

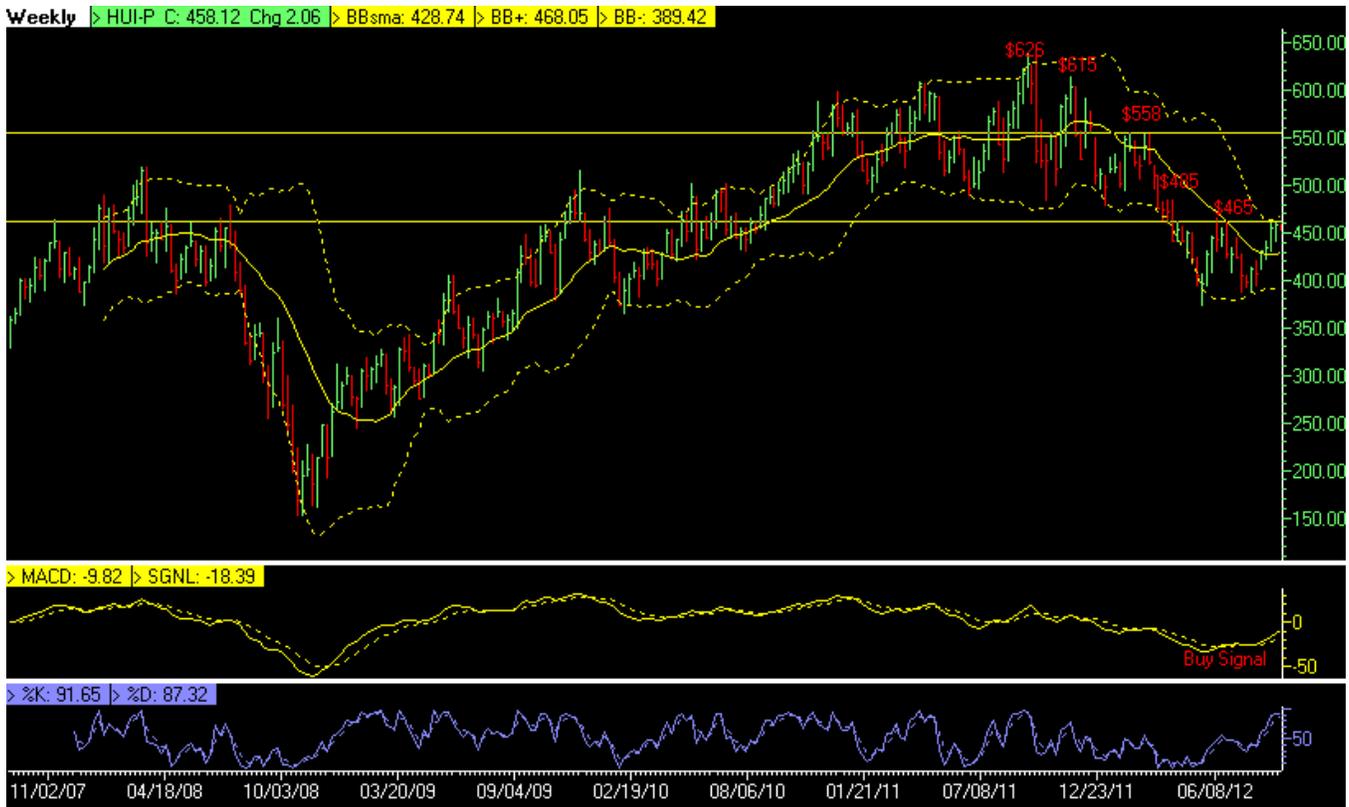
THE LONGWAVE ECONOMIC AND FINANCIAL CYCLE IAN'S INVESTMENT INSIGHTS



After reviewing several charts of precious metal companies, I am convinced that the long and debilitating price correction is over and the bull market has resumed, which likely means ultimately new share price highs for many of these companies.

