



Precious Metals Quarterly

An Insider Report for Clients of Independent Living Bullion

4 Catalysts for a Bull Run in Precious Metals First Quarter Sees Firmer Prices

INVESTOR RESEARCH REPORT

Precious metals rose in the first quarter, likely turning the tide of the major trend back in favor of the bulls. That doesn't mean prices will go into a mania phase anytime soon, however. In mid March, gold, silver, platinum, and palladium all gave back a portion of their 2014 gains. The metals can be expected to continue moving in fits and starts in the months ahead as they do battle with overhead resistance levels.

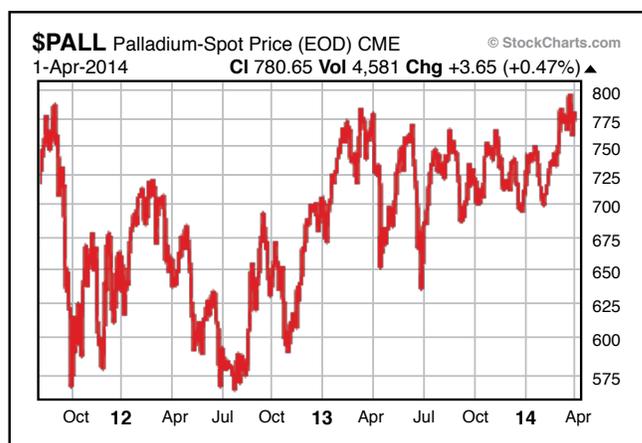
Fortunately for the bulls, a number of potential catalysts exist that could propel prices through congestion zones and, eventually, into the uncharted waters of new record highs. Below you will find some likely catalysts for the next major leg higher in precious metals.

Catalyst # 1: Technical Breakouts on the Charts

The number one indicator for traders considering taking a position in a given market is price itself. There are any number of fundamental reasons why an asset could or should go higher, but a bull market

must prove itself by breaking out above resistance levels and holding support levels. Uptrending prices instill more confidence and beget more buying, which feeds the momentum that drives major bull runs.

Gold and silver have yet to attract the momentum players in a big way, but prices appear at least to have put in a bottom after suffering sharp declines last year. Meanwhile, the lesser-known precious metal palladium broke out in early March to touch its highest level in nearly 3 years. Palladium's chart looks the strongest of all the metals, and it has the clearest path forward to new record highs.



Perhaps palladium will serve as a leading indicator for gold and silver, which each have a lot of ground to make up. Silver especially has a lot of room to run, with prices still more than 50% discounted from the highs seen in 2011.

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Catalyst #2: Rising Geopolitical Tensions

Precious metals got a bit of a safe-haven bid in early March as escalating unrest in Ukraine threatened to drag Russia and the U.S. into a new Cold War. The broader threat, though, is to the status of the U.S. dollar. The Obama Administration risks pushing Russia and China into selling off a meaningful portion of their massive hoards of U.S. Treasury bonds. The two world powers could also work to undermine the “petro-dollar” by trading oil and other commodities in yuan, rubles, or other currencies.

If geopolitical tensions between China and the U.S. were to flare up – potentially over our treaty-bound duty to stick up for Japan – gold prices could go ballistic.

World events can cause a market to move sharply in a short period, but the impact can be fleeting unless other catalysts kick in to contribute to a sustained trend. Make no mistake, gold and silver are indispensable crisis hedges. Long-term investors, though, need to pay attention to other potential market-moving forces.

Catalyst # 3: The Unraveling of Paper Price Suppression Schemes

Charges of gold and silver price manipulation have been swirling around the fringes of the market for many years. Now, however, evidence for the existence of manipulation in the futures markets is garnering the attention of the mainstream financial news media.

German regulators recently began investigating manipulation of the London gold fix. And a federal lawsuit filed in the U.S. alleges the metals markets have been rigged. This suit is based on the as-yet unpublished report by Rosa Abrantes-Metz – the whistleblower who helped prosecutors with the LIBOR-manipulation fraud uncovered last year.

