RESOURCE CONSULTANTS INCORPORATED

6139 S RURAL RD, STE 103 TEMPE, AZ 85283 TOLL FREE: 800-494-4149
METALGUYS@BUYSILVERNOW.COM • FAX: 480-820-5905 • AZ LOCAL: 480-820-5877

Dear Friends, February 2015

We hope you are enjoying a Happy New Year! 2014 was another year of multiple and rapid changes for all of us in this country and across the globe. We are happy to greet 2015 with hope, gratitude and courage and intend to make it a good year!

What You Need to Know about Gold & Silver in 2015

~ David H Smith ~

In late April of 2011 gold traded a bit above $1,900 an ounce and silver just below $50 the ounce. This December 31, the last trading day of 2014, gold closed at $1,184 (with an earlier intraday low printed in early November at $1,132). Silver closed at $15.60 (with a Sunday night session spike printed low at $14.15 on Sunday Nov. 30/Monday December 1.) That same day silver closed up over a dollar, at $16.92 on massive futures volume of 150,000 contracts.

During this time, the mining sector stocks dived to the tune of 70 – 90% off their 2011 highs – a slower but just as devastating move that mirrored the selloff during the epic near-global financial collapse of 2008-09. It mattered little whether they were inherently risky exploration companies looking for a deposit, or producers who were making excellent profits at anything close to current prices. Over tree years, each “support” level on the downside was penetrated as prices drifted lower and lower. All of the reasons for this drop – many due to government and trader manipulations – are beyond the space available in this report to discuss. Suffice to say that things have gotten so bad that the Canadian TSX exchange index, where most mining stocks based in North America trade, is now trading at close to the lowest level relative to the underlying price of gold and silver that has been recorded during the exchange’s history.

This situation has become a contrarian's dream. When – not if – precious metals' prices rebound, the massively undervalued shares of many of the best mining projects will take upside moon shots, with shares rising 5 – 10 times, even 20 fold in price. Of course, the precondition for this move will be the establishment of considerably higher gold and silver prices. But the financial underpinnings for such a move are being laid right now, as the "smart money" with deep pockets has been accumulating low-priced shares that in many cases represent substantially greater value than the broader market is currently able to recognize.

Many of those reading this are not interested in taking the time and extra risk associated with holding mining shares, which uncharacteristically have underperformed the metal for over 7 years now, a surprising anomaly. This underperformance, along with the slide in precious metals' prices, has caused most weak hands…and quite a few strong ones, to either stop purchasing metal, or get out of the trade all together. Though this is the attitude many people have today, the premise of this report is the belief that such a situation will continue for much longer is a mistake – one which will catch most people by surprise, and place a significant part of their finances at risk, should they not have the foresight and courage to keep some real money – gold and silver – in their possession.

Although what you are now reading is "a minority opinion"…

In all probability, the November-December 2014 price action marked the end of a nearly 4 year cyclical bear market in the precious metals. Technical analysis, not to mention record sales of American Eagles and Canadian Maples, as well as continued large-scale gold and silver bullion buying by the top three purchasing countries, indicates that the larger secular bull market is alive and well.

Within the context of the major secular bull market which for 12 consecutive years gold had been in–cyclical bear markets are not only to be expected, but absolutely necessary. These often violent and sometimes lengthy countermoves cleanse the ranks of the bulls, restore price balance, and set the stage for the next major up move. Thereafter, if new all-time nominal highs are achieved and supported with a new price foundation, the possibility exists that the action will ultimately far overshoot "fair value" on the upside, culminating in a public mania. We saw this in 1974-76, when gold lost half its value…then rocketed upward 800% over the next few years. In this kind of scenario – which I believe is in store for us – gold and silver could reach levels that even the most ardent bulls think could never take place. This could mean "three digit" silver, and gold having a four digit price starting with a "5", "6"…or higher! Several years of steadily advancing higher highs and higher lows on the charts - the hallmark of a vibrant bull market – would do the trick.

