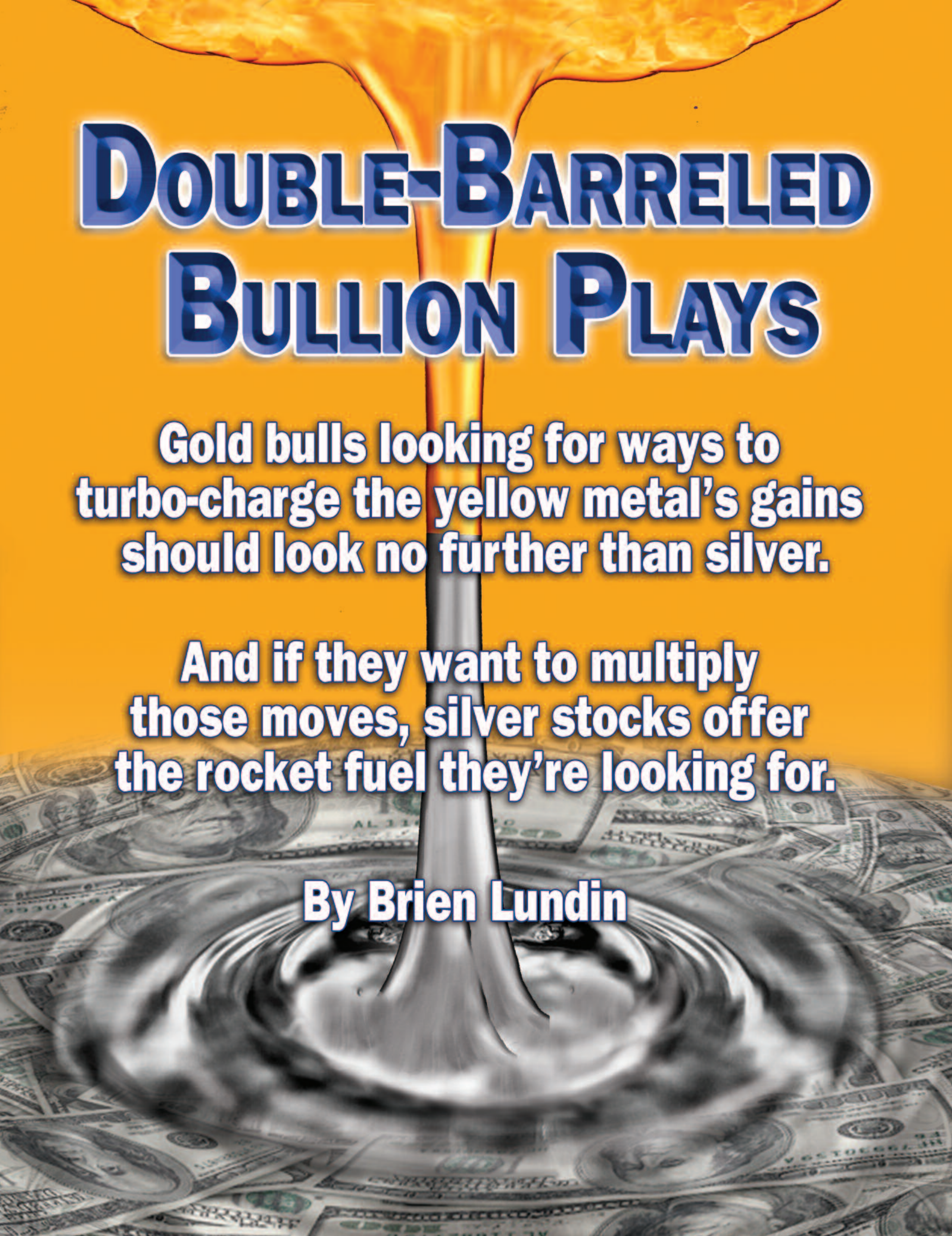


Double-Barreled Bullion Plays

Gold bulls looking for ways to turbo-charge the yellow metal's gains should look no further than silver.

And if they want to multiply those moves, silver stocks offer the rocket fuel they're looking for.

By Brien Lundin

Silver Stocks:

Double-Barreled Bullion Plays

Gold bulls looking for ways to turbo-charge the yellow metal's gains should look no further than silver.

And if they want to multiply those moves, silver stocks offer the rocket fuel they're looking for.