Silver market expert David Morgan had this to say in an interview with **ILB**'s Mike Gleason, host of our Weekly Market Wrap podcast: “*Bloomberg* –

and Bloomberg is a well-known financial publication – reported that the gold price is being manipulated, which followed shortly on the heels of a similar report in London's Financial Times. Any report like this in the mainstream media is a big deal. And to have it reported twice is indeed an important development...”

Silver-Investor.com's David Morgan (pictured right) believes that precious metals prices have been artificially low, and that creates opportunity for investors. Though we can't predict specifically when market-rigging schemes will blow up, we can be confident that, in the end, the laws of supply and demand will win out. Like a beach ball that is held underwater and suddenly released, precious metals prices could shoot up quickly, forcing physical buyers to pay much, much more (assuming physical metal can be sourced at all).



Real, physical demand must ultimately be satisfied by physical supply – not paper contracts. Artificially low prices for a commodity cause supplies to contract – it's Economics 101. But for a good while, supply tightness can be counteracted in the precious metals markets by diverting physical demand into cash-settlement futures contracts and other derivative instruments.

That's why investors should insist on holding precious metals in physical form – coins, rounds, bars, etc. If you don't own gold and silver in a form you can hold, you may one day find that you don't own it all!

Catalyst # 4: Supply and Demand Rebalancing

Again, physical supply and demand will ultimately determine in what direction prices have to go. The biggest catalyst of all could be a chronic supply deficit.

By the end of 2013, average all-in mining costs for gold and silver exceeded the spot prices for the metals – a rare

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Stefan Gleason, *President*

Directors:

Clint Siegner – clint.siegner@IndependentLivingBullion.com

Mike Gleason – mike.gleason@IndependentLivingBullion.com

Monthly Program – monthly@IndependentLivingBullion.com

www.IndependentLivingBullion.com

Newly Minted Platinum Eagles Now Available for First Time Since 2008

Platinum is underappreciated and certainly under-owned among bullion investors. But that's changing.

This March marked the first time in nearly six years the U.S. Mint produced the bullion strike version of the Platinum American Eagle coin in a one-troy ounce size. And now investors have more options to diversify their precious metals holdings with the "rich man's gold."

After introducing the platinum coin in 1997, the Mint sold a little more than 330,000 Platinum Eagles before discontinuing the coin in late 2008. While demand for Platinum Eagles was only a fraction of the more popular gold and silver coins (by comparison the Mint has sold nearly a million 1-ounce Gold Eagles *per year* since 2010), the decision to discontinue the coin was surprising. 2008 saw the highest sales of Platinum Eagles in nine years. Leave it to a government-run organization to stop selling an item amid an influx in sales!

The Platinum Eagle joins the Australian Platypus and

Canadian Maple Leaf as the most prominent platinum bullion coins. While 1-ounce platinum bars offer a lower premium to coins, many investors prefer the more popular coin form.



The Platinum Eagle, like its U.S.-minted counterparts in gold and silver, comes in at the pricier end of the premium spectrum. Premiums are currently between 6.5% and 7.5% – more than 1% higher than the Maple or Platypus.

And, as is generally the case, though you pay slightly higher premium to buy, you can expect to receive a bit higher premium when you are ready to sell.

These coins also have some chance for premiums to rise, given the U.S. Mint's relatively low production and its propensity to suspend the minting of platinum altogether. Prior to the recent re-release of the Eagle, the coins often fetched premiums in the 12% to 15% range over the platinum spot price on the secondary market – if you could even find a dealer with any for sale. 🕒

4 Catalysts for a Bull Run

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condition that usually coincides with major bottoms (as it so far appears to have done). It's rare for production costs to exceed the price at which a raw commodity sells because producers can't and won't produce at net losses for very long.