Whether metals make another attempt to establish still lower prices –which would probably be an event of short duration, back and fill sideways for part of the year, or turn violently upward, remains to be seen. But if you want to get ahead of the herd rather than stepping in what it leaves behind, now is the time to seriously reflect about the wisdom of either establishing a new position or adding to an existing one.

Don't expect the decision to be easy. Even the so-called experts can seldom accurately match price and time. But that should not stop us from remaining calm and following the evidence – discussed several times in this space over the last couple of years – that the elements which may lead to a large and sustained upside run in the "precious metals four" are still relevant and in play.

Frank Giustra, one of Canada's wealthiest men, called the bottom a year early, but the comment he made at that time is just as relevant today. He said, "All the reasons gold went from $250 to $1,900 are still intact. In fact, they've been amplified ten¬fold!"

Turn Fear into a Productive (and Profitable) Outcome.

Last fall, a trader with several decades of experience in these markets, made the following remark:

Now that fear is at its absolute worst in this sector, people should make very well researched and educated bets. Companies that I bot last year, thinking I was brilliant, have gone down 50% in value. So I now have to take a deep breath, and see if my original reasons were still valid.

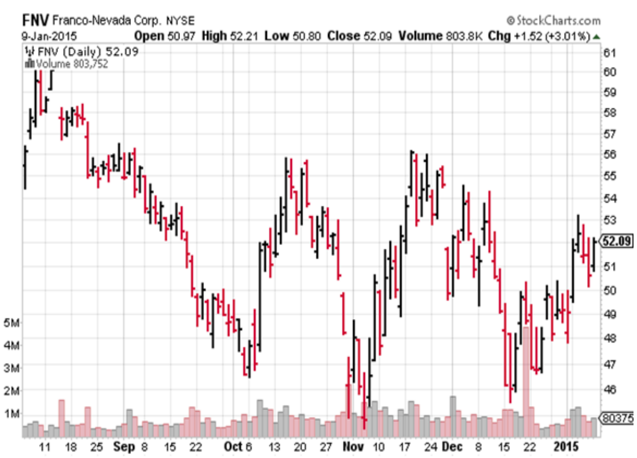
Approaching the market this way sets into motion a four-step decision-making survival strategy that I have written about in these pages before, called the Boyd Cycle. It involves using the natural fear we all have when an outcome is uncertain, marshalling our resources, thinking positively and productively to make a plan, and then moving forward. It takes you inside what’s going on externally, and enables you to respond with speed, precision and accuracy. You become a survivor of circumstances, rather than a victim.

Observe: Look around, do the research and consult trusted sources to get the big picture.

Orient: Compare what’s going on in the world/markets/metals’ prices with your mindset, as well as your skills and emotional and financial ability to accept risk in search of reward.

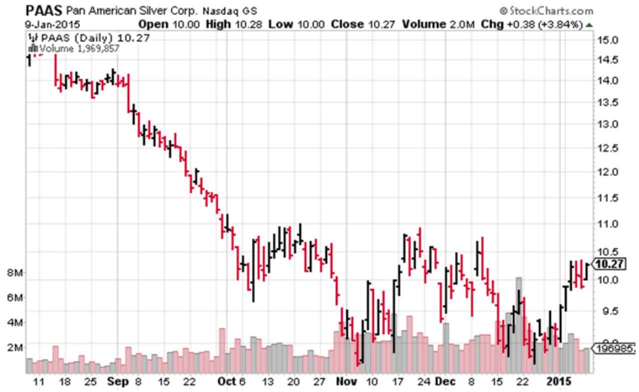
Decide: Plan your work in a relaxed, yet purposeful manner – the preconditions necessary for plugging into the possibility of achieving outsized financial gains as well as getting insurance for the resources you already have – while most others are not able to look through the proverbial forest in order to actually see the trees.

