

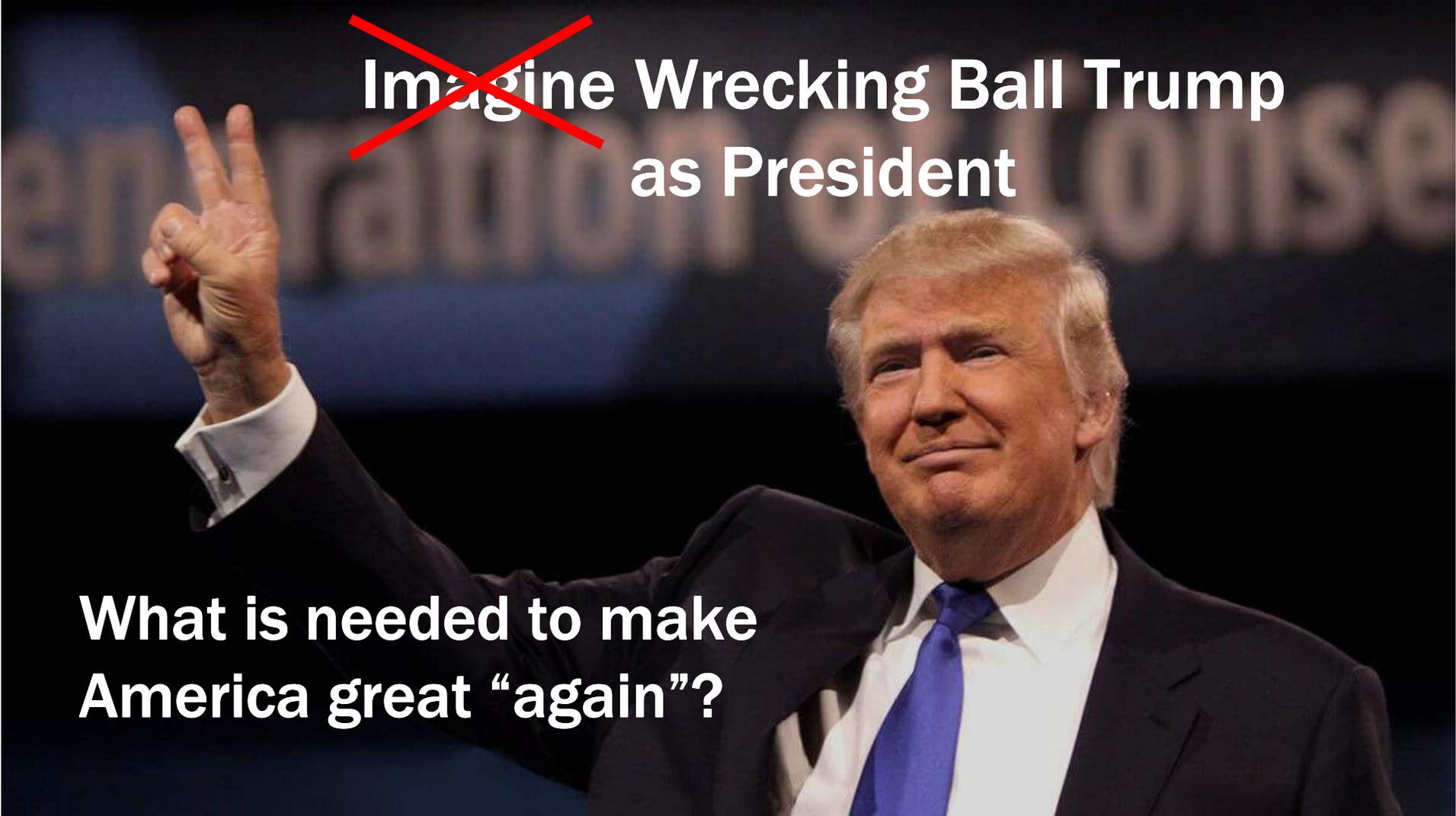
The Resource Sector in the New Age of Surrealism

Presented by John Kaiser

2016 Metals Investor Forum

November 12, 2016

Vancouver, Canada

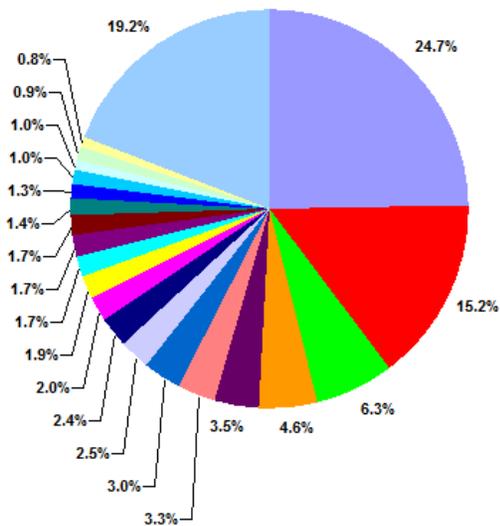
A photograph of Donald Trump in a dark suit and blue tie, making a peace sign with his right hand. The background is dark with some faint, out-of-focus text. A large red 'X' is drawn over the top portion of the image, crossing out the text below it.

~~Imagine Wrecking Ball Trump
as President~~

**What is needed to make
America great “again”?**

When did America stop being the Greatest, let alone Great?

Global GDP Estimate for 2016
\$75,182,835,000,000

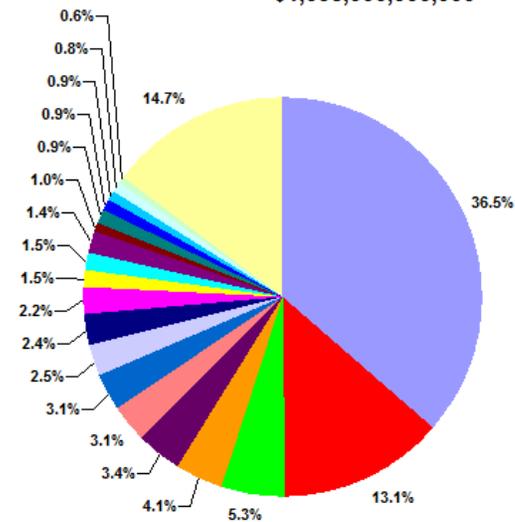


- United States
- China
- Japan
- Germany
- United Kingdom
- France
- India
- Italy
- Brazil
- Canada
- Korea
- Russia
- Australia
- Spain
- Mexico
- Indonesia
- Netherlands
- Turkey
- Switzerland
- Saudi Arabia
- Rest of World

Source: IMF WEO October 2016

Kaiser Research Online

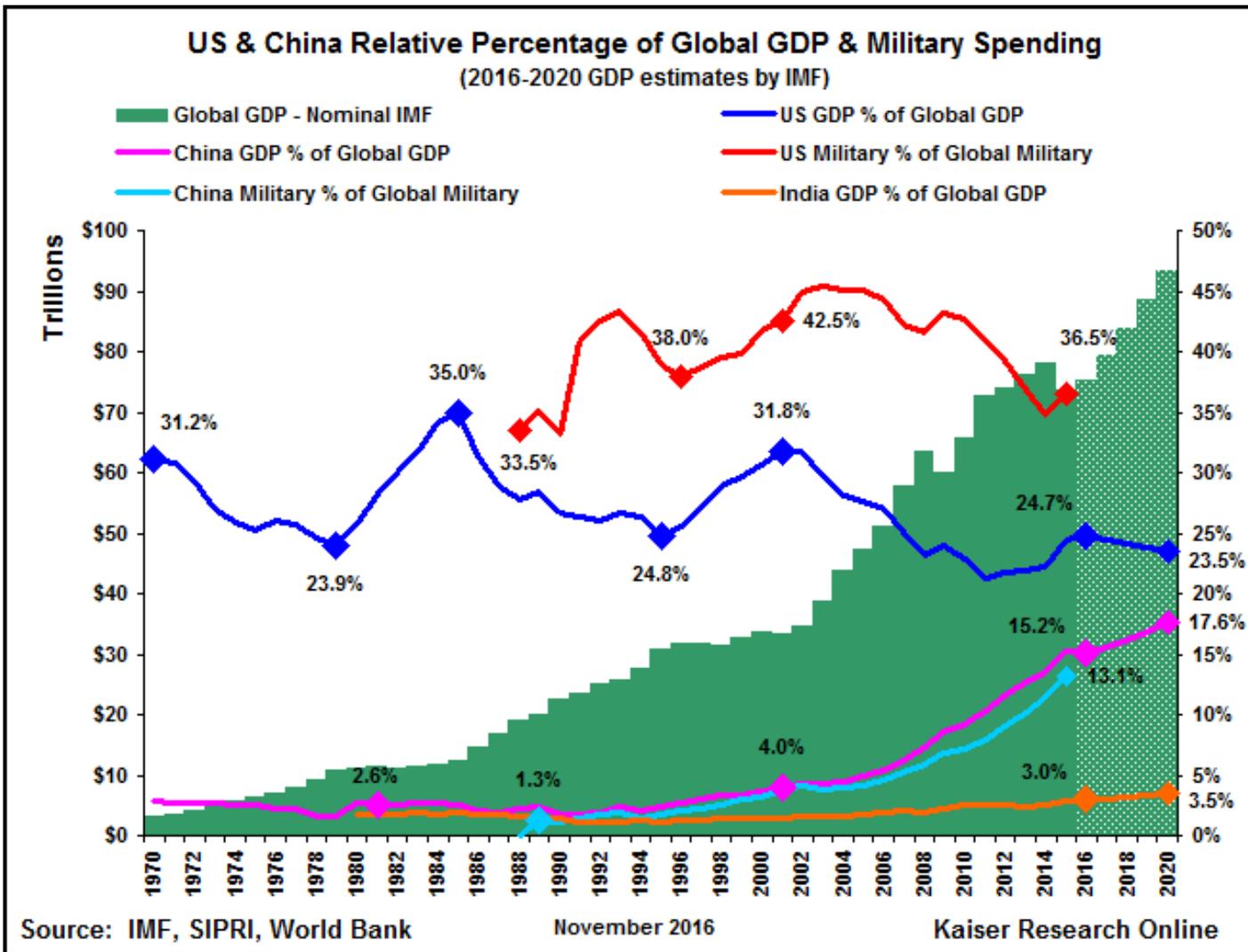
Global Military Spending for 2015
\$1,635,000,000,000



- United States
- China
- Saudi Arabia
- Russia
- UK
- India
- France
- Japan
- Germany
- South Korea
- Brazil
- Italy
- Australia
- Israel
- Turkey
- Canada
- Spain
- Iraq
- Poland
- Rest of World

