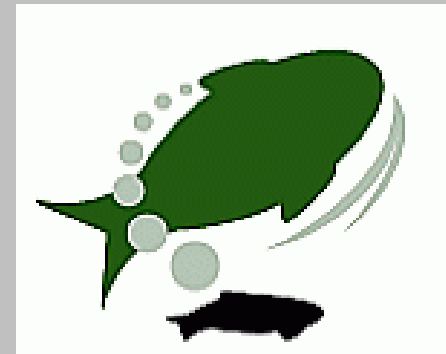


Venture Company Association Founding Meeting

Vancouver, Canada

June 18, 2013

Presented by John Kaiser



How Bad is it?

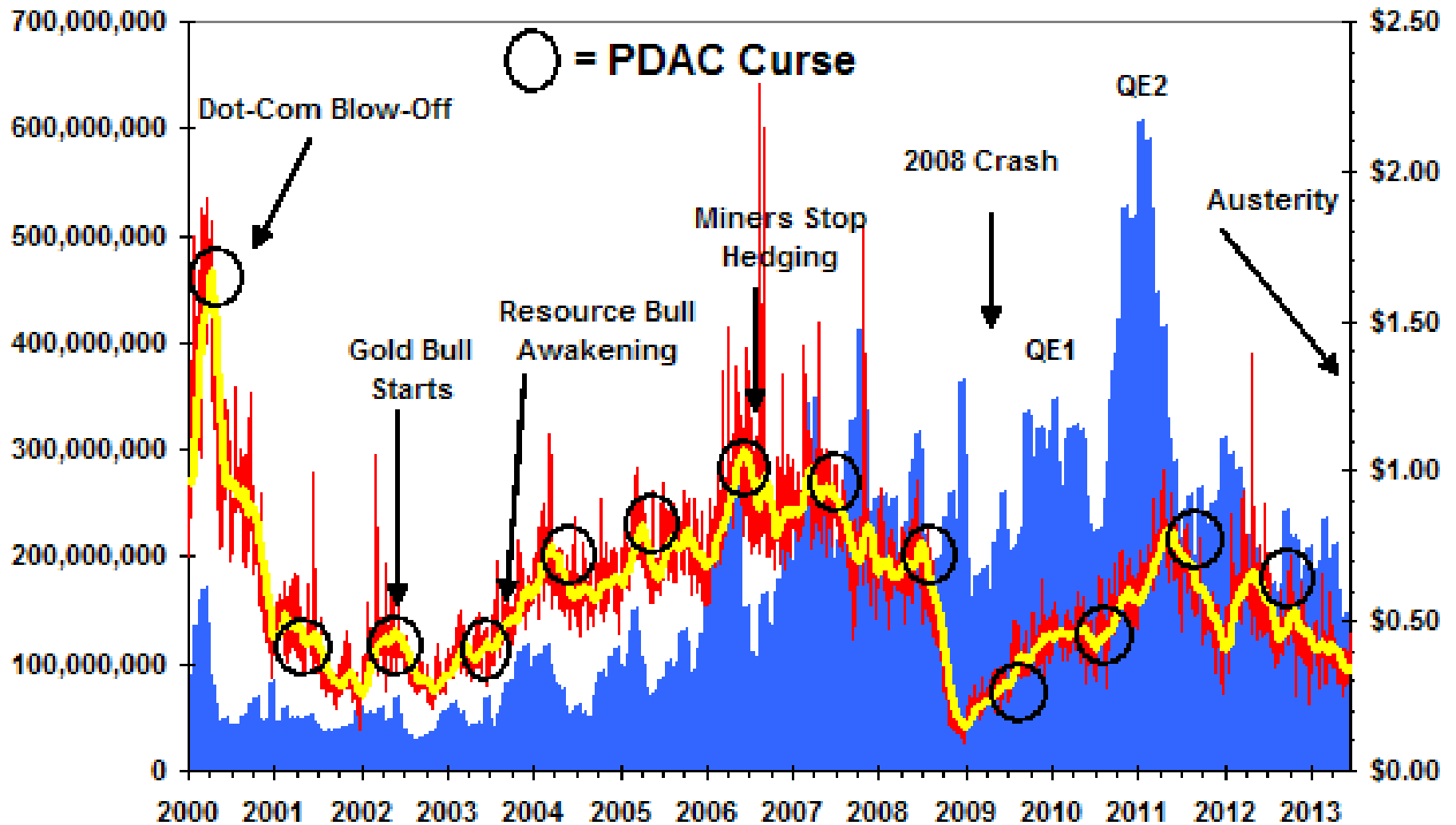
www.KaiserResearch.com

Daily TSXV Volume and Average Trading Share Price



Volume — Average Share Price — 30 Day Average Price

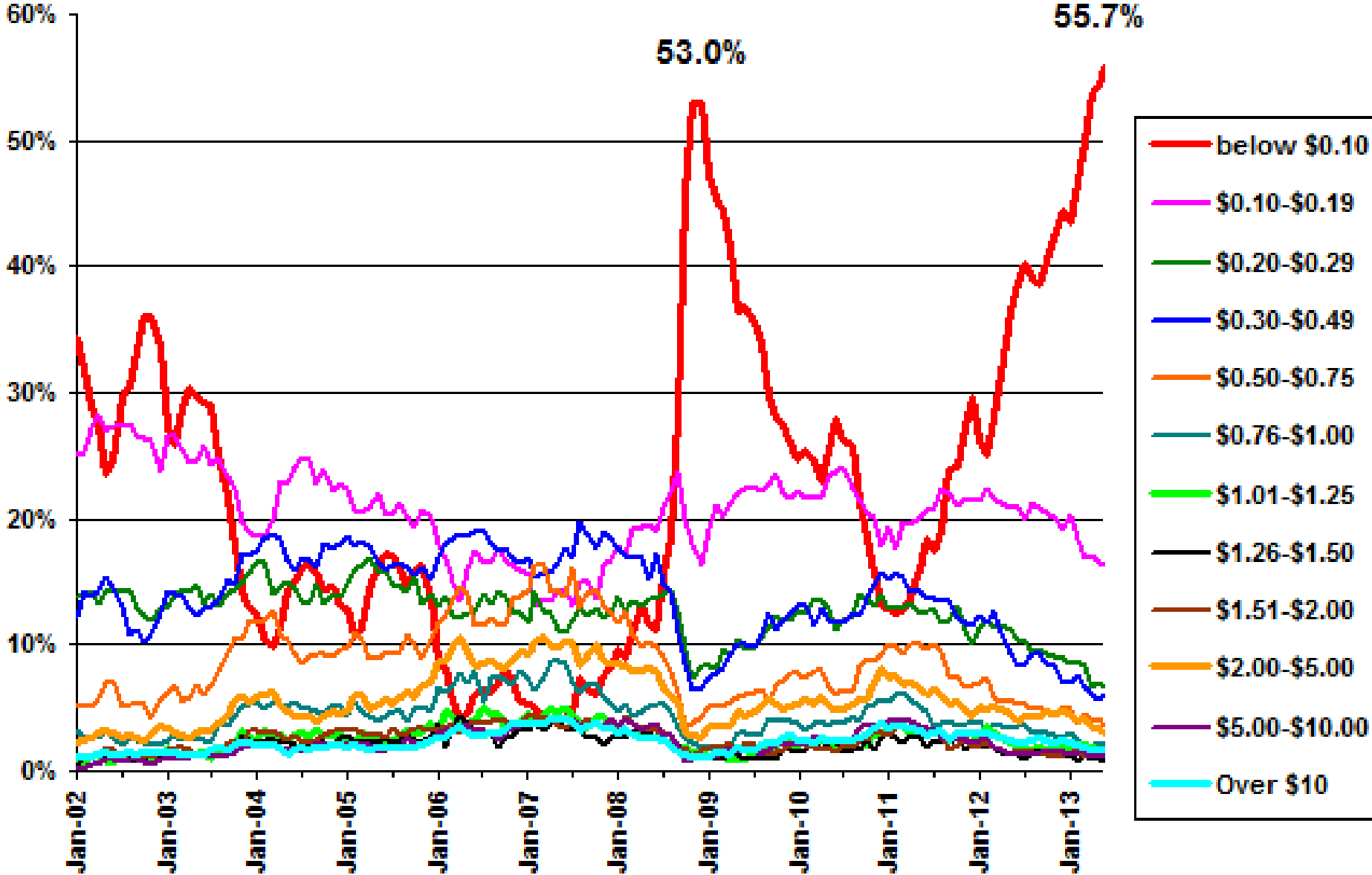
June 14, 2013



