

PERPETUALLY ESCALATING SILVER PRICES!

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COUNTDOWN---TEN---NINE---EIGHT---SEVEN---

Are you ready for blastoff? Do you have your silver shares and physical silver with which to participate in the price supernova?

Central bank leasing, having dried up most of the silver supply above ground (by also fostering dishoarding among investors who lost faith in ever seeing silver soar) is soon to end. This is no matter of being psychic. The CBs cannot have contained more silver than a portion of what came from mining in the years before approximately 1982! Like a tire going flat, constantly losing air molecules, this is silver leasing, drained by the deficit. (As one of many examples, see reference to critical shortages appearing sometime in the next few years, Nesbitt-Burns, unit of Bank of Montreal, document dated April 30, 1999, Heather Douglas, New York; 36 months ago tells you how near the emergency is! Another warning appeared in Forbes, August 7, 2000, page 64, concerning soaring silver prices. We are close to the end of leasable silver and with that, low prices will NEVER be seen again!) Not only U.S. government silver, but also apparently that of many other nations, has been absorbed by a price depressive conspiracy so pervasive as to hold great influence in many places. Therefore, once leasing is history, there will be little silver left to compete with that held by determined investors! It is extremely doubtful that anything but token amounts of leased silver have been returned. As in the chicanery dominated futures markets, everything is rolled over, postponing a real reckoning. However, with lease inventories soon to be all gone and an industrial silver buying panic erupting like a firestorm in response to an unserved deficit, the devilry of short side derivative manipulations conducted on exchanges will also end, for it will be without effect, like trying to scratch a diamond with a feather. The cluster of tumors plaguing the silver market, leasing and naked short selling, will be excised by the deficit! A poem:

***The market emergency ignites as leasing dies,
Silver jolts upwards, the price flies!
Hyperleveraged, unhedged shares move at sonic speed,
World be advised, for our silver you will bleed!
Ownership title to this fortune is what we hold,
Manufacturers face shortages, their world is cold!
Exchange officials and regulators are wriggling on hooks,
As Butlers letters to them spotlighted negligent crooks!
Public outcry forces Congress to answer why,
The little guy must always financially die!***

At last silver enters a free market, with free market pricing to reflect supply and demand forces. Concerning the naked short position in Comex silver, let no one be surprised when exchange officials attempt to repudiate and cancel the obligations of the shorts, to excuse them from covering; I suspect such plans have been in place for years. Then let the lawsuits begin! If you have investments there, I suggest you exit them and go to safety---physical and certain mining shares. Comex silver warehouse receipts might be seized by Uncle Sam in a national emergency scenario, concerning reestablishing a strategic stockpile, with holders paid a capped

price below free market prices. This is speculation, but the metals markets have been the target of much abuse, more would be no surprise. All shareholders in primary silver mining companies are hereby encouraged to communicate to management the absolute dictate to profit on the long side of silver. The companies rated by Silver Investor are trustworthy to not hedge; or, to not hedge too early in the price rise, and then, to hedge as lightly as possible; or better still, to raise any needed development capital by selling a minority interest in a property after the great price transition to one of the sluggish mining giants which failed to get ready for the silver boom. Considering who the billionaires are behind the Silver Trio, and the fact of them being geopolitically diversified, investing with them will give you security. I am very grateful for the existence of the company I invested in, which I called 61 Neutron Corporation in the Maximinus essay (silver has 61 neutrons). This time I want to nickname it SFD Corporation---Sir Francis Drake Corporation---after the British privateer who raided Spanish treasure ships returning to Spain from the New World with silver and gold. Because you see, SFD Corporation has practically stolen most of its assets in legal deals, which represent so much pent-up value as to generate astonishing wealth for its shareholders in times ahead. Having acquired over 200 million silver equivalent ounces since November 2001 they seem poised to add 400 to 600 million more soon! No wonder I decided 57 months ago to live way below my means, to chronically deprive myself of better things and comforts so I could accumulate shares! Already having interested two East coast billionaires in their company months ago, they now have, indirectly, Bill Gates as an ally in South America! And not very indirectly at that! Concentrates from the company George Soros stands behind will get to port not too far from SFD Corporation mines in Northern Chile. Figures are difficult to be precise, but suggest the Silver Trio may enter the Silver Supernova with close to 40% of the mineable silver reserves in the world! Considering that many of their properties are primary silver deposits, and that base metal mines (owned by other companies) yielding silver byproduct will be idle for some time to come, it appears convincing that these companies will absolutely dominate the silver market! Another poem---

***Silver prices, beaten down and suppressed for years,
Then suddenly, exploding like an atomic blast!
The time for Silvers Mushroom Cloud nears!
Who spoke the truth? The silver iconoclast!
Suggesting silver worthless as manure, the bears babble,
But suddenly silver investments are worth big money!
Who failed to profit? The dot-com rabble!
Have some diamonds and a new car, honey!***

