

## **THE WORLD'S NEXT GREAT GOLD DISCOVERY (AND HOW I KNOW WHERE IT IS...)**

By Dr. Steve Sjuggerud, PhD

I know the guys who run the lowest-cost copper producer in the world. Their names are David and Pablo.

It's a pretty important thing to be the world's low cost supplier of copper. Especially with the Chinese buying so much copper - at almost any price. But, to tell you the truth, I don't care that much about their copper.

Instead, the reason I keep a constant eye on this stock, a stock that trades for around \$3.00, is because their cheap source of copper is adjacent to one of the world's richest deposits of gold. Combined with the copper on this site, the resource is worth an estimated \$40 billion at today's prices. In fact, the mine is so rich in copper that the gold is produced for free - as a byproduct of the copper mining.

If you will give me 10 minutes of your time, I will tell you what I know about a truly extraordinary situation. This is something I wouldn't have believed except I've seen it with my own eyes.

As I've written recently, I think the bull market in gold prices hasn't yet begun in earnest. And, if I'm right about that, David and Pablo's tiny \$3.00 stock will likely become the single highest returning investment in the world over the next 10 years.

You could make 10 times your money here - before any major U.S. investor even takes notice.

I know...all of this sounds strange, coming from me. You know my reputation: I'm Steve "Conservative" Sjuggerud. But, there are some opportunities worth taking a risk on.

This situation certainly qualifies. For starters, there's very little downside. Cashflow from their current operation already totals around \$55 million a year. And remember: they consider the gold a by-product of the copper.

But I'm getting a little ahead of myself. Let me start from the beginning.

#### HOW TO BUY \$40 BILLION WORTH OF GOLD AND COPPER...FOR A SONG

Nearly five years ago, in a very depressed metals market, the world's largest mining company, BHP - an Australian firm - made a decision to pull out of Argentina.

BHP's top executives told their Argentine manager of operations to get out of any project that wasn't currently producing ore and dollars. BHP decided the political and economic risks of doing business in Argentina were simply too great to continue to develop new projects. Many other multinational companies pulled out at the same time. And, perhaps they were right to do so: crisis struck in 2001.

You'll recognize the name of BHP's former manager of Argentine operations. He is one of the two men I mentioned earlier. He's my contact in Argentina's mining sector: His name is Pablo Marcet.

Over the last two years I've been to Argentina six times, searching for distressed assets that were safe to buy. I've found some amazing stuff, some of which I've already written about - like Cresud. I've also taken nearly 100 American investors to Argentina to show them - with their own eyes - what I've seen down there, like \$10 million penthouse apartments selling for \$500k. I could go on...

But, out of all the good deals I've seen, nothing compares to this deal.

In 2001 BHP wanted out of Argentina. But there were no bidders for its properties, one of which was Agua Rica.

Agua Rica is located adjacent to one of the largest, most productive mines in South America. It's called Alumbrera. Over a billion dollars has been invested in Alumbrera, in discovery and production equipment. As a result, the surrounding area has long been a center of mineral exploration. Since the 1970s work has been ongoing at Agua Rica. Over \$55 million has been spent by BHP and its partners drilling and refining the Agua Rica gold and copper deposit over the years. Most of the work was done in the late 1990s, with modern technology. As a result, the size of the deposit at Agua Rica is well proven. And Agua Rica could be exploited cheaply, simply by connecting Agua Rica to Alumbrera with a conveyor belt.

As you probably know, there are two big risks in mineral production: discovery and feasibility. In Agua Rica both of these risks are controlled.

Imagine what Pablo must have thought, at this point in time. Your country is in the middle of its latest, reoccurring political crisis. You know it will all settle down in a year or two. But your employer, BHP, wants out. You're most likely going to lose your job...and you know that BHP is about to unload one of the greatest deposits of gold in the world...

What would you do?

Enter David Cohen who had worked with Pablo for a number of years as a joint venture partner. David got on the phone, called a few wealthy friends, and put together a deal to buy BHP's stake in Agua Rica for only \$12.6 million!

Today the company David and Pablo created is publicly traded. And it recently garnered a three-symbol listing on a major US stock exchange. Even though Agua Rica is still under development, the

company is well established and even has substantial cash flows.

How?

David cut such a good deal when he acquired Aqua Rica that he was able to go out and raise over \$80 million in the markets to buy out BHP's stake in Alumbraera itself! In fact, David got such a good price, he was able to borrow money from the second largest bank in Germany, HVB, as part of the financing. As you know, major commercial banks don't typically lend money to exploration mining companies - but this is an extremely special situation.

You see, owning BHP's former stake in Alumbraera gives David and Pablo the cash flow they need to develop Agua Rica without having to raise a lot of additional equity. In fact, using cash provided by Alumbraera, they've already paid back the German bank.