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

KRO Price Range Distribution

1,789 Companies as of 6/17/2013

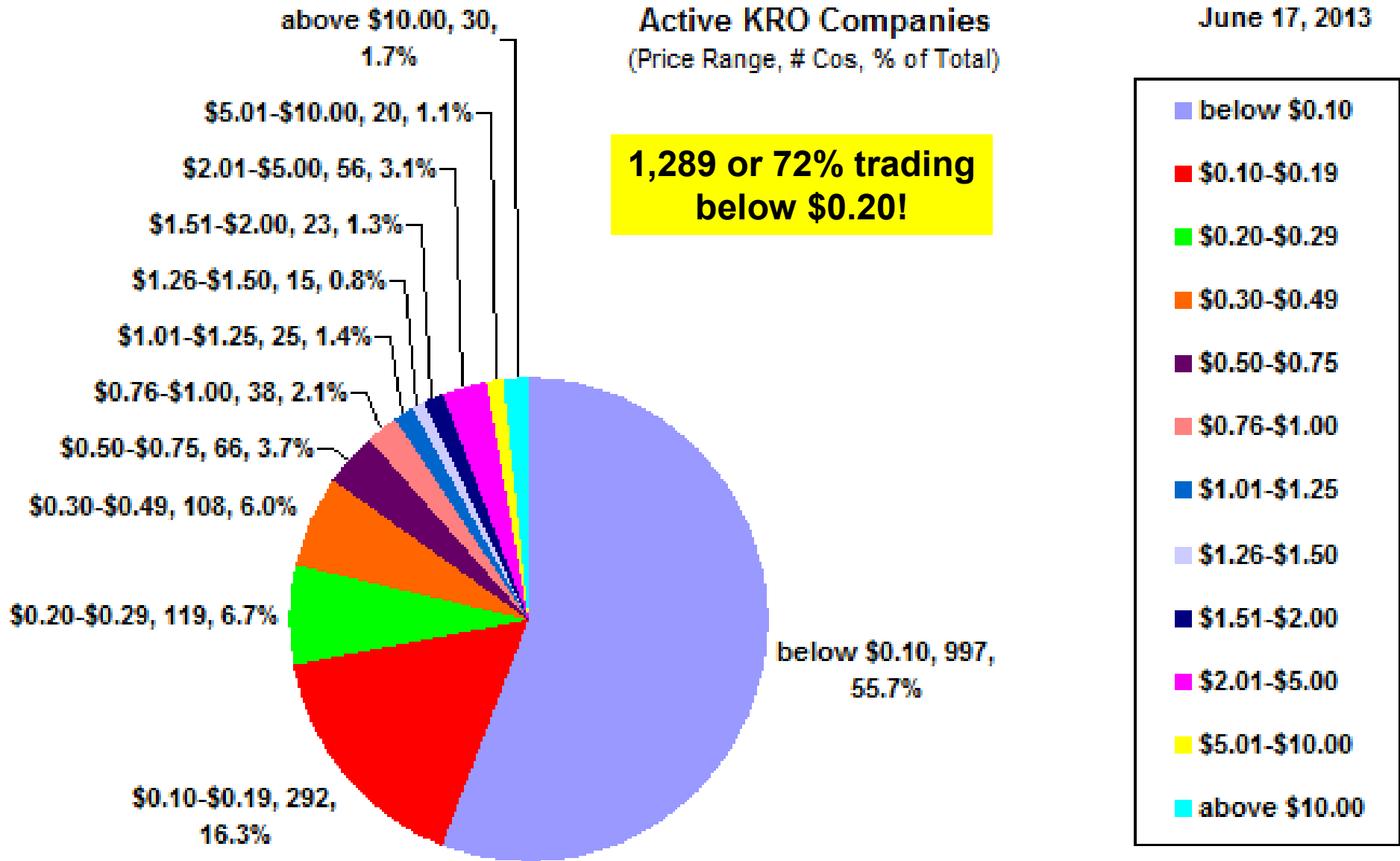


1,789 Price Range Breakdown

Active KRO Companies
(Price Range, # Cos, % of Total)

June 17, 2013

1,289 or 72% trading below \$0.20!



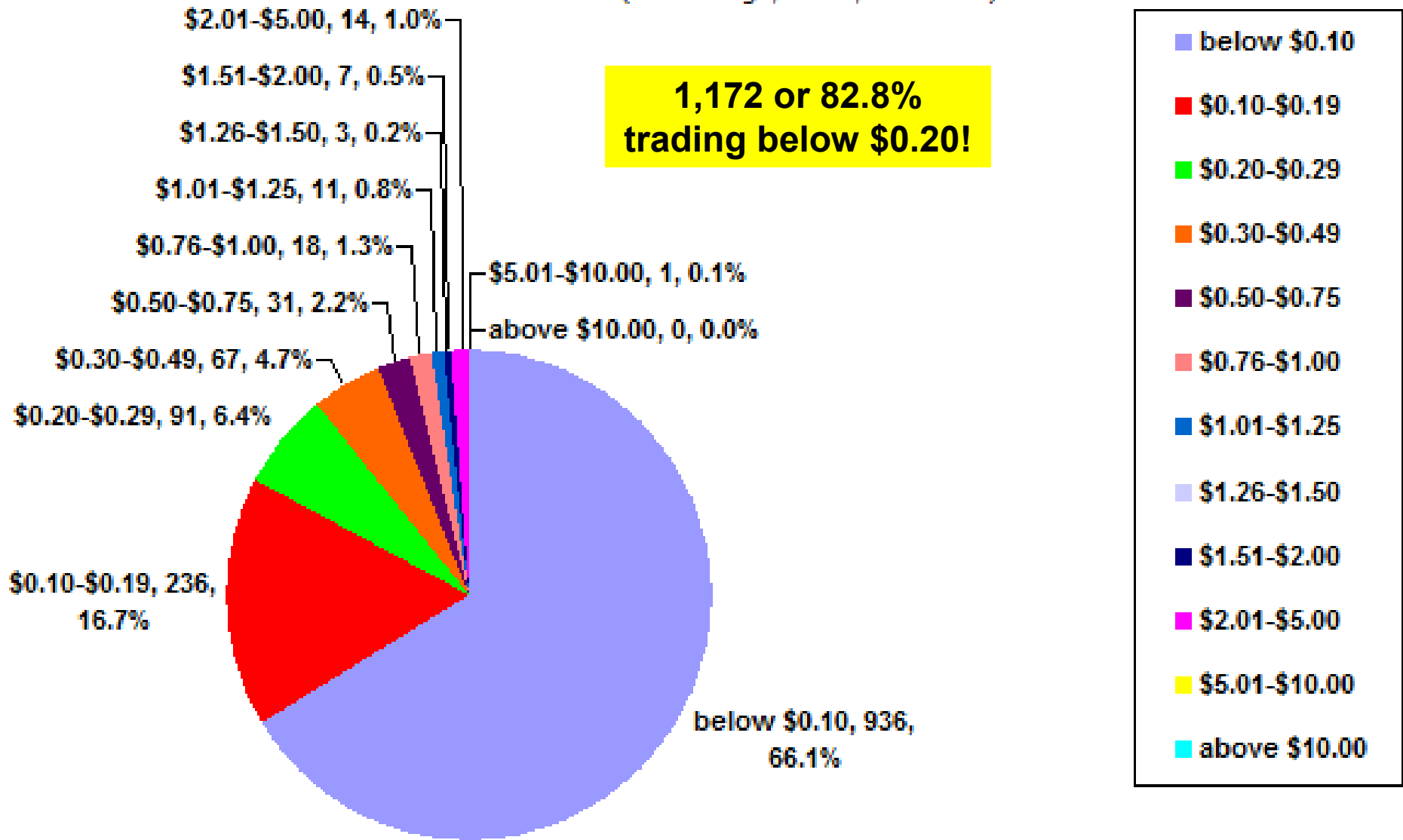
1,415 Price Range Breakdown

Active TSXV-listed KRO Companies

June 17, 2013

(Price Range, # Cos, % of Total)

