

# **PDAC 2018**

**What is needed to launch an  
uptrend for resource juniors?**

**Presented by John Kaiser**

**March 4, 2018  
Toronto, Canada**

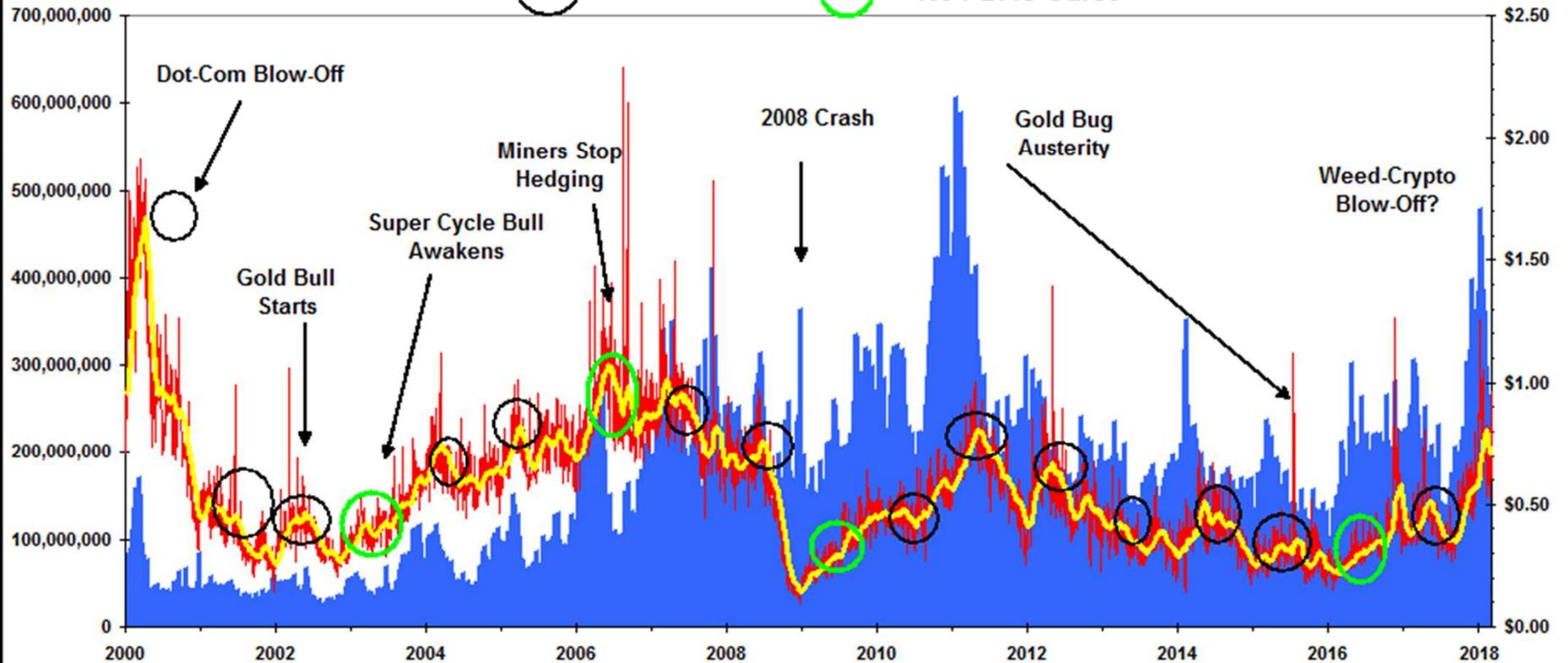
March 2, 2018

## Daily TSXV Volume and Average Trading Share Price



■ Volume    — Average Share Price    — 30 Day Average Price

○ = PDAC Curse    ○ = No PDAC Curse



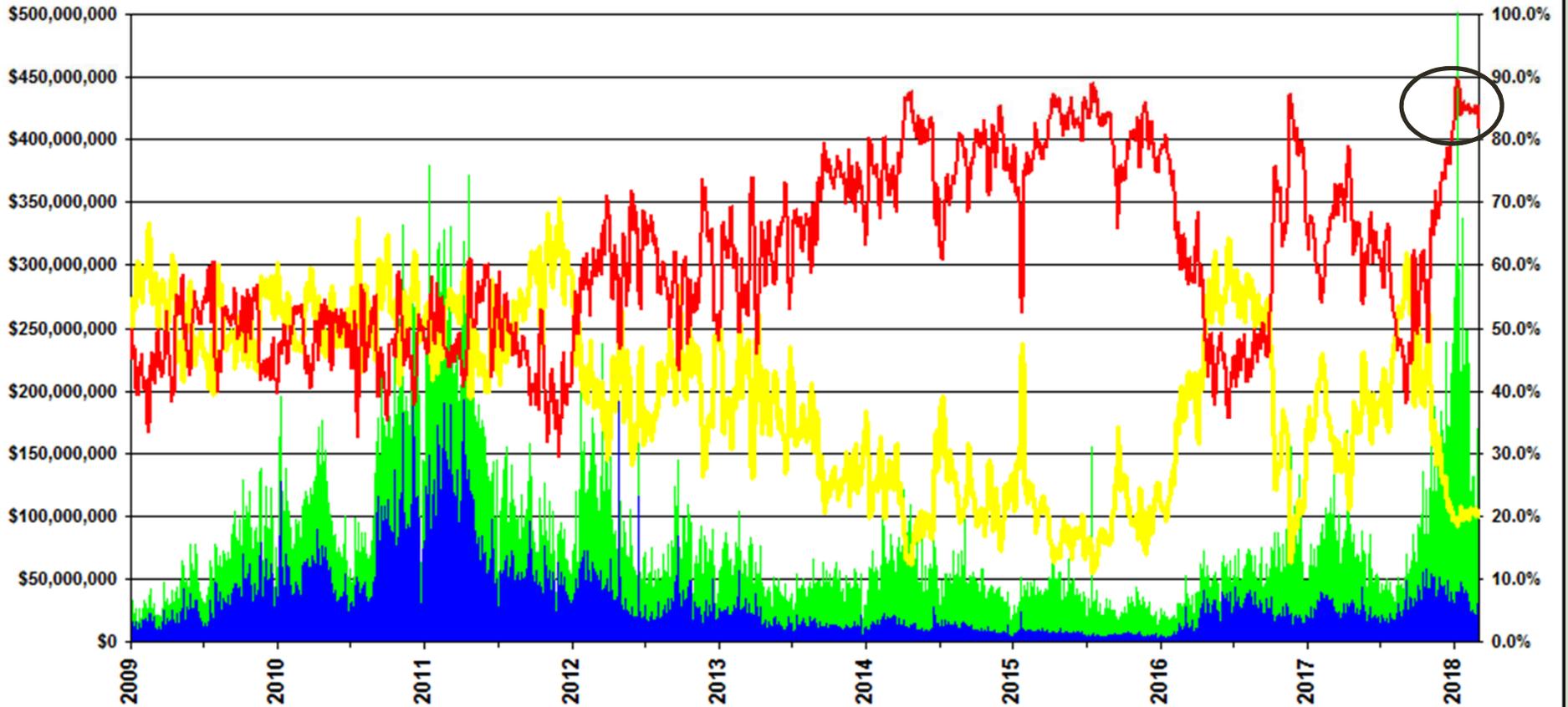
PDAC Curse: the tendency of the new year rally to fizzle right after the PDAC mining convention held annually in March in Toronto.



# Daily TSXV Resource Sector Value Traded

March 2, 2018

- Non-Resource Traded Value
- TSXV Resource Sector Traded Value
- Non-Resource TSXV Traded Value % (5 day MA)
- Resource Sector Traded Value % (5 day MA)

