



GOLDVIEW

December 2005 - II



CONTENTS:

1. & 2.

Editorial comment:

Gold is surprising friend and foe!

by Henk J. Krasenberg

Events:

conferences and conventions

3.

Member Companies:

list

welcoming new members

4., 5. & 6.

John Embry talks about gold and gold shares

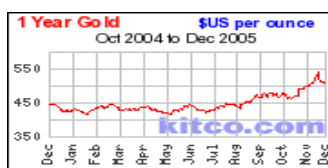
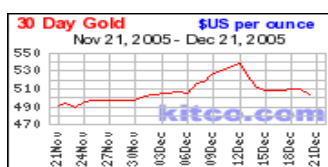
by David J. DesLauriers

7 & 8.

Can gold reach \$ 900?

Lindsay Williams interviews

Jim Rogers



Dec 22, 2005
06:52 NY Time
▲ **GOLD**
495.78 +3.20
▲ **SILVER**
8.39 +0.06
▲ **PLATINUM**
948.00 +2.00
BROUGHT TO YOU BY
www.kitco.com

GOLD IS SURPRISING FRIEND AND FOE! MY SCENARIO FURTHER UNFOLDS WITH MORE CONSOLIDATIONS ANNOUNCED AND NEW MONEY COMING TO THE MARKET

After gold broke the magic \$500 level, it triggered so much interest from virtually all parts of the world that the gold price looked to march straight to the \$600 level. After the break, it lingered between \$500 and \$510 for a few days but then it went, to \$540 in six days time. Typically, many market watchers became over-optimistic almost instantly but the subsequent market action tempered their hot feelings. During last week, gold corrected itself and even went back below the \$500 level.



When I question my own reactions to these fluctuations, I notice reaching and passing the \$500 made me just satisfied but not overly hilarious, neither does the subsequent fall to the current \$496, where I still have a feeling of mild pleasure. I do recognize my rather phlegmatic attitude and know where it comes from. It comes from **my solid confidence in gold**, confidence that originates from the extensive and serious study I made in early 2003 of what was then happening in the worlds of mining and metals. It was the time that I was contemplating to make a come back in the industry as a market watcher and –commentator, after having pursued other hobbies like my contemporary art gallery since 1992. I sensed that something dramatic was developing in the world that we live in and that we would be going to experience several historical changes over the years to come. The conclusion of my study was that this could be the beginning of a major cycle in the metals and the mining and exploration industry. Now, after the first two and a half years of my scenario has unfolded in accordance with my expectations, I am even more convinced about that major cycle.

I have to add that from my European perspective, the cycle that I am talking about is just starting. I mean that the cycle has started already two years ago but that the first part it mainly was fed by the re-adjustment, read: decline, of the US dollar. Only since recently, the gold price is moving in other currencies too, which gives the cycle not only a broader base but in particular a healthier base. I have said before that I would not be in favour of the gold price going up in one straight line but that I rather prefer to see a healthy, steady pattern of a market that is consolidating, correcting and building new bases before moving on to new and higher territories.

A few weeks ago, in my December 2005-I issue, I stated **“I feel confident that we have entered new times”**. That is indeed how it feels. **Looking at the many fundamental indicators that influence the price of gold, actually not merely reflecting the state of the US dollar but rather the state of the whole world, I am very positive about the continuation of the current markets. I have a firm belief that the scenario as I see it, will continue to unfold.**

--continued on page 2

MINING INVESTMENT CONFERENCES

January 22 – 23, 2006



www.cambridgehouse.ca

January 23 -26, 2006



Vancouver, Canada

www.chamberofmines.bc.ca

February 7 – 9, 2006

INDABA

Investing in African Mining

Cape Town, RSA

www.iiconf.com

February 13 – 14, 2006



www.adamsmithconference.com

March 2 – 5, 2006

World Mines Ministries Forum

Toronto, Canada

www.wmmf.org

March 5 – 8, 2006



Metro Toronto Convention Centre - North Building

www.pdac.ca

March 28 – 31, 2006



28 – 31 March 2006

Grand Hyatt Singapore

www.terrapinn.com

April 23 – 24, 2006

CALGARY RESOURCE
INVESTMENT CONFERENCE

Calgary, Canada

www.goldshow.ca

ASK FOR
MORE INFORMATION

EDITORIAL COMMENT –continued from page 1

In previous issues, I have been giving my views as to the several developments on which my reasoning, and ultimately my confidence is based. It is not as much a matter of being positive or negative about things, but rather of how to look and evaluate the fundamental changes that are going on in the world of today.

