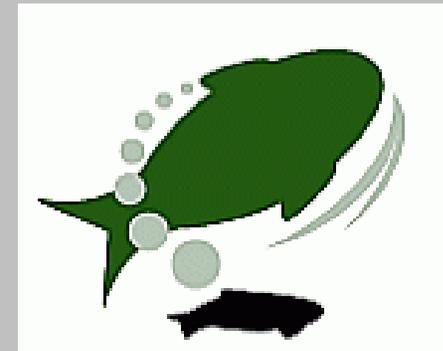


# **2013 Calgary Energy & Resource Investment Conference**

**Calgary, Canada**

**April 6, 2013**

**Presented by John Kaiser**



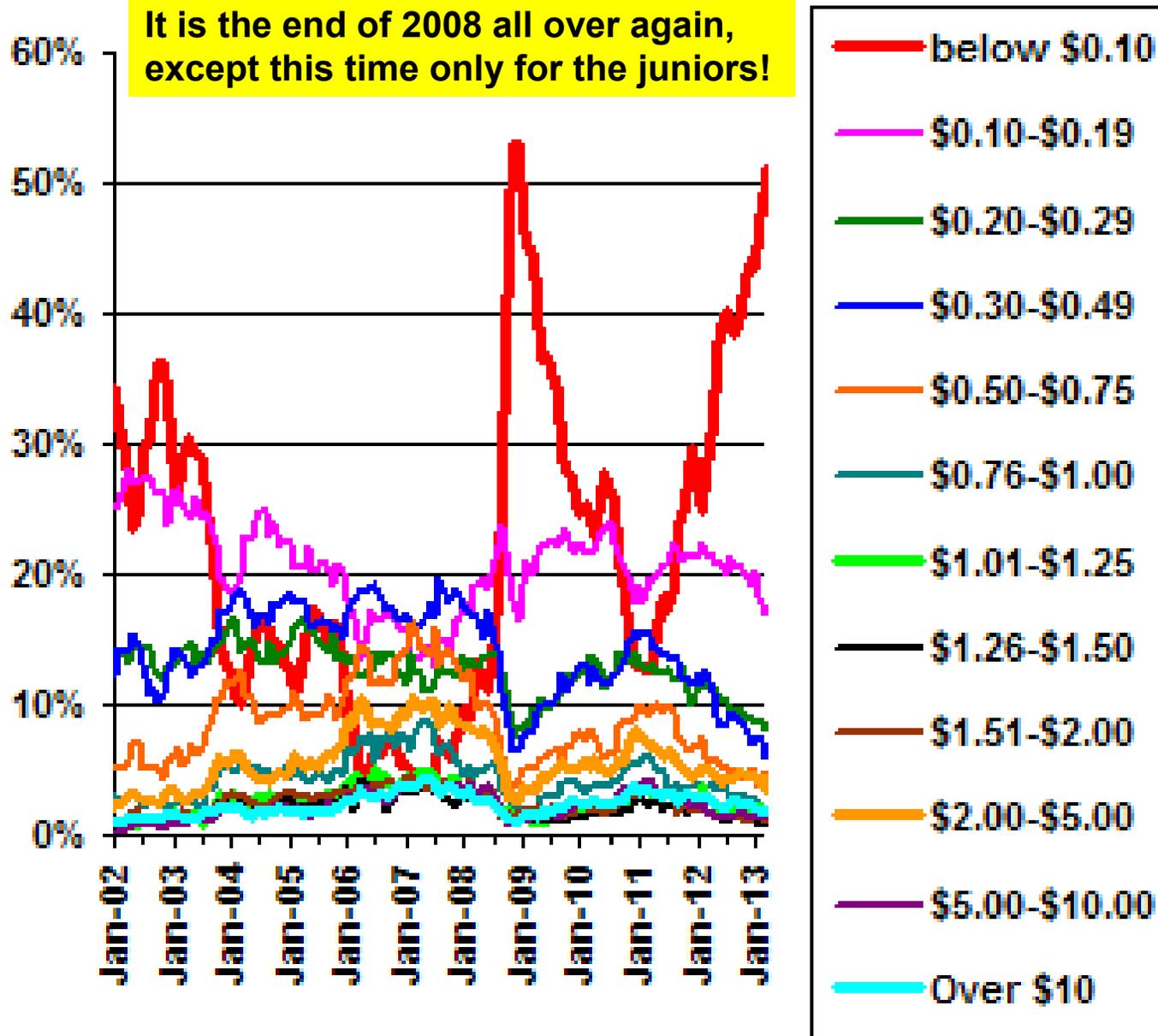
**Keynote: Is a Resurgent America  
good for Gold?**

**[www.KaiserResearch.com](http://www.KaiserResearch.com)**

# KRO Price Range Distribution

1,802 Companies as of 4/4/2013

It is the end of 2008 all over again, except this time only for the juniors!



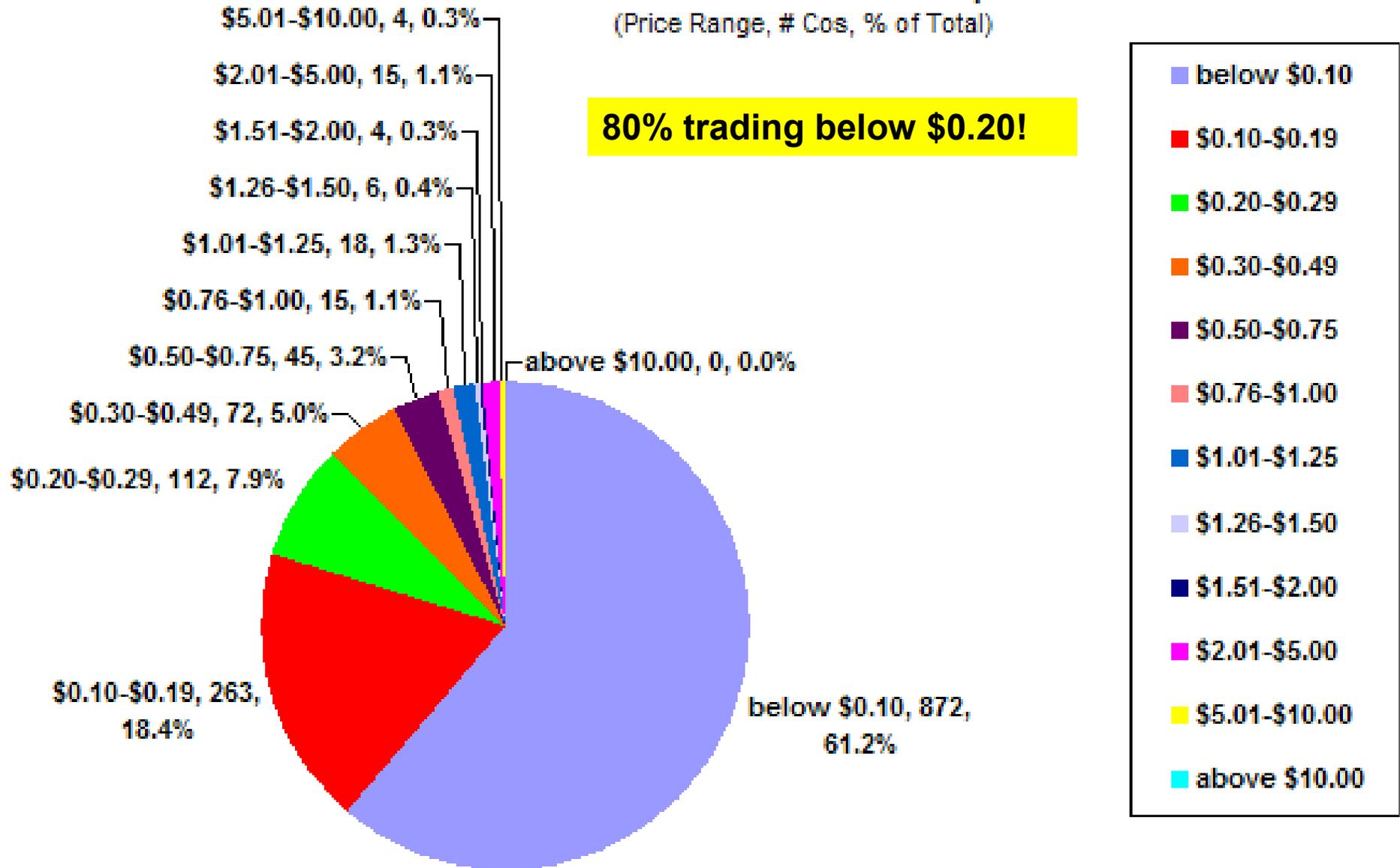
# 1426 Price Range Breakdown

Active TSXV-listed KRO Companies

April 4, 2013

(Price Range, # Cos, % of Total)

**80% trading below \$0.20!**

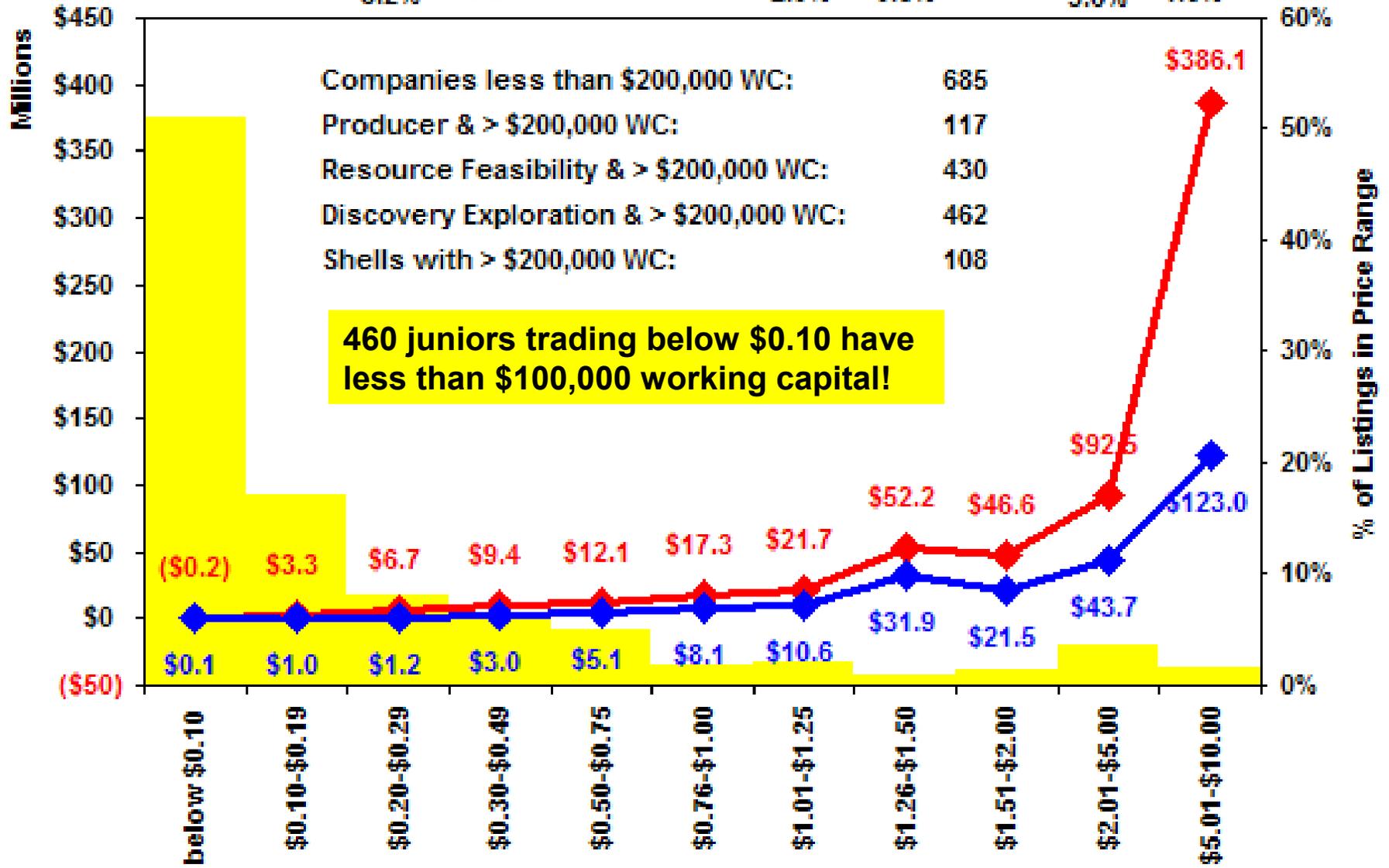


# KRO Price Range - Working Capital Distribution

■ % of Listings  
◆ Avg Working Capital  
◆ Median Working Capital

1,802 All Companies as of April 4, 2013

51.1% 17.1% 8.2% 5.8% 4.9% 1.8% 2.0% 0.8% 1.4% 3.6% 1.6%



**460 juniors trading below \$0.10 have less than \$100,000 working capital!**

Companies less than \$200,000 WC:	685
Producer & > \$200,000 WC:	117
Resource Feasibility & > \$200,000 WC:	430
Discovery Exploration & > \$200,000 WC:	462
Shells with > \$200,000 WC:	108

# Catastrophic failure threatens an institution

Fighting For The Future Of Canadian Venture Capital

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## What Is the VFCC?

The VFCC is a Canadian organization comprising companies and individuals heavily involved in exploration, mining, and venture capital markets. They recognize there are some fundamental problems with the structure of Canadian equity markets and regulatory practices – the present system is broken. The primary reason for VFCC is to improve the ability of venture companies to finance their activities.

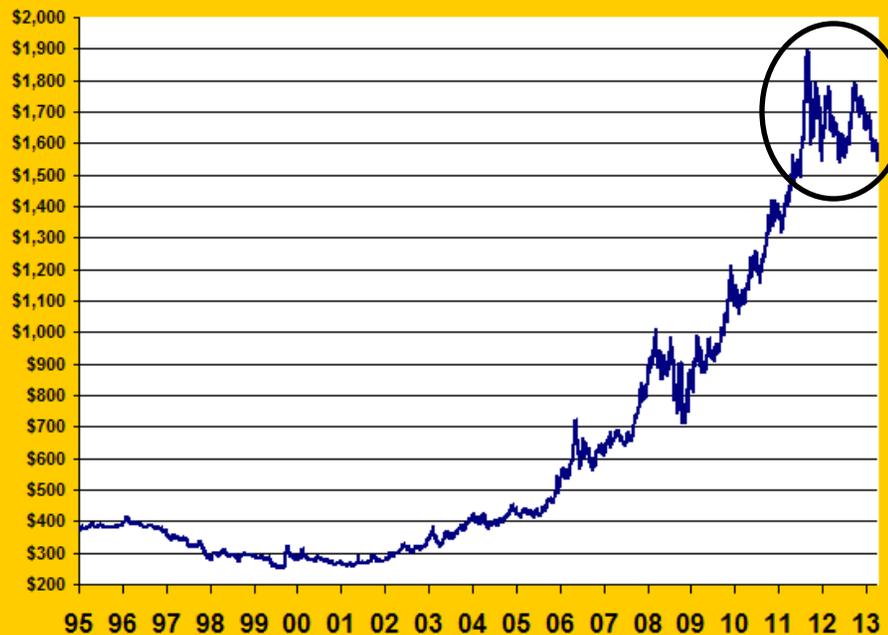
FOLLOW US!



LME Copper \$/lb



Gold \$/oz



## Metal Prices appear to be breaking down

?

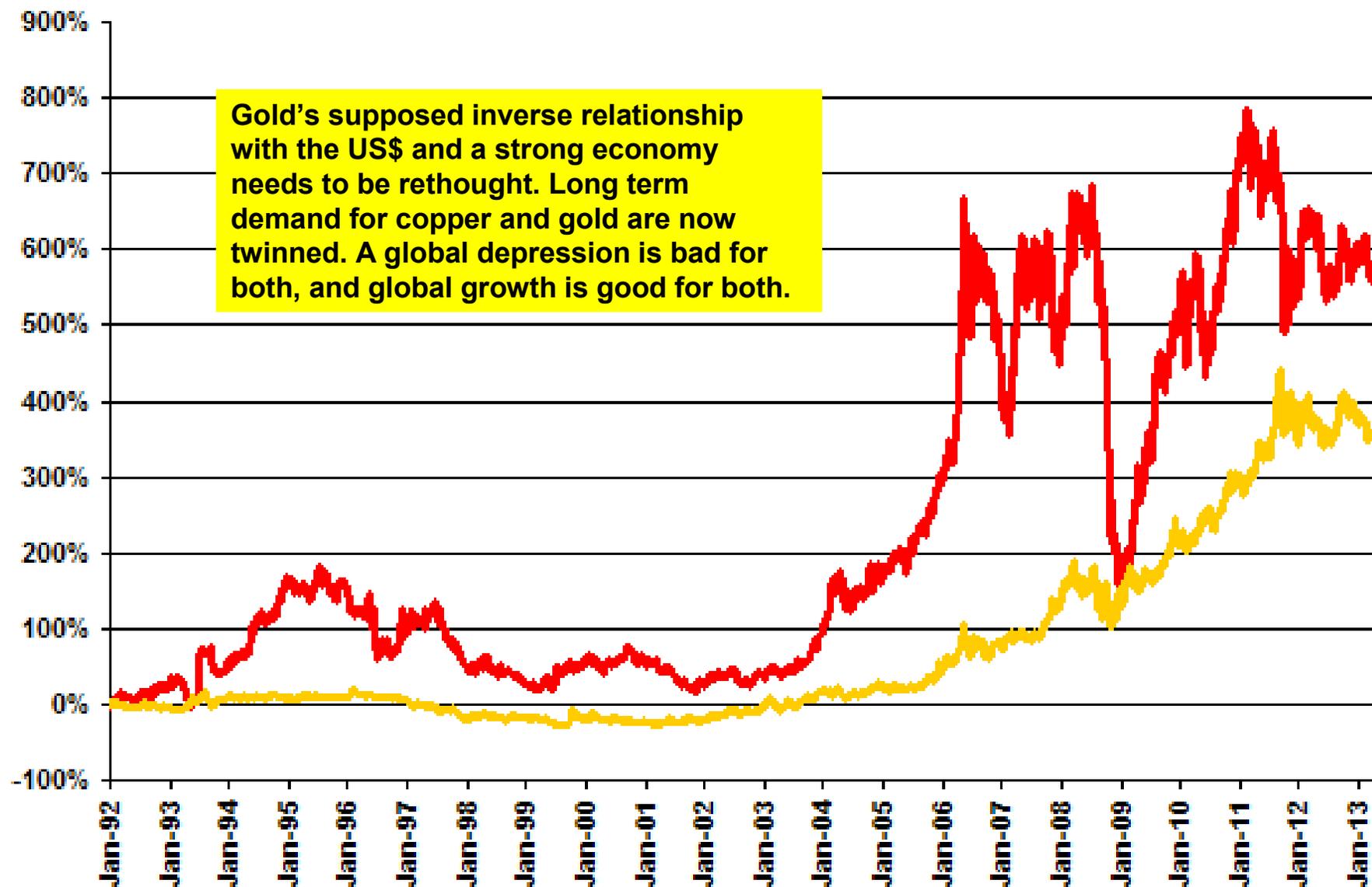
- Is China's slowdown stabilizing at 5-7% growth or heading to implosion?
- Is German and British led austerity the cure or death of the Eurozone?
- Is Washington gridlock a permanent slippery slope for the demise of the US economy and the nation itself?
- Would good news on all these fronts be a death knell for gold & silver?

?

