

2010 Calgary Cambridge Conference

Calgary, Canada

April 11, 2010

Presented by John Kaiser



Economic Logic & Security of Supply

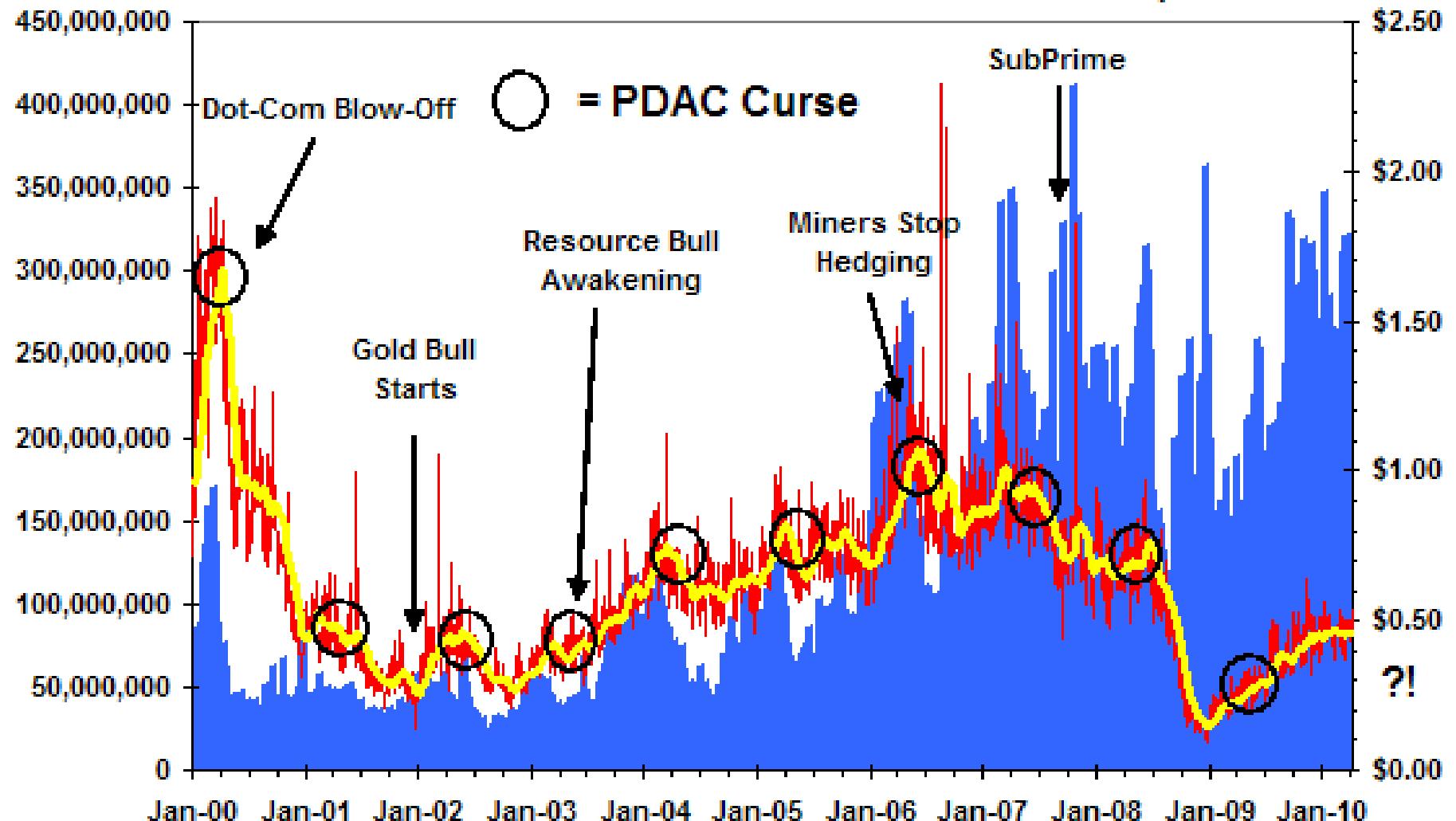
www.KaiserBottomFish.com

Daily TSXV Volume and Average Trading Share Price



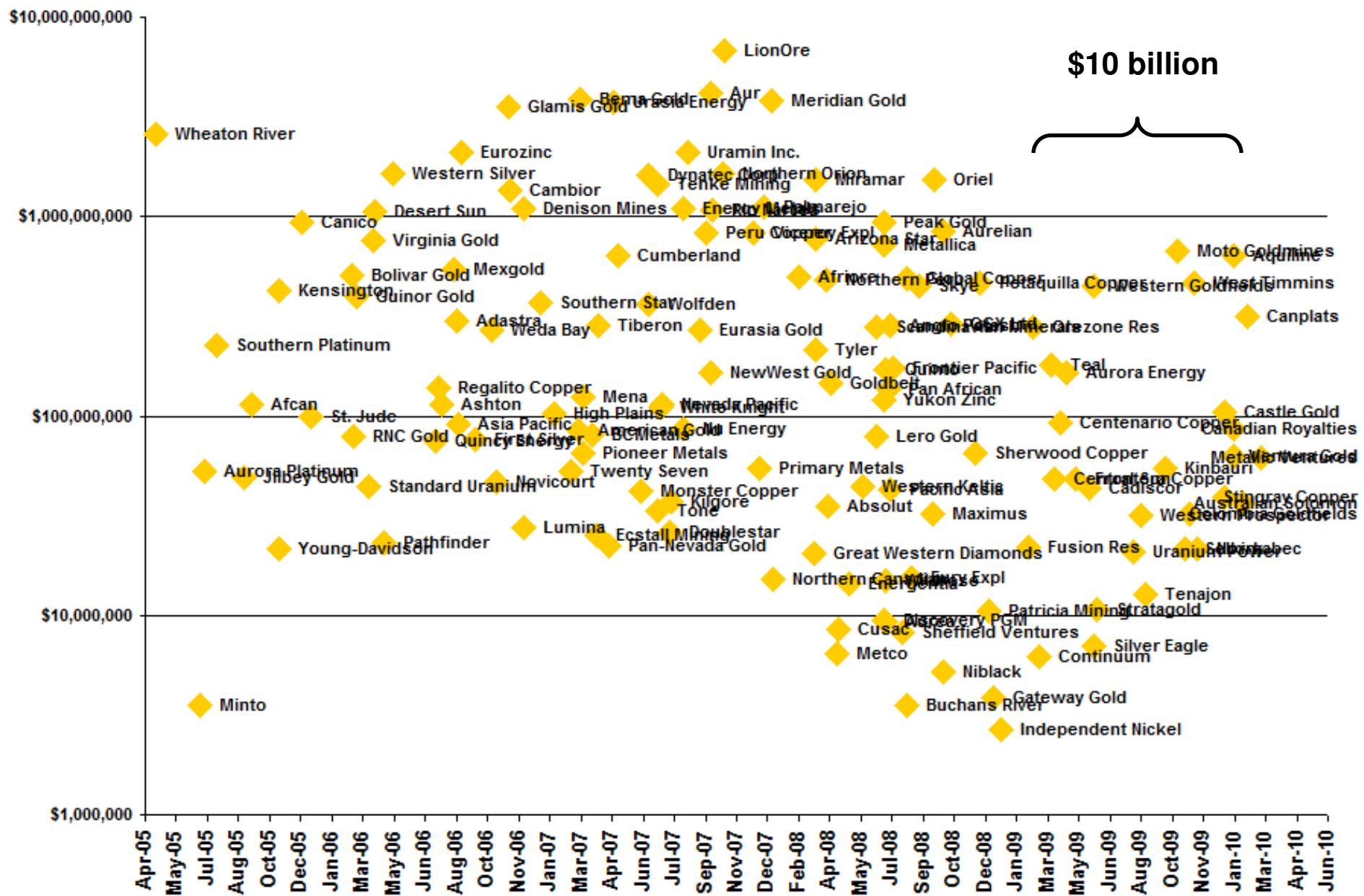
Volume — Average Share Price — 30 Day Average Price

April 9, 2010



PDAC Curse: the tendency of the new year rally to fizzle right after the PDAC mining convention held annually in March in Toronto.

Value of Takeover Bids - \$71 billion - 143 Juniors (2004-2009)

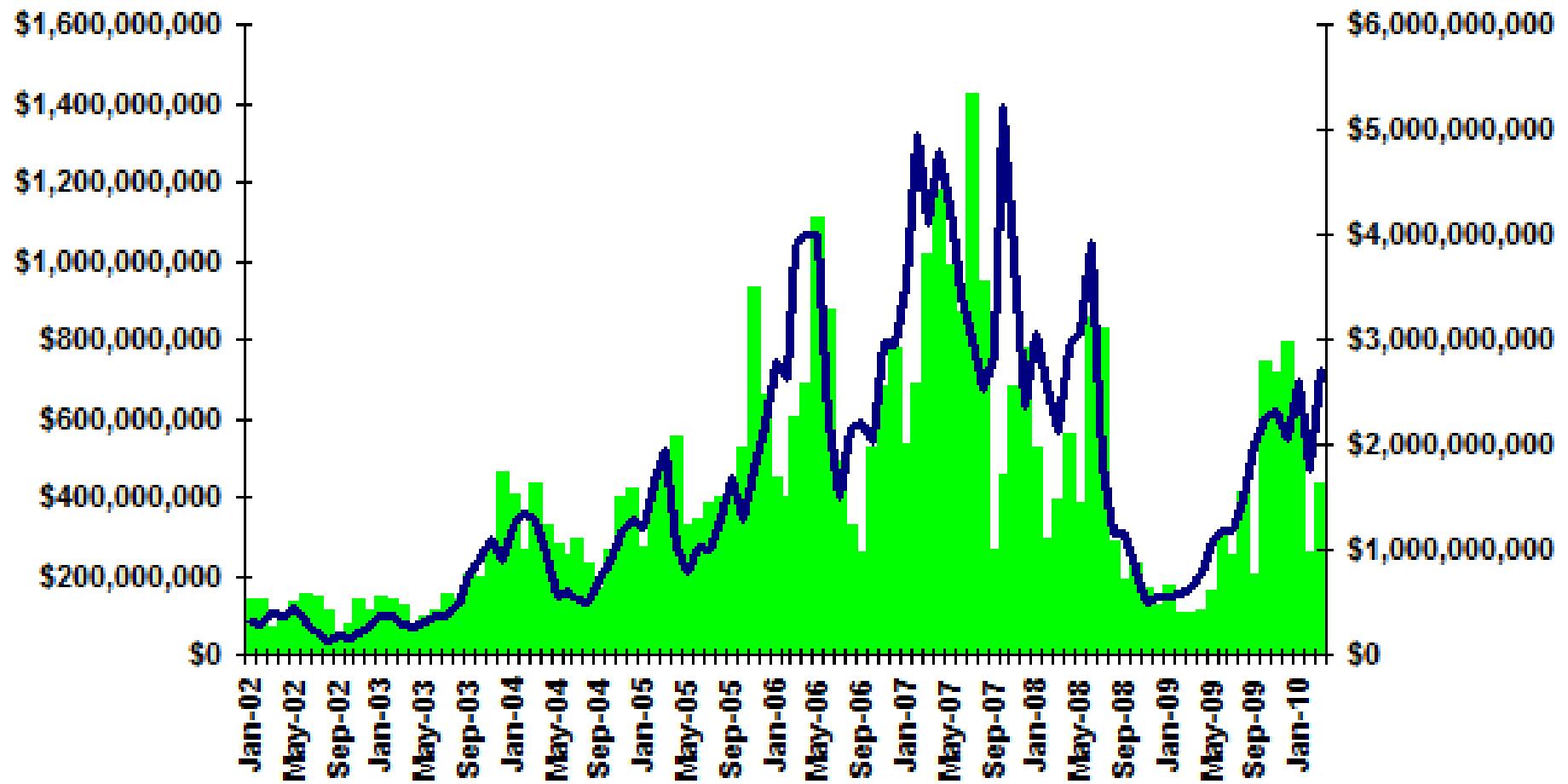


TSXV Private Placement Activity

\$40 billion raised / \$163 billion traded

PP Value

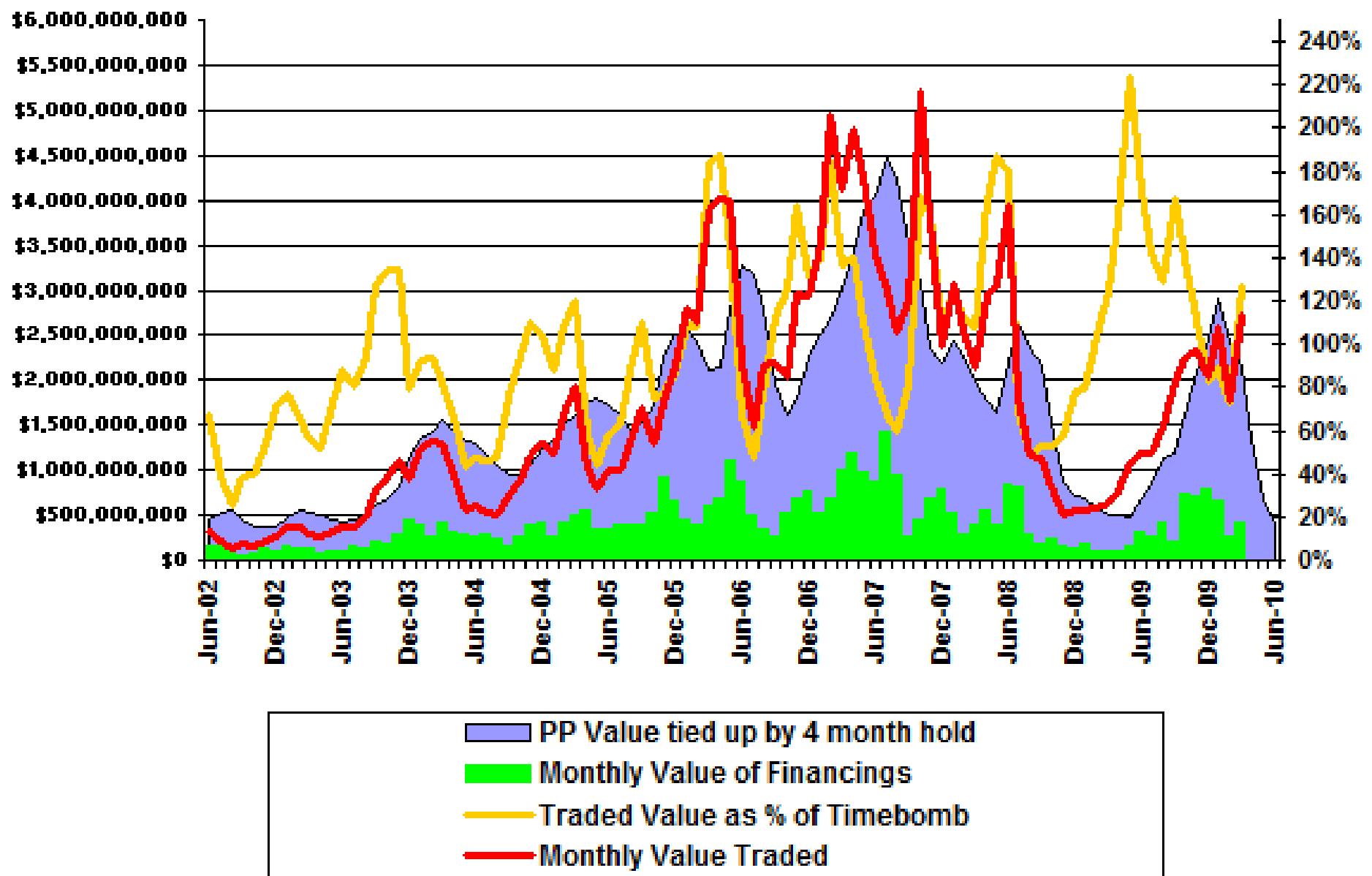
Trade Value



■ Monthly Value of Financings

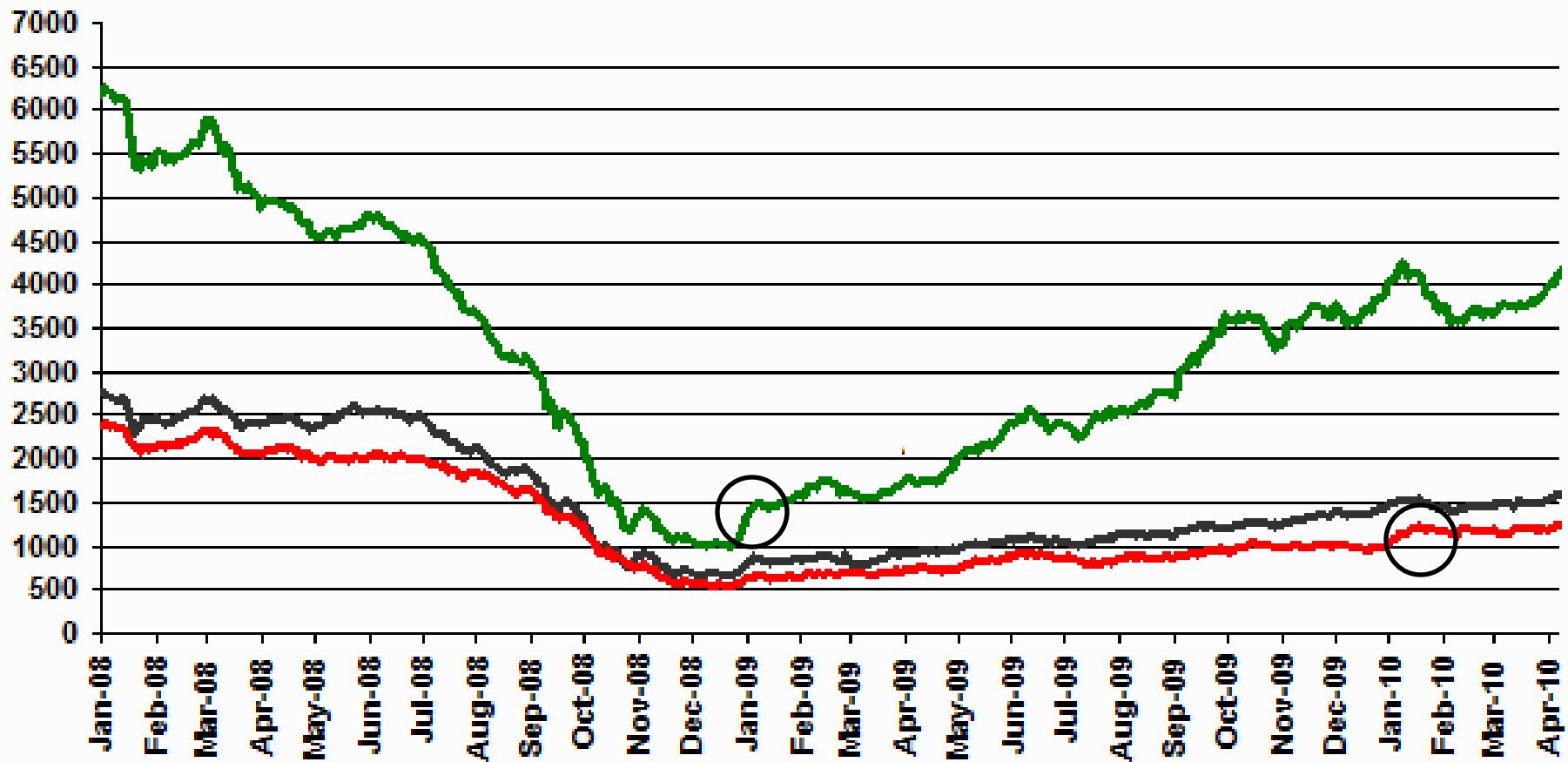
— Monthly Value Traded

TSXV Private Placement Timebomb as of March 2010



KBFO Bottom-Fish Indices

April 8, 2010

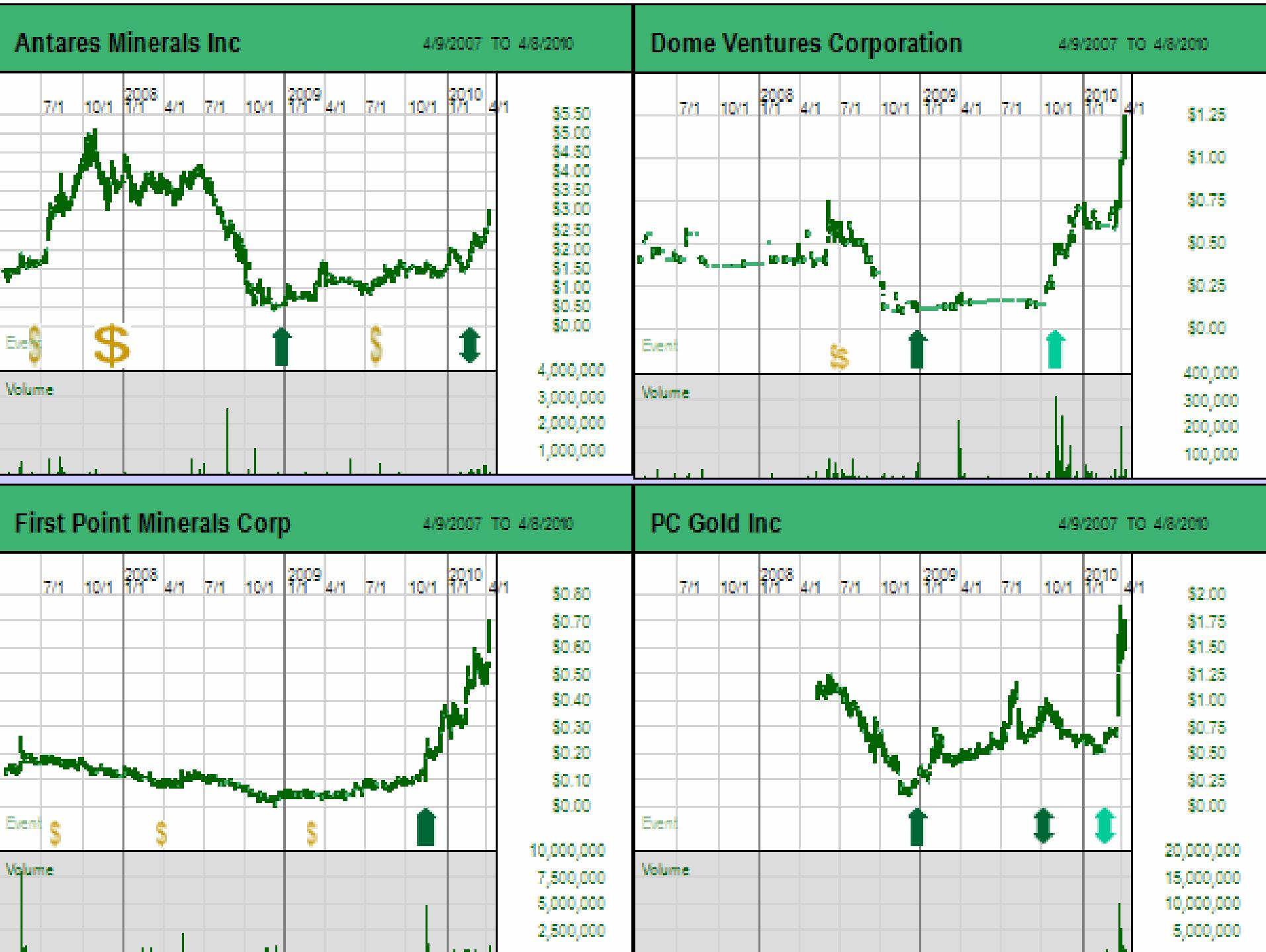


- TSXV Index 1043 normalized to 1000 on Jan 2, 2002
- KBFO Bottom-Fish 2009 Index
- KBFO Bottom-Fish 2010 Index