WORLD DEMOGRAPHICS, SILVER SUPPLY AND DEMAND

As of 2002 the world has about 6,200,000,000 people. India and China represent some 2,306,000,000 souls, or about 37.2% of the total. Demand on silver has never been greater relative to silver available and is increasing. From 1996 to 2000 silver demand was up about 16.5%. In 2000 global silver demand was about .1526 ounce per capita. Increase this demand by 16.5% and you have world silver demand at 1,102 million ounces, or about .1778 ounce per capita. This works out to an increase in silver demand of 156 million ounces. However, to expect this added 156 million ounce demand to take four years to arrive would be to expect the same rate of increasing demand as happened from 1996 through 2000. The rate of increasing demand will surge because of several factors---superconductivity, a silver stockpile being rebuilt for national security, investment demand increasing, and news of silver sources running dry and

others embargoing silver exports. Additionally, many people in the world hardly consume any silver at all, and as significant numbers of them are beginning to do so by having improved living standards, and combined with the other factors, maintaining the insanely low capped price becomes as hopeless a cause as pricing diamonds like cubic zirconias! United States Geological Survey figures show, as of 2002, about 270,000 metric tons of recoverable silver reserves. This is roughly ten years worth of supply at current rates, except that current rates are viewed as increasing! Hard to believe? It was to me. See the statistics for yourself. Since gold is not such a consumable item as silver, let the world BEWARE!! They are going to bleed, and then hemorrhage violently to get the silver we silver investors hold title to. Geopolitical tensions flaring into military hostilities, and demand for silver as MONEY will infuse silver with stunning value! Those who were conned by silver bears will feel like they have radiation poisoning! Predicting perpetually escalating silver prices is as sure a forecast as anything you can conceive. The asset base of the three leading silver companies is set to expand from acorn size to that of full blown giant redwood trees, and will soon be worth THOUSANDS (yes, thousands) of times more than their current market capitalization. When the day arrives that their mine resources are depleted to 10% of their current reserves, the value of these deposits will be greater than what the entire amount was at the beginning, because world demand for silver is voracious and will energize the perpetual price increases. As supplies shrink the price will escalate continually. Even if an assumption such as only the rich and upper middle class will consume silver, this suffices to fuel the perpetual price escalation! These silver mining companies of which we speak are in an absolutely enviable position to transfer a whole universe of wealth from silver consumers to their blessed shareholders. The in place stock options at SFD Corporation guarantee the rank and file to benefit the same way---as silver bulls and longs. The higher silver escalates, the greater the value of the options held by management. I believe the managements of the Silver Trio are canny enough to have realized years ago that when the first shock waves hit of increasing prices in a finally free market in silver, they may find ways to drag their feet about production decisions, in order to catch the second wave of price increases. With the first several price spikes, considerable above ground silver will be enticed into the marketplace. As that silver is consumed, demand will continue rising and the value of their silver ore bodies will escalate again in further price shock waves. India cannot and will not come to the rescue of any users organization. Assuming there is as much as 3 billion ounces there; look at that as less than 3 years demand, for demand is increasing. (So, adding 30% to the recoverable silver reserves estimated by the USGS, we still have only 13 years at current consumption rates, and entertaining the false assumption India is willing to sacrifice itself for the rest of the world; rates are increasing!) Figures for how much silver Indians own are murky and unreliable; however, this figure allows an average of 3 ounces per Indian. This metal took them many generations to accumulate and they need it for infrastructure. If anyone on the COMEX expects an Indian silver short side bailout, they better have space aliens arrange it. Because to the Indian people this would be less appealing than a rats rump on a banana split. As the silver price jolts upward, Indians will become more possessive of it. The poor mans gold, moving towards what was the price of gold before the Silver Supernova, and Indians will clench their fists tightly around it. I expect to hear about western industrial users begging Indians to sell silver with most of them refusing in order to get a higher price later. The general media have been extremely quiet about silver since 1980, and what little has been said has been predictably bearish considering their corporate interlocks. However, when Silvers Mushroom Cloud appears, there will be no way to ignore it, and knowledge of the severe silver shortage and marketplace emergency will be all over India and they will realize the longer they hold it, the more they can eventually sell it for. Across the Pacific, Mexico promises to help Indians enjoy startling increases in the value of their

silver heirlooms and objects, as the movement to use circulating silver coins as a reality based medium of exchange surges in popularity. As the dollar becomes more of a weakling, Mexicans, Indians and all holders of silver (and the right equities) will realize what God-given, true wealth they actually hold, and will hang onto it the more tenaciously! More poetry---

***Silver fundamentals made inevitable the rise so steep,
To obtain more silver, we look to the ocean deep!
The price of silver continues to escalate,
Worldwide consuming industries pay the freight!
Silver shareholders are human moneybags,
What scares them now, not high price tags!
Leveraging thousands of dollars into millions,
Gates, Soros and Buffett make billions!***

PERPETUALLY ESCALATING SILVER PRICES---OCEAN MINING!

