



Secretary: Marlea Sheridan

Editor: Penny Esplin

DATE: April 26, 2012

SHORT AND SWEET FROM THE PREZ:

Call to Order: Claudia called the meeting of April 26th, 2012 to order. New visitors and members were introduced.

Meeting Minutes: Penny read the minutes from the last newsletter from March.

Treasury Report: Joe continues as our Treasurer. He was absent for this meeting.

In Attendance: There were 23 present. One guest.

New Members: Terry and T.J. McCarthy

Old Business: Many members attended the G.P.A.A. Gold show in March. Don E. won the weekend trip from the raffle. A man from Ohio won the 1/2 pound of gold!

Congratulations to Larry Sheridan for his victory over cancer!! Claudia baked and decorated a wonderful cake we shared in his celebration.

Congratulations to Joe Greene and Claudia Wise on their recent article in the Pick and Shovel! It was awesome and informational!

New Business: A few members wish to investigate the possibility of exploring various creeks here in Oregon for the club to visit. Coast Range, Pacific City, Trask River, etc.

With the weather improving, we hope to get together for a metal detecting outing soon, too.

Safety First message: Be careful when you are digging in the ground as walls and hillsides may collapse on you. Always use the buddy system.

Delmon wants to find a date to use the trommel on a creek in the near future. Larry is working on getting a new water pump motor for this equipment.

Claims Committee: no report

Events Committee: Members will determine scheduled outings next month as the weather improves. Possible trips include: a visit to The Rice Museum and an outing to Holleywood Ranch may be planned. We talked about a group outing to Poverty Flats (So. Umpqua River?), which might be a good bet. It was also discussed that The Old Miners Meadow outing at Quartzville Creek would need club reservations for camping.

Claudia has not yet been able to connect with Ferman to follow through with his invitation for the club to meet at his place in May. It will be considered an outing when we get the go ahead from him.

Upcoming Events: It was determined that May's meeting will be held as usual at the church. Joe will be giving us a presentation, on his mining trip to Cambodia, that we do not want to miss.

Rocks shared beginning with the Letter "A": Delmon brought agates from the coast; Judy Smith brought her collection of agates and cabochons she polished: **African Blue Lace, Brazilian Agates and Plume agates.** Penny brought: **Aragonite:** *calcium carbonate*, **Anglesite:** *lead sulfate*, **Apatite:** *calcium fluorine-chlorine-hydroxyl phosphate*, **Augite:** *pyroxene silicate*, **Adamite:** *zinc arsenate*, **a Black Beryl called Afresite:** *beryllium aluminum silicate*, **2 faceted stones of Andalusite:** *aluminum silicate* and another variety of Andalusite called **Chiastolite.** Don brought beautiful **quartz crystals (some with large pyrite crystals)** from Washington and explained how various acids may be used in cleaning to dissolve the soluble mineral crust and excess thus allowing these crystals to remain. He also brought some **petrified wood embedded with large calcite crystals** he found on Bear Creek near Prineville. Marvin shared his beautiful specimens of **Amethyst.** Ted shared an **Amethyst** he found near Quartzville.



Anglesite: lead sulfate

Demonstration: Penny and Walt demonstrated their new **Gold Cube** device that reduces the concentrates to find the gold contained within it more easily. It is portable, easily stackable and ran with just a 12 volt battery (or while at home, can hook the leads to an electrical battery charger). Thank you Penny and Walt, it was pretty smooth!

May's Letter is: "B": Best treasures? Bought rocks? BBQ rocks? Brilliant rocks, blue rocks, black rocks? **Examples:** Barite, basalt, beryl (emerald, aquamarine), bismuth, bloodstone (type of jasper), black opal, borax, bornite (peacock ore), etc.....

**The house may bulge with rocks galore,
Some bought, some swapped, some found.
Yet off we go on each new jaunt,
Rock seek,
Rock find,
Rock Hound!**

Author unknown

No gold rush on Oregon's federal lands even with record prices

Richard Cockle, The Oregonian, Published: Monday, April 30, 2012

http://www.oregonlive.com/pacific-northwest-news/index.ssf/2012/04/no_gold_rush_in_oregon_even_wi.html?shr=e

BAKER CITY -- With mountain snows melting and gold prices at \$1,620 per ounce, miners should be stampeding into Oregon's historic minerals districts around Baker City, Sumpter, Granite and Grants Pass.

It's not happening.

In fact, mining seems to be on the wane. Take previous hot spot Baker County: It has 802 active claims, down from 1,057 six years ago when gold brought \$575 an ounce.

Active mining claims in national forests

On an active claim, a miner has paid a \$125 annual maintenance fee.

Rogue River-Siskiyou: 1,173

Wallowa-Whitman: 1,020

Malheur: 88

Umatilla: 43

Josephine County has attracted perhaps a bit more interest than five years ago -- "but not a lot," said Diane Parry, a U.S. Bureau of Land Management spokeswoman in Medford.

Southwestern Oregon often is associated with suction dredges -- essentially rowboat-sized underwater vacuum cleaners that suck up gold, sand and gravel -- while northeastern Oregon is a region of placer, or surface, claims and underground lode mines.

Several factors appear to be dampening gold fever across Oregon.

- Getting approval to develop a new mine on federal land is difficult and time-consuming, miners say.
- Aggressive inspections and stiff fines by the U.S. Mine Health and Safety Administration are keeping some miners off their diggings.
- Oregon's miners are getting older, and many are retiring or dying.
- High fuel prices make backhoes, bulldozers and trucks expensive to operate, so small operators without rich deposits can't make a profit on their claims.

Since the mid-1800s, mining has wrested an estimated 5.5 million ounces of gold from the state's mountains and streams, with up to two-thirds of that in eastern Oregon, according to state estimates.

But even after all that mining, Oregon still has estimated ore reserves of 5.1 billion tons, including 1.3 million ounces of gold and 12 million ounces of silver.

Delays spur federal bill

It takes seven to 10 years on average to get approval for a permit to develop a mine on land managed by the U.S. Forest Service or U.S. Bureau of Land Management, said Mark Compton, spokesman for the 2,000-member Northwest Mining Association in Spokane.

"If we could improve the permitting time line, we would see more investment in the U.S. mining industry," Compton said. "That would lead to more jobs, as well as decreasing our dependence on foreign sources of minerals."

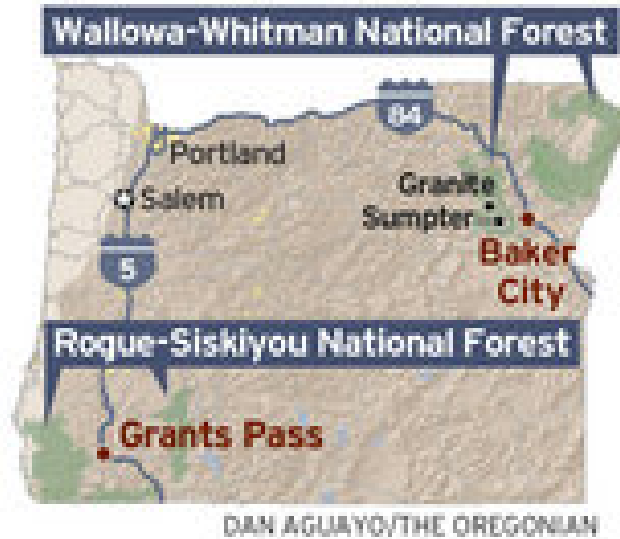
The Metals Economics Group, which monitors mining companies worldwide, reported recently that only 8 percent of spending on minerals exploration occurs in the United States -- down from 20 percent in the 1990s.

The U.S. is tied with Papua New Guinea for last place among the 25 leading nations where mining occurs because of permitting delays, according to Behre Dolbear Group Inc., minerals industry advisers. That's better than last year, when the U.S. was dead last.

Those difficulties aren't going unnoticed. U.S. Rep. Mark Amodei, R-Nevada, this month introduced legislation in hopes of streamlining the federal permit approval process without sacrificing environmental protections.

Amodei attacked duplicate regulations, bureaucratic inefficiency and lack of coordination among federal agencies for "threatening the economic recovery of my home state and jeopardizing our national security."

Jan Alexander, a Unity-based professional mining permit writer, said she knows of roughly 120 proposed "plans of operations" on Forest Service lands across northeastern Oregon that have been backlogged for up to a decade. The plans are required by the government to use bulldozers and backhoes on placer claims, which don't involve tunnels and shafts.



"This isn't an open pit that's a mile wide; these are placer operations that you reclaim as you go," Alexander said. "Half of those, all they want to do is go out there and find out if they have an economic deposit, and they've had to wait 10 years."