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Three Shaken Assumptions

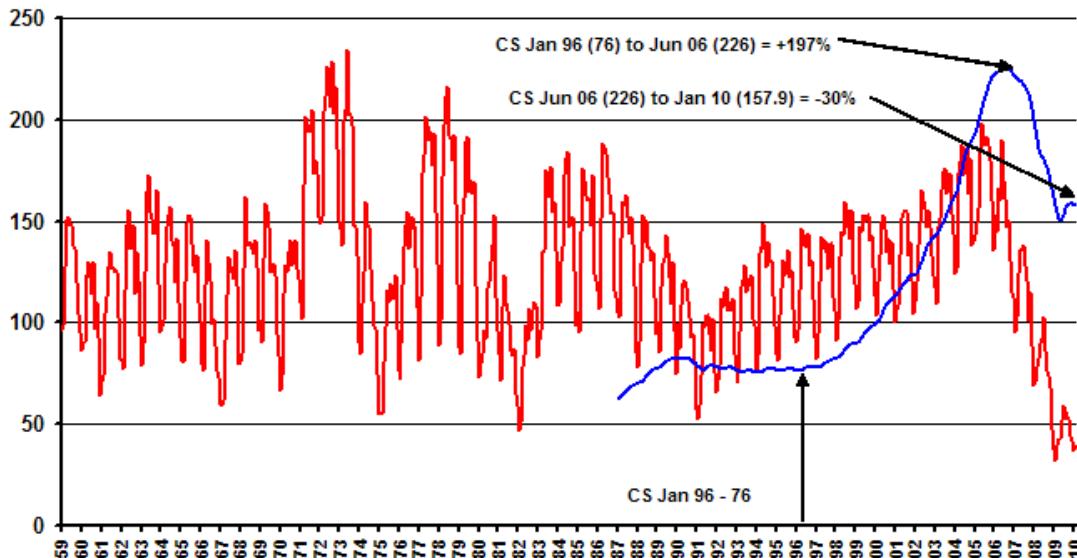
- Mortgage Securitization as Wealth Creation
- Globalization & the virtue of the China Price
- American Hegemony & the US Dollar as Global Reserve Currency

Three Implications

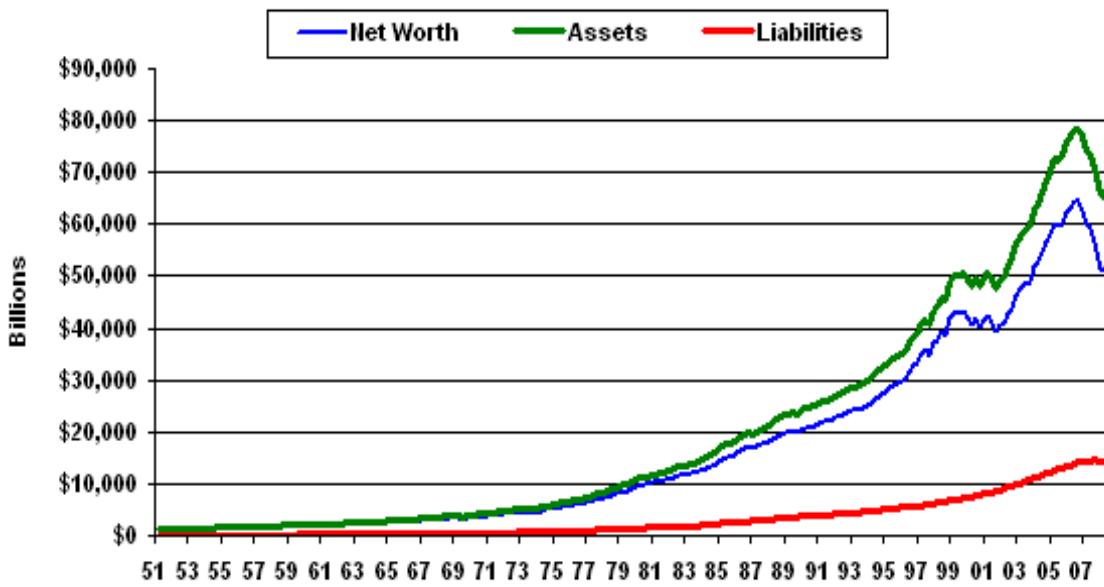
- A rising real price for gold as investment demand responds to currency volatility
- Fragmentation of the Global Economy as environmental protectionism leads to geographically constrained economic zones
- Strategic Logic eclipses Economic Logic in the valuation of raw material assets as Security of Supply concerns escalate

US Residential Home Data

— Monthly New Housing Starts - no seasonal adj. (000's) Feb 10
— S&P Case Schiller Home Price Index (10 city) Jan 10



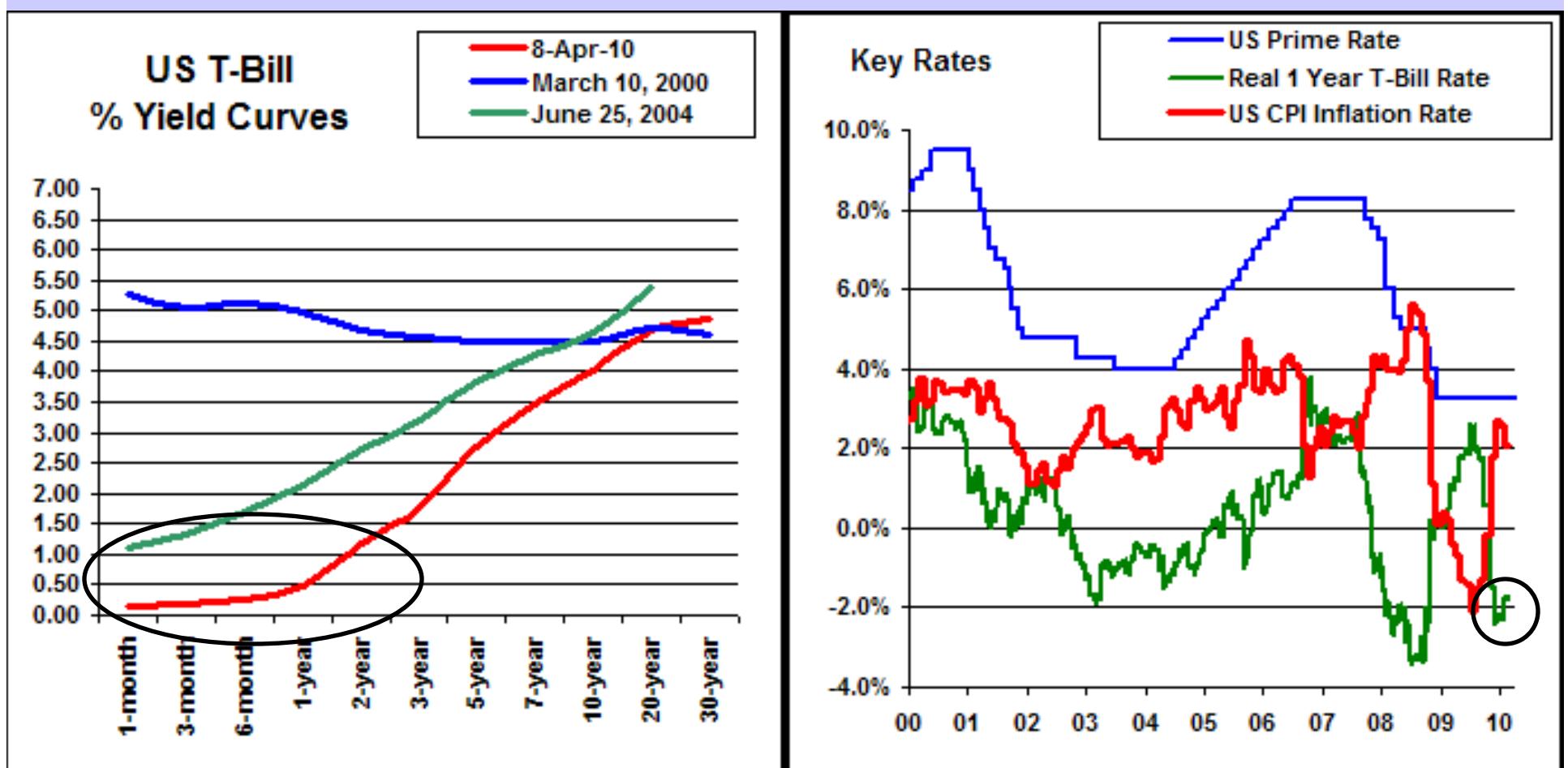
US Household Net Worth
 (Quarterly Unadjusted thru Q2 2009)



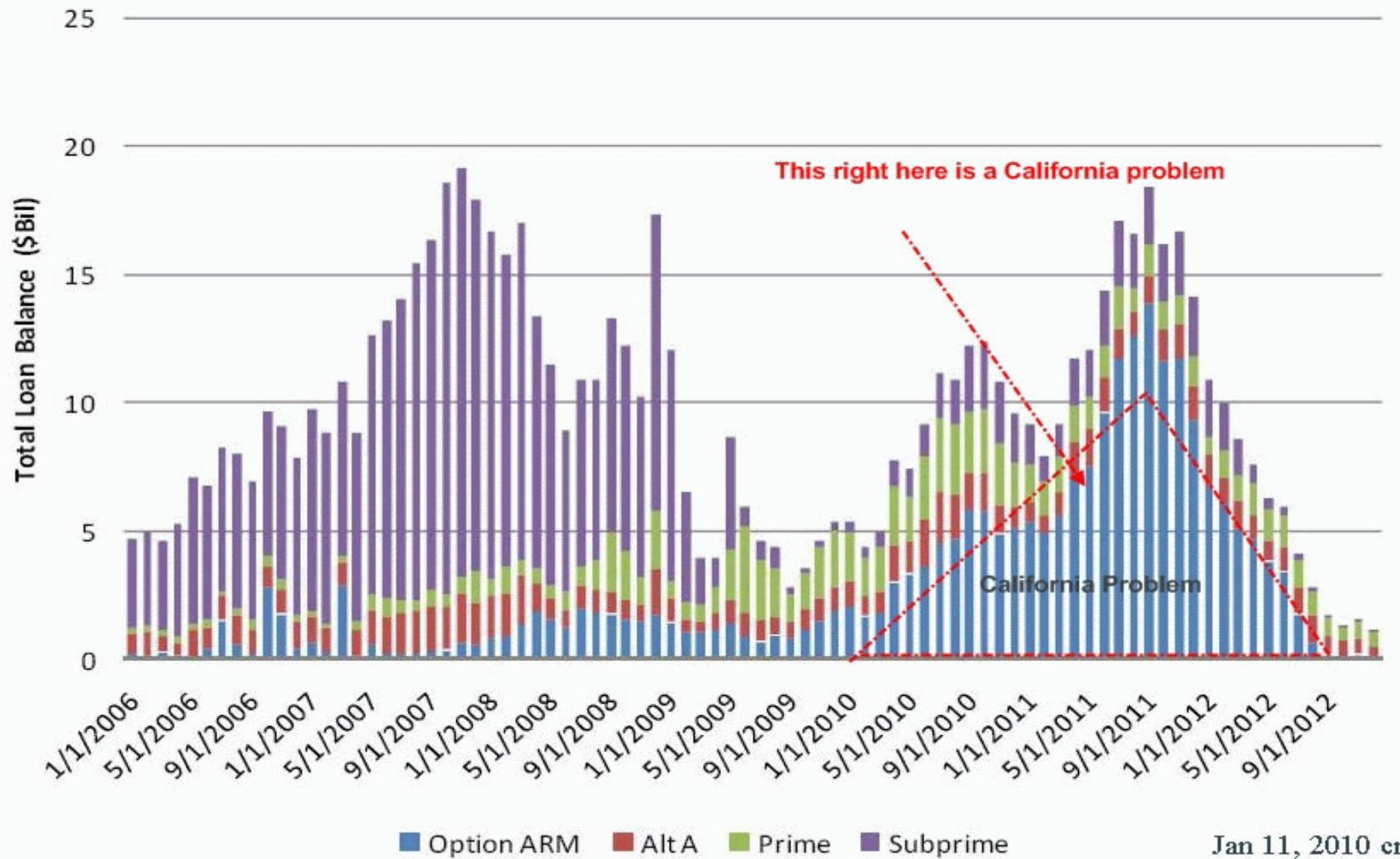
The Rise & Fall of the American Dream: Mortgage securitization creates a Global Real Estate Bubble and a Consumption Boom by dissolving the traditional self-regulating relationship between lender and borrower. The result: Game Over.



Tarnishing of the Golden Years: In the wake of the real estate and market crash and in a setting of very low savings yields the self-sufficient retirement assumptions of the boomer generation have been shattered, with the future now hinging on the post-boomers for whom there is no clear future of economic productivity.



Total Loan Balance That Will Experience Payshock



Source: Loan Performance, Amherst Securities

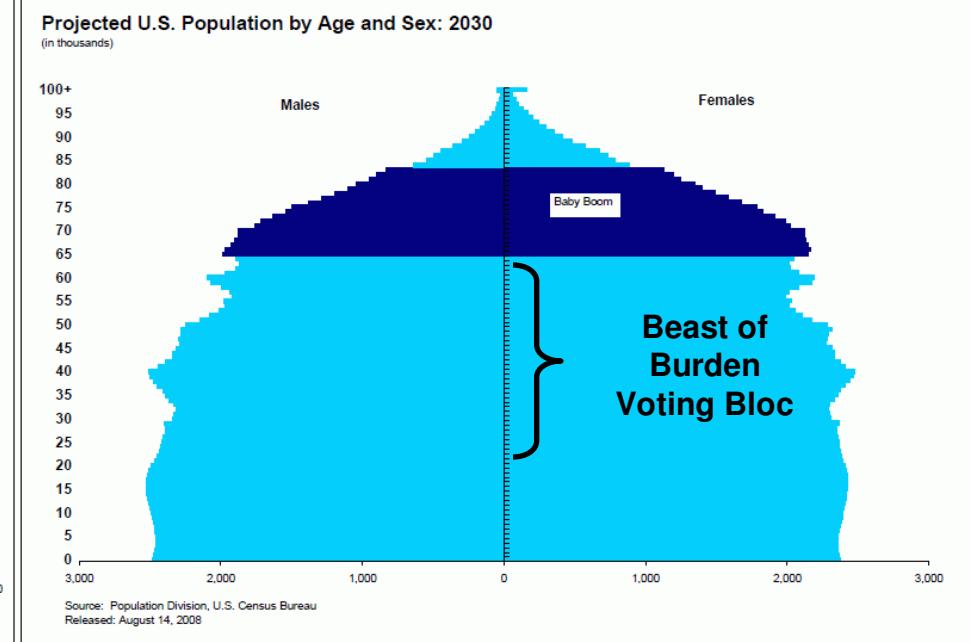
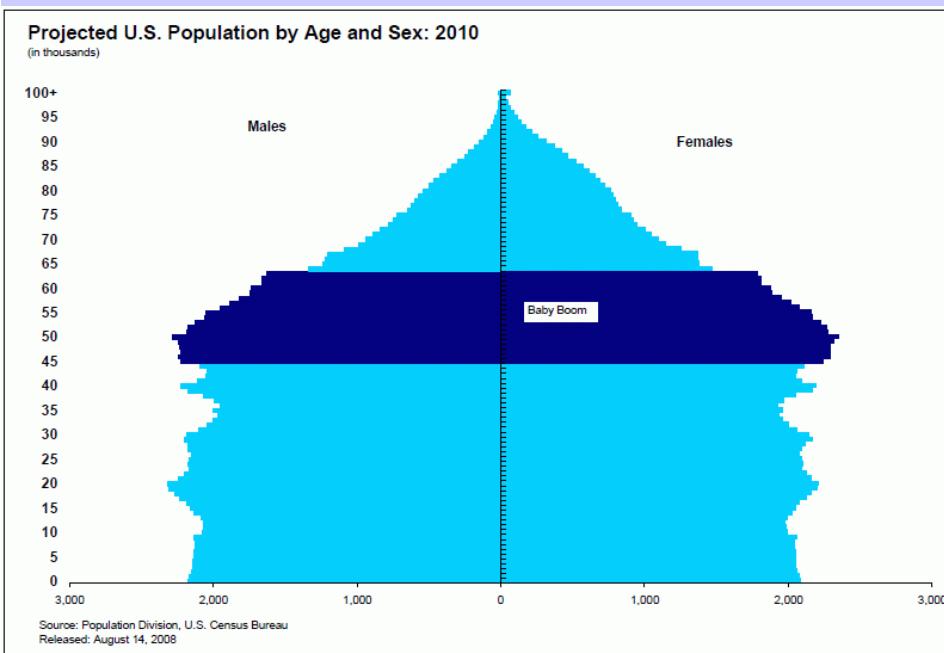
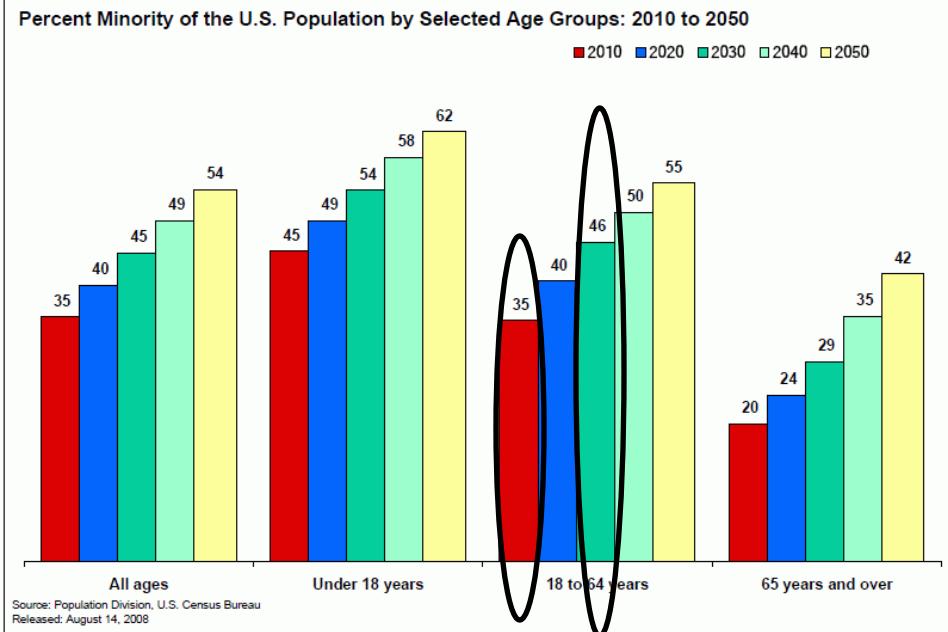