Because of the geological phenomenon called epithermal deposition, most silver lies close to the surface of the earth, except in Idaho, where earthquakes inverted silver deposits downward. Elsewhere in the world, the deeper into the earth we go, the less silver whether in primary or byproduct mines. Many sources confirm this geological fact. This being the case, most, perhaps nearly all, of the great silver deposits were located long ago. SFD Corporation has a site first mined in 1772! As land based silver deposits become exhausted, to include low-grade deposits, which will become attractive with wave after wave of price increases, the world must turn to seabed mining to obtain more silver. This will be no easy task and very expensive. However, considering the demand is certain to remain so far ahead of supply (and due to reemergence of silver as MONEY), by the time such undersea mining becomes the main supply of new metal, silver is likely to surpass \$500 per ounce. What appear to be wild figures now may seem tame later. We have already recovered vast wealth by tapping the ocean floor by petroleum platforms. Polymetallic nodules and metalliferous sediments await eventual exploitation. Exploration will focus first on subduction zones and tectonic plates---boundaries between huge areas of differentiated rock masses, stretching for some 47,000 miles around the globe; and hydrothermal vents, bringing up metallic elements from deep below the ocean floor in massive sulphide deposits. It is at these areas that metallic elements from the core of the earth are more concentrated---iron, copper, zinc, gold, silver and other metals. Whether or not the Silver Trio will eventually be involved in undersea mining is a worthy question for their boards to consider. It is certain that the value of undersea metallic elements is in the trillions. SFD Corporation could consider moving into ocean mining at the right time by making another strategic purchase, which it is likely to be aware of already, or it could diversify. A real estate bust, which may last for years, will follow the long-term decline of the Dow. Using staggering profits from silver, SFD Corporation could purchase buildings at fire sale prices, income properties, and undeveloped land at the edges of growth---the same tactic which made the Astors one of the richest families in history. When its land based silver mines are exhausted, it would then be positioned to perpetually issue dividends to shareholders from gargantuan real estate receipts! Also it could continue as a mining company by making the strategic purchase of which I speak; land based silver mining will be fabulously profitable in advance of ocean mining, therefore, the capital will be there for them to dominate ocean mining as it becomes predominant. Rene Kardol of the University of Amsterdam has written on the subject of inhabited artificial islands for the purpose of ocean mining, some of these proposed to be over

60 square miles in size (100 kilometers), contain some 100,000 residents, and be anchored to the sloping sides of seamounts (undersea volcanoes or other mountains whose summits fail to reach the ocean surface) by means of Teflon cables. Other plans have focused on semi-stationary cargo-type vessels.

FORMULATING THE RED TAPE OF OCEAN MINING

Not surprisingly, governments have been active for years in connection with universities and their corporate sponsors in developing legal frameworks by which the seas may be exploited of mineral treasure. Before this will really get rolling two things especially must happen--- improvements in mining technology and higher metals prices. As long as land based mining can supply metals at lower prices, the next great phase in world mining history will be on hold except as concerns research, planning, and testing. Before ocean mining starts we will see a full end to the demon of suppressed silver prices; and indeed, the opposite of that demon--- astronomically high silver prices, will show silver bears to be shameless con men. (Then also, when certain advisors suggest a precious metals stock, they intentionally mislead hopeful investors---see for example Forbes, March 11, 2002, reference to Hulbert Financial Digest survey of so-called stock guru picks, with heavy hedger Barrick Gold among the TOP recommendations! It must be intentional misleading---how could anyone do it out of stupidity?)

The International Seabed Authority, based at Kingston, Jamaica, was formed out of the 1982 United Nations Convention on the Law of the Sea, and as amended, 1994, and now has 138 member nations. At their website we find links to Info-Mine, the premier source of information on mining; Metal Mining Agency of Japan; South Pacific Applied Geoscience Commission; Center for Earth Observation; British Geological Survey; International Maritime Organization; Inco Limited, the Canadian mining firm active in over 40 nations; Intergovernmental Oceanographic Commission (with 129 member countries); Integrated Ocean Drilling Program; International Marine Metals Society (founded in 1987, associated with the University of Hawaii; Freiburg University of Mining and Technology; and Imperial College of Science and Technology, London; current president of IMM Society is J.R. Hein of the United States Geological Survey); and the International Ocean Drilling Program (members include United States; Canada; Japan; China; Australia; France; Germany; United Kingdom; European Commission; and the European Science Foundation Consortium on Ocean Drilling.) You can see, a lot of influential persons are hard at work concerning the future of ocean mining. Significantly, the International Ocean Drilling Program is set to start increased activities in October 2003. Increased silver prices will be here long before that! Time for another poem---