The effect of persistently small (or negative) profit margins has been significant. Some of the smaller miners have gone out of business, while the bigger ones have been forced to scale down, reduce capital expenditures, and "high-grade" their fields (produce the easiest-to-get, lowest-cost ounces, leaving future, more expensive mining operations on hold until prices render them economically viable). Mining output will soon enter a prolonged period of diminution, even as global demand figures to remain strong. In other words, it will take years for mine supply to ramp back up.

Last year saw record gold buying among Chinese consumers. In the U.S., it was a record year for Silver Eagles sales. Investment demand in the U.S. overall came in soft, however, due to hedge fund and ETF liquidations. The magnitude of the selling was a one-off event that won't be repeated from these levels simply because there aren't that many tonnes of metal left to dump.

When safe-haven investment inflows start pouring back into precious metals in a big way is unknown. Investment demand is the wild card. It only takes a tiny proportion of large institutional investors to decide to move a modest percentage of their assets into precious metals to cause a large impact on the markets. An incremental increase in the percentage of average, ordinary folks who own gold or silver bullion (currently, less than 2% of the population) could accomplish the same thing. 🕒



Some Great Questions

Posed by Our Loyal Customers

At **Independent Living Bullion**, we believe a significant part of our mission is to educate customers and the public at large about the many aspects of the precious metals market.

While our precious metals Specialists have the pleasure of addressing the many excellent questions posed by our customers on an individual basis, we occasionally take the opportunity to share some of the best and most common questions and answers in a more public way...

What does the term “bullion” actually mean?

In the context of precious metals, bullion refers to any product that is valued by the purity and mass of the metal. Bullion comes in many forms, including government coins, privately minted rounds, bars, and ingots.

Items that carry collectible or numismatic premiums are not considered bullion. The value of these “rare” coins above and beyond their melt value is highly subjective, and, in many cases, deception is used to sell them to the investing public.

We know the markets are manipulated, and the metals prices have been down for some time... can't they just continue this forever if they want to do so?

Economic law always wins out in the end. Free market forces will beat out the Federal Reserve, other central planners, and well-financed trading firms. If silver and gold prices remain at artificially low prices for too long, then true shortages will emerge as mining costs per ounce approach the price of the metal itself. In fact, this happened recently with gold.

Supply and demand imbalances on the physical side will eventually get too pronounced for institutional futures traders to counteract by piling on more short positions. The physical market will render the paper market irrelevant.

When will this happen? It is hard to know the exact timing. But if prices are artificially low right now, which we believe, then look at it as a gift. It gives you more time to build your position in the precious metals at suppressed prices!

Should I wait until tomorrow or next week to place my order... do you think the price will drop?

It is impossible to know what the metals markets will do in the short term. If you are under-invested in precious metals – or, even worse, don't yet own any – you simply cannot afford to try

to “time the market.” Get some financial insurance immediately! Once you have built up a core position in gold and silver bullion (at least 10% of your assets), you might consider making your additional purchases more strategically.

The important thing is to remain focused on the real-world physical fundamentals rather than the daily ups and downs of the leveraged futures markets. To avoid the stress and hassle of trying to time purchases, just continue to add to

your position on a regular basis. We can even set you up with a monthly gold and silver savings plan so this happens automatically.

Can I exchange my Gold Eagles for 10 oz. silver bars (or something else)?

Yes! We would treat this as two simultaneous transactions – one purchase and one sale. We will send you a Purchase Order representing our agreement to buy your Gold Eagles at the current price, and a Sales Order detailing the simultaneous purchase of 10 oz. bars or other items you want. If the value of what you are selling is greater than the value of your purchase, we would credit you the difference. Alternatively, if the value of your sold items is less than the amount of your purchase, you can arrange payment for the difference.

Once pricing is locked on both transactions, you simply ship the bullion products you want to swap to us. We will ship the exchange items promptly.

You'll get the most for your exchange by taking advantage of periods when silver appears undervalued relative to gold (or vice-versa). Right now – with the gold/silver ratio at elevated levels – swapping gold for silver could make a lot of sense (and we currently offer free shipping on your silver purchase if you do such a swap).

