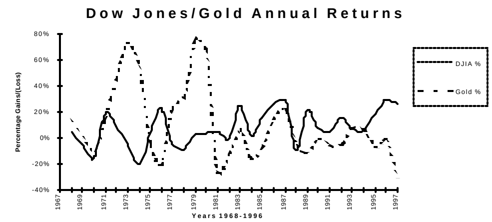
J Taylor's

WWW.MININGSTOCKS.COM

Gold



& Technology Stocks

Volume 26, No. 5 | *(Now in Our 25th Year)* | May 10, 2007

Peter Schiff Explains How to Protect Your Wealth as America Declines

Mr. Schiff is one of the few non-biased investment advisors (not committed solely to the short side of the market) to have correctly called the current bear market before it began and to have positioned his clients accordingly. As a result of his accurate forecasts on the U.S. stock market, commodities, gold and the dollar, he is becoming increasingly more renowned. He has been quoted in many of the nation's leading newspapers, including *The Wall Street Journal, Barron's, Investor's Business Daily, The Financial Times, The New York Times, The Los Angeles Times, The Washington Post, The Chicago Tribune, The Dallas Morning News, The Miami Herald, The San Francisco Chronicle, The Atlanta Journal-Constitution, The Arizona Republic, The Philadelphia Inquirer, and the Christian Science Monitor*, and has appeared on CNBC, CNNfn, Fox News and Bloomberg. In addition, his views are frequently quoted locally in the *Orange County Register*.

Mr. Schiff began his investment career as a financial consultant with Shearson Lehman Brothers, after having earned a degree in finance and accounting from U.C. Berkeley in 1987. A financial professional for nineteen years he joined Euro Pacific in 1996 and has served as its President since January 2000. An expert on money, economic theory, and international investing, he is a highly recommended broker by many of the nation's financial newsletters and advisory services. Mr. Schiff holds NASD Series 4,7,24,27,53,55, & 63 licenses.

TAYLOR: Peter, I would like to thank you for taking your precious time to share your thoughts with our readers. I would like to start by asking you to comment on the prospects for the US stock market. The Dow is at, or about ready to set new highs, at least nominal new highs. The mainstream press, including folks like Dennis Gartman or Larry Kudlow and the other folks on CNBS, suggest that things have never been better in America. Given what I know about your views, I would be shocked if you agreed. Where do you see the US equity market heading over the next several years?

SCHIFF: Well obviously, I disagree, I mean far from things never having been better, there's a chance that they've never been worse. You're talking about nominal new highs and that's the operative word, nominal. I think "nominal new highs" conveys very little real meaning. Look at the Zimbabwe stock market; they make nominal new highs all the time. What does it mean? The dollar is losing value against just about every other currency in the world and its losing value against any other commodity, certainly gold, but other commodities, it is losing even more value relative to.

So I think the fact that people invested in US stocks now have more dollars than they did a few years ago, I think they are still poorer as a result. I think the dollars that they have collectively, convey less real purchasing power than the dollars they had in the past and I think that that is going to get a lot worse in the coming years because I think that the foreign central banks who have been mitigating the dollar's decline are going to withdraw this support. Over the next few years, you are likely to see far a greater loss in the value of the dollar relative to other currencies and relative to gold and commodities, Even if the US market manages to make more nominal new highs in the face of that dollar weakness, I think that is going to be very little comfort to those Americans holding US Stocks.

TAYLOR: So the stock market may make new highs in nominal terms, but in real actual purchasing power, lose value, is that your view?

SCHIFF Schiff: Yeah that is my view. Now I actually expect the market to fall in nominal terms as well, but if I'm wrong, it is only because inflation is so much worse than I'm anticipating which would ultimately mean that the real value of US stocks would fall even further under that scenario, where the Dow does not go down.

TAYLOR: You have recently said that you do not believe the housing downturn is nearly over yet. That too, is in contrast with mainstream Wall Street views. Why do you think the housing industry still has so much further to fall?

SCHIFF: Well, remember the mainstream Wall Street didn't even think there was a housing bubble so the fact that they thought that "ok, it has already burst" and the worst is over doesn't surprise me. This is just the beginning of he housing downturn. We have barely turned the corner. I think that housing prices have stopped rising, which really is the first thing that has to happen before they can start falling, but I don't think we have seen the big declines yet.

The lion's share of the ARM resets are still ahead of us. We have barely seen the beginning of the effects of credit tightening, which is just starting. The inventories are building in the market, but the sellers are still optimistic and hopeful. There are a lot of people who bought property on spec, who can't sell it and so are now renting these properties out at losses, so they have negative monthly cash flow. These speculators are waiting for better prices in the future to try to get out from under these property investments.

All that inventory is still there. It hasn't been liquidated yet. The supply of homes is going to continue to grow. I think right now, there is a record number, I think 2.7% of single family homes in the United States are now empty, unoccupied. We have never had anything like that and they are still building more of them. So I think over the next few years, as people start to understand that prices are going to go down, you are going to have more sellers coming out. You are going to have far fewer people who can afford to buy because of the reemergence of lending standards and of course, once real estate prices are no longer rising, even if people can stretch to afford to buy a house, they would have very little incentive to do so. When real estate prices were rising, it artificially suppressed the cost of home ownership. So if somebody were looking at the mortgage payment and property taxes and maintenance and those expenditures equaled 40% of their income, they didn't care because the appreciation was going to more than offset that, so buying a house was a freebie. But, once real estate prices level off and potential home buyers have realistic expectations of house appreciation. All of a sudden, they are going to think twice before committing such a staggering percentage of their income just to shelter. So you are going to see far fewer buyers. Obviously, the speculative buyers aren't going to be there. I think prices are going to implode and I think Wall Street in general, is underestimating housing's impact on the over all economy and the fact that when the housing market turns down, we are likely to be in a recession which means a lot of other home owners are going to lose their jobs and have difficulty making their mortgage payments.

I also think Wall Street is underestimating the degree to which the American consumer has had his consumption artificially buoyed by adjustable rate mortgages and I think over the next few years, as millions and millions of homeowners have their mortgage payments reset, to levels far higher than they are now, that is going to have a tremendous negative impact on consumer spending because consumers simply cannot spend money that they are sending to China and Japan to make mortgage payments so you are going to see that exacerbate the recession. I think they underestimate the reverse wealth effect. I think as people start to see the value of their house falling, there is going to be a renewed interest in saving. One of the reasons we have had a negative savings rate for the past several years is because homeowners have decided that they no longer have to save, that they can use their house as their savings and when they realize that was a miscalculation, they are going to have to catch up. And so, the resurgence of savings again is going to further exacerbate the recession because our economy is 70+% consumer spending and consumers are just not going to be able to spend anymore.

TAYLOR: Peter do you see a lot of people then losing their homes and being tossed out, the banks taking their homes away?

SCHIFF: I don't know how many people are going to actually lose their homes because the banks are not going to have much incentive to kick people out because who are they going to sell to? In many cases, people will find ways to remain in their homes, its just is that people won't have an equity. That is where you are going to have this impact on the economy because when home equity is gone and Americans no longer have any wealth; where their mortgages exceed the value of their homes, and our asset based consumption collapses, then of course, the whole world will now understand this big scam of the American economy and they are not going to want to support the dollar. So people will living in homes, they just won't be able to afford to heat them.

TAYLOR: What's that going to do to the lenders?

SCHIFF: The lenders are going to get clobbered, they are going to lose! I mean that's going to be the problem. I have talked about this for years. The biggest losses are not going to be among the homeowners. They are going to lose the wealth they thought they had, but the actual losses are going to be born by the lenders. The people that lend people money to over pay for houses. They are not going to get paid back. They are either going to get paid back far fewer dollars than they loaned or they are going to get paid back in dollars that have a much diminished purchasing power, but there's no way the lenders are going to walk away from this anywhere near whole.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

TAYLOR: So the commercial banks or whoever is holding the paper is going to get hurt badly?

SCHIFF: Right, and of course the American taxpayer who stands behind theoretically Fannie Mae and Freddie Mac. They are going to get clobbered as well. You already have all these governments talking about bailouts for a lot of the people in the sub-prime area, so ultimately, leaving the taxpayer on the hook.

TAYLOR: So spending, either through the printing press or by higher taxes or by a combination of the two, we who have saved our money will be penalized… (interrupted)

SCHIFF: Yeah, if you have saved it in dollars, if you are one of my clients at Euro Pacific Capital, and your savings are in Euros or Swiss Francs or Australian dollars or Singapore dollars, then you will escape that tax, but if you are foolish enough to hold onto a currency that is about to be printed into oblivion, then you are going to lose

TAYLOR: The US spends more money on its military than all of the other nations combined and our government is running enormous budget deficits and individual Americans are doing the same, as you pointed out. Now as a 60 year old, I am one of the older baby boomers who will, it seems, almost certainly bankrupt this country with our Social Security and our Medicare problems. Economist John Williams suggests that at one point, a 100% tax rate will not be sufficient to fund all of the liabilities that are heading our way during the peak of the baby boomers.

SCHIFF: There is no way to fund these liabilities and obviously a 100% tax is impossible because it would result in zero revenue for the government because nobody would work. These obligations aren't going to bankrupt the country, the country is already bankrupted. They are not going to pay these obligations. They will be repudiated one way or the other so anybody in the baby boom who is counting on Social Security might as well be counting on the tooth fairy. They are not going to get anything. People are going to have to do something on their own to provide for their retirement.

As far as us having the world's largest military, that's true for now. At one point, the Soviet had a very large military. It is not nearly as big anymore; Russia's isn't nearly as big because they could never really afford it. We can't afford the military that we have. At some point, when the world forces us to pay for it, we are not going to have nearly as big a military as we do today.

TAYLOR: Sure, so the rest of the world is financing this, the Chinese and the Japanese and other net creditor nations…

SCHIFF: We are the recipients of the world's greatest reverse Marshall Plan where the world is sacrificing to artificially maintain the consumption of the American consumer despite the fact that he no longer produces. That's the real myth of our economy, the false part of our economy, is that it is all based on consumption. We look at our GDP and it is growing, but what are we really measuring? Are we measuring how much wealth we are creating? No, not at all! We are measuring how much we are spending. And we are spending on consumption and we are ignoring in the calculations, all the debts we are accumulating as a nation in order to indulge in this consumption. The tremendous burden that we are placing on ourselves in that we have to repay all this money plus interest, but we did not acquire any productive assets in the process, we blew the money. While the rest of the world is saving, so that they can enjoy greater prosperity in the future, we are indulging ourselves and sacrificing our future prosperity. There is no other way to describe it.

TAYLOR: Chairman Bernanke thinks that's just fine, that the Chinese save too much and we save too little and everything is in balance.

SCHIFF: Well, no its not, because how are we going to pay it back? That's the thing, the Chinese are lending us their savings. Theoretically at some point, they expect to be repaid, but we can't do it. They are not saving for the fun of it. They are expecting to utilize those savings at some point in the future, which means relying on the productivity of Americans, but how can they rely on that? We can't even rely on it for ourselves. How can the Chinese?

TAYLOR: It certainly doesn't seem to be a good recipe for good relations with the Chinese and even the Japanese going down into the future. How long do you think this can go on?

SCHIFF: I don't think it can go on much longer because its already gone on far longer than it should have, but I think the numbers have already moved just to staggering levels. I think as the world looks around and for the past seven years, the world has outgrown the US economy. Our GDP is growing at a slower rate than pretty much everyplace else. US stock markets have underperformed global markets for seven years consecutively by wide margins. I think the world is going to start to appreciate the fact that America is not the engine of the world economy, but the caboose and they can sever the caboose and the train will keep going. Once they wake up and understand this, then its all over.

TAYLOR: The US government puts out inflation numbers that are increasingly suspect. Rather than the 2 or 3% they say it is, veteran economist Walter John Williams suggests that the CPI is now north of 10%.

SCHIFF: Yeah, I mean that number seems more realistic to me just based on my observation of prices…

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

TAYLOR: Williams says if you go back and use the same CPI measure that was used pre-Clinton, you would get to 10% now.

SCHIFF: The government routinely changes the way they calculate all kinds of statistics, whether it is inflation, GDP, productivity, everything. They do it to try to make the economy statistically look better so they can go back to the electorate and say, "look how good the economy is doing." The strength is a function of the way they have changed the statistics, it is not the way anything else has been done. I think it is disingenuous the way Wall Street just looks the other way. They will say that inflation was 8% in the 1970's and its only 3% now and they forget that we are not measuring it the same way and that if we measured it the same way, it is very possible that inflation is actually higher today than it was then. If the government measured unemployment back in the Great Depression the same way they measure it now, there would have been no unemployment in the 1930's!

TAYLOR: Very interesting, well John Williams also believes that hyperinflation is a very distinct possibility going forward. In fact, he thinks we might start to see some evidence of it as early as 2010. What are your thoughts? Do you think that's a possibility?

