

THE GOLDEN AGE OF GOLD MINING

TO THE PRESIDENT OF XYZ GOLD MINING COMPANY

Dear Sir,

Gold Standard University takes pleasure in announcing that Sprott Asset Management Inc. of Canada is sponsoring our seminar on the subject of THE ECONOMICS OF GOLD MINING to be held in Dallas, Texas, February 15-16, 2008.

In particular, at this conference we shall evaluate the disastrous and failed hedging strategy introduced and promoted by Barrick Gold Corp. Although President Wilkins is now saying that Barrick's hedge plan will not be revived, his company is still hemorrhaging at the rate of almost \$10 million per \$1 increase in the price of gold.

Gold Standard University has been an outspoken critic of Barrick's hedging strategy from start. We are on record to have predicted that the hedge plan would end in a fiasco. The reason for the failure is that Barrick has not recognized the absolutely vital difference between the economics of mining a monetary metal, and the economics of mining a base metal. Gold is a monetary metal, regardless whether governments recognize the fact or not.

A monetary metal must be mined at the marginal grade of ore, whereas base metals are normally mined at the top grade, in order to make the mining venture prosper. The gold miner is not trying to maximizing profits on an annual basis, as the base metal miner is forced to do by the competition. Rather, the gold miner is trying to maximize profits over the entire life-span of the gold property. This means maximizing the working life of the mine. For this reason the Barrick-type forward selling strategy must be rejected out of hand as it drastically shortens the life span of the property. At one point during the bear market in gold Barrick had to stop production at no fewer than ten of its mining sites. The reason was the reckless exploitation of the top grades, further aggravated by the strategy of forward selling.

We would like to help your gold mine to profit from the research we are doing at Gold Standard University. Please send your delegates to the conference and be a direct beneficiary of the ONLY RESEARCH EFFORT TARGETING THE SCIENCE OF HEDGING which aims at an unbiased reappraisal of past mistakes and future opportunities.

Maybe the BANKS that finance your operations already have designs to force some type of hedge plan on you as a condition for further loans. In the past many gold mines listened to the siren song of the banks and came to grief as a consequence. We want you to be ready with a hedge plan of your own that you can show to your bankers. A hedge plan that will make your operations prosper, rather than become an easy picking for foreclosure.

We believe that there are lessons to be learned from the Barrick saga, arguably the greatest mining disaster in the history of gold mining. Gold Standard University is championing a soul-searching examination of all the issues involved.

Gold Standard University has an open-minded approach. We are not saying that all hedge plans are bad *per se*. Barrick's plan was bad because it was unilateral: it has used forward *selling* to the exclusion of forward *buying*. The trouble with UNILATERAL HEDGING STRATEGY, that involves forward sales of gold at every *upwards* spike in the gold price, is that it alienates bullish gold speculation. But there is a BILATERAL HEDGING STRATEGY that also includes forward purchases of gold at every *downwards* spike in the gold price, a bullish-friendly strategy.

As the bull market in gold progresses, the acquisition of new gold bearing properties will become ever harder. Without new gold properties the company is going to wither away. We want to show you how your firm could go on prospering, by locking in a good price for new gold properties. Just as *forward sales* of gold is a strategy designed to lock in a good price for the *selling of gold*, so *forward purchases* is a strategy designed to lock in a good price for the *buying of gold properties*. Forward buying strategy is the answer to the problem of augmenting your gold properties as they get exhausted. Strategically, it will restore balance in gold speculation by removing the bearish bias. It may sound simple, but there are lots of pitfalls. We are here to help you avoid them.

The first decade of the twenty-first century is a most exciting time for the gold mining industry. Let us put the frustrations of the last decades of the twentieth century behind us and launch forth into the GOLDEN AGE OF GOLD MINING.

Gold Standard University is wishing you the best of success in your endeavors.

Very sincerely yours,

Antal E. Fekete
Professor and Founder,
Gold Standard University
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A sister-conference will be held on Saturday and Sunday, February 16-17, 2008, in the same hotel. Subject: GOLD PROFITS IN TROUBLED TIMES. As the bull market in gold reaches maturity, and the volatility of the gold price increases, it will be ever harder to trade or to initiate new positions. The advice from Gold Standard University is to use BILATERAL ARBITRAGE following more sophisticated indicators such as gold and silver BASIS, LEASE-RATES, NAV of ETF's, in addition to the bimetallic ratio. This represents a new departure in gold investing, something conventional investment advisors have ignored so far. The discriminating investor should get acquainted with these more sophisticated investment methods.

Interested people can also take advantage of Session Three of Gold Standard University Live on the subject of ADAM SMITH'S REAL BILLS DOCTRINE AND ITS RELEVANCE TODAY, held at the same hotel, from February 11 through 15. The views of economists opposed to the Real Bills Doctrine will be represented by Professor Lawrence H. White of the University of Missouri, St.Louis. Participation is limited to 25 people; first come first served. Participation fee, covering ALL THREE EVENTS is \$2,500. Scholarship for students is available. Family members, or groups of 3 or more attending together, get a reduction. For further information please inquire at GSUL@t-online.hu