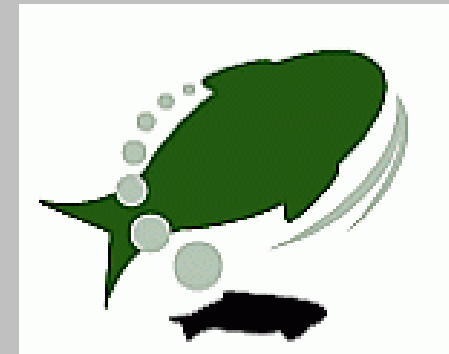


2013 Vancouver Resource Investment Conference

Vancouver, Canada

January 20, 2013

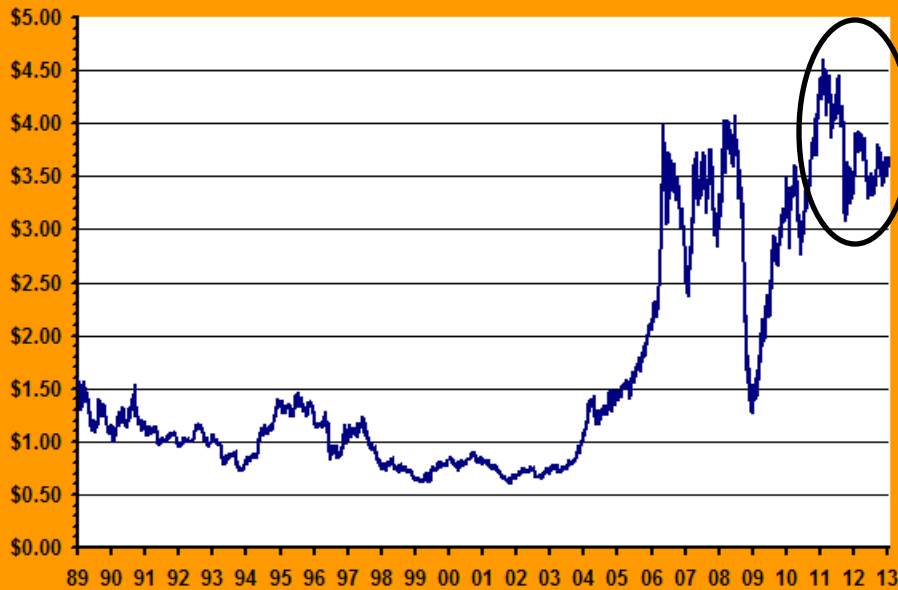
Presented by John Kaiser



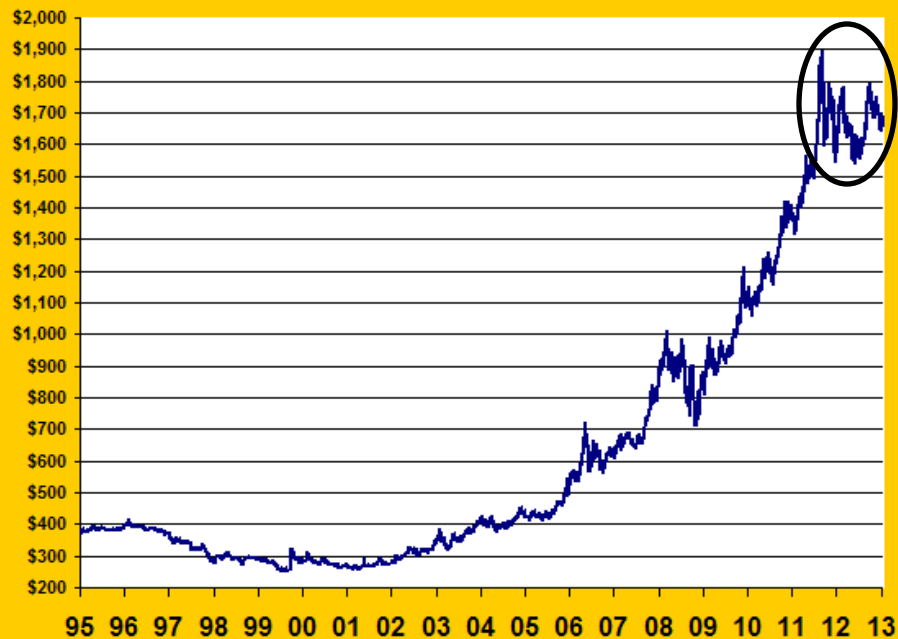
**Keynote: Visualizing an
Alternative to Zombieland**

www.KaiserResearch.com

LME Copper \$/lb



Gold \$/oz



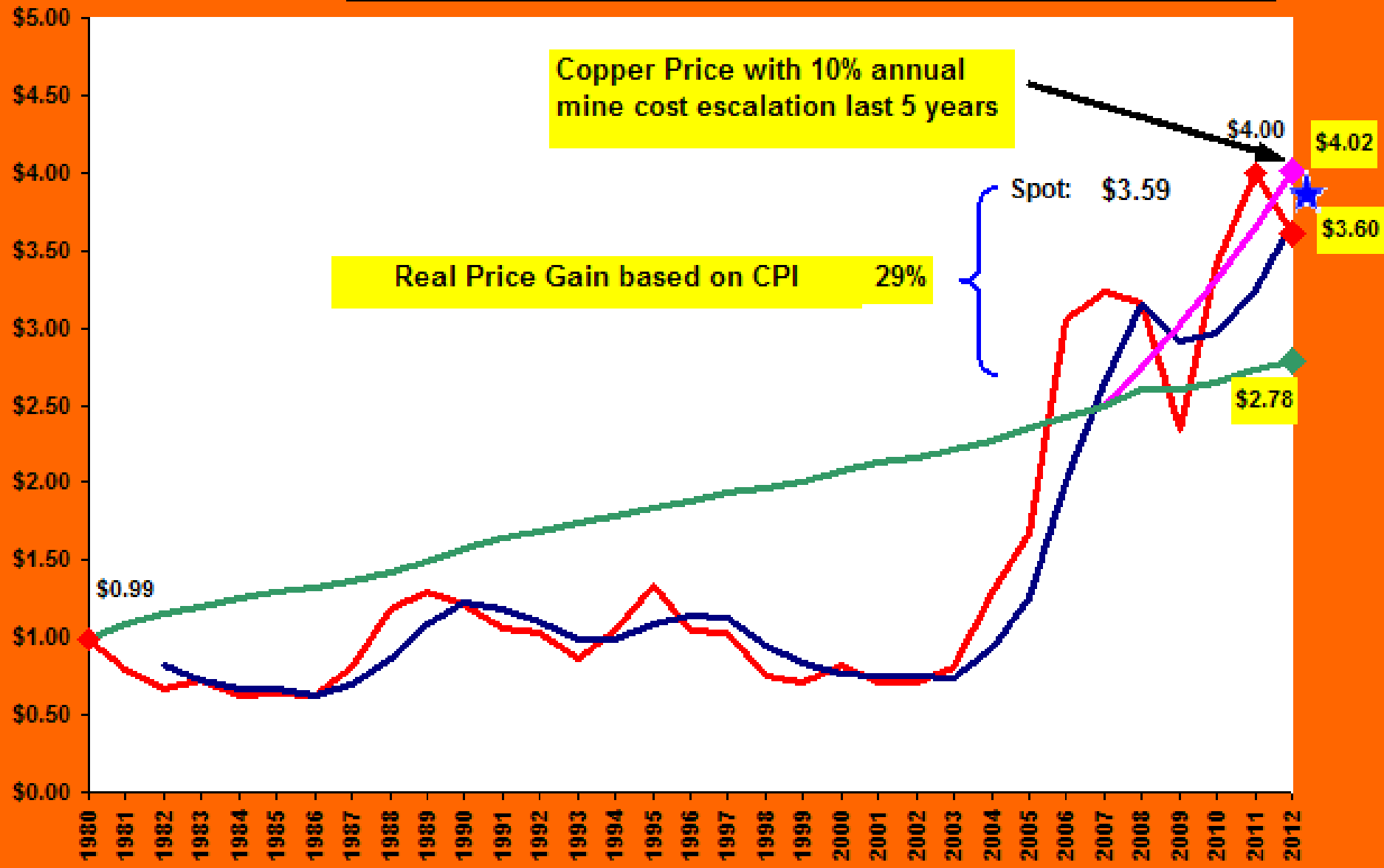
Where next for metal prices?

- China slowdown has stabilized
- Wisdom of Eurozone austerity being reconsidered
- US debt ceiling blackmail last obstacle to a revival of US economy
- Resumption of global growth & stabilization of debt not a death knell for gold & silver

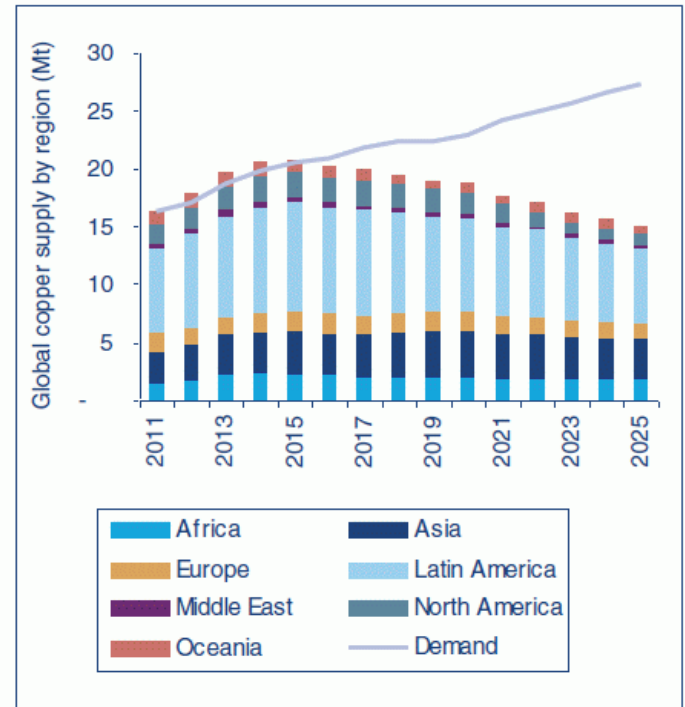
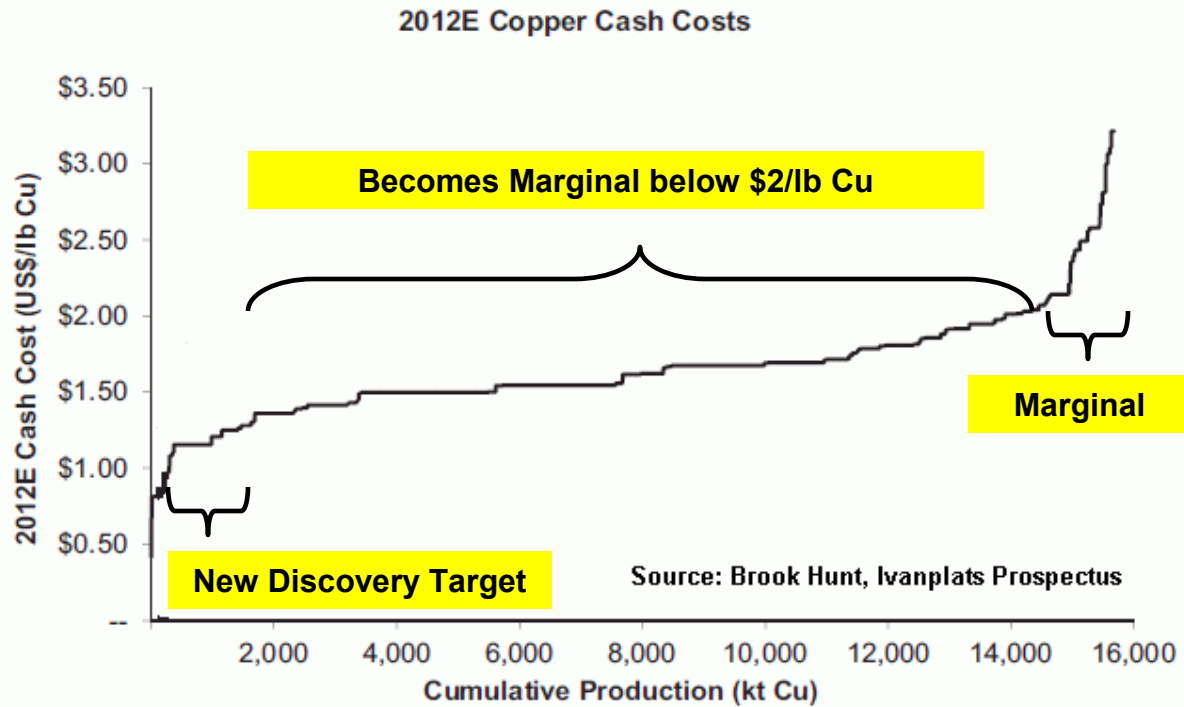
How long before the market accepts that sideways is the worst we need to fear for precious & base metals in the next few years?