Recently, several news items came out which got my attention because they confirmed some of my considerations. The consequences will further become visible in the forthcoming year 2006. For instance, the ever continuing slide of the US economy and financial household. Although the Bush administration wants us to believe that things are under control and even getting better, as reflected by the steady policy of increasing interest rates, the overall figures give us every reason to mistrust the government statements. Hence, without preaching an overall chaos and crisis, I continue to say that **it will not be possible to defend the current value of the US dollar for very much longer.** Which, in turn will not make the sensible Americans (remembering that almost half of the American voters were not voting for Bush, they must be still there) happy. Also politically, the Bush administration is experiencing difficulties of late, having to swallow two significant voting defeats in only three weeks time. It only will take some more negative economics, or the impact thereof on the Wall Street markets, and **the remaining confidence in the U.S. government is likely to slide further.**

And then China. I have been saying before that especially the US have been trying to downplay the growth pattern of the Chinese economy, arguing that the earlier assumed economic growth rate of 11% should be adjusted to rather 8% per year. However, reasoning that even an annual growth rate of 8%, but to take place over at least 10 to 20 years and possibly even longer, would result in a dramatic fundamental change in the world economy, **China's story can in my opinion not be downplayed at all.** Just last week, the news came that **the Chinese economy is now reported to be 20% larger than previous estimates.** As one source stated: "US commentators, in particular, tend to overlook the speed with which the People's Republic is growing as they simply cannot envisage a challenge to their great democratic empire in the years to come". I cannot agree more! **We just have to face and realize the impact of China's development on us all.** As the Financial Times noted in their latest Chinese business survey, the impact of this re-adjusted China's growth rate is equivalent to adding a country the size of Turkey into the global economy. We will have to re-evaluate the importance of China in the world economy and its influence on global economic forecasts. **My bottom line is that China's already determining demand for commodities in general, and for all metals in particular, will continue to be a driving force and support to their prices, especially as the imminent shortages of several metals will become more visible and recognized.**

To me it is obvious that these circumstances create an environment for the mining and exploration industry to flourish in the foreseeable future. Being right in the middle of the industry, what better wish can we have for the new year?

.....

Further in this issue, two prominent interviews with two even more prominent authorities on gold. In my opinion, **John Embry**, Chief Investment Strategist of Toronto-based Sprott Securities, **has been one of the clearest advocates and predictors of the current market behaviour.** He is always fascinating to follow and understands the manner to make the financial establishment aware of his thinking without really confronting them. After having featured his worthwhile opinions before, I include an exclusive interview with him by **Resource Investor**, one of the leading news providers on the industry. Another noteworthy vision on the world and its markets comes in an interview of **Business Day** (of South Africa)'s Lindsay Williams with guru **Jim Rogers**, who developed his valuable insight during his years of extensive travel throughout the world.

These interviews provide the best possible way to slide into the challenges of the forthcoming year. I thank you for your loyal following and support and I gladly extend my best wishes to you all for the new year!