# Gold-Copper Relative Performance

Jan 2/92 Base: \$0.52/lb Cu \$360/oz Au

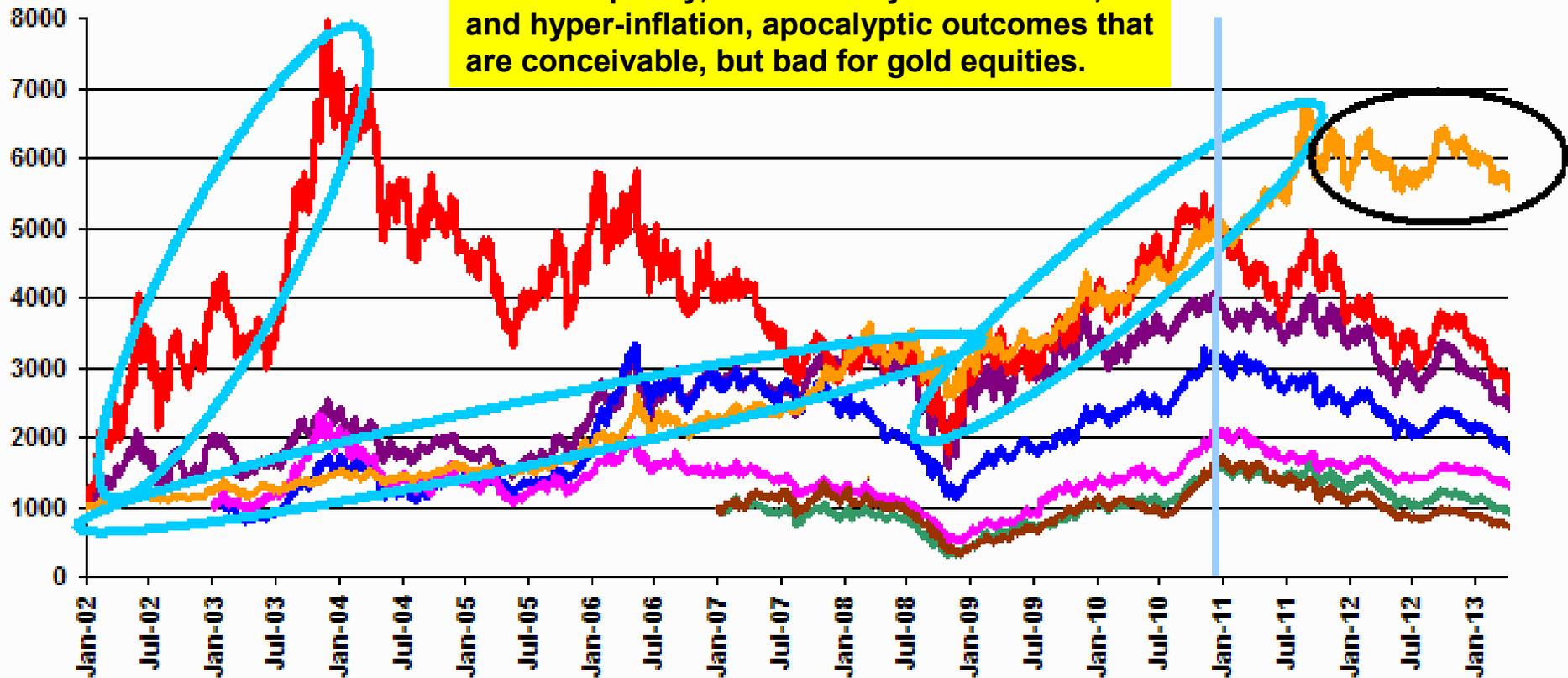
Copper  
Gold



# KRO Gold Indices

April 5, 2013

Gold equities are the victim of a misguided narrative: the ideologically driven obsession with conspiracy, fiat currency debasement, and hyper-inflation, apocalyptic outcomes that are conceivable, but bad for gold equities.



- KRO Major Gold Producer Index
- KRO Intermediate Gold Producer Index
- KRO Junior Gold Producer Index
- KRO Major Non-Producer Gold Index
- KRO Intermediate Non-Producer Gold Index
- KRO Junior Non-Producer Gold Index
- Gold \$278/oz normalized to 1000 on Jan 2, 2002



Copyright 2013  
Kaiser Research

# Gold

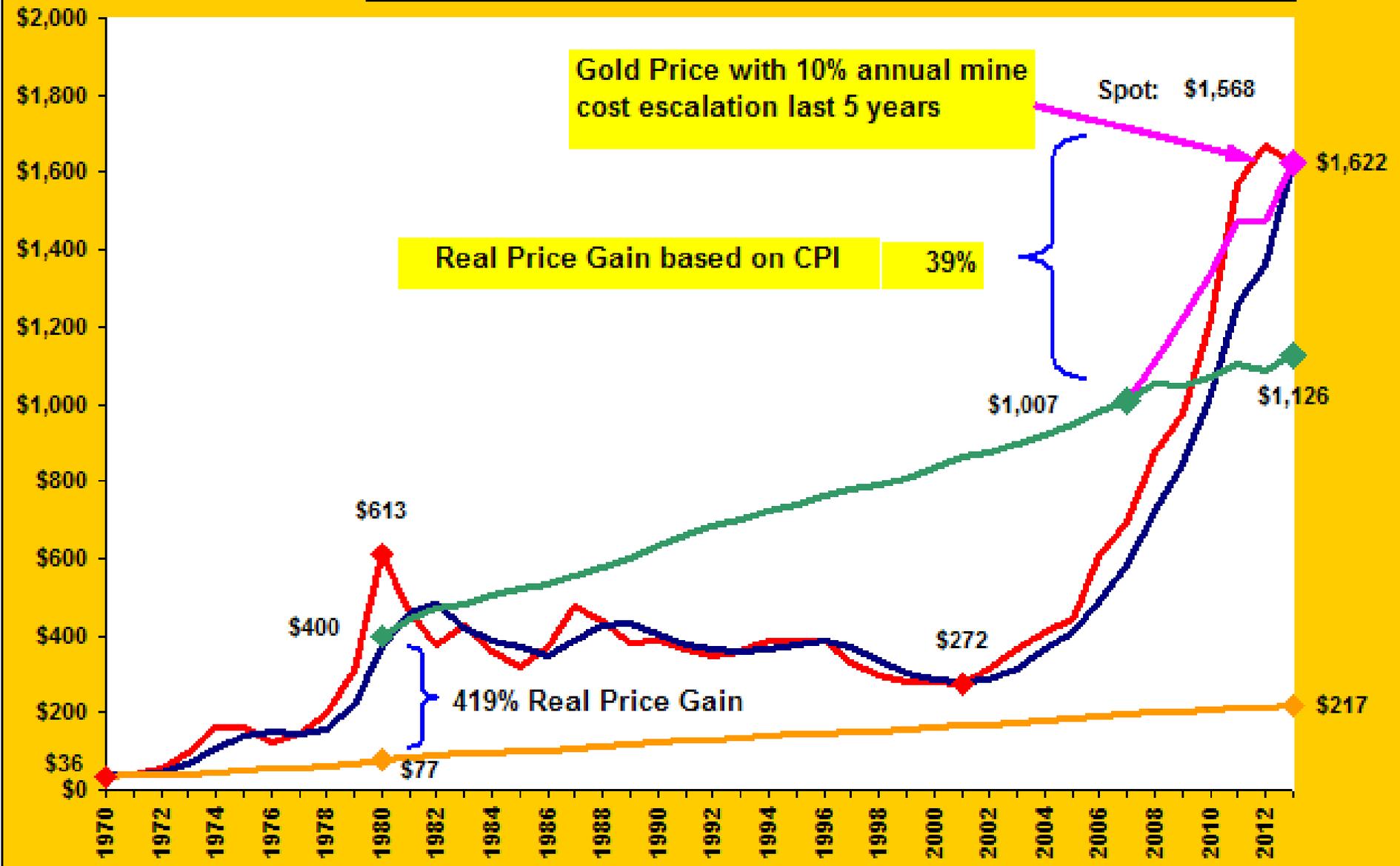
- Average Annual Gold Price \$/oz
- 3 year average - includes current year
- Gold CPI adjusted with 10% mine cost escalation 2007-2012
- Gold Price US CPI inflation adjusted from 1980 base of \$400 per oz
- Gold Price US CPI inflation adjusted from 1970 base of \$36 per oz

Gold Price with 10% annual mine cost escalation last 5 years

Real Price Gain based on CPI 39%

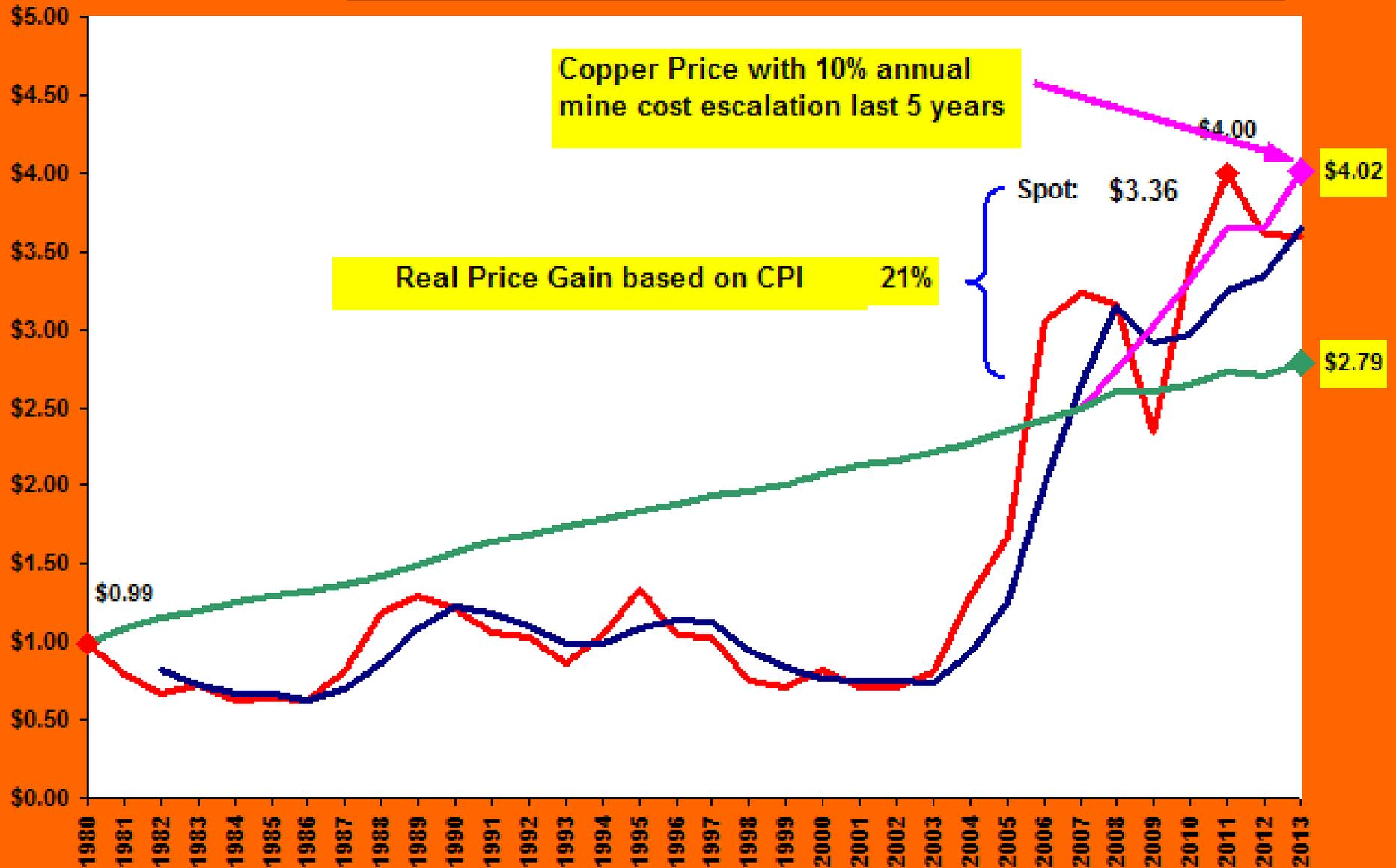
419% Real Price Gain

Spot: \$1,568

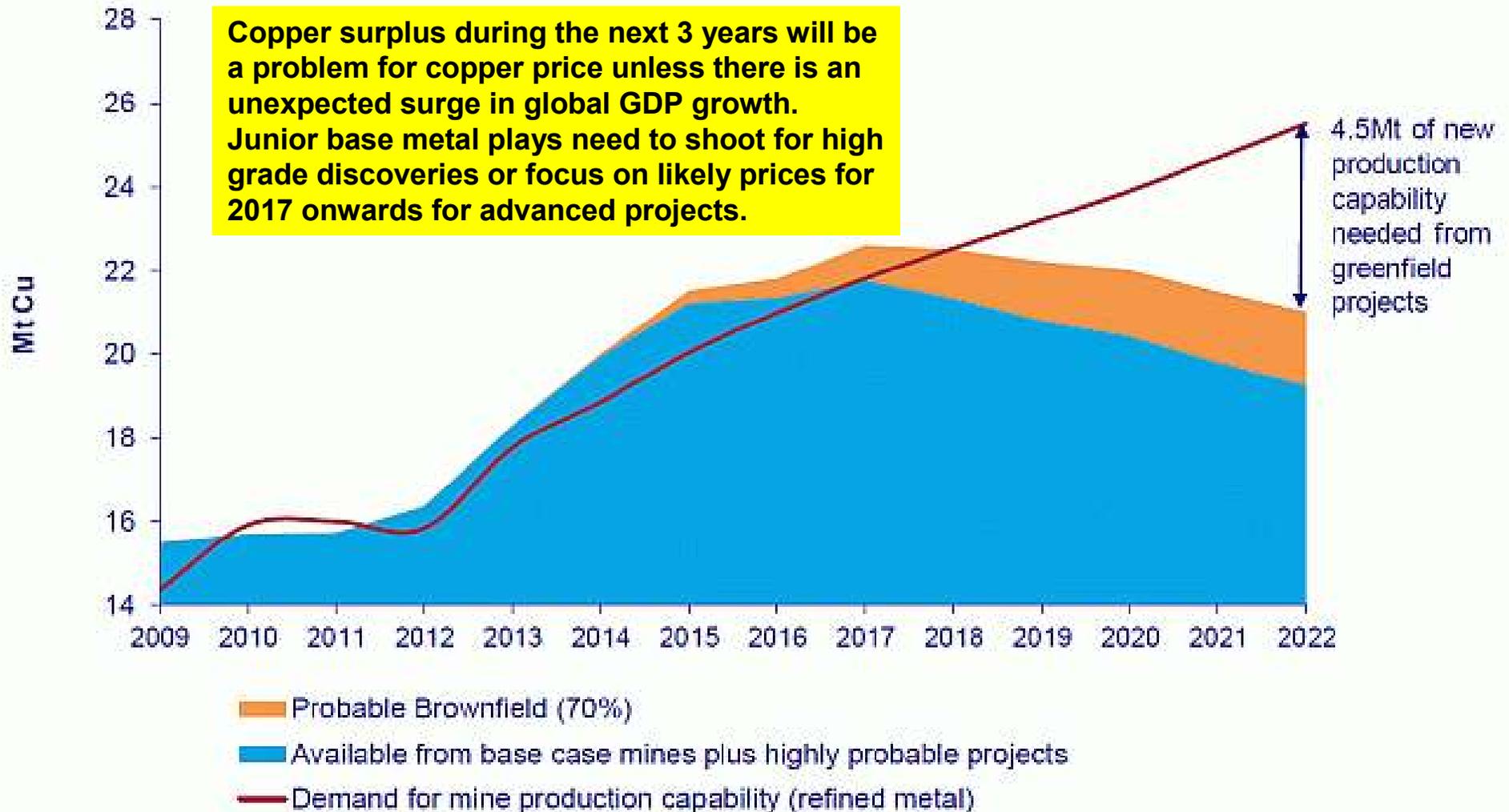


# Copper

- Average Annual Copper Price \$/oz
- 3 year average - includes current year
- Copper CPI adjusted with 10% mining cost escalation 2008-2012
- Copper Price US CPI inflation adjusted from 1980 base of \$0.99 per lb



## Demand for mined copper from new greenfield projects



Source Wood Mackenzie

# A Misconception about Gold – It is Money

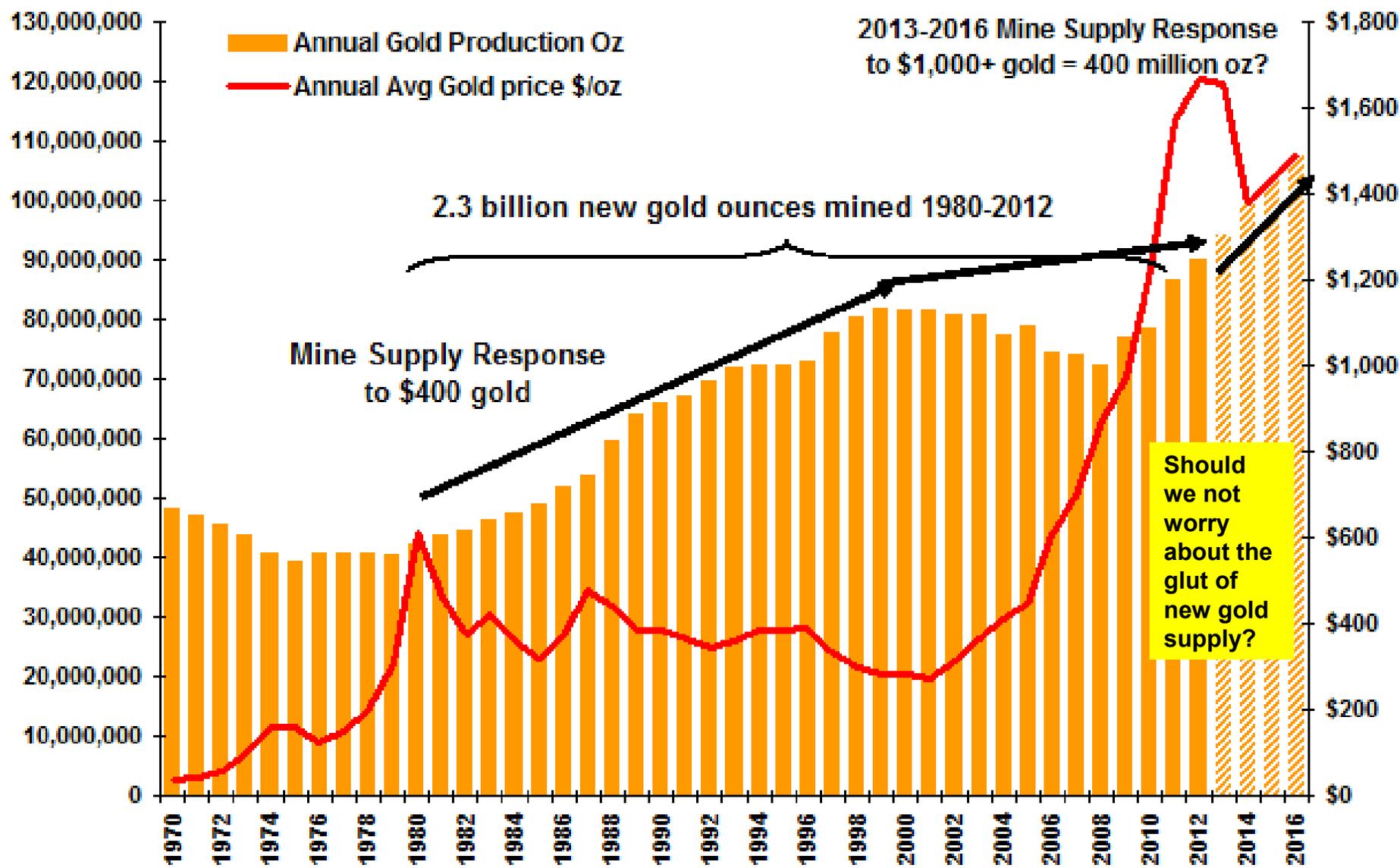
- Money is an information system that keeps track of IOU's over space and time, enabling economic exchange with unlimited growth potential. The existence of such an information system should have a very low real cost but does require a high level of trust.
- The transfer of gold in the ground into above ground gold requires a heavy energy input. Gold, which is a storehouse of energy, has served as a guarantor of money, but is not necessary as such.
- Gold's proper modern role is as a hedge against uncertainty.