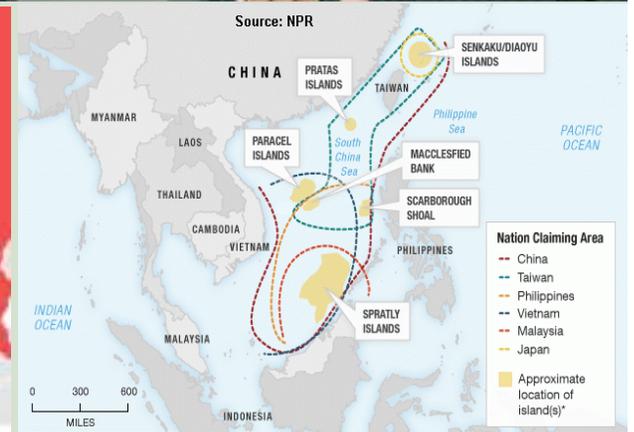
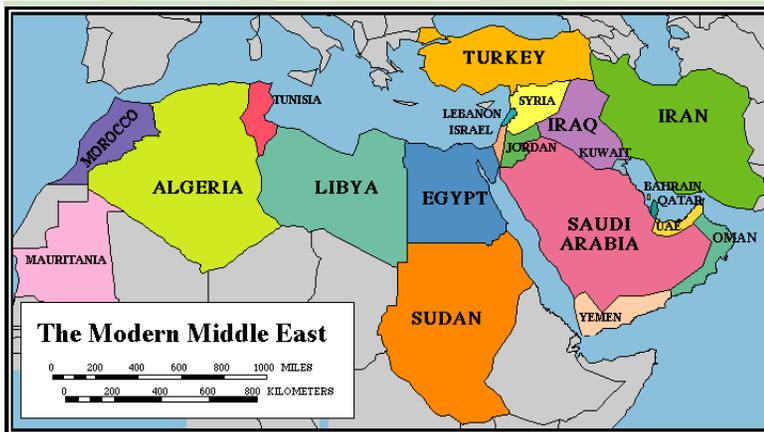
Source: CPM, IMF, SIPRI, World Bank

Kaiser Research Online

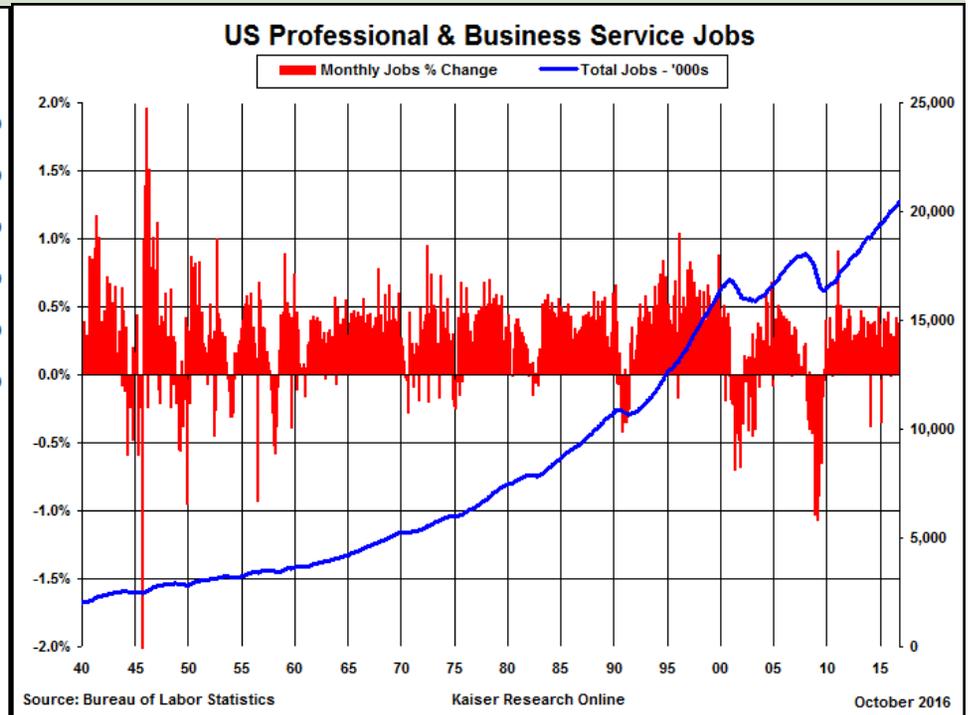
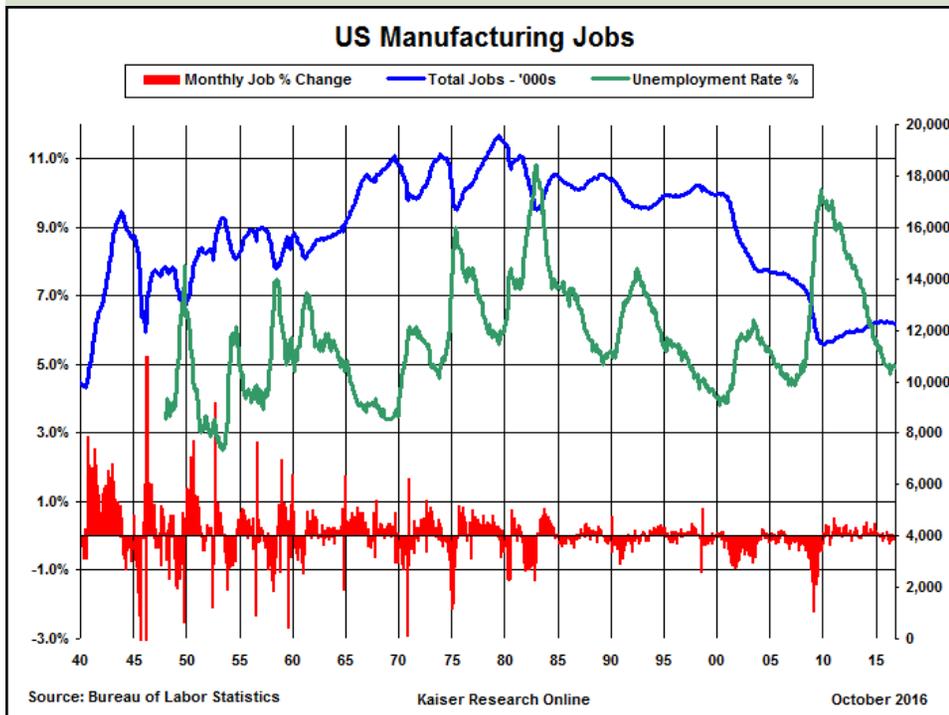


The “Problem” is the looming long term decline in relative greatness which has spawned an end-times mentality.

Major Flashpoints As Russia & China push the envelope



The attack on globalized trade is a red herring. The real problem is the Rise of the Machine Age. The great exodus of manufacturing jobs overseas is over. Automation is bringing production home but not the jobs. And it is now moving beyond the world of physical workers to devour the jobs that never left, namely those of the knowledge workers.



The most important two questions troubling Americans are:

- **What will the worker of the future do that enables him/her to consume the goods and services produced by an increasingly automated system funded by capital whose ownership is concentrated in the hands of less than 0.1% of the population?**
- **How will the benefits of workerless automated production be transferred to the biggest ever emerging retiree generation with the greatest longevity expectations in the history of mankind?**

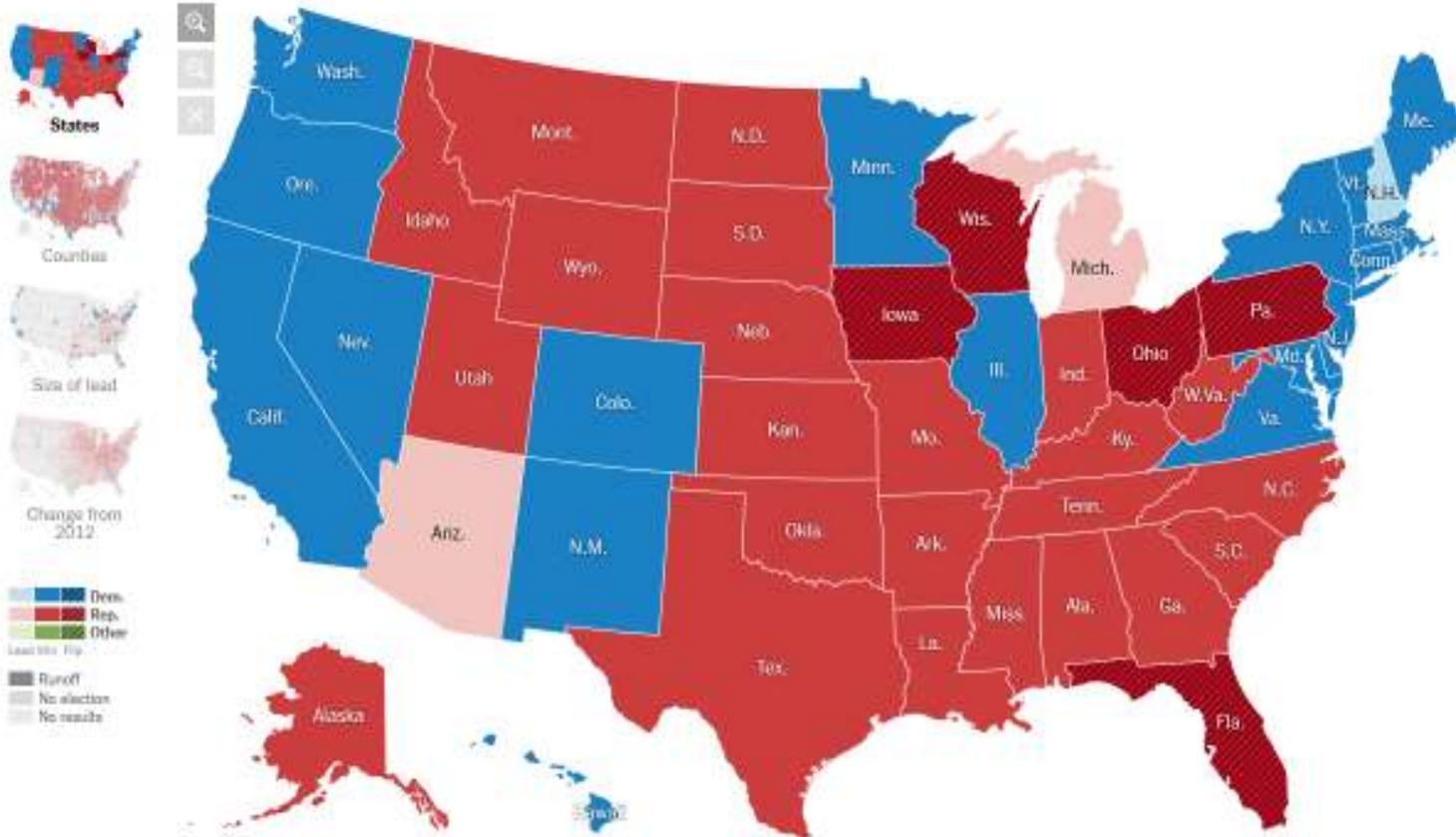
228 Hillary Clinton

59,903,027 votes (47.7%)

279 Donald J. Trump

270 to win

55,692,974 votes (47.5%)



New York Times

The
Republicans
did not
receive a
mandate for
all the bad
and stupid
things
Trump
promised.

It was a protest vote that destroyed a two party system dedicated to an elite.



