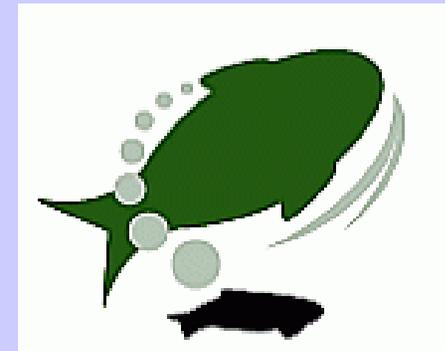


Montreal Investment Conference 2011

Montreal, Canada

November 18, 2011

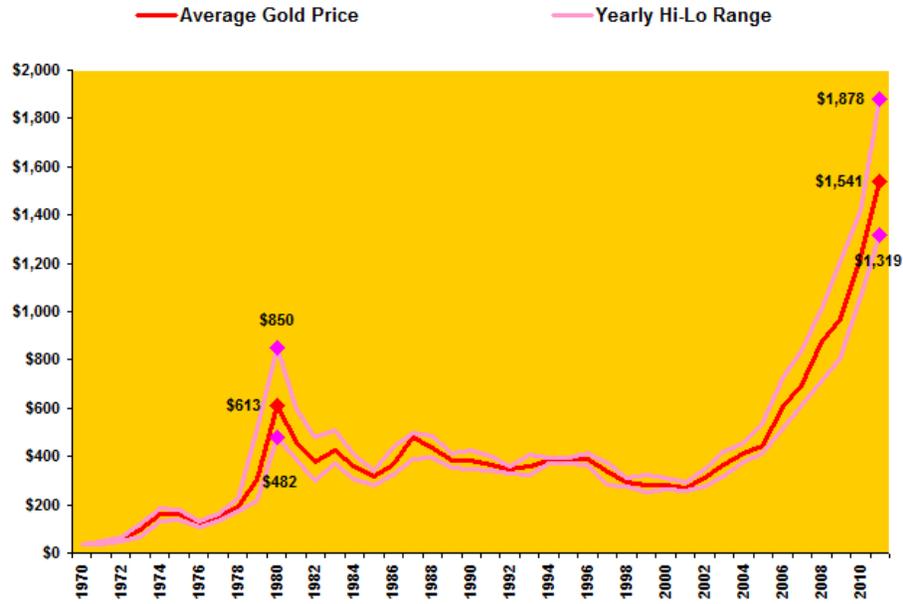
Presented by John Kaiser



**What is the \$8 trillion on the
sidelines waiting for?**

www.KaiserResearch.com

Annual Average Gold Price with High-Low Range



Source: CPM, IMF, World Bank

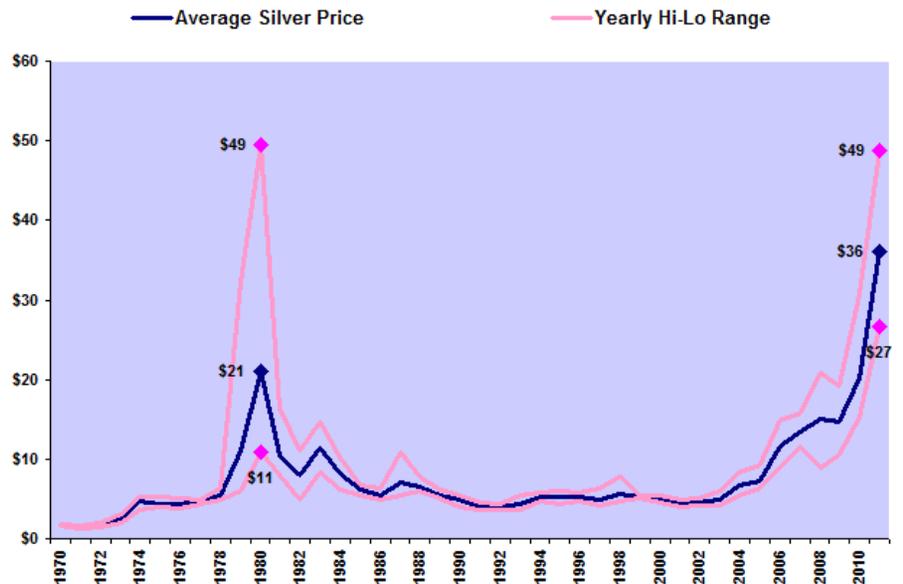
October 2011

Kaiser Research Online

LME Copper \$/lb



Annual Average Silver Price with High-Low Range

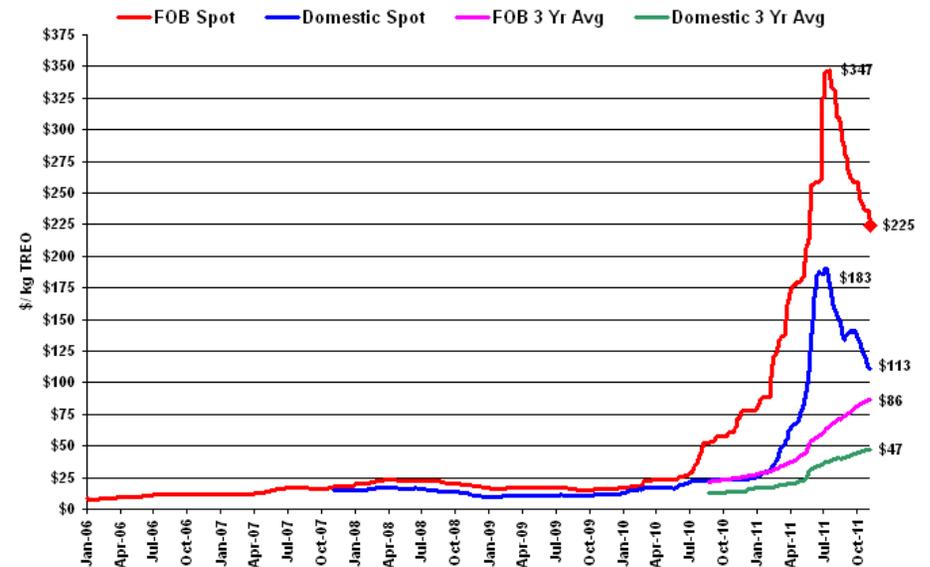


Source: CPM, IMF, World Bank

October 2011

Kaiser Research Online

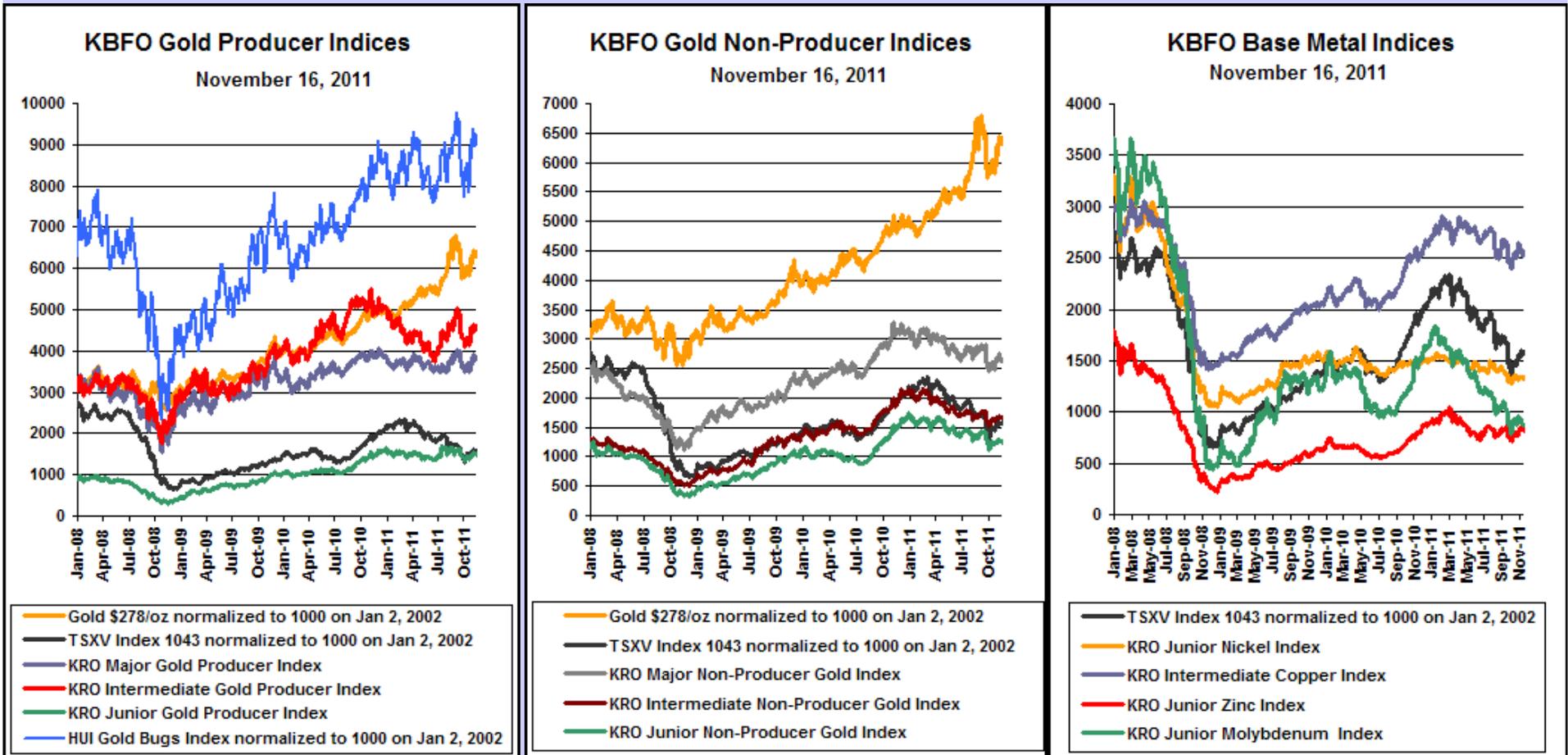
Quest - Strange Lake - Basket Prices



Kaiser Research Online Copyright 2011

November 15, 2011

Despite strong metal prices we have an equity valuation disconnect.

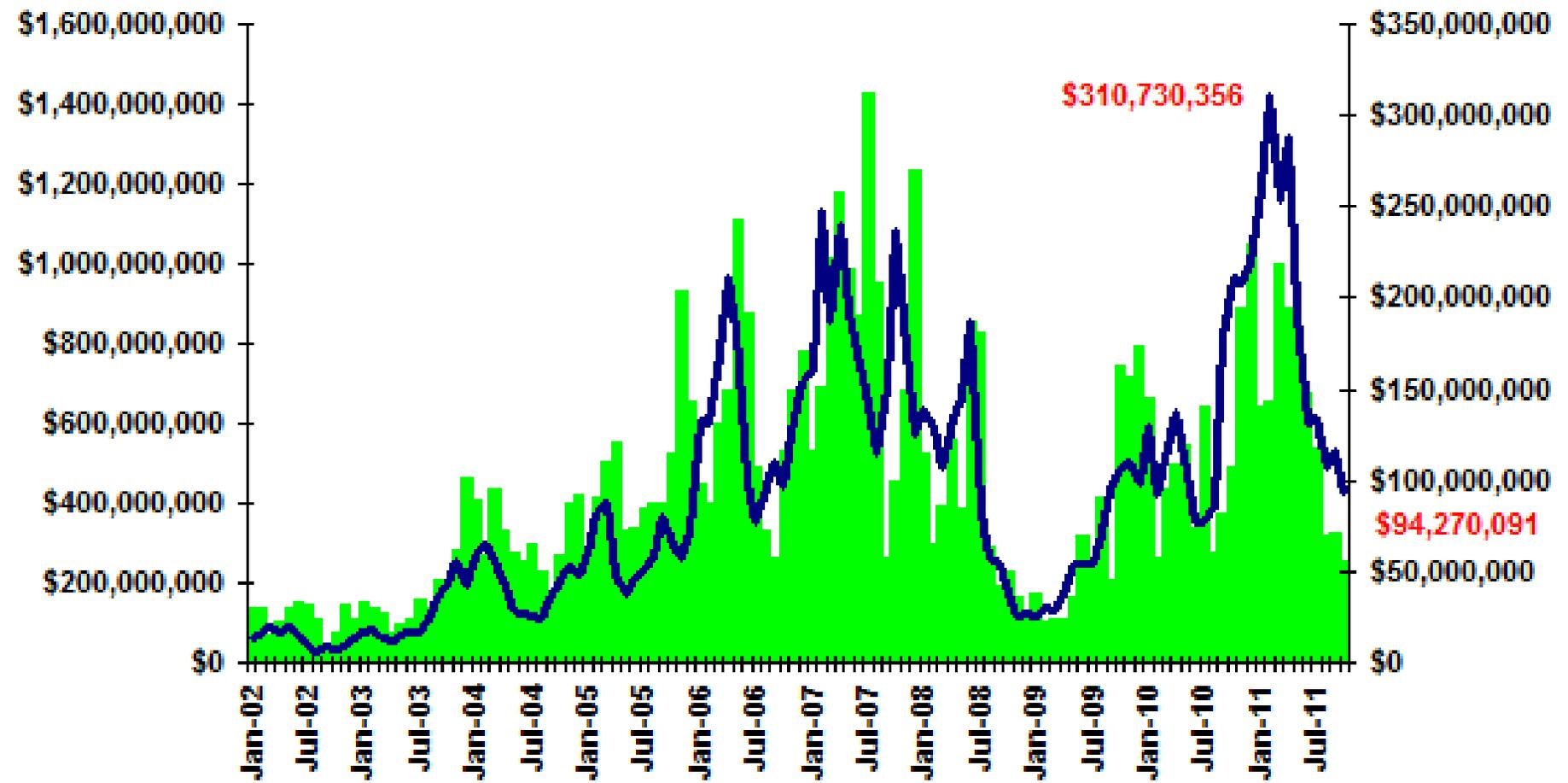


TSXV Private Placement Activity

\$52 billion raised / \$229 billion traded

PP Value

Daily Trade Value

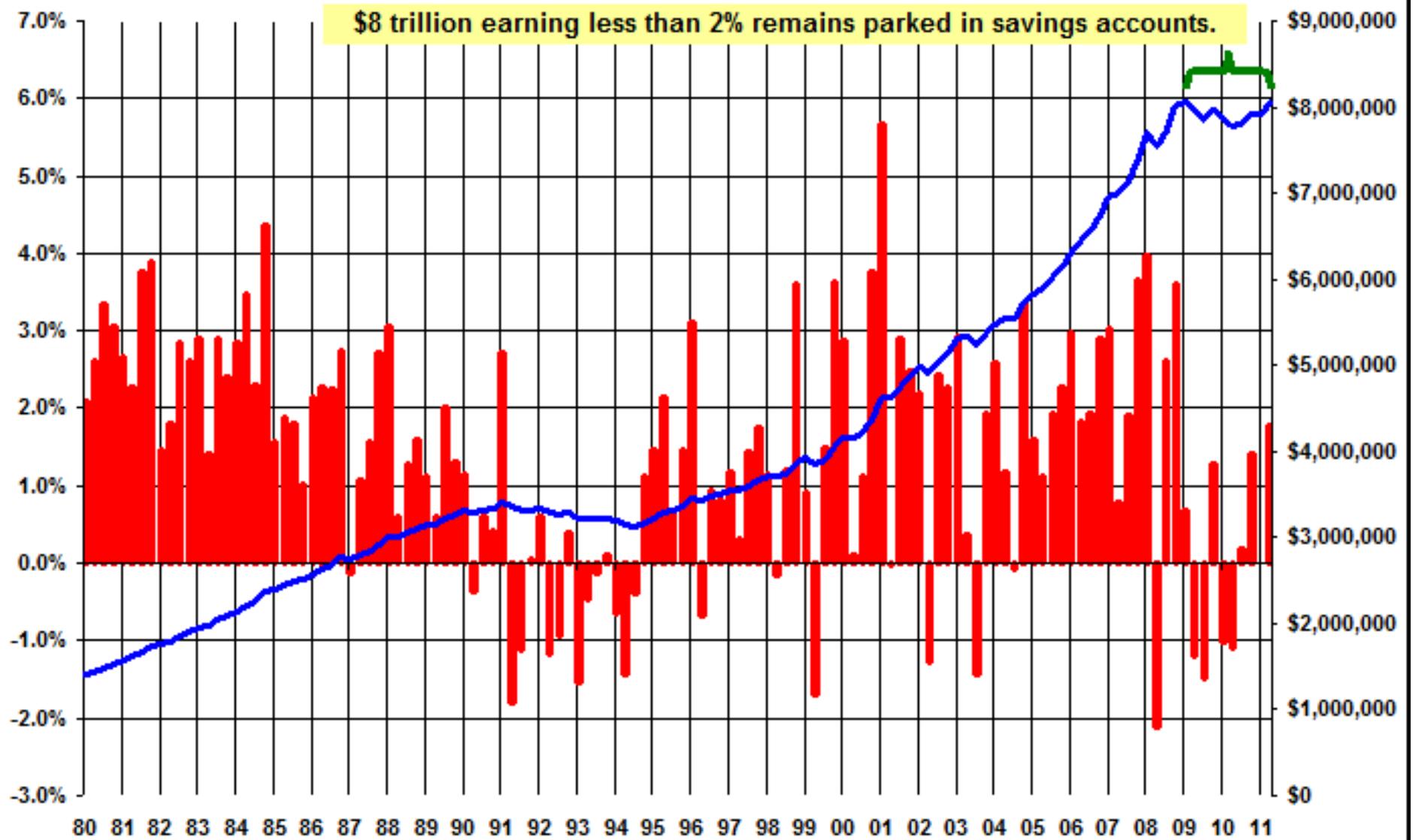


■ Monthly Value of Financings
— Monthly Average Daily Value Traded

US Household Savings Deposits

Quarterly % Change

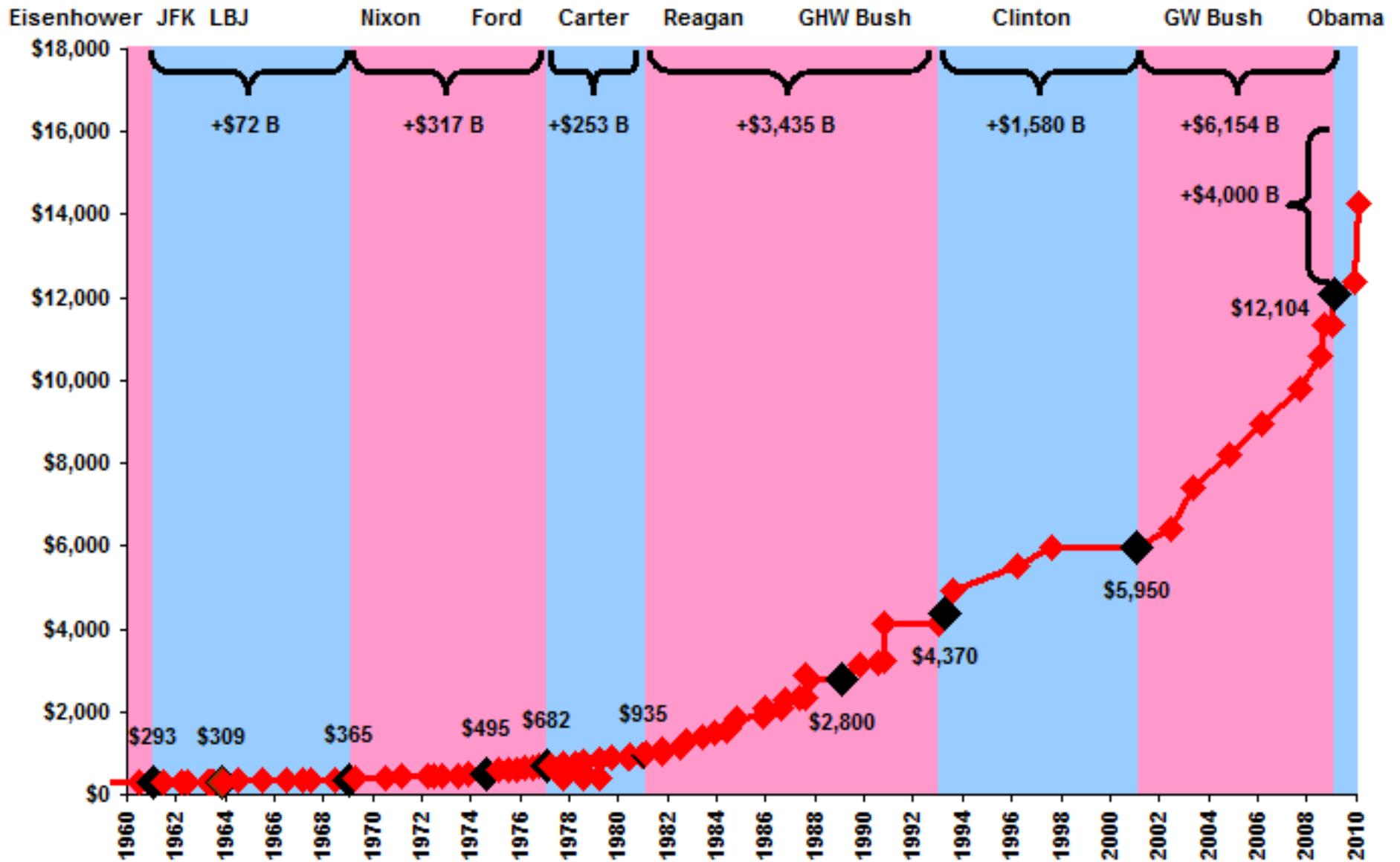
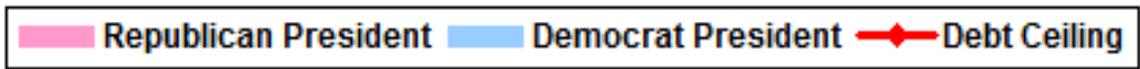
Savings Deposits - '000s