In one group of 49 applicants, seven miners have died waiting for approval, she said. "I knew a lot of the guys ... very sad," she said.

Forest Service and BLM employees are unfairly criticized for the delays, said U.S. Forest Service geologist Robert Fujimoto of Portland. It's environmental laws that make the work time-consuming, he said.

"Nobody is sitting on their hands," Fujimoto said. "They're all working as expeditiously as they can."

Chuck Chase, executive director of the 350-member Eastern Oregon Mining Association in Baker City, said underground mining -- which made up about half of the mining in northeastern Oregon in the 1960s -- has largely dried up there because "guys are scared to death of the fines" for federal safety infractions.

That's a loss to Baker County, Chase said, as the county becomes recognized for rich reserves of platinum-group minerals such as rhodium, iridium and rare earth elements used in communications, electronic devices and defense technology.

"Why would you go out and find this stuff if you can't develop it?" Chase said. "This is killing us here. Miners are afraid to mine."

Environmental concerns

Not everyone thinks safety inspections and permitting delays are problems. Mining laws have changed little since the 1800s, said Brent Fenty, spokesman for the 1,200-member Oregon Natural Desert Association in Bend.



Richard Cockle/The Oregonian Jason D. McClaughry (yellow vest), regional geologist for the Oregon Department of Geology and Mineral Industries, and Jason Yencopal, Baker County community development director, explore piles of rock tailings along Cracker Creek near the ghost town of Sumpter left by three gigantic, pioneer-era gold dredges that turned part of the Baker County landscape topsy-turvy between 1913 and 1954. Federal permit requirements make it more difficult to mine for gold these days, even with gold prices touching \$1,620 per ounce.

"For that reason, there should be a substantial permitting process to make sure environmental and social values are protected," he said.

Gold dredging is almost a metaphor for modern environmental concerns. In Baker County alone, three giant electric dredges near Sumpter standing five stories high and 125 feet long extracted 270,000 ounces of gold and 70,000 ounces of silver between 1913 and 1954. The dredges deposited piles of rock, sand and gravel covering more than 1,500 acres that reverted to Baker County for nonpayment of taxes.

While the dredges operated, "the Powder River through Baker City ran thick, black, like chocolate," said Jason D. McClaughry, regional geologist for the Oregon Department of Geology and Mineral Industries.

Now the tailings are generating some interest: A handful of corporations and mining groups have approached Baker County officials in recent months expressing interest in reworking the tailings for any remaining gold. Because the tailings are county-owned, mining is likely to be approved sooner there than on federal land.

But smaller operators are essentially out of the running to start mining quickly.

Only three or four people a day drop by McClaughry's office in Baker City to ask about prospecting and mining. They're often in their 80s and interested in prospecting, but with no mining background, he said.

One guy came in who'd just bought a new tractor, McClaughry said, "and he wanted to go dig holes."

Gold rush, California's weekend warriors discover prospecting

By [Michelle Macaluso](#) Published April 21, 2012, FoxNews.com

<http://www.foxnews.com/us/2012/04/18/gold-rush-california-weekend-warriors-discover-prospecting/>



FRESNO, Calif. – High gold prices have made prospecting the hottest new hobby for California's weekend warriors.

With the precious metal still selling for more than \$1,600 an ounce even after a mild correction, amateurs and even a few pros are hiking mountain trails and panning streams in the Golden State, enjoying nature and, with any luck, turning a profit in the process.

"People are looking for fun that doesn't cost a whole lot of money," said Nancy Roberts, president of Central Valley Prospectors. "But maybe you can make some money."

Roberts has been a gold hunter for more than a quarter of a century, and she's found plenty of the yellow stuff. She carries a 1 ounce nugget in her purse and, in a pinch, she's sold gold she found to make ends meet.

"I've paid bills, I've paid rent. I've bought tires for my truck, I've fixed my vehicle," Roberts said. "I didn't find gold in order to pay for stuff or to sell it. I really found gold because I really had a great interest in it and I still do."

But Roberts is no Fred C. Dobbs, the Humphrey Bogart character in "The Treasure of the Sierra Madre," who jealously guarded his prospecting secrets. She shares her tips and techniques with members of the Central Valley Prospectors, taking them to the San Joaquin River in the Friant area of Fresno where they pan tributaries for flecks of gold washed down from the Sierra Nevada Mountains.

"We're just out in the beautiful country, it's the way God wanted it," said Betty Beggs, who at age 86 is a 14-year veteran of weekend prospecting. "I love it."

Beggs goes out with her daughter, Robin, and son-in-law, Allen Volpa.

"You get that same feeling every time you find gold," said Volpa. "If it's a big flake or a little flake, it's like a treasure hunt. It's awesome."

In addition to panning, a common small-scale prospecting technique is using a sluice box to sift through sediment and turn up flecks. The sluice box serves as a water channel and has a riffled bottom that captures gold because it weighs more than other sediment. The prospector simply scoops a load of sand and gravel onto the sluice box and gathers the shiny yellow particles that collect in the riffles after everything else washes through. It's faster and more efficient than panning and is a small-scale version of the way big mining operations separate valuable gold from useless rocks and mud.

"If it's a big flake or a little flake, it's like a treasure hunt. It's awesome."

- Allen Volpa

Roberts also turns up gold by 'hard rock gold mining,' or using a metal detector to find chunks of quartz with veins of gold embedded in them. She then breaks up the rock and separates the gold from the pulverized quartz. Roberts said the metal detecting technique has led to her best discoveries, including the omnipresent nugget. A metal detector also turned up what may be the state's luckiest find ever, when a Nevada County man used one to find an 8.2-pound gold nugget in his own yard in 2011. He auctioned off his amazing discovery for \$400,000.

The gold boom has brought people flocking to California's old mining ghost towns, according to the Department of Conservation Office of Mine Reclamation. But not all of the state's new wave of gold hunters are innocent amateurs. Authorities say professionals with heavy equipment and industrial tools are going after gold, sometimes illegally. The State Mining and Geology Board has fined Joseph Hardesty more than \$1 million for operating what it says is an illegal operation at Big Cut Mine, in Northern California. Hardesty insists he merely runs a legitimate sand and gravel extraction business, but the state claims he's after gold and is doing damage to the land.

"This is a blatant disregard for state law," said Stephen Testa, executive director of the State Mining and Geology Board. "It's individual's mining without a permit. The adverse effect, of course, is environmental."

But for most folks who simply love the outdoors and don't mind living an age-old American Dream while doing it, Roberts recommends doing it her way. And while you may never get rich hunting gold, her nugget is a constant reminder that you can do all right.

"I'm never broke if I have this in my pocket," she said, holding it up to admire.

Read more: <http://www.foxnews.com/us/2012/04/18/gold-rush-california-weekend-warriors-discover-prospecting/#ixzz1sylhDx6G>

California Sifts Gold Claims

Proposal to End Ban on Riverbed Dredging Prompts Rush of Lawsuits, Objections

By **JUSTIN SCHECK**

http://online.wsj.com/article_email/SB10001424052702303990604577369843186161400-1MyQjAxMTAyMDIwOTEyNDkyWj.html?mod=wsj_share_email

A version of this article appeared April 30, 2012, on page A3 in some U.S. editions of The Wall Street Journal, with the headline: California Sifts Gold Claims.

MOONEY FLAT, Calif.—California is proposing to lift a ban on a once-common method of dredging gold from riverbeds, raising objections from some state regulators and prompting lawsuits against the state by anti-mining and pro-mining groups.

At issue is "suction-dredge mining," which uses equipment to vacuum up gravel and sift out gold. State lawmakers imposed a temporary ban on the method in 2009 to protect fish and water quality. In March, the California Department of Fish and Game proposed lifting the ban while imposing new regulations.



James Butler, standing in Deer Creek in the Sierra foothills near Smartsville, Calif., said before the ban a good month yielded a few ounces of gold.



Nuggets Mr. Butler mined. He lives on a claim his father staked in 1935.

That could be good news for miners like Jim Butler, who lives on a gold claim his father staked in 1935 on the Yuba River in the Sierra Nevada foothills. Until 2009, the 75-year-old Mr. Butler scraped together a living by donning diving gear and using a vacuum device powered by a pontoon-mounted Volkswagen engine to dredge the river.

A good month yielded a few ounces of gold, Mr. Butler says, until the ban put him "pretty much out of business." If the state lifts the ban, he has access to "a million dollars worth of gold down there," he said, standing on a canyon-side trail he carved above the river.