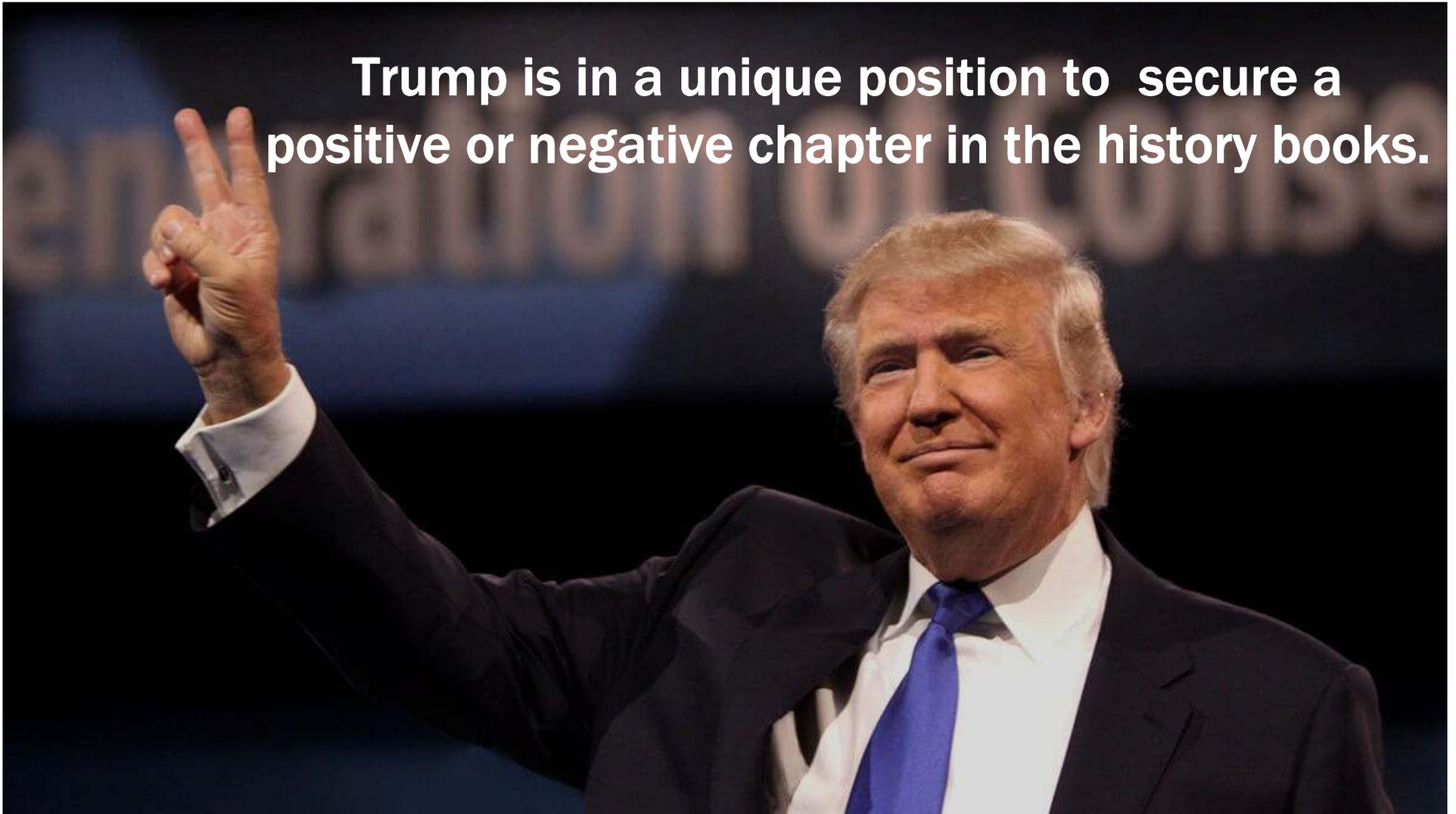
A recreation of the Jesusland map; the colors differ from the original, and state lines have been added (Some versions of the map include Ohio in Canada or Alberta in Jesusland)

 "United States of Canada", Canada, plus blue states

 "Jesusland", red states

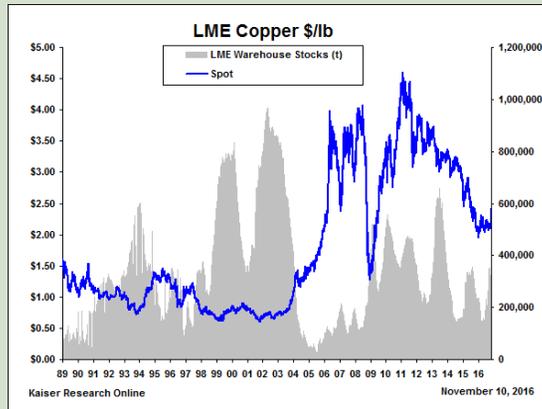


Trump is in a unique position to secure a positive or negative chapter in the history books.

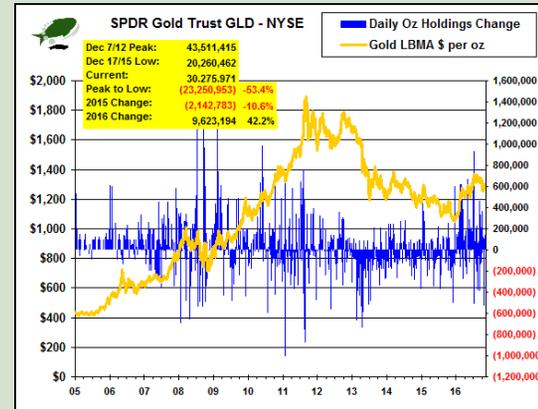


The Four Core Resource Sector Narratives

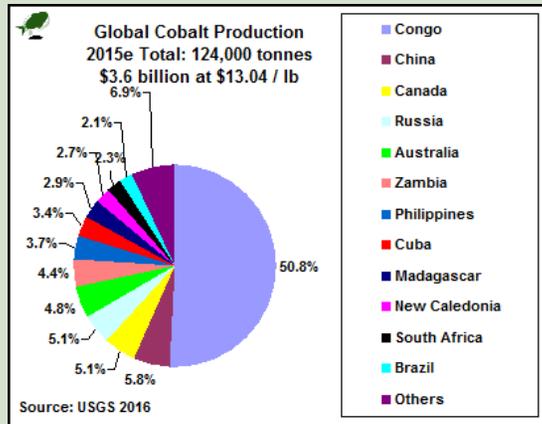
Commodity Cycle



Gold Bug



Security of Supply



Discovery Exploration

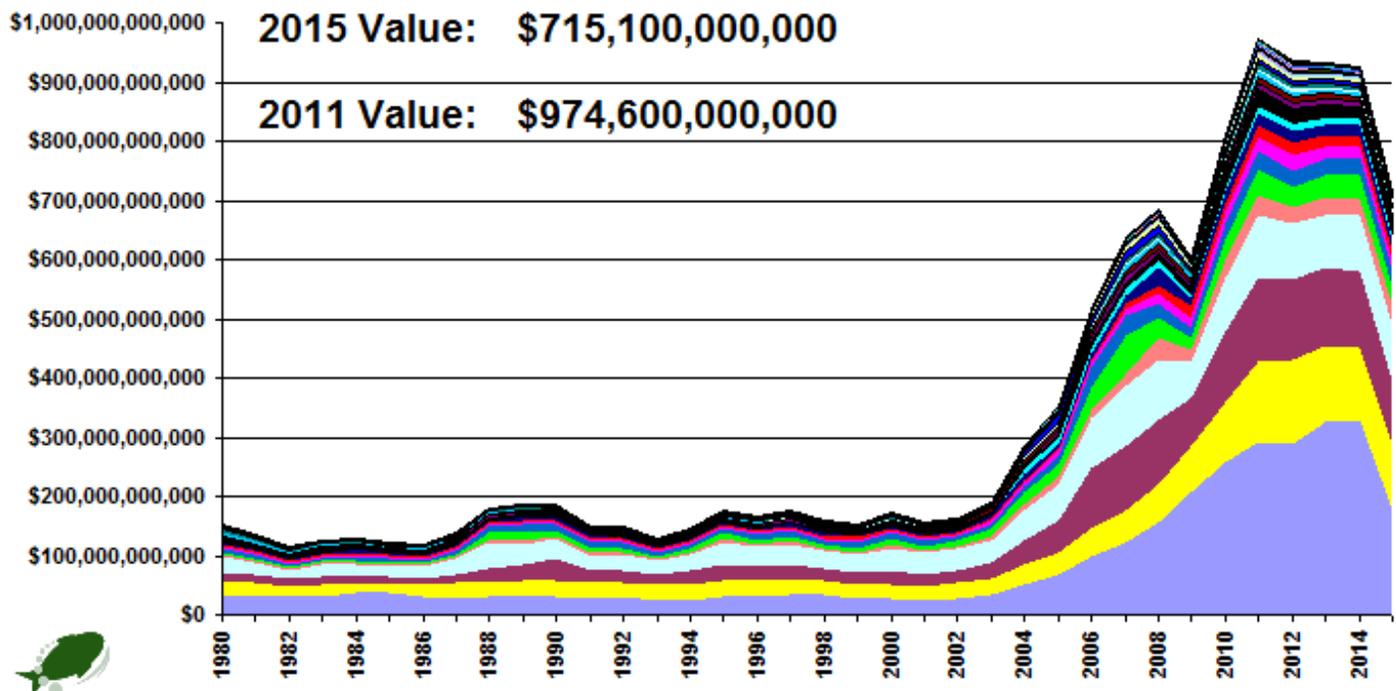


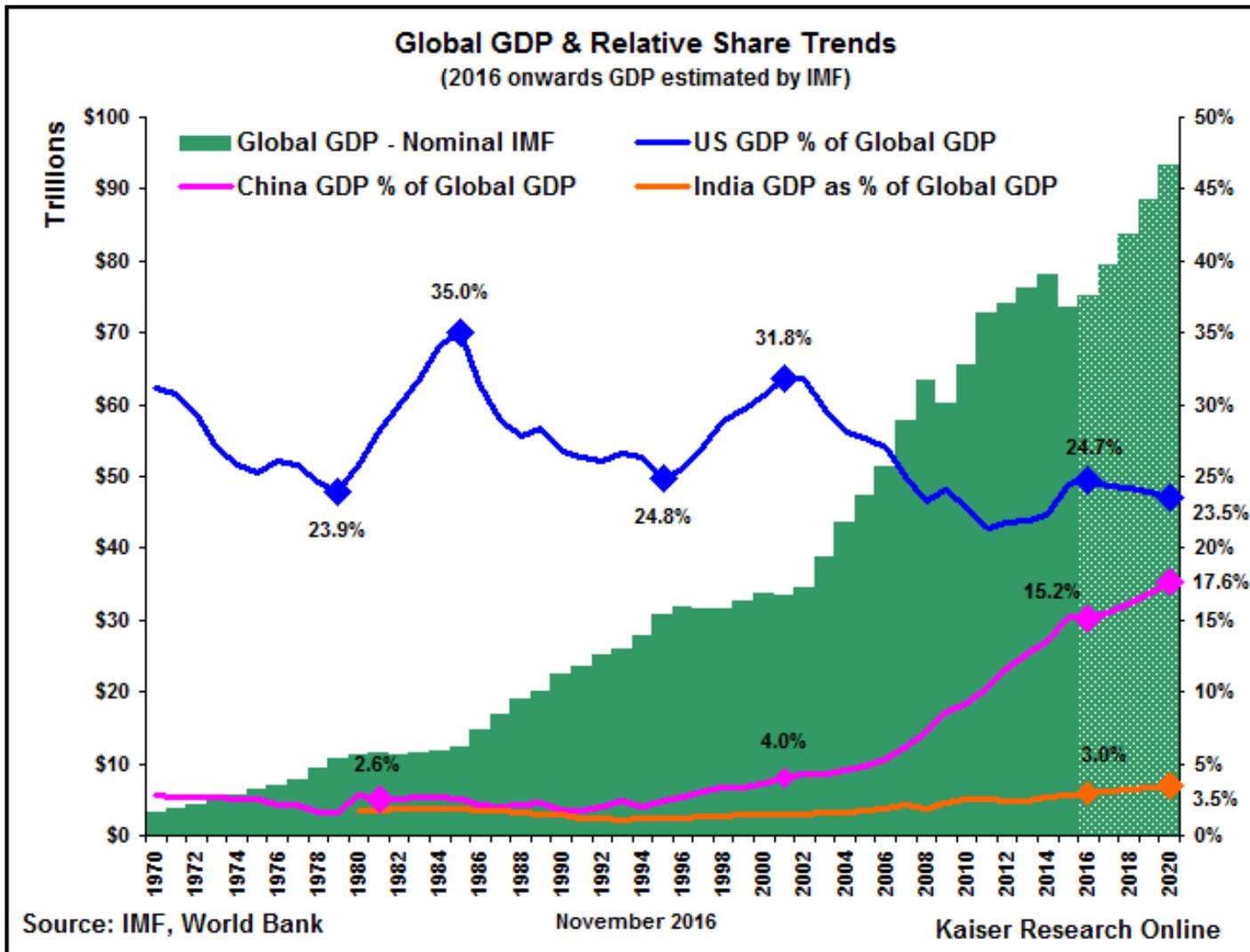
Commodity awakening, Security of Supply poised, Gold Bug imminent, Discovery emerging

