

Toronto Resource Investment Conference

Toronto, Canada

September 26, 2009

Presented by John Kaiser

Security of Supply in a Changing World

www.KaiserBottomFish.com

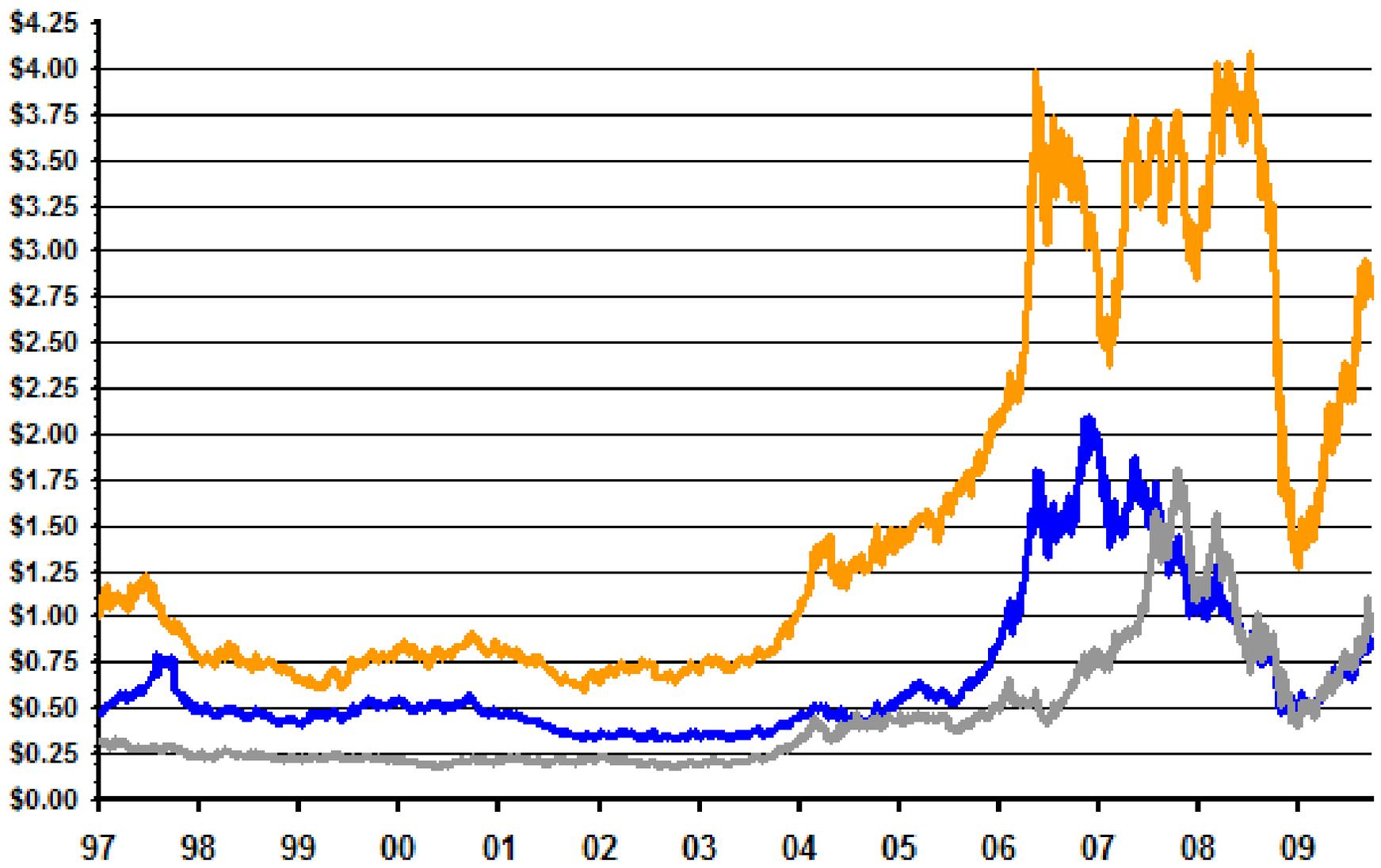


A Year Ago: The Crash of 2008



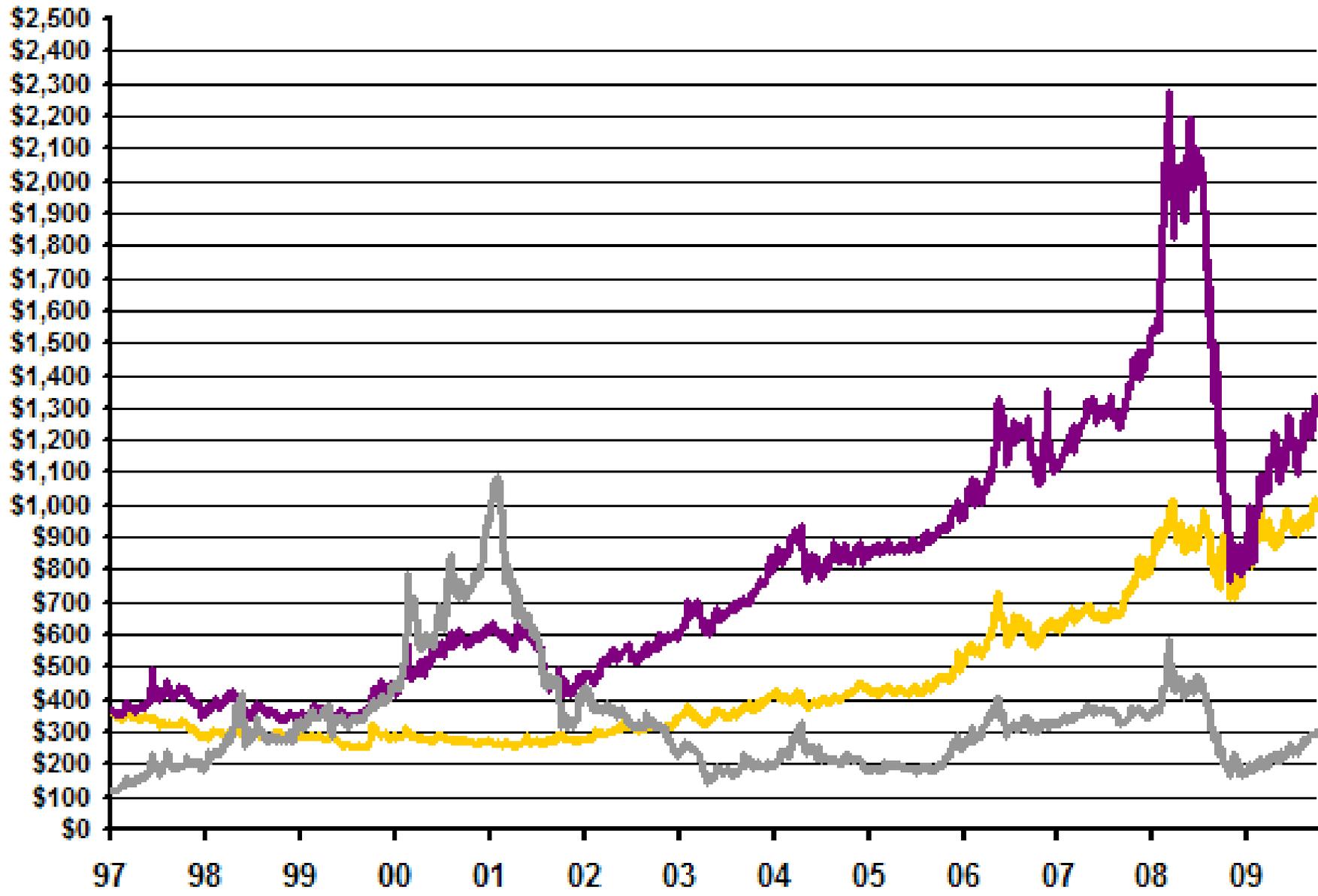
— Copper — Zinc — Lead

LME \$/lb



— Gold — Platinum — Palladium

London Fix \$/lb

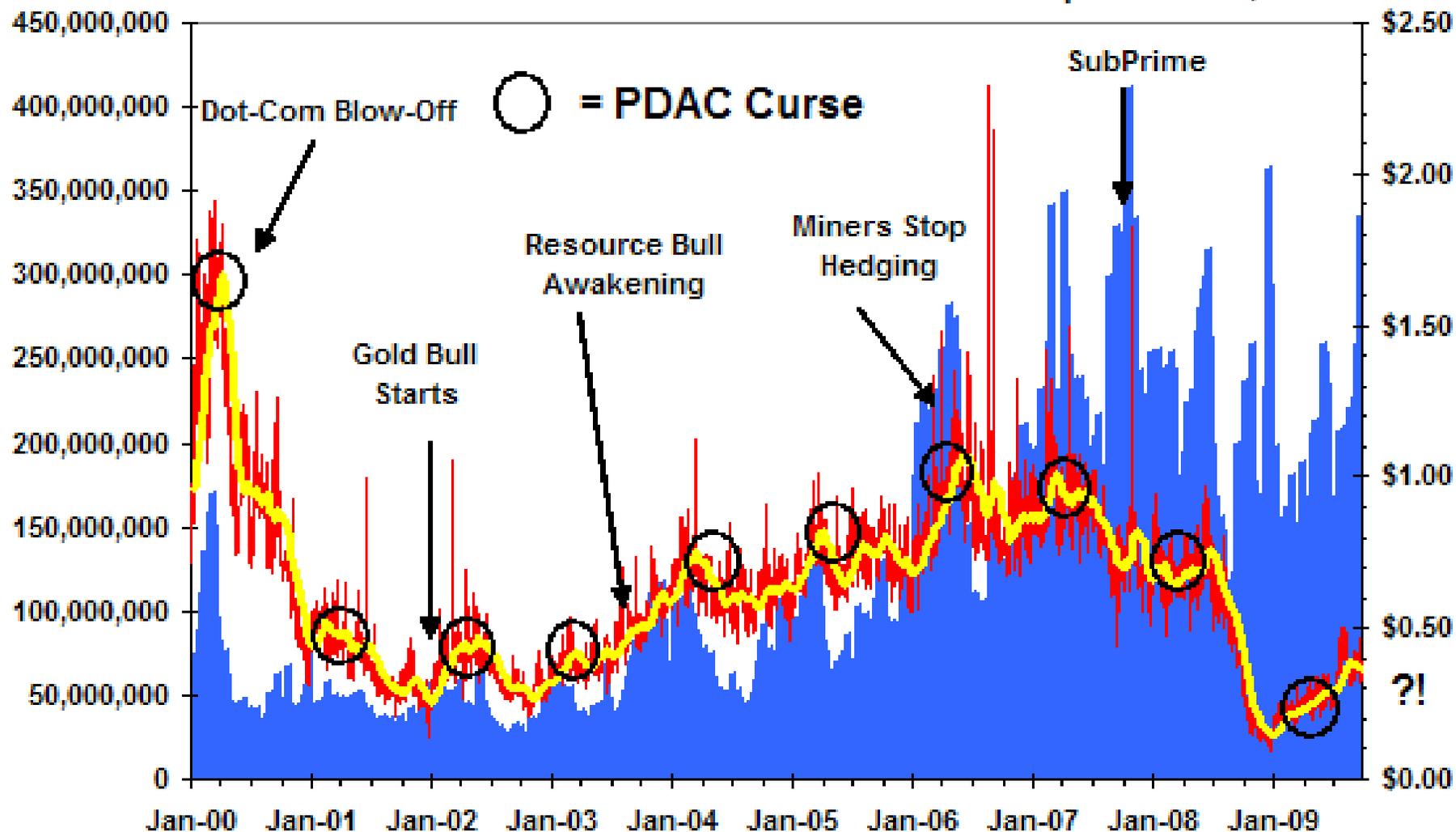


Daily TSXV Volume and Average Trading Share Price



Volume — Average Share Price — 30 Day Average Price

September 25, 2009



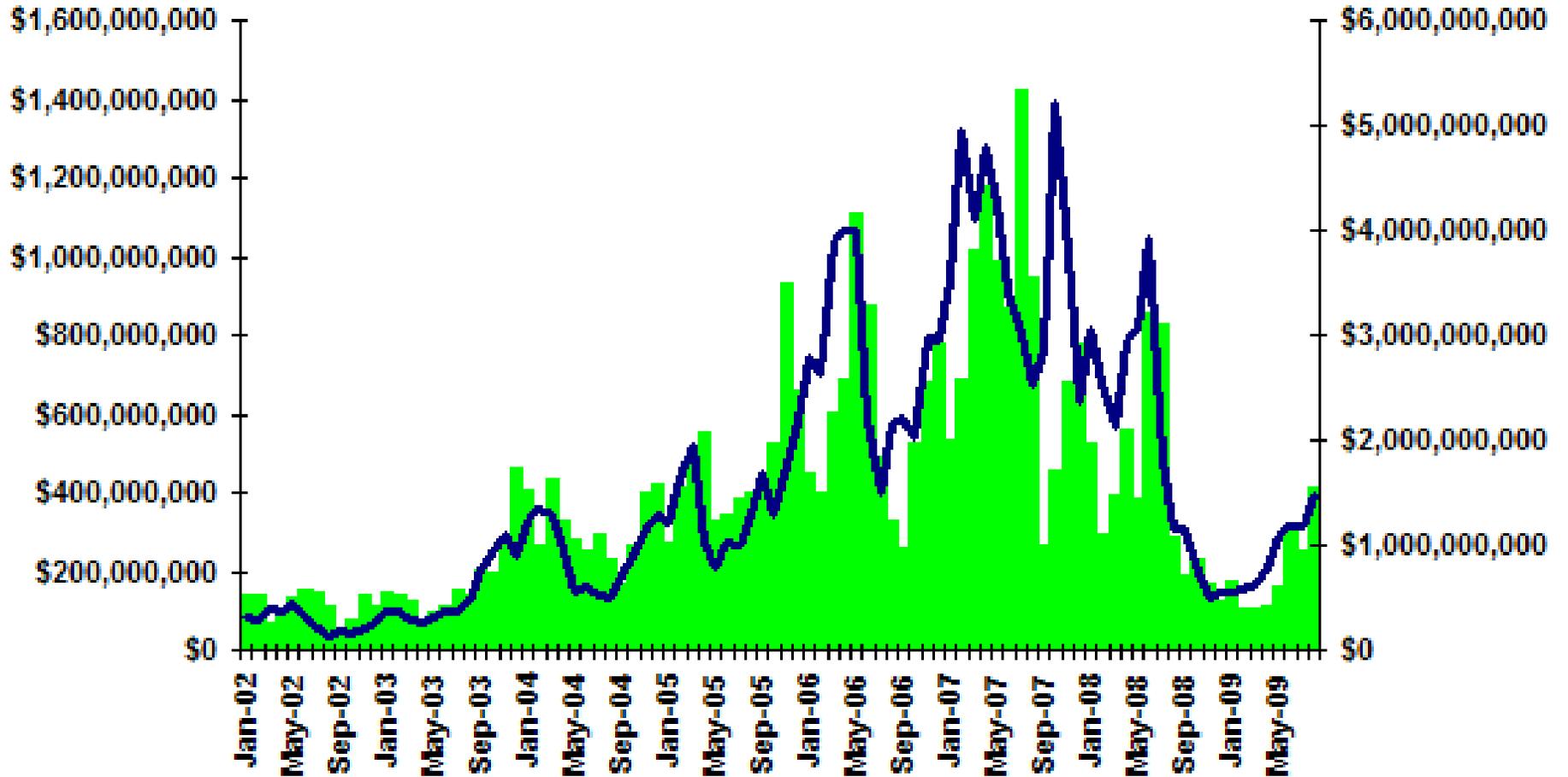
PDAC Curse: the tendency of the new year rally to fizzle right after the PDAC mining convention held annually in March in Toronto.

TSXV Private Placement Activity

\$37 billion raised / \$147 billion traded

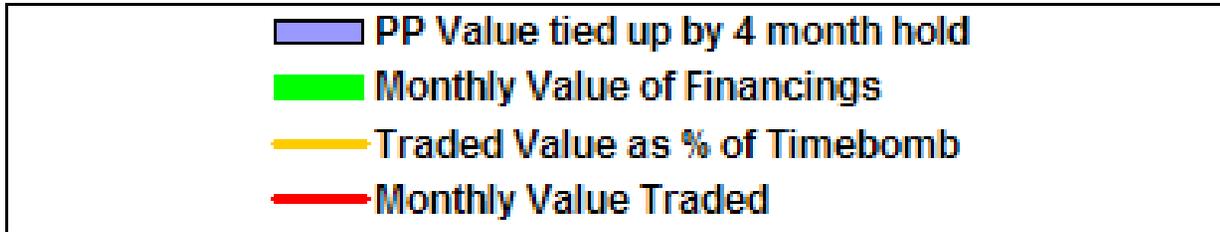
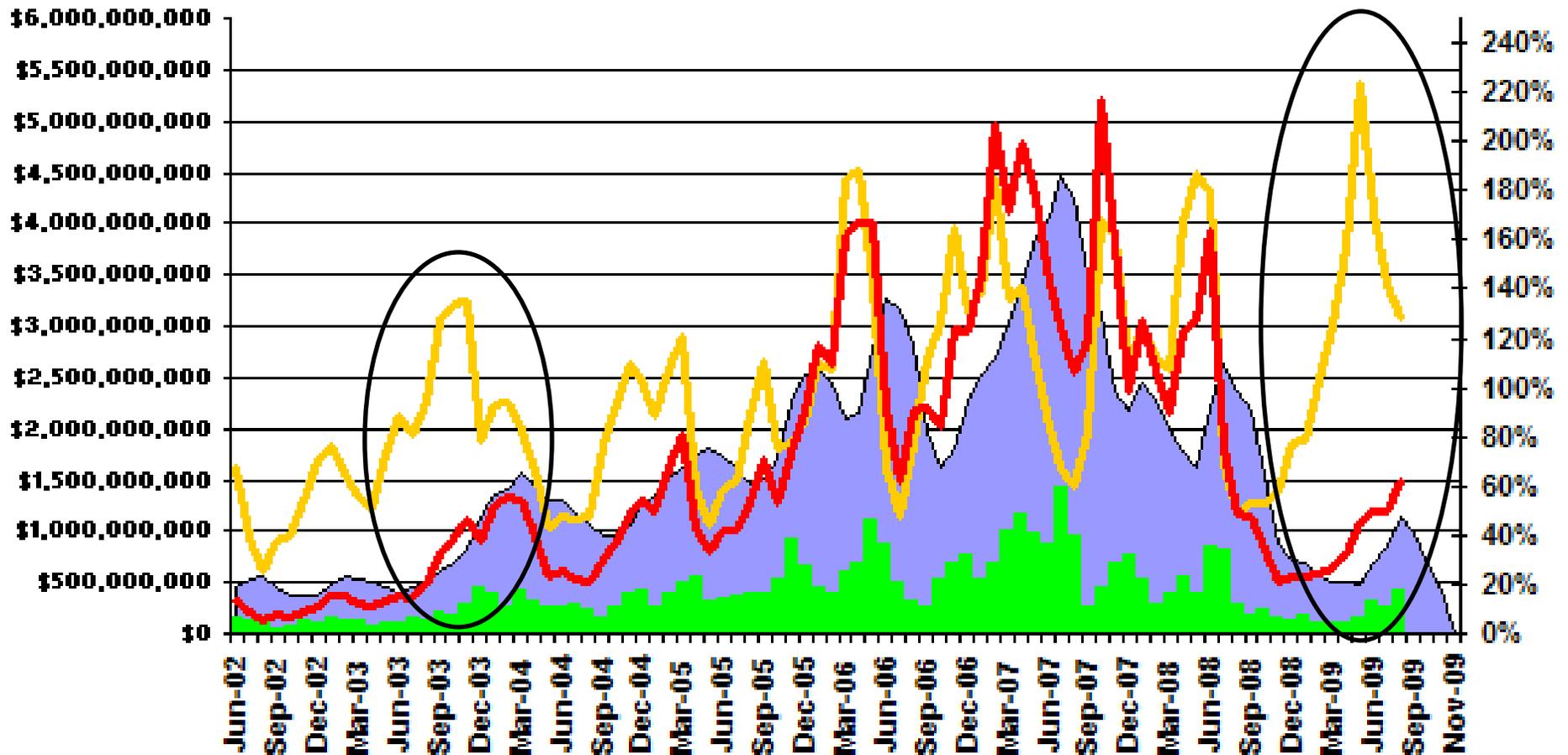
PP Value

