

2009 Calgary Resource & Clean Energy Investment Conference

Calgary, Canada

April 4, 2009

Presented by John Kaiser

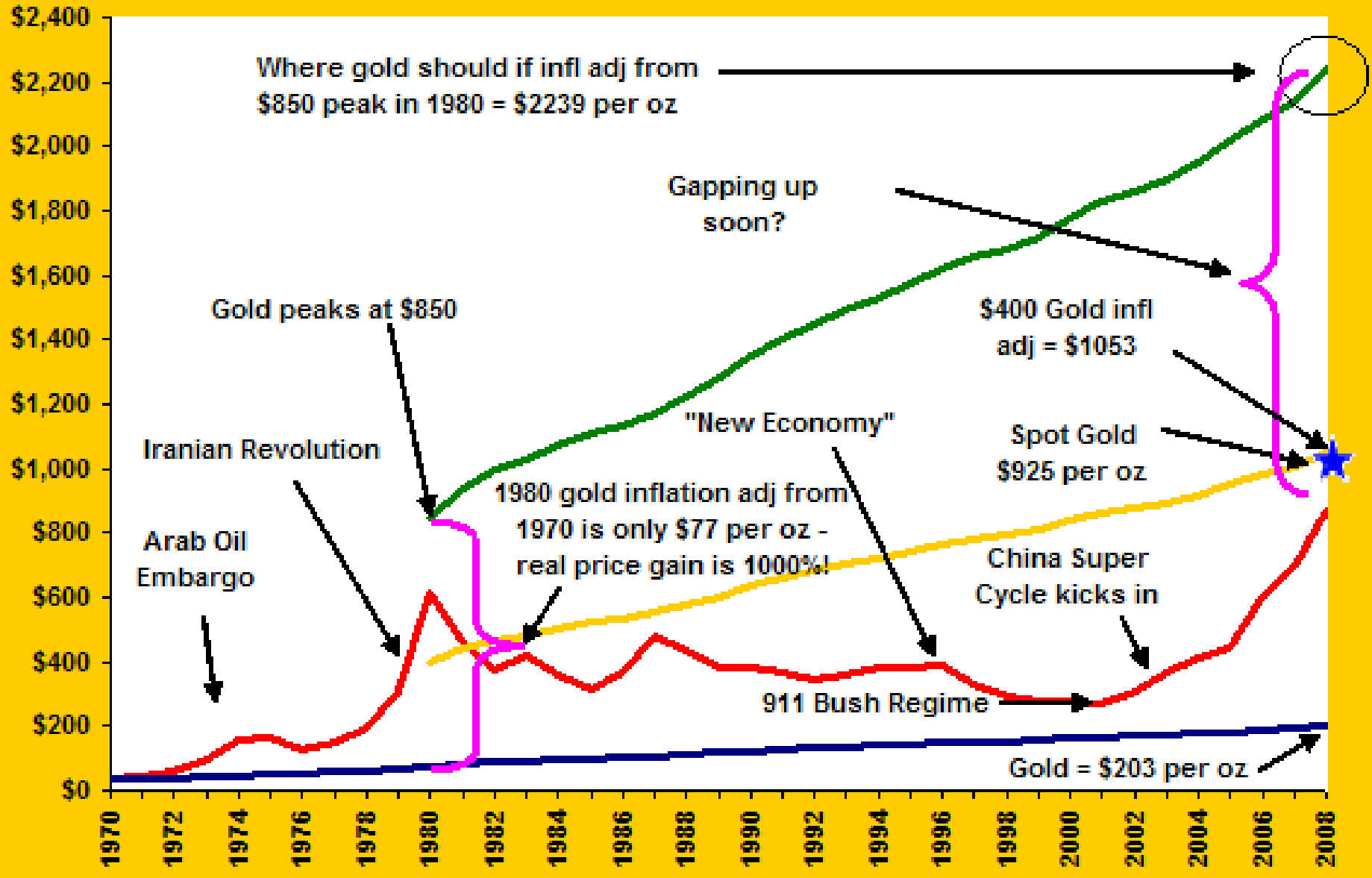
Workshop: Bottom-Fishing Strategies for the Gold Sector

www.KaiserBottomFish.com



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



Ways to Profit from Gold

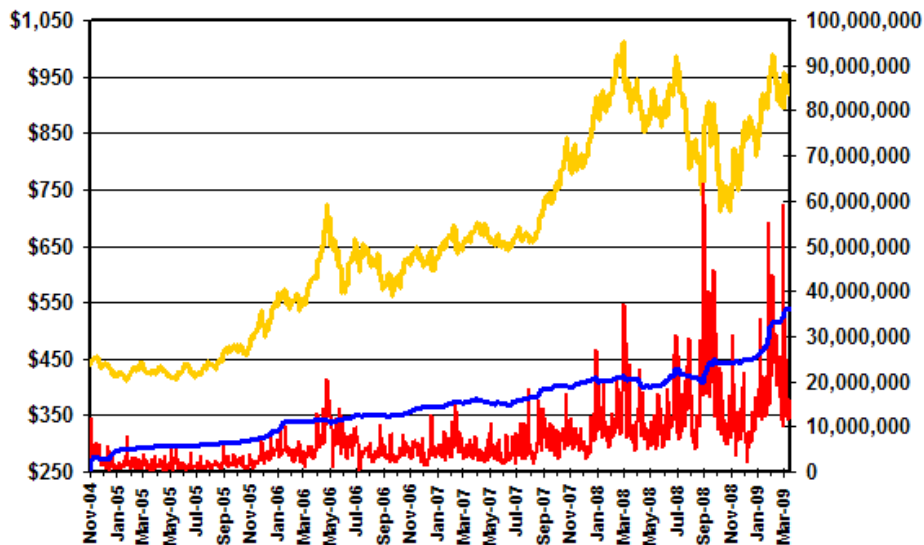
- **Own physical bullion or coins:** storage costs, punitive “collectible” taxation in US (ie 37% California), cost and hassle of selling gold, vulnerability to theft, nice to own some physical gold, but not a large chunk of one’s net worth.
- **Own Gold ETF:** same US taxation as physical gold, but can be held inside retirement accounts, cannot take delivery, useless in a back to the caves collapse of civilization, has direct value erosion due to ETF administrative cost, advantage of easy buying and selling, main value is to hedge a part of one’s net worth against long term uncertainty and ease of liquidation.
- **Futures & Options Trading:** very leveraged, volatility of gold price can create huge losses, securities have expiration date, if you want to gamble there is no special reason to focus on gold.
- **Invest in Gold Producers:** changes in the price of gold have a leveraged impact on gold producers, entrepreneurial creativity is a major factor, how well does the producer grow its production and reduce its average cost per oz?
- **Invest in marginal gold deposits:** market assigns a low value to deposits whose economics are weak at prevailing gold prices, in the current climate where we don’t know if gold will be \$650 or \$1,350 a year from now, with \$1,350 uncharted territory, the market’s inclination is to be pessimistic. A definitive breakout beyond \$1,000 not accompanied by a collapsing US dollar or soaring inflation, would put many “sleeper” deposits into the money. Price appreciation would be fast, so one needs to bottom-fish for them now.
- **Invest in gold deposits with an “obstacle”:** some deposits have sufficient grade and tonnage to be economic, but cannot be put into production for various reasons such as infrastructure problems, metallurgy, social license, geopolitical risk, restrictive mining laws, environmental issues, and title issues. Some can be solved by the company, while others cannot. These companies have low valuations that would jump sharply if the obstacle is overcome.
- **Invest in the exploration cycle:** speculate on projects that are at different stages of the exploration cycle in the hope that a major discovery is made or the feasibility of a deposit gets established at prevailing gold price. This can produce the biggest gains, but there is little appetite at the moment for exploration.



StreetTracks Gold Trust GLD - NYSE

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

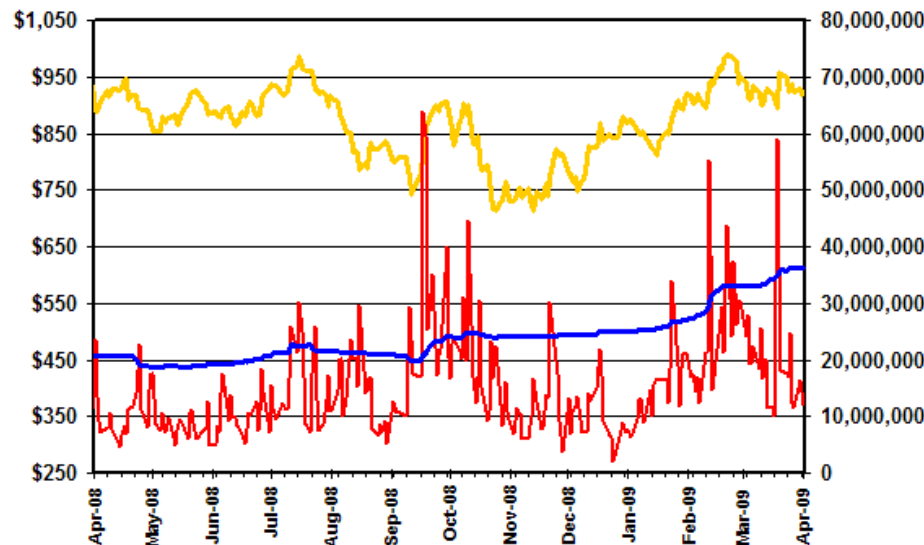
- Gold LME Fix \$ per oz
- GLD shares traded
- Ounces held by Gold Trust



StreetTracks Gold Trust GLD - NYSE

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

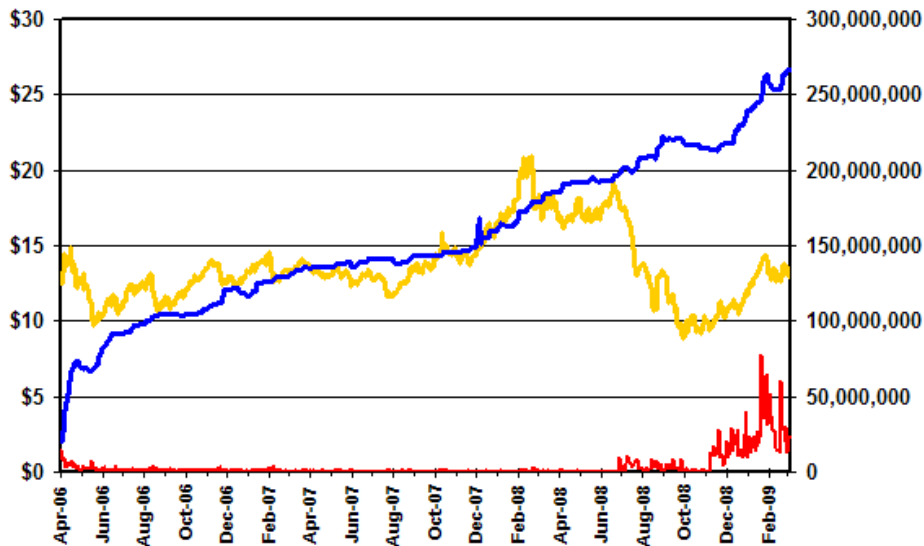
- Gold LME Fix \$ per oz
- GLD shares traded
- Ounces held by Gold Trust



iShares Silver Trust SLV - NYSE

(1 SLV share = ~ 10 oz allocated silver)