At current prices, Agua Rica contains around \$40 billion worth of minerals. But their stock is trading at only \$3.00 per share, a value that's based solely on its current copper and gold production at Alumbraera. Without giving away too much, I can tell you that if the stock increased in price by a factor of 10, it would probably still be a reasonable buy, given the size of the Agua Rica reserves and its proximity to Alumbraera's production equipment.

It's an extraordinary opportunity - no doubt. And it's probably going to become even better...You see, I believe the bull market in gold hasn't really begun yet.

#### HOW I KNOW GOLD IS STILL A "HATED" ASSET

Before you dismiss my opinion as simply another analyst who's jumping on the gold bull market bandwagon, I suggest you look at my track record: I've been early to almost every single important economic trend over the last several years.

- I told thousands of subscribers in January 2000 that we were witnessing the greatest market mania in history and that stocks were going to get crushed. Nobody believed me. Stocks, the "experts" said, would continue to go up by 20% a year.
- I told thousands of readers in August 2001 that the dollar had hit a cyclical peak and that it was time to move away from our home currency in order to preserve wealth. Few believed me. The dollar, according to the "experts" was now the world's only superpower currency.
- In 2002, I told anyone who would listen that there was still A LOT of upside left in real estate, and that according to my models, there wasn't a bubble in prices - they would probably go much higher. The "experts"? You know what they said, that property prices were sure to tumble. True Wealth subscribers, meanwhile, were handed triple digit gains in commercial property REITs, like Simon Property group, and more than 20% a year - in dividends - by buying mortgage REITs like Annaly.
- But my most contrarian (and most hated recommendation) came in 2003 when I told my readers to buy rare gold coins. According to my conservative estimates of average prices, if you bought the MS-65s (St. Gauden's) that I recommended in June 2003, you've made at least 34% on your money so far...

In fact, I believed the opportunity in gold coins was so important that I asked Porter Stansberry to help me organize a conference for our subscribers the day before the best gold coin show of the year - the Long Beach Coin, Stamp and Collectibles Expo - last year.

We invited the world's most experienced traders in gold - including the top names in bullion (Burt Blumert), rare coins (Van Simmons), portfolio diversification (Michael Checkan) and gold stocks (Frank Holmes) to tell you their very best ideas in each category. It was

everything you needed to know about investing in gold, directly from the people who've made an entire career out of trading in gold. Burt, for example, opened his shop in 1959. Van invented the PCGS grading system. Frank runs the best gold mutual funds in the world. And Mike can tell you about helping our Vietnamese allies, who were fleeing the communists, exchange gold for US dollars at Eglin Air Force Base more than 25 years ago.

If you attended our meeting last year, we even arranged for you to get your own "dealer's pass." This allowed you to go on to the floor of the show the night before it opened - where you could buy almost any gold coin that's ever been traded. It was your chance to buy my recommended coins, or the recommendations of our experts, and take immediate delivery.

If you did, chances are good that you've made between 15-30% on your investment - in just a year. But I believe even bigger profits are still developing - much bigger profits...

You see, at the conclusion of last year's conference, I asked Frank Holmes, who runs what's probably the world's best gold mutual fund, if there was only one gold stock he could buy, which one would it be. Without a second's hesitation - without even blinking - he said, "David and Pablo's company."

YOU HAVEN'T MISSED THE BIG GAINS...YET...

With the gains gold has made since 2002 - up from \$240 an ounce to today's \$420 price - some investors undoubtedly believe that gold has seen its day in the sun. After all, if you look back over the last 20 years, gold doesn't go much higher than \$400 for long...

But, there's one factor I think is very important...that most people haven't noticed yet...that tells me gold is going much higher: the price of gold in euros hasn't budged. To a European investor, gold hasn't

made a move at all - yet.

What's happened so far is the US dollar has weakened. That's sent money out of dollars into things like oil, gold and even the European currency. But all paper currencies are, in the long run, doomed to fail. The euro - while it's strong right now - is already beginning to fall apart because its member countries can't run balanced budgets and continue to borrow more than they're allowed to under the euro treaty. Eventually the Germans are going to get tired of subsidizing the Italians, Spanish and Greeks...if they don't tire of the French first, that is.

And, as we've seen with President Bush (a republican!), there's no way America's budget is ever going to be balanced: our deficit has grown by more than 20% in the last four years alone.

Increasingly, investors all around the world are going to return to gold as a safe heaven. We've seen the beginnings of this move. But wait until the Chinese decide to sell their dollar holdings...

As you know from history, price moves in gold can - and frequently are - explosive. Gold experts like Doug Casey and Paul van Eden make a convincing argument that the price of gold should go as high as \$3,000 per ounce in the next ten years.