**1,172 or 82.8%
trading below \$0.20!**

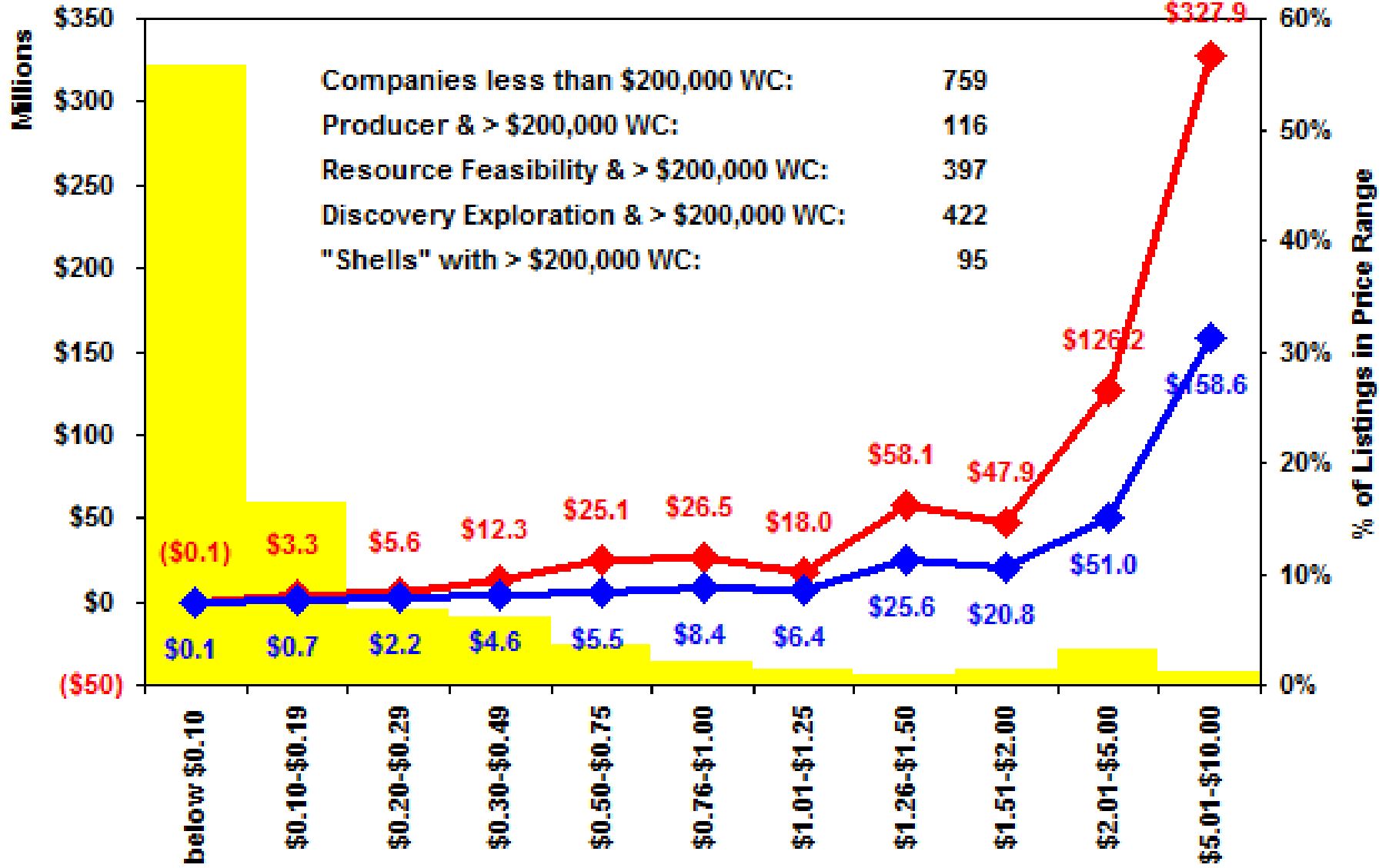


KRO Price Range - Working Capital Distribution

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

1,789 All Companies as of June 17, 2013

55.7% 16.3% 6.7% 6.0% 3.7% 2.1% 1.4% 0.8% 1.3% 3.1% 1.1%

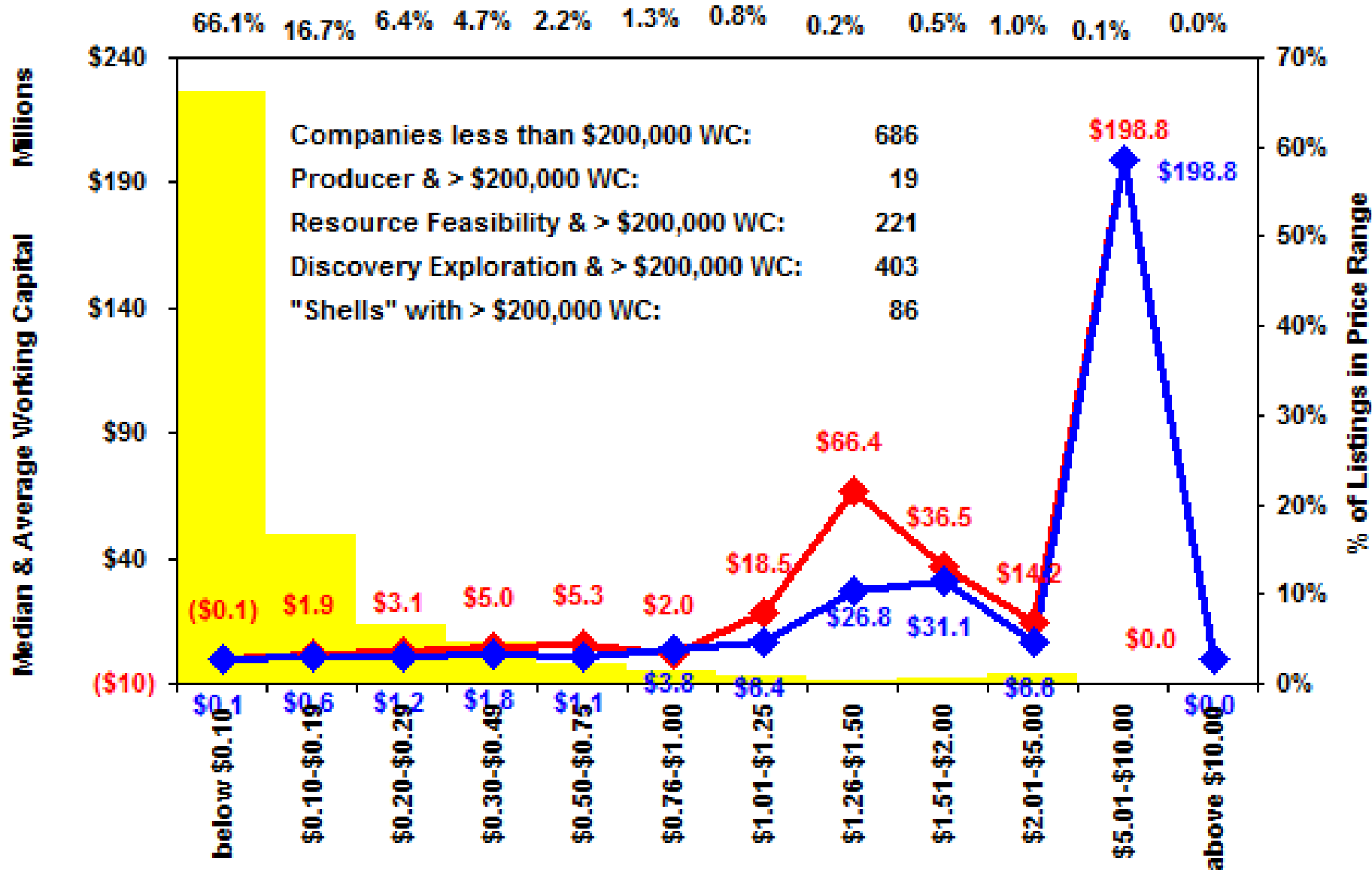


Companies less than \$200,000 WC: 759
 Producer & > \$200,000 WC: 116
 Resource Feasibility & > \$200,000 WC: 397
 Discovery Exploration & > \$200,000 WC: 422
 "Shells" with > \$200,000 WC: 95