SCHIFF: It is. The question in my mind is, is that the most likely outcome or is that just the worst case scenario? And obviously, when I talk about hyper inflation, I don't just generally talk about high inflation, which people would think of maybe 10 or 15% or 20% a year. When you talk about hyper inflation, you are talking about Weimar Republic, Zimbabwe type inflation, Argentina type inflation where money is literally wiped out; where the average homeless person is a multi-millionaire. We are talking about that type of catastrophic outcome. It is certainly possible. Countries have gotten themselves into financial messes not nearly as bad as the one were in, that have ended in hyper inflation

TAYLOR: We have the advantage of still holding the world's reserve currency. I suppose that gives us more leeway as long as the rest of the world…

SCHIFF: Well, I don't know. The fact that we have the world's reserve currency might mean that we are more likely to have hyper inflation because we might believe that we are insulated; that we can just print as much as we want and that it is never going to come back to bite us like that.

Once the world decides that it no longer wants to prop up the dollar, it won't be the world's reserve currency any more and then all those dollars around the world are going to come crashing back on our shores and prices could just go through the roof and interest rates too. The pressure on the government…I wrote recently in a commentary talking about the Weimar Republic and why it is that a country as strong industrially and militarily as Germany went down in hyperinflation. The reason was, their industry in general was decimated by WWI so their productive capacity was impaired at the same time they were saddled with tremendous reparations from Versailles to make reparations to the victors, the Allied Powers. They really couldn't export enough to earn the foreign exchange so they just printed the marks.

And if you look at the United States situation, its very similar to Germany after WWI. Our industry is gone, its not gone because it was bombed, its gone because it just shut down. We don't have the factories that we used to have so we can't export enough to service our debts. We are obligated to pay a tremendous amount of money to the rest of the world in that the world holds trillions of our debt. The debt is not 30 year bonds, it is mostly one and two and three year bills and so as interest rates go up the interest cost of servicing this debt is going to be enormous I can see in a few years, the US being obligated to pay a trillion dollars a year in interest to foreign creditors. That could be equal to all of the income taxes collected. That's not going to sit too well with Americans when they ask, "Why are we paying income taxes?" We are paying income taxes so the Chinese can get interest on the money we owe them. There is going to be tremendous incentive to either default which would technically not be as bad as inflation if the US government just refuse to pay. That's always an option. We can tell our foreign creditors to stick it. But if we don't have the integrity to do that, then the only other way we can do it is through a printing press. I guess the Weimar Republic, Germany didn't have the option of default because they were bound by the treaty. That was the term of the treaty. We are not bound by anything to make these payments. We don't have to worry. I guess if Germany didn't pay, the Allies would have invaded them again?

TAYLOR: I guess that's true as long as somebody can't clobber you over the head with their military.

SCHIFF: Yeah, I don't' think the Chinese are going to threaten to invade us if we don't pay

TAYLOR: Hyper inflation or not, Peter, I take it that you are very, very bearish on the dollar, in fact, I think you said so. Now do you think the dollar will soon break the .80…on the index?

SCHIFF: Yes, I think that is the key support level, psychological and technical support level. Once we really break through that in a decisive way and we hold below 80 for a period of a couple of weeks, I think 80 will become the ceiling for the dollar. What was long term support will now be a massive overhead resistance. And from that point, the dollar has nowhere to go but down.

TAYLOR: Down a long, long ways…

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

SCHIFF: And it could fall rather substantially. In fact, I think from a technical level and just a fundamental level, it would make sense for the dollar's value to be halved. So, I would think that the dollar index would move down to 40. I think it could do that in a couple of years of the break of the 80 level.

TAYLOR: If the dollar really tanks, then isn't that going to put upward pressure on interest rates and on inflation?

SCHIFF: Oh, of course, its going to put additional upward pressure on prices. I mean obviously, prices are already rising. They will rise that much more rapidly. Whether it actually gets picked up in the CPI depends on how the government calculates it all. Certainly Americans are going to feel the effects of a weaker dollar every time they try to buy something. They are going to see prices rising. Ultimately, its got to affect long term interest rates, I mean I don't know why it hasn't done so already. But at some point, we are going to have to start to see long term interest rates moving higher. Short term interest rates are a little different story because the Fed can kind of keep them where they want. But if they keep it too low, the only entity buying US short term debt will be the Fed itself Because once the world realizes that inflation is 10 or 15 or 20% a year, who is going to wants to buy treasury bonds or notes or bills that are paying 5%? Nobody. So that means it will be pure monetization, which again leads down the hyperinflation road. If all the debt the government is issuing is being monetized by the Fed, there's hyperinflation again.

TAYLOR: I would like to switch gears a little bit to a discussion on commodities in China. We are certainly in a bull market, you talked about that a little while ago. Much of the credit for the bull market (in commodities) is the booming Chinese economy. Yet I hear reports from people who have visited China, that there are wide highways with out many cars on them and there are rows of high rise apartments that are empty because there are not enough Chinese people who can afford to pay the high rents for those apartments. This is what you would expect from a command economy rather than a free market economy. What are your thoughts on China? Do you hold a view like Jimmy Rogers for example and others, that we have another ten years of unprecedented growth in China that will drive commodity prices including of course, oil and gas and the base metals to the moon. Or might there be some big problems in China that derail the global economy and send us into a deflationary depression?

SCHIFF: I think there are problems in China that are being created primarily by the inflationary monetary policies that are being pursued in China in their effort to keep the US dollar from collapsing. I think there are certainly all sorts of malinvestments going on in China. At some point, I expect there to be some problems there. But I do not believe those problems are going to result in the dollar price of commodities falling. I do believe that they will result in the Yuan price of commodities falling. But I think that the dollar will collapse and so all commodity prices will be rising substantially in dollars despite the fact that they may fall substantially in various Asian currencies.

TAYLOR: Because the dollar will be so much weaker than every other currency…

SCHIFF: Yeah, the dollar is just going to get killed. I just don't think you are going to see that. I think also, one of the reasons that commodity prices are rising so much, the demand from China is inflation. We are printing money and sending it to China. Now they are printing money. And so, it is inflation that is driving up demand in many cases, for all these commodities. Just because the factories are now in China, back 20-30 years ago, if we printed money and spent it here, we still had all of the industry. Now all of a sudden, the rising commodity prices would be because of America, not because of China. Right now, China is doing all of the producing for America, so all of all of the resources, all the consumer goods that we consume…all the resources needed to produce them are now consumed in China. So we look and say it is all this Chinese growth, but a lot of that production is being sent to the United States.

TAYLOR: And certainly India comes into the equation somewhere too. They are now with a middle class, able to buy cars and so forth. Do you see that in some really long term changes, coming our way as a result?

SCHIFF: The big secular shift that we are going to have over the next generation or so, or it might just be a decade, is going to be the radical decline in the standard of living of Americans relative to the standards of living of the rest of the world. America, for some time, has enjoyed a standard of living really unparalleled with most of the world. We have been able to consume a far greater share of the world's resources; a far greater share of the world's consumer goods and industrial output, far more than our share of what we have produced. I think that is going to end. I think that you are going to see a consumption increase, rather sharply, particularly in the Asian economies that have produced so much and saved so much. They are going to see their standards of living rise and that is going to come at the expense of Americans who are going to suffer falling standards of living. There is not an infinite amount of consumer goods produced every year. There is not an infinite number of barrels that are pumped every year. There is a finite supply of things and right now, Americans are able to command or consume a disproportionate share of that output, not because we are entitled to it because we produce a disproportionate share, like was the case let's say during the 1950's, but simply because our dollar is over valued relative to other currencies. Once the dollar collapses to an exchange rate that makes sense, given our new position in the world, Americans are going to be outbid for many products that they now take for granted. People in Asia are going to find that many products that are now beyond their affordability and that they are doing without, all of a sudden, they are going to find that they can afford these products.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

TAYLOR: Sure, Peter I don't know exactly your age, but in 1980, when out of nowhere came Paul Volcker. We were all expecting $100 per barrel oil; $1,000, $2,000-$3,000 gold prices. There was a one way bet it seemed on inflation at that time. We, I think in many ways, had an economy somewhat similar to what we have now, weak economy rising prices and so forth. The dollar came under tremendous strain. Everybody wanted to buy deutschmarks and Swiss francs and gold and nobody wanted to buy dollars. So Volcker came in and all of a sudden reversed policy, put his foot on the brakes or at least, took it off the accelerator, and we had interest rates that rose very, very high. I paid 17 ½ % for my first mortgage. Things were calmed down, we had the steepest recession we had since the Great Depression. It did not last long, but it was the deepest in terms of unemployment. Do you think anything like that might be possible again just to save the currency?

SCHIFF: I don't think it is possible anymore because I don't think the US economy is in a position to withstand the impact of higher interest rates. I say that for a number of reasons. First of all, back in 1980, the vast majority of the national debt, not only was it long term in nature, but it was held almost exclusively by other Americans, so when the government was paying 18% interest, it was paying it to American citizens. Sure some Americans had to suffer, but other Americans enjoyed those high interest payments. Today, 50% of those interest payments or more would be flowing offshore and would be a huge drain on the American economy, because that money would no longer be recycled in the United States. It would be paid to the Chinese and Japanese.

Also, when interest rates went up to 18%, that only affected the money the government was borrowing at that time. All of the debt that was issued over the preceding years was locked up in 30 year bonds and so the government didn't have to pay that. But now, since we have refinanced the national debt into the equivalent of an adjustable rate mortgage, if interest rates were to go up to 18%, within just two or three years, it would raise the cost of the entire national debt to near 18%. So when you're are talking about a nine or ten trillion dollar national debt, that's almost two trillion dollars a year in interest payments. It is impossible for the US government to make that kind of payment, to pay that kind of interest given the enormity of the debt we are now looking at and the short term nature of how it is financed so its just not possible.

And also, back then, people didn't have adjustable rate mortgages. I don't think they even existed. If you were a homeowner and interest rates went up, it did not affect your mortgage. It affected a new purchaser, but it didn't affect all the mortgages that were there. Another aspect of it too, is that mortgages in 1980 were assumable. So if you had a house and you had a 6% mortgage on it, and you wanted to sell it, you could sell it to somebody and they could assume the mortgage. So the house was still sellable even though mortgage rates were 18%, it really wasn't because you could assume the mortgage of the seller. Nobody has an assumable mortgage today. So, if interest rates went up to18%, nobody could sell a house period, it would be impossible, especially with today's prices. Even if prices were half, people couldn't afford that. So we're just in such a position today, that its impossible for anybody to do what Volcker did. It just couldn't happen. In my opinion, the only thing that could be done, would be to have a massive, massive dismantling of the federal government in terms of its expenditures. So, if we eliminated Social Security, eliminated Medicare, eliminated much of our military spending and just slashed the government and then simultaneously abolished all of the government regulations that impact employment and production and really freed up our economy. Then simultaneously, if maybe the US government sold off a of its assets in its national parks or its land and real estate and then privatized whatever it had, then maybe, maybe, we'd have a way out of this mess, not one that would be without pain, but it would be a way to make a transition back to a viable economy a lot more efficiently and it would happen a lot more rapidly.

TAYLOR: Well Peter, I couldn't agree with you more, but there's only one Congressman down in Washington that I know of that would agree with you and would be interested in implementing a policy like that…

SCHIFF: Yeah and that's Ron Paul, so the chances of the US Government doing something like that are probably about as good as my chances of being elected President so, I wouldn't hold my breath.

TAYLOR: Well, I would vote for you and Ron Paul. Peter, I would like to ask you, what are you suggesting to your clients that they invest in now for both short and long term?

SCHIFF: My advice to my clients and the advice is in my book, Crash Proof: How to Profit from the Coming Economic Collapse, which I would recommend that anybody read. It came out a couple of months ago. The advice that I give is that since the dollar is going to be the biggest casualty of this and of course, the American standard of living, which is propped up by the dollar, you don't want to own dollars. Whatever you want to invest in, whether its money market, CDs, government bonds, stocks, whether you want to be in growth stocks or conservative utilities and REITs, whatever you want to buy, just don't buy anything here! Go to Asia, go to Europe. Make sure you have income streams locked up in other currencies. Make sure you own businesses that don't depend on overleveraged American consumers for their revenue. By all means, have exposure to commodities and have exposure in particular to precious metals and gold. I do think that one of the things that is going to happen as a result of the collapse of the dollar, is I think people around the world, central bankers as well, are going to rediscover the wisdom of real money, and why gold has been money for so long and why so many others throughout history including the founding fathers of our nation, why they feared paper money and understood the dangers of it and why they wanted to be on a gold standard and I think its going to happen again. I think we are going to have a monetary system based on

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

something, not a monetary system based on nothing. Most likely it will be gold. If not gold, I don't know what, so its most likely going to be gold. And if gold is going to be remonetized, and its going to be held again as money by central banks, then the price is going to have to rise sharply to facilitate that. It would happen at today's exchange rate.

TAYLOR: And that would happen, Peter, because of a total loss of confidence in paper money?