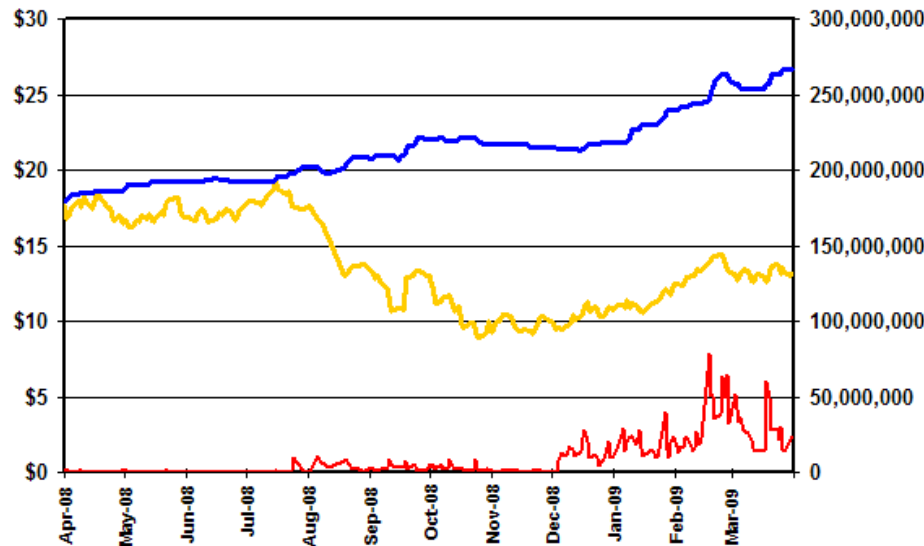
- Silver LME Fix \$ per oz
- SLV implied ounces traded
- Ounces held by Silver Trust



iShares Silver Trust SLV - NYSE

(1 SLV share = ~ 10 oz allocated silver)

- Silver LME Fix \$ per oz
- SLV implied ounces traded
- Ounces held by Silver Trust

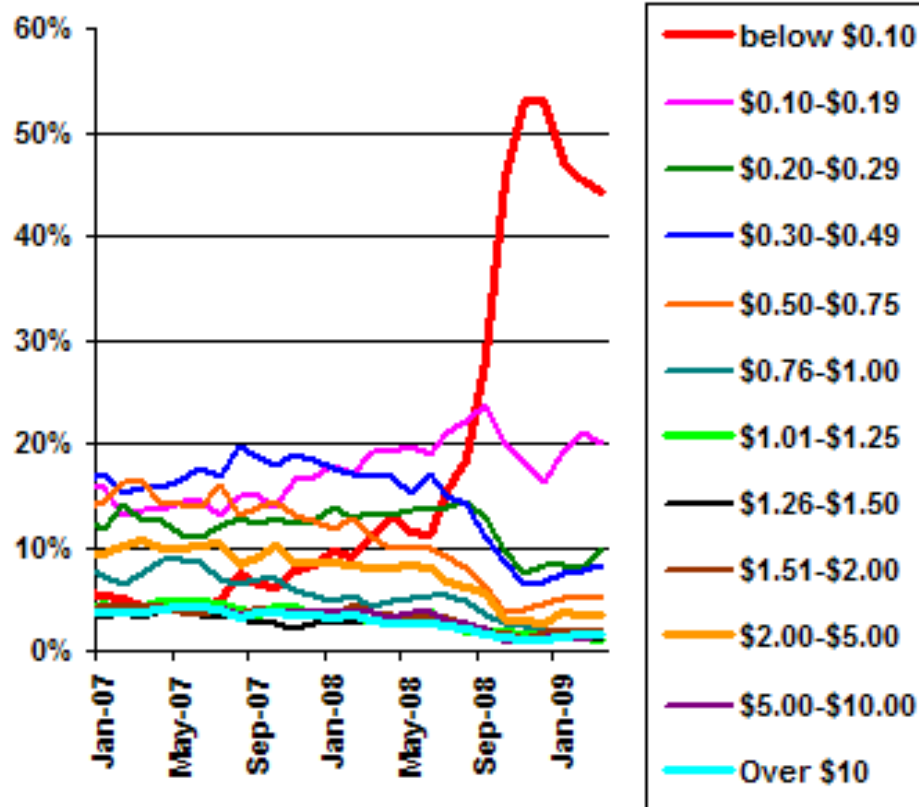


Different Gold Scenarios

- **Fiat Currency Collapse:** out of control across the board “quantitative easing” leads to hyper-inflation – gold rises but so does the cost of everything else – no benefits for gold companies, equity markets likely cease to operate, “clumpiness” of gold prevents it from serving as money.
- **US Dollar Collapse:** a severe decline of US dollar with corresponding rise in gold price leads to the loss of world’s reserve currency status with no obvious near to medium term successor, resulting in serious currency volatility, although intrinsic cost structure of building and operating a gold mine remains unchanged, establishing the economics of a mine through a feasibility study becomes problematic – what “numbers” would one use? During the US \$ breakdown gold would break out, and gold equities would rise sharply during the initial stages but succumb to heavy selling from insiders and investors who understand that there is no underlying real profit window to exploit.
- **Global Depression:** cost deflation could create a profit window for gold mines as it did during the thirties, but then the price of gold was fixed in US dollars, a gold standard that fixes the price of gold will not return because the dynamics of gold extraction with modern technology are too complex to ensure a stable and predictable model for new gold supply. When slave labour and environmental abuse are deployed to produce gold, then you can no longer declare that gold is nobody’s liability. If we get stuck in a long depression, gold will probably decline in price, and there will be a subdued appetite for speculative securities.
- **World in Transition:** in this scenario we see the United States pulling its economy out of the recession, and in doing so revitalizes the global economy, but at the price of a long term diminishment of the dominant role the US economy and its currency have enjoyed since WWII, until a global currency is established there will be a growing inclination to own gold at all levels, from individuals to sovereign wealth funds, which drives up the real price of gold in all currencies. This is the scenario most lucrative to the gold producers, because the revenue side of the equation expands at a greater rate than the cost side of the equation. The same applies to the raw materials sector, which will see demand once again outstrip supply as global economic growth gets back on track.

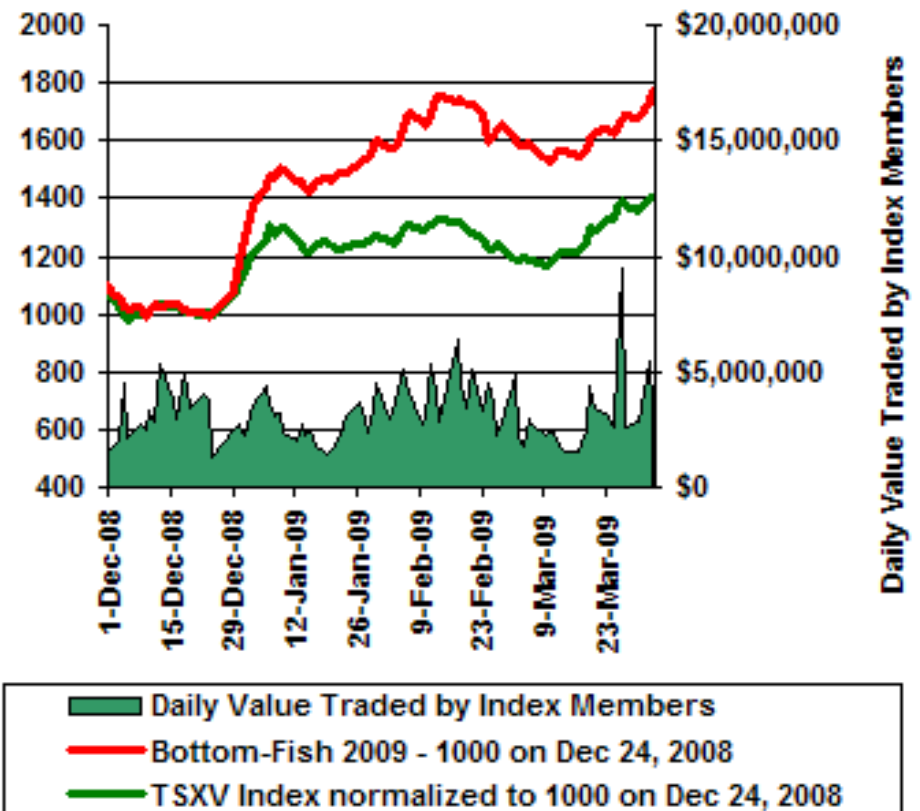
Catastrophic Collapse has created a once in a life time bottom-fishing window for the resource sector

KBFO Price Range Distribution
(March 31, 2009 total: 1,566 companies)



Bottom-Fish 2009

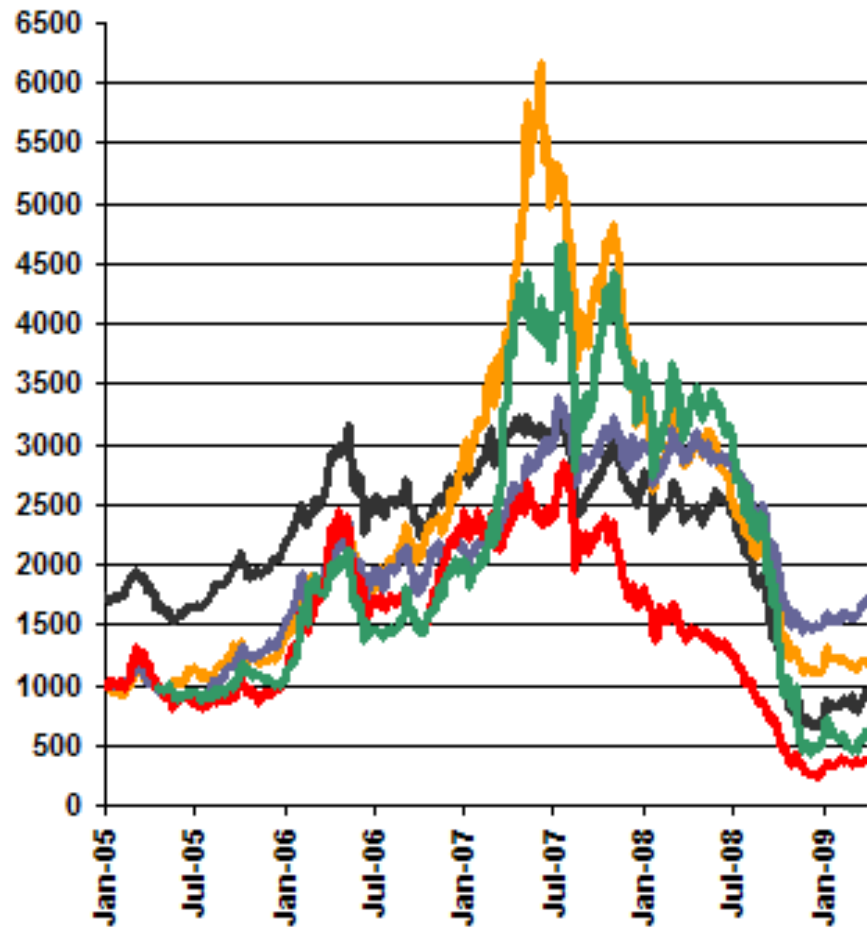
April 2, 2009



- Daily Value Traded by Index Members
- Bottom-Fish 2009 - 1000 on Dec 24, 2008
- TSXV Index normalized to 1000 on Dec 24, 2008

