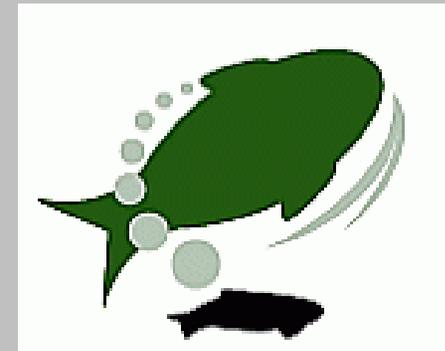


# 2012 Vancouver Resource Investment Conference

Vancouver, Canada

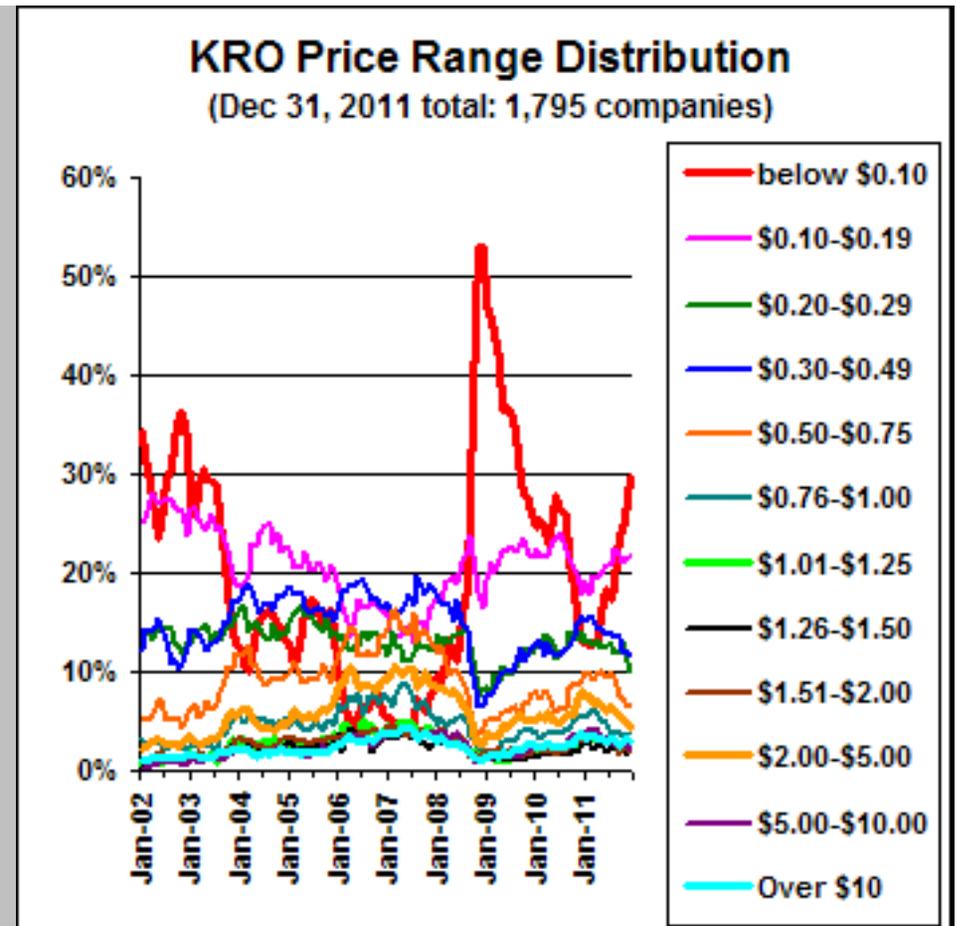
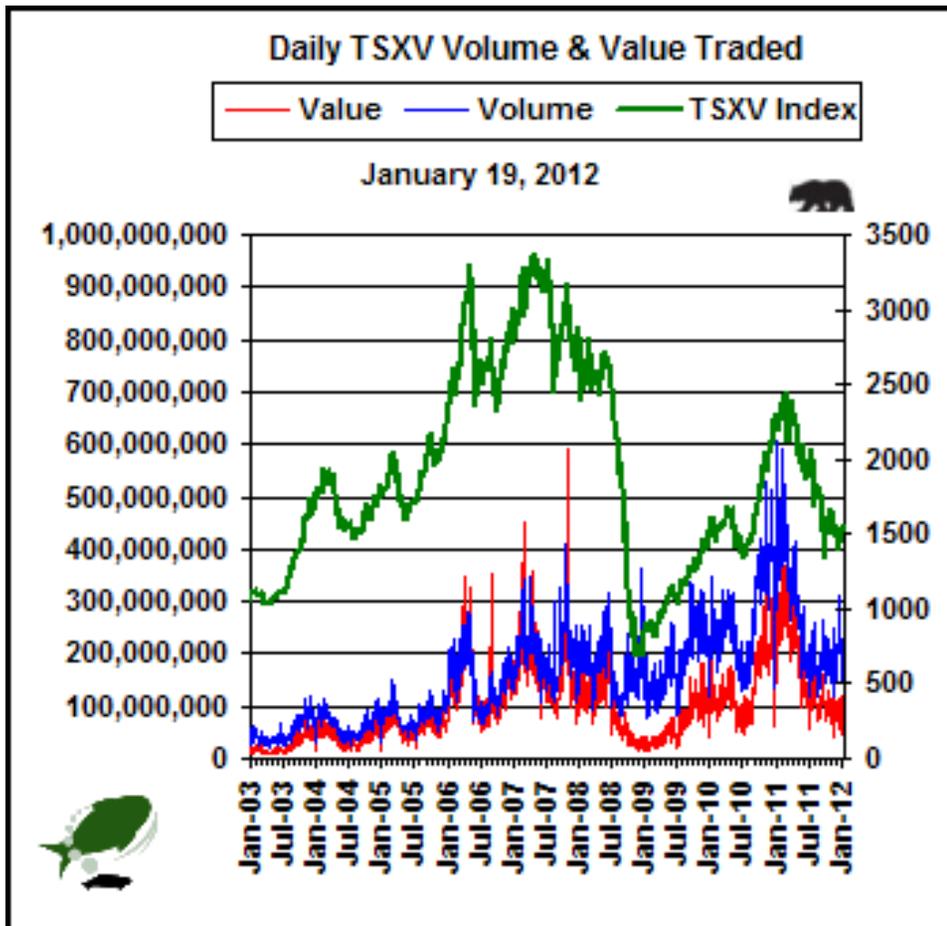
January 22, 2012

Presented by John Kaiser

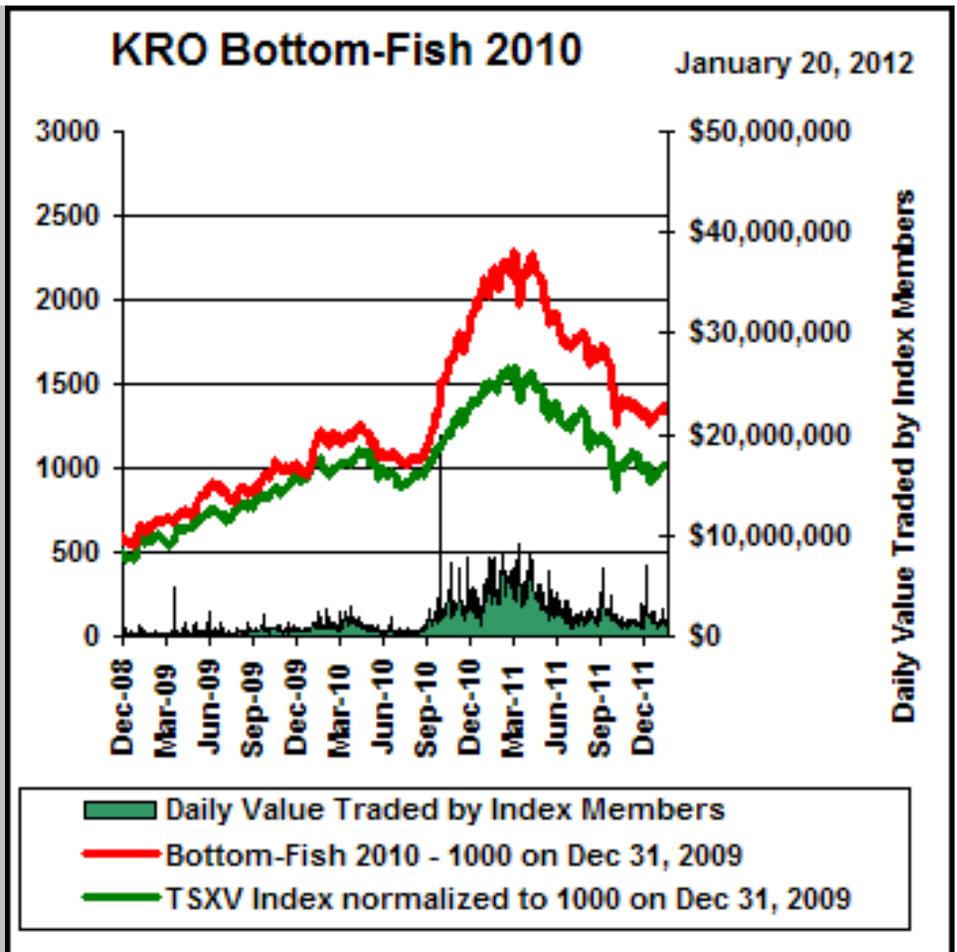
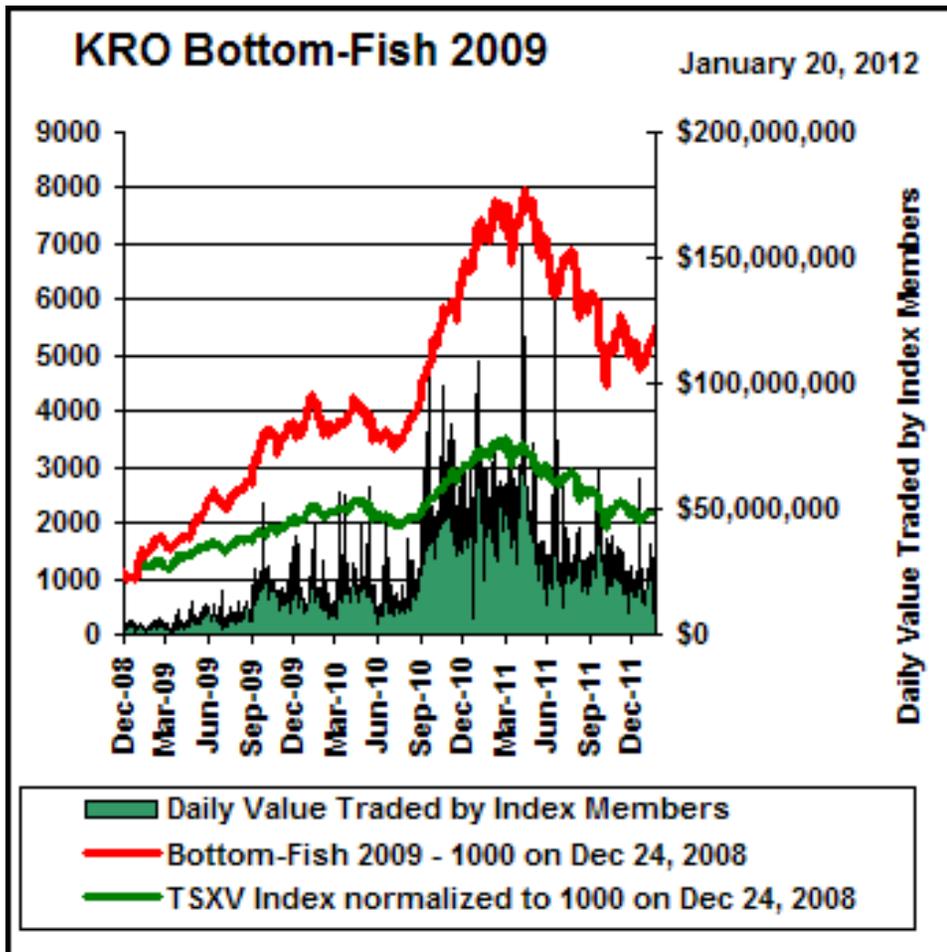


**Keynote: Trends to Fear or Cheer**

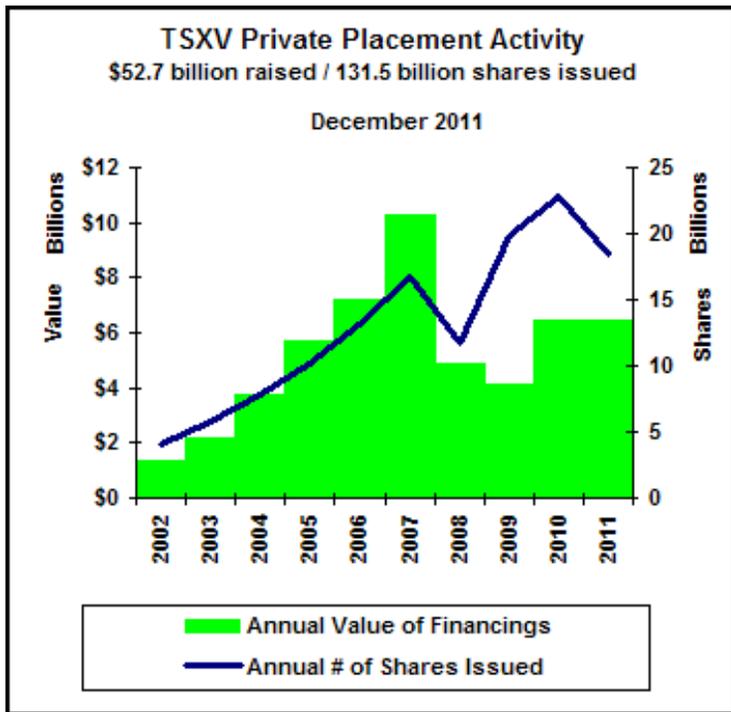
[www.KaiserResearch.com](http://www.KaiserResearch.com)