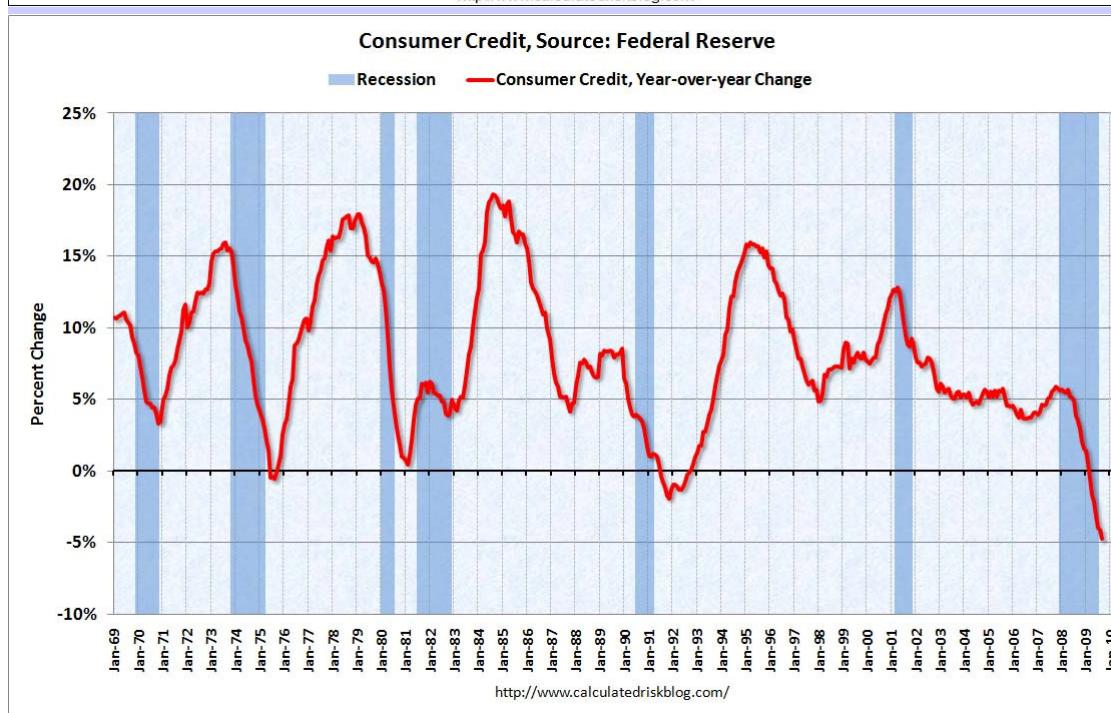
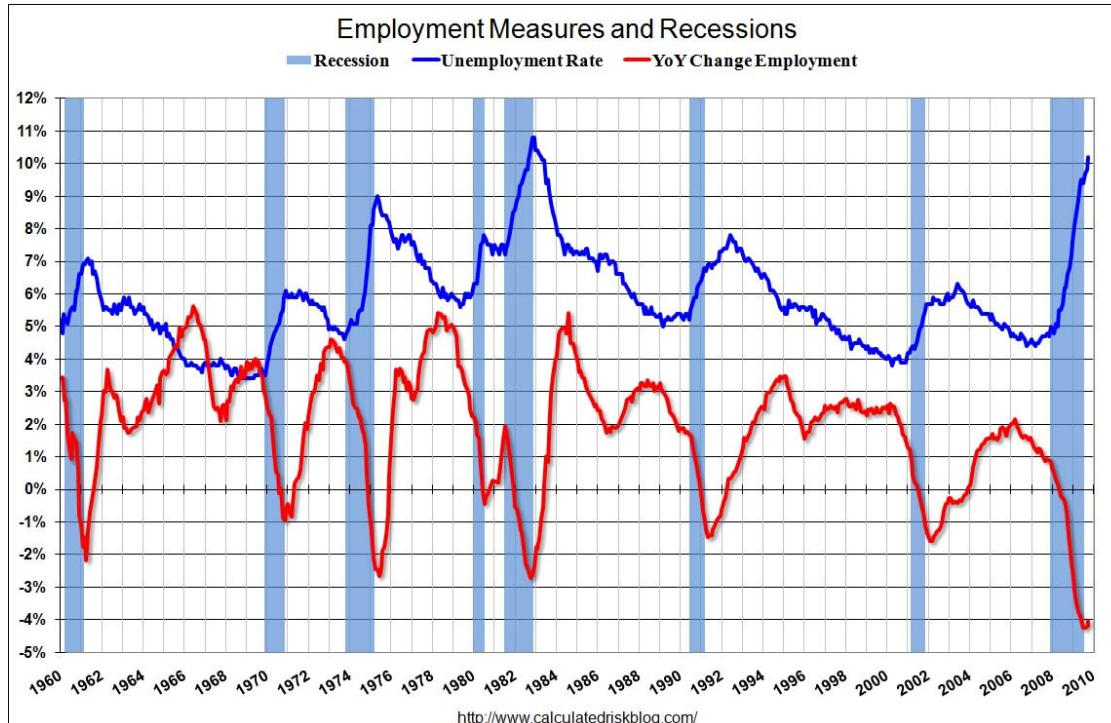
Amherst* Securities Group LP

Jan 11, 2010 cr

Wealth & Power in the US Demographic Future

- Boomers born 1946-1964
- Will all be 65 & over by 2030
- Will be 20% of US population
- Minorities 18-64 will be 46% of population by 2030
- Retired boomers will control the most of real estate & equity wealth
- Medicare and social security entitlement burden falls on whom?



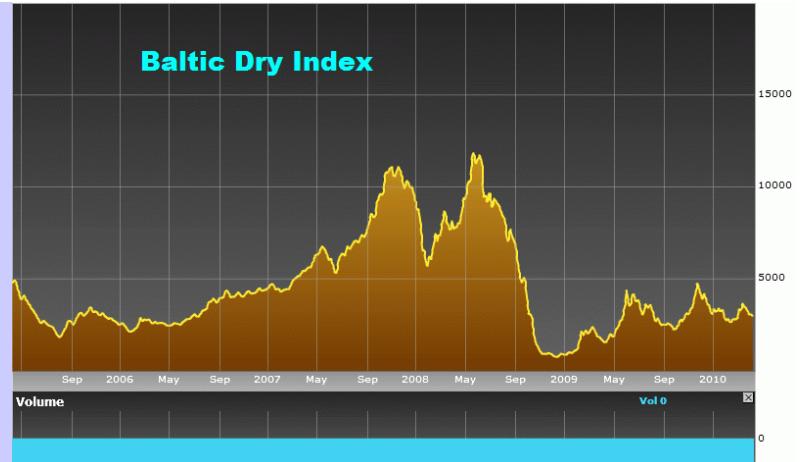


**Hollowing out the Industrial Base:
Unemployment still high, consumer credit continues to decline, what is going to drive job growth in the US?**



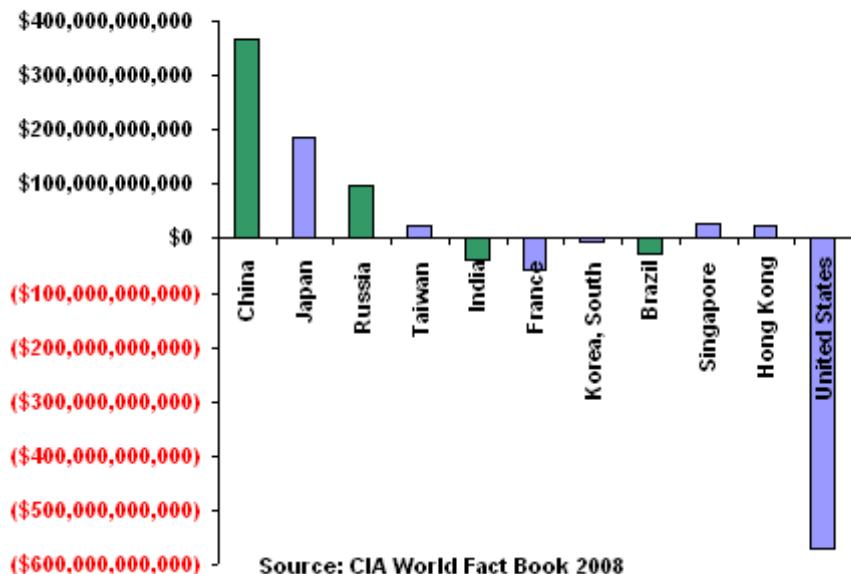
The Chinese Anomaly

- Hybrid central command economy with outsourced production
- Cheap Labor – urbanization of 1 billion rural Chinese unleashed by the end of orthodox communism
- No Health & Safety for Workers
- No environmental emission controls
- No Unions to secure medical or pension benefits
- US Dollar Peg: the devil's bargain of maintaining an undervalued renminbi by bankrolling the US trade deficit through the accumulation of US treasury debt
- FDI: foreign direct investment and technology transfer



**Capitalism's
Mandate:
mobilize
capital to the
place with the
lowest cost
structure**

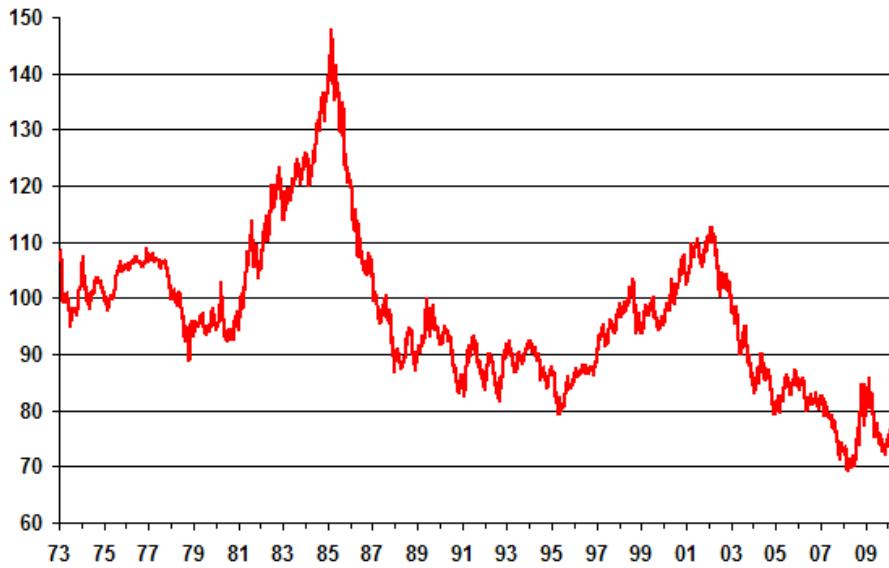
Current Account Balance



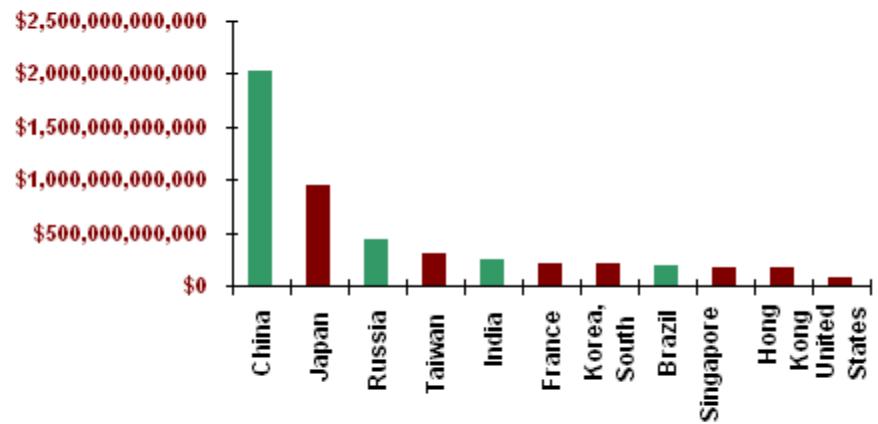
Consequences of deep cost structure disparities

US Dollar Major Currency Index

(Downtrend = weakening US \$)



Foreign Reserves including Gold

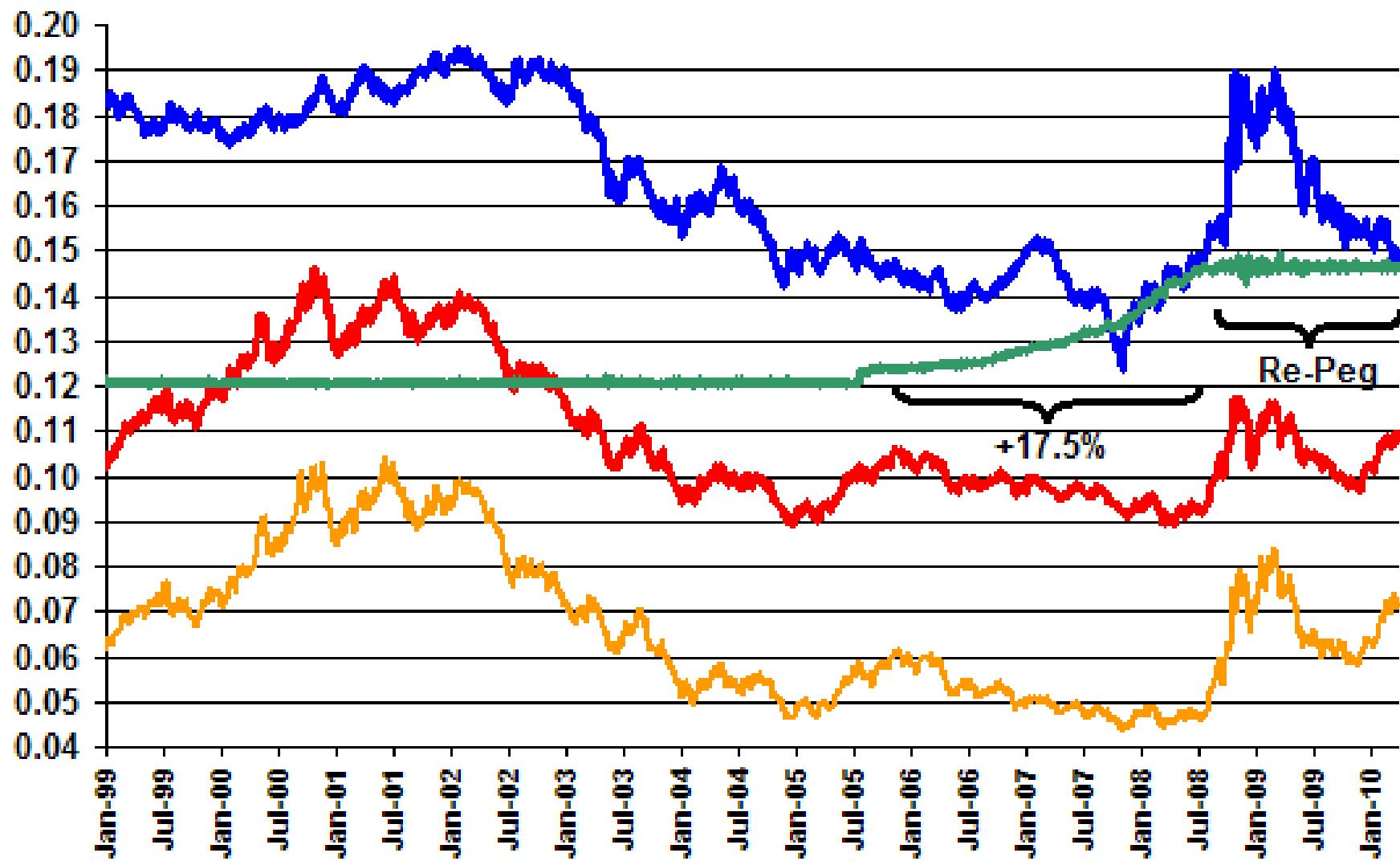


Source: CIA World Fact Book 2008

Currency Exchange Rates

Per Chinese Renminbi (Yuan)
(Downtrend = weakening Yuan)

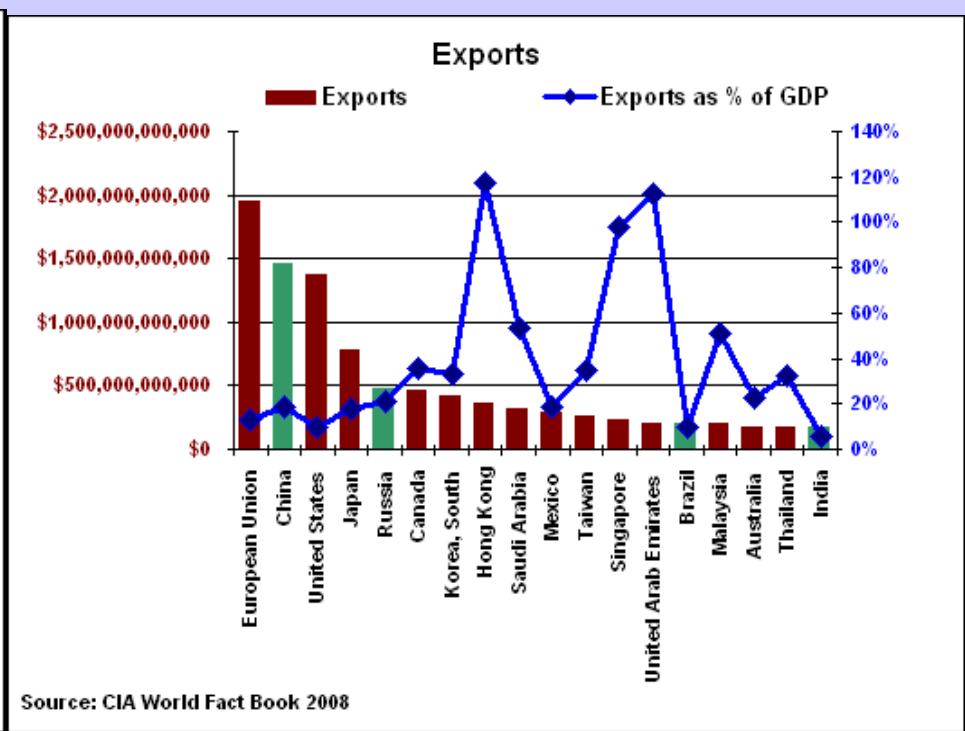
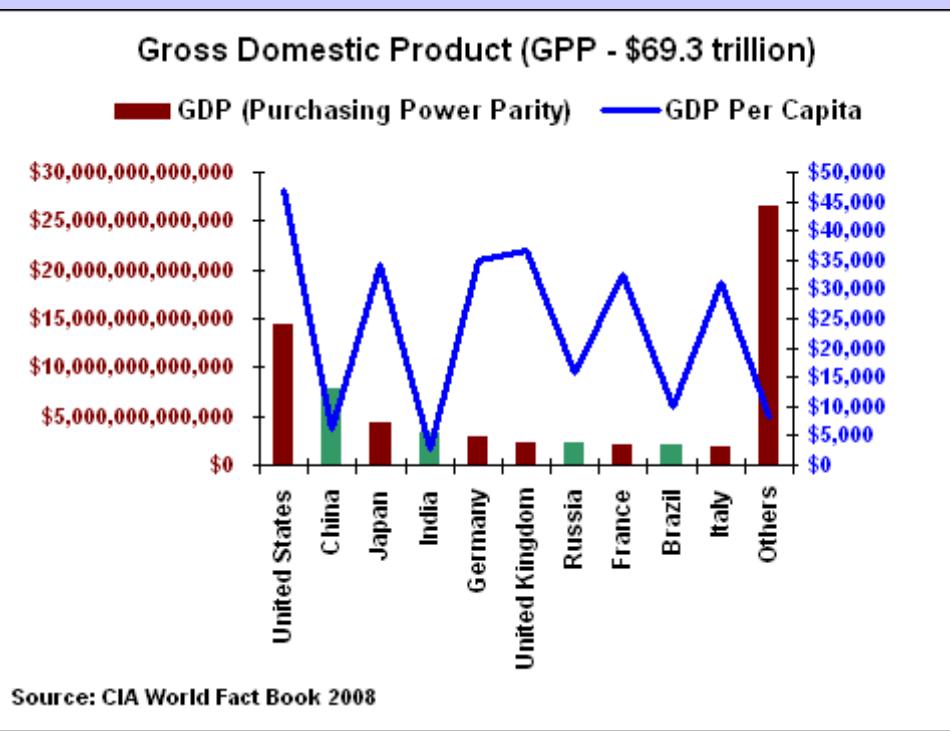
- Euro:Yuan
- CAD:Yuan
- USD:Yuan
- GBP:Yuan



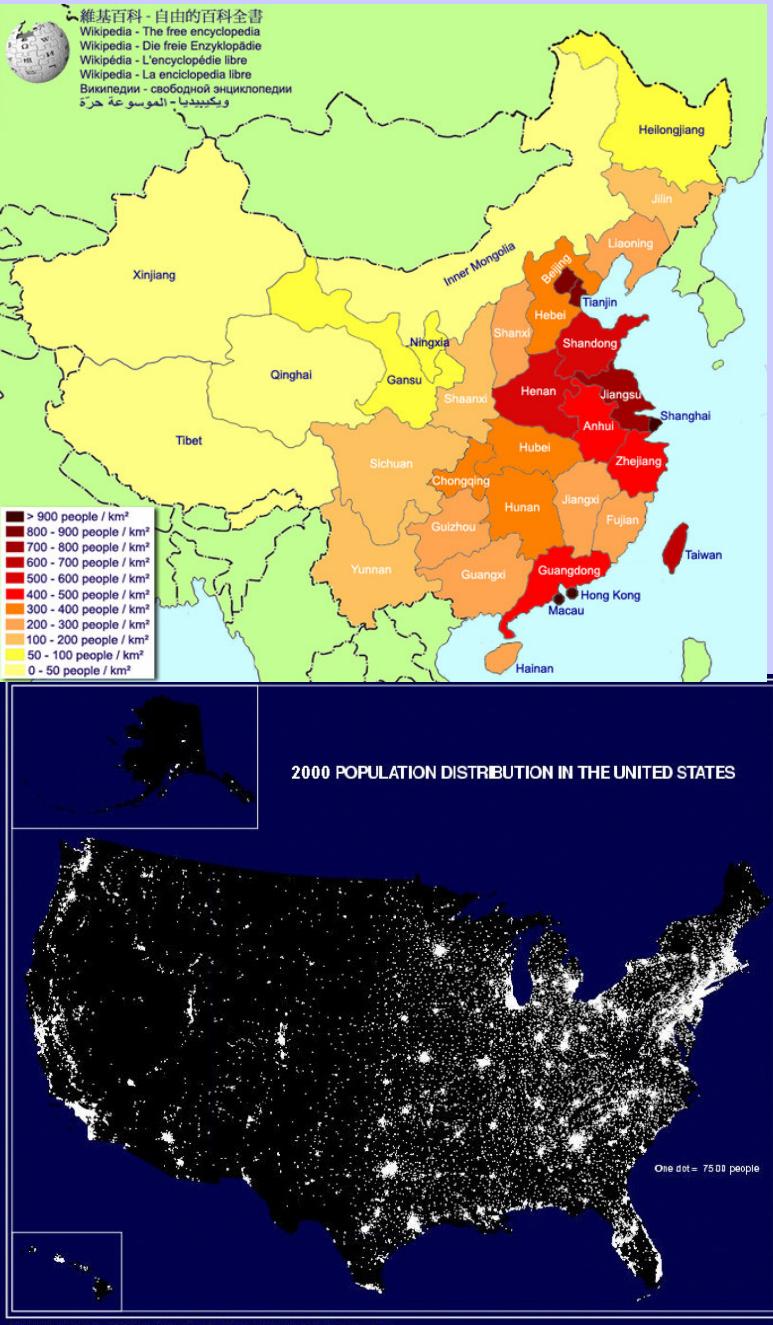
In a New World Order where military power is impotent, one-way trade in IOUs is no longer an option, climate change and oil import dependency are equally undesirable, and the China Price remains cheapest:

What will Americans do that is of value to the rest of the world?