Copper

- Average Annual Copper Price \$/oz
- 3 year average - includes current year
- Copper CPI adjusted with 10% mining cost escalation 2008-2012
- Copper Price US CPI inflation adjusted from 1980 base of \$0.99 per lb



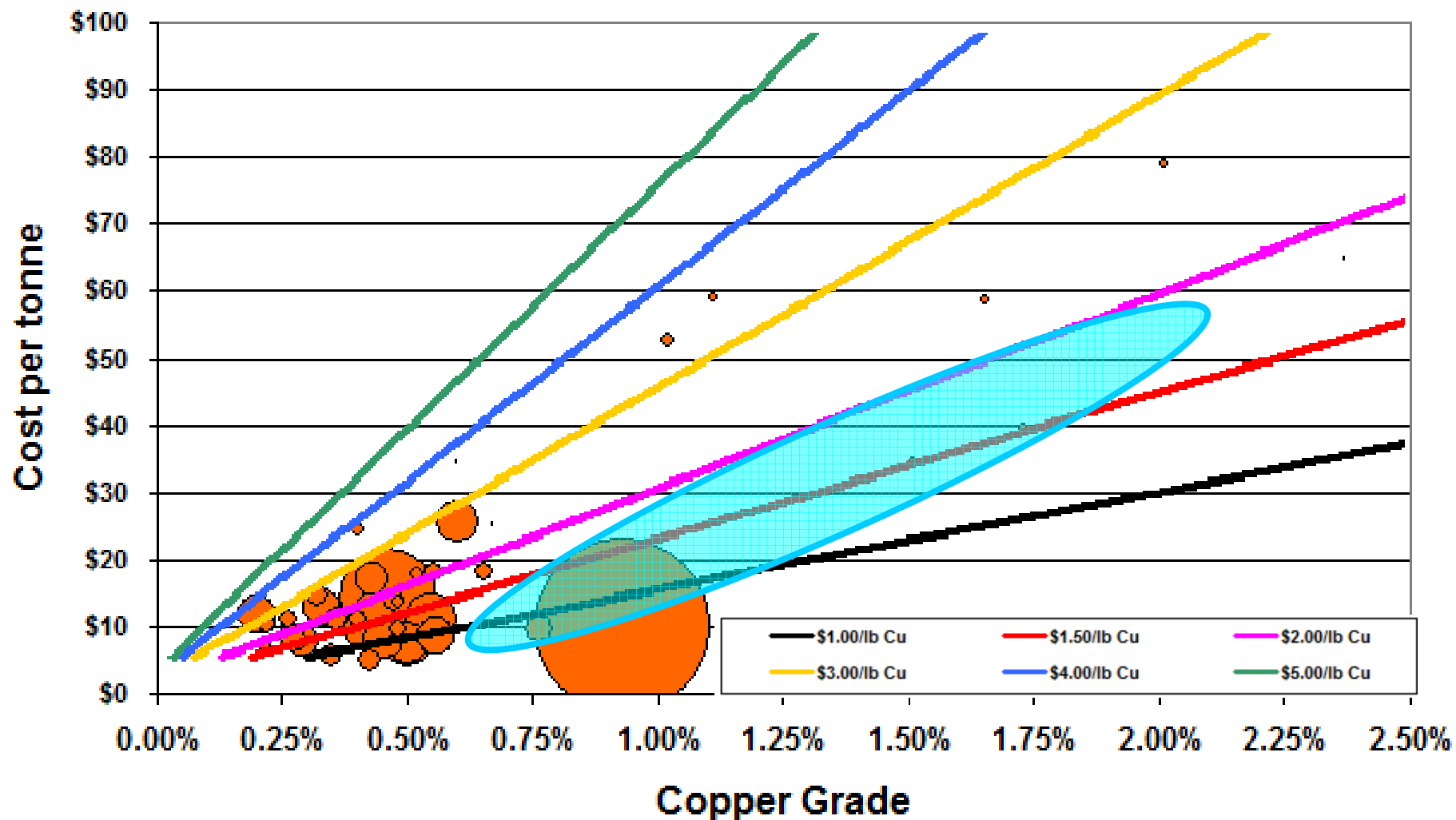
Copper Cost Curve & Supply-Demand Outlook



Total Cost vs Grade for Undeveloped Copper Deposits

47 selected deposits for which PEA, PFS or BFS has been done since 2007

Additional Potential Annual Production 4,346,928 tonnes Cu
(Bubble sizes range 10 M lbs to 1.9 B lbs per year) 78% cost < \$1.50/lb



Gold

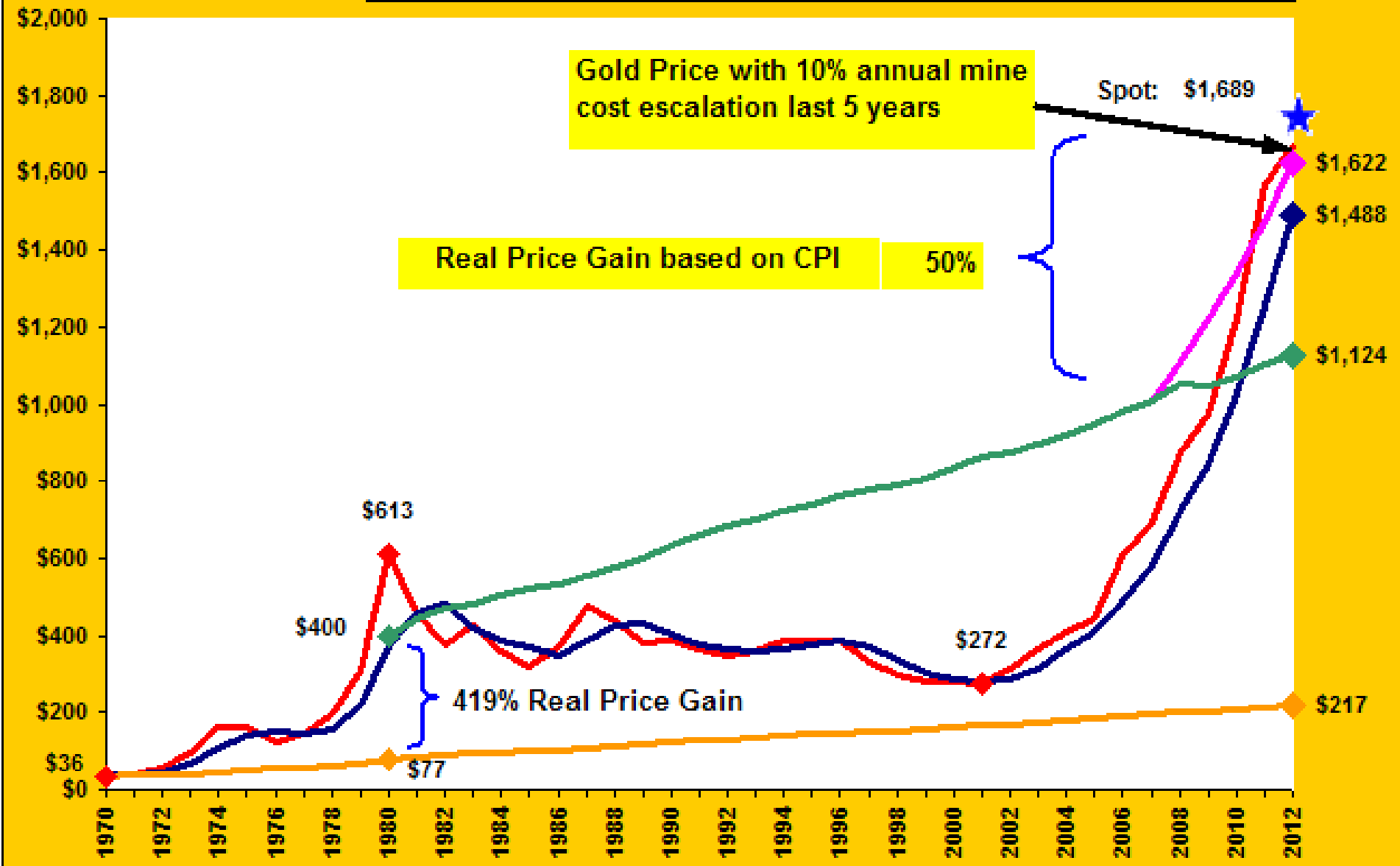
- Average Annual Gold Price \$/oz
- 3 year average - includes current year
- Gold CPI adjusted with 10% mine cost escalation 2007-2012
- Gold Price US CPI inflation adjusted from 1980 base of \$400 per oz
- Gold Price US CPI inflation adjusted from 1970 base of \$36 per oz

Gold Price with 10% annual mine cost escalation last 5 years

Real Price Gain based on CPI 50%

419% Real Price Gain

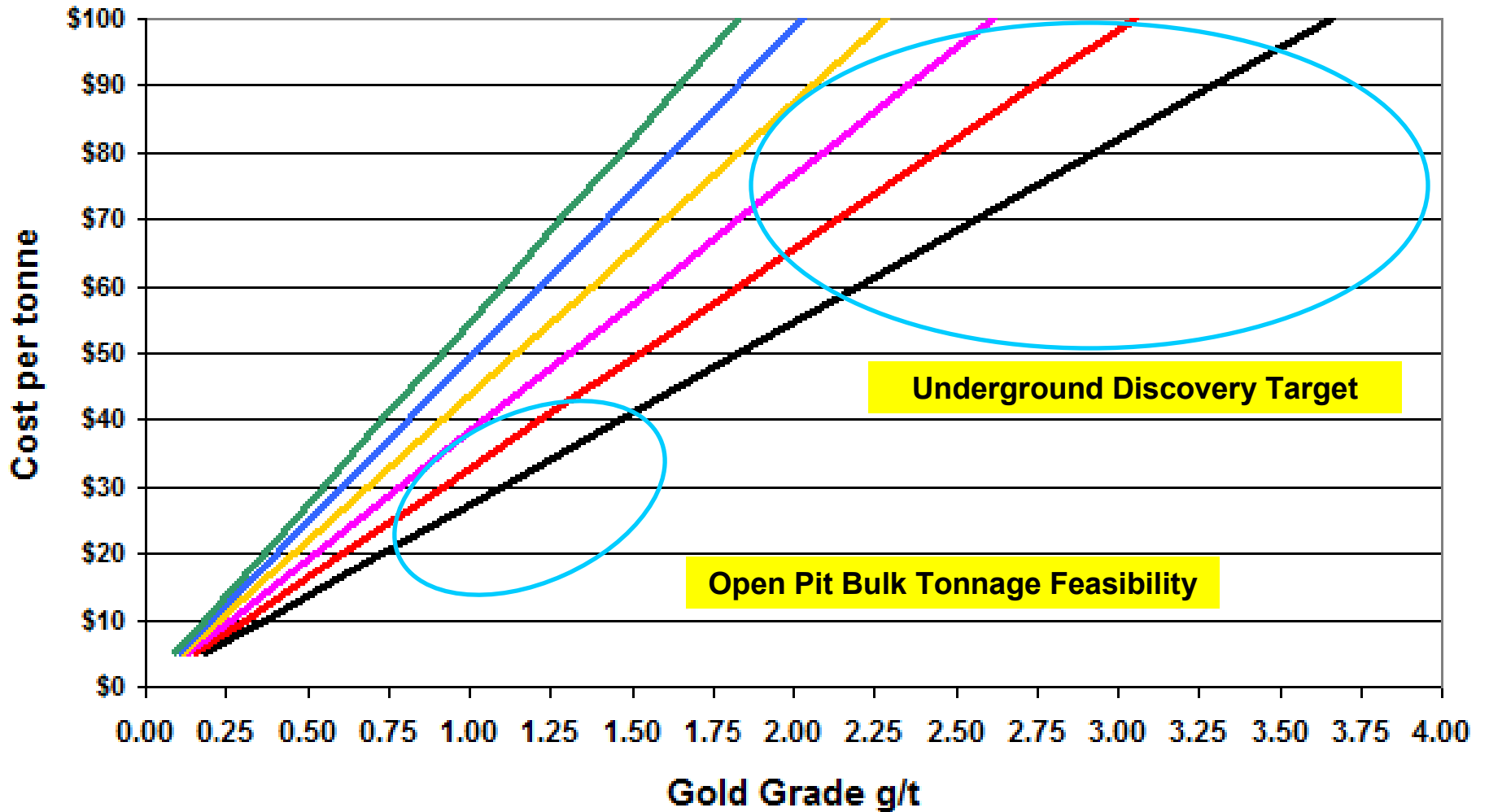
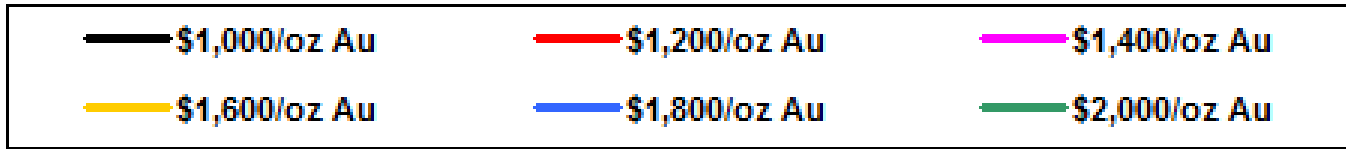
Spot: \$1,689