Global Value Metals

Production Data Source: USGS - Value based on avg annual price

Iron Ore	Gold	Copper	Aluminum	Chromite	Nickel	Zinc
Potash	Phosphate	Manganese	Diamonds	Silver	Lead	Platinum
Uranium	Palladium	Tin	Molybdenum	Cobalt	Tungsten	Niobium
Rare Earths	Magnesium	Vanadium	Zirconium	Graphite	Antimony	Lithium
Titanium	Indium	Germanium	Tantalum	Bismuth	Beryllium	Gallium
Rhenium	Selenium	Tellurium				



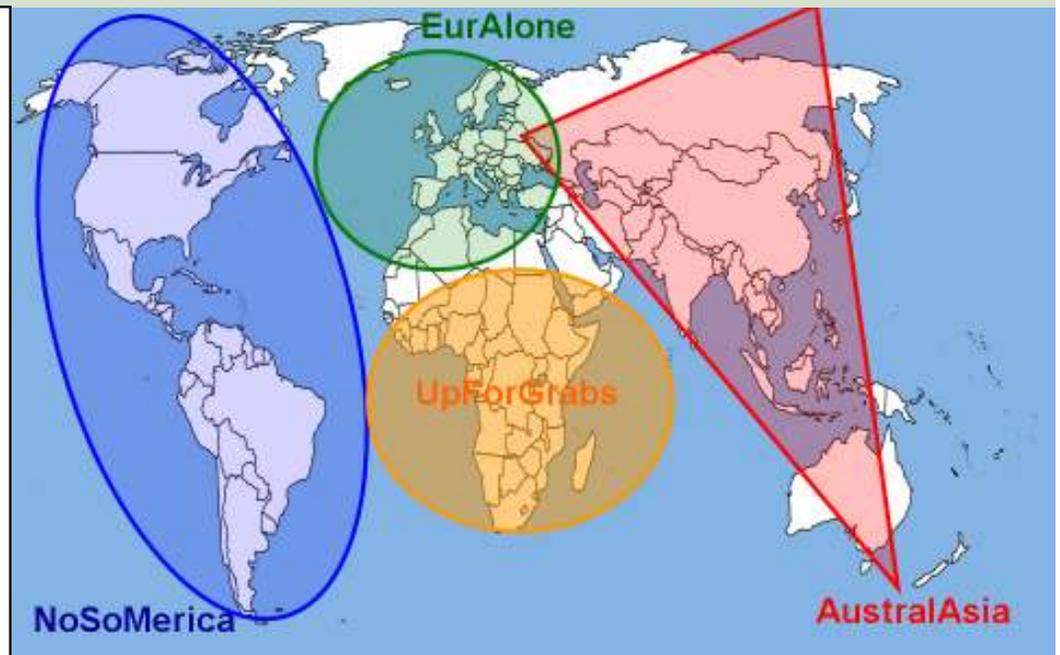
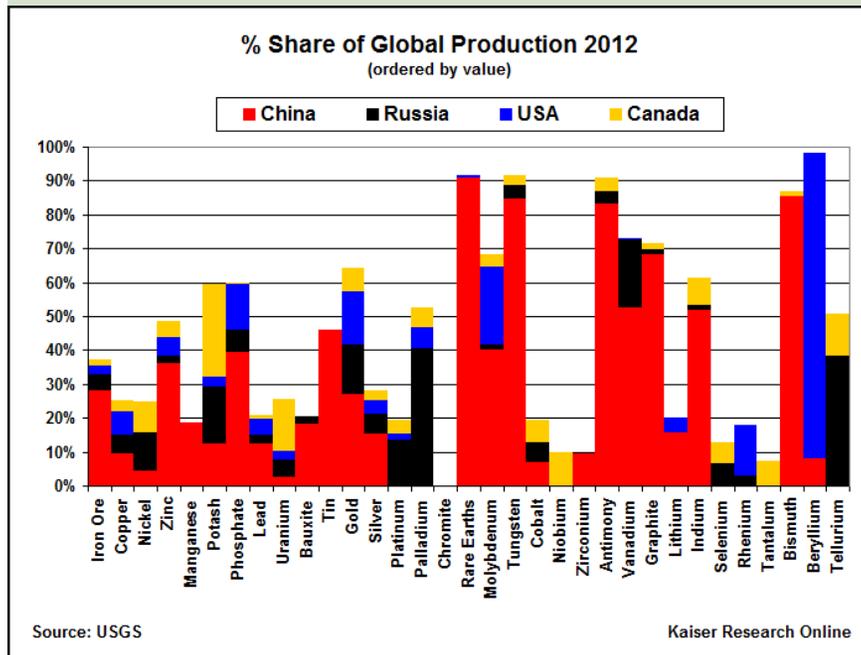


**The
Commodity
Cycle
Narrative
and its
Super-Cycle
Variation –
India cannot
hit a tipping
point until
beyond
2020**

Security of Supply Narratives

- Geopolitical supply disruptions
- Policy Demand Drivers
- Process Innovation
- Transportation supply disruptions
- Policy Supply Disrupters
- Functionality innovation
- Deposit depletion
- Usage Innovation
- Fashion Trends

This will be the new conceptual frontier for institutional capital!



China to Pillory, or Praise, Cities Based on Water Pollution

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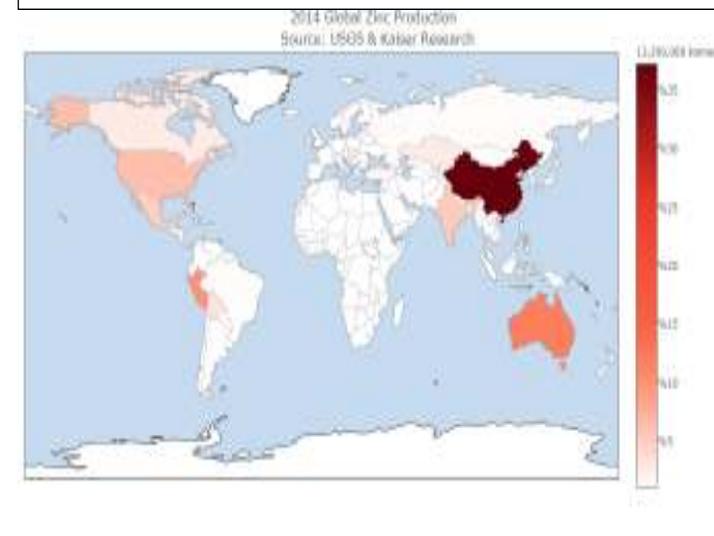
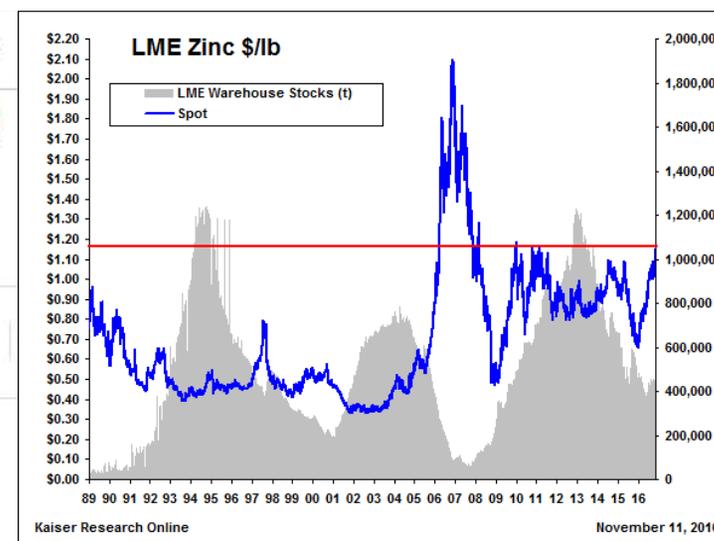
Sinosphere

By EDWARD WONG JULY 7, 2016

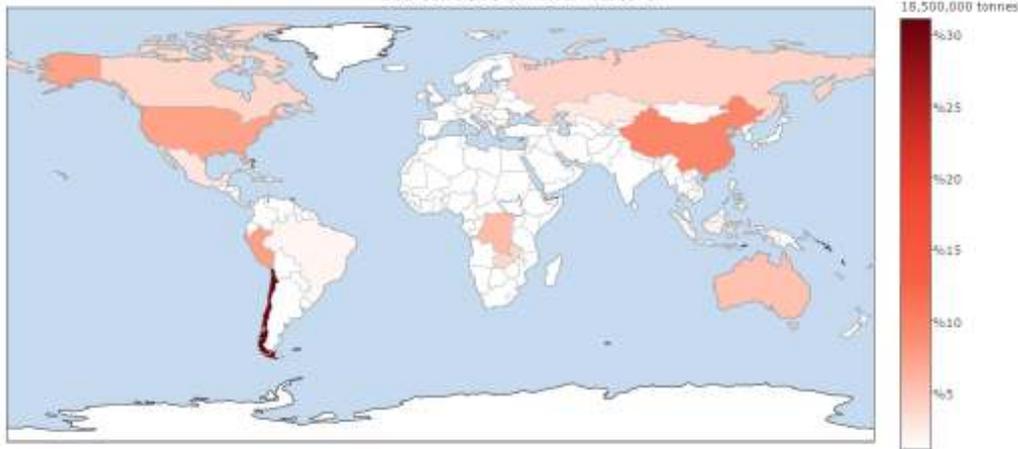


China's Environmental Awakening

Environmental Policy as Supply Disrupter



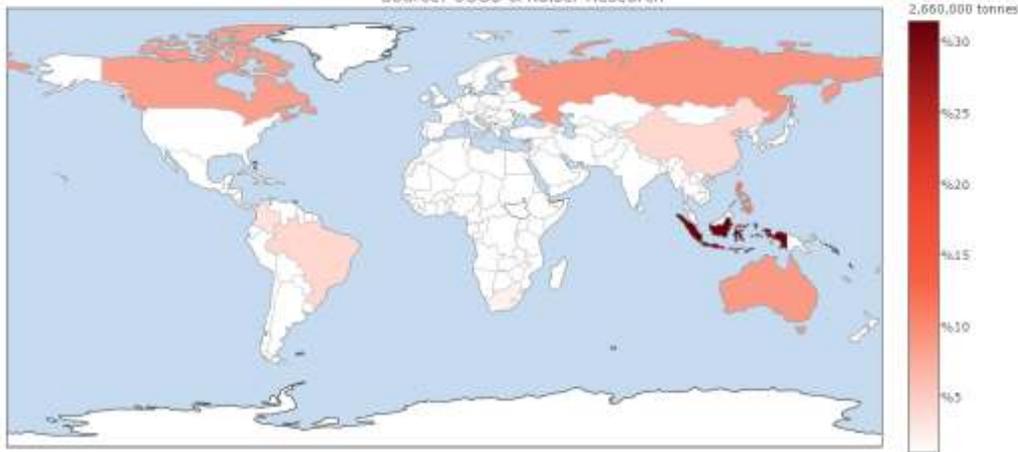
2014 Global Copper Production
Source: USGS & Kalsier Research