SCHIFF: Once the dollar collapses and people realize that, if the dollar can collapse, well why can't the Euro? Why can't the yen? If the mighty dollar can collapse, then any paper currency can collapse. So what central bankers are going to have to say around the world is, "Why is their currency different from the dollar?" If its not backed by anything, then it isn't different. They only way they can say, "have faith in this currency," is that its got to be backed by something. There's got to be something that limits their ability to just print it into oblivion. Unless they can say, "its legally backed by gold, its convertible, its redeemable," they have no way to say, "trust this currency." I think that's going to happen.

TAYLOR: Peter, I'd like to ask you one question yet before we complete our discussion here. On the Canadian dollar, because I recommend and have a lot of Canadian mining stocks in my portfolio and in my newsletter, what is your view on the Canadian dollar?

SCHIFF: I think the Canadian dollar is going to move higher, I think ultimately, maybe even before the end of this year, the Canadian dollar will be above one (US) dollar. Right now, its just over 90 cents. I think the high for the was around 92 cents. I expect it to take out 92 cents sometime in the next couple of months. When the Canadian dollar is worth more that a (US) dollar, that will be a significant development. I am sure the news story about it in Canada will be more important up there than it is down here, but it will be a very significant thing. Now I also think if the Canadian government will announce some type of softening of their stance with respect to imposing taxes on some of the income trusts, particularly the oil and gas trusts, then I still think there is reason to be optimistic that there might be a change and that would be a huge positive for the Canadian dollar, and could cause it to move up sharply in one day, if we were to get that type of positive news.

TAYLOR: What currency are you most bullish on now longer term?

SCHIFF: I don't really know, I certainly think the Asian currencies are the ones that could make the biggest moves. The Hong Kong dollar, the Yuan, the Singapore dollar, the yen, I think these currencies ultimately could make the biggest moves because those are the ones that have been the most depressed. But is also possible that the central banks there would never come to their senses and they can destroy their currencies along with the dollar. If they do the right thing, those currencies potentially could have enormous moves against the dollar.

TAYLOR: Peter, you told us about your book, can you tell us a little about your firm's services and how our subscribers can avail themselves of them? Are you in just the more wealthy clientele?

SCHIFF: Well, we are interested in everybody. Obviously, we can make a little bit more money off of larger accounts, but my goal is more than just to make money. Sure, I want to make money, but I also want to try to help as many Americans as I can to retain their wealth because I am cognizant of the fact that we are going to need wealthy Americans to help rebuild this country. I don't want to be completely dependent on Europeans and the Asians. The only way for Americans to have an ownership interest in the capital and the means of production in this country is if they have savings and the only way for them to do that is to get their money out of the country now. Otherwise its going to get lost, its going to disappear so we need to have wealth to repatriate and keep capital in American hands. So it is important that as many Americans as they can, get rid of dollars and accumulate foreign assets and so I want to help people do that whether it is a significant amount of money or a small amount of money. Its important that as many Americans as possible invest overseas. The way I make it easier, most firms make it very difficult to invest in foreign markets. Its extremely expensive if you can even do it. And we reduce the cost, I have already done a lot of the research. I have numbers of stocks that I recommend for all sorts of investment objectives. In general, we are looking for conservative dividend oriented foreign stocks. I can help people construct a portfolio of income producing foreign stocks. It a matter of what size its going to be.

TAYLOR: Do you worry Peter, about capital controls here?

SCHIFF: I do, I hope it doesn't come to that. Again maybe I am just an optimist when it comes to that. Hopefully, my clients' wealth isn't going to be confiscated by the Federal government. It might be. I don't really do anything to protect clients from that. People can do that on their own initiative and actually have their wealth offshore. When you have an account with Euro Pacific Capital, its just like having an account with Merrill Lynch or Smith Barney. It just might have better performance, but it is in the United States. The assets are not beyond the ability of the US government to seize them. I'm sure the courts will provide no protection whatsoever. They have shown little desire to impose the restraints of the Constitution on the Federal government. Pretty much whatever the government wants to do, the courts are going to let them do it. I would not look for any legal protection. If the US government wakes up one morning and says "you know, if any Americans have any money in foreign assets, we need to seize it for the benefit of the people," no one is going to stop them. They might pay you for your assets, but of course, they are going to pay you in US currency.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

TAYLOR: On that happy note, we would like to ask you, how can people keep up with what your views are and...(interrupted)

SCHIFF: The best way to keep up with what I am doing is to go to my website everyday. It's a good site to go to www.europac.net. Every day, I update website with news stories I think are relevant. So if you are looking to read interesting stories every day, there will be usually a dozen different news stories are up there. But I update the website whenever I have a TV appearance. I normally don't know about them until a day in advance or sometimes even the morning that I do them because they book these things based on what's happening, but as soon as I know I am going to be on a radio or TV show, I post it on the front page of my site so you can be on the look out for that. I also do a weekly radio show on my website every week, Wall Street Unspun. Its live every Wednesday so people can go on my site. They can also listen to any of the episodes that I have broad cast over the past couple years. Every week I write a brand new economic commentary. They're all up there. You can do one each week or you can go and look at the archives. There's a lot of information. It makes sense to visit my site on a daily basis. You can also get stock quotes and charts and all kinds of things

TAYLOR: Excellent, sounds wonderful. Thanks Peter, so much for your precious time; for sharing your thoughts with our readers and I wish you the very best. I'm sure our subscribers are among those that are your most enthusiastic backers, so we wish you all the best.

SCHIFF: I've got my own too, called The Global Investor. Its free. People can sign up for it on my website as well.

TAYLOR: Excellent! Thanks again Peter, thanks for your time.

SCHIFF: Ok, thanks for taking the time to interview me and giving me the chance to speak to your subscribers.

New Buy Recommendation

ValGold Resources Ltd.

<u>Business</u>: Exploration and development of precious metals and base metals properties in the Venezuela and Guyana and in Canada's Abitibi Greenstone Belt.

Traded TSX Venture:	VAL
Pink Sheets:	VALGF
Recommended 4/27/07:	US$0.42
Price 5/9/07:	US$0.50
Shares Outstanding:	36.8 Million
Fully Diluted Shares Outstanding:	79.0 Million
Market Capitalization:	US$15 Million
Insider Holdings:	26%
Progress Rating:	C
Telephone:	604-687-4622
Web Site:	www.valgold.com

Our independent geological consultant, Mickey Fulp, has begun a preliminary geological investigation on ValGold. While Mickey expects to travel over the next few weeks to visit a couple of properties held by the company, it is my view that there is a very good chance this stock could move considerably higher over the next few weeks if not days. A recent financing was significantly oversubscribed and the company enjoys some very strong sponsorship among Canada's mining professionals.

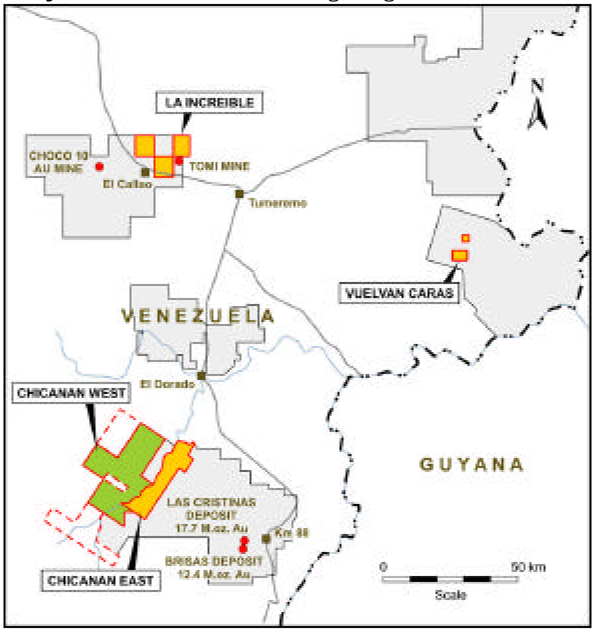
The prospect of a near-term move to higher levels, combined with a very positive albeit preliminary research report from Mickey, has convinced me I need to bring this story to your attention now rather than later. Of course, if we learn of anything in the meantime based on Mickey's independent appraisal of one or more of the company's properties, we will immediately advise you accordingly.

Most of the following text is taken straight from Mickey Fulp's report to your editor. For those of you who might not have the patience or background to read Mickey's more scientific explanation of this company's geological prospects, you may wish to simply drop down to the Summary section where your editor explains why I have chosen to add it to our list of covered companies. **<u>Note</u>**: While your editor usually spells out the names of minerals and measurements by name, as a geologist, Mickey can't help but use symbols for metals, like Au for gold, and abbreviations for measurements, such as g/t for grams per tonne, and m for meters.

People: ValGold has a strong, experienced management and technical team and a BOD with business and technical acumen. President/CEO Steve Wilkinson is a veteran geologist and analyst who previously headed Northern Orion. Chairman of the Board, Andrew Milligan, has strong business experience for numerous companies and an investment fund. Tom Pollock, VP Exploration, worked 20 years for BHP.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

Projects: Please note that all gold grades have been converted from company-supplied numbers in g/T (ton) gold to g/t (metric tonne) gold.

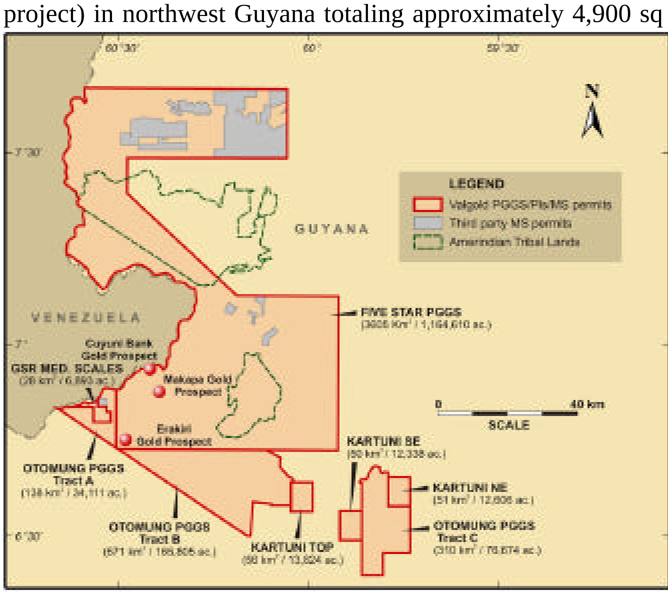


Flagship property: The La Increible concessions comprise 14,950 ha in the El Callao Mining District, Bolivar State, Venezuela. Gold deposits in the El Callao area have been producing for over 100 years with gold production for the district of approximately 8 mm oz. Economic gold mineralization occurs in narrow, south dipping shear zones within basalt and andesite. Gold Fields' Choco 10 Mine has total resources of 63.6 million tonnes grading 1.7 g/t Au (3.5 mm oz) with a proven and probable reserve of 20.8 million tonnes averaging 1.8 g/t Au.

Several gold targets have been outlined on La Increible concessions by previous exploration programs. The seven-km-long Los Chivos shear zone cuts through the central portion of the Increible 3 concession. The Los Patos Gold Zone occurs within a sequence of greenschist facies, tholeiitic lavas, tuffs, and volcaniclastic units that are sheared and altered. Gold mineralization is associated with quartz veining and accompanying disseminated pyrite and tourmaline. Surface trenches and eight drill holes have tested the Los Patos Gold Zone over an area measuring 160m long by 100m deep and 8m to 27m in width and with a weighted average grade of 0.94 g/t Au. Drill intersections returned results including 27.7 m averaging 1.71 g/t Au, 31.2 m averaging 1.13 g/t Au and 23.4 m averaging 1.44 g/t Au. Potential exists in all directions for similar grades and widths. **ValGold's recently announced drill program will initially focus on expanding the Los Patos deposit. They are planning a total of 5000 m in 30 holes on ten drill targets. Target is an open pit with ore that could be processed at local mill facilities**. (Your editor's emphasis)

Other gold occurrences occur within the Increible concessions. La Increible 5 Concession has the past-producing Santa Isabel Mine with gold-quartz veins in intermediate to mafic volcanics. Other occurrences are Isabel West and Pozo Giron near where Crystallex is currently open pit mining gold.

Guyana: In October 2006, ValGold signed an agreement with Newmont to earn 100% interest in four properties (Five Star project) in northwest Guyana totaling approximately 4,900 sq km. They must spend $5.0 million over four years and Newmont retains a 75% clawback interest. However, in order for Newmont to earn back 75%, it would be required to pay ValGold 2.5 times the amount ValGold spent on exploring the property.



The properties are located in the northern part of the Archean-Proterozoic Guiana Shield. This granite-greenstone terrane is intercalated with Archean-Proterozoic gneisses and intruded by felsic to ultramafic rocks. It is equivalent to the volcanic-sedimentary Birimian Supergroup in West Africa, which hosts the Obuasi Mine in Ghana with annual production of 400,000 oz Au and a current mineral resource in the order of 24 mm oz. Major deposits found within the Guiana Shield include the Rosebel Mine in Suriname, the Omai Mine in Guyana, and the Las Cristinas and Brisas deposits in Venezuela.