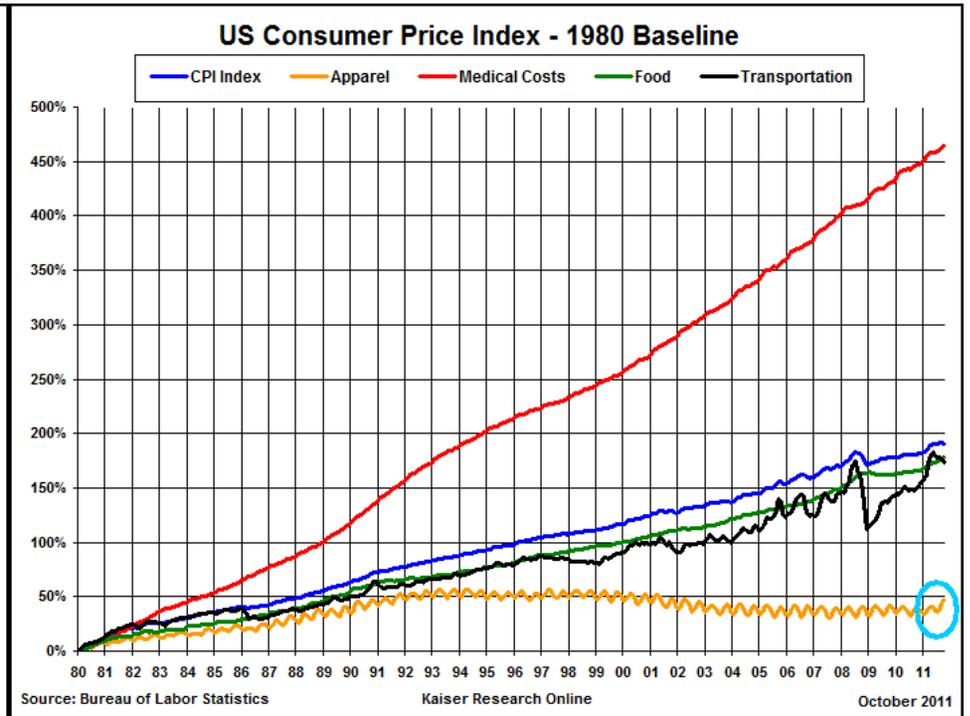
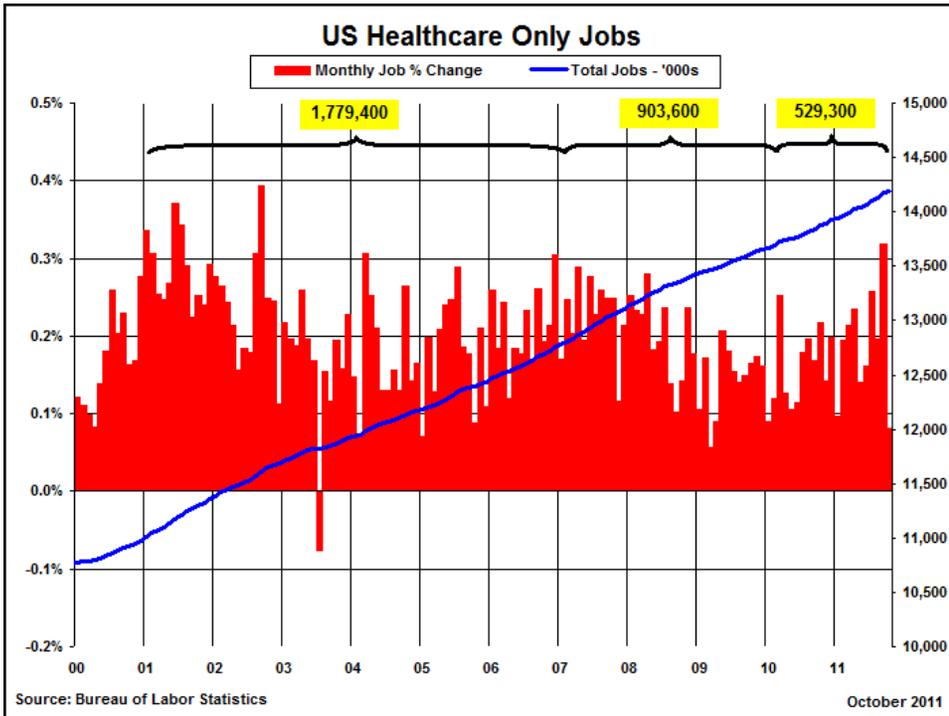


Source: Federal Reserve

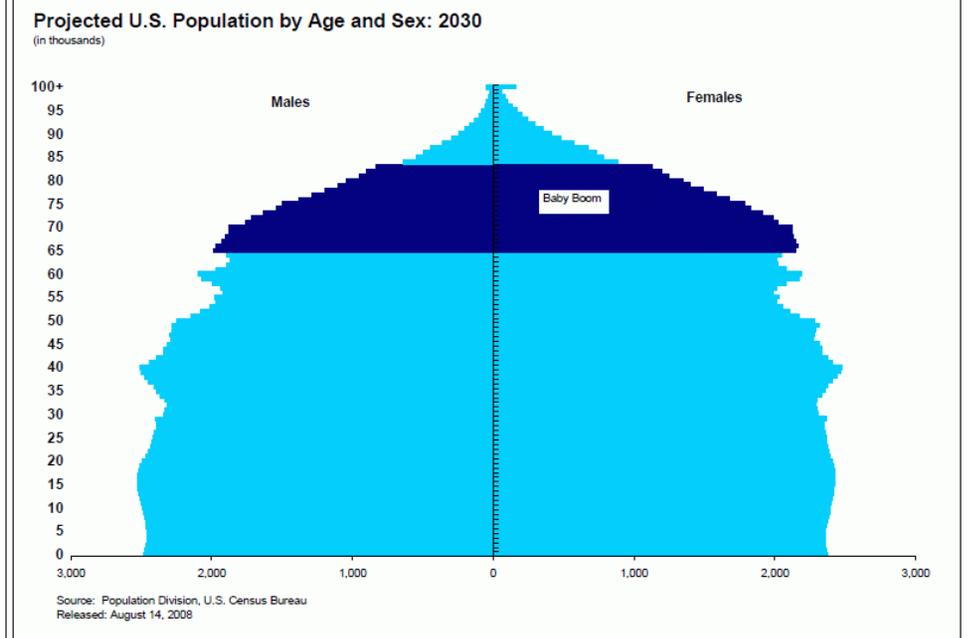
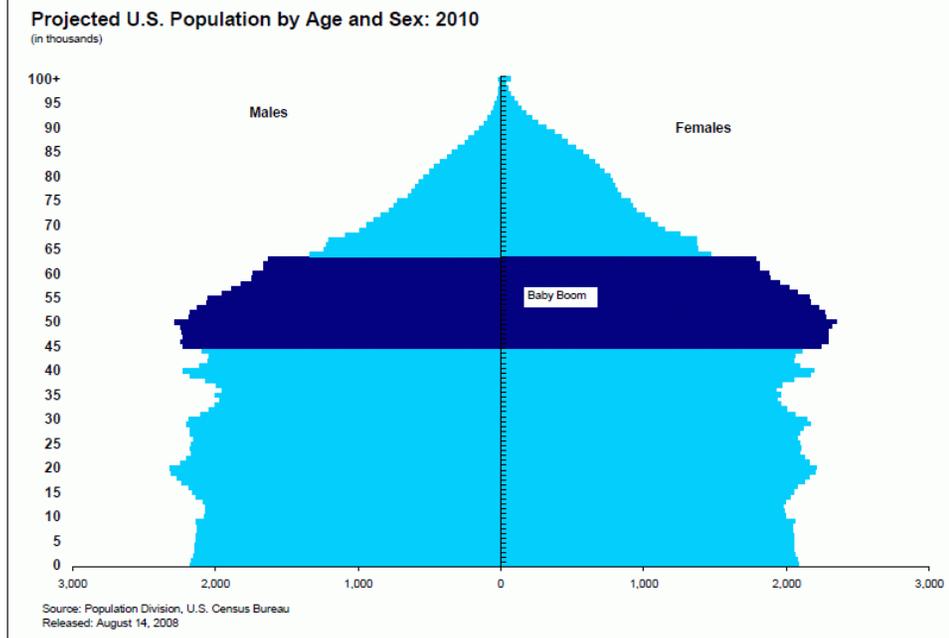
Q2 of 2011

US Debt Ceiling Increases



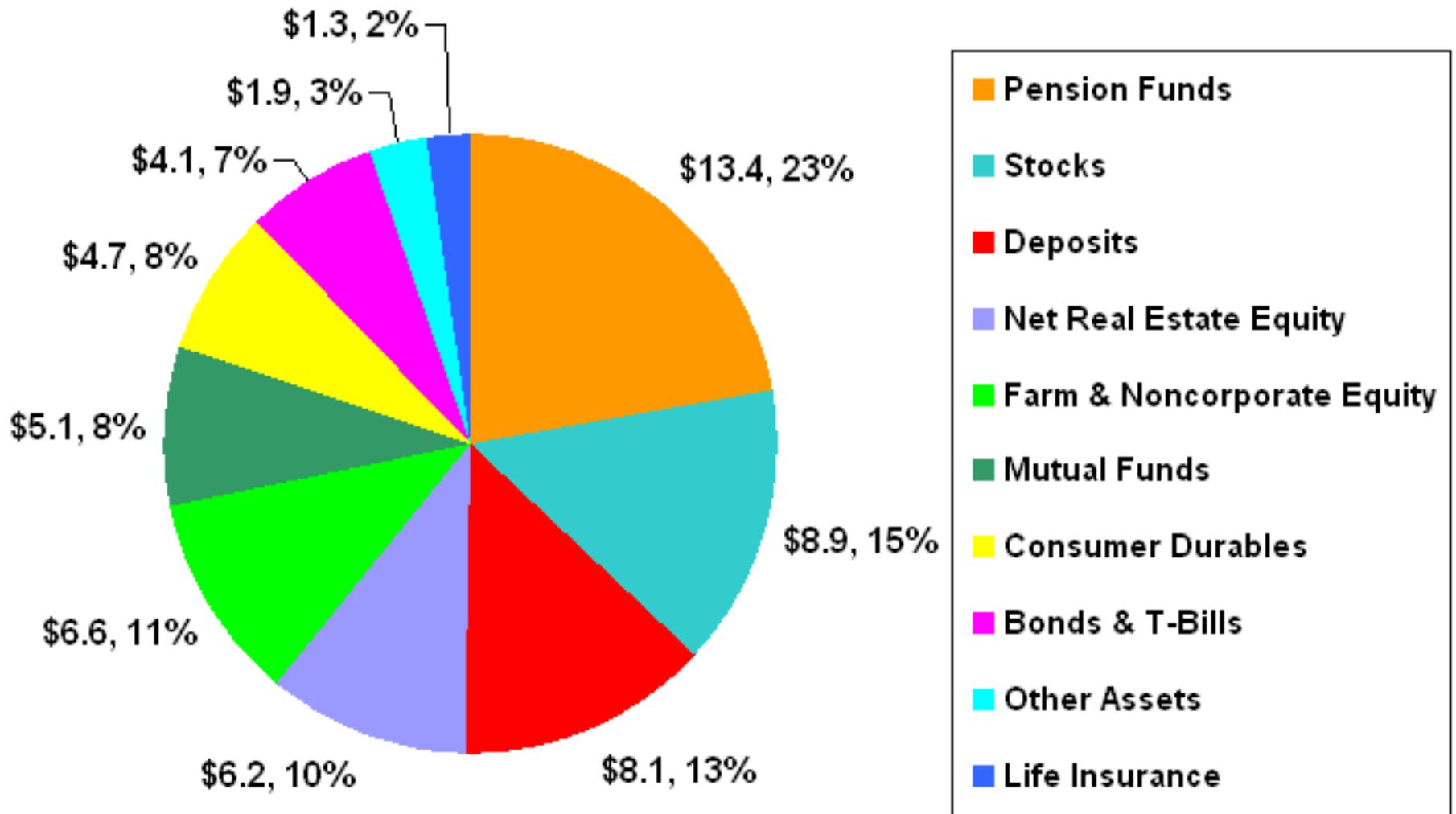


America's Key Problem: the Boomer Bulge & Health Care



US Household Assets Q2 2011

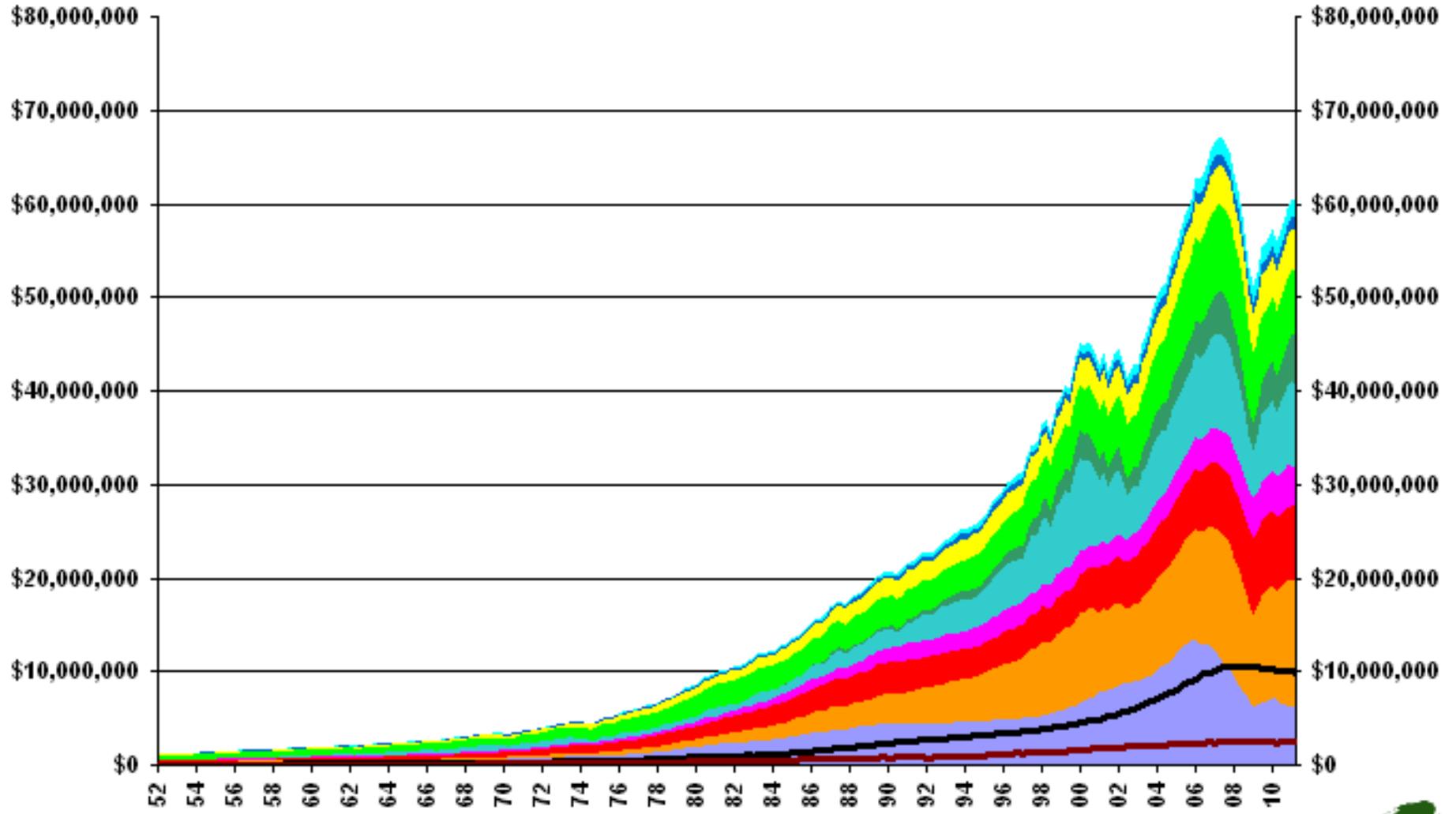
\$57.2 trillion



Source: Federal Reserve



US Household Assets - millions



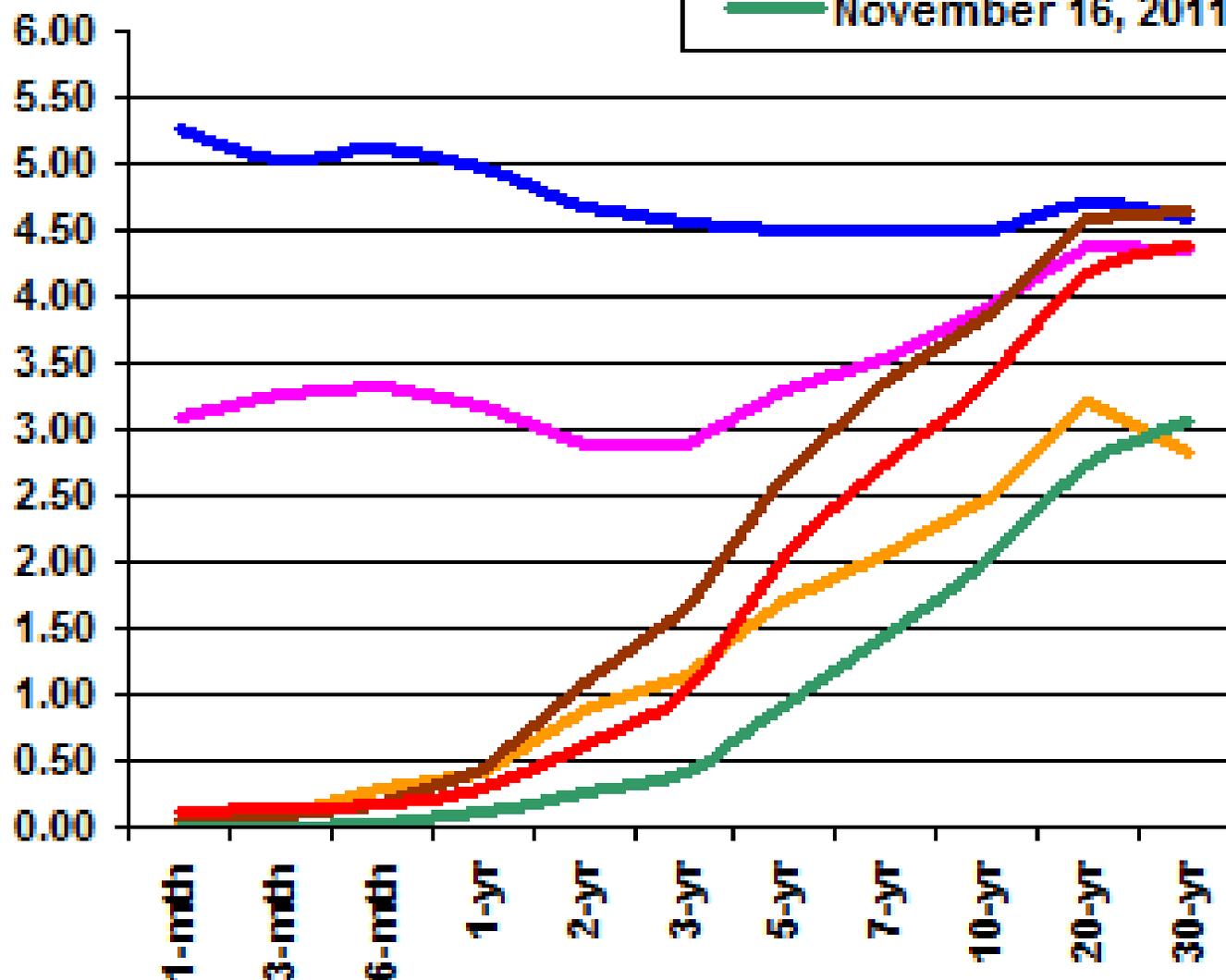
Source: Federal Reserve

Quarterly unadjusted thru Q2 of 2011



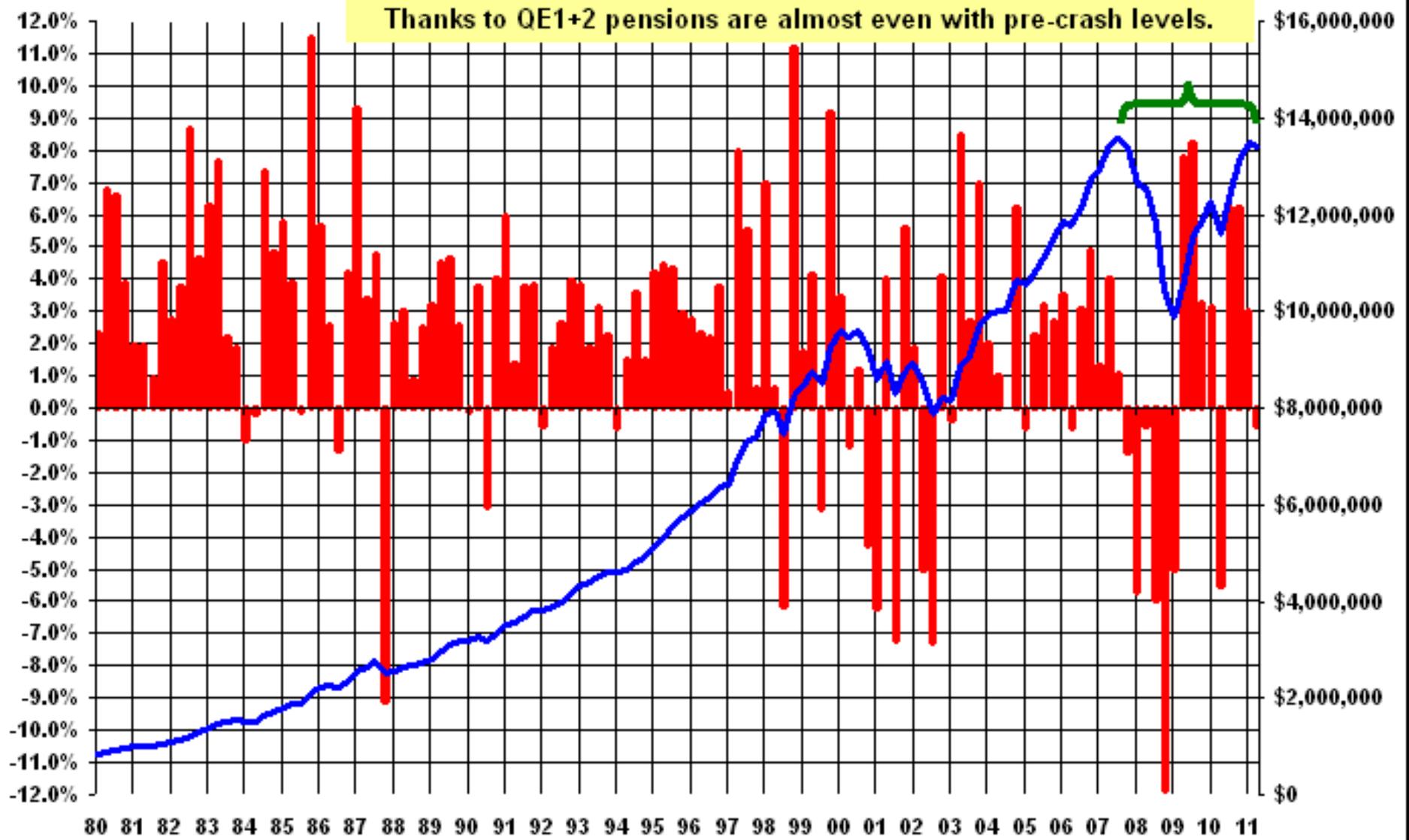
US T-Bill % Yield Curves

- Mar 10, 2000
- Jan 2, 2008
- Jan 2, 2009
- Jan 4, 2010
- Jan 3, 2011
- November 16, 2011



