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Equity Markets, Commodities, & Mining Investment

Mines & Money, Hong Kong
March 2013



10 -Year Dow Jones Industrial Average





10 -Yr S & P 500



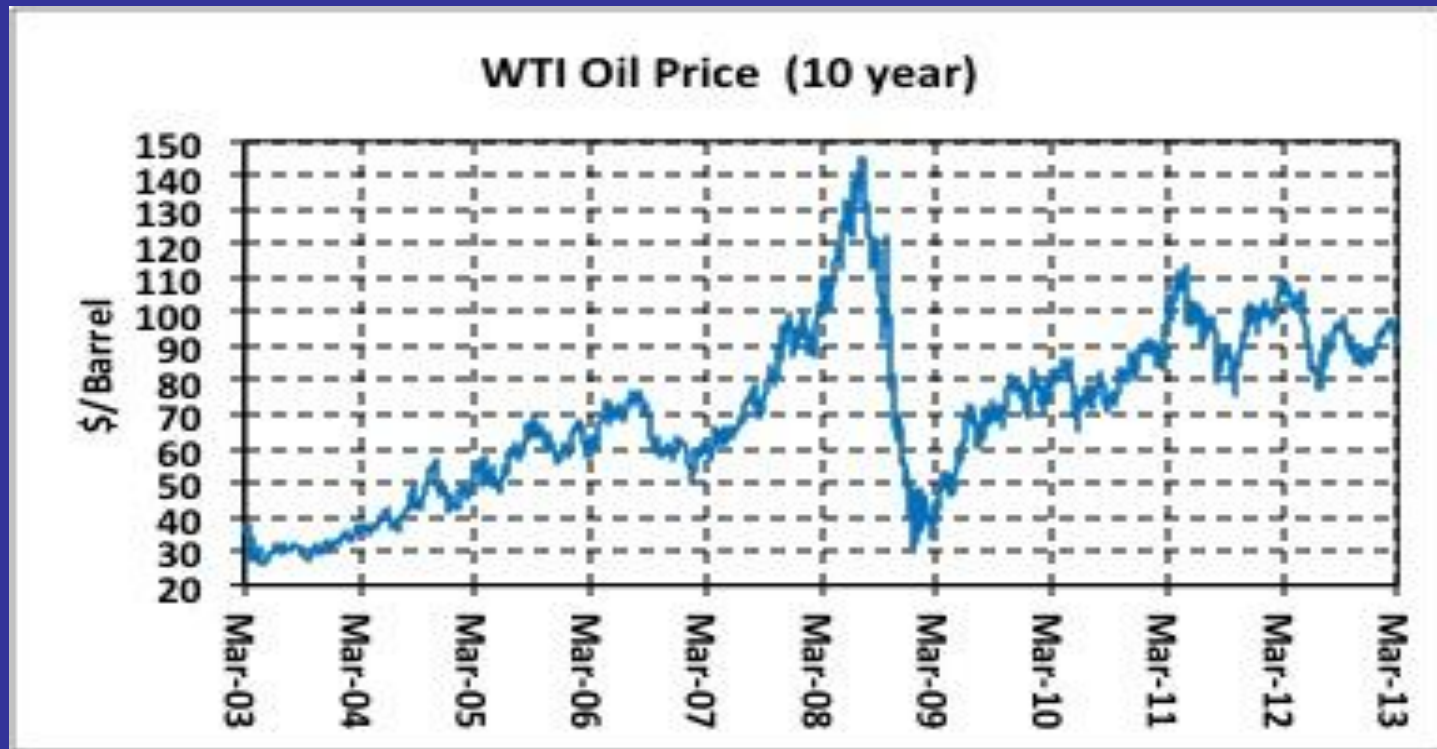


10 Yr US Housing Starts



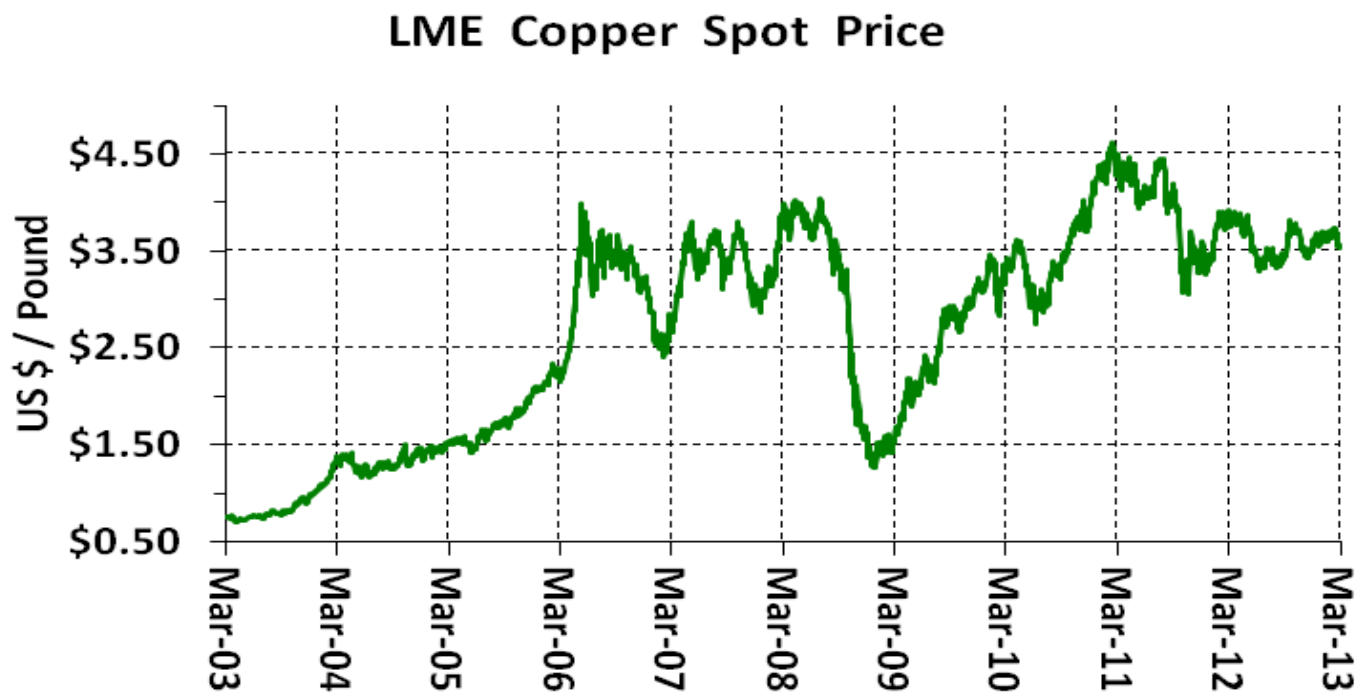


10 Yr Oil Price



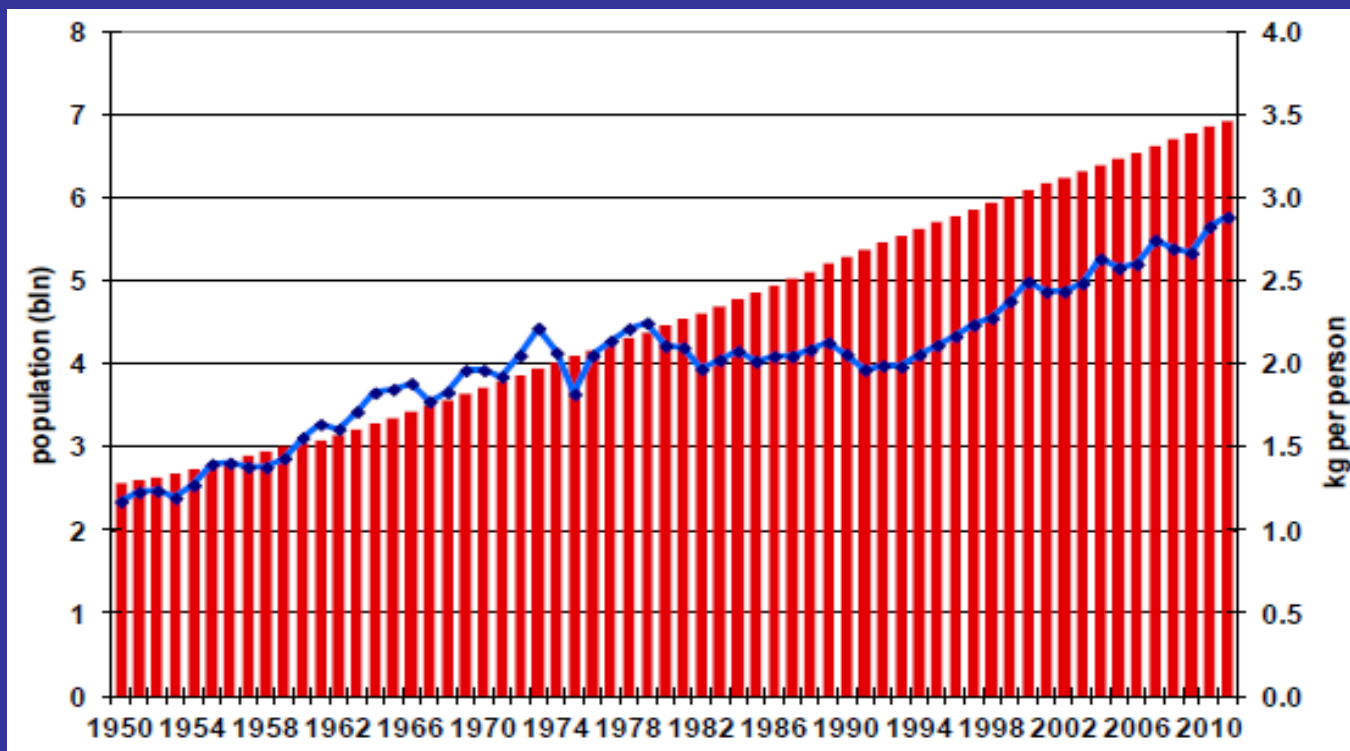


10 -Yr Spot Copper Price





World Population & Cu Consumption (ICSG)





New Copper Required Per Year





10 Yr Gold Price





10 Yr Barrick Gold Corp (ABX)





10 Yr Gold Stock Index (HUI)





10 Yr Toronto Venture Exchange





Evaluating Junior Resource Companies

- Share Structure
- People
- Projects
- Cash on Hand or Ability to Raise Capital



Share Structure

- Tightly - Held Shares Out & Fully - Diluted
- Management, Insiders, Family and Friends
- Institutional Funds ?
- Public Stock Float



People

- Technical Expertise at the Top
- Experience in Junior Resource Sector
- Success or Failure ?
- Compensation (No Lifestyle Companies)