What will the Chinese do to keep their economy growing?



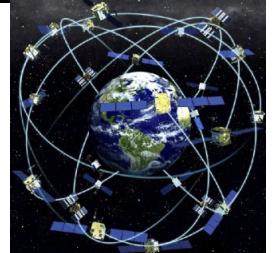
China's Solution: Borrow a chapter from American History



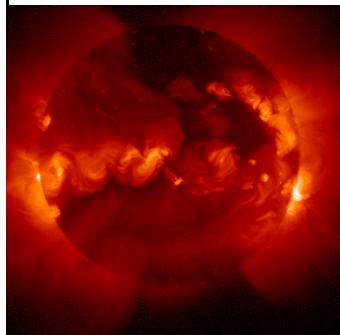
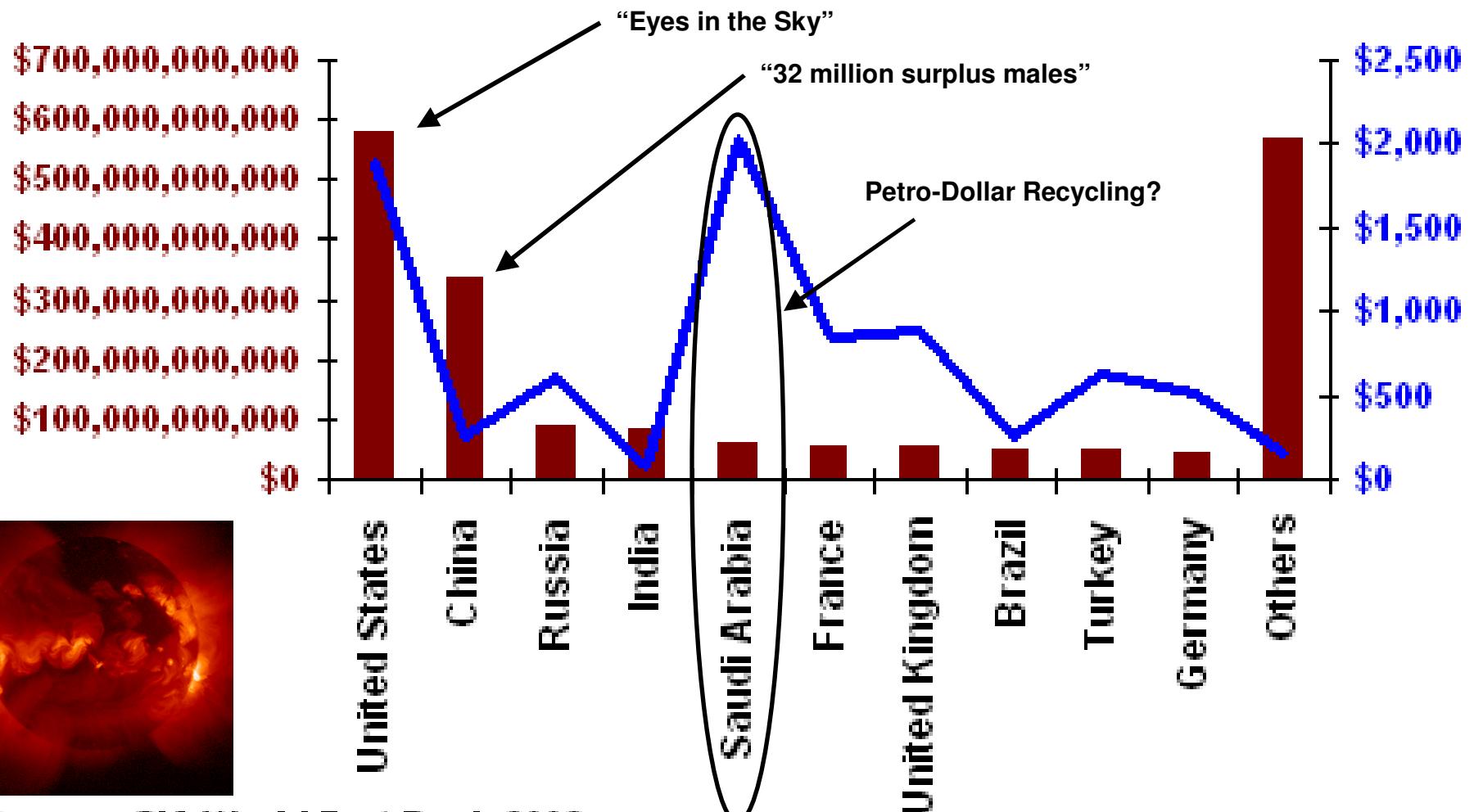
- Extend infrastructure into the hinterland to boost its domestic economy, reduce dependency on exports, and defuse the social tension between the coastal “haves” and the inland “have nots” – cost = \$585 billion
- Develop “clean” energy and transportation infrastructure so that China can enjoy its “manifest destiny” several decades from now.
- Reduce 35% savings rate by boosting social and health welfare expenditures
- Gradually convert its US paper assets into title to hard assets around the world.
- Invest heavily in pure research in order to win the technology race to develop a new energy foundation for the world
- China is the America of Tomorrow



Annual Military Expenditure (\$1.4 trillion)



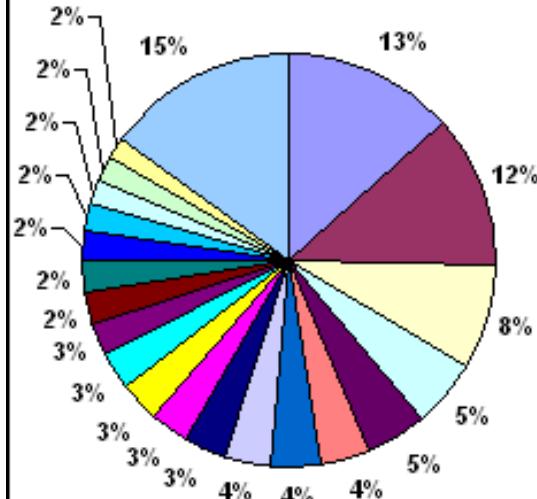
█ Total Expenditure █ Per Capita Expenditure



Source: CIA World Fact Book 2008

Global Crude Oil Production

2008 Total: 29.9 billion bbl
\$2.1 trillion at \$70 / bbl



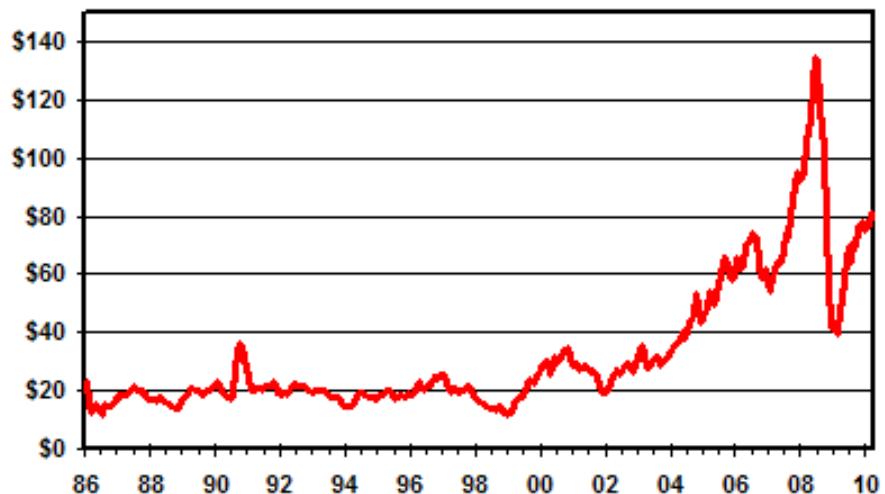
Source: BP 2008

- Saudi Arabia
- Russian Federation
- US
- Iran
- China
- Canada
- Mexico
- United Arab Emirates
- Kuwait
- Venezuela
- Norway
- Iraq
- Nigeria
- Algeria
- Brazil
- Angola
- Libya
- Kazakhstan
- United Kingdom
- Qatar
- Other

Monthly Average Prices

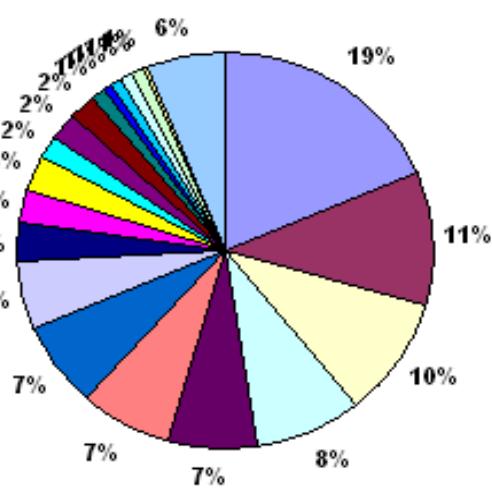
US \$/barrel

WTI Crude



Global Crude Oil Reserves

2008 Total: 1.4 trillion bbls
\$98 trillion at \$70 / bbl

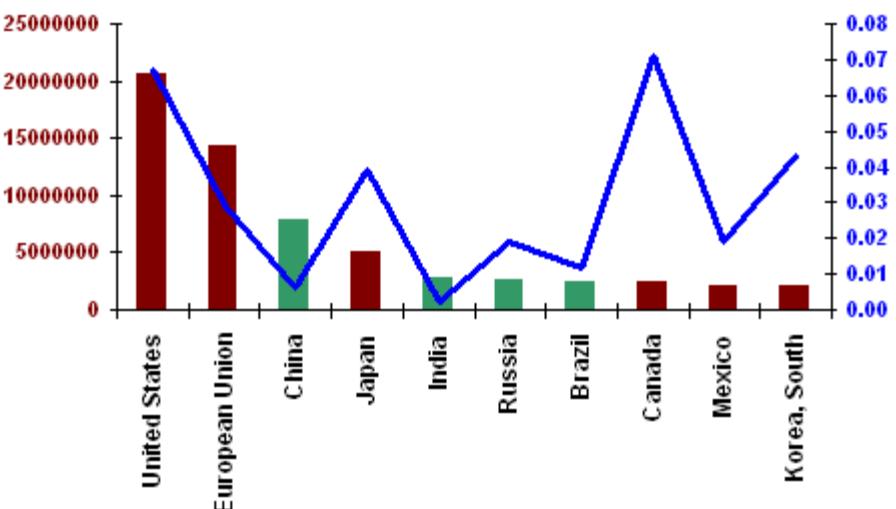


Source: BP 2008

- Saudi Arabia
- Canada oil sands
- Iran
- Iraq
- Kuwait
- Venezuela
- United Arab Emirates
- Russian Federation
- Libya
- Kazakhstan
- Nigeria
- US
- Canada
- Qatar
- China
- Angola
- Brazil
- Algeria
- Mexico
- Norway
- Other

Daily Oil Consumption (85.2 million bbl global)

■ Daily Oil Consumption — Daily Barrels per Capita



Source: CIA World Fact Book 2008



Project for a New American Century



NEO-CONS

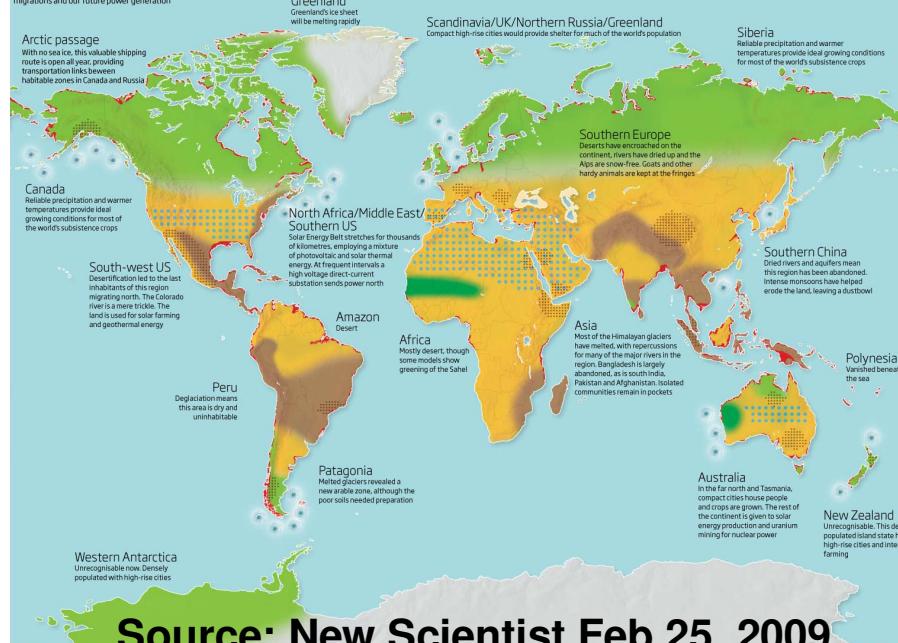
- Bush “elected” in 2000
- September 11 terror attack
- Neo-Cons push PNAC
- Permanent War on Terror
- Homeland Security
- Weapons of Mass Destruction
- My Way or the Highway
- Shock & Awe
- Intelligent Design
- Taliban surges in Pakistan

Transforming the Energy Foundation of the World

| Power Cost Structure | Coal | | | Natural Gas | | | Oil/Gasoline | | | Hydro | | | Nuclear | | | BioFuels | | | Renewables (Solar/Wind) | | |
|----------------------|------|--------|-------|-------------|--------|-------|--------------|-----|--------|-------|-------|-----|---------|-------|--------|----------|--------|-------|-------------------------|-----|-------|
| | High | Mod | Low | High | Mod | Low | High | Mod | Low | High | Mod | Low | High | Mod | Low | High | Mod | Low | High | Mod | Low |
| Capital Cost | Red | | | | | | | | | Red | | | Red | | | | | | Red | | |
| Operating Cost | | Yellow | | | Yellow | | | | | | Green | | Red | | | | | | Yellow | | Green |
| Fuel Cost | | Yellow | | | | Green | | | Yellow | | | | Green | | | | Yellow | | | | Green |
| Emission Cost | Red | | | | Yellow | | Red | | | | | | | | Yellow | | | Red | | | |
| Opportunity Cost | | Yellow | | | | Green | | Red | | | Green | | Yellow | | | Green | | Red | | | |
| Fuel Supply Risk | | | Green | | | | | Red | | | | | | Green | | | | Green | | | Green |

The world: 4°C warmer

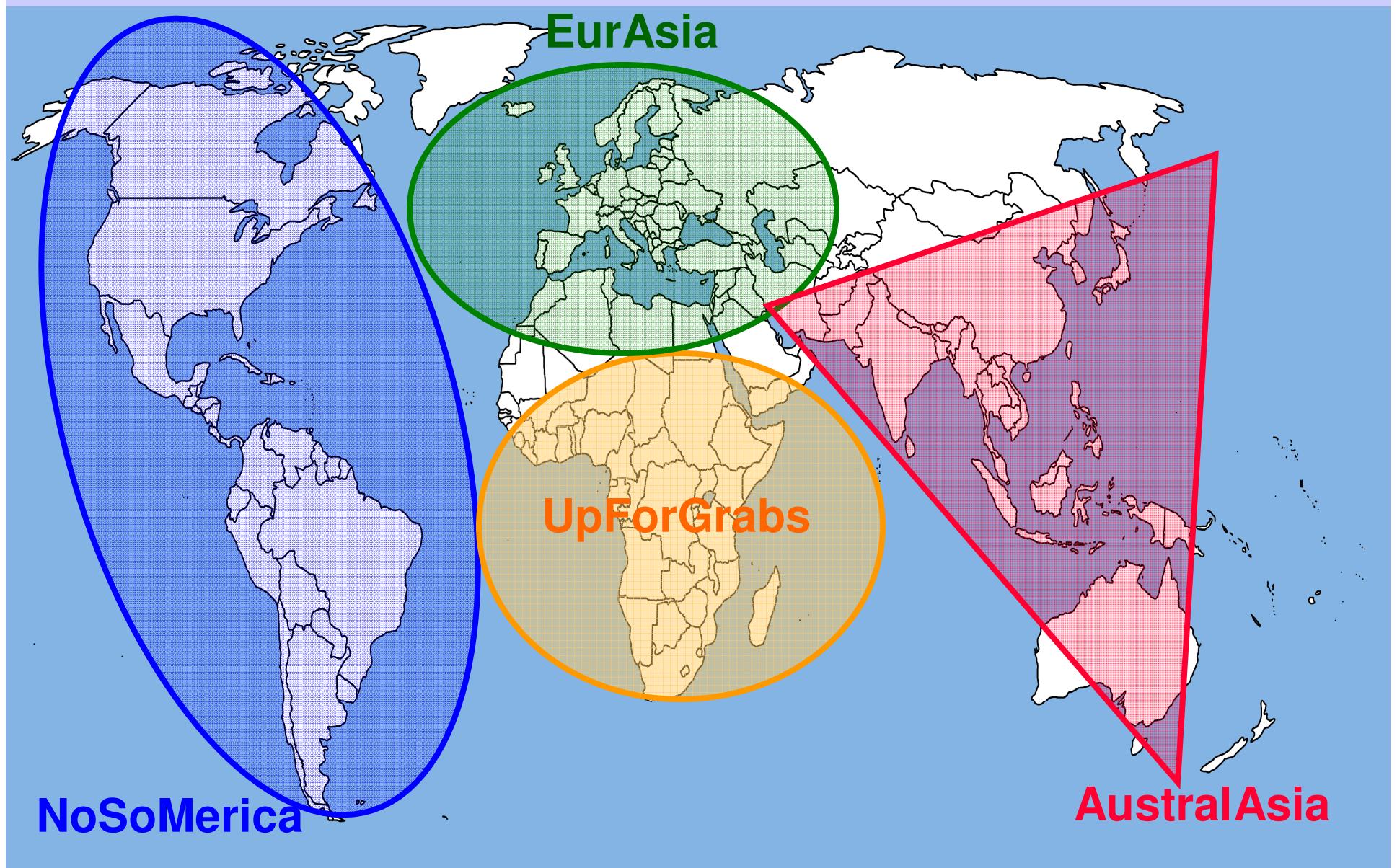
No one knows exactly what this world will look like, but models provide insights into forced human migrations and our future power generation