Henk J. Krasenberg

MEMBER COMPANIES

per December 2005

Abacus Mining & Exploration Corp. [tsxv-ame](#)
 Adanac Gold Corp. [tsx-aua](#)
 Adroit Resources Inc. [tsxv-adt](#)
 African Gold Group, Inc. [tsxv-agg](#)
 Alexis Minerals Corporation [tsxv-ame](#)
 Amera Resources Corporation [tsxv-ams](#)
 Anoroq Resources Corp. [tsxv-arq](#), [amex-ano](#)
 Asia Gold Corp. [tsxv-asg](#)
 Boulder Mining Corporation [tsxv-bdr](#)
 Cassidy Gold Corp. [tsxv-cdy](#)
 Continuum Resources Ltd. [tsxv-cnu](#)
 Crowflight Minerals Inc. [tsxv-cml](#)
 Desert Sun Mining Corp. [tsx-dsm](#)
 Eaglecrest Explorations Ltd. [tsxv-eel](#)
 Emgold Mining Corporation [tsxv-emr](#)
 Energy Metals Corporation [tsxv-emc](#)
 Excellon Resources Inc. [tsxv-exn](#)
 Formation Capital Corporation [tsx-fco](#)
 Frontier Pacific Mining Corporation [tsxv-frp](#)
 Genco Resources Ltd. [tsxv-ggc](#)
 GlobeStar Mining Corp. [tsxv-gmi](#)
 GLR Resources Inc. [tsx-grs](#)
 Goldex Resources Corporation [tsxv-gdx](#)
 Goldrea Resources Corp. [tsx-gor](#)
 Great Basin Gold Ltd. [tsx-gbg](#), [amex-gbn](#)
 Great Panther Resources Limited [tsxv-gpr](#)
 IMA Exploration Inc. [tsxv-imr](#)
 Kimber Resources Inc. [tsx-kbr](#), [amex-kbx](#)
 Majestic Gold Corp. [tsxv-mjs](#)
 Marifil Mines Ltd. [tsxv-mfm](#)
 Minefinders Corporation Ltd. [tsx-mfl](#), [amex-mfn](#)
 Molycor Gold Corp. [tsxv-mor](#)
 New Guinea Gold Corporation [tsxv-ngg](#)
 New World Resource Corp. [tsxv-nw](#)
 North American Tungsten Corp. Ltd. [tsxv-ntc](#)
 Northern Continental Resources Inc. [tsxv-ncr](#)
 Northern Dynasty Minerals Ltd. [tsxv-ndm](#)
 Northern Lion Gold Corp. [tsxv-nl](#)
 Northern Star Mining Corporation [tsxv-nsm](#)
 Oremex Resources Inc. [tsxv-orm](#)
 Pan American Silver Corp. [tsx-paa](#), [nasdaq-paas](#)
 Pele Mountain Resources Inc. [tsxv-gem](#)
 Redstar Gold Corp. [tsxv-rgc](#)
 Ross River Minerals Inc. [tsxv-rrm](#)
 Royal Standard Minerals Inc. [tsxv-rsm](#)
 Sabina Resources Limited [tsxv-sbb](#)
 SearchGold Resources Inc. [tsxv-rsg](#)
 South American Gold and Copper Co. Ltd. [tsx-sag](#)
 South Pacific Minerals Corp. [tsxv-spz](#)
 SYMC Resources Limited [tsx-sy](#)
 Taseko Mines Ltd. [tsxv-tko](#), [amex-tgb](#)
 Tumi Resources Limited [tsxv-tm](#)
 UC Resources Ltd. [tsxv-uc](#)
 UGL Enterprises Ltd. [tsxv-ugs](#)
 Universal Uranium Ltd. [tsxv-uul](#)
 Vista Gold Corp. [tsx](#), [amex-vgz](#)
 War Eagle Mining Company Inc. [tsxv-war](#)
 Yukon Zinc Corporation [tsxv-yzc](#)

EUROPEAN GOLD CENTRE

European platform for information on
 Canadian mining and exploration companies

WELCOMING NEW MEMBER COMPANIES



Emgold Mining Corporation (TSXV-EMR)

has been primarily focussing on its principal project, to bring the **Idaho-Maryland Gold Mine**, situated in Grass Valley, California, back into production. The Idaho-Maryland Gold Mine was discovered in 1851 and is located in the Mother Lode district of California. The mine has produced a total recorded production of 2,383,000 ounces of gold from 5,546,000 short tons for a recovered grade of 0.43 ounces of gold per short ton from 1862 to 1956 and is known as the second largest historical underground gold producer in California.

Emgold is dedicated to return the mine to active operation. Extensive drilling, exploration and development programs are ongoing while the time-consuming permitting process is underway. Not an easy task in California but it is encouraging to know that already 37 mines in the region have received permits from the regional authorities to allow their efforts for re-opening.