Trade Value



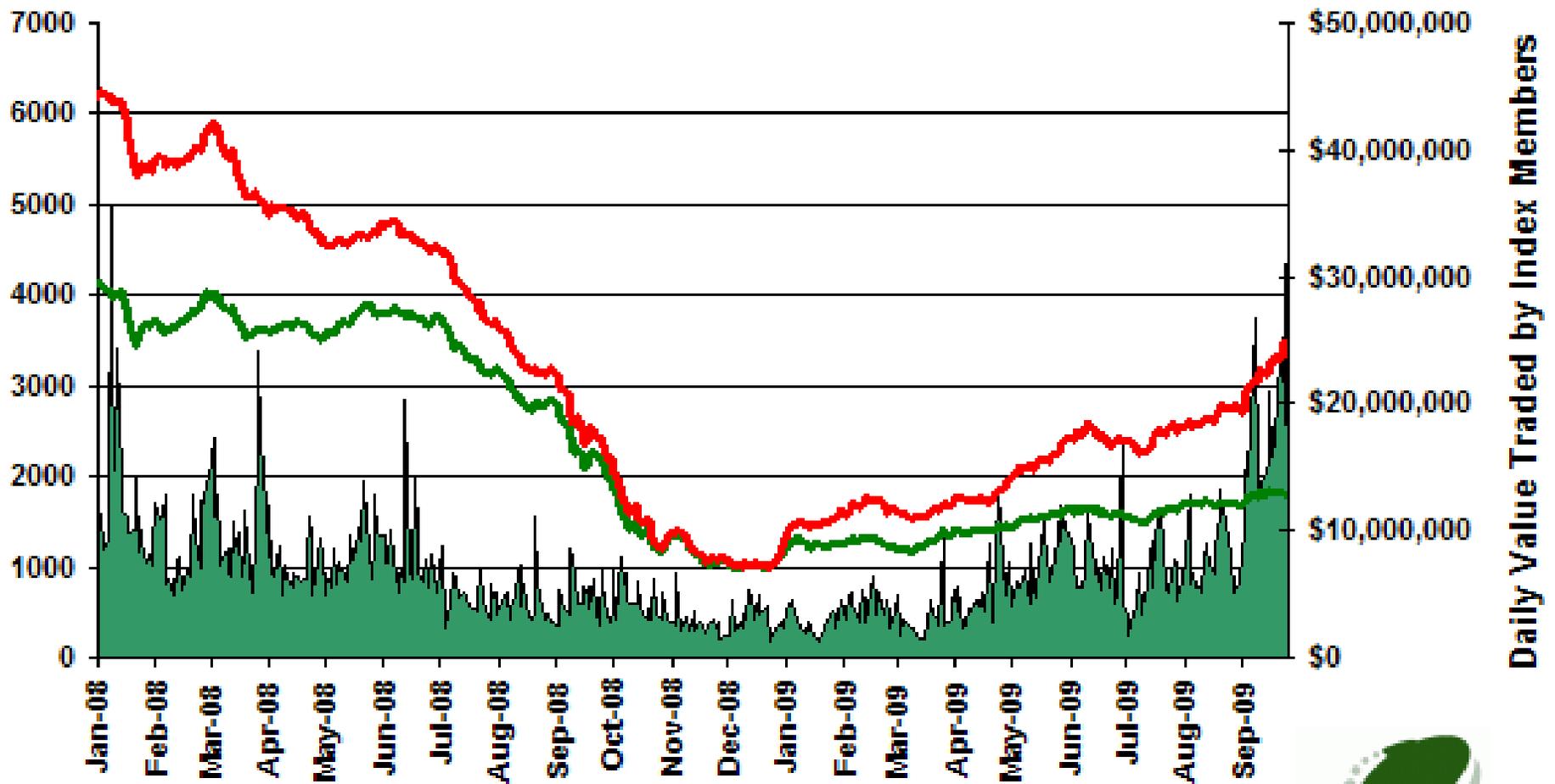
TSXV Private Placement Timebomb

as of August 2009



Bottom-Fish 2009 Index

September 25, 2009



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



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Canspec Research LLC

Peregrine Diamonds Ltd

12/30/2006 TO 9/25/2009



Issued: 81,320,232

High: \$3.76 on 9/25/2009

Max Volume: 11,456,000 on 9/25/2009

Diluted: 100,362,104

Low: \$0.17 on 7/23/2008

Max Value: \$32,076,800 on 9/25/2009

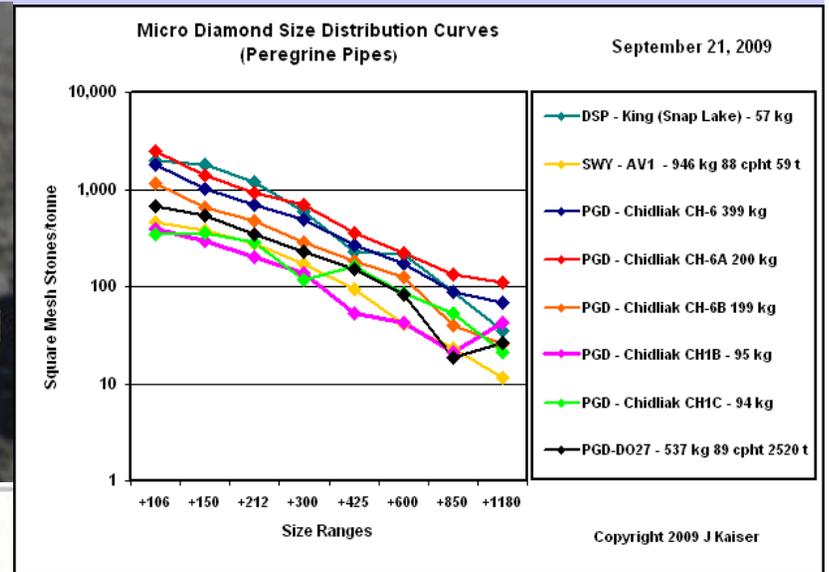
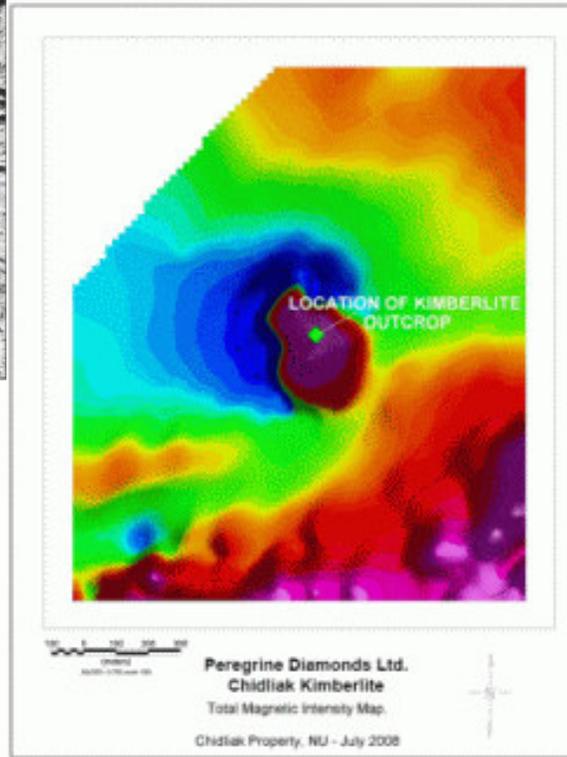
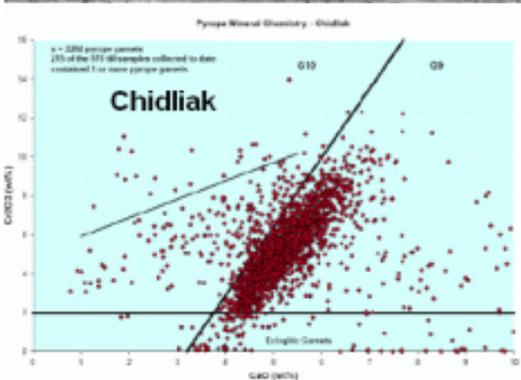
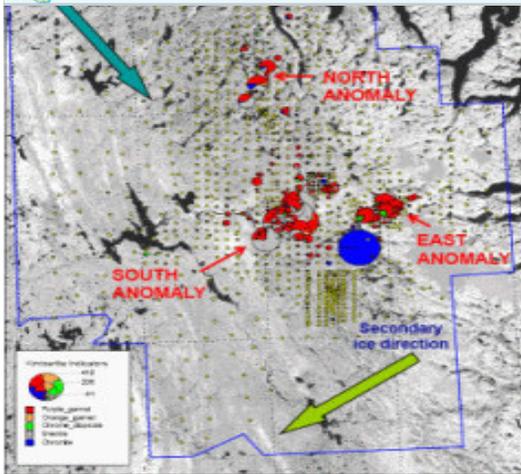
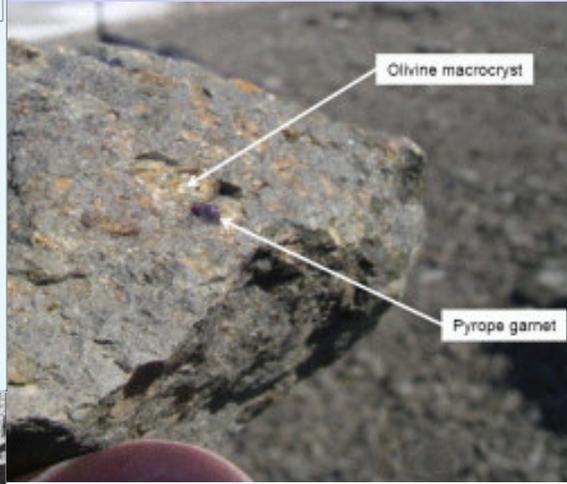
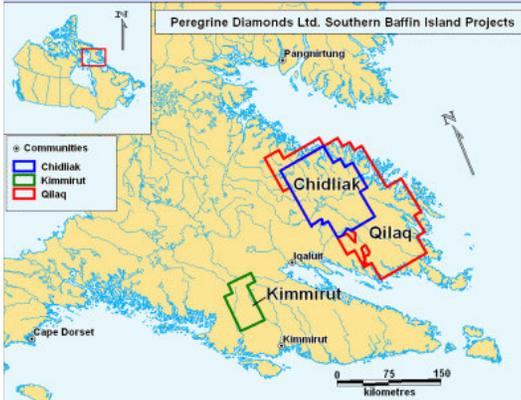


KaiserBottomFish.com

PGD - TSX - CAD \$3.59

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Peregrine Diamonds (PGD-T) – the next Dia Met?



Three Crumbling Pillars

- **Globalization & the virtue of the China Price**
- **Mortgage Securitization as Wealth Creation**
- **American Hegemony & the US Dollar as Global Reserve Currency**

Three Implications

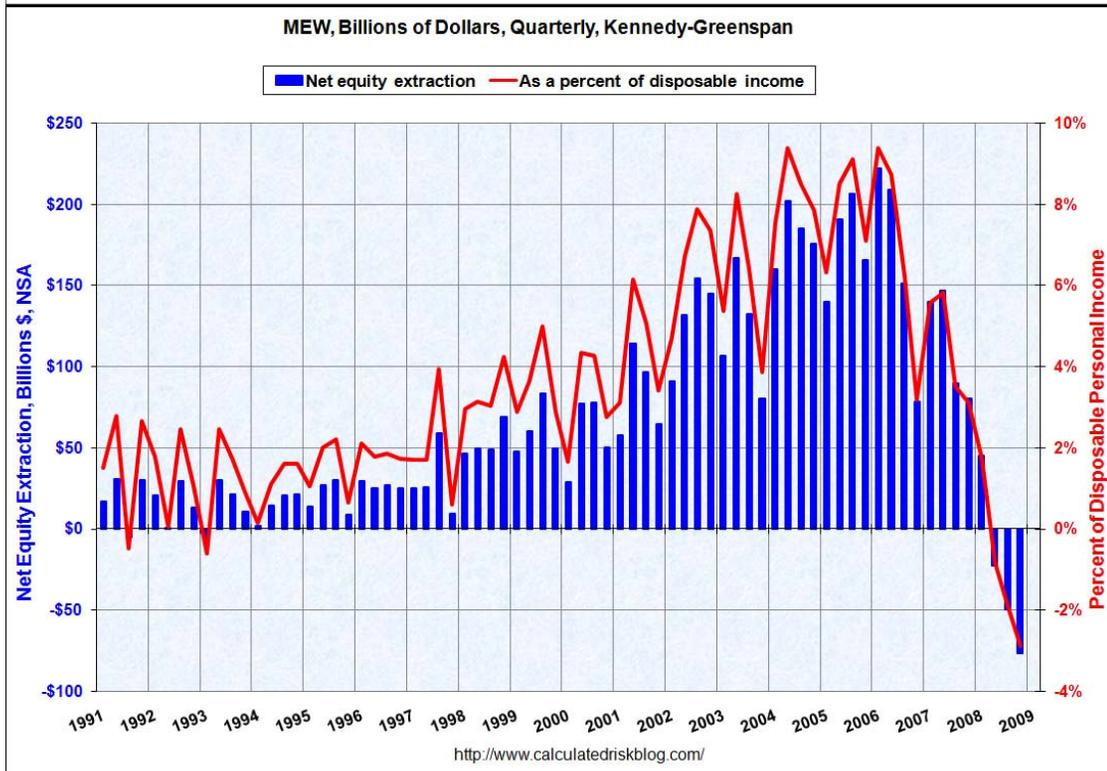
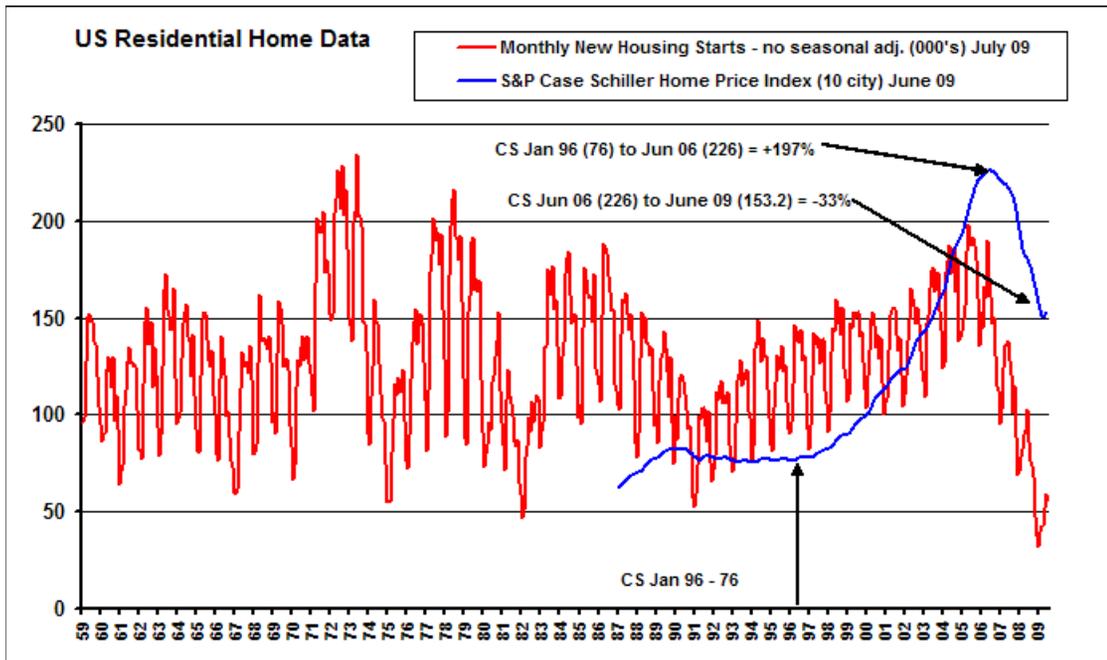
- **A rising real price for gold as investment demand responds to currency volatility**
- **Fragmentation of the Global Economy as environmental protectionism leads to geographically constrained economic zones**
- **Strategic Logic eclipses Economic Logic in the valuation of raw material assets as Security of Supply concerns escalate**

The China Price

- Cheap Labor – urbanization of rural China and the dismantlement of state run enterprises
- 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 yuan by bankrolling the US trade deficit through the accumulation of US treasury debt
- Piracy and Counterfeiting
- FDI: foreign direct investment and technology transfer

