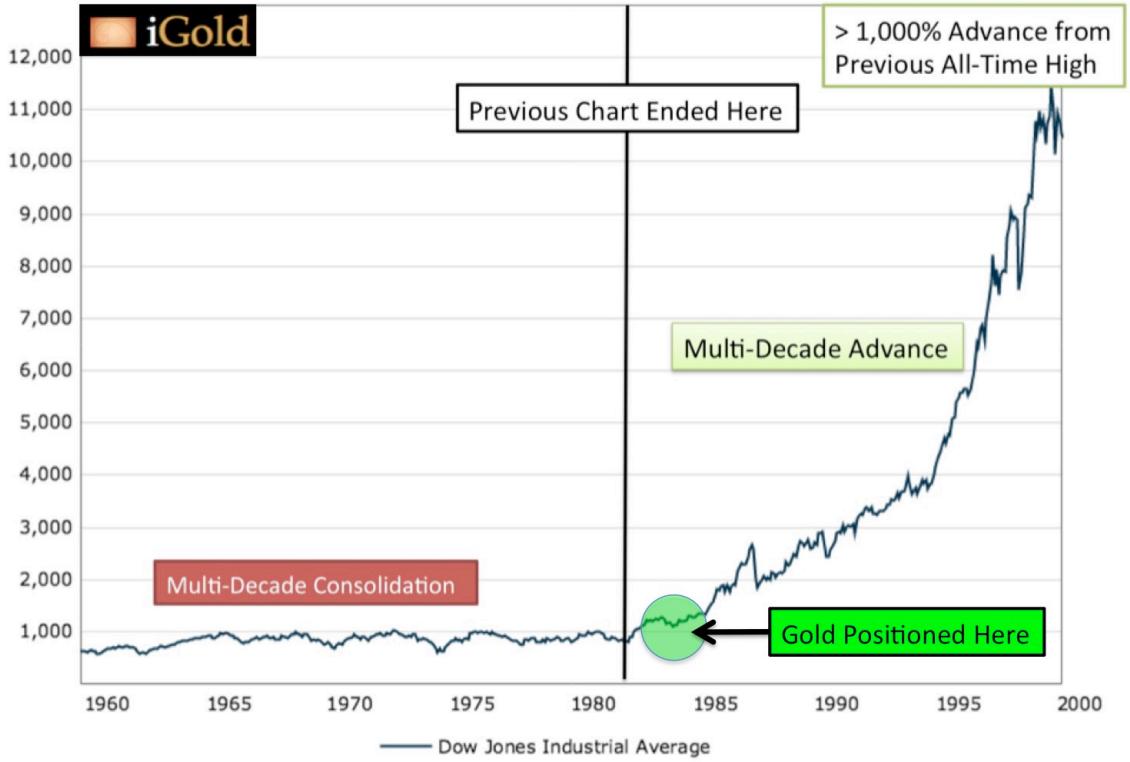
The significance of such a retest cannot be understated: **multi-decade consolidations usually lead to multi-decade advances, with targets many times the previous consolidation high ($850).** In percentage terms, gold has only just begun to move above its 1980 former all-time high, and for this reason, we believe it is critical for investors to view this market with sufficient historical perspective.

The potential for a market that consolidates for several decades, breaks out, and then successfully retests that breakout point is monumental. As an example, let us turn our attention to another market that underwent a similar multi-decade consolidation, and then broke out successfully, to gauge the possibility for the impending gold advance.

From 1959 to 1982, the Dow Jones Industrial Average consolidated between roughly 550 and just over 1,000. It was a choppy, back and forth consolidation, but with a very clearly defined resistance zone in the 950 to 1,000 range. For these 23 years, no one with a buy and hold strategy in the broad stock market made much money, and many gave up hope.



However, in 1982 the Dow finally broke out above 1,000, hitting nearly 1,300 in the fall of '83. Its retest of the former resistance zone was quick, lasting from late-83 to mid-84, and in fact, did not come fully back to the 1,000 level, only briefly touching 1,100 for a low. Once that successful retest occurred, the resumption of the new bull market was quick to accelerate. The rest, as they say, was history, as one of the greatest bull markets continued on for *almost as long as the consolidation* -- 16 years -- and achieved *over a 1,000% gain from the previous all-time high* (hitting 11,500 in 2000).



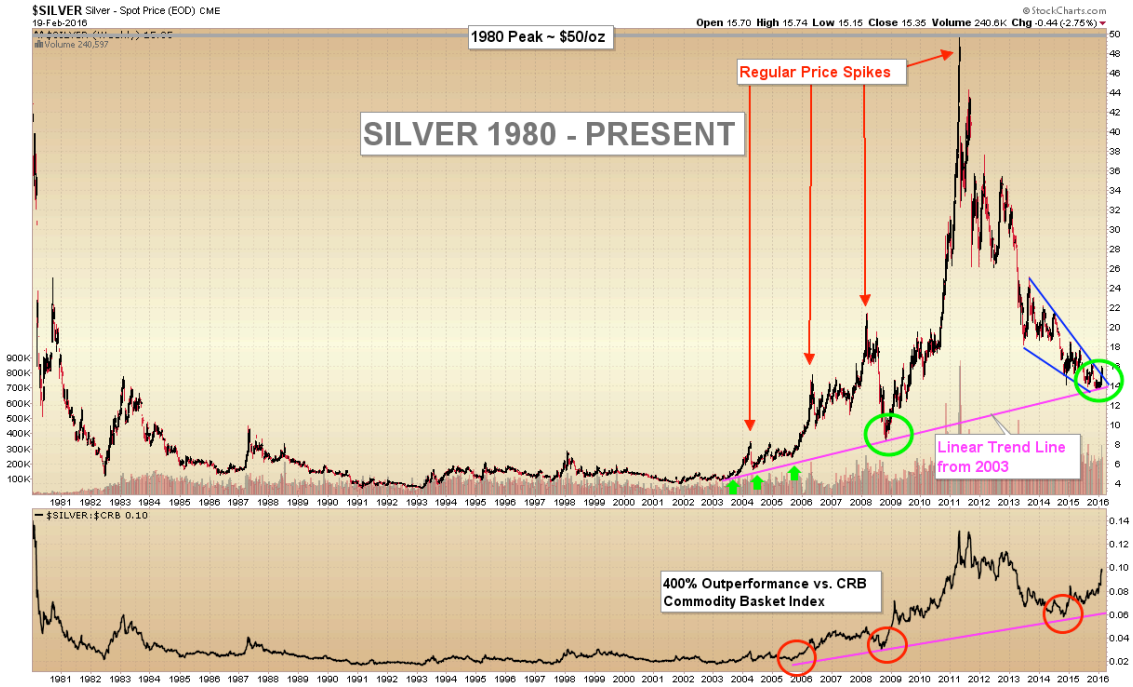
Gold is positioned similarly to where the Dow was in early 1984, when it retested the 1,000 level after a multi-decade consolidation. Once this retest occurs, we will be looking for an advance that may last a similar length of time as the consolidation. In other words, a multi-decade bull market may be just around the corner for precious metals investors.

Thus, long-term investors would do well to take a step back and pay attention to the underlying pulse of this market by looking again at the first chart in this issue: a multi-decade consolidation followed by a successful breakout, currently in the process of retesting that breakout. Multi-decade consolidations tend to lead to multi-decade advances that reach many times the original high. If the example of the multi-decade consolidation and advance in the Dow from 1959 - 2000 is any example, there may be 15-20 years of gains ahead in the gold market and an ultimate price level that is many multiples of the former $850 high.

Silver Lagging Gold is an Opportunity

Gold's half-sibling silver finds itself where it often does -- caught between its historic role as a monetary asset, and its current demand metric which is comprised of nearly 80% industrial usage.

We have been expecting silver's bottom to form in the $12 - $14 range for a number of months, and it is looking increasingly likely that such a bottom has now been confirmed. Note the increasing price spikes occurring every several years in silver, a function of a new class of investors entering the market at these intervals. Our anticipation is that after this bottom, silver will spend time consolidating below $18 through 2017, after which the next uptrend will result in a re-challenge of $50 within five years.