**Gold – is NOT Money**

# Annual Mine Supply - Gold Ounces

(2.3 billion oz added to 3.2 billion oz stock from 1980-2012, 2013+ CPM projections)



Source: CPM

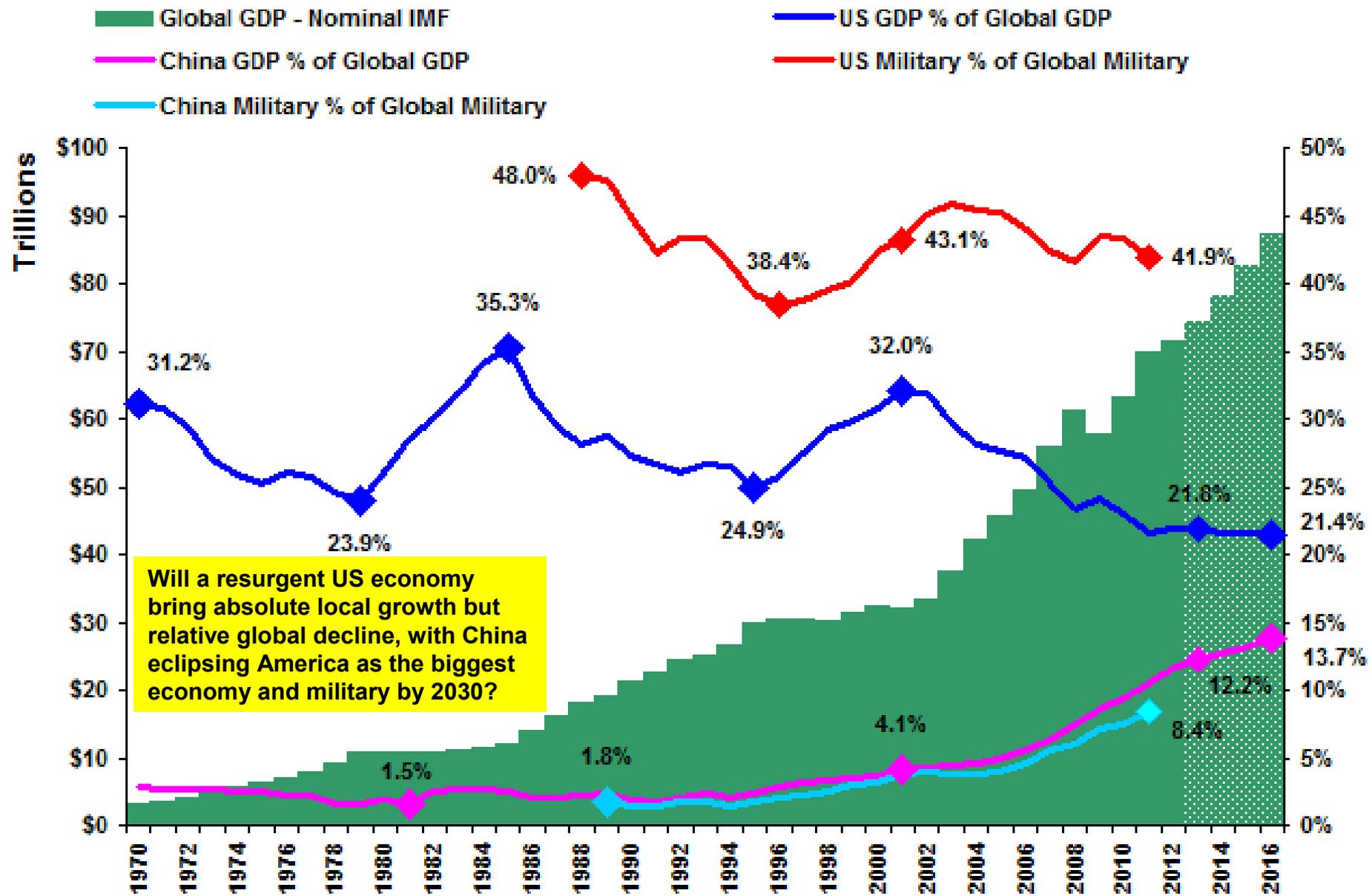
February 2013

Kaiser Research Online



# US & China Relative Percentage of Global GDP & Military Spending

(2012-2016 GDP estimates by IMF)

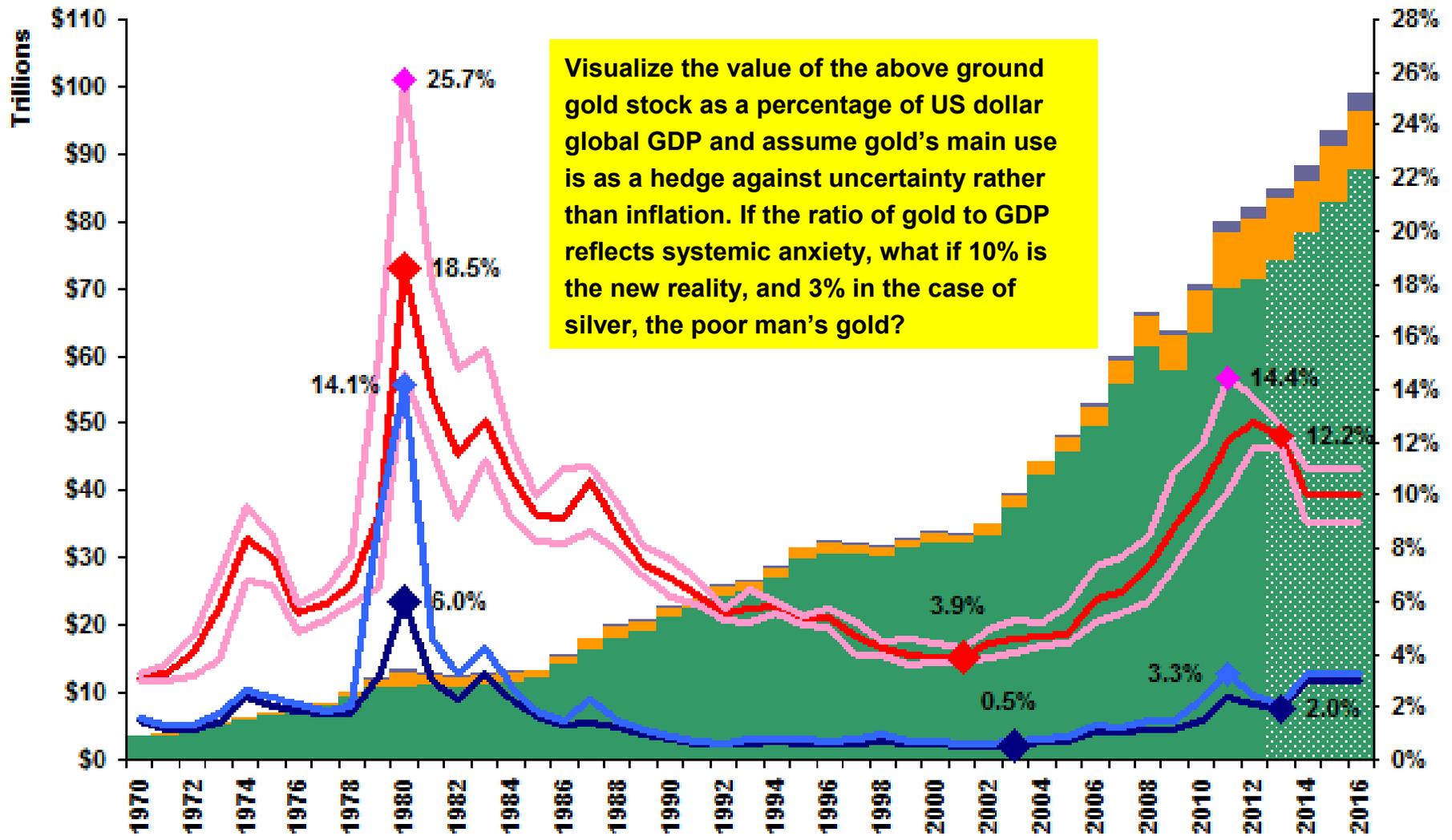
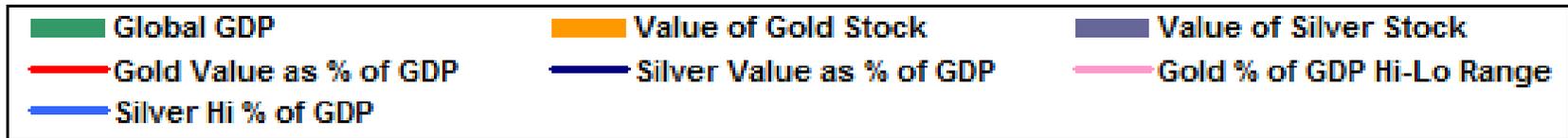


Source: IMF, SIPRI, World Bank

April 2013

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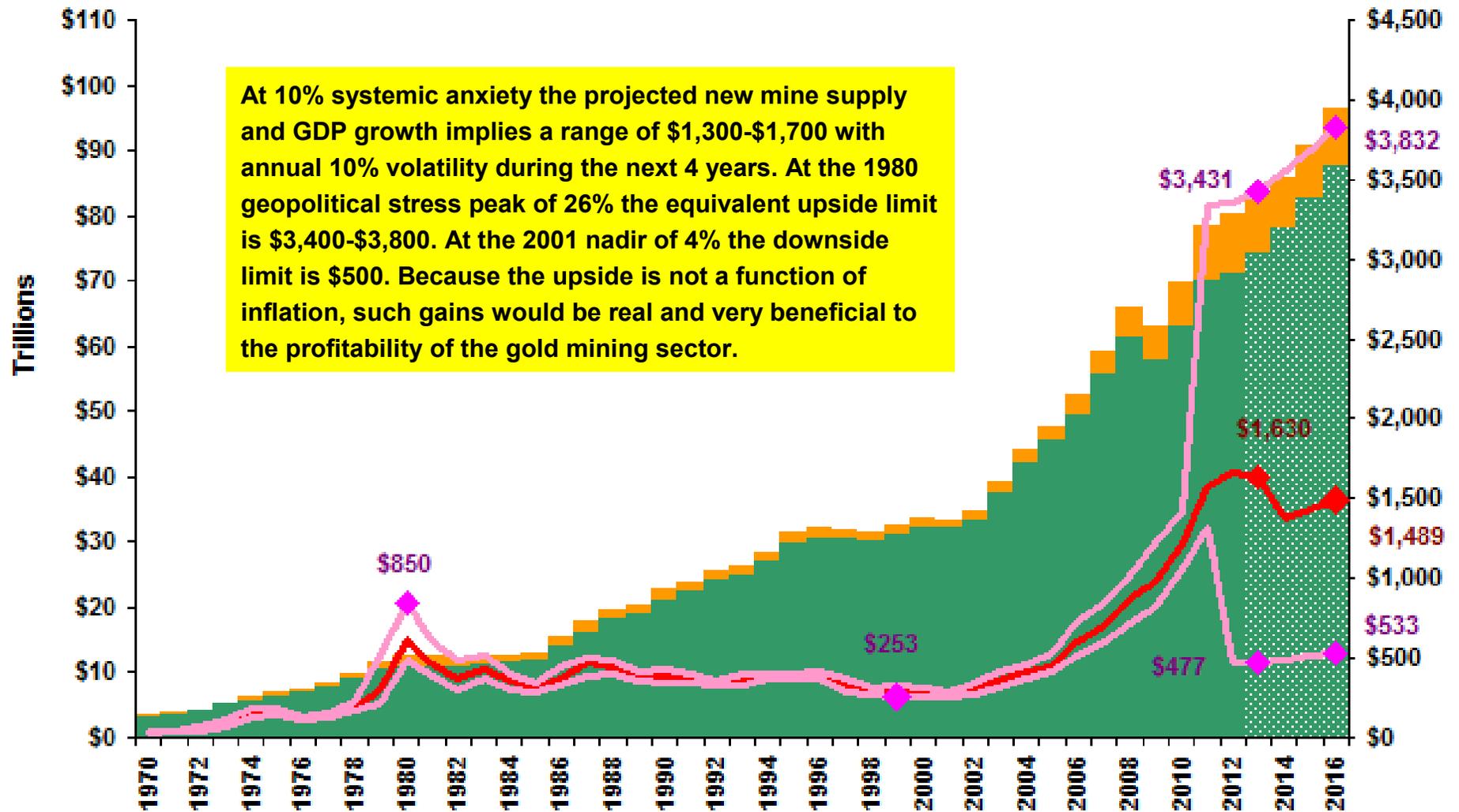
## Relationship between Global GDP and Value of Existing Gold & Silver Stock (2012 onwards GDP & Mine Supply estimated)



# Past Peak & Bottom Based Bubble & Bear Limits for Gold

(2012 onwards GDP & Mine Supply estimated)

- Global GDP
- Value of Gold Stock
- Average Gold Price
- Yearly Hi-Lo Range





# Two Important Reports that beg for a shift in the gold bug narrative!

- **Global Trends 2030: Alternative Worlds**

*(National Intelligence Council – December 2012)*

<http://globaltrends2030.files.wordpress.com/2012/12/global-trends-2030-november2012.pdf>

- **Gold, the renminbi and the multi-currency reserve system**

*(OMFIF – Official Monetary & Financial Institutions Forum on behalf of the World Gold Council – January 2013)*

<http://www.omfif.org/downloads/Gold,%20the%20renminbi%20and%20the%20multi-currency%20reserve%20system.pdf>

# US Dollar Major Currency Index

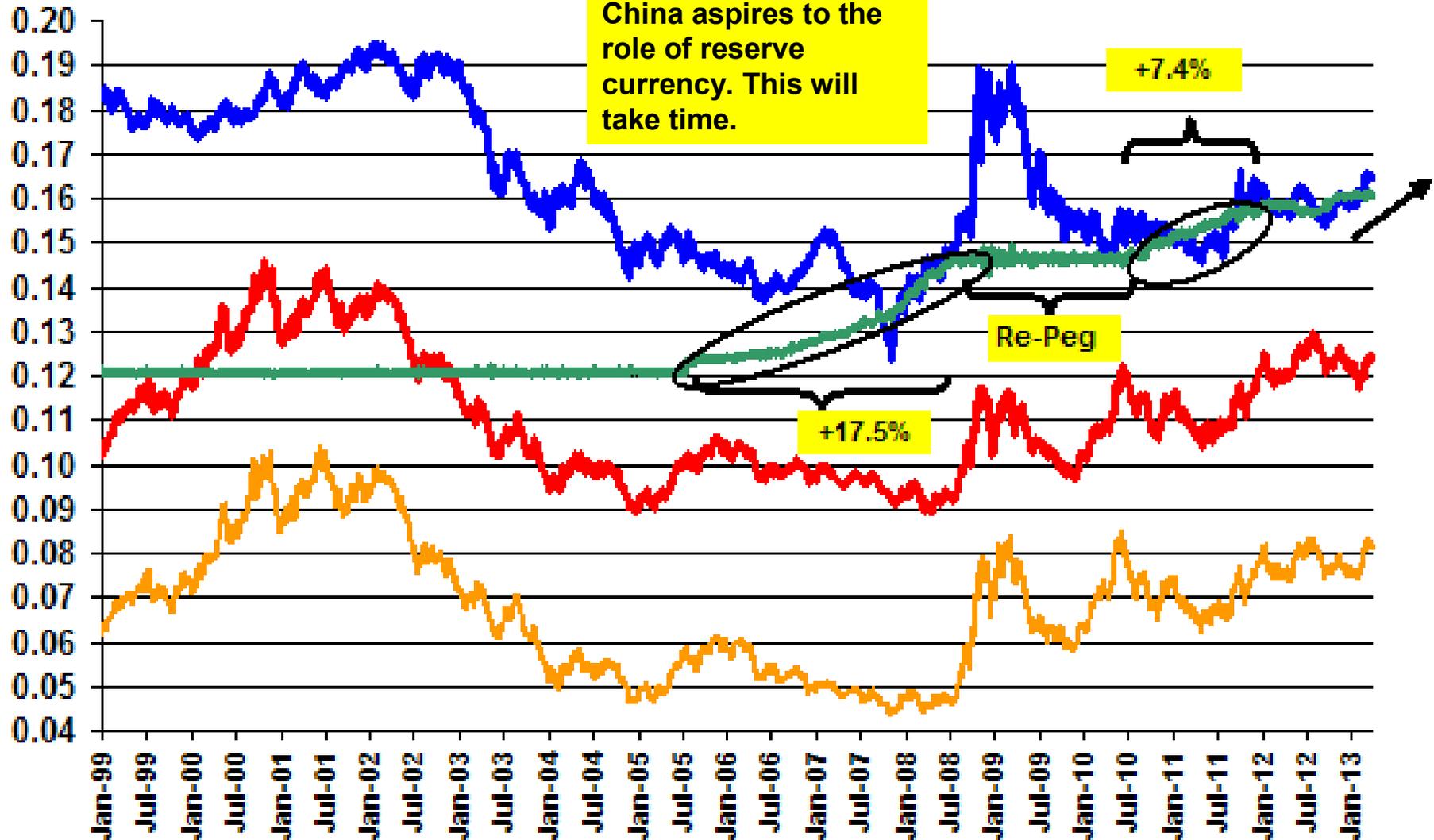
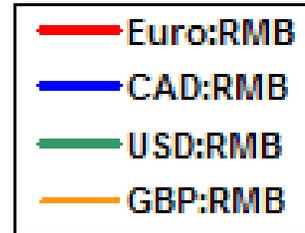
(Downtrend = weakening US \$)



The US dollar has been in an uptrend since Q2 of 2011, about when the gold equities diverged downwards from the sideways gold trend. A strong USD is supposed to be bad for gold prices.