By Brien Lundin

In the early 2000s, when silver was still trading in the single digits, we predicted that insufficient supplies and growing demand would cause silver to rise sharply. Silver has subsequently proven us correct in that prediction.

We loved silver back then, and we love silver now. But there is one key difference — the poor man's gold was off the radar in 2004. It is now in the spotlight.

After watching metal after metal reach or exceed its all-time highs, silver finally made a run of its own in 2010 and 2011, capped off by a parabolic rush to nearly $50.00 per ounce — a level it last hit in early 1980.

Granted, silver has suffered a setback from that overheated height. But that setback hasn't been the end of silver's historic bull market, but rather a "pause that refreshes."

You see, time after time in this secular bull market for the metals, speculators have pushed prices to dizzying heights, from which they've retreated temporarily...before returning with renewed vigor when it became obvious that dollar-denominated commodities were headed back upward.

Take silver's recent history — with a powerful rebound from an early-summer bottom — as an example of just how quickly things can move in this stage of a metals bull market. With good timing and a little luck, you can reap huge profits on the gains yet to come in silver. And one of the best ways to do that is to invest in silver plays like the ones listed at the end of this report.

But before we get to those individual silver companies, let's take a look at why the long-term future for silver continues to look bright.

A Long-Running Supply Gap

One of the essential facts underlying my long-terms bullishness for silver is the consistent gap that has existed between silver mine production and silver demand over the past decade.

Take a look at the accompanying table showing how silver demand has exceeded silver mine production for all of the last decade. That gap is a function of the fact that most silver gets mined as a by-product of zinc, lead and gold operations. Thus, old silver scrap and net government sales must step in to fill the gap between supply and demand.

And while there is plenty of silver out there available to be melted from scrap, the supply is not unlimited. With each passing year that scrap and government sales are required to bridge the gap, the overall amount of scrap supply dwindles.

In the long term, the gap between mine production and

(Continued...)

FIGURE 1: World Silver Supply and Demand

	2011	2012
Supply		
Mine Production	757.0	787.0
Net Government Sales	12.0	7.4
Old Silver Scrap	258.1	253.9
Producer Hedging	12.2	-
Implied Net Disinvestment	-	-
Total Supply	**1,039.4**	**1,048.3**
Demand		
Fabrication		
Industrial Applications	487.8	465.9
Photography	66.1	57.8
Jewelry	186.5	185.6
Silverware	48.3	44.9
Coins & Medals	118.3	92.7
Total Fabrication	**907.1**	**846.8**
*Net Government Purchases	-	-
Producer De-Hedging	-	41.5
Implied Net Investment	132.3	160.0
Total Demand	**1,039.4**	**1,048.3**

*numbers are reported in millions of ounces

fabrication demand will be supportive of silver prices that are on the high end of historical levels. For proof of this fact, one needs to look no further than the movement of silver prices during this recent bull run.

As time has marched on with a steady deficit between supply and demand, silver prices have risen to historically high levels. This march upward has moved in sympathy with gold, but silver's uses as an industrial metal give it an upside that is responsive to both a strong economy and the high inflation that often results from economic growth and loose monetary policies.

With the global economy recovering in the past two years, thanks largely to the economic juggernaut that is China, silver prices have moved up in response, first to increased industrial demand and then to increased investment demand based on very understandable worries over continued currency depreciation.

One important factor to remember about the demand side of the equation is that silver makes up a relatively small portion of the overall cost of most of the industrial processes that consume it. This fact, combined with the fact that silver's properties make it largely indispensable in many applications, explains why the demand for silver is relatively insensitive to price rises. To use economic parlance, it is "price inelastic."

On the supply side of the conversation, it's worth observing that, since most silver comes as a by-product of base metal and gold mining operations, there are only a relatively small number of primary silver operations in the world. This fact will have important ramifications for the investment strategy I will map out for you at the end of this report.

For now, it is enough to know that the dearth of primary silver producers creates an investment opportunity that can allow you to leverage the rapid, upward price movements that silver has been prone to during this bull run.

One reason for that leverage is the relatively low cash costs that primary silver mines are experiencing. While silver prices have been trading above $20, average cash costs have remained modest. In 2011, they increased from 2010, adding $1.78/ounce to $7.25/ounce. At those levels, mining silver is enormously profitable, and even if silver prices were cut in half from current levels, it would still be a very profitable game.

That being said, the fundamentals of silver supply and demand, combined with a huge surge in investment interest in silver, make the prospect of silver falling to the mid-teens in the near future an unlikely event.