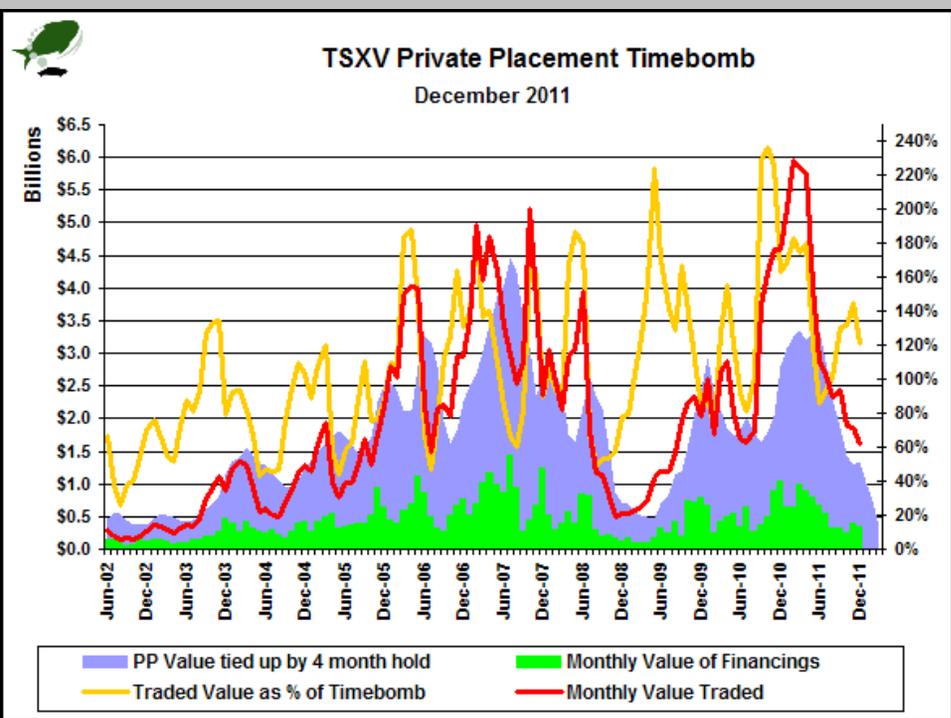
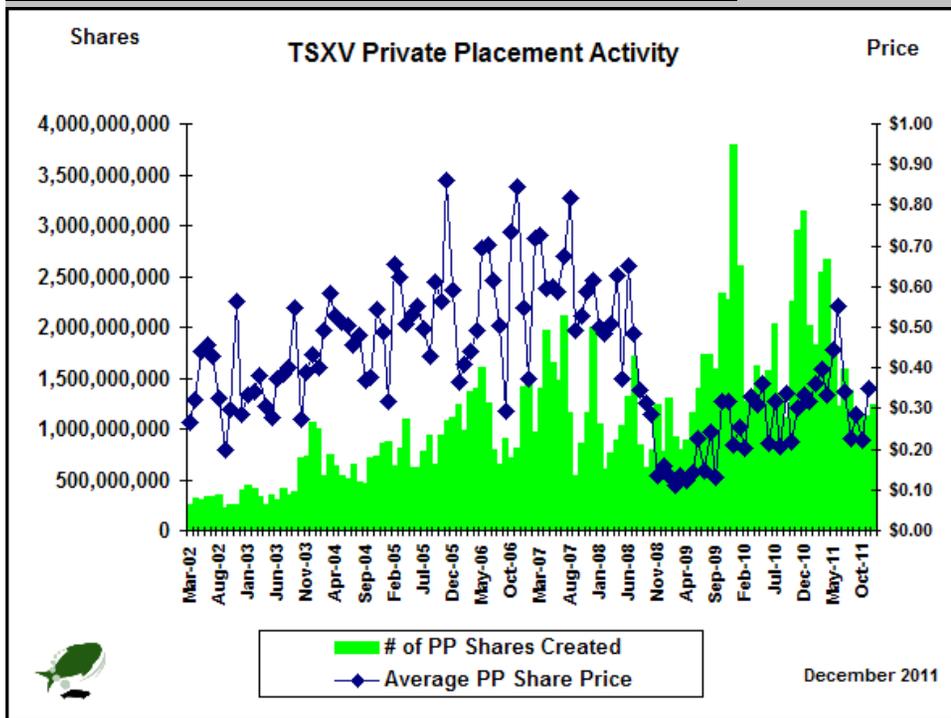
- V-shaped recovery from 2008 Crash with record volume
- Sharp downtrend since Q1 of 2011 with diverging volume-value traded during Q4 of 2011
- Dramatic spike in stocks trading below \$0.10 to 30% of KRO universe – heading back to pre-crash extreme of 52%?



- Exceptional post-crash bottom-fishing window delivered 700% peak gain for first string 2009 edition and 125% for second string 2010 Edition
- Both closed out at the end of 2011 to allow a rethink
- Junior resource sector faces serious structural problems



- Post crash stresses coupled with reluctance to “start over” with a rollback has resulted in a deluge of low priced financings.
- The evaporation of an after-market for resource juniors, despite the long awaited gold bull, calls into question the viability of this sector.

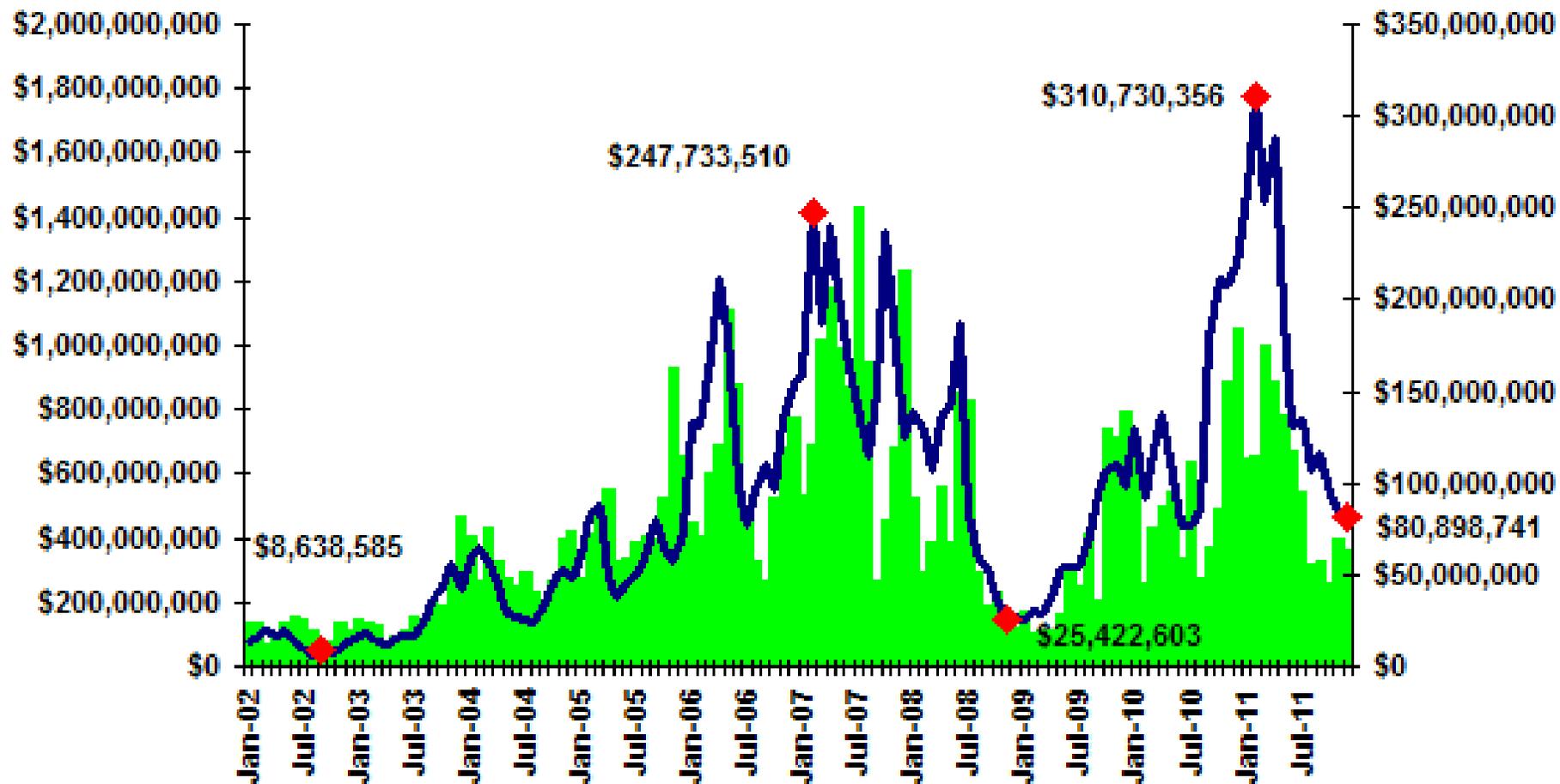


## TSXV Private Placement Activity

**\$52.7 billion raised / \$231 billion traded**

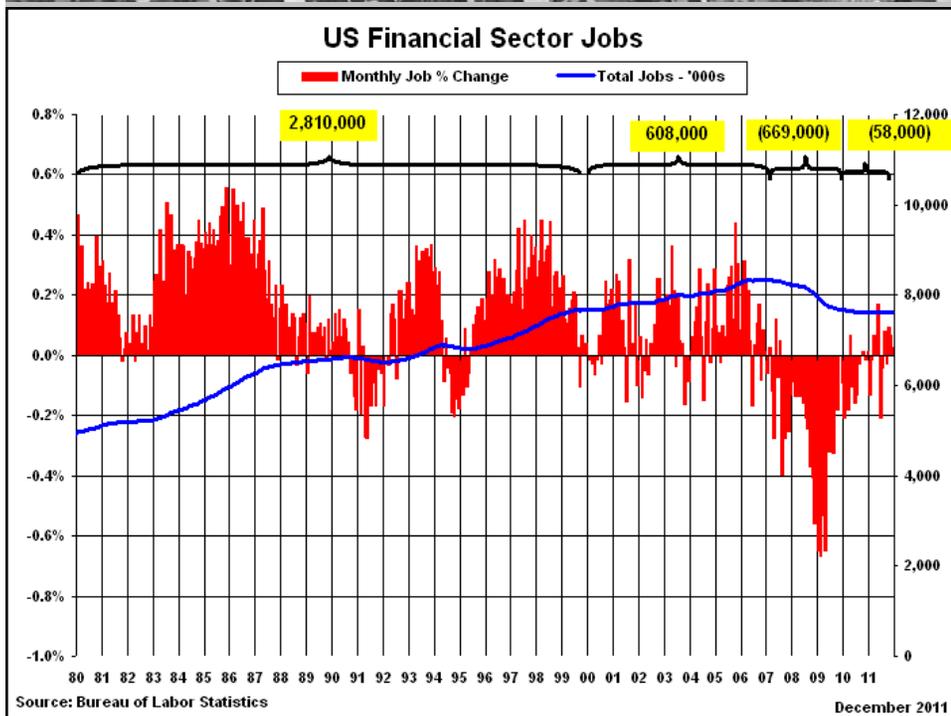
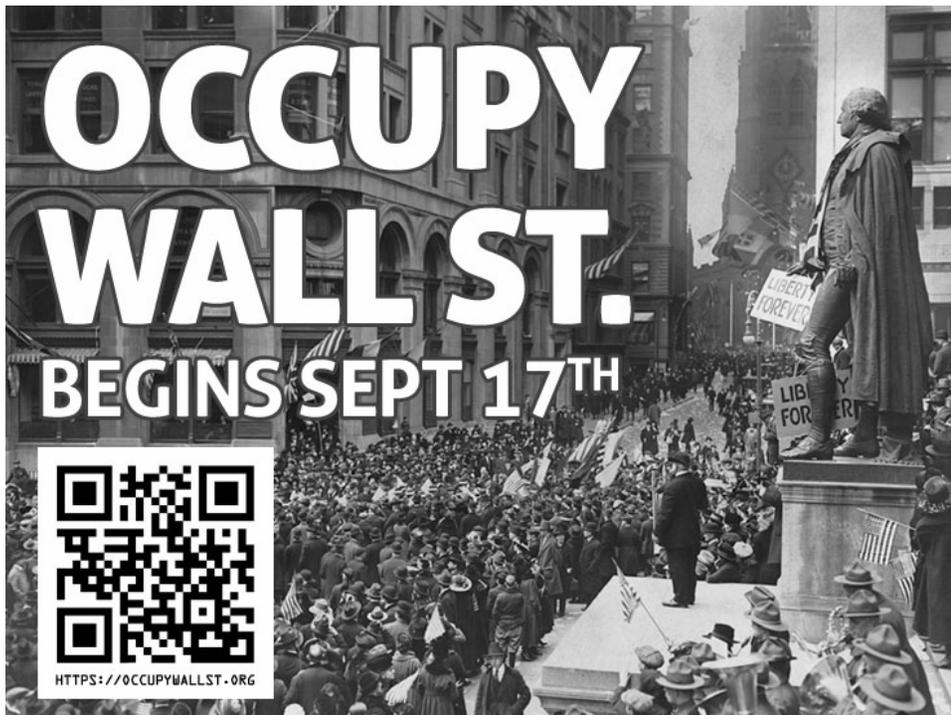
PP Value