The comparison to the 1980 high is a useful metric. In this case, we can see that silver is lagging gold by roughly 10 years, having yet to break this level, whereas gold broke the 1980 high in 2009.

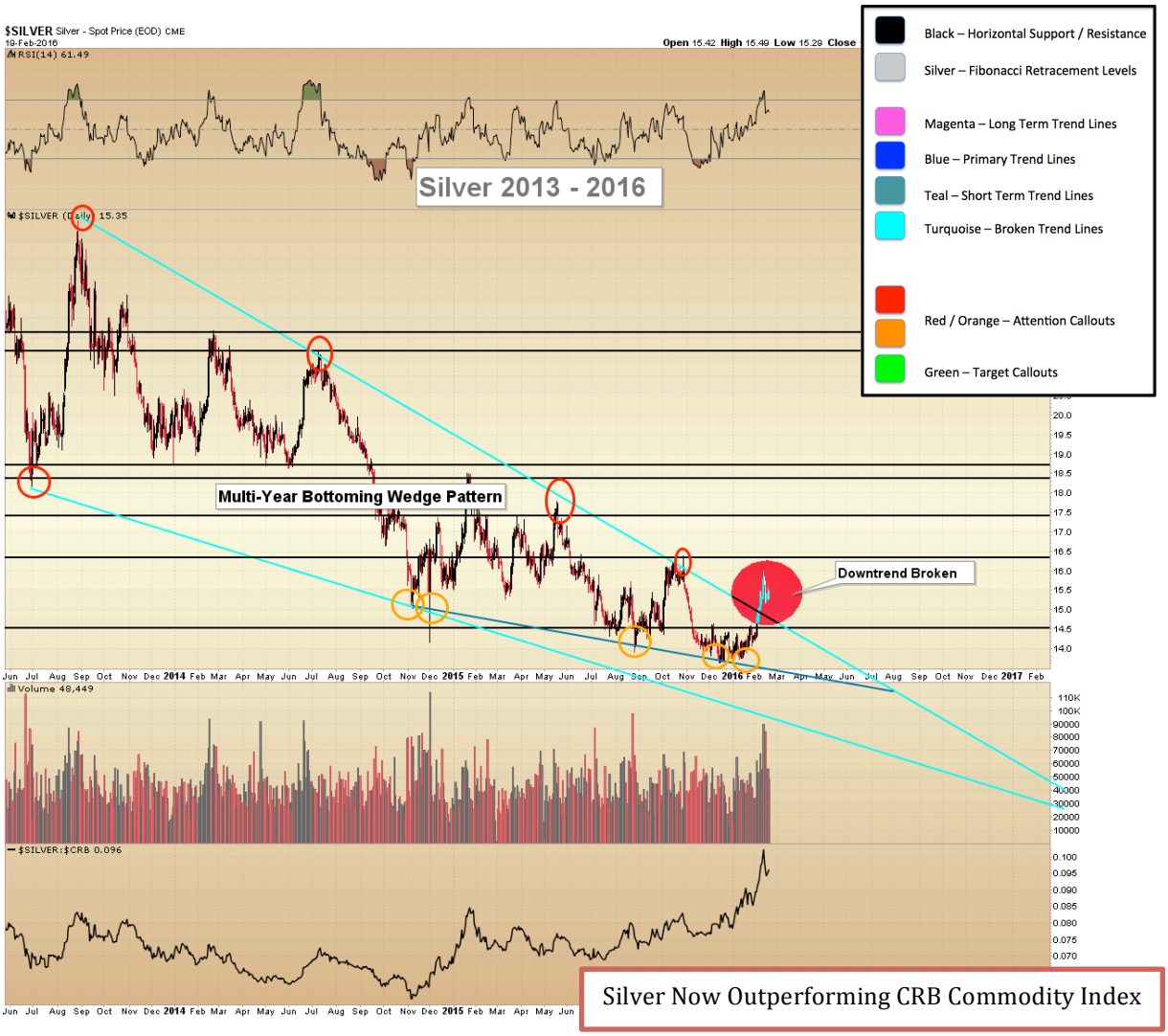
While silver's underperformance has frustrated some, we can also look at it as an opportunity -- i.e., we have a good long-term price-leading indicator when we follow the gold market with an eye for these important long-term resistance levels.

Recent Price Action for Gold and Silver

Zooming in our charts to better gauge the bottom formations, we can see the clear break of gold's 2.5-year down channel on the recent surge above $1,220. Note that this has broken the series of declining highs as the price moved above the October 2015 high of $1,190. Ideally, we would like to see gold hold above $1,180-90 on any further weakness and consolidate in the new price level. Such would be very constructive so that the internal workings of the market do not get too overstretched too quickly. Quick, rapid price spikes tend to lose momentum and give back much of their gains, whereas slow and steady gains tend to have staying power in the market.

At the bottom of our gold and silver price charts we will often compare the precious metal to the CRB Commodity Index, which is an index comprised of an average of major world commodities, including industrial metals, oil and the energy complex, agriculture, and the precious metals. This relative strength comparison can allow us to see underlying strength in the precious metals, as even if the price of gold or silver is moving lower, it may be moving higher relative to the CRB Index. This means that underneath the market, investors are accumulating gold or silver even despite broad selling across most other world commodities. Increasing relative strength indicators often tell us when a significant price movement is pending.

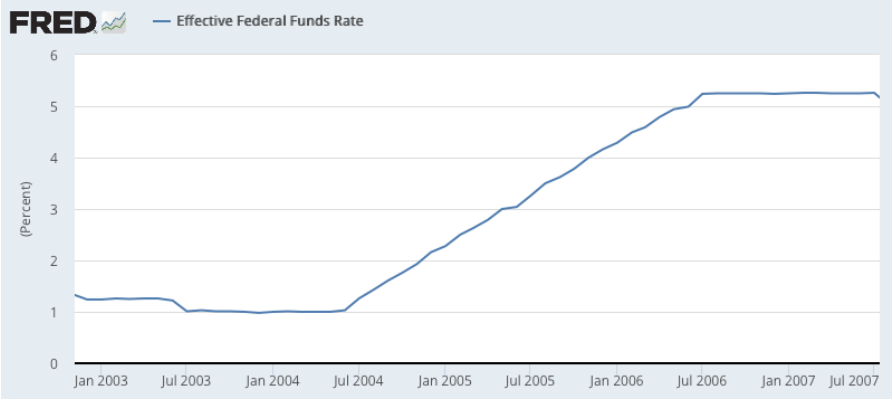
Silver has broken out of its own downtrend just two weeks ago, which took the shape of a bottoming wedge pattern since 2013. Below we can see the multiple hits on each of the lower and upper declining trendlines, with the recent surge toward $15.85 breaking decisively above upper line. Ideally, on any weakness, we would like to see this broken upper line now serve as support. The longer silver can remain above this broken trend, the more valid the breakout. While we do not expect prices to skyrocket this year, a move back toward $18 is not out of the question for 2016, followed by a back and forth uptrend to develop later this year.

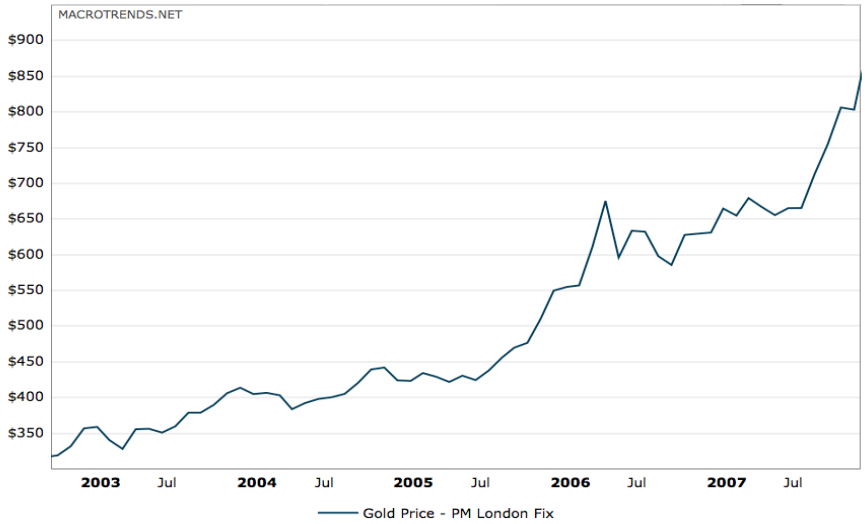


Rising Interest Rates? Watch for Rising Gold

In 70 years of publicly available data from the Federal Reserve Board itself, we can very clearly see that rising short-term interest rates correspond to rising precious metals prices. Both recent examples and historic trends will illustrate this point.