But the Fish and Game proposal doesn't suit the U.S. Environmental Protection Agency and California's State Water Resources Control Board, which are pressing to keep the ban. River sediment contains mercury from mining a century ago. The agencies say dredging stirs it up and contaminates water.

The U.S. Environmental Protection Agency said in letters to the California Fish and Game department that the state should do more to mitigate the effects of dredging before lifting the ban. Asked to comment, an EPA spokeswoman referred to the letters. A water-board spokeswoman referred to a letter the board sent last year to Fish and Game officials that said: "A continuation of the current suction dredging moratorium would provide the best water quality protection." Officials cited studies that found stirring up mercury in rivers can contaminate downstream water that ends up in drinking water.

California issued about 3,500 suction-dredging permits in 2008. A state survey found 18% of miners got a significant portion of income from such dredging; the rest mined for recreation. "It's like trout fishing," says Don Potter, the owner of the Grubstake Saloon in Downieville, who says his business is down since the ban.

The Fish and Game proposal would lift the ban but wouldn't allow dredging to resume until 2016 and would reduce permits issued to 1,500 a year.

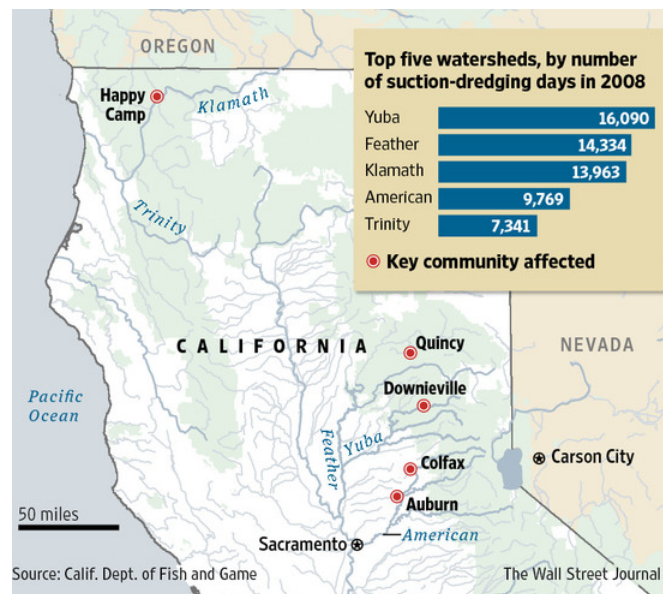
Suction-dredge mining is permitted in eight other Western states, generally with restrictions on where and when miners may dredge. The method appears to be more popular in California than anywhere else in the U.S., according to a Fish and Game department survey. Suction-dredge mining was largely unregulated in California until a

1961 law required Fish and Game to make sure the practice didn't endanger fish, says Mark Stopher, the Fish and Game official in charge of the plan to lift the ban. Fish and Game officials later imposed limits on what times of year miners could dredge to protect fish.

But other agencies said that didn't go far enough. "They are not entirely satisfied that suction dredge mining under any condition could be done in a way that does not have adverse effects on water quality," says Mr. Stopher.

"I think that's right," he says, "but we do not have the authority to regulate that" because the department's mandate is to evaluate the needs of fish, not overall water quality.

The current dredging dispute began in the 1990s when Karuk Indian tribe members perceived an increase in dredging in their fishing grounds, says Craig Tucker, a policy coordinator for the tribe. The tribe sued the Fish and Game department in 2004 over the effects of dredging on endangered fish. The 2009 state law imposed the temporary ban while Fish and Game came up with new regulations.



Mining opponents say Fish and Game's proposed restrictions are too loose. The Karuk and several environmental groups sued Fish and Game in California state court to block the lifting. Miners say Fish and Game's proposed strictures go too far, and this month filed lawsuits in California's Siskiyou and San Bernardino counties.

Government agencies use faulty science that overstates the extent to which dredging stirs up mercury, say suction-dredge supporters like Craig Lindsay, a recreational suction-dredge miner who lives near Sacramento. Mr. Lindsay and other miners argue that the method cleans the river by removing mercury and garbage. "We take mercury out of the river," says Mr. Butler, the miner, holding up a dusty Claussen sauerkraut jar

half-filled with mercury he vacuumed from the river. "Bureaucrats and environmentalists are keeping me impoverished," he says.

Miners like Mr. Butler end up with mercury as a byproduct of the gold-mining process. Like gold, mercury is heavy and fine particles settle to the bottom of riverbed sediments. In addition to ending up with small globules of mercury when he's done sifting sediment, Mr. Butler would sometimes find gold bonded to mercury, which he would separate through a chemical process.

Nevada's gold boom is helping a troubled state

By Jeff Glor, CBS News

http://www.cbsnews.com/8301-18563_162-57418611/nevadas-gold-boom-is-helping-a-troubled-state/

(CBS News) These have been very difficult times in Nevada. They have the highest unemployment rate in the country and one of the highest foreclosure rates.

CBS News correspondent Jeff Glor reports that not all the news in The Battle Born State is bad. Almost 500 miles from Las Vegas, one town is booming.

The secret? Gold, lots of it.

When the bottom fell out of the Las Vegas housing market, civil engineer Joshua Owen struggled to make ends meet.

"We went from a two income household to a one income, to a three-quarters of an income," Owen said.

So he moved his family to Elko, population 18,000, and got a job at a gold mine.

"Now, instead of residential streets I'm designing haul roads for 400 ton trucks. I'm actually doing better than I ever did in Las Vegas," Owen said.

Nevada has the highest unemployment in the country: 12 percent.

But in the northeast corner of the state, the gold mines are booming, and prospectors are pouring in from places like Montana, California and Tennessee.

After China, Australia and South Africa, Nevada is the fourth-largest gold producer in the world.

State-wide, the mining industry employs more than 12 thousand, with an average individual salary of about \$80,000.

Rick Franco works at Barrick Gold's Cortez mine, the most productive facility in North America.

"It's awesome. I love my job," Franco said.

Doug Wiest came to Cortez after his Montana mine shut down.

"There's a lot of jobs here. There's a lot of money to be made here," Wiest said.

The work isn't easy. Most of these miners pull 12-hour days and have a two-hour commute.

"A welcome sight at the end of our day, daylight," said Tammy Adams, who works at one of the mines.

But so long as there's gold in the ground and a paycheck to earn, Tammy Adams says people like her will keep showing up.

"I don't think you're gonna find a job any better," Adams said.

The Nevada Mining association estimates the industry will add an additional 1,200 jobs in Nevada this year.

The Yukon's gold rush shows no signs of slowing, but environmentalists fear for watershed's safety

<http://news.nationalpost.com/2012/05/13/the-yukons-gold-rush-shows-no-signs-of-slowing-but-environmentalists-fear-for-watersheds-safety/>

[Jason Unrau, National Post Staff](#) May 13, 2012



Cathie Archbould / Archbould.com

More than 20% of the Yukon's land mass is set aside for potential resource exploitation. This season that is expected to increase to 30%.

At the turn of the 19th century it played host to the famed Klondike Gold Rush that drew thousands to the rugged wilderness in search of riches, but now the Yukon entertains a newer, more modern kind of mining rush.

For the past two years, mineral exploration here has been through the roof, nearly half-a-billion dollars spent searching for the next motherlode of gold, silver, copper, zinc, molybdenum or tungsten and nearly 200,000 claims staked.

"From July [2011] I flew 10 months worth of hard staking and we probably single-handedly staked 25 to 30,000 claims," said Ben Drury, a pilot with Horizon Helicopters, one of the many charter services in the Yukon that benefited from the staking craze.

"We'd show up at a remote location and there were piles and piles of staking posts stacked six feet high waiting for us, coming in a steady stream of Twin Otter [plane] loads, 500 posts at a time."