***Silver prices rising like the Alps, Andes, now the Himalayas so high,
Six and a half billion people bid silver up, it continues to fly!
Silver investors traded pennies for hundred dollar bills,
Owning shares of the Silver Trio daily thrills!
Perpetually escalating silver prices leave the world numb,
We bought value, others bought losers so dumb!
Silver investments bring us money and power!
Overwhelmed we watch it rise by the hour!***

CAN THE TIMETABLE FOR HIGH SILVER PRICES BE DELAYED?

Recent reports have come from China concerning increased exports of silver in 2002. Possibly as much as 4.5% of annual world demand may be coming out of China in one round, with perhaps two more rounds to go. If the total amounts to three times the first shipments, this might cover up to 14% of annual world demand, with shorts capping the price at under \$5. We still have the deficit, our inexorable trump card! While many of us have been waiting for a silver bull market for years (my fifth year of waiting soon to start, with many readers in much longer than that), if as we suspect central bank leasing is soon to dry up as a source of supply, and silver coming out of China can be used to delay the violent upward price spikes for some months, view it as opportunity. If things work out this way, we have more time to add to our positions. The more above ground silver the shorts and their allies can wring out of many countries, the less silver to compete with what silver investors have, in mining shares and physical, when so much silver has been spirited out of countries like China that the deficit can no longer be covered. If this is the case with Chinese exports, it appears to be a signal, an emergency signal, that silver leasing is soon to end, but the price explosion may be postponed for some months to come, with Chinese dumping servicing the deficit. This would then be a situation similar to a condemned prisoner and his attorneys running out of appeals and delaying tactics. If China dumps another 1,260 tons of silver twice more this year, that amounts to about 121.5 million ounces, enough to cover the anticipated deficit. However, as long as the deficit persists, the time for rapidly escalating prices will arrive. Demand continues to increase; in 1996 it was over 800 million ounces; now at the start of the new millennium it has escalated to within striking range of the one billion ounce mark! Eventually the world must turn to longs for silver---those of us who respond to price alone, and our companies untainted by derivatives, who have the best silver deposits locked up. There are certain organizations and their corporate members who are able to command surprising influence over the export decisions of an apparently hostile nation like China, and these are linked to the great bullion banks. I almost wonder if military secrets and technology are being offered as inducement to the Chinese to release increased amounts of silver, as the most populous nation really needs their silver for infrastructure and standard of living; and military uses. There must be some under the table inducements going on, because the Chinese know that if they withhold this silver, a price explosion will occur, rendering their metal many times more valuable. Why else would they dump it at fire sale prices, but to gain other things not known to the public? Maybe Wo Fat (see 2nd essay in series by this author) did get involved after all---maybe he lurks around the Huatong Metals Wholesale Market! If China releases several thousand tons of silver on the world market at under \$5 per ounce, we will have an extension of time with which to add to our positions. Recent Chinese exports, much greater than previous years, may not be what the recent silver industry delegation to China expected. This possible delay cannot be counted on, however, as silver bears are well known for making all the bearish noises they can. In the time it takes you to clap your hands, they can recite 50 lies about silver---its being abandoned by industry; tangible assets are out of favor; copper, lead and zinc companies hold billions of byproduct ounces available under \$1, and short sales in New York are backed by silver fillings in cemeteries all over the world! In relation to Chinese silver exports, consider this---news of Japanese savers stampeding into gold in recent months is widely known, as is the shortfall between gold demand and production. Suppose a few hundred thousand such savers, not only in Japan, but other nations, start seriously considering the other precious metals, like silver? This is already the case with platinum, and some diversification is a plus. Such investment demand could easily overwhelm any last ditch efforts by shorts to pull Chinese strings to hold silver low until fourth quarter 2002. We still have many billionaires all over the world, and mega-millionaires---just one of these (taking cues from Warren Buffett) seeking to buy and take delivery could push the shorts

to the edge of the precipice! If someone wants to send them letters asking them to get into silver at low prices, and plan to hold it for at least 3 years, that might do the trick. You need not even convince 1% of them to force a market crisis in silver! Additionally, if Congress is pressured to rebuild silver stockpiles for national defense, the crisis is forced before year end 2002. I anticipate the Silver Supernova will happen during 2002, and other better-known sources are saying the same thing. The wheels will get busted off the short sellers wagon, and silver longs will have our way---with a stunning vengeance! So be ready for those perpetually escalating silver prices!