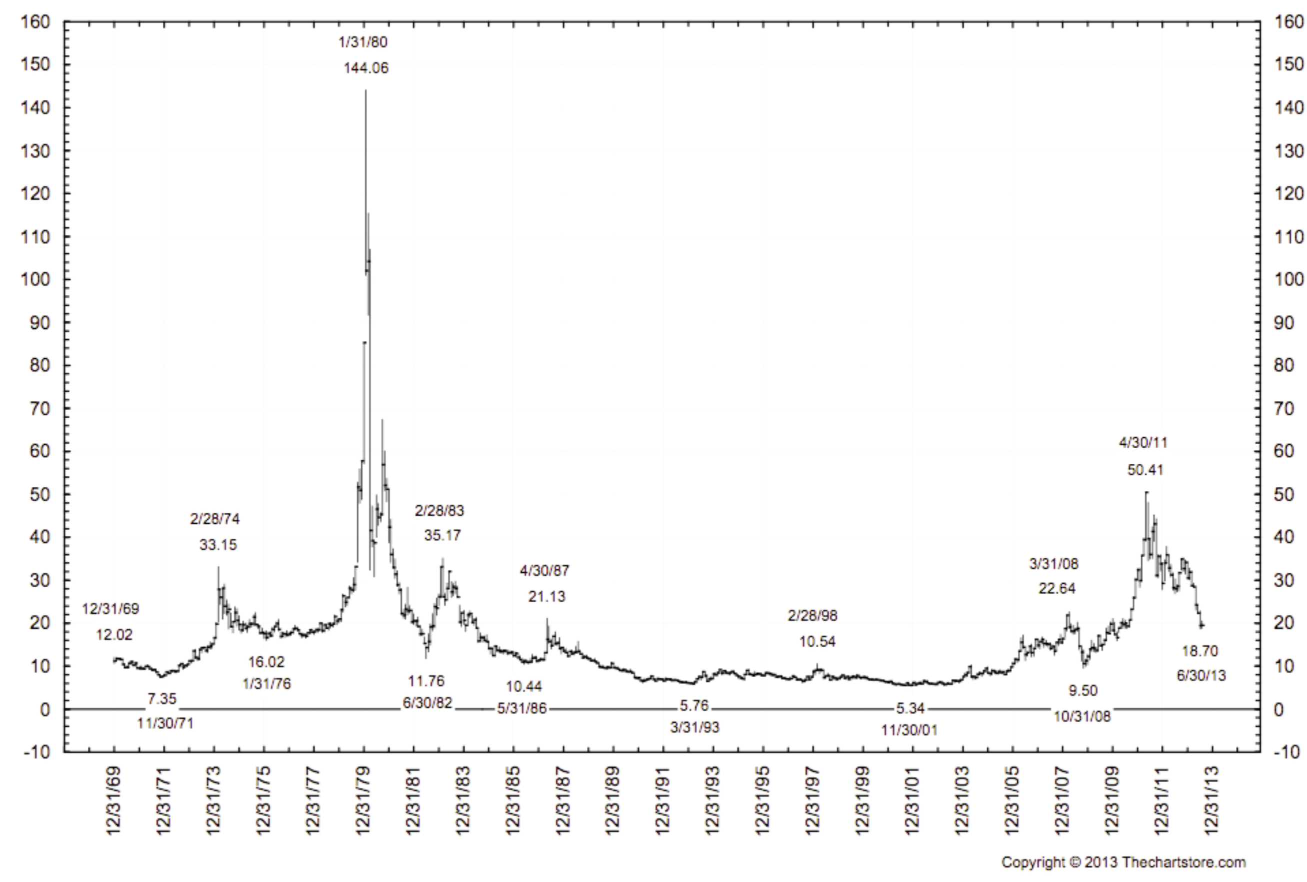
With that thought in mind, let's take a closer look at how modern investment tools called Exchange Traded Funds (or "ETFs") have changed the face of silver investment.

The Advent of ETFs

The most popular ETF for silver is the iShares fund that trades under the symbol SLV. Since its inception in 2006, this fund has taken over 634 million ounces of silver out of the market. That's more than half the silver produced through mining in any given year!