The properties are considered prospective for gold, diamonds, uranium, and copper-nickel and/or platinum group metals. Several gold occurrences have already been discovered on the properties, and one rock sample returned 124 g/t Au. Limited drilling at the same occurrence has intersected up to 16.6 g/t Au over 2.0 m. Large areas have seen no work or have stream sediment gold anomalies that have not been investigated. Alluvial diamonds have been found at a number of locations. Airborne surveys have identified several radiometric anomalies and layered mafic to ultramafic intrusions. Reconnaissance exploration in Guyana commenced in November and is ongoing. Drill-ready targets include the Erakiri and Makapa. A substantial drill program is planned for 2007 on Erakiri.

Other Venezuela Properties: In January 2006, VAL.V entered into an agreement under which they can acquire all of the shares of a company that owns exploration licenses in three areas covering approximately 892 sq km in Bolivar, Venezuela.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

The acquisition will be accomplished in two phases for a total price of US$2 million in cash and the equivalent of US$6 million in ValGold common shares. Previous exploration expenditures on the properties are estimated to be approximately US$38 million by the private company and its JV partner, Gold Fields. The largest group is located 40 km northwest of the Kilometer 88 area and comprises 16 licenses totaling approximately 875 sq km. This group is further broken down into two contiguous blocks of licenses, the Chicanan East and West properties. The remaining five licenses are located at El Callao (La Increible, discussed above), and 60 km to the southeast (Vetas Vuelvan Caras).

The properties lie within the Guiana Shield. The most extensively explored area is Pastora-Botanamo Province, which hosts most of the gold deposits. It consists of a greenstone belt assemblage of mafic to felsic metavolcanic, metasedimentary, and meta-igneous rocks intruded by granitic rocks of the Supamo Complex.

The Chicanan East and West concessions are underlain by felsic to mafic volcanics and minor tuffaceous sediments intruded by a large mafic-ultramafic layered intrusive, the Mochila Layered Complex. It is estimated to be up to 2.5 km thick and covers tens of square kilometers. The volcanic rocks are also intruded by dikes and sills of felsic porphyry. Two types of gold mineralization are known. The Mochila Lineament Gold Occurrence covers an area of approximately 10 square km and has been tested by two short drill holes. Most of the other gold occurrences are hosted along numerous faults and shears with the most important being the Chicanan shear zone, which is up to 5 km wide. Gold occurrences are commonly hosted by quartz-sericite and chlorite schist with variable amounts of pyrite. The La Carolina Occurrence is the largest, was mined as the "English pit" in the 1890s with a reported 400,000 ounces of Au production, and is being mined now by Brazilian garimpeiros (small-scale independent miners) in a number of shallow open pits. Both styles of gold mineralization are intimately associated with felsic porphyry, which can also be mineralized. Fieldwork in 2007 will concentrate on 12 drill-ready gold targets within the Mochila Layered Complex.

Garrison Gold: In July 2005, ValGold purchased a 100% interest in 35 patented claims in NE Ontario. Twelve claims (Garrcon Block) are subject to a NSR of 1.5% payable to Teck Cominco from ores mined above 400 feet and a 2.0% NSR from deeper levels.

The project is located in the Abitibi Greenstone Belt north of Kirkland Lake, Ontario, along a splay of the Destor-Porcupine Fault Zone. ValGold has drilled 25,000 m since late 2005 and drilling is ongoing. Gold mineralization on the property occurs within the Munro Fault Zone as sulfide-rich bodies and within metasediments associated with quartz-pyrite vein stockworks. Mineralization forms a series of five high-grade shoots that occur near the footwall of the fault. Individual mineralized shoots are estimated to be up to 300 m in strike length, average 3.4 m in thickness, and contain gold associated with albite, sericite, and pyrite alteration. Previous operators completed a total of 199 drill holes focusing on zones over the 1.7-km-long strike length of the fault zone and to a depth of 300 m.

Underground exploration workings include a decline in the mid 1990s when test mining shipped 50,000 tonnes of 7.6 g/t Au. With VAL.V's drilling, the JP Zone mineralization is now known to extend to 600 m depth. Eight recent intersections below underground workings had a weighted average grade of 5.7 g/t across an estimated average true width of 4.0 m.

The near-surface Garrcon Shaft area is in fractured metasediments along the footwall of the main fault zone, and has quartz-carbonate-pyrite stockworks and breccia over 80-90 m by 400 m, averaging about 1.3 g/t Au. It has open-pit bulk-mineable potential. A resource estimate is in progress on both targets and should be completed by the end of summer. A JV spin-off of the property is likely.

Other projects:

In July 2002, ValGold optioned a 100% interest in the **Tower Mountain Gold Property**, located 40 kilometers west of Thunder Bay, Ontario. The current land position comprises 16 sq km in a greenstone-granite terrane. Exploration consists of 67 drill holes totaling 16,600 m within two targets. Significant gold intersections have been encountered in a diatreme-like body, and two more holes will be drilled this summer. The company will complete a revised 43-101 estimate this year and is likely to spin-off the property to a JV partner.

In March 2006, **Brigadier Gold Limited** signed an option agreement with VAL.V to acquire an initial 50% interest in the Hunter Gold Mine by issuing 1.7 million shares and exploration expenditures totaling $250,000 in year one and $600,000 over four years. Brigadier can increase its interest to 80% by completing a bankable feasibility study by year-end 2010.

The Stephens Nickel Project in Manitoba is a 75-km-long play, optioned to BHP by ValGold, Sultan Minerals, and Cream Minerals and is on projection with the Thompson Nickel Belt under glacial cover.

Exploration Permit 229 is a covered play in the Hudson Bay Lowlands of Manitoba. Four holes in 2004 encountered disseminated to massive sulfides anomalous in Cu-Pt-Pd.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

Editor's Summary

This is a company with a strong management team and a host of very attractive properties, some of which appear to hold the potential to host world-class mineral deposits, a still very low market cap, and some very strong financial sponsorship behind it. It is your editor's view that ValGold could become one of our bigger winners and with some drilling success in Guyana and Venezuela in the coming weeks, we may not need to wait long to enjoy the fruits of this investment.

Based on his preliminary research (prior to his visit), Mickey believes the company's Venezuelan property has "good potential to host economic mineralization." And he notes that local excess mill capacity could allow for a fast track to production. With respect to both Guyana and Venezuela properties, he concludes that they have excellent potential for gold, PGMs, diamonds, and uranium.

The company's Garrison Ontario project is potentially economic at current gold prices. Qualified resource estimates are expected on both Ontario projects this year. Overall, it seems likely the company may joint venture their Canadian properties in order to focus more sharply on their Guiana Shield targets in Venezuela and Suriname.

On the downside, there are certainly some negatives. Fully diluted, we are already looking at a potential of nearly 80 million shares outstanding, although in the process or moving from the current 36 million shares outstanding up toward 80 million, some $4.5 million to $7 million will be raised for exploration. While it is always nice to have a tight float like some of our stocks have, longer term what matters is that significant value is generated through exploration success. Unless something pops out at us that we do not yet see, the number of properties with substantial exploration potential and equity sponsors capable of raising some serious capital provides ValGold with the potential to become a household name in mining, and we think that could happen in the not too distant future.

As always, now we ask ourselves whether this stock has the potential to double over the next 12 months. We certainly think it does. As such, we are recommending purchase of ValGold at its current price. But also, for the sake of common sense investing, we suggest you not put all your eggs in this one basket. We think it wise not to allocate more than 5% of your capital to this or any other one stock, even though in its own way with its multiple projects, this company already does provide significant property diversification.

New Buy Recommendation

Nevada Copper Corp.

Business: Developing a world-class copper mine in Nevada

Traded TSX:	NCU
Recommended 4/20/07:	US$2.40
Price 5/9/07:	US$2.40
Shares Outstanding:	30.8 Million
Market Capitalization:	US$74 Million
Cash:	C$4.1 Million
Fully Diluted:	41.9 Million
Cash on Exercise:	C$12.5 Million
43-101 Copper Resource:	6.1 Billion lbs.
Iron Ore:	100 Million Tonnes
Progress Rating:	"B"
Telephone:	604-688-7508
Web Site:	www.nevadacopper.com

Keep in mind that as we make new recommendations these days, we are looking for stocks that we think have a very good chance of doubling within one year. Assuming our Inflation/Deflation Watch remains on the rise, as it has since we created it in January 2005, we think Nevada Copper Corp. (NCU) is a company that could see its shares rise by two- or threefold in the next 12 months. Let me explain.

The Pumpkin Hollow Copper Deposit was discovered by U.S. Steel in 1960. It is located about 1½ hours south of Reno, Nevada. Over the next 30 years, major companies in addition to U.S. Steel, such as Anaconda, Cyprus, and Conoco, spent over $40 million to explore and develop the project. During that time frame, 590,000 ft. of drilling was carried out as well as extensive metallurgical and mine engineering. Economic studies were also completed. This was indeed going to become a mine before the bottom fell out of metals prices. As might be expected given major company work done on the property, the quality of the work was outstanding, which helped management quickly establish a 43-101 compliant resource in a very short time frame.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

A New Company Not Yet Known Means Opportunity for You

It was only in August 2006 that Nevada Copper Corp. was established, which explains in part why this stock appears to still be very undervalued. Though the deposit already has a 6.1-billion-pound resource, management believes this can be expanded considerably further. As such, it has extended its original claim area that contains the 6.1 billion pounds to over 11 square miles. In fact, there is a considerable amount of copper in this district. Anaconda produced 2 billion pounds from the district from 1953 through 1978, and in addition to the 6.1 billion pounds at Pumpkin Hollow, another 8 billion pounds was found in other porphyry deposits in the district.

We should add that there are some significant amounts of iron ore and gold that may well provide some very significant credits to this project. There is at least 100 million tons of mineable iron that has been identified on the project. Overall, the project so far includes three high-grade underground copper targets and three open-pit copper-iron targets. The thinking at this stage is that initial mining of the higher-grade underground targets will provide significant cash flows to expand the project to mine the open-pit projects later on.

Early Economic Picture

Of course, the economics will come more accurately into focus with the feasibility study scheduled to begin in the fourth quarter of this year. A significant amount of work is going to be carried out this year to upgrade some of the existing 3.4 billion pounds of copper from an inferred resource to the measured and indicated category, and I understand that management will also be seeking to increase the dimensions of the deposit.

While we will see more clearly the economics of this project as the feasibility study progresses, keep in mind that with an enormous amount of past work carried out on Pumpkin Hollow, we are not flying blind with respect to the prospects for this project. At this stage, a 3,000-tonne-per-day operation is envisioned that would produce 65 million pounds of copper per year at a cost of around $0.60 per pound. Obviously, with copper currently selling at around $3.50 per pound, this project could potentially provide very good margins for NCU.

Capital expenditures should come in at around $160 million to $170 million, with initial mining being from two and possibly three underground targets. Bulk-mining methods would be employed to go after higher-grade material grading on average something north of 0.75% copper plus significant iron and gold credits. Actually, the thinking is that the underground values could be meaningfully higher, given recent drilling. Certainly there are some much higher-grade areas, such as 12.1 million tons grading 3.41% copper + 22% magnetite.

The Project Time Line and Upside Potential

During 2007, in-fill drilling and step-out drilling is scheduled to take place, and then the start of feasibility and permitting is to start in the fourth quarter. Feasibility is to be completed in Q3 2008, at which time mine permitting is scheduled to begin. By 2010, surface construction is scheduled, and production is to take place in 2011. Of course, we do not expect to necessarily hold this stock until it goes into production, because most often, the lion's share of profit is made as the project is developed through feasibility. Often the biggest bang for your buck comes from initial discovery, but the Pumpkin Hollow Project was discovered long ago by major mining firms that normally do little to advertise their new discoveries. That fact combined with this story being brand new means the market simply hasn't yet begun to fully price this project.

How much should Nevada Copper Corp. be worth at this time? Its peers are often selling for 3 cents to 4 cents per pound in the ground. NCU is currently selling at slightly less than 1 cent per pound of copper in the ground. Many of its peers are in much riskier political environments and do not have ready infrastructure in place. Nevada is arguably about as safe geopolitically as any project in the world and except for the purchase of some of the water the project will require, there are no infrastructure concerns at all. Also, the quality of work that has been carried out in the past by the major companies that worked at Pumpkin Hollow is considered to be impeccable. Adding all those advantages together you might expect this project could command a premium valuation over its peers. But even if that is not the case, on the basis of its peers selling at 3 to 4 cents in the ground, we believe this stock has the potential to triple or quadruple over the next year or two. As feasibility work progresses, and if significant values for iron and copper demonstrate they can enhance the economics, and if as we expect the project moves favorably through feasibility, it could command a higher premium still. But at this juncture, when we ask ourselves whether we can see the potential for a double within the next year, we have no problem answering in good conscience, "yes."

