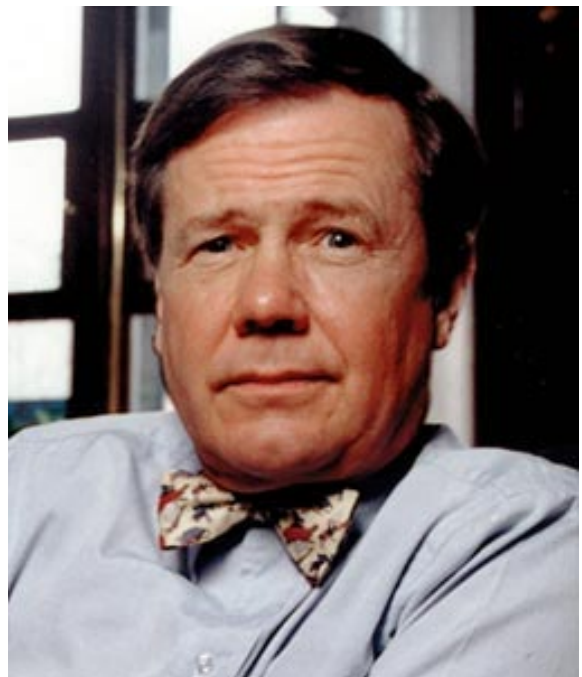


JIM ROGERS CALLS FOR HIGHER URANIUM PRICES

Commodities Investor Expects Oil and Uranium to Trade in Tandem

"The bull market is not over yet. The bull market has years to go, as far as I can see."



Courtesy: The Harry Walker Agency, Inc.

An Interview with James Rogers

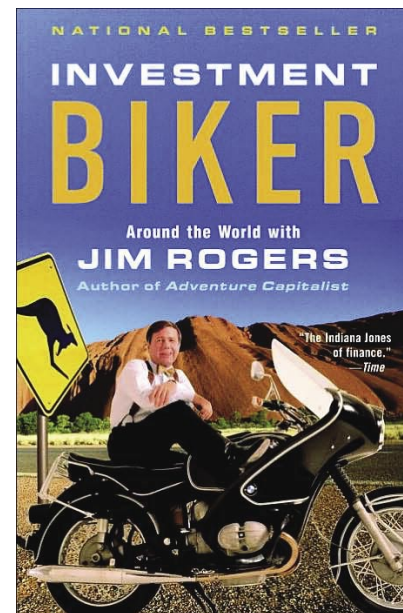
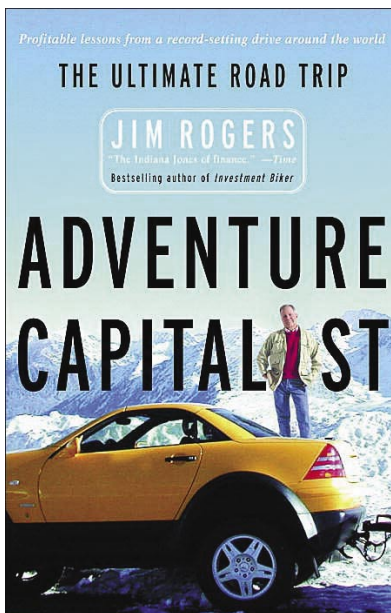
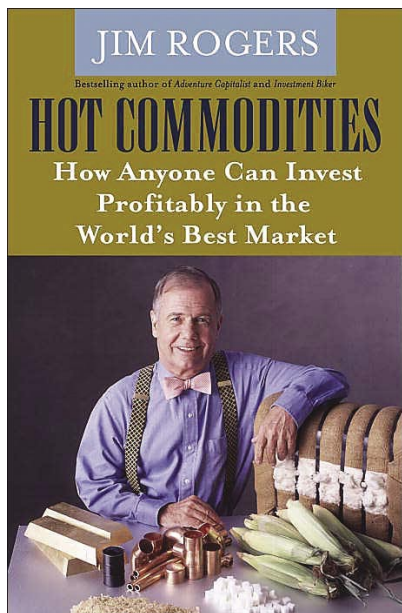
By James Finch

In a taped-recorded telephone interview, we talked with legendary commodities trader, James Rogers, at his home in Singapore. In 1970, commodities investor Jim Rogers co-founded the Quantum Fund with currency billionaire, George Soros. He is best known as "Investment Biker," or "Adventure Capitalist," nicknames he has earned through his bestselling books and adventures across the globe. Rogers has traveled the world to first-hand determine where to find the best investments. Why is he still bullish on commodities? Jim Rogers believes we are probably only one-third through this super commodities bull cycle. Why does Rogers like uranium and strongly endorse nuclear energy? Rogers said the uranium price would trade in conjunction with the price of oil. In a recent interview with Reuters, Rogers called for crude oil to soar above \$100/barrel and stay high.