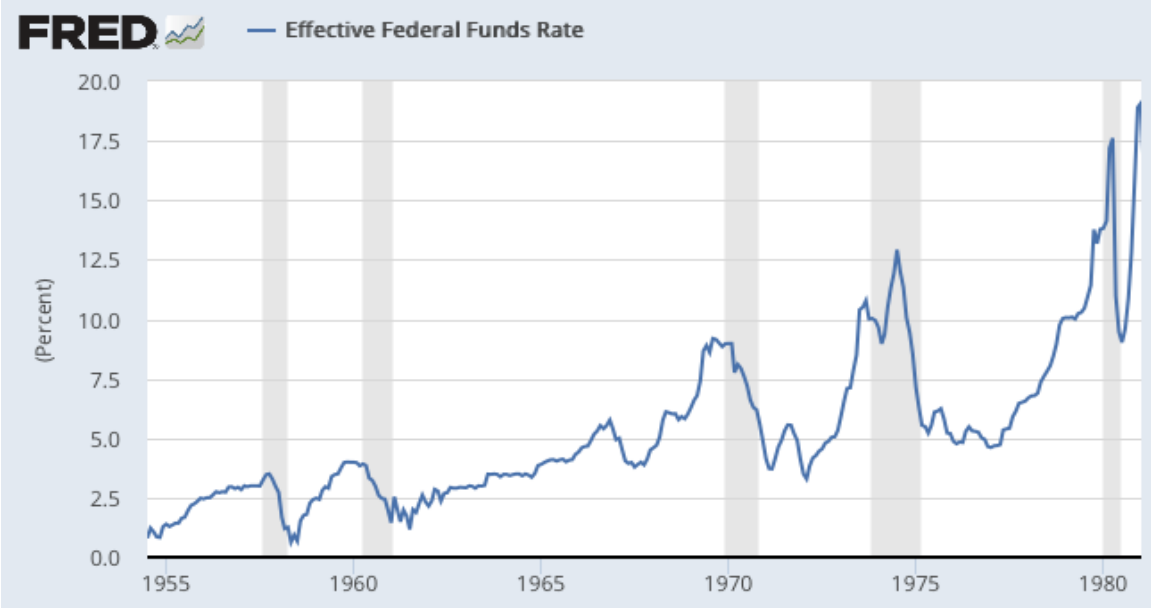
First, the most recent example. Below is a chart of the 2003 - 2007 Fed rate hike cycle, showing the rise from 1% to 5.25%. Following that is a chart of gold prices over the same time period.

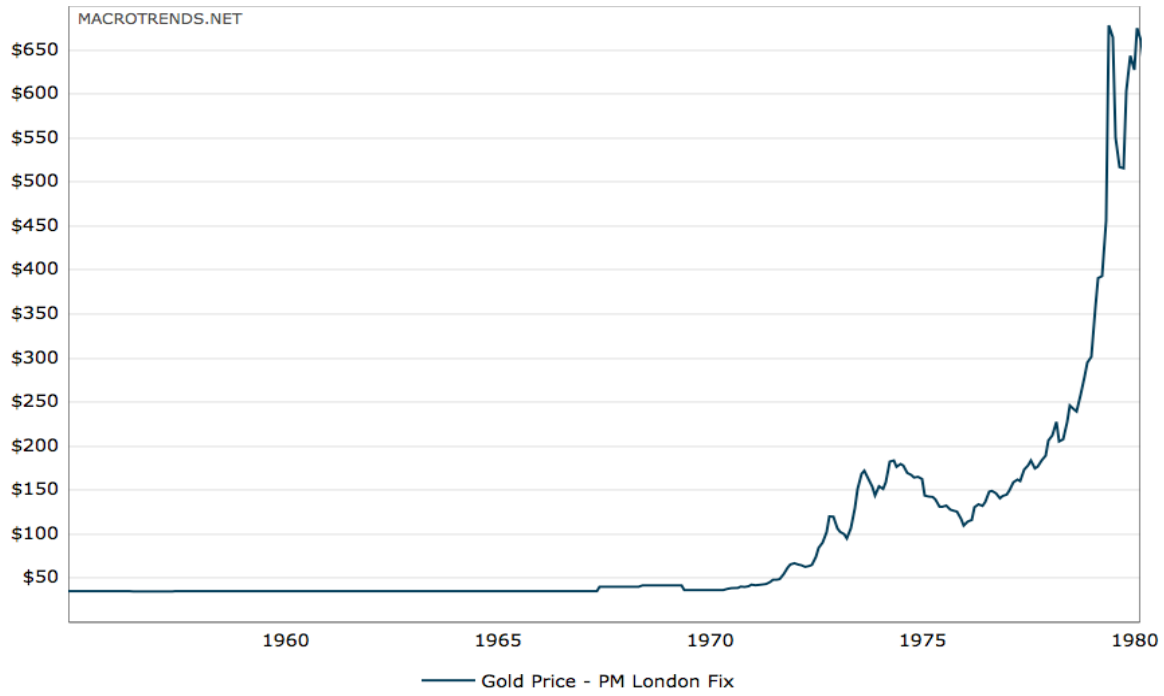




Here, we can see clearly that a rise in interest rates corresponded to a rise in gold prices, as the price of the yellow metal rose from $325 to over $800 during this same time period.

Now let us look at a longer-term example, the multi-decade rise in interest rates from 1955 - 1980.





To be as clear as possible: a rising interest rate environment over these 25 years was the backdrop to the largest precious metals bull market in modern history, as gold broke the dollar standard at $35 per ounce an advanced over 2,000% through 1980.

In summary, remember that interest rates have now just begun to rise, after falling for most of the last 35 years. It is our expectation that this generation-length cycle may now be moving in the opposite direction, with decades of rising interest rates corresponding to decades of rising gold prices to come.


FRED
Effective Federal Funds Rate
iGold
Rising Rates
Falling Rates
(Percent)
20.0
17.5
15.0
12.5
10.0
7.5
5.0
2.5
0.0
1960
1970
1980
1990
2000
2010

Gold & Silver Mining Sector Analysis

Leverage in Gold & Silver Equities

While we will occasionally make short-term trades in gold or silver in the futures or ETF market, the tremendous revaluations over the years ahead will be made from owning the top quality gold and silver mining equities at the appropriate times in their respective cycles.

How this outperformance works can be illustrated with this simple example: Yamana Gold Corp. owns a deposit of one million ounces of gold in the ground, and is able to mine every ounce for $800 per ounce. When they later sell that gold for $1,200 per ounce (at current prices), they will profit $400. Now suppose the price of gold increases to $2,000. Assuming the costs to mine stay relatively stable, Yamana now sells each ounce for a $1,200 profit.

So, we can see here that as the price of gold increased by 66% ($1,200 to $2,000) the profits and therefore share price of the company would have increased by 200% ($400 to $1,200). Thus, an investor can achieve profits well in excess of the actual rise in the price of gold or silver.