\$2.55 LME Copper \$/lb 11/10/2016



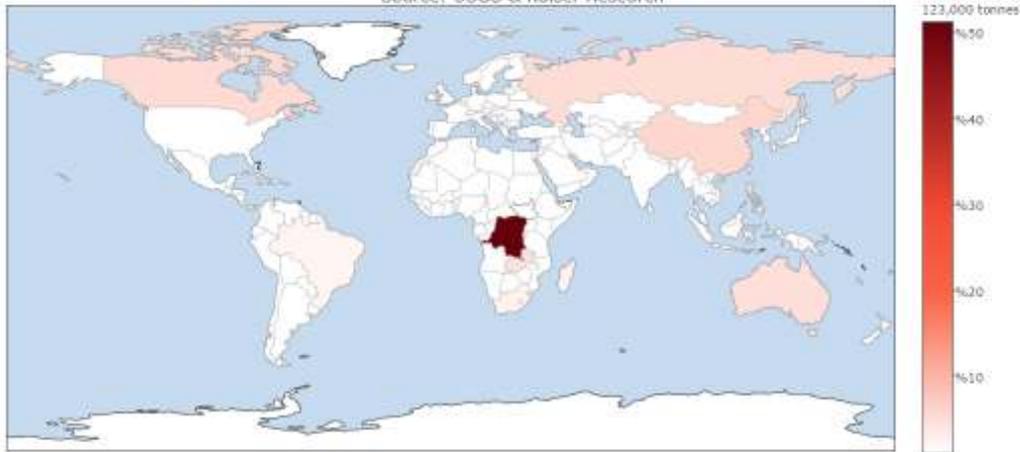
2013 Global Nickel Production
Source: USGS & Kalsier Research



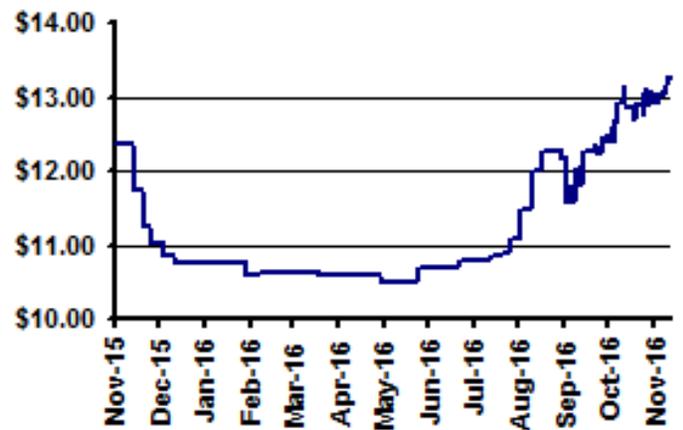
\$5.31 LME Nickel \$/lb 11/10/2016



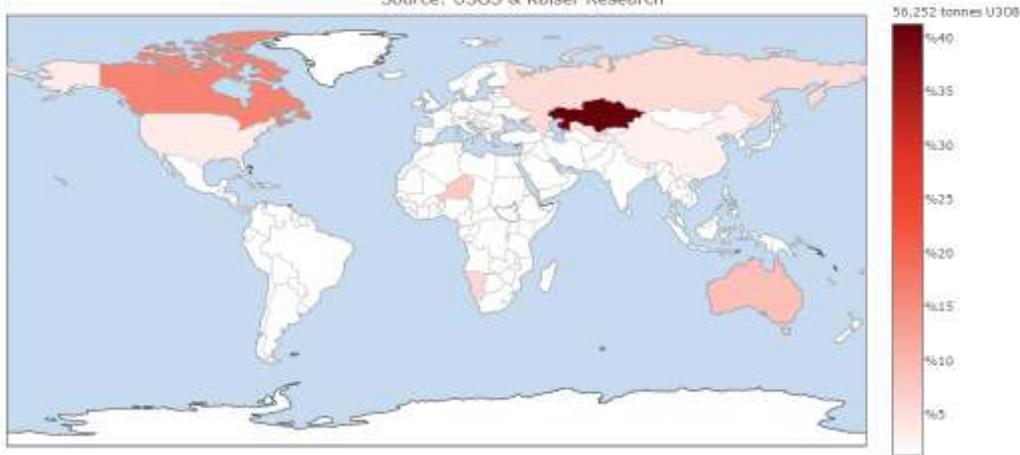
2014 Global Cobalt Production
Source: USGS & Kalsier Research



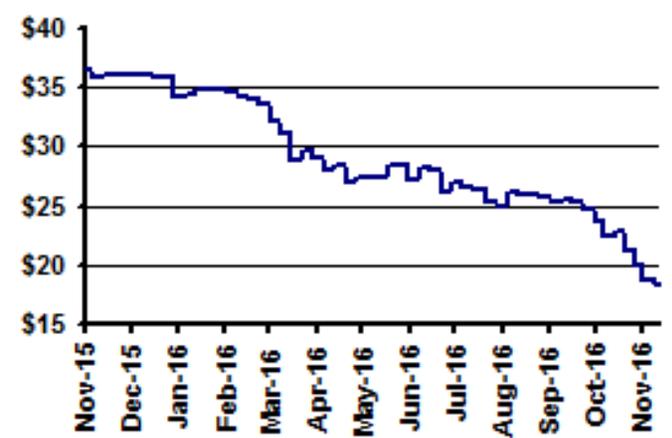
\$13.24 Cobalt \$/lb 11/11/2016



2014 Global Uranium Production
Source: USGS & Kalsier Research



\$18.45 Uranium \$/lb U3O8 11/11/2016

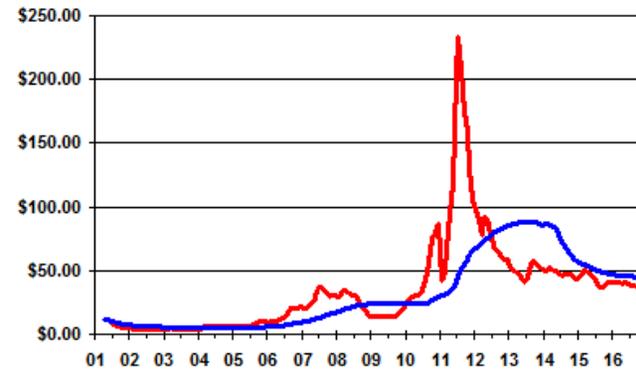


2013 Global Rare Earths Production
Source: USGS & Kaiser Research



**Neodymium Oxide
US \$/kg FOB**

\$36.89 — monthly avg
\$44.14 — 3 year avg

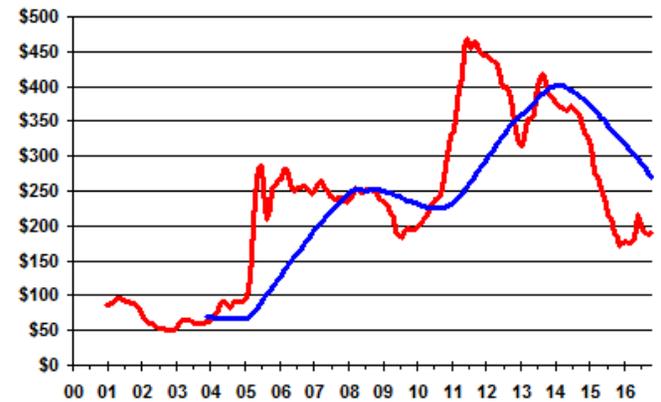


2014 Global Tungsten Production
Source: USGS & Kaiser Research

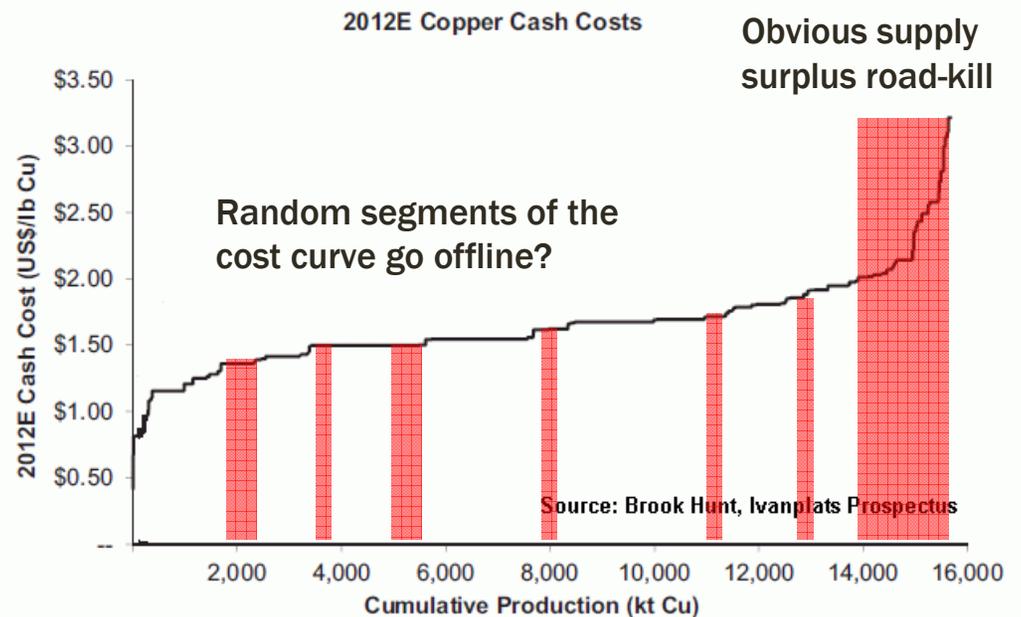
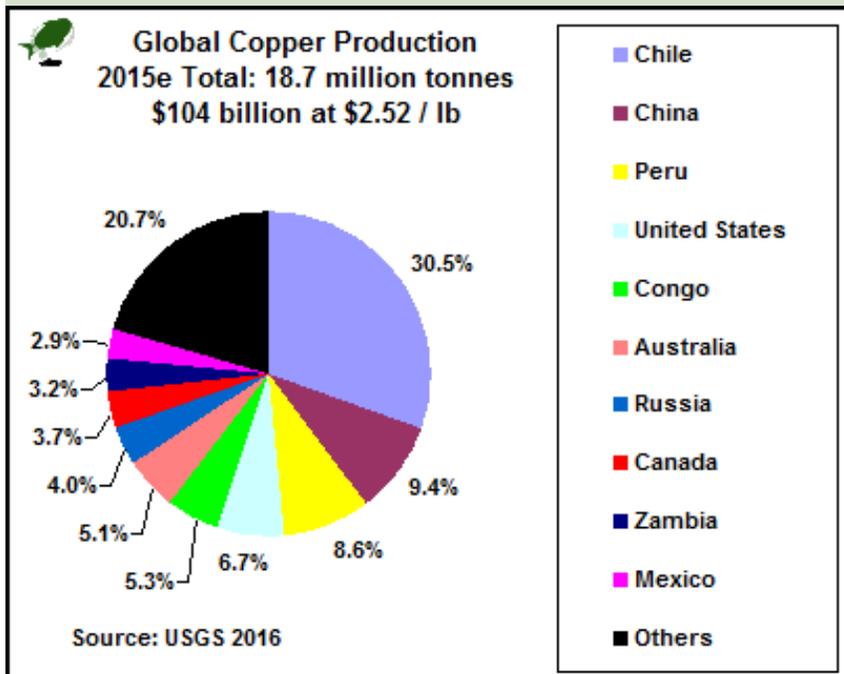