Rogers started a raw materials index - the Rogers International Commodity Index (RICI) in August 1998 for investors to gain access to the commodities market. In the first half of 2006, the RICI outperformed the Goldman Sachs Commodity Index (GCSI) by more than 80 percent, and beat the Dow Jones-AIG Commodity Index (DJ-AIGCI) by nearly 170 percent.

Merrill Lynch has a TRAKR linked to the Index. It is listed on the Chicago Mercantile Exchange. Rogers wrote in an email to us, "Likewise ABN-AMRO has listed an ETF linked to the Index on the Exchange in Germany and Switzerland so it too is easily available. UBS also has products linked to the Index."

Rogers told us the index is up 230 percent since he began the index.



Bestselling author Jim Rogers travels the world to look at where to invest firsthand. Find out more about Jim Rogers by visiting his website: www.jimrogers.com.

“I’ve sold out of every (other) emerging market in the world. I’m investing in China, because China in my view is the next great country in the world.”

StockInterview:

Of all the places where you can invest, why China?

Jim Rogers:

I’m investing in China because China, in my view, is the next great country in the world. The government is trying to do things now to encourage the stock market. They had a bubble, and the after effects of the bubble have worked their way through the market.

StockInterview:

What about investing in stock markets, other than in China?

Jim Rogers:

I’ve sold out of every (other) emerging market in the world. Some of them I’ve owned for 15 or 20 years. Most of the emerging markets in the world have gotten into a sort of a mania phase. There are tens of thousands of people flying around the world looking for new emerging markets, these days. They’ve gotten a very excessive evaluation, huge amounts of foreign money has been pouring into them. Whenever that’s happened in the past, in the stock market,

it’s been a sign of a top or trouble to come. I’m not particularly happy about us selling out, but in my experience it’s time to get out of these markets. There may be a chance to come back in – in a year or two or five. Who knows how long? If and when the markets get cheap again, I will invest again.

StockInterview:

Is it the growth in China and India which is driving the commodities boom?

Jim Rogers:

Everybody’s driving the commodities boom because demand everywhere is going up: in the U.S., Europe, everywhere. Everybody’s been growing, whether it comes from the Philippines, India or the U.S. Supply is under terrible stress. There hasn’t been much investment in productive capacity in any commodity in the past 25 years. You have had supply going down for 25 years. At the same time, demand has been growing worldwide, including India and China. It doesn’t matter where the demand comes from. Yes, India and China have been growing, especially China.

StockInterview:

Is China undergoing something similar to the Anglo-American experience of the Industrial Revolution in the nineteenth century? And with strong accompanying growth both England the United States had for several decades?

Jim Rogers:

Yes, in my view, that is what is happening. There will be setbacks, needless to say. We had some pretty horrible setbacks as we moved to power and glory. In the nineteenth century, we had fifteen depressions. We had a horrible civil war. We didn't have many human rights, or much less civil rights. We had some great setbacks as we grew. But, the U.K. had terrible setbacks as they grew to become the richest, most powerful country in the world at one time. China will have those setbacks. I expect to see some serious setbacks in Chinese real estate. But they will be nothing more than temporary setbacks on a rise, which I think will take them to be the most important country in the 21st Century.

"It takes a long time to bring new production on stream for commodities. It's not like bringing in new shares of a dot com or something, where we go into the garage and start a company, and next week we sell stock."

StockInterview:

You began investing heavily in commodities, at very close to the bottom of the cycle. What led you to believe the commodities boom would begin in 1999?

Jim Rogers:

I could see that nobody had been investing in productive capacity in crude (oil) specifically. For instance, there had been virtually no offshore drilling rigs built since 1981. There had been virtually no offshore tugboats built to service the offshore rigs since 1981. In the 1970s there were dozens of them built every year. I could see that people had cut back their exploration budgets enormously. It was pretty clear that nobody had been investing for fifteen or twenty year, in looking for new (oil) fields. There hadn't been any gigantic fields discovered since the 1960s. It was clear the world reserves were running down. That had to lead to a bull market. It so happens that I got almost the exact bottom. I'm not a very good market timer or trader, but I got within a few weeks of the absolute bottom to my surprise. Then you extend that to nearly everything else, whether zinc mines or lead mines or wheat production or anything else, and you have the ingredients for a new bull market.