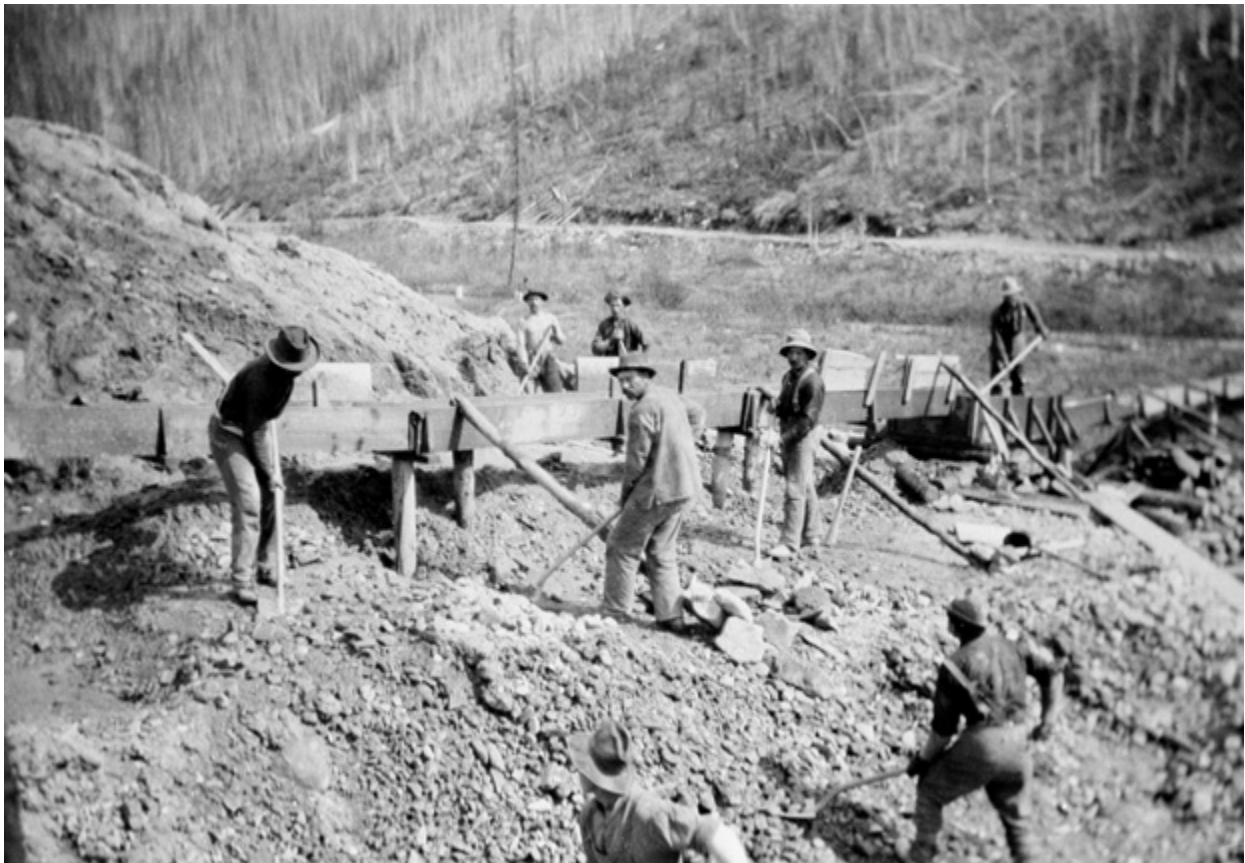
From there, Mr. Drury would ferry prospectors into even more remote areas to gobble up the territory's real estate ahead of the competition. Stakers like Billy Bromell were

also ensconced in work, earning upwards of \$500 per day driving stakes for a host of junior venture companies locked in a game so secretive that even Mr. Bromell didn't know who he was making claims for.

From this staking surge, today more than 20% of the Yukon's land mass is set aside for potential resource exploitation. If exploration continues at the same pace this season, that percentage could exceed more than 30. (By comparison, in Ontario — whose hinterland is a comparable treasure trove of similarly coveted minerals — just 6% has been reserved.)

It's this rampant activity that has environmentalists such as Lewis Rifkind, the Yukon Conservation Society's mining coordinator, concerned. Mr. Rifkind's watchdog role keeps him busy in consultancy on some projects before the territory's assessment branch, the Yukon Environment and Socio Economic Board, and public-advocacy duties like writing letters to the local newspapers in Whitehorse.

"You should see the map we've got; [staking] here is like watching a cancer spread," Mr. Rifkind said of a web-animated graphic on the society's website illustrating, in ominous black, a quick-time growth of mineral claims across the landscape.



National Archives of Canada, Bonanza Creek, Yukon

"Hell, we all use minerals and metals but it's getting nutty out there.... Outfitters are furious and tourists are paying for a wilderness experience you just don't get when you've got 30 helicopters buzzing around," he added.

It seems the only sanctuary from what Mr. Rifkind described as "rush-hour" helicopter traffic, is in the Peel watershed, a remote 68,000-square-kilometre slice of the Yukon pie that by virtue of a staking moratorium, enacted during the end of an independent commission's deliberations to protect the region, kept exploration activity there at bay.

'Each of the First Nation parties assumed this was going to a co-operative process'

The Peel watershed's preservation from further mining surveys — Chevron's Crest Iron deposit remains one of the largest in the world and is located inside the watershed — has attracted attention from the likes of David Suzuki, the Canadian Parks and Wilderness Society, the Yukon Conservation Society and several First Nations, who lobby vigorously for its protection.

Already there are three producing mines in the Yukon; Capstone's Minto copper mine, Yukon Zinc's Wolverine mine and Alexco Resources Bellekeno silver mine, a project that is part reclamation, part exploitation of new resources locked in a 230-square-kilometre area with nearly 100 years of silver mining history.

Yunnan Chihong Zinc, a Chinese firm, signed a deal with Canada's Selwyn Resources in 2009 and the new joint-venture, Selwyn-Chihong, will spend more than \$120-million to get a massive lead zinc mine into production.

Those hoping to start the Yukon's first hard-rock gold mine in 10 years include Victoria Gold — its Eagle Project is already in the assessment stage — and Northern Freegold, whose Freegold Mountain Project could recover huge quantities of silver, copper, molybdenum and gold.

In October, the pro-mining Yukon Party government, a conservative force in territorial politics, won its third majority mandate and has rejected an independent commission's recommendation that 80% of the Peel watershed be protected from mining exploration and development. Add the fact that the commission's proposed ban on new roads inside the watershed would mean essentially 98% of the region, according to the Yukon Chamber of Mines, would become off limits.

Brad Cathers, the Yukon's Minister of Energy Mines and Resources, blamed "over-the-top rhetoric" for clouding debate on the Peel and believes that a better plan can satisfy all interests.

"It definitely is a polarizing issue for some people," said Mr. Cathers, adding that the government extended the staking moratorium until September. "At this point we're in the final stages of the process. The commission submitted their proposal, that's been the subject of some political debate, and we have been clear about the fact that the plan should be modified."

Mike Dehn, executive director of CPAWS' Yukon chapter, disagrees. Mr. Dehn said the Yukon government is obligated under the Umbrella Final Agreement — a modern-day treaty ratified in 2000 that settled 11 of 14 outstanding First Nations land claims, established a project assessment branch and set in motion seven land-use plans, of which the Peel is one — to acquiesce to the planning commission's vision for the Peel.

"Each of the First Nation parties assumed this was going to a co-operative process," said Mr. Dehn. "The Yukon Party was perfidious in its comments about the Peel during the election.... The whole idea of land use planning is it comes from what we and the First Nations promised each other [during the UFA negotiations]."

Simon Mervyn, chief of the Nacho Nyak Dun — one of four First Nations with a say on what happens inside the watershed — said he's a patient man when it comes to deliberations on the fate of the Peel and spurns any notion his First Nation is anti-development.

"We're not opposed to development to any degree of the imagination," Chief Mervyn said, noting a prosperous relationship between the Nacho Nyak Dun and Alexco, whose Bellekeno silver mine operates on the First Nation's traditional territory.

'It's a different industry now than what was and it's a different society than what was'

But Chief Mervyn remains relatively firm on the contentious watershed: "Peel is closed. Our political position is we'd like to see 100% protected, but we're happy with 80%. ... I don't want to have bulldozers running around up there; the watershed is our playground, our bank, our larder, our temple and we aim to look after it."

Whether Chief Mervyn, the three other First Nations and environmentalists get their way, remains to be seen. The fact that 98% of the Peel is Crown land gives the Yukon government the final say.

For Rob McIntyre, a geologist and Yukon resident who negotiated the access and benefits agreement with Nacho Nyak Dun for Alexco and handled the company's permitting applications, said debate over the Peel has been skewed from the get-go.

"If we start with the idea that we shouldn't go into an area [to explore or mine it] because we're not responsible enough to mitigate negative impacts, well I simply reject that. If that were the case, then we shouldn't be mining anywhere," he said.

Mining messes from an era void of regulations are evident in the Yukon — from the estimated billion-dollar cleanup of Faro to Keno Hill, where Alexco is now engaged in reclamation and mining — and are "the kind of stuff that people tend to look back on with a very anachronistic view of what occurred," said Mr. McIntyre.

"It's a different industry now than what was and it's a different society than what was," he said. "The mining industry is nothing more or less than the product of the society it springs from — society has changed and so has the industry."