Source: New Scientist Feb 25, 2009

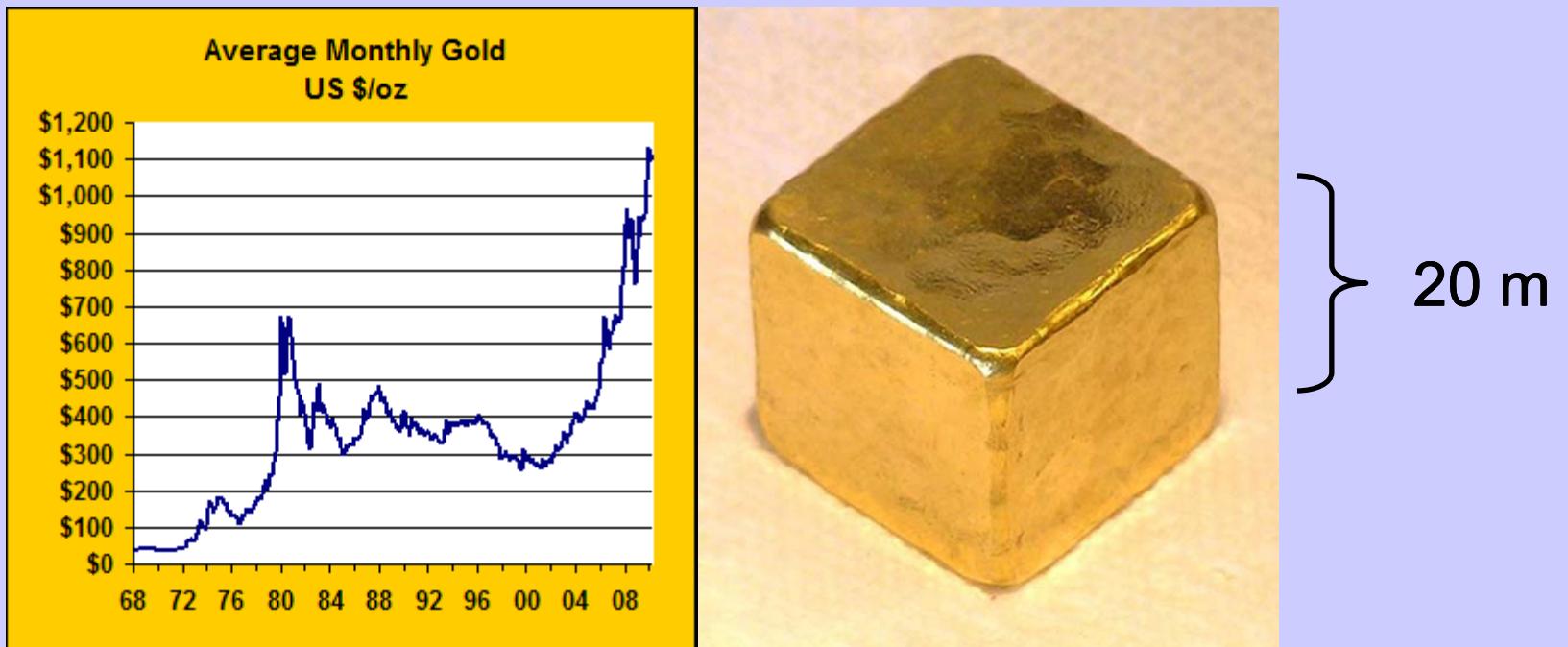


Post-Globalization Economic Zone Fragmentation



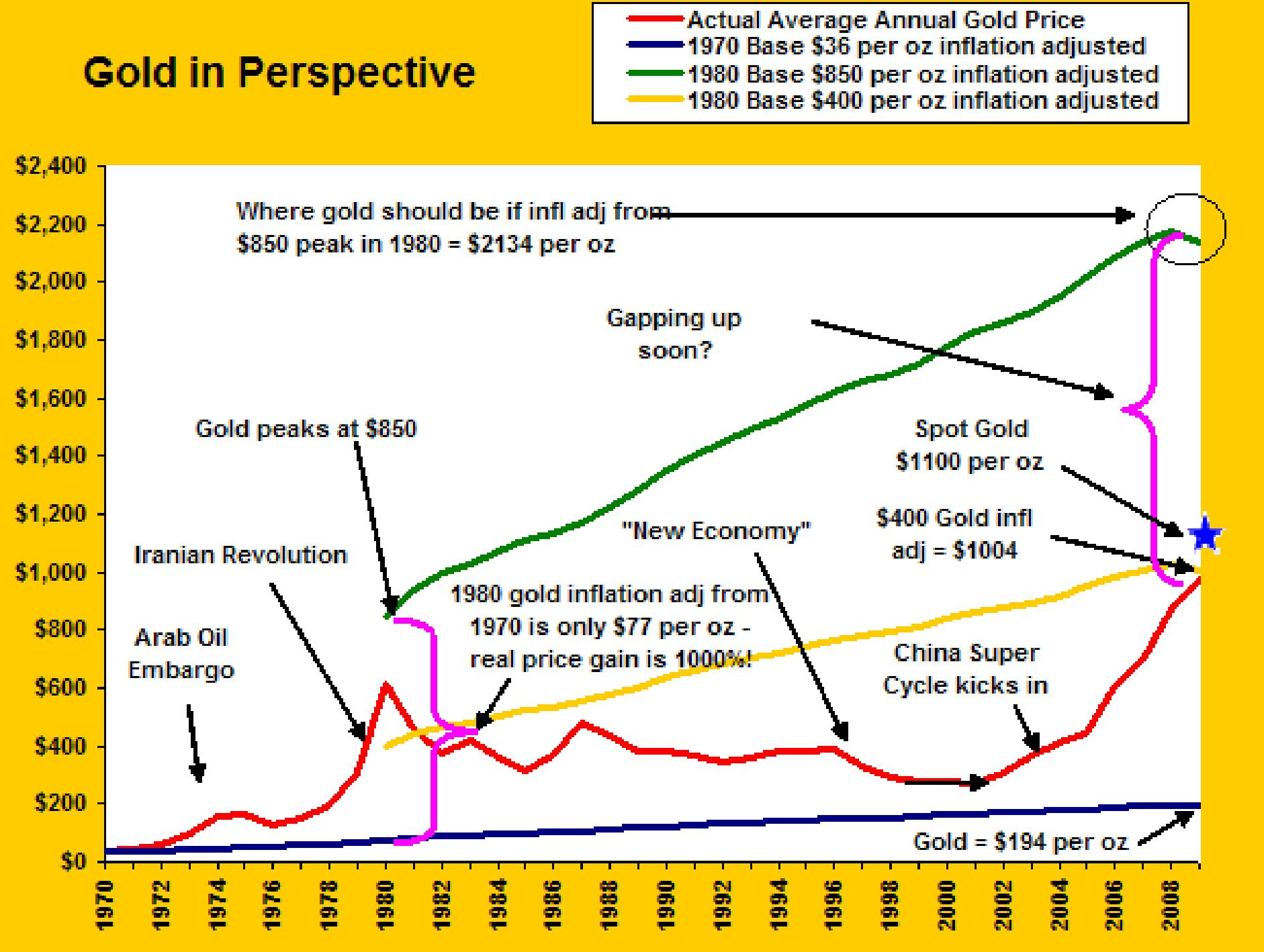
Counterproductive Misconceptions about Gold

- Gold stocks benefit from a depression – deflation
- Gold stocks benefit from fiat currency debasement – inflation
- Gold is money – no, it is not an accounting system, its creation requires real inputs of energy
- Gold matters – not really, it has limited utility, but...



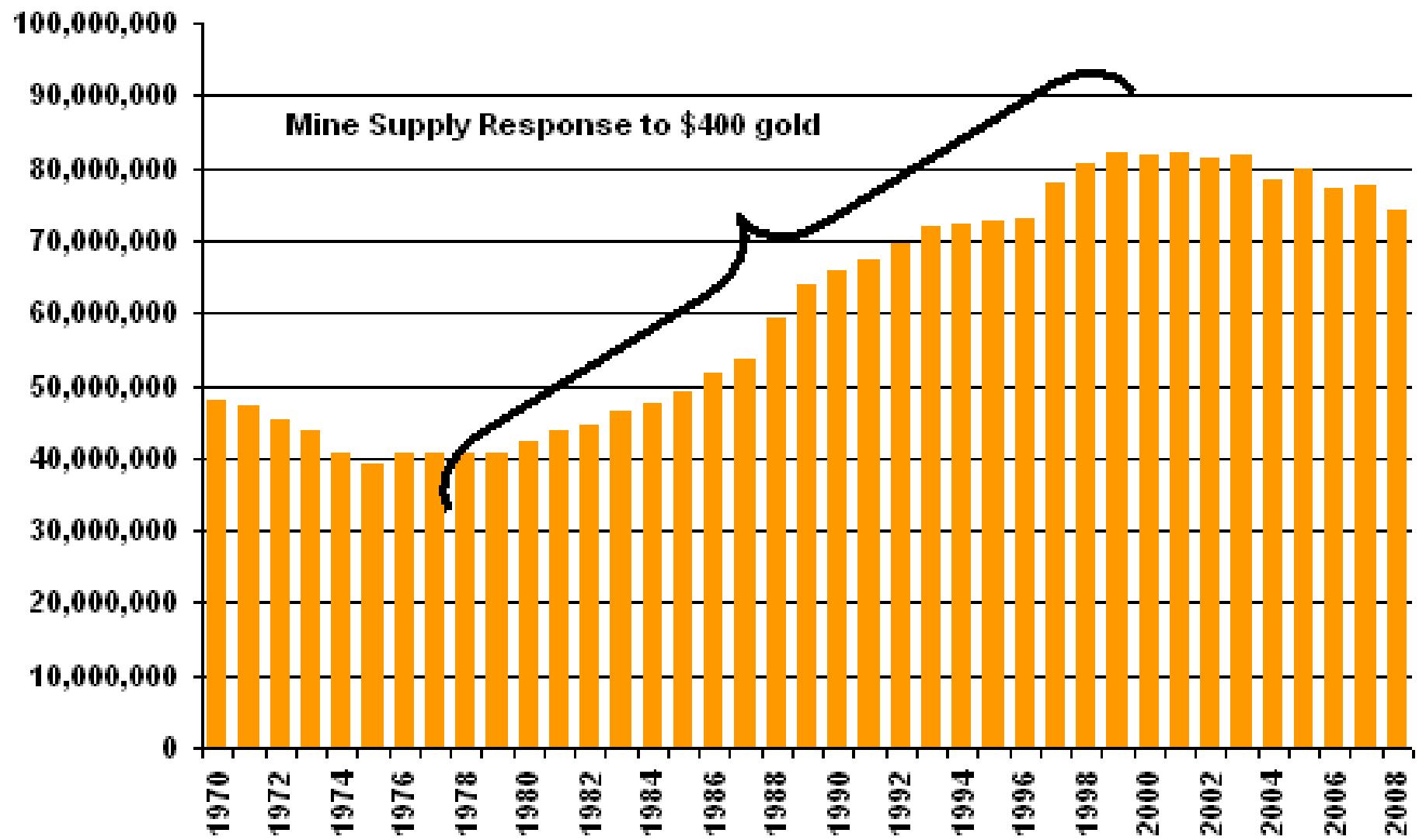
Gold Matters because it does not Matter

Gold in Perspective



Annual New Mine Supply - Gold Ounces

(1.9 billion ounces added to 3.2 billion stock since 1980)

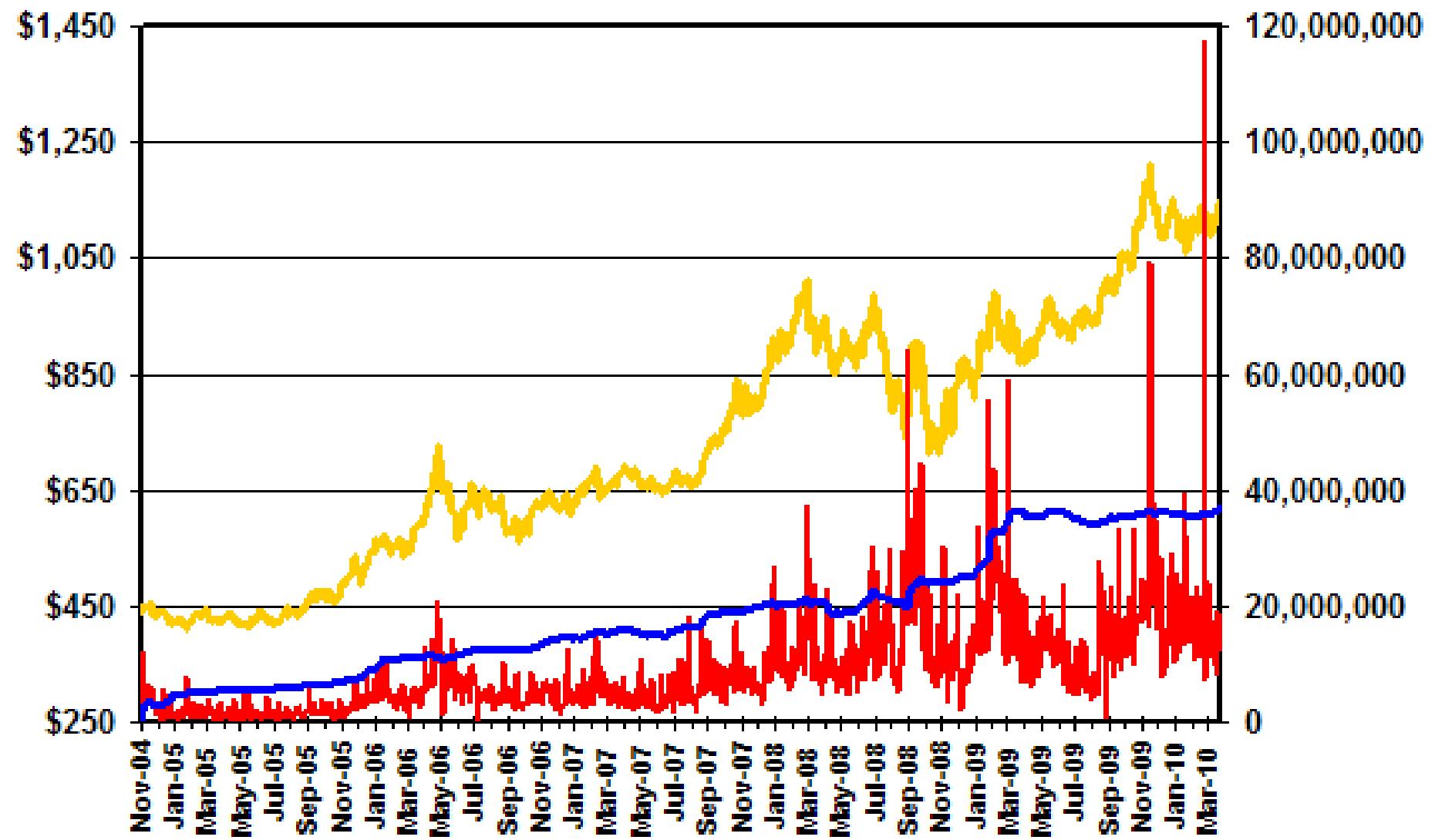




SPDR Gold Trust GLD - NYSE

(1 GLD share = ~ 1/10th oz allocated gold)

- Gold London Fix \$ per oz
- GLD shares traded
- Ounces held by Gold Trust



2 Types of Resource Sector Story Speculation Cycles

Commodity Speculation

- Resource Estimates - Ounces & Pounds in the Ground
- Focused on development portion of exploration cycle: infill drilling, metallurgy, prefeasibility, feasibility/permitting, construction
- Vulnerable to geopolitical risk and commodity price volatility
- Valuation based on DCF Method & Peer Group Comparison
- Financing Intensive – a more institutional and less retail audience
- 1976-1981 (oil, gold, copper), 2003-2008 (base metals), 2009+ (gold?)

Discovery Speculation

- No Resource Estimates – just geology & location
- Focused on early discovery part of exploration cycle: grassroots, target generation & drilling, discovery delineation
- Speculation focused on grade and tonnage, repeatability by area player or conceptually similar plays, commodity price irrelevant
- Valuation based on Rational Speculation Model
- Financing comes from sophisticated investor & retail audiences
- 1982-2002 (Hemlo, Eskay Creek, Ekati, Voisey's Bay, Busang, Veladero), 2003-2008 (Fruta del Norte)

Approach #1: Develop existing ounces in the ground that a higher gold price is putting into the money.

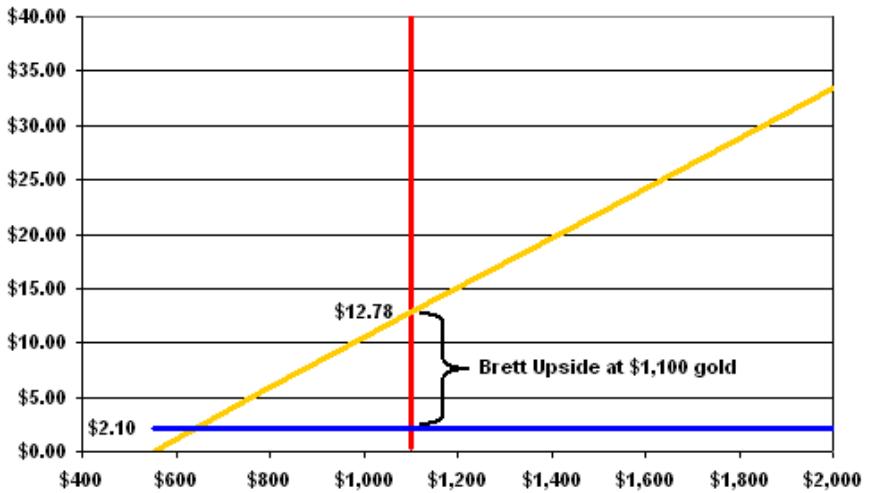
| Project Resource Estimate - Hammond Reef | | | | | | | |
|--|----------------------------|-----------------------------------|----------------------------------|----------|---------------------|-----------------|----------|
| Jul 23, 2009 | NI 43-101 | David W. Rennie, Scott Wilson RPA | | | Cutoff: 0.30 g/t Au | | |
| Resource Category | Tonnage | Total Rock Value | Metal | Grade | Recovery | Contained Metal | % of GMV |
| Inferred Mineral Resources | 259,400,000 | \$28/t | Gold | 0.8 g/t | 100.0% | 6,672,025 oz | 100% |
| All Categories Spot | 259,400,000 | \$28/t | Gold | 0.80 g/t | | 6,672,025 oz | 100% |
| All Categories LTA | 259,400,000 | \$21/t | Gold | 0.80 g/t | | 6,672,025 oz | 100% |
| Spot Gross Metal Value | Market Cap as % of Net GMV | | Spot Prices Used | | | | |
| \$7,365,915,828 | 1.9% | | Gold \$1,104.00/oz | | | | |
| LTA Gross Metal Value | Market Cap as % of Net GMV | | LTA Prices Used | | | | |
| \$5,461,719,834 | 2.6% | | 3 Year Average: Gold \$818.60/oz | | | | |

| Mine Parameters | Cost Parameters | Other Parameters |
|----------------------------|-----------------|----------------------|
| Mining Method | Open-Pit | Capital Cost |
| Processing Method | Milling | Mining Cost |
| Tonnage | 243,440,000 | Processing Cost |
| Mining Rate | 50,000 | Marketing Cost |
| Operating Days | 350 | Transportation Cost |
| Annual Ore Mined | 17,500,000 | Smelting Cost |
| Mine Life | 14 | G&A Cost |
| Waste to Ore Strip | 1.43 | Total Operating Cost |
| Concentrate | 0% | Reclamation Cost |
| Scenarios | Breakeven | Pessimistic |
| Gold Price (\$/oz) | \$538 | \$800 |
| Rock Value (Recoverable) | \$12.86 | \$19.14 |
| Life of Mine Revenue | \$3,129,976,401 | \$4,658,569,527 |
| Pre-Tax 0% NPV Cash Flow | \$350,358,505 | \$1,878,951,631 |
| After-Tax 0% NPV Cash Flow | \$227,733,028 | \$1,221,318,560 |
| Pre-Tax NPV | \$65,803,606 | \$1,097,007,211 |
| After-Tax NPV | \$222,643 | \$692,008,963 |
| After-Tax US \$/sh NPV | \$0.00 | \$6.99 |
| After-Tax Cdn \$/sh NPV | \$0.00 | \$7.34 |
| IRR | 4.4% | 22.8% |
| | Base | Optimistic |
| | | Fantasy |
| | | |

Brett Hammond Reef After Tax NPV Sensitivity

Current Gold Price - \$1,100
 Share Price vs Gold Price
 Current Stock Price - \$2.10

