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North American Markets, Commodities, & Mining Investment

Mines & Money Hong Kong
March 2015



12 - Year Dow Jones Industrial Average





12 - Year S & P 500





12 -Year US Housing Starts

US Housing Starts 12 Yr





12 -Year DXY (www.barchart.com)

\$DXY - US Dollar Index - Weekly Line Chart





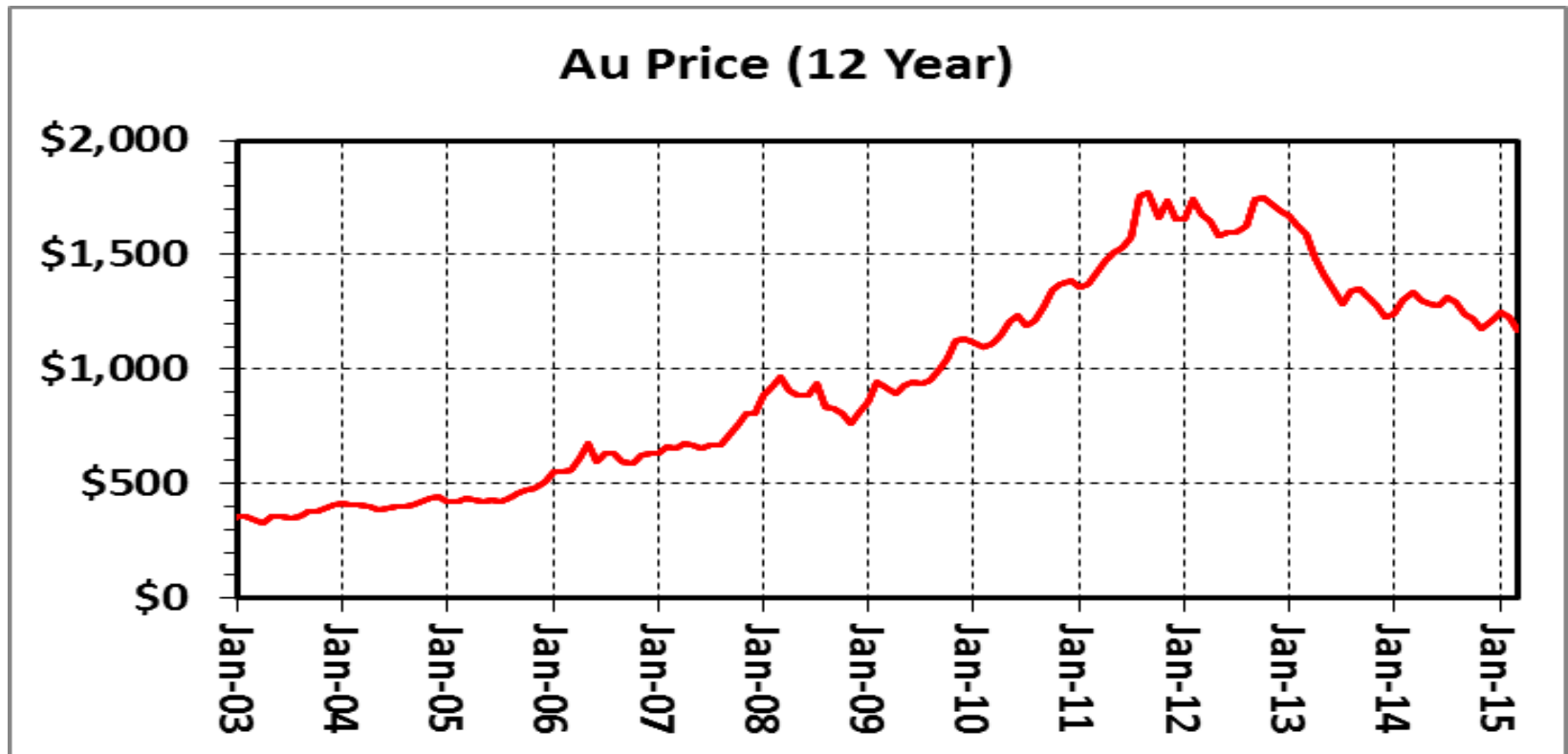
12 -Year Oil Price

WTI Oil Price (12 Year)