# Currency Exchange Rates

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

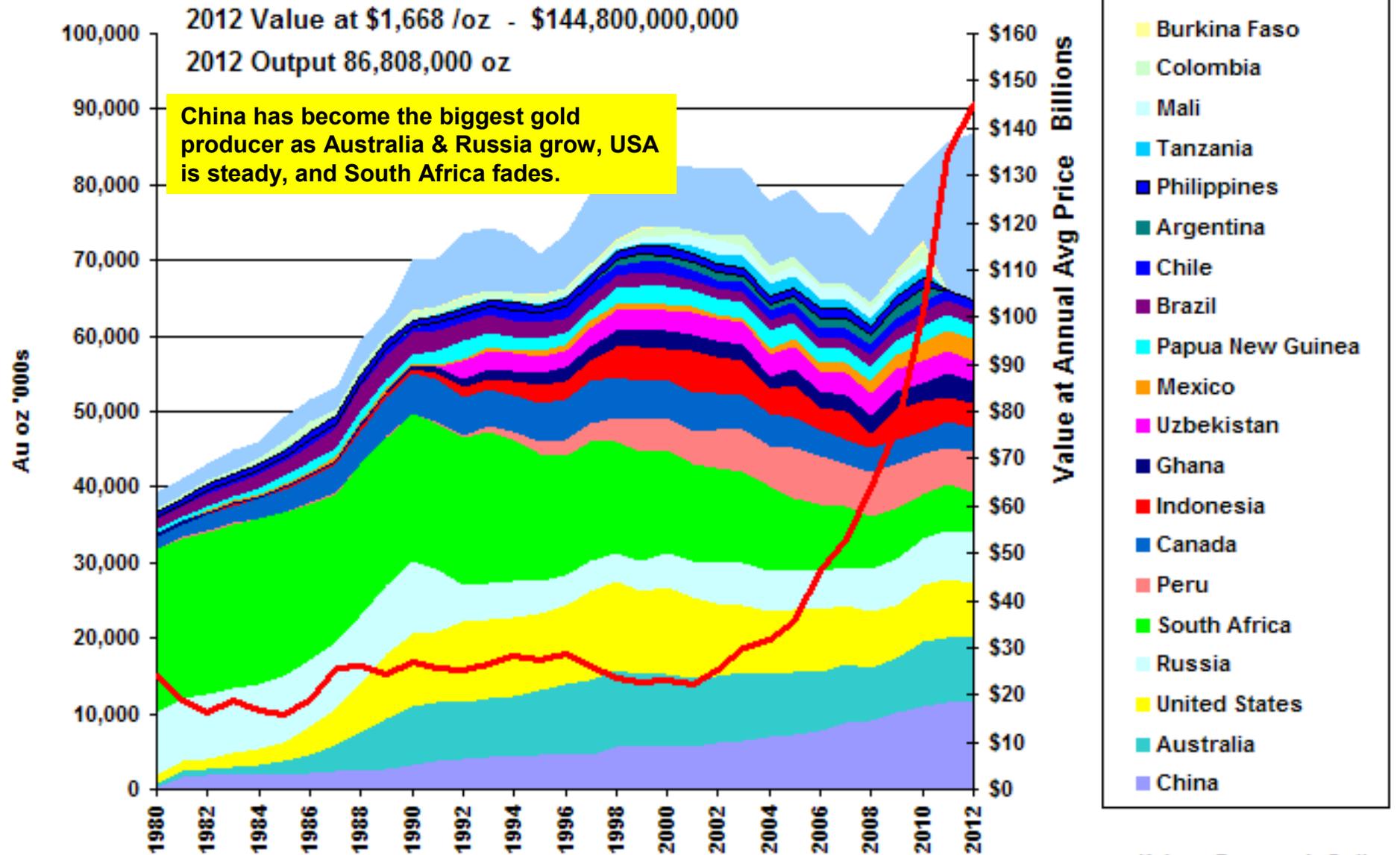




# Annual Gold Production

Production Data Source: USGS, CPM

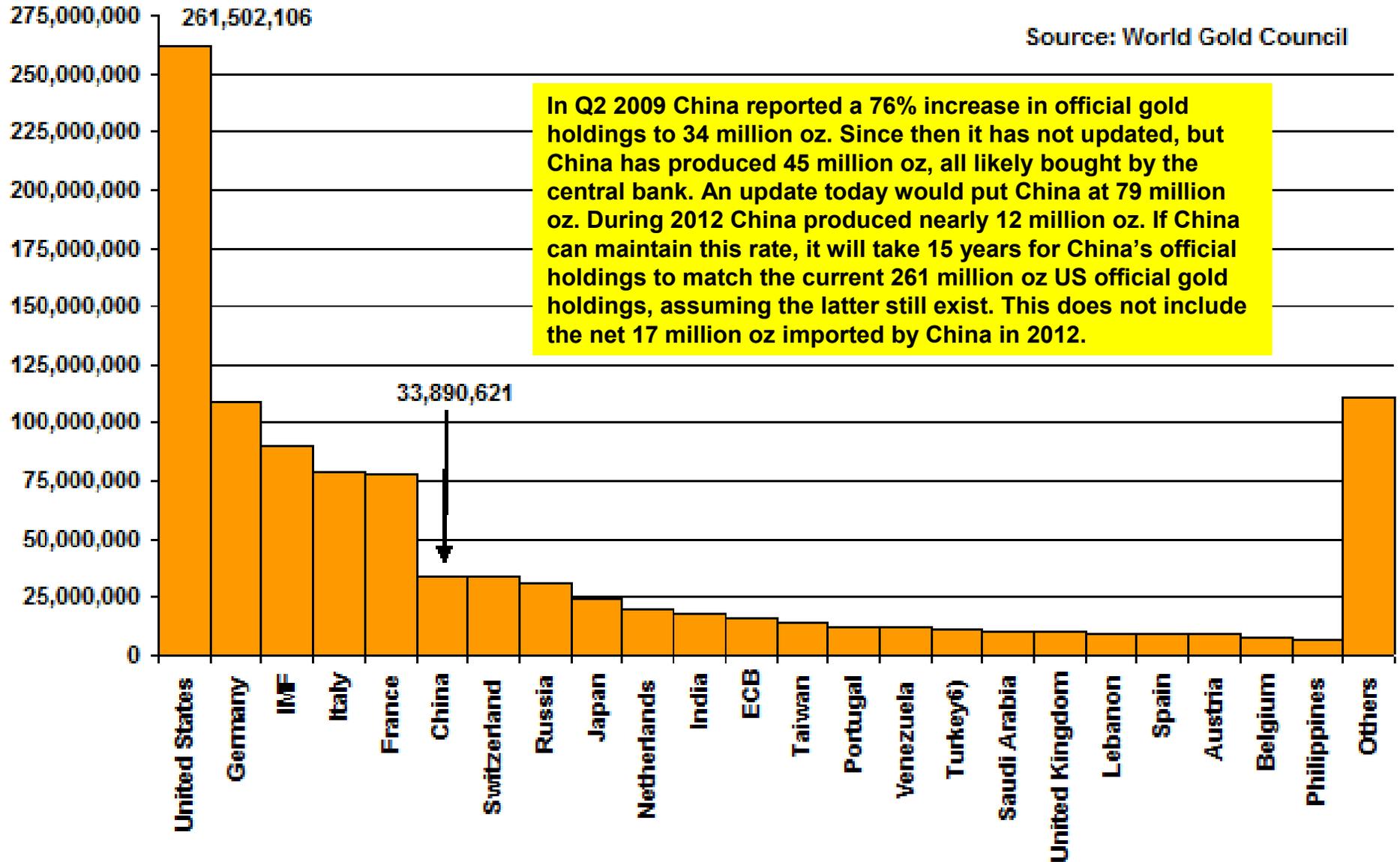
Annual Production Value based on average annual gold price



# Official Gold Holdings - Feb 2013

## 1,016 million ounces

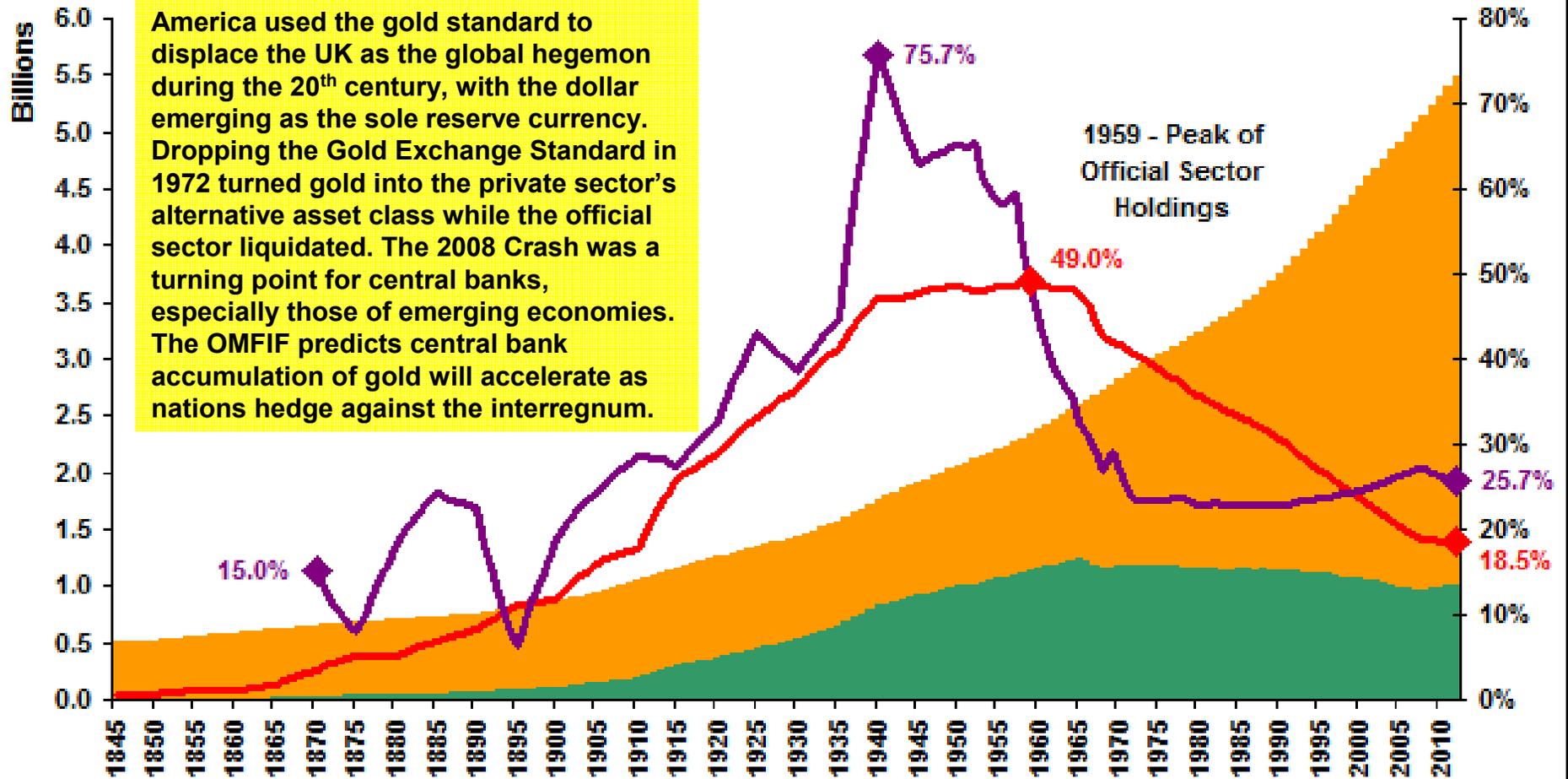
Source: World Gold Council



In Q2 2009 China reported a 76% increase in official gold holdings to 34 million oz. Since then it has not updated, but China has produced 45 million oz, all likely bought by the central bank. An update today would put China at 79 million oz. During 2012 China produced nearly 12 million oz. If China can maintain this rate, it will take 15 years for China's official holdings to match the current 261 million oz US official gold holdings, assuming the latter still exist. This does not include the net 17 million oz imported by China in 2012.

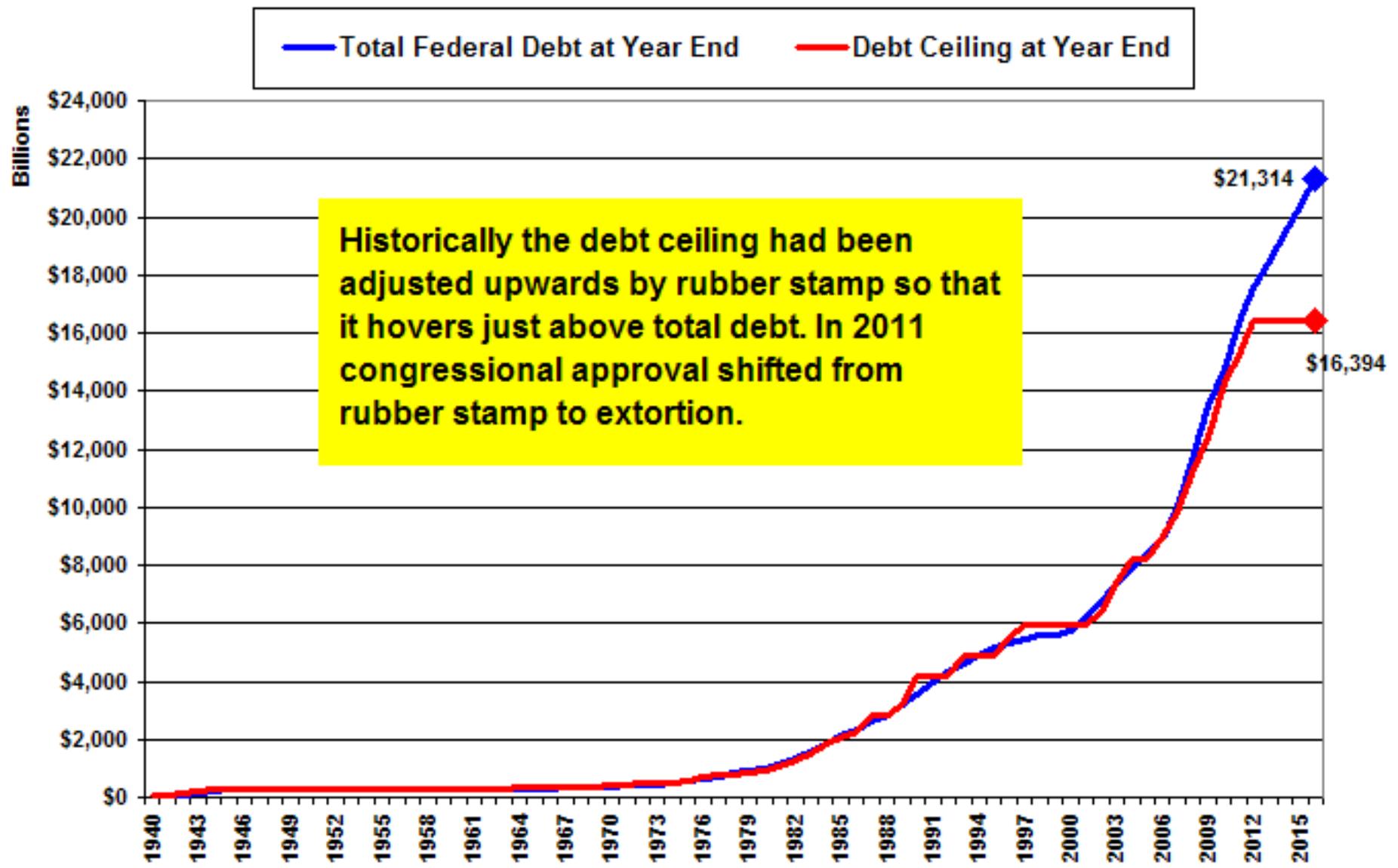
## Trends in Official & Private Sector Gold Holdings

■ Private Sector Holdings Oz      ■ Official Sector Holdings Oz  
— Official Holdings as % of Total Gold      — US % of Official



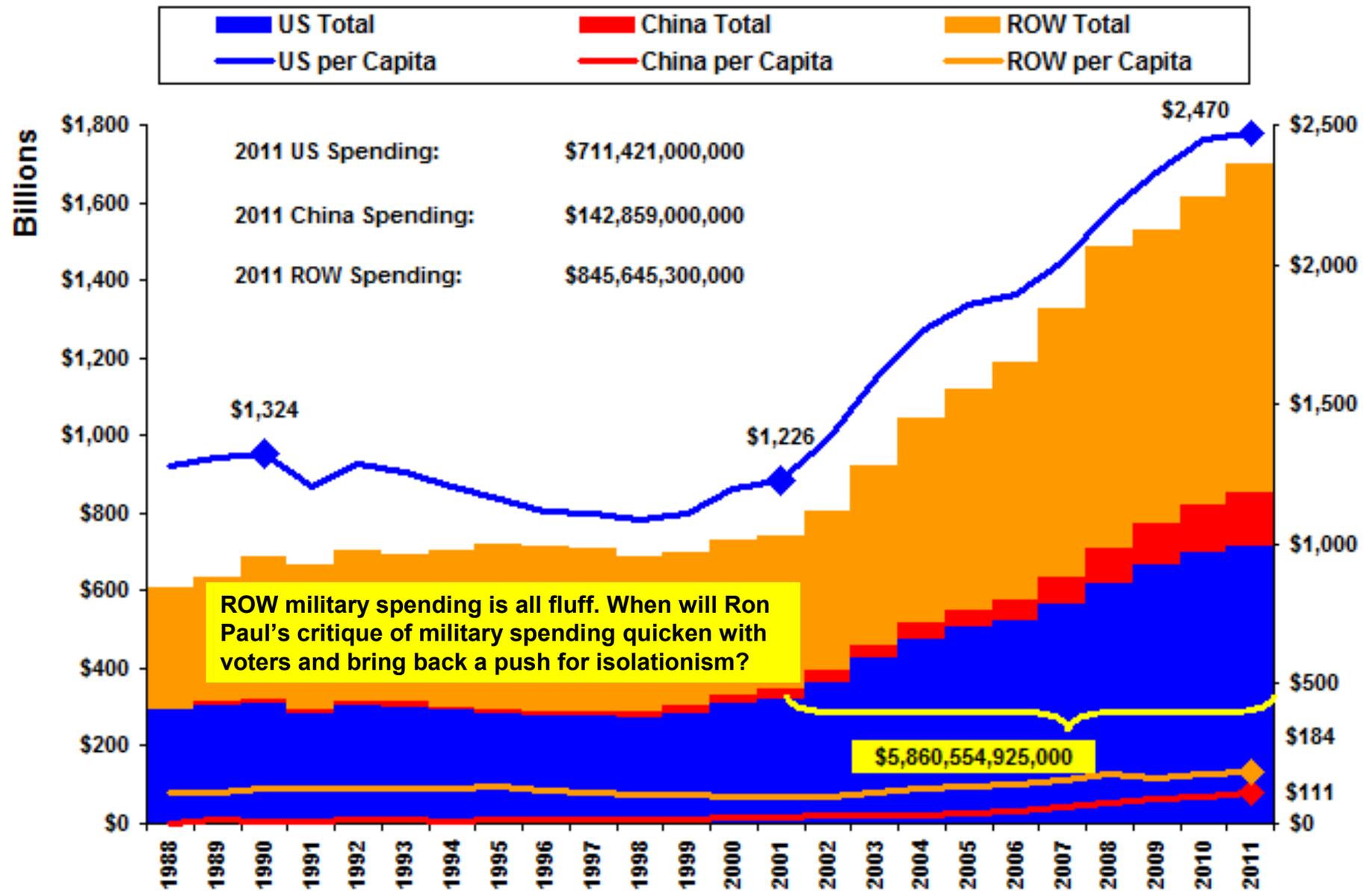
## Federal Debt subject to Statutory Limit (The Debt Ceiling)

(2012-2016 debt figures are OMB estimates)



# Annual Military Spending

(US figures do not include veterans spending - \$100 billion in 2011)