The known gold resource base has been updated by a NI-compliant Technical Report in November 2004 which calculated the **Measured and Indicated mineral resources at 1.67 million tons at 0.28 oz/t, containing 472,000 ounces of gold and Inferred mineral resources of 2.53 million tons at 0.38 oz/t, containing an additional 952,000 ounces of gold.**

A key milestone for Emgold is receipt of the Conditional Mine Use Permit from the City of Grass Valley, California on or before the third quarter of 2007. The application has been accepted by the City as complete and should Emgold be successful in obtaining the permit, it will proceed via dewatering the existing mine, constructing a decline and an extensive underground diamond drilling exploration/delineation program to **possibly commence toll milling by mid-2009.**

With development and permitting for the Idaho-Maryland gold mine underway, Emgold has been pursuing a **sideline that could become a very interesting source of cash flow and profits.** Its subsidiary Golden Bear Ceramics Company has an exclusive world wide license agreement for the **Ceramex™ Process** which can convert a wide variety of raw materials, including mine tailings into high-strength, low-porosity, industrial ceramics such as floor tile, roof tile, brick, construction materials and other industrial and commercial products. Testing the Ceramex technology on the existing tailings from the Idaho-Maryland Mine has successfully produced very high quality ceramic products. **On the site of the Idaho-Maryland mine, a pilot and demonstration plant has been built which could be expanded into an initial 600tpd ceramics producing facility.**

Although the permitting procedure will take some time to be completed, it will, if successful, bring Emgold Mining Corporation to a position where the Idaho-Maryland Gold Mine can again become one of the leading gold producers in California while the Ceramex activities could



develop into an attractive and very profitable side business, both through its own plant as from licensing the technology to other mining companies. The highly qualified management team, headed by William Witte, is determined to steer Emgold to a successful future as a significant, solidly established and recognized gold producer.

JOHN EMBRY TALKS ABOUT GOLD AND GOLD SHARES

by David J. DesLauriers

In an exclusive interview with *Resource Investor* as gold breached \$500 per ounce in New York, John Embry of Sprott Asset Management answered a number of relevant questions about the price of gold, the gold sector, and the companies at various stages of development within it.



DAVID DESLAURIERS: *With some of the world's other major economies looking so weak, and with events like the recent rioting in France, is it going to be difficult to see another down-leg in the dollar any time soon?*

JOHN EMBRY: There have been a number of factors that have buoyed the dollar, not the least of which is this repatriation of corporate cash to the United States, the stuff that has been held outside the U.S. is being brought back at a preferred tax rate, and that ends at the end of this year. I think this has led to a far greater flow of money than I realized when this all got under way, and I think that has been a huge underpinning to the dollar. As well as the fact that with the rising rates in the U.S., the carry trade is back on, alive and well, people borrowing Yen and selling it and re-investing in U.S. treasury bills, etc. that is also pushing up the U.S. dollar.

In the end, I think the fundamentals for the U.S. dollar which are horrific, will assert themselves. The twin deficits are going nowhere but up and particularly with the rising dollar, and eventually I think this will take its toll. I think this has been a massive counter-

trend rally in the dollar, which I suspect will come to an end next year. One of the real reasons, I think, for that, is that I believe that the U.S. will suddenly realize they can't raise rates much more, and when people become aware that the direction of rates is going to be down at some point, I think that is going to take the underpinnings totally out of the U.S. dollar.

DAVID DESLAURIERS: *Where do you stand on the inflation/deflation debate?*

JOHN EMBRY: This is THE question, really. One thing I will say is, I think that we face either increasing inflation, or ultimately deflation. We've lost the middle ground, so consequently with all the debt that is in the system, they are going to have to print more and more money to keep that debt load afloat, and this will lead to mounting inflation. And because we're dealing with fiat currency, and Ben Bernanke coming in at the head of the Fed has already telegraphed what he wants to do with his speeches 3 years ago, talking about printing presses and money from helicopters, etc. I basically believe that the greater risk is hyperinflation than it is at this stage, deflation. Eventually it will probably end up with some deflation, but not before we go through a bout of infinitely worse inflation. Gold wins, I believe, history would say that gold wins in either inflation, particularly mounting inflation, or deflation. Where it doesn't do well is what we've had for the last 21 years – disinflation.

DAVID DESLAURIERS: *Why do well known gold prognosticators keep making such short term predictions when clearly it is very difficult to predict what gold could do in the next quarter?*

JOHN EMBRY: I think that is another excellent question in the sense that, given the fact that there is a management of the gold price by official sources, I think trying to predict the gold price in the short term is a mug's game. Every time you think it's going to go up, suddenly this unusual selling comes in and it doesn't go up. I think trying to predict short-term gold prices is stupid really.