More extreme outperformance will be seen by the companies that add at least one of the following variables to their operations during a rising gold-price environment. We will look for companies that show a history and/or new potential for these targets in the years to come:

- Increase gold production year over year
- Discover a new gold deposit
- Expand an existing gold deposit
- Open a new mine
- Re-open a previously uneconomic mine
- Lower mining cash costs due to operational efficiency
- Merge with an existing mining company
- Get bought by existing mining company
- Fund expansion without issuing excessive shares

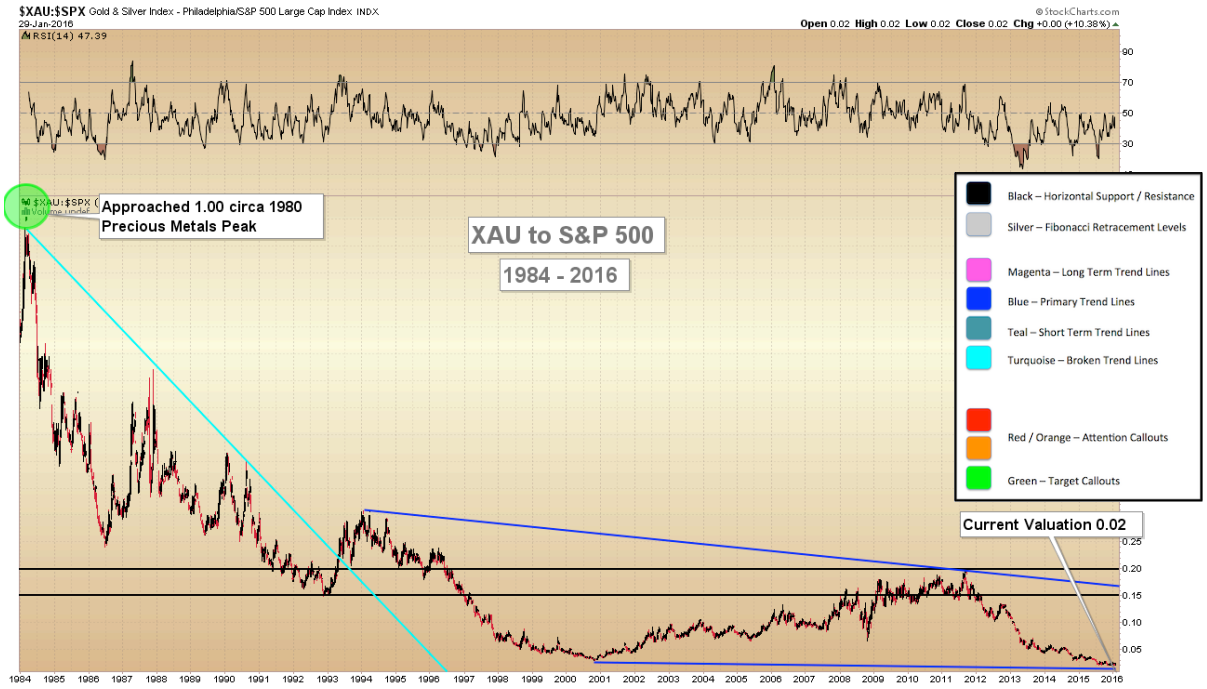
Current Valuation Metrics

The precious metals mining companies are at generational lows, extremes not seen in 40 years. Whether we compare the sector to the rest of the stock market, or to the price of the metals themselves, the valuations are beyond compelling.

Because these metrics are so important to understand, the following valuations are summarized from our recent February report.

We begin by looking at the ratio of the S&P 500 compared to the XAU Gold and Silver Mining Index. This ratio tells us how many shares of each company in the S&P 500 are required to purchase one share in each company from the XAU Index.

Below we look at data dating to the XAU's inception in 1984. Important points to note are as follows:



- At the last precious metals peak in September 2011, with the XAU trading at 230 and the S&P 500 at 1150, the ratio stood at nearly 0.2. In other words, each share of the S&P bought you 5 shares in the XAU.

- Today with the XAU at 45 and the S&P 500 at 1940, that ratio stands at just 0.02. In other words, each share of the same S&P now buys you 50 shares in the XAU miners.

- Although data for the XAU only goes back to 1984, when we integrate data from the nearly identical Barron's Gold Mining Index (which goes back over 70 years), we can see that the ratio approached 1 to 1 near the 1980 gold peak, with the XAU trading at 120 and the S&P at exactly the same price.

- **The takeaway is that there is historical valuation precedent for the S&P 500 and the XAU index to be trading at parity at a precious metals peak. At just 0.02 now, this calls for a 50-fold (5,000%) revaluation of the precious metals miners higher** to reach parity with the S&P 500 before we can consider the precious metals to have peaked. Note that this could happen through any combination of the mining companies rising and/or the broad stock market falling, but the revaluation as to purchasing power will be the same -- 5,000% -- no matter how the ratio reverts.

Indeed, in checking the chart for the last few weeks, we can see that the trade has already netted a 63% gain!

Remember -- you have not missed this opportunity, it is only just beginning. Now standing at 0.03, our ratio still has years of gains ahead and over a 3,000% relative percentage gain to reach our expected precious metals peak of a 1.00 ratio with the S&P 500.

Also note that the XAU tends to be the weakest of the sector averages compared to the HUI or GDX (which is why we use it to identify lows). Our strongest mining companies may double or triple that sector gain.

Truly, the valuation metrics are almost beyond belief -- but that is the state in which we find the precious metals sector at present. We might be some of the only people discussing these metrics, but we didn't create them-- the numbers are in plain sight for everyone to see. If there is one thing we can say for certain: the opportunity ahead of us is not small.

What Happened During the Last Bottom?

Let us turn back to the years 1998 - 2003 for the last major bottom in the XAU / S&P 500 ratio to see what a potential bottom may look like. Of course, this was at the end of a much longer bear market, lasting nearly 20 years. Yet the valuation of precious metals miners was actually better in 2000 than it is today, as our ratio bottomed at 0.03 then compared to only 0.02 today. Remember, that 0.01 difference represents a 33% lower valuation today.

Above we can see that after the low was put into place in 2000 and the downtrend broke, the ratio did not spend much time hovering at the lows. This makes sense when we consider that precious metals and broad stocks are typically counter-cyclical, and that a new downtrend in one often is the fuel for an uptrend in another.

Indeed, after the 2000 low, the XAU outperformed the S&P 500 by 250% within three years, reaching 0.105 from the low of 0.03.

Remember that currently the XAU is valued even more poorly than in 2000, and thus the upcoming revaluation may happen quicker than this historic example.

Recent Action in the Mining Sector

The gold and silver mining sector has just last week confirmed a significant bottom at our generational low price levels. The sector has risen 65% in just four weeks.

We can see the strength of this breakout by examining the GDX fund since 2013. Note the extremely well-defined bottoming wedge pattern, similar to that seen in silver. Note during the first week in February the strong break above the upper blue trend line. This is exactly the signal we have been waiting for to confirm the bottom across the sector. Valuation metrics could not be more favorable for investors with at least a five year time horizon.

What do we expect for the sector over the next few months?

The GDX has broken out of its bottoming pattern and has cleared its October 2015 high. This is a new higher high, which should be the start of a new multi-year uptrend. Of course this uptrend will not move straight higher, it will be a two steps forward, one giant step backward type of affair. That is how these markets move. The net result should be years of gains.

Risk is to the Upside

After such a long bear market, and at a generational low valuation metric, the risk is that the market begins to advance more rapidly than we are prepared for. The gold and silver mining world has completely flushed out most sellers from the last few years, and by definition when the sellers are gone what remain are buyers -- ourselves included. This is an explosive scenario.

In a typical market we would not want to buy after such a price spike as we have just seen (+65%)... yet this is not a typical market: this is a market still rounding out from a generational low. The risk is that the market never gives us a proper pullback for the first 1-2 years out of the bottom, and we sit on the sidelines watching potential gains float away.

So we must make some aggressive moves initially. So we must make some -- but not all -- of our purchases now. We will be buying some companies that have already made nice moves... but when viewed with a 5-year chart these companies are still much closer to their bottoms than any long-term tops.

