

Workshop: The Best Ever Bottom-Fish Edition

Presented by John Kaiser

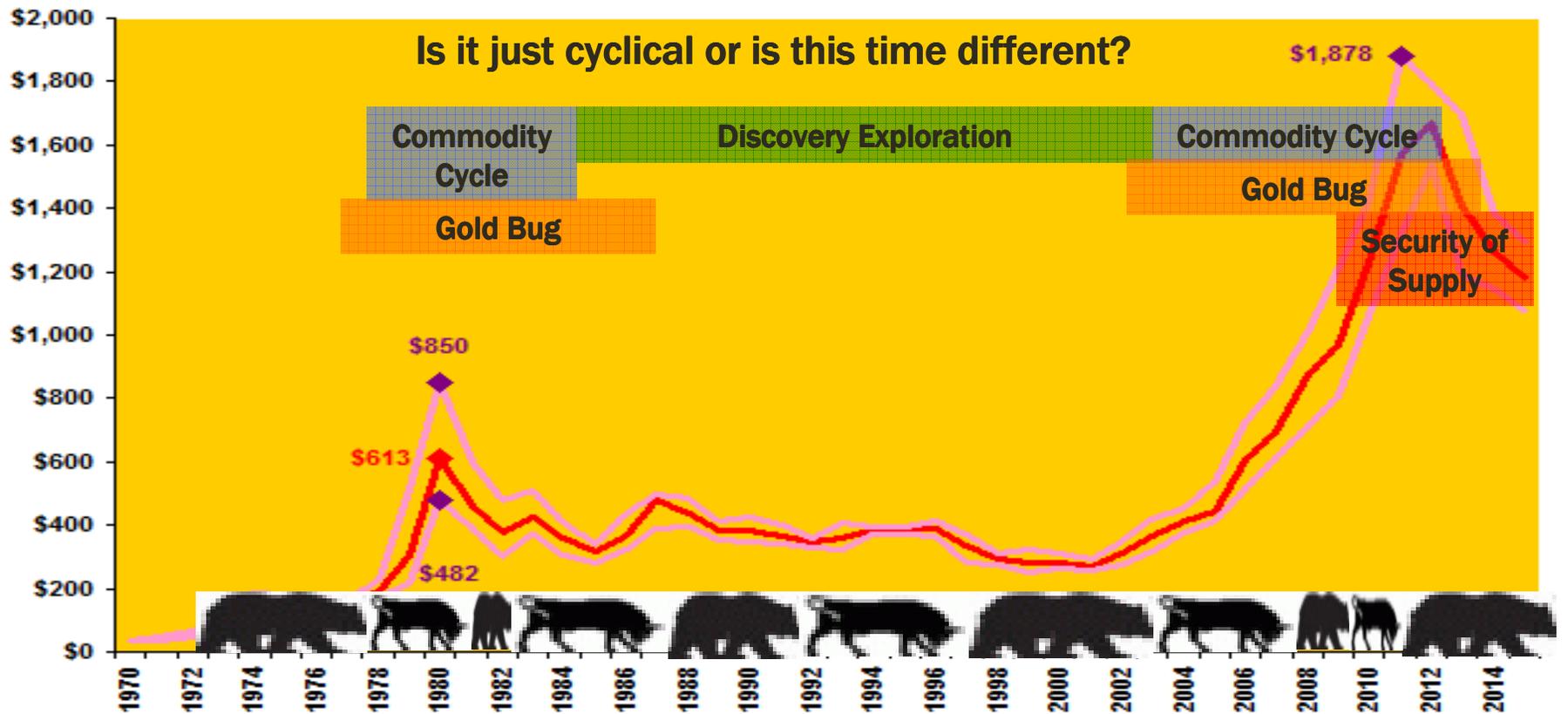
Vancouver Resource Investment Conference

**January 24, 2016
Vancouver, Canada**

Annual Average Gold Price with High-Low Range

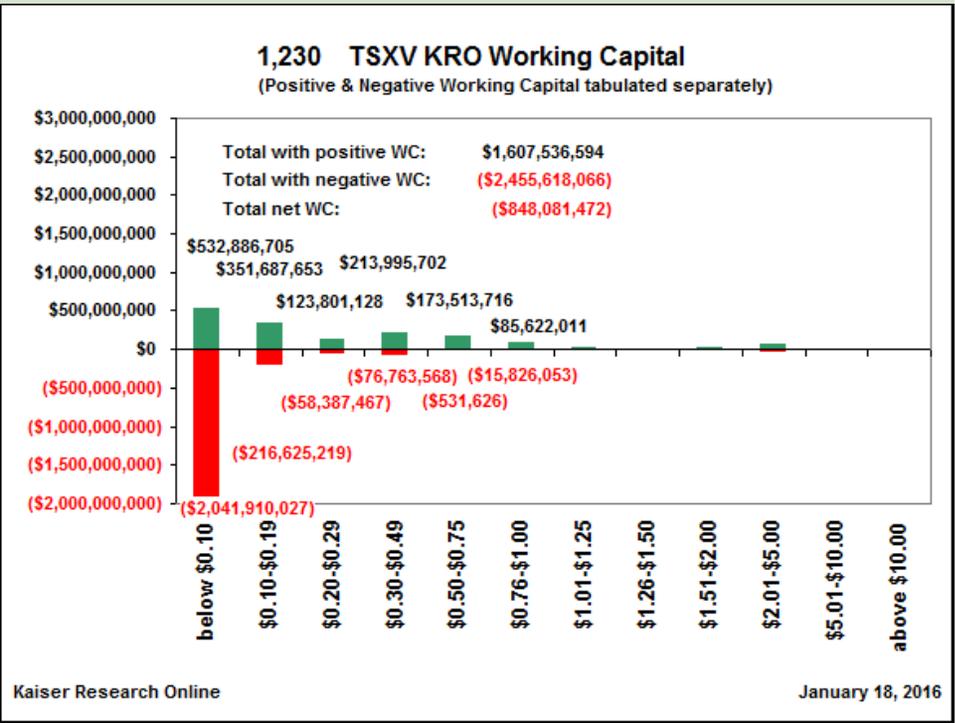
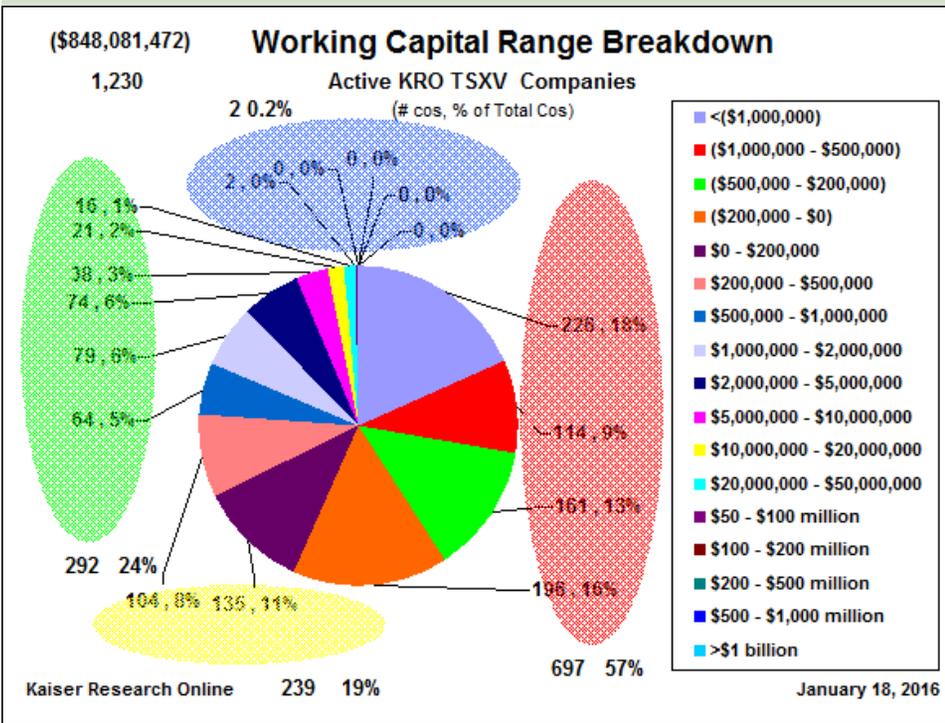
— Average Gold Price

— Yearly Hi-Lo Range



Kaiser Research Online

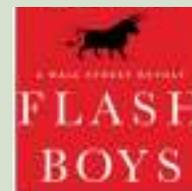
Less than half of TSXV resource juniors have positive working capital totaling \$1.6 billion while the rest owe \$2.5 billion that will never be paid back.



Extinction events are catastrophic, but some survive and flourish. Who are they?

A Broken Capital Market for Canadian Juniors

- **Client Relationship Model** – Suitability and the death of full service advice
- **Market failing as a Price Discovery Mechanism** – order book fragmentation, short-selling on a down-tick, computerized day trading
- **Disclosure Overload & War on Forward Looking Statements** - junior market no longer works as a casino
- **Choked Funding Gateways** – accredited investor restriction



Protecting future investors by destroying existing investors

Accredited Investor Questionnaire: who will share comprehensive financial information with a party the regulators view as a latent criminal?

1. Personal Data

Name: _____

Address: _____

Email for notice and correspondence: _____

2. Employment and Business Experience

Present occupation: _____

Do you own your own business or are you otherwise employed? _____

Name and type of business employed by or owned: _____

Present title or position: _____

Do you have any professional licenses or registrations, including bar admissions, accounting certificates, real estate brokerage licenses, dealer registration, advisor registration or investment fund manager registration?