US Household Pension Fund Reserves

■ Quarterly % Change — Pension Fund Reserves - '000s



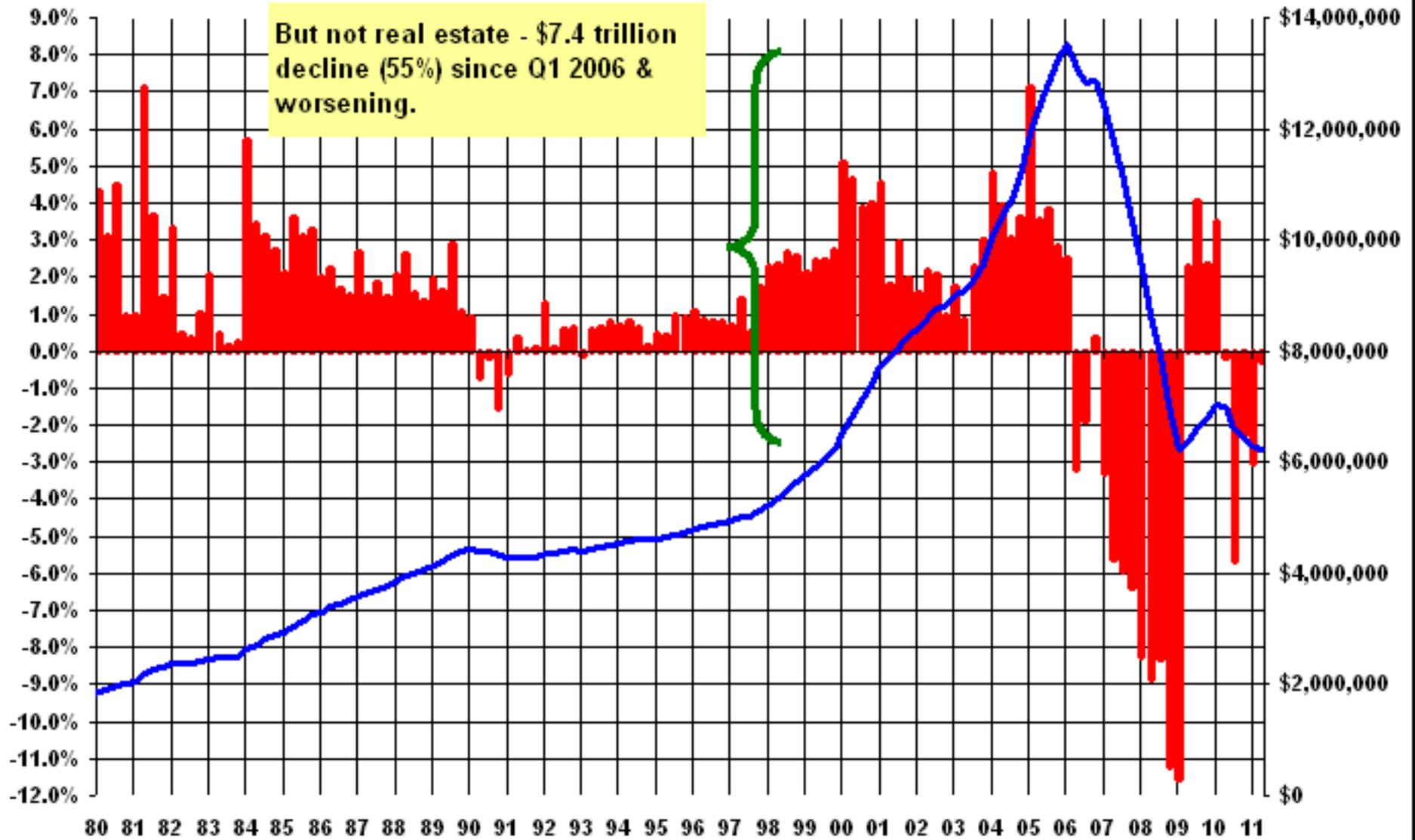
Source: Federal Reserve

Q2 of 2011

US Household Net Real Estate Equity

Quarterly % Change

Net Real estate Equity - '000s

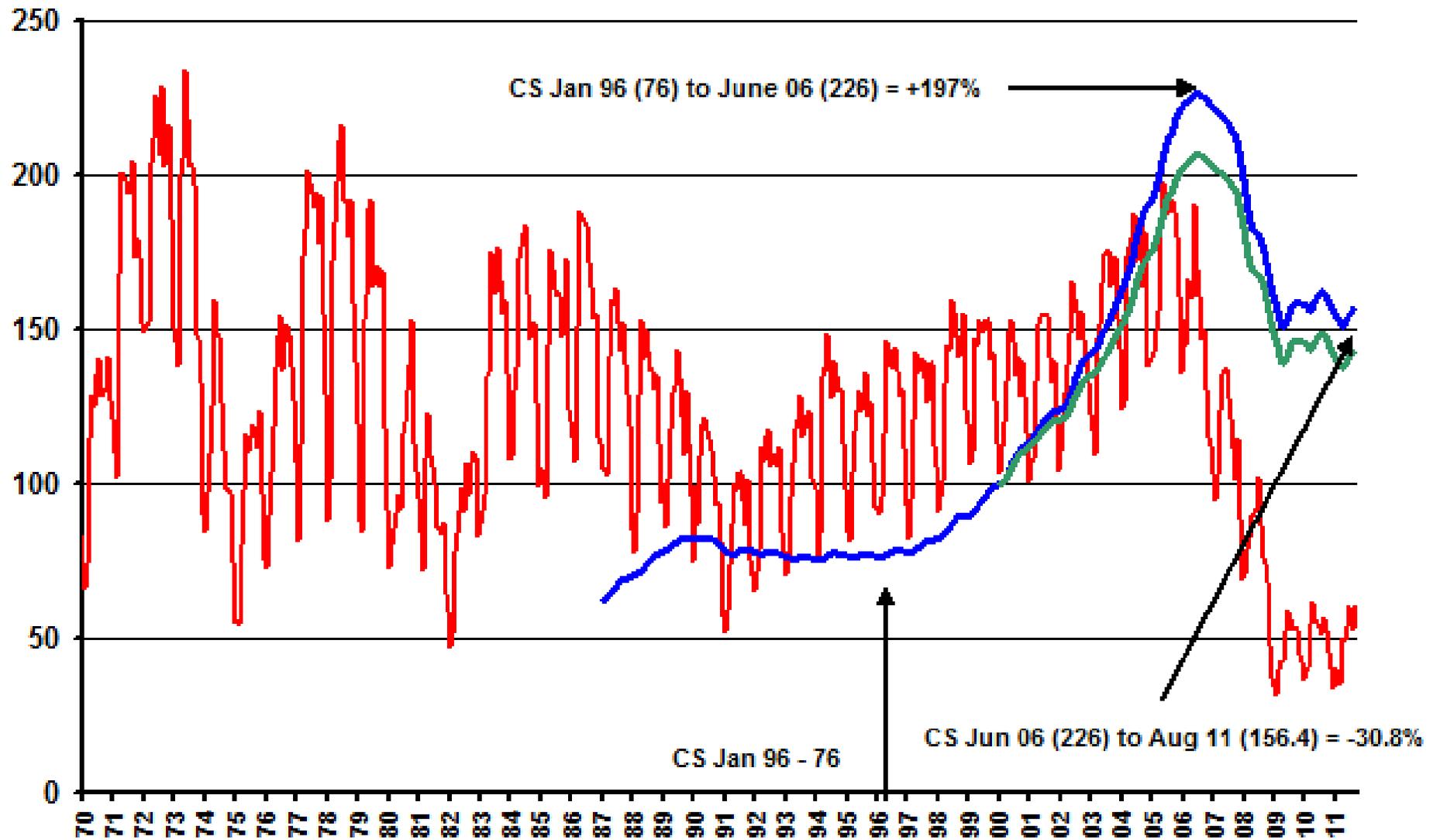


Source: Federal Reserve

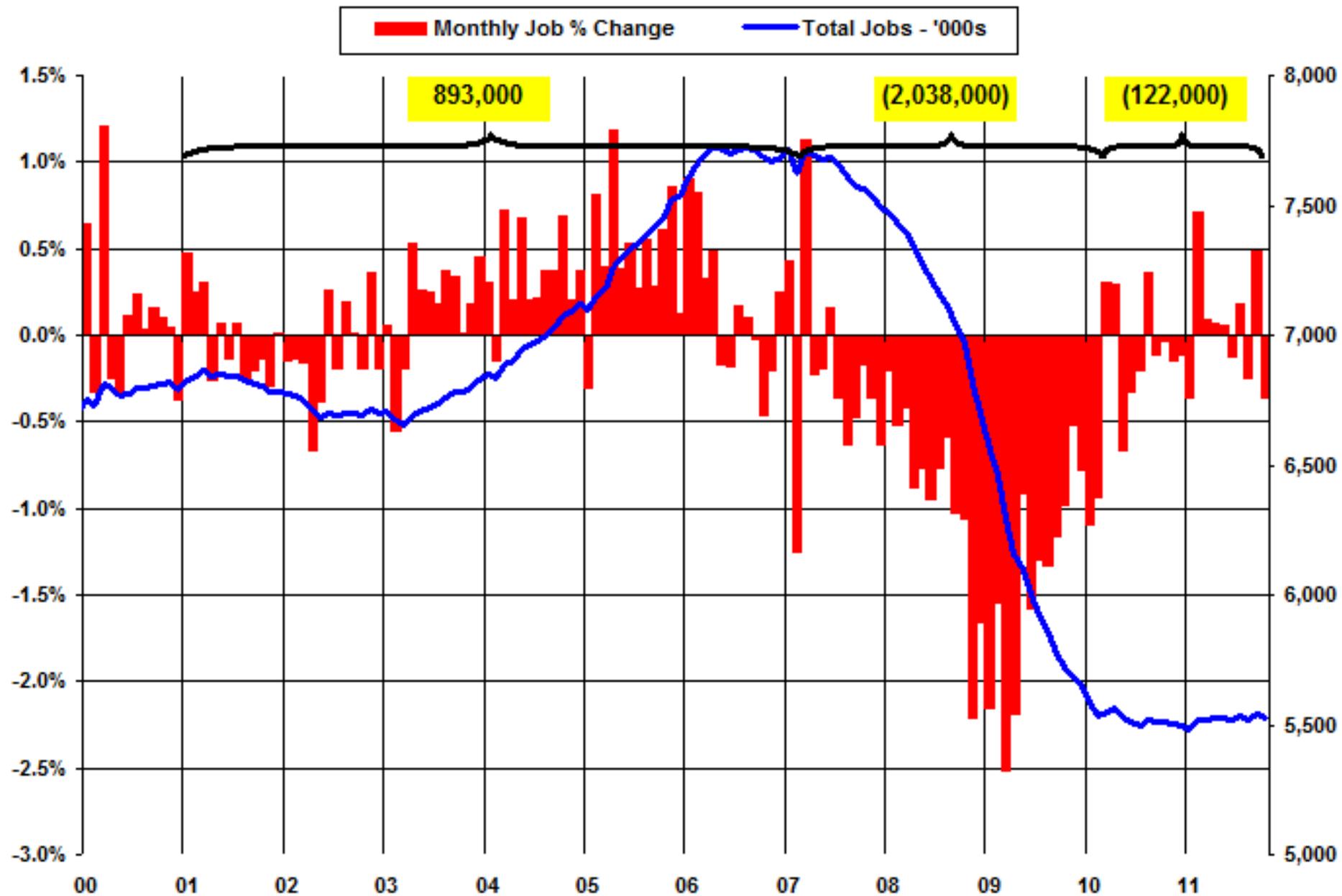
Q2 of 2011

US Residential Home Data

- Monthly New Housing Starts - no seasonal adj. (000's) Sept 11
- S&P Case Schiller Home Price Index (10 city) July 11
- S&P Case-Schiller Home Price Index (20 City)