KRO Price Range - Working Capital Distribution

1,415 TSXV Companies as of June 17, 2013

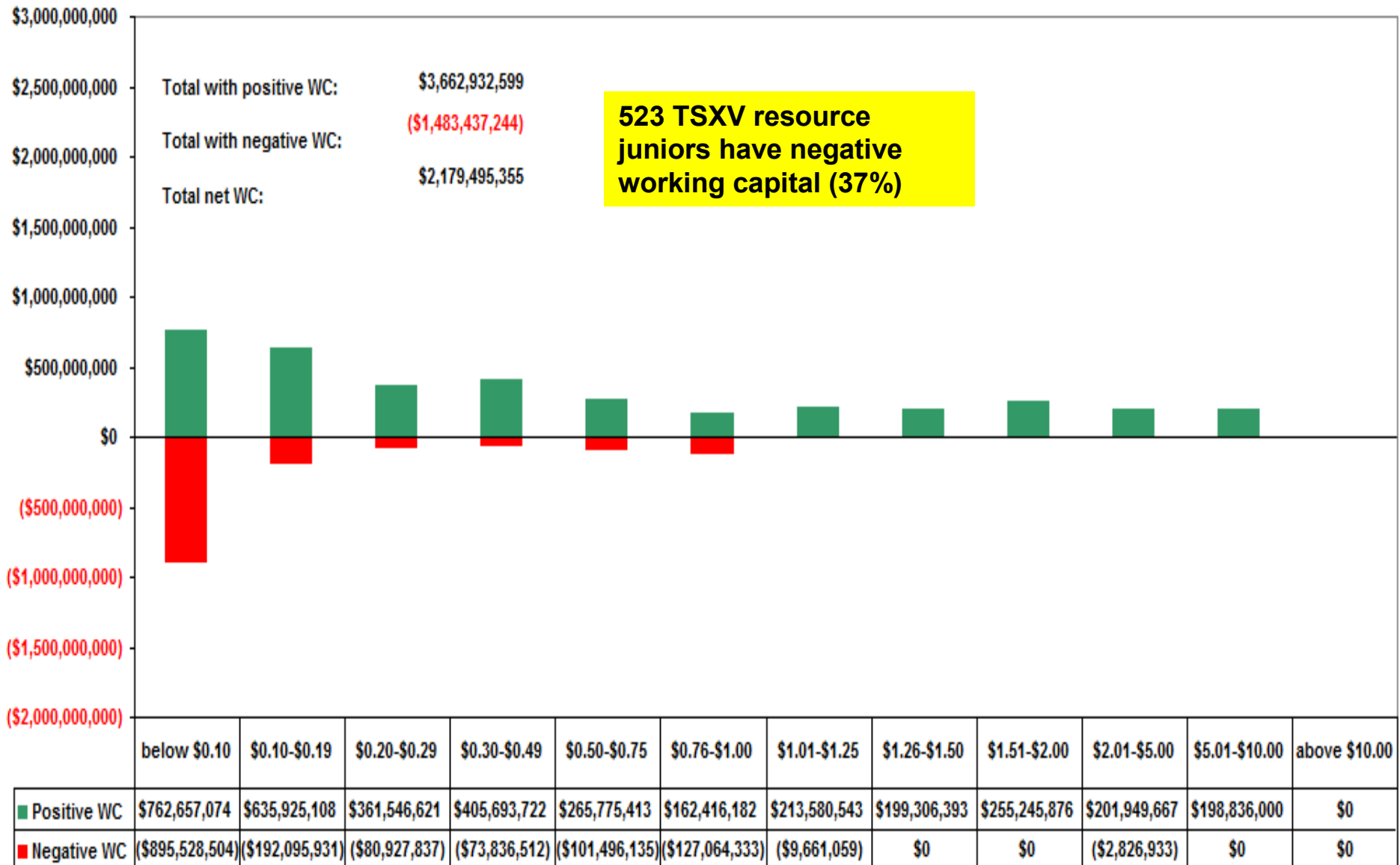
■ % of TSXV Listings
◆ Avg Working Capital
◆ Median Working Capital



Companies less than \$200,000 WC: 686
 Producer & > \$200,000 WC: 19
 Resource Feasibility & > \$200,000 WC: 221
 Discovery Exploration & > \$200,000 WC: 403
 "Shells" with > \$200,000 WC: 86

1,415 TSXV KRO Working Capital

(Positive & Negative Working Capital tabulated separately)



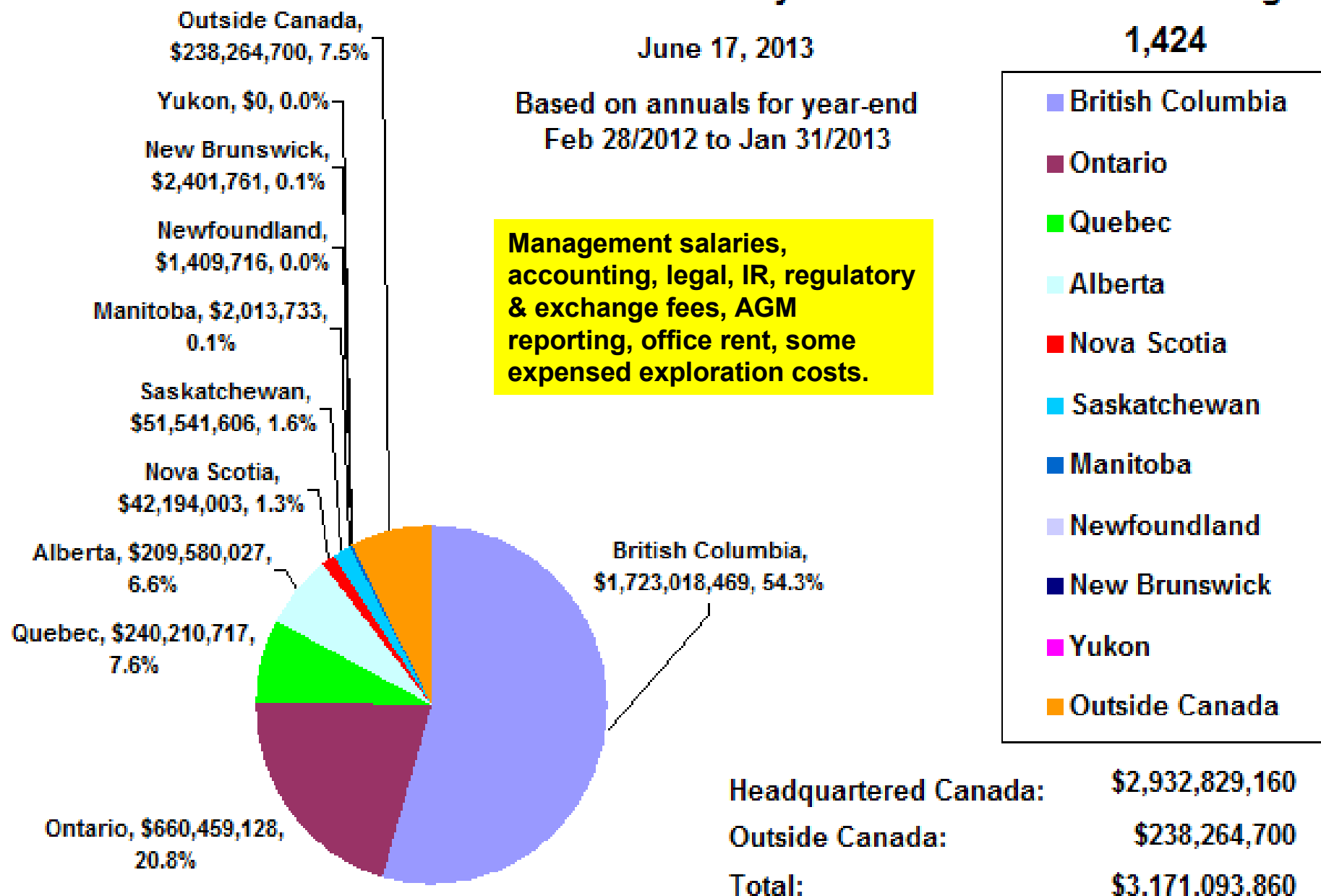
Annual Cash Overhead by Resource Sector TSXV Listings