The reason for the ETF's popularity is that it allows investors to invest in physical silver without having to having

FIGURE 2:
Silver Adjusted for Inflation by the CPI
Silver (Handy & Harman Base, U.S. $ per troy ounce)
(Adjusted for inflation by the CPI)



To equal its 1980 peak in current dollars, silver would have to reach $144.06
Note: This chart is one of the regular features available to subscribers of TheChartStore.com

to hold and store the metal. As I alluded to earlier, there are good reasons to hold physical silver in the current environment, but the ability of SLV to attract new investors and suck silver off the market cannot be denied.

The ETFs are set up so that the price of a "share" of SLV approximates the current spot price in silver.

The creation of SLV initially drew the opposition of silver users, who claimed that the investment demand created for this largely industrial metal would unnecessarily raise prices. As you can see from silver's zoom toward its 1980 all-time high of $50/ounce, those fears were well founded.

However, as I've already mentioned, the price of silver is such a small component of the overall material content of most industrial uses, that even these historically high silver prices are not making a huge dent in silver use. In fact, in 2012 industrial demand remained robust at 465.9 million ounces (a slight, 4 percent decrease from 2011). Industrial demand's strength in the face of a spike in prices driven, in part, by all that ETF demand, demonstrates its inelasticity to higher prices.

But getting back to SLV, the advent of this ETF has certainly had an impact on the price of silver. But the overriding forces driving silver prices higher are investment demand due to silver's historical role as a medium of exchange and a store of wealth.

(Continued...)

A Monetary Argument

Even decades after most countries have stopped using significant amounts of silver in their circulating coinage, the allure of silver as money remains.

That's especially true in times like these, when high levels of government debt and extraordinarily loose monetary policies have sent gold rocketing higher. And, as gold's "cheaper" cousin, silver has come along for the ride, as investors seek to tap gold's status as the currency of last resort with a metal that trades at a fraction of gold's per-ounce price.

With the monetary investment argument for silver so closely tied to the argument for gold, it's worth backtracking a step and looking at the yellow metal, its recent, multi-year bull run and its chance to go even higher over the long run.

For well over a decade, the Federal Reserve has been pumping money into the economic system with reckless abandon. During this period, the governments of the U.S. and Europe have taken on huge debt loads. Bank bailouts, auto bailouts, huge new entitlement programs…all have been put on credit cards, thus putting in question the full faith and credit of those governments.

The upshot of all this cheap money floating around the world has been a consistent movement by global investors towards gold as the currency of last resort. As one bubble after another has formed and then burst over the past decade, investors have pushed the price of gold ever higher.

Support for high gold prices has also come from the physical demand for the metal supplied by newly wealthy China and India. Both countries consume large quantities of gold every year, both for investment and adornment purposes. And every time "hot money" investors flee the metal and drive the price downward, the physical demand from Asia steps in to put a floor on prices.

This combination of cheap money, record debt levels and strong physical demand created a perfect storm for gold that drove it to almost twice the level of its previous nominal high of $850/ounce, attained in 1980.

The good news for gold (and silver) investors in the long term is that the trends driving the yellow metal higher are not going to disappear any time soon. Yes, the U.S. Federal Reserve will eventually end its extraordinary policy of quantitative easing.

But there's an ocean of liquidity in the system that U.S. banks have been holding onto in the form of excess reserves. As the economy slowly improves, the taps will get turned on that money. And when it begins to flow, the multiplier effect ensures that inflation will become rampant. In that environment, even the impressive gains we've seen gold make over the past decade could seem tame by comparison.

And when gold again heads higher, the yellow metal's poor cousin silver will not only come along for the ride, but will almost assuredly outperform gold in terms of percentage appreciation.

The Best Way To Play It

So what's the best way to play silver? Simply put, all of the bullish supply-and-demand factors for the metal that I have outlined above — along with the monetary argument for silver investing — will be the forces driving the price of the metal higher.

If you are looking for ways to leverage the coming gains in silver, exploration- and development-stage silver companies offer an excellent way to play this trend.

Gold Newsletter and the New Orleans Investment Conference have been at the heart of this metals market subsector since its inception. In fact, it was our founder, Jim Blanchard, who birthed the sector in the early 1990s by founding two pure-silver exploration plays when, as an investor, he couldn't find such an opportunity existing in the market.

So there is no better source for investors looking for the best silver equity plays. Conversely, for the same reason, many of the best silver companies participate in the New Orleans Investment Conference.

Here then are the stories of six such companies that are showing the foresight to participate in the 2013 New Orleans Investment Conference.