Avg Daily Trade Value



█ Monthly Value of Financings  
— Average Daily Value Traded per Month

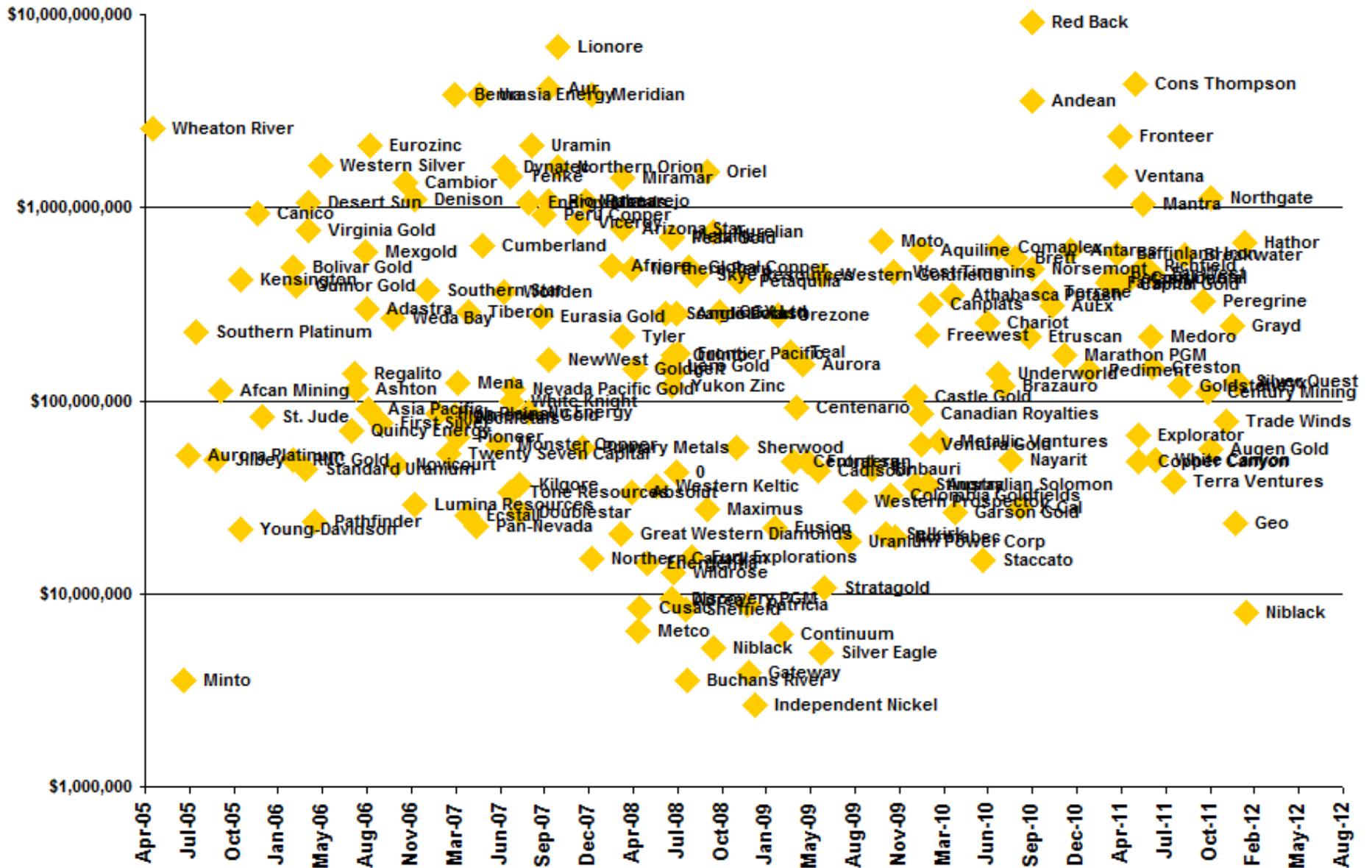
December 2011



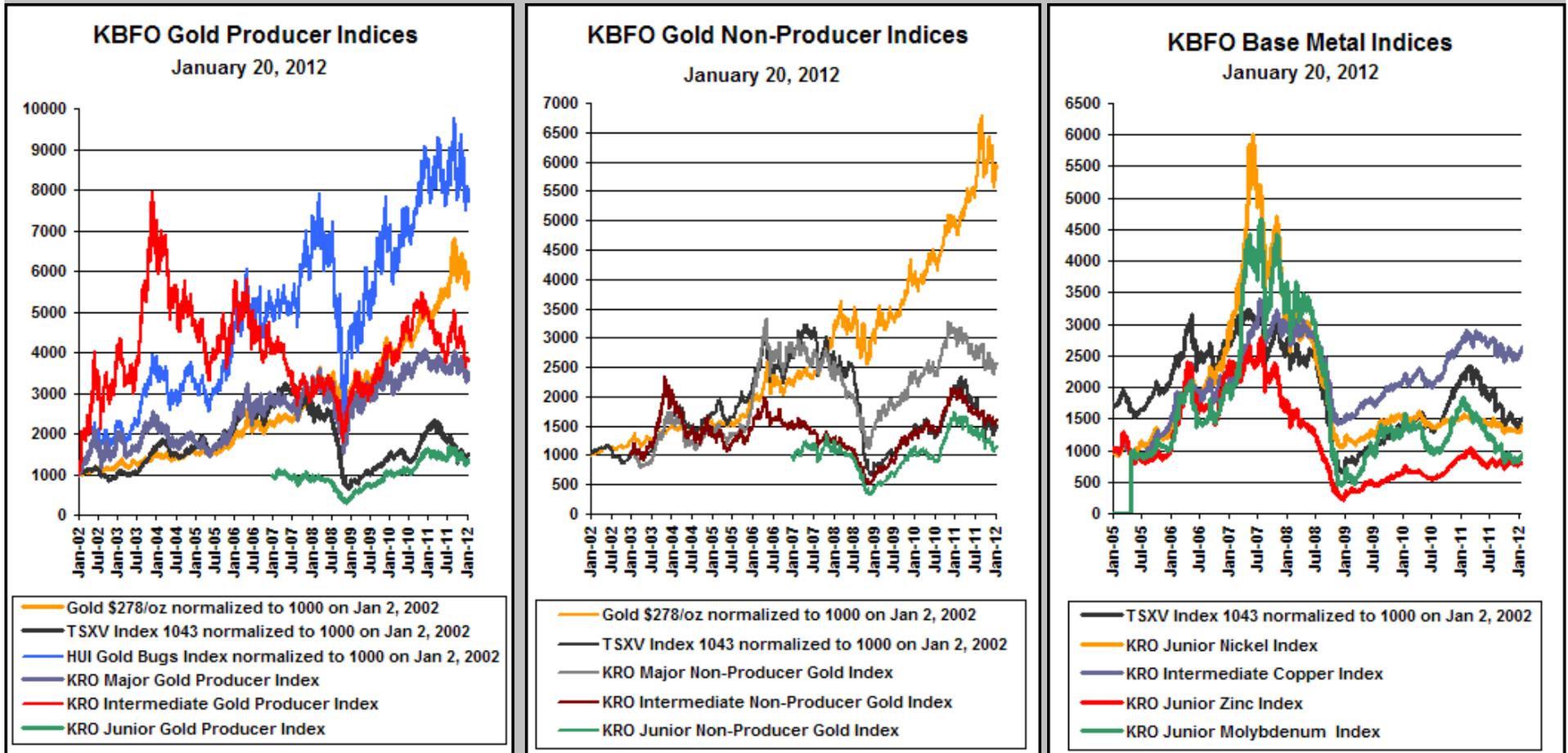
- End of an era for Wall Street
- Backlash against the “heads we win tails you lose” 2% management fee 20% profit participation formula for hedge funds.
- Elimination of up-tick rule for short selling to allow algorithmic and high frequency trading programs to manipulate markets while still complying with the rules.
- Unhealthy focus on proprietary trading using client funds even when segregated (is Jon Corzine the tip of an iceberg?)
- Do dark pools and multiple order execution platforms really enhance liquidity and efficiency?
- A media strategy of manufactured volatility that borrows from the old newsletter model of premium in first regular in last.
- The displacement of fundamentals based buy and hold speculation by a trading culture that has even engulfed retail investors.
- What does the financial sector do other than extract wealth created by other sectors of the economy and loot pension plans?
- How does a resource junior avoid the dilution treadmill in this new market?

## Value of Takeover Bids - \$100 billion - 185 Juniors (2005-2011)

### \$38 billion 78 juniors (2009-2011)

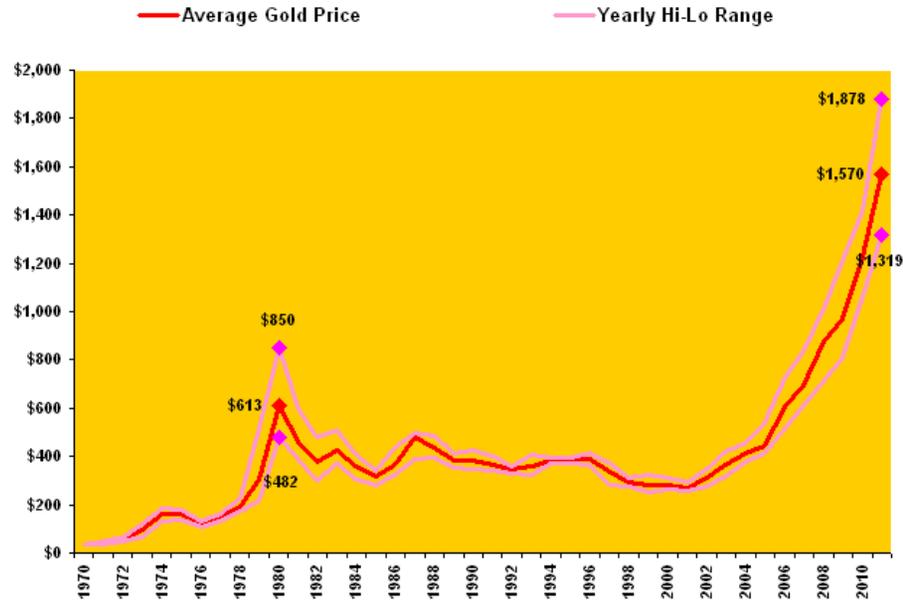


# Despite strong metal prices we have an equity valuation disconnect.



Is the apocalyptic gold bug narrative to blame?

### Annual Average Gold Price with High-Low Range



Source: CPM, IMF, World Bank

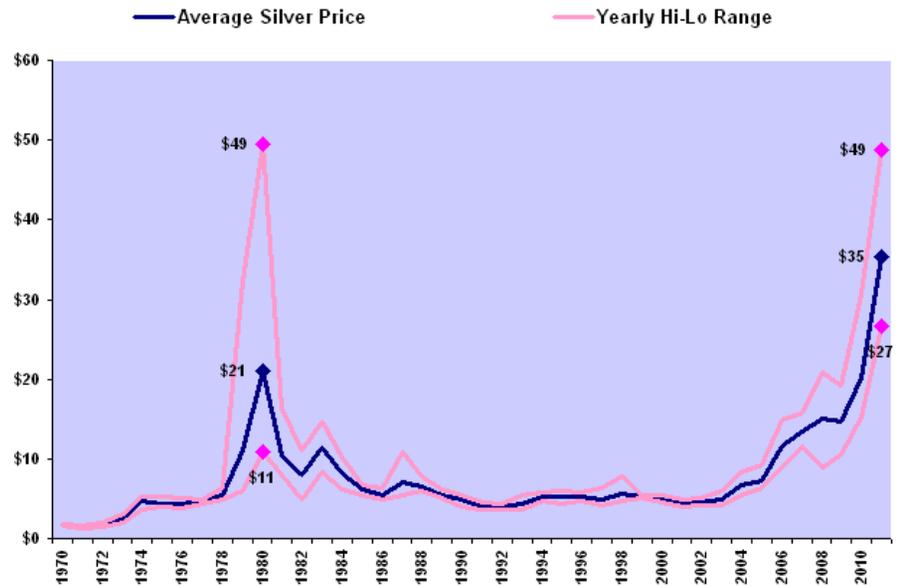
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### LME Copper \$/lb



### Annual Average Silver Price with High-Low Range

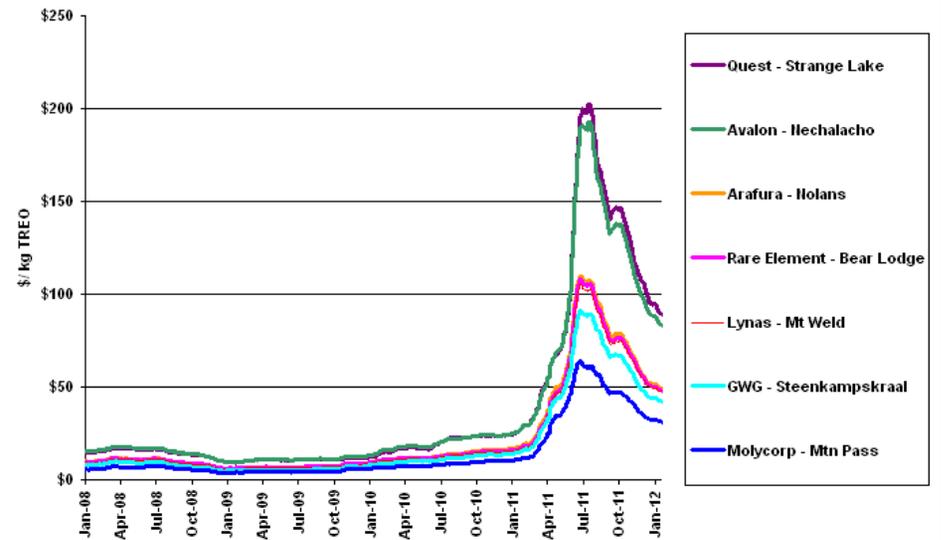


Source: CPM, IMF, World Bank

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### Project Basket Values at Domestic China Spot Prices