People: Giulio T. Bonifacio, President and CEO – Mr. Bonifacio is a professional accountant with more than 23 years of experience in senior executive positions with several mid-sized mining and exploration companies. With extensive public company expertise, Mr. Bonifacio has an in-depth knowledge of financial, regulatory, and acquisition related matters. One of the hottest stars in the junior sector of late has been **Damien Reynolds, a Director** who has been involved in the resource sector for more than 20 years. He has gained industry knowledge through founding, investing in, and serving on the boards of a number of public exploration and mining companies. Mr. Reynolds has an impressive track record with projects of merit

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

around the world and also for his ability to raise capital in the resources sector. On the technical side, Mr. Bonifacio has put together an impressive time including **Joe Kircher, Vice President and COO**. Joe is a mining engineer with more than 20 years of experience building and operating mines in North America. **Greg French, the company's Project Manager and geologist has over** 25 years of exploration experience in the western U.S. and Canada. **Foster Wilson,** a geologist and a **Director** is the president and CEO of Mesa Uranium Corp. He has had more than 23 years experience in exploration and development projects ranging from reconnaissance to definition drilling, ore reserve estimation, and feasibility studies. And **Brian Kirwin, Non Executive Chairman** is an accomplished mining executive and explorationist at both senior and junior mining companies with more than 20 years of experience. Mr. Kirwin, a geologist, has three gold discoveries in Nevada to his credit.

SUMMARY

Nevada Copper Corp. is an advanced copper project in Nevada with world-class potential that we think has yet to appear on most radar screens. And we believe additional drilling may well result in higher average grades. As this project moves into and through feasibility, we think this will be a name that begins to appear before fund managers and other professional investors. As that happens, we expect these shares will rise markedly. Management holds a significant percentage of the company, which we also like, because their goals and those of the shareholders should be in concert.

We base our optimistic views for Nevada Copper Corp. of course on management carrying out its business plan successfully and on continued stability, if not strength and upward motion in the price of copper, and to a lesser degree iron ore as well. With what we believe is a strong management team, we think the chances of success for investors buying this stock at or around its current prices are high, though of course we once again want to remind you that investing in equities is risky business, even if the notion these days is to the contrary. As such, we want to remind you of our strongly held view that you should not allocate more than 5% of your portfolio into this or any other one stock. Our target price for Nevada Copper is US$4.80 by this time next year. If we achieve that, your 5% allocation will sweeten your equity pot quite nicely.

Stock Pick of the Week – April 21st.

Baja Mining Corp.

Business: Developing a major copper, cobalt, and zinc mine in Baja, Mexico

Traded TSX:	BAJ
Pink Sheets:	BAJFF
Shares Outstanding:	108 million
Fully Diluted:	142 million
Management Ownership:	30%
Initial Recommendation 3/10/06:	$0.86
Price 5/9/07:	$1.74
Market Capitalization:	$141.5 million
Copper Eq. Resource (all cat.)	15.2 bill. lbs.
Progress Rating:	"B"
Telephone:	604-685-2323
Website:	www.bajamining.com

We began following this stock back in March 2006 at US$0.88, so with it recently reaching US $1.80 we have already seen this stock double in just over one year. Yet we are looking for quite a bit more upside for this stock. To hear first hand this exciting story, let me suggest you watch CEO John Greenslade's remarks on the *Power Breakfast* show on BNN television. You can access that film clip from Baja Mining's web site noted above. Here are some of the fundamental reasons I think this stock can rise dramatically from here on.

- **The economics are extremely compelling**. A full feasibility study is expected to be out by mid May, but as discussed by Mr. Greenslade on BNN, here are some of the key numbers:
  - During the first 20 years of this mine's 40- to 100-year mine life, annual production is expected to be approximately 60,000 tonnes of copper cathode, 31,000 tonnes of cobalt (which would represent 6% of the current global supply), 33,000 tonnes of zinc sulfate, and 150,000 tones of manganese.
  - Supposing a $1.25/lb copper assumption (in case you have not noticed, copper is now at $3.50/lb), $12 zinc, and $950/tonne zinc sulfate, the cost of producing copper is expected to be **zero**! When applying manganese to the mix, the cost of producing copper is about **negative $0.40**!

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

- o Capital expenditure assumptions are US$540 million including a $100 million contingency.
- o Applying current metals prices and assuming 100% equity financing, the project would generate approximately US$800 million in annual cash flow, meaning that even if all of the $100 million of contingency costs in the cap expenditures were used, cost of capital would be returned in less than 12 months.

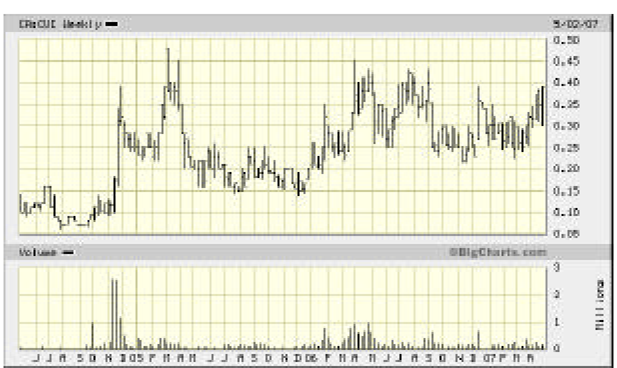
- **Virtually all permits are in place** including environmental, construction, and production permits, already held by the company.
- **Financing for the project seems assured**. Bank financing is being arranged, with 19 banks interested in financing the deal. Greenslade suggested it would narrow down to about four of them being involved in providing debt financing for the project. Also, sub-debt financing is being arranged, and John acknowledged there is quite a lot of interest from around the world to provide some construction funding in exchange for a piece of the action. Based on my conversations with John prior to our initial recommendation of this stock, I'm guessing various interested parties would include those who are major copper buyers seeking a guaranteed supply. On the BNN interview John would only say with a big smile on his face, "Copper is at $3.50 per pound. We have people calling us." He made it clear that if a deal were done, it would be with a minority partner. In any event, Baja would appear to be in a strong negotiating position to reduce its own funding requirements and thus reduce shareholder dilution.
- **Production is scheduled to take place in two years**. However, when the feasibility study comes out in a couple of weeks, I expect the markets will begin to price this project at much higher levels, especially if the metals prices remain close to the area at which they are currently selling.

Regarding possible dilution, the company's president did note that according to their models, if the stock is above $2.55, shareholders benefit from a 100% equity financing of the project. Below that, presumably some mix of debt and equity optimizes returns. Assuming all $540 million of capital is required and all of it was financed at $2.55, the company would issue 212 million shares. It currently has 109,203,977 shares outstanding, which would give the company 312 million shares outstanding. If the project were generating $800 million in annual cash flows, unless I'm missing something (and that is entirely possible), BAJ would enjoy $2.56 in annual cash flows. In other words, on that basis, the stock is only selling at about 63% of what could be its annual cash flow. Do you see why I think there is still room to run?

Okay, the company itself isn't basing its projections on current metals prices as noted above. But based on the lower numbers discussed above, including $1.25 copper and a negative cost of producing 60,000 tonnes of copper per year, even then the project would generate around $218 million of annual cash flows, meaning that it would have a payback period of about 2.5 years and annual per-share cash flows of about $0.70. Even a modest multiple of 5 times cash flow would make this a $3.50 stock, worth more than a double from its current price. Again, unless we are missing something here, Baja looks to me as if it remains considerably undervalued. We expect as the feasibility study is completed over the next couple of weeks and as bank financing is announced from what I anticipate will be household name institutions, we think the markets should begin to price this stock up toward the $3 to $5 range, which is your editor's current target price toward the end of this year. Again, I would encourage you to view the discussion on BNN television's *Power Breakfast* with Baja CEO and president, John Greenslade, which you can view from Baja's Web site.

Stock Pick of the Week – May 5, 2007

Currie Rose—Another Penny Stock with Dramatic Upside Potential

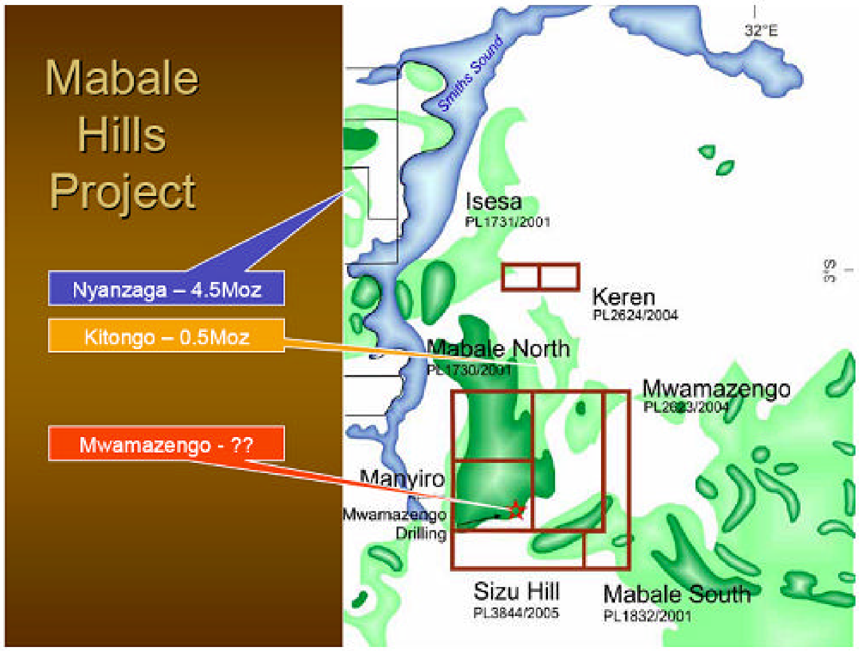


TSX–CUI–US$0.32– 35,434,523 shares outstanding. Currie Rose is active in exploring for gold in Tanzania near Lake Victoria. There are quite a few gold deposits established in the area south of Lake Victoria where Currie Rose is working at its Mabale Hills Project, including the 14.5-million-ounce Geita deposit to the north and the 12.9-million-ounce Bulyanhulu deposit to the southwest. However, this area is still largely under explored compared to other prolific gold-bearing regions in the world, and management believes the area still has a chance to host some major gold deposits.

In the map on your left, note the brown boxes and three other deposits close by, held by other mining companies including the 4.5-million-ounce Nyanzaga deposit, the 0.5-million-ounce Kitongo deposit. The Nyanzaga deposit is a Barrick joint venture, as is another 2-million-ounce deposit just to the south of the Mwamazengo claims owned by Currie Rose but not shown on this map. The Kitango deposit is owned by IAMGold.

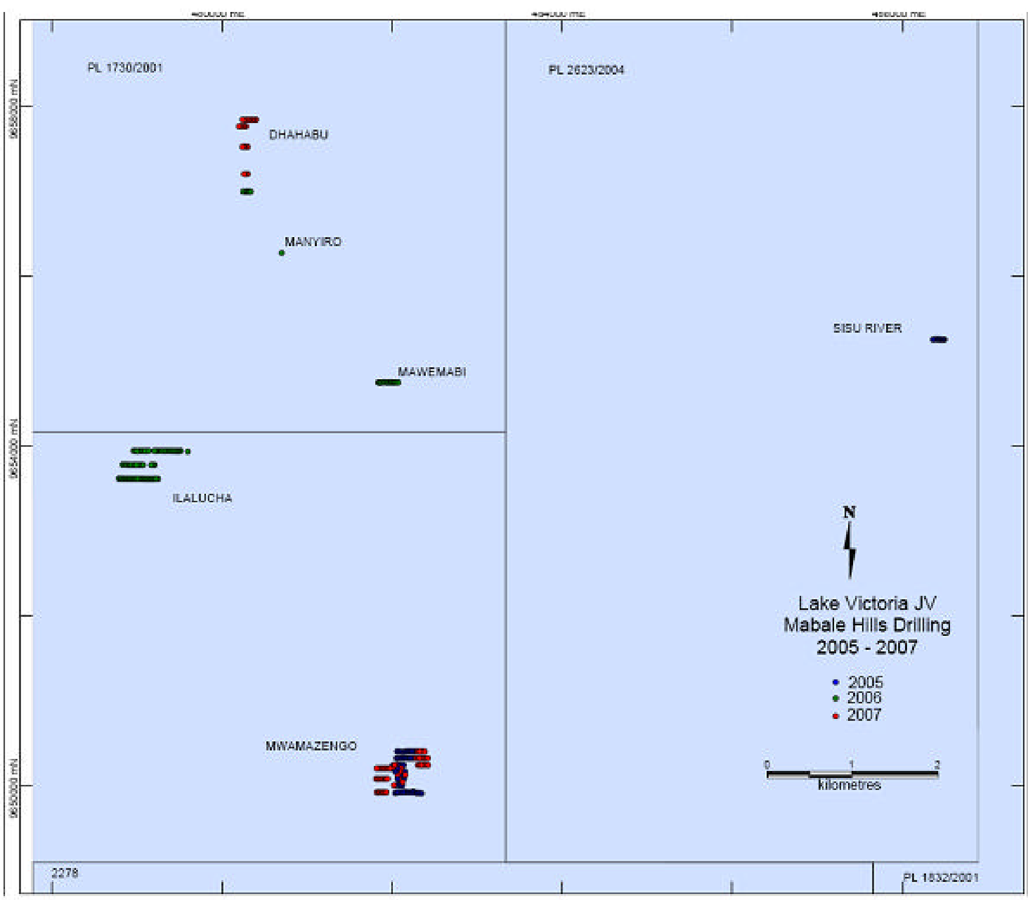
Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

Currie Rose put out a press release this past week announcing two drill intercepts that management termed "encouraging." These holes were taken from the Mwamazengo gold discovery (shown on the map) that was made in 2005. The current focus of the company is to test for the up dip of this gold mineralization to the northeast and the down dip to the southwest. Success was achieved in establishing the up dip extension of gold mineralization, and the up dip intersections as reported on May 2 were as follows:



- Drill hole MBNR021 returned a single intercept of 15 meters grading 4.7 grams/tonne gold starting at 18 meters from surface. This hole included 3 meters of 9.65 grams/tonne gold.
- Drill hole MBNR022 returned three separate intercepts:
  - 5 meters grading 1.22 grams/tonne from a depth of 9 meters
  - 6 meters grading 1.46 grams/tonne from a depth of 31 meters
  - 6 meters grading 2.09 grams/tonne from 63 meters

It is my understanding that holes have been drilled to test the down dip gold mineralization to the southwest and that based on visual observation from the field, company geologists are encouraged. But of course we wait for the "truth machine" results before banking on anything "visual." It is also my understanding that management plans to put down some deeper diamond drill holes to test for structure and mineralization at depth.