Gold Grade Curves

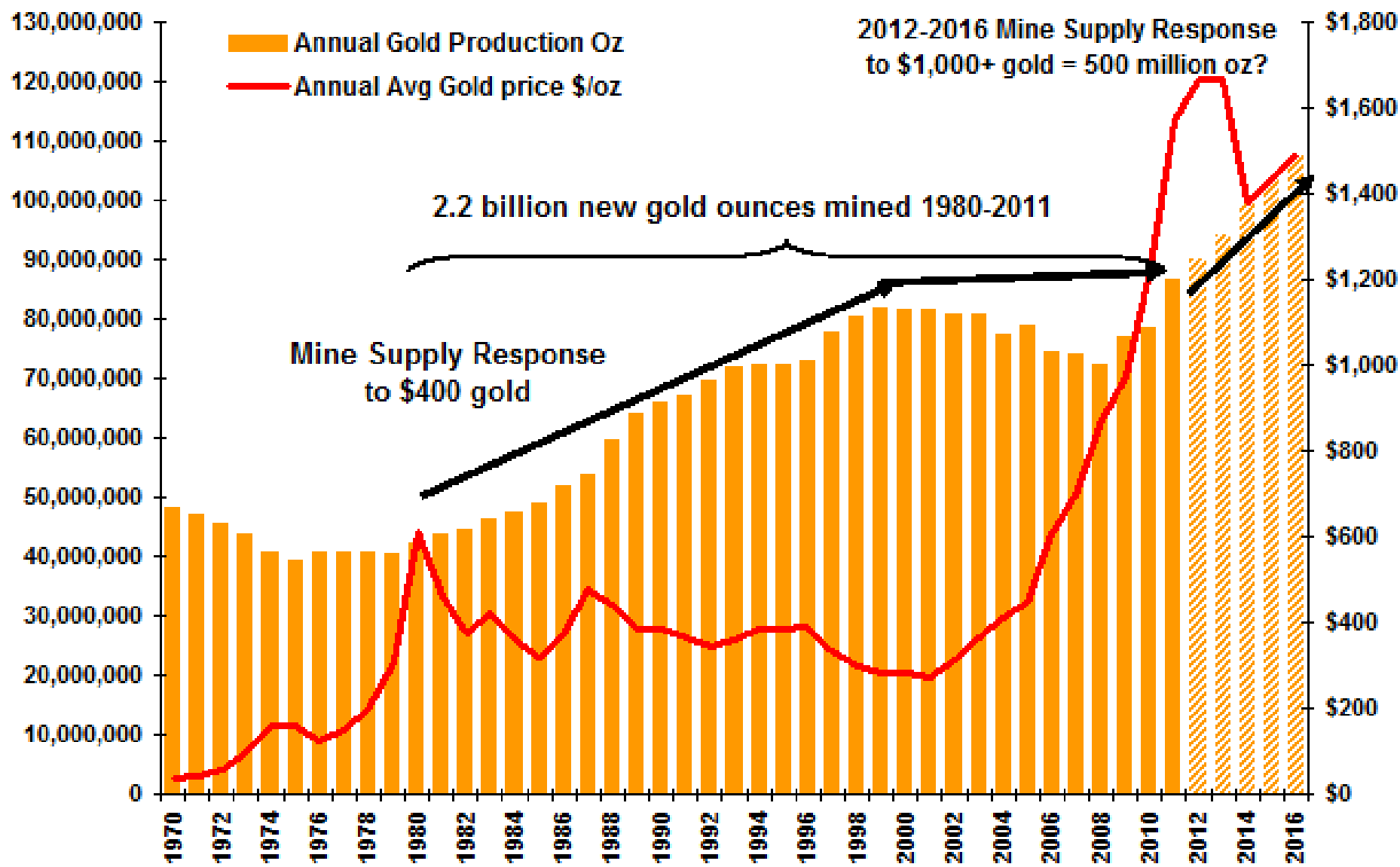
(Total Cost/t vs Recoverable Grade - 85%)

Curves represent Grade where Revenue equals Cost at Gold Price



Annual Mine Supply - Gold Ounces

(2.2 billion oz added to 3.2 billion oz stock from 1980-2011, 2012+ CPM projections)



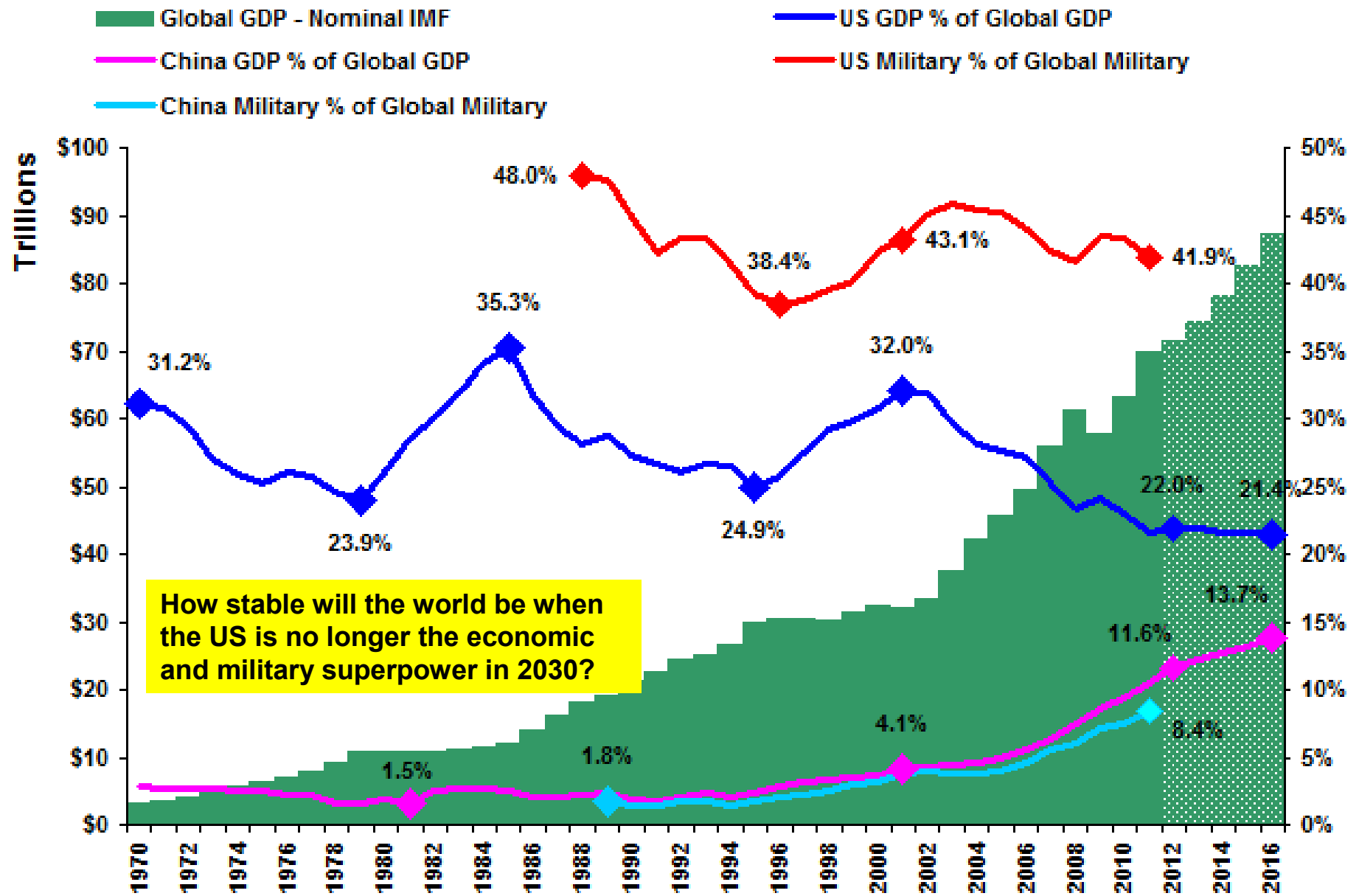
Source: CPM

January 2013

Kaiser Research Online

US & China Relative Percentage of Global GDP & Military Spending

(2012-2016 GDP estimates by IMF)

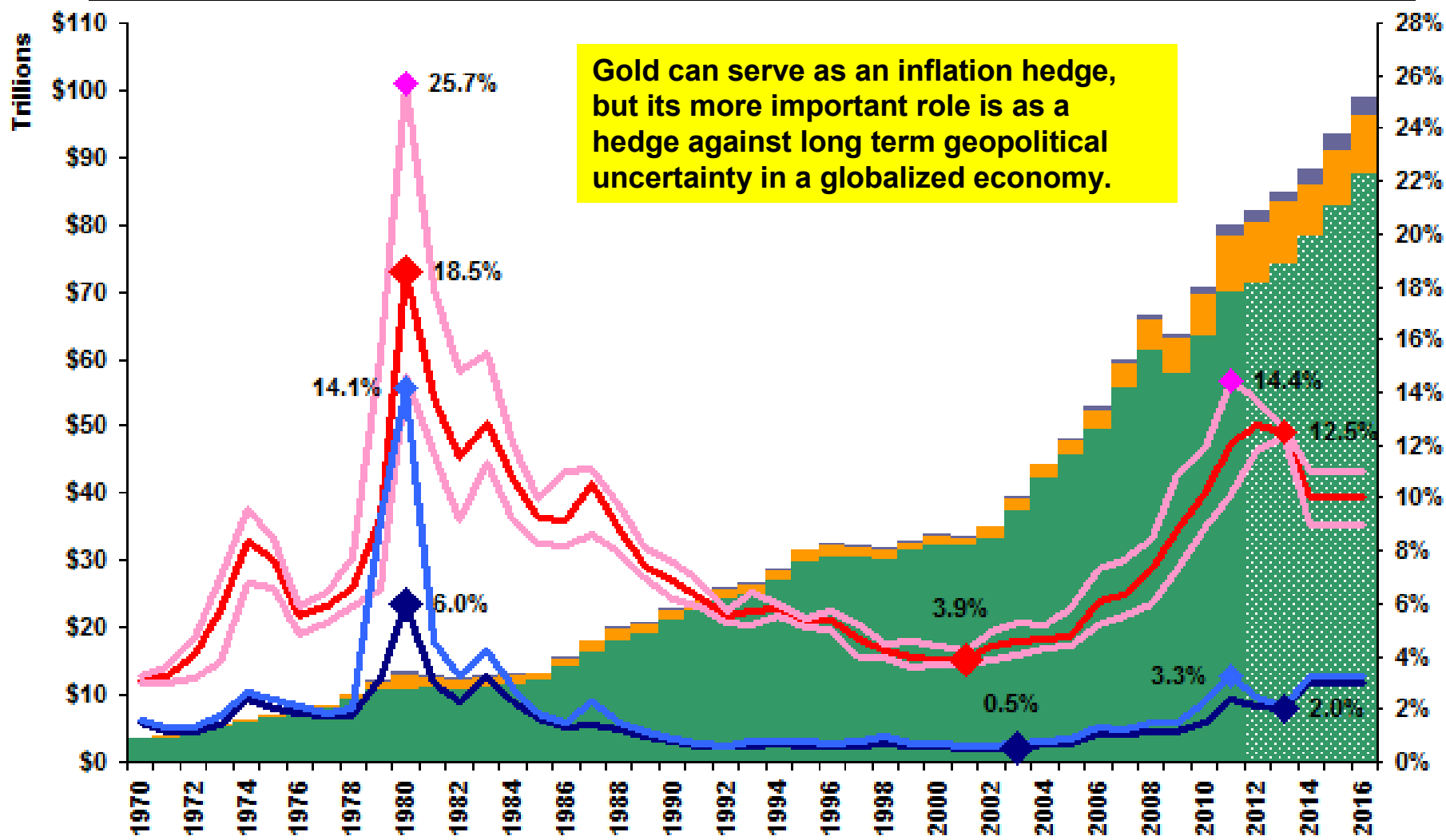
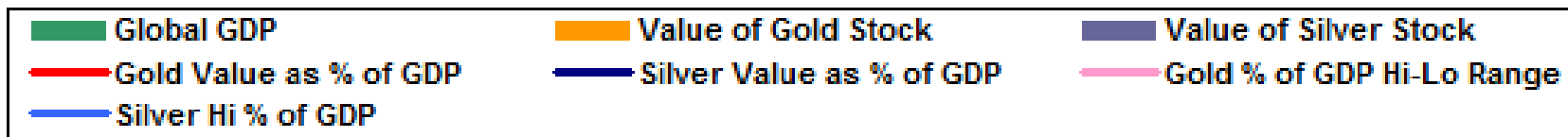