Mongolia's "ninja" miners help sate China lust for gold



By David Stanway, BORNUUR, Mongolia | Thu Apr 19, 2012 3:28am EDT

http://www.reuters.com/article/2012/04/19/us-mongolia-gold-idUSBRE83I08V20120419?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FbusinessNews+%28News+%2F+US+%2F+Business+News%29

(Reuters) - In a hot, concrete hut filled with acetylene fumes, an elderly Mongolian miner struggles to contain her excitement as she plucks a sizzling inch-long nugget of gold from a grubby cooling pot and raises it to the light.

Khorloo, 65, and her sons spent the day scrutinizing half a dozen CCTV screens as workers at the Bornuur gold processing plant whittled 1.2 metric tonnes of ore down to 123 grams of pure gold that could earn the family as much as \$6,000.

Near the plant, separated from Mongolia's capital, Ulan Bator, by 100 km of rocky pasture and mostly unpaved road, life has remained largely unchanged since Genghis Khan's "golden horde" rampaged across Asia nine centuries ago.

But Khorloo is a member of a new horde of at least 60,000 herders, farmers and urban unemployed trying to extract the riches buried in the vast steppe with metal detectors, shovels and home-made smelters.

In the last five years, dwindling legal gold supplies and a spike in black market demand from China have made work much more lucrative for Mongolia's "ninja miners" - so named because of the large green pans carried on their backs that look like turtle shells. For thousands of dirt-poor herders, the soaring prices alone are enough to justify years of harassment, abuse and hard labor.

"It took us a week to dig this out," Khorloo said, holding the nugget. "But we dug for three years to reach the vein."

China's annual gold output reached a record 361 metric tonnes last year, but demand continues to outstrip supply. While Beijing doesn't publish full import figures, deliveries from Hong Kong hit 428 metric tonnes in 2011, three times more than a year earlier.

Spot international gold prices hit a record high of \$1,920.30 an ounce in September as investors bought the metal as a safe haven amid uncertainties surrounding the euro zone and its debt. The price has fallen back to around \$1,636 but gold remains at historically high levels after a decade-long rally.

China has certainly driven the gold rush in Mongolia - from the giant \$6 billion Oyu Tolgoi copper-gold project currently being developed by Ivanhoe Mines and Rio Tinto to the makeshift holes that honeycomb the hills and valleys of Bornuur.

While the government in Ulan Bator hopes to use growing mineral output to drag its largely pastoral economy into the 21st century, many lawmakers are wary about turning Mongolia into "Minegolia" - a choking, resource-dependent blackspot tearing itself apart to deliver raw materials to China.

However, policies aimed at cutting output to more sustainable levels have played into the hands of the ninjas and a shadowy network of black market traders.

CHINA AND THE "CHANGERS"

Two decades of ninja activity have already nurtured scores of middlemen linking the underpopulated steppe with the Chinese market. And it hasn't been difficult to encourage Mongolia's struggling crop farmers and once-nomadic herders to supply them.

One English word appears regularly in the ninjas' guttural Mongolian: the "changers" are a motley group of smugglers who trade black market gold, much of which ends up in China.

"The changers smuggle it to China - the miners do all the work, but those who buy the gold make the money," said Urantsetseg, one of the many female miners in Zamaar, a gold-producing district south of Ulan Bator.

While all producers are legally obliged to sell their gold to the central bank, the black market is often a better option. Changers can offer prices above the official rate, and they can also avoid the 10 percent tax on sales.

Workers at Bornuur admitted that some of the gold it processes is not sold through official channels.

"They are requested to sell everything to the bank but they are not really ordered to do so," said Erdenechimeg Belhkuu, an accountant at Bornuur.

"Some of the supply that goes through our plant is bought officially, but some goes on to the black market, which sometimes just offers higher prices."

Mongolia's overall trading volume with China has soared in recent years, primarily in bulk shipments like coal and copper. Mining company officials in Ulan Bator said it was

easy - and virtually untraceable - to smuggle a few ounces of gold in one of the thousands of coal trucks heading south.

"For buyers, gold is gold," said Patience Singo of the Sustainable Artisanal Mining Project run by the Swiss Agency for Development and Cooperation (SDC), which is trying to help the ninjas clean up their production methods and get organized.

"DRIVING MINING UNDERGROUND"

Since Mongolia abandoned Soviet-style economic planning in 1990, gold miners large and small have scoured the countryside in search of profit, damaging water supplies with untreated mercury and leaving dunes of toxic tailings in their wake.

Parliament eventually sought to address Mongolia's laissez-faire mineral laws, enacting new rules in 2009 that banned mining near rivers and forests and revoking or suspending hundreds of licenses. Official gold output dwindled from a record 21.9 metric tonnes in 2005 to just over six tonnes in 2010.

But the reduction in official supplies has driven up prices, providing incentives for the ninjas to dig away despite growing restrictions on land use. Data is hard to come by, but ninjas continue to supply at least seven tonnes a year, according to NGOs.

"The policies have - pardon the pun - driven mining underground," said an executive at a foreign mining firm with interests in Mongolia.

"You can ban mining and try to protect the environment, but the ninjas don't listen. I think the only way you can deal with them is by decriminalizing and organizing them, but whether this government is capable of that is another matter."

Mining firms and ninjas forged an uneasy but often symbiotic relationship. The companies had to defend themselves against raids from ninja crews, sometimes using brute force, but they would also track ninja activity for new discoveries.

Ninjas for their part would gather in their thousands around established mining sites like Zaamar, home at its peak to more than 40 large-scale mining companies.

"In 2007, about 10,000 ninjas came to Zaamar and their situation was like hell, but the government launched a campaign to chase them back to their own areas. Now we have fewer people, but still they come," said Bolormaa Dorj, Zaamar's governor.

Since the crackdown on large-scale mining, Mongolia's ninjas are now returning to old and abandoned properties and have even started ransacking tailings dams for gold.

Tsetsgee Munkhbayar, an environmental activist who has fired arrows at Mongolia's parliamentary buildings and attacked mining concessions in protest at the government's mining policies, said scores of abandoned mines had allowed the ninjas to thrive.

"The ninjas emerged in empty holes excavated by mining companies that ran away without rehabilitating the land - if we can't deal with the mining companies, we can't deal with the ninjas," he said.

POWER IN A UNION

Singo, a Zimbabwean gold mining engineer, has been trying to get ninjas organized.

The small gold processing centre at Bornuur is a far cry from the giant industrial gold producers ploughing through Mongolia's plateau and pasture. Three years of tailings fill thousands of vegetable sacks stacked up on the edges of the site, and they still don't know what to do with them.

But the plant represents progress. It was set up by five miners with the help of Singo and the SDC and brings a degree of efficiency and mechanization to the local mining community.

Large stone wheels grind down chunks of rock dug from nearby hills. A decade ago, cyanide might have been used to dissolve the ore and mercury would have been added to amalgamate the gold, but the plant uses only water and gravity, allowing the shiny flecks to roll down a chute before being refined further.

It was designed to provide a safer channel for the ninjas to sell their gold, but business has slowed in recent years, with many choosing to take their chances with the changers rather than the central bank.

"The ninjas won't stop, but they might stop coming here," said Singo.

While there is little sign that ninja activities are slowing, formal activities are. The Bornuur plant's accountant, Erdenechimeg, said it was struggling to compete with black market prices, and new restrictions on land use were also limiting the number of new miners coming in.

Singo and the SDC have also helped organize a group of 50 former ninjas in the district of Zamaar, south of Ulan Bator.

Instead of raiding licensed properties, the miners have signed an agreement with a local mining firm, the Mundulaan Trade Company, to mine marginal deposits that big firms cannot handle. It also allows them to sell directly to the central bank and mine without being molested by police and security guards.

The government has already accepted that small-scale mining is here to stay and passed regulations in 2010 allowing "organized" miners to extract gold on land that has not been restricted or licensed to other miners.

It is a small step. A few miles away from the project, scores of ninjas pop up like moles from the trenches and holes that perforate the valleys. Miners flee into the hills on motorcycles, fearing the approach of police or thieves.

Deeper into the valley, a dozen ninjas sprawl on the hillside as their comrades feed clumps of earth into a homemade dry washer. A day's mining has produced half a palmful of shiny dust that could earn them as much as 300,000 tugrik (\$280).

Boldbaatar, a veteran miner in faded army fatigues, said they could earn much more if they didn't have to spend so much time hiding or running away.

"We have already been chased off this site today," he said. "They don't really chase us out of duty. They are trying to steal our gold."