Yes: _____ No: _____

If yes, please list such licenses or registrations, the date(s) you received the same, and whether they are in good standing:

3. Financial Information

Your annual net income before taxes (all sources):

Most recent calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999 \$200,000 – \$299,000 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Prior calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999

\$200,000 – \$299,000 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Your spouse's annual net income before taxes (all sources):

Most recent calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999 \$200,000 – \$299,000 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Prior calendar year: Less than \$49,999 \$50,000 – \$99,999 \$100,000 - \$149,999 \$150,000 – \$199,999

\$200,000 – \$299,000 \$300,000 – \$399,999 \$400,000 – \$500,000 Greater than \$500,000

Your estimated financial assets net of related liabilities:

Less than \$249,999 \$250,000 – \$499,999 \$500,000 - \$749,999 \$750,000 - \$1,000,000 \$1,000,001 - \$3,000,000 \$3,000,001 - \$5,000,000 Greater than \$5 million

Briefly describe the nature of your financial assets:

Your spouse's estimated financial assets net of related liabilities:

Less than \$249,999 \$250,000 – \$499,999 \$500,000 - \$749,999 \$750,000 - \$1,000,000 Greater than \$1 million

Briefly describe the nature of your spouse's financial assets:

"financial assets" means cash, securities or a contract of insurance, a deposit or evidence of deposit that is not a security for the purposes of securities legislation. These financial assets are generally liquid or relatively easy to liquidate. The value of a purchaser's personal residence would not be included in a calculation of financial assets.

"related liabilities" means: (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or (ii) liabilities that are secured by financial assets.

Your estimated total net assets:

Less than \$499,999 \$500,000 – \$999,999 \$1,000,000 - \$1,999,999 \$2,000,000 - \$2,999,999 \$3,000,000 - \$3,999,999 \$4,000,000 - \$4,999,999 \$5 million or more

Briefly describe the nature of your net assets:

Your spouse's estimated total net assets:

Less than \$499,999 \$500,000 – \$999,999 \$1,000,000 - \$1,999,999 \$2,000,000 - \$2,999,999 \$3,000,000 - \$3,999,999 \$4,000,000 - \$4,999,999 \$5 million or more

Briefly describe the nature of your spouse's net assets:

"net assets" means all of the subscriber's total assets minus all of the subscriber's total liabilities, and those of the subscriber's spouse if the subscriber's spouse's total net assets are being included to satisfy category (1) of the accredited investor definition. Accordingly, for the purposes of the net asset test, the calculation of total assets would include the value of a subscriber's personal residence and the calculation of total liabilities would include the

If you care, inform yourself, and make yourself heard!

- **Venture Capital Markets Association (VCMA): Facebook**
- **Don Mosher's Venture Beacon: VentureBeacon.ca**
- **Kaiser Research Online:**

The 4 structural changes that are killing the Canadian resource juniors

TSXV Town Hall Cheat Sheet

- **TSXV Town Hall Meeting: Thursday, 2:00 pm, January 28, 2016 at Pan Pacific Vancouver Hotel (Oceanview Suites - Level R)**

If you do not, spend US \$250 for a 90 day KRO membership that includes a full year SVH Membership and position yourself for the last hurrah!

Kaiser Research Online



On December 31, 2015 KRO designated 11 companies as members of the 2016 Spec Value Hunter Portfolio and assigned 100 companies to the new 2016 Bottom-Fish Edition. Of the 100 plus companies exhibiting at the Vancouver Resource Investor Conference in Vancouver on January 24-25, 2016, a third turn out to be members of the 2016 BF Edition. A **KRO Membership** gives full access to these companies as well as a powerful search engine which displays results in a manner allowing fast analysis. Combine the "has open recommendation" and "Exhibiting at VRIC" special parameters to generate detailed results for this list. **Register or renew at www.KaiserResearch.com**. USD \$100 for 30 days, \$250 for 90 days, \$800 annual. The \$250 membership includes a full year SVH membership that provides access to SVH related material.

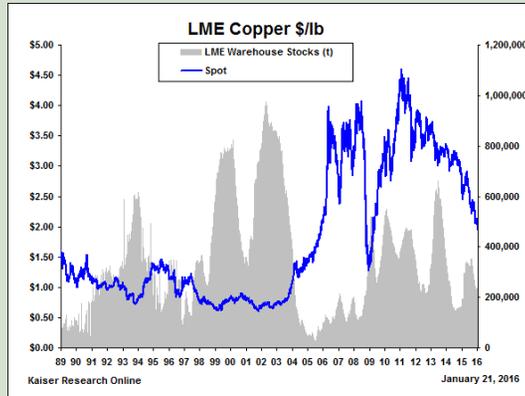
VRIC Exhibitor	KRO Recommendation	Booth	Company Focus	VRIC Exhibitor	KRO Recommendation	Booth	Company Focus
ALX Uranium Corp (AL-V)	New BF Buy below \$0.10	101	Athabasca Uranium Exploration	Mirasol Resources Ltd (MRZ-V)	New BF Buy \$0.76-\$1.00	513	Prospect Generator
Arizona Mining Inc (AZ-T)	New BF Buy \$0.30-\$0.49	610	Emerging Zinc Discovery	Niogold Mining Corp (NOX-V)	New BF Buy \$0.30-\$0.49	309	Advanced Quebec Gold Play
Atac Resources Ltd (ATC-V)	New BF Buy \$0.20-\$0.29	325	Yukon Gold Exploration	North American Nickel Inc (NAN-V)	New BF Buy \$0.10-\$0.19	608	Greenland Nickel Exploration
Avrupa Minerals Ltd (AVU-V)	New BF Buy \$0.10-\$0.19	623	European Prospect Generator	Northern Dynasty Minerals Ltd (NDM-T)	New BF Buy \$0.30-\$0.49	525	Advanced Alaska Copper-Gold Play
Balmoral Resources Ltd (BAR-T)	New BF Buy \$0.30-\$0.49	612	Abitibi Belt Exploration	Orezone Gold Corp (ORE-V)	New BF Buy \$0.20-\$0.29	201	Advanced Burkina-Faso Gold Play
Beaufield Resources Inc (BFD-V)	New BF Buy below \$0.10	637	Quebec Exploration	Pilot Gold Inc (PLG-T)	New BF Buy \$0.30-\$0.49	506	Turkey-Nevada Gold Exploration
Callinax Mines Inc (CNX-V)	New BF Buy \$0.30-\$0.49	423	Manitoba Exploration	Quaterra Resources Inc (QTA-V)	New BF Buy below \$0.10	500	Nevada Copper Exploration
Camino Minerals Corp (CCR-V)	New BF Buy below \$0.10	203	Mineral Exploration	Regulus Resources Inc (REG-V)	New BF Buy \$0.20-\$0.29	313	Advanced Peru Copper Play
Colorado Resources Ltd (CKO-V)	New BF Buy below \$0.10	501	BC Exploration	Renaissance Gold Inc (REN-V)	New BF Buy \$0.20-\$0.29	400	Nevada Prospect Generator
Cornus Gold Inc (KOR-T)	New BF Buy \$0.30-\$0.49	501	Nevada Gold Exploration	Silver Range Resources Ltd (SNG-V)	New BF Buy below \$0.10	327	Yukon Prospect Generator
Exeter Resource Corp (XRC-T)	New BF Buy \$0.30-\$0.49	309	Advanced Chile Copper-Gold	SilverCrest Metals Inc (SIL-V)	New BF Buy \$0.10-\$0.19	301	Mexico Exploration
Falco Resources Ltd (FPC-V)	New BF Buy \$0.20-\$0.29	302	Advanced Quebec Gold	Sirios Resources Inc (SOI-V)	New BF Buy \$0.10-\$0.19	419	Quebec Gold Exploration
Flanders Resources Ltd (FDR-V)	New BF Buy \$0.10-\$0.19	522	Advanced Graphite	Strategic Metals Ltd (SMD-V)	New BF Buy \$0.20-\$0.29	327	Yukon Prospect Generator
Freegold Ventures Ltd (FVL-T)	New BF Buy below \$0.10	516	Alaska Gold Exploration	Sulliden Mining Capital Inc (SMC-T)	New BF Buy \$0.20-\$0.29	327	Seeking Advanced Play
Globex Mining Enterprises Ltd (GMX-T)	New BF Buy \$0.20-\$0.29	404	Ontario-Quebec Prospect Generator	Tasman Metals Ltd (TSM-V)	New BF Buy \$0.20-\$0.29	522	Advanced Rare Earth Play
InZinc Mining Ltd (IZN-V)	Good Relative Spec Value Buy	419	Advanced Zinc Play	TerraX Minerals Inc (TXR-V)	New BF Buy \$0.20-\$0.29	413	NWT Gold Exploration
Kaminak Gold Corp (KAM-V)	New BF Buy \$0.76-\$1.00	324	Advanced Gold Play	Western Copper and Gold Corp (WRN-T)	New BF Buy \$0.30-\$0.49	319	Advanced Yukon Copper Play
Mawson Resources Ltd (MAW-T)	New BF Buy \$0.10-\$0.19	622	Finnland Gold Exploration				
Midland Exploration Inc (MD-V)	New BF Buy \$0.50-\$0.75	605	Quebec Prospect Generator				
Millrock Resources Inc (MRO-V)	New BF Buy \$0.20-\$0.29	516	Prospect Generator				

There will never be a better resource sector Bottom-Fish Edition.
Spending \$250 for access to the entire 2016 BF Edition is the ultimate bargain.