5% Discount Rate
 117 M fully diluted
 2009 PEA Parameters



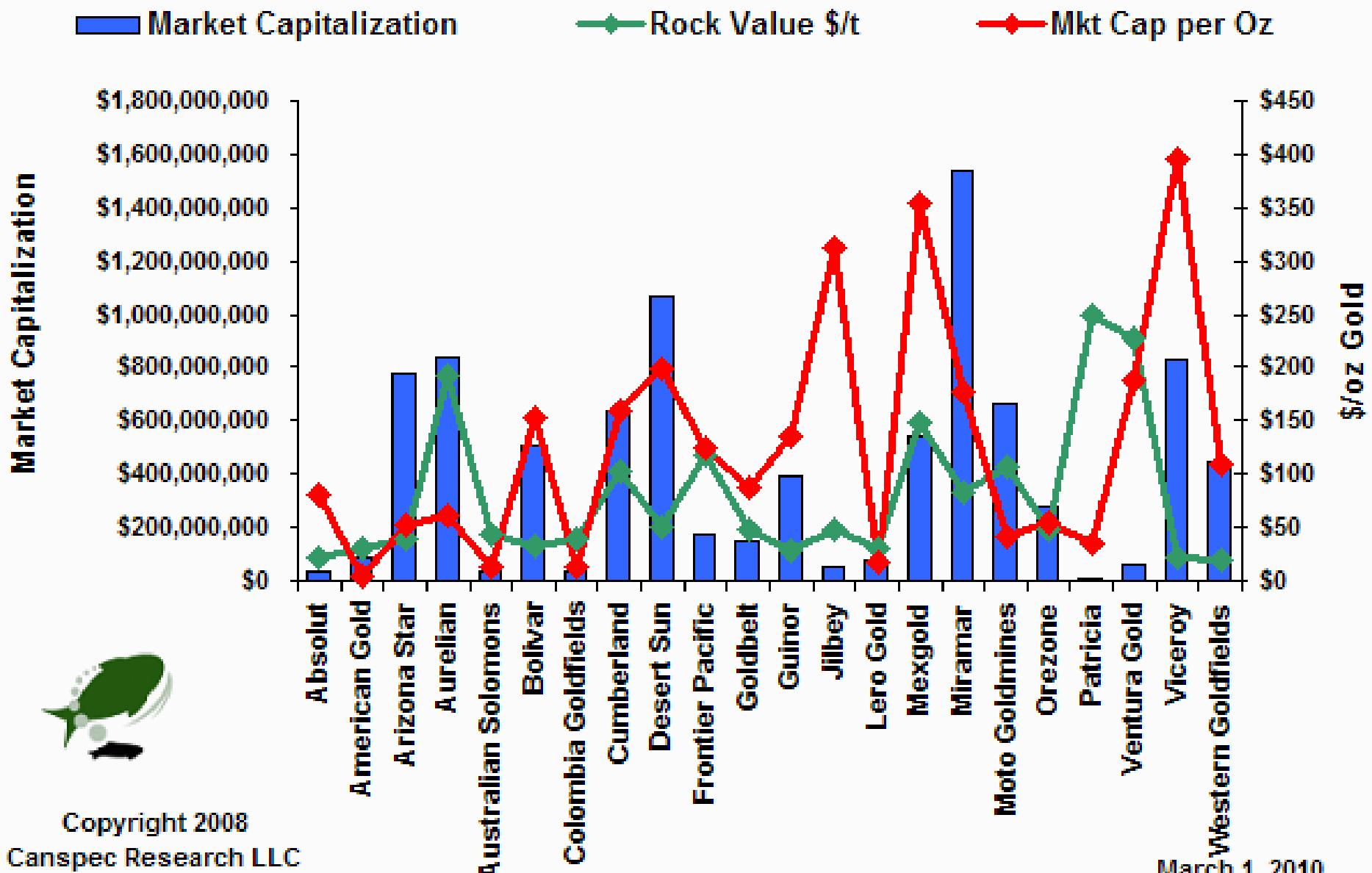
Brett Resources Inc

4/9/2007 TO 4/8/2010

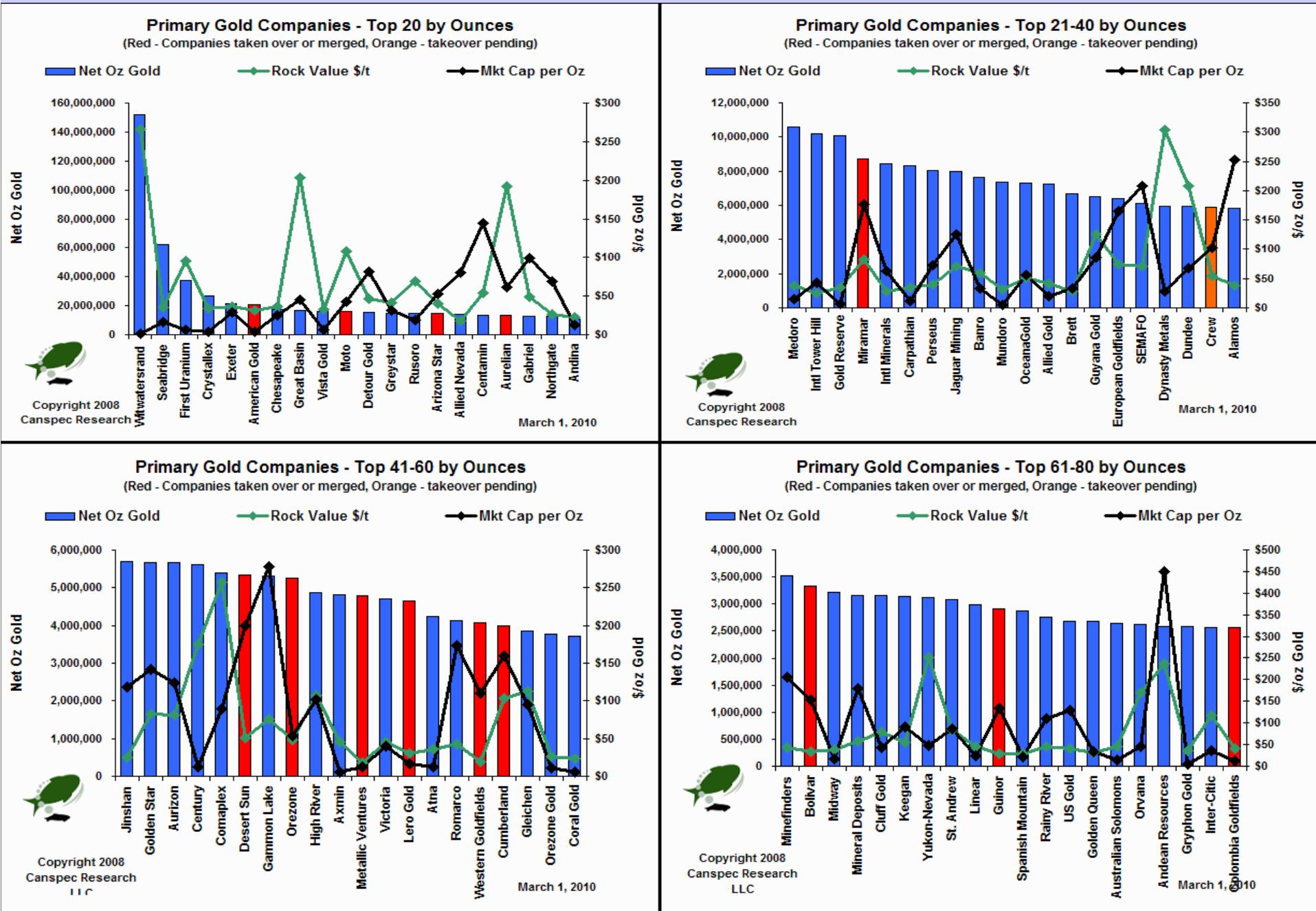


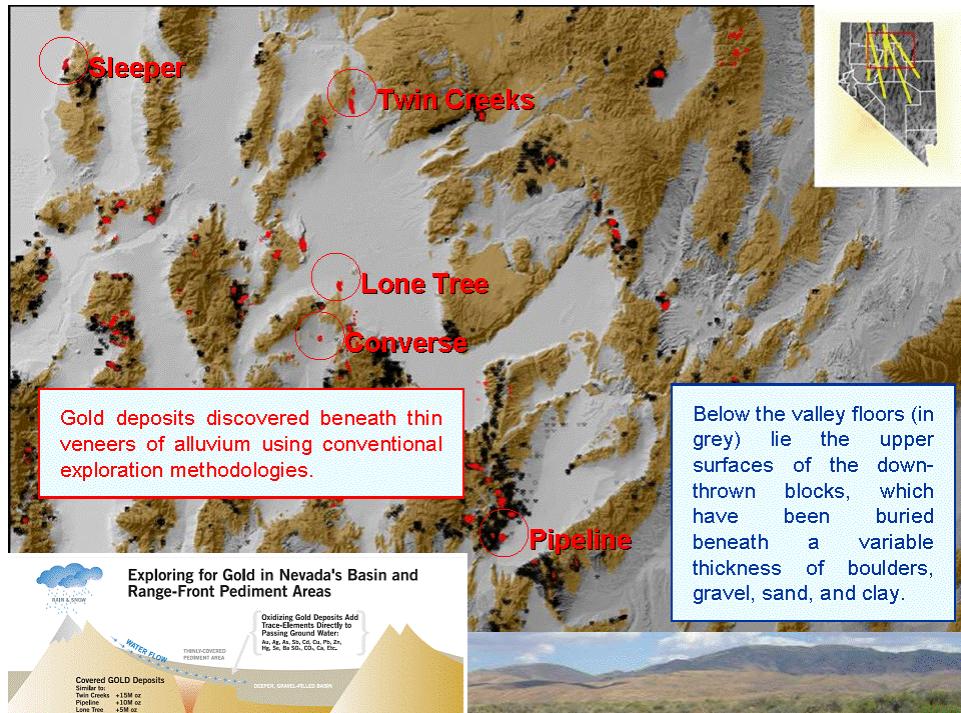
Primary Gold Companies (TSX/TSXV) - Taken Over 2003-2009

\$9.2 billion

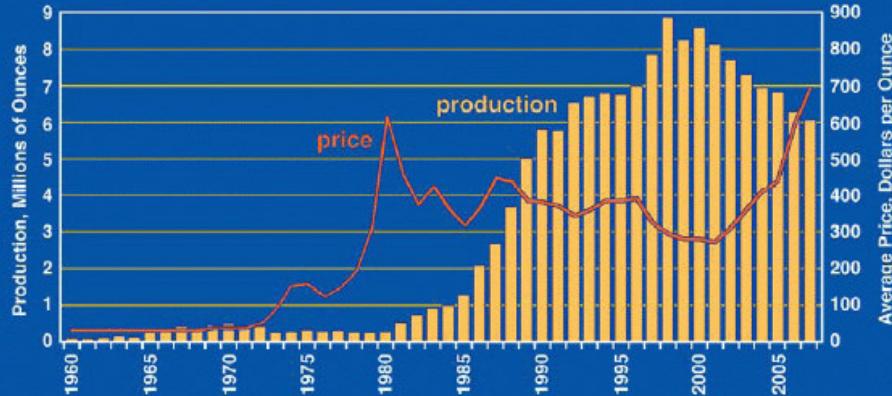


450 million oz in the ground valued at \$22 billion





Nevada Gold



Source: US Geological Survey

Approach #2: Explore for new deposits using innovative exploration methods or creative geological sleuthing.

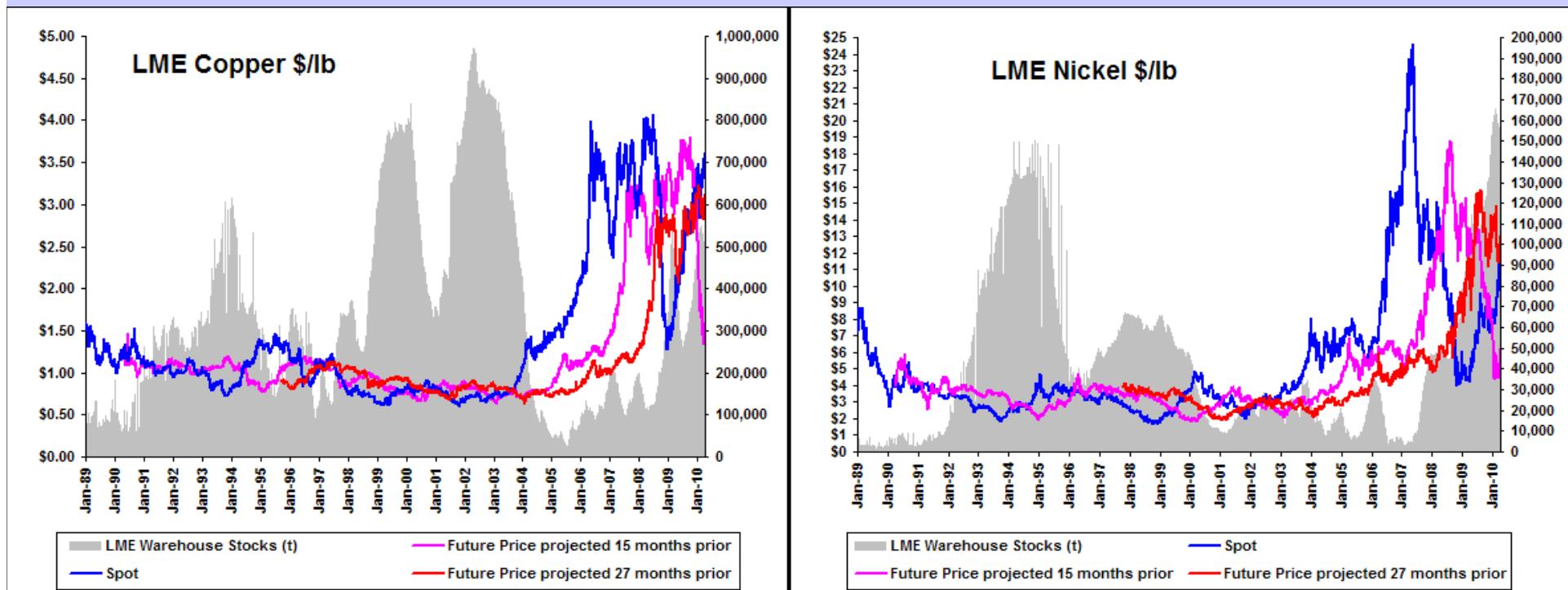
Nevada Exploration Inc

4/9/2007 TO 4/8/2010

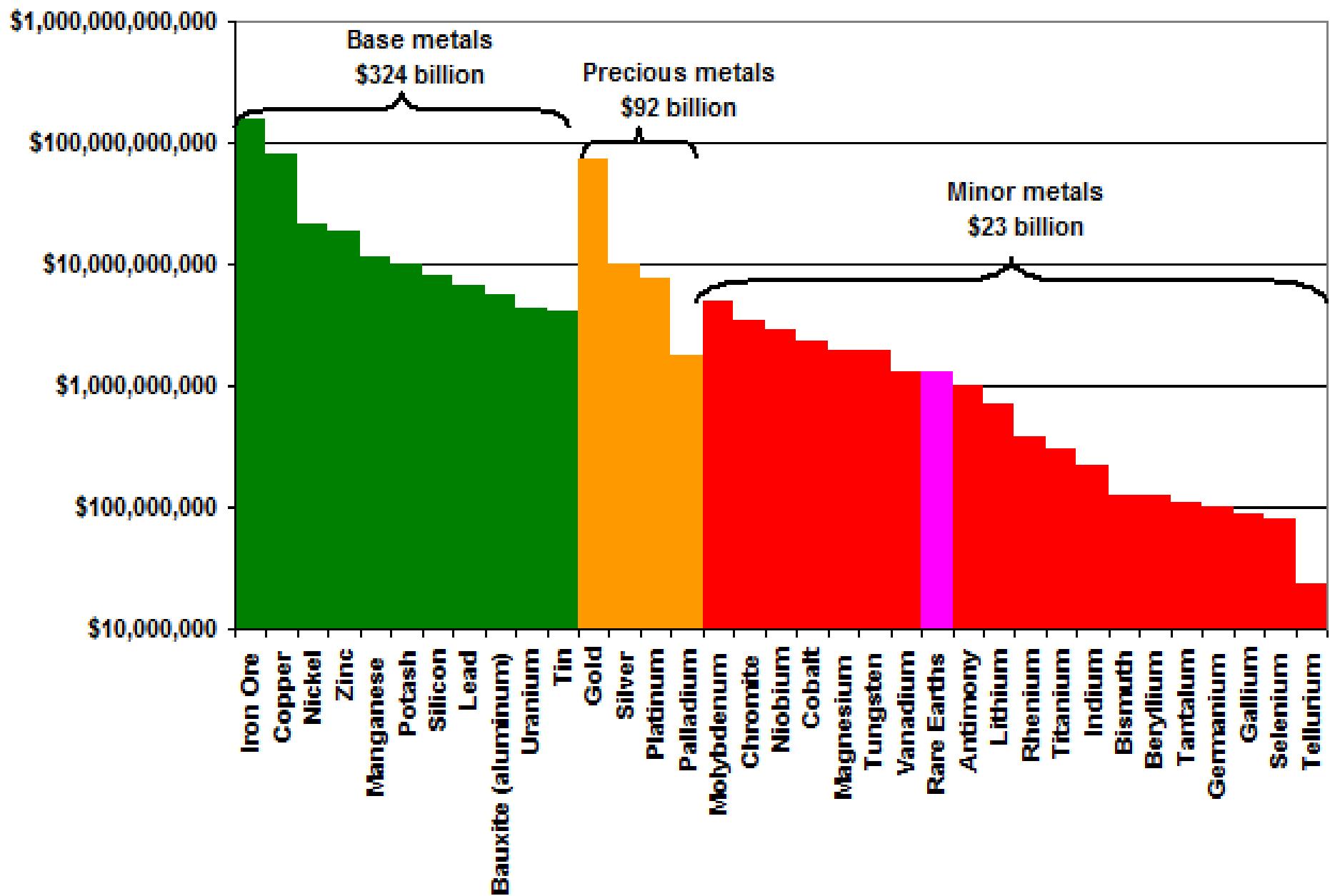


Economic vs Strategic Logic

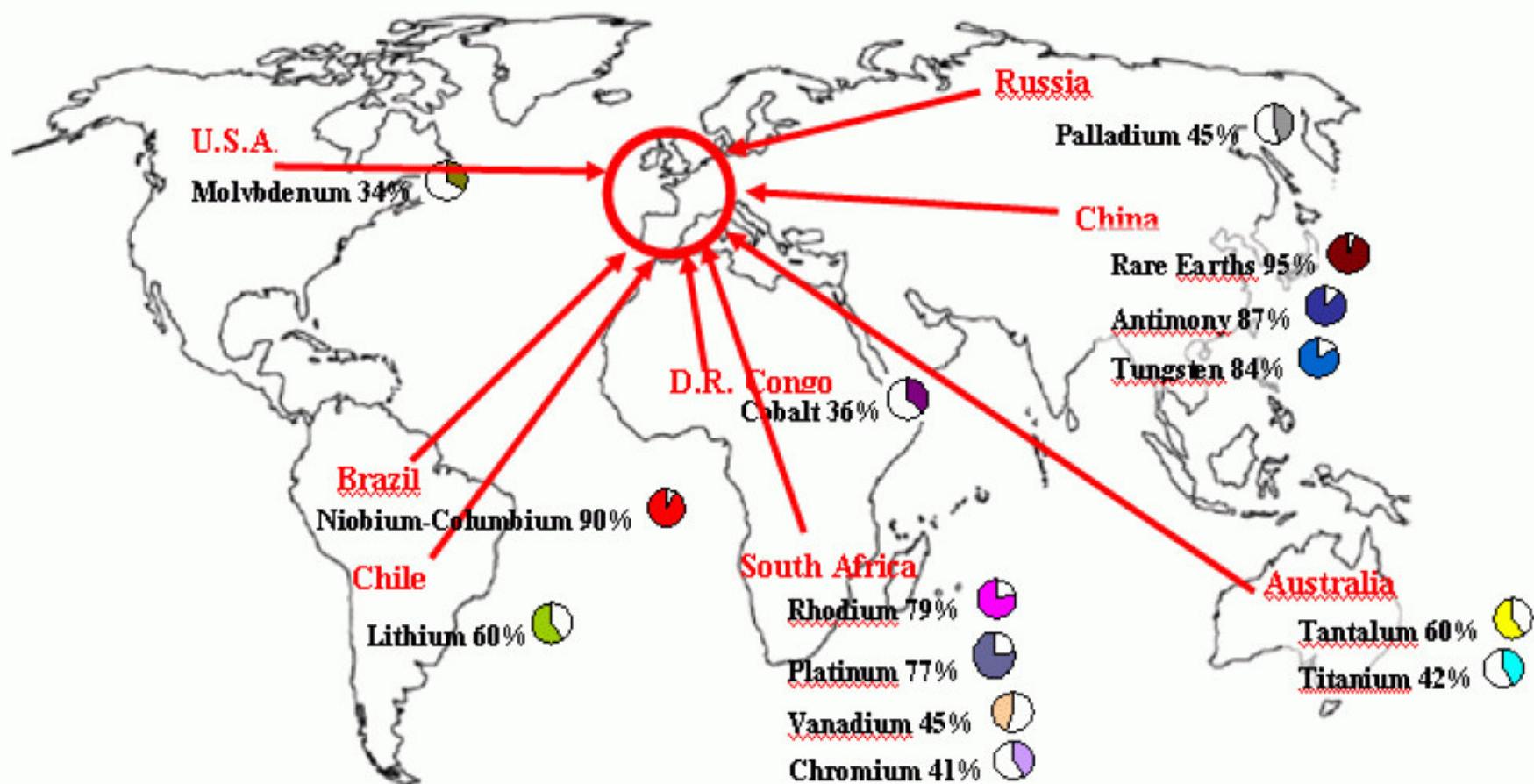
- Price discovery through futures commodity markets becomes chaotic
- Cost structure is so far that self-sufficiency within a closed system has not been achieved becomes unpredictable
- Economic analysis involving discounted value of future cash flows becomes pure guesswork
- Mine development focuses on large systems with sweet spots allowing for rapid capital cost payback
- The survivors will be those who have title to the means of production and security of supply with regard to the raw material inputs



2009 Global Production Value
(Based on average annual price & USGS production estimates)



Security of Supply for Critical Materials is becoming an issue for Europe, Japan and the United States as China moves to secure its own needs.