On the other hand, I understand why people do it – because the long term is made up of a number of short terms. I think what you have to realize is that in a world where there is going to be more and more paper currency created, the gold price has nowhere to go but up, over time. But people feel the need to do their little short-term projections, which I tend to ignore.

I thought one of the better prognostications I've seen recently is when Pierre Lassonde came out and said he thought gold would be trading north of \$1,000 in the next five to seven years. The only thing I would say is he's probably conservative.

DAVID DESLAURIERS: *Considering the lack of interest in junior miners, is it best to stick to companies for the time being, that are attached to metrics that must be paid heed, like production, cash flow, etc.? It seems as though all of these companies can raise money, but the follow through is nil. How might you account for this?*

JOHN EMBRY: It depends on your time frame. I'm more comfortable right here buying juniors because they're depressed, I don't have a lot of competition, and I'm getting them at prices that I think are sort of reflective of a really bad condition of the gold business, which I think is dead opposite – I think we'll have great conditions in the

--continued on page 5

JOHN EMBRY TALKS ABOUT GOLD AND GOLD SHARES --continued from page 4

gold business going forward. I would say in many instances some of these juniors are trading at valuation metrics not terribly dissimilar from where they were when the bull market in juniors started back at the end of 2000. I think they're really cheap, and if you're playing the gold market you're going for maximum upside, and I think the maximum upside is clearly in the juniors. But I can't tell you that it's going to pay off in the next three months, if you're a short-term trader you probably have a better chance playing the bigger ones, because that's where investor money flow is going right now.

But one part of the question which really deserves a response and irritates me a bit: It seems like all of these companies can raise money – and that is a problem because a lot of these companies they don't even believe in their own properties, because they are raising far more money in my estimation than they have to, and that is creating a problem because it is soaking up investor money that might be otherwise used to drive up the price of these companies in the market.

I think this will all be addressed when the gold price breaks out, there will be more than a sufficient flow of investor money that will lift the whole sector, and that will basically solve the problem in the short run here which has been irritating because juniors have done so poorly - I think that will be behind us. I think we need a clear breakout into new high ground, like beyond \$511 to get the degree of confidence so that people will flood into the juniors.

DAVID DESLAURIERS: *What are some of your favourite developers in the sector (defined for these purposes as feasibility stage or construction stage)?*

JOHN EMBRY: There is a merger taking place between Westdome [TSXV-WDG] and River [TSX:RIV]. When these are combined this will be a stock, which I think people will take notice of. It is extremely inexpensive at this point. New Gold [TSX-NGD; AMEX-NGD] has a robust copper-gold project in BC, which has sort of flown under everybody's radar screen and the NAV is materially higher than the current stock price – I like it a lot.

Western Silver [TSX-WTC; AMEX-WTZ] just had a feasibility study done in Mexico on their massive low-grade, silver poly-metallic ore body. I particularly like silver, I love gold but I like silver even more, and I'm looking for well-levered, legitimate plays in silver. This is one at the development stage that I think has been overlooked.

One that has just currently become very topical is Atna Resources [TSX-ATN], they just pulled an amazing hole in Nevada. I own 10% of the company, and they just did a deal today in which we participated. I think David Watkins who runs the company is a first-class individual, and I think this a great project, and it is just getting into the development stage. The last one that I particularly like is Viceroy Resources [TSX-VYE]. They are reaching that stage where they'll be doing a feasibility, and it's a big project, at least 3 million ounces, and its good quality open-pit stuff, probably heap-leachable, so I think that is a really attractive situation too.

DAVID DESLAURIERS: *What are some of your favourite juniors?*

JOHN EMBRY: One name that people don't pay much attention to, they like spending other people's money, and that's Almaden Resources [TSX-AMM]. They have projects with Comaplex down in Mexico, and another interesting one with Strongbow in BC, and they are a magnificent group of people, and they have a lot on the go, and big potential. I like Intrepid Minerals [TSX-IAU] run by Laurence Curtis who is an excellent guy, and they actually have a resource on a property in Argentina, but he is more of an exploration company, and I think Intrepid is severely undervalued.