Tungsten APT US \$/mtu

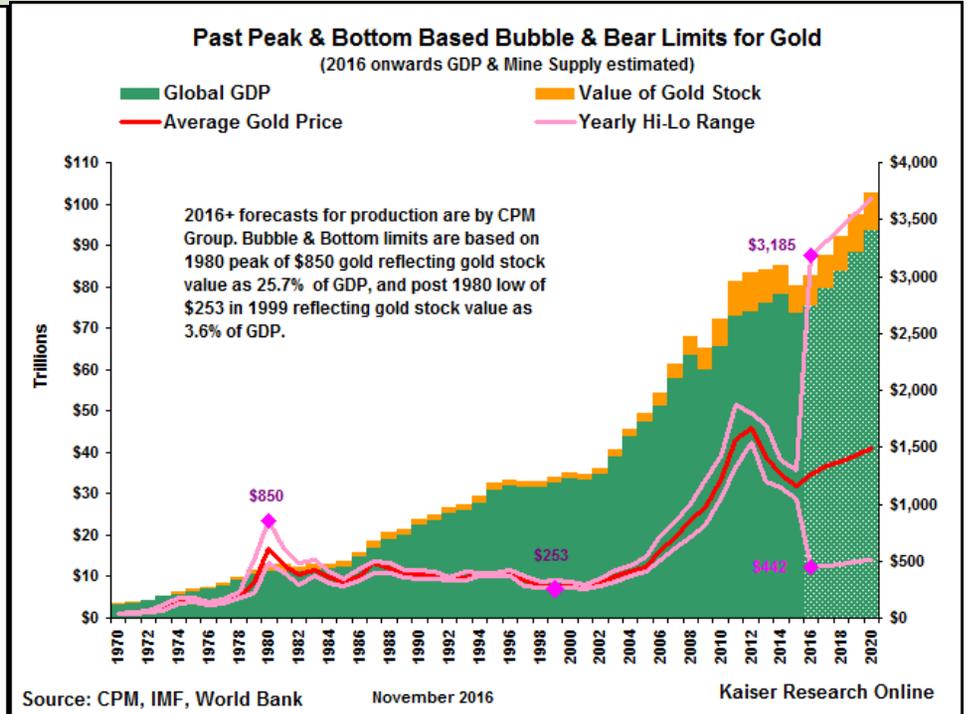
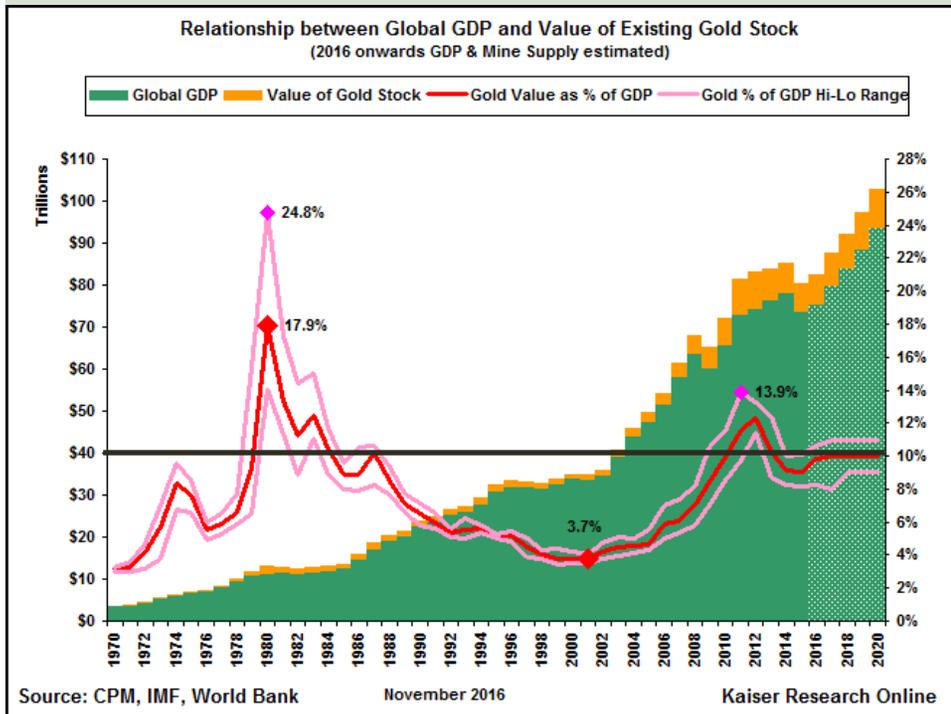
\$189.29 — Monthly Avg
\$270.09 — 3 Year Avg



The greatest likelihood for higher medium term non precious metal prices lies with unpredictable supply disruptions such as civil strife, infrastructure failure, resource nationalism, & sanctions. Price uptrends will be metal specific and development decisions will focus on “safe” jurisdictions.



If we assume the value of the gold stock as a percentage of global GDP represents the degree of uncertainty about the future, the current 10% rate should deliver \$1,500 gold in real price terms over the next 4 years. But if you assume the same level of anxiety as in 1980 when gold peaked at \$850, the equivalent today would be \$3,000 plus and \$3,500 by 2020. Does Donald Trump as President make you feel calm about the future?

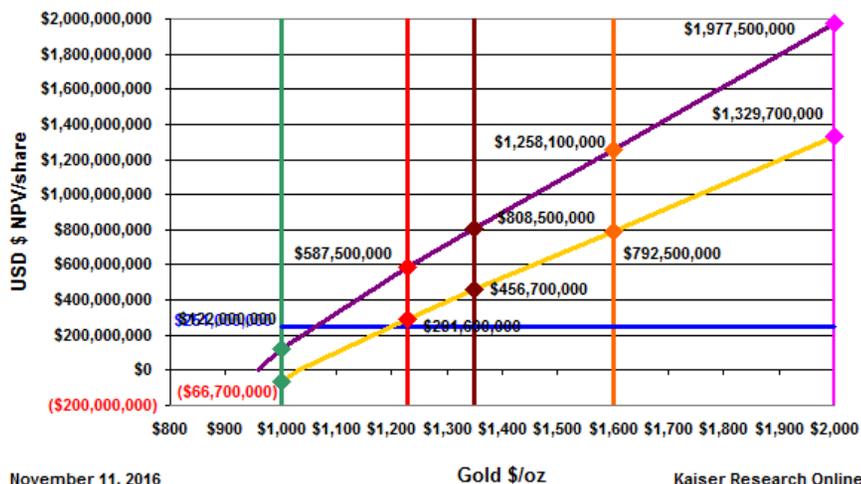




Optionality Plays: bet on higher real gold prices by buying juniors with gold projects that will not be developed at the current gold price and thus are intrinsically worthless though not free.

Midas Gold - Stibnite - After Tax NPV Sensitivity

- Pessimistic - \$1,000/oz Au - IRR 8%
 - Base Case - \$1,350/oz Au - IRR 22.3%
 - Current - \$1,228/oz Au - IRR 18.2%
 - Optimistic - \$1,600/oz Au - IRR 30%
 - Fantasy - \$2,000/oz Au - IRR 41.3%
 - Implied 100% Project Value - \$251,000,000
 - AT NPV vs \$/oz Au at 10% Disc Rate
 - AT NPV vs \$/oz Au at 5% Disc Rate
- PFS Dec 2014: 20,000 tpd OP Flot-POX in Idaho, USA
 Capex \$970 M, SustCap \$98 M, OpEx \$29.28/t, 12 yr life
 LOM: 89 MT @ 1.61 g/t Au, 2.43 g/t Ag, 0.07% Sb (all fig metric)
 LOM Rec: Au 87.4%, Ag 19.2%, Sb 85.7%, \$15.93/oz Ag, \$2.50/lb Sb
 FD: 372 M, tax 43.4%, exch 0.74:1 USD/CAD, 100% Net
 LOM Output: 4 M oz Au, 2 M oz Ag, 100 M lb Sb



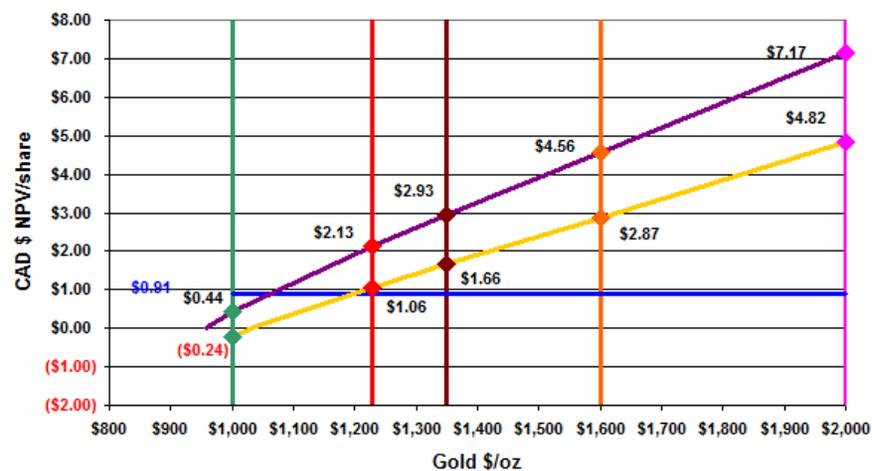
November 11, 2016

Gold \$/oz

Kaiser Research Online

Midas Gold - Stibnite - After Tax NPV Sensitivity

- Pessimistic - \$1,000/oz Au - IRR 8%
 - Base Case - \$1,350/oz Au - IRR 22.3%
 - Current - \$1,228/oz Au - IRR 18.2%
 - Optimistic - \$1,600/oz Au - IRR 30%
 - Fantasy - \$2,000/oz Au - IRR 41.3%
 - Current Stock Price - \$0.91
 - Share vs \$/oz Au at 10% Disc Rate
 - Share vs \$/oz Au at 5% Disc Rate
- PFS Dec 2014: 20,000 tpd OP Flot-POX in Idaho, USA
 Capex \$970 M, SustCap \$98 M, OpEx \$29.28/t, 12 yr life
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November 11, 2016