Source: IMF, SIPRI, World Bank

January 2013

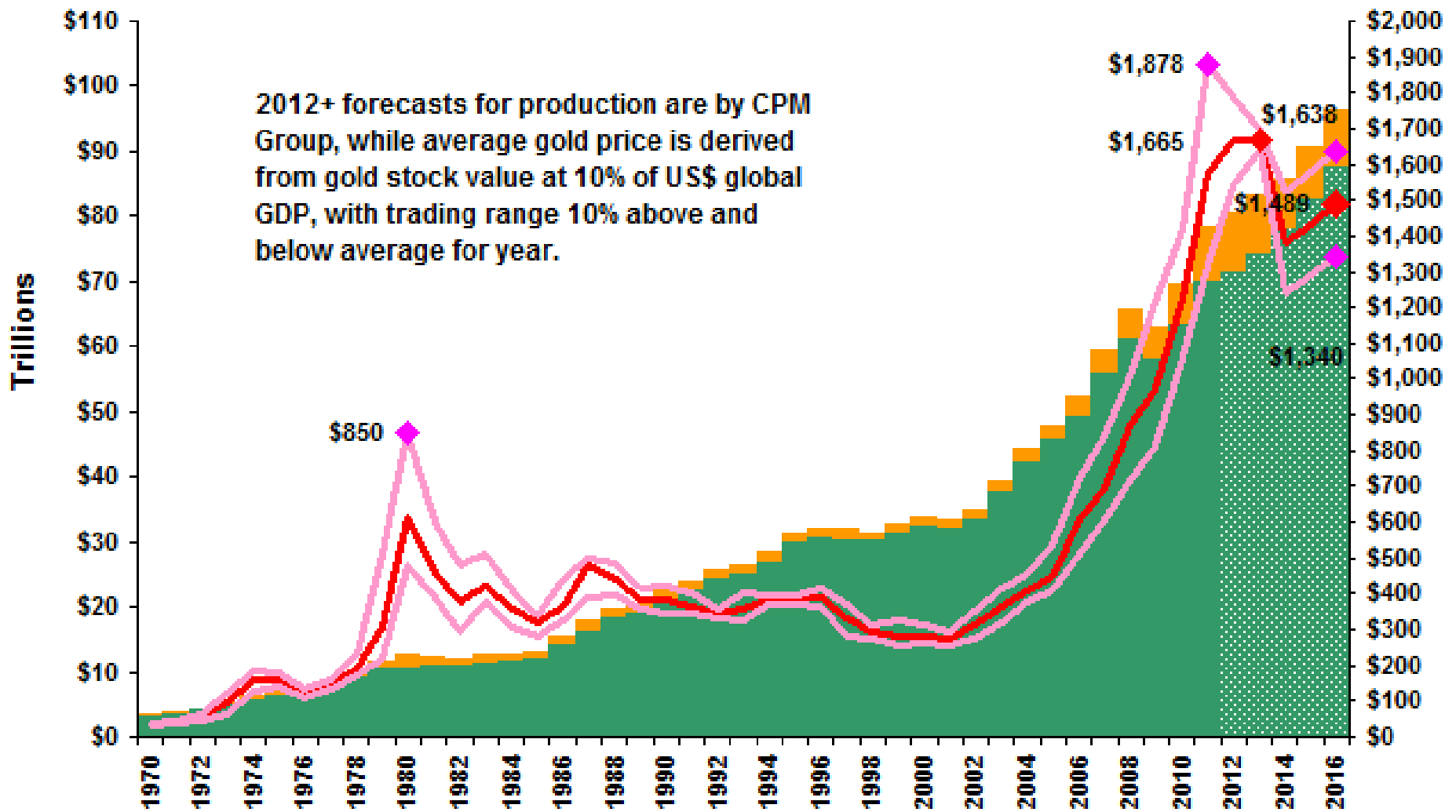
Kaiser Research Online

Relationship between Global GDP and Value of Existing Gold & Silver Stock (2012 onwards GDP & Mine Supply estimated)



Relationship between Global GDP and Value of Existing Gold Stock (2012 onwards GDP & Mine Supply estimated)

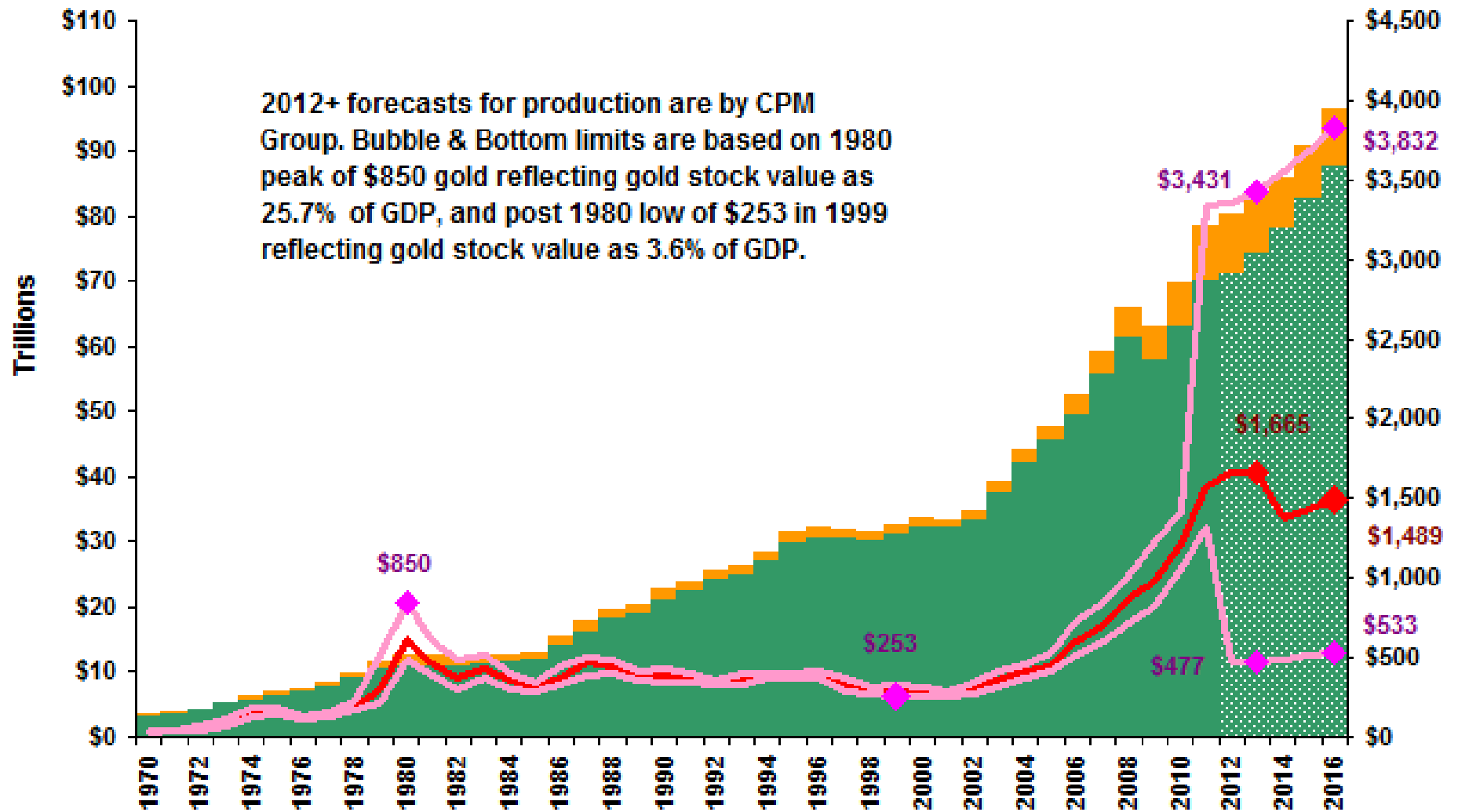
- Global GDP
- Value of Gold Stock
- Average Gold Price
- Yearly Hi-Lo Range



Past Peak & Bottom Based Bubble & Bear Limits for Gold

(2012 onwards GDP & Mine Supply estimated)

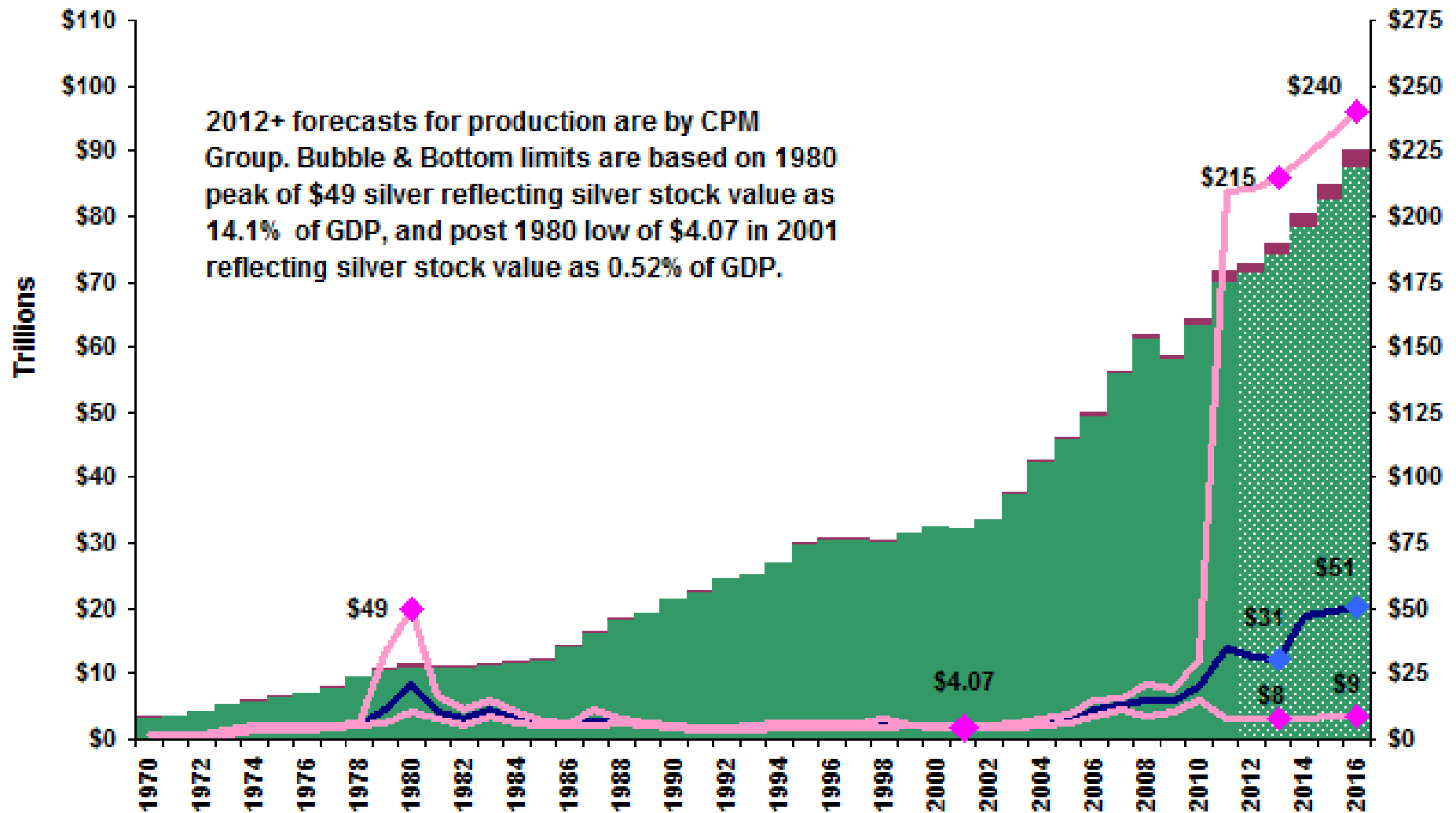
- Global GDP
- Value of Gold Stock
- Average Gold Price
- Yearly Hi-Lo Range



Past Peak & Bottom Based Bubble & Bear Limits for Silver

(2012 onwards GDP & Mine Supply estimated)

