

Alps Precious Metals Group

Monthly Commentary and Update

July 2018

- A) Vancouver Conference Notes**
- B) Supply Side Gold Economics**
- C) Charts and Graphs**

Vancouver Conference Notes

Sprott, Inc. is a Natural Resources-focused firm based in Canada. The firm has a particular focus on Precious Metals, and it sports several ETFs which compete with GLD and SLV. We have written in these pages about Sprott's alternative products (eg, PHYS, PSLV, SPPP, and now, CEF) as being far superior to GLD, SLV, etc. – namely because the owner of the Sprott securities has the ability to take delivery of the specie underlying the ETF. Still not superior to owning the physical outright, mind you, but better than the other means of gaining exposure. Alongside Precious Metals, Sprott does a great deal of Investment Banking and Trading in Oil and Gas, Uranium, Industrial metal mining companies.

Every summer, Sprott holds an invaluable Conference in the beautiful city of Vancouver, British Columbia, Canada. In addition to the some of the best Junior mining companies in the business being present and making presentations, the Conference also features a bevy of speeches from well-respected market commentators and analysts. This year's slate featured Jim Grant and David Stockman, as well as successful mining executives Ross Beaty and Robert Friedland. Attendance at the Conference was well below normal, which is often times a contrarian indicator for where the sector is headed. The October 2015 New Orleans Investment Conference (which is nearly identical to its Vancouver cousin) featured similar attendance and a generally down-trodden Conference "mood" – right before the Precious Metals market had one of its all-time great rallies.

The two main ideas of the Conference were that 1) The amount of exploration/discovery of Gold needed for the large mining companies to replenish their diminishing reserves is WELL behind what is necessary going forward (the same situation is true for Uranium, Silver, Oil & Gas, Platinum, etc., etc.), and, 2) Gold is highly likely to benefit from the aggregation of Political Risk, Central Banking behavior, Global Debt overhang and Supply/Demand dynamics.

The highlighted comments and quotes below should provide a general flavor:

For the Gold industry's supply to not eventually fall behind demand, 90mm ounces of Gold a year need to be found. Currently, only 30mm ounces per year are being discovered – Brent Cook.

Gold is the elixir of manipulated interest rates. – Jim Grant

*200 tons of Gold were recently found in the remains of a shipwreck off the coast of South Korea. In spite of being UNDER WATER for 100 years, the Gold not only maintained its value, it rallied! It is difficult to imagine any other created thing that could have enjoyed the same performance.
– Jim Grant*

After 30 years of systemic falsification of financial asset prices, the Fed and other global Central Banks have completely distorted the Capitalist Idea and System. There is NOT ONE statistic that can be considered legitimate given the Fed's insanity. - David Stockman

2018 will be the first year since Fukushima (3/11/11) that Uranium demand is greater than Uranium production + above ground inventory. – Amir Adnani

*By 2020, the Middle Class of India and China will compose 40% of Global Consumption.
- Chris Gaffney*

Due to the creation of a Bitcoin ETF, Bitcoin will trade at \$40,000 by year-end 2018. - Teeka Tiwari

1 ounce of Platinum is needed in every Electric Car engine. 6 million Electric Cars would consume the ENTIRETY of the World's current new supply. – Robert Friedland

*“Earth First; We’ll mine the other planets later” & “Ban Mines – Let the bastards freeze in the dark!”
- Popular Bumper Stickers at The Colorado School of Mines*