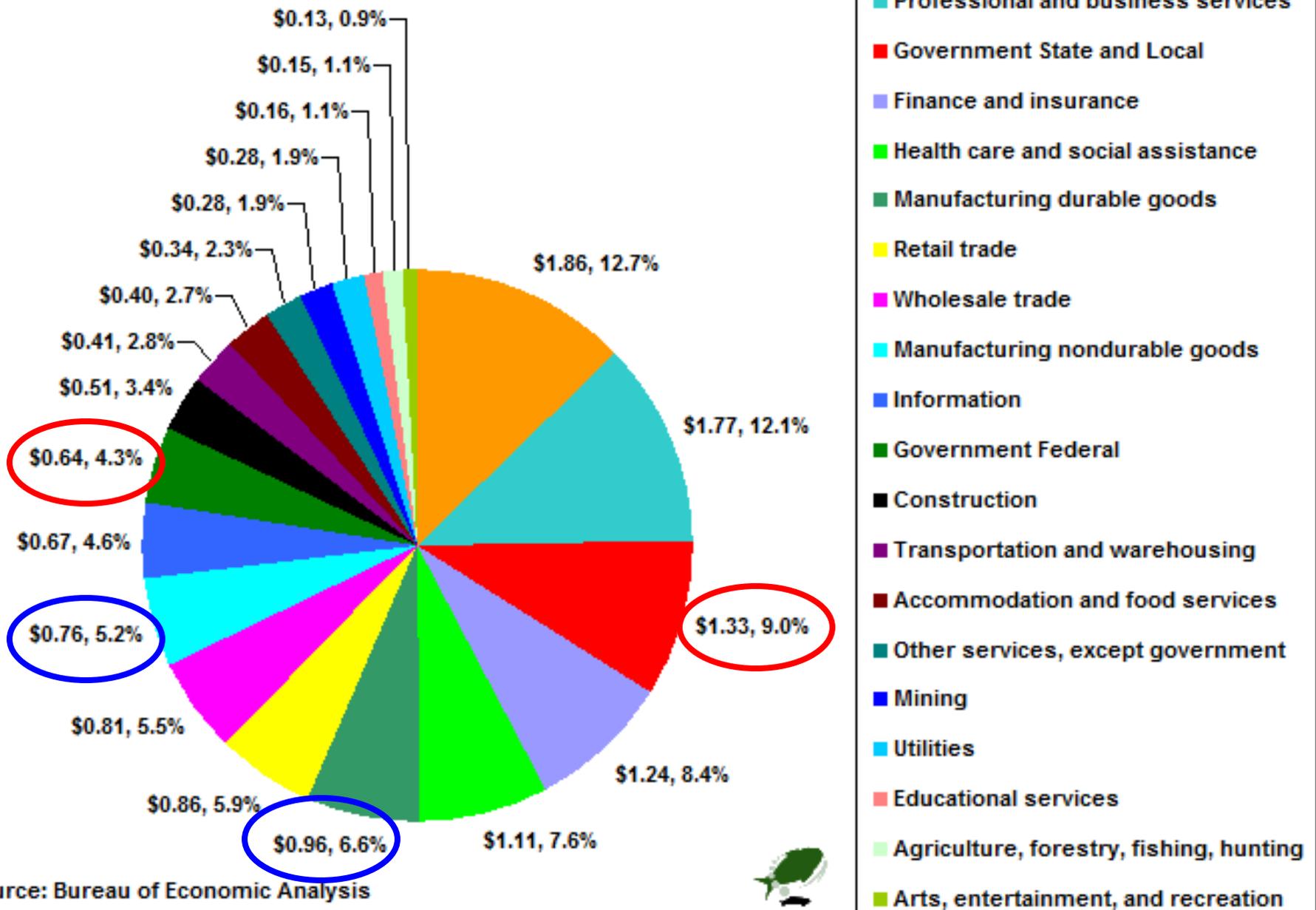
US Construction Jobs



Source: Bureau of Labor Statistics

October 2011

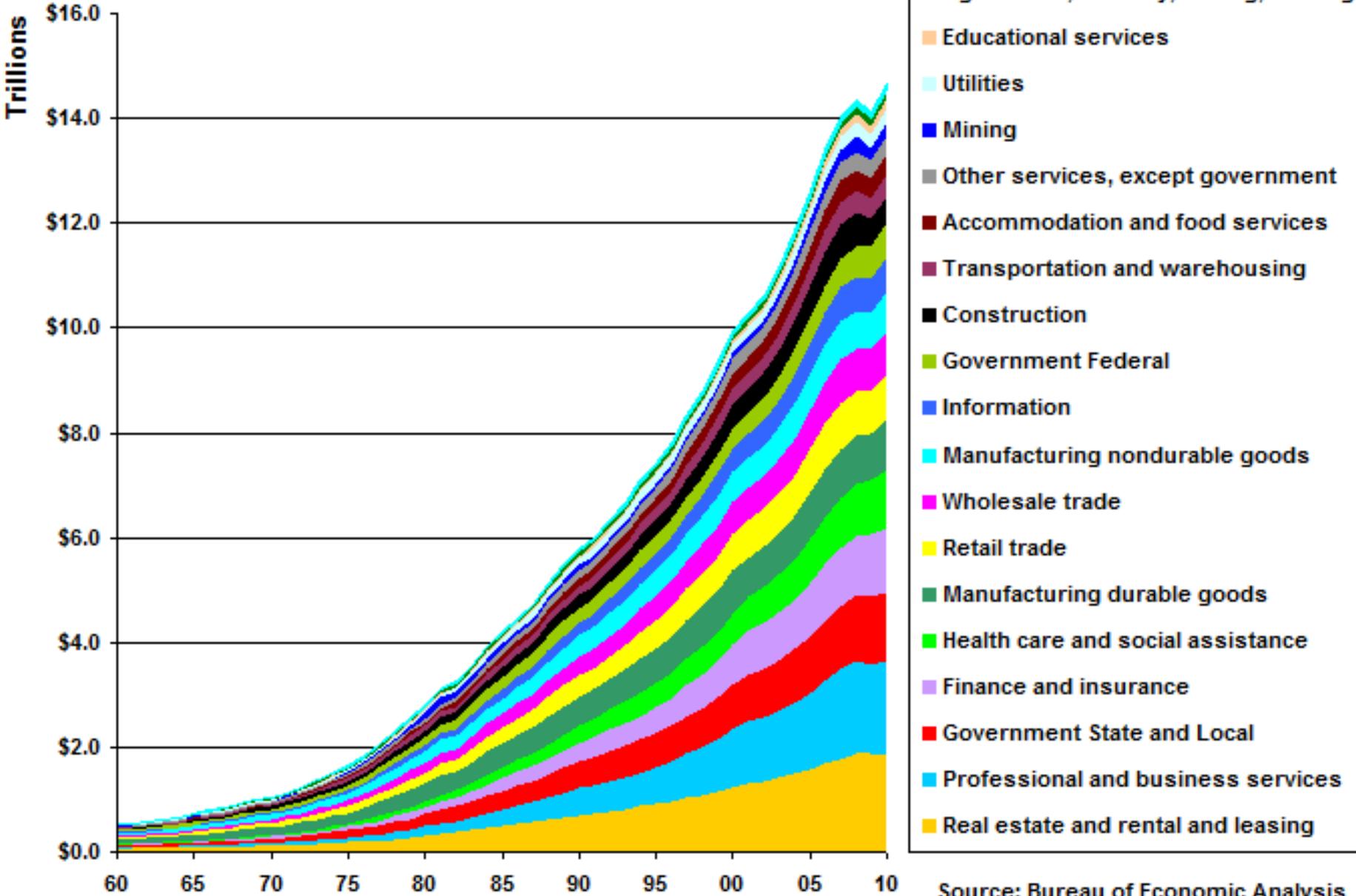
US GDP 2010 \$14.66 trillion



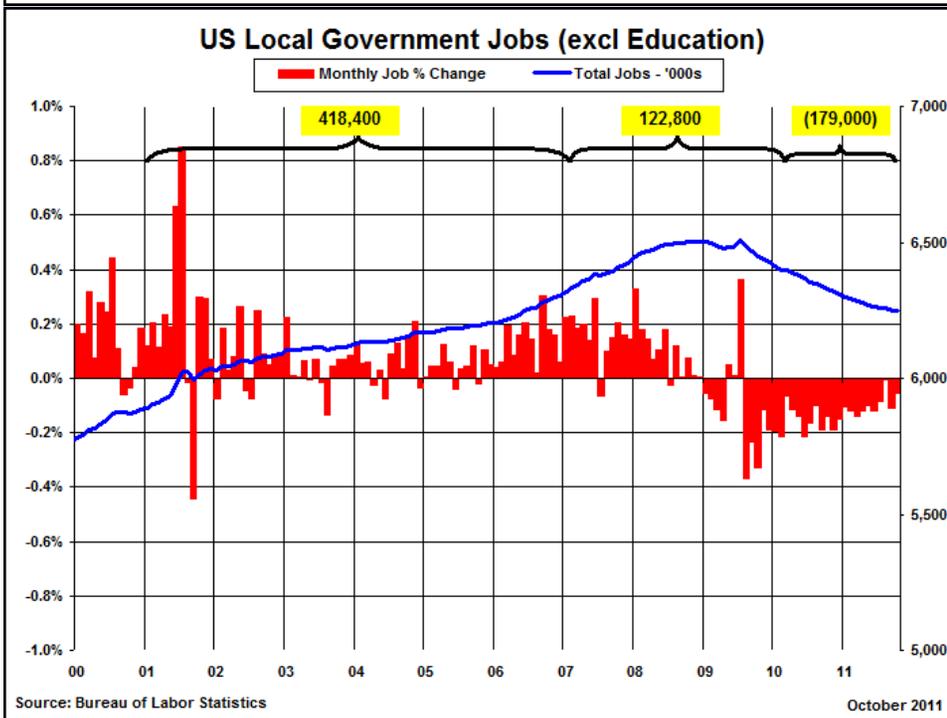
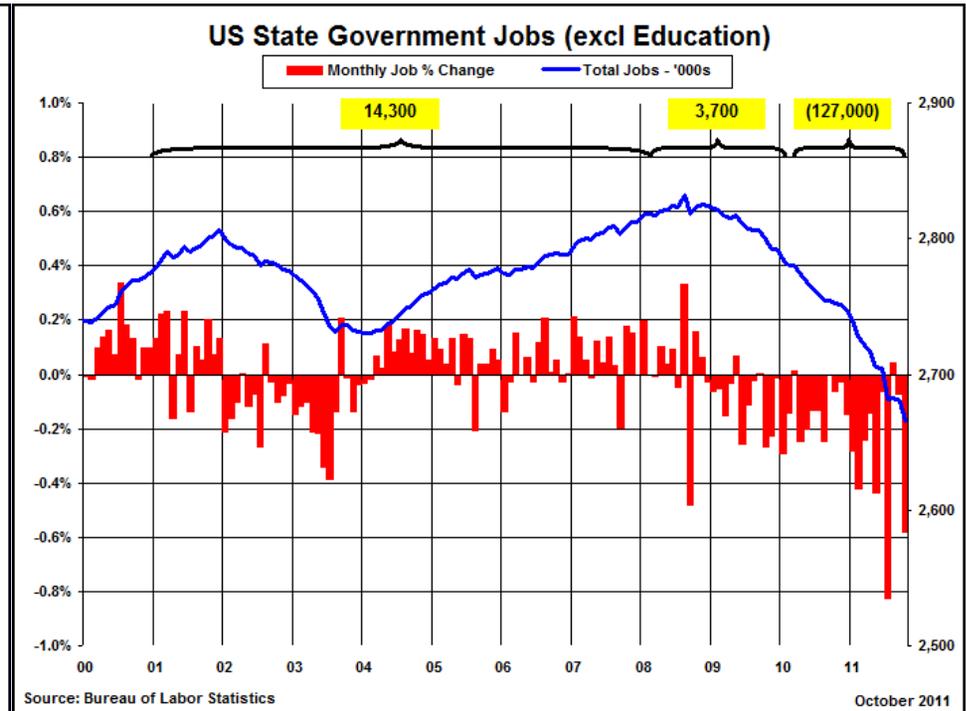
Source: Bureau of Economic Analysis



US GDP thru 2010

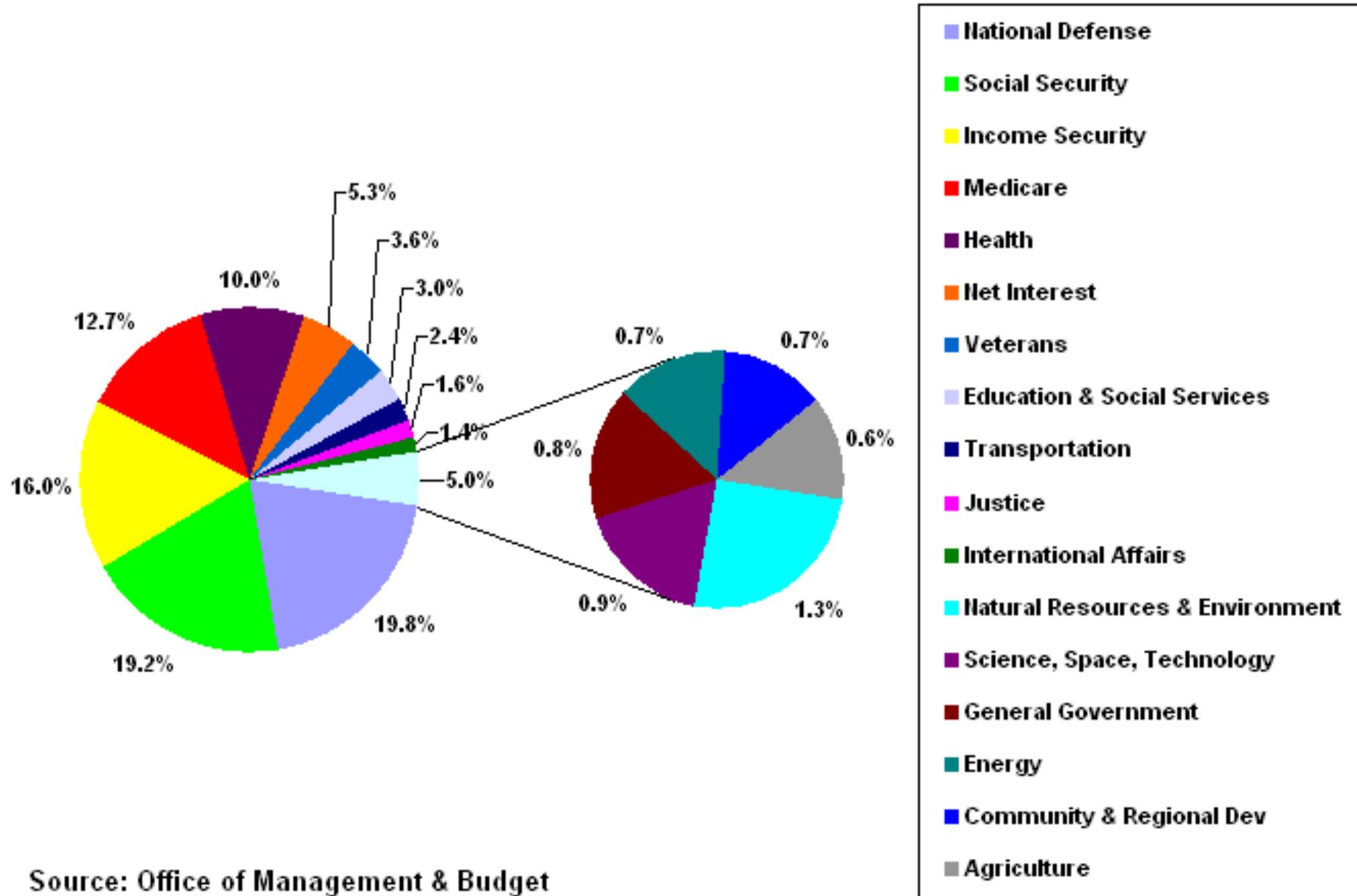


Source: Bureau of Economic Analysis



**Deficit Reduction
Super-Committee has
little room to make
government "smaller"**

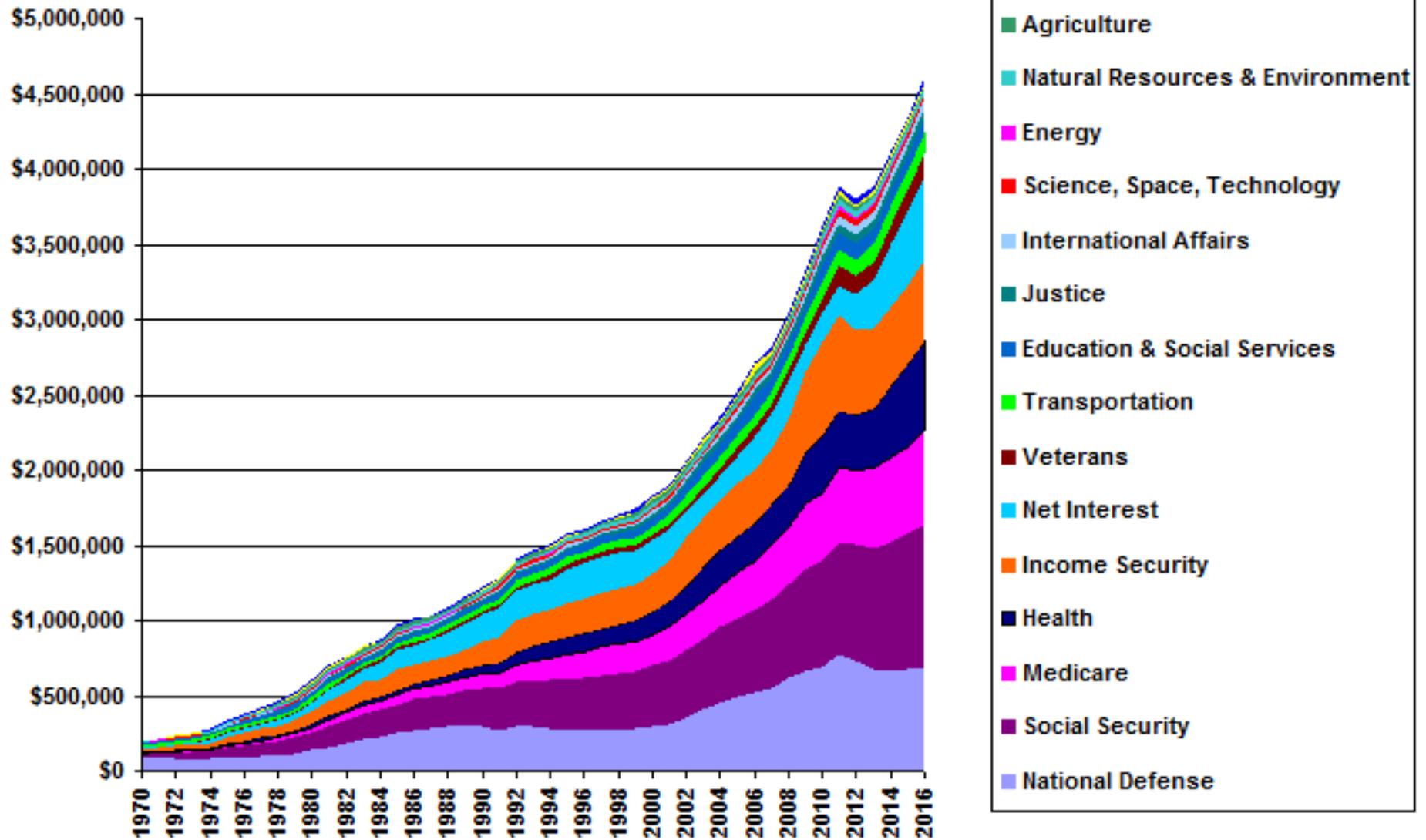
2011 Federal Outlay Estimate - \$3.9 trillion



Source: Office of Management & Budget

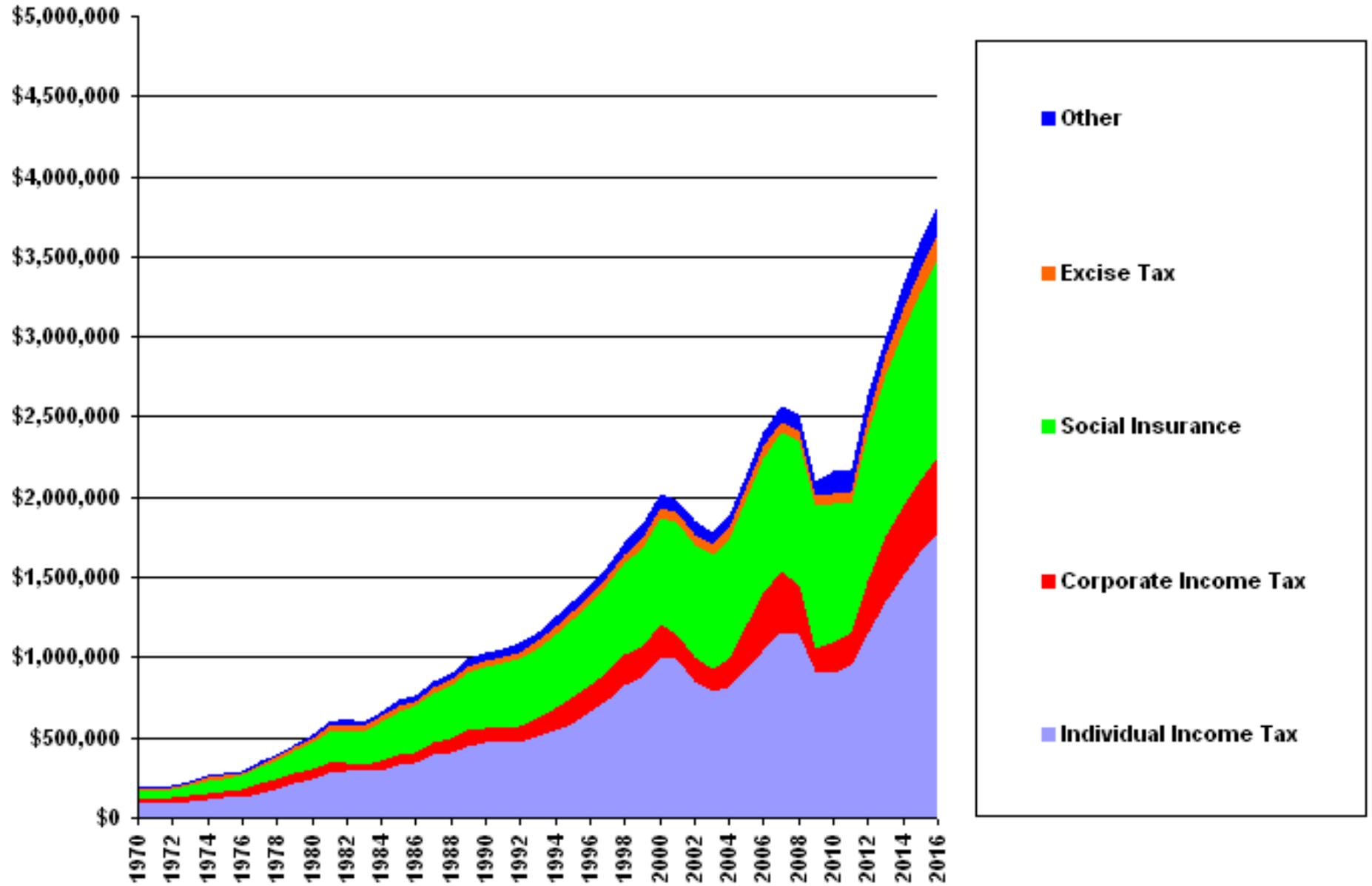
US Federal Outlays - millions

(Estimates for 2011-2016)



Source: Office of Management & Budget

Federal Revenues by Source - millions (2011-2016 estimates)



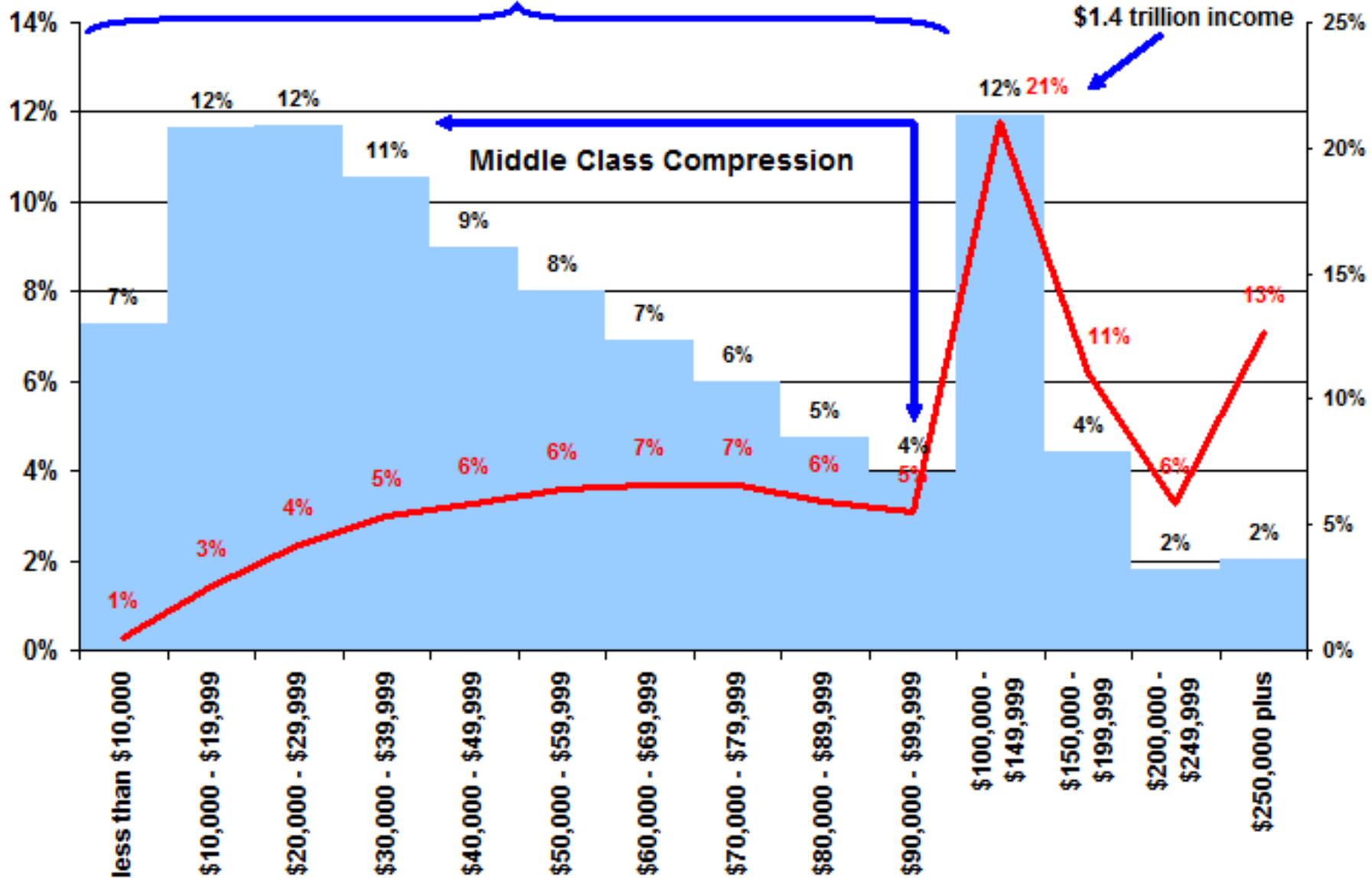
US Household Income Distribution

Source: US Census for 2009 (117,541,000 households)