# Oil Consumption- barrels per year

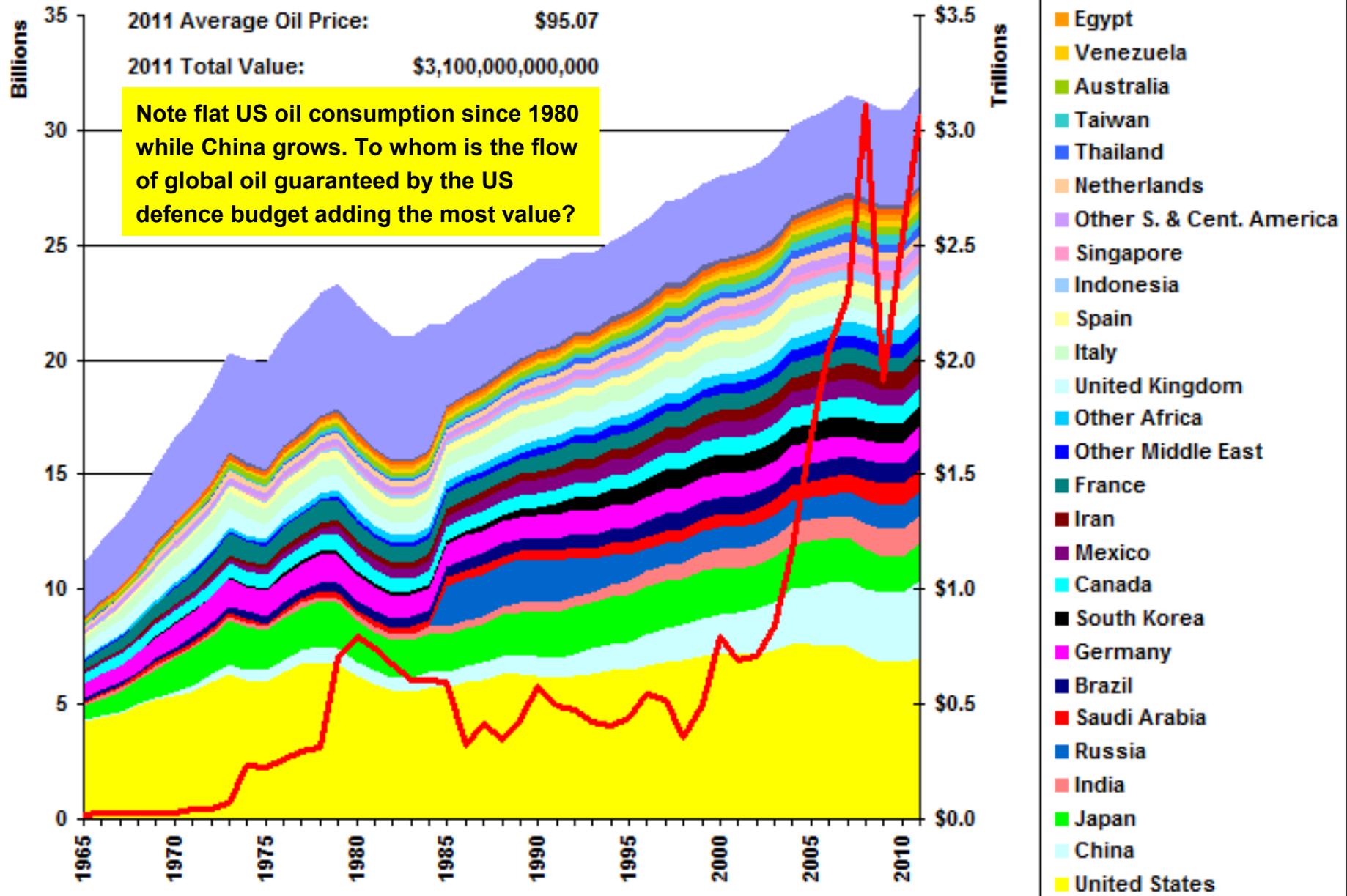
Source: BP 2012

2011 Consumption (bbls): 32,100,000,000

2011 Average Oil Price: \$95.07

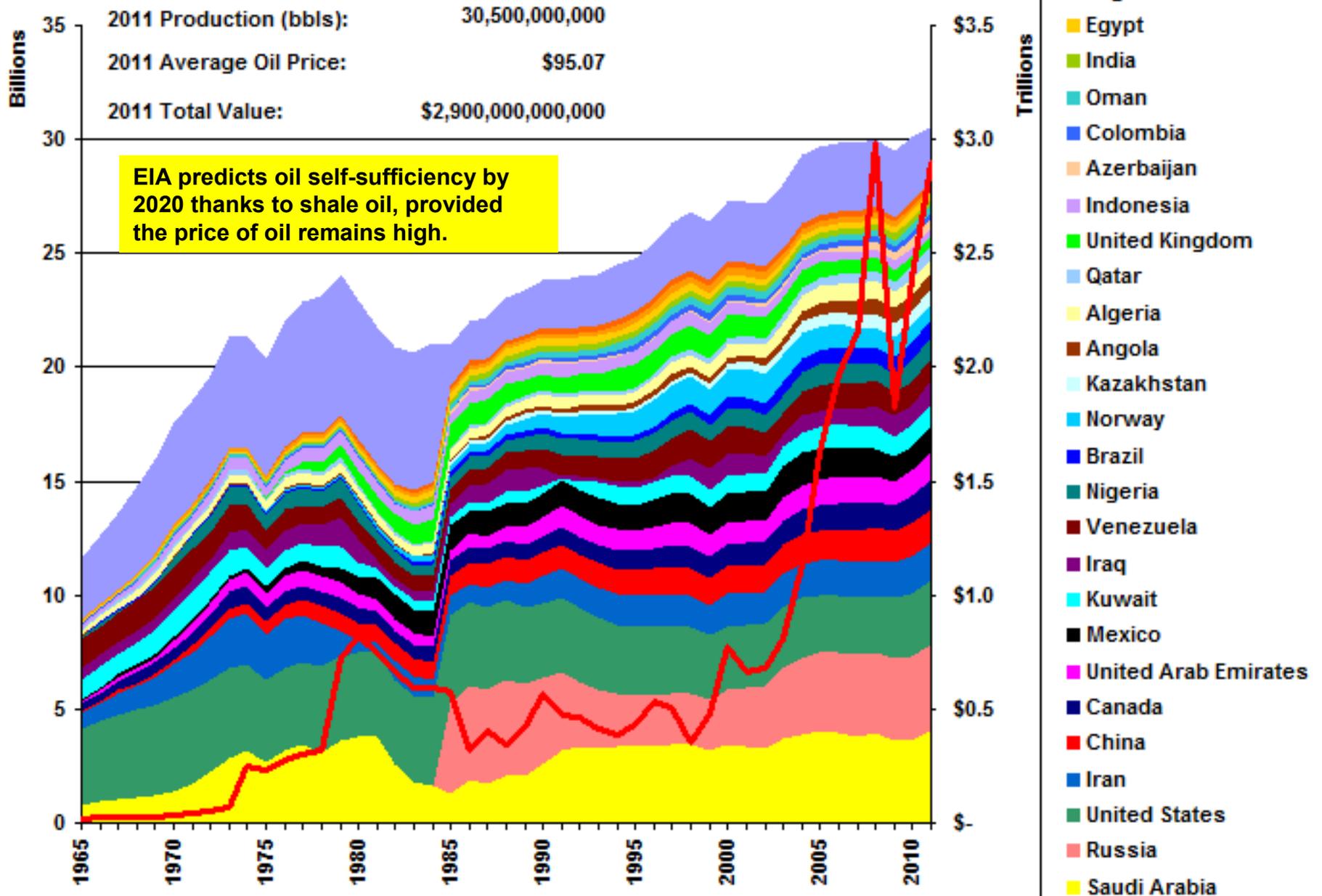
2011 Total Value: \$3,100,000,000,000

Note flat US oil consumption since 1980 while China grows. To whom is the flow of global oil guaranteed by the US defence budget adding the most value?



# Oil Production - barrels per year

Source: BP 2012

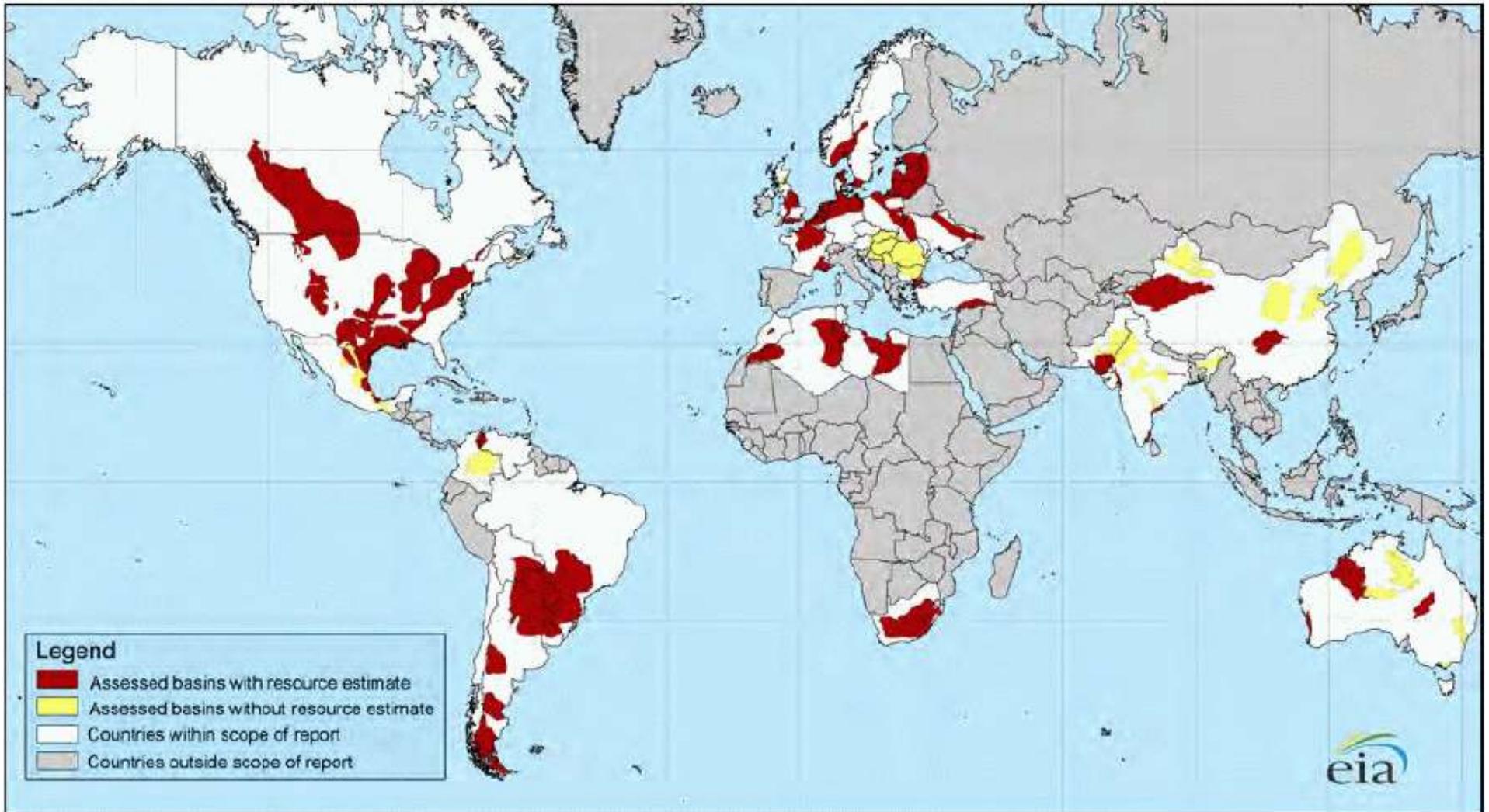


High oil prices will allow US to grow its shale oil production while higher fuel efficiency standards and a shift to hybrid-electric cars keep consumption flat, opening the possibility of US oil self-sufficiency. A glut of shale gas will also fire cheap electricity.

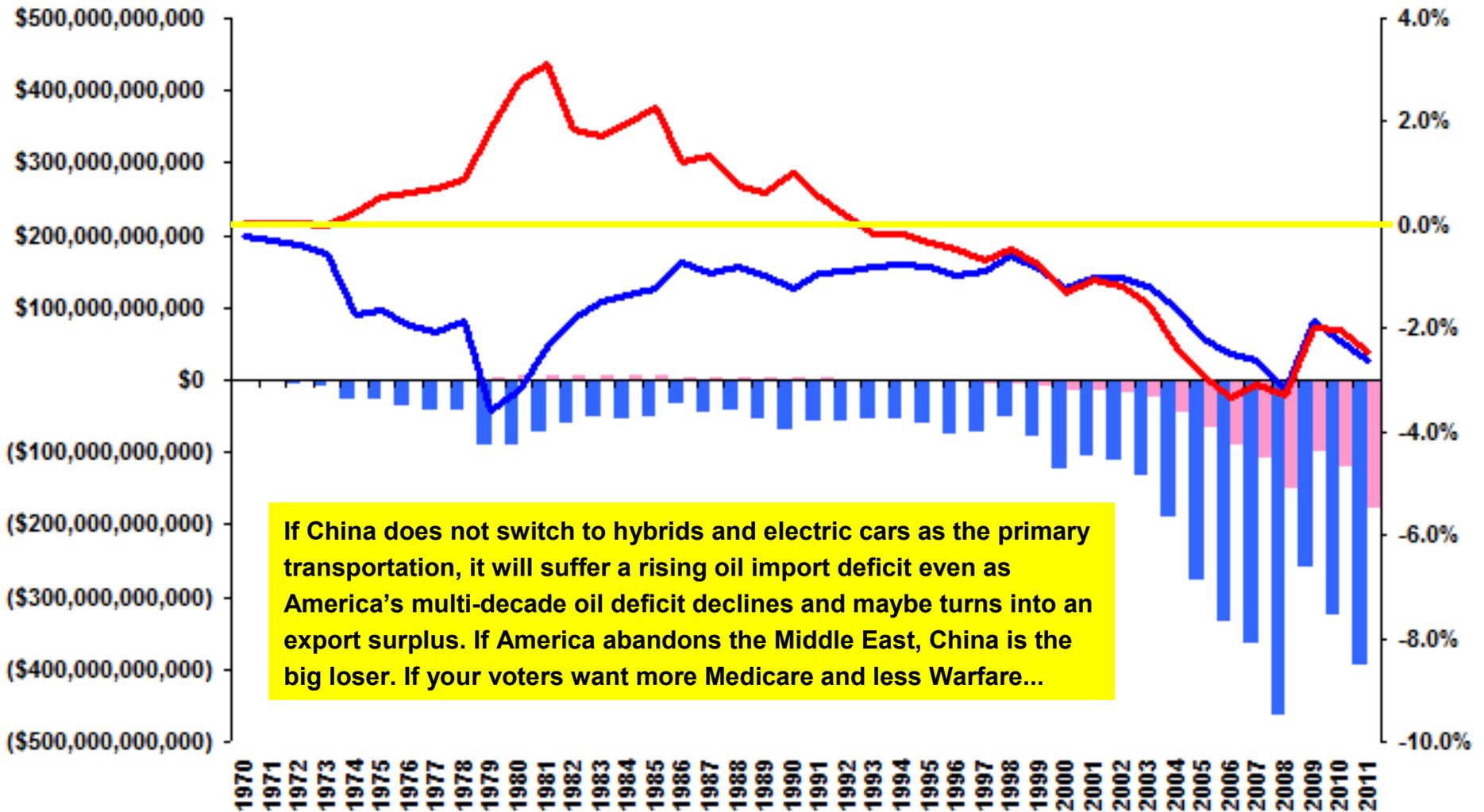


Source: U.S. Energy Information Administration based on data from various published studies. Canada and Mexico plays from ARI.  
 Updated: May 9, 2011

**China has shale gas potential, but it is not clear how well it can be tapped, nor how long it will take for China to underpin its manufacturing base with cheap gas fired electricity rather than dirty coal or expensive nuclear energy.**