KBFO Base Metal Indices

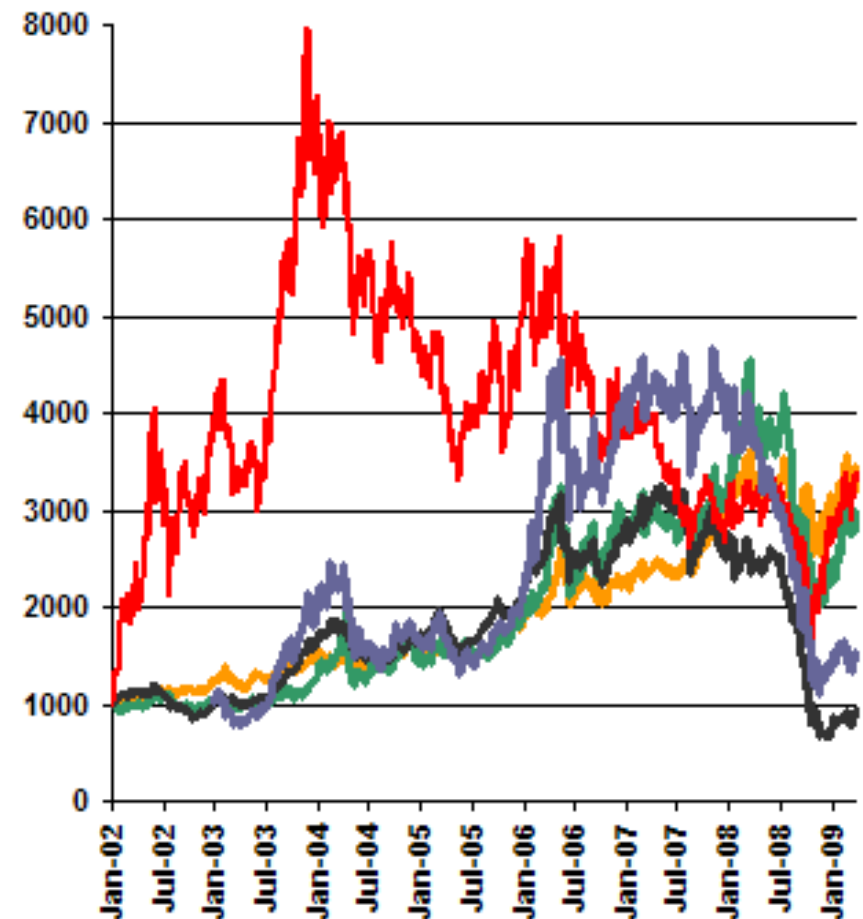
April 2, 2009



- TSXV Index 1043 normalized to 1000 on Jan 2, 2002
- KBFO Junior Nickel Index
- KBFO Intermediate Copper Index
- KBFO Junior Zinc Index
- KBFO Junior Molybdenum Index

KBFO Gold & Silver Indices

April 2, 2009

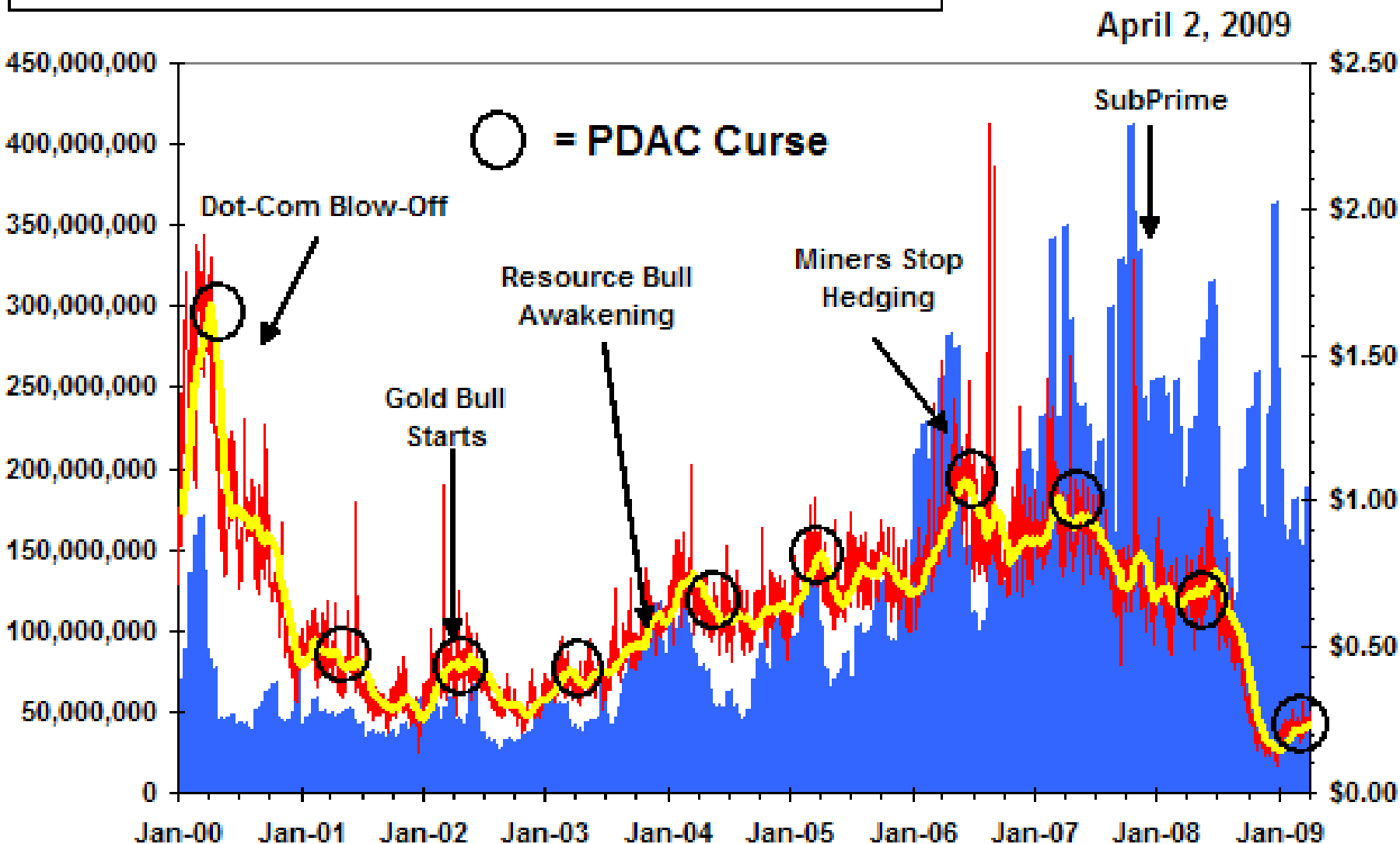


- Gold \$278/oz normalized to 1000 on Jan 2, 2002
- Silver \$4.59/oz normalized to 1000 on Jan 2, 2002
- TSXV Index 1043 normalized to 1000 on Jan 2, 2002
- KBFO Intermediate Gold Producer Index
- KBFO Silver Index

Daily TSXV Volume and Average Trading Share Price



Volume — Average Share Price — 30 Day Average Price



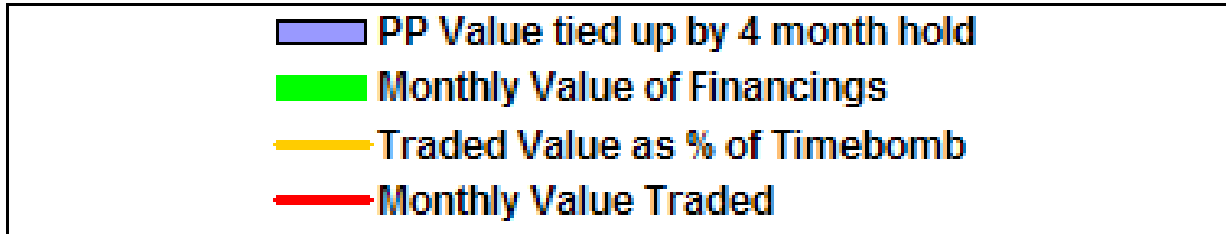
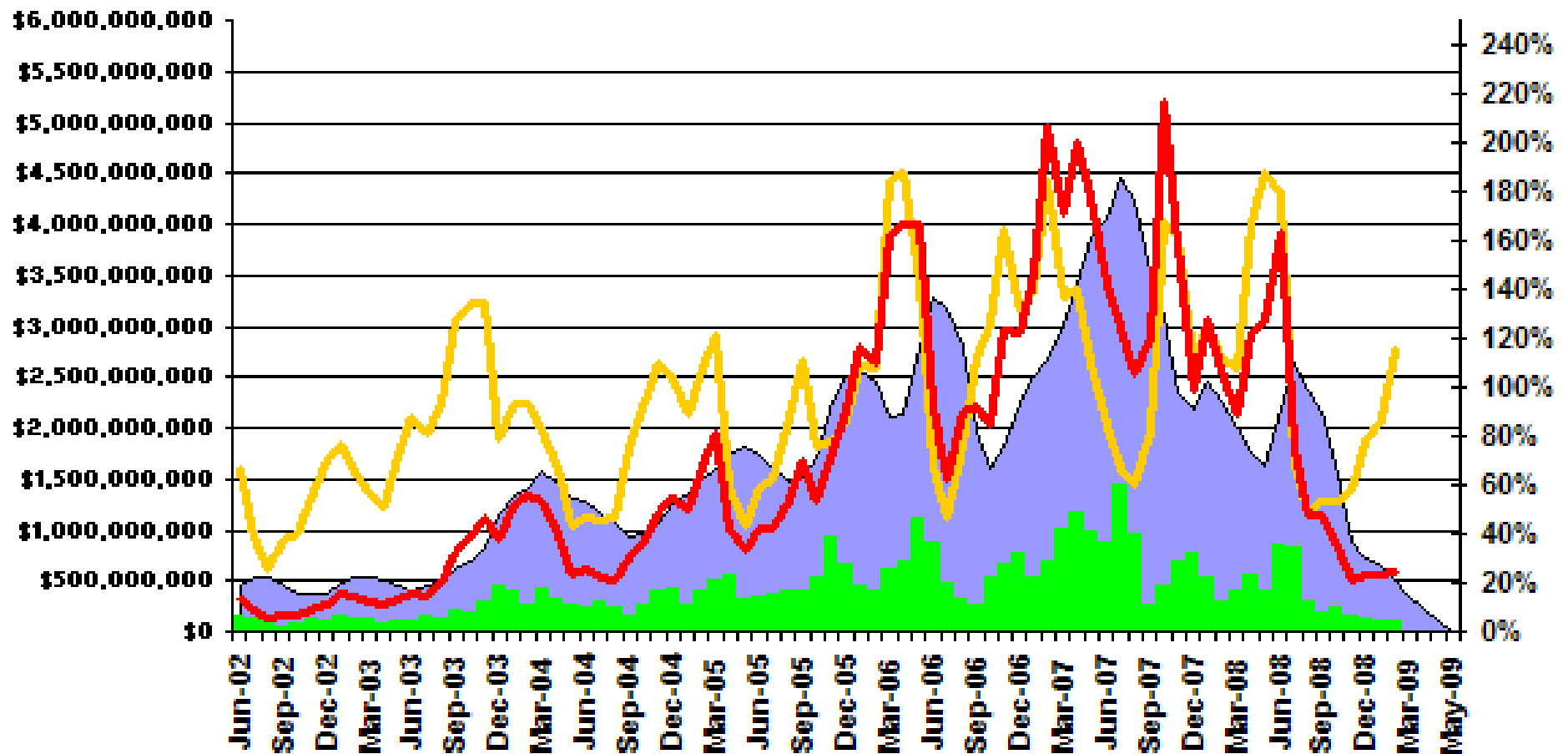
PDAC Curse: the tendency of the new year rally to fizzle right after the PDAC mining convention held annually in March in Toronto.