Projects

- Short Lead Time to Development
- Low Capital Expenditures
- Low Cost Producers
- Multiple Exit Strategies



What Makes a Good Mine ?

Boom & Bust Commodity Cycles

- Timing of Development & Production
- Low Capital Expenditure / Unit of Metal
- Lowest Quartile of Operating Cost Curve



Projects That Make Good Mines

- OP / Heap Leach Oxide Au Deposits
- ISR or OP / Heap Leach Cu Deposits
- ISR or OP / Heap Leach U Deposits



Exploration & Mining Investment

Traditional Sources

- Equity
- Bank Debt
- Institutional Funds
- Government Subsidies



Exploration & Mining Investment

Non - Traditional Sources

- Private and / or Sovereign Funds
- Off - Take Contracts (Traders, Consumers)
- Royalty and Metal Streams



Metals Market Fundamentals

- BIICs (Brazil, India, Indonesia, China)
- Supply Shortfalls with Average Y/Y Growth
- Deposits Tougher to Find / Mines Tougher to Develop
- Geopolitics: Corrupt & Unstable Governments
- Environmental / Aboriginal Opposition Worldwide
- Exploration, Production, Development 10 -15 Yrs



Do Your Due Diligence

- Every Good Geologist Knows that Grade is King
- Most Junior Companies Mine the Stock Market
- “A Mine is a Hole in the Ground with a Liar Beside It”
- Why Speculate in Such High Risk Stocks?



Forbes Global 2000 Gold Companies

April-12	Company	Rank	Country	Revenue	Profit	Assets	Market Cap
1	Barrick Gold	225	Canada	14.3	4.5	48.9	44.0
2	Goldcorp	507	Canada	5.4	1.9	29.4	35.7
3	Newmont Mining	639	USA	10.4	0.4	27.5	26.6
4	Newcrest Mining	735	Australia	4.4	1.0	18.3	24.5
5	Anglogold Ashanti	794	S. Africa	5.9	1.3	10.7	14.7
6	Gold Fields	968	S. Africa	5.2	0.9	10.3	10.2
7	Yamana Gold	1219	Canada	2.2	0.5	10.8	11.6
8	Buenaventura	1276	Peru	1.5	0.9	3.8	10.7
9	Kinross Gold	1384	Canada	3.9	2.1	16.5	11.4
10	Iamgold	1658	Canada	1.7	0.8	4.4	5.0
11	Eldorado Gold	1758	Canada	1.1	0.3	4.4	9.6



Beware of Frogs Masquerading as Princes





Monday Morning Musings from Mickey the Mercenary Geologist





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