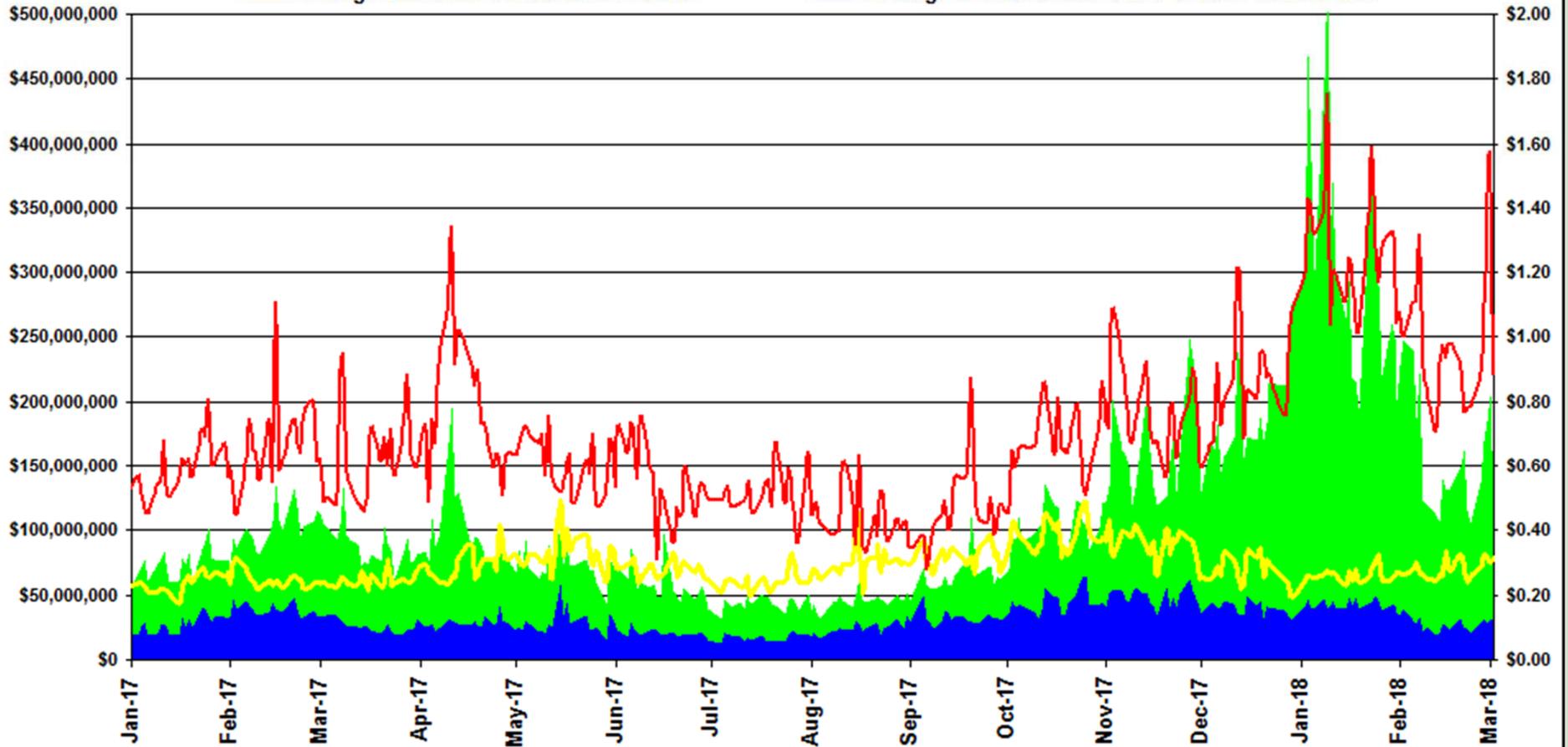




## Daily TSXV Resource Sector Value & Average Price Traded

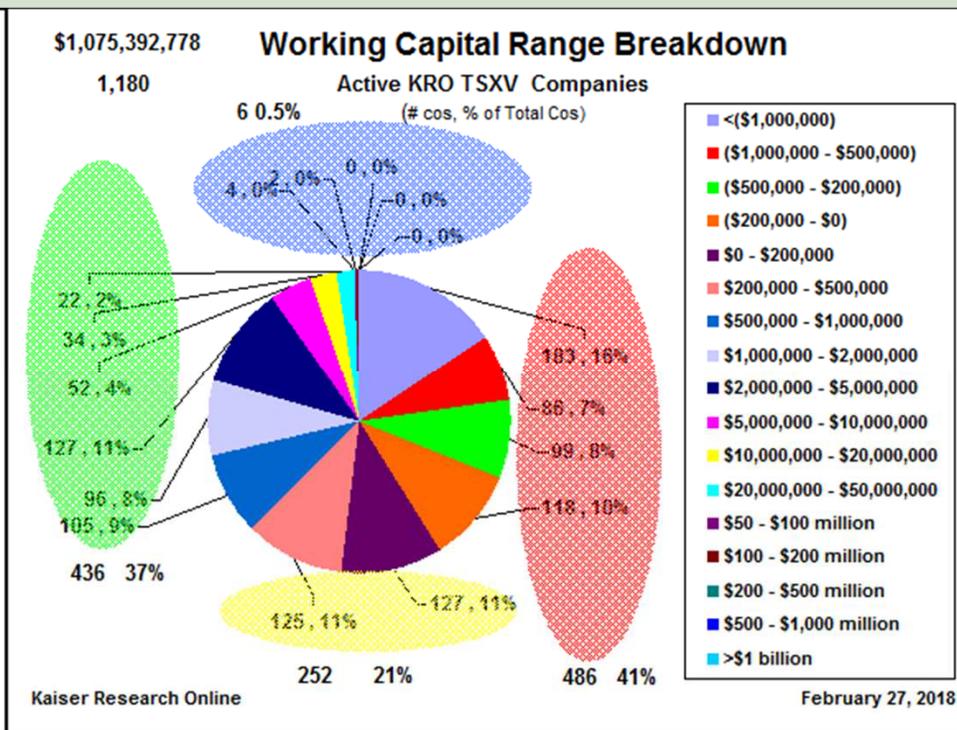
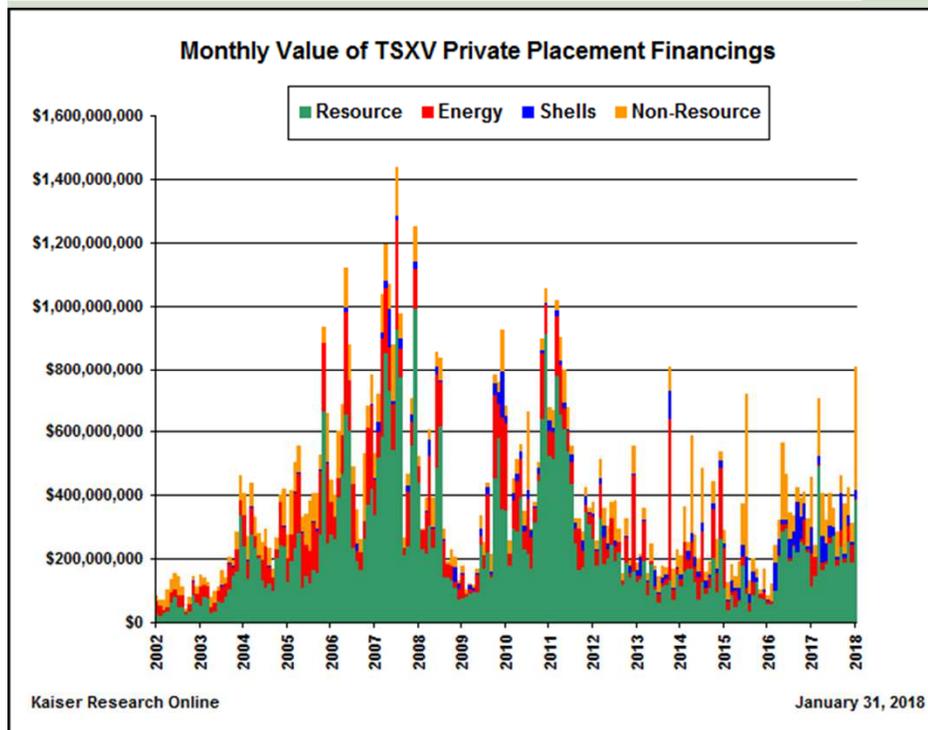
March 2, 2018

■ TSXV Resource Sector Traded Value      ■ Non-Resource Traded Value  
— Average Resource Sector Traded Price      — Average Non-Resource TSXV Traded Share Price

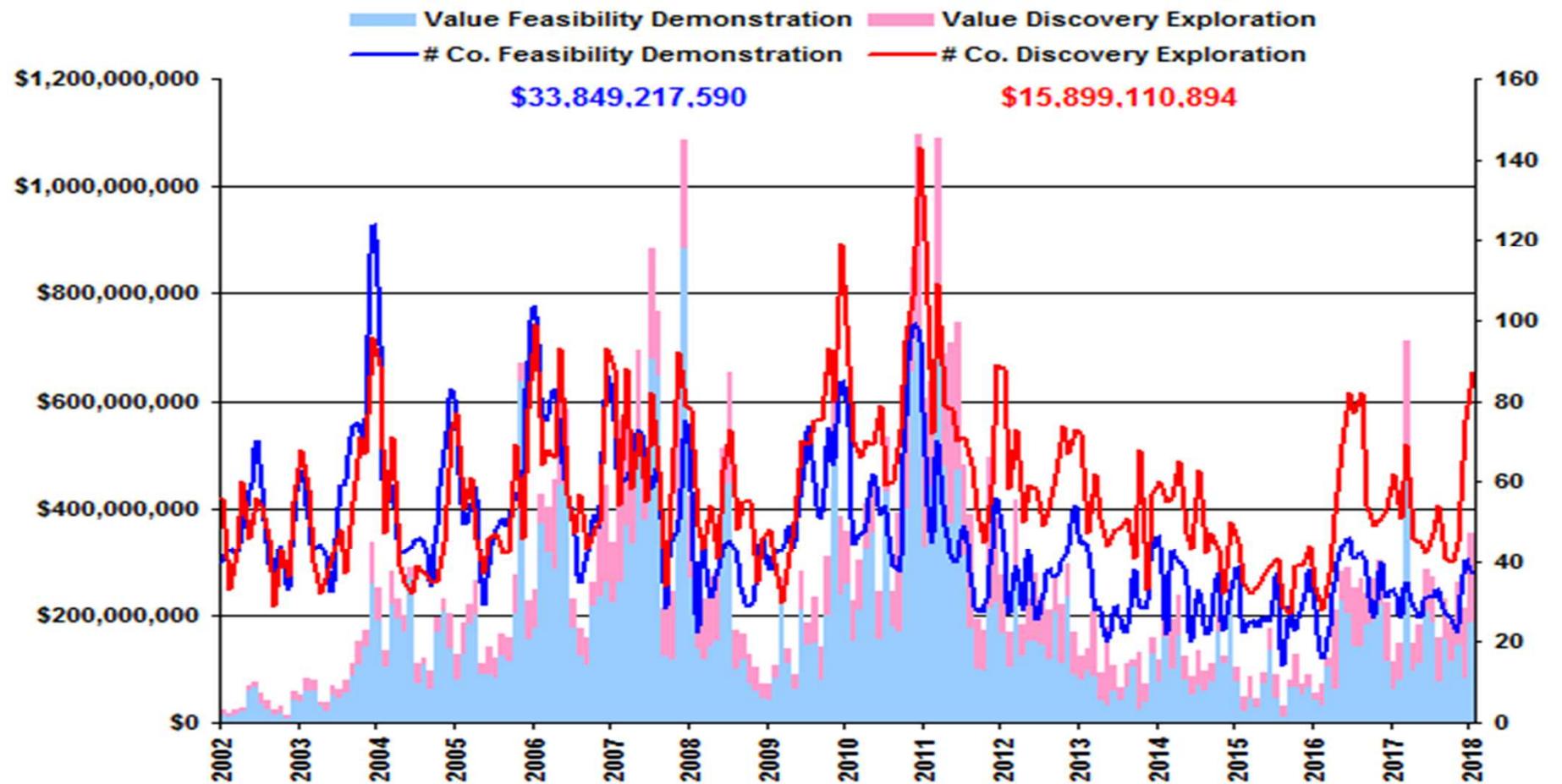


Companies less than \$200,000 WC:	613
Producer & > \$200,000 WC:	24
Resource Feasibility > \$200,000 WC:	207
Discovery Exploration > \$200,000 WC:	282
"Shells" with > \$200,000 WC:	54

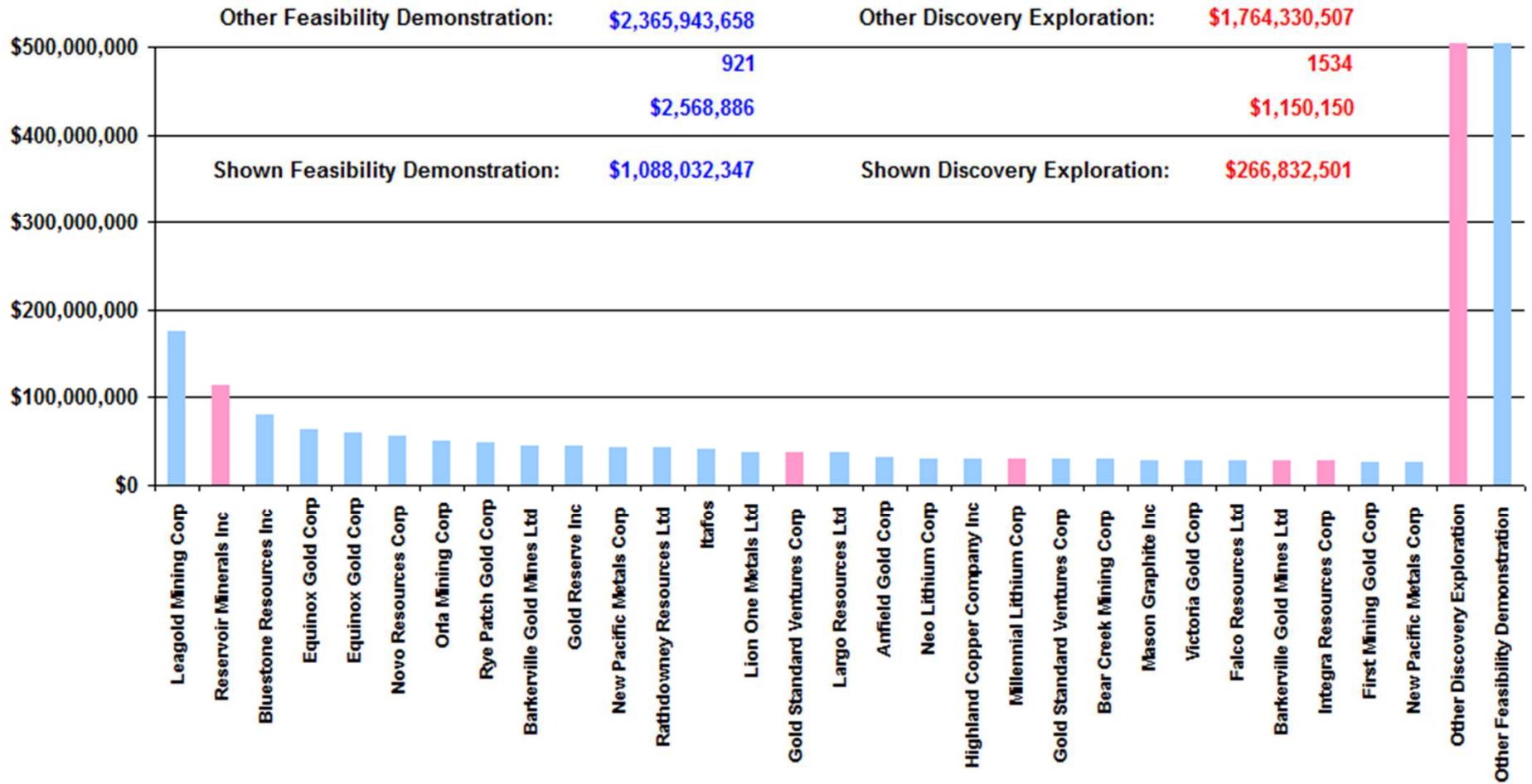
Monthly financing activity for resource juniors has been better than levels in 2012-2015 since the turnaround in 2016, but less than half the TSXV resource juniors have more than \$200,000 working capital.