Dolly Varden Silver Corp.

DV.V; DOLLF.PK
855-381-3530
dollyvardensilver.com

Eskay Creek is one of the storied deposits in recent mining history.

The Barrick-owned project generated 3.6 million ounces of gold and 180 million ounces of silver. The grades involved were astonishingly rich (44.4 g/t gold and 2087.7 g/t silver), allowing the company to mine the tiny, 2.5 million tonne project at an enormous profit.

Located in northwestern British Columbia, mining companies have been on the hunt for Eskay Creek-type deposits in that area ever since. Now, Dolly Varden Silver is taking a two-pronged strategy to reopen the existing Dolly Varden mine in the region and to explore for another Eskay Creek within the large project's property boundaries.

The first prong of the strategy calls for the company to build upon the historic gold and silver resources hosted by the old mines on the property. Though non-NI 43-101 compliant, Dolly Varden's management estimates that these old mines contain 5.69 million ounces of silver reserves and 8.79 million ounces of silver resources.

Purchased for the miserly sum of $2.5 million, the Dolly Varden property came into the company's hands for just $0.20/ounce. The project comes with extensive background data, including 44,090 meters of core from 631 diamond drill holes and seven kilometers of underground development. The project also came with engineering studies from the 1980s on mine, mill and tailings design.

The 9,400 hectare property boasts 20 million ounces of historic silver production from two producing deposits. Dolly Varden's goal is to resuscitate these deposits and to grow their overall silver resource to 40 or 50 million ounces through additional exploration.

The second prong of the company's strategy calls for the systematic exploration of Red Point, a feeder-style zone of alteration identified north of the Dolly Varden mine. The strike length for this zone spans five kilometers and is highly prospective for Eskay Creek style mineralization.

Work in 2012 on Dolly Varden included diamond drilling on the existing mine and surface exploration of Red Point. The company also conducted a helicopter-borne geophysical survey on the property as a whole.

Mapping and sampling identified the Moose Lamb area of mineralization to the east of the project's Torbit mine. Other work included the rehabilitation of the Torbit mine and the construction of diamond drill pads. Water sampling generated favorable results.

This year, the project will see more surface work on Red Point and an attempt to use surface drilling to grow the known resource blocks within the Dolly Varden and Torbit deposits. Longer term, the company plans to generate economic studies on the project's historic deposits, provided that it can grow those deposits into the range of 40 to 50 million ounces.

The company will need to execute a financing or two to fully realize its ambitions at Dolly Varden. But the upside potential here is large enough that they should be able to find willing investors to see if this property hosts another Eskay Creek. Time and the drill bit will tell, but there is no arguing that Dolly Varden has already proven it has extraordinary upside potential.

Dolly Varden Silver Corp.

Recent Share Price:............C$0.21
Shares Outstanding:.131.4 million
Market Cap: ....C$27.6 million
Shares Outstanding
Fully Diluted:...........146.6 million
Market Cap
Fully Diluted:........C$30.8 million

Great Panther Silver

GPL.NYSE-A; GPR.TO
888-355-1766
greatpanther.com

Great Panther Silver has been a favorite company of mine for a number of years.

Simply put, few companies have done a better job putting together a silver development story that continues to have upside potential, year after year.

The company's two producing assets are its Topia Mine in Durango State, Mexico and its Guanajuato Mine in Guanajuato State. In the face of various exploration and development challenges, the company has consistently generated good revenue from these two assets.

Both fall under the heading of past-producing mines that

(Continued...)

still seem to have a good bit of life left. This phenomenon is quite common in Mexico, a country that has generated an enormous amount of precious metals, and particularly silver, over the past five centuries.

In some cases, the prolific silver and gold veins of Mexico seem to go on forever, and all it takes is some diligence (and a healthy dose of modern mining techniques) and companies like Great Panther can breathe new life into projects like Topia and Guanajuato.

The company definitely falls into the primary silver producer category, generating an average of 63% silver, 27% gold and 10% lead and zinc between its two active mines. This production also has the advantage of being completely unhedged, which is a very good thing in the bull market for precious metals I see returning right now.

The company is well-positioned on both the production front and the resource front. In 2012, the company generated over 5 million ounces of silver equivalent production and is on pace to do so again in 2013. In addition, Great Panther boasts over 40 million ounces of silver equivalent resources, so it can continue to generate cash flow for some years to come.