■ % of Households
— % of Total Income

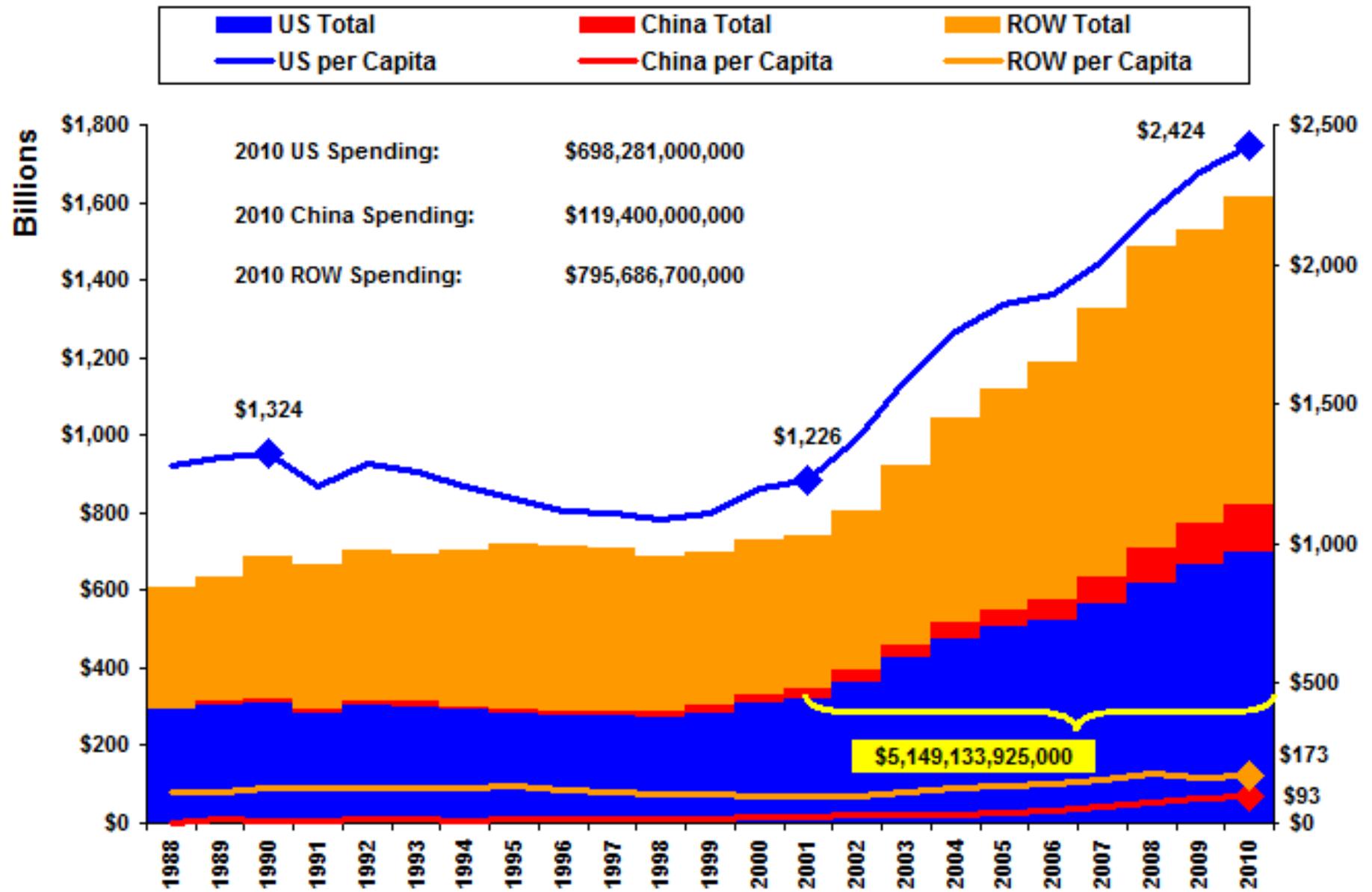
80% of households earn < \$100,000 representing \$4 trillion out of \$8 trillion

Threatened Class
\$1.4 trillion income



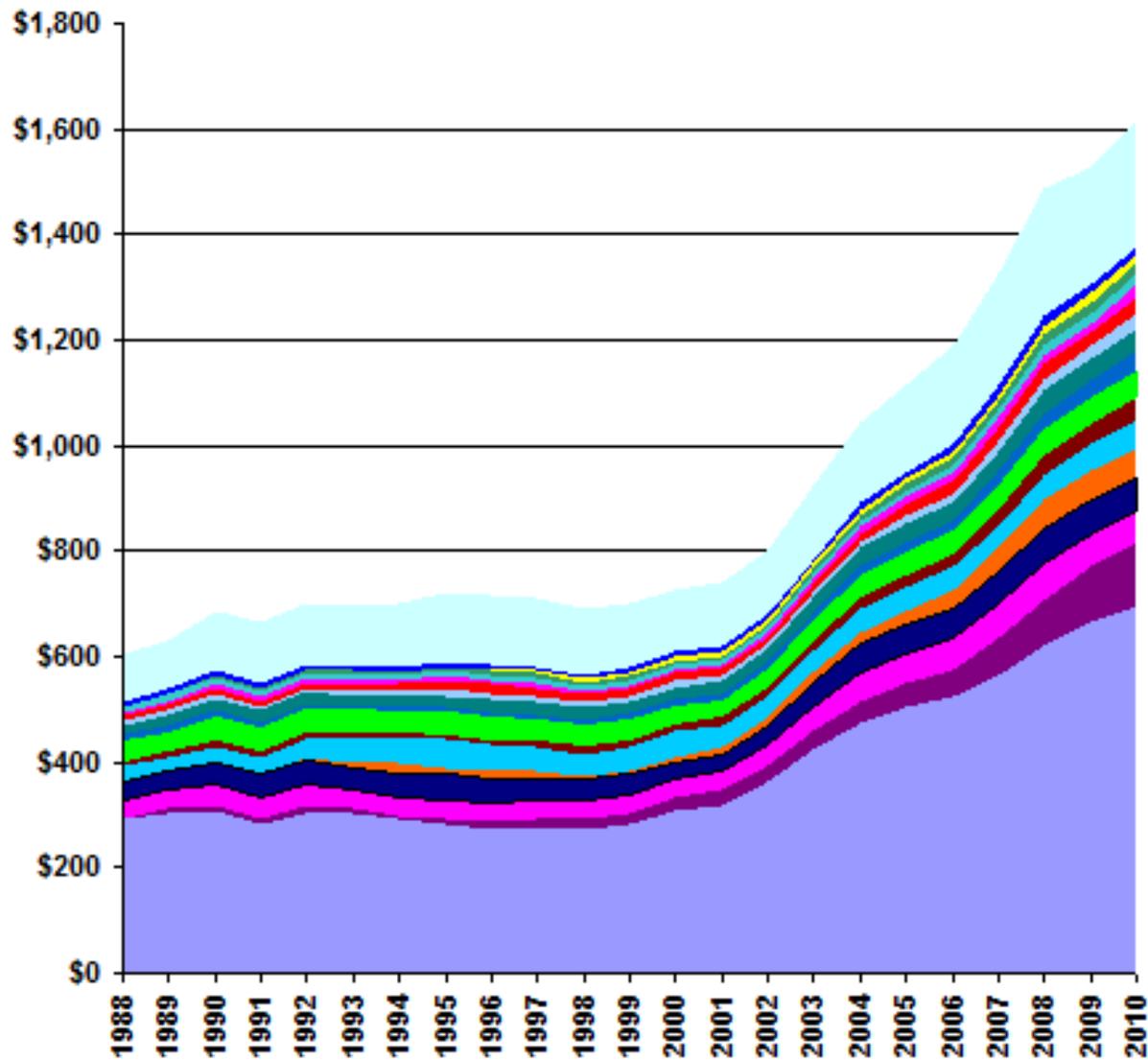
Annual Military Spending

(US figures do not include veterans spending - \$100 billion in 2010)



Global Military Spending - billions USD

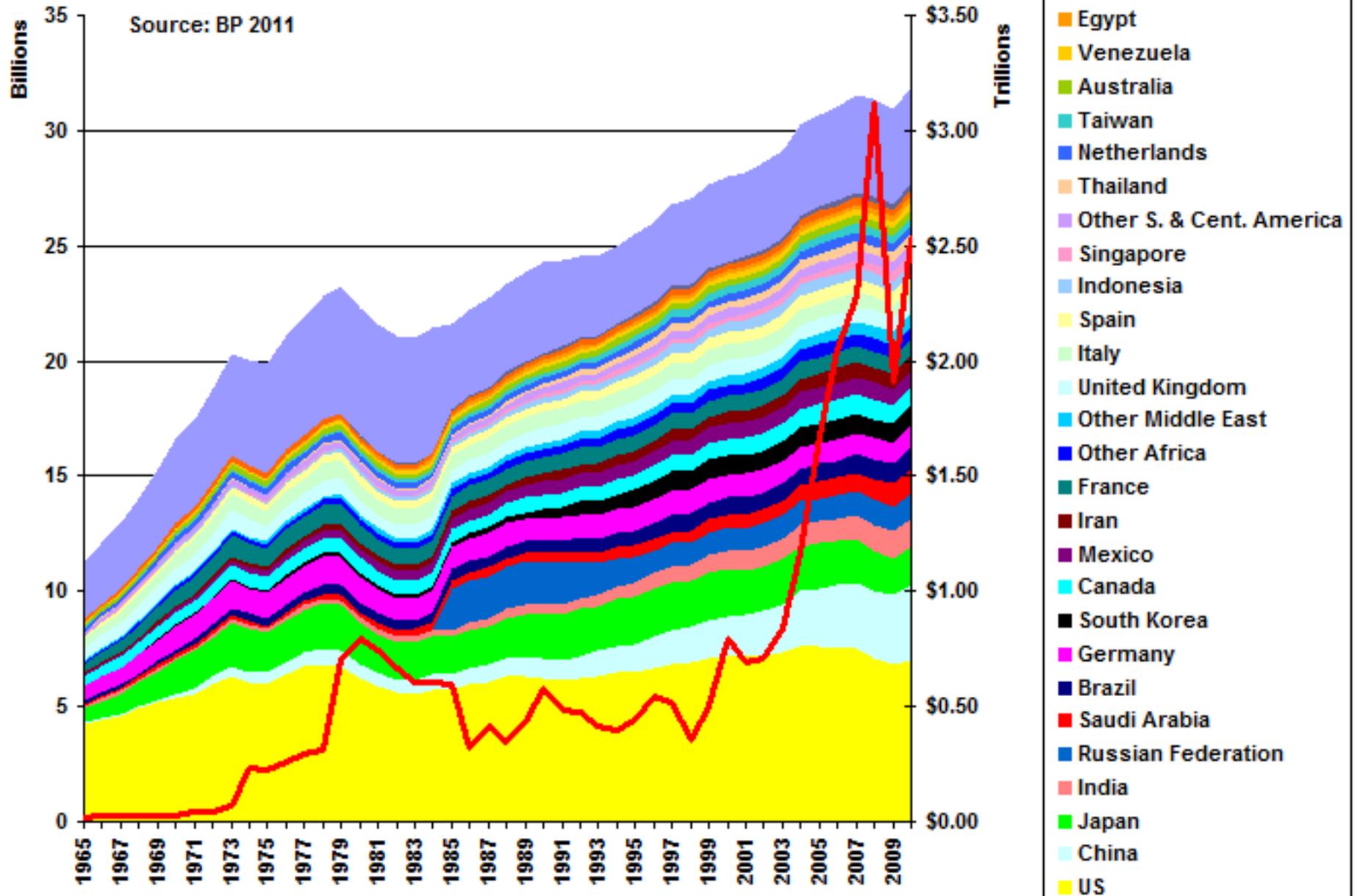
(\$1.6 trillion in 2010)



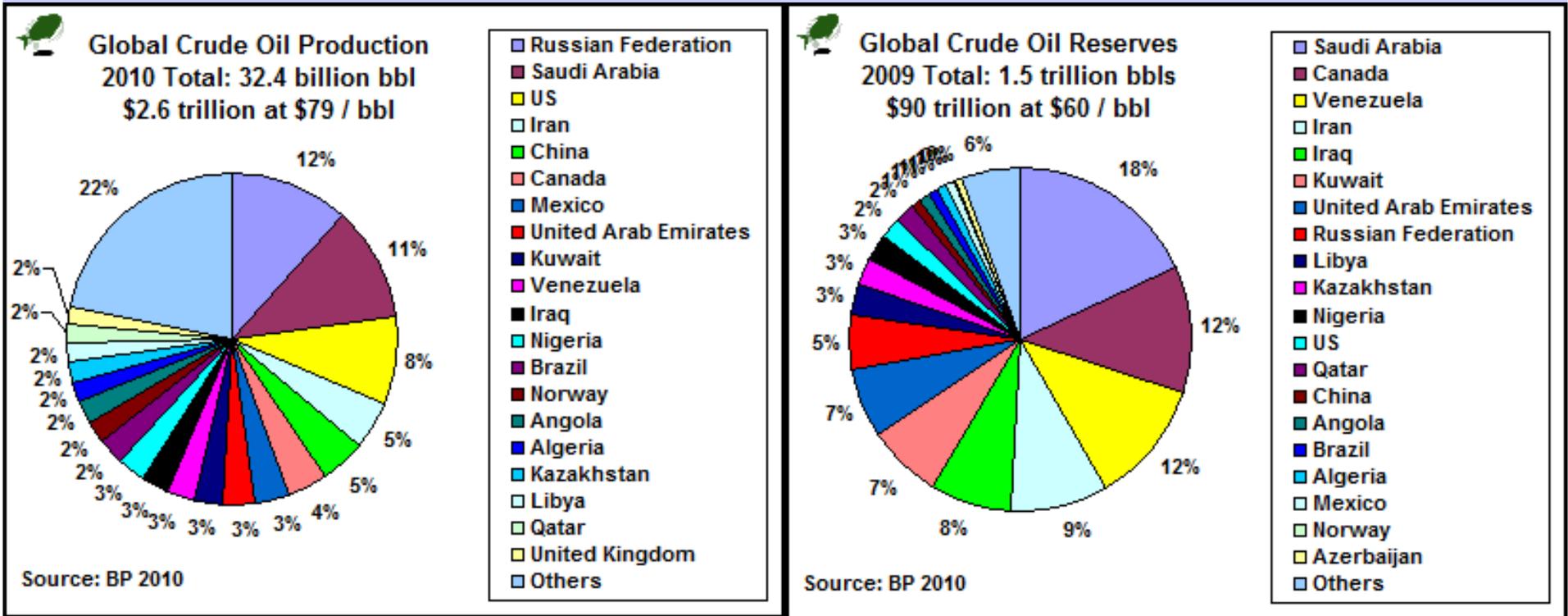
- Rest of World
- Spain
- United Arab Emirates
- Turkey
- Canada
- Australia
- Korea
- Brazil
- Italy
- India
- Germany
- Saudi Arabia
- Japan
- Russia
- France
- United Kingdom
- China
- United States

Source: IMF, SIPRI - current dollars

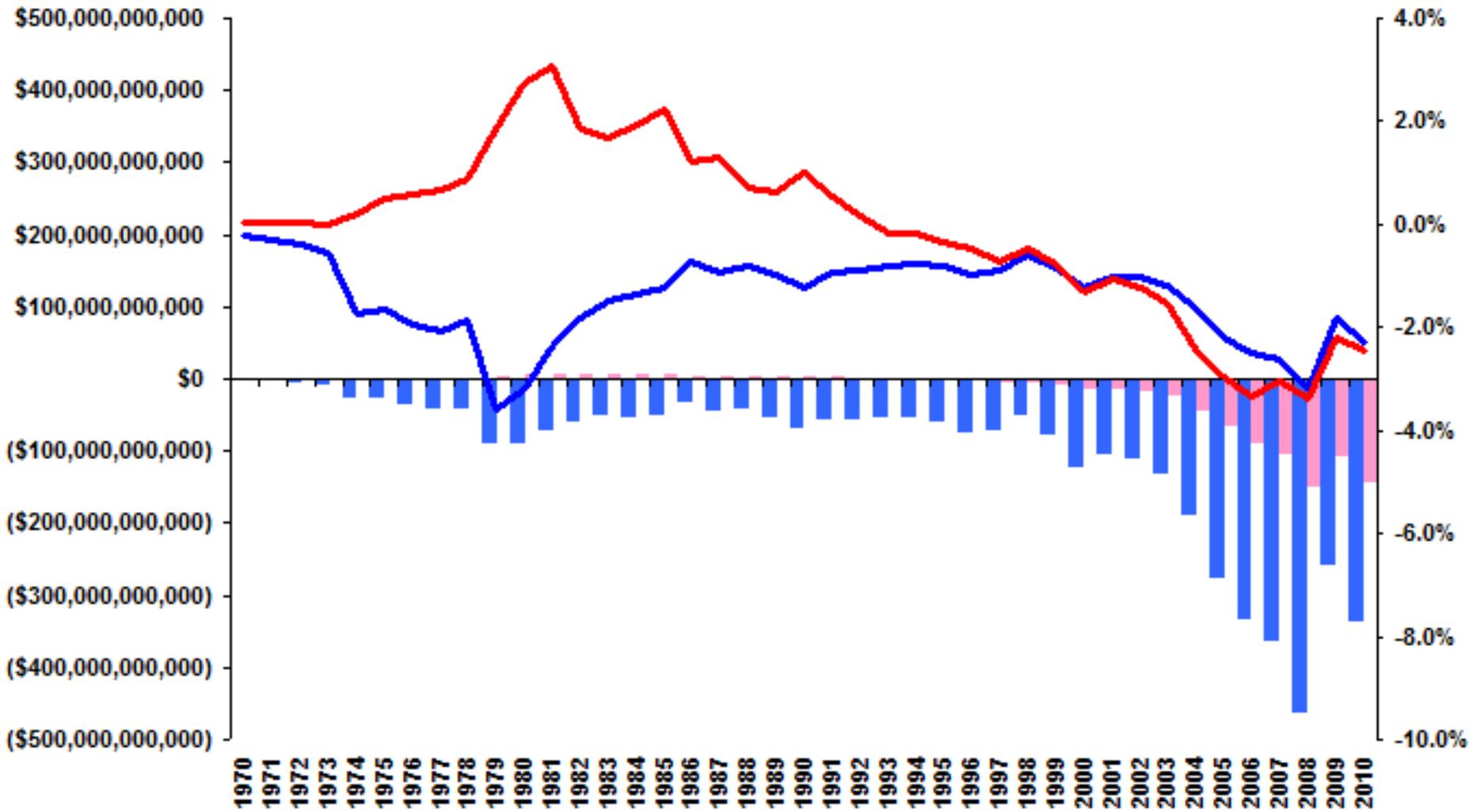
Oil Consumption- barrels per year



Will the Arab Spring boost the flow of crude oil for the whole world, spawn Islamic agenda driven supply allocation strategies, or provide China with easier access once the petrodollar recycling dictators are gone?



US and China Oil Import Dependency

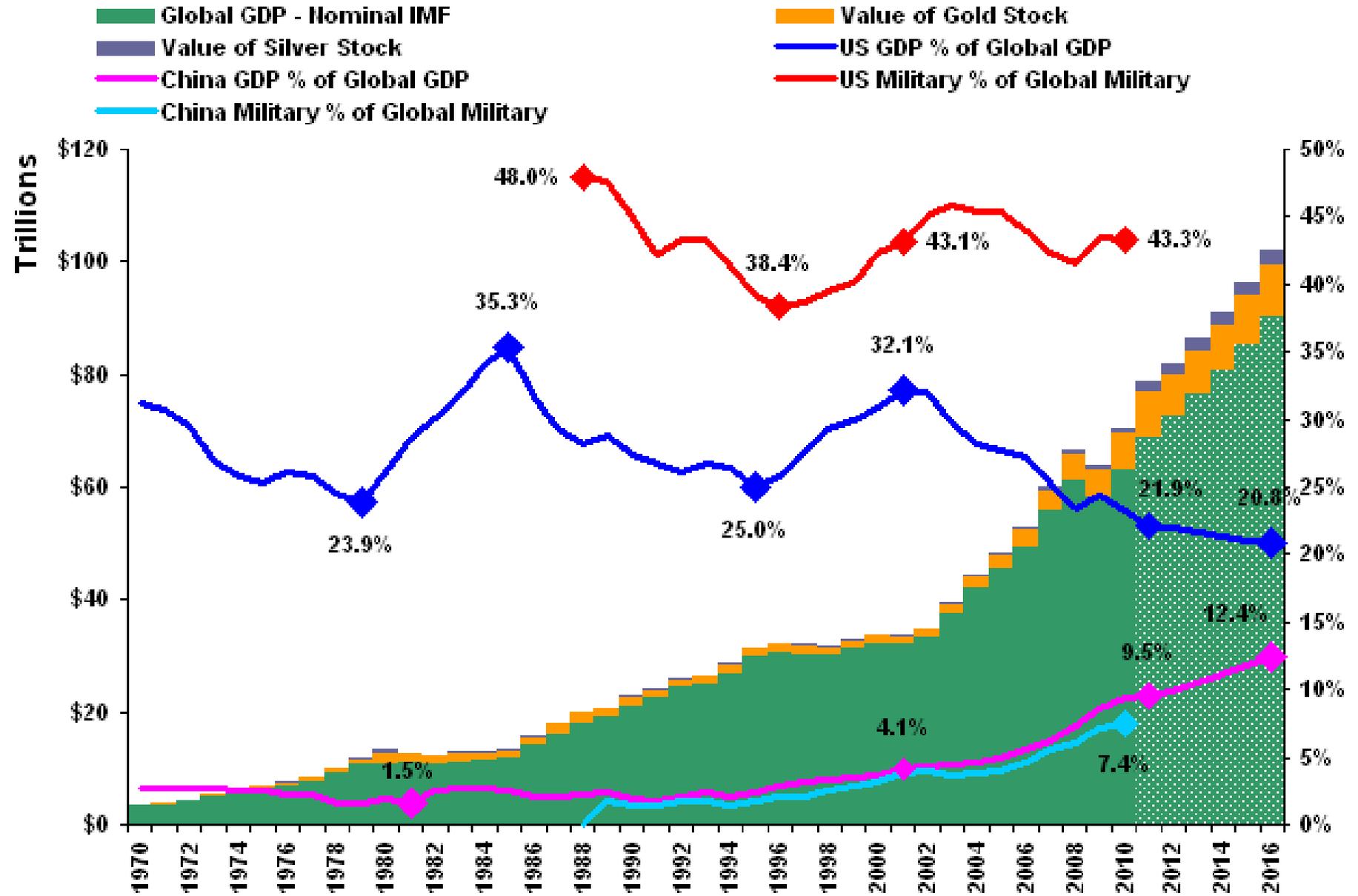


Source: BP 2011

Kaiser Research Online

Relationship of GDP to Value of Existing Gold & Silver Stock

(2011 GDP & Mine Supply estimated - Au \$1,553/oz Ag \$36/oz average)