The 2003-2008 Market Cycle
Racing Ounces & Pounds in the Ground toward Production –
closely linked to the Commodity Cycle

Gold	1,301,656,659	oz
Silver	12,944,652,803	oz
Platinum	24,897,219	oz
Palladium	45,094,590	oz
Copper	583,169,169,622	lb
Nickel	63,897,427,564	lb
Zinc	218,743,411,976	lb
Lead	69,905,459,755	lb
Molybdenum	25,096,129,098	lb
Uranium	1,747,902,708	lb
Vanadium	575,578,759	lb
Tungsten	4,311,163,366	lb
Spot GMV:	\$3,411,047,451,402	
3 Year Average GMV:	\$5,072,880,566,728	

TSXV Private Placement Timebomb

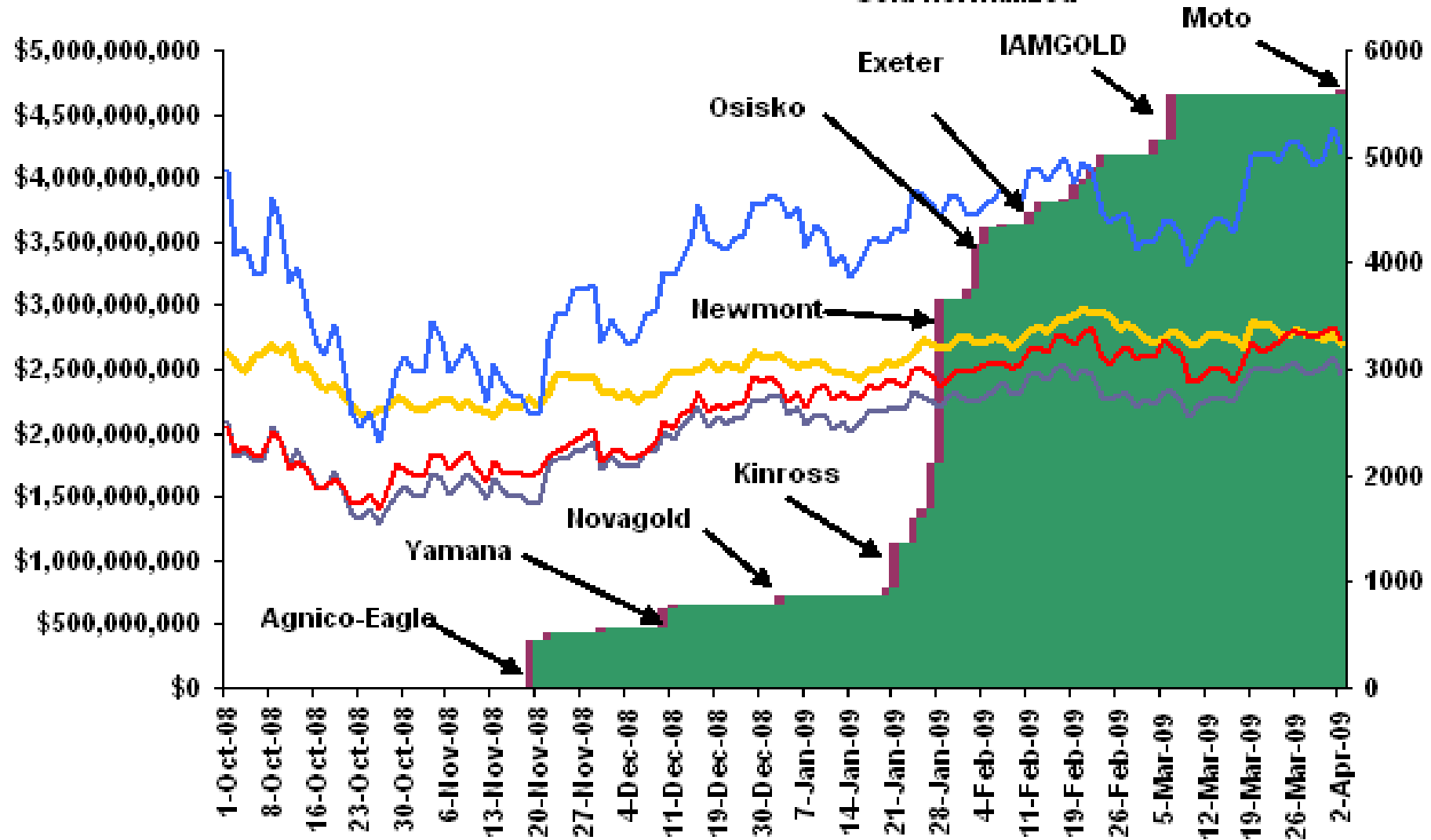
as of February 2009



Gold Company Equity Financing Activity

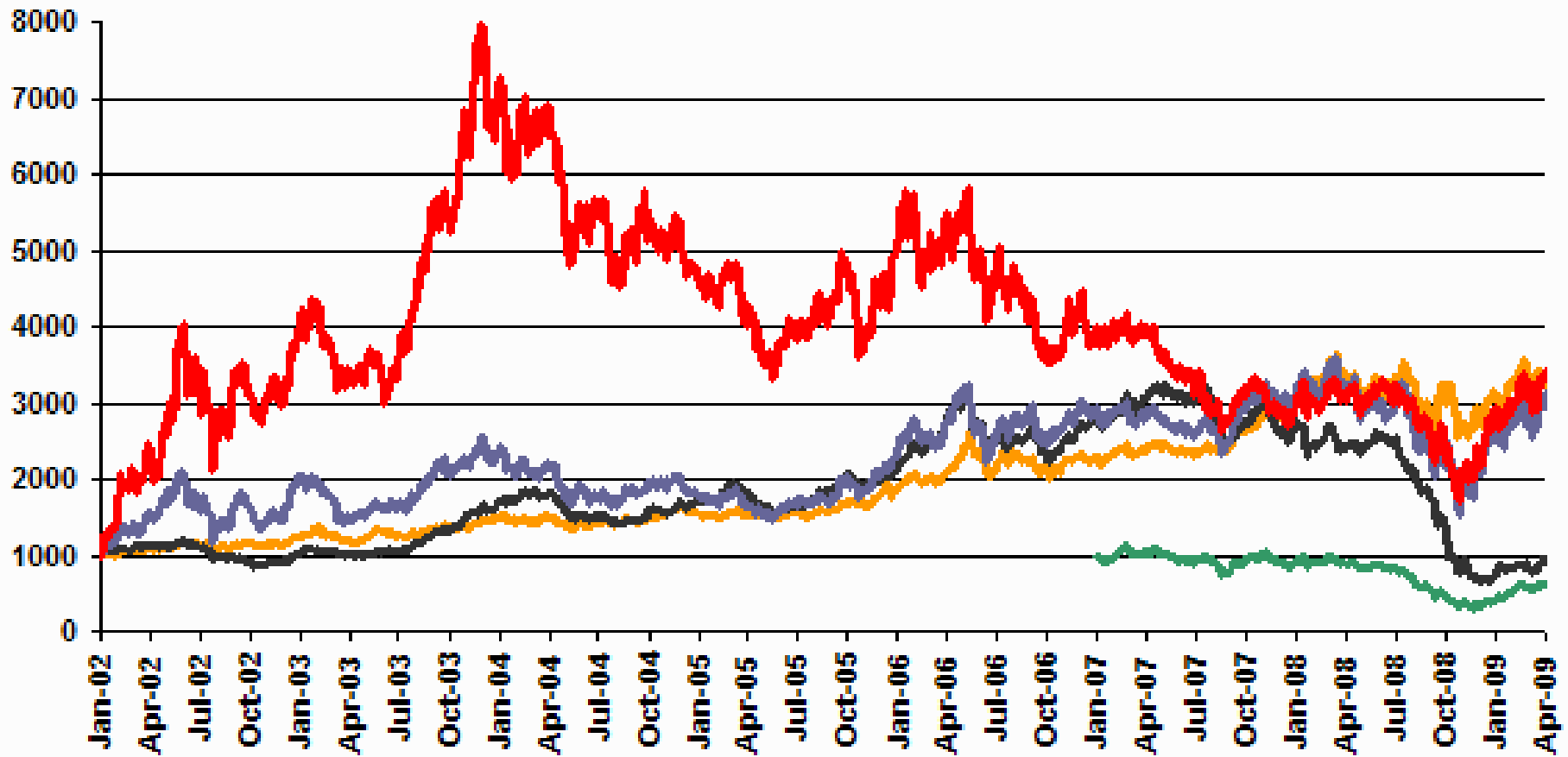
\$4.7 billion raised since Oct 1, 2008
as of April 3, 2009

- New Funding
- Total Prior Funding
- HUI Gold Bug Index normalized
- KBFO Intermediate Gold Producer Index
- KBFO Major Gold Producer Index
- Gold Normalized



KBFO Gold Producer Indices

April 2, 2009



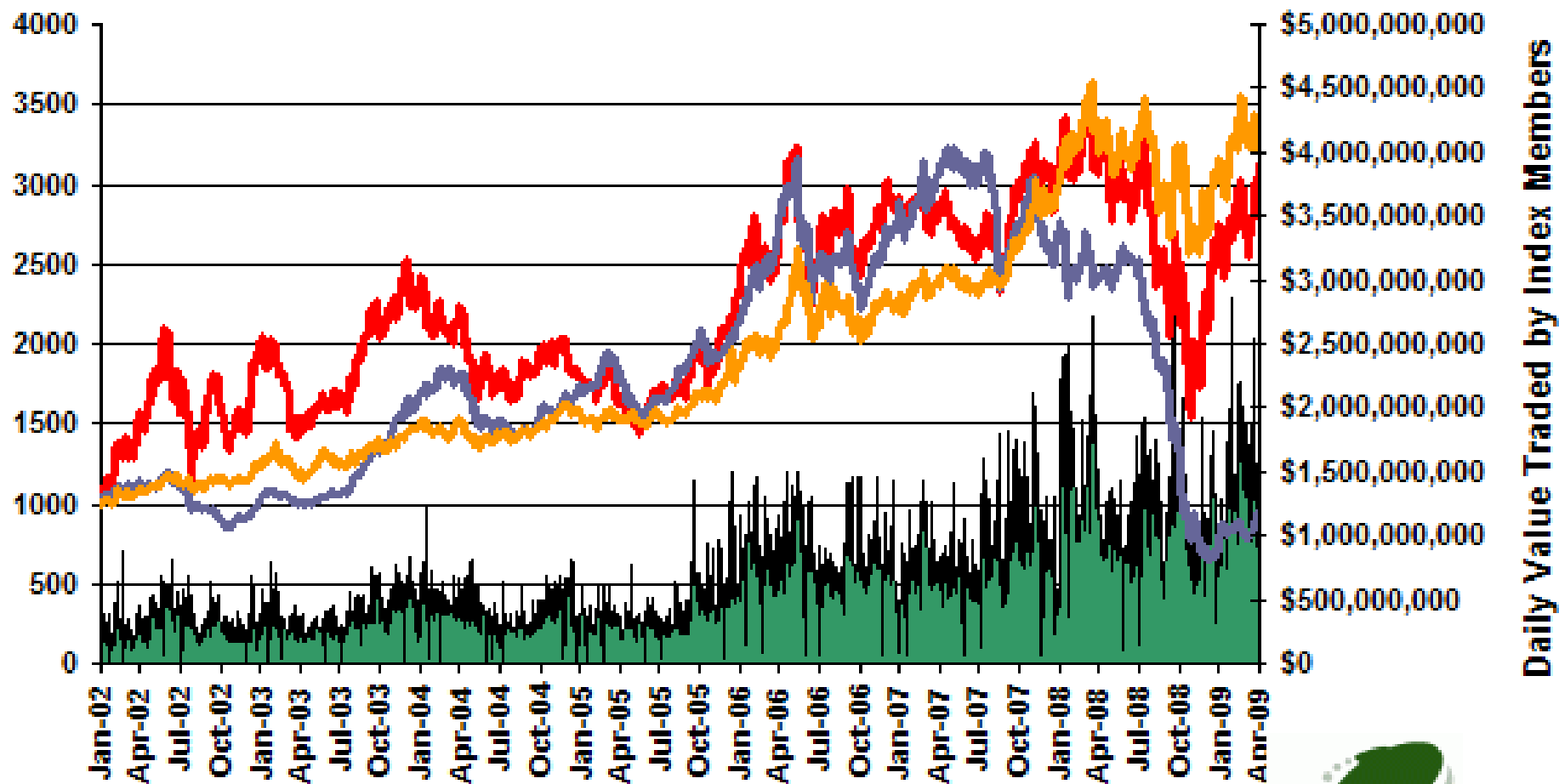
- Gold \$278/oz normalized to 1000 on Jan 2, 2002
- TSXV Index 1043 normalized to 1000 on Jan 2, 2002
- KBFO Major Gold Producer Index
- KBFO Intermediate Gold Producer Index
- KBFO Junior Gold Producer Index