June 17, 2013

1,424

Based on annuals for year-end
Feb 28/2012 to Jan 31/2013

Management salaries,
accounting, legal, IR, regulatory
& exchange fees, AGM
reporting, office rent, some
expensed exploration costs.

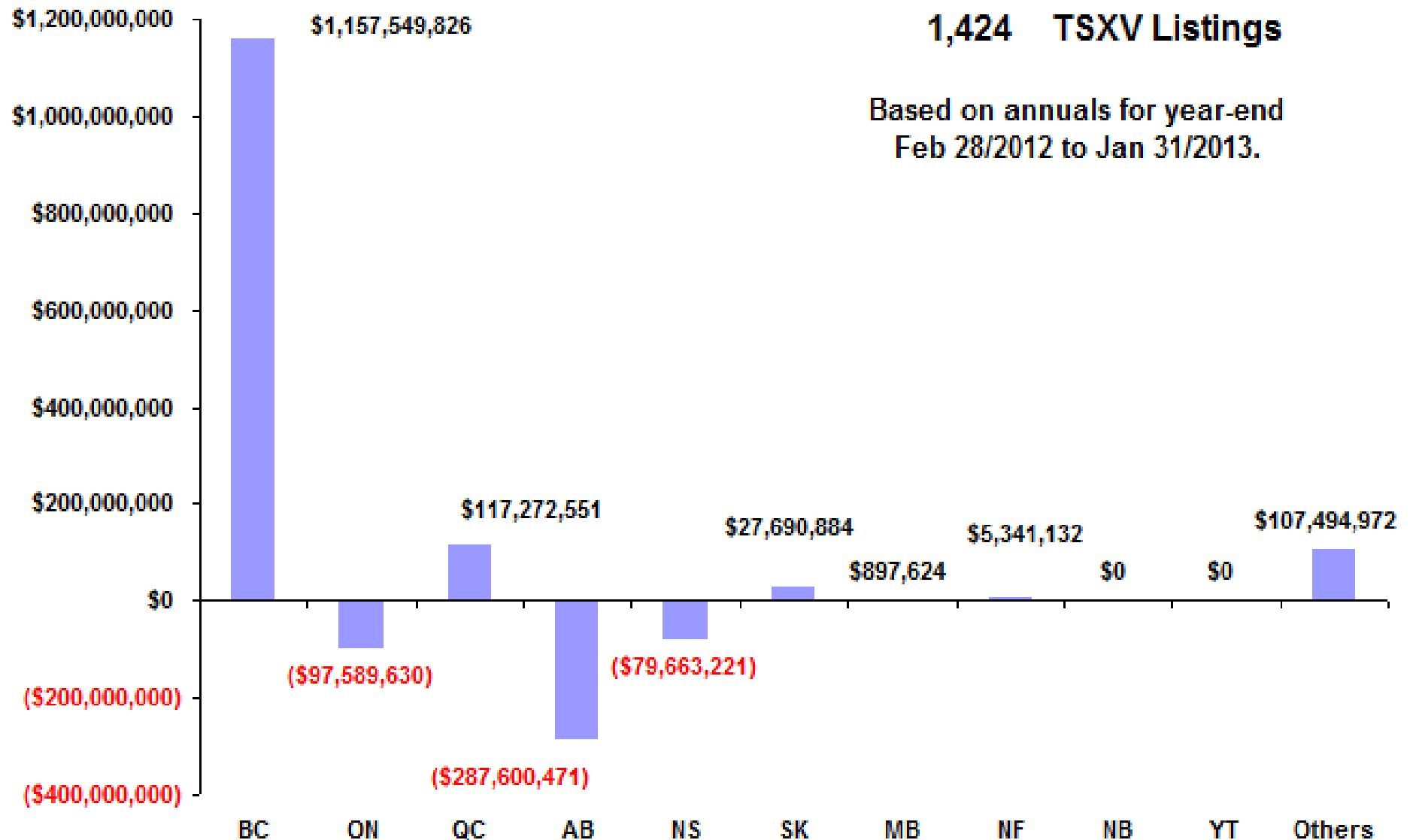


Headquartered Canada:	\$2,932,829,160
Outside Canada:	\$238,264,700
Total:	\$3,171,093,860

Year-End Cash Equiv Net of Current Liabilities by Province

1,424 TSXV Listings

Based on annuals for year-end
Feb 28/2012 to Jan 31/2013.



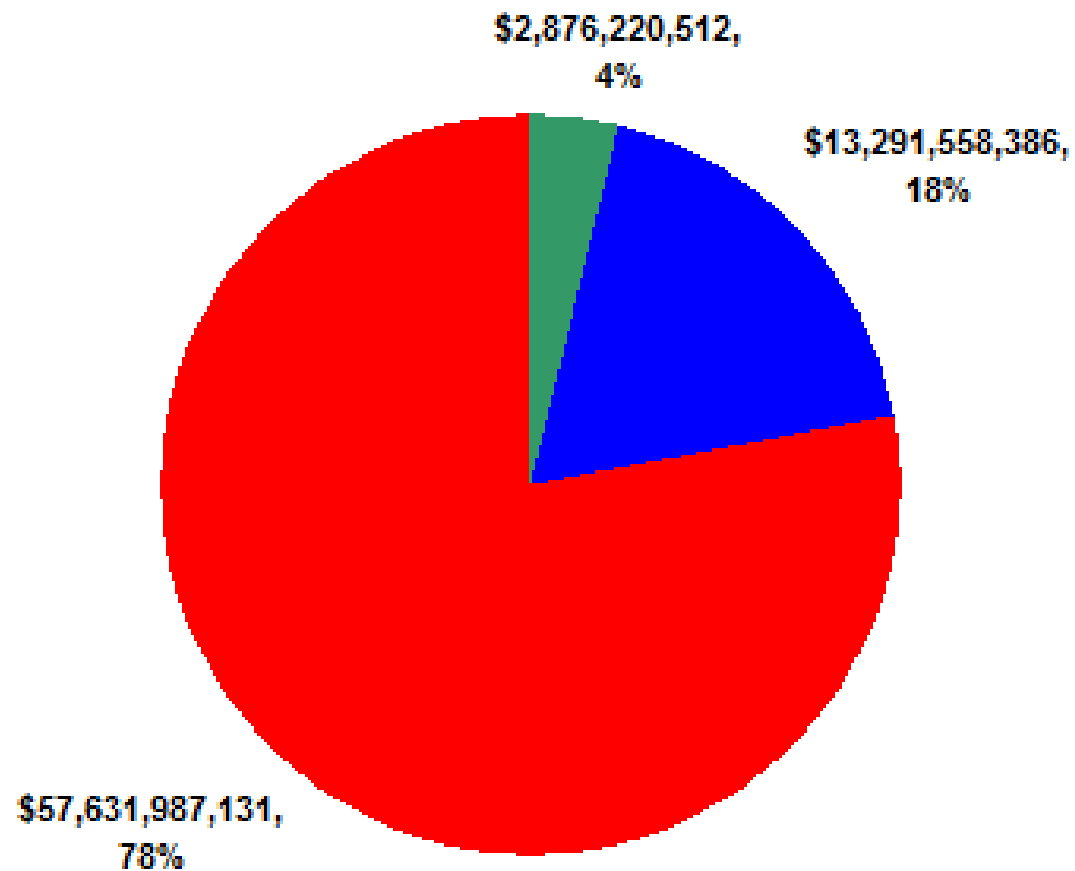
TSXV Financing Activity by Type 2002-2013