It has proved nearly impossible to eliminate the ninjas, and experts like Singo say it would make more sense for the government to "formalize" them and bring their supplies back on to the official market.

For the ninjas themselves, official recognition would at least earn them respect.

"Ninja isn't a good name," said Boldbaatar. "And the ninja turtles have an advantage over us. At least they can fly."



Gold is limited government, which is more 'civilized' than the alternative

Submitted by cpowell on Sun, 2012-05-06 15:08. Section: Daily Dispatches
11:19a ET Sunday, May 6, 2012
<http://www.gata.org/node/11330>

Dear Friend of GATA and Gold:

"Civilized people don't buy gold," Berkshire Hathaway's Charles Munger told CNBC the other day. Echoing his partner, Warren Buffett, Munger said civilized people instead "invest in productive businesses," adding, "Gold is a great thing to sew into your garments if you're a Jewish family in Vienna in 1939." (See <http://www.gata.org/node/11324>.)

As indignant as such a comment may make certain gold investors, most are probably accustomed to such disparagement by the financial establishment, and greater indignation should be directed toward the mainstream financial news media for not seeking out any rebuttal, even if the rebuttal is obvious enough.

Perhaps first is that gold as money is the primary mechanism of enforcing limited government, and limited government is the first characteristic of civilized government. The distance between gold as money and unlimited fiat money is the distance between limited government and unlimited government, between democracy and totalitarianism.

The trend toward unlimited government lately has become overwhelming, from the stupid imperial wars being waged by the United States every few years to the comprehensive surveillance undertaken under the "Patriot Act" to the "financial repression" that even a recent member of the Federal Reserve's Board of Governors complained about a few months ago (<http://www.gata.org/node/10839>). This prompts our friend Bill A. to chide Munger that the United States in 2012 is in danger of becoming like Vienna in 1939, insofar as *anyone* now is subject to the abuse heaped on Jews by the Nazis.

Maybe it's not quite that bad yet, but then the capacity for such abuse is the sort of thing gold as money aims to prevent. And of course gold was the first thing the Nazi occupation seized from both conquered governments and individuals, as gold was, as it remains, a protector of individual liberty as well as a power that competes with government's power.

CHRIS POWELL, Secretary/Treasurer
Gold Anti-Trust Action Committee Inc.

Why I'm Excited About This Gold Market

[Rick Rule](#), Senior Market Strategist, April 23, 2012 4:41pm GMT

<http://www.caseyresearch.com/articles/why-im-excited-about-gold-market?ppref=CRX449ED0412B>

After a reasonably long period of sustained and occasionally dramatic escalations, commodity markets in general, and precious metals markets in particular, have declined. This is normal and healthy behavior, even if it is uncomfortable for some market participants. Readers with a long memory will remember the 1970s gold bull market, where the gold price advanced from \$35 to \$850 per ounce – though in 1975, in the middle of that epic bull market, the gold price **declined** by 50%. While a 50% decline is a near-religious event for many market participants, particularly those on margin, it is instructive to note that at the bottom of the retrenchment the gold price was up threefold from its \$35 low, and that gold went on to increase eightfold in price after the bull market resumed. It is thus important to recognize that cyclical retrenchments are a normal and healthy feature of a secular gold bull market.

Readers should consider whether the reasons for the gold market are intact. Has gold's decline made it more likely that sovereign debts can be serviced or that unfunded obligations can be met? Does it mean that insolvent banks are now healthy? Does it mean that creating trillions of unbacked dollars and euros and renminbi will have no consequences? Of course not. We are simply uncomfortable with volatility.

Gold's Current Weakness

Let's examine some factors that may have contributed to gold's current weakness and think about the probabilities of those factors contributing to further weakening in the gold price.

For the past ten or twelve years, the gold price has been in a steady state of advance. In the near term, some participants probably took some profits, and high prices also probably contributed to demand destruction in industrial fabrication and jewelry demand. A softening of the gold price is likely to reverse the effects of price-induced conservation and substitution, even while investment demand, measured by gold funds and the ETF industry, continues to be strong.

Equity and debt markets appear to be stabilizing as a consequence of quantitative easing in Europe, the US, and China, and the apparent easing of concerns in Greece. This flood of liquidity has forced interest rates down as well as bond and deposit yields, pushing savers into longer durations and riskier instruments – including equities – and lowering servicing costs for debtors, which in turn has lowered perceptions of default risk. The markets appear more confident, and hence gold's attractiveness as insurance is fading. Some of us believe that the root word of confidence is "con," just as I believe the correct phrase for quantitative easing is "counterfeiting." It would appear that in excess of \$4 trillion of new currency units have been introduced into the system, with no concurrent increase in underlying wealth in the form of goods or services. This does not make me find gold less attractive relative to fiat currencies or sovereign debt. How about you?

Physical demand in India and Vietnam has been constrained by excise and import taxes on gold in the case of India, and increased regulation in Vietnam. The constraints on physical demand in India has had an important impact on overall gold demand, and has become a hot political issue in India. Gold merchants were on strike concerning the excise tax, further constraining demand. It is worthy to note that South Asian societies have a deep-seated, cultural attraction to gold, and that the fairly recent removal of the taxes they just reinstated was a consequence of widespread smuggling and informal trading in gold. I suspect that central government interference in the Indian gold market will be ineffective and ultimately inconsequential.

Small, commodity-oriented institutions such as hedge funds have experienced strong outflows of equity capital and constrained access to debt financing, which has caused them to engage in forced liquidation of precious metals holdings. This is true, and in my opinion will continue. I believe, however, that if black swan style events destabilize other markets, the gold ETF industry and gold trusts like Sprott Physical Gold will easily absorb the remaining institutional bullion hoards. Further, Sprott has firsthand knowledge of the strong interest among sovereign wealth funds in increasing their bullion holdings.

Gold Equities

Since late 2010, gold equities have underperformed the commodity, and this underperformance has continued, and perhaps increased, as the gold price has declined. These twin trends are uncomfortable to participants in the gold equities markets. Let's examine some of the factors that may have contributed to the underperformance of gold equities relative to gold, and the probable consequence of current market conditions.

It is important to remember that for much of the last decade gold equities outpaced gains in the metals. In fact, the escalations in gold equities pricing became so acute that Canadian analysts were describing companies selling at premiums to their net asset value as "undervalued," because their premium to net asset value (i.e., what they are worth) was less than the industry standard. Always remember, markets work! This prior overvaluation was an important cause of the sector's subsequent undervaluation. The expectations built into gold equities valuations, even relative to gold, were simply unsustainable. In particular, the valuations accorded the junior gold sector were best described as "a bubble in search of a pin." The pin was found. History has shown that markets cure periods of overvaluation; and I suspect that they will also solve this period of undervaluation, relative to bullion, as well.

The emergence of bullion-linked equity instruments like the Sprott Physical Gold Trust and the various Gold ETFs allowed securities investors a new, low-cost, convenient way to participate in the gold markets. These developments at once spurred demand for bullion to back these equity-like instruments and constrained demand for gold equities as investors switched from traditional gold equities to bullion-like equities. I believe this phenomenon was particularly evident as a consequence of the relative overvaluation of gold equities described in the preceding paragraph. Given that the relative attractiveness of bullion-like equities to traditional gold equities was greatest when the gold equities were overpriced relative to bullion, I suspect this attractiveness will lessen now that gold equities are more attractive relative to bullion.

Gold equities were punished, both absolutely and relative to bullion, by their relative corporate underperformance. Many analysts, myself prominently among them, were dismayed at the gold mining industry's abysmal corporate performance during the last decade. The industry's operating cash generation in the face of a gold price escalation from \$260 per ounce to over \$1,200 per ounce was inexplicably poor. The companies' continued equity issuances in the face of these increases in the gold price meant that existing holders were continually diluted, even as their earnings expectations were always disappointed. Investor fatigue – in fact, investor disgust – was the natural and healthy response to this performance.

Now, even though equities prices continue to decline, corporate performance is increasing, and increasing dramatically. A cursory look at producers' income statements tells a dramatic story: earnings and cash generation, on a per share basis, are rising in dramatic fashion. Capital expenditures are increasingly funded with internally generated cash rather than equity issuances or debt. In fact, even in the face of the gold equities decline, many gold producers are generating cash so fast that even after funding hefty capital budgets, they are able to return cash to shareholders in the form of stock buybacks and increased dividends.