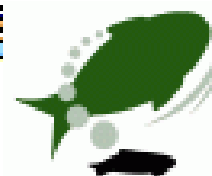
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Major Gold Producer Index

April 2, 2009

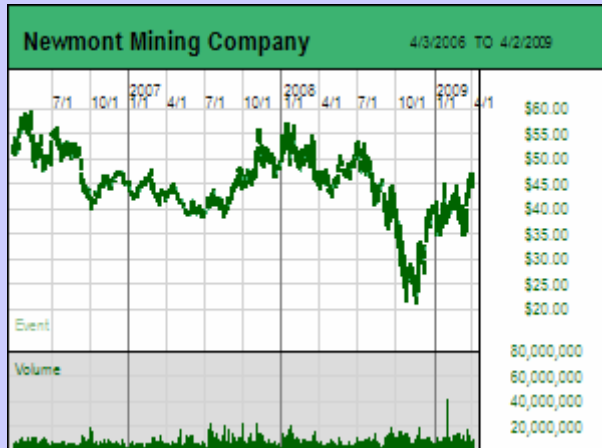


- Daily Value Traded by Index Members
- Gold \$278 normalized to 1000 on Jan 2, 2002
- TSXV Index Normalized to 1000 on Jan 2, 2002
- Major Gold Producer Index - 1000 on Jan 2, 2002



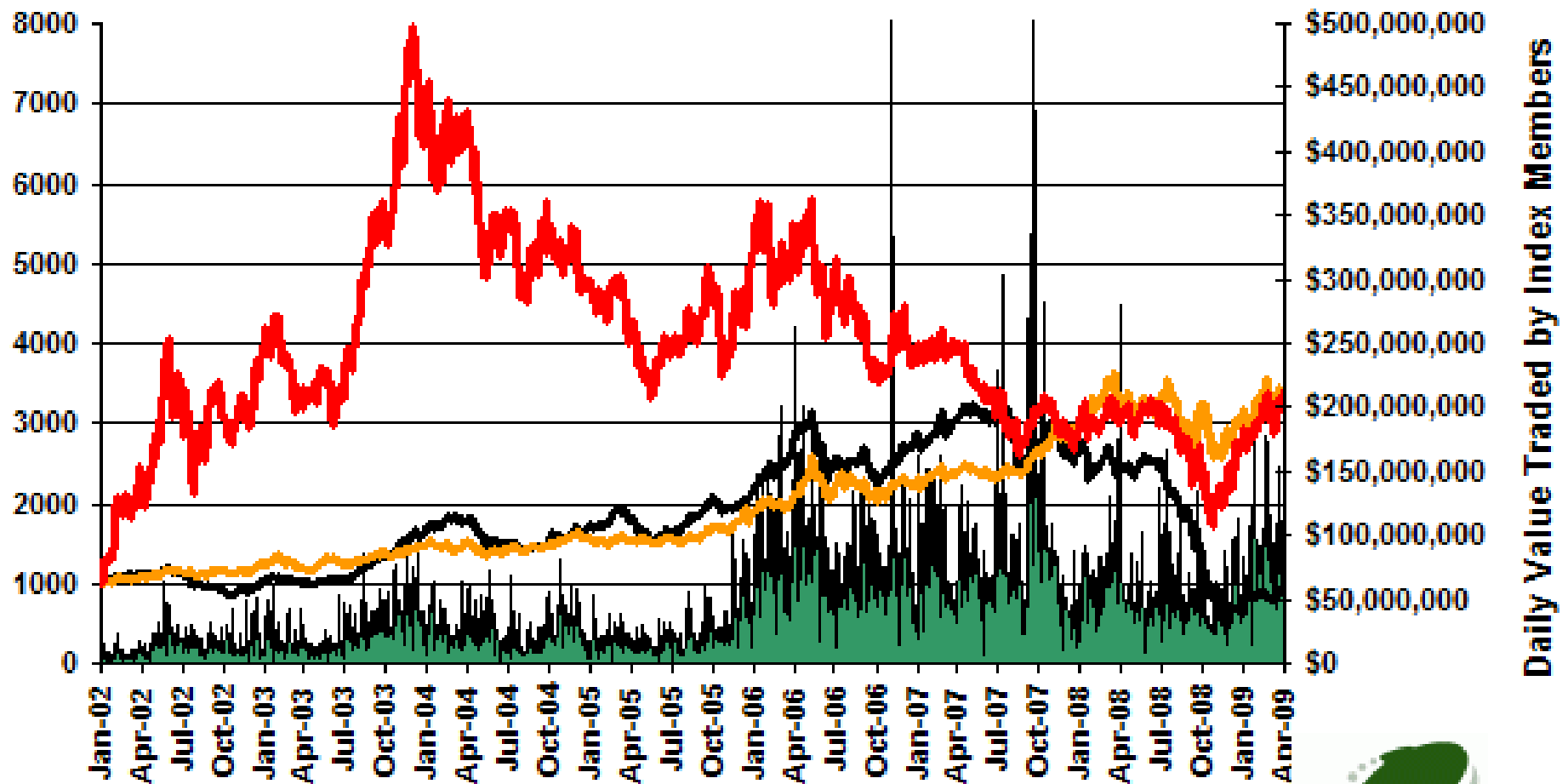
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Major Gold Producers – 500,000+ oz per year

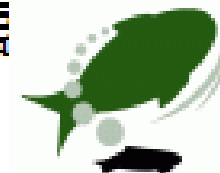


Intermediate Gold Producer Index

April 2, 2009



- Daily Value Traded by Index Members
- Intermediate Gold Producer Index - 1000 on Jan 2, 2002
- Gold \$278 normalized to 1000 on Jan 2, 2002
- TSXV Index Normalized to 1000 on Jan 2, 2002



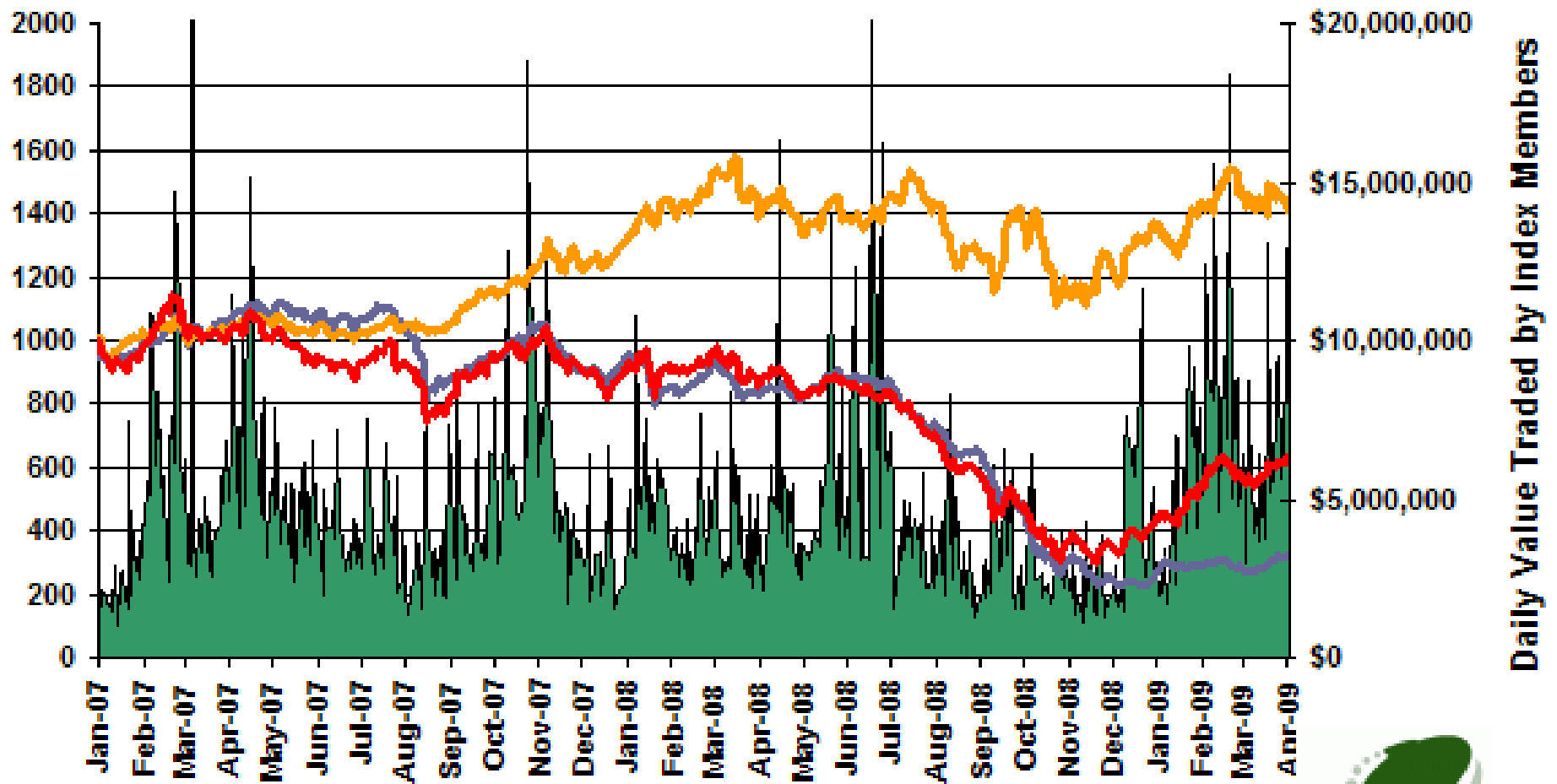
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Intermediate Gold Producers – 100,000 -500,000 oz per year

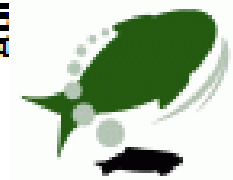


Junior Gold Producer Index

April 2, 2009



- Daily Value Traded by Index Members
- Junior Gold Producer Index - 1000 on Jan 2, 2007
- Gold \$640 per oz normalized to 1000 on Jan 2, 2007
- TSXV Index Normalized to 1000 on Jan 2, 2007