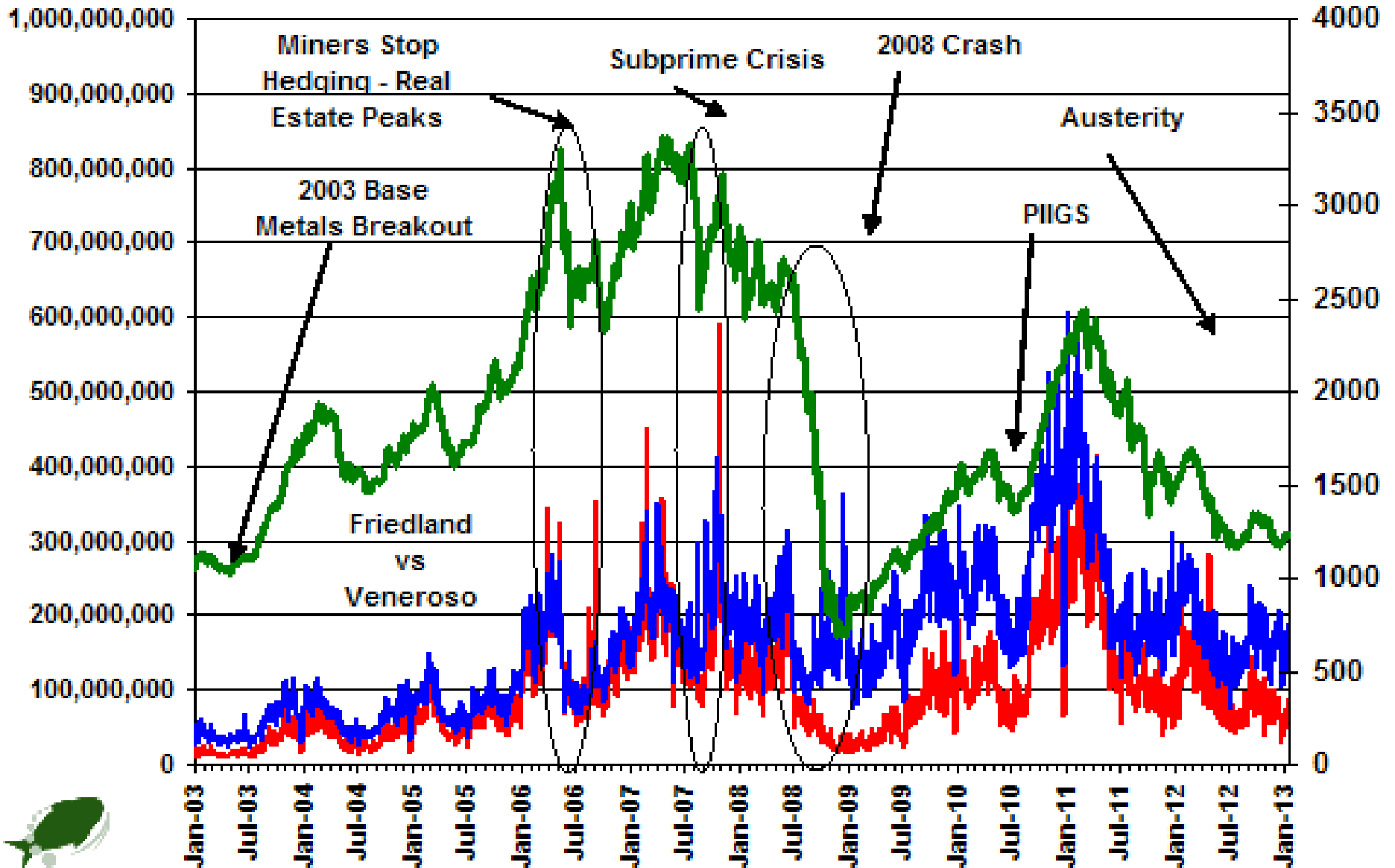
- Global GDP
- Average Silver Price
- Value of Silver Stock
- Yearly Hi-Lo Range



Daily TSXV Volume & Value Traded

January 18, 2013

Value Volume TSXV Index



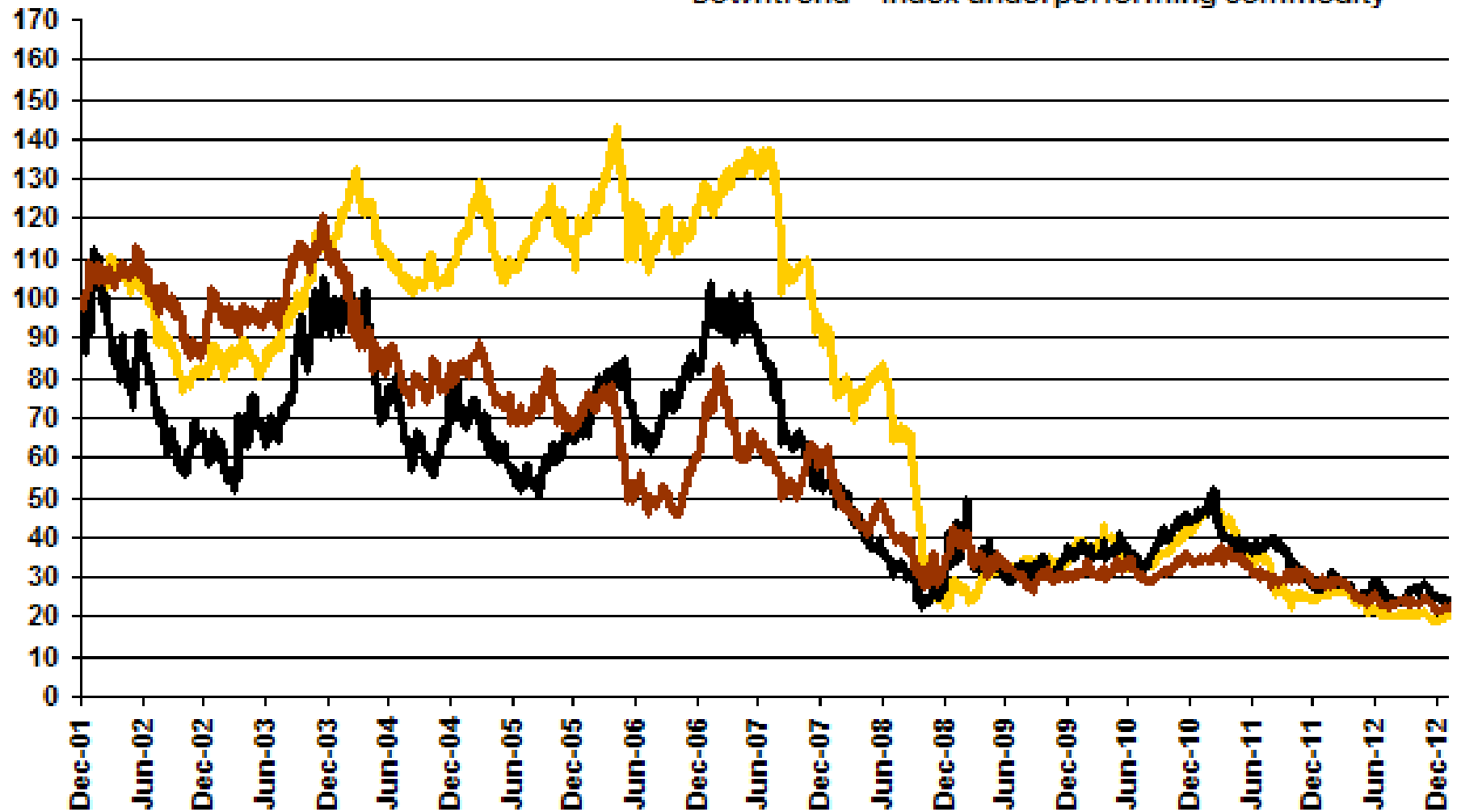
TSXV Index-Gold-Oil-Copper

Relative Performance

Dec 10, 2001 = 100

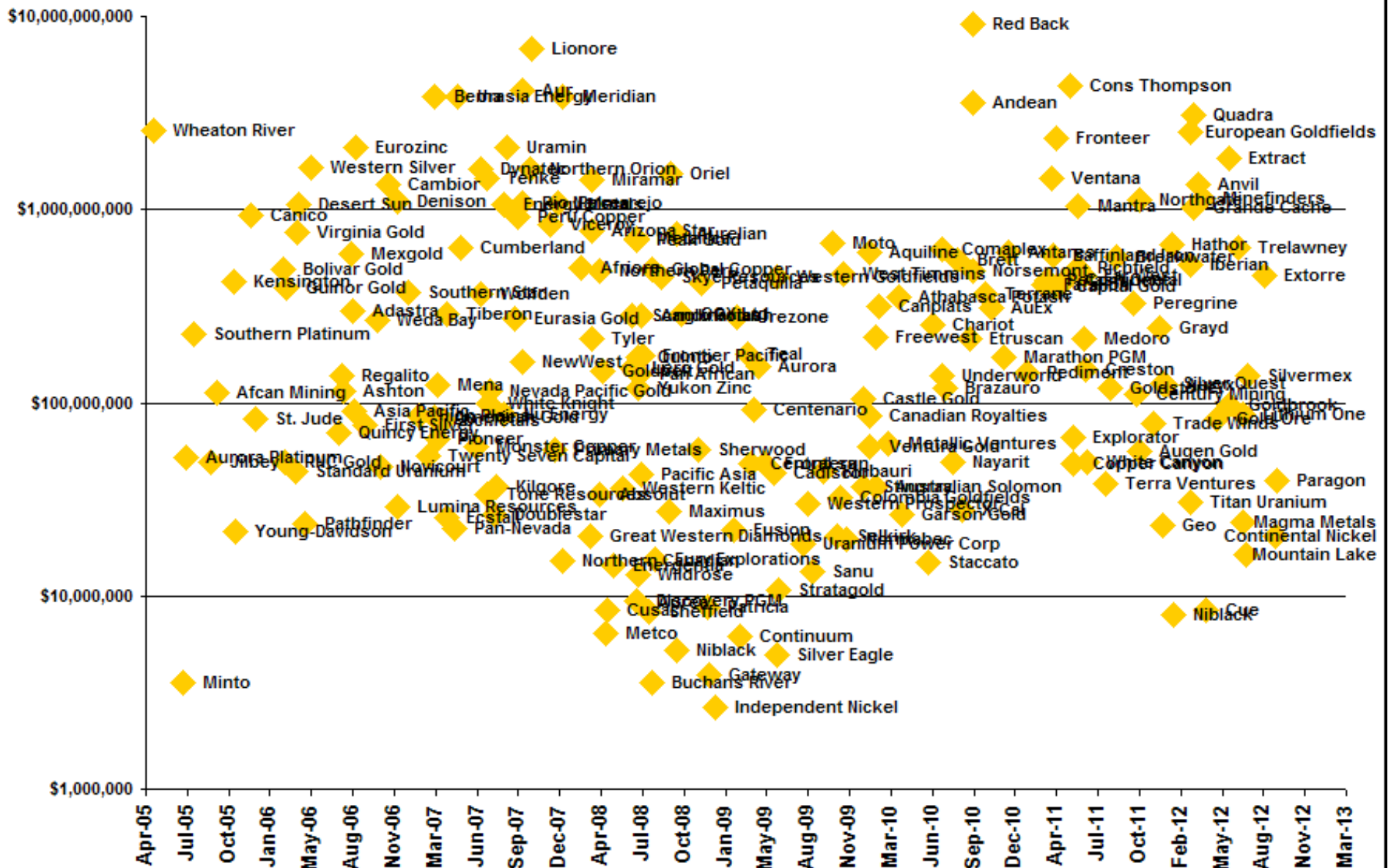
- Index to Gold Ratio
- Index to Oil Ratio
- Index to Copper Ratio

Sideways = index tracking commodity trend
Uptrend = index outperforming commodity
Downtrend = index underperforming commodity



Value of Takeover Bids - \$115 billion - 209 Juniors (2005-2012)

\$51 billion 98 juniors (2009-2012)