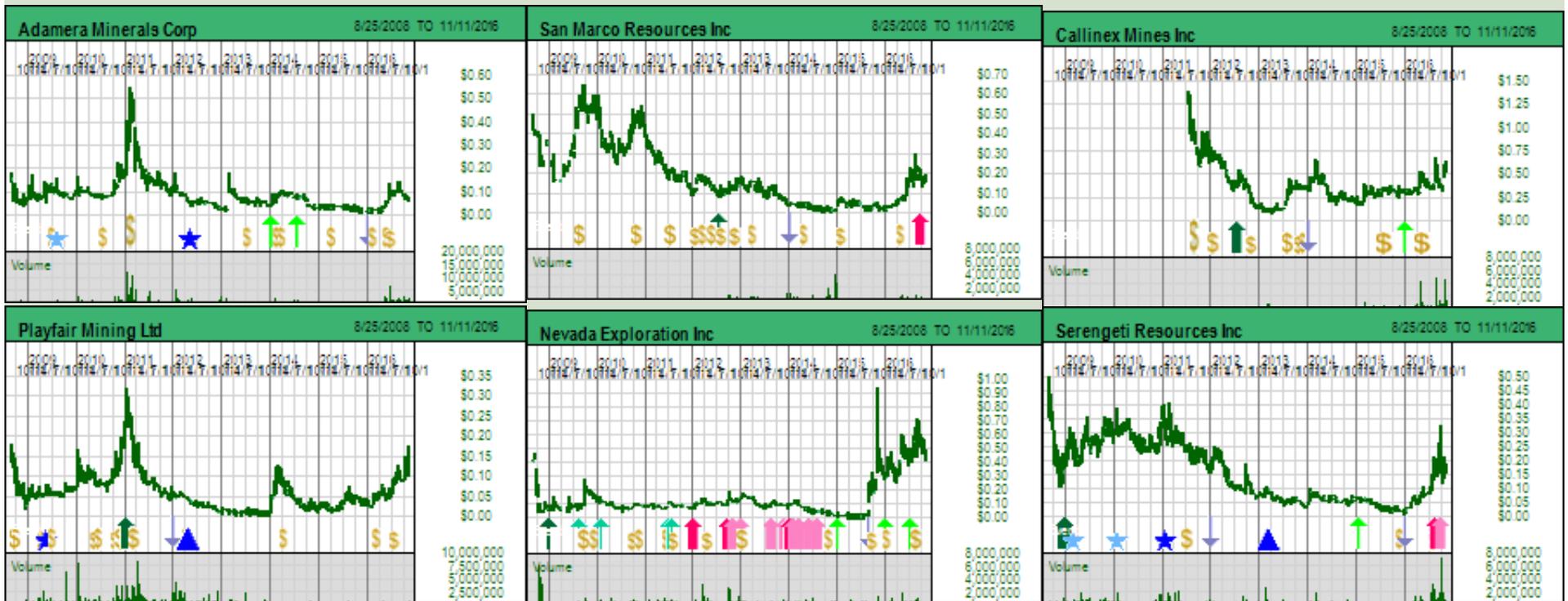
Gold \$/oz

Kaiser Research Online

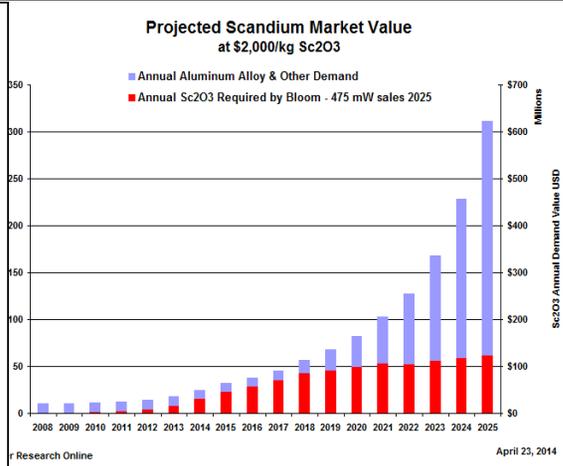
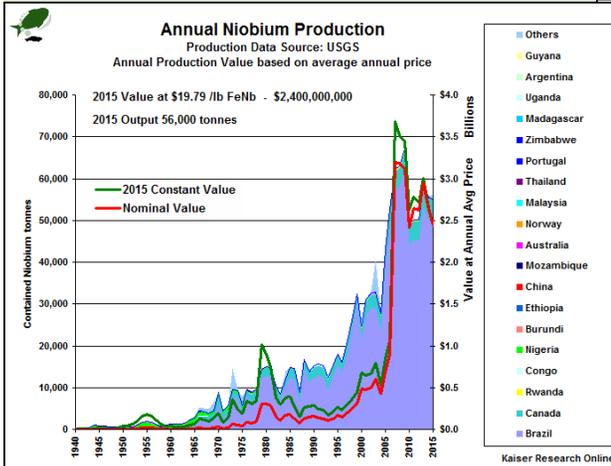
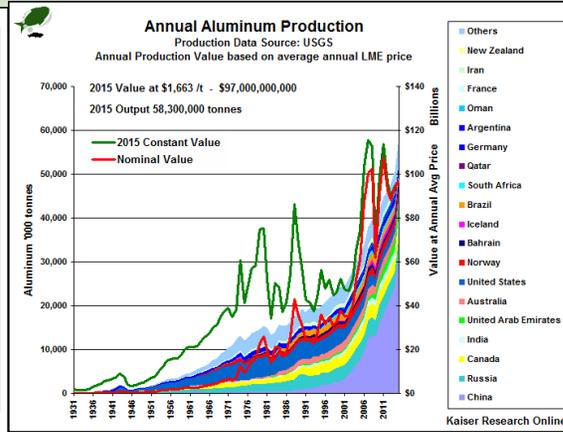
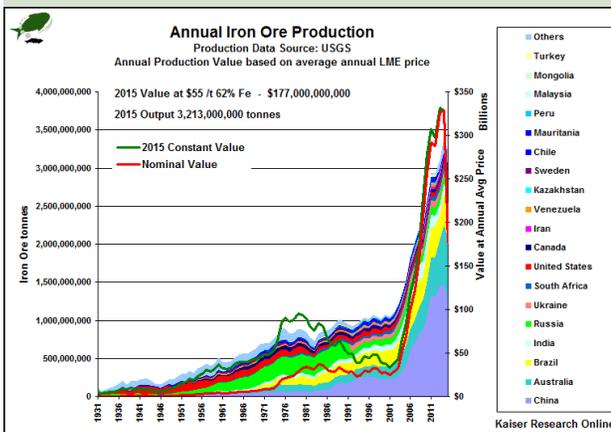
Discovery Exploration: an alternative to optionality gambling

Exploring for deposits that are economic at the metal prices we have.

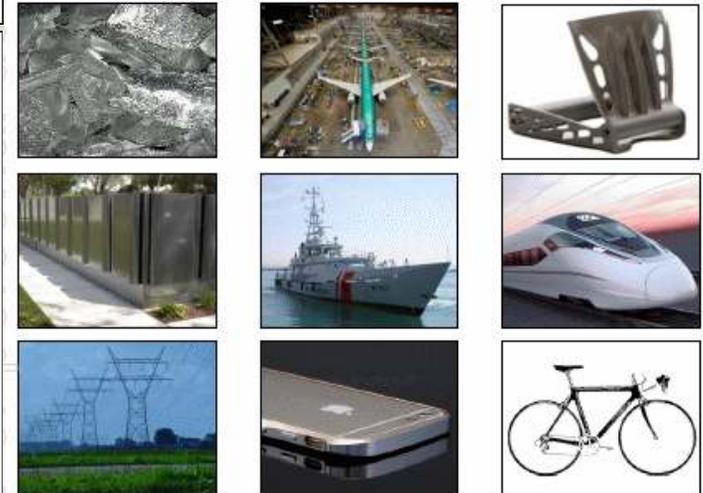
- 1) grassroots exploration
- 2) applying new exploration methods
- 3) rethinking existing systems



Scandium: annual \$20 million to \$2 billion growth in next decade?

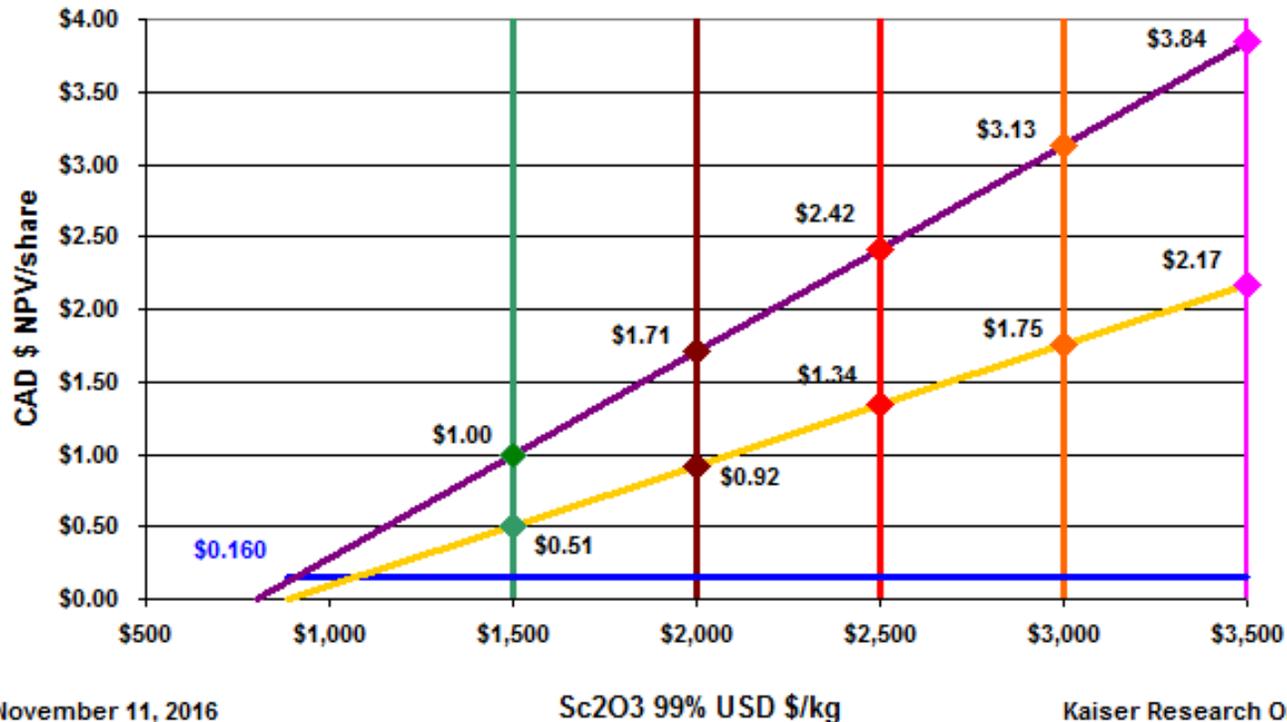


- Perfect aluminum alloy
- Stronger, corrosion resistant, reliable weld joints, 3D printable
- Historically available only as non-scalable by-product from uranium ISL, rare earth mines and titanium dioxide waste streams