I don't have a precise forecast for the future price of gold. I only know that rare gold coins are a great store of value and I know buying them now remains extremely contrarian. I also know that buying gold assets like David and Pablo's gold mining company is a smart move for almost any investor: the upside is tremendous and some amount of gold in your portfolio provides excellent diversification. Gold, of course, is also a hedge against catastrophe.

HOW TO GET ON BOARD NOW -  
BEFORE THE BIG MOVE IN GOLD HAPPENS

Today not many investors know as much as they should about gold. And that's why we're going to host the Gold Summit again this year - Gold Summit II.

Once again our best contacts will be on hand - Burt Blumert (bullion), Van Simmons (rare coins), Frank Holmes (gold stocks) and Michael Checkan (asset diversification) to tell you what they know about buying gold. You can expect specific advice from these experts - that's what they do, everyday, year round.

And, once again, if you attend our Gold Summit II, you will receive a "dealer pass" to the Long Beach Coin, Stamp and Collectibles Expo, which will take place the following day. The pass grants you early access to the floor the night before the show, where you should be able to buy any coin (and almost any gold collectible). You can take delivery immediately and be sure that what you're seeing is what you're buying. Plus, you can ask our experts for help to make sure you're buying the right coin, in the right grade, at the right price.

If you're new to gold or if you've only bought gold stocks, this is the perfect opportunity to get "your degree" in gold. Our all-day conference will cover all of the important ways to invest in gold and will show you exactly what to buy now for value and safety.

#### BURT'S TOP RECOMMENDED COIN...

As an added incentive to join us, Porter has agreed to do something I can hardly believe: he's going to buy you a top quality GOLD coin. So, if you're totally new to gold, your collection can start by simply attending our Gold Summit II.

Of course, we both know that most of the things you get for free aren't worth very much. But Porter was very clear about this gift: it's not a gimmick. We asked Burt Blummert - our most experienced contact - which gold coin today offered the most value. That's the coin Porter has agreed to purchase for you. I can't tell you which coin it is (or the



prices would be bid up all around us prior to this event), but I can tell you that it is a gold coin you will be very proud to own and shocked to be given as a gift.

#### ALL THE DETAILS YOU NEED:

Our Gold Summit II will commence at 8:30 AM (complimentary gourmet breakfast to begin at 7:30 AM) at the Long Beach Convention Center in Long Beach California on February 23rd, which is a Wednesday. The Long Beach Coin, Stamp and Collectibles Expo will take place the following day.

As an attendee to the S&A Investment Research Gold Summit II, you will receive a floor pass to the Coin Expo, which grants you admission to the show and early access to the floor the night before. You'll also get - for free - Burt Blummet's top recommended gold coin. For obvious reasons, you must be in attendance to receive this gift. And we'll be serving top shelf food - breakfast and lunch, plus snacks and coffee during the day. This event - like our S&A Alliance Conference - will be first class all the way.

In addition to learning what you need to know today to invest in gold from our top five experts, I'll be there in person to talk about what's happening in gold - and what's going on across the True Wealth Portfolio. I'll also tell you about my top five "family & friends" investment recommendations. These are opportunities I've found from around the world that are too small for inclusion in my newsletter - like David and Pablo's company, for example.

And finally, direct from an Argentina visit, David Cohen will be in attendance to tell you, personally, all about the gold mine he was able to salvage from Argentina's political crisis. You'll be able to judge for yourself why I think this could be the number one top performing stock of the next ten years.

We've reserved these speakers, our gold coin gift and a special

presentation from my friend David for you. All you have to do is join us...

Last year we charged \$1,000 for this package - without giving away a nice gold coin and without David's presentation on Agua Rica - and we sold out in about two weeks. I feel confident that we could raise the price substantially this year and still sell out in a few days. There's no other place and no other way, at any reasonable cost, where you could meet these men, learn what they know about buying gold and have the opportunity to invest and take immediate delivery. Never mind the gift we're giving away this year has a substantial value - the coin and the dealer pass is probably worth what we're charging for the conference.

And, this year, David's coming to tell you, in person, about a stock that could be your "once in a lifetime" opportunity. You'll know more about it than anyone else.

But, it's Porter's show. And he's insisting that we keep the price at \$1,000. As a result, I suspect we will sell out within a few days...

The best way to reserve your seat is to act immediately.

But, if you have questions about this conference, feel free to call our sales team at 866-411-7859. Call between 9 am and 5 pm Eastern Standard Time and ask for Mike or Brad.

I hope you'll join us this year. I'd love for you to be one of the many readers who've learned to jump on the "hated" recommendations I make in True Wealth.

Best regards,

Steve Sjuggerud

P.S. One favor: if we do sell out, please do not try and contact me...I really can't do anything about it. Our conferences are organized in the Baltimore office, by Kristen Kossuth. She does a fantastic job, as anyone who has been to our events knows. The last thing I want to do is make her job harder by pestering for yet another "exception." If you want to come, please do. But don't expect to be able to join us at the last minute.

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