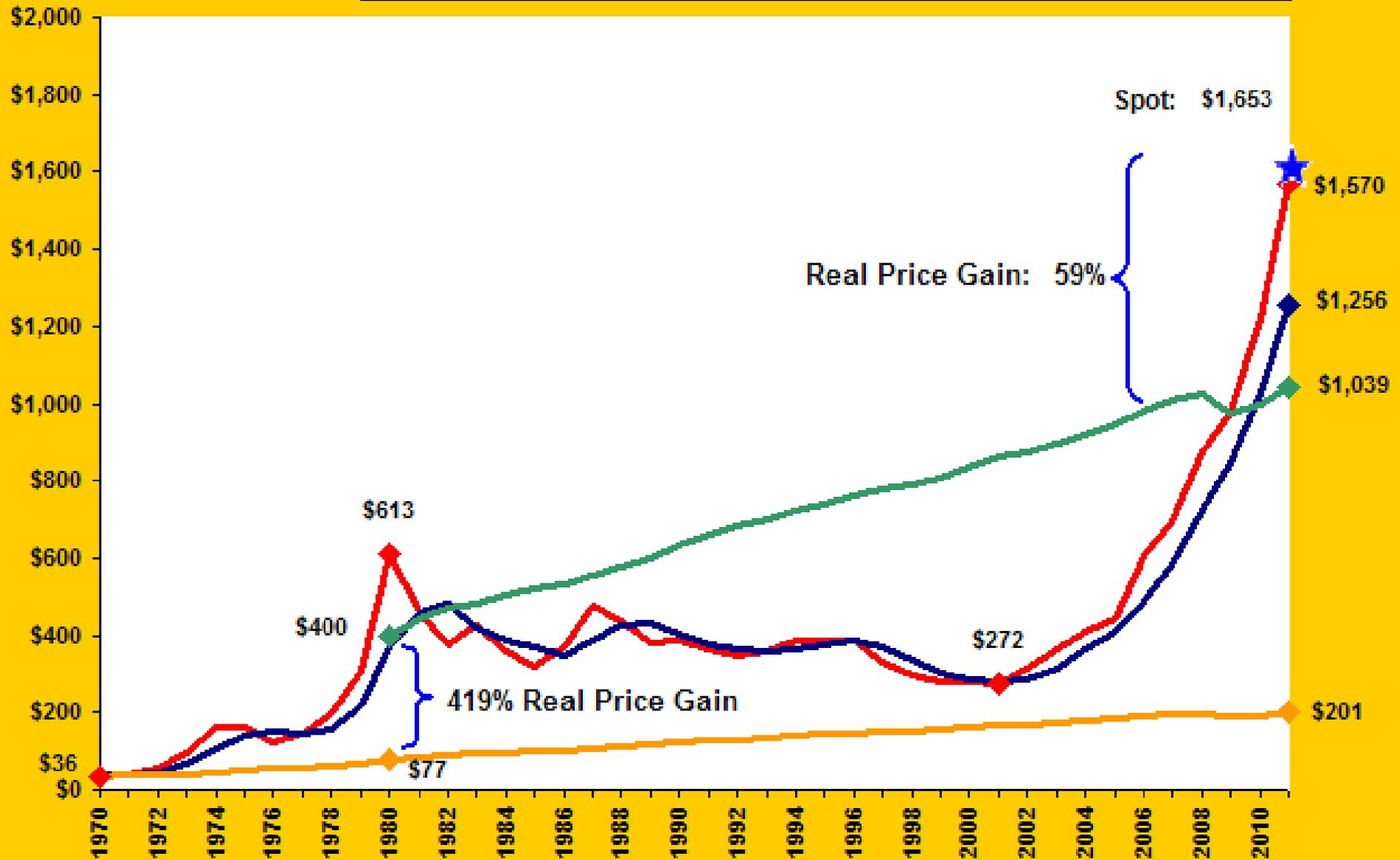


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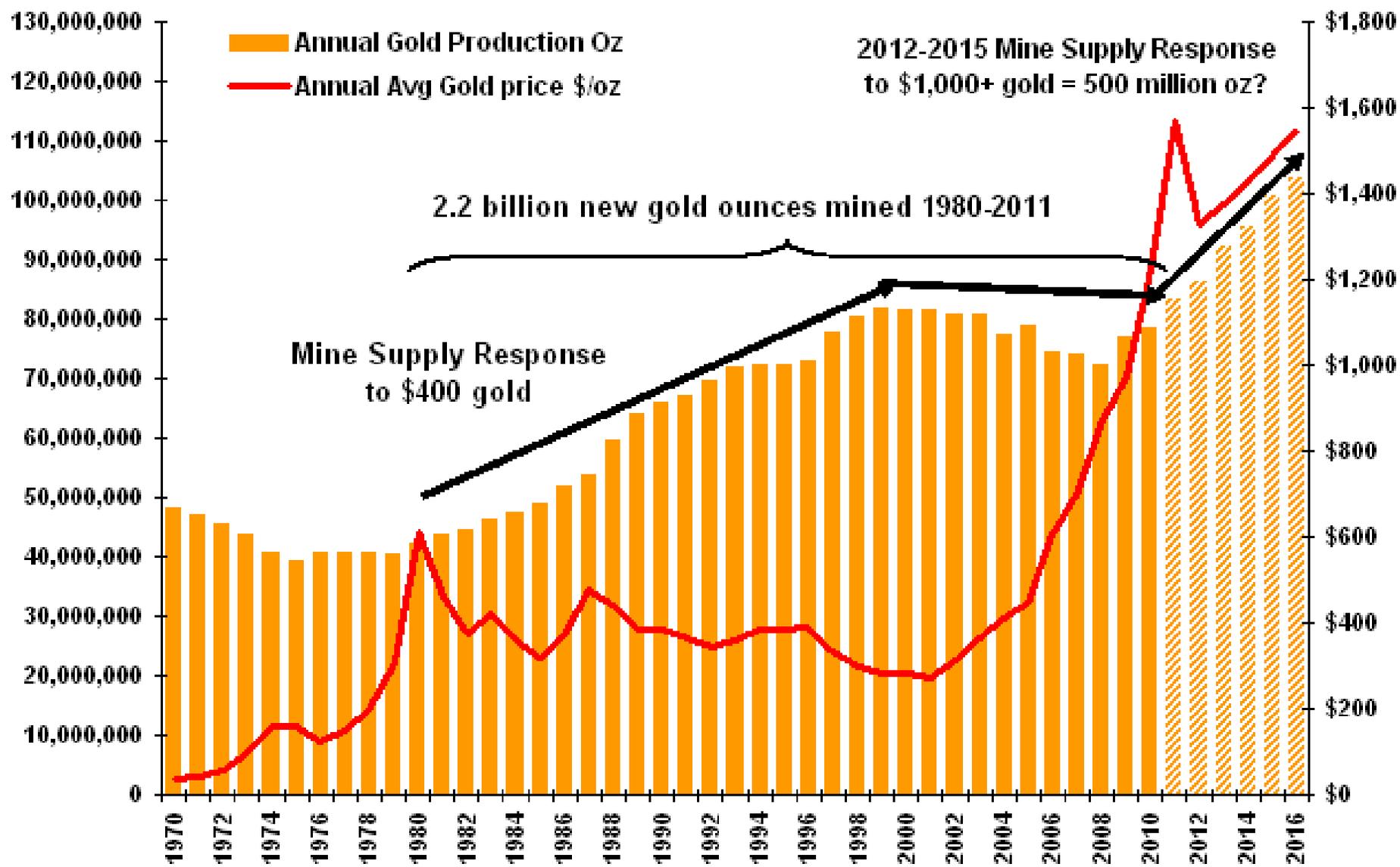
# Gold

- Average Annual Gold Price \$/oz
- 3 year average - includes current year
- Gold Price US CPI inflation adjusted from 1980 base of \$400 per oz
- Gold Price US CPI inflation adjusted from 1970 base of \$36 per oz



# Annual Mine Supply - Gold Ounces

(2.2 billion oz added to 3.2 billion oz stock from 1980-2011, 2011+ CPM projections)



Source: CPM

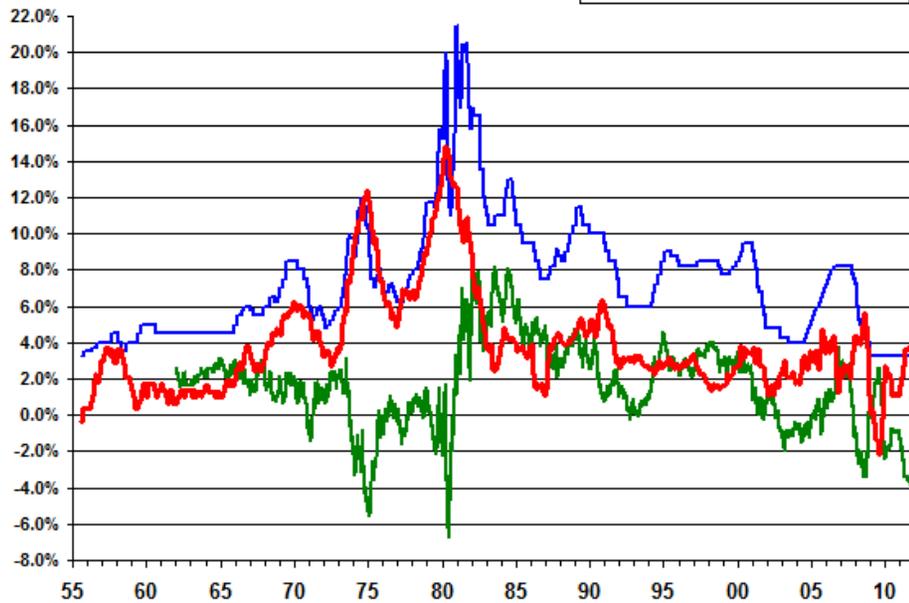
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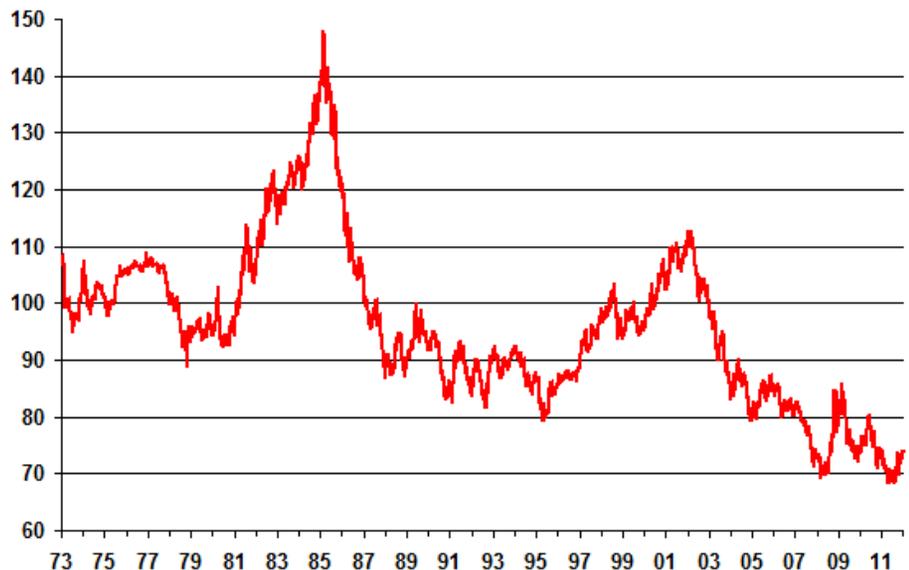
## Key Rates

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



## US Dollar Major Currency Index

(Downtrend = weakening US \$)



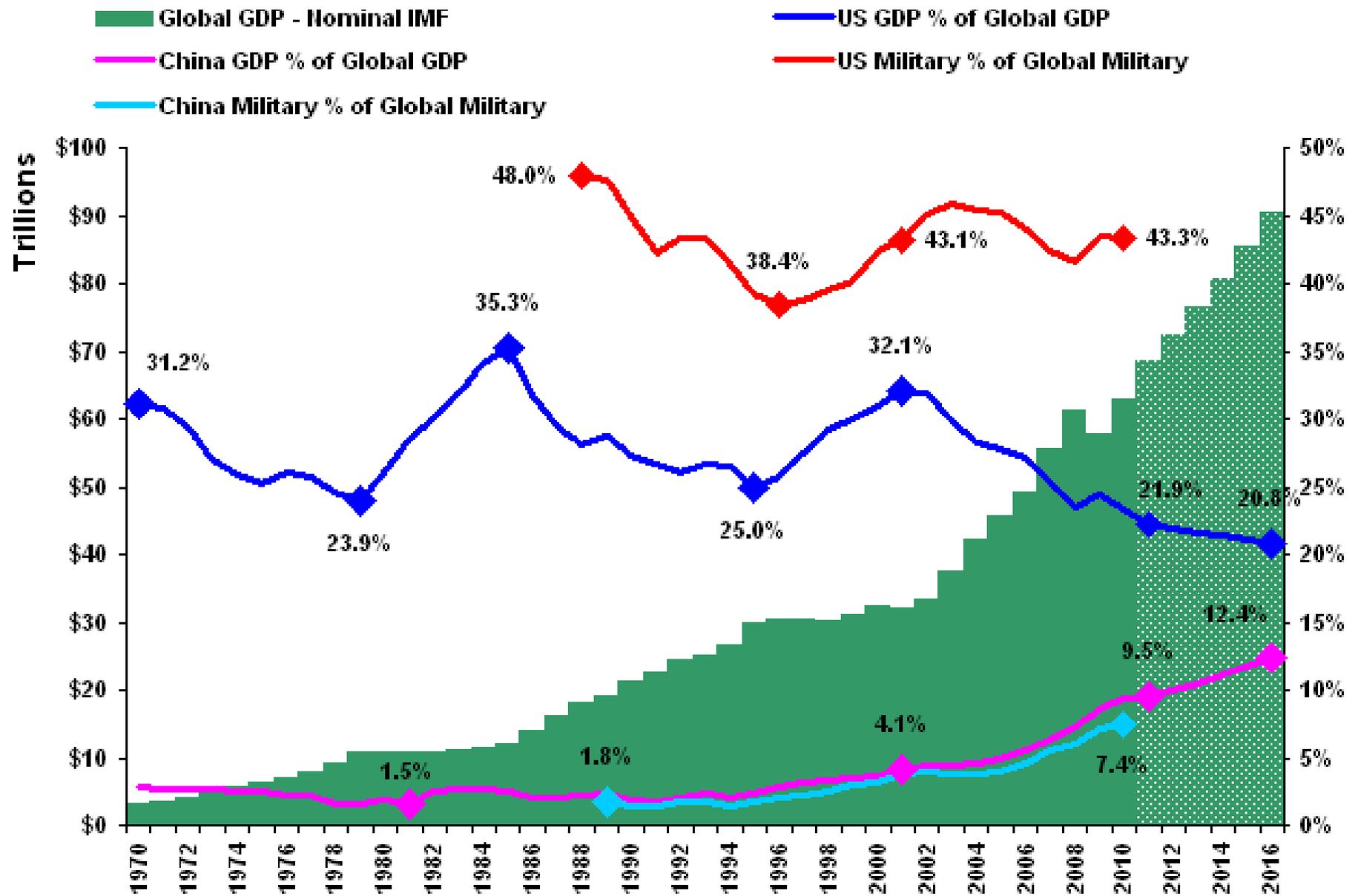
**Is gold up because it is anticipating inflation which will wipe out the profit margin implicit in gold's real price gain?**