Okay. So what's the big deal with a couple of drill holes that range from 1.22 grams/tonne gold (0.04 oz/ton) over 9 meters to 9.65 grams/tonne (0.31 oz/ton) over 3 meters? What has the company excited is the potential scale of gold mineralization here. While those numbers are potentially attractive gold values for a near surface deposit, what management has in its sights here is the potential to bag some really big "game." The map below, which displays various gold showings, may help to conceive the scale of a potential gold deposit on the company's Mabale Hills Project.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

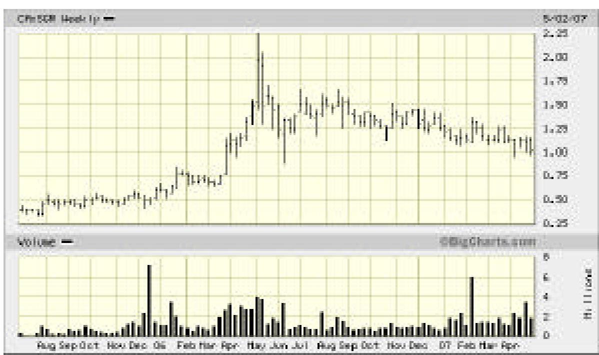
In addition to establishing the up dip and down dip of gold mineralization on the Mwamazengo, please note several other areas of gold mineralization on the map. The Ilalucha, in the same square area containing the Mwamazengo gold discovery is about 5 kilometers to the northwest. In the license area square directly north, surface gold showings have been revealed at locations labeled Mawemabi, Manyiro, and Dhahabu. The distance between those surface gold showings is nearly 4 kilometers. What makes all this exciting is the theory that these surface showings are just the tip of one very large gold mineralized system. The implications of this theory—if true—are clear. Mabale Hills could host a monster gold project and if that proves to be true, this tiny little company with a market cap of only around US$10 million could be one of our biggest winners.

Of course at this stage, continuity of mineralization in one giant gold-bearing system is only a geological theory and is yet to be proven. But if ongoing work continues to allow the dots to be connected this could be a very exciting play. If this dream proves not to be true, what is the downside? There is the potential of smaller gold deposits that could prove to be profitable on a smaller scale that would give the company value. But even if the company were to come up short on that more modest achievement, Currie Rose has several other exploration prospects in Tanzania as well.

Bottom line for Currie Rose as with many junior exploration stocks that are not well known and that have not had their stock hyped to the moon by overzealous promoters: Some possibility exists that CUI may have a chance to develop a major deposit, in which event the value of this stock could rise to the moon legitimately on the strength of its discovery. At the other end of the spectrum, if it falls short, it has other properties to fall back on and because it is not overvalued, the downside risk during a bull market like the one we are in now is modest. Given these possible outcomes for Currie Rose, we think allocating up to 5% of your portfolio to these shares makes good sense. A major or even a more modest discovery could sweeten your returns, while negative exploration results on the Mabale Hills Project would do little to reduce the value of your overall portfolio.

Upgrading San Gold & Golden Phoenix from "B" Progress to "A" Progress Companies

San Gold Corp.



San Gold Corp. (TSX–SGR//Pink Sheets SGRCF–US$0.94) is the latest of our "B" progress companies to graduate to "A" status by virtue of entering into commercial gold production at its Rice Lake Goldmine in Manitoba. On April 13, management announced that it sold its first gold from the Rice Lake Mine. It sold 1,318 ounces on April 12 at $672.50 per ounce, for a net settlement of $1,003,175.

For a company with more than 137 million shares outstanding, that transaction may seem rather trivial. However, based on a discussion I had with a member of this company's management team on May 2, combined with the opinion of my consulting exploration geologist, Mickey Fulp, I am beginning to think this is a very, very exciting emerging gold producer that can very easily double or triple in value over the next 12 months, assuming it can execute its business plan. Three factors that really made the lights go on for me were the following:

- The long-term debt of C$58.9 million is completely offset by a C$58.9 million promissory note receivable and nothing of any concern with respect to issues of insolvency so far as this company is concerned. The receivable completely offsets the debt (royalty obligation) and is nothing more than a paper entry that reflects an accounting entry of a complex, non dilutionary past financing.

- I was somewhat concerned in the past that the company might not be able to mine enough ore to keep its 1,200-tonne-per-day mill well fed and that costly downtime might result. Management is apparently not at all concerned about that, as evidenced by the announcement of a $20 million financing that will do three things. First, it will help fund the opening of the company's third mine—the Cartwright Mine—in the immediate vicinity of the mill. Secondly, it will be used to expand the mill beyond its current 1,200-tonne-per-day capacity. Based on my conversation with management, what I think we may ultimately be looking at is an operation closer to 2,000 tonnes per day than 1,200 tonnes per day. Third, and perhaps most exciting as far as the use of the $20 million funding is concerned, will be the development of deep, high-grade gold zones in the Rice Lake Mine.

- The potential to develop a high-grade Red Lake (Goldcorp company maker) project. When Mickey Fulp began to work with me in reviewing our existing recommendations, based on what he knew about the geology of this company's gold mining properties that are located along the same mineralized trend (see photo above), he strongly expressed his view to me that this company had a shot at discovering another Red Lake-like gold deposit. Indeed my discussion with a member of management last week revealed that is very much in their minds as well.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

With a recent price of C$0.97 (US$0.88), this company has a market cap of approximately US$120 million. By the time this company gets into full swing with its production, I expect we may see something like 190 million shares outstanding. No doubt the recent announcement of a $20 million financing is partly responsible for the recent weakness in these shares.

I believe this is another emerging mining company, much like Baja, that has not yet become known among the mainstream investors. The fact that management is not planning to drill the eyes out of its deposits to establish a 43-101 reserve is no doubt also hurting the share price. However, we think that is a wise business decision since, as with many underground mines, doing so is very expensive. Moreover, with production underway, management is now in a position to let production rather than statistical resource calculations do its talking. Assuming the message from the mine and the mill is positive, and assuming we remain in a bull market, as I believe we will, I think the shares of San Gold could double or even triple over the next 12 months.

One of the big pluses you should be aware of here is that San Gold has not sold any gold forward, nor does it intend to. So, unlike many new gold companies that needed to seek bank financing and thus hedge a portion of future production, if the price of gold continues to rise as we expect, shareholders will enjoy the full benefit of that move.

Note the operative word here is "could." There are no guarantees in life except death and taxes, so don't bank on anything I tell you. Unless governments and central banks are manipulating markets to protect their crony companies, equity ownership is always by definition risky. Believe me, at least at this juncture, San Gold does not qualify as any such fascist-friendly firm. As such, with all companies we recommend in these pages, we urge you not to allocate more than 5% of your portfolio to this or any other one stock except mutual funds as well as royalty companies (like International Royalties) and merchant banking firms (like Endeavour and Augen Capital), which are in many ways like mutual funds.

You can contact the company at 204-794-5818 and/or visit the company's Web site at www.sangoldcorp.com. Included on this site is a video interview with company CEO, Dale Ginn, which I would encourage you to watch for a firsthand report on San Gold's plans.

Golden Phoenix Minerals

Golden Phoenix Minerals (OTCBB–GPXM–$0.43) – By virtue of its regular in increasing production of molybdenum from its Ashdown Mine we are now upgrading GPXM from a "B" Progress to an "A" Progress company. In addition to achieving commercial scale production, In my view, some very positive things have been happening at Golden Phoenix that are very encouraging to me as a long-term shareholder.

- The company has worked out the metallurgical difficulties, including how to deal with the presence of copper in the ore. Not only has GPXM been shipping product, but according to one source I spoke to last week, it is also mining more efficiently now so that it is coming close to being able to keep its mill fully fed on a regular basis without as many costly mill shutdowns.
- Sprott Asset Management recently took down $3 million of a $6 million private placement and is holding GPXM in their new molybdenum fund. This is good news from my perspective, because it gives credibility to a U.S. OTC bulletin board company that had its credibility nearly ruined and its financial condition all but bankrupted by a prior management team.
- Management is going to use some of the $6 million to explore and develop the Ashdown Molybdenum Project. In my view, this is extremely important, because if the market can see a sizeable deposit (in terms of pounds of moly if not in

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

large-scale tonnage), it should begin to price these shares much more aggressively. Management also expects to use some of the proceeds of its recent private placement to develop another molybdenum project it has acquired—namely, the Northern Champion Molybdenum Project—and last but not least to work on the Mineral Ridge Goldmine as well.

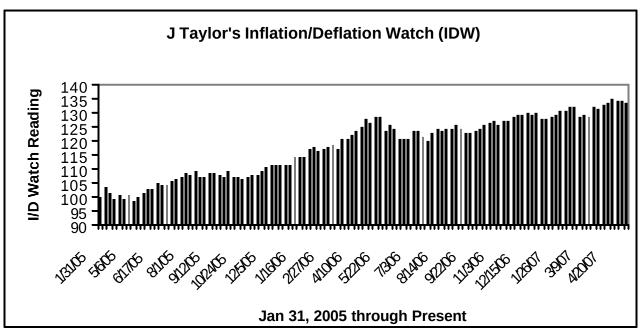
In my view, the market has not taken GPXM seriously for several reasons. First, the financial players in the junior mining sector are in Canada and not in the U.S., so being a U.S.-listed company rather than a Canadian-listed company hurts the price of GPXM. Secondly, the past management nearly did run this company into the ground—six feet under, that is. Third, somehow the market appears to think a big molybdenum deposit in which you have to move huge amounts of earth around to produce a pound of molybdenum is worth more than a very high-grade moly deposit in which you need only move and process a small amount of rock to produce molybdenum. Typically, moly grades run from 0.05% to 0.2%, whereas Ashdown grades are north of 2% and sometimes incredibly high double-digit percentages. With its 100-tonne-per-day mill, the GPXM Ashdown Project gets no respect. But even if the average grade were as "low" as 2% at Ashdown, its 100-tonne-per-day mill would produce as much as a 1,000-tonne-per-day mill running 0.2% molybdenum. Moreover, the cost of moving and processing huge volumes of ore would in most instances be more expensive than in moving small volumes of high-grade rock around.

I'm not saying GPXM is a slam-dunk at this point in time. I have personally done with GPXM what I have suggested those of you do who bought this stock at or around $0.15 and that is sell enough stock to recoup your initial investment. Or if you wish, sell more to be sure you book a net gain no matter what happens. Managements of companies that actually do what they say they're going to do bolster confidence. The new management headed by Rob Martin has achieved an almost impossible task—to bolster shareholder confidence after it was all but destroyed. He has done so by doing what he said he would do. If GPXM continues to execute its business plan, I see no reason why this stock can't be above $1.00 by the end of 2007.