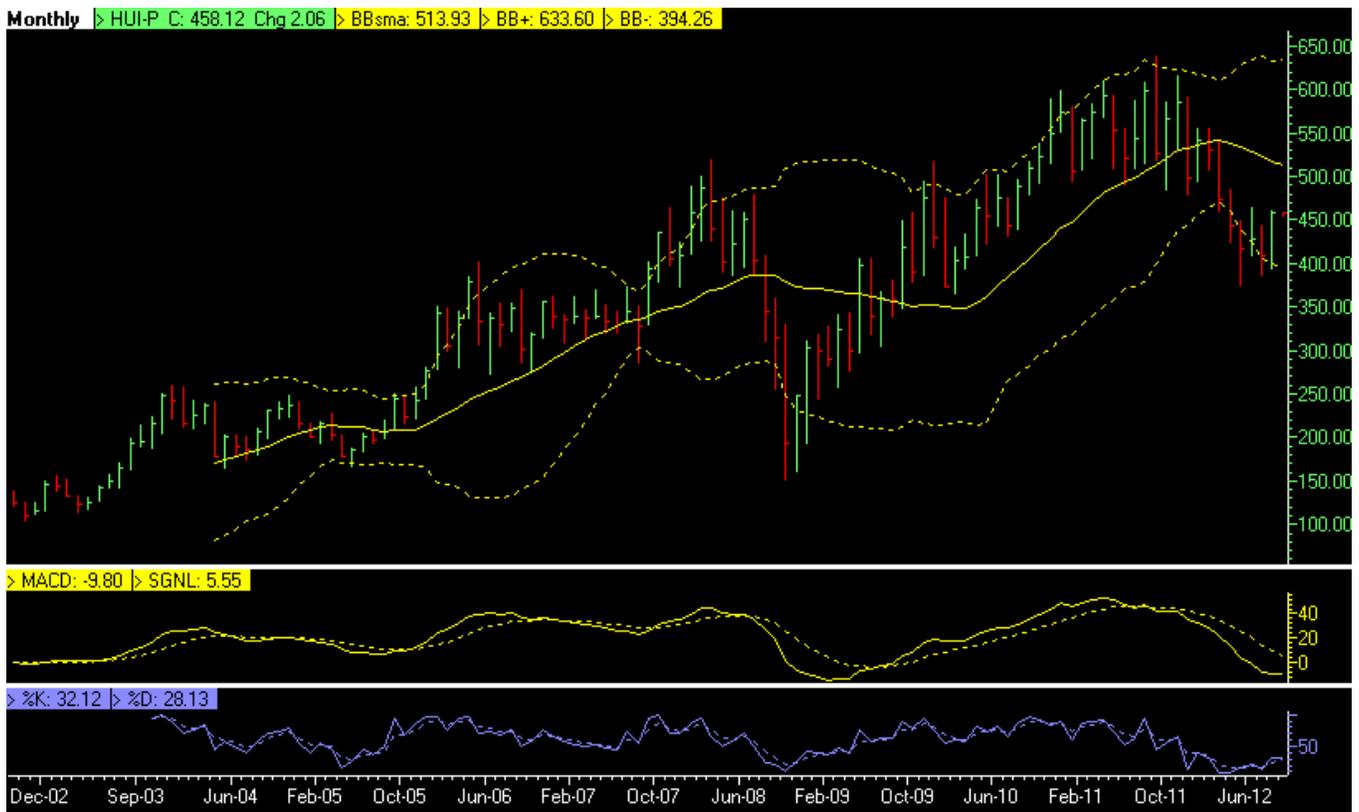
Allow me to review some charts in order to convey my bullish outlook.

HUI Weekly chart



The HUI (Gold Bugs Index) appears to have made an important price bottom near \$390 (U.S.) and is now threatening to break through fairly important resistance at \$465 (U.S.). Once through that price level on a closing basis, the next level of significant resistance appears to be at \$560 (U.S.). Above \$560 (U.S.) the prior price peak of \$626 (U.S.) becomes the next resistance, which must be surpassed en route to new price highs.

HUI Monthly chart



I have shown the monthly HUI chart here, so that you can see for yourselves how bullish things now appear for gold stock prices. The MACDI is close to the oversold levels last seen in late 2008 and the faster average is turning up. While not yet giving a buy signal by closing higher than the slower moving average, it appears that such an occurrence is only a couple of months or so away. At the recent low of \$373 (U.S.), the HUI retraced a little more than 50% of the price move from the October 2008 low at \$150 (U.S.) to the September 2011 high at 638.59 points. You'll note that from the October 2008 low to the September 2011 high the HUI price increased by a little better than four times. Such a move from the \$373 (U.S.) low would take the HUI price to above \$1,500 (U.S.). While I am not yet projecting such a large price increase, I do believe that we are on the verge of significantly higher prices in the gold shares and that the HUI will likely exceed its old price high by a large margin.