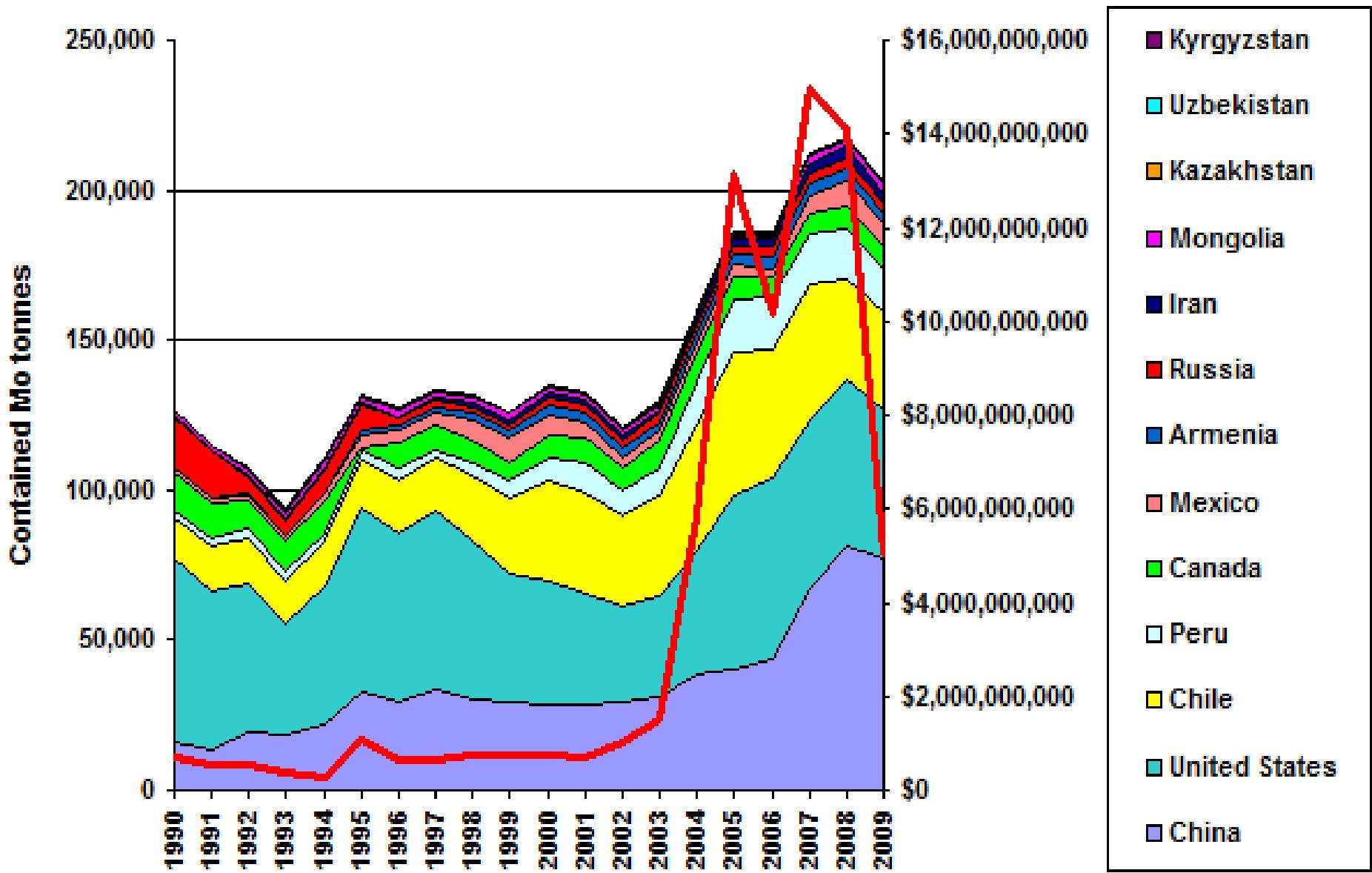


Source: EC Commission – The Raw Materials Initiative

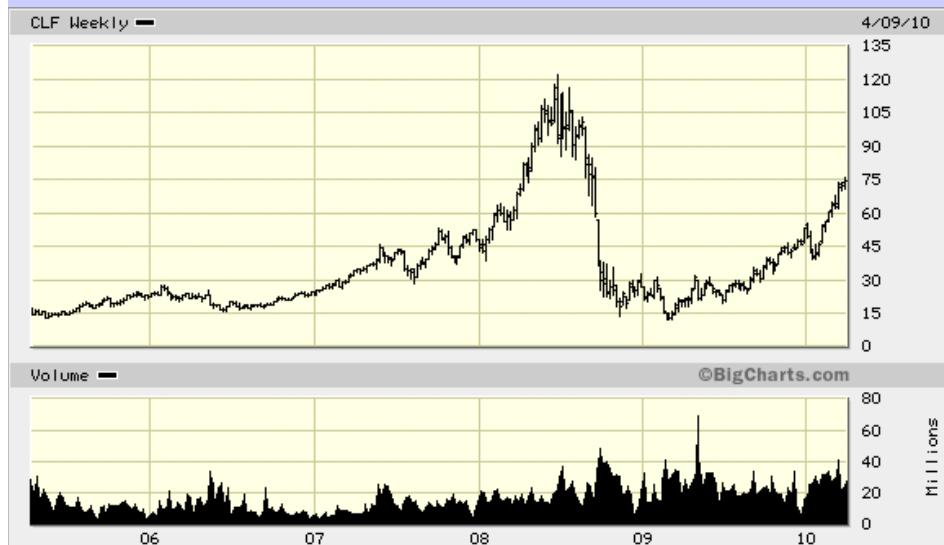
Annual Molydenum Production

Production Data Source: USGS

Annual Production Value based on average annual MoO₂ price



Cliffs Natural Resources Inc



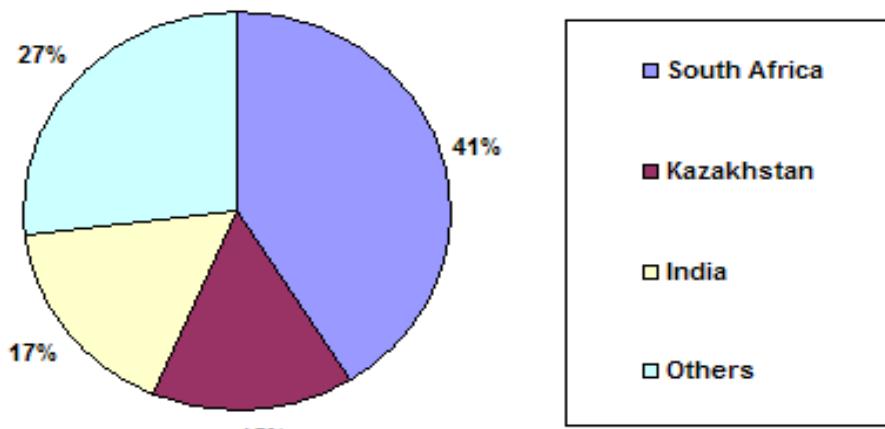
- NYSE listed producer of iron ore pellets and coking coal
- 2008 revenues of \$3.6 billion
- Significant NA operations
- Supplies US steelmakers
- Market capitalization of \$5 billion
- Bought Freewest's chromite asset via takeover bid of 0.020106 CLF share for 1 FWR share

Freewest Resources Canada Inc



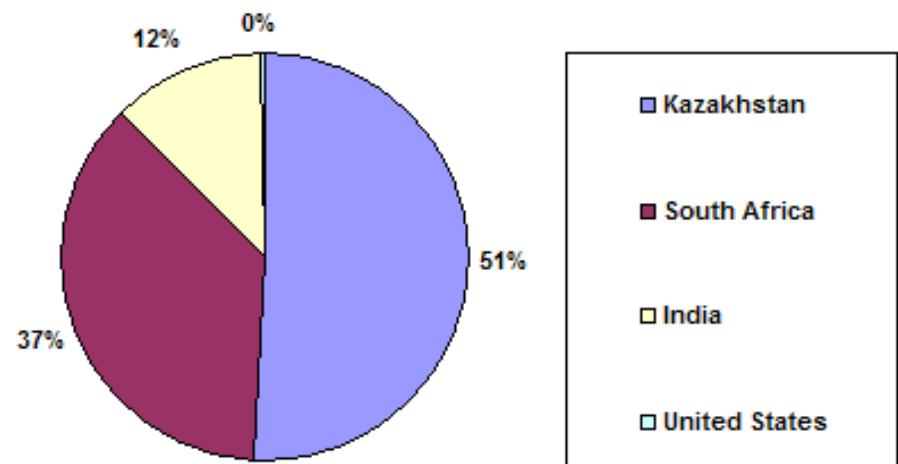
- TSXV listed resource exploration junior, 244 M FD, closed at \$0.89 on Jan 28, 2010
- Buyout value \$217 million on closing, \$369 million at US \$75/sh CLF today
- Owns 100% of Black Thor chromite discovery and 40% of Big Daddy in northern Ontario
- 122 million tonne open-pittable footprint, grade range 27.8%, below South African standard of 40%+
- Estimated \$1.5 billion capital cost

Global Chromite Production
2009e Total: 23.4 million tonnes
\$3.5 billion at \$150/t Cr₂O₃ ore



Source: USGS 2010

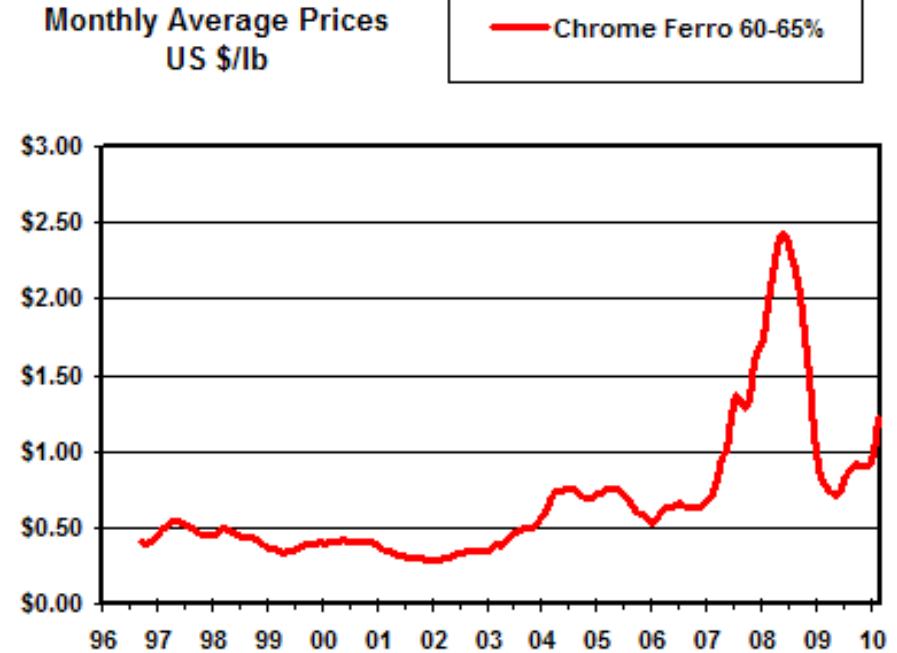
Global Chromite Resource
2009 Total: 355 million t
\$53 billion at \$150 / t Cr₂O₃ ore

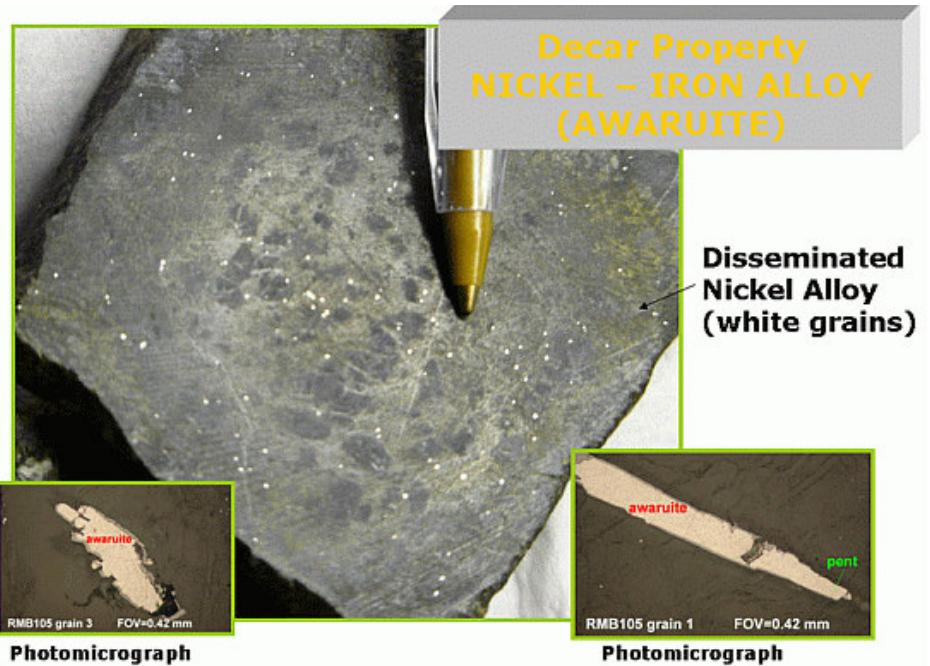


Source: USGS 2010

- Global reserve base “sufficient to meet conceivable demand for centuries” (USGS)
- China lacks chromite resource
- US has 54% import reliance, rest comes from recycling
- No substitute for chromium in stainless steel production
- South Africa wants to restrict chromite ore export, dominant producer of ferro chrome, energy problems

Monthly Average Prices
US \$/lb



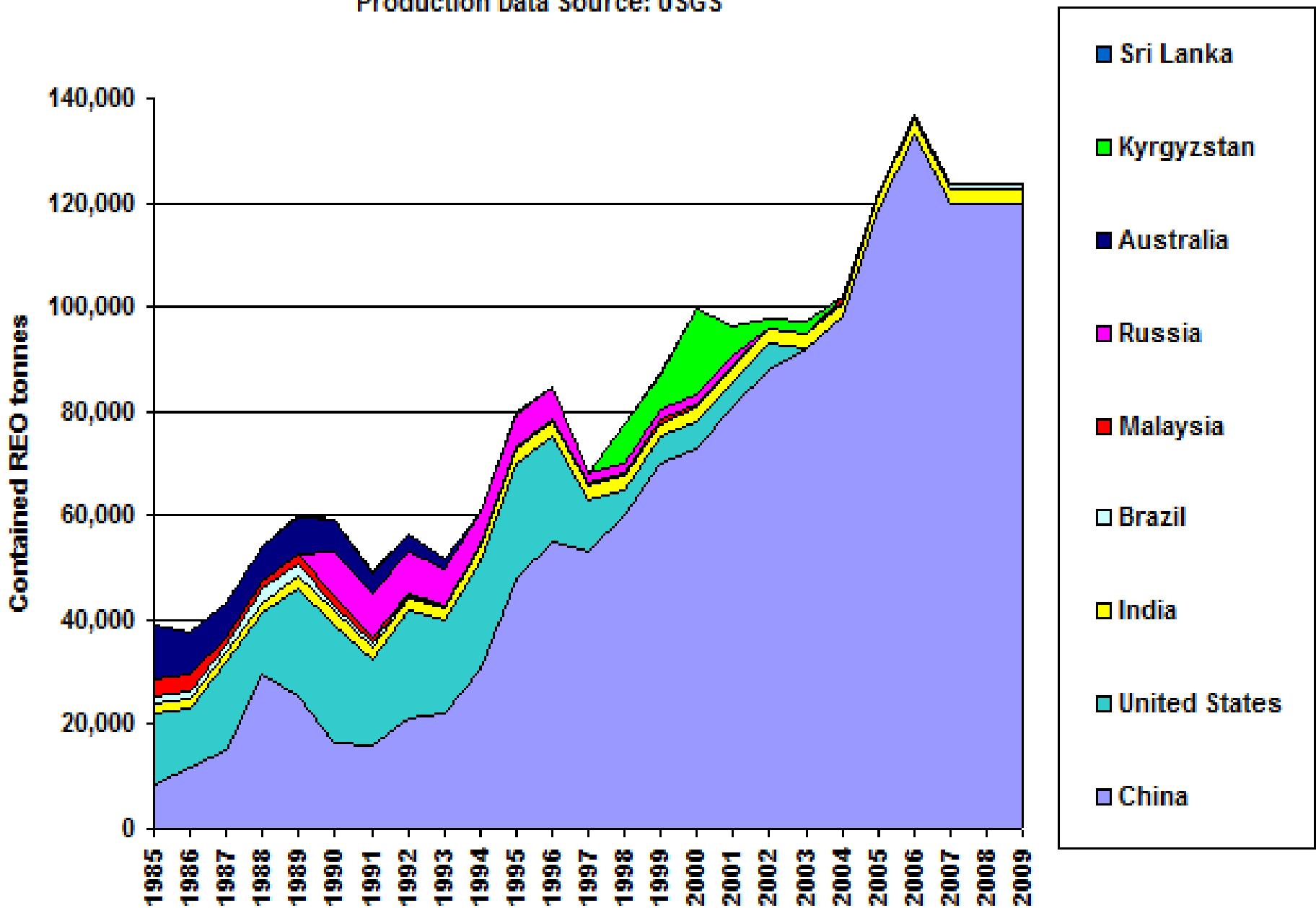


Two Different Strategic approaches to nickel

| Project Resource Estimate - Mayaniquel - saprolite | | | | | | | |
|--|------------|----------------------------|------------------|--------|----------|-----------------|----------|
| Resource Category | Tonnage | Total Rock Value | Metal | Grade | Recovery | Contained Metal | % of GMV |
| Indicated Resources | 11,230,000 | \$335/t | Nickel | 1.570% | 100.0% | 388,692,681 lb | 100% |
| Inferred Mineral Resources | 17,000,000 | \$312/t | Nickel | 1.460% | 100.0% | 547,178,131 lb | 100% |
| All Categories Spot | 28,230,000 | \$321/t | Nickel | 1.504% | | 935,870,811 lb | 100% |
| All Categories LTA | 28,230,000 | \$366/t | Nickel | 1.504% | | 935,870,811 lb | 100% |
| Spot Gross Metal Value | | Market Cap as % of Net GMV | Spot Prices Used | | | | |
| \$9,068,588,161 | | 0.9% | Nickel \$9.69/lb | | | | |

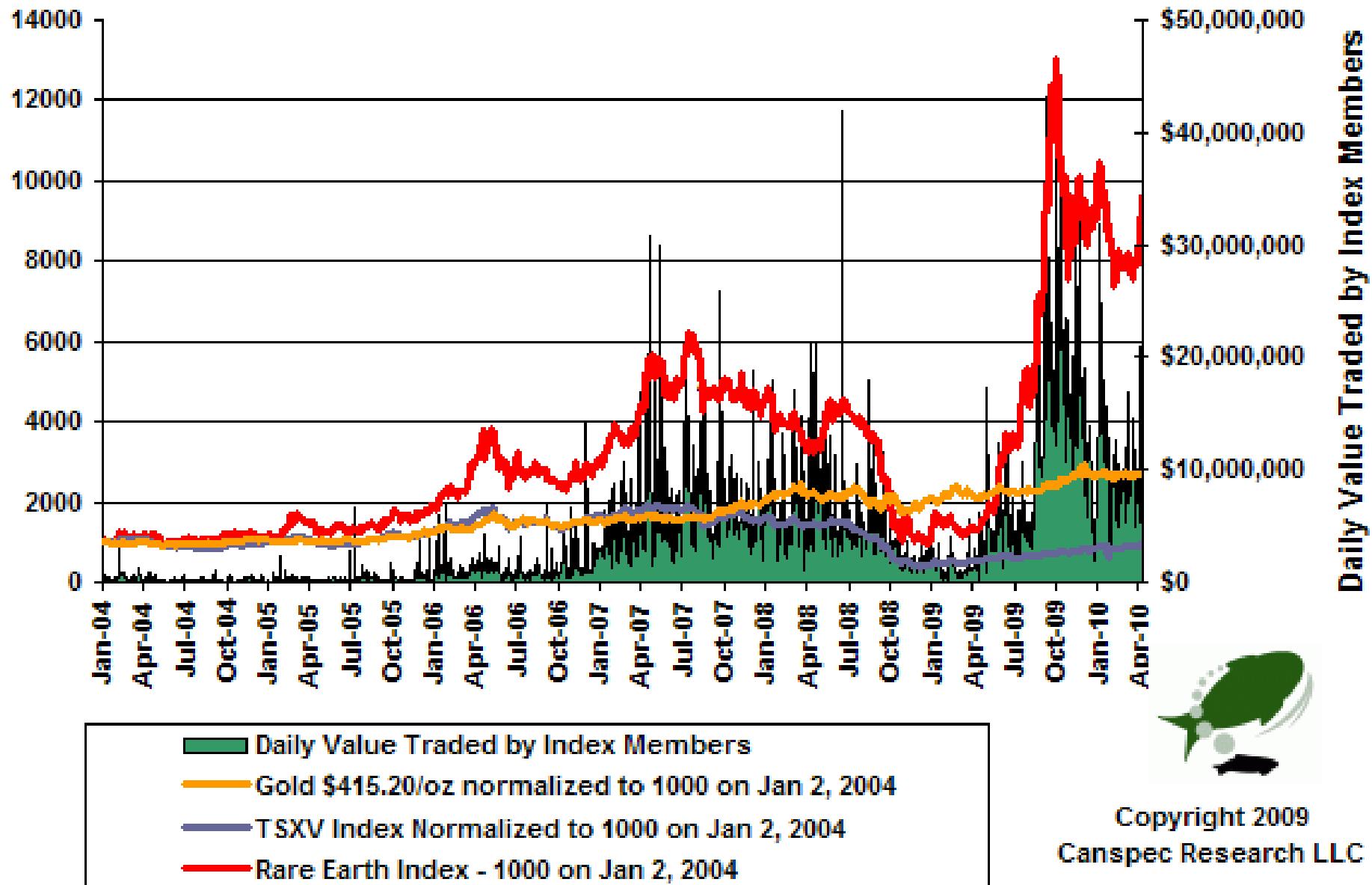
Annual Rare Earth Oxide Production

Production Data Source: USGS



KBFO Rare Earth Index

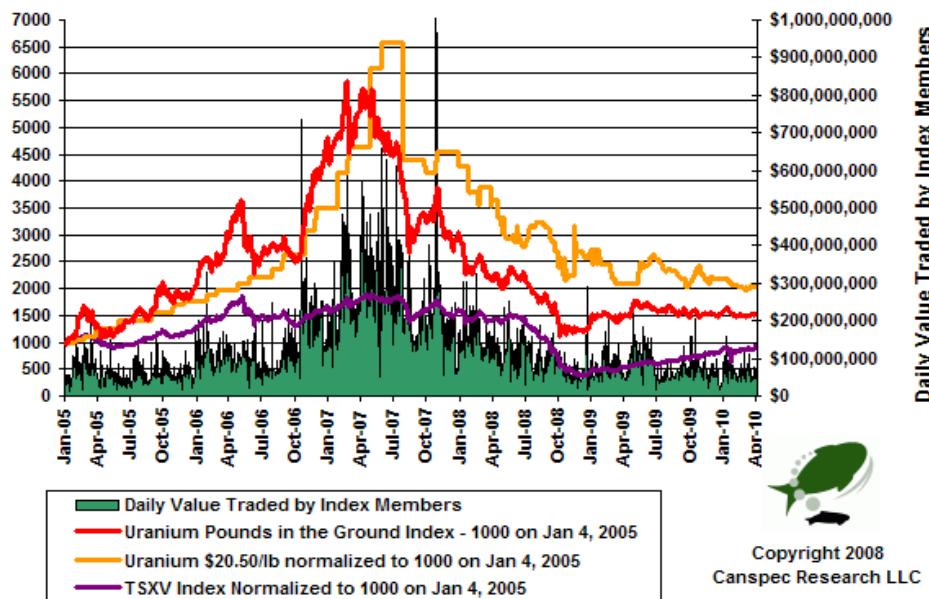
April 9, 2010



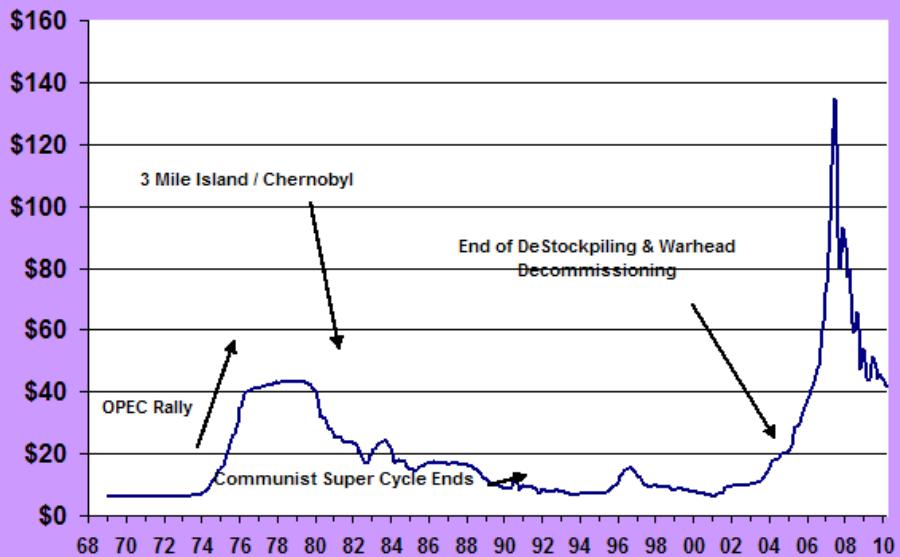
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Canspec Research LLC