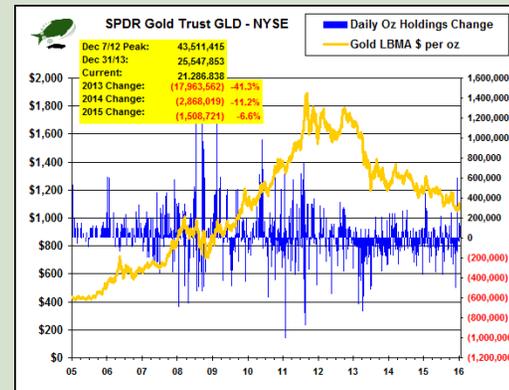
One third of the 100 BF 2016 Edition represent one third of the VRIC exhibitors. Visit these companies and ask each why Kaiser has flagged them and not others as a bottom-fish. Subscribe to find out the other two-thirds of the bottom-fish.

Structural Issues are only half the Problem: The sorry state of the core narratives is the other half

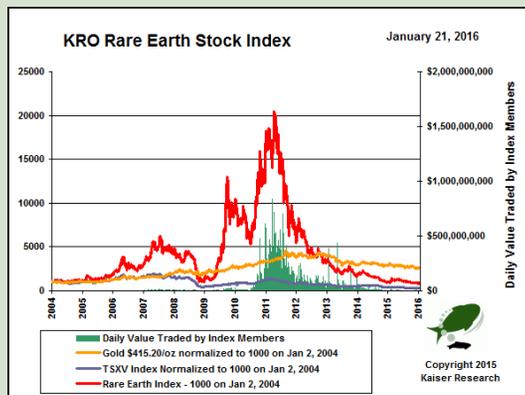
Commodity Cycle



Gold Bug



Security of Supply



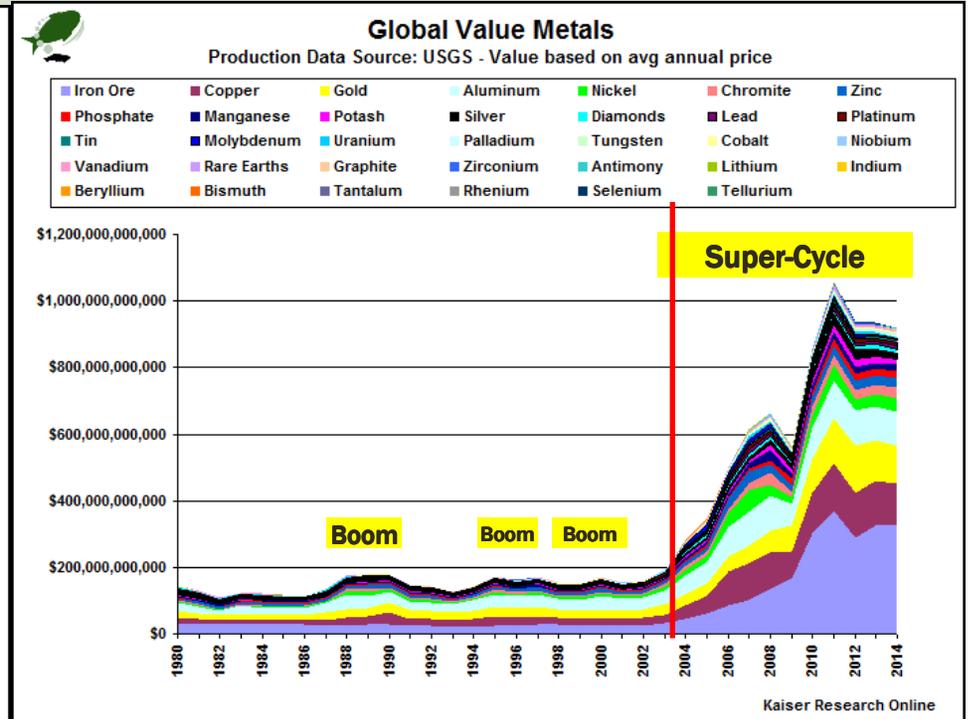
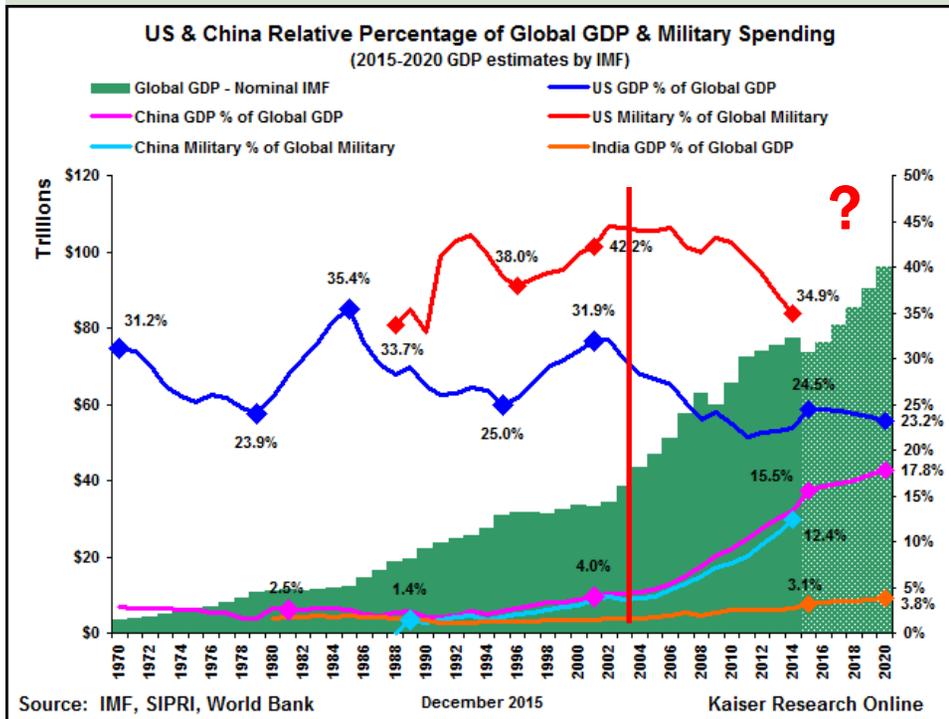
Discovery Exploration



How should one think about a bottom-fish's prospects?

Commodity Cycle Narrative and its Super-Cycle Variation

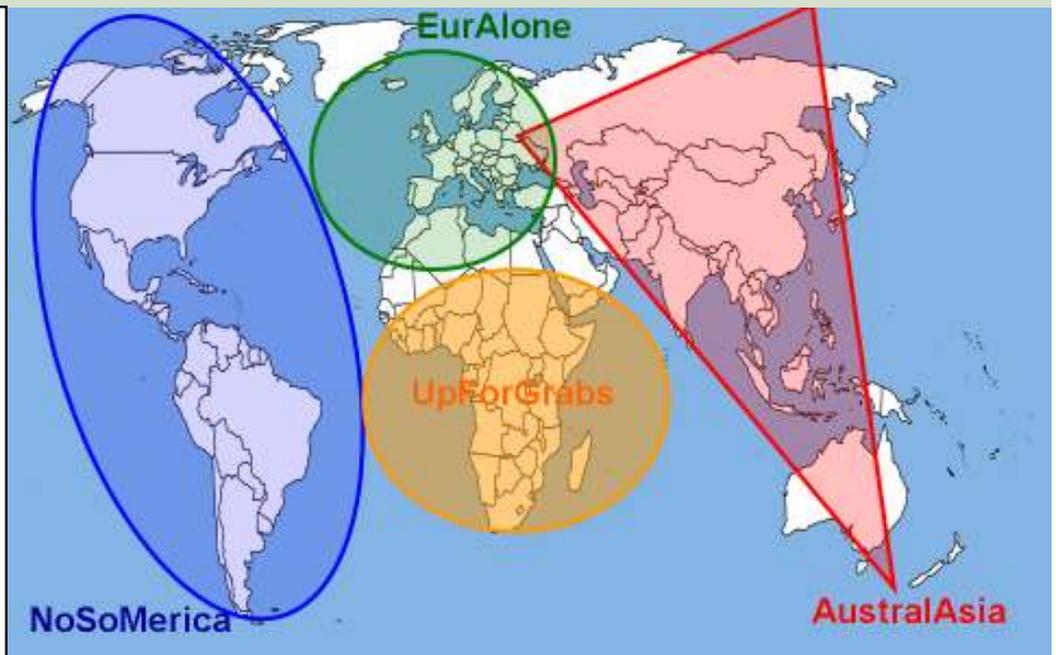
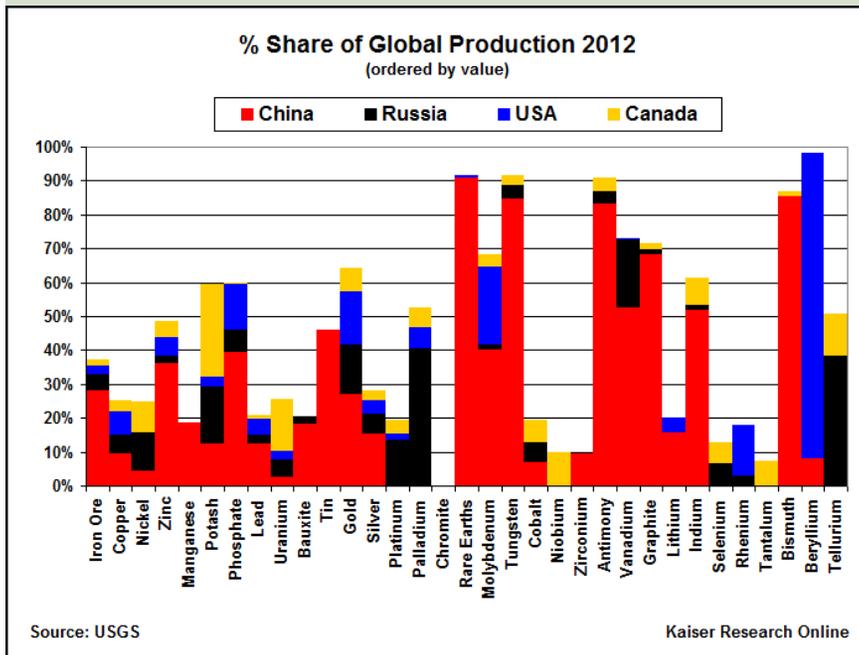
Juniors normally do not respond to commodity cycle booms but play a very important role when super-cycle booms erupt. Unfortunately they are very irrelevant when the super-cycle windows down.