I like Rubicon [TSX-RMX; AMEX-RBY] which has got a major exploration effort at Red Lake, but perhaps even more interesting, they have a piece of a company called Africo in the Congo, which will be coming public in the next couple of months, and I think that will highlight the fact that Rubicon is significantly undervalued.

And a company that is currently doing a financing, Axmin [TSX-AXM] is progressing towards feasibility stage, it has a large resource in the Central African Republic, which is an area that I think is becoming more respectable. I think this one is severely undervalued, and has great sponsorship, so I think Axmin is a particularly good play here.

DAVID DESLAURIERS: *What parts of the non first-world are you most/least comfortable with?*

JOHN EMBRY: Right now I still have many doubts about Russia, I just don't know about the rule of law there, but having said that they really do have interesting geology. I'm not really involved in Russia, because I'm not comfortable. Clearly Venezuela is an obvious one, I think with Hugo Chavez at the helm there, it's a pretty dicey situation. I consider myself extraordinarily fortunate that the only exposure I had there, Bolivar [TSX-BGC] is being taken out at a nice profit for me, so to come out of Venezuela with a win, I consider a major score for me. I never really warmed up again to Indonesia after that whole Bre-x fiasco there nine years ago. And just as a general comment, I'm getting a little less comfortable with certain areas of South America. There is a huge swing to the left down there. Peru is a country, I love the geology, I don't love the politics as much, I still will invest there.

--continued on page 6

JOHN EMBRY TALKS ABOUT GOLD AND GOLD SHARES --continued from page 5

I think there is more political risk in South America – Bolivia and Peru and places like that then there has been for a while.

DAVID DESLAURIERS: *With Venezuela in mind, what is your take on Goldfield's valuation of Bolivar?*

JOHN EMBRY: There is a Venezuela discount. If it weren't in Venezuela, Bolivar would probably be, I don't know, C\$5 anyway. The fact is that it is in Venezuela, and Venezuela is what it is. There are enough other things to play, I'm glad to sell it and move on.

DAVID DESLAURIERS: *It seems that in many areas of the world the decision for developers and miners these days is greens vs. graft? Graft is simple because at least companies know what is required, and timelines are not impacted as severely. Does that reality play into your investment decision-making process?*

JOHN EMBRY: That's an interesting question, as you know the greens are a problem big time now, the NGOs sort of descend upon any project now that looks like it has merit. I guess if you can sort of fend them off with sort of under the table stuff, I'm not sure its as easy as some people think, some of these NGOs are really dedicated, they're not even looking for money. It's the government people that are looking for the money, and the locals.

I guess it does factor into my decision, I don't know that I'd back somebody because I thought they had the ability to grease off the locals, but it plays into my investment decision in a more negative sense, because the minute that I see something that could be severely impacted by NGO activity, even if it can be dealt with, unless I'm getting a big discount, I'm a little shy about getting involved. I've been blown up with a couple of situations, which have worked out subsequently, but it's an issue and it's not going to go away. Every day something is coming up, you can't get away from it.

DAVID DESLAURIERS: *With your prediction of much higher gold prices a couple of years down the road, will low cost producers like Goldcorp suffer as new entrants into the sector chase leverage in the form of higher cost producers like Queenstake, Kinross?*

JOHN EMBRY: I don't know if suffer is the right word, I just don't think they'll perform as well on the upside. I mean companies that are particularly safe in terms of low cash cost, it's in their price to some extent and they don't have the same leverage obviously to the upside in earnings when the price goes up sharply. I would prefer higher cost guys certainly to Goldcorp these days. One low-cost company that fascinates me these days is Meridian [TSX-MNG; NYSE-MDG]. They are really well levered to silver, and I don't think people are fully cognizant of what a silver play Meridian is. But as a general response to the question, I would much prefer at this stage of the cycle to be looking for the ones that would benefit because of their higher costs, and their greater leverage to a rising price.

John Embry is Chief Investment Strategist of Sprott Securities in Toronto. I highly respect him for his remarkable insight in the world of gold.

I expressly wish to thank Resource Investor for their permission to include this exclusive interview in this issue of GOLDVIEW.