## Monthly Value of Resource Sector TSXV Financings



### TSXV Resource Sector Financings 2016-2018



## MOST ACTIVE BY VALUE

Name	Dec 2017: \$1.3 billion	Symbol	Value (\$)
Hive Blockchain Technologies Ltd.		HIVE	\$278,705,879
The Hydrophocary Corporation		THCX	220,475,167
Emerald Health Therapeutics, Inc.		EMH	200,779,544
OrganiGram Holdings Inc		OGI	191,983,373
Cannabis Wheaton Income Corp.		CBW	178,727,780
Cronos Group Inc.		MJN	157,238,746
BTL Group Ltd.		BTL	110,938,814
Radiant Technologies Inc.		RTI	84,822,025
Global Blockchain Technologies Corp.		BLOC	66,401,266
Garibaldi Resources Corp.		GGI	61,392,129

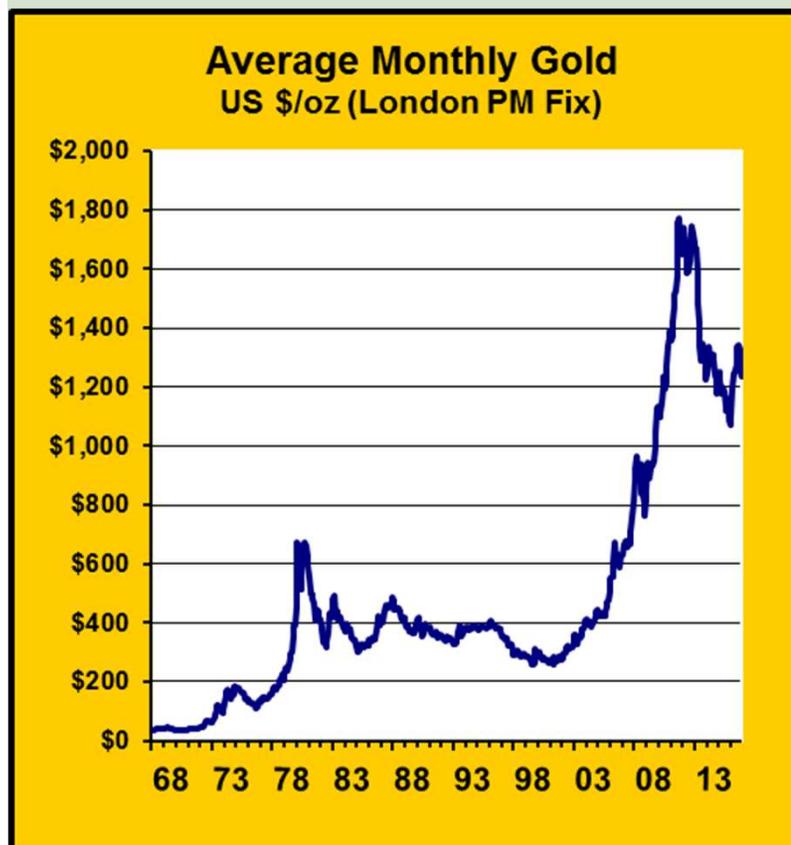
Name	Jan 2017: \$3.8 billion	Symbol	Value (\$)
Newstrike Resources Ltd.		HIP	\$791,167,243
Cronos Group Inc.		MJN	540,531,109
Cannabis Wheaton Income Corp.		CBW	460,892,092
Emerald Health Therapeutics, Inc.		EMH	421,920,957
The Hydrophocary Corporation		THCX	396,173,232
OrganiGram Holdings Inc		OGI	365,101,577
The Supreme Cannabis Company, Inc.		FIRE	314,216,092
Abcann Global Corporation		ABCN	233,540,604
Harvest One Cannabis Inc.		HVT	143,398,054
Maple Leaf Green World Inc.		MGW	140,112,431



## Cannabis & Crypto-Blockchain Manias



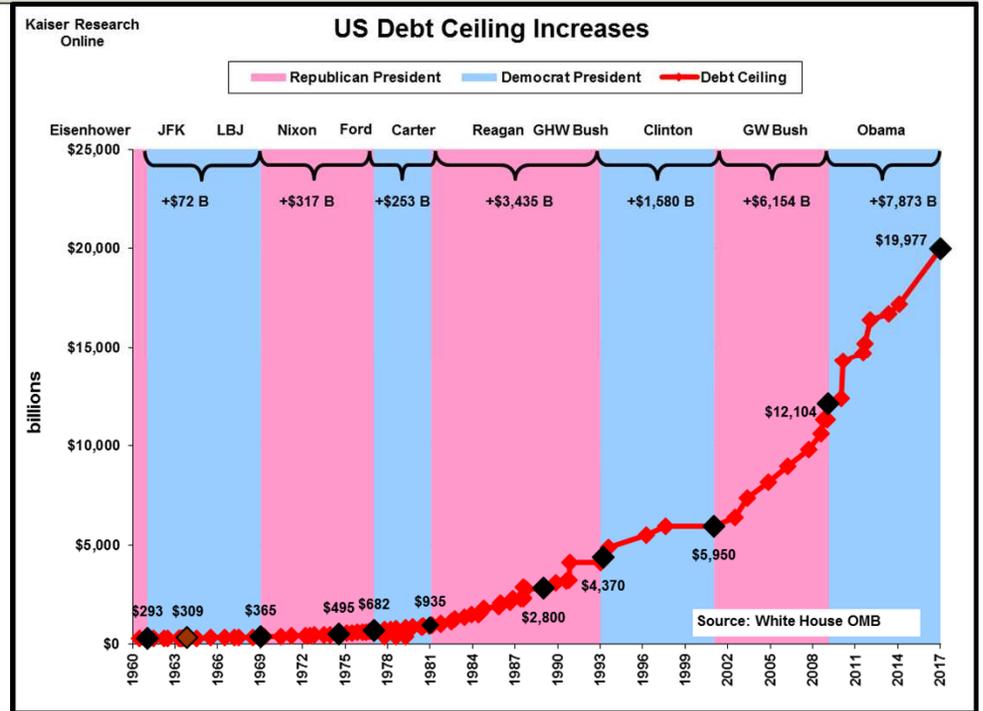
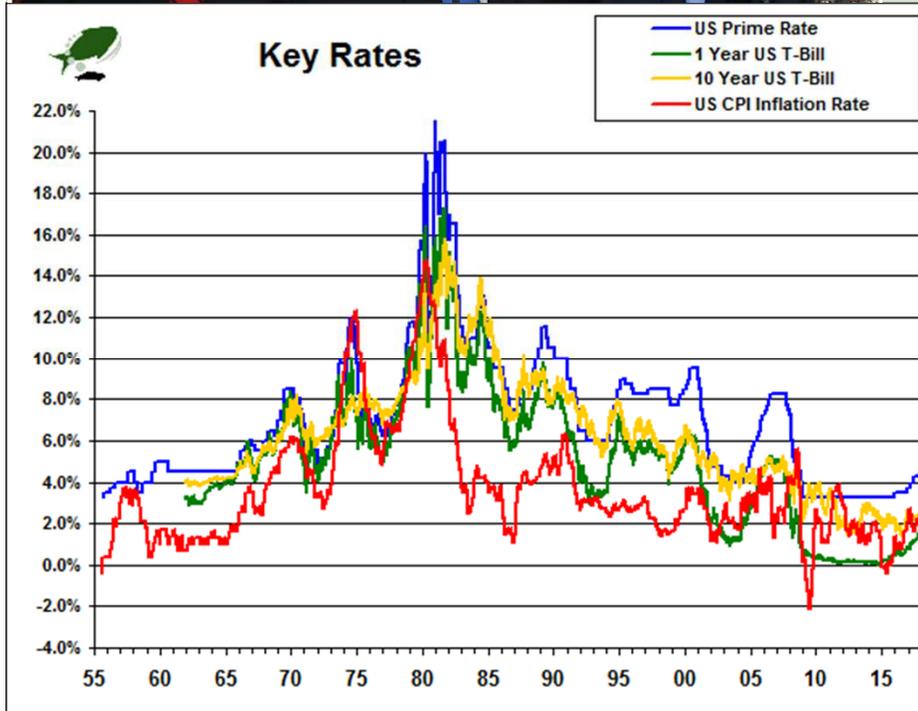
# Gold vs Bitcoin: which is money?

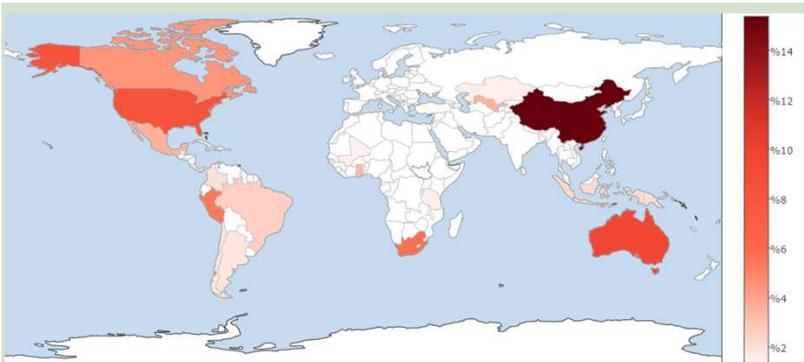


- Money is an information system that over space and time keeps track of the credits and debits arising from transactions conducted by multiple agents involving the exchange of goods, services and asset title.
- Money functions as a price discovery mechanism and is the foundation of the market which in turn is dependent on the institution of property.
- Money is an abstraction that needs a minimal maintenance cost. It is critically dependent on trust.
- Blockchain ledger is an information system that will one day underpin a global currency, though that is a long time off. You will know it has arrived when you can buy something in a crypto unit.
- Maintaining the blockchain ledger does have a cost that will decline as technology advances, unlike gold which to bring into above ground form has a rising real cost.
- All current crypto currencies are parasitic on the US dollar money system & function only as a gambling system
- Blockchain is revolutionary as a distributed ledger: Hernando de Soto & informal property title, IBM - Maersk shipping, diamond fingerprinting
- Gold is an asset class whose value lies in the ability to rebuild trust when a money system collapses. **Gold is not money.**
- In becoming the new favorite of ideological scolds crypto is liberating gold from its straitjacket and opening it up to a much broader audience that includes millennials.