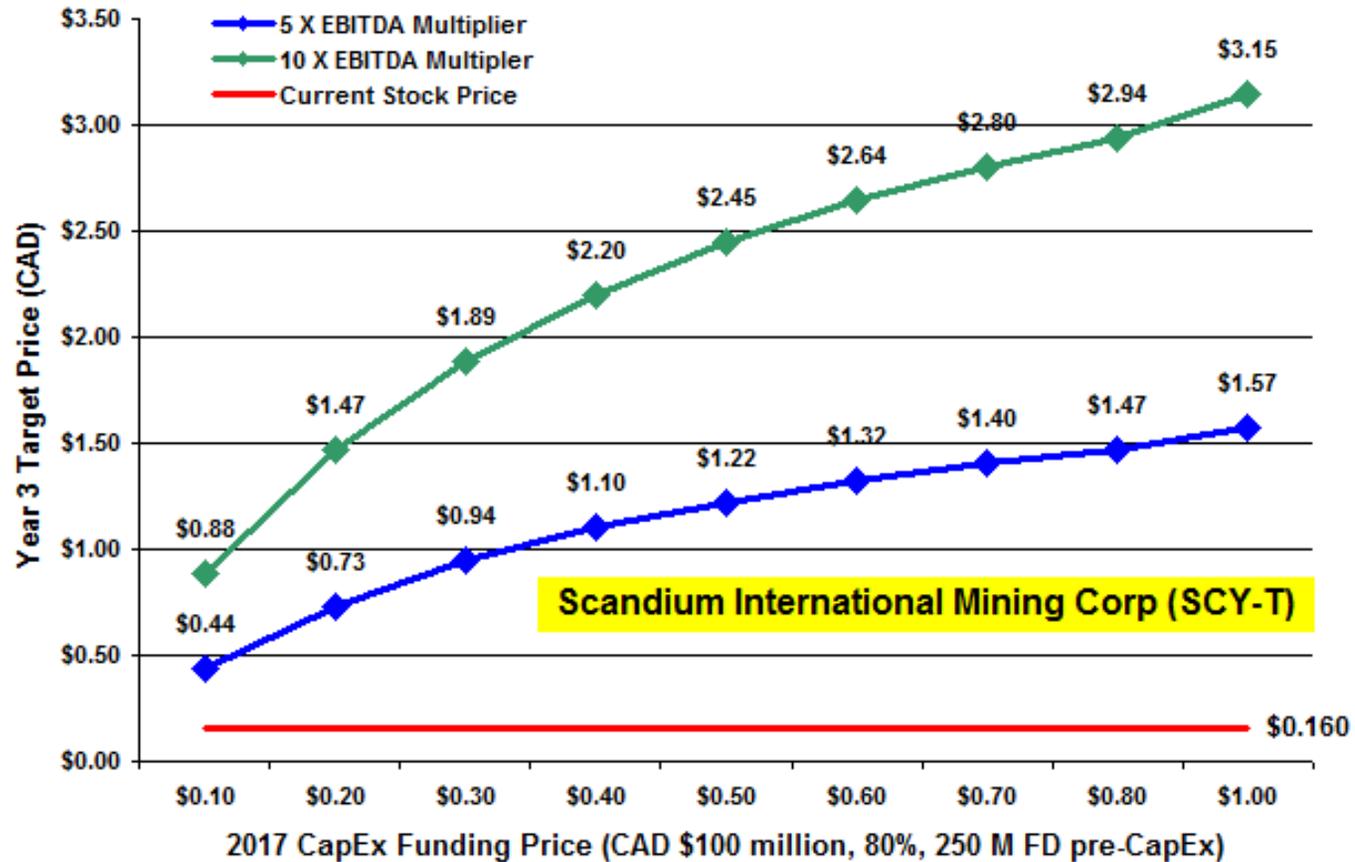
Scandium Intl - Nyngan - After Tax NPV Sensitivity

- Pessimistic - \$1,500/kg Sc2O3 - IRR 30%
 - Base Case - \$2,000/kg Sc2O3 - IRR 41%
 - Current - \$2,500/kg Sc2O3 - IRR 51%
 - Optimistic - \$3,000/kg Sc2O3 - IRR 59%
 - Fantasy - \$3,500/kg Sc2O3 - IRR 68%
 - Current Stock Price - \$0.16
 - Share vs \$/kg Sc2O3 at 10% Disc Rate
 - Share vs \$/kg Sc2O3 at 5% Disc Rate
- DFS Expanded Apr 2016: Y1 240, Y5-480, Y10-960 tpd OP HPAL
 LOM: 4.3 MT @ 329 g/t Sc, 83.7% recovery
 CapEx US Y0 \$87M, Y4 \$46M, Y9 \$78M, OpEx Y1 \$292/t, Y5 \$263/t, Y10 \$243/t, Funded 100% equity 280M @ \$0.40
 FD: 500 M, tax 30%-25%, 6.4% NSR, 0.75:1 USD/CAD, 80% Net
 LOM Output: 1,809 t Sc2O3 @ 99%, 20 yr mine life, 36-157 tpa
 Location: New South Wales, Australia



Nyngan Year 3 Price Targets

(Based on DFS Ore Schedule at 240 tpd - 38 tonnes Scandium Oxide)

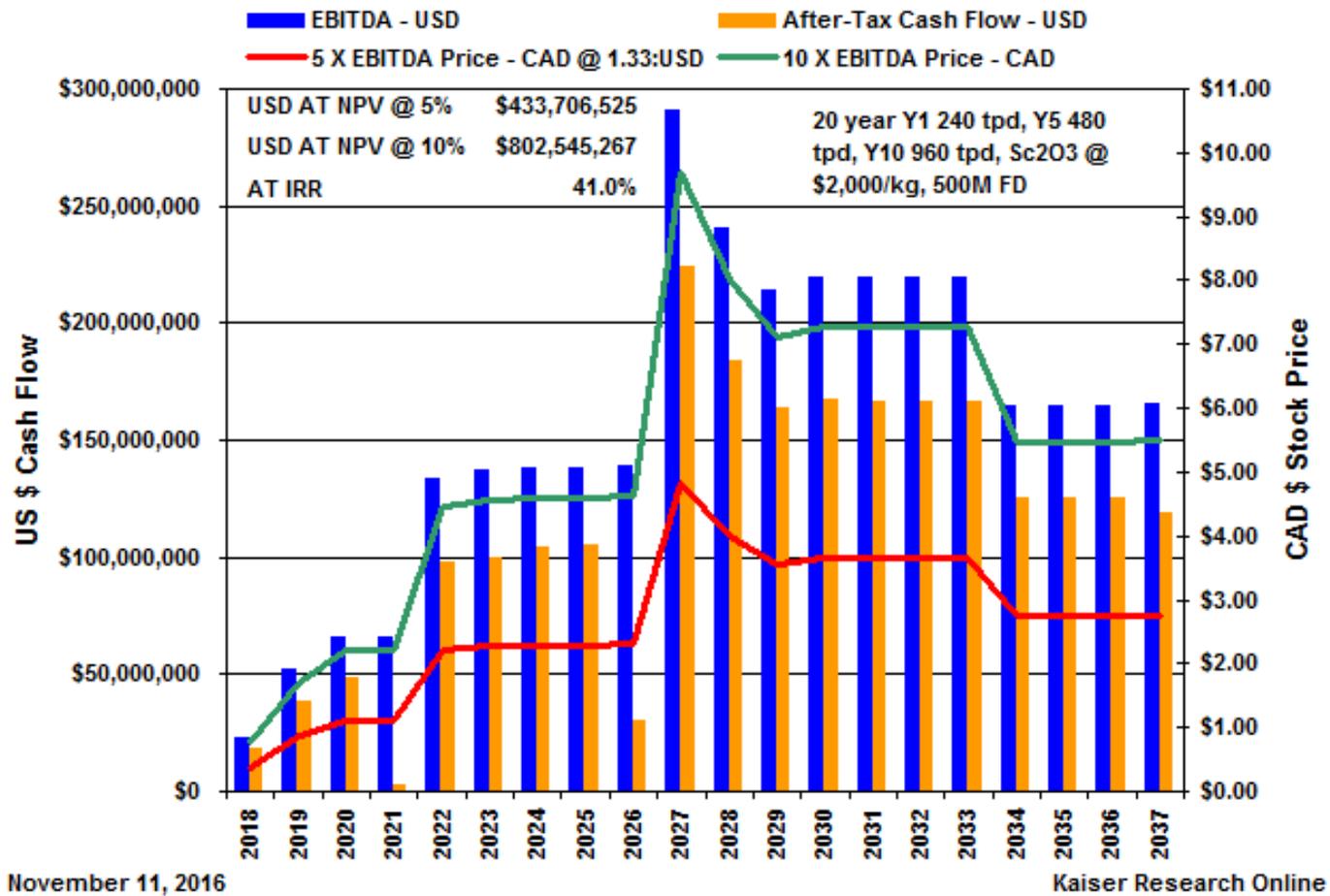


November 11, 2016

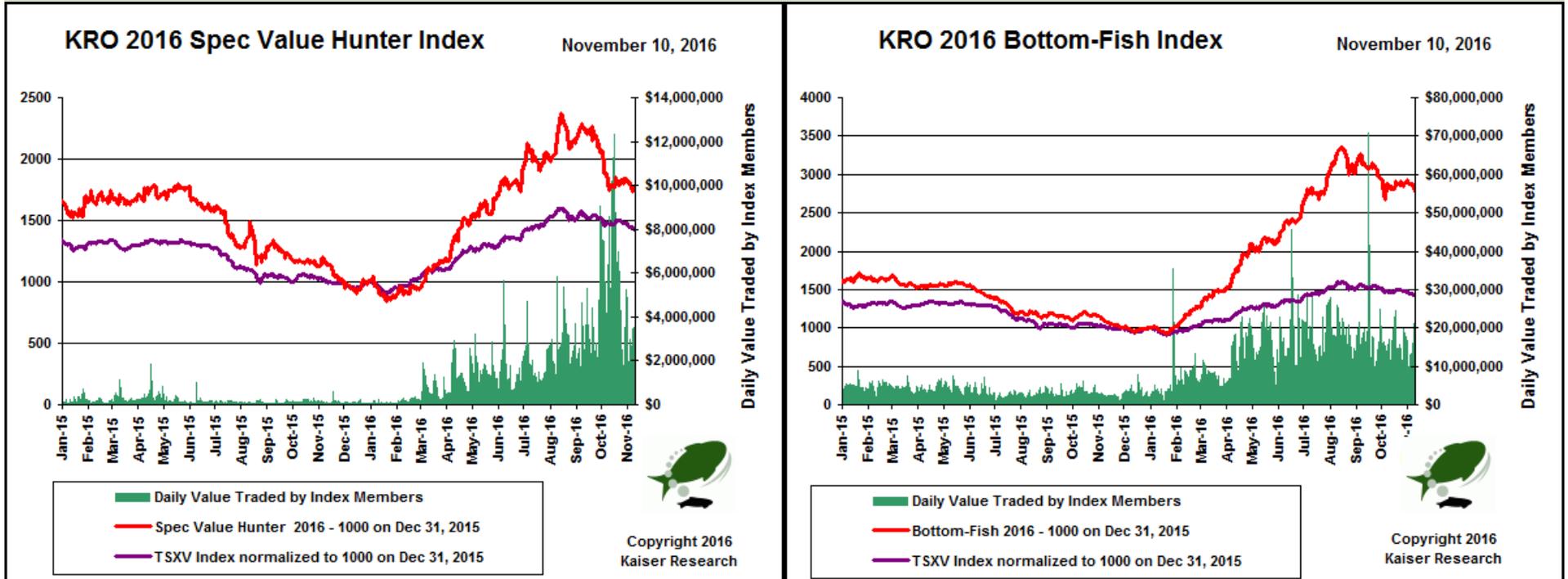
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Nyngan Expansion Scenario

Scandium International Mining Corp (SCY-T)



Two Membership Packages: SVH and KRO



Spec Value Hunter: \$250/yr

KRO: \$250/90 days or \$800/yr

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www.KaiserResearch.com

346 Rheem Blvd #107,
Moraga, CA, 94556, USA

Email: jkaiser@KaiserResearch.com

Twitter: @KaiserResearch

Skype: KaiserResearch

Tel: (925) 631-9748



Being way ahead of the curve is no fun but there is nothing like already being on board when the breakout happens!