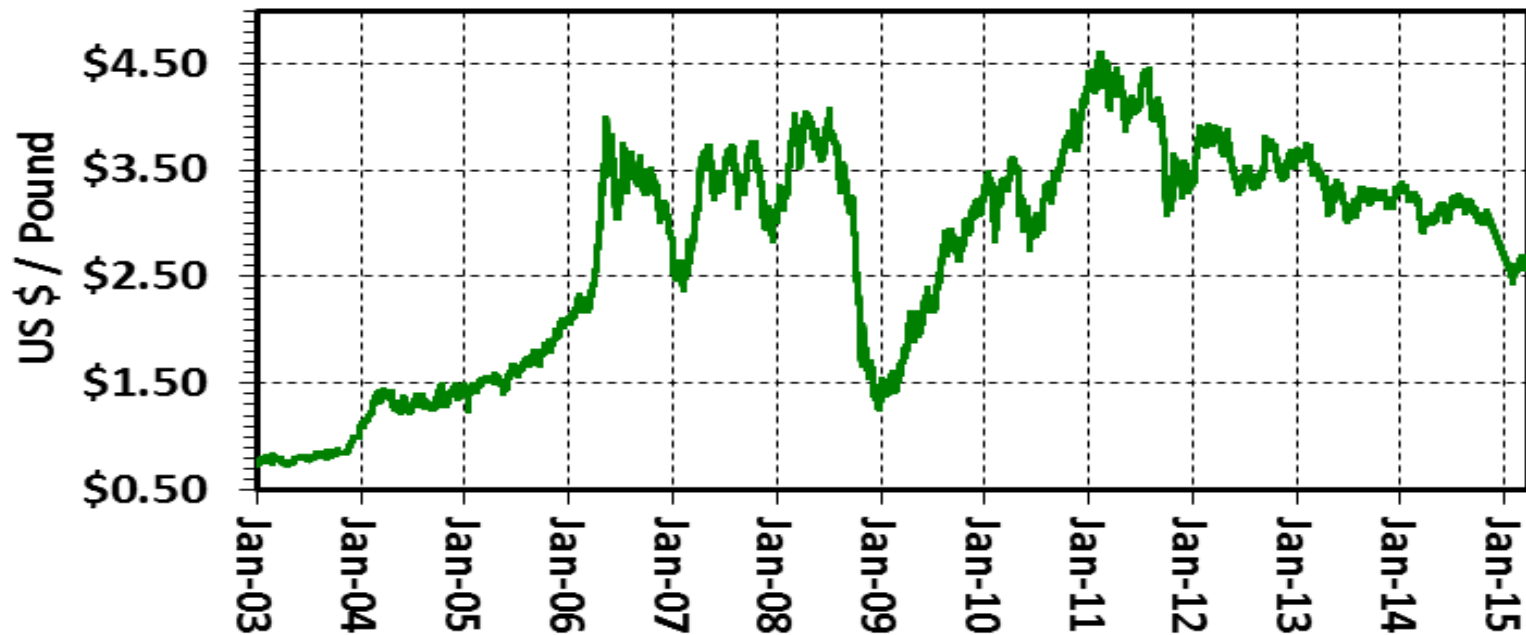
12 -Year Monthly Gold Price





12 -Year Spot Copper Price

LME Copper Spot Price (12 Year)





New Copper Required Per Year





Metals Market Fundamentals

- BIICs & Brethren : (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



12 -Year Toronto Venture Exchange





Evaluating Junior Resource Companies

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



Toronto Venture Exchange

- 1200 Exploration & Mining Companies
- 600 with Negative Working Capital
- Fail to Meet Minimum Listing Requirements
- Lack of Delistings over Past 3 Years
- TMX Group : \$3.1 Million Annual Revenue
- = Conflict of Interest



Exploration & Mining Investment

Traditional Sources

- Equity
- Bank Debt
- Institutional Funds
- Government Subsidies



Exploration & Mining Investment

Non - Traditional Sources

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



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



The Real Cost of Mining Gold

Major Gold Mining Companies:

- January 2003 - February 2015 Gold : + 266 %
- Barrick Gold - 33 %
- Goldcorp + 55 %
- Newmont Mining - 13 %
- AR: Rev / Op Ex + IMP + Debt Pay + Dividends



Healthy Company : Adequacy Ratio > 1.0

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Avg
Avg Gold Price (\$)	1,411	1,669	1,572	1,225	972	872	695	603	445	410	363	1,052
Agnico Eagle	0.81	0.80	0.94	0.50	0.49	0.29	0.59	1.10	1.04	0.97	0.76	0.75
Barrick	0.60	0.82	0.96	1.02	0.60	0.84	0.91	0.70	0.84	0.80	1.03	0.83
Eldorado	0.83	0.76	1.08	0.94	1.29	1.20	0.78	0.42	0.22	0.50	0.74	0.80
Goldcorp	0.65	0.82	1.05	0.93	0.71	0.62	0.60	0.82	1.05	0.77	0.97	0.82
Newmont	0.80	0.74	0.83	1.07	0.78	0.52	0.63	0.89	0.88	1.05	0.72	0.81
Randgold	1.06	0.94	1.06	0.82	0.82	0.93	1.03	1.02	0.85	0.49		0.90
Yamana	0.73	0.77	1.15	1.13	0.70	0.84	1.00	0.33	0.23	0.92	1.08	0.81
Average AR	0.78	0.81	1.01	0.92	0.77	0.75	0.79	0.75	0.73	0.79	0.88	0.82



Do Your Due Diligence

- Every Good Geologist Knows that Grade is King
- Most Junior Companies : “Mine the Stock Market”
- Major Gold Miners : Use Equity & Debt for Dividends
- “A Mine is a Hole in the Ground with a Liar Beside It”
- Why Speculate in Such High Risk Stocks?



Top 10 Gold Companies 2013

2013	Company	Country	Prod (t)	Revenue	Profit	Cost / Oz	Market Cap
1	Goldcorp	Canada	75.6	4.7	2.7	687	23.0
2	Barrick Gold	Canada	203.1	12.5	10.4	566	19.4
3	Newmont Mining	USA	143.6	8.3	2.7	761	16.1
4	Polynus Gold	Russia	46.7	2.8	1.0	707	9.7
5	Newcrest Mining	Australi	59.8	3.8	5.8	750	7.2
6	Yamana Gold	Canada	32.4	1.8	0.5	596	7.2
7	Kinross Gold	Canada	74.6	3.8	3.7	743	6.1
8	Anglogold Ashanti	S. Africa	116.4	5.7	2.2	830	6.0
9	Gold Fields	S. Africa	57.3	2.9	0.3	803	5.9
10	Eldorado Gold	Canada	20.5	1.1	0.6	494	5.4



Beware of Frogs Masquerading as Princes





Monday Morning Musings from Mickey the Mercenary Geologist





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