**Is gold up because the US dollar will massively decline against other currencies?**

**Neither the hyper-inflation nor currency debasement explanations for gold's strength are good for gold equities.**



## US & China Relative Percentage of Global GDP & Military Spending (2011-2016 GDP estimates by IMF)

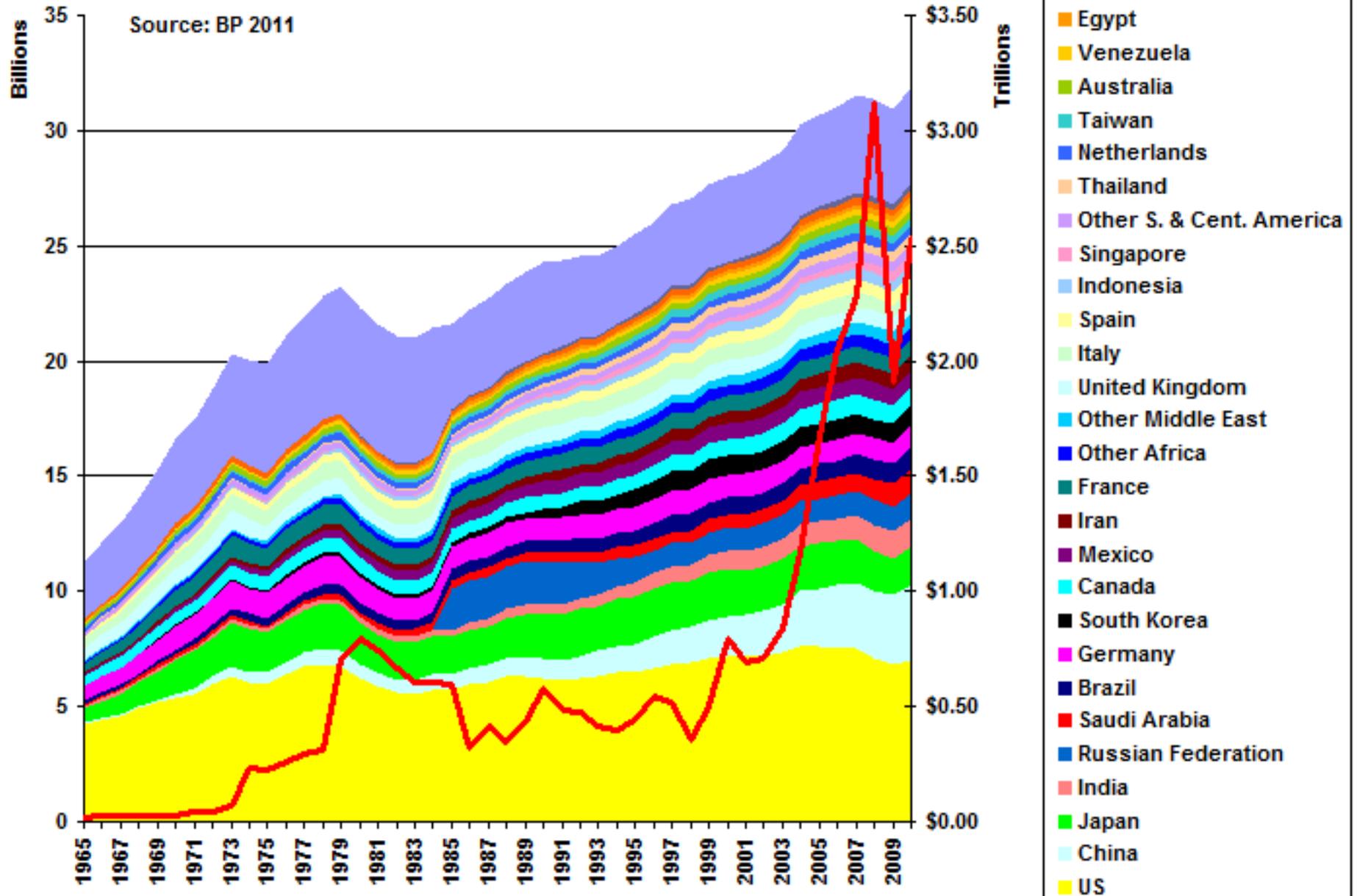


Source: IMF, SIPRI, World Bank

January 2012

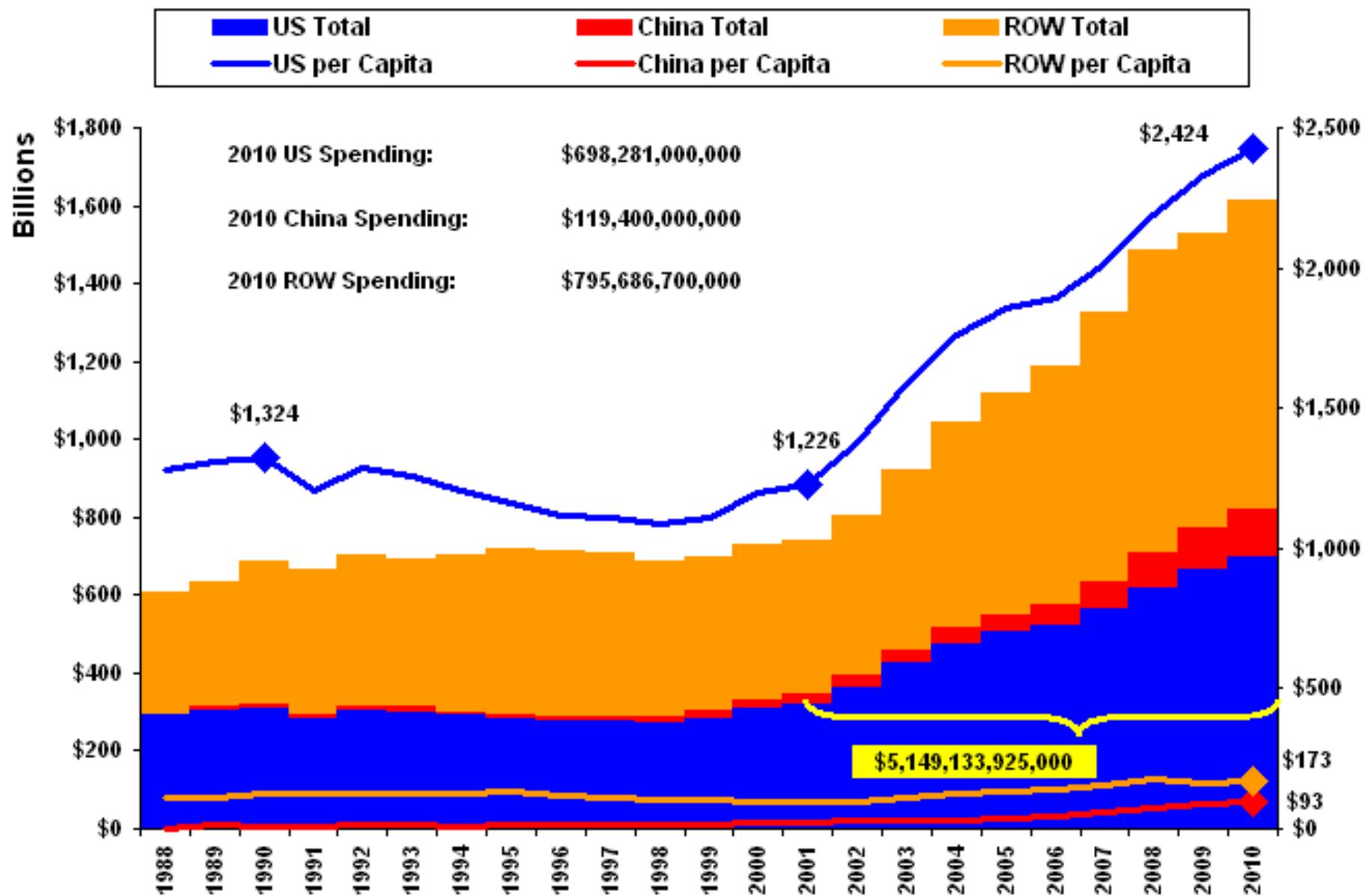
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# Oil Consumption- barrels per year