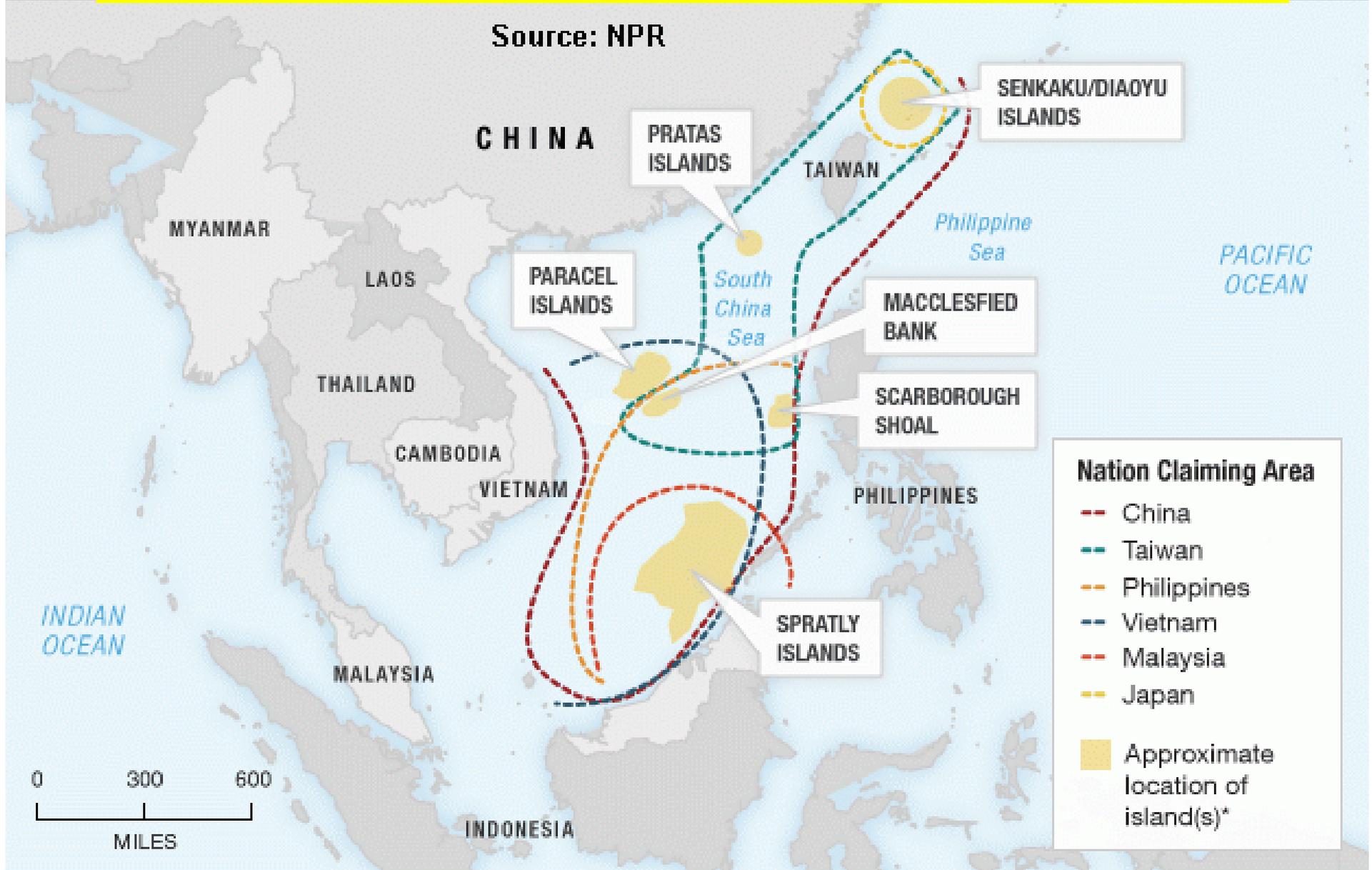
# US and China Oil Import Dependency



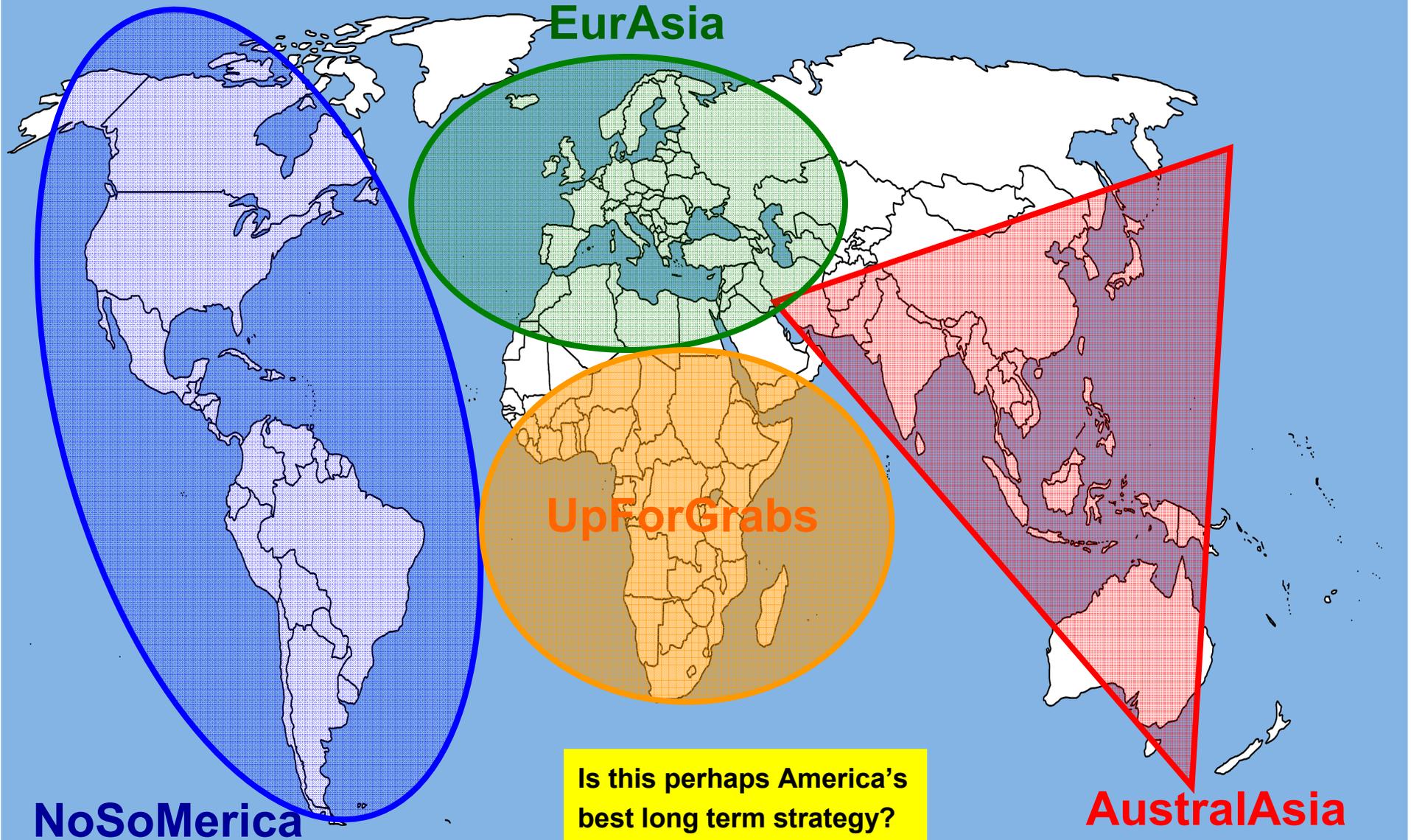
If China does not switch to hybrids and electric cars as the primary transportation, it will suffer a rising oil import deficit even as America's multi-decade oil deficit declines and maybe turns into an export surplus. If America abandons the Middle East, China is the big loser. If your voters want more Medicare and less Warfare...

Why the American military pivot to Asia? China's offshore oil ambitions can be solved by Japanese style imperialism. China's mishandling of North Korea provides the perfect cover for indirect containment of China whose shipping channels are its lifeblood.

Source: NPR

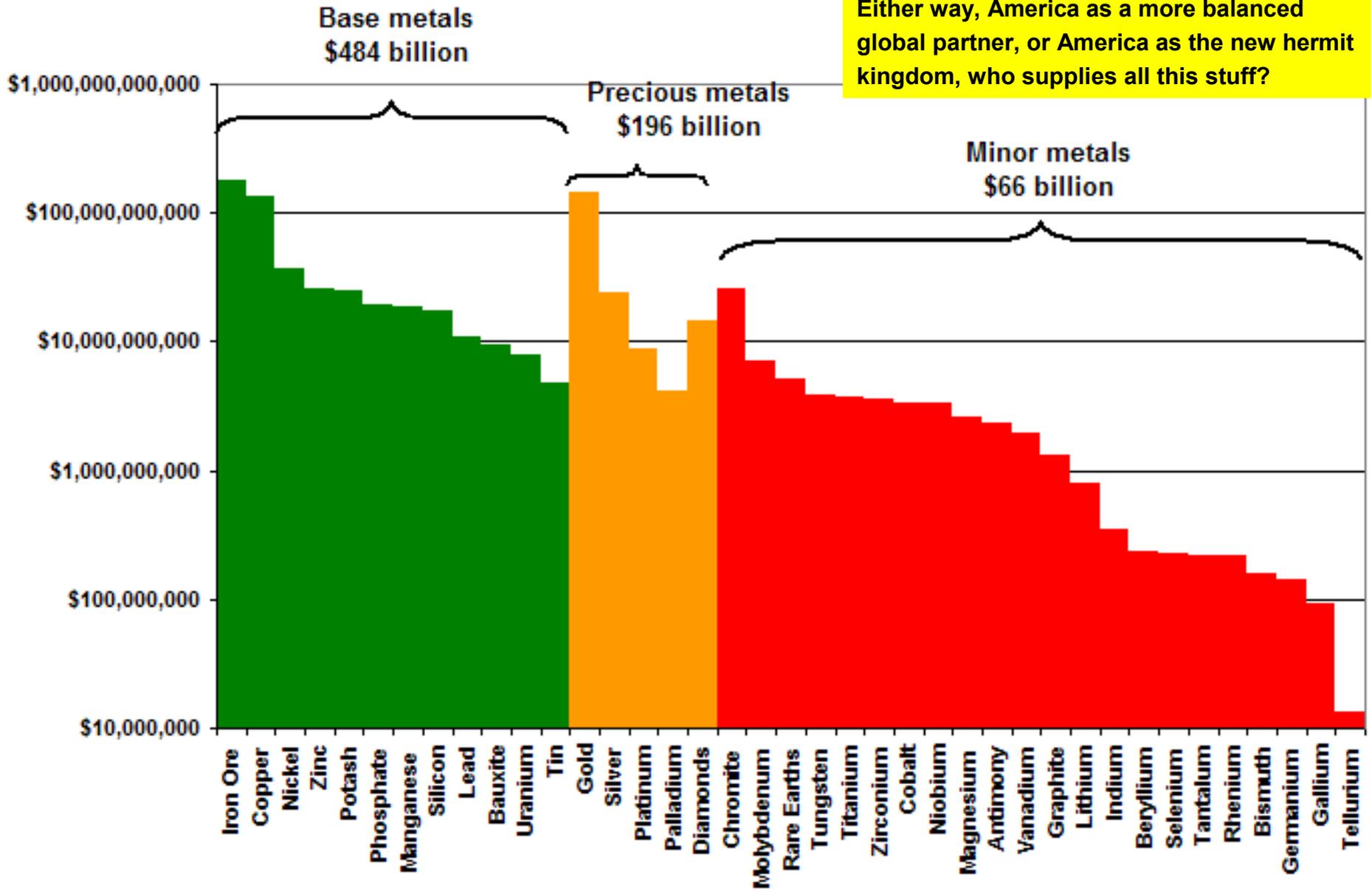


# Post-Globalization Economic Zone Fragmentation

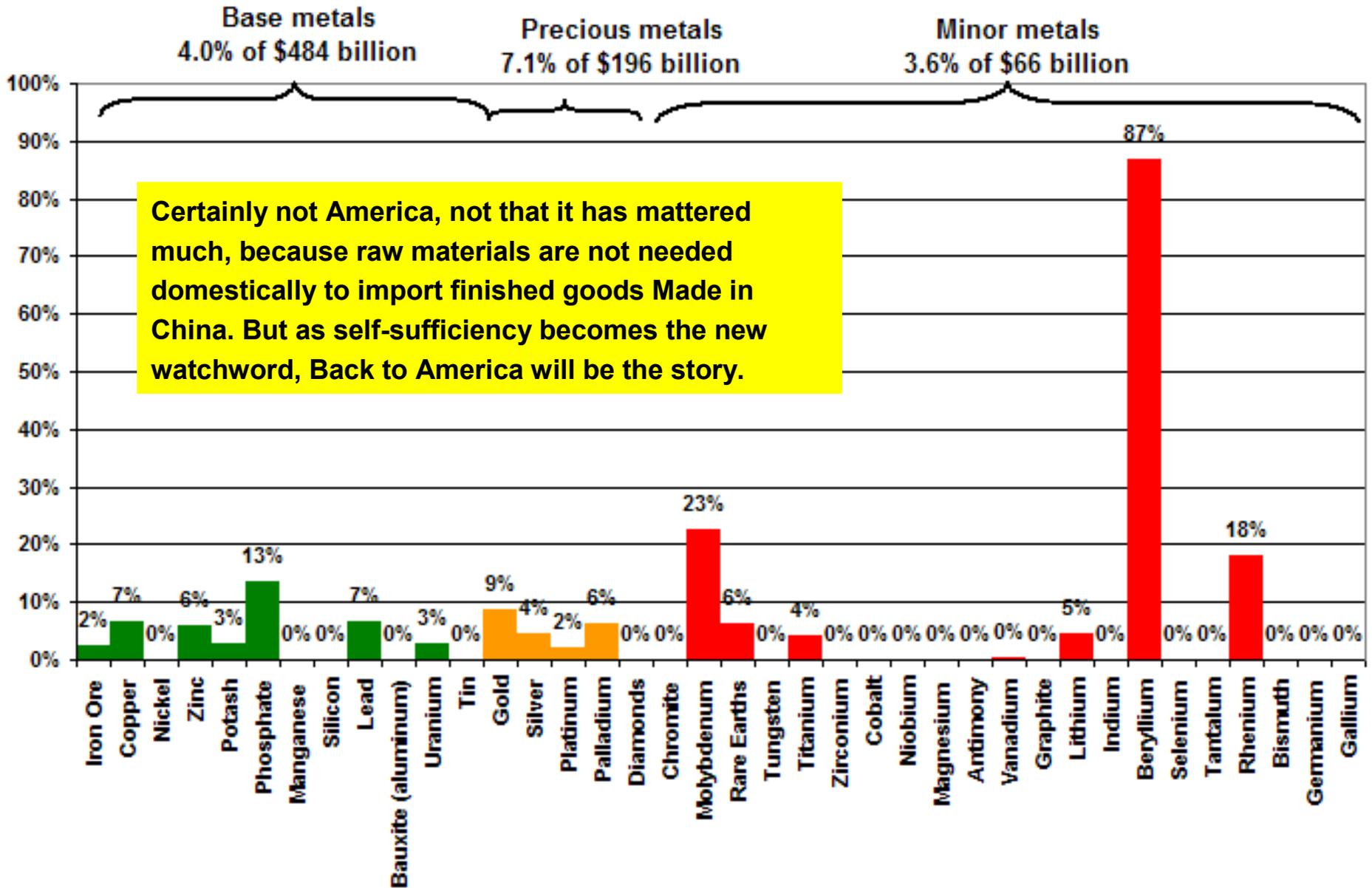


## 2012 Global Production Value (Based on average annual price & USGS production estimates) \$746 billion total

Either way, America as a more balanced global partner, or America as the new hermit kingdom, who supplies all this stuff?



**2012 US Share of Global Production**  
 (Based on average annual price & USGS production estimates)  
**\$39 billion out of \$746 billion global total value**

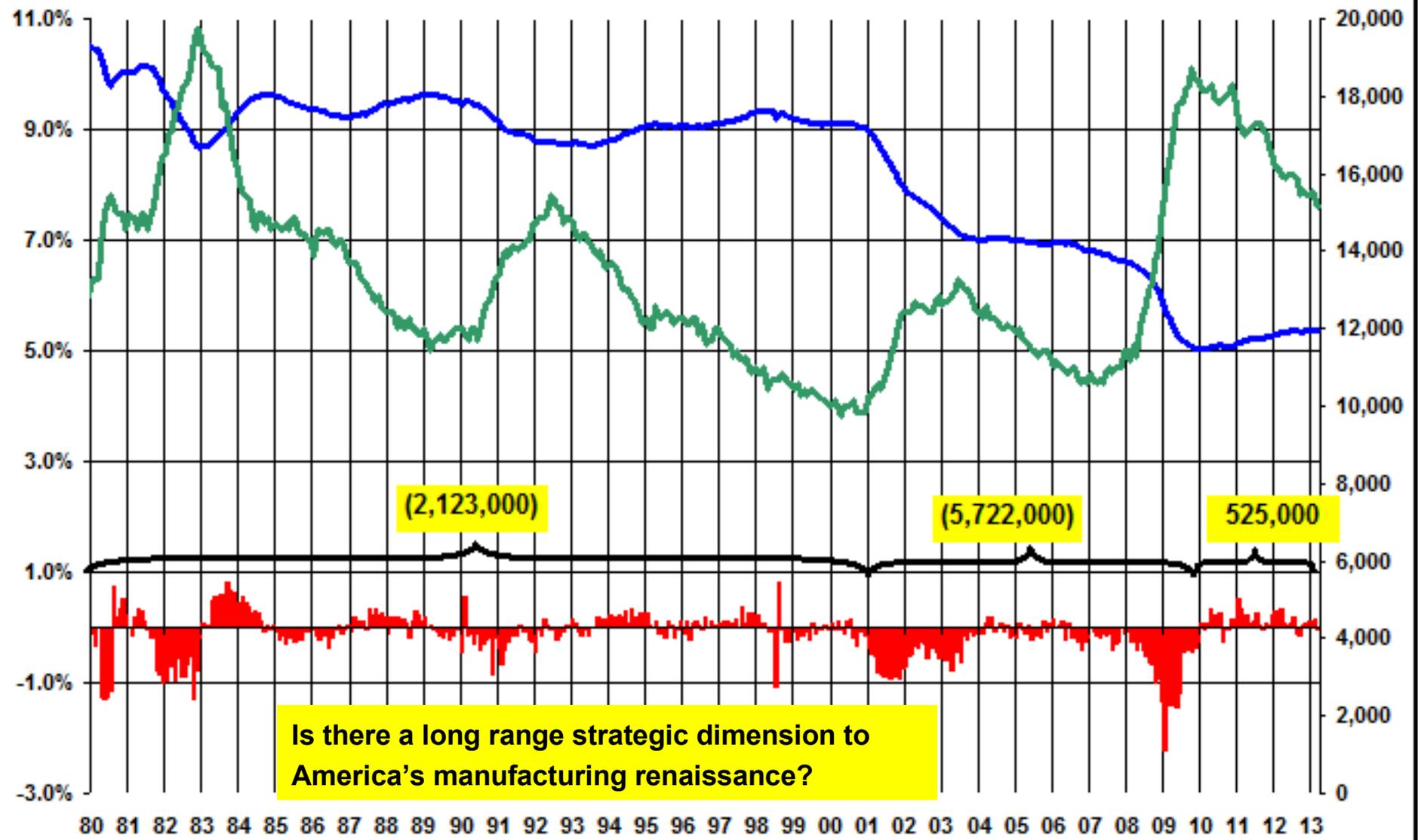


Total: 11,981,000 8.9%

Mth Chg: (3,000)

# US Manufacturing Jobs

Monthly Job % Change    Total Jobs - '000s    Unemployment Rate %



Is there a long range strategic dimension to America's manufacturing renaissance?