StockInterview:

Will the recent Central Bank rising interest rate policy, which is intended to deflate the commodities bull market, fail?

Jim Rogers:

Well, yes. They may cause recessions, and they probably will. We've often had recessions. That will affect some commodities markets. But in the 1970s, we had horrible economic conditions everywhere in the world, or nearly everywhere in the world.

That did not prevent one of the great bull markets of all time in commodities because supply was going down faster than demand. Remember that these markets are made up of supply and demand. If the supply goes down faster than demand goes down, you still have a bull market. There will be setbacks and consolidations, but that's just the way the world works. All bull markets have corrections, as I have said before.

"Eventually, the bull markets have always ended. But, it takes a long, long, long time for that to happen."

StockInterview:

What has convinced you to stay in the commodities bull market for this long?

Jim Rogers:

Throughout history, bull markets in commodities have lasted a long time. They've averaged about 18 years or 19 years. The shortest I could find was fifteen years; the longest was 23 years. It takes a long time to bring new production on stream for commodities. If you and I decide to go into the lead business today, we've got to go find a lead deposit. Then, we've got to try to raise money. We've got to deal with unions, environmentalists, governments and everybody else. And put in infrastructure. It takes on average about ten years for any new mine to be opened these days, not just in the U.S., but anywhere in the world. So, that's why the bull markets last so long. Eventually, new supplies come to market, and the bull markets have always ended. But, it takes a long, long, long time for that to happen. It's not like bringing in new shares of a dot com or something, where we go into the garage and start a company and next week we sell stock. Mines and oil fields are much different animals.

StockInterview:

In an interview with Reuters, about a month ago, you told the reporter that cleaner burning fuels, such as natural gas would out-perform oil. Do you still believe natural gas will perform well, comparative to the rest of the commodities in this bull market?

Jim Rogers:

Oh, yes. As I said, the bull market is not over yet. The bull market has years to go, as far as I can see. Speaking specifically of natural gas, on a historic basis it's much cheaper than crude oil, or even coal, at this stage. It's gotten whacked down because there has been a glut of natural gas - in the U.S. anyway - which is one of the main markets for natural gas. But longer term, natural gas production is declining in North America.



Courtesy of Pacific Asia China Energy, which is currently drilling for coalbed methane in China.

“You will see people using methane (gas), using lots of viable alternatives as the price of energy stays up and goes higher and higher.”

StockInterview:

How does coalbed methane gas fit into this picture?

Jim Rogers:

As long as it's economic, it is a viable source of energy. You will see people using methane. You'll see people using lots of viable alternatives as the price of energy stays up and goes higher and higher.

StockInterview:

Speaking of cleaner burning fuels, how do you feel about uranium and nuclear power? Both uranium and nuclear energy appear to be undergoing a renaissance.

Jim Rogers:

Well, there is a revival of nuclear power. Nuclear power is cheaper than many other sources of energy, and so it is having a comeback, if you will. In many parts of the world, it never went away. The French never stopped using nuclear power. The Koreans never stopped using nuclear power. Other people are now coming to nuclear power. The Chinese are going to build at least 25 nuclear power plants in the next fifteen years or so. Even in the U.S., some of the environmentalists are starting re-examine nuclear power because it is cleaner than coal, or some of the other carbon based energy sources. If it's controlled properly, then nuclear power can be extremely attractive, both cost-wise and environmental-wise. The huge stockpiles of uranium, which were built up during the Cold War are being used, are being depleted. So, I see a great future for uranium and nuclear power.

StockInterview:

Spot uranium prices have steadily risen for nearly six years without a correction. How do you look at uranium as a commodities trader?