Total: \$73,799,766,029

■ IPO

■ SOM

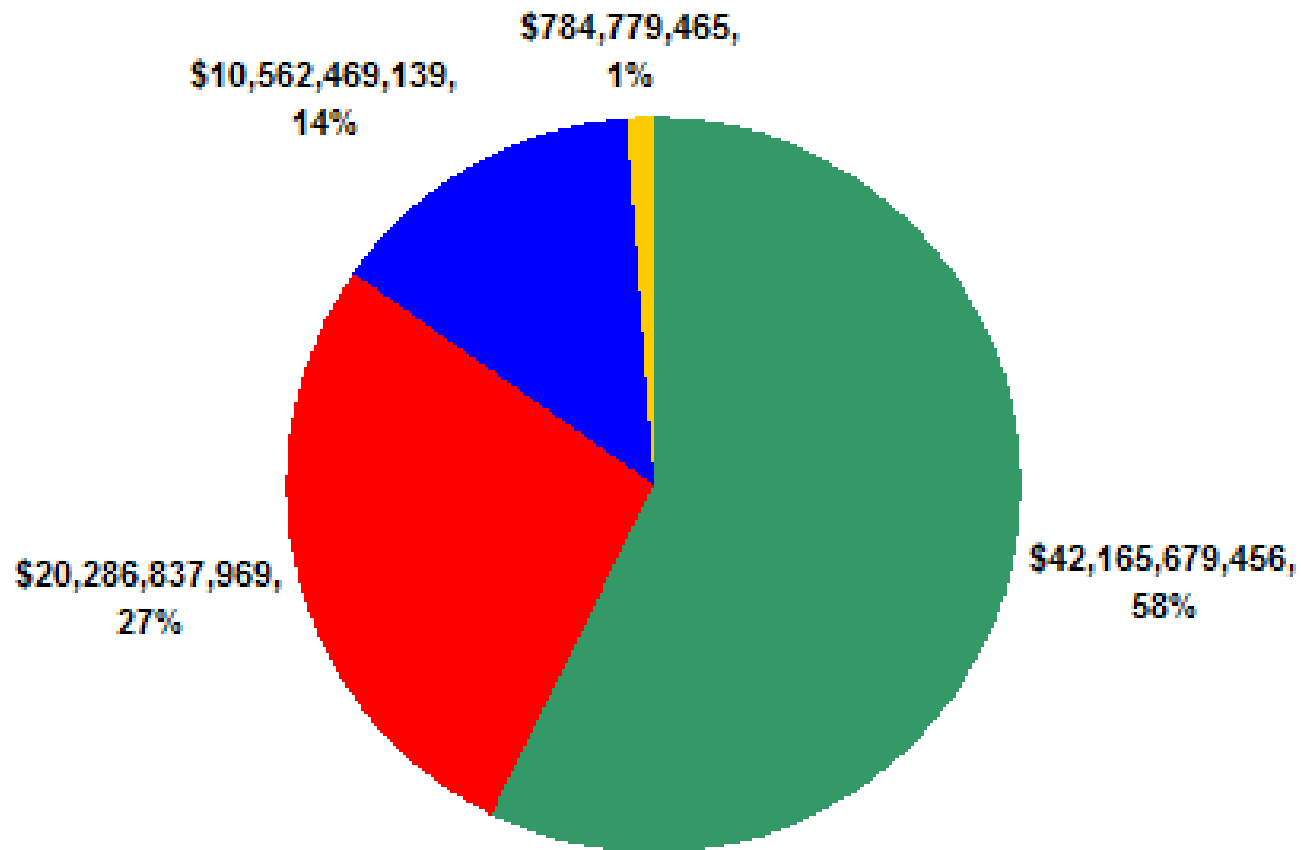
■ PP



TSXV Financing Activity 2002-2013

Total: \$73,799,766,029

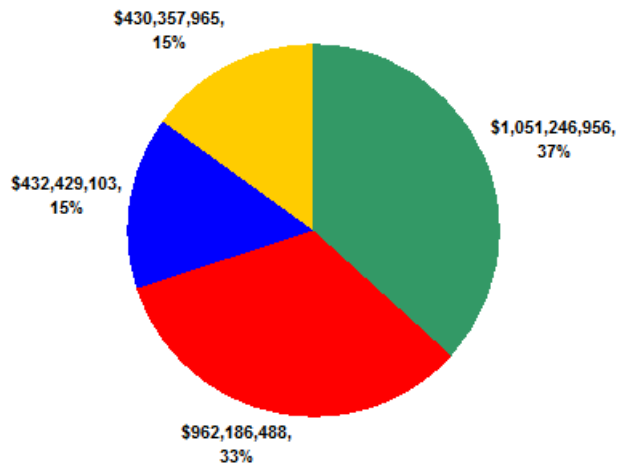
■ Resource ■ Energy ■ Non-Resource ■ Shells



TSXV IPO Financing Activity 2002-2013

Total: \$2,876,220,512

■ Resource ■ Energy ■ Non-Resource ■ Shells



Kaiser Research Online

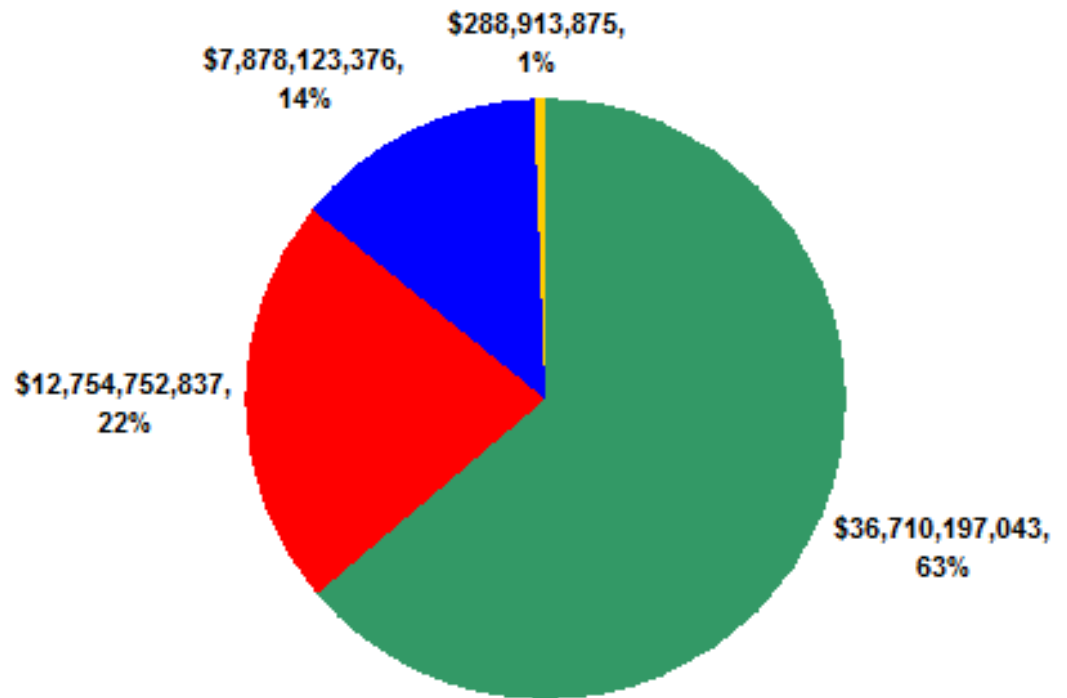
May 31, 2013

Private Placement is the main source of financing for resource and energy juniors.