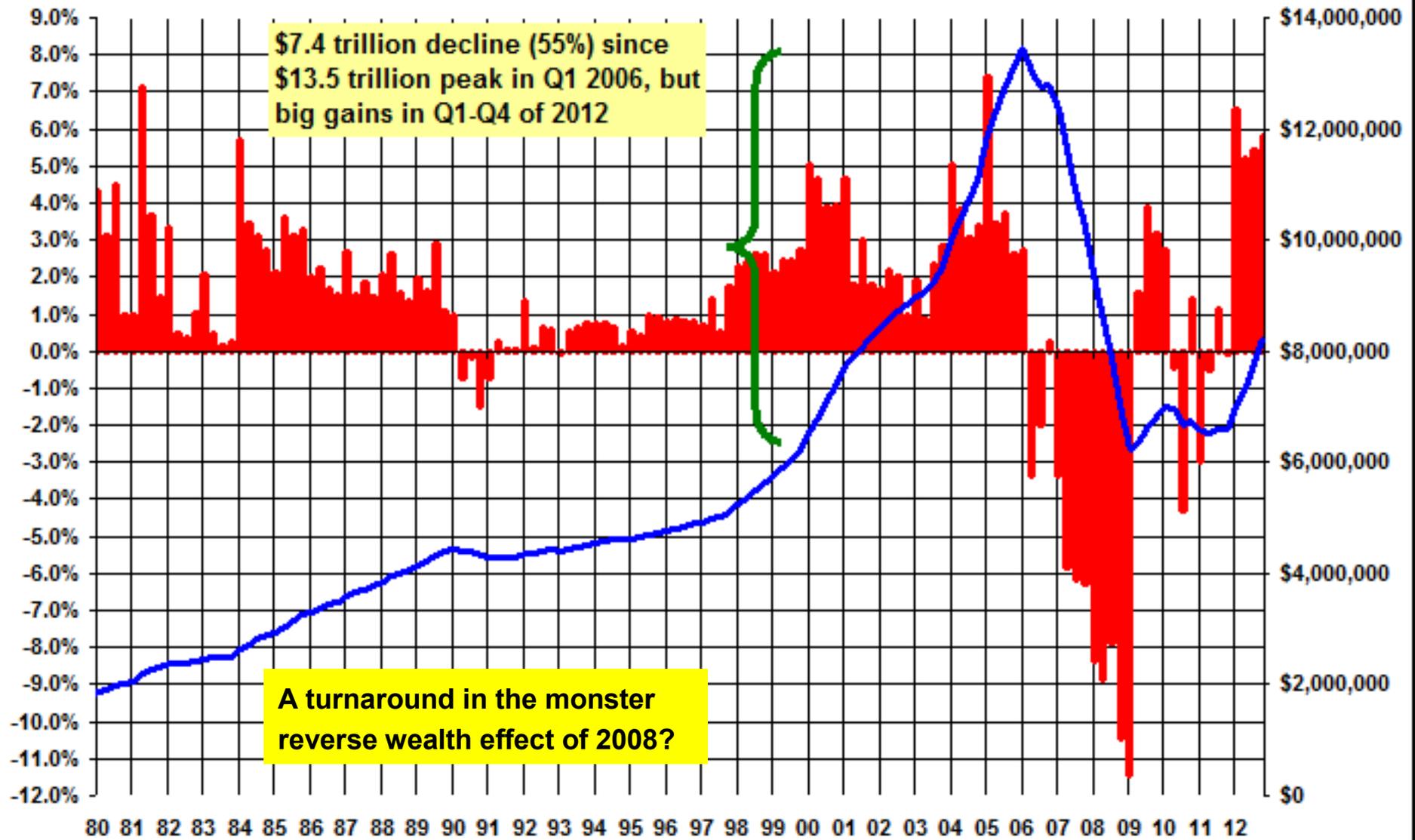
# US Household Net Real Estate Equity

\$8.2 trillion 5.8% Chg

Quarterly % Change

Net Real estate Equity - '000,000s

12.4% of net worth



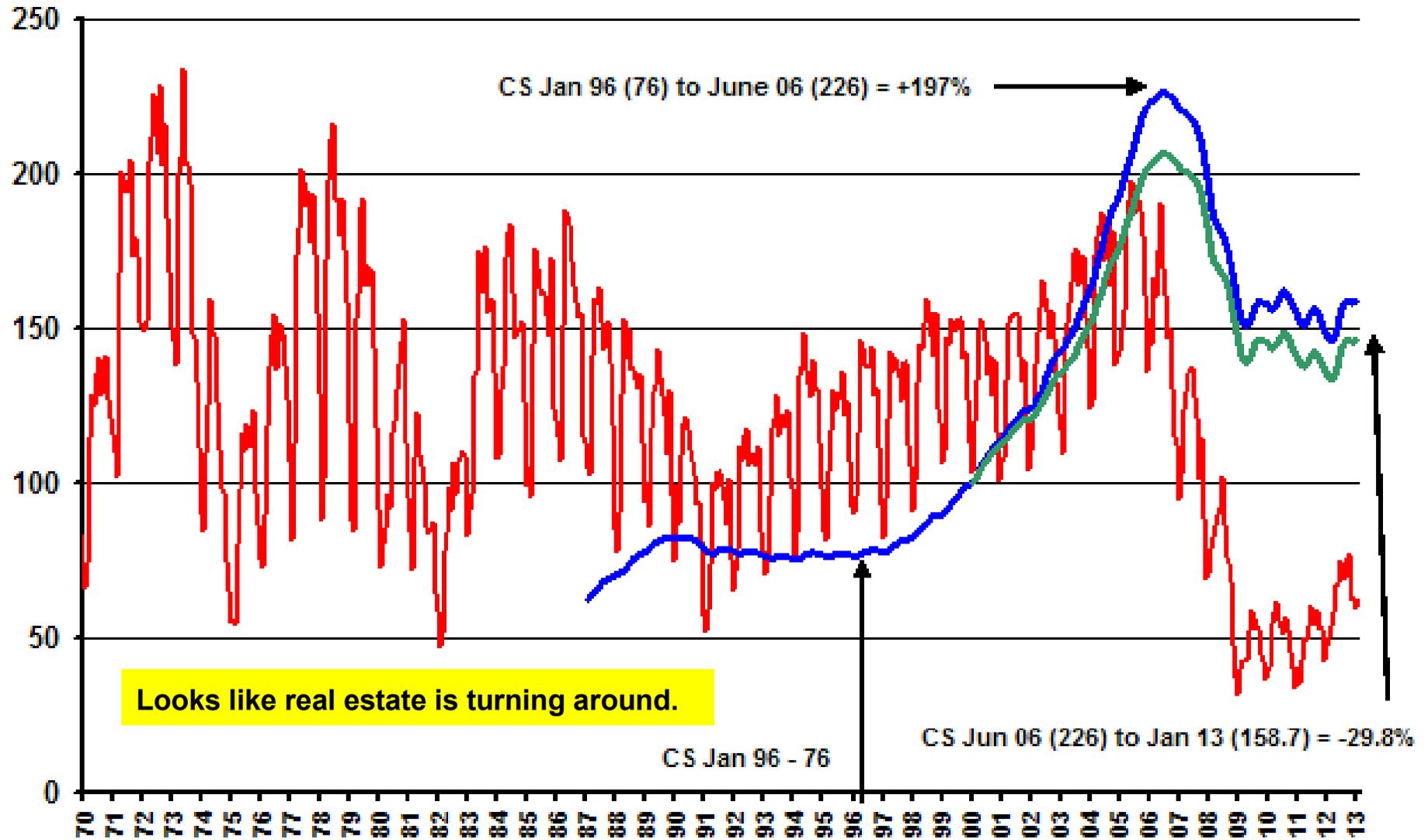
Source: Federal Reserve

Kaiser Research Online

Q4 of 2012

# US Residential Home Data

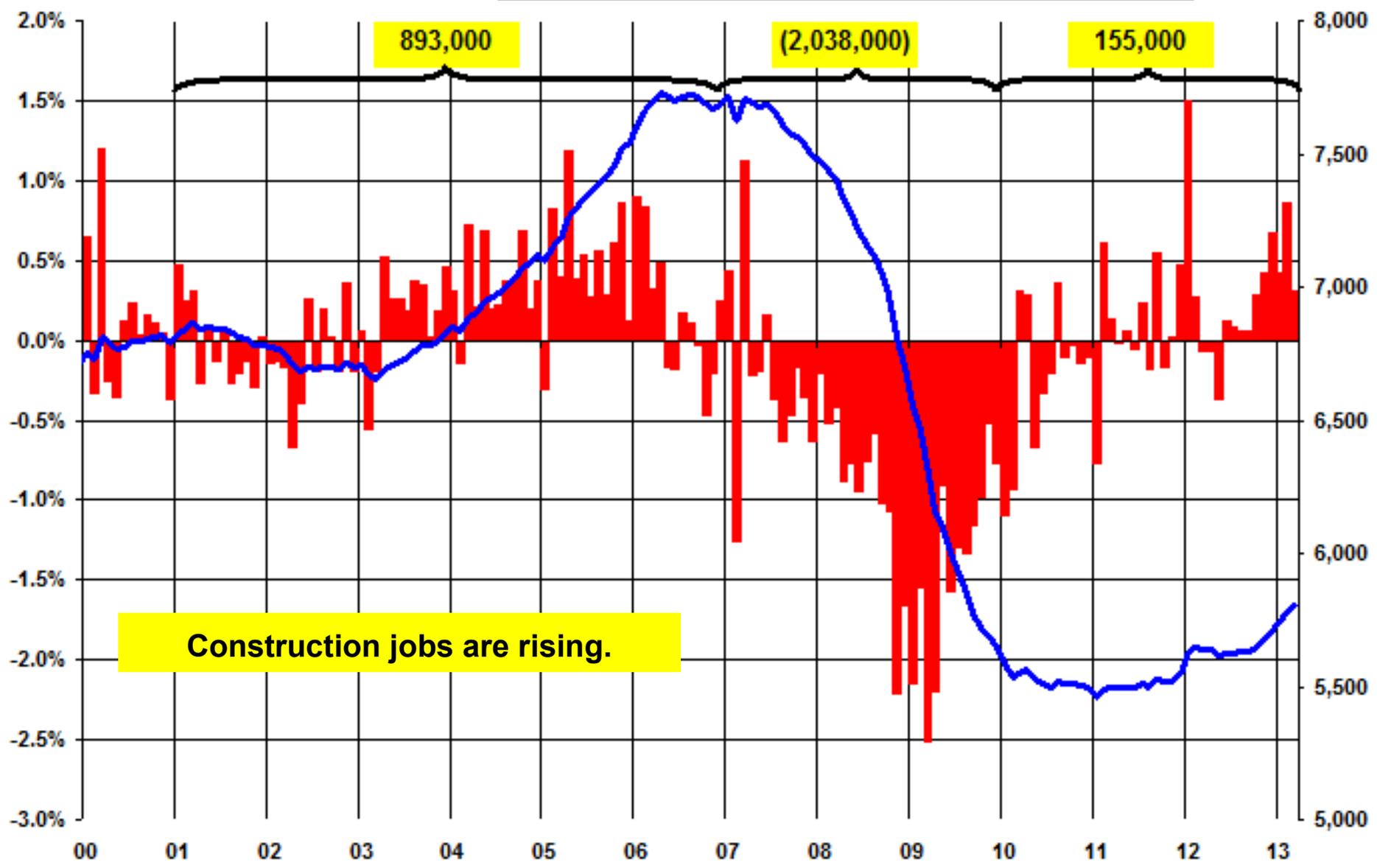
- Monthly New Housing Starts - no seasonal adj. (000's) Feb 13
- S&P Case Schiller Home Price Index (10 city) Jan 13
- S&P Case-Schiller Home Price Index (20 City)