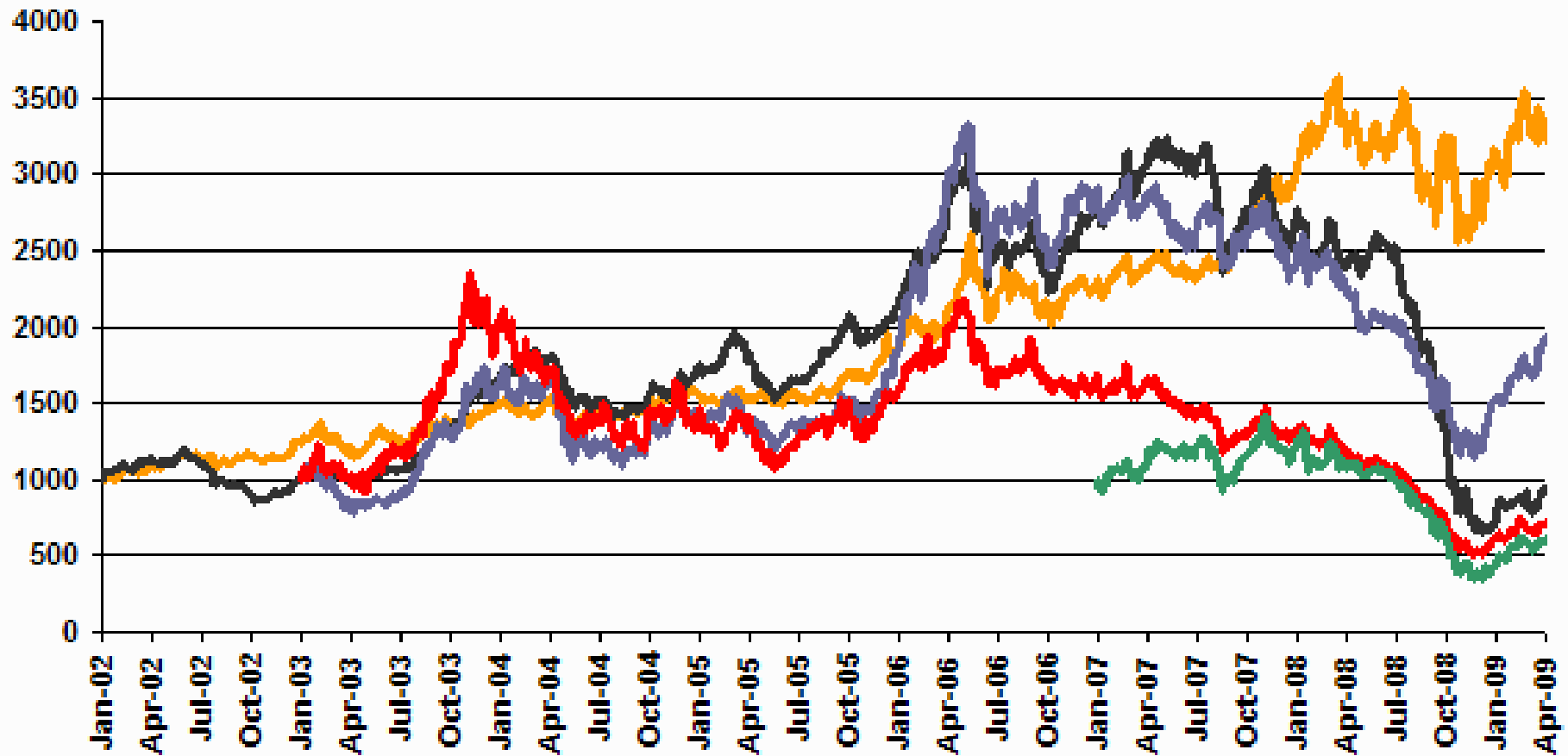
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Junior Gold Producers – 25,000 - 100,000 oz per year



KBFO Gold Non-Producer Indices

April 2, 2009



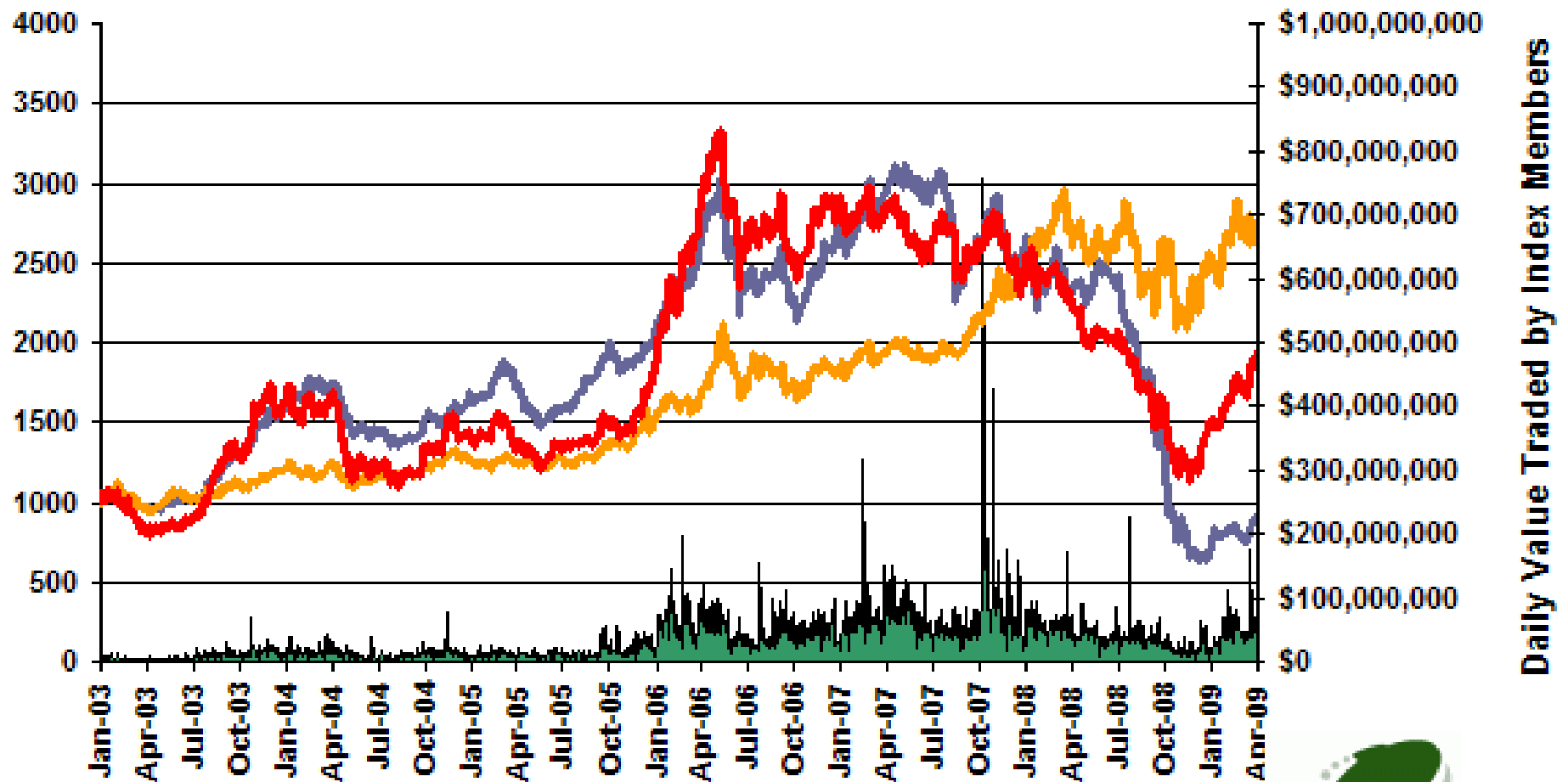
- Gold \$278/oz normalized to 1000 on Jan 2, 2002
- TSXV Index 1043 normalized to 1000 on Jan 2, 2002
- KBFO Major Non-Producer Gold Index
- KBFO Intermediate Non-Producer Gold Index
- KBFO Junior Non-Producer Gold Index



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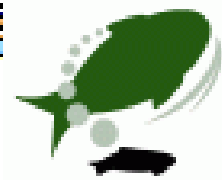
Major Non-Producer Gold Index

April 2, 2009



Daily Value Traded by Index Members

- Daily Value Traded by Index Members
- Major Non-Producer Gold Index - 1000 on Jan 2, 2003
- Gold \$342/oz normalized to 1000 on Jan 2, 2003
- TSXV Index Normalized to 1000 on Jan 2, 2003



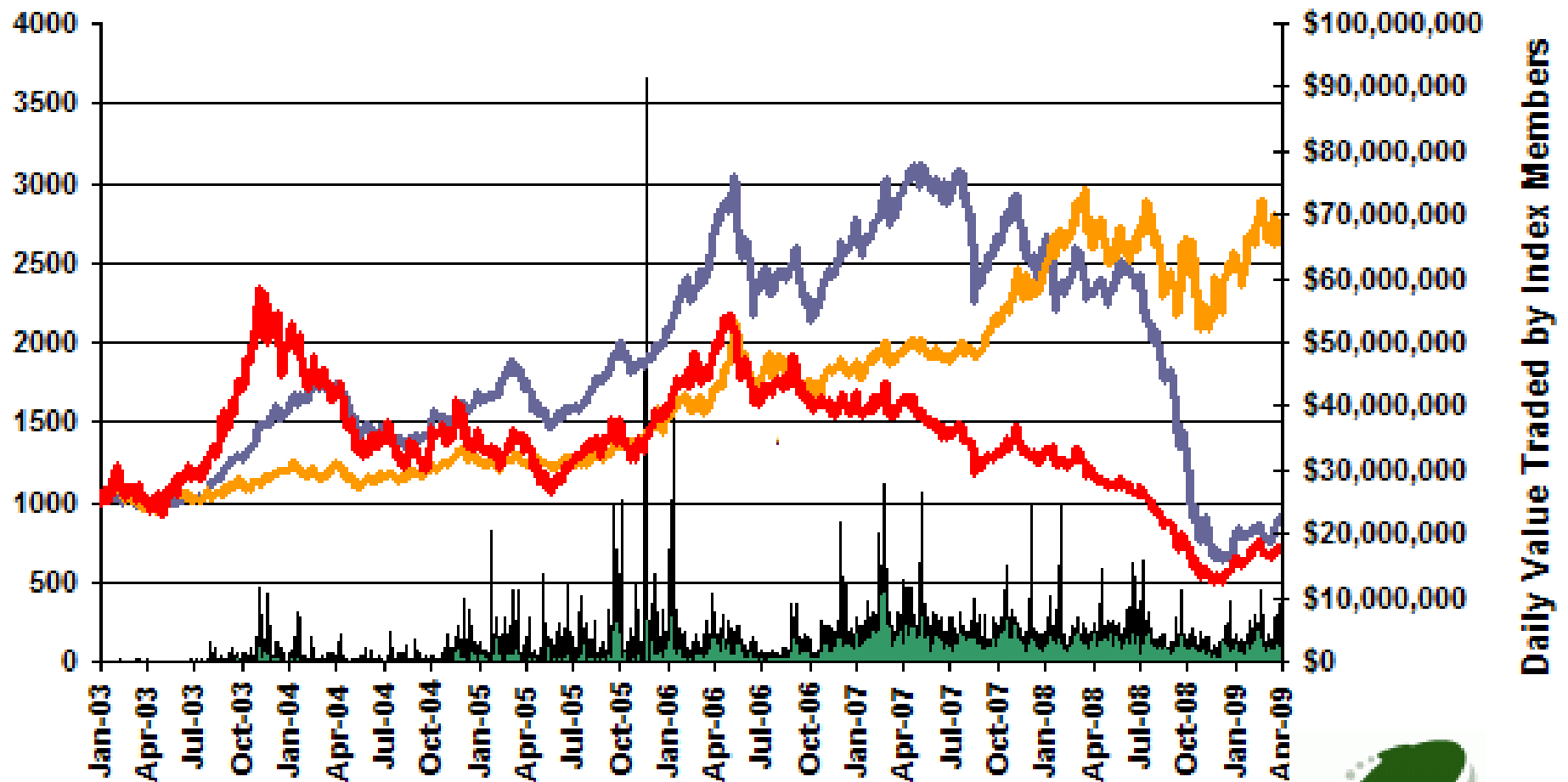
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Major Non Producers – 3,000,000+ oz gold resource