Exchanges can also make sense when premiums on collectible gold or silver coins you happen to own allow you to trade into common bullion products and obtain additional ounces – thereby increasing your precious metal holdings. Because of the transaction costs, we generally do not recommend exchanging one bullion product for another bullion product of the same metal type.

One oz. of gold now buys 65 ozs. of silver, making it a good time to swap gold for silver.

Two New “Barter Metals” Offered by ILB

BY MIKE GLEASON
Director, ILB

Wow, small pieces of gold, silver, and even copper are getting really big!

ILB customers have been clamoring for smaller increment forms of pure silver, so we're excited to announce the release of our new 1/10th troy ounce Walking Liberty silver round.

Sold in 5-ounce rolls (50 pieces), these 1/10th ounce silver rounds are ideal for those seeking an alternative to junk silver coins, which – unlike rounds – are not pure silver; nor are they stamped with their weight and purity.

As with any fractional-ounce product, the premium one must pay on a per-ounce basis is higher than the larger sized alternatives – for the simple reason that it takes a mint significantly more time and labor to produce ten of the 1/10th ounce rounds than for a single one ounce. But the small fractionals have higher practical value in emergencies, for barter and trade, and even for gift giving.

Additionally, as is the case with all of the bullion products available through **ILB**, investors should be reassured by the presence of the two-way market that exists. That means the premium paid at the time of purchase is not necessarily lost when it comes time to sell. The sellback price over the silver melt value on fractionals is generally *higher* than the sellback price tendered for one-ounce products.

Now, for those looking for the ultimate “fractional,” there is no smaller increment value item than copper pennies. Due to the popularity of our Don't Tread on Me 1-ounce copper rounds, **ILB** now offers this second copper option. Copper pennies can literally be obtained at the melt value of copper,



and they do not have the seigniorage of copper rounds, i.e. new minting costs which are high in proportion to the rounds' actual copper value.

Bought and sold by the 34-pound bag, each contains approximately \$50 face value worth of pennies. These bags are easily the most cost-effective option to get exposure to physical copper.

Lincoln copper pennies, minted between 1909 and 1981, contain 95% copper. In 1982, the U.S. Mint phased out copper pennies and began producing pennies made primarily of zinc to cut down on costs. By 1983, all newly minted pennies contained 97.5% zinc, with only a thin layer of copper coating. All bags sold will contain nothing but pre-1983 pennies guaranteed to contain 95% copper.

Even after the recent plunge in copper spot prices, the actual melt value of a copper penny is still about double the face value – and melt value is approximately what you can expect to pay when buying from **ILB**.

To be clear, copper is certainly no substitute for gold and silver. But buying copper in this form is a great value – and, at minimum, investors might want to have some copper bullion to supplement a barter kit. Copper pennies could come in handy for making change in barter transactions.

We expect copper prices will eventually run away to the upside along with other vital metals. Major inflation continues to look like the option politicians and central bankers prefer for dealing with unmanageable debts and deficits. That could mean 95% copper pennies are worth three, five, or ten times face value in the years ahead. 📈

Stock Up on Silver and Gold Automatically!

Independent Living Bullion's monthly gold and silver savings plan is a savvy, no-hassle way to protect and save your money. The minimum purchase is only \$150! A program description and enrollment form is posted at www.IndependentLivingBullion.com.

Call **1-800-800-1865** or visit **www.IndependentLivingBullion.com** today.



American Eagles and Low-Premium Rounds Offered!

Choose Your Bullion Dealer Wisely

BY CLINT SIEGNER

The retail precious metals business is generally divided among two types of firms.

The first group is comprised of a handful of large and well-established dealers who advertise heavily on national TV and radio with celebrity spokesmen. They target investors with legitimate concerns over inflation and wealth preservation. Unfortunately, these firms pay for their expensive ad buys and celebrity endorsements by hiring aggressive salespeople to divert folks away from a straightforward investment in gold and silver bullion and into super-high-priced semi-numismatic or supposedly collectible coins.