It is challenging to climb aboard a new bull market. It is uncomfortable for the first 6-12 months, as every gain higher comes with fear that prices may suddenly crash again. But we must sometimes be uncomfortable to

make gains in life, and this is one of those times. A 20-40% drop may happen at any time, but 100-1,000%+ gains lie ahead. Let us not lose sight of the forest through the trees.

The related XAU gold and silver mining index gives us further perspective as to the historic significance of this long term bottom, as we have data for the index dating back to the early 1980's. Note the significant long-term support zone that the price currently stands in. This level marked all the previous lows in the sector since the late 1970's.

Note again in the bottom section of the chart the valuation of the XAU index versus the broad US stock market, the S&P 500, which gives a **mathematical and historical precedent for a 50-fold (5,000%) outperformance of the mining complex versus the broad stock market in the decade to come.**

The major message is that the precious metals complex is at a historic low valuation, nowhere near a top, and a massive revaluation upward is going to occur within the next several years.

One of the principal lessons in investing is: buy low, sell high. We can say one thing for certain about the precious metals miners: we are buying low.

Fortunes Will Be Made

Fortunes will be made during this revaluation, but the price to pay will be extreme volatility and gut-wrenching corrections at regular intervals.

I made my first small fortune after the crash of 2008. It was during this time that I performed extensive research on the companies destined to emerge from the carnage victoriously. I studied fundamental and technical analysis at length, using a variety of disciplines such as trend analysis, Japanese candlesticks, stage analysis, relative strength, and ratio evaluation.

I learned during this period that bear markets are the best opportunity to pick the next winners for the subsequent cycle higher. And I learned that it only takes a few immense winners such as the following examples from my own career to really change one's possibilities in life.

I highlight below just two of my 2008 successes.

One was Golden Queen Mining, a small Canadian-listed gold company with its primary deposit in California, and the other was Silver Wheaton, a silver-streaming company. I started buying Golden Queen in $2,500 increments in 2008, first at 70 cents, then at 45 cents, then at 20 cents, and again at 25 cents, for a total of $10,000 investment. Note that I never managed to buy at the absolute low, which fell all the way down to below 13 cents for a brief time during the crash. Also note that I was at one point down over 80% from my original purchase at 70 cents. It seemed like the end of my investment career at one point.

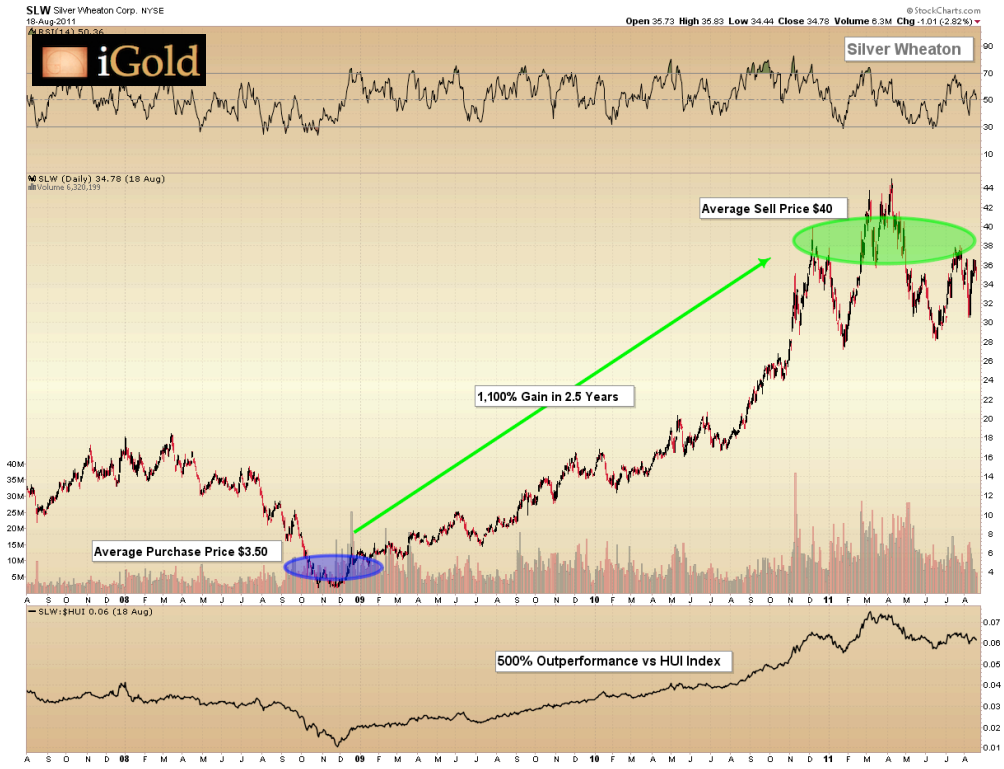
However, because I recognized the technical bottom the precious metals sector was forming, analyzing relative strength indicators compared to the rest of the stock market, and had the fundamental research to back up my analysis, I held on to my shares. The gold mining sector rebounded strongly from its lows over the next three years, and I watched as my $10,000 investment began to multiply... $15,000... $20,000... $30,000...

After seeing the parabolic runup in gold/silver prices in early 2011, I decided it was time to start selling my shares. I sold in three rounds, at $3.10, $3.40, and $3.05 over the course of mid-2011. Note that I never managed to sell at the absolute peak, which was above $3.80.

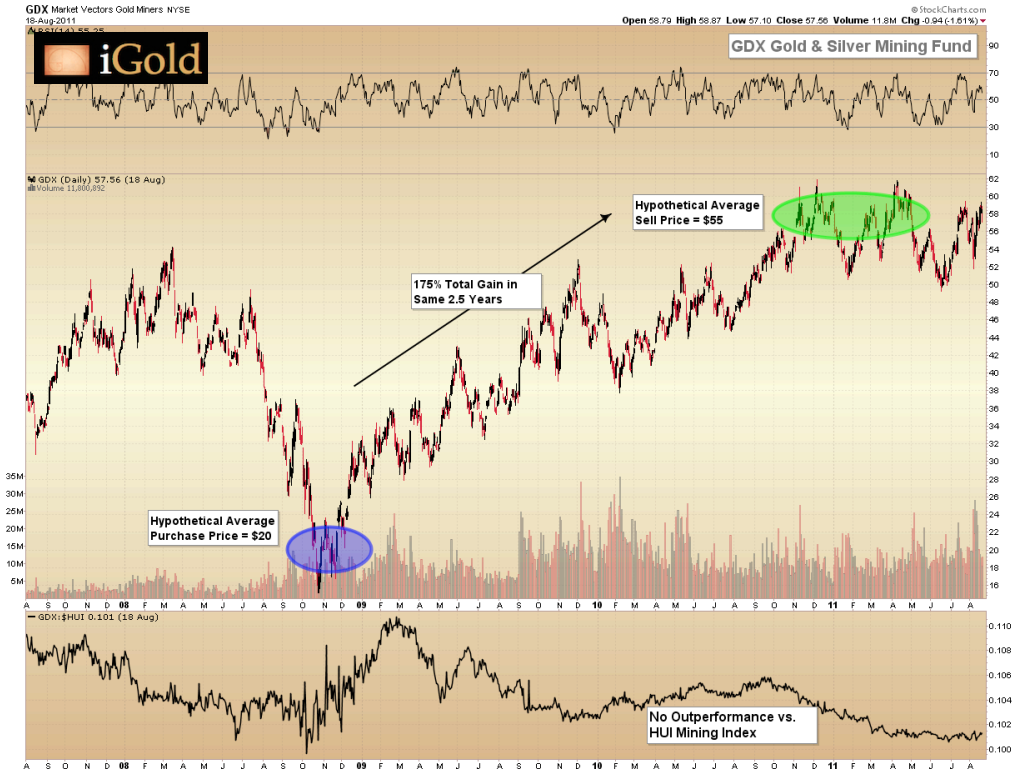
Despite my imperfect buy and sell times, because I had the right company at the right time in the rebound of the precious metals sector, with an average sell price of $3.19, **my initial $10,000 investment rose 740% and**

became nearly $84,000 three years later. I was amazed -- it changed my life at the time, not just financially, but in helping me see the power of buying undervalued yet viable companies when the rest of the world was throwing them out.

