

THE LONGWAVE ECONOMIC AND FINANCIAL CYCLE
IAN'S INVESTMENT INSIGHTS



Barkerville Gold

In late September I received a report written by Stewart Jackson, a PHD Geologist and a principal in his firm, Stewart Jackson and Associates Geological Consultants.

Stewart visited the Barkerville property at the same time that I did in late August 2012. At that time he met Peter George, the accredited and independent geologist, responsible for producing the NI 43-101 report detailing Barkerville's extensive gold deposit. As you know, that report was cited by Robert Holland, the Chief Mining Advisor to the BCSC, because "It (Barkerville) did not file a technical report in the required form supporting its disclosure of a material change to its mineral resources." Accordingly, the BCSC slapped a 'cease trade order' on Barkerville which has been in effect since August 15, 2012.

I realize that you already know my 'take' on the BCSC's cease trade order so I won't go into the details, suffice to say that I suspect the Commission is acting well beyond its mandate.

While I cannot delve into the details of Mr. Jackson's report, I will quote two paragraphs which effectively endorse Mr. George's NI 43-101 Barkerville resource report "The Peter T. George Report on the Mineral Resources and Potential of the Cariboo Gold Project of Barkerville Gold Mines Ltd. is a logical and complete report on the project." Furthermore, "Personal observation of the nature of the geology of the data on the distribution of gold support the interpretations of Peter George that this mineral belt is an analog of the bulk mining operations experienced in the Pamour and Dome Mine pits in the Timmins-South Porcupine area of Ontario, Canada and the Kalgoolie superpit of Western Australia. Similar targets are being explored today in the Rainy River/Atikokan/Shebandowan areas of Ontario." Incidentally, Mr. Jackson writes, "When the entire Barkerville Gold Mines land holding is considered, the exploration potential could be much larger, possibly 2 - 2.5 times greater than the 40 - 90 million ounce exploration potential suggested by Peter George." That suggests that the potential could range as large as 80/100 - 180/225 million ounces. Let's put that into perspective for you.

The top 5 Producing Mines by Global In-Situ Resources are:

DEPOSIT NAME	TONNES (mt)	GRADE (gms)	CONTAINED OUNCES	LOCATION	OWNERSHIP
Grasberg	4,909	0.56	88,106,000	Indonesia	Freeport-McMoRan
Lihir	830	2.10	56,000,000	Papua New Guinea	Newcrest
Muruntau	625	2.49	50,000,000	Uzbekistan	Govt. of Uzbekistan
Mponeng	122	12.60	49,550,000	South Africa	AngloGold Ashanti
Olimpiada	459	3.22	47,500,000	Russia	Polyus Gold

The Top 5 Undeveloped Deposits by Global In-Situ Resources are:

DEPOSIT NAME	TONNES (mt)	GRADE (gms)	CONTAINED OUNCES	LOCATION	OWNERSHIP
Pebble	10,177	0.33	107,300,000	Alaska USA	Northern Dynasty Anglo American
KSM	3,906	0.51	63,979,000	British Columbia Canada	Seabridge Gold
Natalka	1,078	1.70	58,950,000	Russia	Polyus Gold
Donlin Creek	634	2.21	45,000,000	Alaska USA	NovaGold Barrick
Reko Diq	5,864	0.22	42,400,000	Pakistan	Pakistan Barrick

Source: NRH Research - 2012 Ranking Gold Mines and Deposits

In last month's 'Ian's Investment Insights', I wrote I was convinced that the price correction in gold and the gold stocks was over and that the bull market had resumed. A month later, not only has that forecast been borne out, but also, I still believe that the bull market has much further to go. Let me explain why I think this is so.

HUI (Gold Bugs Index) Monthly Price Chart



Prices have just moved above the mid-Bollinger band, which suggests that they will move to the upper band, which is currently priced at 629.34, which is not far from the previous all time high of 638.59 and that price level should act as resistance. The MACDI on the monthly chart has not yet signaled a buy from deeply oversold levels. Once that buy signal is given, we should expect an upward price movement lasting several months. The last time the MACDI buy signal was given, the bull market ran for 30 months gaining a little better than 50% during that time (see chart).

TSE Venture Exchange Monthly Price Chart



Similar to the HUI Monthly chart, the MACDI on the Venture Exchange has not yet given a buy signal from oversold levels, although the price since the June low of 1,153 have advanced by 186.95 to close Thursday October 4, 2012 at 1,340.85. There is likely to be resistance to the price advance at the mid-Bollinger band, which now stands at 1,616.30 and thereafter at the double top (shown on the chart) at 1,696. When prices break beyond that level, they should move to the March 2011 high at 2,465. The potential price target for this move is 4,200.

Let me review the price changes that have occurred in the month following the September 7, 2012 publication of **Ian's Investment Insights** and the prices as they stand at the close the day before the October 5th publication. Remember, as I see it, this gold bull market has much further to run and, even at this point, you are not too late to buy.

INDEX COMPANY	SYMBOL	PRICE September 6, 2012	PRICE October 4, 2012	% CHANGE
HUI (Gold Bugs Index)	HUI/A	\$458.12	\$518.73	+11.32%
Direxion 3X Gold Miners ETF	NUGT/A	\$13.65	\$18.16	+33%
TSE Venture Exchange	JX/T	\$1,246.27	\$1,340.85	+7.6%
Andean Gold	AAU/V	\$0.09	\$0.105	+16.67%
Astorius Resources	ASQ/V	\$0.12	\$0.115	-0.04%
Freemgold Ventures	FVL/T	\$0.55	\$0.60	+9%
Golden Goliath	GNG/V	\$0.19	\$0.20	+5.3%
Temex Resources	TME/V	\$0.215	\$0.33	+53.5%
Terraco Gold Corp.	TEN/V	\$0.195	\$.20	+2.6%

In November's **Ian's Investment Insights**, I will focus on the stock market (The Dow and the TSX). I think that at this time, the general stock market indices will still trade higher, with the Dow perhaps reaching all time highs around 14,400 points, but thereafter a vicious bear market will likely ensue lasting several years and taking share prices well below their March 2009 lows, perhaps to the Dow 1,000 target that I have long maintained will be the likely ultimate winter bear market low.

All charts courtesy of Thomson Reuters.

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