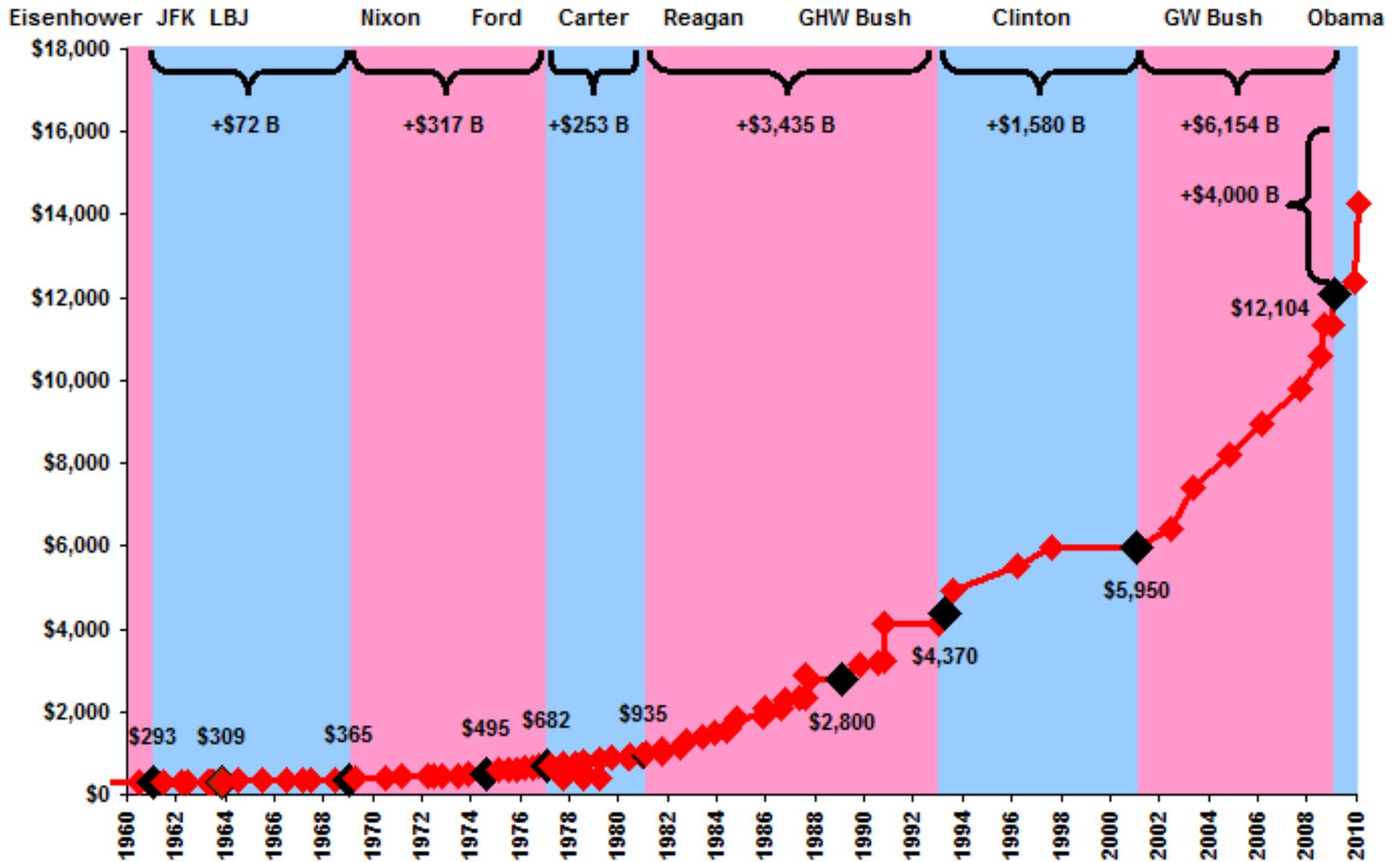
# Annual Military Spending

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



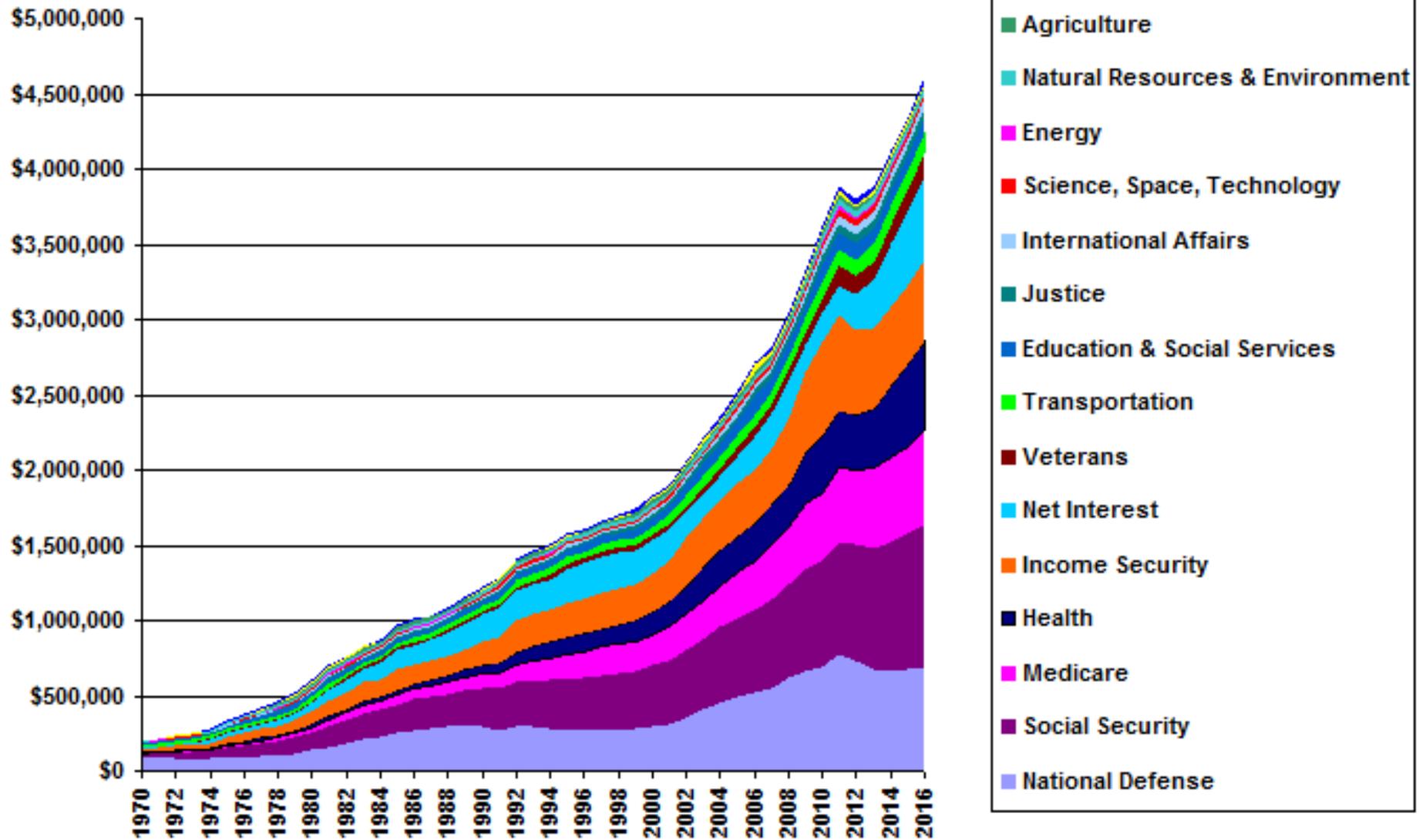
# US Debt Ceiling Increases

Republican President
  Democrat President
  Debt Ceiling



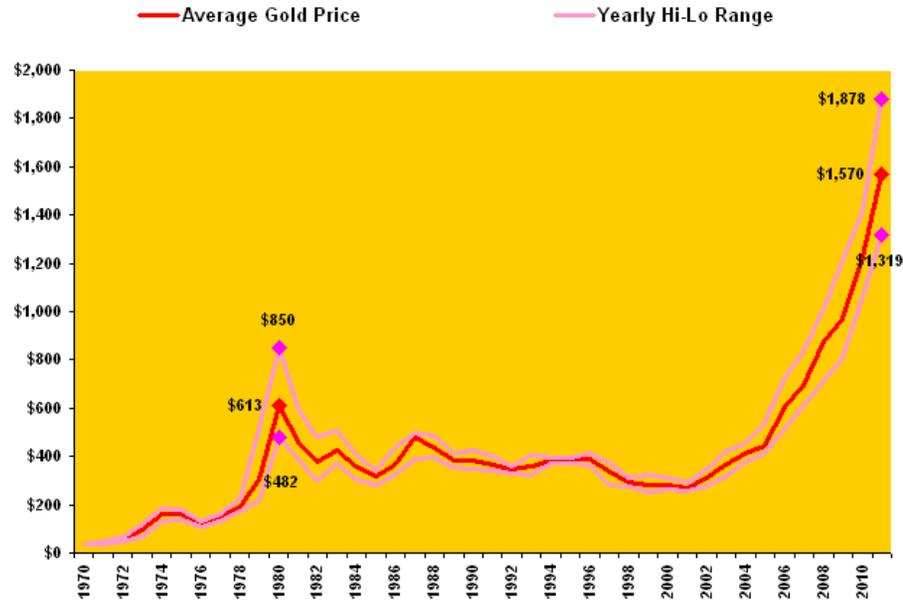
# US Federal Outlays - millions

(Estimates for 2011-2016)



Source: Office of Management & Budget

### Annual Average Gold Price with High-Low Range



Source: CPM, IMF, World Bank

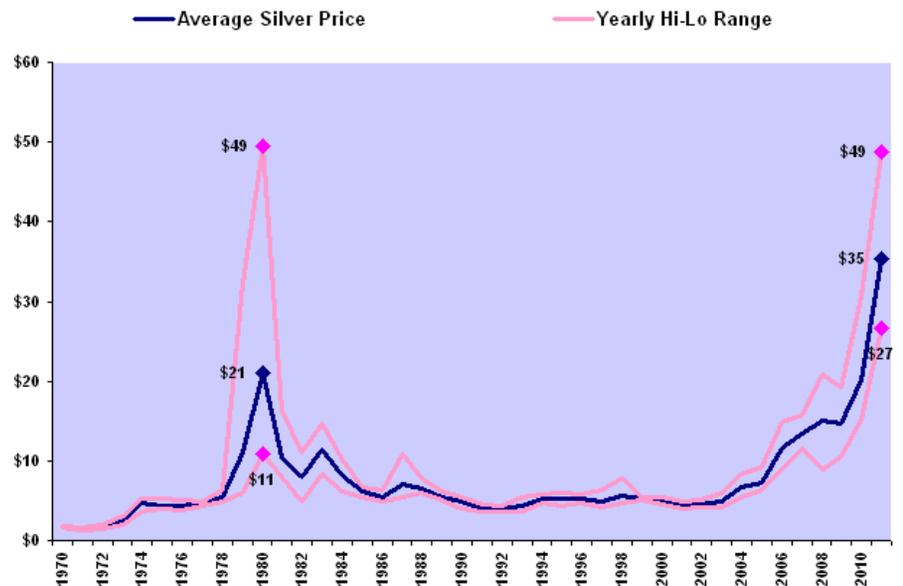
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**Skyrocketing gold & silver reflect a looming crisis for global supply channels that requires us to think in terms of security of supply.**

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

### Annual Average Silver Price with High-Low Range



Source: CPM, IMF, World Bank

January 2012

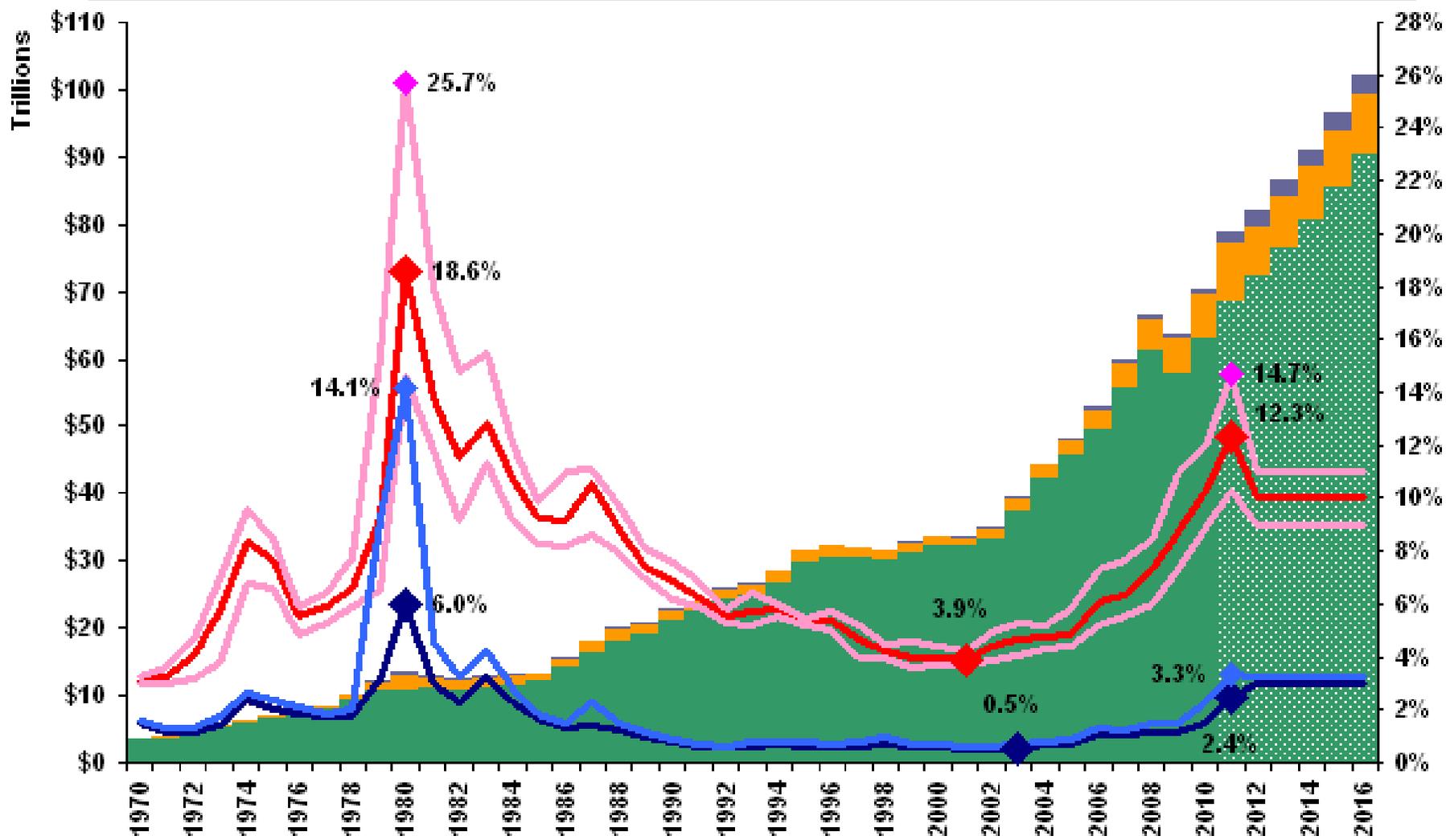
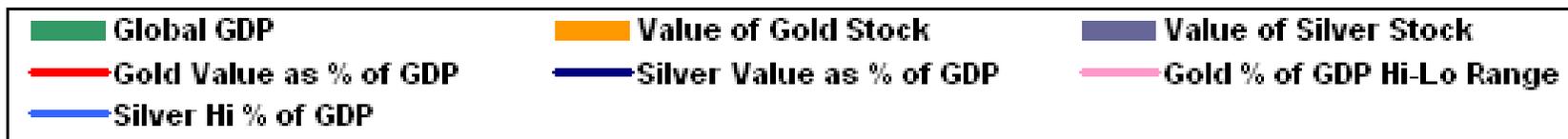
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**It's about the relative, not absolute, decline entailed for America by a global economy whose growth is driven by emerging economies such as China.**