**Made in China and Packed with
Pride in America**



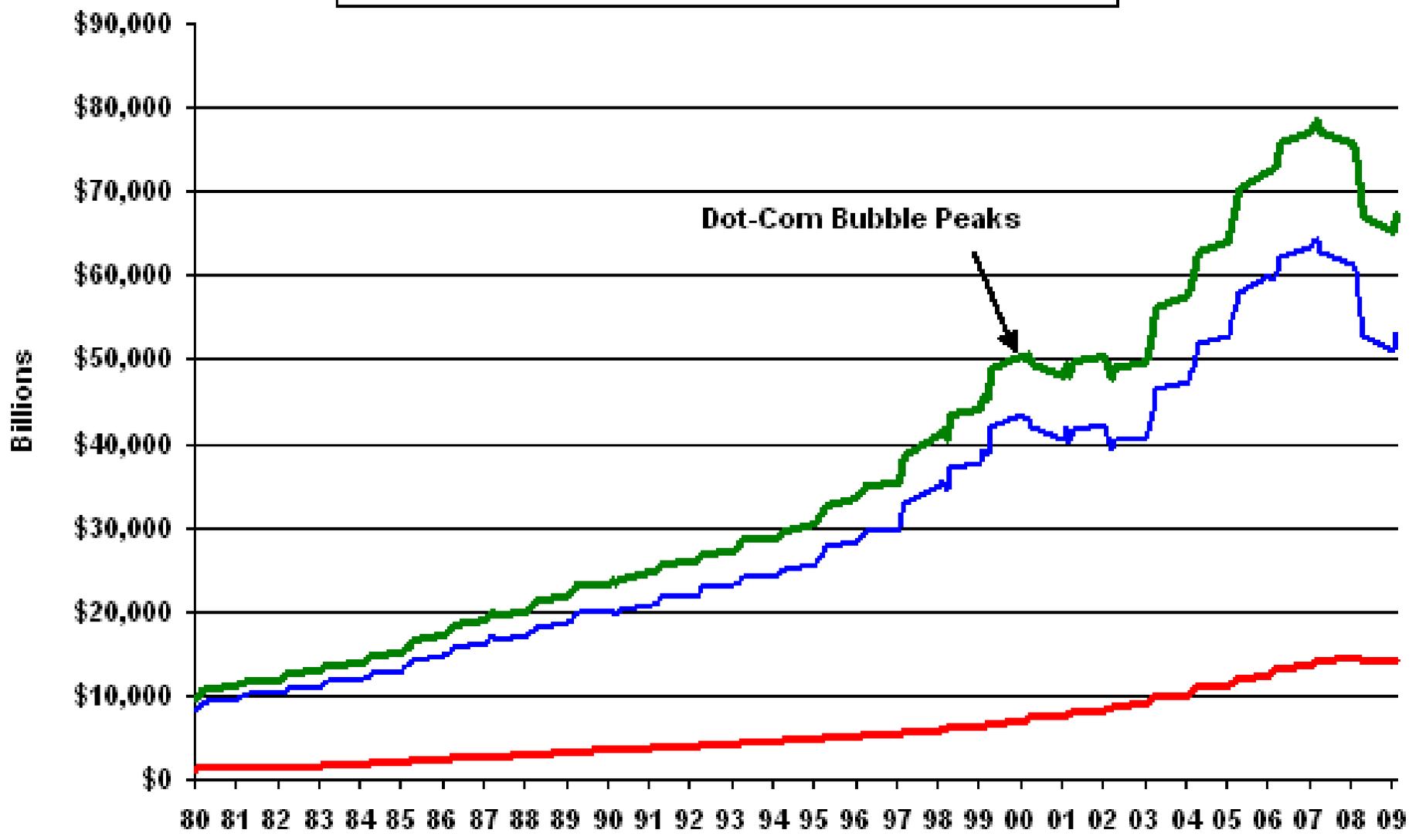


Mortgage Securitization:
 Creating a Global Real Estate Bubble and a Consumption Boom by dissolving the traditional self-regulating relationship between lender and borrower



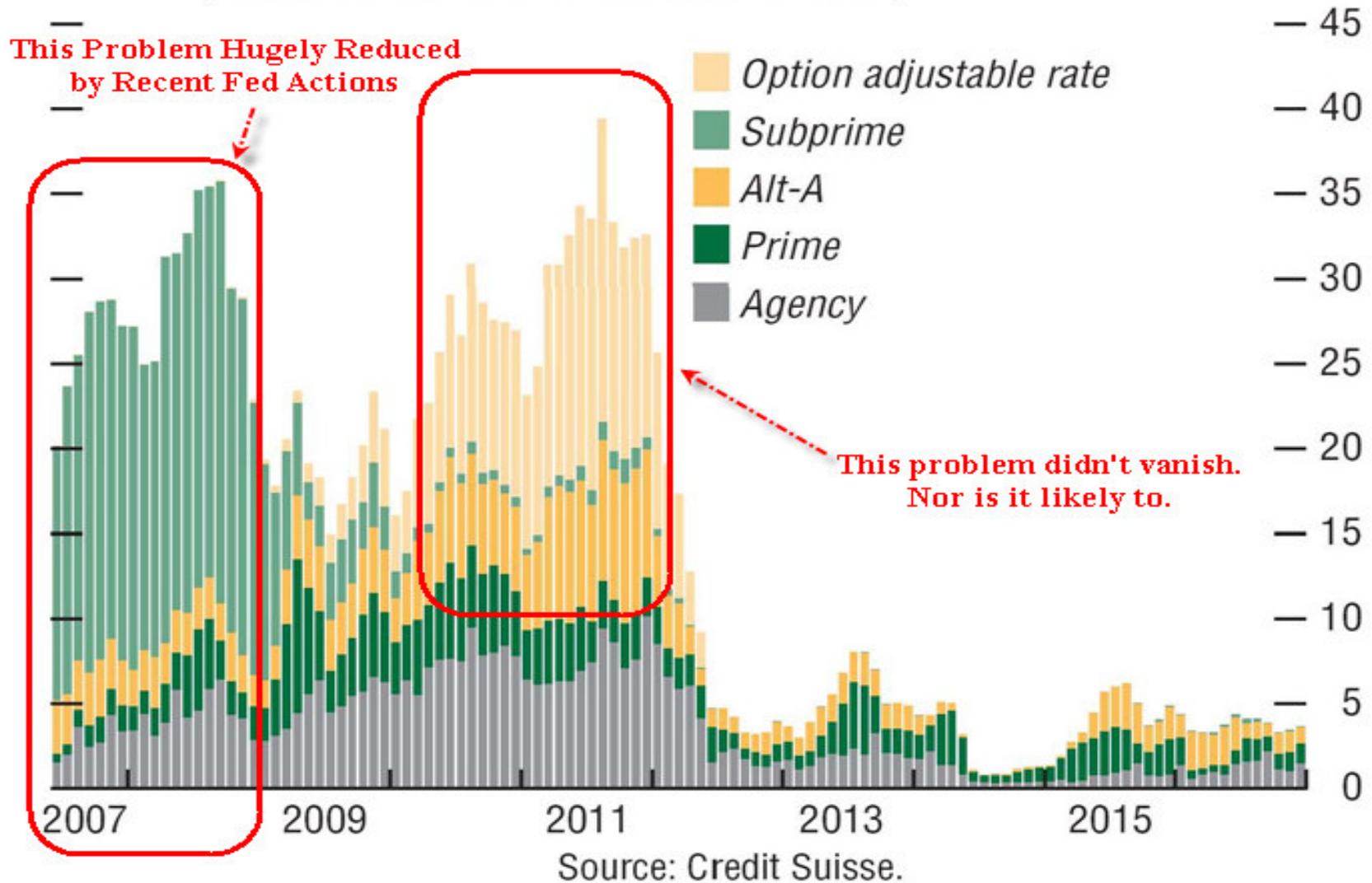
US Household Net Worth (Quarterly Unadjusted thru Q2 2009)

— Net Worth — Assets — Liabilities



Another big real estate crunch coming!

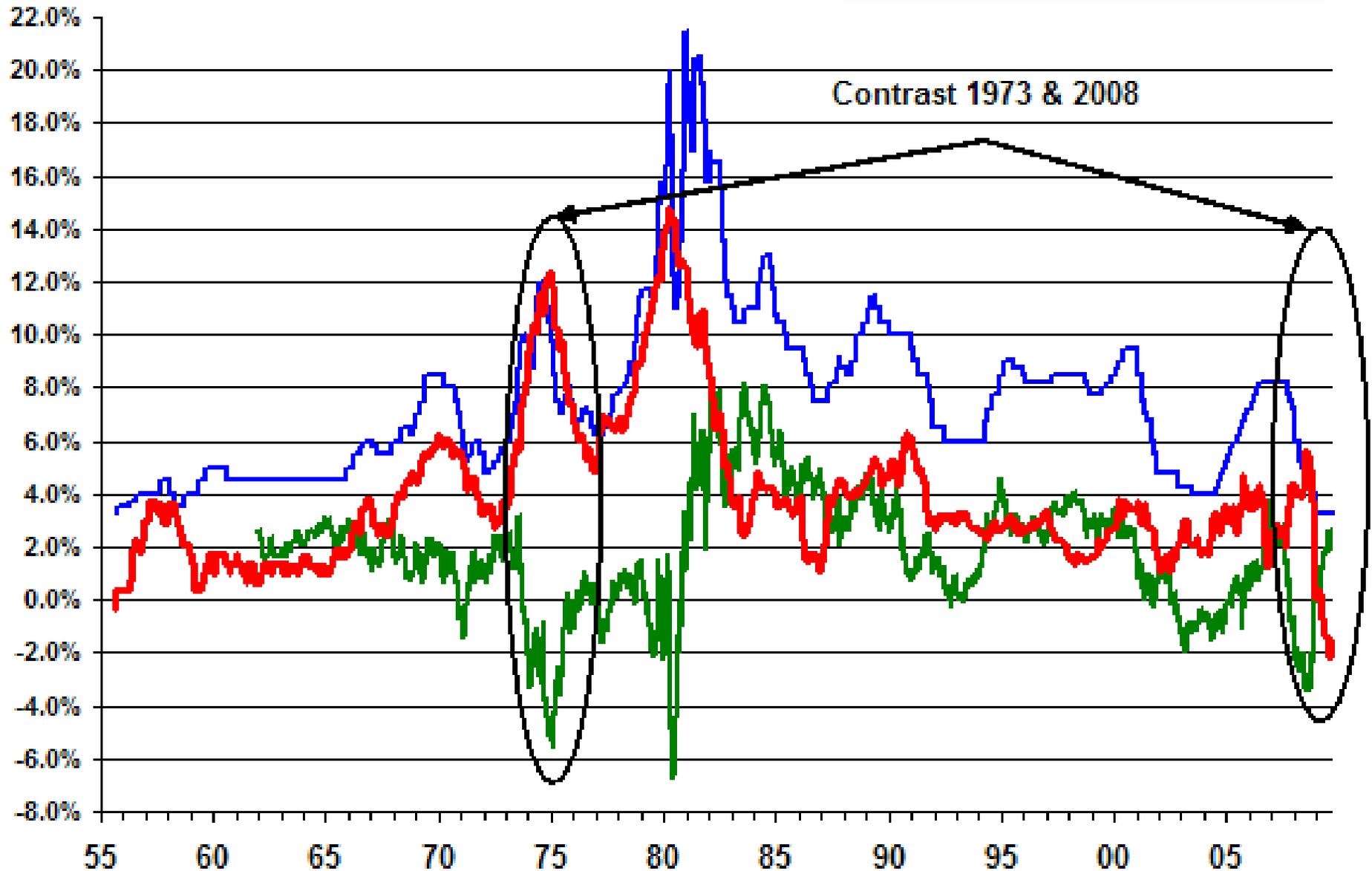
Figure 1.7. Monthly Mortgage Rate Resets
(First reset in billions of U.S. dollars)





Key Rates

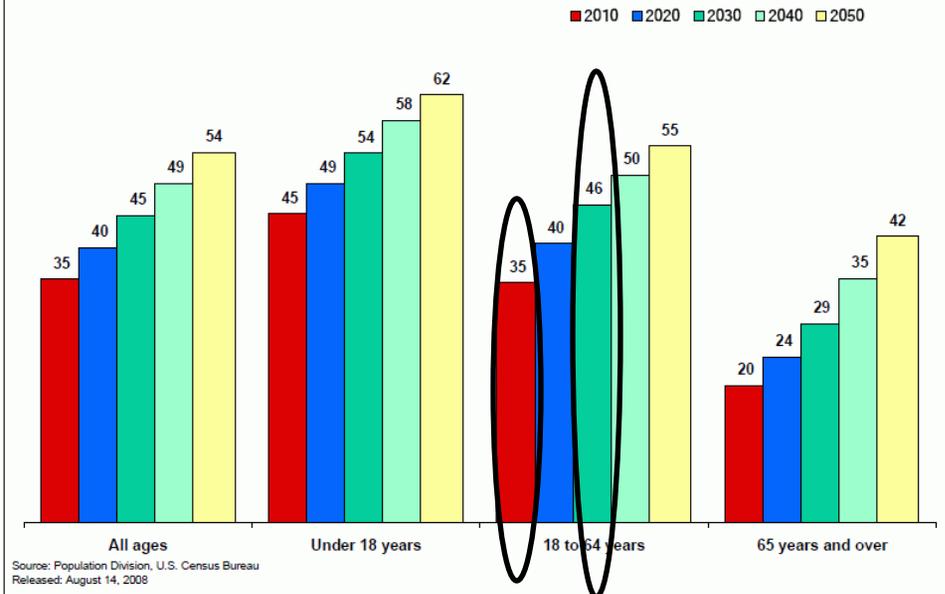
- US Prime Rate
- Real 1 Year T-Bill Rate
- US CPI Inflation Rate



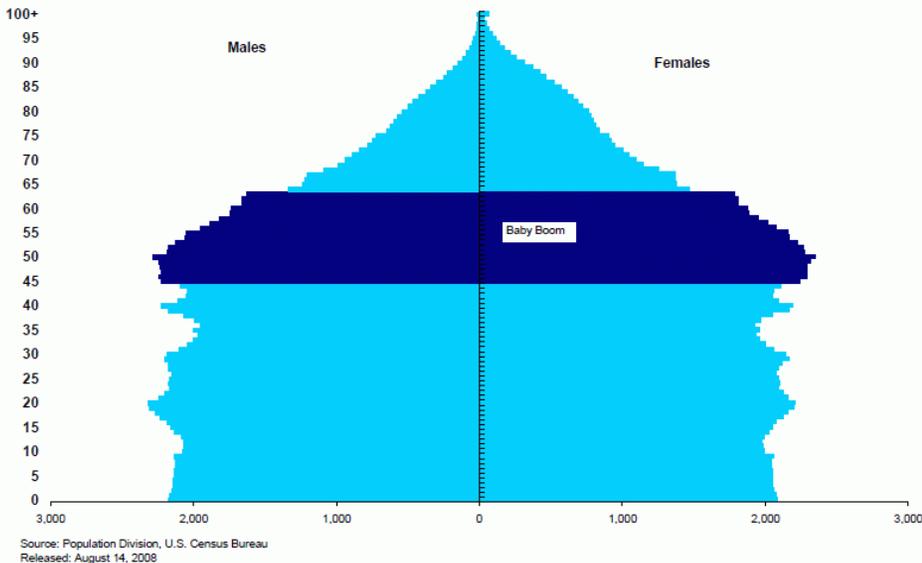
Wealth & Power in the US Demographic Future

- Boomers born 1946-1964
- Will all be 65 & over by 2030
- Will be 20% of US population
- Minorities 18-64 will be 46% of population by 2030
- Retired boomers will control the majority of real estate & equity wealth
- Hispanics projected 1 in 3 by 2050

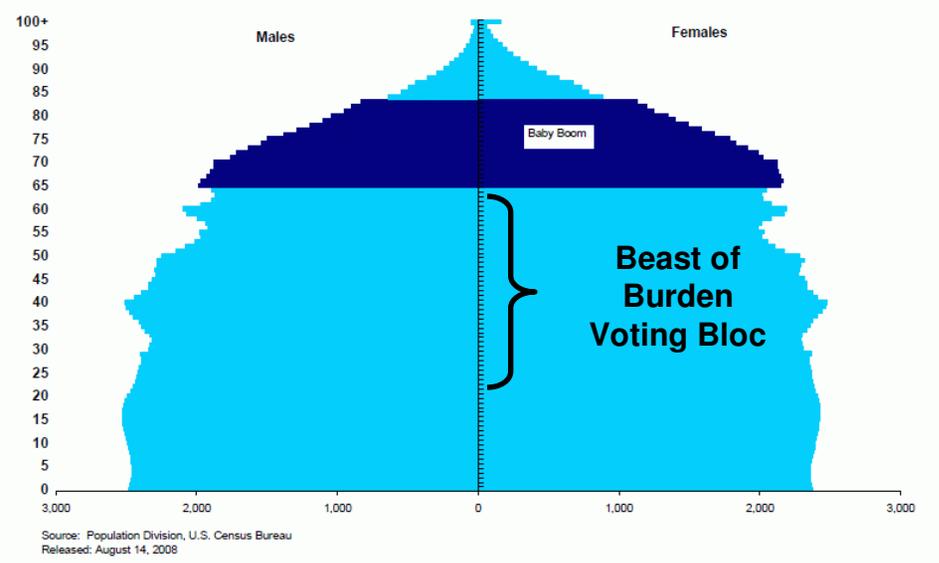
Percent Minority of the U.S. Population by Selected Age Groups: 2010 to 2050



Projected U.S. Population by Age and Sex: 2010
(in thousands)



Projected U.S. Population by Age and Sex: 2030
(in thousands)





the O'Reilly FACTOR

HOME

BILL O'REILLY
WEEKNIGHTS 8 PM & 11 PM



GLENN BECK

Weekdays 5 P.M. ET

All Just Fun & Games?



FOX NEWS
.com

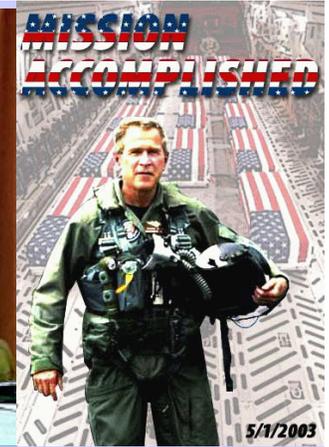
Fair & Balanced



Or will one day Rupert Murdoch try to call off the “joke” only to discover that it has evolved far beyond a “joke”?

Just a joke in peaceful Moraga?