ResourceInvestor.com is a free service to investors, financial professionals, and other stakeholders who participate in the mining, drilling and piping sectors. It provides unique independent news, analysis, commentary and analytics on the sectors with the goal of empowering readers with information from which they can gain advantage or profit. Some 200,000 readers gather on the site each month from 198 countries representing every continent.

I suggest you learn more about Resource Investor at



www.resourceinvestor.com

VANCOUVER HOSTS TWO MINING EVENTS IN ONE WEEK IN JANUARY

In January, Vancouver offers two opportunities to become up-to-date on what is going on in the Canadian mining and exploration industry and the international setting in which the industry is working today.



www.goldshow.ca



www.chamberofmines.bc.ca

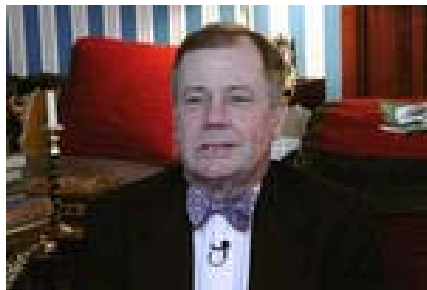
Cambridge House's Resource Investment Conference combines the presence of a prime selection of North American newsletter writers and many mining and exploration companies.

The Roundup 2006 event focuses on the latest developments and progress of mining and exploration companies and their projects in British Columbia and the Yukon.

Recommended for everyone that has a heart for Canadian mining and exploration.

CAN GOLD REACH \$900?

Business Day's Lindsay Williams gets Jim Rogers, former partner of George Soros in the legendary Quantum Fund, on the line about the performance of commodities in 2005, and the outlook for 2006



LINDSAY WILLIAMS: *Jim, can we maybe start with commodities that are most important to South Africa and Africa - the precious metals, and base metals. Even I am surprised by the way the gold price has behaved - I think it's doubled in the last five years to \$510 an ounce, and platinum was recently at 25.5-year highs, with silver also doing extremely well - what do you think the prospects are for this particular complex?*

JIM ROGERS: I suggest you read my book where I explained how all this would be happening, and it's going to get better - you haven't seen anything yet. Copper needs to correct, some of these things need to correct - but the

shortages of raw materials is going to get much worse over the next 10 to 15 years, and we're going to have an unbelievable bull market. Even I - and I'm bullish - am going to be surprised! There's been no major oil discovery anywhere in the world in over 35 years - oil fields are depleting. Most metals companies have not been exploring for metals, and certainly not opening many new mines - except for gold that's continued to expand - but for most other metals people just haven't done any exploration. Phelps Dodge - which is the second largest copper company in the world - has made a conscious decision not to open any new mines, they're going to try to expand their old mines. This is going to cause problems down the road...

LINDSAY WILLIAMS: *So if we break it down - you're talking about copper, you're talking about oil - but if we go back to the precious metals complex are they just going to tag along because of the inflationary consequences, or just tag along with the whole commodity bull market in general?*

JIM ROGERS: You mean gold and silver?

LINDSAY WILLIAMS: Yes.

JIM ROGERS: Gold is certainly going to participate, but I think you're going to make more money in other commodities - you will make more money in sugar or coffee than you will in gold, but I own some gold and some silver - we're certainly going to make money in all of these things. In previous bull markets of any asset class - everything makes a new all-time high. That means gold has to go to at least \$900, and silver has to go much higher if history is any guide to how bull markets have always worked...

LINDSAY WILLIAMS: *I remember you speaking to us last time - I think it was maybe it was about nine months ago - you said perhaps the oil price had run a little bit too far, and you proved correct. It did go to \$70 a barrel, but it's back now at around about \$60 - is there going to be a second or third wave on this particular commodity?*

JIM ROGERS: Sure, oil will be well over \$100 before it's over - if history is any guide this bull market is going to last until around 2018, sometime between 2014 and 2022, and everything is going to go much higher. There has been no major oil discovery anywhere in the world in over 35 years - every oil field you know about is in decline. Somebody has to do something...

LINDSAY WILLIAMS: *That's the supply side of things - on the demand side of things in the past we've spoken a lot about China, and we've spoken about the US economy as well - is the demand factor still a big one?*

JIM ROGERS: Of course. I think most Chinese still don't have electricity, most Indians still don't have electricity - they're going to get electricity even if those countries grow at a slow rate, and they're certainly not going to rip out their electricity anymore than you're going to rip out your electricity if things slow down - demand will continue to grow.