Comex Gold Price

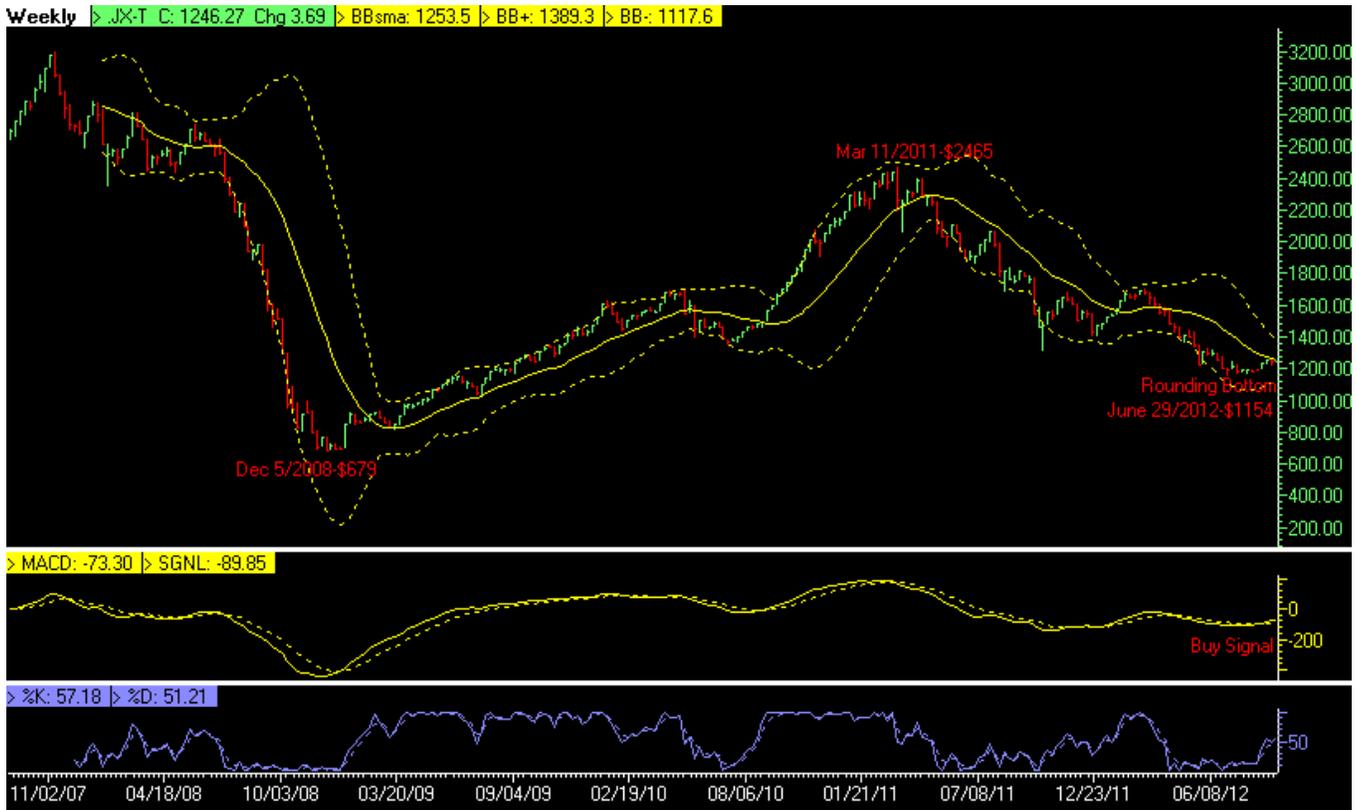
I am not going to show you the Comex Gold price chart, but I will say that on the weekly chart the MACDI has recently given a buy signal from oversold levels and the next price resistance level is near \$1,790 (U.S.). Since the outlook is so bullish for the price of gold shares it stands to reason that the outlook for the price of gold bullion is also very bullish. Perhaps, we are going to witness \$3,500 (U.S.) per ounce projected by Jim Sinclair or even Alf Field's Elliott Wave price target of \$4,500 (U.S.).