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

## Relationship between Global GDP and Value of Existing Gold & Silver Stock

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



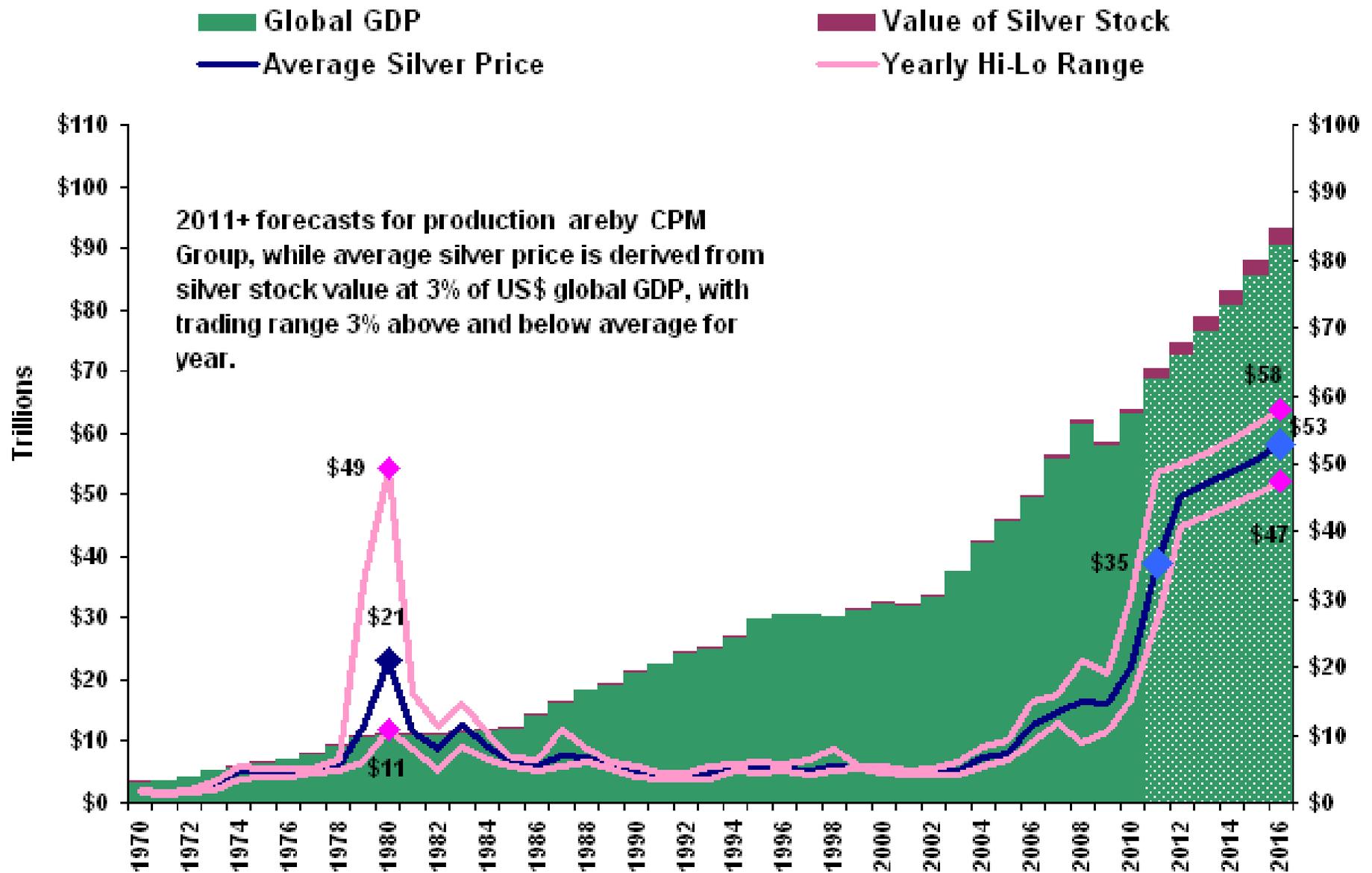
Source: CPM, IMF, World Bank

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



Source: CPM, IMF, World Bank

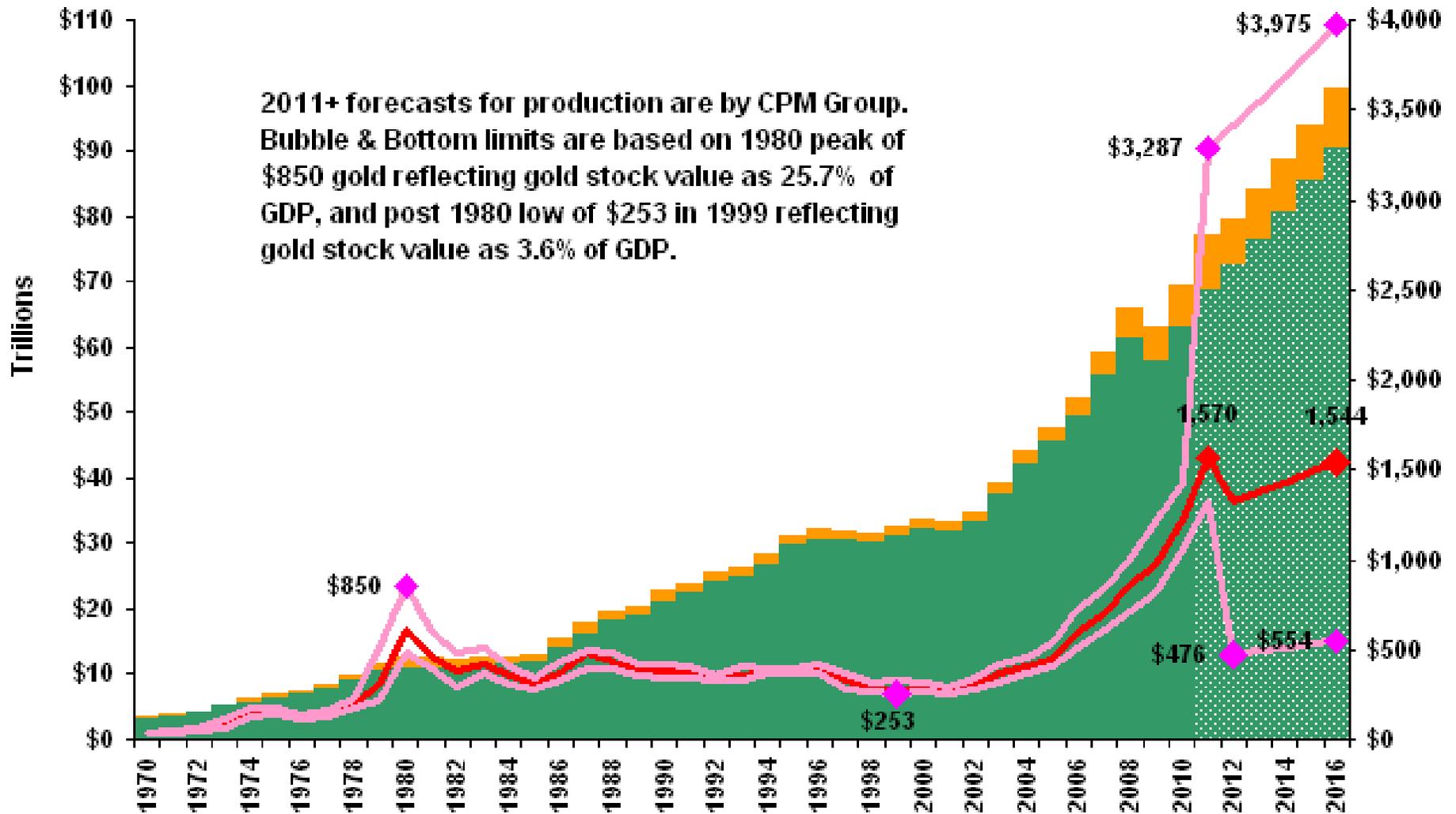
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# Past Peak & Bottom Based Bubble & Bear Limits for Gold

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

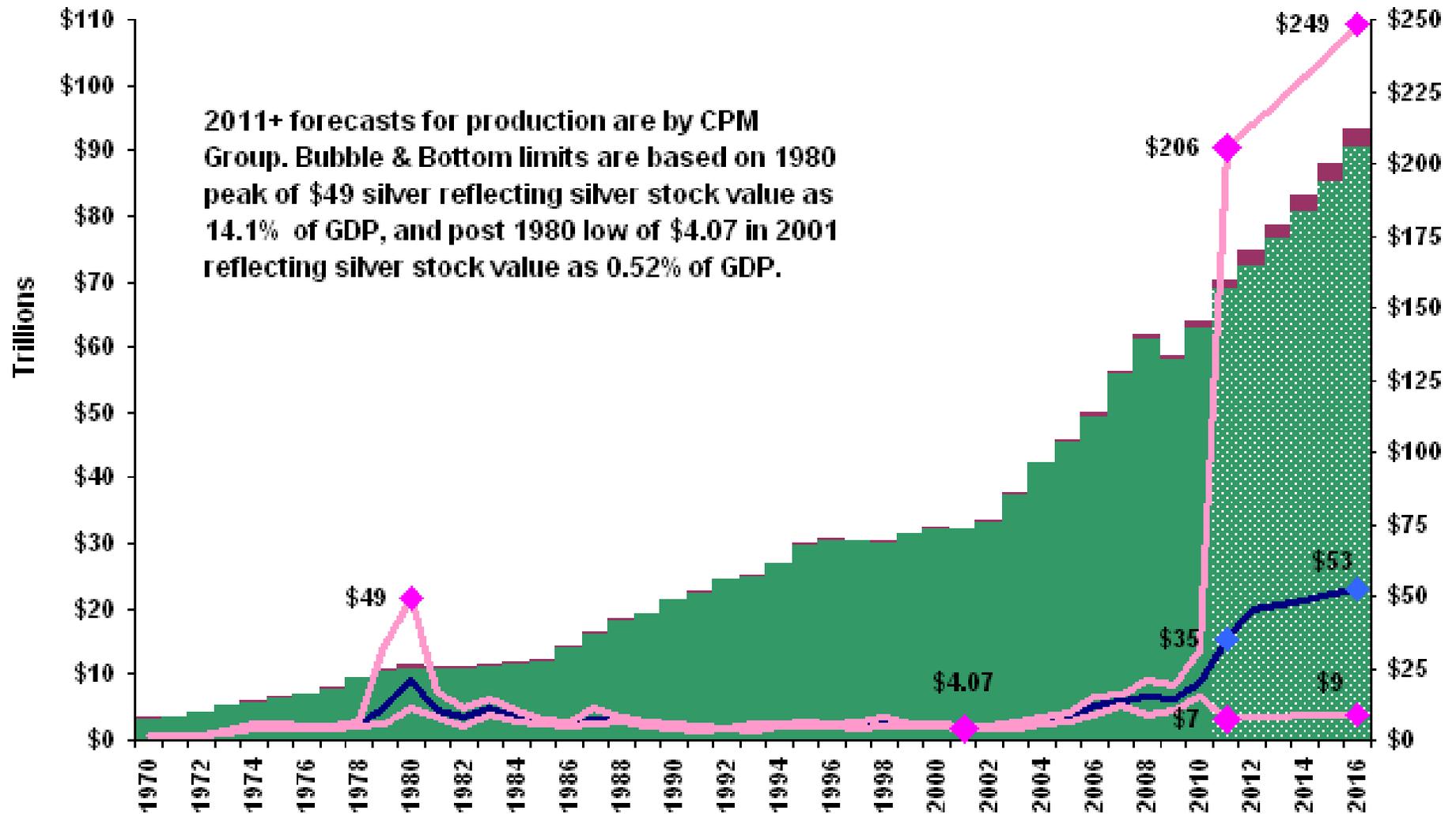
- Global GDP
- Value of Gold Stock
- Average Gold Price
- Yearly Hi-Lo Range



# Past Peak & Bottom Based Bubble & Bear Limits for Silver

(2011+ GDP & Mine Supply estimated)

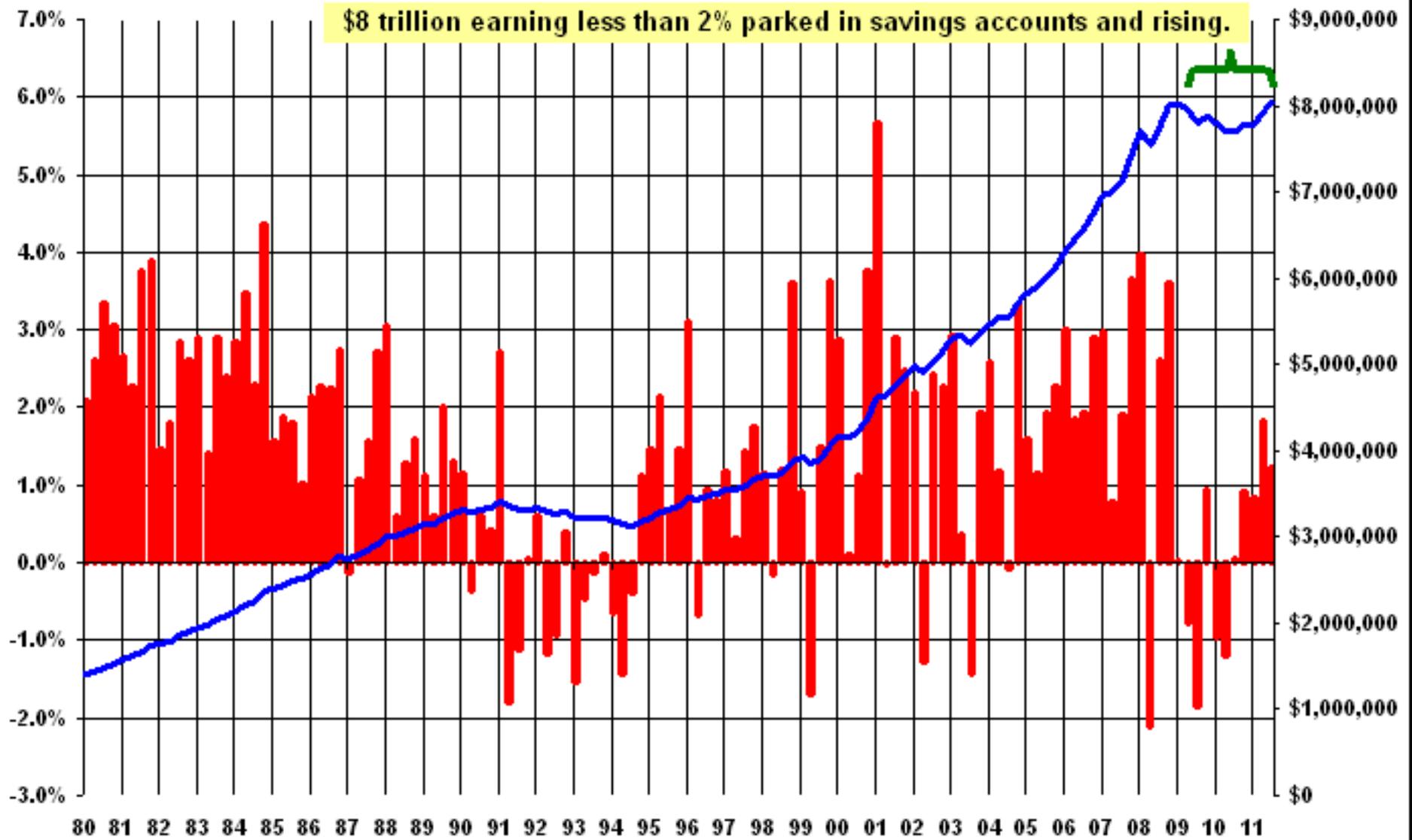
- Global GDP
- Average Silver Price
- Value of Silver Stock
- Yearly Hi-Lo Range