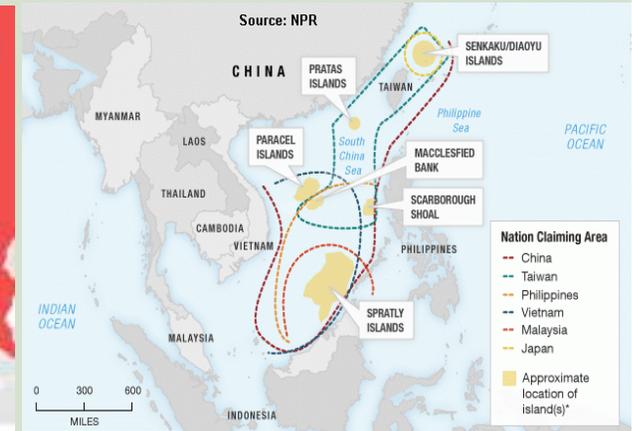
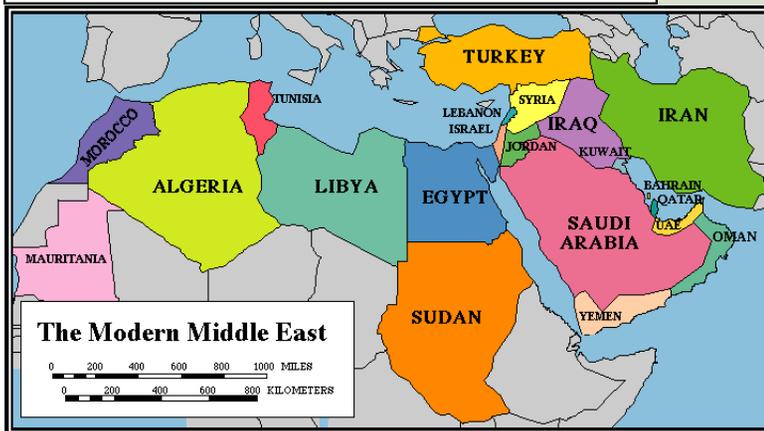
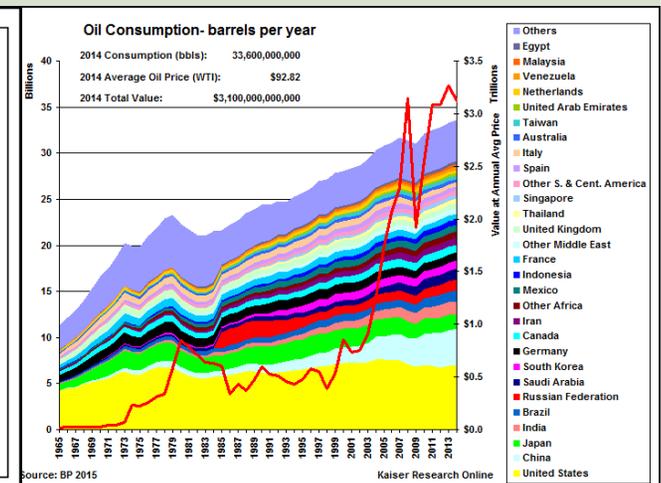
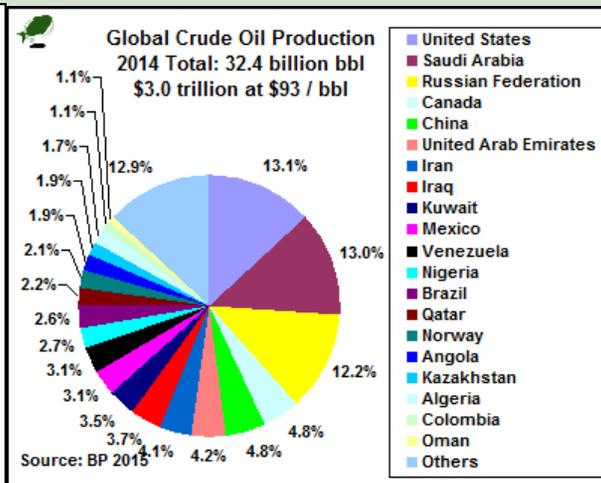
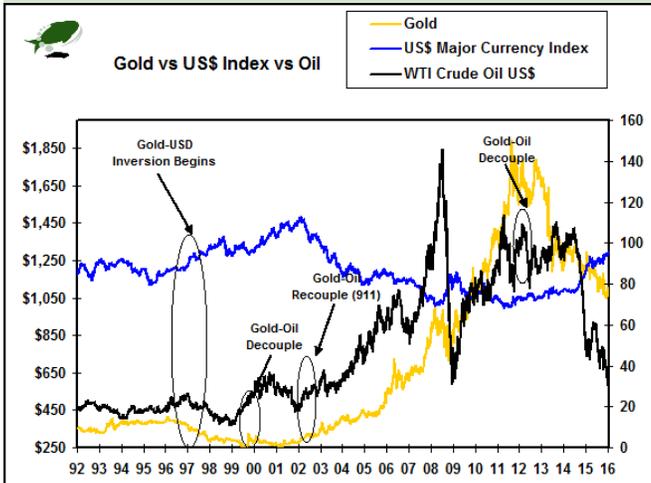
Security of Supply Narratives

- Geopolitical supply disruptions
- Policy Demand Drivers
- Process Innovation
- Transportation supply disruptions
- Policy Supply Disrupters
- Functionality innovation
- Deposit depletion
- Usage Innovation
- Fashion Trends

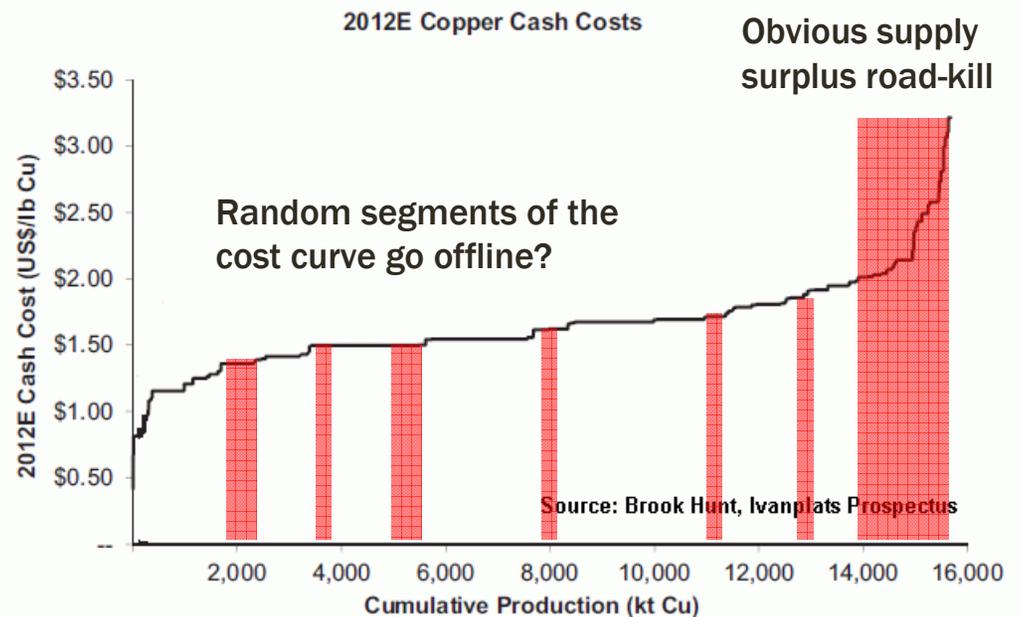
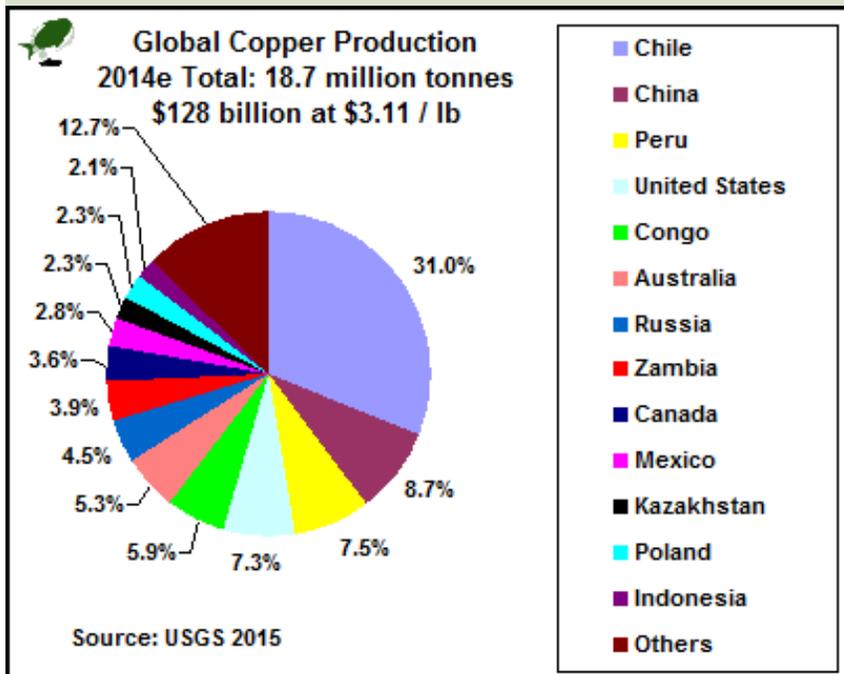
This is the new conceptual frontier for institutional capital!