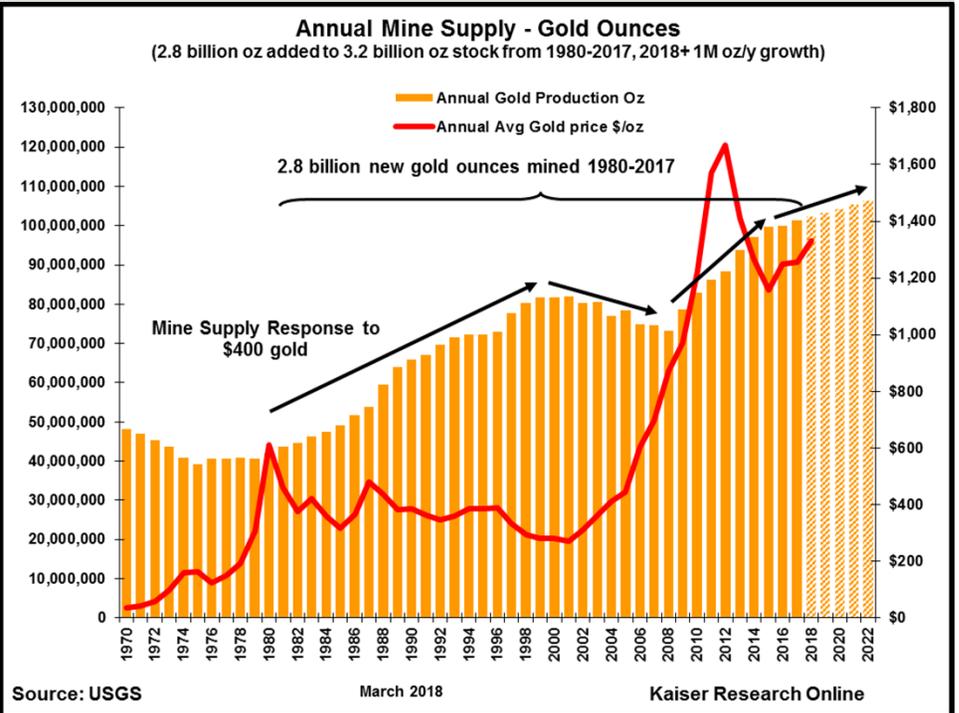
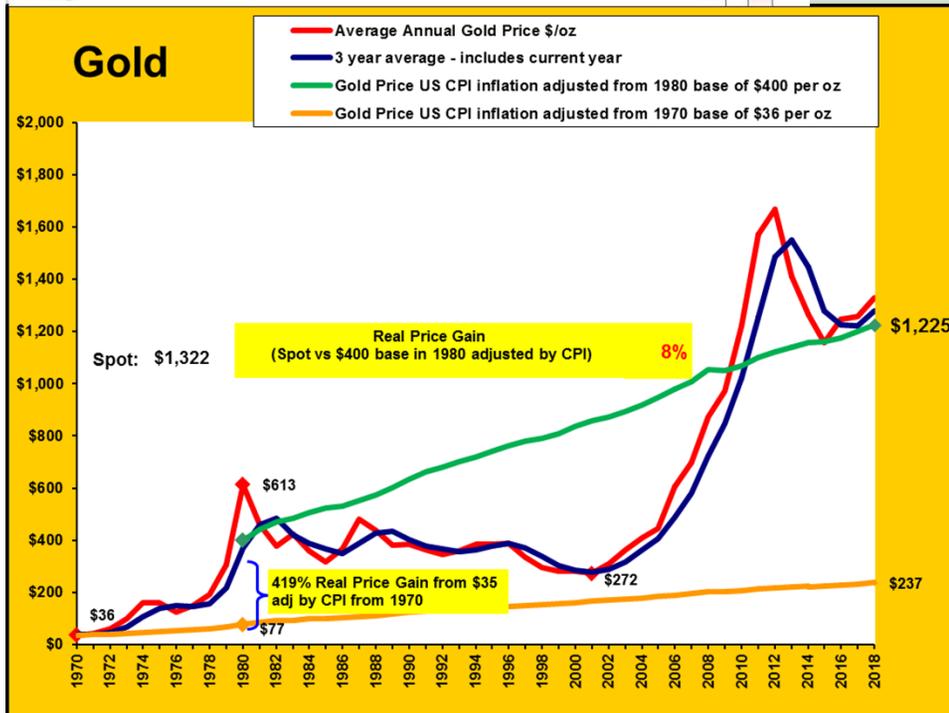


Every Republican President has increased the US debt by a greater amount than any predecessor. The traditional gold bug narrative will make a comeback but only if Democrats win House and Senate in mid-term elections.



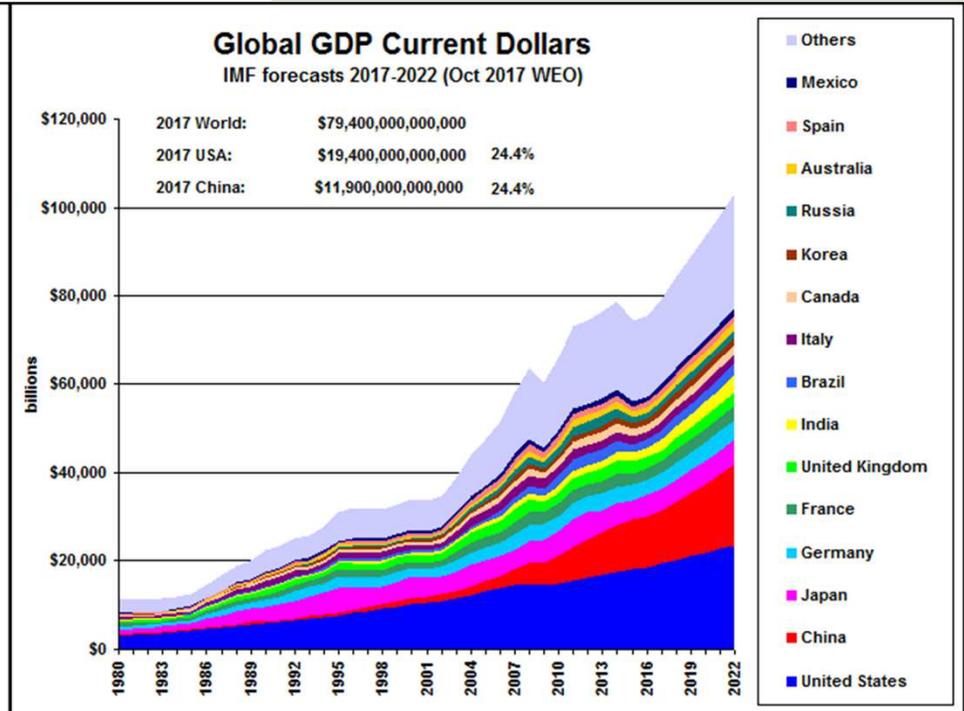
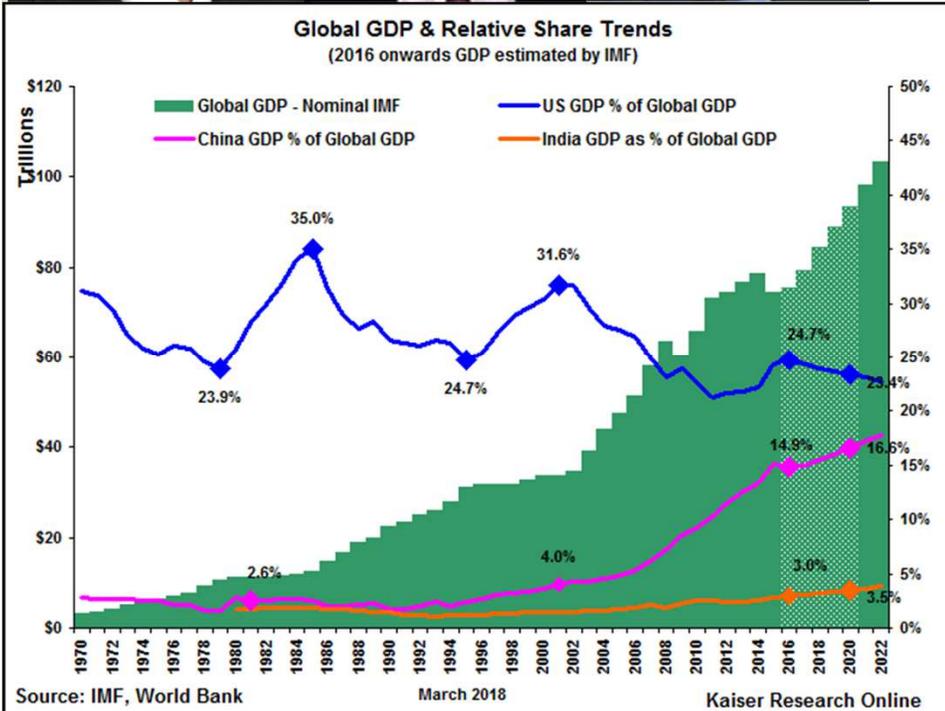


The resource sector needs a real gold price increase to attract investors back to both discovery and feasibility demonstration juniors.

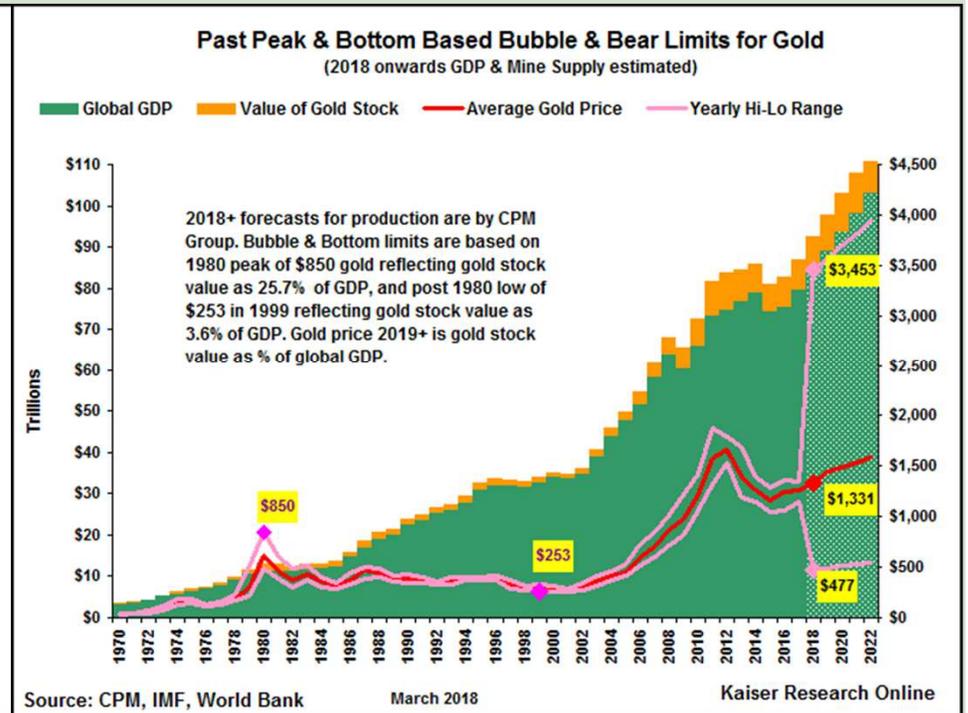
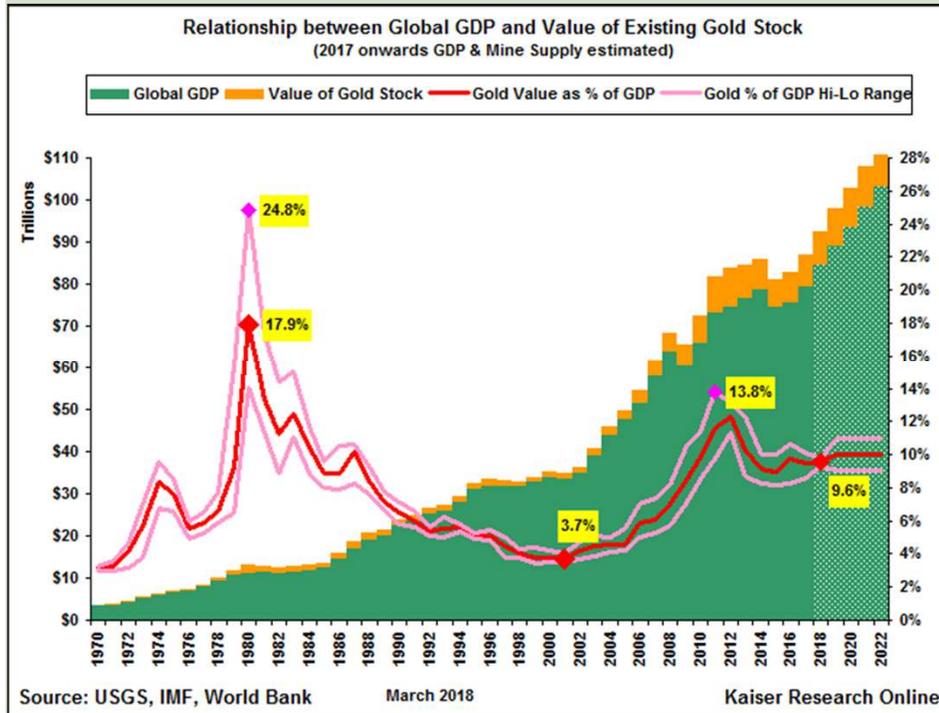




Rushing into the vacuum created by America's retreat into itself as a global power. Is America the new Humpty Dumpty?