Besides Topia and Guanajuato, the company also has a development-stage project (San Ignacio) and an exploration-stage project (El Horcon).

To date, the company has only outlined a resource over 650 meters at San Ignacio, which is located to the west of the Guanajuato project. Exploration has identified a mineralization strike of over four kilometers on this project, and step-out drilling has indicated that this mineralization exists at depth as well.

The plan for San Ignacio is to prove up its inferred resource and to drive a portal and ramp into the deposit. In the past four years, the company has drilled about 30,000 meters on this project. Production is anticipated to ramp up next year, generating ore that Great Panther will truck to its Cata facility at Guanajuato.

The 7,900-hectare El Horcon project lies within the Guanajuato trend and includes a past-producing underground mine. Old workings at El Horcon give the company the ability to access multiple veins on the property via cross cutting. A surface drilling program (2,156 meters and 24 holes) was completed here in Q2 2013. An initial resource estimate is targeted for the back half of the year.

The main-producing Guanajuato mine will continue to see the lion's share of drilling, with most of that occurring underground. The company has drilled between 16,500 and 30,000 meters per year on this project over the past three years, and this aggressive drilling continues to outline new areas of mineralization. Another 21,500 meters should be completed by year's end.

With working capital of around $40 million and steady cash flow from its two operating mines, Great Panther looks well-positioned to continue offering silver bugs tremendous leverage to the metal's gains.

Great Panther Silver Ltd.

Recent Share Price: ....US$1.20
Shares Outstanding:.138.1 million
Market Cap:......US$165.7 million
Shares Outstanding
Fully Diluted:.......... 143.9 million
Market Cap
Fully Diluted: ...US$172.7 million

International Northair Mines

INM.V; INNHF.PK
888-338-2200
internationalnorthair.com

International Northair Mines is another Mexican silver company, one with a large silver resource and a prospective open-pittable project in Chihuahua State's Parral Silver district.

Dubbed La Cigarra, this large project sits just 26 kilometers away from Parral, giving it nearly ideal access to highways, power, rail lines and other needed infrastructure. Simply put, if a mine gets built here, capex will be considerably lower than it would be if this project were in a more remote part of the world.

The company has the ability to take 100% ownership on the key concessions that make up the project. Those ownership rights are completely clear of royalties and back-in rights.

In the fall of 2012, the company completed a Phase II metallurgical study of the ore at La Cigarra that demonstrated silver recoveries of between 80% and 90%. The study also generated a concentrate of 48% lead and 22,600 g/t silver that management believes would be marketable to smelters.

Other activities in the back half of 2012 included purchasing surface rights to 1,098 hectares adjacent to La Cigarra and the expansion of the property's mineral rights package to 32,000 hectares total. This latter effort effectively doubled the strike length of La Cigarra's main mineralized system from three kilometers to six kilometers.

The year also saw International Northair complete 25,473 meters of core and RC drilling. This campaign was highly effective, with all but two holes returning mineable grades of silver. That work led to a maiden resource estimate, delivered to the market in February 2013, which showed La Cigarra to host over 50 million ounces of silver.

As the company moves forward on the project in 2013, it plans to complete a scoping study, grow the existing resource with more drilling on existing targets and test blue-sky targets elsewhere within La Cigarra's vast property boundary. Other work like baseline environmental studies, more metallurgical testing and acquisition of needed mineral and surface rights will also be undertaken during this period.

The company has a lot going for it, including an unusually long history. In a junior sector where companies come and go with a fair amount of regularity, the original company was founded in 1966. The management team that runs International Northair has three North American mines to its credit.

Like most companies in this sector these days, the company's shares are trading at bargain basement levels. Given the amount of in situ value that the company has already proven up at La Cigarra, the company's low market cap provides an opportunity for substantial share price appreciation.

Thanks to an oversubscribed, C$6.1 million private placement completed around this time last year, the company still has around C$4.0 million of working capital to keep things moving at La Cigarra. That placement included heavy participation by Coeur d'Alene Mines (CDE.NYSE; US$16.45), a company whose presence on the junior's list of shareholders provides a solid endorsement in International Northair's prospects.

Undervalued relative to its peers and well-positioned for both resource growth and continued movement along the development curve, INM boasts impressive value and potential at current levels.

International Northair Mines Ltd.