Total: 5,802,000 4.3%  
Mth Chg: 18,000

# US Construction Jobs

Monthly Job % Change      Total Jobs - '000s



Source: Bureau of Labor Statistics

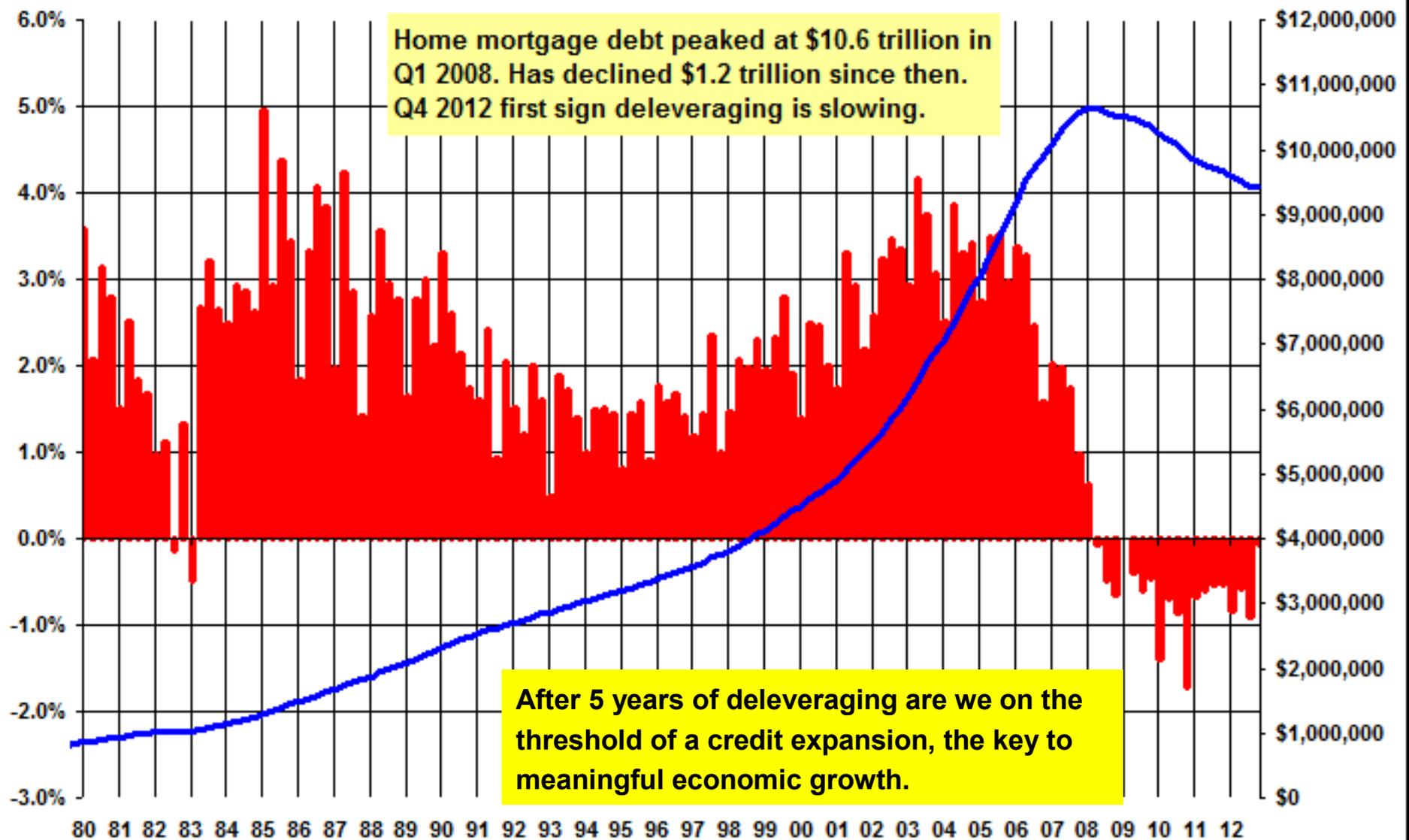
Kaiser Research Online

March 2013

# US Household - Home Mortgages

\$9.4 trillion -0.1% Chg

Quarterly % Change Home Mortgages - '000,000s



Source: Federal Reserve

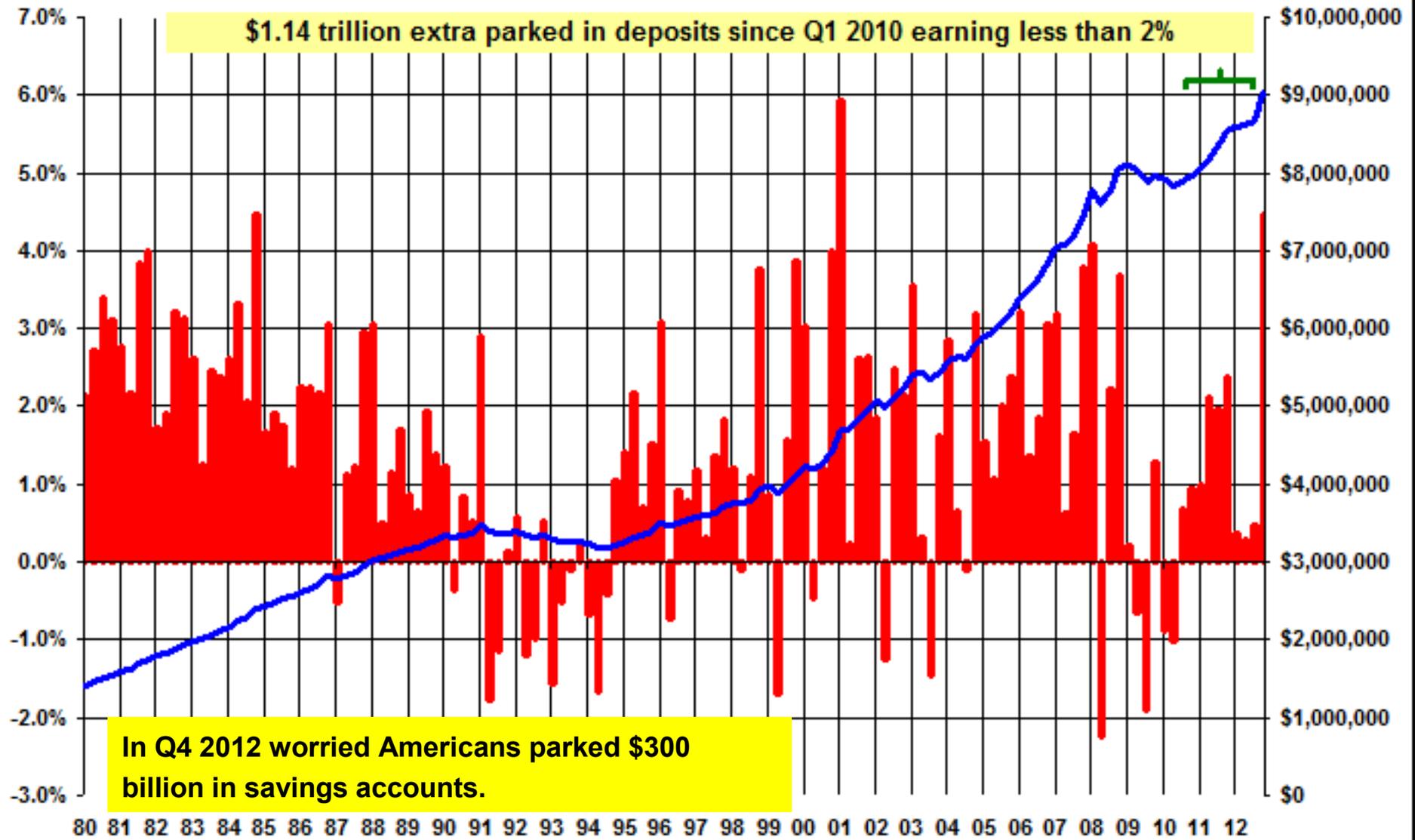
Kaiser Research Online

Q4 of 2012

# US Household Deposits

**\$9.0 trillion** 4.5% Chg  
13.7% of net worth

■ Quarterly % Change      — Deposits - '000,000s



Source: Federal Reserve

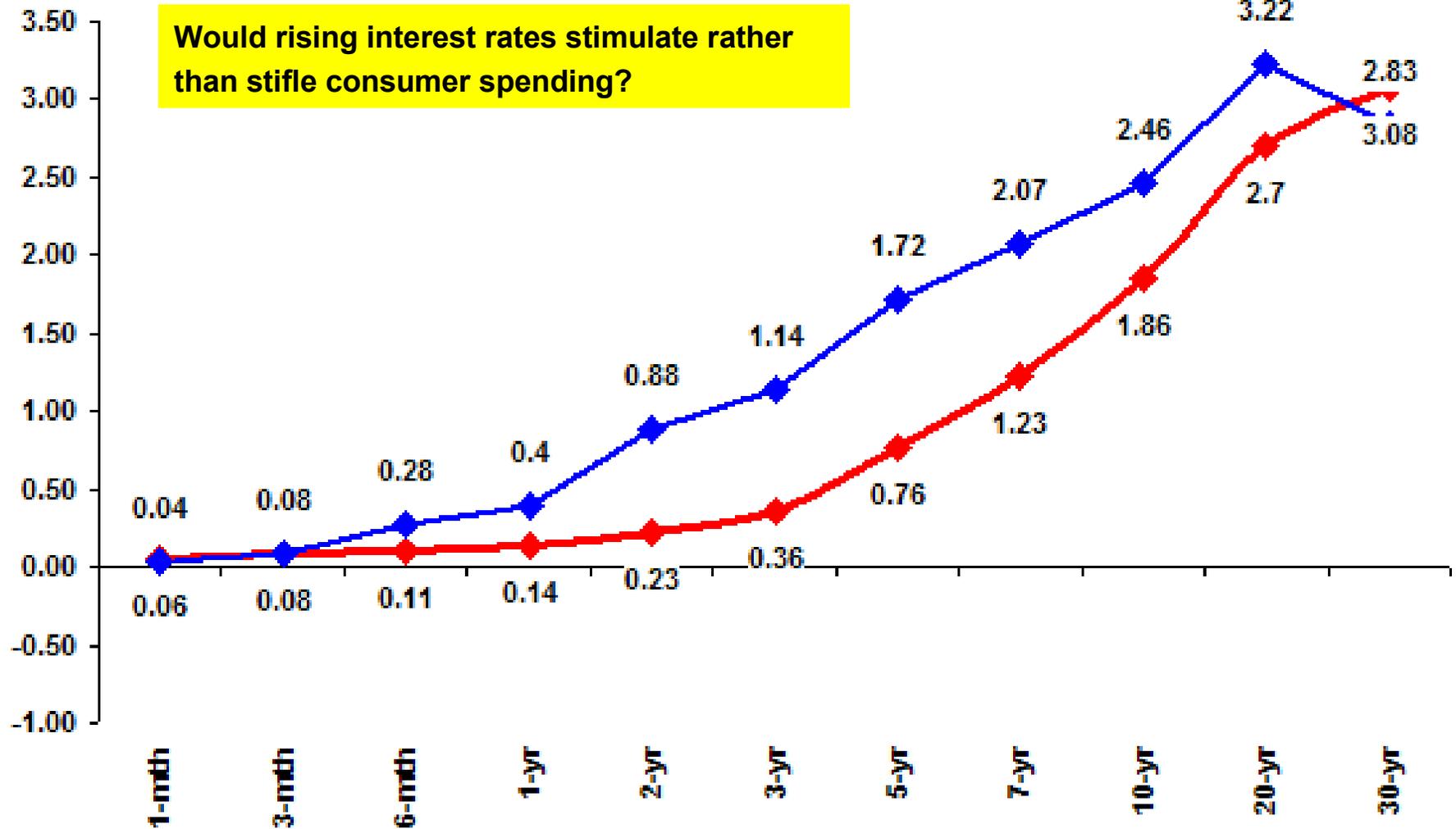
Kaiser Research Online

Q4 of 2012

# US T-Bill % Yield Curve

◆ April 1, 2013

◆ Jan 2, 2009



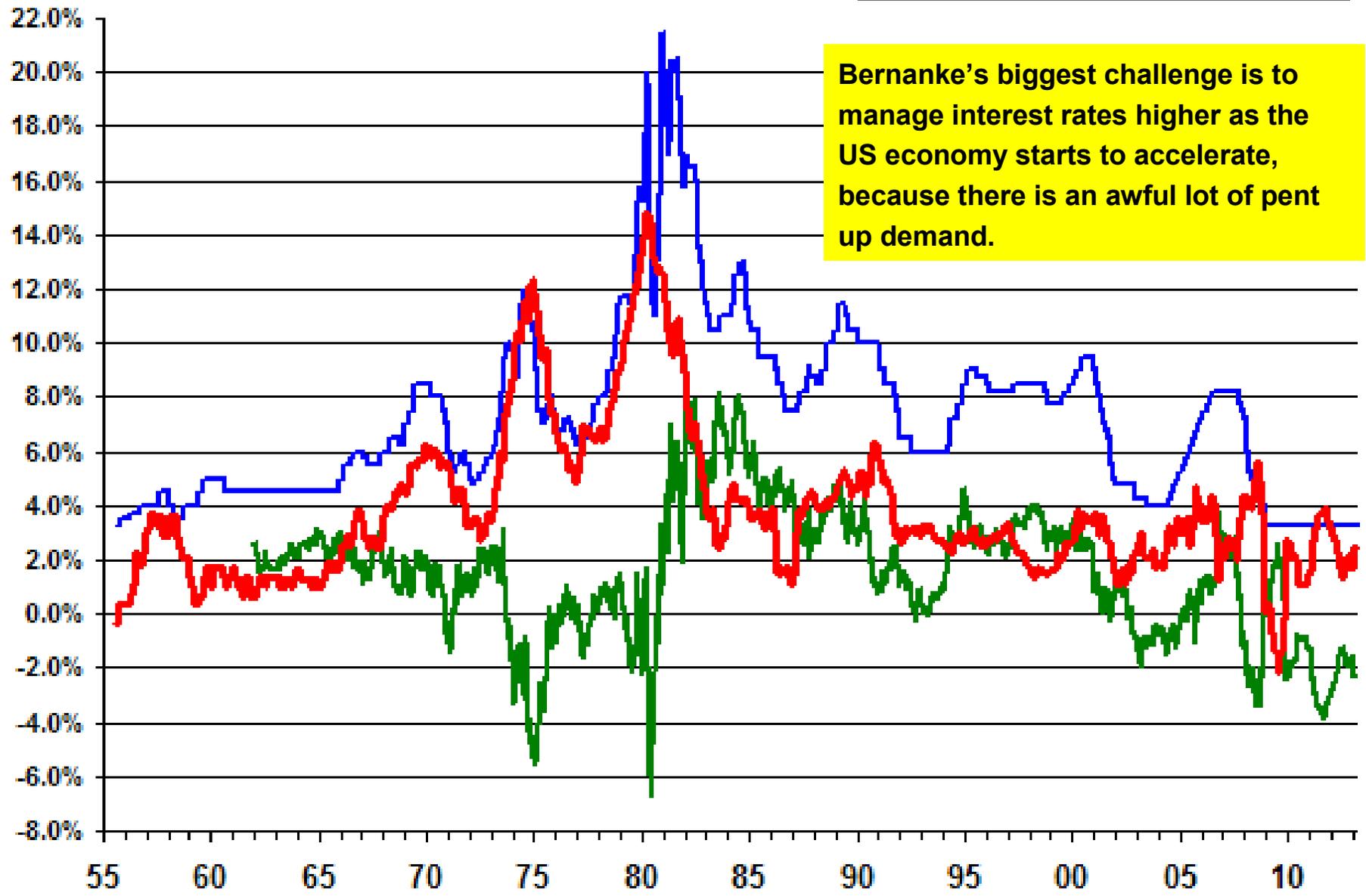
Source: Federal Reserve

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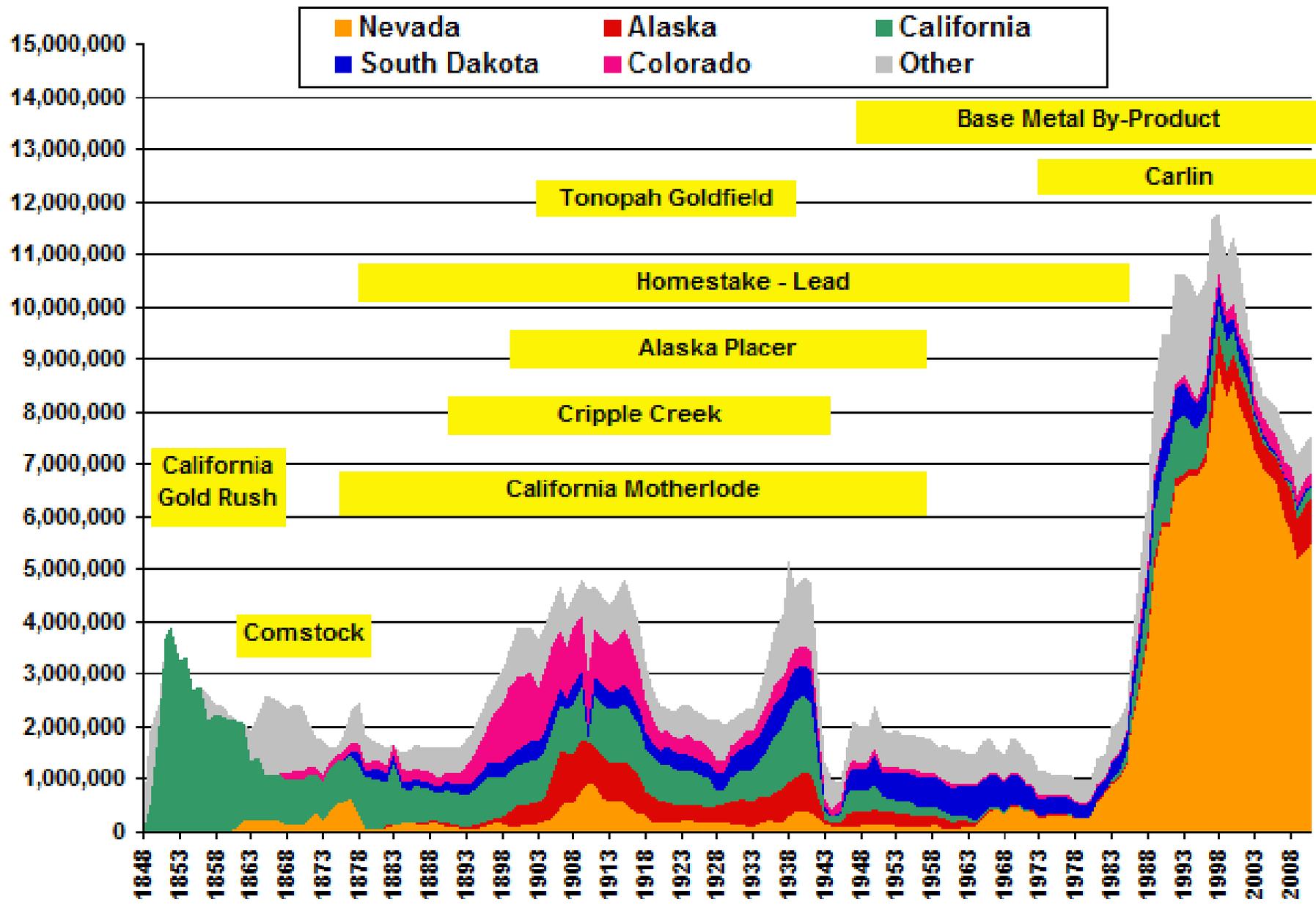
# Key Rates

- US Prime Rate
- Real 1 Year T-Bill Rate
- US CPI Inflation Rate



**Bernanke's biggest challenge is to manage interest rates higher as the US economy starts to accelerate, because there is an awful lot of pent up demand.**

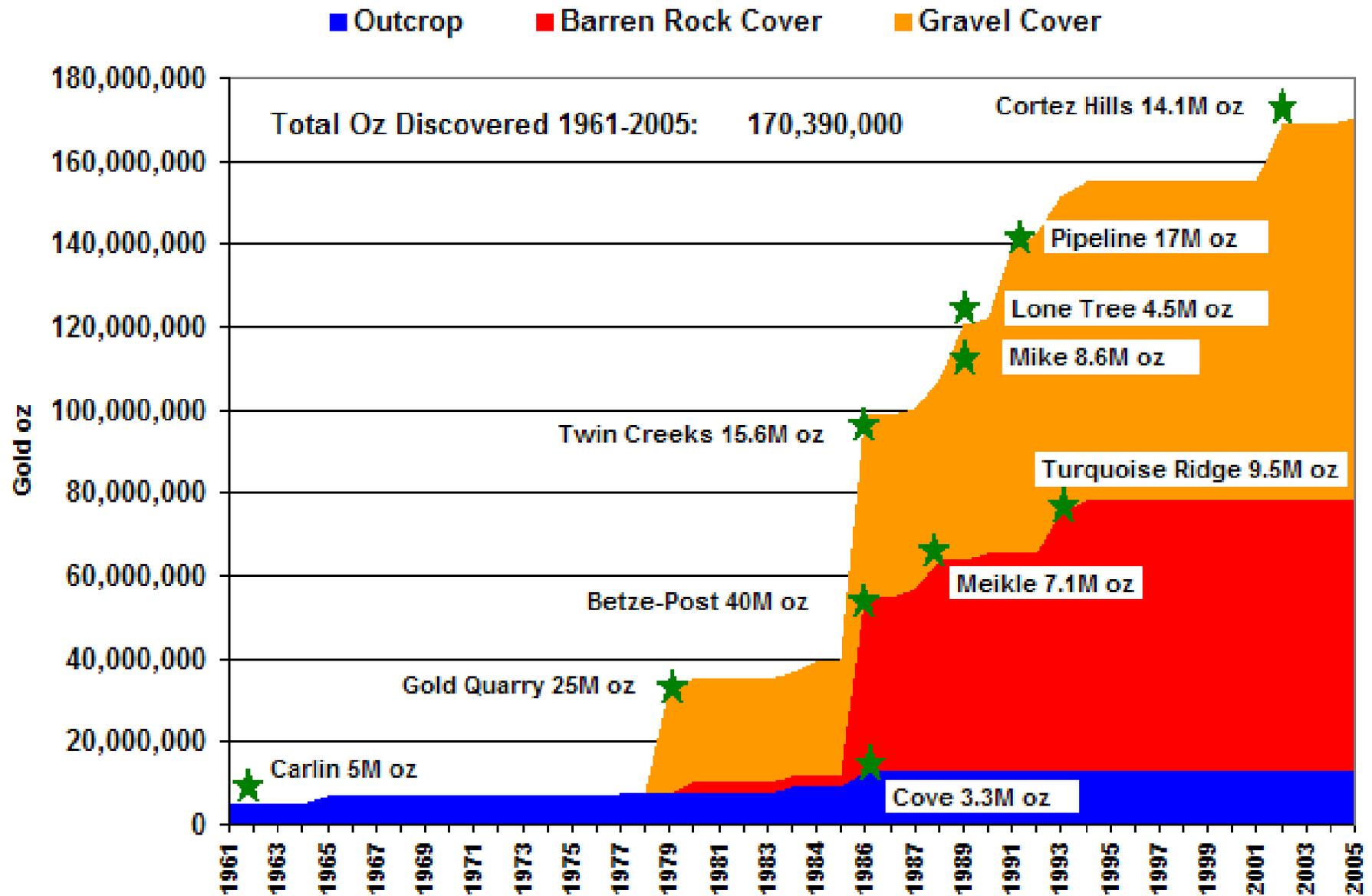
# US Gold Production (oz)



Source: USGS

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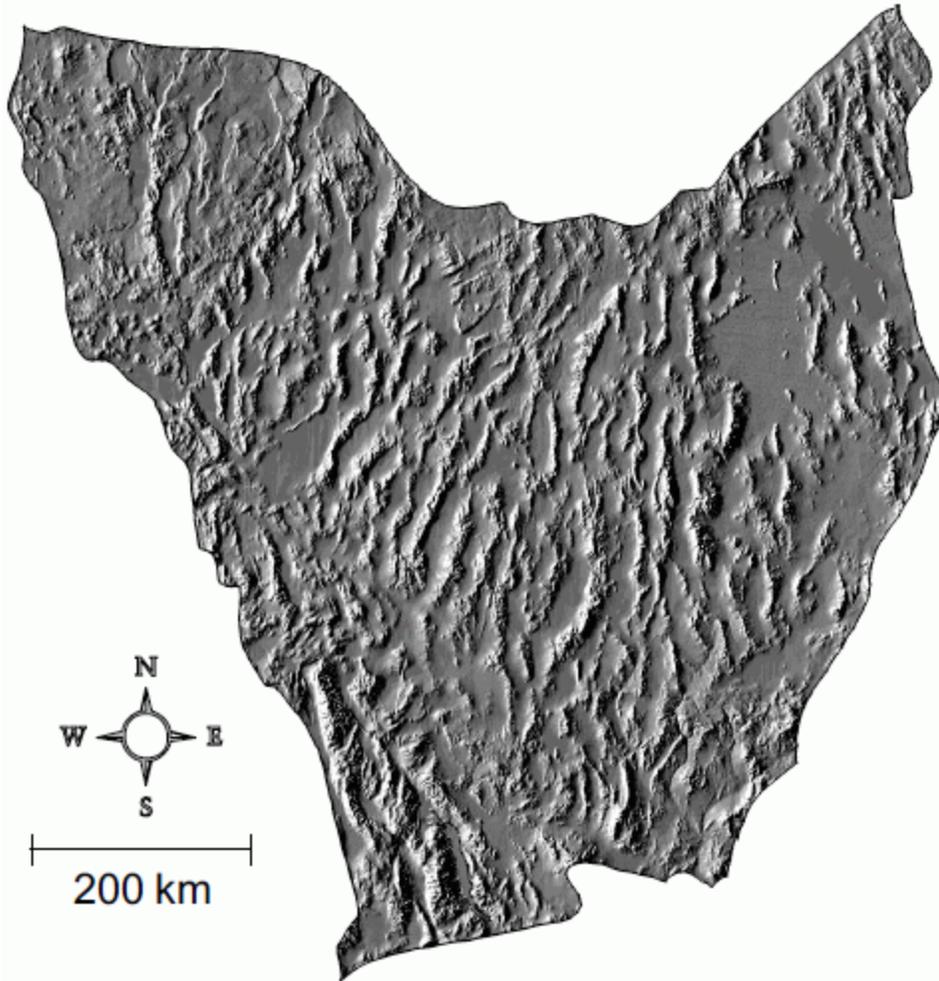
## Cumulative Gold Discovery in Nevada Selected Deposits



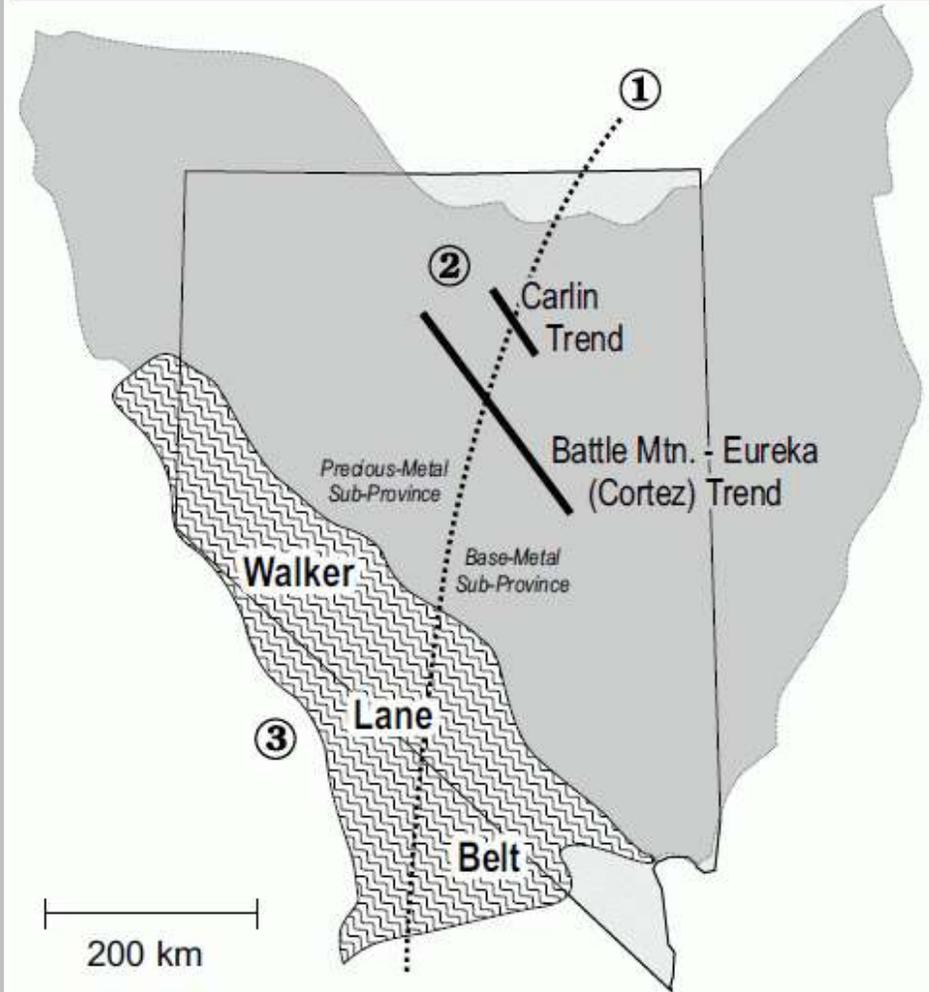
Source: Economic Geology 2011 - John Muntean & Paul Taufen

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## "Basin and Range" Topography



## Principal Metallogenic Features of the Great Basin



# Nevada Exploration Inc

7/9/2009 TO 4/4/2013



Issued: 128,015,851

High: \$0.29 on 10/1/2009

Max Volume: 1,510,900 on 9/25/2012

Diluted: 148,035,251

Low: \$0.05 on 7/29/2009

Max Value: \$245,521 on 9/25/2012



# Adamera Minerals Corp

7/9/2009 TO 4/4/2013



Issued: 28,697,533

High: \$0.55 on 2/9/2011

Max Volume: 6,332,700 on 1/13/2011

Diluted: 28,697,533

Low: \$0.02 on 12/13/2012

Max Value: \$2,263,940 on 1/13/2011



# Arequipa Resources Ltd

9/8/1993 TO 10/24/1996



Issued: 31,400,000

High: \$34.75 on 5/27/1996

Max Volume: 5,799,304 on 7/11/1996

Diluted: 35,900,000

Low: \$0.49 on 2/3/1995

Max Value: \$166,440,025 on 7/11/1996



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