Our Model Portfolios

J Taylor's Model Portfolio **as of: 4/10/2007**			
Category	**Weight**	**YTD Gain**	**Tot Gain**
Progress "A" Gold Producers	18.73%	6.28%	162.28%
Speculative Mining Shares	19.79%	12.28%	146.48%
Essential Technology Stocks	4.27%	-3.00%	41.62%
Energy & Base Metal Stocks	11.40%	29.35%	139.23%
Gold & Silver Bullion	9.44%	7.17%	117.85%
Prudent Bear Fund	6.81%	2.98%	52.57%
Rydex Juno Fund	6.78%	2.51%	9.95%
Uranium Stocks	22.78%	29.22%	128.67%
Model Portfolio	**100%**	**13.47%**	**285.89%**
S&P 500		2.12%	-0.37%

J Taylor's Low Budget/Low Maintenance Portfolio from Jan 1, 2003 through			**$1,000 4/10/2007**
Category	**Weight**	**YTD Gain**	**Total Value**
Augen Capital	22.56%	22.56%	$ 463.29
World Prec Minerals Fund (UNWPX	19.88%	5.39%	$ 408.20
GoldMoney.com	4.86%	6.40%	$ 99.89
The Prudent Bear Fund (BEARX)	23.54%	2.98%	$ 483.40
The Global Resource Fund	10.42%	7.28%	$ 214.07
Rydex Juno Fund (RYJUX)	18.74%	2.51%	$ 384.96
Low Maintenance Portfolio	**100.00%**	**9.38%**	**$ 2,053.81**
S&P 500		2.12%	



Our Inflation Deflation Watch keeps humming along thus indicating inflation continues to rise well beyond anything the establishment is admitting to. It closed the week at 133.84 on May 9th and remains just about as bullish as it can be. We are in a bull market for "Stuff" which is why energy, base metals and precious metals stocks are beating the markets so handily. As long as the Chinese and Indian economies continue to grow at anything like their current rapid pace this trend should continue as Americans watch their standard of living decline vis-à-vis the rest of the world.

Our ownership of "stuff" by way of equity holdings in mining shares and oil and gas shares is working very well. Actually energy and uranium are doing exceptionally well as you can see form our Model Portfolio above. As we pointed out in a recent weekly message, uranium, silver and copper have all been outperforming gold since January 2005. As long as China and India keep growing, I expect these markets may continue to outperform gold, although it is also possible that with a developing monetary crisis - which we believe is definitely coming—gold could catch up with these markets over night. One high ranking gold trader your editor had lunch with recently noted that gold could rise dramatically because there is a huge shortage available to meet demand.

We always want to keep an open mind about this inflation/deflation issue because the two conditions are two symptoms of the same fiat money disease. Peter Schiff provided some excellent reasons why a return to a Volcker like monetary policy is highly unlikely. In our view that means inflation is going to rise higher and higher and unfortunately, we think Walter John Willims' view of hyper inflation is all too likely to take place. John has a target of 2010 for the beginning of this death sentence on the global economy. We believe hyper inflation as John describes it, will render our economy and our monetary system as it currently exists useless. A new system, most likely based on gold—because that is always what people go to when confidence in paper money is shattered—will be returned to. I wished this were not my conclusion but I can't see it any other way. In the end whether inflation or deflation, we get to the same point. Debt will be repudiated only by way of making the currency

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

worthless so that those who borrowed gain at the expense of those who save. That is why a deflationary depression is much less evil than and hyper inflationary depression. In a deflation, those who saved their money and acted responsibly are rewarded while those who lived recklessly and spent other people's savings are rewarded.

Sell Mag Silver at US$8.03 for a 386.6% Gain

We recommended selling Mag Silver at US$8.03 a couple of weeks ago. Although we made a 386.6% profit, it has done nothing but rise since then. That is one reason we hate to sell stocks. But we have learned the hard way its often better to cash out early when you still have a big gains than to hold stocks too long. We have had a good run with Mag Silver, having recommended it back in November 2004 at $1.65. I think this stock no doubt has much further to run given its excellent and numerous world-class silver targets in Mexico, its excellent management team and the continuation of a silver bull market. However, in order to bring new ideas to you about companies we think have an excellent prospect of at least doubling within the next year, we are forced to make some hard choices. We have to sell some stocks to make room for now ones. Happily, Mag has been a big winner. We have a few others on our "to sell" list that have not done as well. We are looking for slightly better exit points for them, but in most instances we will not be able to show the same kind of splendid gain we have realized with Mag. But we must look forward rather than in the rear view mirror since we can do nothing about the past. Because there are simply so many exciting junior exploration stocks out there we have to allocate our time and resources as efficiently as possible which means sometimes we have to sell some stocks before they peak simply to make room for some others that may be, in our opinion much more undervalued and thus provide better upside potential. The two new recommendations this month for example, Nevada Copper Corp and ValGold both have in our view better upside potential from their current prices than Mag Silver has at its current price. We offer no guarantees, just honest opinions. But that is the way we see it so we recommended a sale of Mag in our April 14th newsletter.

PORTFOLIO SCORECARD

Gold Stocks Security	Exch	Ticker	P	Company Activity/Comments	Price 12/31/06	Initial Date	Initial Price	Price 5/9/07	2007 % Gain	Overall Gain	Target Price	Buy/ HOLD
GOLD & SILVER PRODUCERS ("A" Progress Companies)												
Agnico Eagle Mines Ltd. *	N	AEM	A	Mid sized Quebec Underground Producer - Q	$ 41.24	4/16/05	$ 13.32	$35.89	-13.0%	169.4%	$50.00	Buy
Endeavour Mining Cap *	T	EDV	A	Mine Investment Banking Firm	$ 6.09	3/10/05	$ 3.70	$9.50	56.1%	156.8%	$ N/A	Buy
Etruscan Resoruces *	T	EET	A	Growing gold producer in Western Africa	$ 3.28	1/14/06	$ 1.65	$3.53	7.7%	113.9%	$ 3.30	S1/2,H
Excellon Resources	T	EXN	A	Producing Silver Miner in Mexico with upside	$ 1.02	10/8/05	$ 0.20	$1.24	21.5%	535.9%	$ 0.39	S1/2,H
GoldCorp Inc. *	N	GG	A	Low cost mid sized gold producer	$ 28.44	4/9/05	$ 12.90	$24.34	-14.4%	90.1%	$25.80	Buy
Fortuna Silver Mines Inc.	T	FVI	A	Silver Production in Peru. Soon also in Mexic	$ 1.68	6/25/05	$ 0.61	$2.90	72.3%	376.3%	$ 1.22	S1/2,H
Great Panther *	T	GPR	A	Advanced Stage gold/silver projects in Mexic	$ 1.97	5/1/04	$ 0.41	$1.52	-22.9%	272.7%	$ 0.82	S1/2,H
Jaguar Mining Inc. *	T	JAG	A	Small Production & Large Upside in Brazil	$ 5.82	3/19/04	$ 4.31	$7.46	28.1%	73.0%	$ 8.62	Buy
Newmont Mining Corp. *	N	NEM	A	Multi-national largest gold producer in the wo	$ 45.15	4/16/05	$ 39.77	$41.60	-7.9%	9.7%	$79.54	Buy
San Gold Corporation	T	SGR	A	New, smaller gold producer in Manitoba, Ca.	$ 1.16	9/30/06	$ 1.27	$0.92	-20.27%	-27.32%	$ 2.54	Buy
Average Gain (Loss) on Outstanding Producing Gold Mining Stocks				**================================>**					**10.7%**	**177.1%**	**---**	**---**
GOLD & SILVER EXPLORATION STOCKS ("B", "C" & "D" Progrss companies)												
Canarc Resources *	T	CCM	B	Advanced stage gold project in B.C.	$ 0.66	2/27/89	$ 1.19	$0.59	-10.9%	-50.6%	$ 2.38	Buy
Dynasty Metals *	T	DMM	B	2 Projects nearing production - Scoping Stud	$ 4.48	1/14/06	$ 2.11	$4.77	6.5%	126.1%	$ 4.22	S1/2,H
Erin Ventures Inc. *	T	EV	B	Alluvial Gold & Possible Lode source in Belie	$ 0.15	2/4/06	$ 0.06	$0.14	-3.5%	136.8%	$ 0.12	S1/2,H
Goldex Resources Corp.	T	GDX	B	Advanced Stage Gold Proj in Honduras	$ 0.38	1/28/06	$ 0.26	$0.26	-30.9%	0.6%	$ 0.52	Buy
New Guinea Gold Corp. *	T	NGG	B	Advanced Gold Mines in New Guinea	$ 0.39	9/20/03	$ 0.19	$0.60	54.8%	209.5%	$ 0.39	S1/2,H
Northern Dynasty Min *	A	NAK	B	Coper/Gold Porphyry Target in Alaska	$ 8.10	1/1/02	$ 0.26	$12.67	56.4%	4773.1%	$ 0.52	S1/2,H
NovaGold	A	NG	B	2 major min deposits -Hostile battle with Barr	$ 17.16	8/26/06	$ 17.30	$14.75	-14.0%	-14.7%	$34.60	Buy
Sherwood Copper Corp.	T	SWC	B	Advanced Stage Gold-Copper project in B.C.	$ 3.35	12/8/06	$ 3.22	$4.75	42.0%	47.6%	$ 6.44	Buy
Terrane Metals *	C	TRX	B	Adv. Stage Projects from Placer Dome/GoldC	$ 0.72	5/7/06	$ 1.19	$0.63	-12.1%	-46.8%	$ 2.38	Buy
Timmins Gold Corp.	T	TMM	B	Nearing open pit gold mining production in Me	$ 0.39	8/26/06	$ 0.32	$0.63	64.1%	100.8%	$ 0.63	S1/2,H
Almaden Minerals Ltd. *	T	AMM	C	Diverse Portfoio AU projects in Canada & Me	$ 2.25	7/30/05	$ 1.37	$2.53	12.8%	85.7%	$ 2.73	Buy
AuEx Ventures	T	XAU	C	Diverse gold projects portfoio projects in Nev	$ 1.80	9/30/06	$ 1.59	$2.17	20.6%	36.4%	$ 3.18	Buy
Cangold Ltd. *	T	CLD	C	Promising Exploration in Red Lake Gold Mine	$ 0.107	6/23/03	$ 0.08	$0.12	9.74%	48.9%	$ 0.16	Buy
Christopher James	T	CJG	C	Promising gold project in Northern B.C.	$ 0.70	3/24/07	$ 0.70	$0.72	3.73%	3.7%	$ 1.40	Buy
Cornerstone Capital	T	CGP	C	Diverse gold portfolio proj. in E. Ca + Ecuadc	$ 0.76	9/30/06	$ 0.56	$0.60	-21.7%	6.0%	$ 1.13	Buy
Coronado Resources Ltd.*	T	CRD	C	High grade Underground CU & Au in Montana	$ 0.66	2/25/06	$ 0.55	$0.72	9.6%	32.9%	$ 1.09	Buy
Curie Rose Rescurces	T	CUI	C	Highly propspective gold projects in Tanzania	$ 0.29	6/16/06	$ 0.22	$0.38	30.3%	70.5%	$ 0.45	Buy
GeoCom Resources *	O	GOCM	C	Advamced Stage Gold in Argentina + Alaska	$ 0.26	3/29/03	$ 1.15	$0.37	40.7%	-67.8%	$ 2.30	Buy
Golden Goliath *	T	GNG	C	Large scale gold-silver exporation play in Me	$ 0.21	1/17/03	$ 0.17	$0.41	97.9%	139.6%	$ 0.34	S1/2,H
Great Quest Metals *	T	GQ	C	Promising Exploration Targets in Mali, Africa	$ 0.65	10/19/02	$ 0.16	$0.56	-13.9%	252.9%	$ 0.32	S1/2,H
IMA Exploration *	T	IMR	C	300 mill. oz. low cost silver discovery - Argen	$ 0.51	2/5/00	$ 0.40	$0.81	58.3%	103.6%	$ 0.80	HOLD
Miranda Gold Corp.	T	MAD	C	Diverse gold portfolio in Nevada	$ 1.75	9/30/06	$ 1.37	$1.22	-30.2%	-10.7%	$ 2.74	Buy
Maudore Minerals Ltd.	T	MAO	C	High grade underground gold deposit in Queb	$ 0.59	2/25/06	$ 0.69	$1.48	149.3%	114.5%	$ 1.38	S1/2,H
Mawson Resources Ltd.	T	MAW	C	Highly prospect. Gold & uranium in Sweeden	$ 2.03	6/30/06	$ 0.74	$1.95	-4.3%	163.0%	$ 1.48	S1/2,H
Nautilus Minerals Inc. *	T	NUS	C	High grade gold & base metals mining ocean	$ 4.46	5/26/06	$ 2.85	$4.34	-2.8%	52.1%	$ 5.70	Buy
NioGold Mining Corp.	T	NOX	C	Developing undground mines in eastern Cana	$ 0.24	12/8/06	$ 0.21	$0.34	40.7%	67.8%	$ 0.41	Buy
Pelangio Mines Inc. *	T	PLG	C	1.7 Million Ounce Resource + Major explorat.	$ 0.94	1/1/02	$ 0.08	$1.37	44.8%	1722.2%	$ 0.15	S1/2,H
Piedmont Mining Co. *	O	PIED	C	Start-up Junior Mining Co with Stellar Manag	$ 0.18	10/11/03	$ 0.06	$0.12	-31.4%	100.0%	$ 0.12	Buy
Skygold Ventures Ltd. *	T	SKV	C	New potentially large gold discovery in B.C.	$ 1.40	7/16/05	$ 0.31	$1.27	-9.4%	304.8%	$ 0.63	S1/2,H
Staccato Gold Resources*	T	CAT	C	Highly Propsective Projects in Nevada	$ 0.63	12/22/05	$ 0.31	$0.46	-26.3%	49.9%	$ 0.62	Buy
SNS Silver Corp. *	T	SNS	C	High grade Silver Mine in Idaho	$ 1.55	1/26/07	$ 1.55	$1.11	-28.2%	-28.2%	$ 3.10	Buy
Sunridge Gold Corp.	T	SGC	C	Highly propsect gold & base metals - Eritrea,	$ 2.83	6/16/06	$ 1.69	$2.08	-26.5%	23.2%	$ 3.38	Buy

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.