TSXV PP Financing Activity 2002-2013

Total: \$57,631,987,131

■ Resource ■ Energy ■ Non-Resource ■ Shells



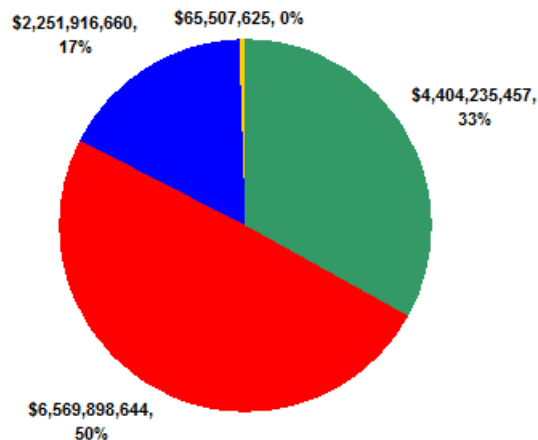
Kaiser Research Online

May 31, 2013

TSXV SOM Financing Activity 2002-2013

Total: \$13,291,558,386

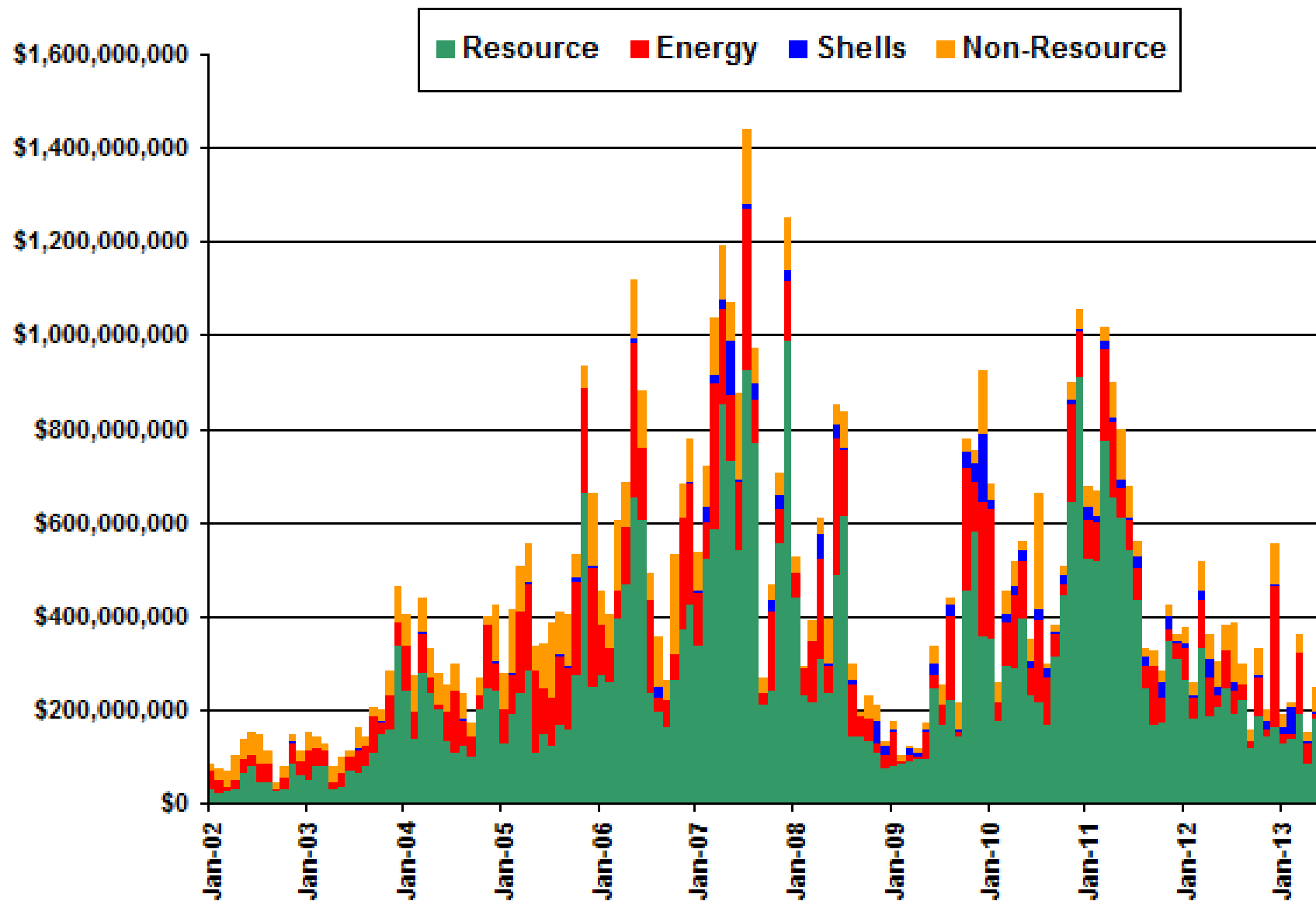
■ Resource ■ Energy ■ Non-Resource ■ Shells