High Risk of Geopolitical Train Wrecks & Unintended Consequences



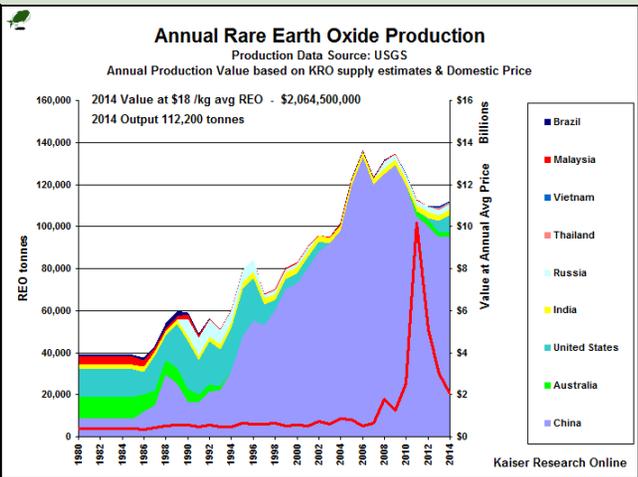
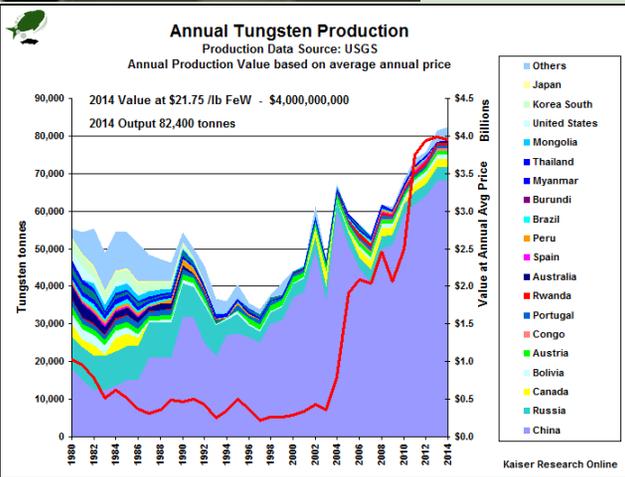
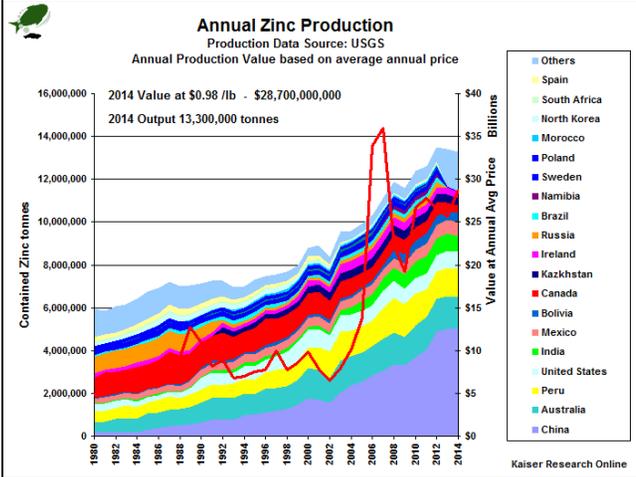
The greatest likelihood for higher medium term non precious metal prices lies with unpredictable supply disruptions such as civil strife, infrastructure failure, resource nationalism, & sanctions. Price uptrends will be metal specific and development decisions will focus on “safe” jurisdictions.

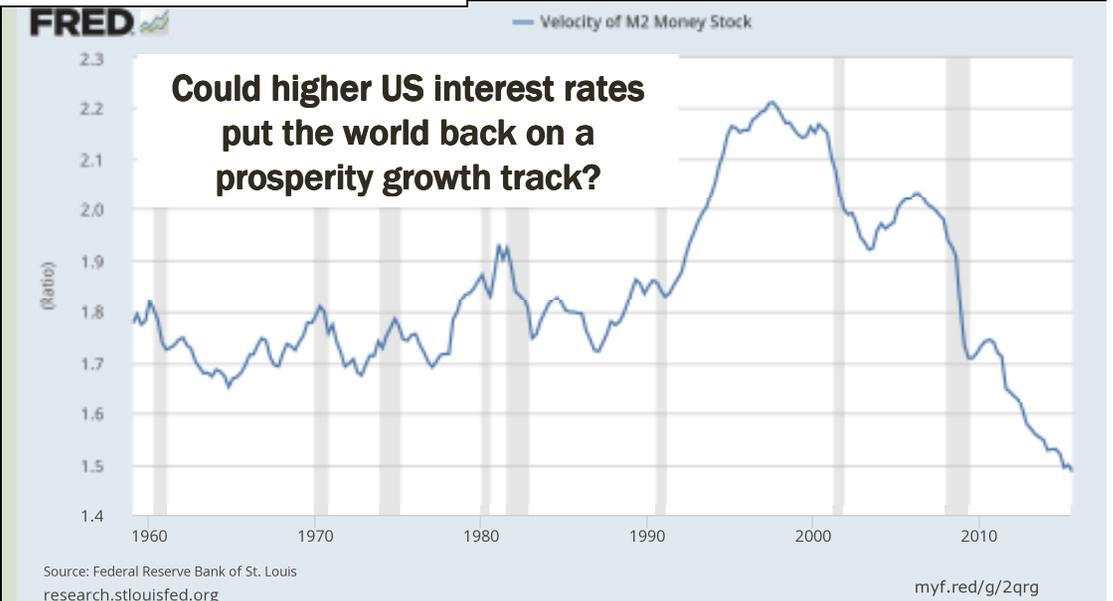
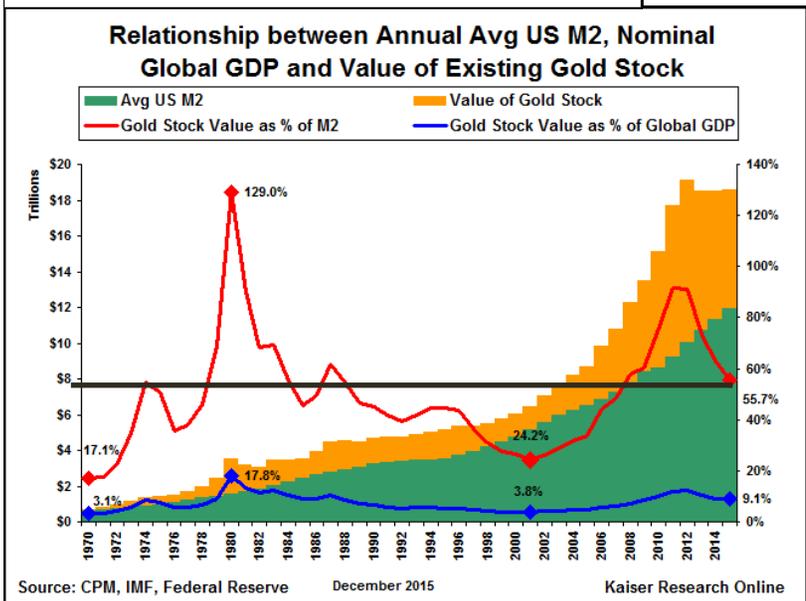
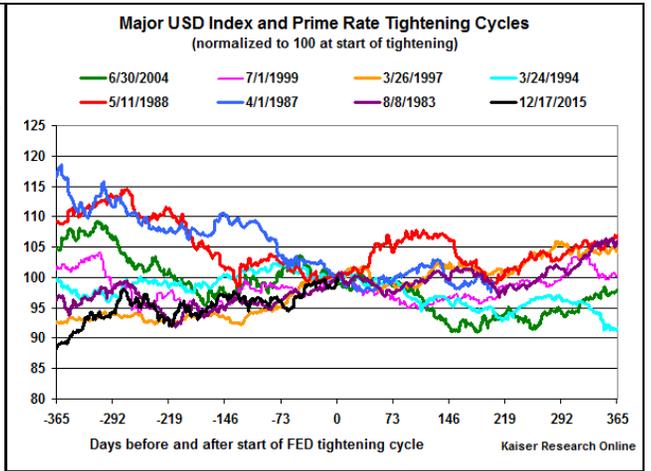
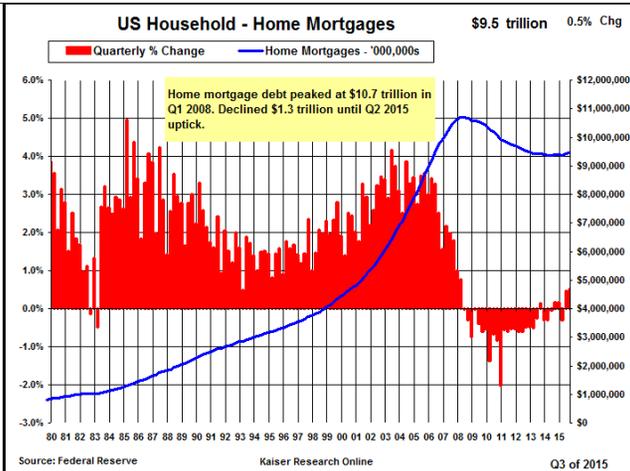
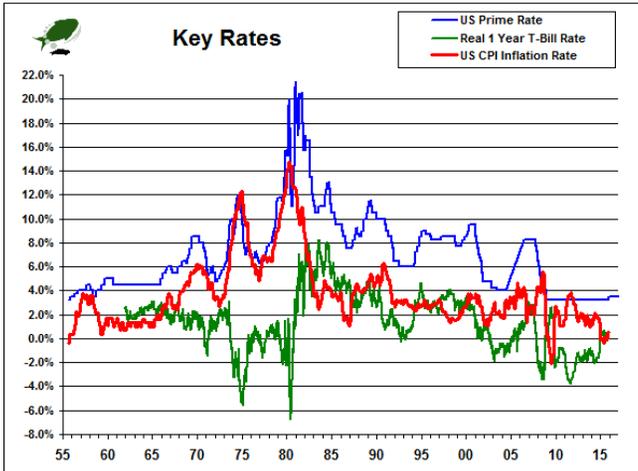