Another one of my huge winners was Silver Wheaton, ticker symbol SLW. By averaging my way into Silver Wheaton during the 2008 lows, I was able to establish an average purchase price of $3.50. By 2011 the price of Silver Wheaton topped $40 per share, a gain of over 1,100%**. My $10,000 in Silver Wheaton rose to over $110,000 three years later.** Note again I did not buy at the absolute bottom (which hit $2.75) and I did not sell at the absolute top (over $44). Yet, I saw that by identifying the right companies at the right time of the market cycle, I could leverage my gains to the price rise of gold and silver tremendously.



Could an investor simply buy the GDX or a related mining fund? Certainly. *The funds will allow an investor to achieve average sector returns*. Yet in comparing the performance of the GDX to my examples, we can see just how lackluster those gains were from 2008 - 2011 relative to those I achieved in Golden Queen and Silver Wheaton, as the GDX only gained 175%. A nice gain, but not life-changing.



Of course, not all my investments turned out to be all-stars. It is said that in life that we learn more from our failures than our successes, and I consider this to be true. The few companies I owned that underperformed

during the 2008 - 2011 period I studied intensely to gauge what went wrong and where I could have made better decisions. I learned valuable lessons there that still guide my career today, such as:

1) It only takes one tremendous success to radically alter the course of one's life.

2) Never hold onto a losing position below a predefined level, no matter how good the fundamental company story may be.

3) If you miss a move higher, do not chase a stock. There will always be more opportunities for astute investors.

4) Take profits at regular intervals and crystalize them into physical precious metals or other assets.

Preparing for the Next Opportunity

We are now preparing to make the investments that will define the next part of our careers. By all valuation metrics, the precious metals complex is due for a revaluation that will make the 2008-2011 move look small in comparison.

Based on experience in the 2008 to 2011 bull market, we have created a technical and fundamental analysis system that allows us to regularly identify companies that are poised to offer the kind of dramatic gains that Golden Queen and Silver Wheaton did several years ago.

We have only been waiting for the bottoming signal to arrive in the mining sector itself to begin making these investments. Based on the 65% impulsive move higher in the last four weeks, it appears this signal has now arrived.

We plan to publish this research for those who would like to participate alongside us, or who may have other full-time careers that prevent them from doing this level of research independently.

Again, this is the research we are preparing for our own personal investments, and for current clients.

The research includes analysis on gold and silver, as well as the mining sector, individual company evaluations and recommendations, overall stock market analysis, currency and commodity trends. We will be sharing which companies we purchase, which companies we sell, and why. We will also highlight when we make shorter-term trades in gold or silver, using either ETF's or futures. In addition to sending out monthly research, we will also be sending real-time alerts when we make actual transactions.

Readers will be able to participate fully in all our investments and trades to whatever level they are comfortable. We will track the progress together.

As opposed to the free report which was available on iGold Advisor for the last few months and which focused on the large cap gold miners, the breakdown for my forthcoming investment plan by market cap will be as follows:

- 2-3 Large Cap (over $3 Billion market cap) gold & silver miners
- 2-3 Mid-Tier ($500M - $3B) gold & silver miners
- 2-3 Junior ($100M - $500M) gold & silver miners
- 1-2 Exploration (under $100M) gold & silver miners

In general, the large caps will tend to be more stable and move more directly with the price of the metals, as well as sometimes paying you a 1-2% yearly dividend to hold the stock, while the smaller companies will offer more significant gains when purchased at the right juncture.

Closing Thoughts on the Precious Metals

The precious metals sector, now starting to show signs of a long-term bottom, is positioned to be the single greatest beneficiary amidst a deleveraging world financial system that has become dependent on unsustainable debt, fiat currencies, government bailouts, and endless wars. When the average person begins to wake up to the theft taking place right from underneath his eyes, he will look for the one investment that has no counterparty risk and is completely outside of the financial system: precious metals.

Currently it is estimated that less than 1% of the US population own any precious metals whatsoever. By the time this revaluation is over, that number will be 10 to 20 times as much. The move that is pending will alter the course of many peoples lives, both on the upside for those participating and the downside for those not.

While we do encourage most of my clients to base a portion of their precious metals investments around physical gold and silver bullion such as coins, bars, and rounds, certain individuals are in a position to seek enhanced gains that can come from owning the companies that mine for the metal at the right time in the commodity cycle.

This letter and research is for those individuals.

The portion of your liquid assets that you choose to invest in the sector is entirely up to you. For myself, since I trust my own research highly, that percentage will be high. Only you can make that decision based on your own risk tolerance and time horizon -- but once you do, our research will be your guide.

Companies Evaluated

The following companies will be evaluated in this research, and the Top 10 selected for our investment:

- Acacia Mining Plc
- Agnico-Eagle Mines Ltd
- Alacer Gold Corp
- Alamos Gold Inc
- Alcyone Resources Ltd
- Alexco Resource Corp
- Americas Silver Corp
- Anglogold Ashanti Ltd
- Argonaut Gold Ltd
- Arian Silver
- Asanko Gold Inc
- Atac Resources Ltd
- Atlius
- Aurcana Corporation
- Aurico Metals Inc
- B2gold Corp
- Barrick Gold Corp
- Beadell Resources Ltd
- Bear Creek Mining Corp
- Belo Sun
- Centamin Egypt Ltd
- Centerra Gold Inc
- Chesapeake Gold Corp
- China Gold Inttl Resources Corp

- China Precious Metal Resources
- Cia De Minas Buenaventura Sa
- Claude Resources
- Coeur D'alene Mines Corp
- Continental Gold Inc
- Dalradian Resources Inc.
- Detour Gold Corp
- DRD Gold
- Dundee Precious Metals Inc
- Eldorado Gold Corp
- Endeavour Mining Corp
- Endeavour Silver Corp
- Evolution Mining Ltd
- Excellon Resources Inc
- Exeter Resource Corp
- First Majestic Silver Corp
- Fortuna Silver Mines Inc
- Franco-Nevada Corp
- Freeport Mcmoran
- Fresnillo PLC
- G-Resources Group Ltd
- Gabriel
- Gogold Resources Inc.
- Gold Canyon Resources Inc
- Gold Fields Ltd
- Gold Resource Corp
- Gold Road Resources Ltd
- Goldcorp Inc
- Golden Minerals Co
- Golden Queen
- Golden Star
- Great Panther Silver Ltd
- Gryphon Minerals Ltd
- Guyana Goldfields Inc
- Harmony Gold Mining Co Ltd
- Hecla Mining Co
- Highland Gold Mining Ltd
- Hochschild Mining Plc
- Iamgold Corp
- Impact Silver Corp
- Industrias Penoles SAB De CV
- Intl Tower Hill Mines Ltd
- Jaguar Mining
- Kaminak Gold Corp-A
- Kingsgate Consolidated Ltd
- Kinross Gold Corp

- Kirkland Lake Gold Inc
- Klondex Mines Ltd.
- Kootenay Silver Inc
- Koza Altin Isletmeleri As
- Lake Shore Gold Corp
- Luna Gold
- Lydian International Ltd
- Mag Silver Corp
- Mandalay Res Corp Com
- Mcewen Mining Inc
- Minco Silver Corp Com
- Mirasol Res Ltd Com
- New Gold Inc
- Newcrest Mining Ltd
- Newmarket Gold
- Newmont Mining Corp
- Northern Dynasty
- Northern Star Resources Ltd
- Novagold Resources Inc
- Oceanagold Corp
- Osisko Gold Royalties Ltd
- Pan American Silver Corp
- Paramount Gold Nevada Corp
- Patagonia Gold Plc
- Polymetal International Plc
- Polyus Gold International Ltd
- Premier Gold Mines Ltd
- Pretium Resources Inc
- Primero Mining Corp
- Probe Metals Inc
- Randgold Resources Ltd
- Regis Resources Ltd
- Resolute Mining Ltd
- Royal Gold Inc
- Rubicon Minerals Corp
- Sabina Gold & Silver Corp
- Sandstorm Gold Ltd
- Santacruz Silver Mng Ltd
- Saracen Mineral Holdings Ltd
- Seabridge Gold Inc
- Semafo Inc
- Sibanye Gold Ltd
- Sierra Metals Inc
- Silver Standard Resources Inc
- Silver Wheaton Corp
- Silvercorp Metals Inc

- Silvercrest Mines Inc
- Solitario
- Stillwater Mng Co
- Sulliden Mining Capital Inc
- Tahoe Resources Inc
- Teranga Gold Corp
- Timmins
- Tmac
- Torex Gold Resources Inc
- Trevali Mining Corp
- Yamana Gold Inc
- Zhaojin Mining Industry Co Ltd
- Zijin Mining Group Co Ltd

Our candidate list is 131 companies (and will grow), from which 10 maximum will be selected for consideration. We will invest in only the best of the best.