Mine Exploration & Development Cycle

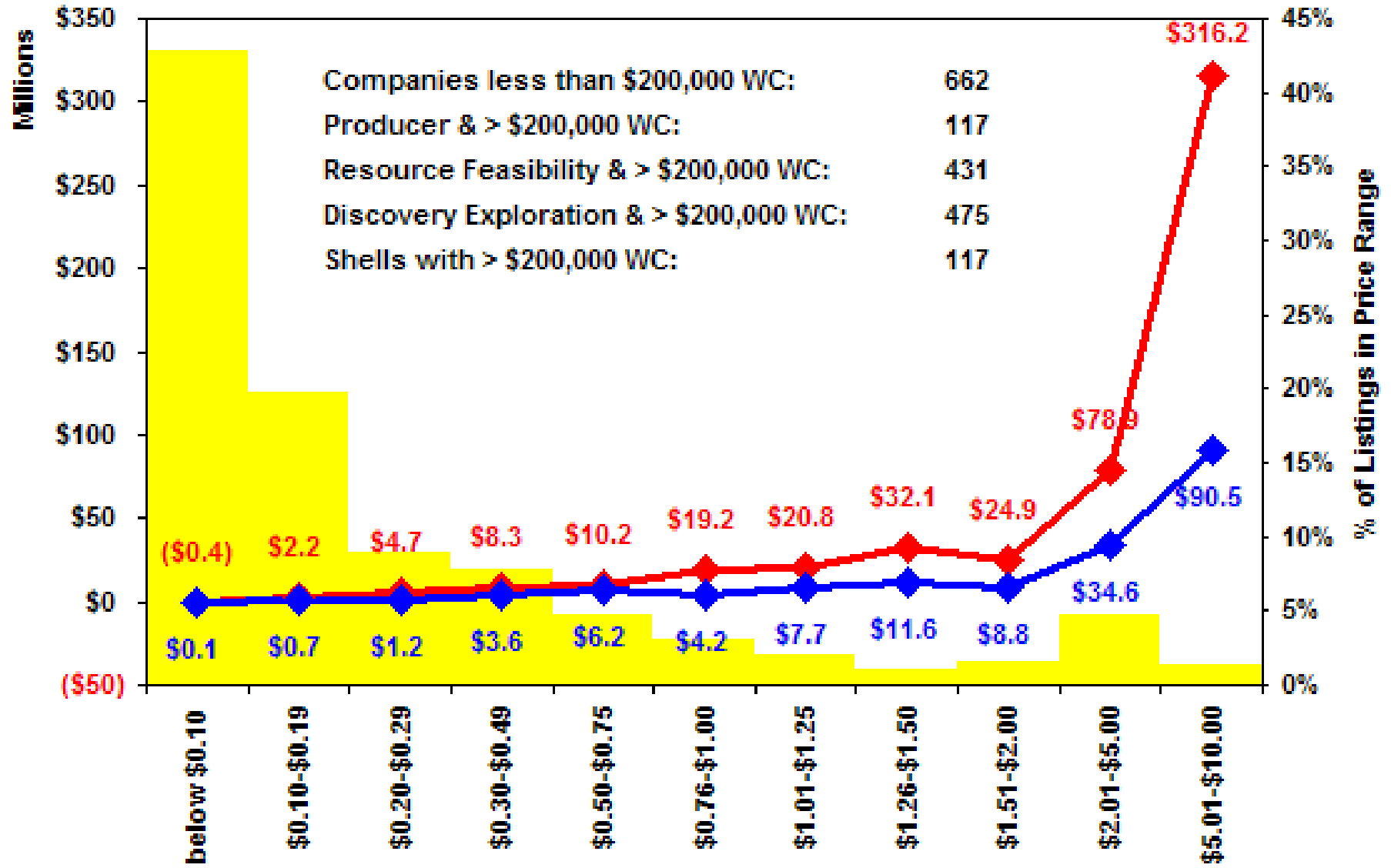
Stage	Exploration Cycle Stage	Objective	Time Required
1	Grassroots	Conceptual, land acquisition	1 year
2	Target Generation & Drilling	Filtering for drill targets	1-2 years
3	Discovery Delineation	Defining the limits of a discovery & producing initial 43-101 resource estimate	1-2 years
4	Infill Drilling	Upgrading resource estimate from inferred category	1-2 years
5	Preliminary Economic Assessment (PEA) & Metallurgy	Evaluating recoveries and optimal processing method, initial economic analysis with 30%-35% error margin	1 year
6	Prefeasibility (PFS)	Produce a mineable reserve, detailed engineering for mining plan and associated costs, 15-20% error margin	1-2 years
7	Permitting, Marketing & Feasibility (FS)	Securing approval, negotiate offtake, production decision, 8-12% error margin	1-3 years
8	Construction	Building the mine	1-3 years
9	Production	Mining cash flow	10-40 years

KRO Price Range - Working Capital Distribution

1,802 All Companies as of January 16, 2013

■ % of Listings
◆ Avg Working Capital
◆ Median Working Capital

42.8% 19.6% 8.9% 7.8% 4.8% 3.0% 2.0% 1.1% 1.5% 4.7% 1.3%



Kaiser Research Online Search Engine

Result Sorting

Sort By:

Project Display

Hide all projects

 Search Tip

Advanced Search Criteria:

[Expand All](#) | [Collapse All](#)

Special Parameters

Special Parameters

- Ignore All...
- Exclude delisted companies
- Include only delisted companies
- Has an open recommendation
- Is owned by John Kaiser
- Include only Cambridge Vancouver January 2013 Conference Participants
- Member of 2012 Spec Value Hunter Index
- Member of 2012 Bottom-Fish Edition (New - July 13, 2012)
- Price Range Lower Quartile for Issued and Working Capital - potentially doomed companies
- Price Range Upper Quartile for Issued and Working Capital - best survival chances
- Member of Big Anomaly Club
- Member of Nevada Gold Exploration 2012 Index
- Member of KRO Silver Producer Index
- Member of KRO Silver Index
- Member of KRO Major Gold Producer Index (500,000+ oz)
- Member of KRO Intermediate Gold Producer Index (100,000-500,000 oz)

50% conference discount for KRO Trial Membership for the month of February 2013 at a cost of US \$50 if by January 31 you register online and include the promo code: VRIC13

Cadillac Mining Corp (CQX-V)

IPV Tree Website Forum Sedar Quote

Price:	\$0.09	Open Rec:	See Strategy
Market Cap:	\$2,888,037	WC % of Mkt Cap:	-21%
Working Cap:	(\$614,337)	As of:	8/31/2012
Issued:	32,089,295	Insider %:	29.9%
Diluted:	37,898,428	Resource:	No
Key People:	Victor Erickson (CEO), Andre J. Audet (VP EX)		



Overview: Cadillac Mining Corp, led by CEO Vic Erickson and exploration VP Andre Audet, was formed July 10, 2006 when the predecessor Eclips Inc underwent an 8:1 rollback and completed an RTO of a land package covering Quebec's Cadillac Break assembled by Erickson and Audet. Neither the Cadillac Break claims nor a series of British Columbia property options in 2007-2008 generated any exploration joy, so in late 2010 Cadillac optioned most of its Quebec holdings 60% to Visible Gold Mines Inc, and shifted its focus in early 2011 to southwestern Utah where it assembled a 2,000 ha land package covering the former Goldstrike district from which Tenneco and USMX open pit mined and heap leached 280,000 gold ounces from 1988-1994. The former pits have since been reclaimed and the Goldstrike system, where disseminated gold mineralization appeared restricted to a basal sandstone unit and the unconformably underlying limestone unit where it intersected with high angle graben faults, is generally viewed as mined out with little new tonnage development potential. Cadillac tackled Goldstrike with two small drill programs in 2011 and 2012 with the goal of achieving a better understanding of the mineralogical controls that could be applied to the dataset created by 1,630 historical holes. Cadillac management believes that Goldstrike was pumped by a major hydrothermal system, possibly driven by nearby intrusives, which circulated through a thick package of structurally prepared and chemically receptive stratigraphy, and that the oxide mineralization targeted by open pit mining in the late eighties represents a fraction of the gold endowment soaked up by Goldstrike. The deeper potential has been tested by only a small number of holes that failed to encounter potentially economic mineralization, with most of the past work involving shallow holes testing the graben fault structures. Cadillac's goal is to test other parts of the property for open-pittable zones, and probe the deeper potential for zones with sufficient gold grade and extent to support underground mining. The targeting key as of late 2012 was the theory that IP surveys could be used to identify the barren sulphide mineralization in the Claron mudstones which appears to have a correlation with oxidized gold mineralization in the underlying basal sandstone of the Claron Formation. Should a pilot IP survey confirm this theory, Cadillac will conduct a large IP survey on the Goldstrike property in 2013 as a prelude to a major drill program testing the resulting targets.

Project	Interest	Country	Region	Stage	IPV (\$mm)	Target	Deposit Model
★ Goldstrike	100% WI	United States	Utah	3-Discovery Delineation	\$3	Gold	Sediment Hosted
● West Cadillac	40% TC	Canada	Rouyn-Noranda	2-Target Drilling	\$9	Gold	Intrusive

Caldera Resources Inc (CDR-V)

Tree Website Forum Sedar Quote

Price:	\$0.01	Open Rec:	No
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Why are the Canadian Resource Juniors in this Mess?

Cyclical Issues that may change with time

- Institutional investors no longer believe in the super-cycle and have withdrawn, leaving a vacuum no longer occupied by retail investors.
- Retail investors have not had a chance to recover from the Bre-X Betrayal by participating extensively in a similar scale but real discovery play under the new 43-101 reporting regime. All discovery exploration plays are lottery tickets and the glass is stuck on half empty.
- Retail investors shy away from resource feasibility demonstration plays because they lack the valuation skill-set and are reluctant to deal with geopolitical and macroeconomic issues.
- Companies with ounces in the ground or gold production no longer serve as a proxy for gold and are instead valued on the basis of cash flow.
- The juniors have been hijacked by pundits pushing an apocalyptic gold bug narrative that is useless to gold mines, encourages the purchase of bullion or ETF gold, and discourages gambling on fundamental outcomes such as new discoveries or the mine feasibility of a deposit.

Why are the Canadian Resource Juniors in this Mess?

Financial Sector Issues unlikely to Change

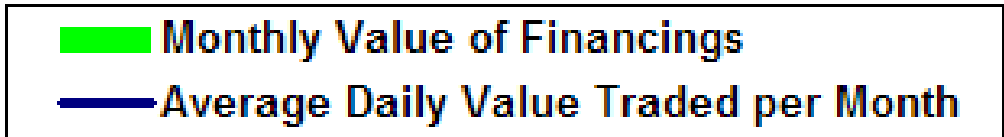
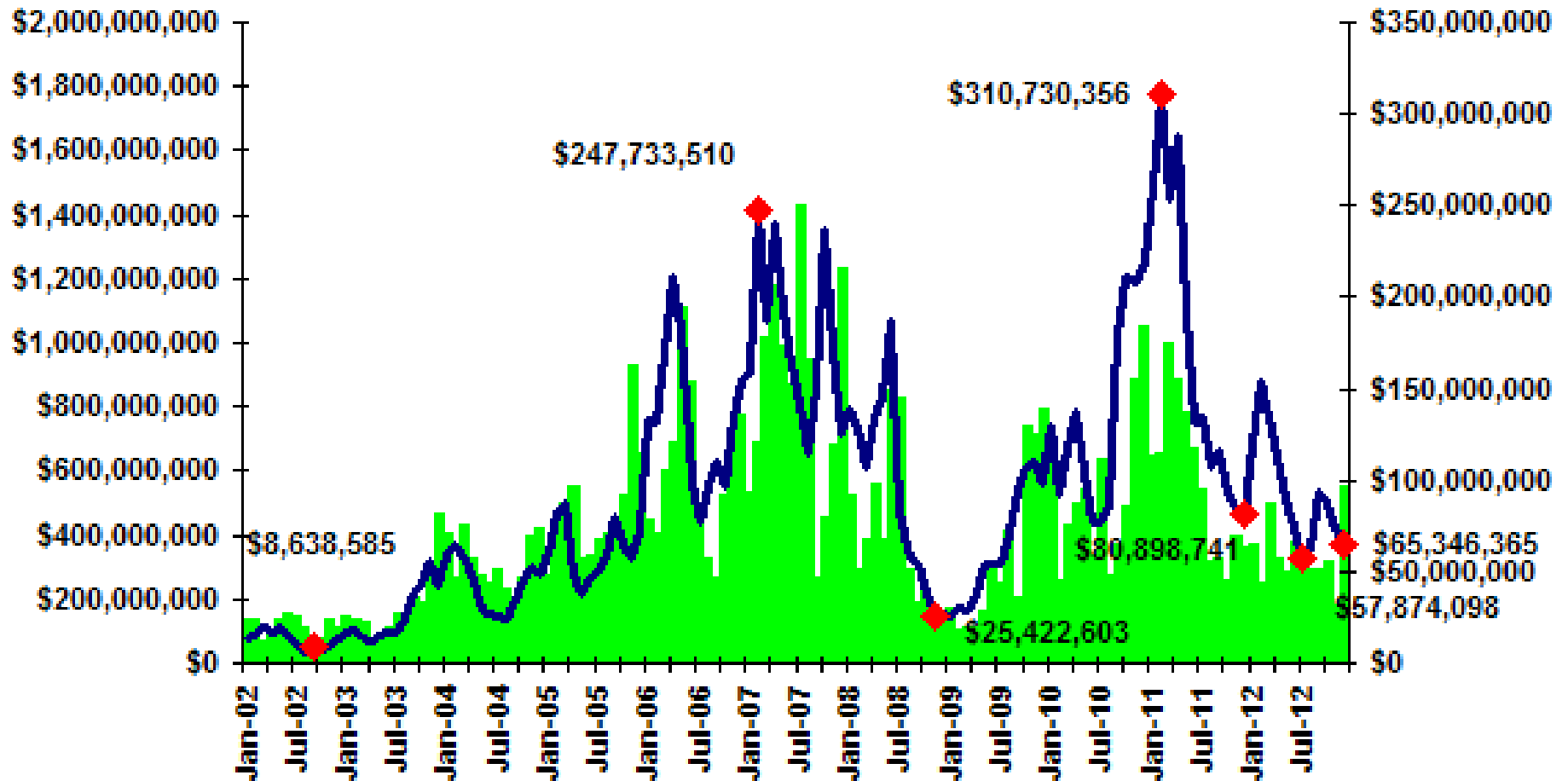
- The deregulation of commissions has shifted the brokerage industry from commission based trade generation to fee based asset gathering, eliminating it as a knowledgeable interface between companies and retail investors.
- Brokers shun small to medium scale financings except as clip and flip strategies with onerous commission and bonus warrant terms.
- Brokerage firms still focused on the juniors spend their efforts floating capital pool and junk project IPOs, which drown the signals with unproductive noise.
- Alternative trading systems such as Alpha and Chi fragment the order book, undermine the principle of first come first serve trade execution, limit the ability of ordinary investors to see complete market depth, and make it easier to conduct illegal transactions.
- Dark pools whereby financial institutions cross orders between accounts without disclosing the trade disguise the actual level of market activity.