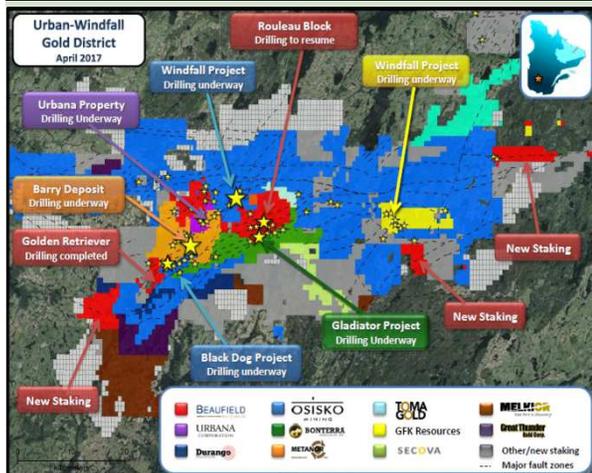


Talking about \$3,000 plus gold in terms of fiat currency debasement and hyper-inflation is not a reason to buy gold juniors or majors. Talking about gold as a refuge for the world's wealth in the context of America's self-marginalization is a good reason. What will be the new Tehran moment?





In the context of a flat real gold price, the new strategy is rethinking depleted or inadequate mineralized systems for which Osisko's Windfall project is the poster child.



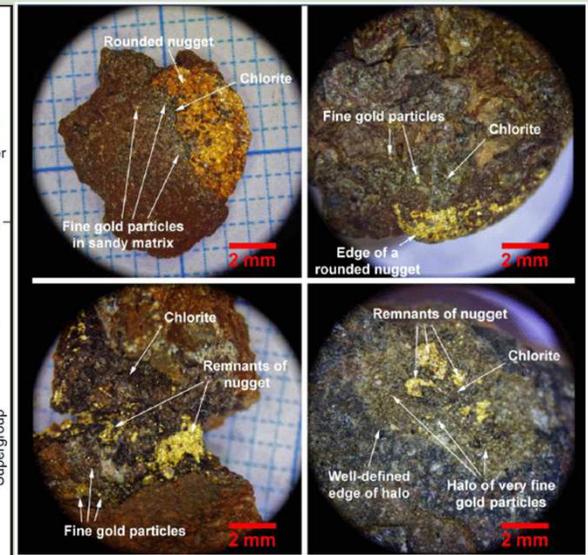
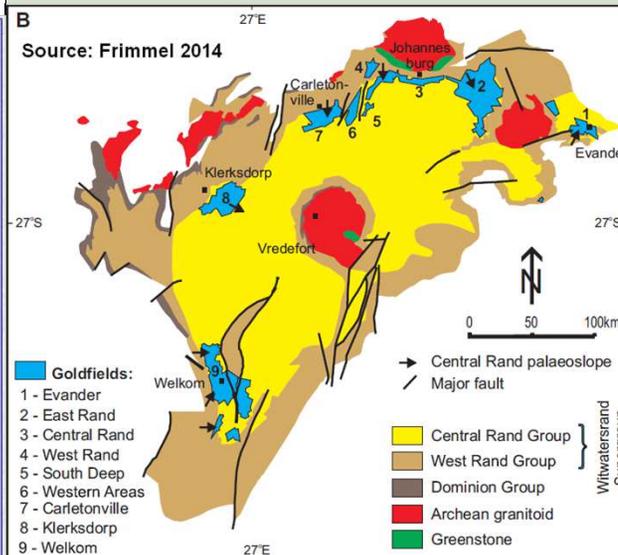
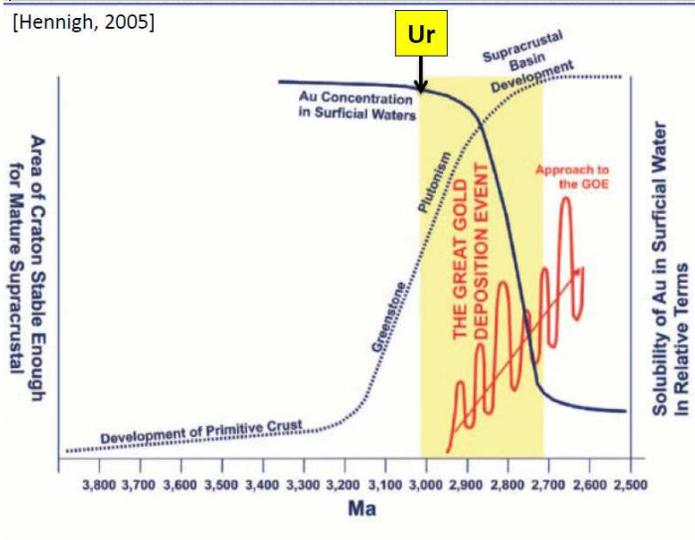
Classification / Zone	Tonnes	Grade (g/t)	Gold (ounces)	Gold Capping (g/t)
<b>INDICATED CATEGORY</b>				
Zone 27	1,714,000	8.48	468,000	200
Caribou	910,000	6.99	204,000	100
Mallard	123,000	10.29	41,000	100
Colloform Quartz Veins	16,000	70.67	35,000	250
<b>Total Indicated (Main Zone)</b>	<b>2,762,000</b>	<b>8.42</b>	<b>748,000</b>	
<b>INFERRED CATEGORY</b>				
Zone 27	335,000	6.16	66,000	200
Caribou	336,000	4.90	53,000	100
Mallard	85,000	11.27	31,000	100
Colloform Quartz Veins	154,000	18.68	92,000	250
Below Red Dog	447,000	9.14	131,000	100
<b>Main Zone Subtotal</b>	<b>1,357,000</b>	<b>8.57</b>	<b>242,000</b>	
F17 Zone	167,000	7.51	40,000	40
F51 Zone	47,000	4.43	7,000	10
Pyrite Stockwork	1,665,000	7.55	404,000	100
Red Dog Sill/Dikes	248,000	4.04	32,000	20
Fragmental Dike	34,000	3.99	4,000	15
<b>Total Inferred</b>	<b>3,512,000</b>	<b>7.62</b>	<b>860,000</b>	

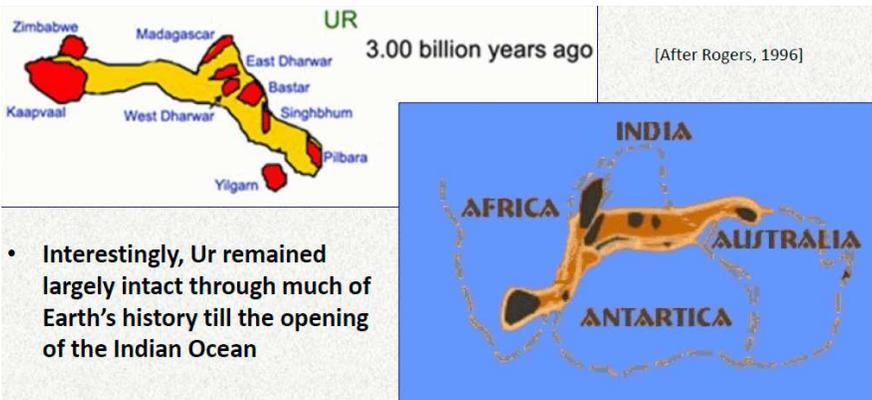
Total LOM production	828,000 ounces gold payable
Average LOM annual production	106,200 ounces gold payable
Average LOM operating cash cost	C\$547 per ounce payable (US\$471)
LOM total cash cost	C\$558 per ounce payable (US\$480)
LOM total cash cost plus sustaining	C\$623 per ounce payable (US\$536)
Mine life	7.8 years
Throughput	1,200 tpd
Average mined grade	8.26 g/t gold
Gold recovery	95.7%
Pre-production capex	C\$240.6 million (US\$206.9 million)
Sustaining capex	C\$53.5 million (US\$46.0 million)
Pre-tax NPV <sub>5%</sub>	C\$241.4 million (US\$207.6 million)
Pre-tax IRR and payback	23.6% and 3.4 years
Post-tax NPV <sub>5%</sub>	C\$135.2 million (US\$116.3 million)
Post-tax IRR and payback	17.2% and 3.9 years
Gold Price	US\$1,200 per ounce
Exchange Rate (US\$:C\$)	0.86



**Novo: just another hard to measure paleo-placer or much more? Can the Pilbara Gold Rush deliver the Bre-X Redemption? Is the Wits 2.0 Hypothesis still alive?**

[Hennigh, 2005]



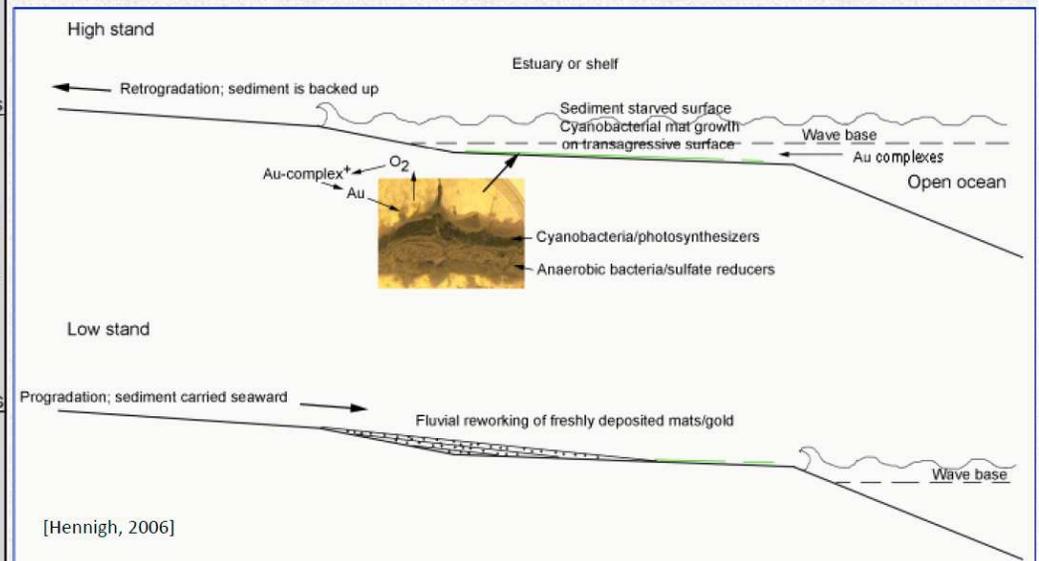
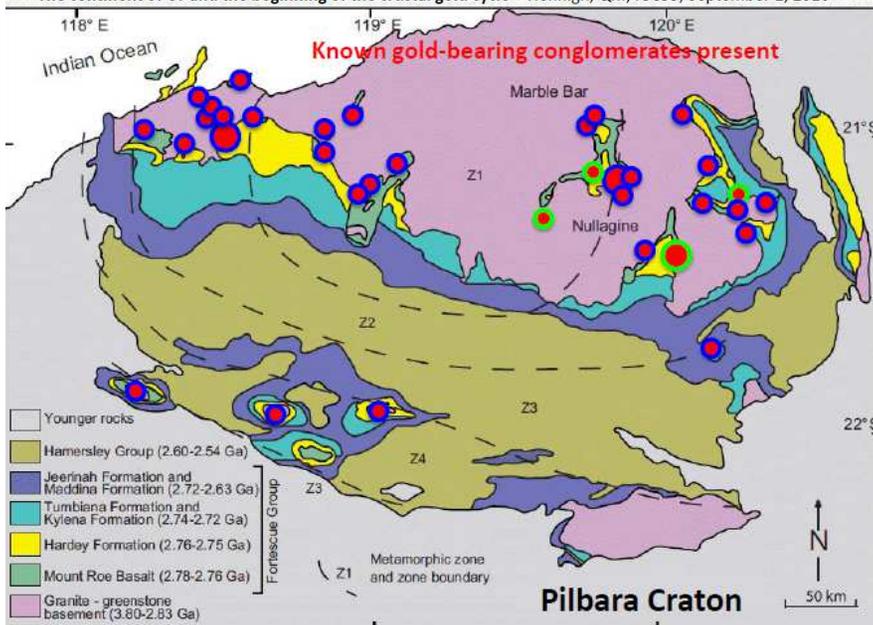


- Interestingly, Ur remained largely intact through much of Earth's history till the opening of the Indian Ocean

