

Trading Rules

Be patient as a company's mines and deposits may "fly under the radar" and values may be unrecognized for long periods of time.

Commercials scale in buying on declines and scale out selling on rises. Do the same as you begin new positions. Determine an overall share position and begin buying half the number of shares.

If the shares drop, you will be able to scale in buying at a lower price and average down your overall position basis. If the shares go up but still represent a good value, you will be able to finish building your position at a lower basis than if you had waited to buy.

Do not put all your "eggs in one basket". Ecclesiastes 11:2 states:

"Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth."

At least seven or eight companies in different countries, precious metal and development stages will give the investor a wide spectrum of participation in the sector.

Where appropriate, use options to hedge purchases. Puts are outright hedges on share declines. Calls may be sold against existing positions to partially hedge against declines, lower basis and generate steady income from option premium.

If a stock doubles, recap your initial investment and retain the remainder.

After strong advances, use Fibonacci retracement points as buying points. More aggressive investors may use a 38.2 % retracement from a recent high. More conservative investors use a 61.8 % retracement from a recent high.

Stay away from producers that have substantially hedged their precious metals production. Hedging takes away the upside potential a company has by capping the amount received for their product.

Stay away from politically negative places that do not respect private property rights and where a threat of confiscation may occur. This includes but is not limited to Russia, South Africa, Venezuela, Colombia, Zimbabwe and China.

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