PORTFOLIO SCORECARD

Gold Stocks Security	Exch	Ticker	P	Company Activity/Comments	Price 12/31/06	Initial Date	Initial Price	Price 5/8/07	2007 % Gain	Overall Gain	Target Price	Buy/ HOLD
Golden Arrow *	T	GRG	D	IMR Spinoff - Argentina & Peruvian Exploratic	$ 0.60	7/7/04	$ 0.23	$1.06	76.4%	370.6%	$ 0.45	S1/2,H
Romios Gold Resc.	T	RG	D	Gold Exporation in B.C. and Nevada & Ontari	$ 0.31	1/26/07	$ 0.31	$0.61	96.2%	96.2%	$ 0.62	Buy
Average Gain (Loss) on Outstanding Gold Mining Stocks ===================================== > ----									**19.1%**	**265.3%**	**----**	**----**
***Essential* Technology Stocks**												
Environmental Power Co. *	O	EPG	A	83 Mw waste coal-fired electric generation	$ 8.85	1/1/02	$ 3.15	$6.92	-21.8%	119.7%	$ 6.30	S1/2,H
Flexible Solutions *	A	FSI	A	Patented Water Saving Technology	$ 3.50	3/16/02	$ 2.65	$3.35	-4.3%	26.4%	$ 5.30	Buy
McKenzie Bay Int'l *	O	MKBY	B	Vertically integrated vanadium tech energy C	$ 0.25	3/25/00	$ 2.00	$0.10	-60.0%	-95.0%	$ 4.00	HOLD
Open Energy Corp. *	O	OEGY	A	Solar Roofing Mfg. & SunCone Solar Technol	$ 0.44	6/3/06	$ 1.43	$0.35	-20.5%	-75.5%	$ 2.86	Buy
Plutonic Power Corp.	T	PCC	B	Emerging run-of-river B.C. electric power co.	$ 2.79	7/29/06	$ 2.12	$7.01	151.6%	230.9%	$ 4.24	S1/2,H
Rentech, Inc.	A	RTK	A	Coal to Synfuel - Advanced Stage R&D	$ 3.77	8/31/06	$ 5.15	$2.35	-37.7%	-54.4%	$10.30	Buy
Sasol Ltd.	N	SSL	A	World's Largest syn-fuel producer-S.Afr.	$ 36.90	8/31/06	$ 35.64	$37.00	0.3%	3.8%	$71.28	Buy
U.S. Geothermal	O	UGTH	B	Idaho Geothermal Co to start Prod Fall 2007	$ 1.41	4/7/2007	$ 1.41	$2.08	47.5%	47.5%	$ 2.82	Buy
Average Gain (Loss) on Outstanding Technology Stocks ===================================== > ----									**1.1%**	**22.3%**	**----**	**----**
Inflation Hedges - Energy & Metals												
Baja Mining Corp.	T	BAJ	B	Major sized low cost copper deposit in Mexic	$ 1.13	3/10/06	$ 0.86	$1.74	53.5%	102.1%	$ 1.72	S1/2,H
Brownstone Ventures	T	BWN	A	Energy Project Merchant Bank - Uranium/oil/	$ 1.89	5/12/06	$ 1.66	$1.99	5.5%	19.9%	$ 3.32	Buy
Copper Fox Metals Inc. *	T	CUU	B	Advanced Stage Copper-Gold Proj. in B.C.	$ 0.51	11/18/06	$ 0.46	$1.23	139.2%	170.5%	$ 0.91	S1/2,H
Copper Canyon Resc.	T	CPY	B	Advanced Stage Copper-gold-silver proj in B.	$ 0.62	4/7/07	$ 0.62	$0.82	33.5%	33.5%	$ 1.23	Buy
Global Hunter Corp.	T	BOB	B	Advanced Stage Copper Oxide Project in Chi	$ 0.19	3/15/07	$ 0.19	$0.29	52.5%	52.5%	$ 0.37	Buy
Golden Phoenix Minerals *	O	GPXM	A	Advanced Stage gold & copper Explorat'n	$ 0.38	7/3/99	$ 0.13	$0.50	32.0%	280.8%	$ 0.26	S1/2,H
International TME Resc. *	O	ITME	C	15% Carried interest in large Texas oil sands	$ 0.40	6/29/02	$ 0.08	$0.51	27.5%	537.5%	$ 0.16	S1/2,H
International Royalty Co.	A	ROY	A	Canadian Nickel, gold, copper, coal royalty C	$ 5.10	9/23/05	$ 3.50	$7.95	55.9%	127.1%	$ 7.00	S1/2,H
Nevada Copper Corp.	T	NCU	B	6.1 billion lb. Adv. Stage copper proj in Nevac	$ 2.40	4/21/07	$ 2.40	$2.3984	-0.2%	-0.2%	$ 4.81	Buy
Northland Resources Inc.	T	NAU	C	Large Adv Stage Iron European Proj with Cu	$ 1.27	1/14/06	$ 0.79	$2.73	115.3%	246.0%	$ 1.58	S1/2,H
Pen West Energy (1) *	N	PWE	A	Oil & gas royalty trust in Western Canada	$ 30.56	1/1/02	$ 12.57	$32.77	7.2%	205.8%	$25.13	S1/2,H
Polymet Mining *	T	POM	B	Major Cu, Ni, Co, Pt, Pd, Au in Minnesota	$ 3.17	7/23/05	$ 0.81	$4.17	31.5%	413.8%	$ 1.62	S1/2,H
Redhawk Resoruces Inc. *	T	RDK	C	Advanced Stage Large Copper Deposit- Arizc	$ 0.54	1/30/04	$ 0.22	$0.66	22.3%	201.7%	$ 0.44	S1/2,H
S & P Energy ETF *	A	XLE	A	S & P Oil and Gas Exchange Traded Fund	$ 58.63	2/18/05	$ 42.05	$64.80	10.5%	57.2%	$84.10	Buy
Transcanada Corp. *	N	TRP	A	Natural gas transmission and electric generat	$ 34.95	1/1/02	$ 12.46	$39.57	13.2%	217.6%	$24.92	S1/2,H
Average Gain (Loss) on Outstanding Inflation Hedge Stocks ================================ > ----									**40.0%**	**177.7%**	**----**	**----**
Inflation Hedges -Uranium Stocks												
Copper Ridge Expl.	T	KRX	C	Uranium, base metal and gold prospects in C	$ 0.17	11/24/06	$ 0.14	$0.16	-5.0%	18.9%	$ 0.27	Buy
Energy Metals Corp. *	N	EMU	B	88 million lbs. Of U3O8 in U.S. - ISL Mining F	$ 8.66	6/24/06	$ 4.75	$14.18	63.7%	198.5%	$ 9.50	S1/2,H
Northwestern Min Vent *	T	NWT	C	Uraium Expl in Quebec, Niger & Saskatchew	$ 0.72	10/16/06	$ 0.31	$0.73	1.7%	136.5%	$ 0.62	S1/2,H
Pele Mountain Resources	T	GEM	C	33 Million lbs. U3O8 + adv. Stage gold projec	$ 0.86	11/18/06	$ 0.31	$0.98	14.0%	220.5%	$ 0.61	S1/2,H
Uracan Resources	T	URC	C	Open pit uranium explortion play in Quebec &	$ 0.93	10/21/06	$ 0.37	$0.86	-7.2%	130.5%	$ 0.75	S1/2,H
Uranerz Energy Corp. *	A	URZ	B	11.1 million lbs E3O8 Resource - ISL Proj Wy	$ 4.09	11/18/06	$ 3.19	$6.99	70.9%	119.1%	$ 6.38	S1/2,H
Uranium Eneryg Corp.	O	URME	B	20 million lbsl U3O8 Resource + Much more	$ 3.45	6/23/06	$ 2.80	$5.41	56.8%	93.2%	$ 5.60	Buy
UR-Energy *	T	URE	B	Advanced Stage uranium Proj in Wy.	$ 3.31	8/26/06	$ 2.00	$4.11	24.1%	105.3%	$ 4.00	S1/2,H
Average Gain (Loss) on Outstanding Inflation Hedge Stocks ================================ > ----									**27.4%**	**127.8%**	**----**	**----**
Precious Metals & Hedge Funds												
Gold *	N/A	N/A	N/A	The Best Money Ever Discovered by Humanl	$ 636.00	12/3/90	$390.00	$679.60	6.86%	74.3%	N/A	Buy
Silver *	N/A	N/A	N/A	2nd Best Money Ever Discovered by Humank	$ 12.85	11/15/97	$ 5.29	$13.32	3.66%	151.8%	N/A	Buy
Augen Capital Corp.	T	AUG	A	Merchant Bank for Canadian Resc. Stocks	$ 0.40	1/26/07	$ 0.40	$0.45	13.7%	13.7%	N/A	Buy
The Prudent Bear Fnd *	O	BEARX	A	David Tice - Hedge fund for small investors	$ 5.70	9/25/99	$ 4.37	$5.71	0.18%	48.9%	N/A	Buy
Rydex Juno Fund *	A	RYJUX	A	Inverse Bond Fund Priced of 30-Yr. U.S. Trea	$ 19.11	10/22/05	$ 18.39	$19.42	1.62%	9.0%	N/A	Buy
World Prec. Metals Fnd *	O	UNWPX	A	Frank Holmes - Produc. And Expl. Gold Stoc	$ 27.26	3/20/03	$ 9.70	$29.58	8.51%	232.3%	N/A	Buy
Global Resource Fnd *	O	PSPFX	A	Frank Holmes - Commodity Exposure Fund	$ 14.84	3/20/03	$ 4.69	$17.06	14.96%	296.4%	N/A	Buy
Central Fund of Canada *	O	CEF	A	Frank Holmes-U.S. Treasury Cash Fund	$ 9.34	1/7/00	$ 7.42	$9.39	0.54%	27.1%	N/A	Buy

CHART EXPLANATION|| Exch. A=American; N=New York; O=NASDAQ/Bulletin Board; C= Canadian Exchanges; M= Montreal. T= Toronto. ||**P=PROGRESS RATING -** A = Currently Operating, B=Not in operation but with pre-feasibility or feasibility study in hand; C = No feasibility study but indications of a commercially viable mineral deposit. D= A mineral resource not yet delineated but based on size of mineral bearing structures and early geological work, potential for outlining an ore body appears good. **CLOSED POSITOINS**: **LaMancha Resources (-11.6%), Norant Resources (-30.6% loss), Great Basin Gold (+8.82%), Jinshan Gold Mines (+223.45%), Metallica Resources (+51%), Scorpio Mining (-9.3%) Samex Mining (+427%) Gryphon Gold (-27.9%), Williams Creek (-47.6%), Nevada Geothermal (+384%),Petrol Oil & Gas (-75%), Mindoro Resources (-5.65%),West Hawk –(37.24%) Cameco +5.3%),Urasia (+195%), Mag Silver (+386.6%).** ***J Taylor's Gold & Technology Stocks,*** is published monthly as a copyright publication of **Taylor Hard Money Advisors, Inc. (THMA)**, Box 770871, Woodside, N.Y. Tel.: (718) 457-1426.|| ***** Represents companies in which the editor and/or his family hold a long position. Website: **www.miningstocks.com.** THMA provides investment advice solely on a paid subscription basis. Companies are selected for presentation in this publication strictly on the merits of the company. No fee is charged to the company for inclusion. The currency used in this publication is the U.S. dollar unless otherwise noted. The material contained herein is solely for information purposes. Readers are encouraged to conduct their own research and due diligence, and/or obtain professional advice. The information contained herein is based on sources, which the publisher believes to be reliable, but is not guaranteed to be accurate, and does not purport to be a complete statement or summary of the available information. Any opinions expressed are subject to change without notice. The editor, his family and associates and THMA are not responsible for errors or omissions. They may from time to time have a position in the securities of the companies mentioned herein. All such positions are denoted by an asterisk next to the name of the security in the chart above. No statement or expression of any opinions contained in this publication constitutes an offer to buy or sell the securities mentioned herein. Under copyright law, and upon request companies mentioned herein, from time to time pay THMA a fee of $500 per page for the right to reprint articles that are otherwise restricted for the benefit of paid subscribers. Subscription rates: One Year $159; Two Years - $264; Three Years $360. Foreign delivery postal system, add 25% to regular prices.

Copyright @ 2007 TAYLOR HARD MONEY ADVISORS, INC. ALL RIGHTS RESERVED.