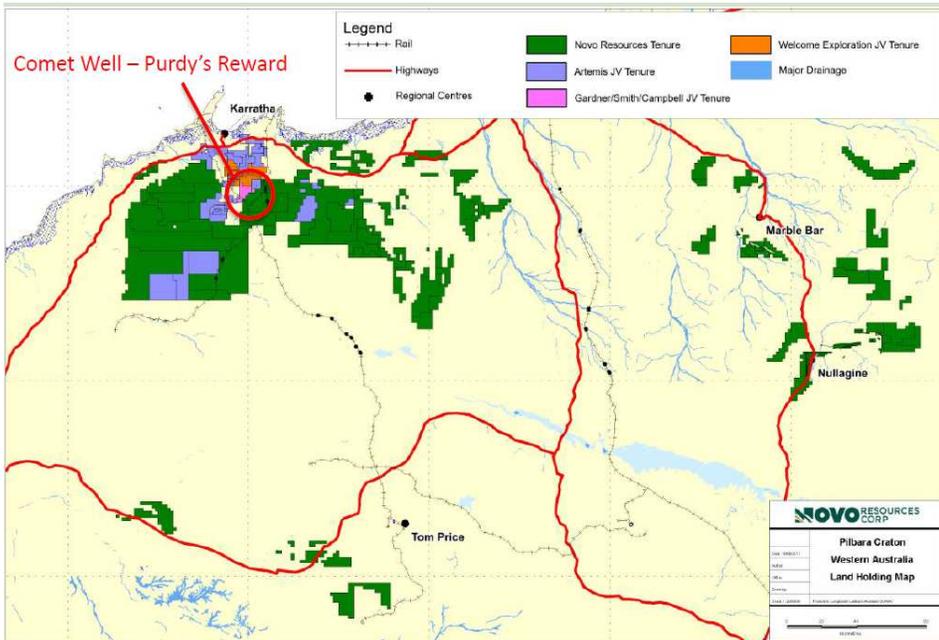
## If Quinton Hennigh's theory for Wits 1.0 is correct, is the Pilbara a candidate for Wits 2.0?

- Microbial mat mediated ("3M") model for gold deposition
- Microbial mats flourish during high stands. As cyanobacteria generate oxygen, gold complexes break down causing gold to precipitate within the mat

The continent of Ur and the beginning of the crustal gold cycle – Hennigh, Q.T., IGC35, September 1, 2016

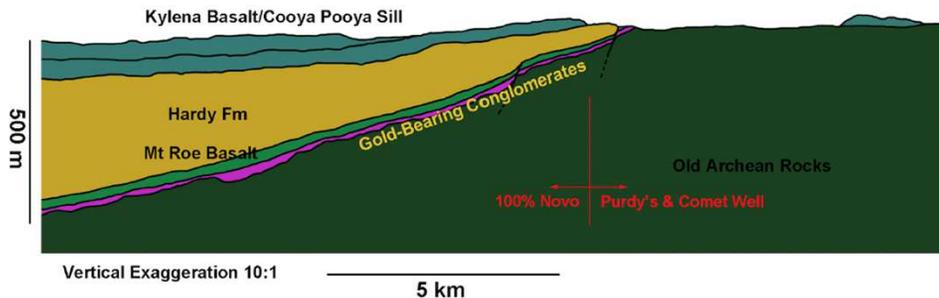


The continent of Ur and the beginning of the crustal gold cycle – Hennigh, Q.T., IGC35, September 1, 2016

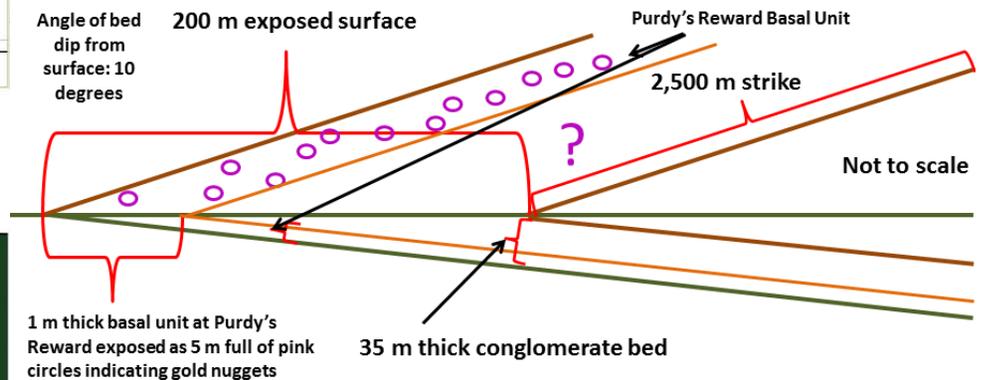


What if the Pilbara is different from the Kaapvaal in that the « great gold deposition event » took place before the Mt Roe basalt rather than beneath the Kylenea within the Hardey?

Schematic Section  
Looking SW

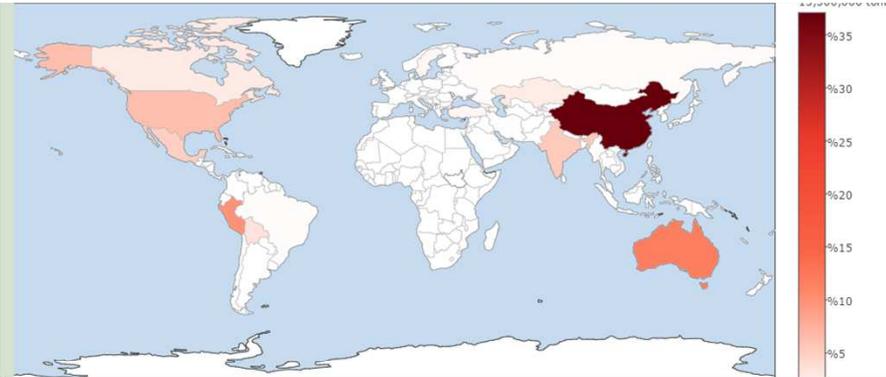


Daylighting Conglomerate unit at Karratha

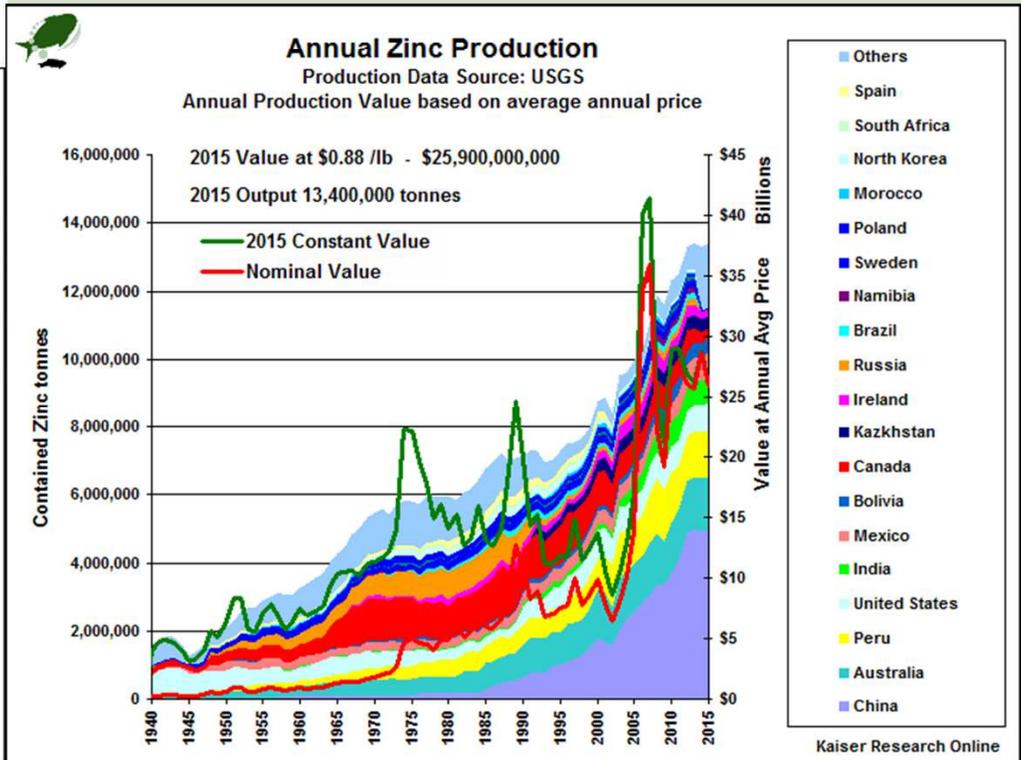
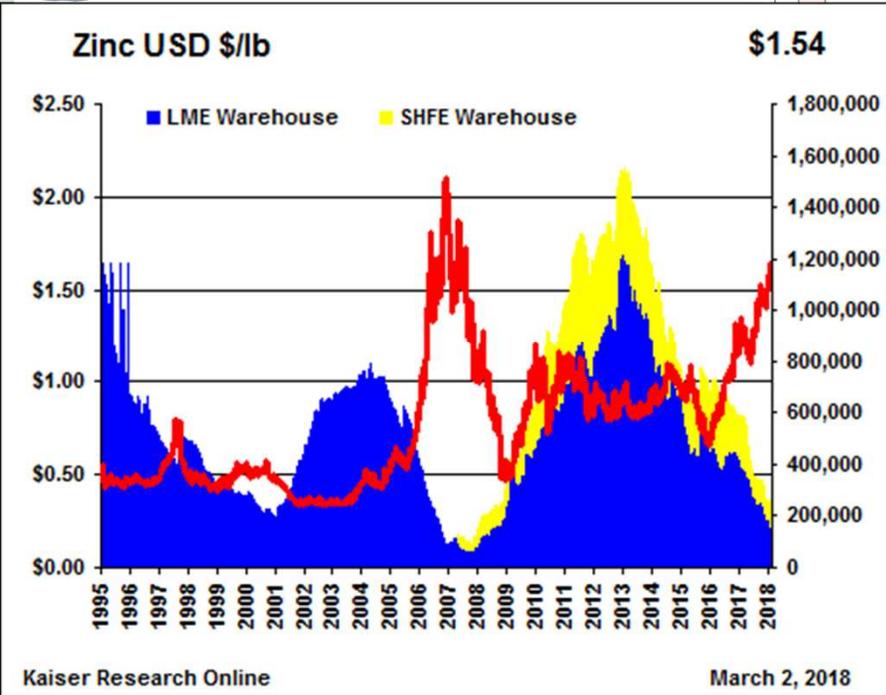


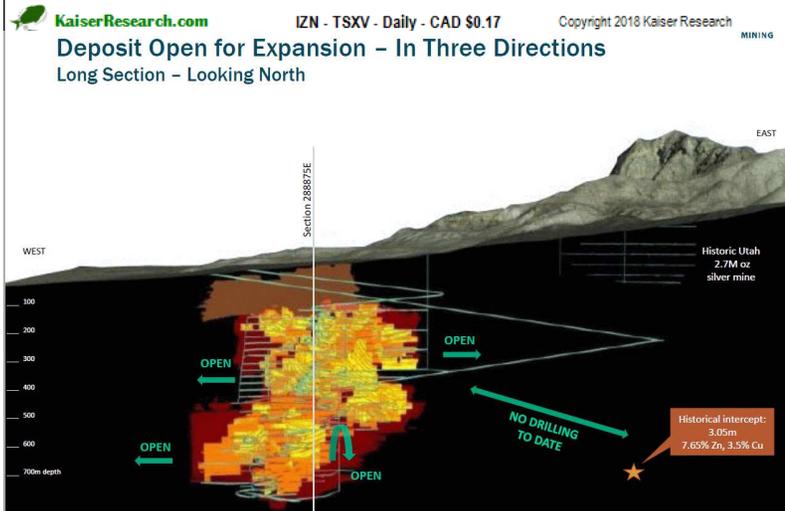
Powerline Tonnage Footprint: 24 million tonnes