The Juniors

The junior gold industry magnified these problems; and the market's response has been proportionately dramatic. It is critical for gold stock speculators to remember that the junior market, in aggregate, is **always** overvalued. If we were to merge every gold junior in the world into one entity (let's call it Junior Goldco), that company would lose (profits

and corporate acquisitions less industry expenditures) somewhere between two billion and eight billion dollars per year. What should we pay for this enterprise – what is the correct price-loss ratio? Should the industry be priced at five times losses? Ten times losses? Higher?

The performance of individual junior issuers often attracts unwitting capital to the entire sector, and that phenomenon never ends well. Many gold bugs decry government-sponsored inflation, the profligate issuance of unbacked fiat specie (quantitative easing), but ignore the fact that the private sector (in this case the TSX Venture Exchange) is better than the government at everything, including counterfeiting. Many speculators hoped that the junior markets would respond the way they did in the late 1970s where a genuine shortage of equity led to amazing share price escalations, but they ignore the fact that the regulatory and industry infrastructure now exists to print away any amount of speculative demand for the sector. Beginning in 2009, the junior industry drowned investor demand in newly issued equities at unsustainable prices. Speculators bought this paper without apparent regard to price or quality.

How do we address this problem? It is already being addressed by price. The price declines in the TSX Venture have been spectacular, and investors who've lost 50% on their portfolios are unlikely to welcome the opportunity buy newly-issued loss opportunities. Just as the unwary speculators previously bought issues without regard to quality or price, they are now selling them without regard to quality or price. Remember that it is the incredible performance of a **small** number of individual issues that attracts capital to the whole sector, and we see several very promising juniors marked down like so many of the Vancouver frauds. When irrationally exuberant expectations give way to irrationally negative expectations, opportunity is born, and a correction is at hand.

Market Volatility and Institutional [Disintermediation](#)

The violent declines we observed in 2008 and the market volatility we experienced last year unnerved investors and speculators. These declines and volatile markets and a contraction in short term credits all contributed to unprecedented investor redemptions at hedge funds and mutual funds. The volatility we experienced has made individual investors cautious, constraining their participation in gold equities markets, and inclining them to "sit on the sidelines." Institutional redemptions (disintermediation) have caused them to be strong net sellers. With constrained buying and forced selling, is it any wonder we experienced declining markets?

It is my belief that this year we will experience much more of the volatility that shook markets last year. In fact, I believe the volatility index will be above thirty for extended periods of time. This volatility will change the dynamics of the markets in important ways, I believe for the better, but more on that later.

Institutional disintermediation will continue, albeit at slower rates, given the smaller amounts of remaining assets. Mutual fund assets across all asset classes (except ETFs) have been static for some years, and other institutional pools outside Sovereign Wealth Funds and pension funds are showing similar declines. These changes in the nature of market participants and shifting market conditions will change the underlying market.

Now the Good News: Discovery And Consolidation

The markets are a lot less expensive than they were, and this can only be good news for buyers. Markets work, as we have said. Expensive markets collapse of their own weight, cheap markets rise as greed overwhelms fear. But I believe even better news is at hand for the intelligent and discerning investor and speculator. All gold equities have gone down, "the good, the bad, and the ugly." But there is no requirement that readers confine their purchases to the bad and the ugly!

One consequence of the long bull market we had in gold equities, in their overvaluations and in their continued equity issuances, is that literally billions of dollars have gone into exploration. While exploration is a risky business, and while most of the money was doubtlessly wasted, a substantial amount was well spent. For this reason I believe we are on the cusp of a very nice "discovery cycle."

As experienced junior gold speculators know, nothing adds to share value like discovery. Speculators will fondly remember hundredfold profits from discoveries like Diamond Fields and Arequipa. We are now truly in a discovery cycle, one fueled by sustained capital investments in unprecedented amounts. Better yet, we have been able to explore frontier terrain that was off limits due to politics or social turmoil. This will add spectacular real value, and this prospectivity is discounted in the current market.

These discoveries will lead to corporate merger activities. The large intermediate and major mining companies **need** to acquire new economic projects in order to continue to exist. Every day they produce, their business gets smaller. The twenty-year "bear market" in gold equities that ended in 2002 constrained these companies' ability to explore, so now they must acquire. As a consequence of the improved corporate cash-generating capabilities, they can afford to both acquire other companies as well as develop the projects they acquire. They can afford to acquire each other, too, eliminating wasteful duplicate general and administrative expenditures and enhancing shareholders' returns.

Discoveries and takeovers add liquidity and hope to a market lacking both.

What To Do

First, recognize that markets work, but only in the longer term. If you can't handle that, find another avocation. The cure for low prices is low prices; the cure for high prices is high prices. In order to sell high, you must buy low. What is the appropriate response to a strong market? **Sell!** What is the appropriate response to a weak market? **Buy!** Be a contrarian or be a victim.

Second, understand that the junior gold **sector** is a trap; it is valueless. Individual issues can make you fabulously wealthy, but the sector will inevitably bankrupt you if you buy the sector. Stock picking is the key.

Next, don't buy yesterday's market. The institutional sector has challenges, like disintermediation, to overcome. The institutional momentum stocks that led the last rally, particularly the very large, low-grade, capital-intensive stories that appealed to the

"leveraged to gold" crowd, will not work as well as the higher-grade deposits where return on capital employed will lead to a takeover. Where our ultimate buyer used to be a momentum- and liquidity-driven institution, our new exit will be a larger mining company.

Understand that more of our profits will come from a smaller number of successful speculations. Discoveries and takeovers will lead to outsized gains while the remainder of the sector stagnates, at best. Differentiate qualitatively, prune your portfolio mercilessly, and act as a contrarian.

Last, if you have the courage and the means, this could be an epic year for private placements. Issuers were reluctant to raise capital last year as a consequence of declining equity prices, but they continued to spend. They have, as an industry, pursued an illogical circular exercise: spending money to generate news... to increase share prices... to raise money. This year many will have to raise equity irrespective of market conditions, and the small institutions and mutual funds that funded them so generously in the past will probably be unable to do so in the future. Back only the best teams and good projects. And go for a warrant!

While we may not enjoy the rewards for contrarian acquisitions this year, I am certain we will be well rewarded over time.

Silver, The harsh realities behind diminishing supplies

Gaia Vince, [Smart Planet](#) | 18 April 2012

<http://www.bbc.com/future/story/20120418-no-silver-bullet/1>

At over 4,000 metres above sea level, Potosí in Bolivia is the world's highest city. But it is overshadowed by the rainbow-coloured Cerro Rico, or Rich Hill, which looms above the citizens – an imposing reminder of the cause of the city's splendour and horror. The city was founded in 1545 following the discovery of silver in the Cerro Rico, the veins of which proved to be the world's most lucrative, bankrolling the Spanish Empire for more than two centuries.

Many roads lead to hell, and I follow a miner to the Candelaria Bajo mine, one of the oldest of the 700 mines in Cerro Rico, which dates back at least 350 years. Like the millions who have gone before me, I take a last look at the sun and then enter the underworld through a low, dark entrance, stained black with llama blood, the remnants of a sacrifice to the devil. Miners are extremely superstitious.

It is no wonder. Cerro Rico held extraordinary quantities of the precious metal – it is said that at one time you could have built a silver bridge from Potosí to Spain and still have enough silver to carry across it – but this came at a terrible cost. Eight million workers died during the 350 years of Spanish occupation. And by the 1800s, the silver was depleted and its global price diminished, sending the city into a decline that it is only recently recovering from, thanks to the demand for tin, lead and zinc.

Short supply

Cerro Rico is emblematic of a wider malaise. Global reserves of silver are diminishing rapidly, and supplies could run out as soon as 2029. That is, if we consume silver at the rate we are today and no new deposits are found, according to Mansoor Barati, a metals production and refinery expert at the University of Toronto. The reality is that rising silver prices will make exploration become more cost-effective and new deposits are likely to be found, but even then Barati's prognosis is grim. "Silver will last longer," he says, "but not beyond this century."

As it becomes scarcer, the price of silver has rocketed up, from less than \$5 an ounce in 2000 to \$48 in April 2011 (currently, it is fetching around \$32 an ounce). So Cerro Rico still draws silver miners into its black heart, killing them on average before the age of 35 – from silicosis, mesothelioma, accidents, and poisonings from the various noxious chemicals they are exposed to, including cyanide, mercury and carbon monoxide.

The air I breathe when I enter the dark and dusty mine is infused with a peculiar smell – a caustic combination of the many chemicals here. I stumble along, crouching under the low rocks, trying to forget that 10 years ago geologists predicted that the mountain, riddled with tunnels and crevices, would collapse within 8-10 years. I bash my head frequently, alternatively grateful for my hard hat and cursing it for falling down over my eyes and obscuring my view of obstacles. I struggle to mount a rock just in time as a series of steel trollies come speeding down the tracks towards us, pushed and pulled by ghostly men, wide-eyed from coca.