TSXV Private Placement Activity

\$56.8 billion raised / \$256 billion traded

PP Value

Avg Daily Trade Value



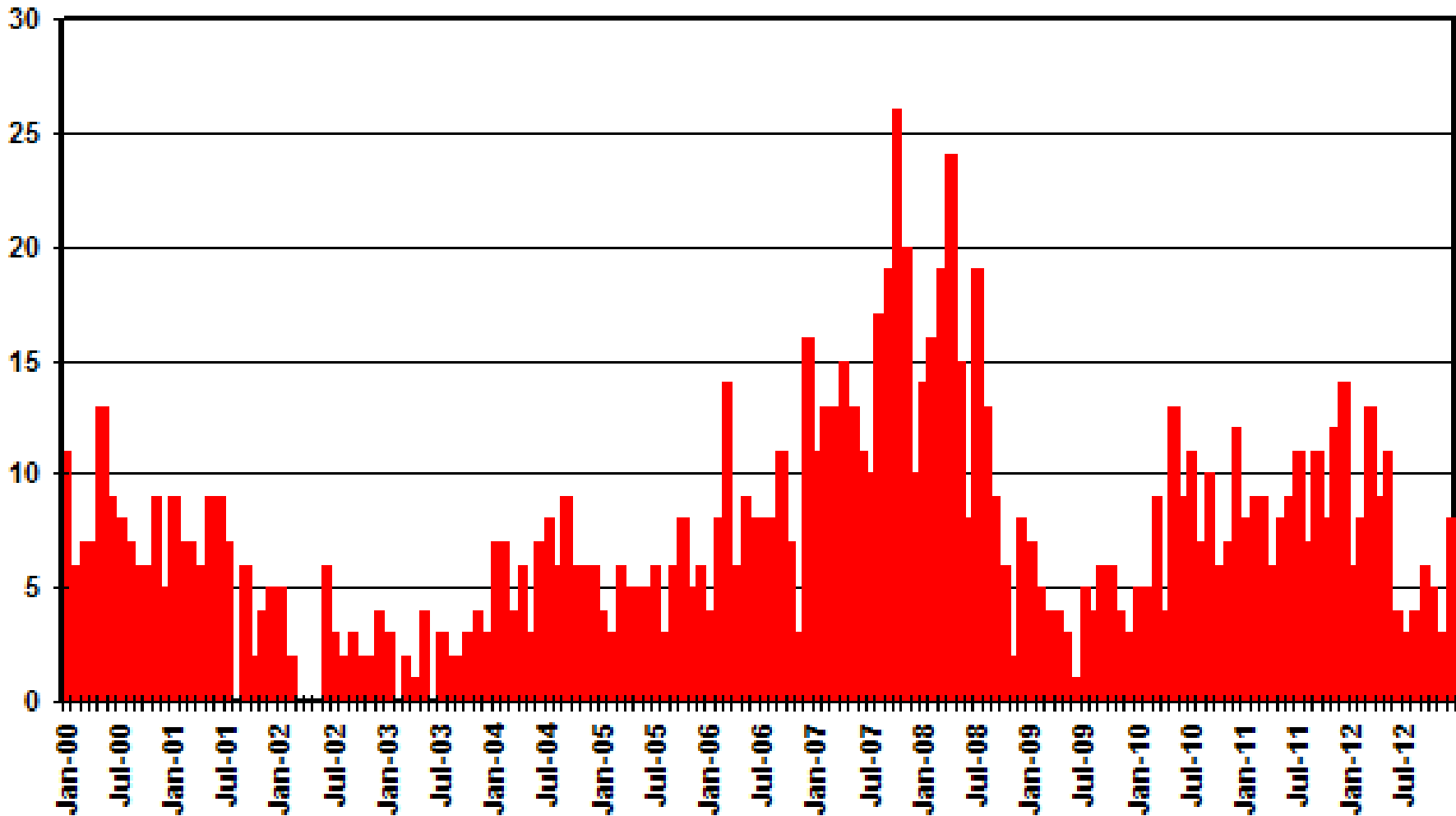
December 2012



TSXV Monthly Capital Pools Listed

1133 shells manufactured Jan 2000 - December 2012

■ Number of Capital Pools



Why are the Canadian Resource Juniors in this Mess?

Technology Issues difficult to Change

- Algorithmic trading (also known as high frequency trading) intercepts capital inflows intended as gambles on fundamental outcomes. The manufacture of volatility undermines the market as a price discovery mechanism, hurting junior company chances to finance at higher prices when a project advances.
- Financial media organizations have internal incentive structures and measurement systems for market swings created by the implicit, arbitrary slant of an apparently balanced article to which “premium” subscribers have access prior to “free” publication.
- Elimination of the up-tick rule for short selling encourages intra day trading strategies where the account finishes with a zero share position. The intent to deliver or borrow stock never needs to be fulfilled. Through illegal but difficult to detect coordination it is easy to manufacture miniature flash crashes in juniors or snuff out rallies driven by retail investors responding to fundamentals linked expectations.

Tasman Metals Ltd

4/24/2009 TO 1/18/2013



Issued: 59,570,982

High: \$5.98 on 4/14/2011

Max Volume: 3,759,500 on 3/8/2010

Diluted: 66,930,089

Low: \$0.05 on 4/24/2009

Max Value: \$8,001,622 on 11/22/2010



KaiserBottomFish.com

TSM - TSXV - CAD \$1.27

Copyright 2012 Kaiser Research

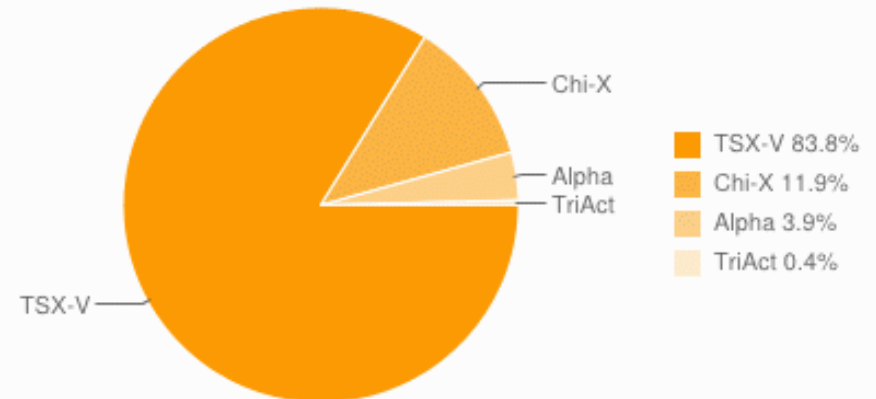
Alternative Trading Systems = Market Fragmentation

V:TSM - Tasman Metals Ltd. - <http://www.tasmanmetals.com> 09:09:35 PST - [Update in 34 seconds](#) [Pause](#)

Sym-X		Bid - Ask		Last	Chg	%Ch	Vol	\$Vol	#Tr	Open-Hi-Lo	Year Hi-Lo	Last Tr	
TSM - V	↑ ATS	2.5	v 1.26 · 1.30 v	2.8	1.27	+0.13	11.4	317.0	380	459	1.16 1.30 1.13	2.75 0.98	15:59:59
TSX-V - V		2.5	1.26 · 1.30	2.8	1.27	+0.13	11.4	273.3	328	336	1.16 1.30 1.13	2.75 0.98	15:59:59
Alpha - A					1.29	+0.15	13.2	19.5	23	48	1.16 1.29 1.16		15:53:34
Chi-X - X					1.29	+0.15	13.2	23.6	28	69	1.15 1.29 1.15		15:59:02
Pure - P					1.15	+0.01	0.9	0.1	0	1	1.15 1.15 1.15		10:24:57
TriAct - M					1.265	+0.125	11.0	0.5	1	5	1.245 1.265 1.235		15:45:34

Trades for C:TSM on 20130118 - 100 trades displayed

Time ET	Ex	Price	Change	Volume	Buyer	Seller	Markers
15:59:59	V	1.27	0.13	1,000	19 Desjardins	1 Anonymous	K
15:59:33	V	1.30	0.16	200	2 RBC	1 Anonymous	K
15:59:33	V	1.30	0.16	800	2 RBC	7 TD Sec	K
15:59:33	V	1.30	0.16	1,000	2 RBC	81 HSBC	K
15:59:33	V	1.29	0.15	500	2 RBC	7 TD Sec	K
15:59:15	V	1.29	0.15	100	79 CIBC	7 TD Sec	K
15:59:15	V	1.29	0.15	100	79 CIBC	7 TD Sec	K
15:59:15	V	1.29	0.15	100	79 CIBC	7 TD Sec	K
15:59:15	V	1.29	0.15	100	79 CIBC	7 TD Sec	K
15:59:02	X	1.29	0.15	300	1 Anonymous	1 Anonymous	K
15:58:50	X	1.29	0.15	100	15 UBS	1 Anonymous	K
15:57:39	V	1.29	0.15	100	7 TD Sec	7 TD Sec	K



Why are the Canadian Resource Juniors in this Mess?

Technology Issues difficult to Change

- Computerized access to the order book puts traditional abuses on steroids that are difficult to detect and/or prove: layering, quote stuffing, quote manipulation, spoofing, abusive liquidity detection.
- The celebration of a trading culture divorced from company side fundamentals has turned the market into an online video game where algo warriors battle each other and turn fundamentals based investors into roadkill.
- The ambiguity between legitimate inter-algo trading battles and abusive strategies aimed at the fundamentals investors, as well as the cutting edge proprietary complexity of algorithms, makes it difficult for “market participants” to fulfill their mandated gatekeeper role.
- Algo trading cannot enhance real liquidity in the resource junior market because there is no externalized valuation metric that can serve as a reference point that allows volatility to swing around an equilibrium price as is the case with companies that have revenue.

Why are the Canadian Resource Juniors in this Mess?

Investor Level Challenges

- Companies have high 43-101 disclosure obligations but are prohibited from monetarily quantifying a potential outcome so that investors can make intelligent risk-reward based decisions.
- The ubiquity of information on the Internet has killed the rumor mill as an expectation shaping mechanism in the junior sector.
- Investors lack the skills and tools to visualize potential outcomes on the basis of the raw information provided by the juniors. Perversely, the more information the weaker the link between market action and the fundamentals. All noise and no signal.
- Evaluating resource juniors as “investments” rather than speculations on uncertain fundamental outcomes has the insidious effect of marginalizing this class as a destination for risk capital.
- The \$1 million net worth excluding primary residence threshold for accredited investor status severely restricts company access to retail investors for financing.

Why are the Canadian Resource Juniors in this Mess?

Company level challenges

- The annual cost of running a public company that does nothing approaches \$200,000; the minimum overhead for a real exploration junior is \$500,000 annually. 662 of 1802 Canadian “resource” sector companies (37%) have less than \$200,000 working capital as of January 2013.
- Over 60% of the resource sector is trading below \$0.20 where refinancing options are very dilutional.
- Capital cost and permitting timelines are so big that projects need an NPV & IRR of at least \$200 million and 20% to be worth developing.
- Because all stable jurisdictions have been well explored, no “outcropping” low hanging fruit remains to be found. Future targets will be “blind” or “under cover” and require “geological” drill holes to map the third dimension.
- A serious grassroots project thus needs a minimum \$1 million exploration commitment before discarding as a failure is justified.
- A junior needs to maintain a minimum \$3 million in working capital so that it can have plan A, B, and C projects under simultaneous investigation.
- A junior will need to raise \$3 million plus to carry on with a project that is not a writeoff after the initial \$1 million expenditure.
- Investors no longer respond to that former ideal farm-in junior, one with management that is technically incompetent yet adept at blowhard promotion.