Uranium Pounds in the Ground Index

April 9, 2010

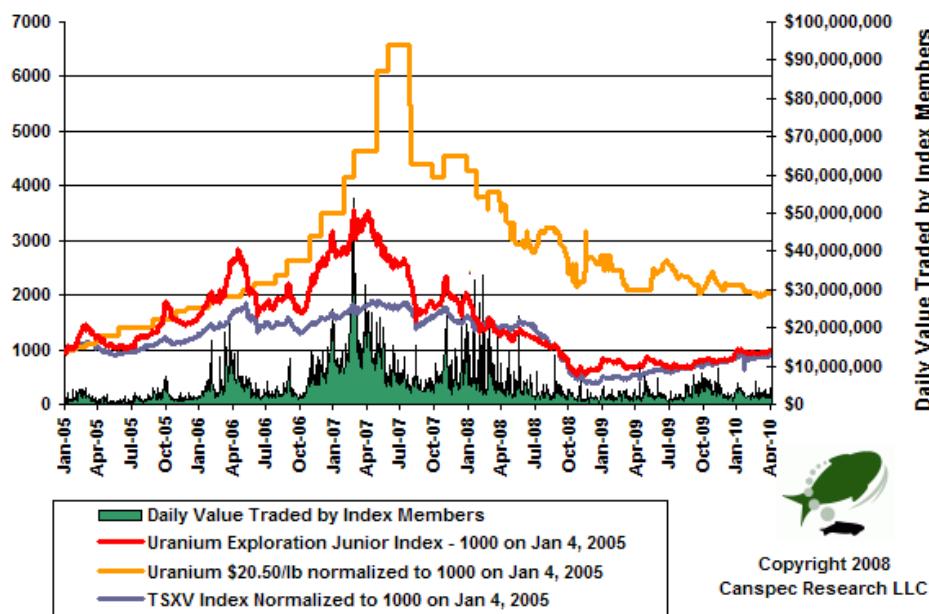


Average Monthly Uranium US \$/lb U3O8



Uranium Exploration Junior Index

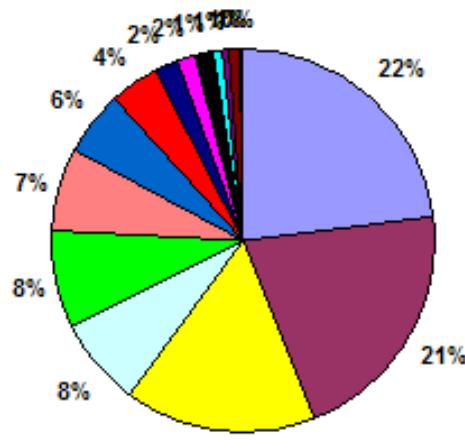
April 9, 2010



Global Uranium Production

2007 Total: 91 million lbs (U3O8)

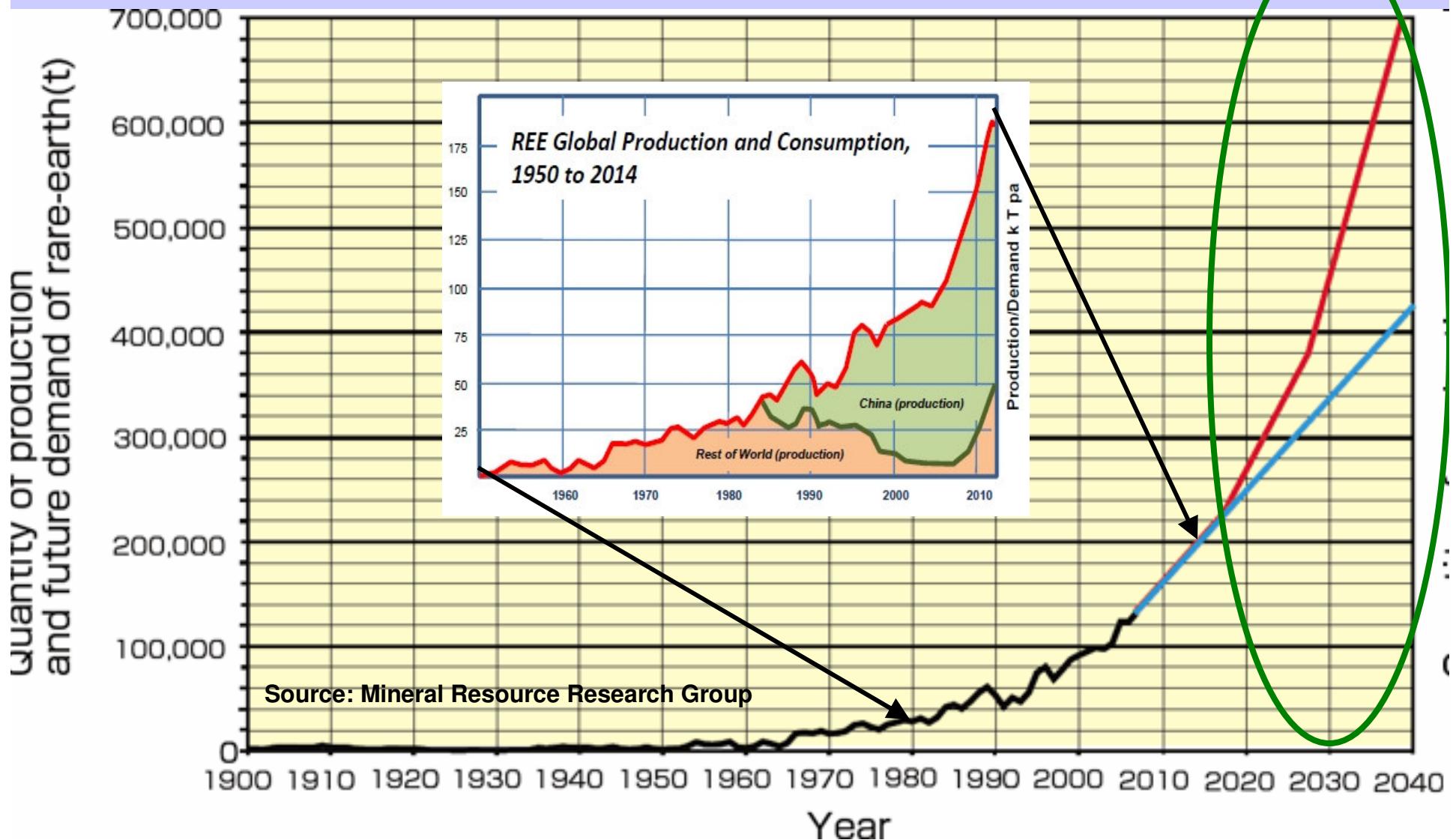
\$6 billion at \$66 / lb



Source: World-Nuclear.org

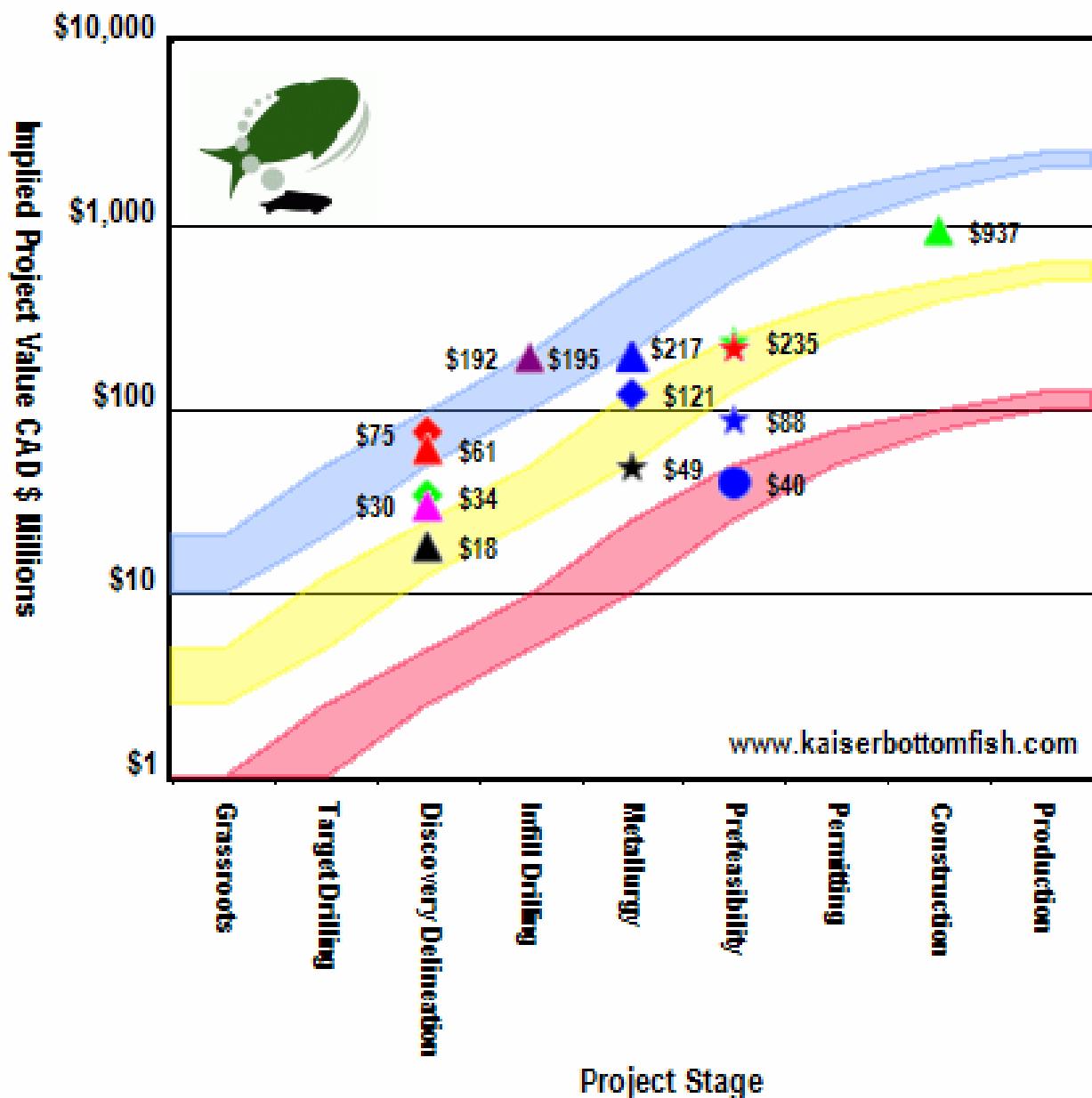
- Canada
- Australia
- Kazakhstan
- Niger
- Russia
- Namibia
- Uzbekistan
- United States
- Ukraine
- China
- South Africa
- Czech Republic
- Brazil
- India
- Others

It's not the rare earth demand growth in the next 5 years that is the critical issue today, but the demand growth 5 years and beyond when clean tech really scales up.



Rare Earth Index Project Valuations

Friday, April 09, 2010



Dream Target Channels

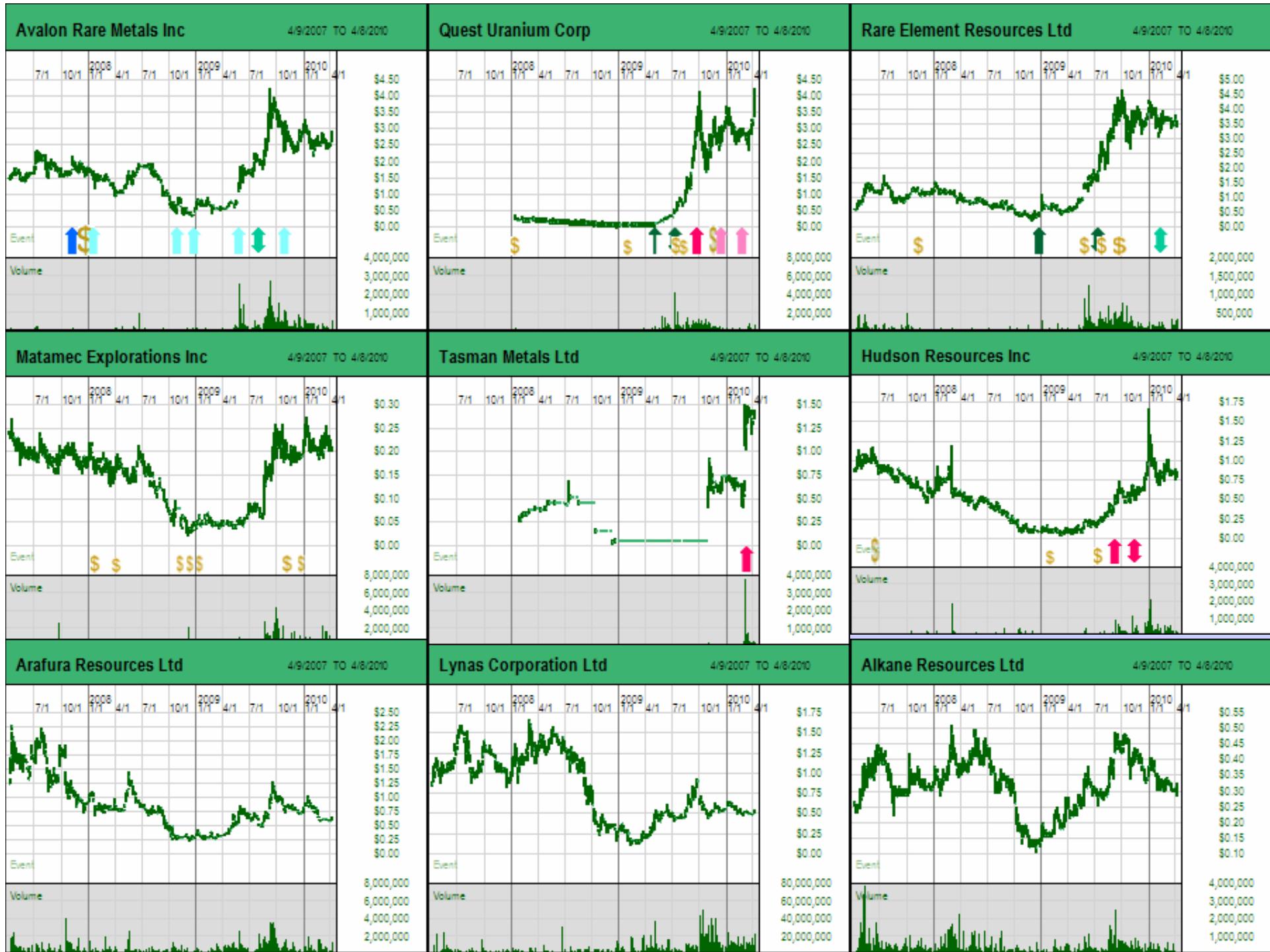
- \$100 million Dream Target
- \$500 million Dream Target
- \$2 billion Dream Target

Key Company Projects

- Alkane - Dubbo
- Arafura - Nolans Bore
- Avalon - Nechalacho
- Great Western - Hoidas Lake
- Greenland Minerals - Kvanefjeld
- Hudson - Sarfartoq Carbonatite
- Lynas - Mt Weld
- Matamec - Zeus-Kipawa
- Quest Uranium - Strange Lake
- Rare Earth Metals - Clay-Howells
- Rare Element - Bear Lodge
- Tasman Metals - Norra Karr
- Ucore - Bokan - Dotson Ridge
- Stans Energy - Kutessay II

\$60 billion TREO in
the ground, \$2 billion
market cap

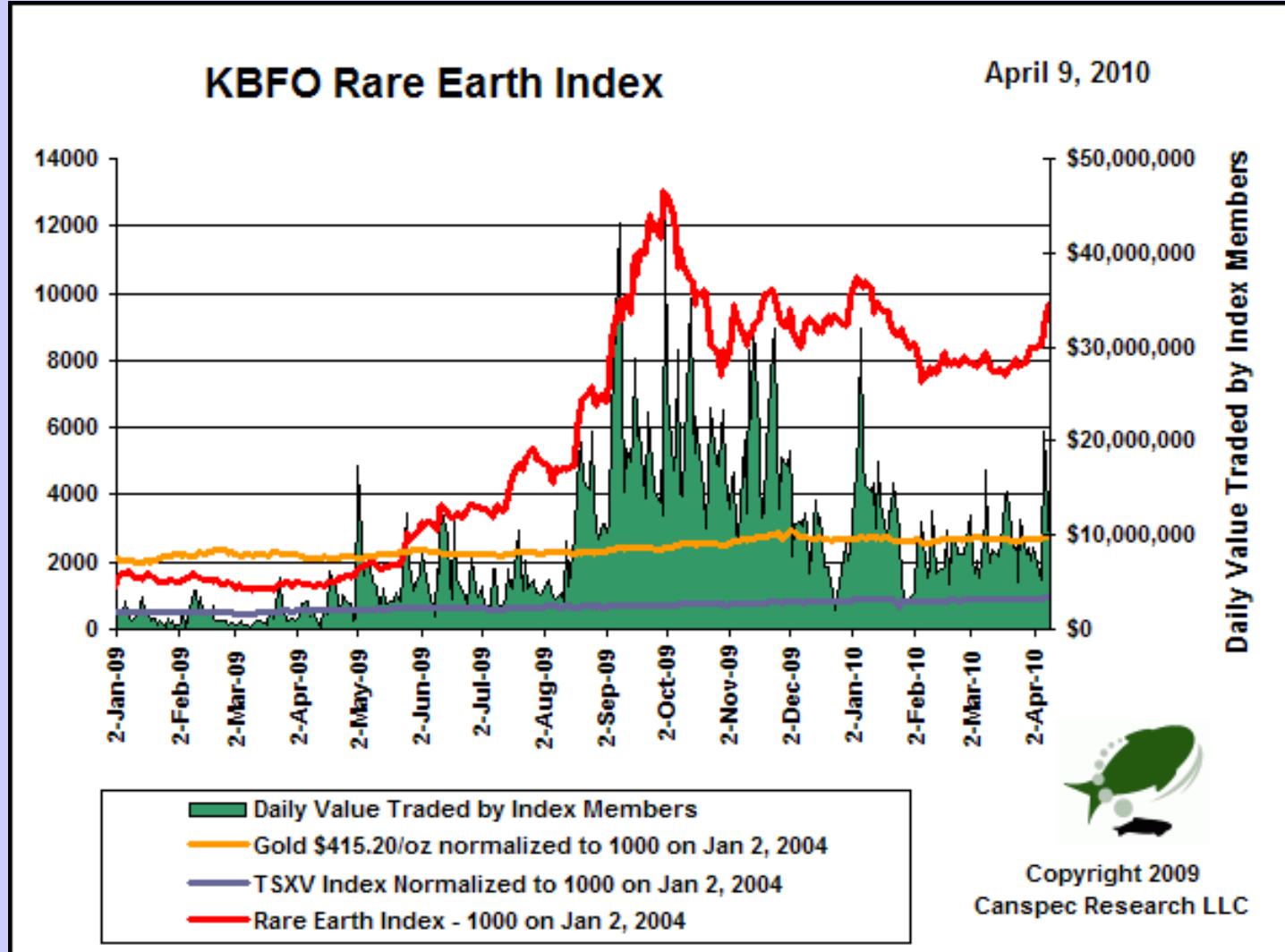
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And what happens to the world's rare earth supply if China does indeed crash and burn?



James Chanos: China is in a Bubble



Thank You
www.KaiserBottomfish.com