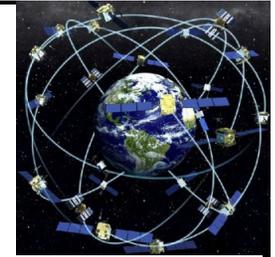




Project for a New American Century

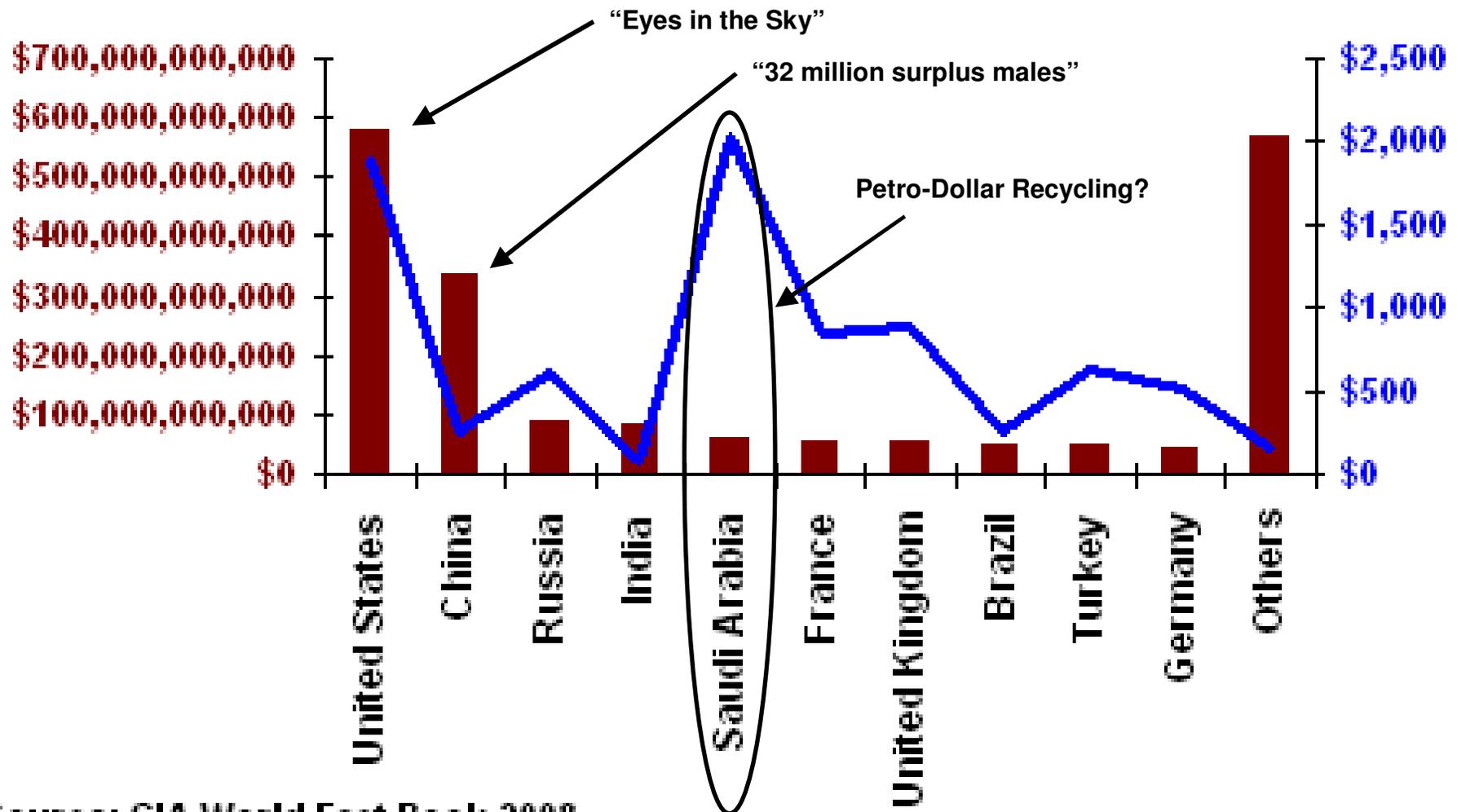


- Bush “elected” in 2000
- September 11 terror attack
- Neo-Cons push PNAC
- Permanent War on Terror
- Homeland Security
- Weapons of Mass Destruction
- My Way or the Highway
- Shock & Awe
- Intelligent Design
- Taliban surges in Pakistan



Annual Military Expenditure (\$1.4 trillion)

■ Total Expenditure — Per Capita Expenditure

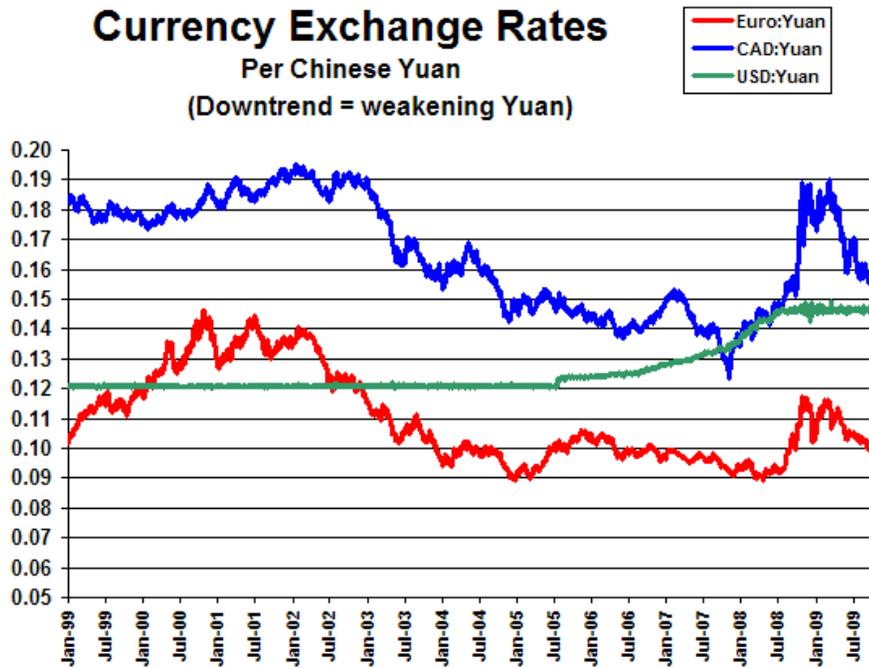


Source: CIA World Fact Book 2008

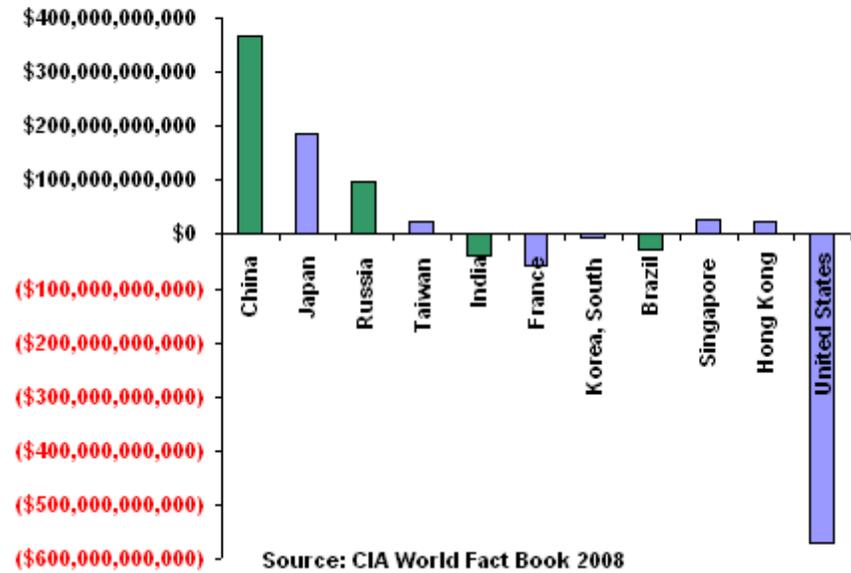
Currency Exchange Rates

Per Chinese Yuan

(Downtrend = weakening Yuan)

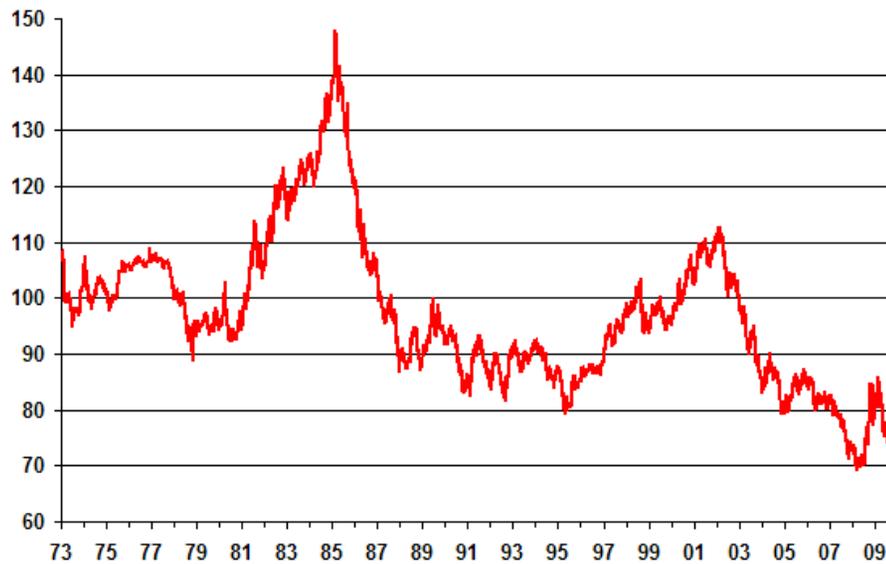


Current Account Balance

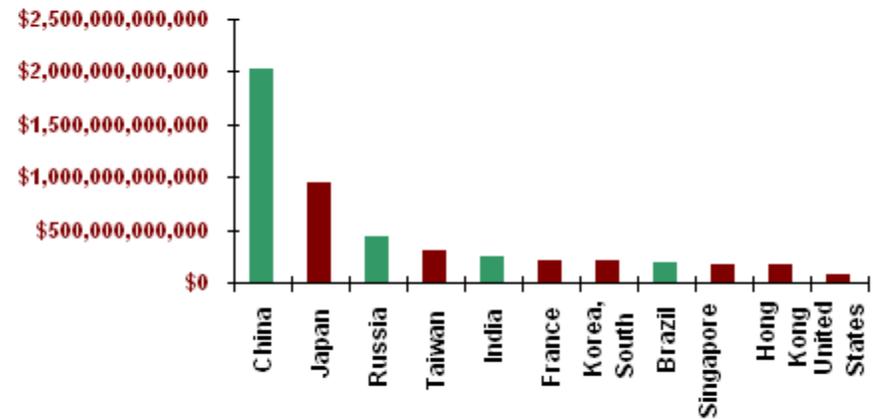


US Dollar Major Currency Index

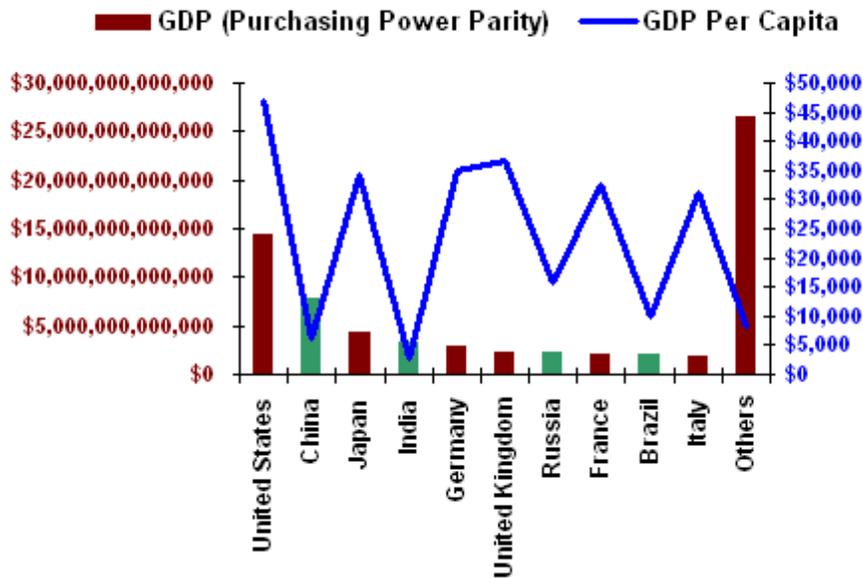
(Downtrend = weakening US \$)



Foreign Reserves including Gold

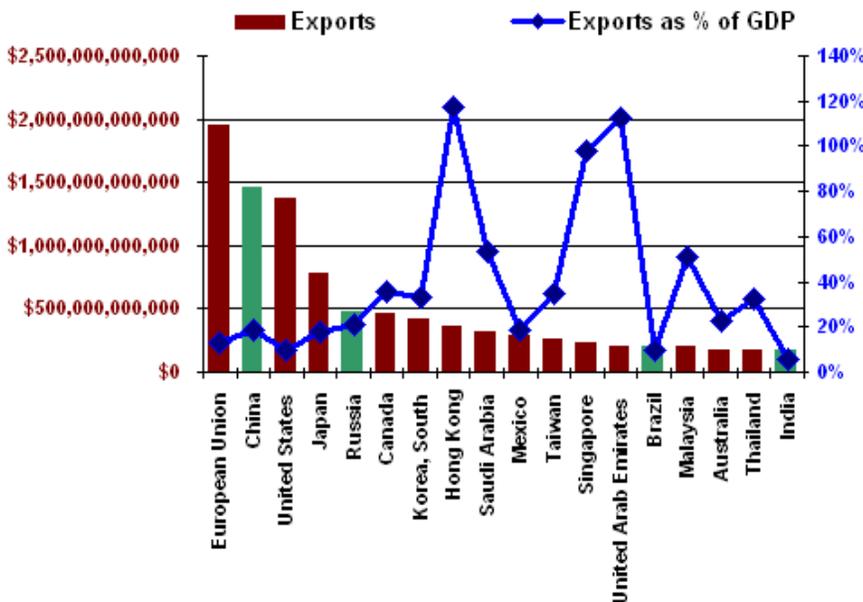


Gross Domestic Product (GPP - \$69.3 trillion)



Source: CIA World Fact Book 2008

Exports



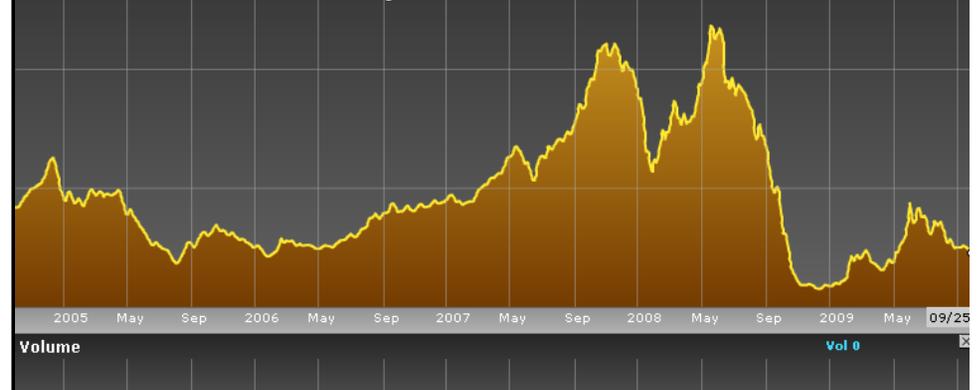
Source: CIA World Fact Book 2008

In a New World Order where military power is impotent, one-way trade in IOUs is no longer an option, and the China Price remains cheapest:

What will Americans do that is of value to the rest of the world?

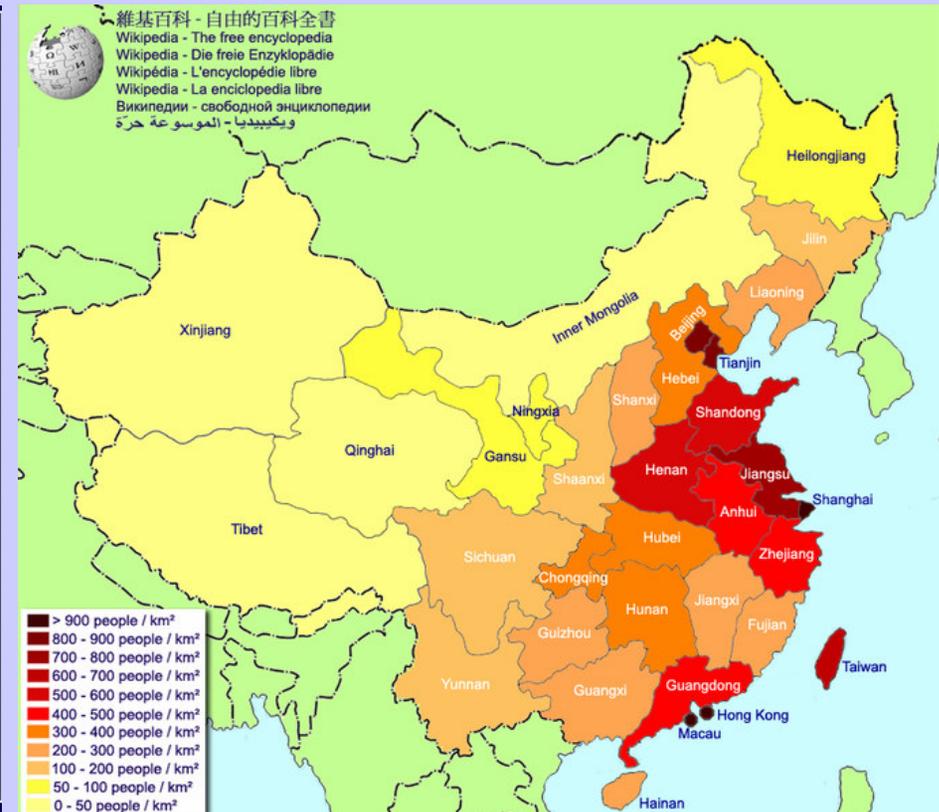
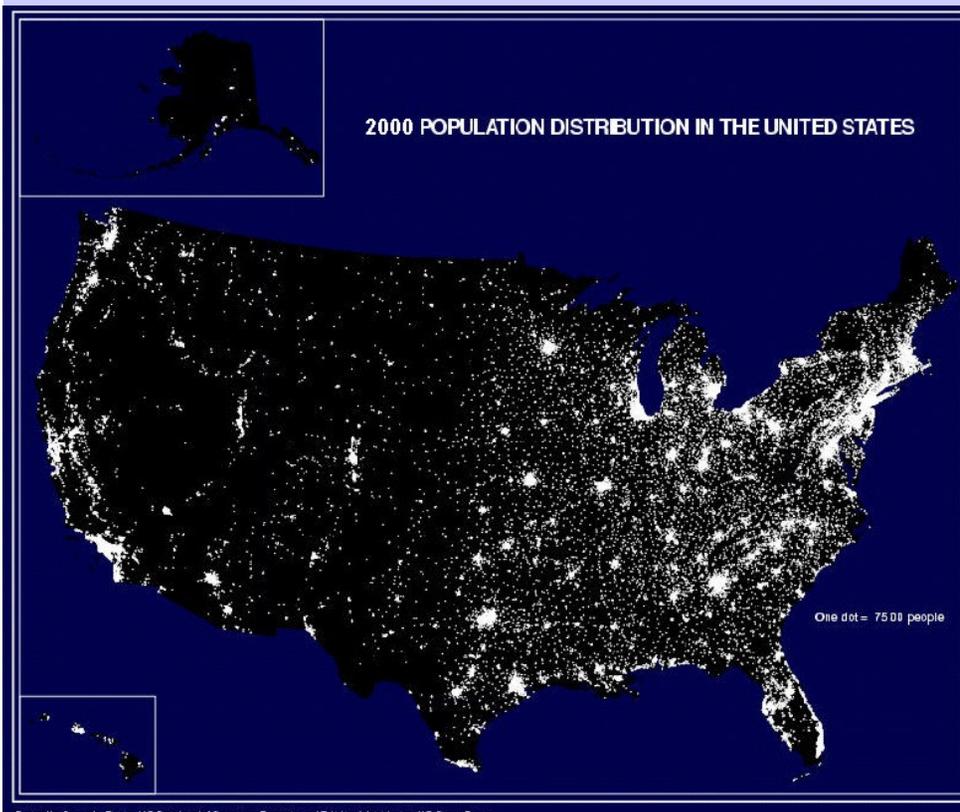
What will the Chinese do to keep their economy growing?