Recent Share Price:............C$0.18
Shares Outstanding:...91.7 million
Market Cap: ....C$16.5 million
Shares Outstanding
Fully Diluted:...........109.2 million
Market Cap
Fully Diluted:........C$19.6 million

Kimber Resources

KBX.NYSE-A; KBR.TO
866-824-1100
kimberresources.com

With a district-scale, flagship project located in northern Mexico, Kimber Resources has a solid development story and tremendous exploration upside.

The project in question is Monterde, a 29,000-hectare gold-silver property located along Mexico's prolific Sierra Madre precious metals belt. Some other working mines in Monterde's general vicinity include Mulatos (200,000 ounces of annual gold production), Ocampo (114,000 ounces of gold-equivalent production) and Palmarejo (242,000 ounces of gold-equivalent production).

Clearly, this is a terrific address for finding gold and silver mines. And Monterde has a significant gold-silver resource of its own. As of the project's most recent resource estimate, it has a measured and indicated resource of 667,200 ounces of gold and 30.0 million ounces of silver. In addition, it has 422,000 ounces of gold and 11.1 million ounces of silver in the inferred category.

The company did some solid expansion and confirmation drilling in 2012. Total measured and indicated gold ounces increased by 14% and M&I silver increased by 2%. The potential underground area on the mine saw its indicated resource grow by 18%.

It's worth noting that drilling has given Kimber a high degree of confidence in the resource at Monterde. By the beginning of 2013, the project's deposit had 91% of its open-pit gold and 73% of its open-pit silver in the measured and indicated category. Underground resources were steadily moving up in confidence as well, with 62% of the underground gold and 73% of the silver in the indicated category.

Recoveries for gold are very

(Continued...)

good, ranging from 94% in the open-pit portion of deposit to 96% in the underground portion of the deposit. Silver recoveries are more modest (55% for the open pit material and 62% for the underground material).

Exploration upside is available in a number of ways at Monterde. The Carmen target that hosts the majority of the project's gold and silver hoard remains open at depth and along strike. The Carmen East target looks like it might be a step-out extension of Carmen. There are also a number of other exploration targets on the property.

While Kimber will need to raise more money to advance this large project area, the prospects of getting these funds are very good, as market sentiment is becoming more positive by the day.

Most importantly, the company's market cap looks extremely low in relation to the more than million ounces of gold and 40 million ounces of silver to its credit, plus the outstanding exploration upside in the project.

Kimber Resources Inc.

Recent Share Price: ....US$0.12
Shares Outstanding:...84.5 million
Market Cap: ....US$10.1 million
Shares Outstanding
Fully Diluted: ....89.5 million
Market Cap
Fully Diluted: .....US$10.7 million

Santacruz Silver Mining

SCZ.V; SZSMF.PK
604-569-1609
santacruzsilver.com

Mexican silver plays have made investors a lot of money over the past decade.

As a silver bug, I have always been intrigued by these companies decision to breathe life into silver regions that had literally been producing silver and gold for centuries.

As we've already seen earlier in this report, the second piece of that strategy is to build portfolios of silver-predominant projects in an attempt to join the world's short list of primary silver producers.

In an investment sector with a minimal number of players, demand for those equities was bound to skyrocket when silver took off as an investment theme. And it certainly did, rising from the mid-single digits in the early 2000s to almost $50 in 2011. Even with the recent pullback, silver is still trading at several multiples of its nadir trading price.

All this background is to introduce to you to another Mexican primary silver investment opportunity: Santacruz Silver Mining.

Santacruz came into being in April 2012, which was certainly a more optimistic time for silver investors. It emerged onto the mid-tier silver producer scene almost fully formed, with four silver-focused projects in Mexico at varying stages of development.

With only C$10 million in capex, the company was able to put the most advanced of these (Rosario) into production in April 2013.

Located in Mexico's San Luis Potosi State, Rosario lies close to Grupo Mexico's Charcas Mine, which is in an area that has seen silver production for the past four centuries. The hope with Rosario is that the veins that are providing the ore from this deposit go on forever like they apparently do at Charcas.

Based on Rosario's current, NI 43-101 compliant resource, the project has enough ore for a seven-year-plus mine life with a 500 tpd processing plant. In the measured and indicated categories, that resource stands at 10.2 million ounces of silver equivalent material (28,320 ounces of gold, 5.54 million ounces of silver, 25.4 million pounds of lead and 62.7 million pounds of zinc).

Santacruz has a number of avenues for growth, with the two most promising being the expansion of the ore-hosting veins at Rosario and the development of its San Felipe project in Sonora State.

