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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



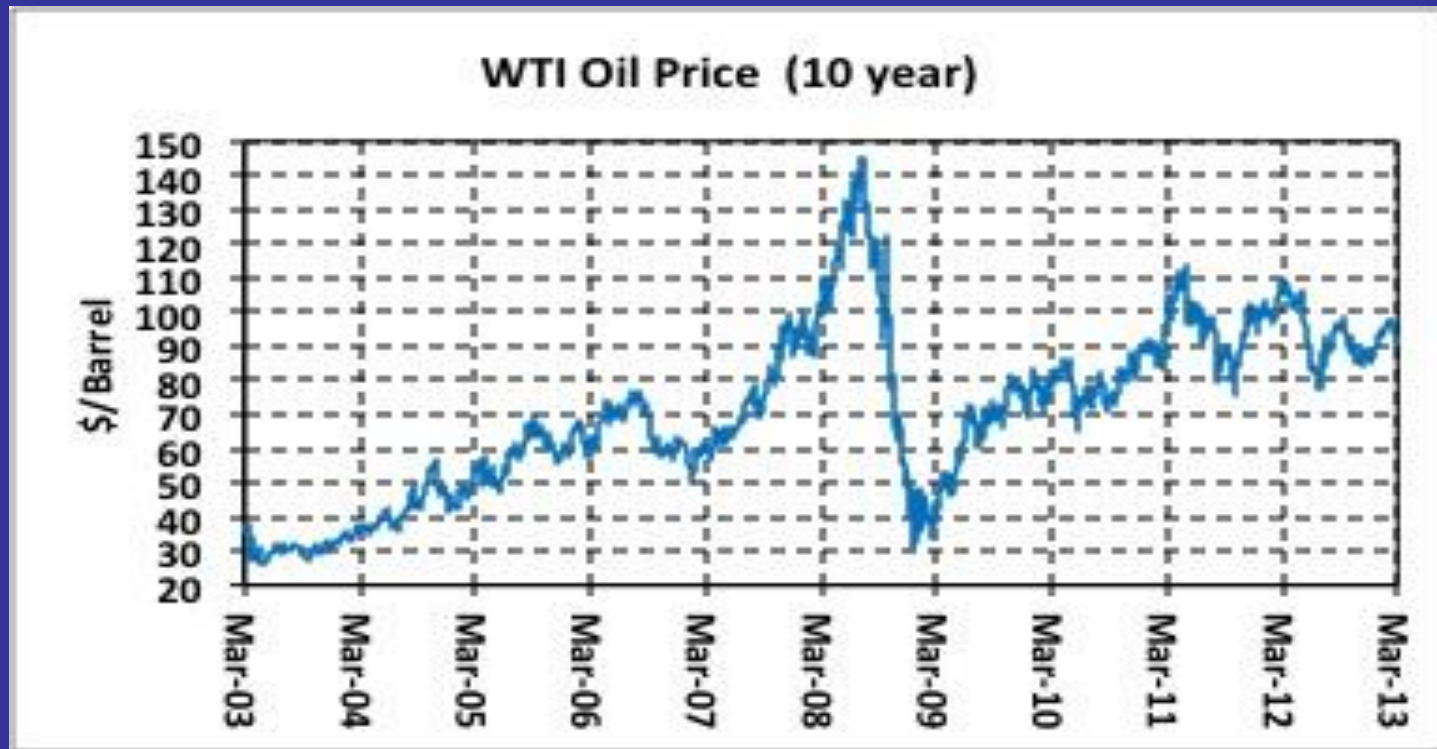


# 10 Yr US Housing Starts



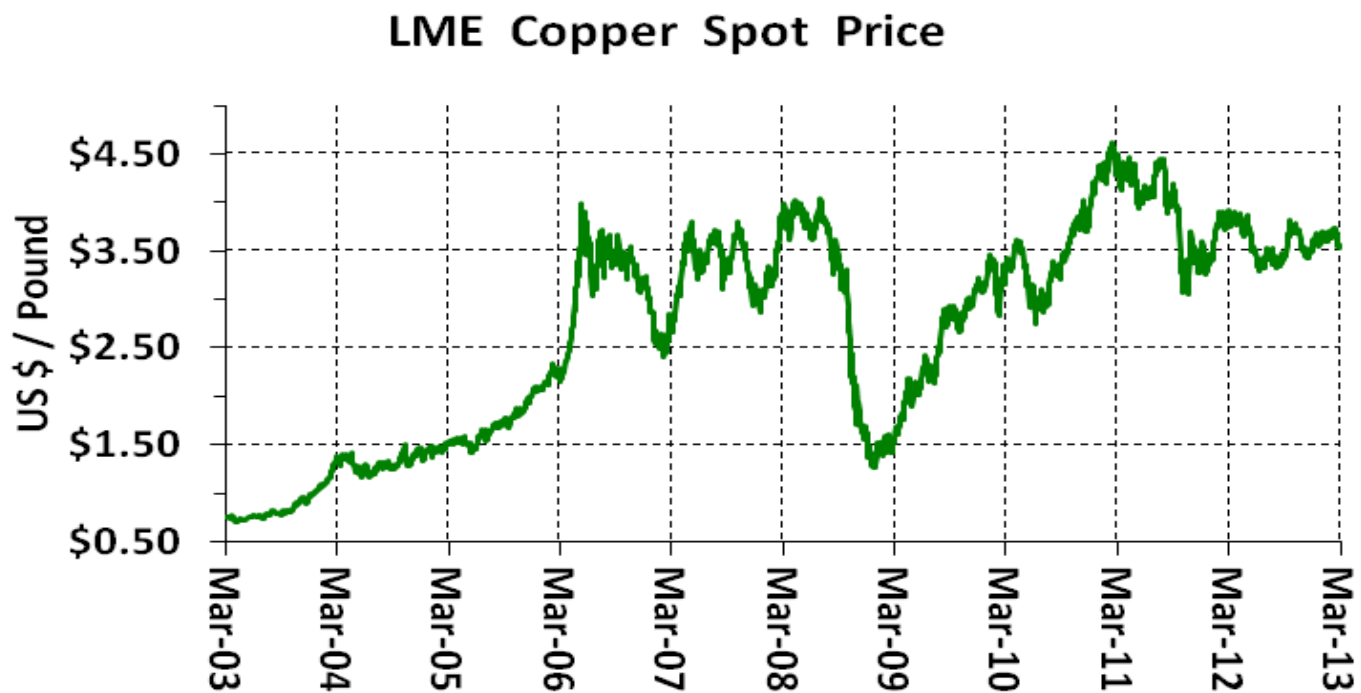