Jim Rogers:

Well, whenever something goes straight up for six years, without even a correction, one has to be worried. Obviously, corrections are normal in financial markets. Whether there's going to be a correction in the next year or two, I don't have a clue. More or less, it is following the oil market, as you probably know. If and when oil has a big correction, I suspect uranium will too. They don't necessarily move together, but to some extent they have and probably will. Even if oil corrects, the price is going to stay well above most expectations. And eventually, it is going to go much higher than people (including me) expect. The same applies to uranium. Until somebody brings a lot of new uranium on stream, though, the surprise will be how high the price of oil and uranium stay, and how high it (uranium) eventually goes. I have no price levels on uranium. There aren't any big uranium mines being opened anywhere in the world. Uranium is still worrisome to some people, so I would suspect it will take more than a decade to bring a new big uranium mine on stream, anywhere in the world.



Courtesy of Uranium Resources Inc.

“I see a great future for uranium and nuclear power. Until somebody brings a lot of new uranium onstream, the surprise will be how high the price of oil and uranium stay and how high it (uranium) eventually goes.”

StockInterview:

It’s been about twenty years since a new uranium deposit was discovered.

Jim Rogers:

That’s what I’m saying. It takes a long time. Expanding a mine is different from opening a new mine. There has been one lead mine opened in the world in 25 years. Some people are starting to expand production from lead mines and copper mines. But this idea of bringing huge new mines on the scene is just not happening anywhere in the world in most commodities. One reason is because in the last 25 years, unfortunately, nobody got an engineering degree. Everybody was getting MBAs in stocks and bonds. So, there is a huge shortage of engineers in the world right now; not just engineers, even workers to work in mines. All the people got old or retired or died out. And not only engineers and workers, you can’t get tires for your tractors. You can’t get tractors. There’s a shortage of everything because nobody has been investing in productive capacity. You’ve got to have tractors. You’ve got to have tires. You’ve got to have engineers. You’ve got to have everything to bring new capacity on stream. While there are shortages of all these things, that’s why the bull markets last so long. Bull markets historically have lasted 15 to 23 years. This one probably will too.

StockInterview:

Is the commodities bull similar to the Internet boom of late 1999? Does it have a few more years to run, as strongly as it has?

Jim Rogers:

Well, there’s a bit difference. As I said before, you and I could go into the garage and start a dot com company and bring it public next month. That’s a little bit different from bringing a zinc mine on stream, much harder to bring new production to

commodities compared to some of these other things. I do know, if history is any guide, we’re now seven years into this bull market in commodities. If it’s going to last 15 to 23 years, we’re maybe a third of the way through, so we have another 9 to 16 years to go, I guess.

“Everybody’s driving the commodities boom because demand everywhere is going up: in the U.S., Europe, everywhere. Supply is under terrible stress.”

StockInterview:

Is the United States heading toward the same demise as previous colonialists: England, France, Holland, Germany and even previous world powers, such as Spain and Portugal?

Jim Rogers:

If all powers, which have risen, have eventually peaked, plateau’ed, and then declined, we of the U.S. certainly have things going on which would indicate that we are. I don’t think anybody would dispute that we are a mature economy and a mature society. Whether we’re still growing or not is another question. I see many factors where we’re overextended financially, overextended geo-politically, and overextended militarily. I would suspect the U.S. is in a plateau phase, and perhaps has even gone over the line and is in a decline, certainly on a relative basis.

StockInterview:

Who, then, would replace the U.S.? Russia, India, Japan or China?

Jim Rogers:

Not Russia. No, Russia is a disaster spiraling downward into a catastrophe. I see little hope for India replacing anybody. India is more likely to break up into a few countries in the next few decades than it is to become the world power. Japan has serious demographic problems. Japan’s population

is in decline for the first time in recorded history. Unless something happens demographically in Japan, Japan is going to have huge problems in the next few decades. They've got gigantic internal debt, which somebody's got to pay off. With a declining population and internal debts rising, I think they've got serious problems. The only one I can see on the horizon is China.

StockInterview:

What, then, will become of the U.S. dollar?

Jim Rogers:

The same thing that happened to sterling; the same thing that happened with the guilder. You know, the guilder used to be a great international currency. The peso used to be a great international currency. You don't see people using guilders anymore to settle their international debts or finance their wars. They decline and sort of disappear from the world stage. I would certainly get out of the U.S. dollar. It's already losing its status as the world's reserve currency, as the world's medium of exchange. We in the U.S. owe the rest of the world at least eight trillion dollars -- that's trillion with a T -- and it's increasing at the rate of one trillion U.S. dollars every 15 months. There are serious problems in the U.S. with the U.S. dollar. I wouldn't own U.S. dollars if I were you.

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