Company Research and Updates

On the following pages you will see specific gold and silver mining company research that originally went out to subscribers in our August, 2015 report.

This is the format and depth of research that you should expect to see in each of our Top 10 companies selected for investment once the sector establishes its bottom. Of course, **more important is sector analysis and timing recommendations for each company**, which we will feature in each issue. Of the companies profiled here, 1-2 will likely make our final selection, while the other 8-9 candidates will come from the list of companies provided on pages 23-25.

Following the company reports are updates that were recently sent out to subscribers as we continue to monitor our stronger candidates. These types of updates will be typical of our weekly interim reports that serve to update subscribers in between primary research issues.

Company 1 - Agnico Eagle Mines Ltd.

Key Financials

US Symbol/Exchange	NYSE / AEM	Cash	$184M
Can Symbol/Exchange	TSX / AEM.TO	Debt	$1.2B
Market Cap	$5.7B	EPS 2015 Est.	0.36
Shares Outstanding	217M	P/E	72
Revenue 2015 Est.	$1.9B	Dividend	1.2%

Key Mining Data

Gold Reserves (oz)	19.9M	Primary Countries	Can, Mex, Finland
Silver Reserves (oz)	62 M	Operating Mines	7
Production 2015 Est (oz)	1.6M	Development Mines	2
Cash Costs (per oz)	$880	Exploration Sites	3

Analysis

Agnico Eagle -- one of the best-diversified gold miners with significant gold and silver reserves. Politically stable mine jurisdictions. Focused on reducing debt over the last several years even as it increased production toward 1.6M oz. Significant byproduct credits for mining of zinc and copper. Expansion of production ongoing at Canadian sites.

Relative strength analysis reveals significant 225% outperformance over HUI Index since 2012. Both 2014 Low and 2015 Low holding above 2008 Low. Did not break down in August 2015 with the recent breakdowns in Gold and HUI Index. Relative strength increasing at each significant low. Increase in volume at each major low, indicating insider buying. Should eventually break above previous all-time high ($80) as gold resumes bull market.

12 Month Target	**$40**	**36 Month Target**	**$80**

Company 2 - Franco-Nevada Corp.

Key Financials

US Symbol/Exchange	FNV / NYSE	Cash	$688M
Can Symbol/Exchange	FNV.TO / TSX	Debt	$0
Market Cap	$9.6B	EPS 2015 Est.	0.60
Shares Outstanding	157M	P/E	101
Revenue 2015 Est.	$438M	Dividend	1.6%

Key Mining Data

Gold Reserves (oz)	110M	Primary Countries	US, Can, Latin Am
Silver Reserves (oz)	0	Operating Mines	45
Production 2015 Est (oz)	336,000	Development Mines	41
Cash Costs (per oz)	$550	Exploration Sites	174

Analysis

Franco Nevada -- a premier gold royalty streaming company. Loans money to developing gold miners in exchange for a set amount of gold ounces as 'payment' for the life of the mine. Has fixed input costs much lower than traditional miners, without the associated risk. Well diversified portfolio in mostly politically stable countries. Zero debt and lots of cash ensure future deals.

Has one of the strongest relative strength profiles of any mining company compared to the HUI since 2012 at over 600%. 2014 Low was significantly higher than the 2008 Low. Moderate weakness in recent months as the August 2015 Low was lower than the 2014 Low. Rebound in the last few weeks shows leadership again. Should be one of the first gold miners to break to a new all-time high on the next up-leg in the price of gold.

12 Month Target	**$60**	**36 Month Target**	**$90**

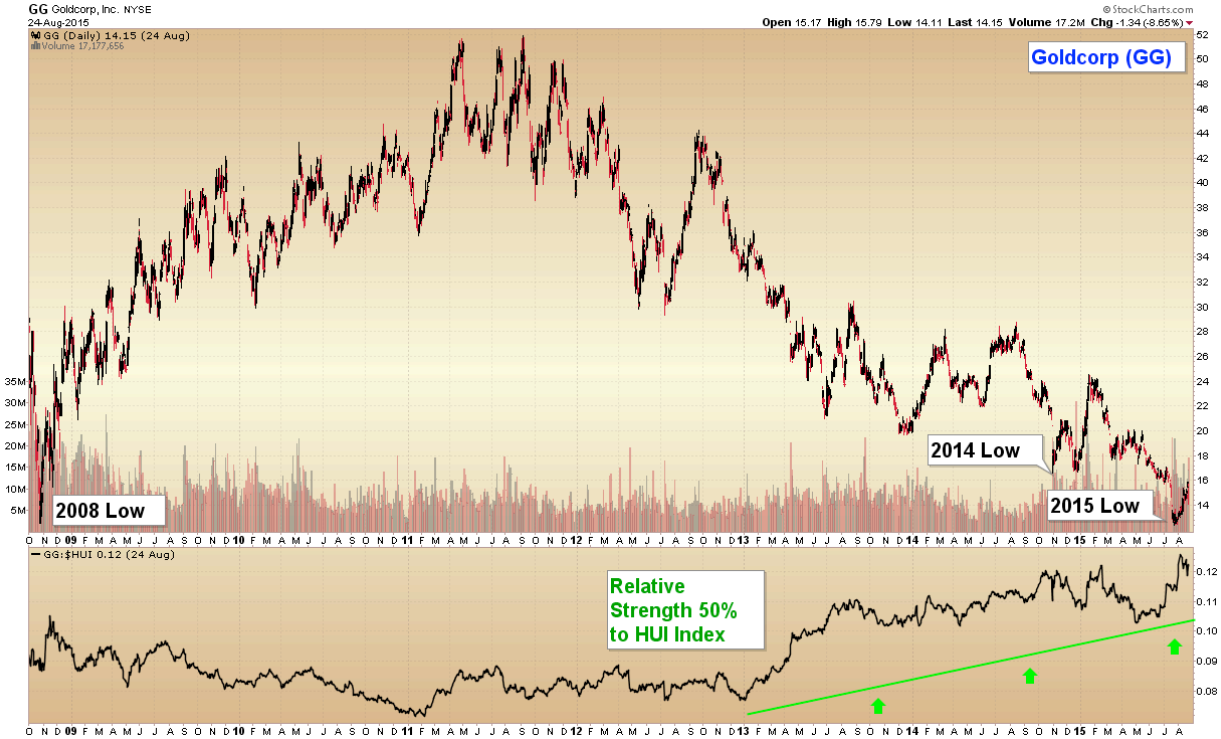
Company 3 - Goldcorp Inc.

Key Financials

US Symbol/Exchange	GG / NYSE	Cash	$1.0B
Can Symbol/Exchange	G.TO / TSX	Debt	$2.8B
Market Cap	$12.9B	EPS 2015 Est.	0.32
Shares Outstanding	830M	P/E	48
Revenue 2015 Est.	$5.3B	Dividend	1.5%

Key Mining Data

Gold Reserves (oz)	49.6M	Primary Countries	US, Can, Mex, Arg
Silver Reserves (oz)	0	Operating Mines	6
Production 2015 Est (oz)	3.6M	Development Mines	5
Cash Costs (per oz)	$846	Exploration Sites	5



Analysis

Goldcorp -- a true 'blue chip' gold stock. Achieved tremendous success in the mid-2000's under mining legend Rob McEwen. Some of the largest gold reserves of any mining company. One of the lowest debt ratios in the business. Several operating mines in mostly politically stable countries. Outstanding shares are higher than ideal but these funds have been poured into expansion projects. Is expecting to increase production over each of the next three years. One of the best management teams in the industry.