Kaiser Research Online

May 31, 2013

Monthly Value of TSXV Private Placement Financings

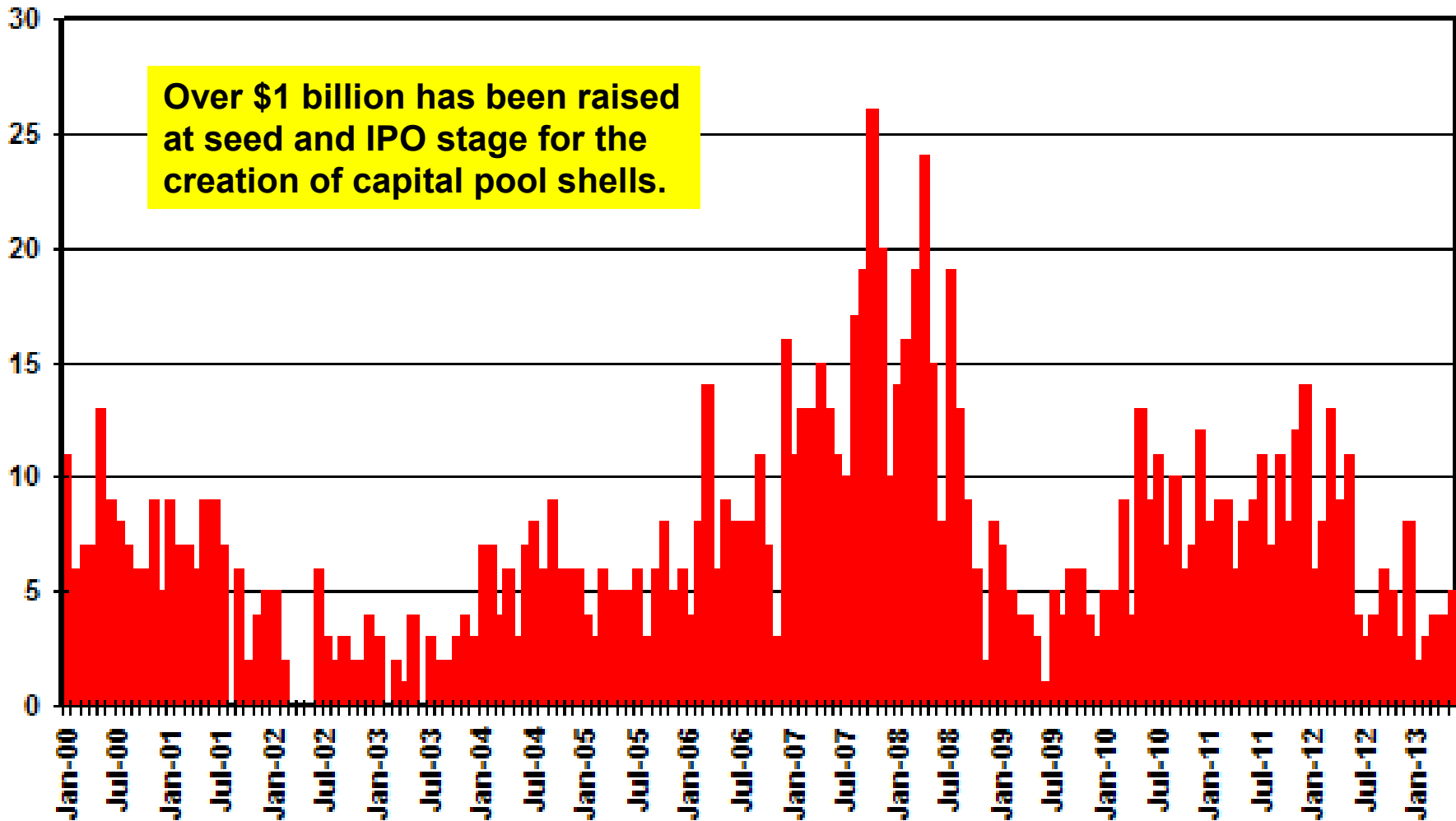




TSXV Monthly Capital Pools Listed

1151 shells manufactured Jan 2000 - May 2013

■ Number of Capital Pools



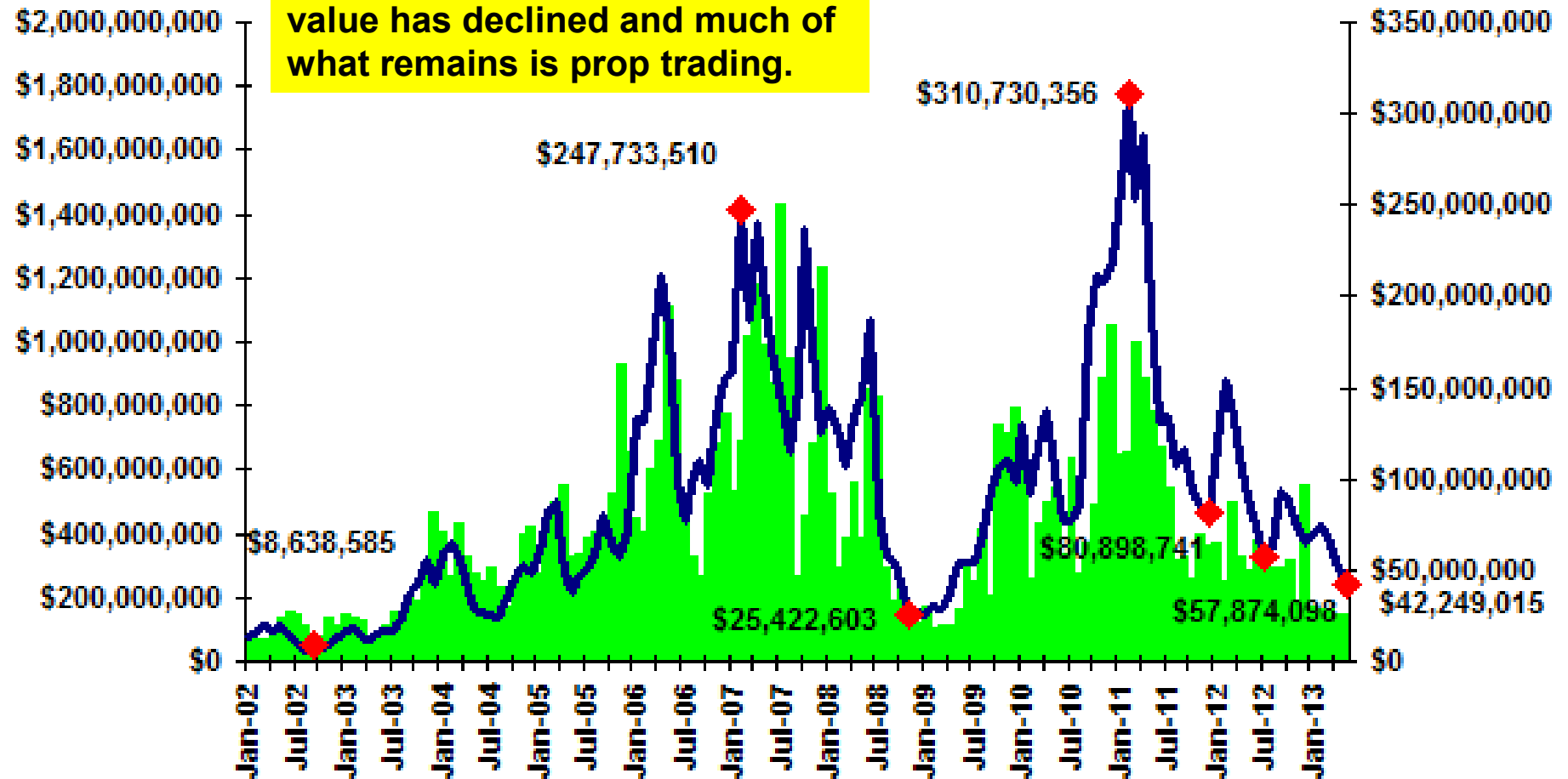
TSXV Private Placement Activity

\$57.6 billion raised / \$262 billion traded

PP Value

Avg Daily Trade Value

Funding has dried up. Trading value has declined and much of what remains is prop trading.



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

May 2013

Problems and Possible Solutions for the Venture Crisis

- **Problem:** Brokers as a gateway between investor capital and corporate treasuries are disappearing through regulatory changes such as the “client relationship model” and a banking establishment shift to “asset management” which discourage individual stock trading by erecting a “suitability” firewall.
- **Solution:** Encourage investors interested in high risk high reward speculations to move their cash to discount brokers and take full responsibility for their decisions.
- **Problem:** Absolute shrinkage of investor capital pools due to accredited investor threshold of \$1 million net worth being too high and no longer including net equity in primary residential real estate, and the erosion of capital access due to focus on larger brokered private placements.
- **Solution:** lower the eligibility threshold so that a much broader pool of individuals can buy treasury stock, and push discount brokers to streamline private placement payment and certificate processing.

- **Problem:** Regulatory overkill with regard to publicly listed corporations that seems more geared to litigation mitigation than helping investor decision-making.
- **Solution:** Simplify reporting, standardize financial reporting for resource sector, digitize information and make it freely accessible to the public. Empower the market to render judgment rather than relying on a bureaucratic elite.
- **Problem:** Profound ignorance among investors about how to visualize the potential outcome of exploration plays and regulatory hostility to anything that facilitates speculation on fundamental outcomes rather than technical market activity.
- **Solution:** Accept the speculative nature of the juniors and foster third party innovation that educates the audience about resource sector outcome visualization.

- **Problem:** Special treatment of algorithmic & proprietary day trading accounts that fosters a capital harvesting culture that undermines the fundamental wealth creation purpose of a venture capital market.
- **Solution:** impose a transaction fee on each quote submitted into the order book and tag algo/prop trades as such for public viewing so that the audience can see to what extent market activity is about differing fundamental outcome views and pure capital stripping.
- **Problem:** Elimination of uptick rule so that short-selling can be done on a down-tick, creating a downside bias for venture capital stocks which by nature do not have a measurable intrinsic value.
- **Solution:** enforce advance borrowing of stocks designated as “junior” and penalize day trading accounts that are short at the end of day.
- **Problem:** Fragmentation and darkening of markets through multiple, unconsolidated order execution platforms that violate first come first serve principle.
- **Solution:** prohibit dark pool trading in “juniors” and consolidate multiple order execution platforms so that first come first serve principle is reinstated.

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