The air becomes impossible to breathe through my scarf as I continue deeper and further into the mine, and it becomes harder to see with every step. Soon I am reduced to crawling on hands and knees through tunnels tight enough to panic in, and still we descend.

Sliding down a hole we reach a lower level, where workers with mad staring eyes push and pull trollies laden with tonnes of rock past us, seemingly not noticing our presence. I am a couple of kilometres inside the mountain now and it is stiflingly hot, lung-searingly difficult to breathe and incredibly exhausting – and I am not even working.

Precious metal

For their efforts, those toiling in these sought-after cooperatives can earn an average of 1,500 Bolivianos a week (£150/\$225); those working alone usually earn a great deal less. It all depends on the quantity and quality of the minerals they produce.

Where precious silver was used mainly in coins and jewellery (and later in photography), its industrial uses now outstrip the decorative market. Silver has the highest electrical (and thermal) conductivity of any metal, so it is used in a range of electronics – including sensitive radio frequency antennae, particularly at VHF (very high frequency), such as found in televisions and mobile phones, and in radio frequency identification (RFID) devices. Silver is also found in many printed circuit boards, in hearing aids and in batteries.

The medicinal properties of silver bullets have been known since at least the times of Hippocrates, the Ancient Greek "father of medicine", and rely on its toxic effects on pathogens, including bacteria and fungi. Silver ions kill pathogens by binding to proteins in their cells, making silver compounds ideal for use in antiseptics and wound dressings. Nanoparticles of silver are even woven into socks and other clothing to reduce bacterial and fungal growth – and the odours that arise. Silver is also used in heart valves and catheters, and researchers are now investigating silver's potential in killing cancer cells.

Seeking alternatives

One solution to dwindling reserves is to recycle the silver already in circulation. A tonne of ore usually contains less than 3 grams (0.1 ounces) of silver; whereas a tonne of discarded mobile phones (6,000 handsets) can contain 3.5 kilograms (7.7 pounds) of silver, according to United Nations University experts.

Clearly, replacement materials are also needed. "As a surface coating, silver could be replaced by aluminium or rhodium, which is itself expensive, or by complex metal oxides, which are good conductors," suggests Peter Edwards, professor of inorganic chemistry at Oxford University. Other applications could use copper or silver-plated copper, or palladium alloys.

Finding replacements for medical applications might be more tricky. For instance copper also has an antiseptic quality – it is being used in hospital door handles to replace aluminium and reduce the spread of germs, and in water filters to prevent Legionnaires' disease. But copper can be neurotoxic, so it is not used in implants or wound dressings, says Alan Lansdown, an expert in medicinal uses for silver at Imperial College London. "There aren't really any effective and safe replacements for silver, except synthetic antibiotics," he says.

So, with potential alternatives in short supply, and while the price is high and there is still some silver left in the ground, desperate people like those at Cerro Rico will continue to burrow for it.

After what feels like an entire day, but is in fact just an hour and a half, I emerge from Cerro Rico, blinking into the sunlight. Gasping the cold fresh air, I am grateful to be alive, but the dusty mine has taken my voice, I have to shower for 20 minutes to clean off the grime and my clothes stink of the underworld.

For me, it was a brief foray. I simply cannot imagine having to work in those conditions for 12-14 hours, sometimes doing a double night-shift, and for years. Children work in these mines from the age of 9 or 10. There are no middle-aged men, only widows shovelling rocks outside.



Pat Heller: U.S. govt. agency is specifically authorized to rig gold market

<http://www.gata.org/node/11361>

Submitted by cpowell on Mon, 2012-05-14 17:58. Section: [Daily Dispatches](#)

Dear Friend of GATA and Gold:

The new commentary at Coin Week by Patrick A. Heller of Liberty Coin Service in Lansing, Michigan, is a reminder that the U.S. government has a secretive financial agency, the Exchange Stabilization Fund, specifically authorized by statute to manipulate the gold market in the name of regulating the value of the dollar.

So it's hard to understand why complaints of gold price suppression should be dismissed peremptorily as crazy talk even as financial journalists fail to question the work of the ESF. Just today currency market intervention by the Reserve Bank of India could be reported on an unofficial basis by The Wall Street Journal, but that newspaper cannot be troubled to pursue complaints of "financial repression" undertaken by the U.S. government even when such complaints come from a former member of the Federal Reserve Board and are voiced on the editorial page of the Journal itself:

<http://www.gata.org/node/10839>

This is a news blackout in the West.

Heller's commentary is headlined "Is U.S. Government Gold Price Suppression Illegal?" and it's posted at Coin Week here:

<http://www.coinweek.com/coin-guide/numismatic-history/is-us-government-g...>

CHRIS POWELL, Secretary/Treasurer
Gold Anti-Trust Action Committee Inc.

Support the Hobby

<http://us.mg5.mail.yahoo.com/neo/launch?.rand=67fsnk3hkppfn>

There are three organizations taking on the challenges of various new legislation dealing with metal detecting and gold prospecting. MDHTALK's recommendation is to visit their websites and give strong consideration to joining the fight. In some cases your support may be to send emails and / or write a letter to specific legislators or to provide funds to help with the fight. Here are the three organizations and a link to their websites.

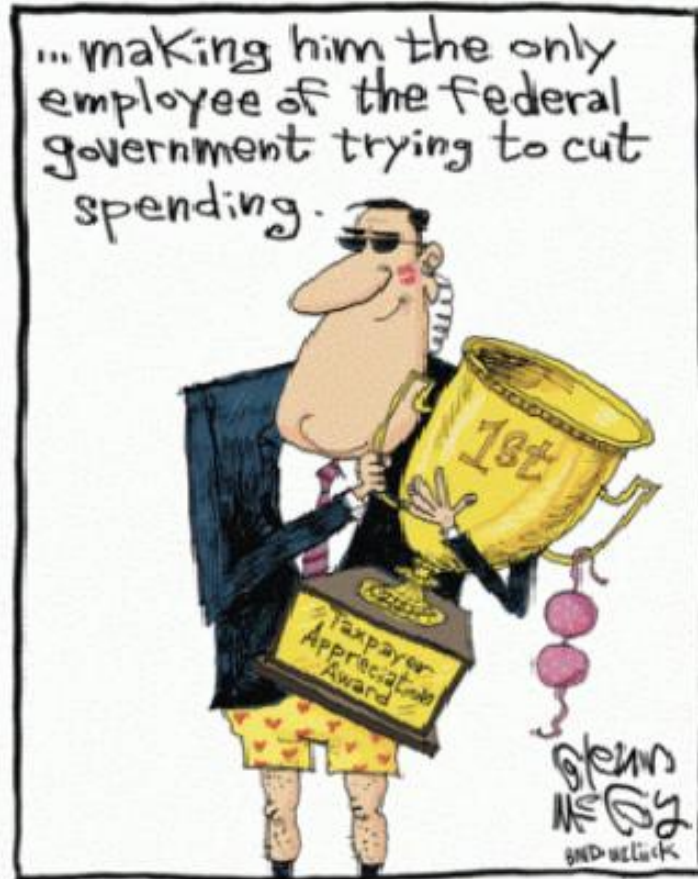
TFMDRF - Task Force for Metal Detecting Rights Foundation

WMA - Western Mining Alliance

PLP - Public lands for the People

News Item:

A U.S. Secret Service agent was busted after he refused to pay a Colombian prostitute.



Our Next Club Meeting: May 24th. @ 7:00

Visit our website at <http://www.millenniumdiggers.com/>

The Millennium Diggers Club is a group based in Keizer, Oregon, which is near Salem, Oregon. The club is for people that share an interest in searching for things of value. The club's charter is to provide members with a club that will help promote the hobbies of metal detecting, prospecting, rock hounding, and treasure hunting. Part of our yearly dues pay for mining claims that are available for all club members to use. We use club meetings to share information about locating gold, silver, coins, jewelry, gemstones, fossils and metal detecting. We plan club outings each month where we can help each other learn all aspects

of our hobbies. This is a great family activity, bring the kids! Please feel free to drop in on one of the monthly meetings or outings.

We meet the 4th Thursday of each month, 7:00 p.m., at:
Clear Lake United Methodist Church
920 Marks Drive
Keizer, OR 97303

We meet in the church's Fellowship Hall; a real a nice meeting place complete with tables, chairs and a kitchen. The church is located across the street from the Clear Lake Fire Station. There's plenty of parking in the church's parking lot.

~~~~~