Management currently has drills turning at San Felipe, with an eye to generating a prefeasibility study on the project by Q4 2013. The property's current resources stand at 4 million tonnes of 70 g/t silver, 5% zinc, 2.77% lead and 0.28% copper. All water, environmental and local ejido permits have been granted for the project.

Better still, just one vein (La Ventana) hosts the vast majority of that resource, yet there are six other polymetallic veins outlined on the property. To date, 18,500 meters of drilling have been completed at San Felipe, and another 25,000 meters are currently underway.

The recent market downturn caused Santacruz to scale back its plans on its earlier-stage projects, but the effort at San Felipe will continue throughout the balance of the year, ensuring that the company won't lack for news flow any time soon.

In summary, I see Santacruz Silver Mining as a great way to take another bite at the apple on Mexican silver plays. With a producing asset in Rosario and a high-potential target like San Felipe, this is a company that could take off like a rocket when silver spikes again.

Santacruz Silver Mining Ltd.

Recent Share Price:............C$1.45
Shares Outstanding:...90.0 million
Market Cap: ....C$130.5 million
Shares Outstanding
Fully Diluted:.............98.8 million
Market Cap
Fully Diluted:......C$143.3 million

Tahoe Resources

TAHO.NYSE; THO.TO
775-825-8574
tahoeresourcesinc.com

Tahoe Resources has the good fortune to control the rich (and potentially wildly lucrative) Escobal polymetallic project in Guatemala.

The project's potential is borne out by its economics. Using a 7% discount rate, Escobal has an NPV of $1.91 billion. The base case IRR is 68.3%. Project payback under this scenario is a mere 1.5 years and the mine at Escobal is expected to generate 20 million ounces of silver a year at a cash cost of just $4.87/ounce, net of gold, lead and zinc by-products.

Remember, silver is still trading above $20 an ounce, even after the recent setback for the precious metals. With cash costs that low, this mine could be profitable with substantially lower metals prices.

As of the end of Q2 2013, the company was on pace to bring Escobal online as an operating mine. Underground development was complete, and the company had spent $316 million of the $326.6 million in capex needed to open a 3,500 tpd plant here. In addition, the company had spent almost a third of the money needed to expand the plant to a 4,500 tpd operation. And Tahoe still has almost $100 million in cash to work with.

The resource that underpins Escobal hosts a world-class amount of silver, with 367.5 million ounces of the grey metal in the indicated category and 36.7 million ounces in the inferred category. The project also contains 458,000 ounces of gold, 207,000 tonnes of lead and 377,000 tonnes of zinc (indicated and inferred).

Recoveries are solid, averaging 87% for silver, 75% for gold and 83% for lead and zinc. The project is subject to 5.5% NSR that includes a 0.5% NSR payable to the underlying land owners group. The project will ramp up from 3,500 tpd to 4,500 tpd in 2017.

Simply put, Escobal is a project that has a nice combination of elements. It boasts silver grades that are among the highest out there among silver development projects. The ore at Escobal is hosted in very wide veins, which makes possible those low cash costs that I alluded to earlier. The project also has excellent access to infrastructure.

Bottom line: I can't think of too many junior development companies in Tahoe Resources position right now. In a market where cash is hard to come by, this company has an ample supply to bring its flagship project into production.

Add in the terrific amount of cash flow that should start rolling in once the switch is flipped at Escobal, and you have a company in a great position to thrive as the bull market for precious metals continues. It looks like an excellent value at current levels.

Tahoe Resources Inc.

Recent Share Price:.......US$18.76
Shares Outstanding:.145.7 million
Market Cap: ....US$2.7 billion
Shares Outstanding
Fully Diluted:...........148.0 million
Market Cap
Fully Diluted:.........US$2.8 billion

Gold Newsletter
In Our 43rd Year

 Published by Jefferson Financial, Inc., 111 Veterans Memorial Boulevard, Suite 1555, Metairie, LA 70005. Subscription Price: $198 per year. Foreign orders, please add $35/year for postage and handling, Canadian orders, please add $10/year. Single issues available for $20 each. New subscribers may cancel their order anytime and receive a full refund on all unmailed issues. Make checks payable to Jefferson Financial. Gold Newsletter was founded by James U. Blanchard III. Editor: Brien Lundin; Art Director: Kevin Pilet; Production Manager: Beth Capritto.