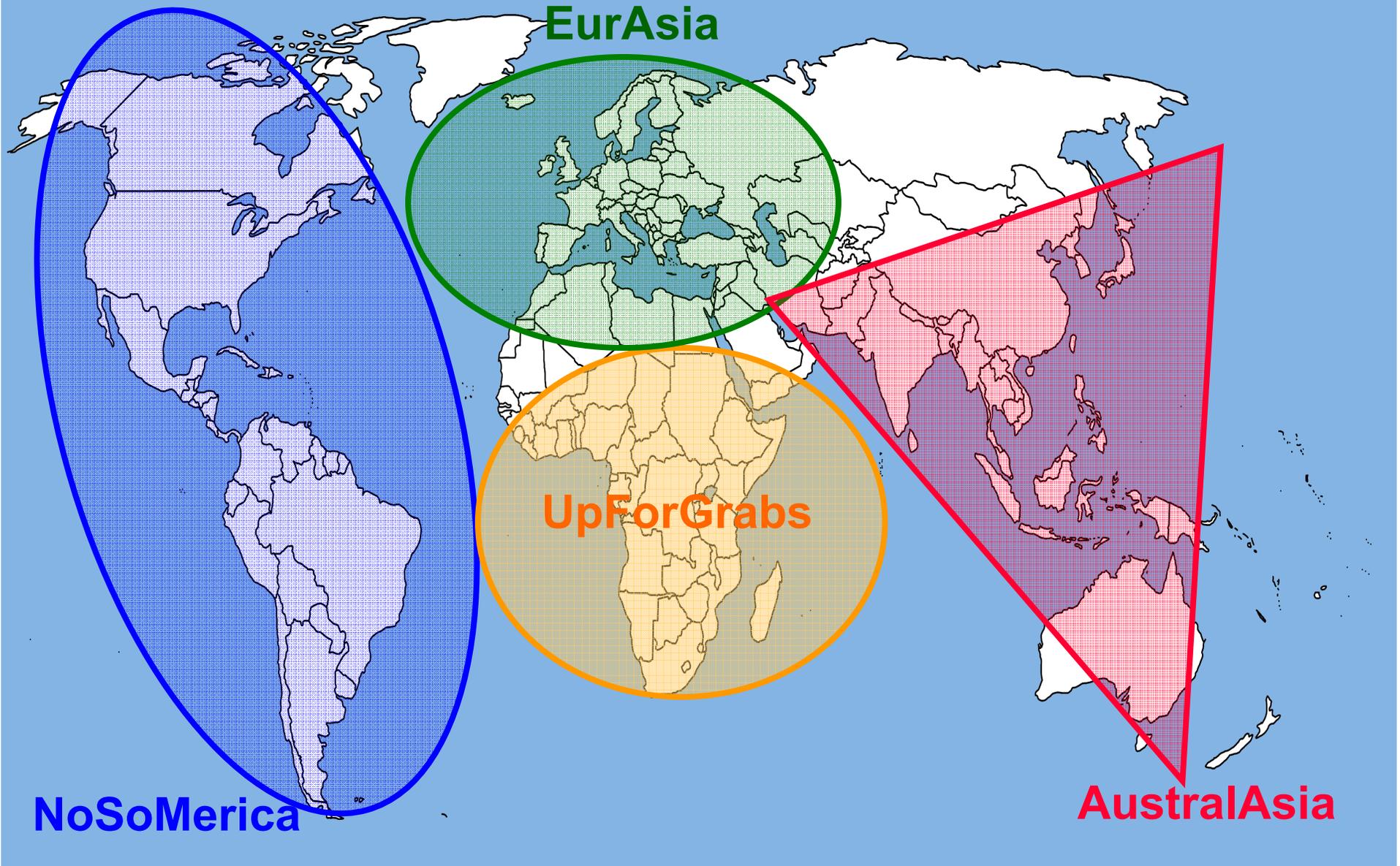


Source: CPM, IMF, SIPRI, World Bank

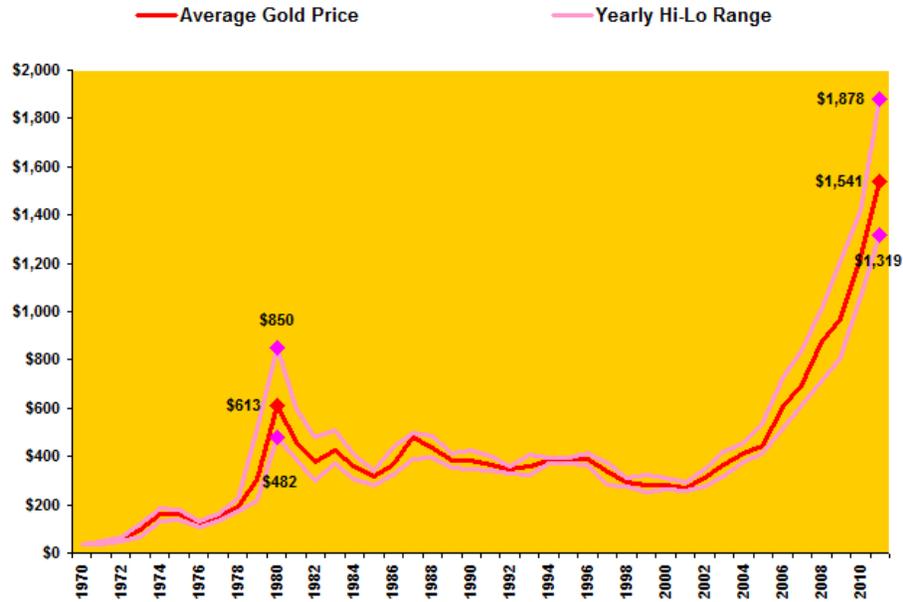
November 2011

Kaiser Research Online

Post-Globalization Economic Zone Fragmentation



Annual Average Gold Price with High-Low Range



Source: CPM, IMF, World Bank

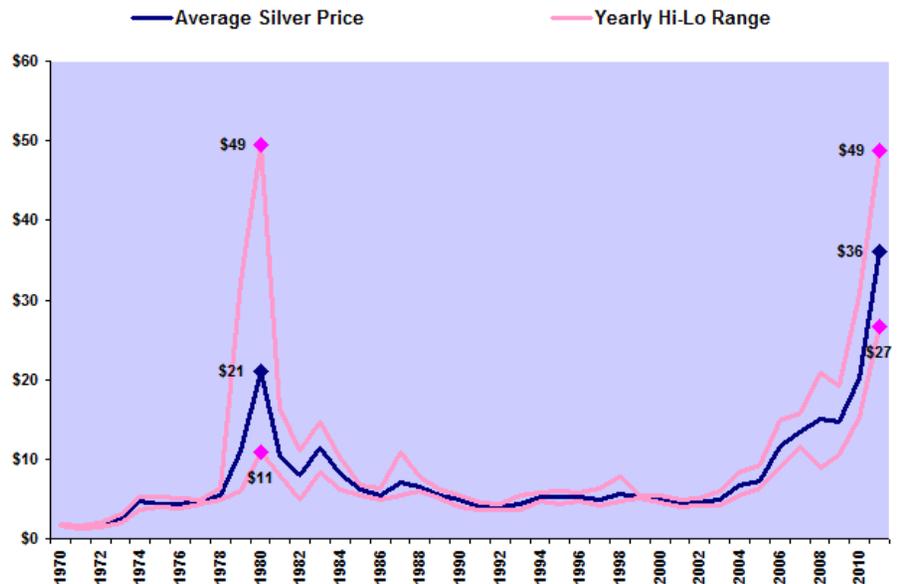
October 2011

Kaiser Research Online

Skyrocketing gold & silver reflect a looming crisis for global supply channels that requires us to think in terms of security of supply.

It's not about the collapse of fiat currencies and the end of America.

Annual Average Silver Price with High-Low Range



Source: CPM, IMF, World Bank

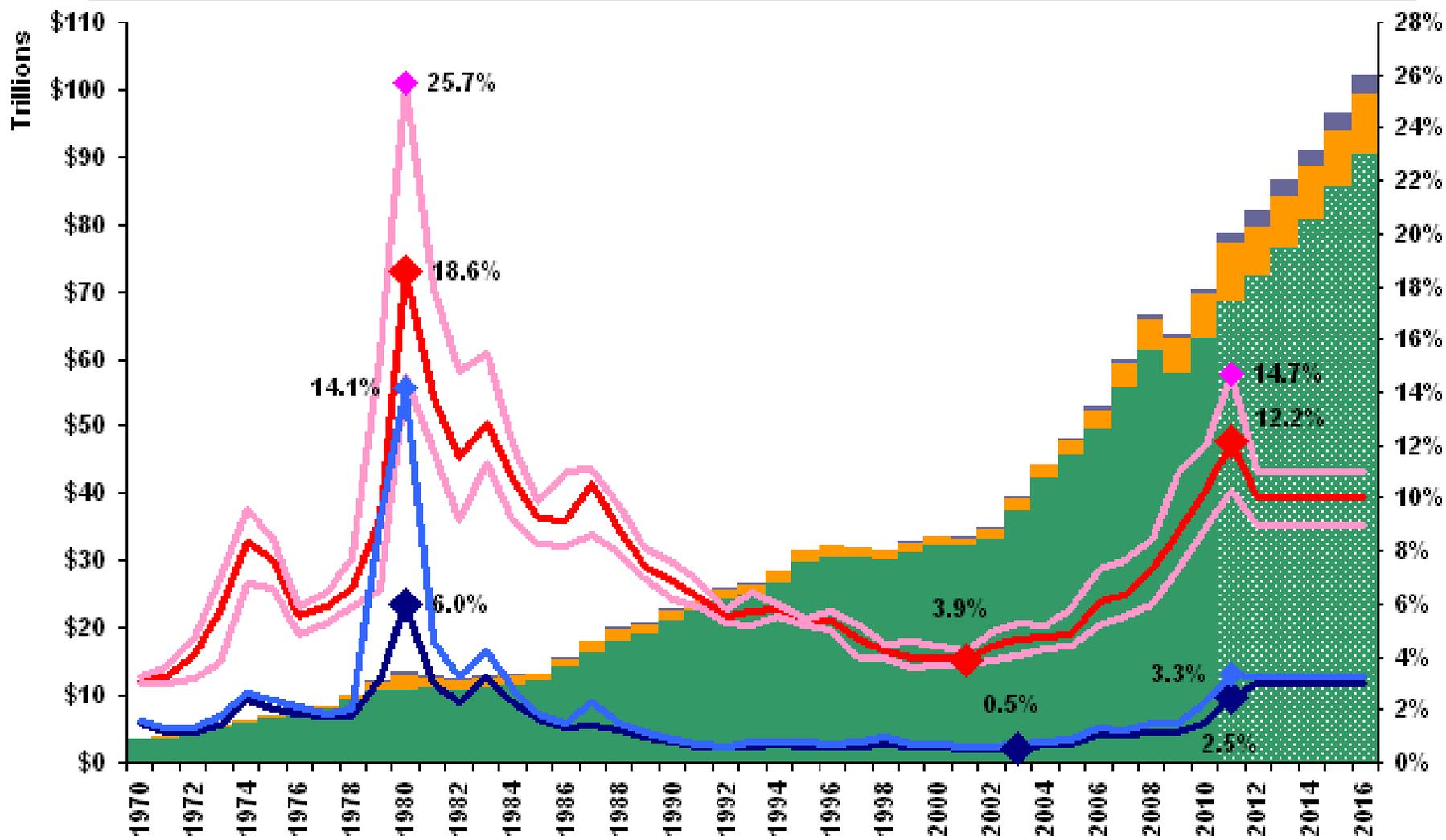
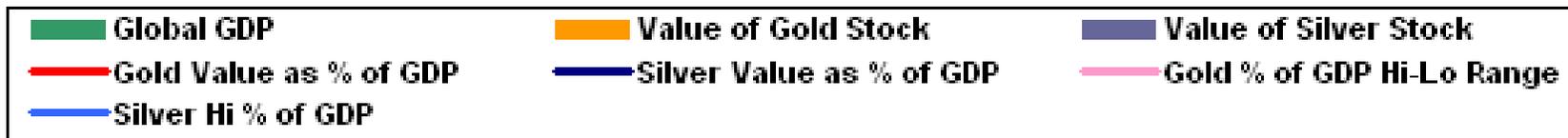
October 2011

Kaiser Research Online

It's about the relative, not absolute, decline entailed for America by a global economy whose growth is driven by emerging economies such as China.

It's about fear over the instability that this transition will bring to the world.

Relationship between Global GDP and Value of Existing Gold & Silver Stock (2011 GDP & Mine Supply estimated - Au \$1,553/oz Ag \$36/oz average)

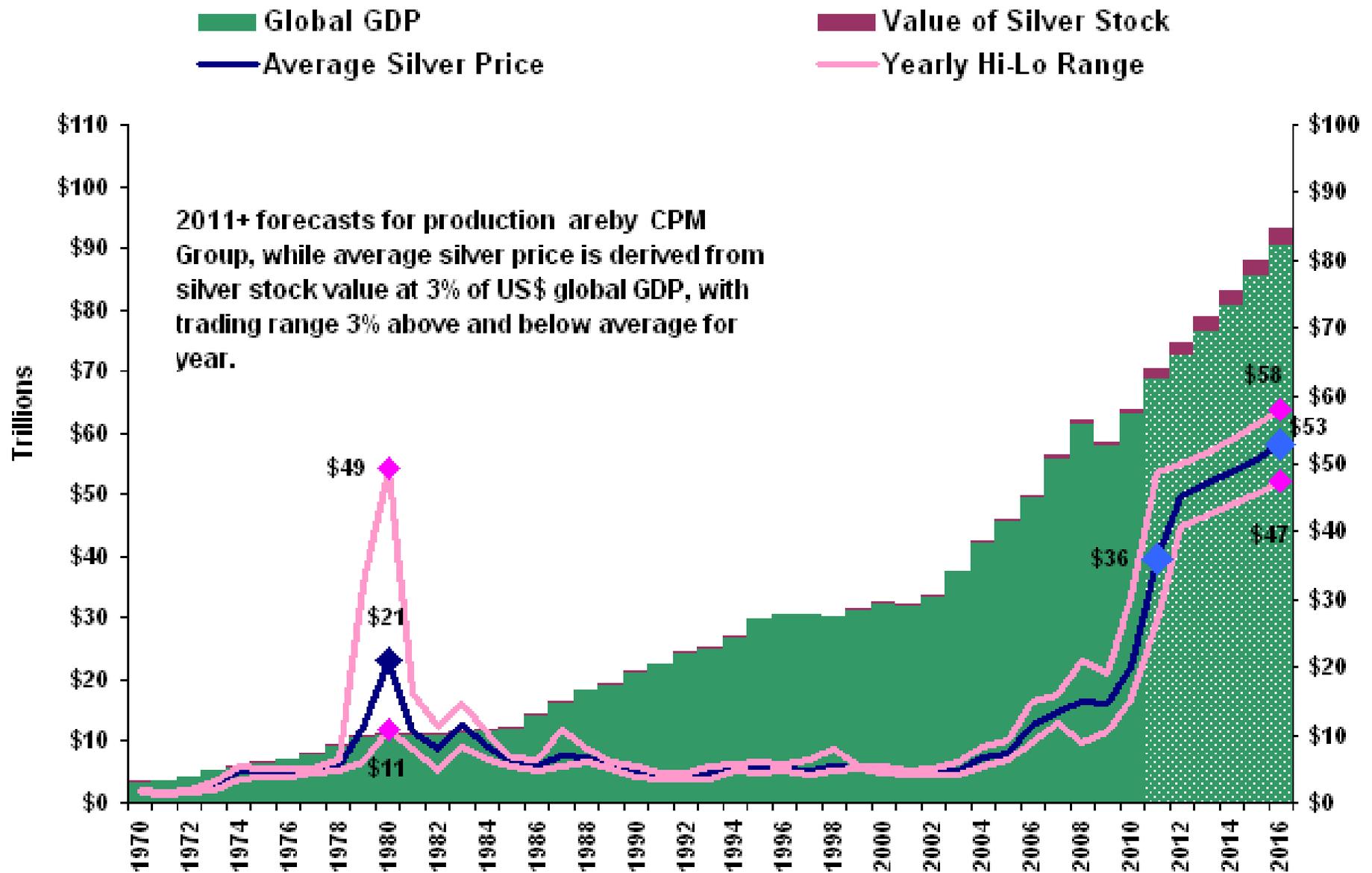


Source: CPM, IMF, World Bank

November 2011

Kaiser Research Online

Relationship between Global GDP and Value of Existing Silver Stock (2011+ GDP & Mine Supply estimated)



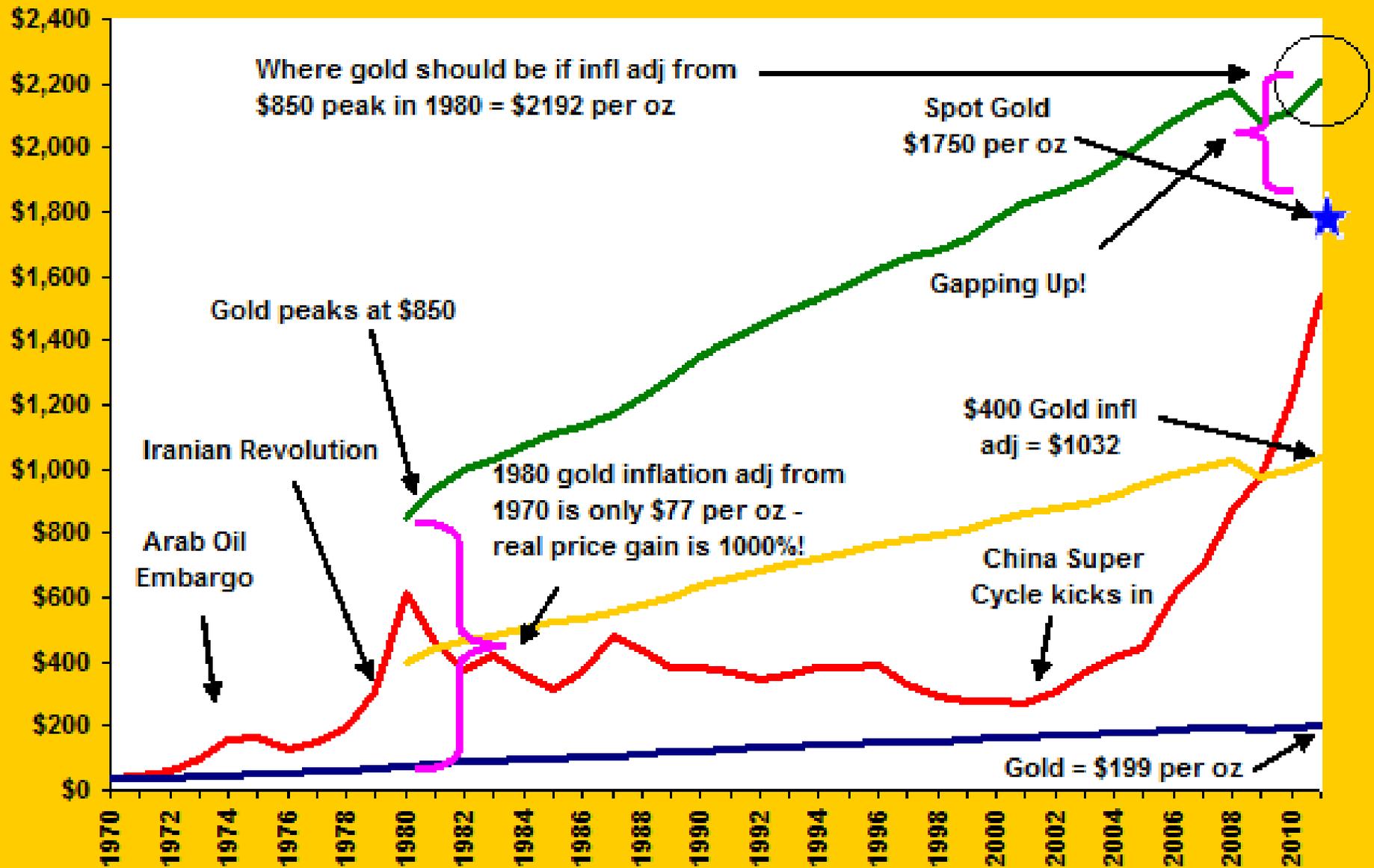
Source: CPM, IMF, World Bank

November 2011

Kaiser Research Online

Gold in Perspective

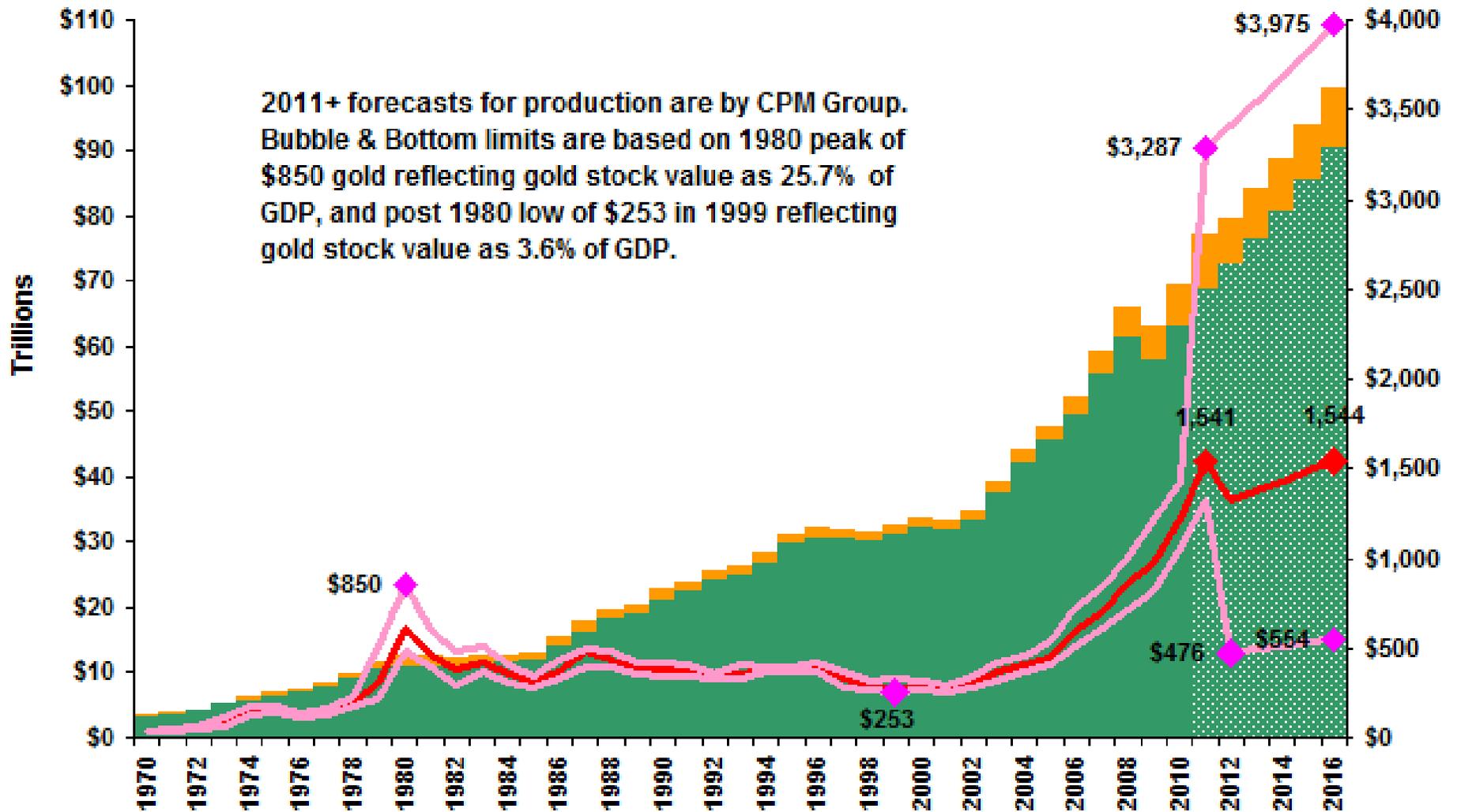
- Actual Average Annual Gold Price
- 1970 Base \$36 per oz inflation adjusted
- 1980 Base \$850 per oz inflation adjusted
- 1980 Base \$400 per oz inflation adjusted