These “rare” coin dealers leave a wake of unhappy customers behind them. Unsuspecting customers discover that many of the selling points offered by slick salespeople were outright lies – including tax and reporting – or advantages that don’t actually exist don’t differ from bullion.

But the most unpleasant surprise, invariably, is that the coins – represented to be rare and all but certain to command even higher collectible premiums over time – are not scarce at all... and often bring very little premium when it is time to sell.

Some customers feel so cheated they are pursuing legal action. The city of Santa Monica just brought its second lawsuit against one of these national rare coin marketers. The suit takes issue with bait and switch tactics, and it’s only the latest example.

Meanwhile, our President Stefan Gleason was approached recently by a group of victims of another of these national rare coin sellers asking him to testify as an expert witness in their civil lawsuit.

We’ve chosen not to name any of these firms in these pages, but if you email us at inquiry@IndependentLivingBullion.com and type “DETAILS” in the subject line, we’ll send you links to news articles

about the various pending and recent legal cases, and you can see for yourself.

Good Communication and Prompt Delivery: Even More Important than Price

The second group of dealers consists of smaller firms. These include local coin shops who’ve often built great reputations over years of successful transactions with their clientele (in spite of not always offering the best prices) and mail-order outfits that are sometimes

undercapitalized or who do not make customer service a high priority.

Many of these companies are just fine, and many of them are selling the kinds of products that the average investor should indeed be buying, i.e. bullion coins, bars, and rounds.

But some of these dealers are ill-equipped to provide customers with a firm commitment on delivery and status updates as their order moves

through processing. Buyers who send in large sums of money only to find themselves nervously awaiting delivery – without written confirmation of price, lead-time, payment, or shipment. And sometimes this lack of communication presages even larger problems...

A Major “Low Price” Dealer Files Bankruptcy, Faces Federal Criminal Investigation

One prominent national bullion dealer, The Tulving Company, apparently stiffed hundreds of customers before filing for bankruptcy protection in March while its owner went into hiding. Days later, it was reported that the Secret Service seized Tulving’s records and remaining assets as part of a federal criminal investigation. (Silver and Gold Eagles are legal tender, and they therefore fall under the purview of the Treasury Department’s special police.)



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Reports of months-long delivery delays imply that tens of millions in customer funds are at stake. But most of Tulving's customers could have avoided their staggering losses if they had done just a bit of due diligence.

A Google search and a look at the Better Business Bureau's website would have revealed problems dating back a year or more. As of this March, there were literally hundreds of complaints lodged against Tulving.

Bottom line: We think bullion investors across America should demand more from their precious metals dealers. News stories about blow ups like The Tulving Company or all those customers bilked by unethical "rare" coin dealers running their national TV and radio ad campaigns are degrading the confidence of the growing numbers of Americans weighing the crucial choice to accumulate physical gold and silver for protection and profit.

These stories are discouraging for investors who need to take action, and that gives rise to another threat – intervention by regulators. Most market participants prize being able to make a bullion investment privately – without reporting.

Nothing invites government regulation like high-profile swindles. There have already been hearings on Capitol Hill, and state and local regulators are increasingly trying to butt in because the industry has not effectively policed itself.

Here's the reality: If the market doesn't punish the bad actors, bureaucrats (who already are irritated to see precious metals competing with the dollar) are likely to find a "solution" that is worse than the problem. Those privacy advantages currently available to gold and silver buyers – the ability to transact without reporting the details to some government regulator – could be the first casualty. This is another big reason to demand the best practices from your dealer.

Top Three Rules of the Road When Choosing a Dealer

Finding a reputable bullion dealer with fair pricing and reliable delivery is easy. In fact, it just takes a minute or two of internet searching to gain a measure of confidence. Here is what to look for:

- Published buy and sell prices. Dealers should be

proud enough of their prices to publish them. Knowing exactly what a coin, bar, or round is worth before you buy or sell ensures you can proceed with confidence.