# US Household Savings Deposits

Quarterly % Change

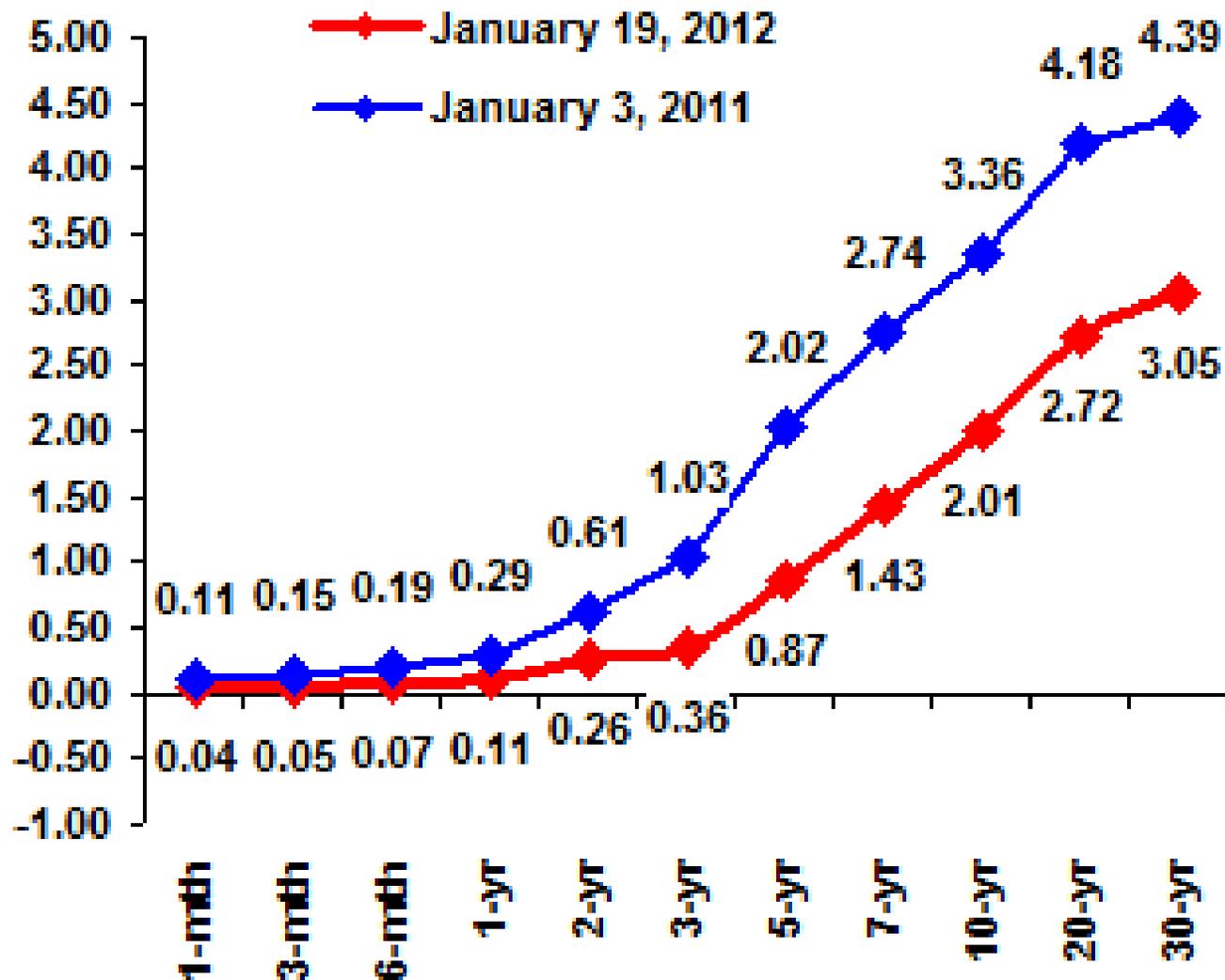
Savings Deposits - '000s



Source: Federal Reserve

Q3 of 2011

## US T-Bill % Yield Curve



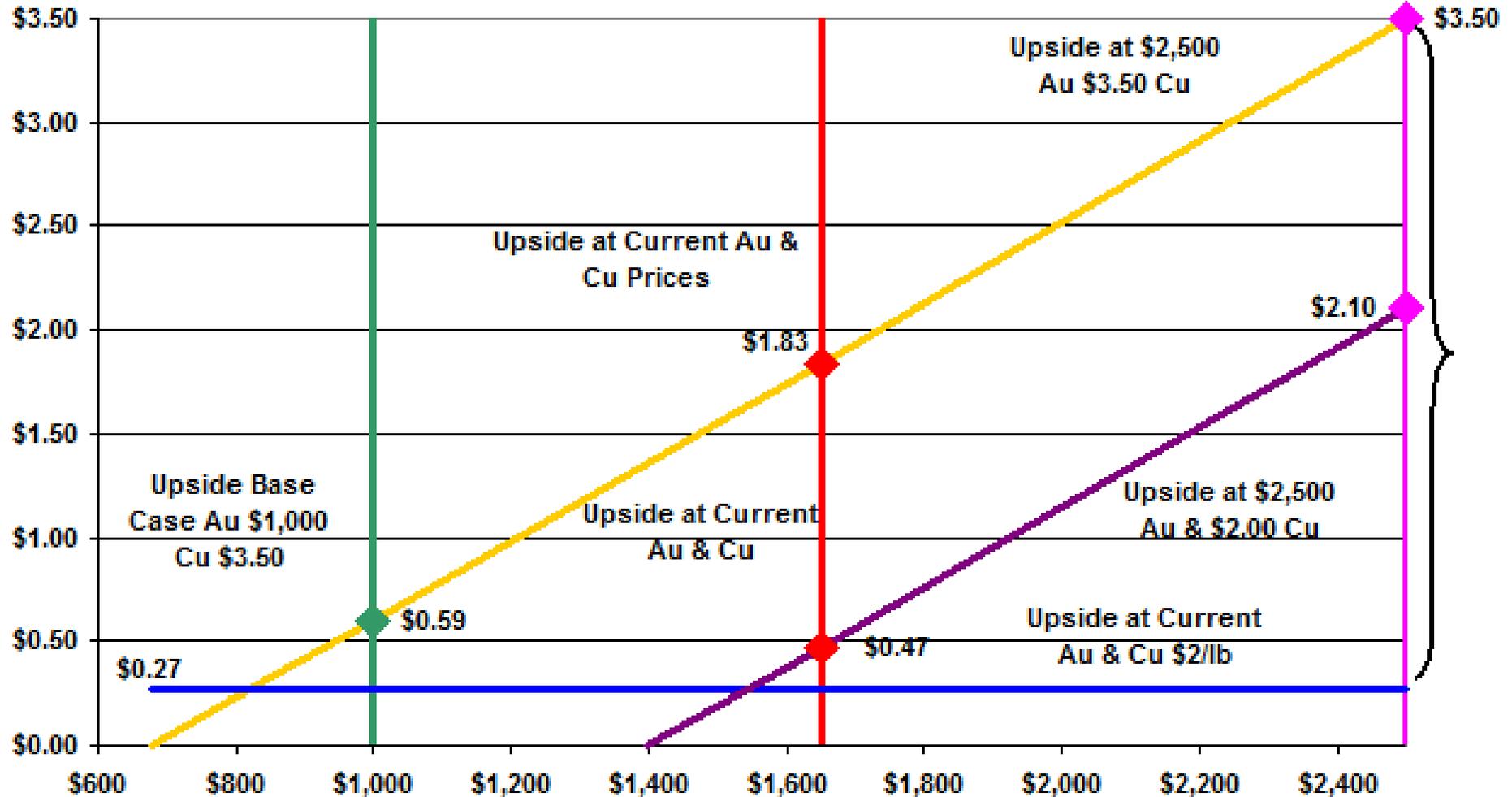
Source: Federal Reserve

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# Geologix Tepal After Tax NPV Sensitivity

- Base Case Price - \$1000 Au
- Current Price - \$1,750 Au
- Fantasy Price - \$2,500 Au
- Share vs Gold Price Cu \$3.50/lb
- Current Stock Price - \$0.27
- Share vs Gold Price Cu \$2.00/lb

10% Discount Rate, 145 M fully diluted, 35% Tax, exch 1:1 USD:CAD  
 2011 PEA Parameters - 22,000 tpd, CapEx \$346 M, OpEx \$8.43/t  
 Separate North-South Oxide & Sulphide Ore Feeds  
 North-South Sulphide - 79.67 MT 0.24% Cu 0.41 g/t Au  
 Tizate Sulphide - 50.5 MT 0.2% Cu 0.18 g/t Au



# Geologix Explorations Inc

1/20/2009 TO 1/20/2012



Issued: 135,790,887

High: \$1.00 on 12/7/2010

Max Volume: 4,436,000 on 6/21/2010

Diluted: 145,298,893

Low: \$0.10 on 2/24/2009

Max Value: \$2,774,740 on 12/2/2010



KaiserBottomFish.com

GIX - TSX - CAD \$0.27

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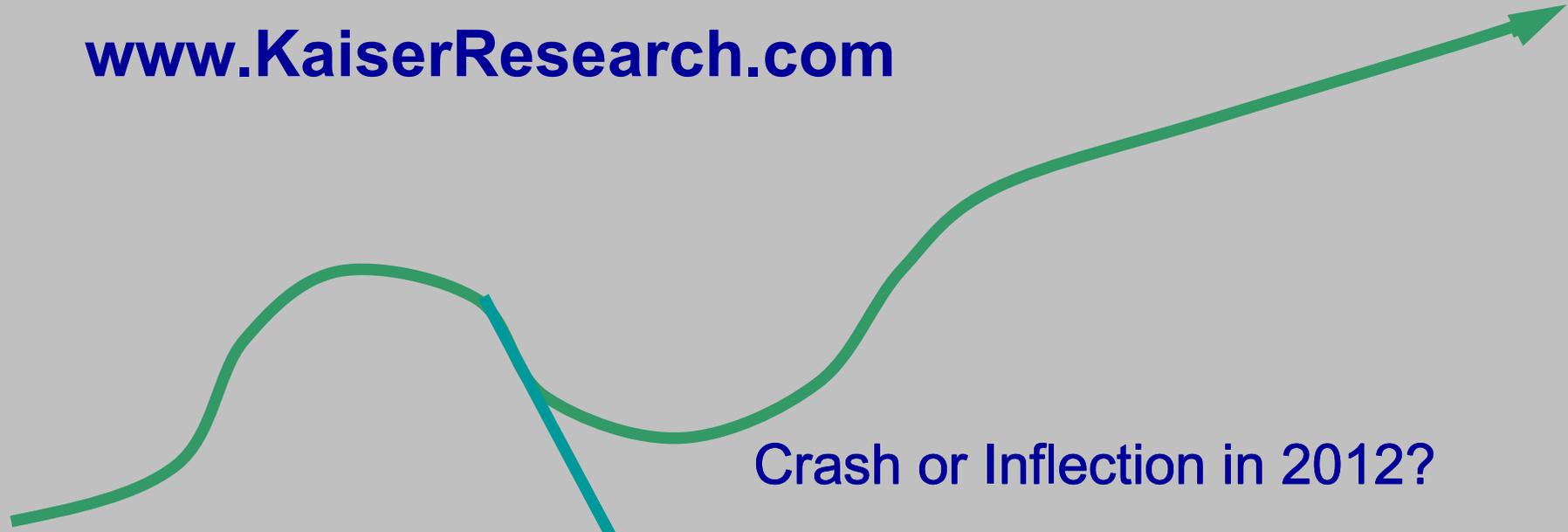
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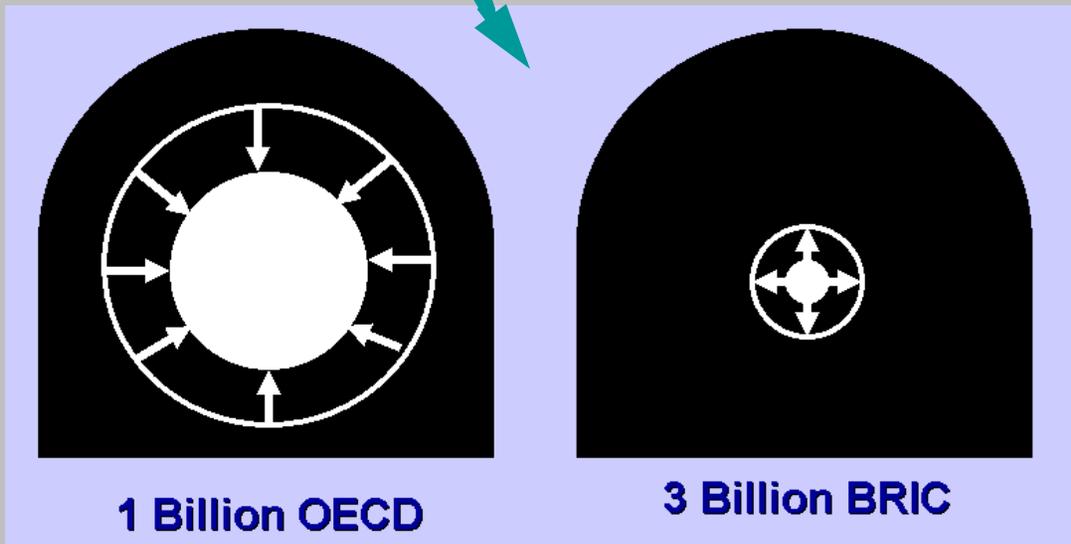
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Crash or Inflection in 2012?



1 Billion OECD

3 Billion BRIC