Two Crises facing Canada

The current situation has turned resource juniors into the equivalent of young saplings continually grazed down by a foraging trading culture and often trampled so bad they snap at the base. This is stifling the junior resource sector as a mechanism for raising risk capital for the exploration and development of minerals.

Given that the majors have restricted exploration to minesite locations, and rely ever more on the junior sector to generate projects worthy of resource feasibility demonstration, the crisis we face is not just the extinction of the Canadian resource junior institution, but the demise of Canada as a global metals and minerals exploration and development force.

Goodbye Canadians, Hello Aussies & Chinese?

Some Solutions to the Problem

- **500 resource juniors need to disappear. They can do this by merging or delisting. The rollback cycle now in full force is futile because there is no after-market for the cheap paper issued to fund a corporate lifestyle of pretending to be a resource junior.**
- **The rest of the serious resource juniors need to migrate to a dedicated resource sector “exchange” that is a utility with a listings and disclosure enforcement function, and which has a single, transparent order book for first come, first serve trade execution.**
- **Junior resource sector “investing” should be clearly labeled and accepted as gambling on an uncertain, real world outcome.**
- **Algorithmic order book sniffing and trading should be allowed, but each order submission should be charged a meaningful fee by the “exchange” to force such trading to be more focused on the valuation of potential fundamental outcomes than harvesting capital inflows.**
- **The up-tick rule for short selling should be reinstated.**
- **The rules allowing “retail” investors to participate in non-brokered private placements must be loosened.**

The Solution to the Problem

- The resource sector gambling audience must be empowered with the knowledge and tools to visualize and quantify the value of a the potential outcome of an exploration and development resource project.
- Through a series of menu driven choices visualizers should be able to construct simplified imaginary deposits based on available information, assign it a plausible mining scenario with best guess capital and operating costs, and construct a discount rate based on intangible risks.
- Such a collection of numerical choices should be computationally run through the discounted cash flow equation to produce a net present value and internal rate of return number which constitutes the value of the project if it becomes reality as visualized by working its way through the entire exploration-development cycle.
- Each visualizer “owns” the visualization and can change it at will in response to changed perception or new information published by the resource junior.
- There should be an online forum to which such visualizations can be posted, and where they can be aggregated and presented as a “wisdom of crowds” style consensus outcome visualization for each project. It should be visible to all.
- Company employees are forbidden from participating in this independent value visualization process which serves as a fundamentals based perceptual universe parallel to the corporation’s exploration universe and the market’s monetary universe.

If we build this...

- **The retiring generation of geologists and mine engineers can be tapped as especially wise resource of visualizers who post under a pseudonym or real name and continue to be relevant to the capital allocation process for the discovery and development of mines.**
- **The retail public becomes very educated about how mine exploration and development functions, and thus better gamblers in the resource sector.**
- **When the algos blow into a stock, the resource junior will bend like a reed, snapping back to the externalized equilibrium price as fundamentals oriented speculators take advantage of flash crashes. They will also know to sell when the stock gets ahead of itself.**
- **The resiliency created by this system will also expose the fragility of weak resource juniors or projects, making the sector much more efficient at allocating capital to the task of creating new mineral wealth.**
- **It will expand the audience for the Canadian junior resource sector by two orders of magnitude.**
- **It will prevent the structural collapse of a great Canadian institution.**
- **It might even save a growing global economy from mineral based shortages.**

Mine Supply Speculation focuses on Future Cash Flow from a Depleting Asset: A Mine is an Annuity

Discounted Cash Flow Model: What is an orebody worth?

$$\sum_{n=1}^m \frac{\text{Annual Cash Flow}}{(1 + \text{Discount Rate})^n}$$

Less Capital Cost

n = year of cash
m = mine life (years of mining)

NPV

NPV(rate,value1,value2,...)

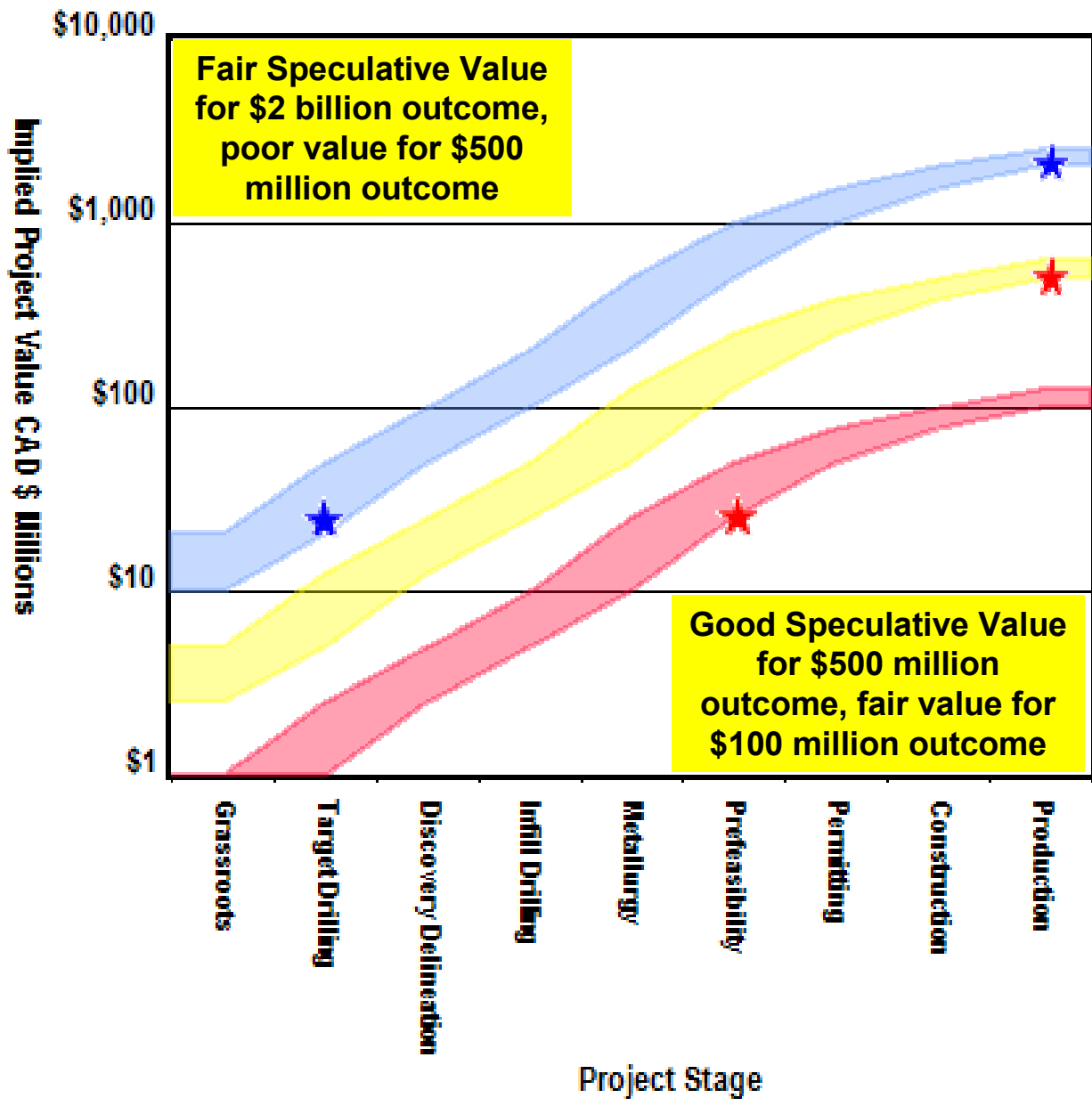
Returns the net present value of an investment based on a discount rate and a series of future payments (negative values) and income (positive values).

Rational Speculation Model – Uncertainty/Probability Ladder for Metal Projects

Exploration Cycle Stages		Success Probability		Dream Target Fair Value Channels (\$ Millions)		
		Chance	Leverage	\$100	\$500	\$2,000
1	Grassroots	0.5-1%	100-200	<\$1	\$2.5-5	\$10-20
2	Target Drilling	1-2.5%	40-100	\$1-2.5	\$5-12.5	\$20-50
3	Discovery Delineation	2.5-5%	20-40	\$2.5-5	\$12.5-25	\$50-100
4	Infill Drilling	5-10%	10-20	\$5-10	\$25-50	\$100-200
5	Metallurgy	10-25%	4-10	\$10-25	\$50-125	\$200-500
6	Prefeasibility	25-50%	2-4	\$25-50	\$125-250	\$500-1,000
7	Permitting, Marketing & Feasibility	50-75%	1.3-2	\$50-75	\$250-375	\$1,000-1,500
8	Construction	75-100%	1	\$75-100	\$375-500	\$1,500-2,000
9	Production	100%		\$100	\$500	\$2,000

Note: the fair value range in each exploration stage row for each dream target column is calculated by multiplying the dream target value by the success chance. ie stage 4 dream target \$500: 0.05 x \$500 = \$25, 0.1 x \$500 = \$50

Mineral Exploration Cycle



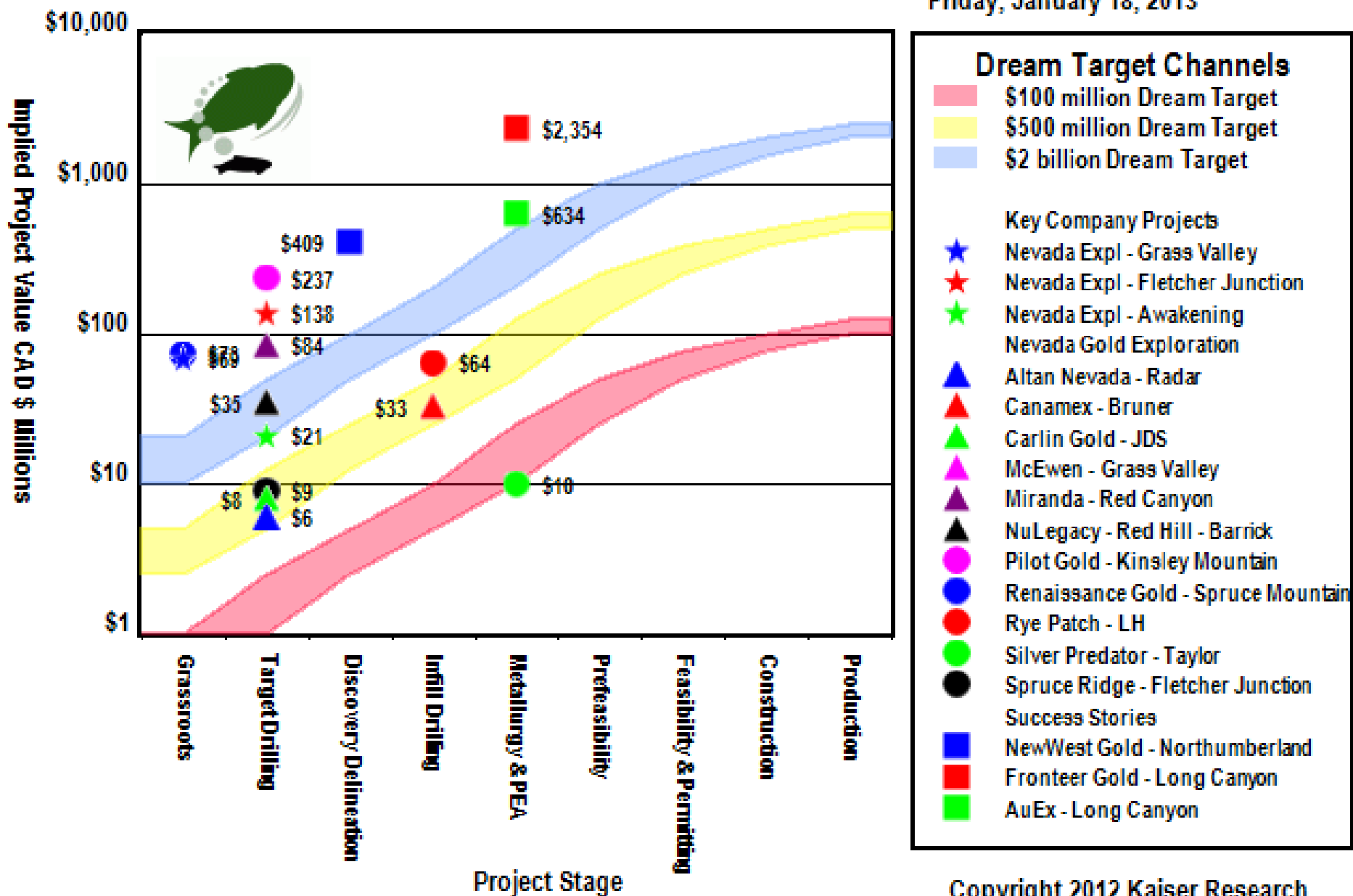
Dream Target Channels

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

The speculative value depends on the stage of the project, the value implied by the market, and the visualized outcome.

Nevada Exploration Project Valuations

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