- Good communication, especially about delivery time. Any honest dealer can tell you when to expect delivery of your purchase. At **ILB**, you can expect us to ship your order right after your payment clearing time unless we provide notice, in advance, of a delay (which is extremely rare and would only result from inventory logistical issues).



BUYER BEWARE

- A great reputation. Professional, competitively priced, and reliable dealers leave happy customers talking about their experiences. (Google **Independent Living Bullion** to see the nice things our customers are saying about us.) Alternatively, you can often find complaints from customers who have been abused by unethical dealers.

As Stefan Gleason mentioned in his letter which appears on the back cover of this newsletter, we launched **Independent Living Bullion** several years back to meet the needs of bullion investors and do a better job for the customer than we saw being done, based, in part, on our own experiences as actual customers of our current (or now-defunct) competitors.

ILB only trades in bullion products – no messing with "rare" coins. Such things are better left to folks with money to blow and/or experienced collectors, not the typical investor.

We strive to offer industry-leading values whether a customer is buying or selling. And we ship orders promptly – as soon as we have cleared funds from the customer, unless we've alerted the customer to a lead time **PRIOR** to order placement.

Good communication is also key to building trust with our customers. We put transaction details in writing, then deliver on the commitments made therein. Every customer who transacts with **ILB** gets immediate confirmation of the price they lock, the expected delivery time of their purchase, payment confirmation, and tracking information when their fully insured package is shipped. It is important for you to demand this level of service, regardless of where you do business. 📍

Why Our Commitment to Customers Is a Sacred Trust

A Personal Note on Recent Industry Scandals from Stefan Gleason, President

New lawsuits filed against national promoters of so-called “rare” coins combined with this spring’s high-profile bankruptcy filing by a national bullion dealer have only reaffirmed my decision several years ago to launch **Independent Living Bullion**.

Of course, my precious metals investment company was not birthed by accident. I founded it in direct response to those nearly ubiquitous promoters who had been peddling their overpriced and illiquid “rarities” to my newsletter subscribers and many other hapless victims for years.

I had heard enough horror stories from readers, and so, after recruiting **ILB** Directors Mike Gleason and Clint Siegner to help me, we started doing something about it.

Since then, **Independent Living Bullion’s** mission of popularizing precious metals ownership in America while serving customers with integrity has become so personal to me that I moved beyond the subscription newsletter publishing business altogether. I wanted to focus my energies exclusively on building the precious metals company and delivering top-notch service and offerings to its customers. (In fact, American Lantern Press, the company I formerly co-owned and led as president until early 2013, is no longer affiliated in any way with **ILB**.)

Trust is sacred in the precious metals business, and we take our responsibility to our customers extremely seriously. I also hope you will let us know if there is ever anything you think we can do better – please email us at inquiry@IndependentLivingBullion.com or call us at 1-800-800-1865.

Please enjoy this issue of Precious Metals Quarterly, and I urge you to pay special attention to the article on page 6 titled “Choosing Your Bullion Dealer Wisely.”

For Safe Investing,



Stefan Gleason, *President*

Independent Living Bullion



*Independent Living Bullion’s
President Stefan Gleason speaks
at a ribbon-cutting ceremony.*

P.S. We’ve just upgraded the appearance, speed, and functionality of **ILB’s** website to make it an **EVEN BETTER** user experience for you. The new site has a cleaner look, enables easier navigation, is fully optimized for mobile devices, and offers more products. We’ve also added new features such as live chat and a price alert system. Meanwhile, we plan to release additional features (such as limit orders) by the summer. Check it out for yourself at www.IndependentLivingBullion.com!

P.P.S. Refer your friends and family to **Independent Living Bullion** and get rewards along with our sincere appreciation. The letter enclosed with this newsletter says how you can get free silver through participation in our referral program.