Baltic Dry Index

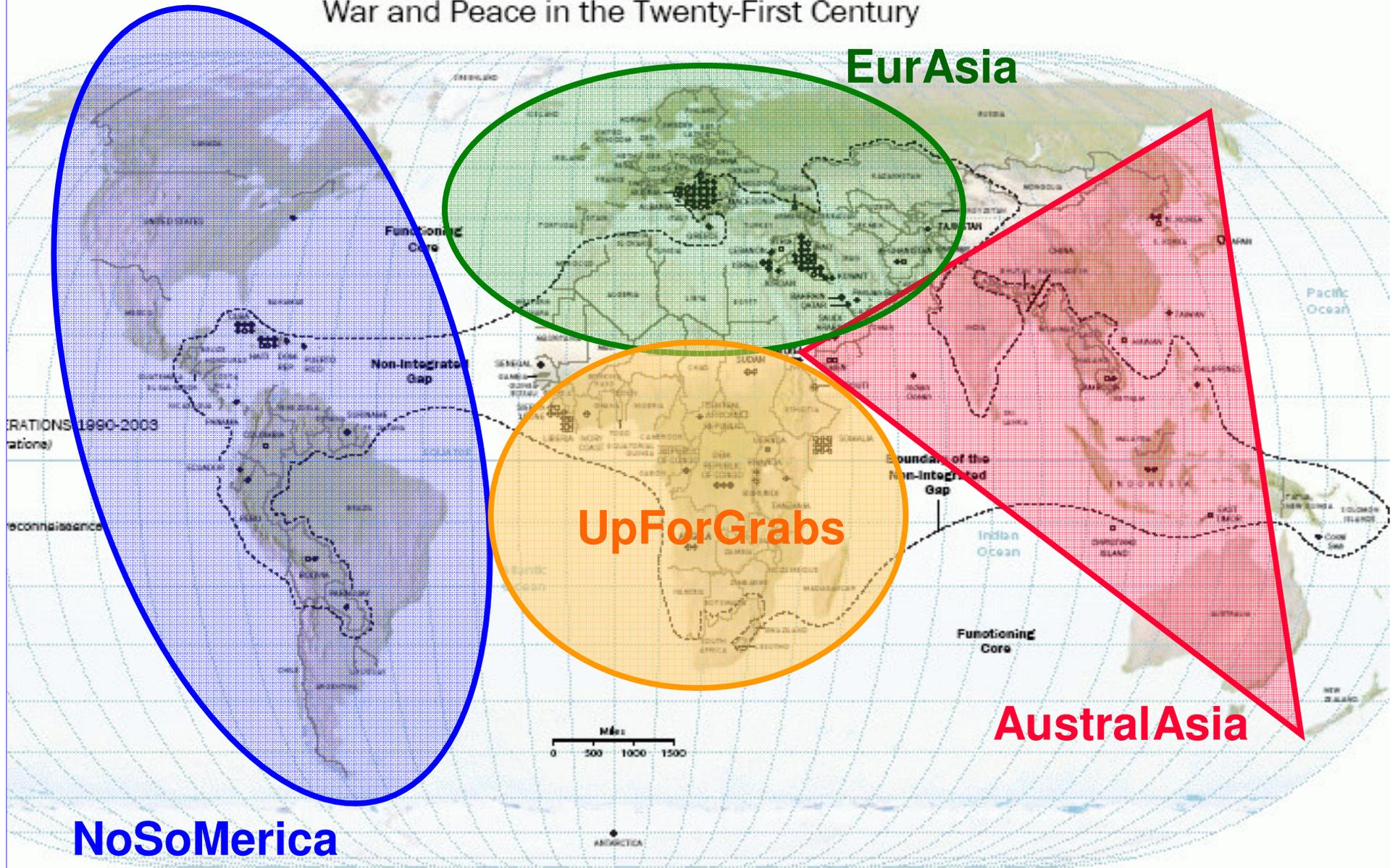


China's Solution

- Extend infrastructure into the hinterland to boost its domestic economy, reduce dependency on exports, and defuse the social tension between the coastal “haves” and the inland “have nots” – cost = \$585 billion
- Develop “clean” energy and transportation infrastructure so that China can enjoy its “manifest destiny” several decades from now.
- Gradually convert its US paper assets into title to hard assets around the world.
- Develop a powerful navy to control shipping lanes in the Australasian Triangle

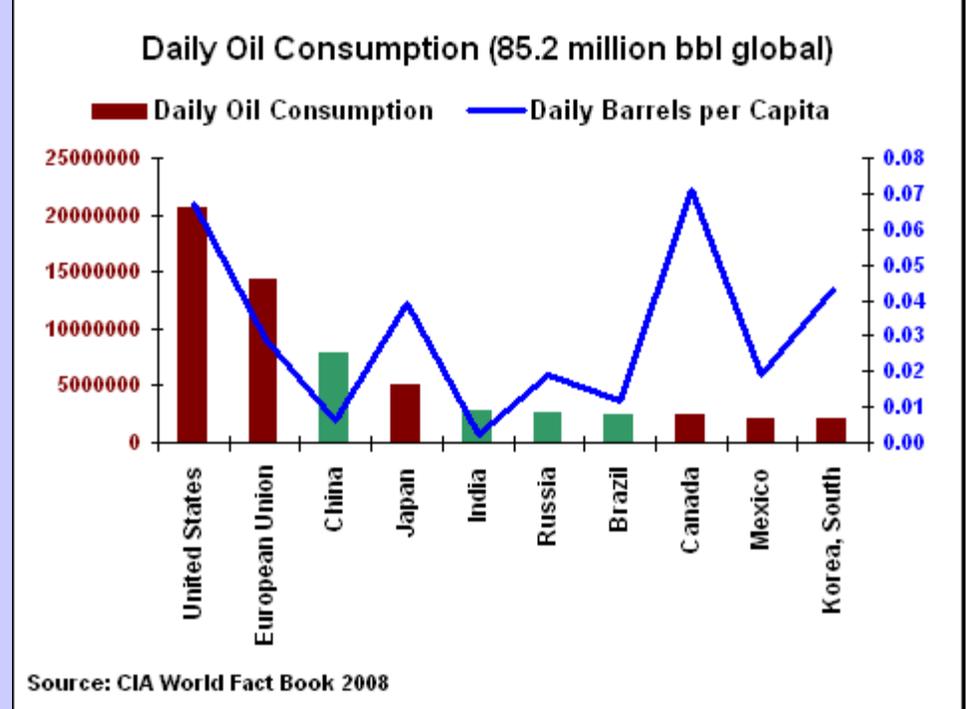
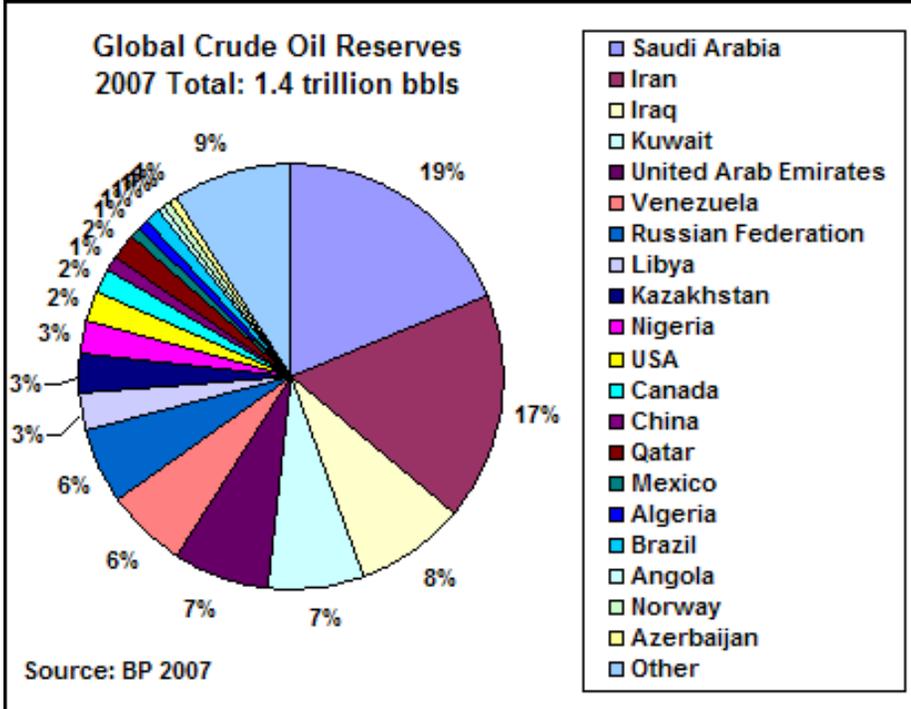
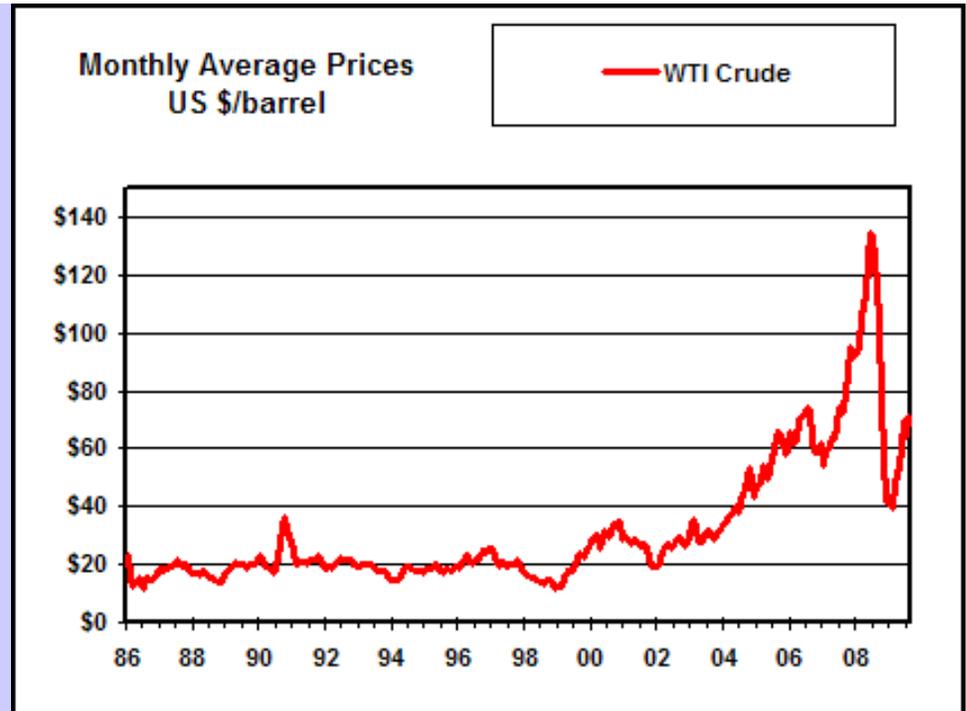
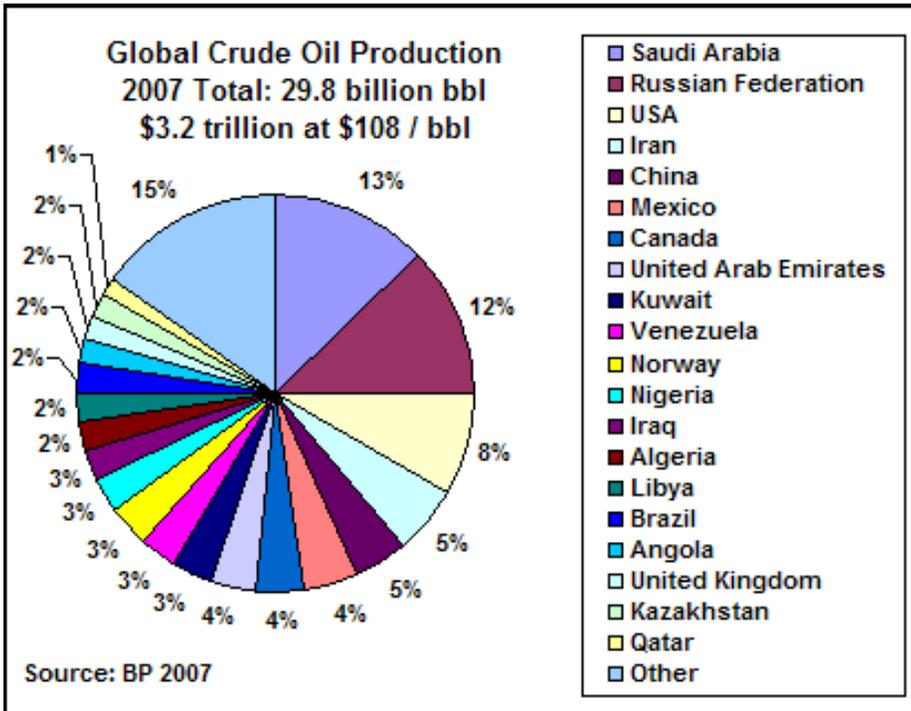


The Pentagon's New Map: War and Peace in the Twenty-First Century



Response data source: U.S. Military Services via
Dr. Henry Gaffey Jr. / The CNA Corporation

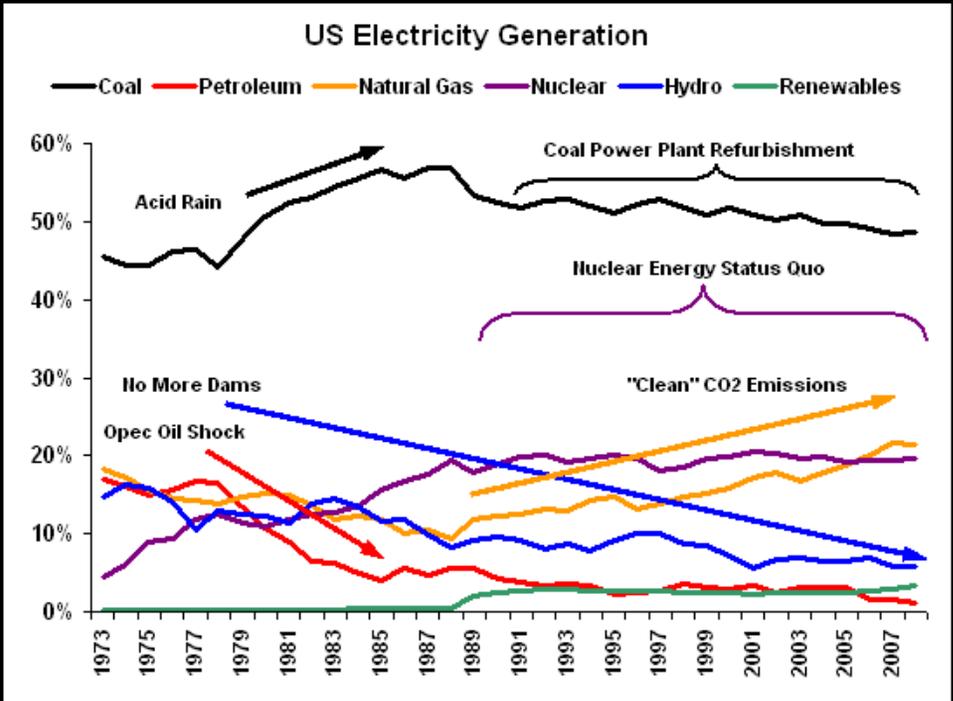
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America's Solution: Transformative Infrastructure Renewal

- Footprint Consciousness as a response to the end of debt fueled consumption
- Repatriation of manufacturing through green protectionism – carbon trading
- Indebting future generations by creating legacy rather than looting for the benefit of boomers
- R&D boom in materials science and process engineering
- “Infrastructural” consumption by buying efficient, durable and lower impact goods while shunning “disposable” consumption

American Society of Civil Engineers estimates \$1.6 trillion needed over next 5 years just for infrastructure maintenance!



Footprint Consciousness & the Green Economy

Footprint Reduction Strategies

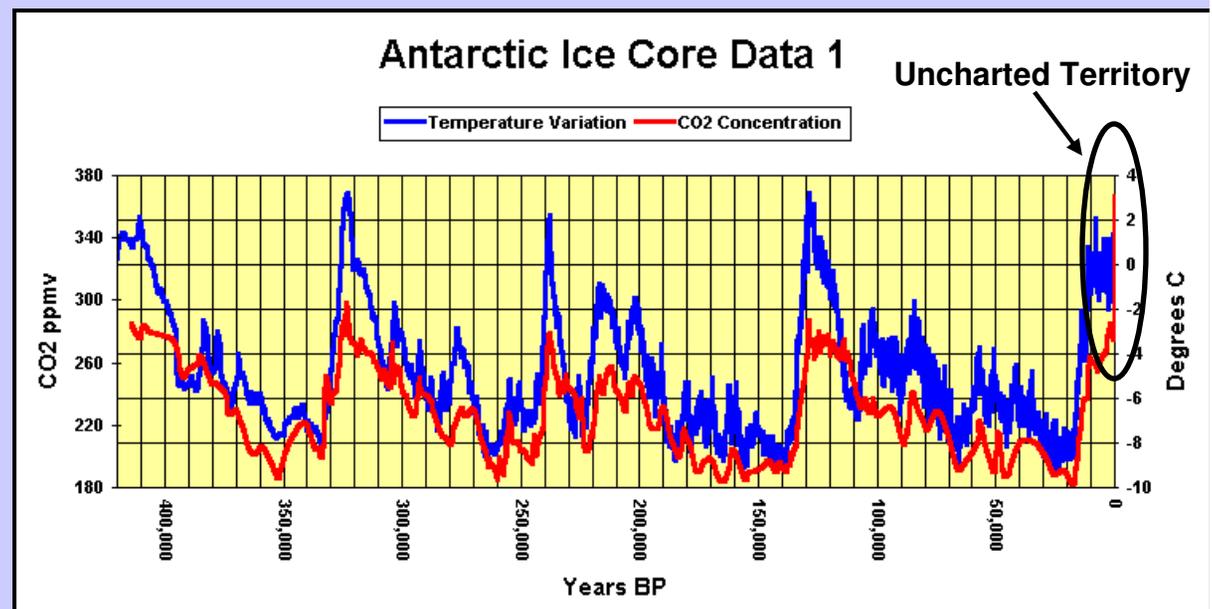
- Reduce
- Re-Use
- Repair
- Renewables
- Recycle
- Rethink
- Relearn