Kaiser Research Online: February 22, 2018

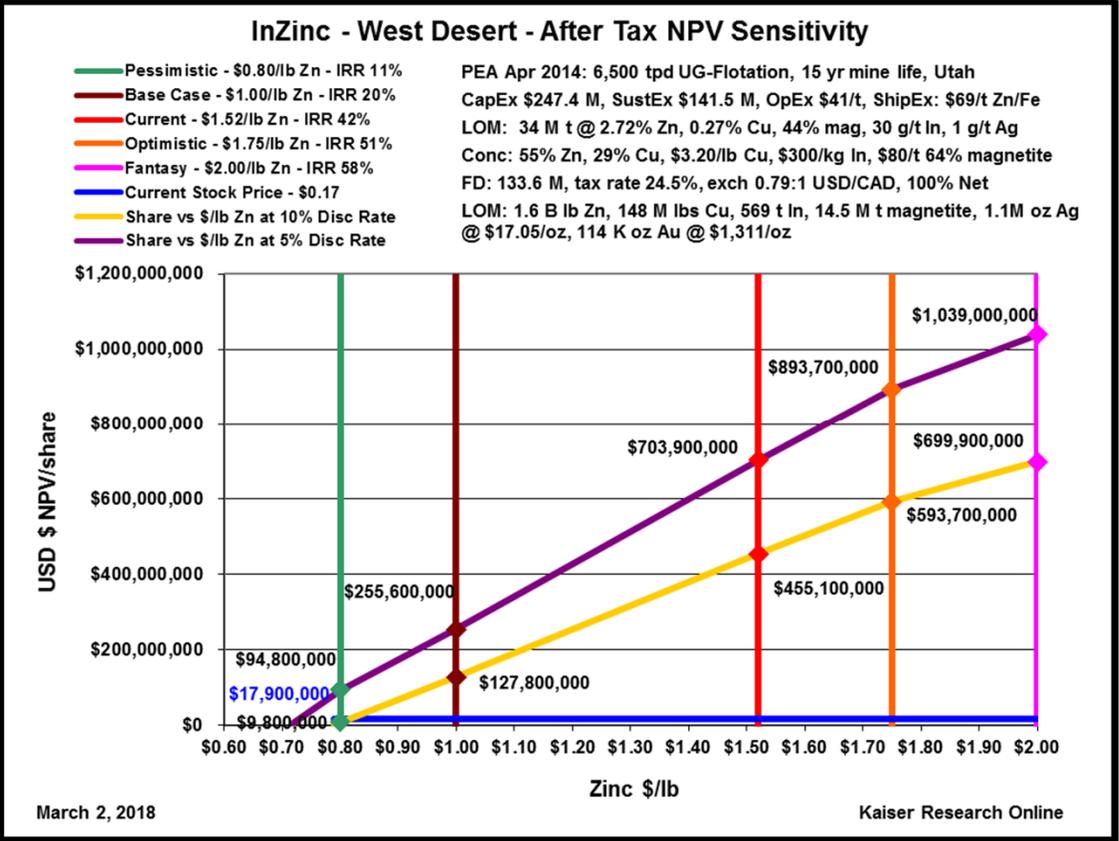


**Zinc: how high can it go? Is China's pollution crackdown for real? Will Trump create a global recession?**



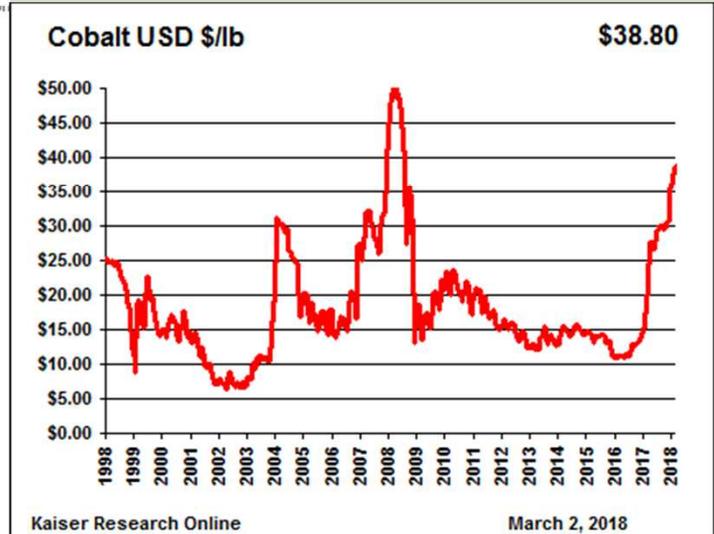
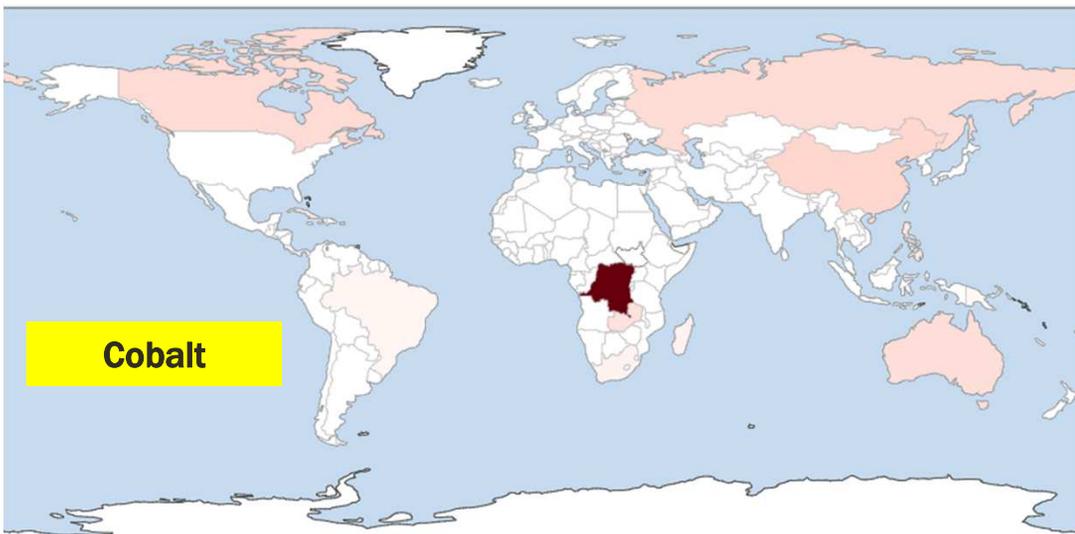


The next Arizona Mining rethink of a existing system which at current metal prices is well in the money?