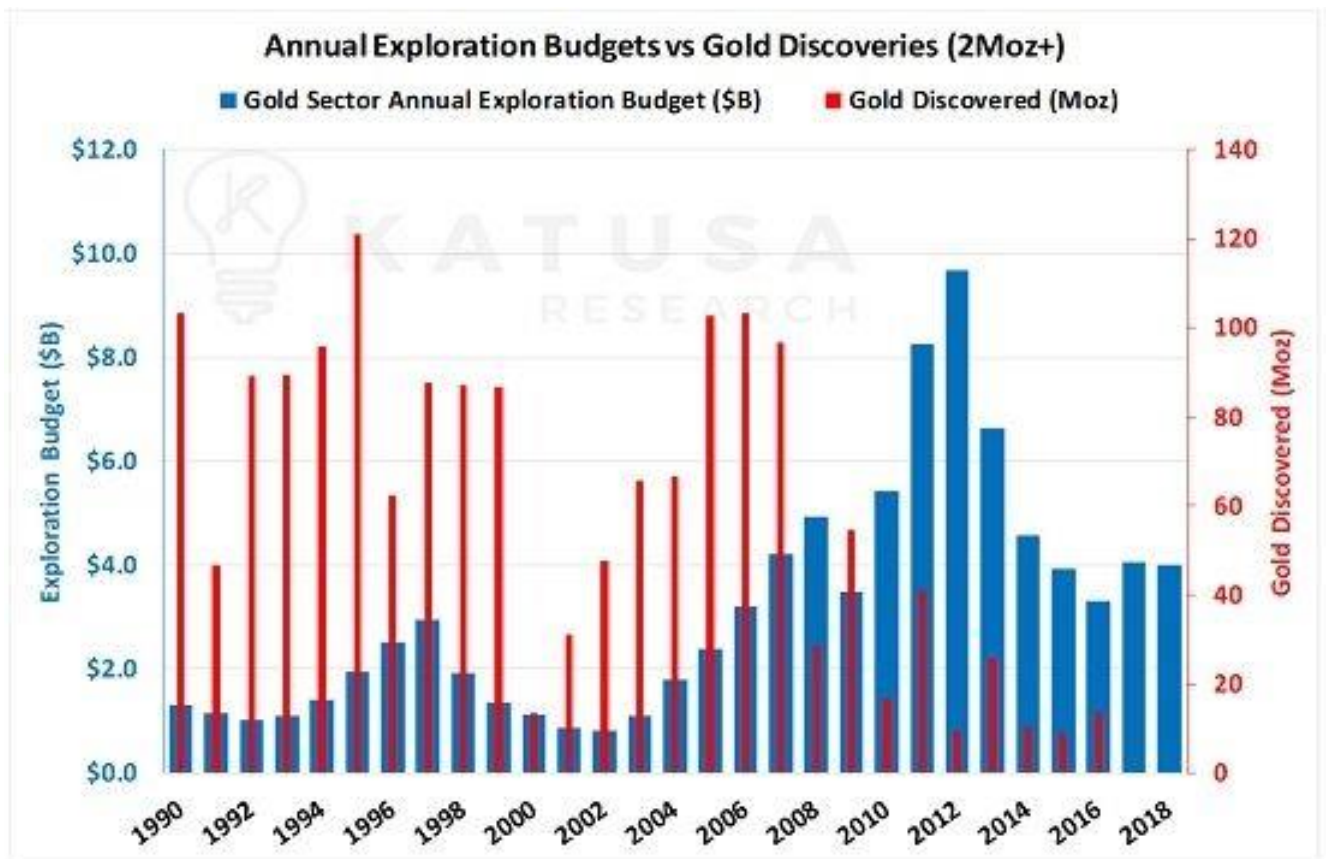
“Skyscrapers are upside down Natural Resource mines” – Robert Friedland