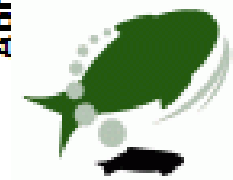


Intermediate Non-Producer Gold Index

April 2, 2009

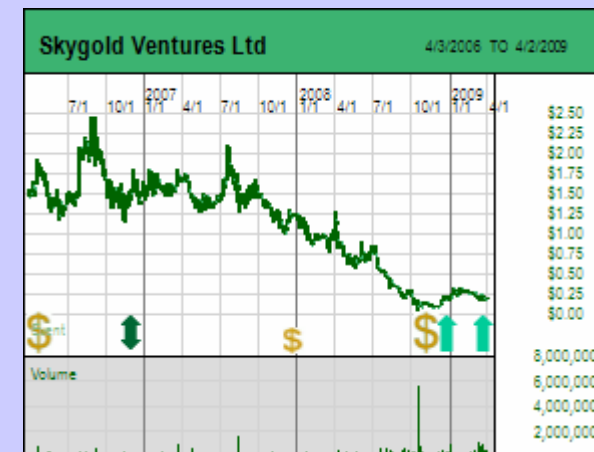


- Daily Value Traded by Index Members
- Intermediate Non-Producer Gold Index - 1000 on Jan 2, 2003
- Gold \$342/oz normalized to 1000 on Jan 2, 2003
- TSXV Index Normalized to 1000 on Jan 2, 2003



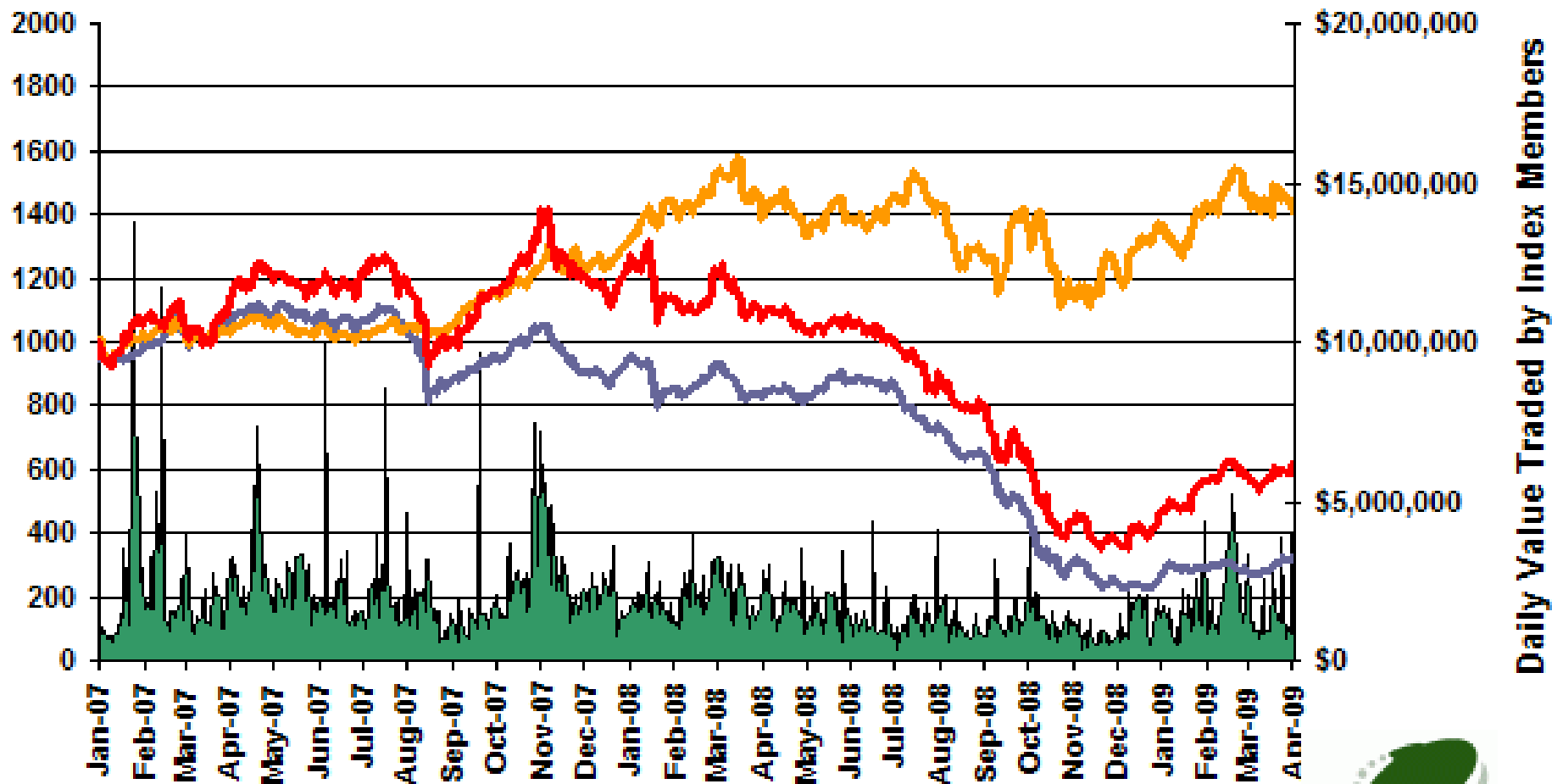
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Intermediate Non Producers – 1-3 million oz gold resource

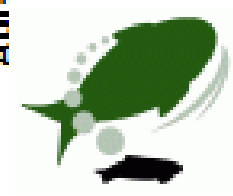


Junior Non-Producer Gold Index

April 2, 2009



- Daily Value Traded by Index Members
- Junior Non-Producer Gold Index - 1000 on Jan 2, 2007
- Gold \$640/oz normalized to 1000 on Jan 2, 2007
- TSXV Index Normalized to 1000 on Jan 2, 2007



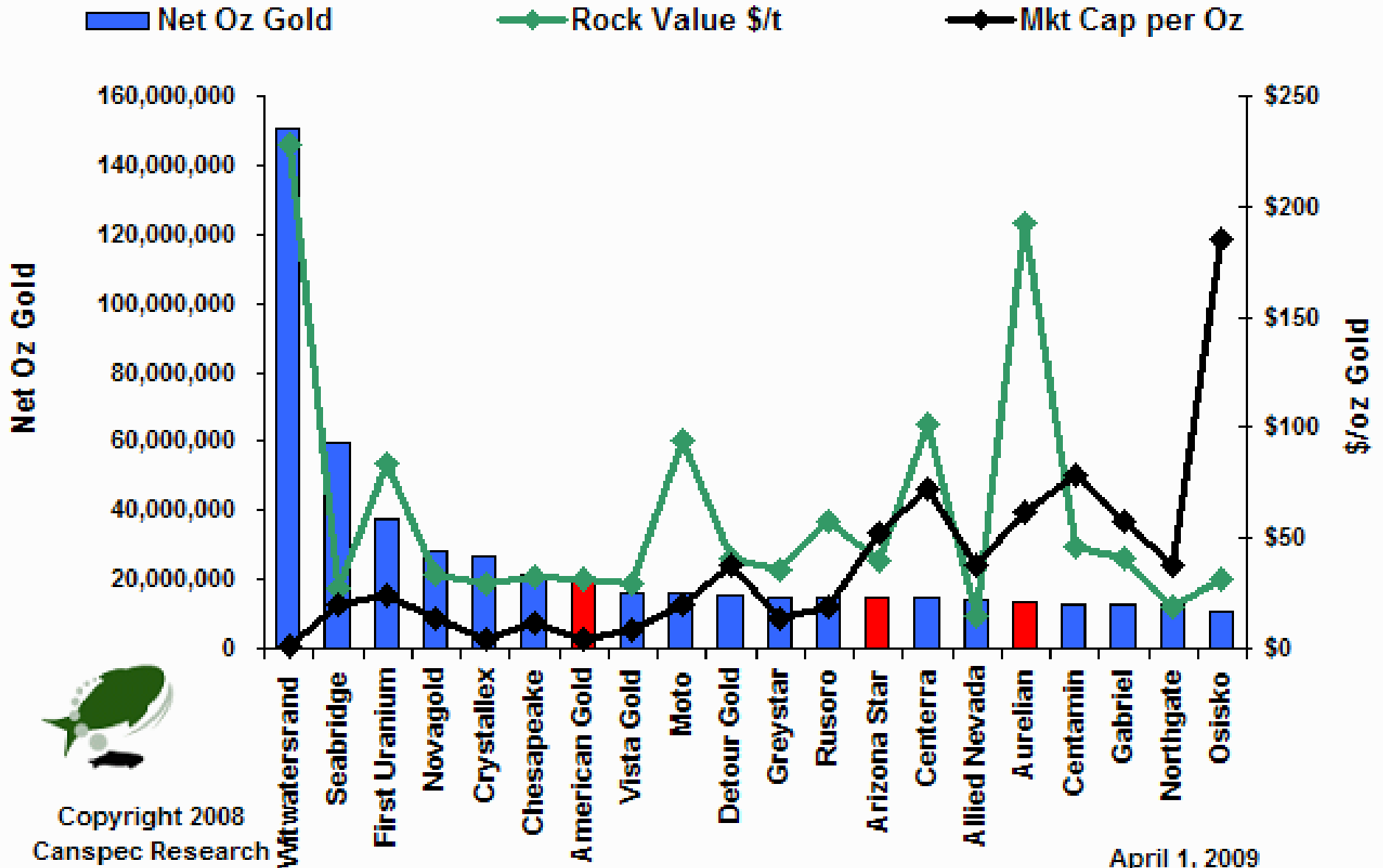
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Junior Non Producers – 500,000-1,000,000 oz resource



Primary Gold Companies - Top 20 by Ounces

(Red - Companies taken over or merged, Orange - takeover pending)