Past Peak & Bottom Based Bubble & Bear Limits for Gold

(2011 GDP & Mine Supply estimated - \$1,541/oz average)

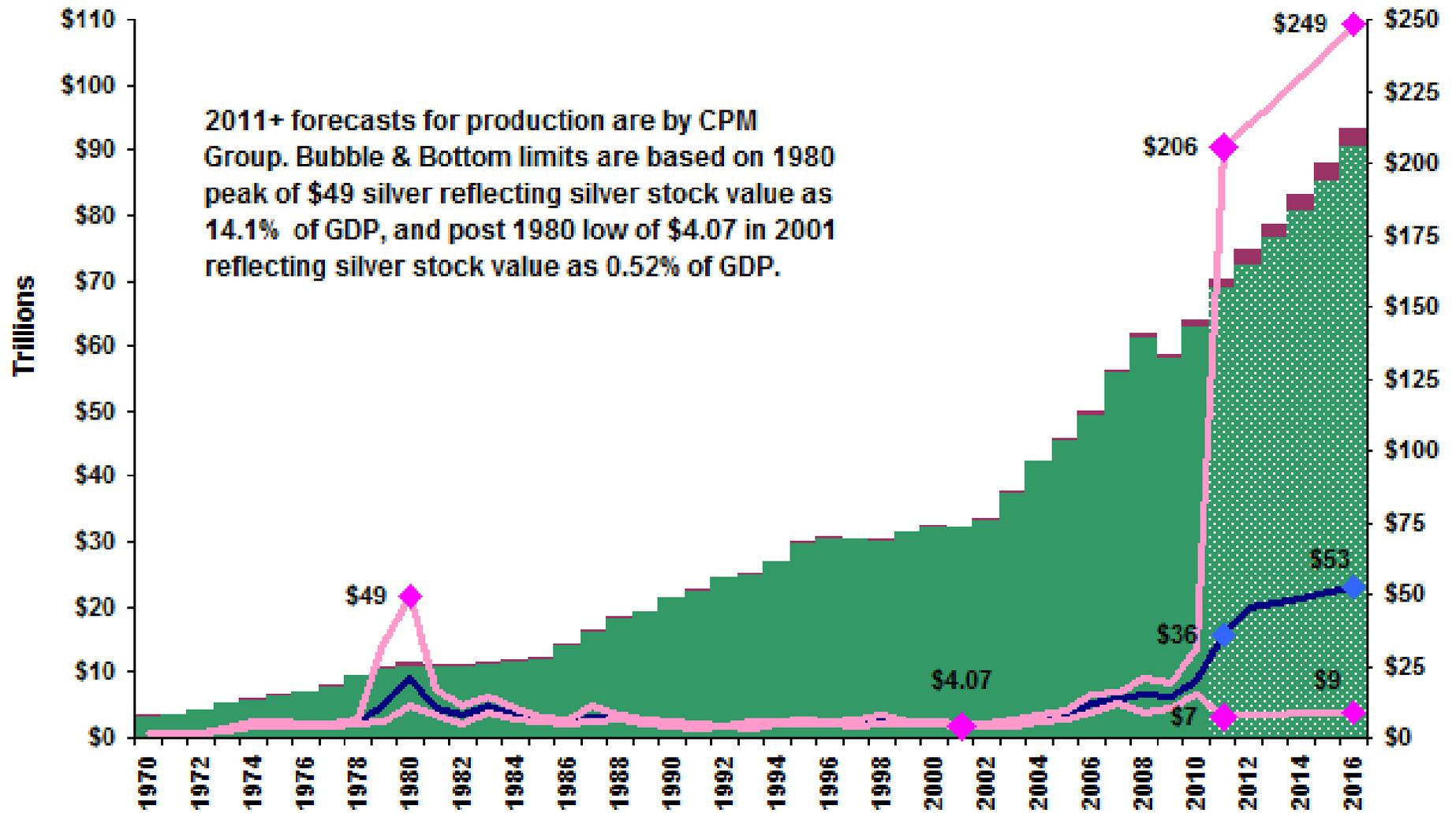
- Global GDP
- Value of Gold Stock
- Average Gold Price
- Yearly Hi-Lo Range



Past Peak & Bottom Based Bubble & Bear Limits for Silver

(2011+ GDP & Mine Supply estimated)

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

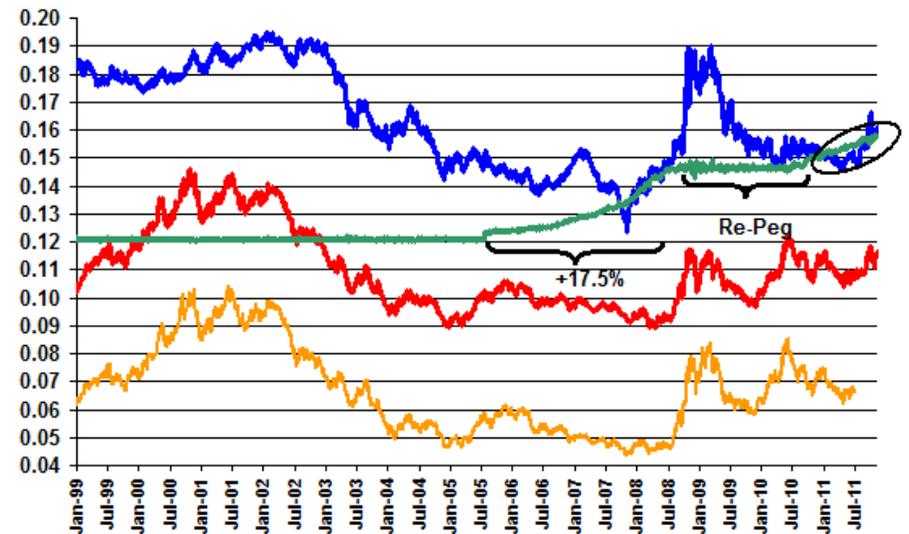


The Chinese Anomaly

- 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

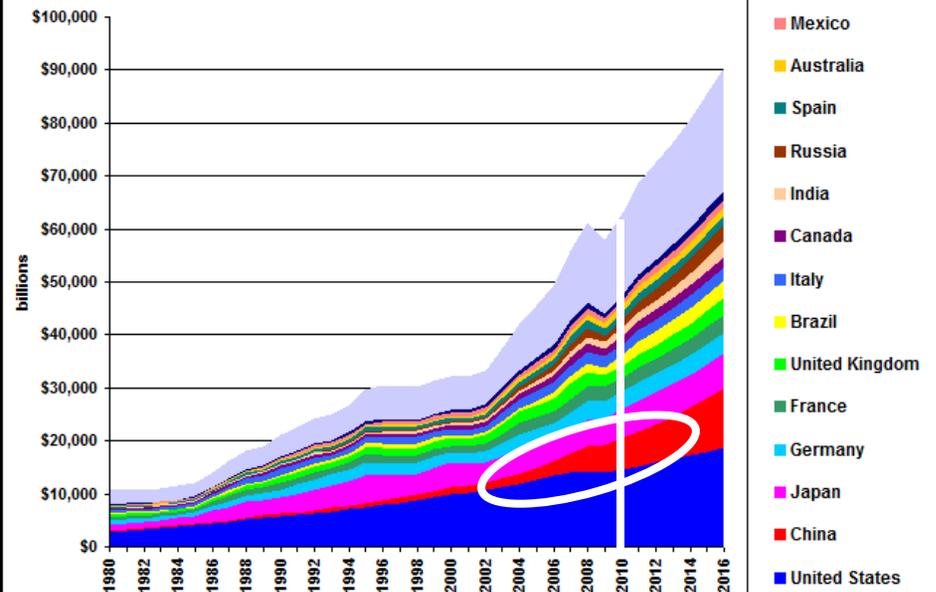
Currency Exchange Rates

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

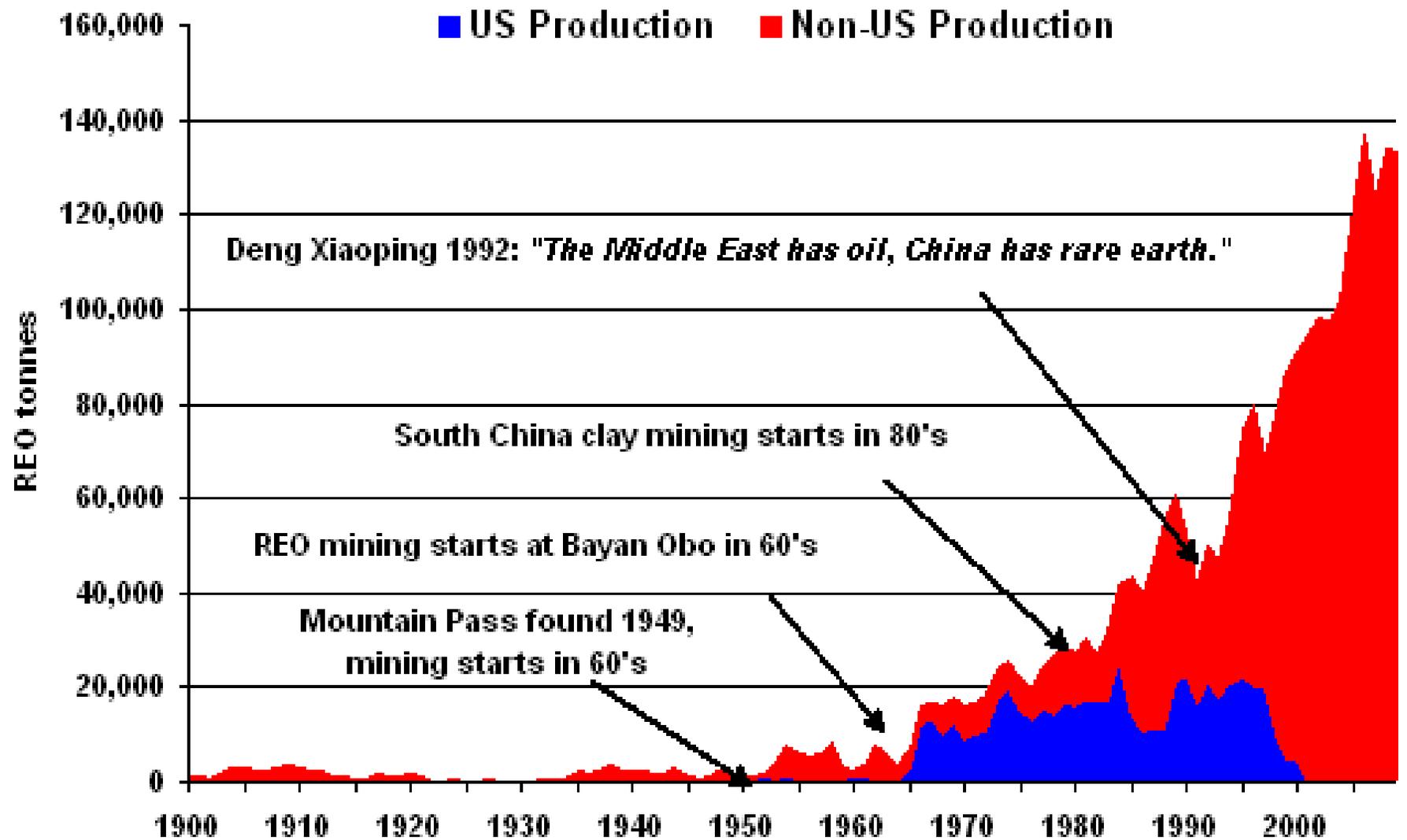


Global GDP Current Dollars

IMF forecasts 2011-2016 (April 2011 update)



World & US Rare Earth Production

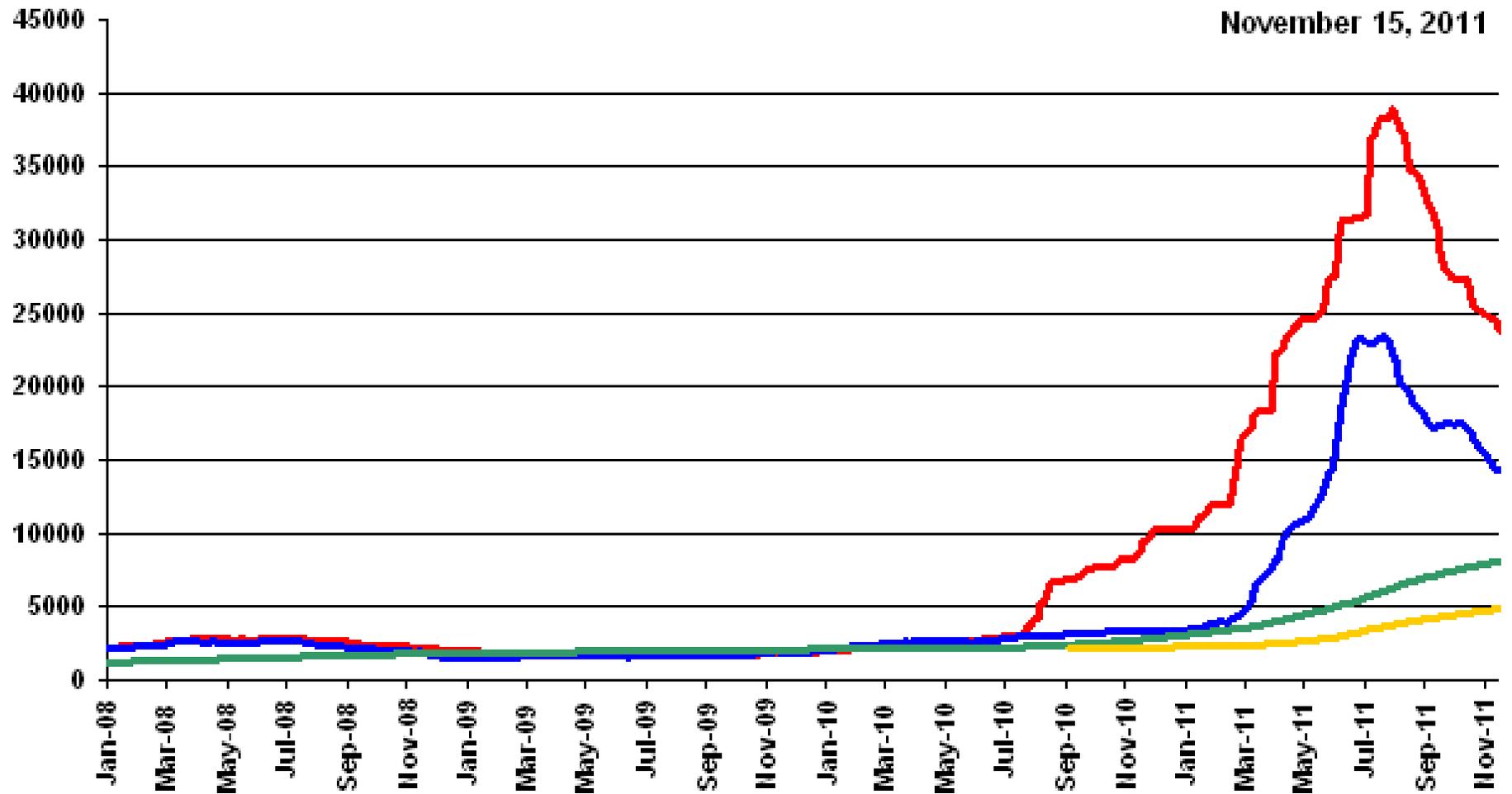


Source: USGS

Kaiser Research Online

KRO REO FOB & Domestic Composite Price Index

November 15, 2011

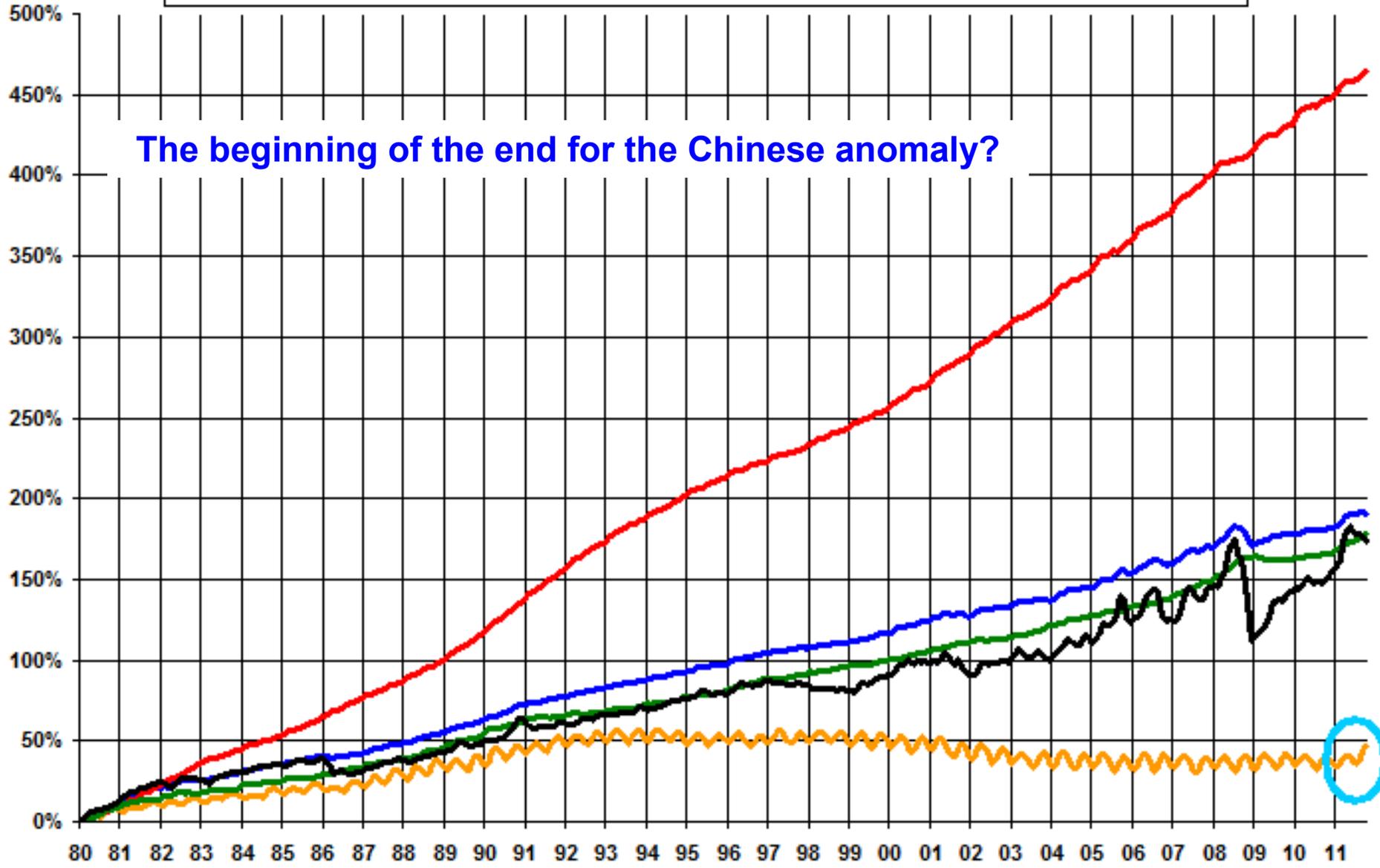


- REO FOB Index (Ce La Pr Nd Sm Eu Gd Tb Dy Y) indices normalized to 1000 Apr 13, 2001
- REO Domestic Index - normalized to parity with FOB Index on Nov 15, 2007
- FOB 3 Year Composite Index Average
- Domestic 3 Year Composite Index Average