Direction 3X Gold Miners ETF (NUGT/A)



You may remember when I showed you the contents of my portfolio this ETF was included. Well, if the HUI performs anything like I anticipate that it will, then this 3 times Gold Miners ETF should do even better. In 5 weeks, the price has risen from a double bottom level of \$7.92 (U.S.) to \$13.65 (U.S.) (Thursday, September 6th. intraday), which is a gain of 72%. Over that same 5 week period the HUI has gained 19.5%. There is minor resistance at \$14.40 (U.S.) and more significant resistance at a double top at \$27.00 (U.S.).

So, if the future appears so bullish for the senior gold stocks, what is the outlook for the depressed juniors? Well, at least from a study of the charts, I think the junior gold stocks appear every bit as bullish as do their senior counterparts, although the juniors may initially lag the upward price trend projected for the senior gold companies. Here's the TSE Venture Exchange Weekly chart. I use the venture exchange charts as a proxy for evaluating the combined price action in junior precious metals stocks. I know that there are a host of companies other than junior precious metals companies listed on this exchange which will obviously skew the price. In my opinion, this is the best way of measuring the price action of this sector, since virtually all the Canadian junior precious metals companies are listed on this exchange.



As many of you will have suspected, the retracement in the junior precious metals sector from the May 11/2011 high of 2,465 points to the June 29/2012 low of 1,154 points has been more severe than the 50% retracement experienced by the HUI. In fact, the retracement in the Venture Exchange price has equaled about **two thirds**. Like the 50% retracement experienced by the HUI, the **two thirds** price retracement of the Venture Exchange is a common retracement level; the other common price retracement is **one third**. Since the week ended June 29, 2012 low of 1,154 points the Venture Exchange has advanced 92 points (closing price Wednesday September 5/2012) equaling a gain of 8%. I am confident that the Venture Exchange price has bottomed and is now advancing, at least on an intermediate term basis. One of the reasons for this confidence is that the outlook for a major advance in the senior gold shares is very positive. Secondly, as you can see, the MACDI has given a buy signal from below the zero line. Thirdly, there is a pronounced rounding price bottom in evidence and these patterns are very bullish over the longer term.

With this very bullish gold outlook, allow me to bring to your attention to some of the junior precious metal companies that I believe will perform well in the coming months. Time constraints limit me to providing you with just the bare bones, but do your own research by visiting the companies' websites or even talking with the CEOs because they are all accessible.

Andean Gold (AAU/V). Closing price Thursday September 6th. – \$0.09 (CAD). Market cap= \$4.5 million (CAD).

The company's principal property is in Peru and hosts better than 20 million ounces of silver equivalent (silver/gold), which it intends to put into production to generate cash flow. There is plenty of upside exploration potential on the property. The company is very well managed and Tony Ciali, the CEO has done a super job. A recently completed financing at \$0.05 (CAD), in which I participated (I own slightly less than 10% of the shares), was more than half subscribed by Peruvian nationals. The company will be listed on the Peruvian stock exchange.

Astorius Resources (ASQ/V). Closing price Thursday, September 6th. – \$0.12 (CAD).

Market cap equals \$1.2 million (CAD). Why on earth would I be drawing your attention to such a tiny company? Well because I think the company has amassed a very prospective property in northwest British Columbia. The property surrounds Xstrata's Bell and Granisle copper/gold porphyry mines. Xstrata is one of the world's largest mining companies. The Astorius property is very large and must be of interest to Xstrata. The company insiders control 25% of the company shares. At present, I don't own shares, but will be buying stock in the immediate future.

Freegold Ventures (FVL/T). Closing price Thursday, September-\$0.55 (CAD). Market cap equals \$35 million (CAD).

Freegold's story just keeps getting better. This company has been releasing some excellent drill results from its Summit property near Fairbanks, Alaska, which should be adding substantially to the NI 43-101 resource of 1.3 million ounces reported in December 2011. A new resource update is scheduled to be filed in October and given the amount of drilling which has taken place since the last report, it is possible that the updated reported resource could total in excess of 3 million ounces. Bear in mind that the Summit property is only about 4 miles from Kinross' gigantic Fort Knox mine and Kinross must be taking a keen interest in developments on the Summit property. Freegold has also reported some good drill results from its Vinisale property which is also in Alaska. These results should also be added to the already reported NI 43-101 resource of 1.7 million ounces. The company is well managed by Kristina Walcott. I own shares and added to my position in a recently completed financing.