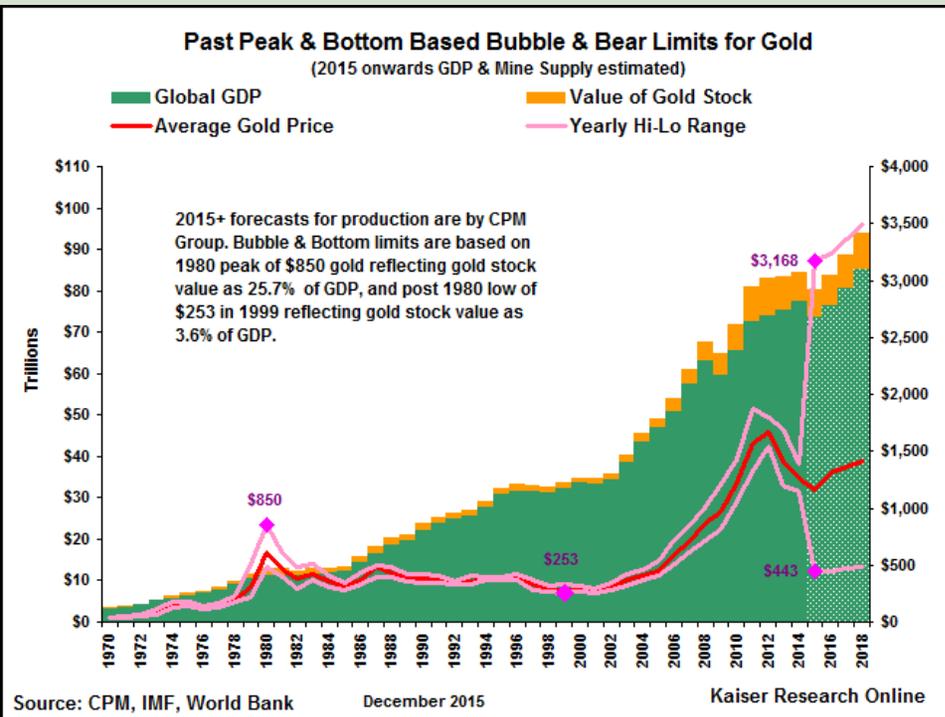
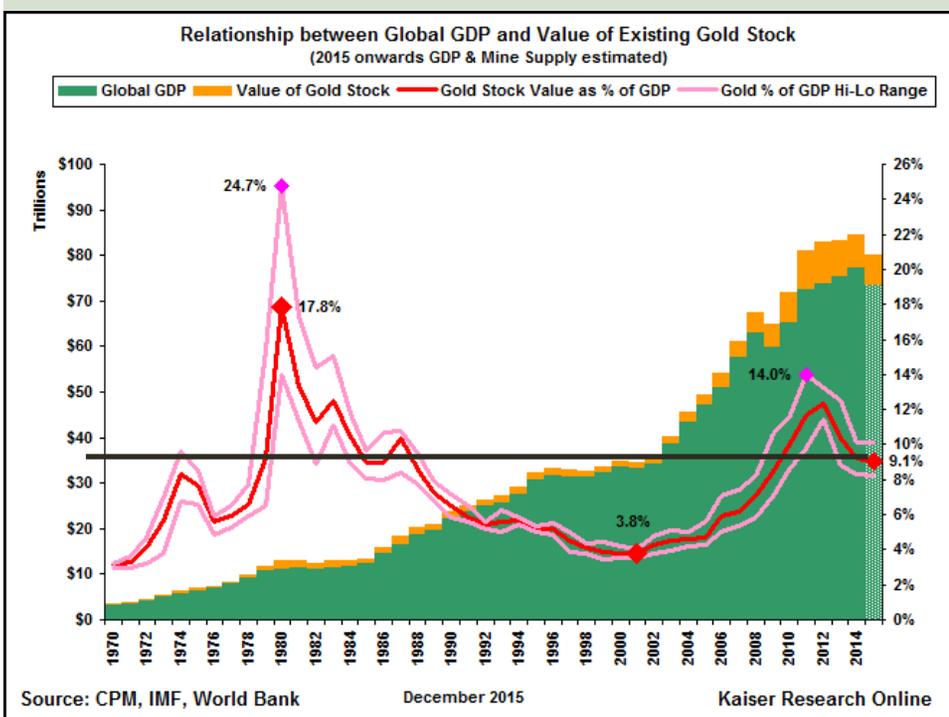
Environmental Policy as Supply Disrupter

China's Environmental Awakening

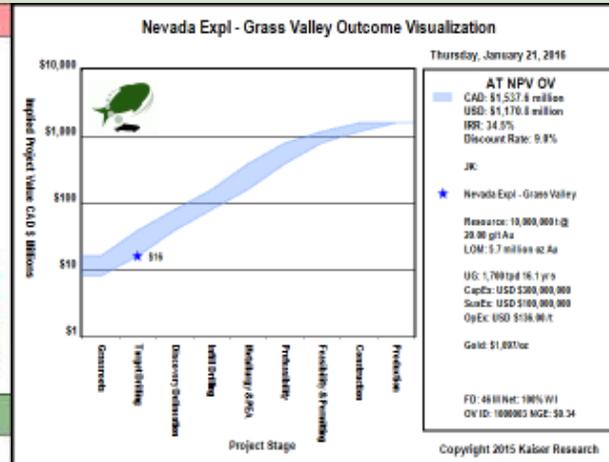




Missing from the debate is a strong argument as to why we should expect a higher real gold price that benefits mine profitability. If you look at gold as a function of prosperity and uncertainty, rising global prosperity and the accompanying relative decline of America's economic and military super-power status can deliver sustainable real gold price growth.



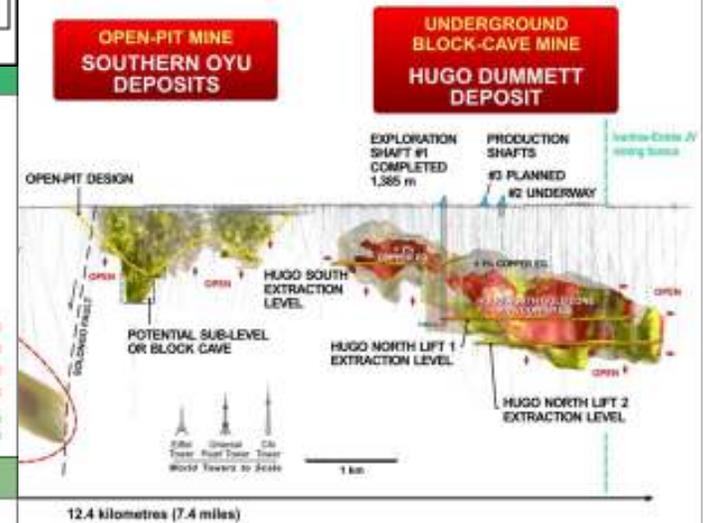
Discovery Exploration: finding a deposit that is feasible at prevailing metal prices.



Juniors must return to discovering deposits that work with the metal prices we have. Marginal deposits are only interesting if a case can be made that the system has greater potential, such as Robert Friedland demonstrated at Oyu Tolgoi with the Hugo Dummett discovery.



Trading at 35% discount to cash breakup because mandate is to find an advanced gold deposit!

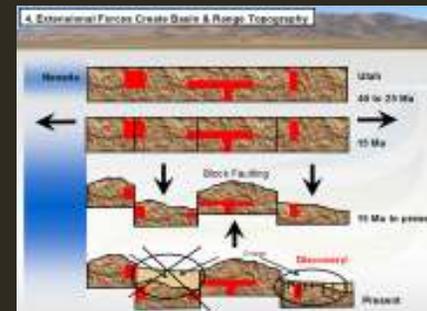
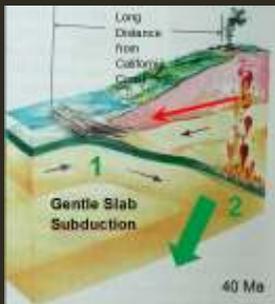
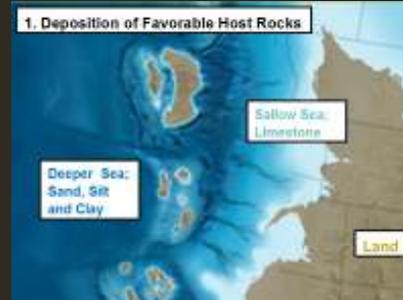
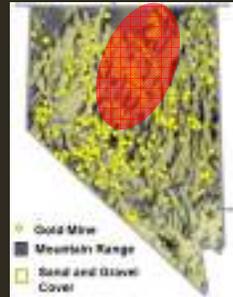
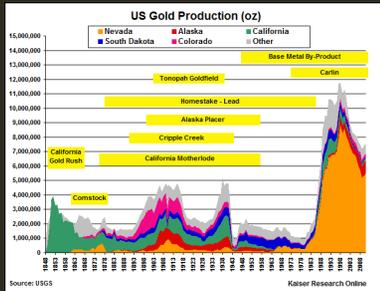


Elements of a good exploration story in the new reality

- Does the region have a substantial metal endowment?
- If not, what reason is there to believe in a hidden endowment?
- If so, is there a reason to believe it has not been largely found?
- How is your exploration strategy different from what others have already attempted?
- Are you applying a new exploration method or a model for whose hallmarks past exploration has not filtered?
- What is the potential size of the prize you are seeking?
- Do you know what failure of your exploration story would look like?
- How much money and time will you need to make or break your story?
- Would a discovery have replication implications?