Supply Side Gold Economics

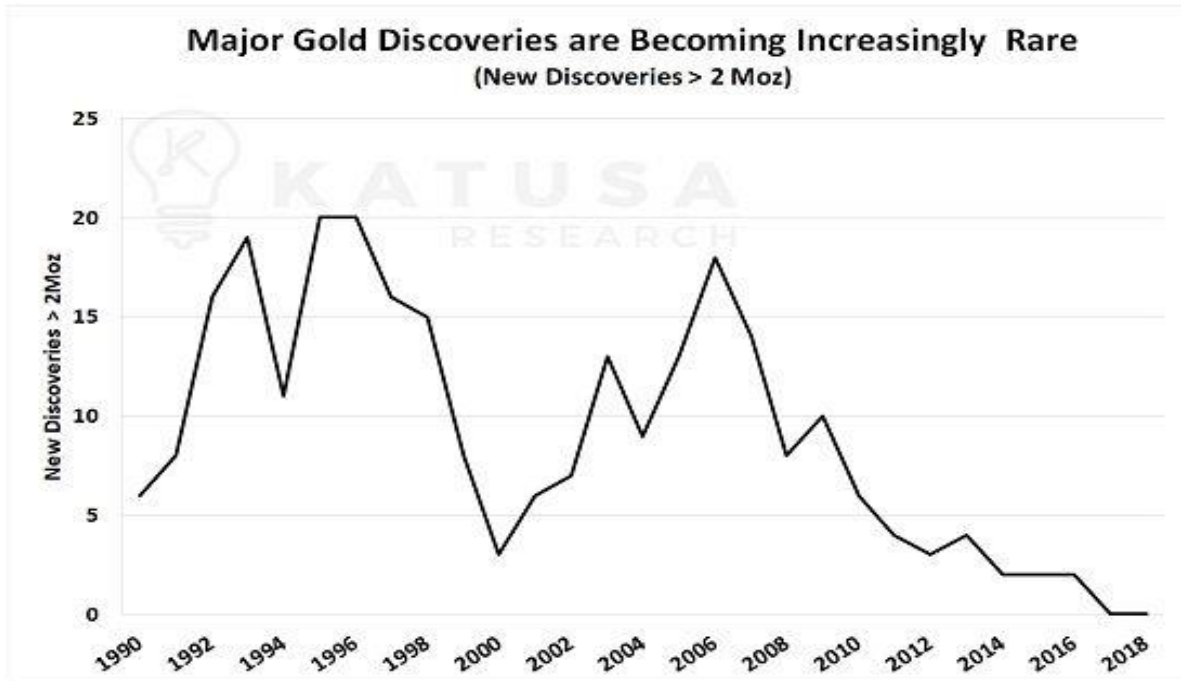
We have alluded to the powerful tail-wind that current supply/demand dynamics in Gold are engendering to its now and future price. The following graphs paint this picture vividly. One would be clearly understood for arguing that a rise in the price of Gold is a “When” proposition, not an “If”. The Oil and Gas market experienced the exact same dynamic over the last decade and current (and likely future) prices for crude bear witness to this phenomenon. Expect the same for Gold, Silver and Industrial metals.

All of the following graphs are from Katusa Research.