Golden Goliath (GNG/V). Closing price Thursday September 6th. – \$0.19 (CAD). Market cap equals \$19 million.

Golden Goliath's properties are situated in the heart of the most intense exploration camp perhaps in all of Mexico. These properties were all assembled by Paul Sorbara and his partner and fellow director, Daniel Nofrietta in the 1990s and at that time there were no other mining companies operating in the area. Golden Goliath's properties have now been completely surrounded by Penoles/Fresnillo PLC. Contiguous to Golden Goliath's Nopalera property Fresnillo has discovered what might become the largest gold mine in Mexico called Orisyvo. The Nopalera property is similar geologically to Fresnillo's discovery, which already hosts a 10 million ounce resource and Fresnillo continues drilling. On the west side of the Nopalera property, Agnico Eagle is spending \$5 million on exploration to earn an interest in Golden Goliath's Las Bolas property. Agnico Eagle is a major Golden Goliath shareholder and Sean Boyd Agnico's CEO has stated that, "Golden Goliath is our most exciting and important investment opportunity in Mexico today." I own shares in Golden Goliath.

Temex Resources (TME/V). Closing price Thursday September 6th. – \$0.215. Market cap equals \$27 million (CAD).

On Wednesday September 5, 2012 Temex Resources released a NI 43 101 resource for the upper Hallnor deposit on the Timmins, Whitney property, of which it owns 60% and Goldcorp 40%. This is an open-pit deposit and reaches to a depth of 550 meters. In the measured and indicated category the resource totaled 776,100 au ounces grading 2.07 grams and in the inferred category there are an additional 231,900 ounces grading 1.79 grams. Ian Campbell, President and CEO commented, "This is an important milestone for the company since it is the initial resource estimate based on our exploration efforts on this highly prospective property. The high-grade near surface gold resource announced today is just from the upper Hallnor Mine area, the portion of the property acquired in July 2010 and validates our thesis that Temex controls a very attractive asset strategically located in Canada's most prolific gold mining district. We are particularly pleased with the high grade gold of the resource amenable to open pit mining, which exceeds those that have been recently mined directly along strike to the east at lower gold prices. Furthermore, excellent potential for expansion of the resource has been demonstrated by our drilling along a 1.5 kilometre strike length to the west, including the Upper Broulan Reef Mine where we have intersected gold mineralization with drill results up to 37.90 g/t gold over 8.8 metres." Wow, that's great, but would you believe it the stock price fell \$0.05 following the news announcement. Anyway, with the 600,000 gold ounces which Temex owns on the Whitney property (60% of 1 million ounces) and its 100% owned 1.8 million ounces on the Jubly property, Temex has a combined gold inventory of 2.4 million ounces. The market is assessing Temex a value of just \$11.25 (U.S.) per ounce in the ground. In other words, the stock price is very cheap. I own shares in Temex Resources.

Terraco Gold Corp. (TEN/V). Closing price Thursday September 6th. – \$0.195 (CAD). Market cap equals \$26 million (CAD).

Terraco's Almaden property in Idaho host an NI 43 101 indicated of a little less than 1 million ounces in the measured/ indicated and inferred category within 90 metres of surface, which makes it amenable to open pit mining. Charles Sulfrain VP Exploration and Dr. Ken Snyder, consulting geologist, who was instrumental in the famous Ken Snyder (Midas) Mine discovery owned by Newmont in Nevada believe that Almaden is a Midas look alike, in other words the high grade feeder zones lie below the disseminated lower grade surface deposit. Terraco has a call on a 2.5% NSR on the joint venture (Barrick Gold and Midway Gold) on 75 % and a 1% NSR on the remainder of the current 4.1 million deposit in Spring Valley project. Conservatively, this gives these NSRs a value of \$80 million (U.S.) for a \$13 million (U.S.) expenditure. As the deposit grows these NSRs become even more valuable. Terraco also owns the Moonlight property immediately to the north of the joint venture Spring Valley project and in November Barrick is scheduled to start drilling close to the property boundaries. This should be interesting. I have a high regard for Terraco's management team led by Todd Hilditch. I own shares in Terraco.

Barkerville Gold Mines.

Last Monday and Tuesday, August 20th. and 21st., I visited the Barkerville gold property along with two geologists and Peter George, the geologist responsible for the Resource estimate and subsequent NI 43 101 report, a London based fund manager, Frank Callaghan, the company's CEO and another Barkerville director.

