



EurMountainVision

ONLINE Report

THE BIGGEST SILVER RUSH IN 26 YEARS

by Michael Checkan, Wealth Protection Investment Advisory Panelist

Here's How to Get in Before 130 Million Ounces Go "Public"

In 2004, worldwide demand for silver reached more than 879 million ounces. Yet individual investors snatched up just 42.5 million of them - less than 5%. Fact is, silver's risen from \$4.58 per ounce five years ago to its current price of \$10.20. That's a gain of nearly 123%. Not bad by any standard.

But here's the good news: Even if you remained on the sidelines five years ago, there's still time to get on board and realize sizeable returns... In fact, I think the best is yet to come.

You see, my partner, Glen Kirsch, and I have been selling precious metals for more than 30 years, and this is just the second major bull market in metals that we've seen. For the first time since 1980, metals (and silver in particular) appeal to investors beyond an allocation for core holdings (Golden Anchor). In 2006, silver prices have rocketed into a pure profit opportunity. The overwhelming reason? This bull market is powered by pure fundamentals. Let me explain...

EVERY MAJOR FORCE IS PUSHING SILVER HIGHER

Today, a number of events are eerily similar to those of 1980, which pushed silver to all-time highs at \$50 an ounce... Let's start with war and inflation... From 1979 to 1980, the U.S. saw its largest single-year increase in consumer prices, pushed skyward by soaring oil prices... In 1980, inflation was a reality.

Today, with oil at \$60-plus a barrel, here we go again... putting pressure on the purchasing power of the U.S. dollar, along with building debt and the Fed's printing press in full bore to cover its recently reported \$740-plus billion in government debt last year.

The capital flight to safety lies in two metals: Gold and silver.

In 1980, we were dealing with global unrest, including the Iranian hostage crisis and the Soviet invasion of Afghanistan. Today, the war in Iraq continues with no end in sight - and no money to pay for it. The war on terror has become a permanent fixture on the global landscape. But here's where the fundamentals really kick in to fuel the fervor for silver...

DEMAND IS SIMPLY OUTSTRIPPING SUPPLY

In 2004, there was ever-increasing demand for silver by industry. Even though photographic demand erodes a bit more each year, giving way to digital photography, industrial demand increased in 2004. Jewelry and silverware demand fell by 10%, but again, industry demand was on the rise. In fact, it rose 5% for the year.

Why? Demand for electronics (up 14%), coin and metal fabrication (up 15%), and net investment (up 400%) more than made up for the decreases in jewelry and photography.

The numbers jump out at you. The 400% increase in net investment was in large part due to hedge fund activity and commodity trading activity on the futures exchanges. In a word, we call this speculation (which I'll talk more about in a moment). First, let's consider the supply side of the equation.

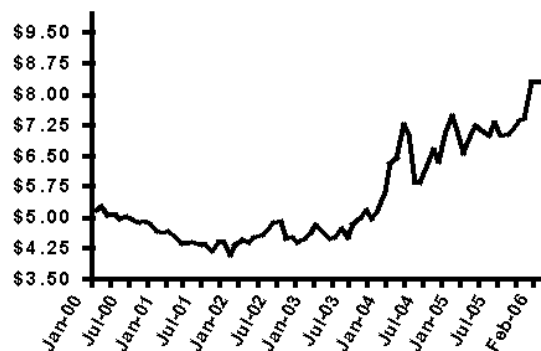
FALLING SHORT FOR 16 YEARS

Two important developments are worth noting regarding silver supplies.

1. They continue failing to keep up with worldwide demand. The combination of new silver from mines and recovered silver from scrap has failed to meet market demand for 16 straight years. The figures for 2005 will be released in May, but it is anticipated that this streak will increase to 17 years once the data surfaces.

A Silver Lining - Up 123% Since 2001

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2. In 2004, sales of above-ground silver by governments to fill the gap between demand and new and recovered supply declined by 30%. This was primarily due to a marked decrease in silver coming out of China.

Even with the dramatic fall-off in supplies from Chinese stocks of silver, China provided the bulk of silver comprising net government sales. In 2005, that pipeline appears to have dried up. Last summer, the Chinese government announced that it had depleted its stocks of silver. Like the U.S. government a few years ago, the statistics for 2005 should show China to be a net buyer of silver.

These supply gap factors alone would be enough to drive even the most ardent value investor to frenzy... Yet there's another event that's about to push silver even higher:

A BULLION-BACKED SILVER ETF

Investor interest in silver is stronger than perhaps it's ever been. In 2004, net investment was up 400%. This is predominantly speculation on the futures exchanges, but demand for coins and bullion is up as well.

The reason the speculation exists is because the belief that this is in fact the "Commodities Decade" has permeated financial sectors. People are starting to "get it." Therefore, people are starting to get *into* it.

Part of the reason for silver's current notoriety is the fact that Warren Buffet took delivery a number of years ago of about 130 million ounces of silver. Today, another potential purchase of 130 million ounces has investors salivating at the possibility.

Barclays' plan to launch a silver Exchange-Traded Fund (ETF) is in a public comment period with the SEC after which they will either approve or disapprove it. Approval would cause Barclays to purchase 130 million ounces of silver to back the fund's shares.

With the supply and demand equation as stressed as it is already, this purchase has the potential to send the price of silver to unprecedented lofty levels. Even if it is not approved, this realization of the dire state of above-ground silver supplies has already fueled the investment fires.

Clearly, there are any number of compelling reasons to purchase silver now...before the ETF buys its necessary physical silver. We absolutely have a market on our hands.

THE BEST WAY TO PROFIT

As with gold or other precious metals, there are several options available to you as an individual investor. One way is to purchase stocks or mutual funds with exposure to silver mining companies. There is potential for higher returns, but understand that a rising silver price does not guarantee a rising share price in a silver mining company.

As with other metals, futures and options are available. There is no question that the potential exists, through leverage, to generate high returns. But the risk is consummate with the reward. If you choose to go into this market, do so with your eyes wide open to the potential of loss.

Ultimately, the safest way to capture your piece of silver appreciation is to own silver bullion - in the form of coins, bars or certificates. Coins should come from a reputable mint, and bars with a proven Hallmark. Bags of 90% U.S. silver coins (quarters, dimes and half dollars minted before 1965) are another way to invest.

For most investors, a combination of bullion is appropriate - some delivered to you and some held through certificates, like those offered through the **Perth Mint Certificate Program (PMCP)**.

The PMCP allows you to purchase silver (and other metals) and have it stored at the Perth Mint in Australia. The certificates, guaranteed by the government, are safe and extremely liquid. These are exciting times for silver investors. All the factors discussed above are converging to a point not seen in 26 years. Given the choice, I would stake my claim to profits in silver today rather than wait another quarter century.



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