

# Untapped Wealth

December 2011 Edition

December's Silver Lining

This month, I will be recommending 2 companies which are both junior silver mining companies with fantastic earnings and strong potential.

The reasons for I'm directing you into silver right now are the following:

1. aggressive monetary stimulus programs (Quantitative easing)
2. pricing instability
3. currency debasement
4. The Eurozone Continues to unravel

So what does all this mean? Well, being we're heading or I should say, spiraling, in an uncomfortable direction, it's pretty obvious that not only our country, but Europe will most likely start additional monetary policies or stimulus programs in hopes to control the situations here and abroad. This is not just long term speculation; we're talking possibly in the coming weeks to months.

There's no doubt that ol' Uncle Ben's money machine is going to start back up again in a qe3 kind of way. If this happens, we will, not guess, will see silver jump and jump fast.

Quantitative Easing has always been the number one reason for silver's price increases. What it spells out is inflation, and QE is nothing more than a way to dilute the US Dollar, spurring inflation.

Seeking Alpha had a very good chart on their site last week. It showed the silver chart during and after QE2. See chart below:



Technically speaking, silver is sitting and has created a support level around \$32 per ounce and short term has a resistance of almost \$36.

Barring any moves from the Fed or in Europe, Silver will kick around these levels and ping pong back and forth. Now when the Fed starts pumping.. Well expect a major run and by major I mean somewhere in the mid \$40's to low \$50's.

That being said, there's a way to get in and profit and make a huge amount of money. Let's get right into it..

-Tim Fields

## Recommendation #1

U.S. Silver Corporation (USSIF.PK: \$.48\*). USSIF, through its wholly owned subsidiaries, engages in the exploration, development, and production of silver resources in northern Idaho, the United States.

The company owns and operates the Galena, Coeur, Caladay, and Dayrock silver-lead-copper mines located in Shoshone County, Idaho. It also controls a land package totaling approximately 14,000 acres in the Coeur d'Alene Mining District. The company is based in Toronto, Canada.

## Earnings

From the company's official release of Q3 earnings:

- **Revenue of \$28.3 million in the quarter, a 136% increase over the same period in 2010**
- **Net income of \$5.2 million in the quarter, compared to \$0.5 million for the same period in 2010**
- **Cash flow from operating activities of \$5.4 million in the quarter, compared to \$1.8 million for the same period in 2010**
- **Cash on hand of \$27.5 million at September 30, 2011 and continuing to grow**
- **Silver production of 645,543 ounces in the quarter and 1,788,228 ounces year-to-date**

Parker, President and CEO said, "Strong operating performance and pricing continued through the 3<sup>rd</sup> quarter and we are pleased with the resulting financial performance for the Company. These results have provided the Company with strong revenues and cash flows and a further strengthened balance sheet providing the resources to invest in and expand our asset base."

## US Silver Chart



Currently, we're looking at a support level at around \$.50/share. As silver prices increases, so will the price of this company and seeing it head up to near \$.75- \$.90 per share is very probable.

In The End

I believe that US Silver will be a very strong component to a very healthy portfolio and as the economy struggles, Europe deteriorates and if the Fed decides to start to pump, expect silver to head back into the \$40's and beyond.. From there, we'll be in some serious profit.

Recommendation #2

Silver Standard Resources (SSRI: \$14.36\*). Silver Standard Resources Inc. engages in the exploration, development, and production of mineral resource

properties in Argentina, Australia, Canada, Chile, Mexico, Peru, and the United States. The company primarily explores for silver, gold, tin, zinc, lead, and copper deposits.

Its principal projects include Pirquitas project located in the Province of Jujuy, Argentina; San Luis project in central Peru; Pitarrilla and San Agustin projects in Durango State, Mexico; and Diablillos project in Salta Province, Argentina.

The company was formerly known as Consolidated Silver Standard Mines Limited and changed its name to Silver Standard Resources Inc. on April 9, 1990. Silver Standard Resources Inc. was founded in 1946 and is headquartered in Vancouver, Canada.

#### Company Strategy

Silver Standard has the largest in-ground silver resource of any publicly-traded primary silver company, with a pipeline of 15 projects ranging from grassroots exploration to production in Argentina, Peru, Mexico, Canada, Chile, and the United States.

We are leveraging our project pipeline to generate value through exploration and development, as well as accretive acquisition and divestment opportunities.

The Pirquitas Mine in Argentina achieved commercial production in December 2009, and at full production will rank among the largest open pit primary silver mines in the world.

We are advancing our development projects, the high-grade, gold-silver San Luis joint venture project in Peru and our 100%-owned Pitarrilla silver project in Mexico. Work at our exploration projects continues to expand our in-ground silver and gold resources.

## Earnings (Q3)

- Net earnings of \$21.8 million or \$0.27 per share versus a loss last year.
- Cash balance of \$356 million or \$639 million in cash and equity investments.
- Completed Bowdens sale for \$70 million, recording a \$51 million gain.
- Approved \$25 million budget to advance the schedule and feasibility of the Pitarrilla complex.

## Silver Standard Chart



In The End

With Silver Standard Resources and US Silver, the stock prices are near or at yearly low prices. This is simply because of silver's fall.

As we move forward, silver is setting up for a very nice run and I strongly believe that these companies have the potential to double in the near future.

I feel we're picking these stocks up at a bottom and your profit should be strong.

With these 2 positions, keep a 20% stop loss program just in case of some unforeseen events.

Good luck.

Tim Fields

Editor In Chief

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\* Indicates initial recommended price