# 10 Yr Oil Price





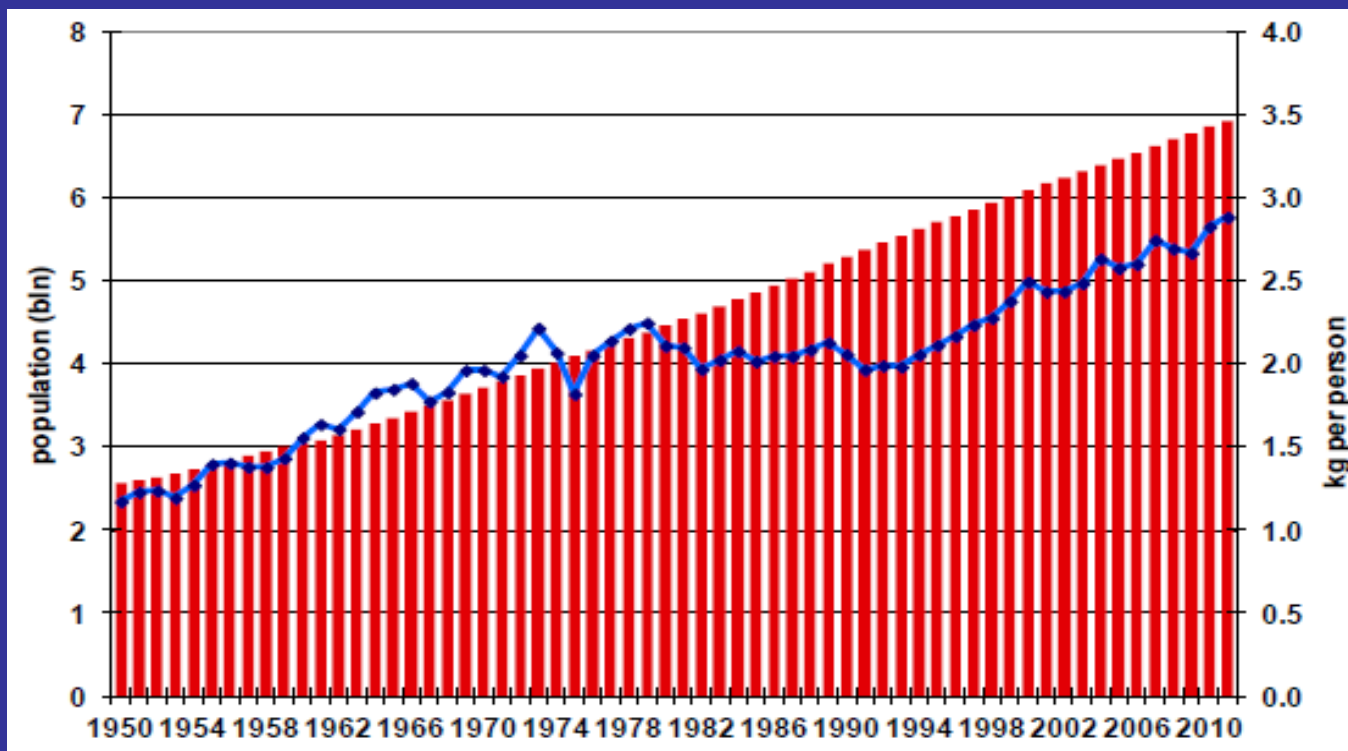
# 10 -Yr Spot Copper Price







# 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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