Changing Me into Us

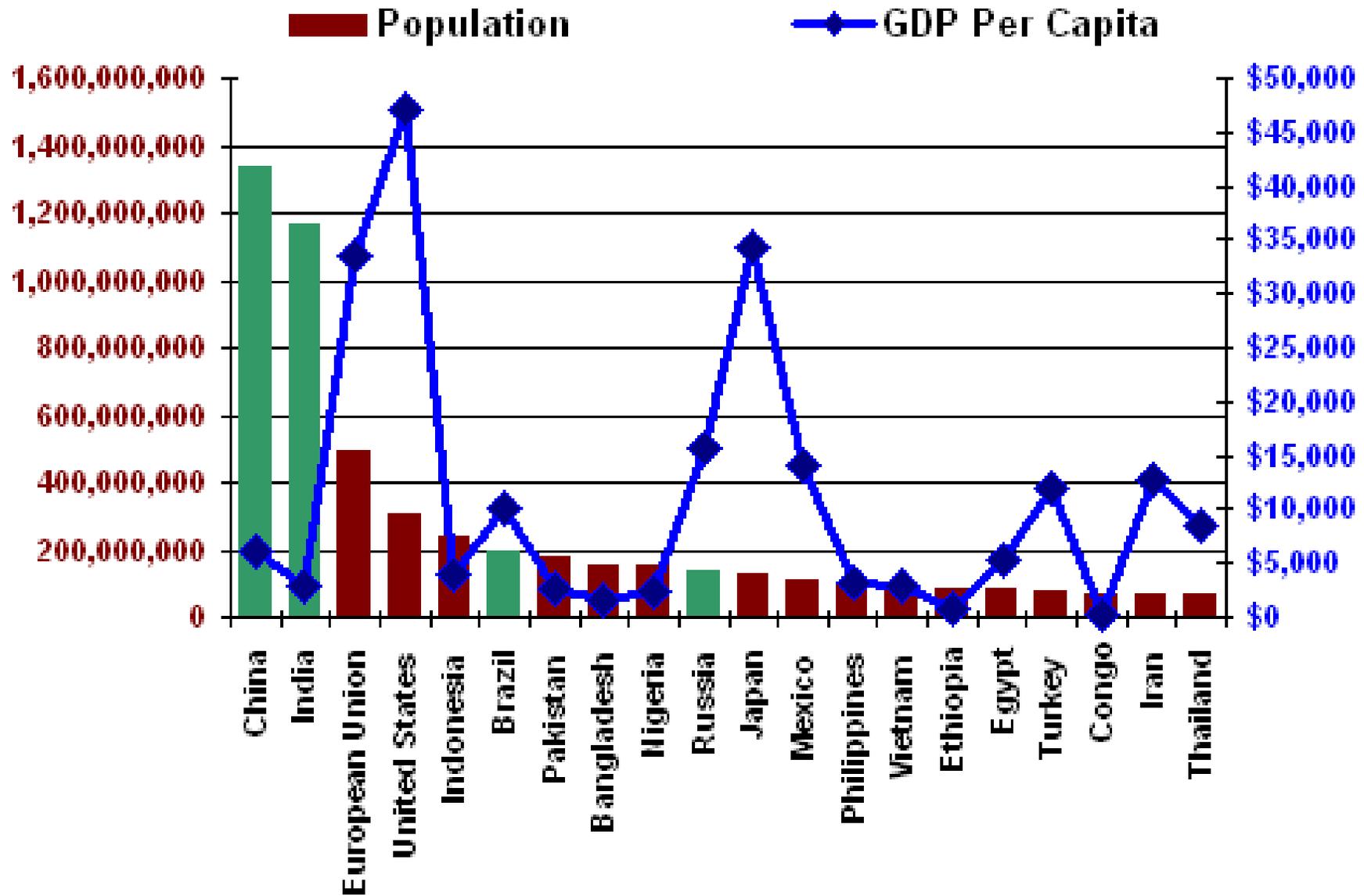
- Net Giver
- Zero Summer
- Net Taker

Footprint Transformation Strategies

- Quality over quantity
- Durability
- Efficiency



Population

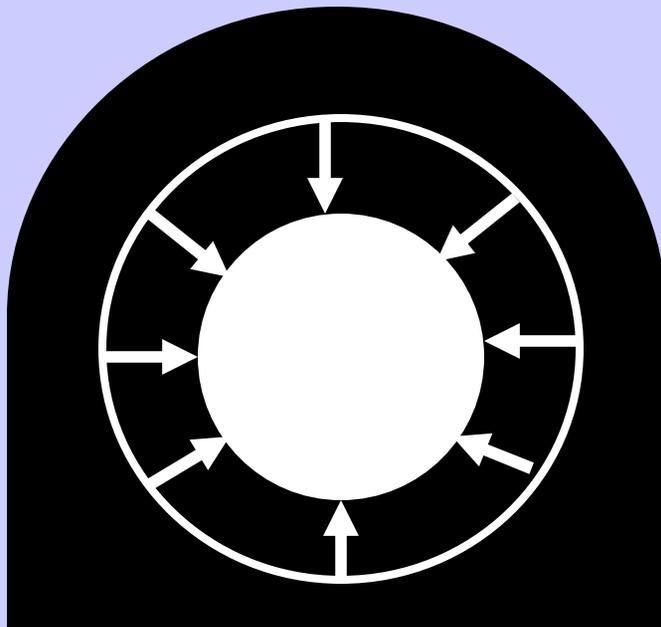


Source: CIA World Fact Book 2008

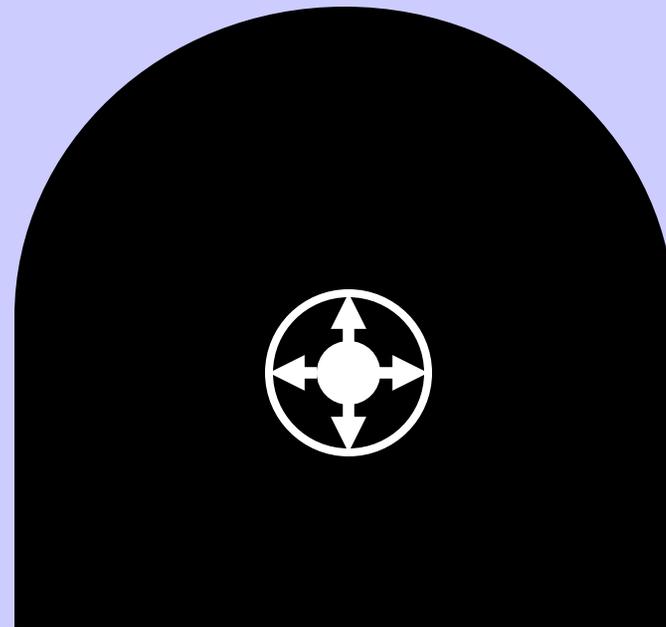
A Matter of Perspective

Is your standard of living shrinking or growing?

Is your footprint growing or shrinking?



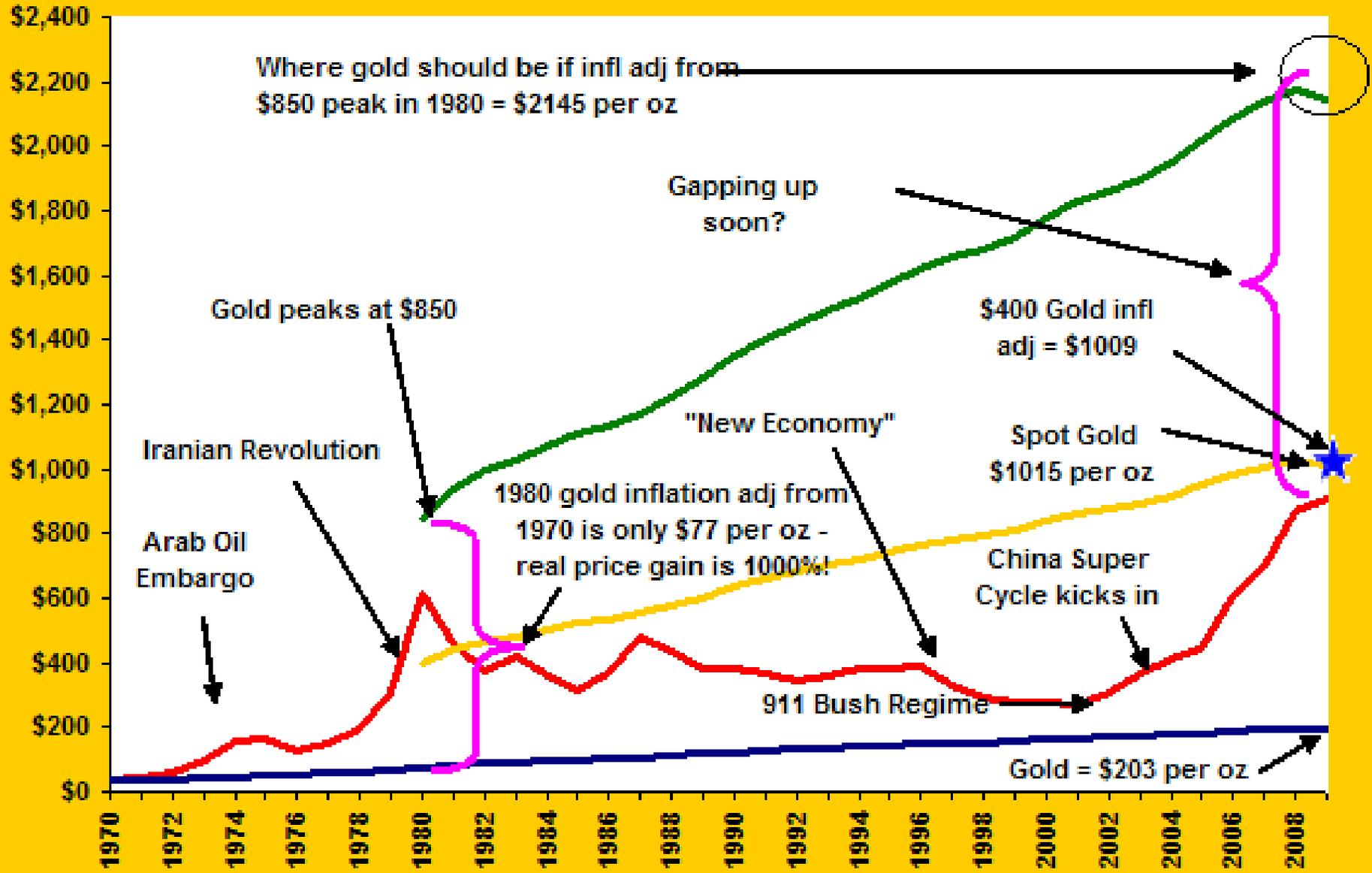
1 Billion OECD



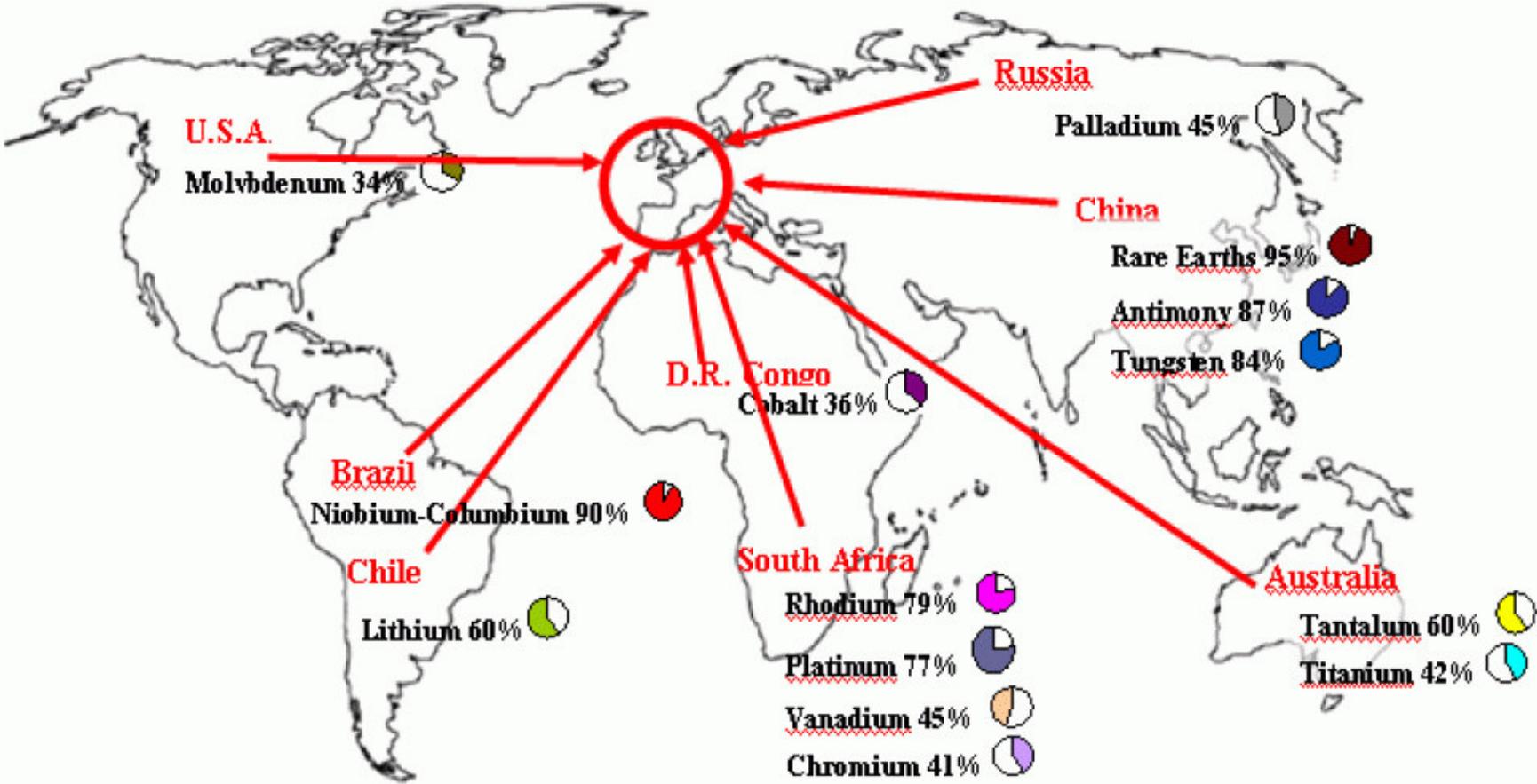
3 Billion BRIC

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

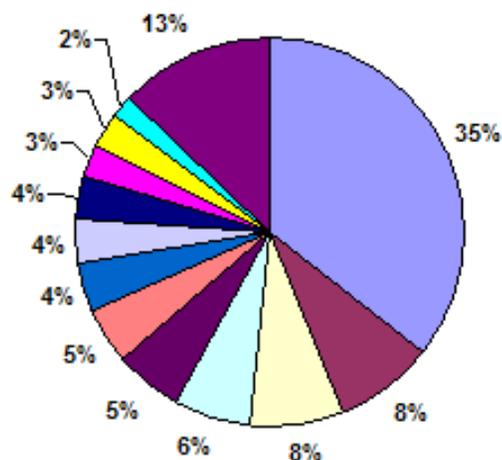


Security of Supply for Critical Materials is becoming an issue for Europe, Japan and the United States as China moves to secure its own needs.



Source: EC Commission – The Raw Materials Initiative

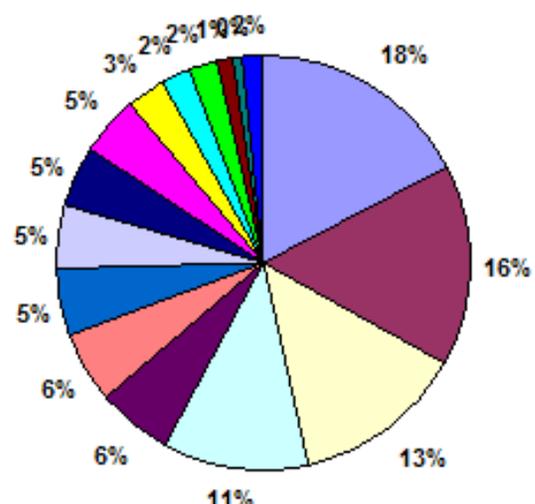
Global Copper Production
2008e Total: 35 billion lbs
\$70 billion at \$2.00 / lb



Source: USGS 2009

- Chile
- United States
- Peru
- China
- Australia
- Russia
- Indonesia
- Canada
- Zambia
- Kazakhstan
- Poland
- Mexico
- Others

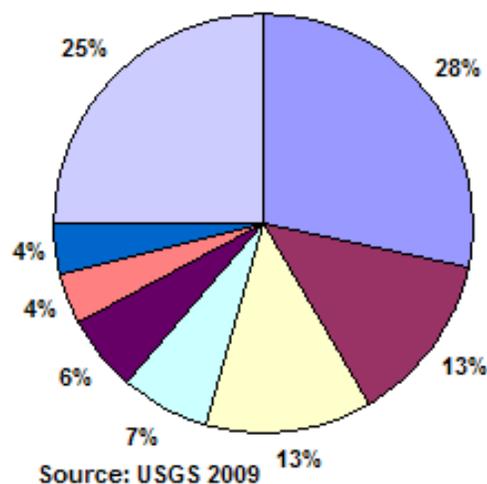
Global Nickel Production
2008e Total: 3.5 billion lbs
\$21 billion at \$6.00 / lb



Source: USGS 2009

- Russia
- Canada
- Indonesia
- Australia
- New Caledonia
- Philippines
- China
- Cuba
- Brazil
- Colombia
- Dominican Republic
- South Africa
- Botswana
- Venezuela
- Zimbabwe
- Others

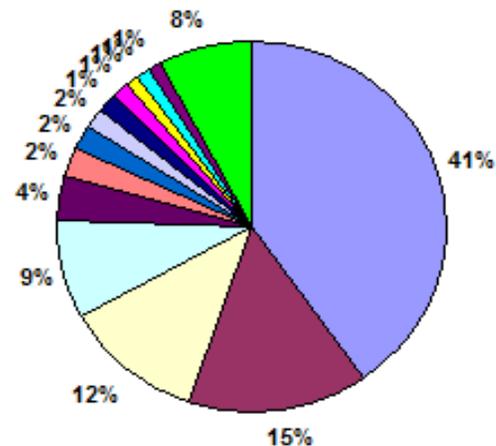
Global Zinc Production
2008 Total: 25 billion lbs
\$16 billion at \$0.65 / lb



Source: USGS 2009

- China
- Australia
- Peru
- United States
- Canada
- Mexico
- Kazakhstan
- Others

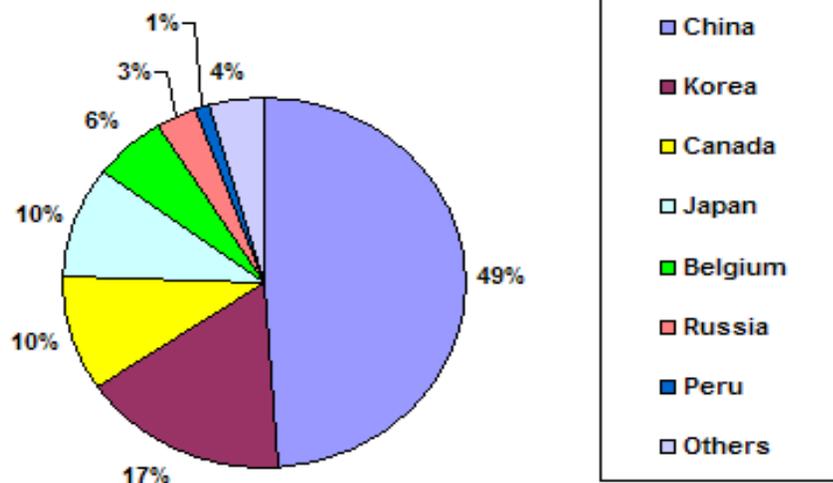
Global Lead Production
2008e Total: 8.4 billion lbs
\$5.5 billion at \$0.65 / lb