This was my third visit to the property and like my two earlier visits I am convinced that Barkerville, cow and island mountains, combined, host a substantial gold resource. Peter George has already indentified a resource of 12.3 million ounces of gold on cow mountain. This of course has now been called into question by the BCSC and several reputable geologists. However, I am backing Peter George. I just can't believe that he would make a massive miscalculation of the resource and grade. He is 72 years old and has been a practicing geologist for 45 years. He is very thorough and he told us that he checked and re-checked his work. I also don't believe that he would want to end his career thoroughly discredited.

He is now working on a new NI 43 101 resource report, which I am sure will address all the BCSC concerns and contain significantly more data than his previous report which has caused so much controversy. I expect that this report will be filed shortly.

The problem is that huge discoveries like Barkerville's 12.3 million cow mountain gold resource (6.605 million ounces indicated and 5.001 million ounces inferred)are always going to be greeted with a great deal of skepticism. In Barkerville's case, however, it is not skepticism, but downright disbelief. I think the principle reason for this is that Barkerville's prior NI 43 101 was filed in 2006, but only dealt with the drilling completed to the end of 1999. It was done to corroborate a non-compliant resource estimate which was published in 2000.

The mistake many people, including Brent Cook, are making is that they just can't see how the resource has grown so substantially since 2006, but of course the growth has occurred in the 12 years between the years 2000 to 2011. During that time, particularly in the latter years, Barkerville has drilled a significant number of successful holes.

After an initial NI43 101 resource report, most companies issue subsequent reports every other year or so, thus demonstrating a gradual but growing resource. This keeps investors and regulators comfortable with the resource growth.

Let me return to discussing the two geologists, who were present on this trip. I believe that both were convinced that Peter George's numbers were in an appropriate range and certainly both were enthused by the massive gold potential of the three mountains. When we were on Barkerville mountain we saw exposed surface veins in several different locations.

I have just read in the latest Barkerville financial report that the BCSC has asked that once Peter George's new 43 101 has been completed that it be independently verified. I have problem with this; an NI 43 101 is prepared by an accredited and independent geologist, which is what Peter George is. I am not sure that Barkerville has acquiesced to the BCSC's request, but I suspect that the company will be governed by the political ramifications if it does not heed the BCSC's request and will comply. That being said I remain confident that Peter George's NI 43 101 resource will pass muster.

World paper currencies are in a state of collapse, at present most evident in the euro. If you want to know how this will all ultimately unfold I encourage you to read Millionaire, The Philanderer, Gambler, and Duelist Who Invented Modern France by Janet Gleeson.

On another note, I would be remiss if I did not share with you this warning from Arch Crawford in his September Newsletter, Crawford's Perspectives. Arch is a financial astrologer and I have been a subscriber for many years. He has an outstanding record. Anyway, for what it is worth to you this is what he writes – “Sept 16-30: Best bet for the worst in markets and politics and violence until election week. Hostility and revolution take over.” That is a dire prediction and I take it seriously.

Ian A. Gordon, The Long Wave Analyst www.longwavegroup.com

Disclaimer : This information is made available by Long Wave Analytics Inc. for information purposes only. This information is not intended to be and should not to be construed as investment advice, and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific reader. All readers must obtain expert investment advice before making an investment. Readers must understand that statements regarding future prospects may not be achieved. This information should not be construed as an offer to sell, or solicitation for, or an offer to buy, any securities. The opinions and conclusions contained herein are those of Long Wave Analytics Inc. as of the date hereof and are subject to change without notice. Long Wave Analytics Inc. has made every effort to ensure that the contents have been compiled or derived from sources believed reliable and contain information and opinions, which are accurate and complete. However, Long Wave Analytics Inc. makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein, and accepts no liability whatsoever for any loss arising from any use of or reliance on this information. Long Wave Analytics Inc. is under no obligation to update or keep current the information contained herein. The information presented may not be discussed or reproduced without prior written consent. Long Wave Analytics Inc., its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein. In addition, the companies referred to herein may pay a fee to Long Wave Analytics Inc. to be listed on www.longwavegroup.com. Copyright © Longwave Group 2010. All Rights Reserved.

“Those who cannot remember the past are condemned to repeat it.” Santayana