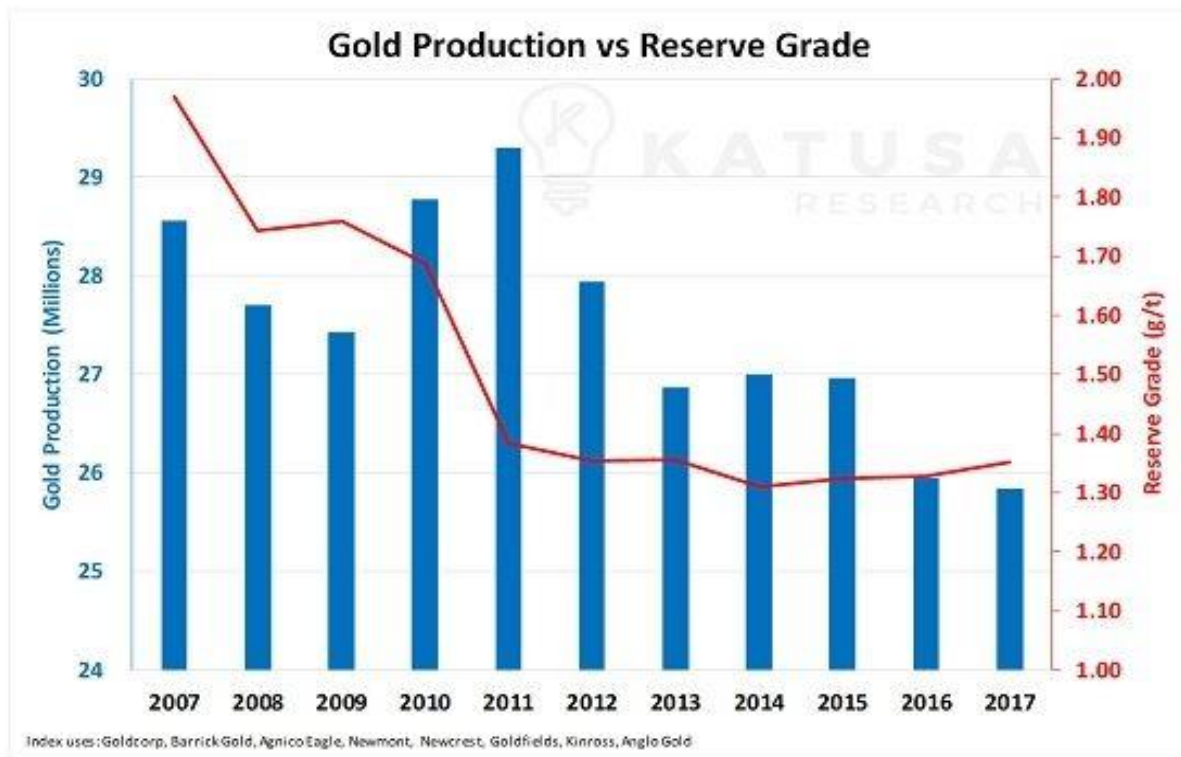
Spending More/Finding Less



There's no there, there!



What is found ain't what it used to be!



Charts and Graphs

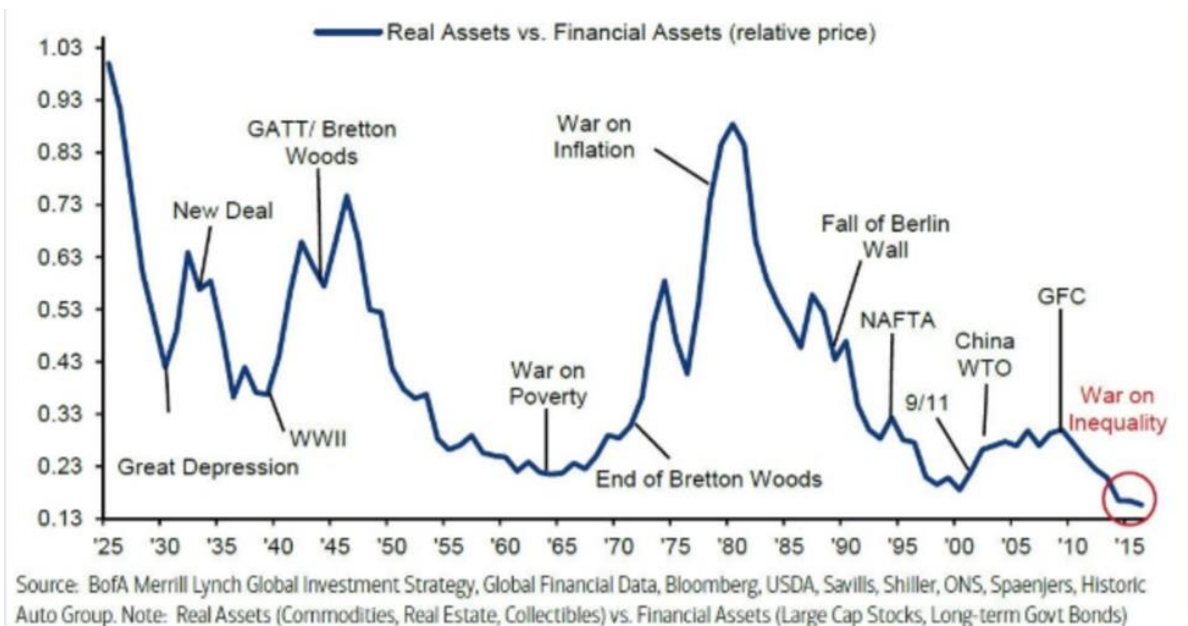
We continue to believe that the end is near for the Central Bank charade that has infected global markets. The following graphs and charts, as well as the accompanying comments are presented to continue to make the case. We also believe that the beneficiaries of this reversal will be those who own the 5000-year old, tried and tested store of value/labor:

Go Long when Hedge Funds are aggressively Short!