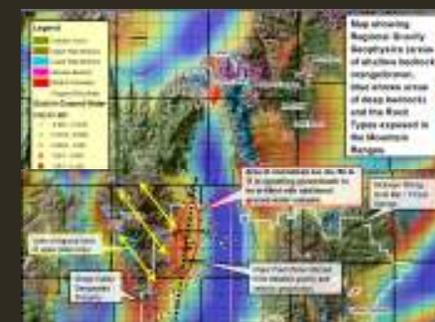
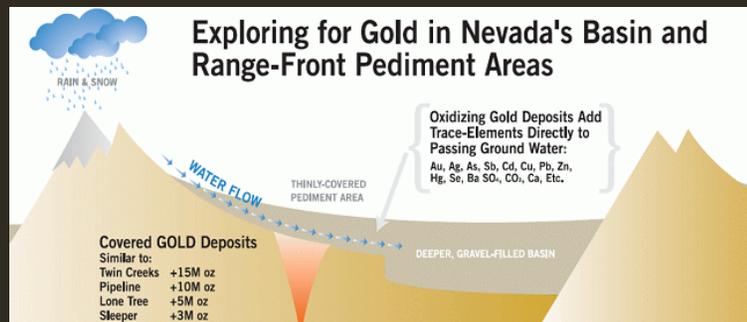
Resource juniors which hope to attract risk capital for discovery exploration will have to do a much better job explaining geology and articulating their target hypothesis.

Example of a big picture story line for an exploration junior



Exposed GOLD Deposits (before 1990):	
Gold Acres	<0.3Moz
Cortez Gold	2.0Moz
Horse Canyon	<0.2Moz
Total Oz	2.5Moz

Covered GOLD Deposits (since 1990):	
Pipeline	17.2Moz
Cortez Hills	15.0Moz
Goldrush	15.6Moz
Total Oz	47.8Moz



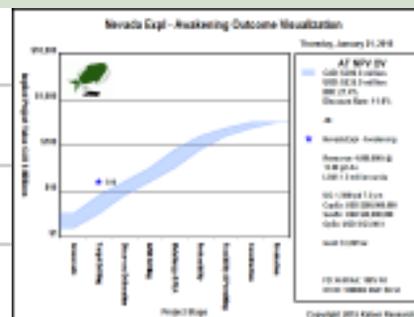
Introducing KRO Outcome Visualizations

OV Project: Nevada Expl - Awakening

Location: United States, Nevada, Humboldt County

Stage: 2-Target Drilling (Gold)

Project OV created: Oct 21, 2015, **Current OV:** Oct 21, 2015

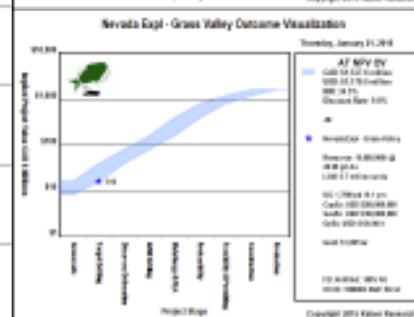


OV Project: Nevada Expl - Grass Valley

Location: United States, Nevada, Cortez Trend

Stage: 2-Target Drilling (Gold)

Project OV created: Oct 4, 2015, **Current OV:** Oct 4, 2015

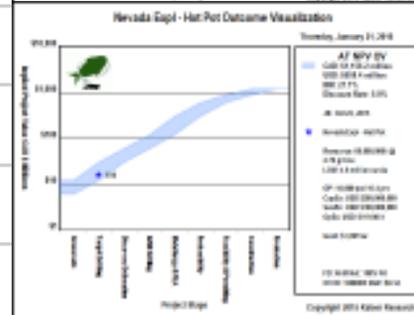


OV Project: Nevada Expl - Hot Pot

Location: United States, Nevada, Battle Mountain Trend

Stage: 2-Target Drilling (Gold)

Project OV created: Oct 23, 2015, **Current OV:** Oct 23, 2015



Visualized Outcome: Grass Valley - Cortez Hills UG					
Although the Grass Valley anomaly has a geochemical footprint that could support a Cortez Hills scale deposit, there is uncertainty about the depth of a similar large deposit of 10-20 million oz of 1-2 g/t gold ore and if it would be amenable to open-pit mining. This OV thus envisions an outcome that would be underground mineable and takes as its analogue the high grade breccia portion of the Cortez Hills system that Barrick is currently mining underground, with an expansion planned for an even deeper resource.					
Economic Outcome - Discount Rate: 9.0% - CAD AT NPV: \$1.5 billion - Fair Speculative Value					
Gross Rock Value (USD/t):	\$705	Recoverable Rock Value:	\$635	Payable Rock Value:	\$628
USD Pre-Tax NPV:	\$2,199,575,419	Pre-Tax IRR:	51.6%	Pre-Tax Payback:	2.6
USD After-Tax NPV:	\$1,170,760,732	After-Tax IRR:	34.5%	After-Tax Payback:	3.4
CAD Fair Spec Value Low:	\$15,375,601	CAD Fair Spec Value High:	\$38,439,002	CAD Implied Project Value:	\$17,108,767
Fair Speculative Value Stock Price Range: \$0.33 - \$0.83					
Price Target if Visualized Outcome delivered by Expl-Dev Cycle without dilution: \$33.25					
VU = Very Unsure		SU = Somewhat Unsure		SS = Somewhat Sure	
				VS = Very Sure	
The confidence indicator is intended to convey the visualizer's degree of uncertainty with regard to a particular assumption.					
Deposit Scenario					
	Metal 1	Metal 2	Metal 3	Metal 4	
	Gold Au				
Grade:	20.0 g/t	VU			
Recovery:	90.0%	SU			
Payable:	99.0%	SS			
Concentrate Grade:	0.0%	VS			
Price:	\$1,096.25 /oz	VS			
Price Type:	Spot				
Annual Payable:	355,504 oz				
LOM Payable:	5,729,308 oz				
Metal 1 Note: Gold ore is assumed to be oxidized and recoverable with conventional milling.					
Mining Scenario					
Tonnage:	10,000,000	VU	Strip Rate:	0.0	VS
Operating Rate (tpd):	1,700	SU	Mining Type:	Underground	VS
Mine Life (years):	16.1		Startup:	2021	SU
Tax Treatment:	DDBM - double declining balance	VU	Tax Rate:	40.0%	SS
Tonnage Note: Assumes a dirty limestone Carlin-type deposit similar to the Cortez Hills breccia body is located within the NNE-SSW strike of the inferred fault structure that runs along the western flank of Grass Valley as outlined by a gold in groundwater anomaly. High grade expected to occur at intersection of NW-SE fold axes visible in Toiyabe range to the northwest.					
Operating Rate Note: Based on Barrick's UG mining rate of Cortez Hills breccia.					
Mining Type Note: With gravel cover up to 200-300 m thick any deposit will have to be underground mined.					

Cost Scenario					
			Currency	USD Cost	Exchange Rate
CapEx:	\$300,000,000	VU	USD	\$300,000,000	1.000
Sustaining Capital:	\$100,000,000	VU	USD	\$100,000,000	1.000
Mining Cost (\$/t rock):	\$120.00	VU	USD	\$120.00	1.000
Mining Cost (\$/t ore):	\$120.00		USD	\$120.00	1.000
Processing Cost (\$/t):	\$12.00	VU	USD	\$12.00	1.000
Other Cost (\$/t):	\$4.00	SS	USD	\$4.00	1.000
Total OpEx (\$/t):	\$136.00		USD	\$136.00	1.000

Mining Cost Note: Based on Barrick's UG mining cost for Cortez Hills breccia.

Processing Cost Note: Due to proximity to Cortez Hills it is assumed Barrick would acquire Grass Valley and feed its existing mill as it does with the high grade CH breccia ore.

Risk Factors - Risk-Adjusted Discount Rate: 9.0%					
	Risk Level	Risk Weight	Confidence	Note	
Environmental Permitting:	Low	1.0	SU		
Social License:	Very Low	0.5	VS	Uninhabited area with no grazing, close to Pipeline-Cortez mining operations.	
Title:	Very Low	0.5	SS		
Tax:	Very Low	0.5	SS	Nevada tax already high at 40%, background risk that federal govt one day creates super-royalties,	
GeoPolitical:	Very Low	1.0	VS		
Infrastructure:	Very Low	1.0	SS		
Technical:	Very Low	1.5	SU	If the discovery turns out to be refractory similar to nearby 15 million oz Goldrush deposit, metallurgy would become an issue.	
Management:	Low	3.0	SS	Management has experience exploring for gold in Nevada, and now has market-financing experience on board after Aug 2015 reorg.	

Deposit Valuation focuses on Future Cash Flow from a Depleting Asset: A Mine is an Annuity

$$\sum_{n=1}^m$$

Annual Cash Flow
 (1 + Discount Rate)ⁿ

Less Capital Cost

n = year of cash

m = mine life (years of mining)

	Annual Gross Revenue
less	<u>Operating Costs</u>
=	Operating Profit
less	<u>Taxes</u>
=	After Tax Cash Flow

Very few retail investors understand the DCF valuation model with its NPV, IRR and discount rate concepts, and even fewer trouble to use it as a decision-making tool.