Act! Then do something about your plan! The hard part is stepping up to the plate and taking action. As Pat Gorman loves to say, it’s about “working your plan”. At some point in our lives, all of us have performed these three steps, but then failed to follow the evidence and act. Which path will you choose?



Franco-Nevada (FNV) Daily

The chart above is Franco-Nevada (NYSE:FNV), a gold royalty company with $1 billion (that’s a “b”) of cash in the bank. They purchase future production royalty “streams” from gold miners in exchange for cash up front, so that the miner can conduct and expand its operations. Notice the start of higher price lows, leading hopefully to higher highs as well.



Pan American Silver (NASDAQ: PAAS)

This next stock is Pan American Silver (PAAS), a primary silver miner with operations in the U.S., Mexico, Bolivia, Argentina and Peru. Since the silver bull market began around 2002, its price has twice risen to the $40 area. As you can see, PAAS is now trading at one-quarter of that level, yet it has additional mines in production compared to earlier years! This is what persistently negative sentiment can do to a share price. When "the herd" is pessimistic, valuation means little. In truth, the price of gold and silver is now so low that very few mining companies are operating at a profit. Precious metals' prices must rise substantially – and I believe they will - sooner than most people believe. Then the share prices of better run companies will move much higher. But for now, only a minority of "look-ahead investors" with courage and deep pockets are paying attention and building a position.

Impact Silver weekly (TSX.V: IPV; OTC: ISVLF)

And finally, Impact Silver, which is a "junior" silver producer with operations in Mexico. A longer-term chart than the one above, shows that in 2011, this stock – near the start of the current multi-year slide in gold and silver prices – was at $3.20 a share. It now trades for…$0.18 cents! Nowhere is it guaranteed or implied that Impact will return to its former highs, or even survive the current swoon in metals' prices. But its fall starkly illustrates just how eviscerated the mining sector has become, even for an established producer, that even at current silver prices is pretty much breaking even.

As Rick Rule likes to say, "The cure for low prices is low prices". And that's exactly what I believe is in store for those who can overcome the discomfort they now have, and either hold onto or add to their current positions in physical gold, silver – and perhaps palladium.

Now, please note the following disclaimer carefully: I chose these specific stocks to illustrate certain things about the resource sector as it now stands. They are companies with which I am familiar. I own shares in PAAS and

ISVLF. Franco-Nevada (FNV) is listed in David Morgan's The Morgan Report's Asset Allocation Table as a subscriber recommendation to be considered. I could have chosen several dozen other companies which would have as clearly demonstrated the points I have sought to make here.

Mining Stocks versus Physical Metal

And as you look at Impact Silver, a company which has now lost 95% of its value from the 2011 highs, remember that I could be wrong in my assessment of its chances to rebound or even survive. However, before adding to my position recently, I performed the exact same Boyd Cycle steps as described earlier.

Observe: I studied the big picture supply-demand for silver and gold, and concluded that the likelihood of substantially higher prices going forward outweighed the risk that prices will stay low or decline by very much.

I revisited the "story" of this stock, spoke with management to get answers to my questions, and asked "Are my reasons for holding or adding onto this position still valid?"

Orient: Assessed my belief that the precious metals' bull market is still in play, and took inventory of my emotional state, financial willingness and confirmed my ability to hold on and even add more to my position in the event of lower prices.

Decide: Made my Plan – Buying into weakness in several tranches, holding back enough money to purchase still more at "stupid cheap" prices should I get the opportunity.

Act! – Which I did earlier this week, when I added to my position on a "limit" price basis into further weakness. I bought "less than is rational" since I cannot know ahead of time if this is really the bottom. In fact, prices have declined 10% since my purchase, but I did not expect to be able to know ahead of time where the exact bottom might be, but rather have assumed that I am buying "in the area" of such price action.