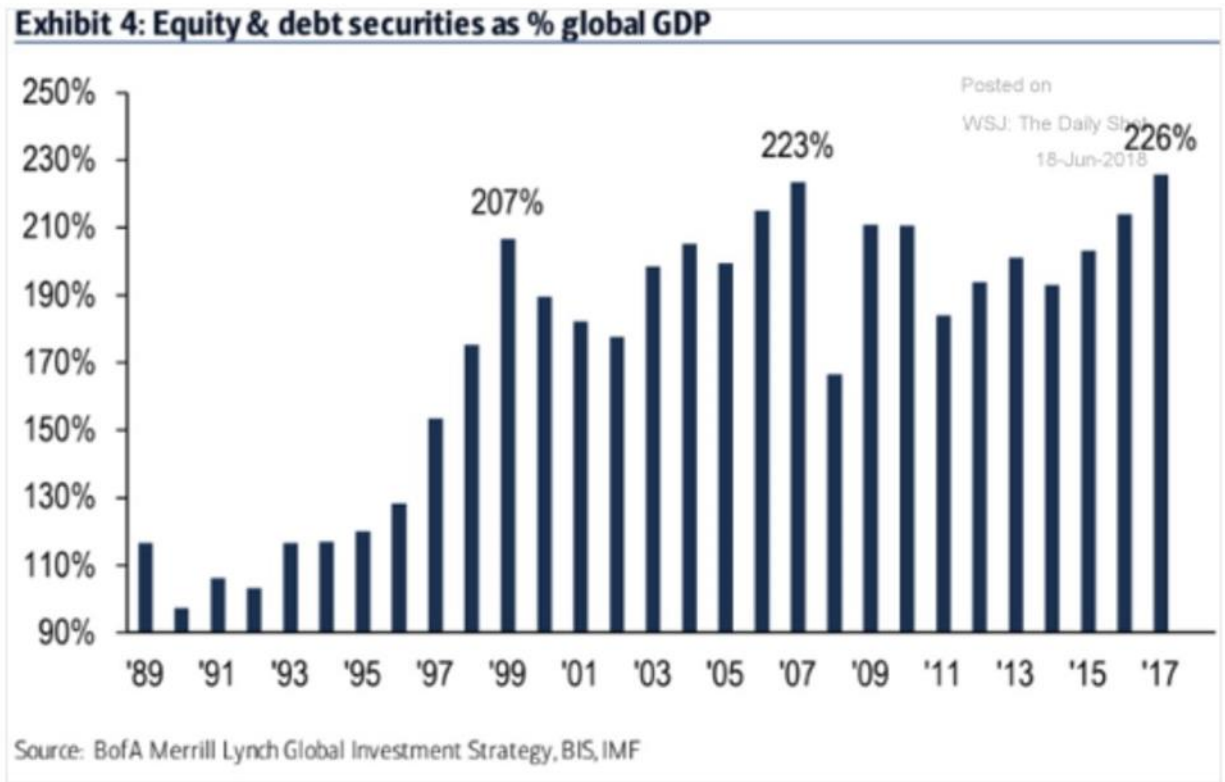
Source: Zero Hedge

Real Assets at 100 year low in valuation versus Financial Assets



Source: BofA Merrill Lynch Global Investment Strategy, Global Financial Data, Bloomberg, USDA, Savills, Shiller, ONS, Spaenjers, Historic Auto Group. Note: Real Assets (Commodities, Real Estate, Collectibles) vs. Financial Assets (Large Cap Stocks, Long-term Govt Bonds)

Highest % in History



All is well here; nothing to see.....move along



Alps and Liechtenstein Precious Metals

Alps Precious Metals Group via our partnership with Liechtenstein Precious Metals Group is dedicated to providing the global standard for the finest and most secure storage and trading of Physical Precious Metals. Our Vault is constructed to the highest security standard in the world ("Class 10") and, via our relationship with Lloyd's of London, insures each client's specie at 100% of its market value. Our trading desk provides liquidity on each and every business day with as little as next day settlement. All of these benefits are enjoyed while simultaneously being freed from the status quo global financial system. Contact us (www.alpspmg.com) to discuss how APM/LPM can become a trusted partner in the creation, protection and utilization of the hard money portion of your portfolio.

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