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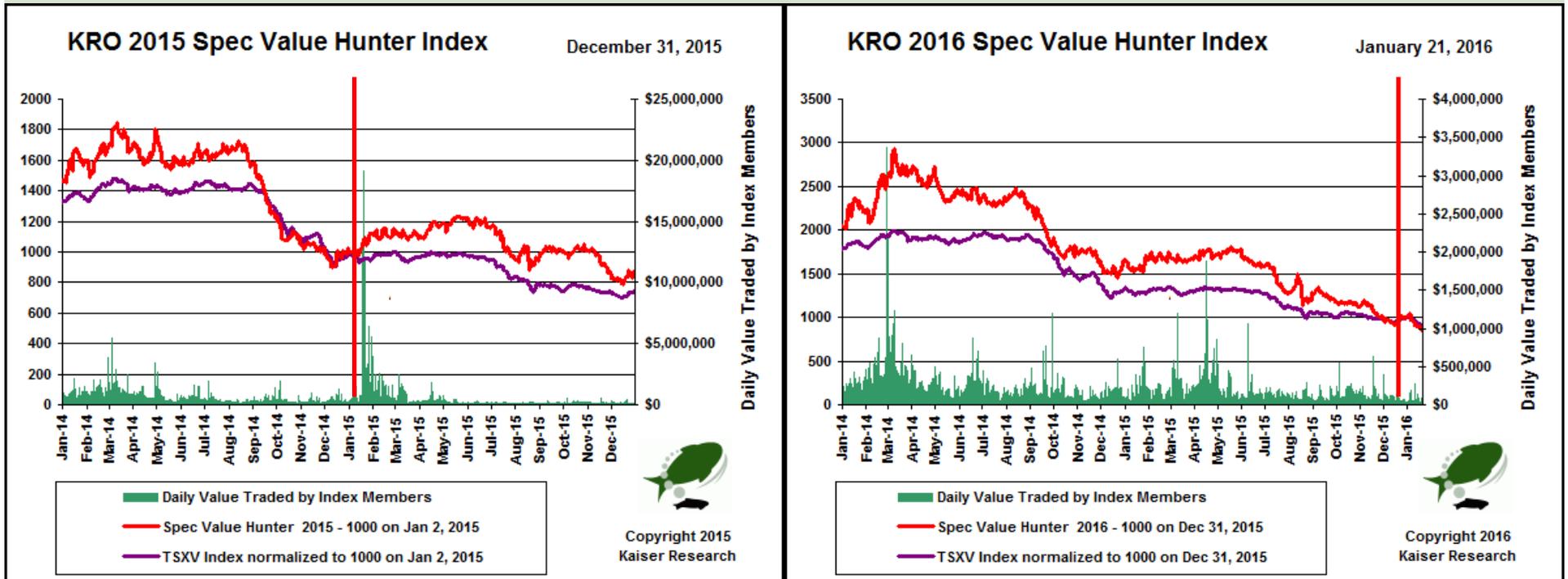


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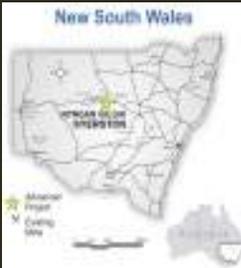
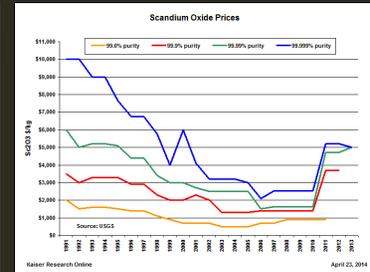
@KaiserResearch \$SCY
Scandium Intl breaks out
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Spec Value Hunter Portfolio



Only 11 current SVH Picks – more will graduate from 2016 Bottom-Fish Edition as they start to come to life

The Scandium Story: a winner even in a worst case scenario

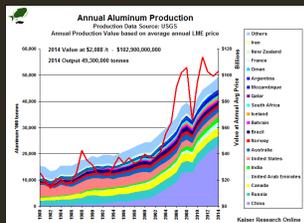
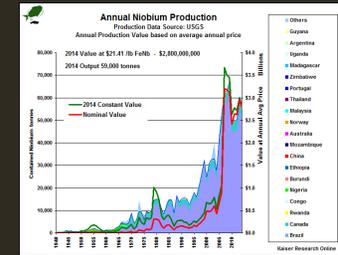
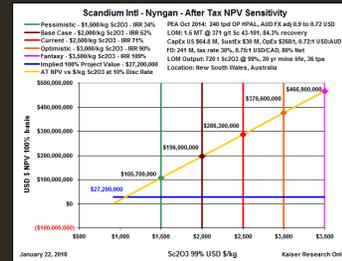


Project Resource Estimate - Nyngan

Mar 30, 2010 Ni 43-101 Sanja van Huet of Jervois Mining Ltd & Max Rangott of Rangott Mineral Exploration Pty Ltd, Orange, N Cutoff: 100 g/t Sc

Note: Grades are in g/t Sc, but pricing is for 99.9% scandium oxide (Sc2O3) which is estimated by USGS to average at \$3,700/kg, though a more realistic price is \$2,000/kg. The converter from element to oxide grade is 1.53.

Resource Category	Tonnage	Total Rock Value	Metal	Grade	Recovery	Contained Metal	% of GMV
Measured Resource	2,718,000	\$841/t	Scandium	274.00 g/t	100.0%	1,142,402 kg	100%
Indicated Resources	9,294,000	\$792/t	Scandium	258.00 g/t	100.0%	3,678,251 kg	100%
All Categories Spot	12,012,000	\$803/t	Scandium	261.62 g/t		4,820,653 kg	100%
Spot Gross Metal Value		Market Cap as % of Net GMV		Spot Prices Used			
\$9,641,306,949		0.3%		Scandium \$2,000.00/kg			



OBAMA ADMINISTRATION Fuel Economy Standards

The fleet-wide average will be **54.5 MPG**

Consumers will have saved **\$1.7 TRILLION** at the pump over the life of the program.

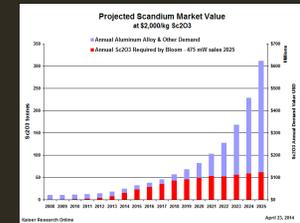
It costs the government more than \$1 billion to build a 1000-gallon gas station.

Over the life of the program, the standards will:

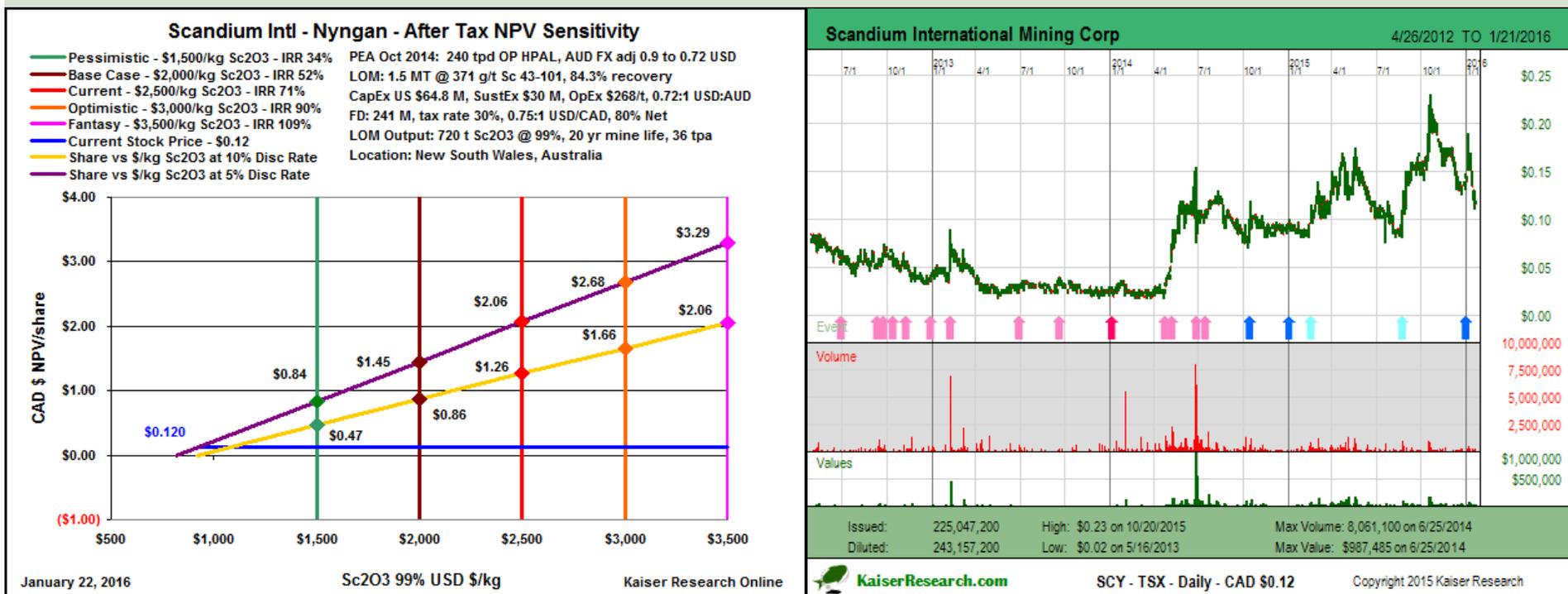
- Save **12** million barrels of oil
- Eliminate **6** billion pounds of carbon dioxide pollution

It costs the government more than \$1 billion to build a 1000-gallon gas station.

It costs the government more than \$1 billion to build a 1000-gallon gas station.



Scandium Intl Mining Corp (SCY-T)



There may never be such an obvious winner anybody can easily buy!

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The 2016 election will be pivotal in shaping America's future. Most outcomes will be beneficial for the resource sector narratives though for lamentable reasons in some cases.