And a further caveat: Most people reading this who have limited emotional and financial tolerance for risk should strongly consider that gravitating towards holding physical gold and silver, rather than taking on the substantially greater risk of owning mining stocks, might be the preferable choice. As more than one analyst has said, mining stocks are "burning matches". The precious metals themselves have never – throughout history – gone to zero. But hundreds of mining stocks have done just that!

An Approaching TSX Gold Miners' Mass Die-off, March 31.

At the end of March, Canadian mining exploration and mining producers are required to publish annual financing reports detailing the activities and health of their operations. Since 2011, many of them just no longer represent a viable business enterprise. Some analysts believe that several hundred companies are going to bite the dust at the end of the first quarter. By Canadian law, a company cannot even post a report if they owe money to their accountant. But more to the point, many of these operations have become virtual financial shells. Even if new money to drill more exploration holes is available, the dilution to shareholders would be extreme, with little chance to even discover, let alone develop, a commercially-viable project. These companies are simply going to blow away.

This will be important to market participants in several ways. First, much of the "deadwood" will be cleared from exchange listings – both in Canada and the U.S. – making it easier to research and find those companies who still hold viable deposits, or who are producing metal which will become profitable as metals' prices rise. Second, this cleansing will make the remaining companies healthier, as new financing is directed to those who will survive for the long term. It will be a case of "bad news, good news".

How this “die-off” will affect those who hold physical precious metals.

But the biggest effects will be felt in the global metals’ supply pipeline. The post-2011 price decline has weakened the sector in general, both financially and psychologically. Even the biggest producers have sharply cut back on exploration budgets, sold off uneconomic properties, and deferred expansion plans. They have also been forced to mine in a way that is against their long-term interests. In a procedure called “high grading” many miners have been working their most valuable deposits, rather than monetizing lower grade properties, which are simply not economic at today’s depressed prices. So they deplete high-grade ore bodies, selling the metal by “trading dollars” – or at a loss, just to keep the lights on. Since a mine by definition is a depleting asset, how will these companies replace those ounces later on, even at much higher prices?

When increasing demand intersects with a depleted supply pipeline, precious metals will have nowhere to go…but up.

Last year, a new annual record of over 44 million ounces was set for the sale of American Silver Eagles. When the Royal Mint releases its 2014 sales figures for Canadian Silver Maple Leafs at the end of March, they too are likely to have established a new record.

John Embry is one of the most studied observers of and investors in the precious metals and resource sector markets. In a portion of an interview with Sprott Asset Management, he had this to say (Sprott Asset Management has bolded John’s direct statements):

Further describing that period (1974-76), John noted, “When [gold] was down to $102, off the high of [near] $200, a lot of people were calling for it to go back to $35 again… in ’76 it turned around and started to move higher and then it just went nuts at the end of the 70s…and got up to $850-$875, which completed about a 25-fold move.”

John emphasizes the belief that this period parallels the mid-70s bull market correction, and when asked about the depth of the current sell-off, noted that, “I don’t think I’ve ever seen, in the 40 plus years I’ve been following the sector, the shares cheaper in relation to the price of bullion as they are now.”

The level of current pricing combined with sentiment, sets up, “An historic opportunity,” in high-quality mining shares, John further added. “[So] few people own them today. They don’t even talk about [them]…Bonds and stocks are grotesquely overpriced and I think gold and silver and the mining shares in particular are ridiculously underpriced. Those who figure that out when the inflection point [arrives], are going to make a fortune.”

Takeaways:

• Mining share prices are trading at relative historic lows

• Virtually all primary silver mines and most base mines – the latter from which about 60% of annual silver is mined, often as a by-product of copper/lead/zinc production – are losing money at current prices. This metric, known as All-In-Sustaining-Costs (ASIC) measures the cost per ounce after all contributing expenses have been factored into the mix.

• At present levels of consumption (latest figures are 2014 totals), China is purchasing most of the world’s current gold production.

• In 2014, India alone purchased 28% of the year’s newly-mined silver, and was the world’s second largest purchaser of gold.

