PAUL COHEN'S

Investment Hub

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HOW TO MAKE MONEY IN THE STOCK MARKET

SANTA FE GOLD (SFEG - $0.095) AND THE PRICE OF GOLD

SFEG's share price has not reflected the strong run in gold prices. The current price of gold is now $1349. A very good summary of gold was recently printed in Bull and Bear Financial Report titled: Gold Is an Investment in Monetary Disorder

"Gold is a barometer of investor anxiety, a storehouse of value and in time, a hedge against inflation. In recent days, gold has spiked through $1,300, still shy of the $1,940 an ounce high reached in 2011. Like all commodities, gold is subject to supply and demand but steady purchases by major central banks including China and Russia have sopped up physical supplies. We believe the purchases are tied to the expectation that the US, Japan and Western Europe have public debt trajectories that are unsustainable.

This year gold has risen 12 percent. While the consequences of the series of quantitative easing has not been evident, we believe the era has come to an end, drowned beneath the rising tide of overvalued assets. If holding the barbaric metal is irrational, where then is the rationality in dedicating 100 percent to paper assets which are inherently unstable?

And inflation is back. There already is a first wave of inflation in hard assets, the stock markets, real estate and vanilla beans because of the abnormally low carry costs. That flood of money has supported another tech bubble with trillion dollar entities resulting in lofty valuations and a herd-like investor greed not to be the last one standing. However, cost pressures are in the offing from wages to energy, and of course depreciating currencies. As such when inflation returns to Main Street, we believe that impetus will push gold to $1,400 an ounce and then $2,200 within 18 months.

The lack of gold discoveries has prompted M&A activity. Depleting reserves are a problem for the gold industry as the industry will mark six straight years of declining reserves. At the same time, China the No.1 gold producer, is on the hunt for new reserves because its gold miners have short mine lives. Many Chinese producers will run out of reserves by 2020."

SFEG share prices have not reflected the strong run in the price of gold. Nor have they anticipated removal of the stop sign after SFEG's stock symbol. We expect the Company to become a fully reporting company with the stop sign removed from the stock.