Source: USGS 2009

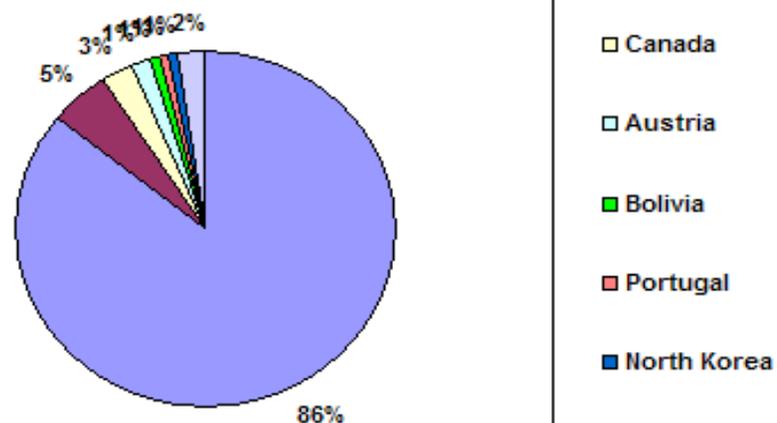
- China
- Australia
- United States
- Peru
- Mexico
- Canada
- India
- Sweden
- Ireland
- Poland
- South Africa
- Kazakhstan
- Morocco
- Others

Global Indium Refinery Production
 2007 Total: 1.1 million lbs
 \$275 million at \$250 / lb



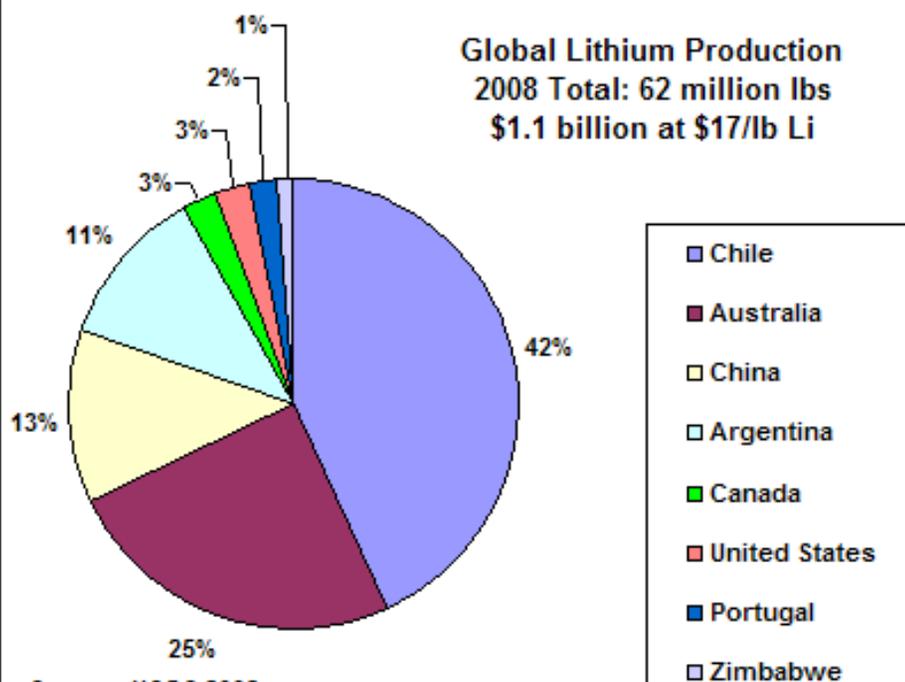
Source: USGS 2007

Global Tungsten Production
 2007e Total: 197 million lbs
 \$3.3 billion at \$17 / lb



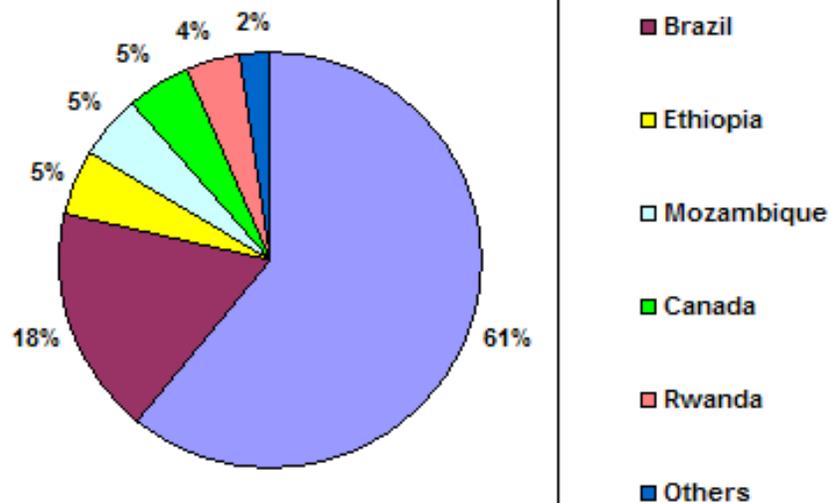
Source: USGS 2007

Global Lithium Production
 2008 Total: 62 million lbs
 \$1.1 billion at \$17/lb Li



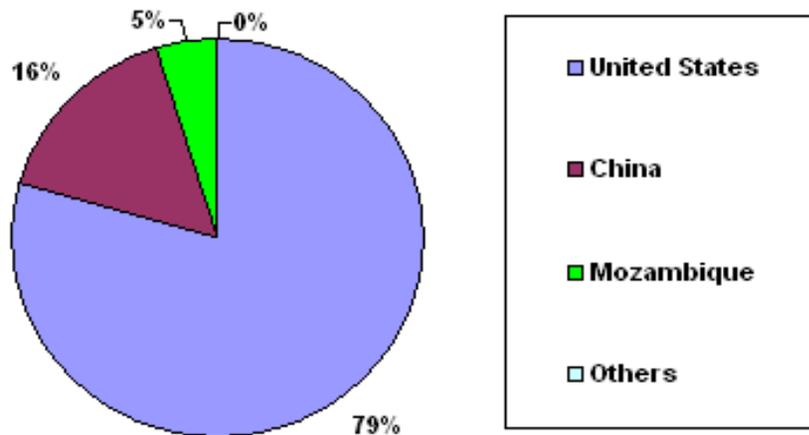
Source: USGS 2008e

Global Tantalum Production
 2007 Total: 3.1 million lbs
 \$120 million at \$40 / lb



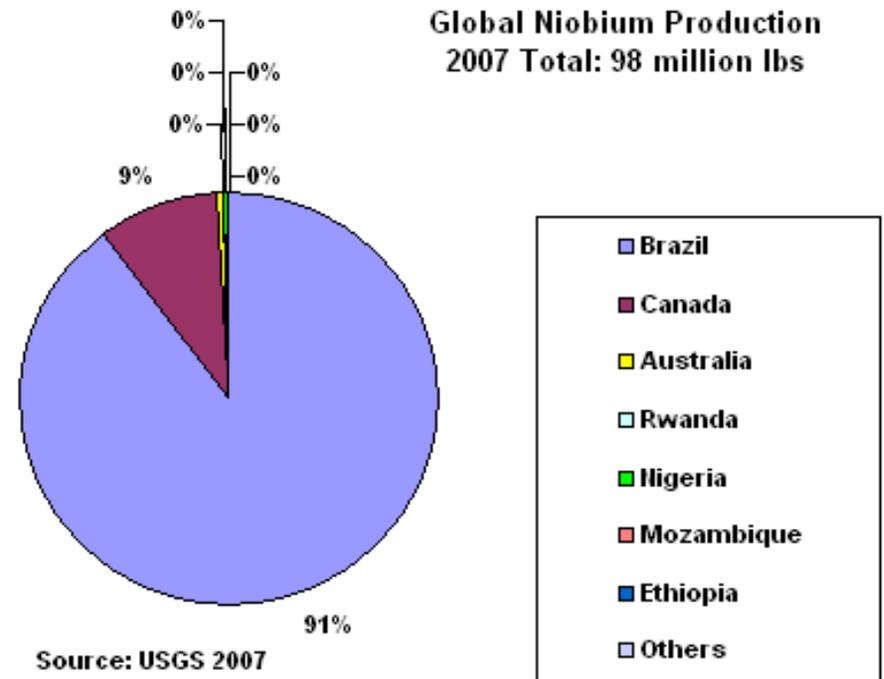
Source: USGS 2007

Global Beryllium Production
2007e Total: 278,000 lbs



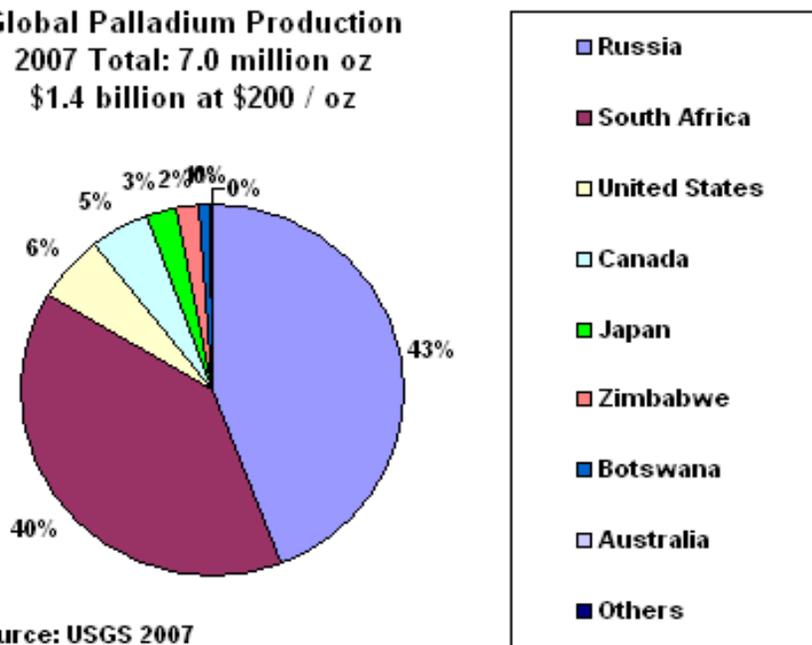
Source: USGS 2008

Global Niobium Production
2007 Total: 98 million lbs



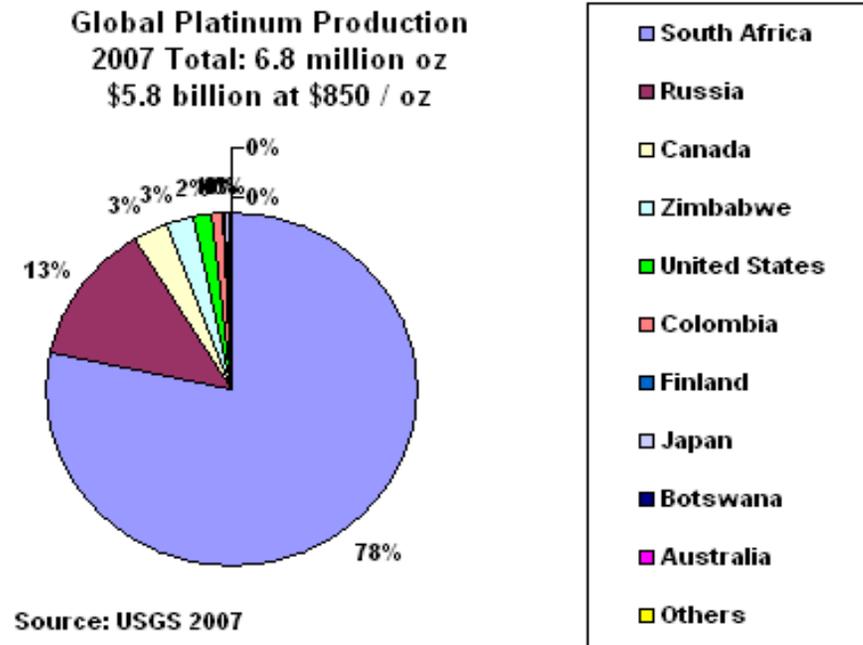
Source: USGS 2007

Global Palladium Production
2007 Total: 7.0 million oz
\$1.4 billion at \$200 / oz



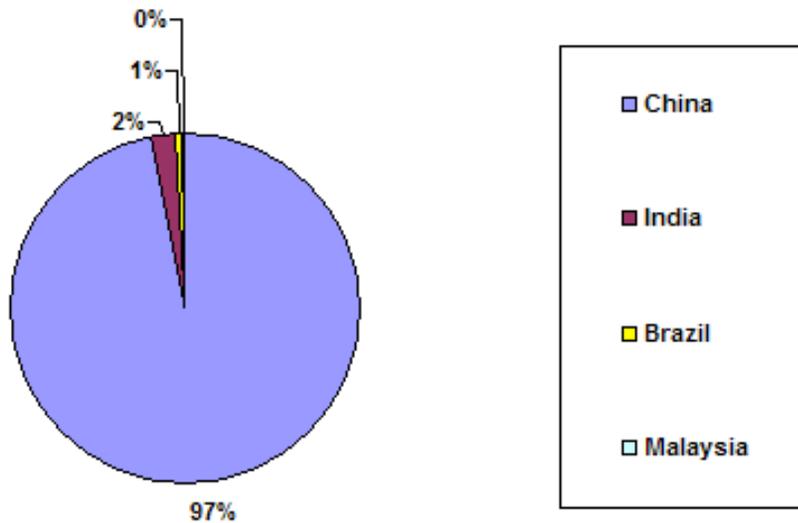
Source: USGS 2007

Global Platinum Production
2007 Total: 6.8 million oz
\$5.8 billion at \$850 / oz



Source: USGS 2007

Global Rare Earth Oxide Production
2008e Total: 273 million lbs

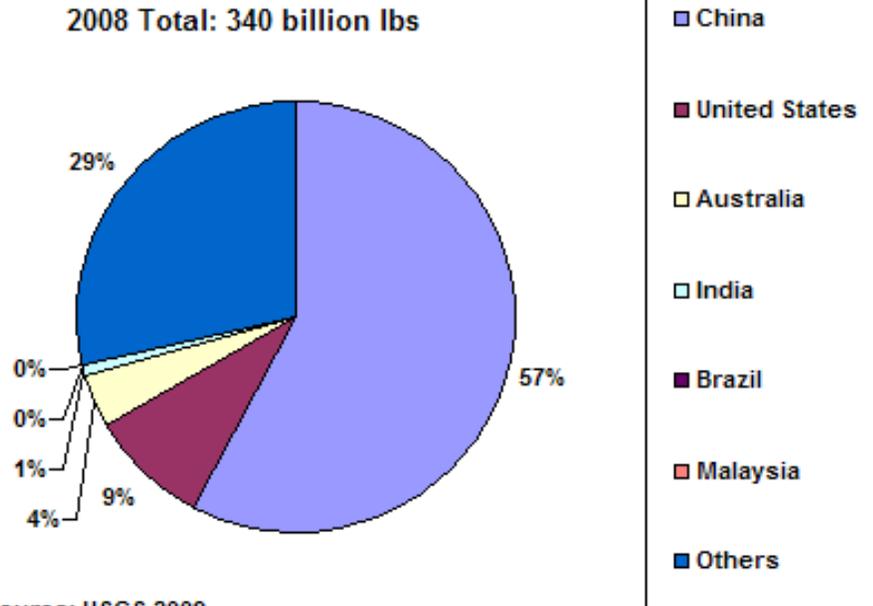


Source: USGS 2009

Rare Earth Mania:

Is it the key to the beginning of a new boom in materials science based innovation?

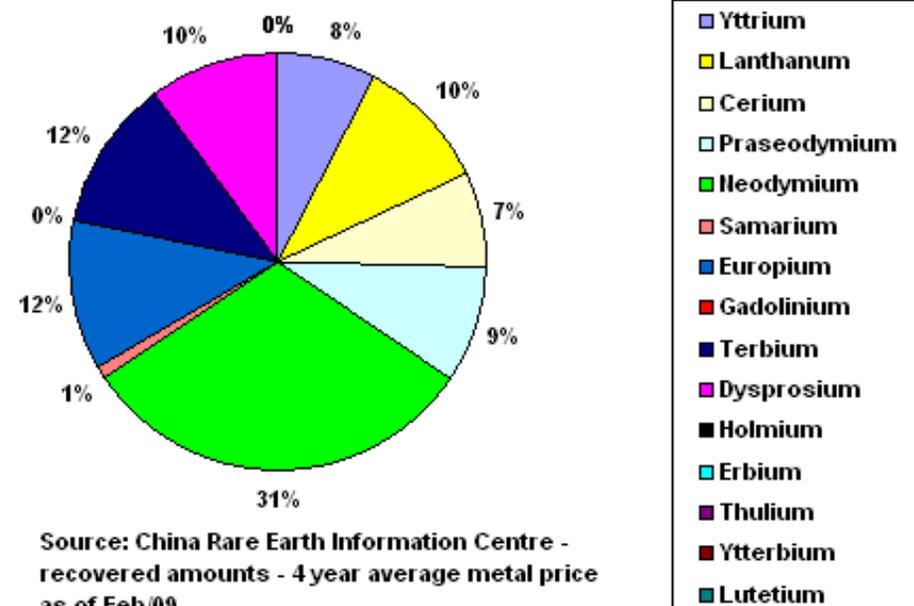
Global Rare Earth Resource
2008 Total: 340 billion lbs



Source: USGS 2009



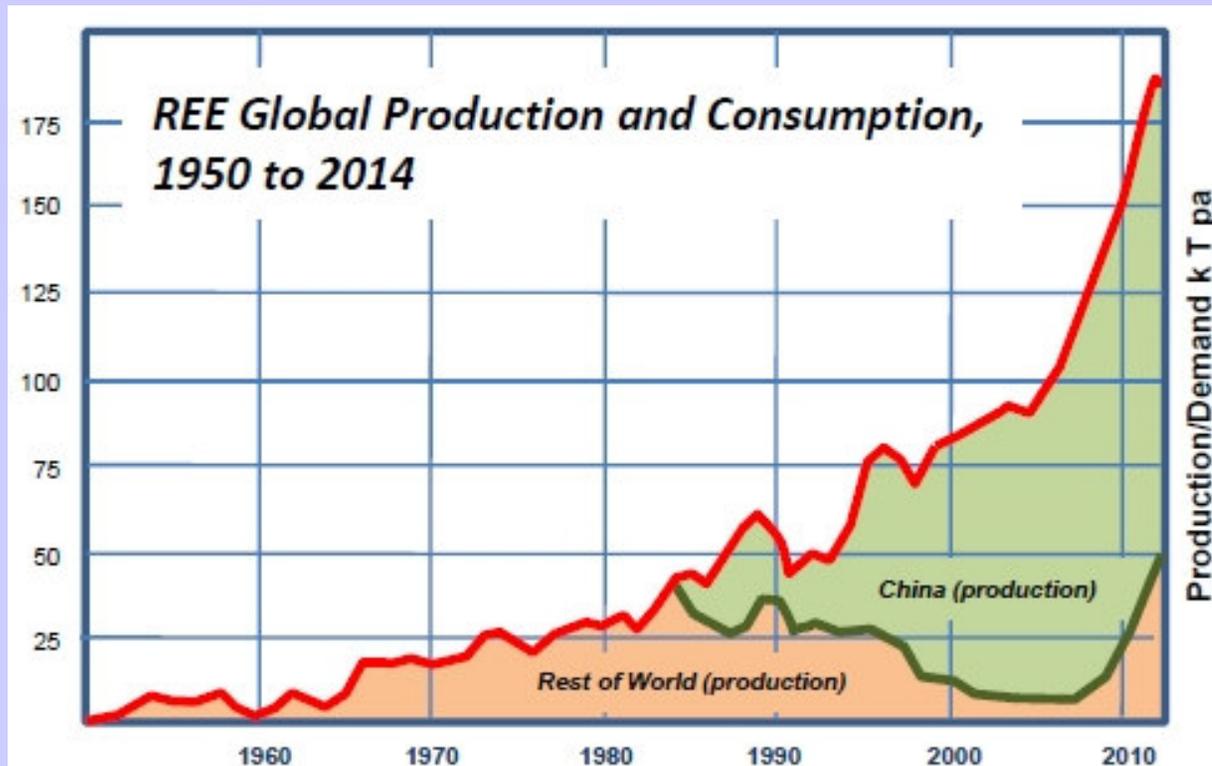
REO 2005 Production Value - \$1.02 billion