• During the 4th quarter, Turkish purchases of gold rose over 600%, making it the world's third largest customer for newly-mined gold.

• None of the systemic economic problems of the world's debt-ridden economies have even been addressed, let alone set onto a solution pathway.

• The recent fall in crude oil prices from $105 to around $48/bbl (at this writing), is making hundreds of billions of dollars in shale oil debt a ticking time bomb on the path to default – an amount several times larger than the real estate subprime mortgage crisis which almost brought down the global system in 2008!

• Russia has seen the value of its currency, the ruble, decline by 50% over the past few months. A Russian default was the prime cause of the 1998 crisis. Should such an event happen again – it could become the catalyst for a global melt-down, concomitant with a virtual stampede out of other asset classes like stocks and bonds - and into the precious metals.

And finally this from Richard Russell, founder of Dow Theory Letters, in remarks posted on his website and quoted in other sources, on January 6, 2015:

The cat is out of the bag, gold signaled it. As I write 45 minutes before the close, gold is selling at 1218.2. The whole universe of gold is trading higher; obviously something is happening. The big, in-the-know money is reaching for gold and gold miners. China has quietly been building its hoard of gold; I think China is ready to release a gold backed yuan. China has joined with Russia to defeat the dollar as the world's reserve currency.

China is sick of the fiat dollar. China, patient for years, now intends to be the world's leading power. China knows history and knows that the nation with the largest hoard of gold is the world leader. Russia, now brought to its knees by the collapsing world price of oil, has decided to link up with China in their dual campaign to remove the US as the world's leading power. International money has been racing into the US dollar since the US, at present, is the only nation with a strong economy."

My advice to subscribers is to take a position in gold . . .The value of trillions of US dollars is about to be reset. This will be the new story of the decade, as it should produce convulsions in the stock and bond markets. I believe we are looking at the early death of fiat money. As I've said many times before, gold will be the last man standing.

You can still buy physical gold. If you can, trade in your fiat dollars for real constitutional money. I believe the new gold rush is just beginning. Obviously big money, smart money knows that something is afoot. ~end~

Most of you reading this letter have, at least, a portion of your assets in tangible precious metals. Investing in precious metals is for most of us firstly, an insurance and diversification against the collapse of fiat currencies rather than a get rich quick plot. You make your plan, work to put it into place and pray you never need to put it into action. It is prudent for the smart and proactive among us to have some Gold and Silver outside of the banking system to ensure purchasing power in the event of financial collapse, war or even social revolution.

When converting your dollars into hard money it certainly is wise to make the larger acquisitions while the metals prices are low. THEY ARE LOW NOW! We believe the metal prices will continue to stair step up, and we may be looking at raising premiums in the near future as well.

Some of you have asked about what effect there might be on metals in case of deflation or hyperinflation. Firstly, deflation is disastrous to the banking systems and is superb for gold. Should other monetary systems fail, hard money, gold and silver will be circulating as the most vendible and sought-after- tradable assets. Hyperinflation, can quickly follow a deflationary period and if this happens, Gold should at the very least maintain its value and quite probably outperform most other assets.

GOLD CATEGORY ONE INSURANCE

We recommend that backbone of most everyone's metals portfolio be made of gold and silver bullion coins and bars. Whether you're a Gold bug or Silver bug, it is probably a good idea to diversify and have some of both metals. Folks who have been involved in or have been around long enough to observe the markets for a while agree that having 15-25% of their portfolio in hard money is a good safety blanket.

For simple planning, you could think of your physical Gold as your precious metals savings account and your physical Silver as your currency. Because you can hold a lot of wealth in a handful of Gold, You could put it away for times when you might have larger purchases or bills to pay. You silver you might use for the day to day expenses we all have. These Bullion pieces can be bartered saved to pass on to your heirs or sold back to the market should the time come you choose to liquidate. Resource Consultants, Inc. makes a two way market and will help you with your metals purchase or sale.