LINDSAY WILLIAMS: *Is there any problem perhaps with the US dollar when it comes to the dollar price of commodities - we've seen the gold, platinum, silver and copper prices and everything else dislocating from the strength of the US dollar - does that mean that we should ignore the dollar's strength and just buy commodities?*

JIM ROGERS: The dollar is fundamentally very flawed, and it's going to be a serious problem in the next five or 10 years - it's having a big rally in 2005 for some technical reasons. It was beaten down in 2002, 2003 and 2004 and there's a special tax incentive for American companies to bring their money back into the US this year - but that incentive ends this year, and so you will see the dollar resume its decline, and that is bullish for commodities, but that's not the main reason commodities will be going up. The main reason is supply and demand are out of whack, but a weak currency like the dollar is going to help commodities.

LINDSAY WILLIAMS: *What do you think about the implications for the other asset class - that being equities.*

--continued on page 8

CAN GOLD REACH \$900? --continued from page 7

We're seeing the Dow Jones getting very close to 11,000 and everyone getting very enthusiastic. Ben Bernanke is coming in to take over the chairmanship of the US Federal Reserve - what are your predictions for the financial markets?

JIM ROGERS: I'm not optimistic about the US stock market in 2006. The economy will slow down, the market will slow down - the market has been flat for a couple of years now basically, and Ben Bernanke will be a disaster for the Federal Reserve. His solution to everything is to print money - so I'm not optimistic about the dollar, the stock market, the economy in the US next year...

Jim Rogers studied politics, philosophy and economics, first at Yale and later in Oxford. Together with billionaire George Soros, he founded the Quantum Fund in 1969, which became one of the most successful investment funds of all times. After a difference of opinions, he continued on his own in 1980. When Rogers' portfolio had increased more than fivefold (in a period which saw the general stockmarkets rise by an average 50%), he decided to retire. He was 37 years old at that time and started a second phase of his career. Rogers became a consultant, became a TV-personality and wrote several books. But his heart was in another effort, he was putting the discovery of the real world into practice. Between 1990 and 1992, he traveled extensively, crossing around the world on his motorcycle, a journey of more than 100.000 kilometers. And between 1999 and 2001, he made his Millennium Trip in his especially built yellow Mercedes: he drove almost 250.000 kilometers over 116 countries. It gained him not only a "Guinness World Record" but also and predominantly an enormous knowledge of how life was lived in virtually every country of the world.

Since January 2002, Rogers is back in New York. He wrote a new book about his world trip (title: 'Ad-venture capitalist', published in 2003). He is determined about the development of the world in the 21st century: the emphasis of the world economy, and thus the political power too, will be shifting from the United States to China: "the 19th century was the century of the UK, the 20th century was the century of the US, the 21st century is going to be the century of China. If you are not going to move to China, at least make sure your children learn Chinese, because that will be the most important language in their lifetime." Although this development will certainly threaten the current economic supremacy of the United States, Jim Rogers will always be a strong advocate of free trade, and of globalization which will not be restricted by any form of protectionism.

I kindly thank Business Day, one of my leading sources of mining and metal information from South Africa, for their kind permission to include this interview in this issue of GOLDVIEW.
I suggest you learn more about this news provider at

BUSINESSDAY
NEWS WORTH KNOWING
www.businessday.co.za

DO WE MEET IN MOSCOW IN FEBRUARY?

European Gold Centre has become an "International Supporting Organisation" of



This conference is the Russia's Premier Event for the Russian Precious Metals and Stones Sector, organized by Adam Smith Conferences of London, who has been successfully organizing similar conferences on base metals already during the last 11 years.

This conference offers a unique opportunity to learn about the latest developments of mining and exploration in Russia & Central Asia. The program guarantees a rather complete overview of the current situation in these emerging mining countries.

I strongly support this event and recommend that you consider coming to Moscow in February 2006. Readers of GOLDVIEW are entitled to AN EXTRA 10% DISCOUNT ON THE CONFERENCE FEE.

Ask us for more information and how to obtain your extra discount at

info@europeangoldcentre.com

For more information on the event:

www.cismining.com