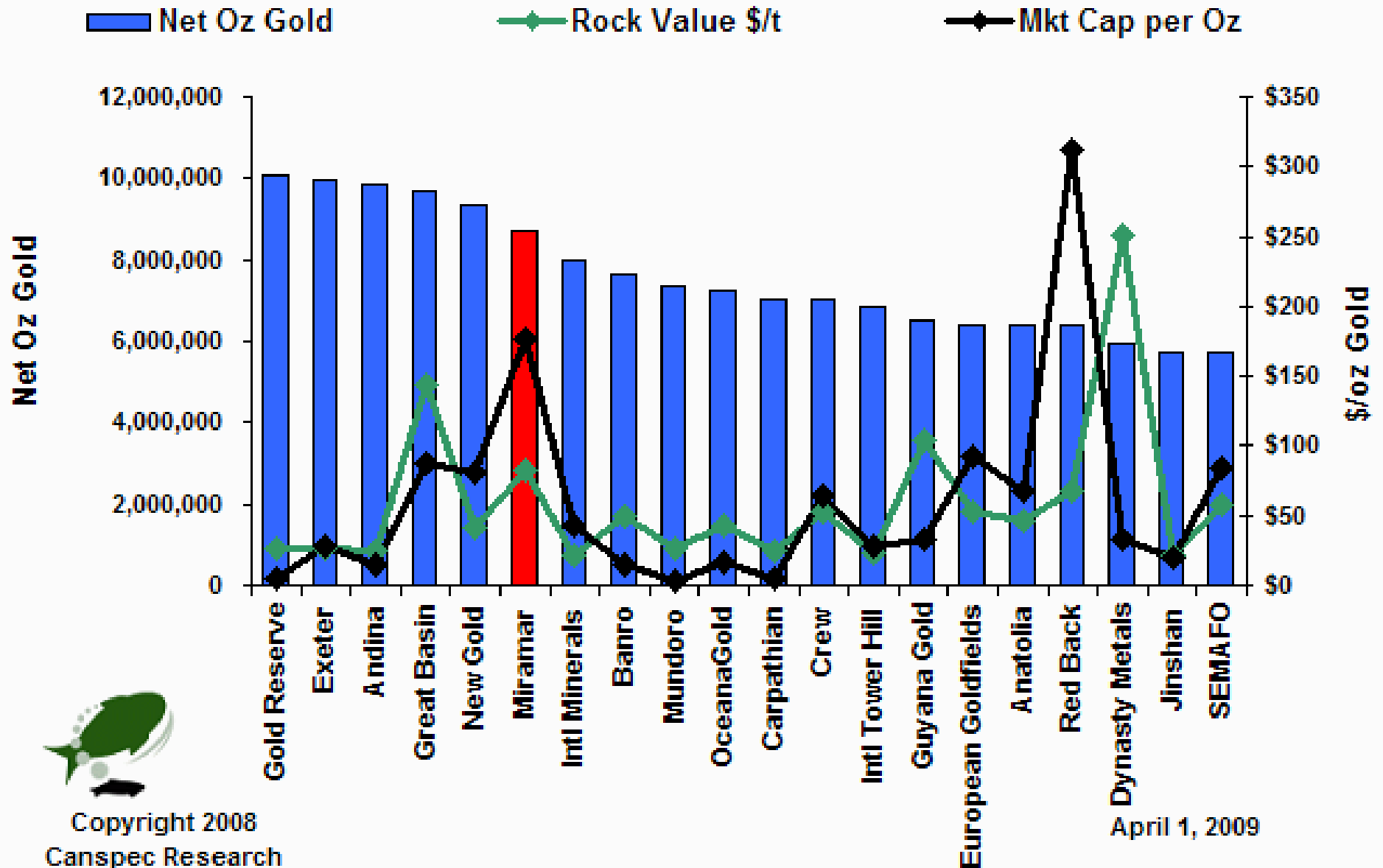


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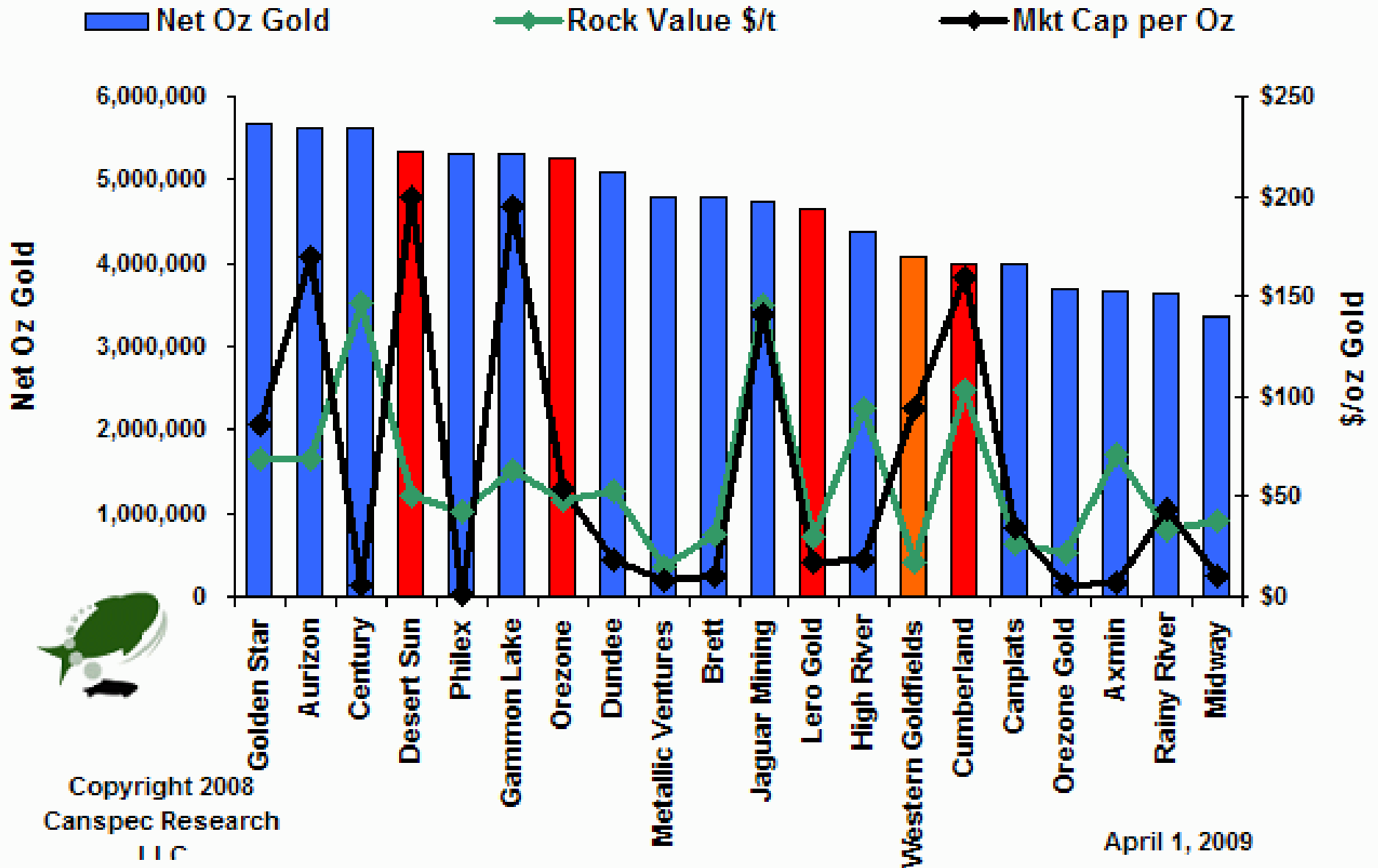
Primary Gold Companies - Top 21-40 by Ounces

(Red - Companies taken over or merged, Orange - takeover pending)



Primary Gold Companies - Top 41-60 by Ounces

(Red - Companies taken over or merged, Orange - takeover pending)



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2 Types of Resource Sector Story Speculation Cycles

Commodity Speculation

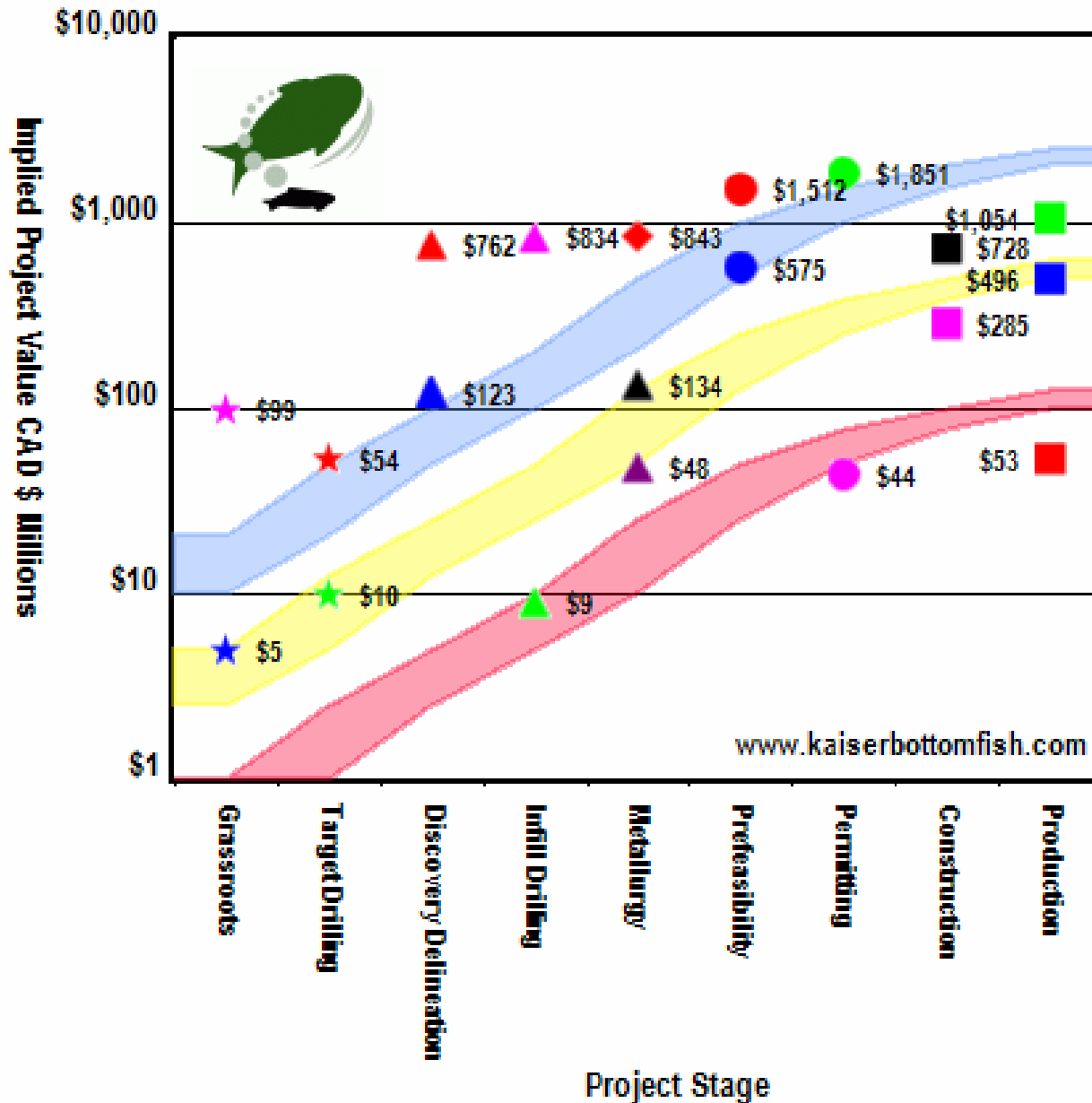
- Resource Estimates - Ounces & Pounds in the Ground
- Focused on development portion of exploration cycle: infill drilling, metallurgy, prefeasibility, feasibility/permitting, construction
- Vulnerable to geopolitical risk and commodity price volatility
- Valuation based on DCF Method & Peer Group Comparison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

Discovery Speculation

- No Resource Estimates – just geology & location
- Focused on early discovery part of exploration cycle: grassroots, target generation & drilling, discovery delineation
- Speculation focused on grade and tonnage, repeatability by area player or conceptually similar plays, commodity price irrelevant
- Valuation based on Rational Speculation Model
- Financing comes from sophisticated investor & retail audiences
- 1982-2002 (Hemlo, Eskay Creek, Ekati, Voisey's Bay, Busang, Veladero), 2003-2008 (Fruta del Norte), 2009+ (a comeback?)

Gold Project Valuations

Thursday, April 02, 2009



Dream Target Channels

- \$100 million Dream Target
- \$500 million Dream Target
- \$2 billion Dream Target
- ◆ 4 - Aurelian - Fruta del Norte
- ★ 1 - Nevada Expl Inc - Whiskey Flat
- ★ 1 - Eurasian Mnrls - La Miel JV
- ★ 2 - Northern Superior - TPK
- ★ 2 - Miranda Gold - Horse Mountain
- ▲ 3 - Ventana Gold - La Bodega
- ▲ 3 - Virginia Gold - Eleonore
- ▲ 4 - Moss Lake - Moss Lake
- ▲ 4 - Viceroy - Gualcamayo
- ▲ 5 - Brett - Hammond Reef
- ▲ 5 - Canplats - Camino Rojo
- 6 - Arizona Star - Cerro Casale
- 6 - Detour Gold - Detour Lake
- 7 - Golden Queen - Soledad Mtn
- 7 - Osisko - Cdn Malartic
- 8 - Minefinders - Dolores
- 8 - Orezone - Essakane
- 9 - Alamos - Mulatos
- 9 - Castle Gold - El Castillo
- 9 - San Gold - Rice Lake

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Grassroots

Target Drilling

Discovery Delineation



Infill Drilling



Metallurgy



Prefeasibility



Feasibility-Permitting



Construction-Commissioning



Production

Aurelian Resources Inc

9/25/2002 TO 10/3/2008



Issued: 150,449,000

High: \$43.00 on 11/1/2006

Max Volume: 24,719,400 on 7/24/2008

Diluted: 162,051,000

Low: \$0.14 on 12/9/2002

Max Value: \$170,825,815 on 5/25/2007



KaiserBottomFish.com

ARU - TSX - CAD \$5.20

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