The U.S. Gold Eagles as well as Canadian Gold Maple Leaf and Austrian Gold Philharmonic are available in 1oz., as well as the fractional 1/2oz., 1/4oz and 1/10oz sizes.

The smaller coins carry higher premiums but if you order at least 5oz at a time, you can get some pretty nice discounts. There are a lot of you who have been taking advantage of the low gold prices and picking up 50 coin rolls of the tenth oz. Gold Eagles and have saved at least $250 over buying the same quantity piece meal.

SILVER CATEGORY ONE

INSURANCE

The 1oz Silver Bullion coins such as the Silver Eagles, Maple Leafs, Philharmonics or Silver Rounds still are good choices in rolls of 20 or 25 ounce rolls and an even better value in Mint "Monster" boxes of 500 ounces. 90% pre 1965 U.S. silver coins are still available in $1000. $500. $250. and $100 face value bags.

Some of you might be wondering how to budget more of your paper funds into physical. Did you know that you can roll over whatever portion you'd like of your IRA into a precious metals IRA account? This gives you the ability to own physical precious metals with money you already have in your retirement account! If this is appealing to you give us a call and we will help you through the process**. 800-494-4149**

There are many bullion coins and bars to choose from. Call us for current prices and recommendations and put away as much Gold and Silver as you can budget NOW. 800-494-4149. We have no commissioned sales people here and we look forward to hearing your goals and helping you work towards them.

GOLD CATEGORY TWO

INSURANCE WITH A KICKER

While the modern gold and silver bullion coins were minted to be primarily for the intrinsic value of the metal, the older U.S Gold and Silver coins were minted to be used as currency. The coins we recommend in this category are the $20 Gold Liberty. We like these coins in XF condition. They are available at a premium just slightly higher than the bullion coins and are cherished for their antiquity and semi-numismatic quality as well as their gold value. We enjoy helping our clients put together date sets of these beauties!.

GOLD CATEGORY THREE

SPECULATION

At this time our favorite coin for this category is again the $20 Liberty, but in Mint State 63 graded by NGC or PCGS. We have 50 of these reserved for you at $1525.00. This is a great value and a great coin.

U. S. SILVER DOLLARS

The old U.S. Silver Morgan and Peace Silver dollars are still available. We like them in 20 coin rolls and have them available in circulated as well as BU. Condition. Call for current pricing.

PLATINUM AND PALLADIUM

Platinum and Palladium coins and bars are also at ridiculously low prices right now. Once you have your “Hard Money” portfolio well on its way, we strongly urge you to pick up a few ounces of these rare and precious metals. They are becoming more in demand each year and are more rare than gold. Don’t miss out on this buying opportunity and add a few ounces of these white metals to your collection of tangible assets.

HEALTH

We all know how important it is to protect your wealth. Remember, that in order to enjoy any part of your life you must first have life! And if you are lucky, a healthy one! In the past few letters I have passed along some information about the health product our family discovered 4 years ago when faced with some rather grim health issues. We have been amazed by the improvement in our own lives and are happy to know so many of our readers are also reaping the benefits of this product. ASEA is the world's first and only stable and bioactive solution that slows the aging at the cellular level through the power of Redox Signaling, allowing you to live younger, longer. Redox signaling molecules are so essential to life that without them, you would die within minutes. A proper supply of Redox Signaling molecules enables cellular healing: damaged dysfunctional cells fading away and healthy vibrant cells taking over. To the individual who believes that how you look, act and feel should not be limited by age, ASEA is for you! If you would like to learn more about ASEA and Renue28 ,place an order or find out more about joining our team, call us at 800-494-4149 and ask for Linda. mwww.amazingmolecules.com will give you some of the science and history of the product and www.signalingstories.com will offer some testimonies of others who have truly benefited from using ASEA and Renue28

Thank you for your business, your referrals, and your friendship.

Linda C Gorman

Linda & Pat Gorman