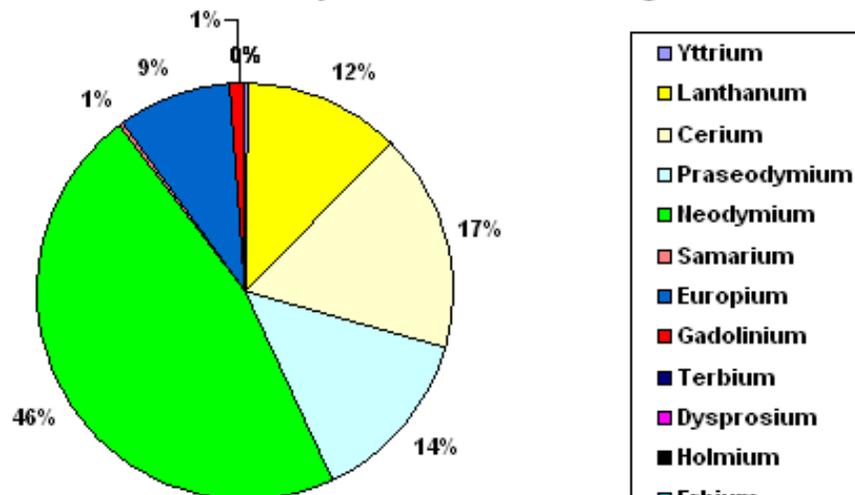
Source: China Rare Earth Information Centre -
recovered amounts - 4 year average metal price
as of Feb/09

Solving the Chicken & the Egg Problem

- Electric cars and windmills – neodymium, dysprosium, terbium – not enough existing supply to justify large scale commercialization
- Metallurgy – cracking the minerals to get the metals out on a cost effective basis
- Significant investment in process R&D required
- Significant growth potential in developing downstream capacity
- \$1-2 billion current market can expand to \$10-20 billion in 10 years

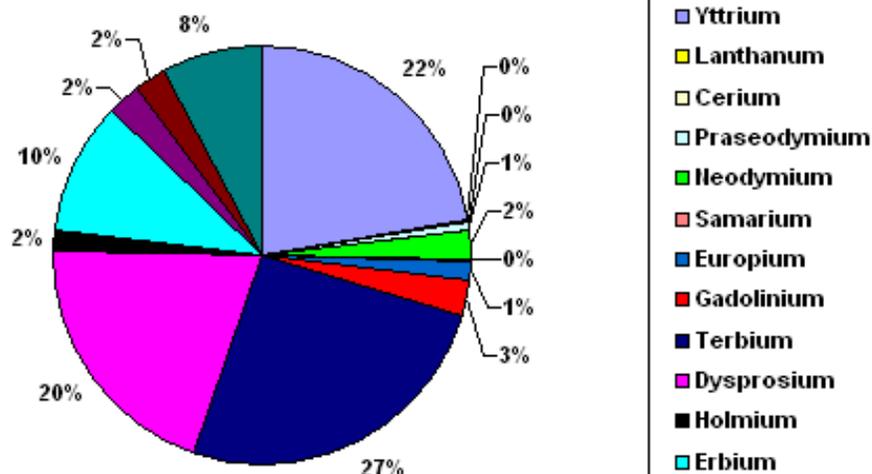


Baiyun Obo - Inner Mongolia REE \$/t



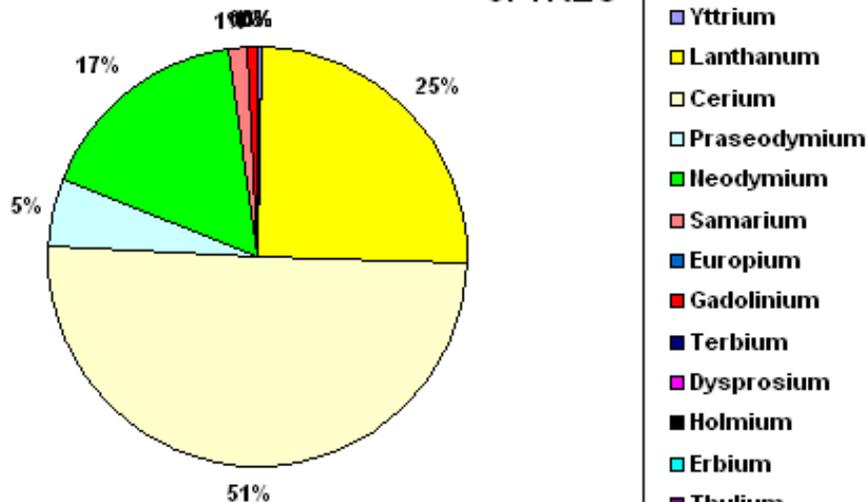
US \$362/t rock value at 100% recovery, 4 year average metal price as of Feb/09, 5% TREO, 1.1% H/T, iron mine byproduct

Longnan - Ion Adsorption Clay REE \$/t



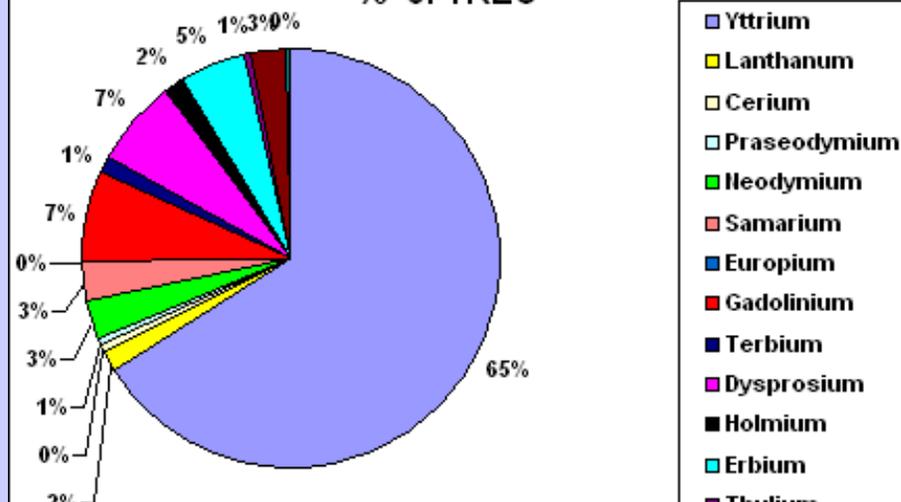
US \$257/t rock value at 100% recovery, 4 year average metal price as of Feb/09, 1% TREO, 91% H/T, in situ leaching

Baiyun Obo - Inner Mongolia Distribution % of TREO



US \$362/t rock value at 100% recovery, 4 year average metal price as of Feb/09, 5% TREO, 1.1% H/T, iron mine byproduct

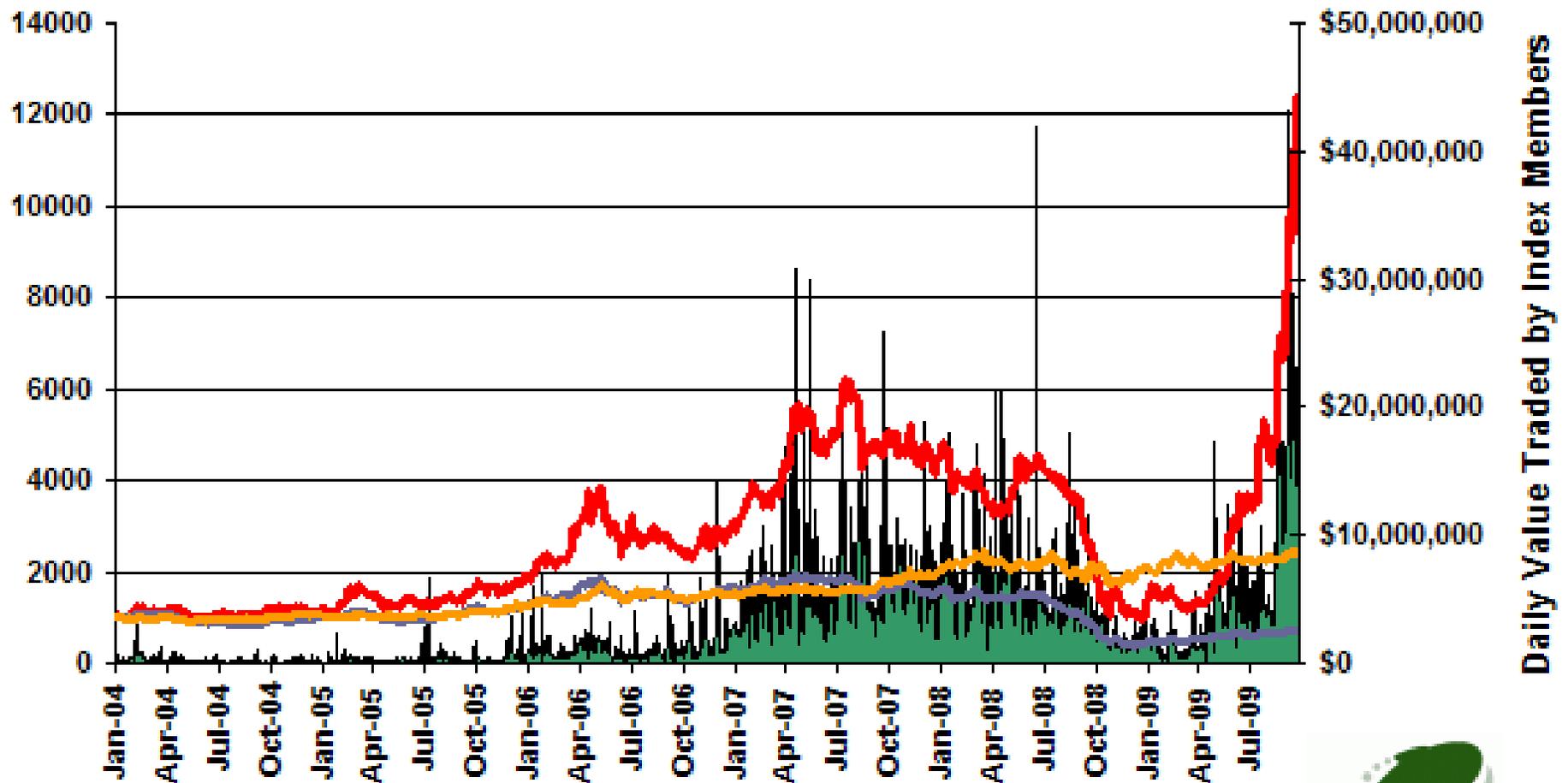
Longnan - Ion Adsorption Clay Distribution % of TREO



US \$257/t rock value at 100% recovery, 4 year average metal price as of Feb/09, 1% TREO, 91% H/T, in situ leaching

KBFO Rare Earth Index

September 25, 2009



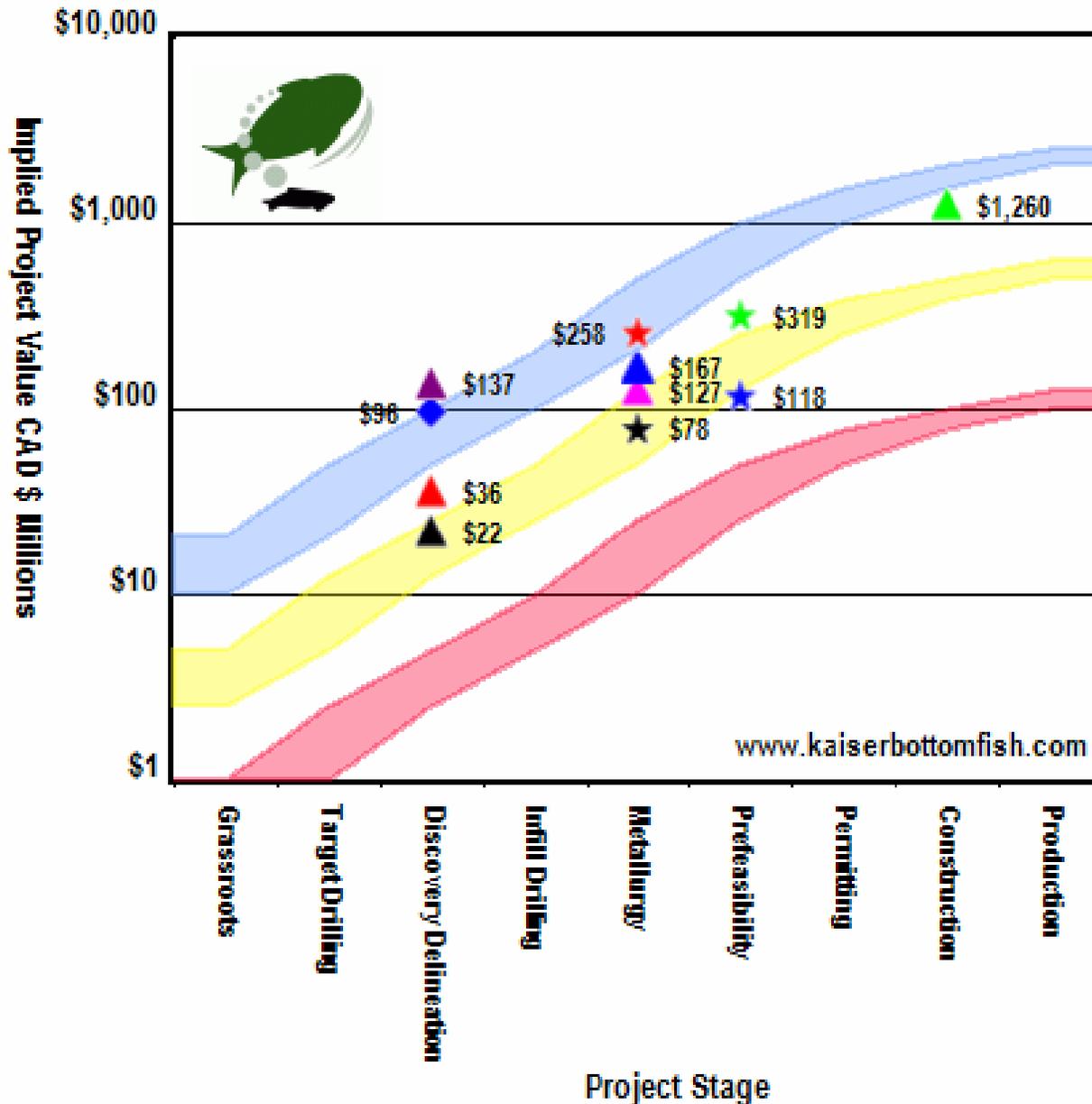
- Daily Value Traded by Index Members
- Gold \$415.20/oz normalized to 1000 on Jan 2, 2004
- TSXV Index Normalized to 1000 on Jan 2, 2004
- Rare Earth Index - 1000 on Jan 2, 2004



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Rare Earth Index Project Valuations

Friday, September 25, 2009



Dream Target Channels

- \$100 million Dream Target
- \$500 million Dream Target
- \$2 billion Dream Target

Key Company Projects

- ★ Alkane - Dubbo
- ★ Arafura - Nolans Bore
- ★ Avalon - Thor Lake
- ★ Great Western Mnrls - Hoidas Lake
- ▲ Greenland Mnrls - Kvanefjeld
- ▲ Hudson - Sarfartoq Carbonatite
- ▲ Lynas - Mt Weld
- ▲ Matamec - Zeus-Kipawa
- ▲ Quest Uranium - Strange Lake
- ▲ Rare Element - Bear Lodge
- ◆ Ucore - Bokan - Dotson Ridge

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Quest Uranium Corp

5/13/2008 TO 9/25/2009



Issued: 36,834,198

High: \$3.38 on 9/24/2009

Max Volume: 4,257,900 on 7/8/2009

Diluted: 43,438,288

Low: \$0.04 on 2/10/2009

Max Value: \$2,795,636 on 9/16/2009



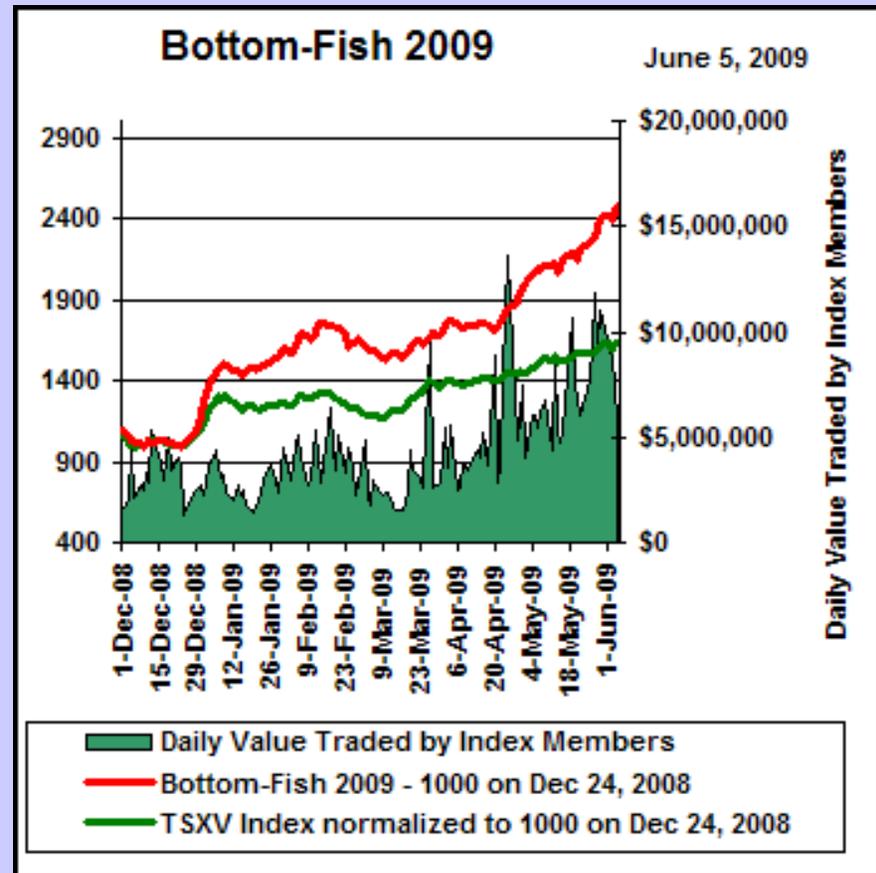
KaiserBottomFish.com

QUC - TSXV - CAD \$3.15

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Kaiser Services

- Kaiser Bottom-Fish Online Membership – US \$250 per quarter or \$800 per year
- One time one month KBFO Trial at \$100



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