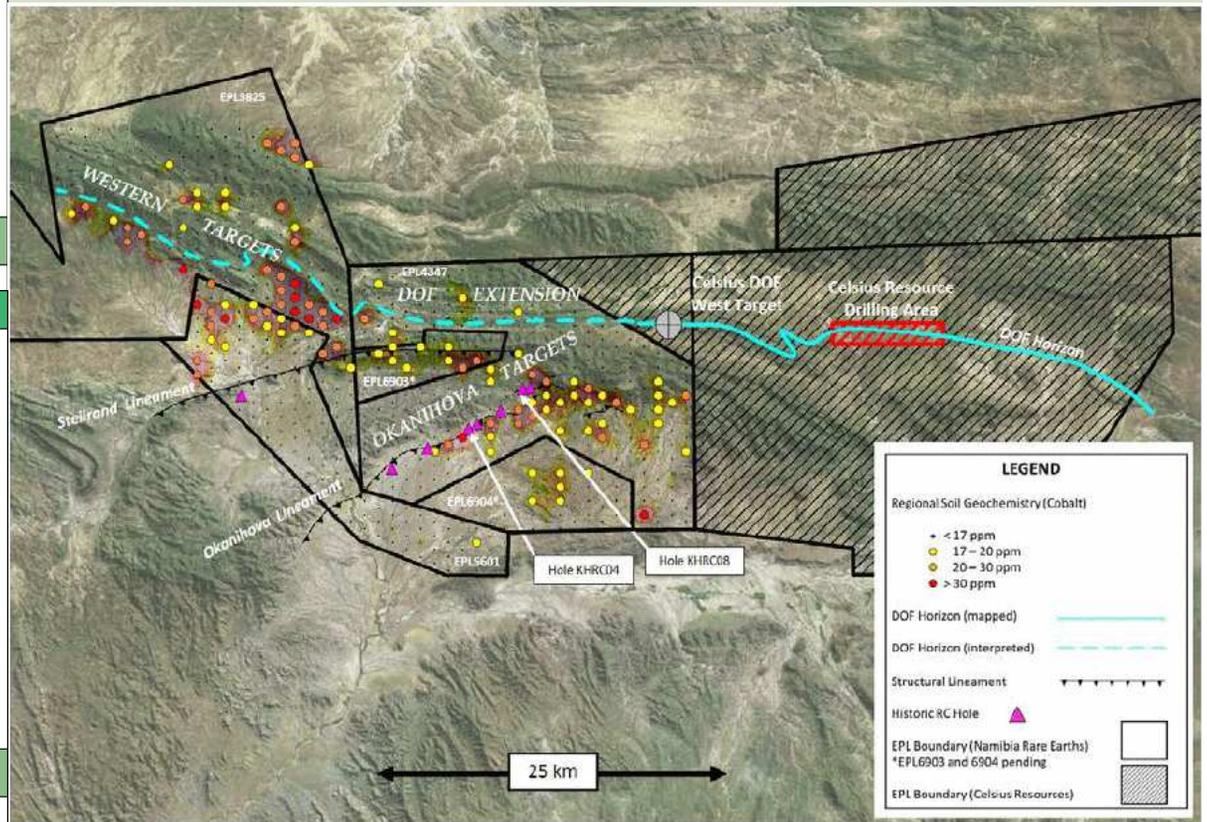




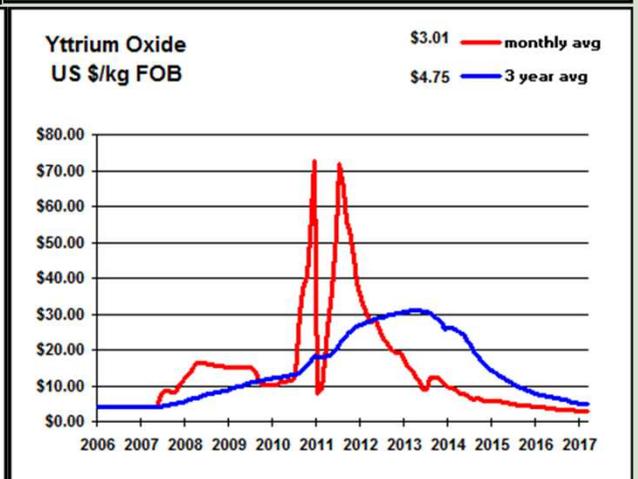
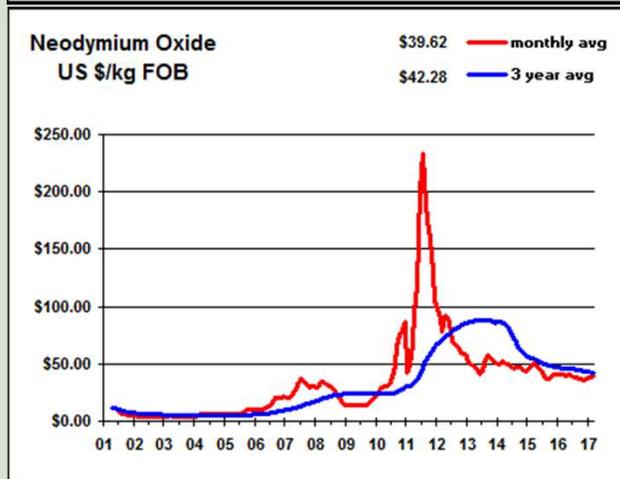
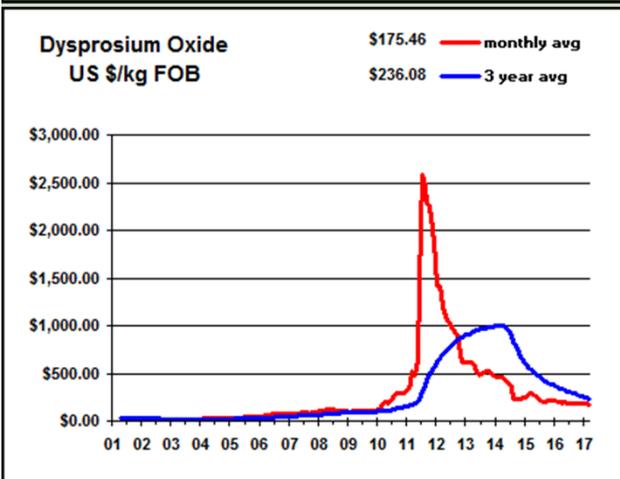
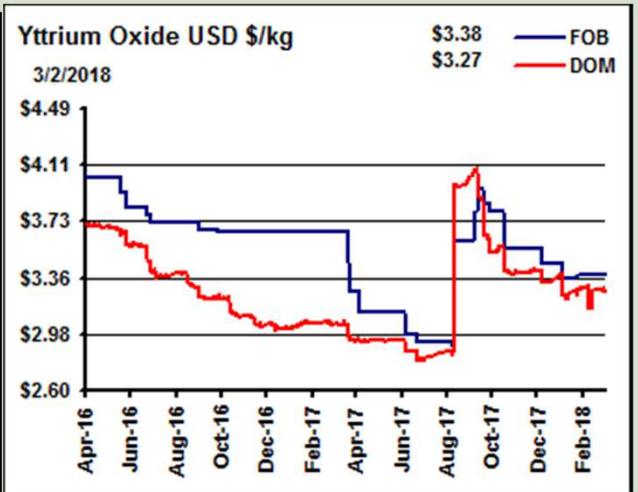
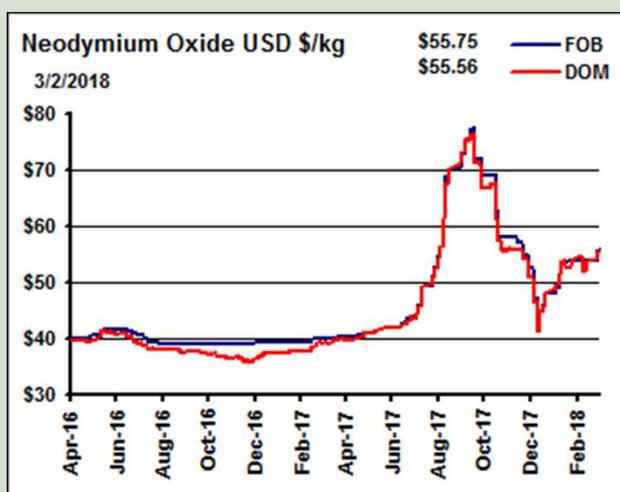
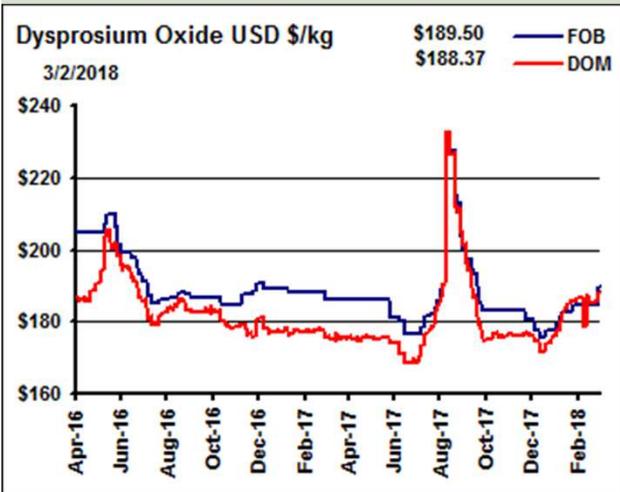
**Electric Vehicle Mania:  
lithium supply problem  
under control, but how will  
the cobalt supply problem  
play out?**



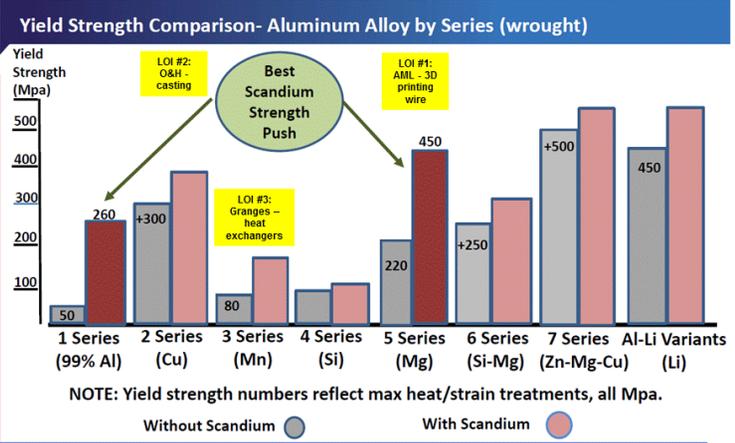
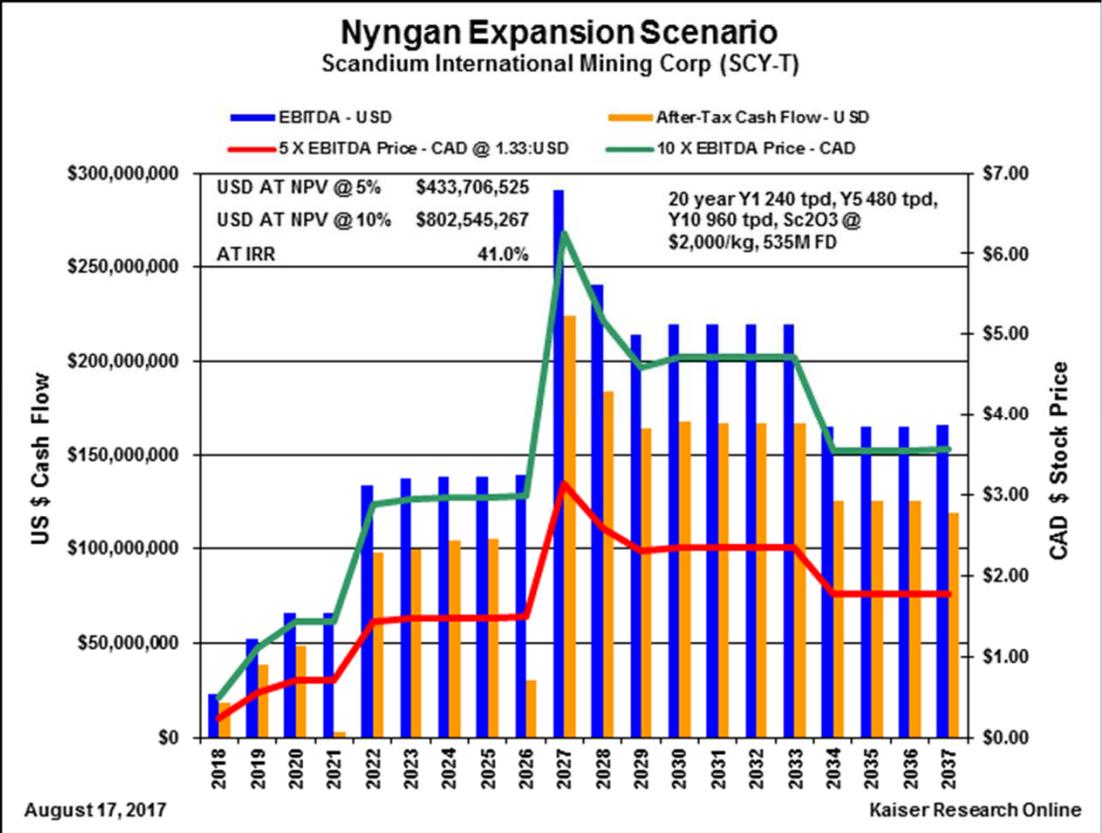
## Kunene and Opuwo: 5-10 m thick sluphitic shale beds in Namiba – an alternative to the nickel-cobalt laterites in Australia and Africa?



## Rare Earths: does China no longer dominate nor EV's need them?



# Scandium: Aluminum-Scandium alloy an alternative way to play the Electric Vehicle mania





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JohnKaiser

 Hotspots

 My Portfolios

 My Outcome  
Visualisations

 Company /  
Project Lookup

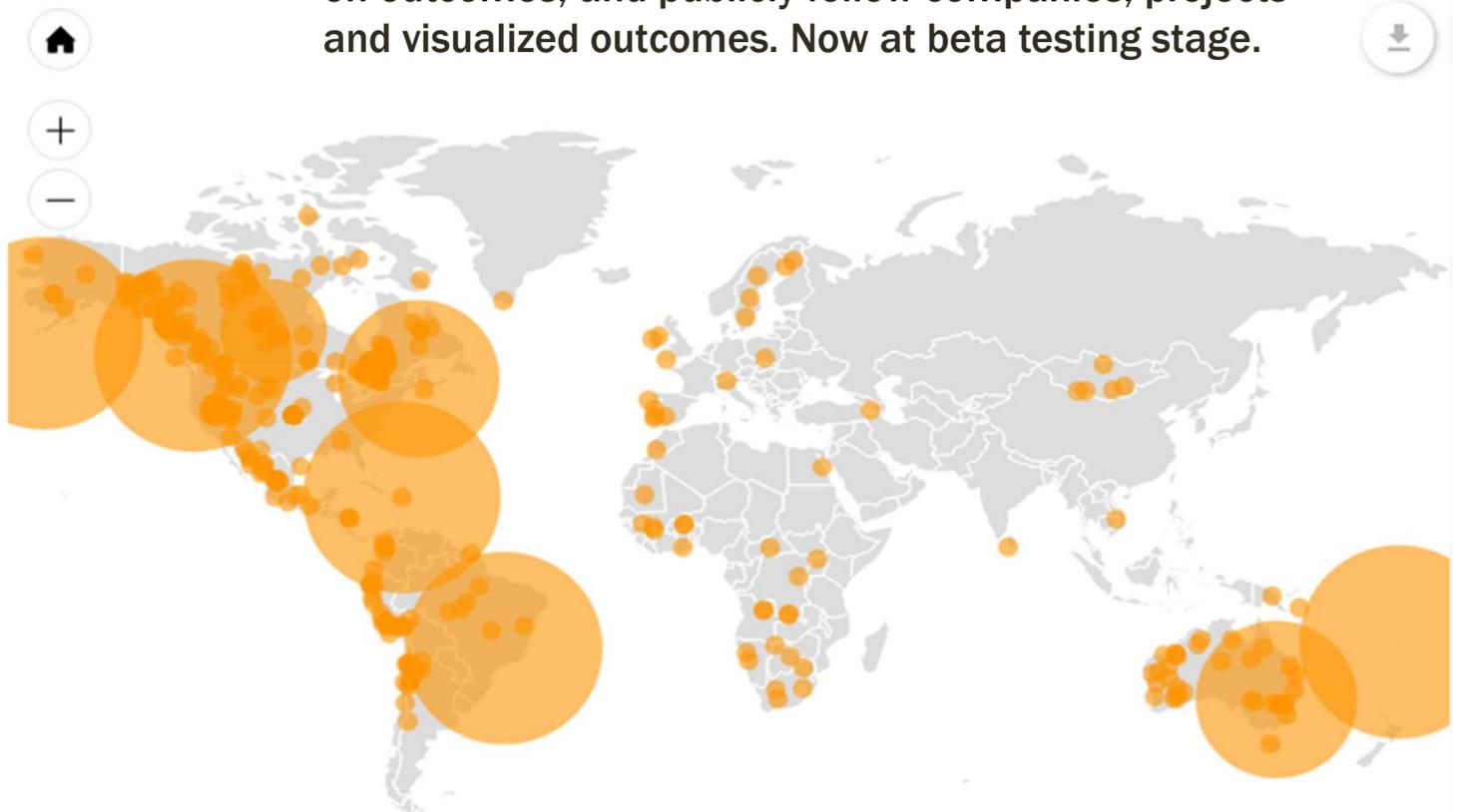
 My Profile

 User Lookup

 Help

 Hotspots

A subscription based portal which enables members to visualize outcomes, share them for all to see, comment on outcomes, and publicly follow companies, projects and visualized outcomes. Now at beta testing stage.



## Kaiser Research Online

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

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*When members of a crowd with a conflict of interest and the goal of influencing the market and each other connect the dots and share the result in an untrusted, competitive environment, what is the collective result?*