US Consumer Price Index - 1980 Baseline

— CPI Index — Apparel — Medical Costs — Food — Transportation

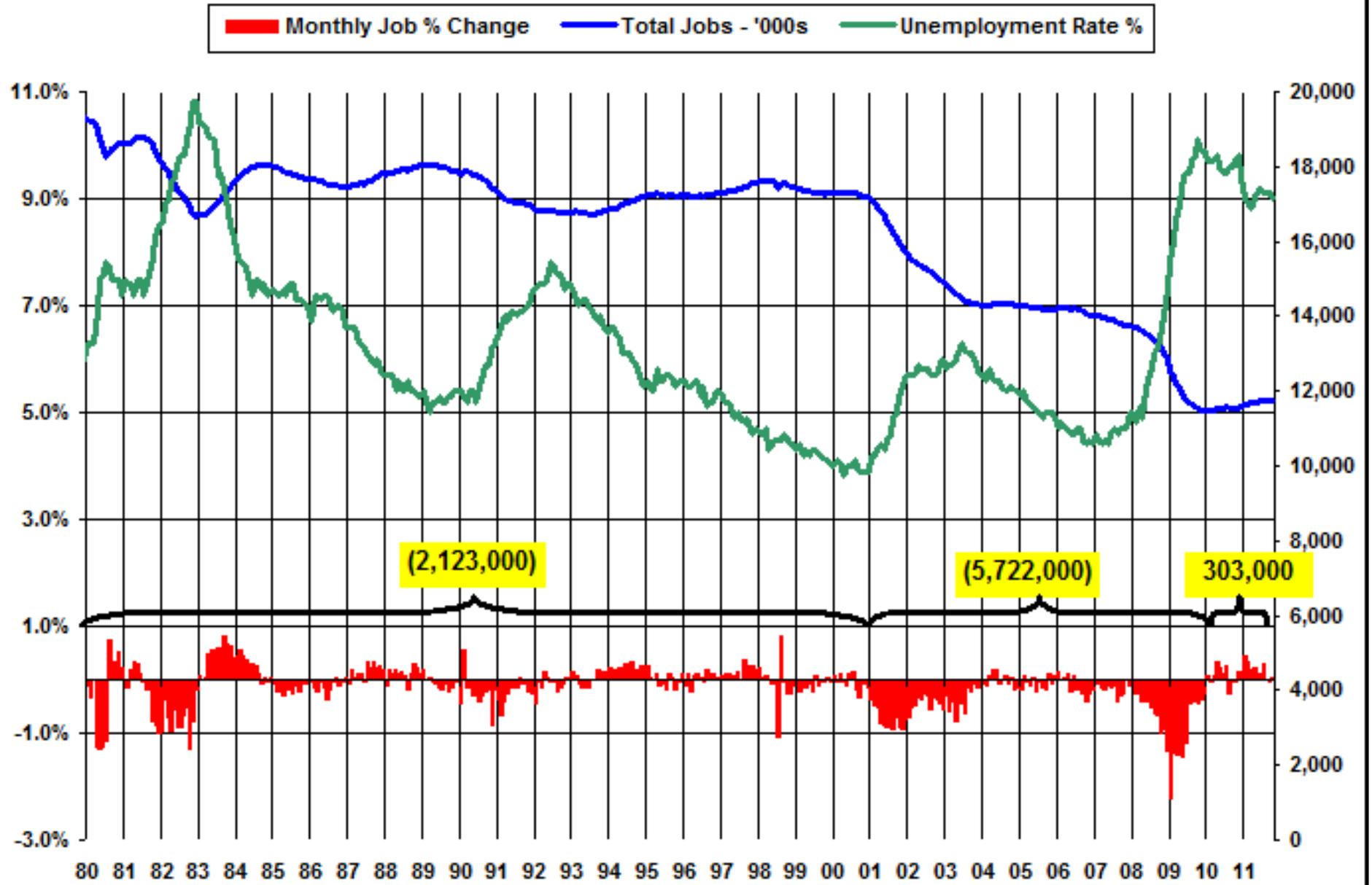


Source: Bureau of Labor Statistics

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October 2011

US Manufacturing Jobs

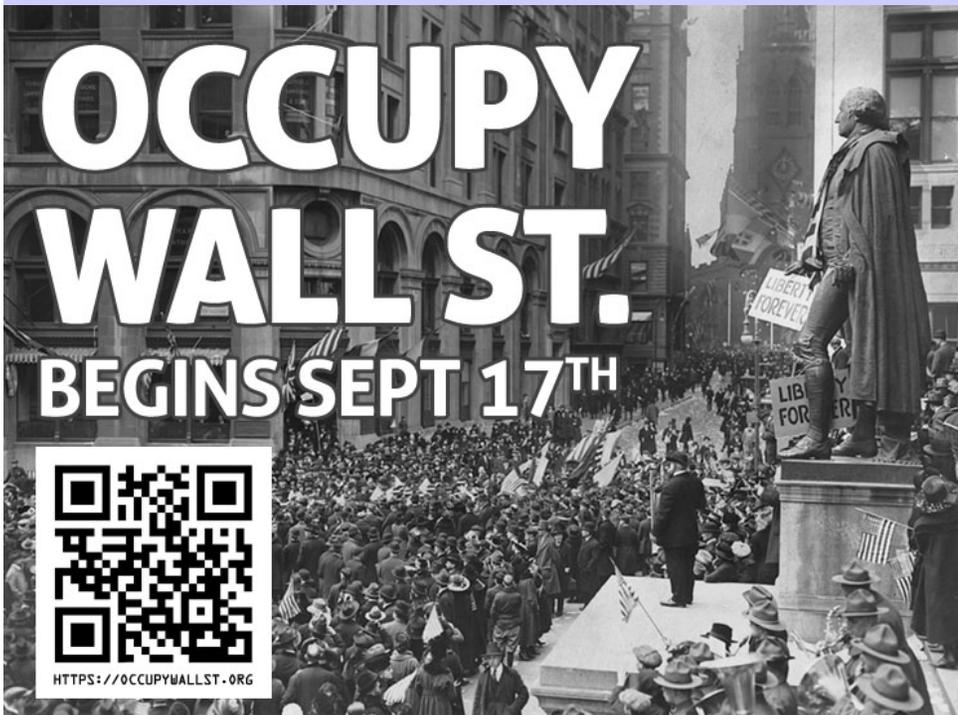


Source: Bureau of Labor Statistics

October 2011

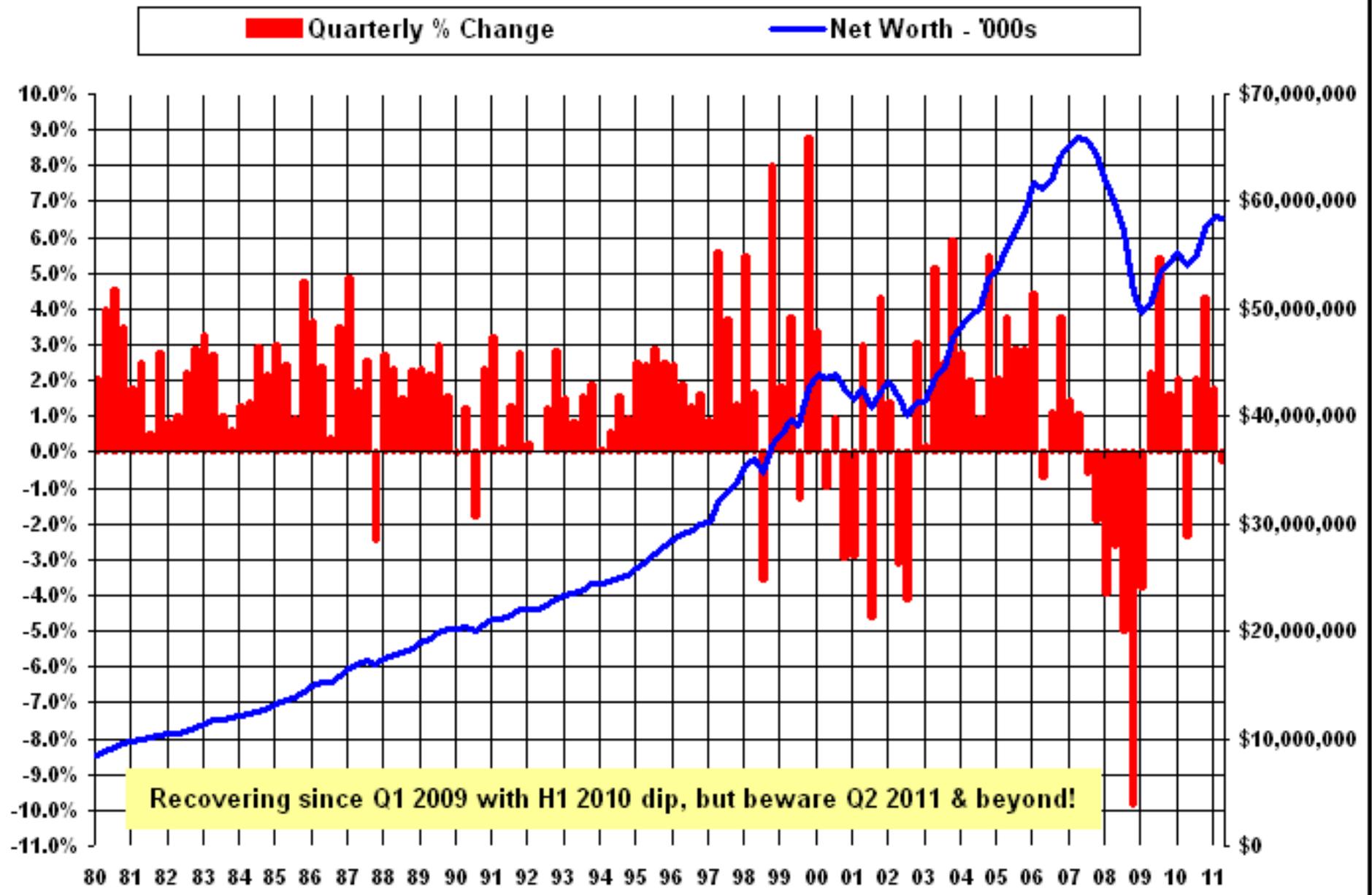
Are you willing to pay the total cost?

**Elizabeth Warren: America's
future first woman president?**



Or are you a Cost Dumper?

US Household Net Worth

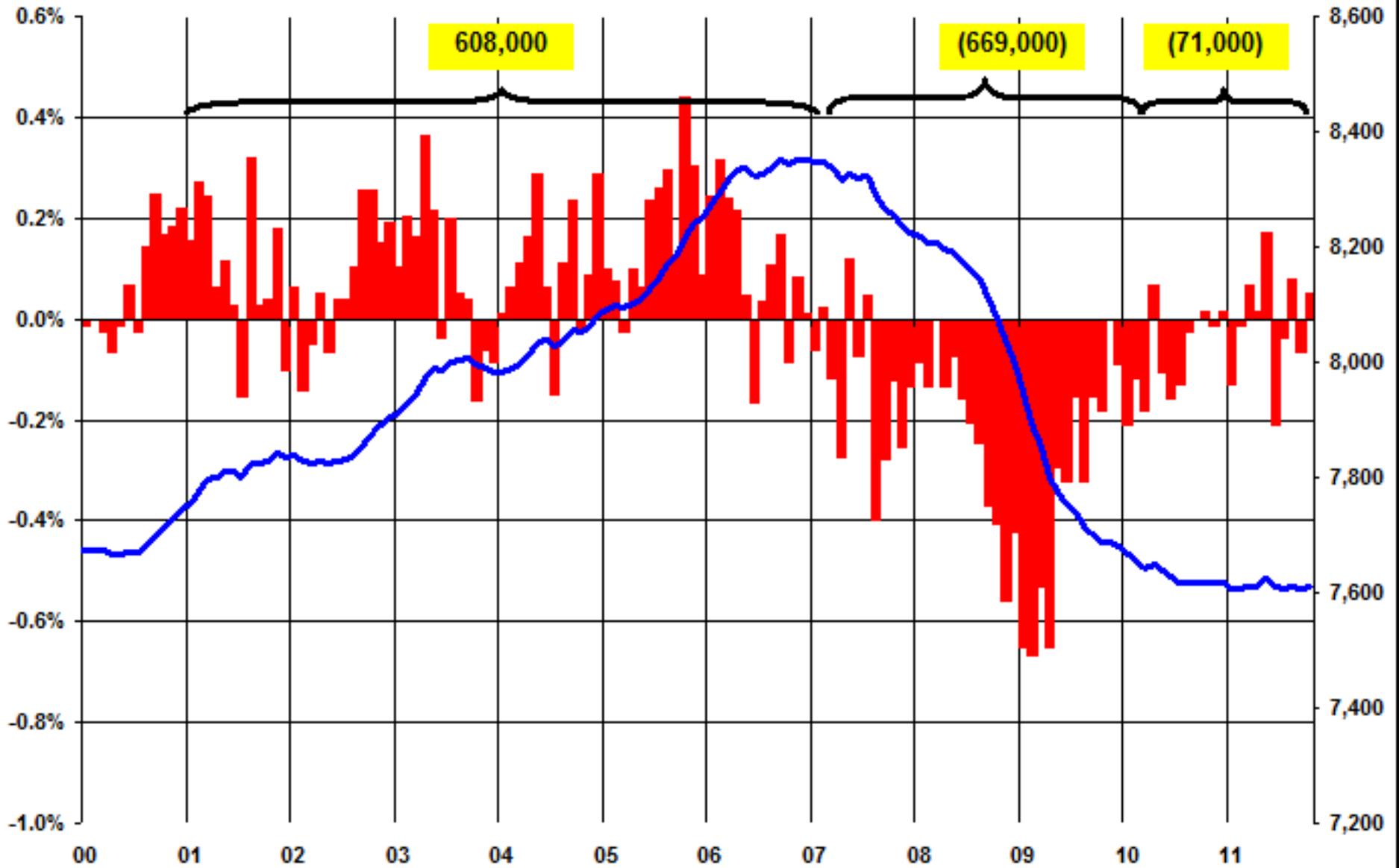


Source: Federal Reserve

Q2 of 2011

US Financial Sector Jobs

Monthly Job % Change Total Jobs - '000s



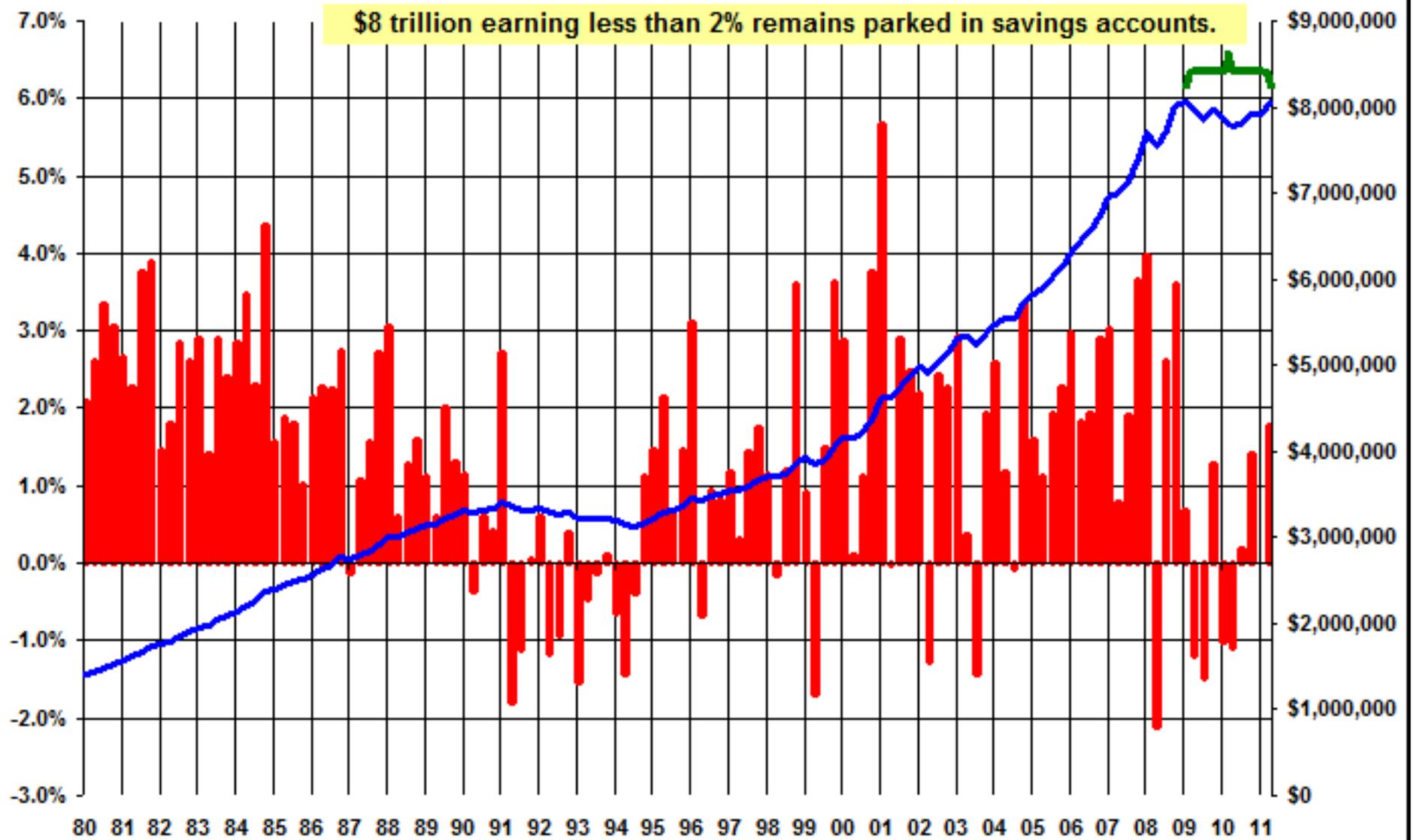
Source: Bureau of Labor Statistics

October 2011

US Household Savings Deposits

Quarterly % Change

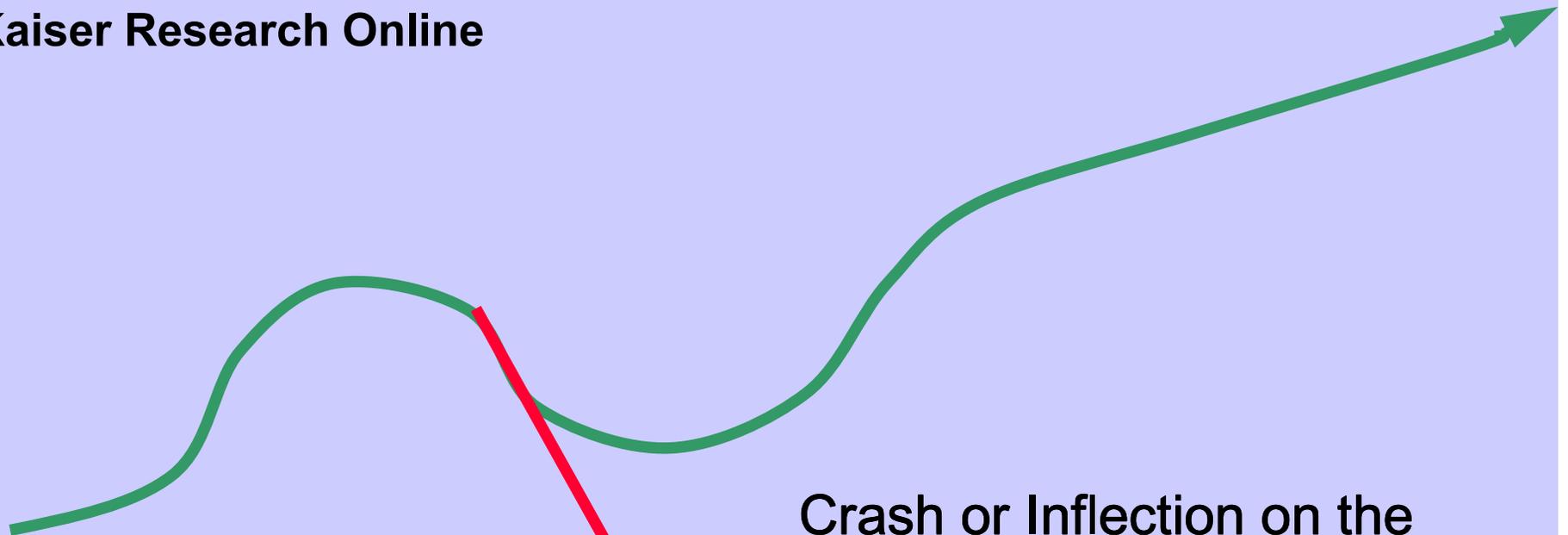
Savings Deposits - '000s



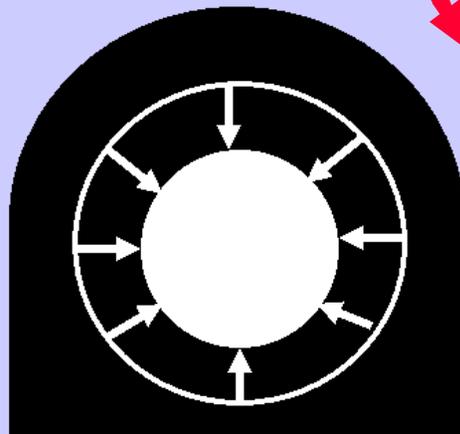
Source: Federal Reserve

Q2 of 2011

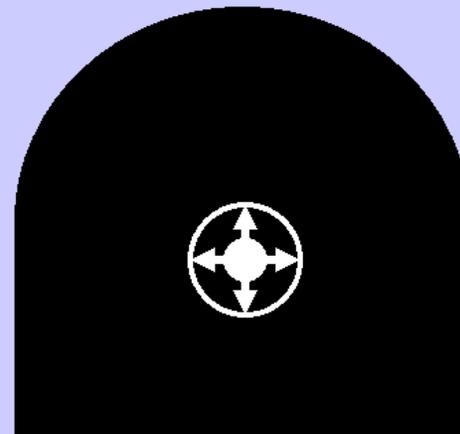
Kaiser Research Online



Crash or Inflection on the Horizon?



1 Billion OECD



3 Billion BRIC