Relative strength is 50% better than the HUI -- the lowest of our picks, but still a significant outperformance in an industry that has seen such a severe bear market. 2015 Low is lower than 2014 Low, but holding above 2008 Low. Relative strength has been increasing at each recent low, indicating accumulation. A solid long-term holding that should exceed it's former all-time high at $52 before most other gold mining stocks.

12 Month Target	**$30**	**36 Month Target**	**$44**

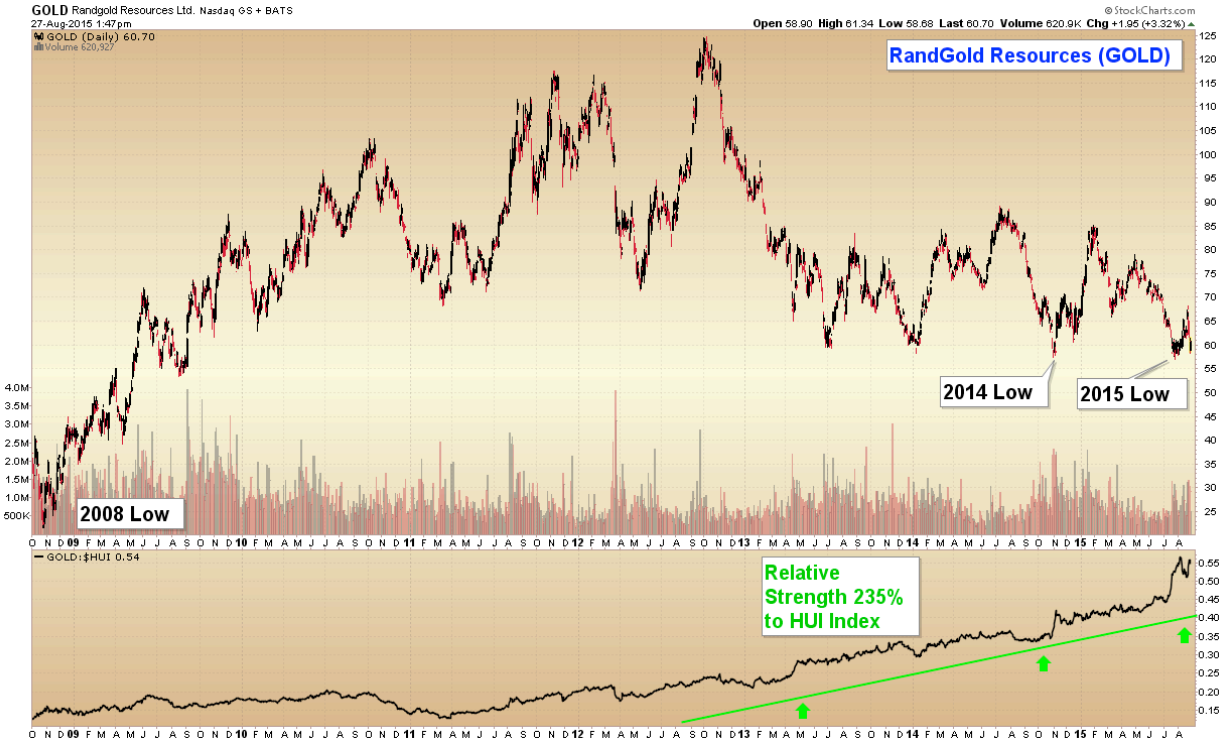
Company 4 - RandGold Resources

Key Financials

US Symbol/Exchange	GOLD / NASDAQ	Cash	$110M
Can Symbol/Exchange	-	Debt	0
Market Cap	$6.1B	EPS 2015 Est.	2.23
Shares Outstanding	93M	P/E	29
Revenue 2015 Est.	$994M	Dividend	0.9%

Key Mining Data

Gold Reserves (oz)	15M	Primary Countries	Central/West Africa
Silver Reserves (oz)	0	Operating Mines	5
Production 2015 Est (oz)	1.2M	Development Mines	1
Cash Costs (per oz)	$684	Exploration Sites	8



Analysis

RandGold -- achieved record gold production in 2014, up 26% from 2013. Fully retired all debt in 2013. Cash in the bank and exploration ensures future production increases in the pipeline. Lowest cash costs of any miner featured in this report. Extremely small float of shares for a company of this size. All properties are located in Congo and West Africa, which has a history for moderate political risk.

Relative strength is 225% better than the HUI -- showing similar strength to Agnico Eagle in the last several years. 2015 Low is holding at 2014 Low, and both are well above 2008 Low, indicating significant insider accumulation as the gold bear market has progressed. The 12 and 36-month targets are conservative, and may be exceeded much quicker as the next move higher in gold progresses.

12 Month Target	**$90**	**36 Month Target**	**$120**

Agnico Eagle Mines (AEM)

-Announced on 8/19/15 a 35% increase in inferred resource at their Amaruq development site, to 2.0 million ounces of gold.

-On 10/28/15 reported record quarterly gold production of 441,124 ounces.

-Analysis: continues to strongly outperform the rest of the sector as shown below. Remains a strong candidate for a final Top 10 Selection in pending research.

Franco Nevada Corp.

-Announced on 10/7/15 a new silver streaming deal with Teck Resources Limited. Under the terms of the agreement, FNV will make a one-time payment of $610M to Teck to help fund its partially-owned Antamina mine in Peru. In exchange, FNV will receive an average of 3 million ounces of silver per year for the life of the mine, expected to be ~20 years. FNV will pay 5% of the spot price for each ounce of silver delivered, and sell that silver into the market at full spot price. Based on current prices, deal should increase FNV's operating cash flow by 18%.

-Total gold production for 3rd quarter was 85,637 ounces.

-Analysis: continues to be a top large cap performer, remaining a strong candidate for inclusion in our overall Top 10.

GoldCorp

-Announced on 8/27/15 the acquisition from New Gold of its El Morro project in Peru for $90 million. Entitles Gold Corp to 217,000 ounces of future production, in addition to $400 per ounce once that level has been reached.

-Has had a series of mining difficulties at its Cerro Negro Argentina mine, including workers strikes and a miner fatality.

-CEO Chuck Jeannes announced retirement effective April 2016 after 17 years with the company.

-Announced 1/15/16 the closure of its Dome mine near Timmins, Canada amidst unfeasible extraction cost profile. Mine still contains 5 years of reserves.

-Analysis: recent underperformance vs. HUI is reflective of mine problems and closure of Dome mine. Dome mine closure is typical of the problems plaguing many miners facing decreased margins. Will not be a Top 10 selection. Better to sell at a modest loss and place funds into stronger performers than sit on a weakening company.

RandGold Resources

-Announced 10/24/15 Cote d'Ivoire Tongon mine has paid off $448M capital expenditure loan, putting the company in a position to increase its dividend in the next year.

-Announced record gold production for Q3 of 305,228 ounces, up 5,000 from previous record.

-Summary: a continually strong production record and strong relative strength profile make RandGold a serious candidate for Top 10 status in the large cap gold sector.

Closing Remarks

Whether or not you choose to invest alongside me, I thank you for your time and hope you have found some value in this research.

As always, in 2016 I will continue to publish free articles on my website and my partner site Gold Eagle (http://www.gold-eagle.com/), in addition to free video updates which can be found on YouTube.

I believe that immense opportunity lies ahead for those prepared. No matter how you choose to invest, let us all remember to focus foremost on our health and those we care about, because without those, no investment is worth anything.

A peaceful and transformative 2016 to you.

-Christopher Aaron
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