

The Junior Funk

**Global Resources Investing
Academy & Finance
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Exploration Insights**

Gold was ~\$260 per ounce in early 2000

If, at that time, someone told you they had a crystal ball and foresaw gold prices rising to > \$1700 per ounce by 2012, what would have been your thoughts???

If the same person now told you that gold would reach \$3000 per ounce within the next few years, would you be surprised? Would you invest in junior companies given recent experience?

Why does the junior sector appear to be in a terminal funk?

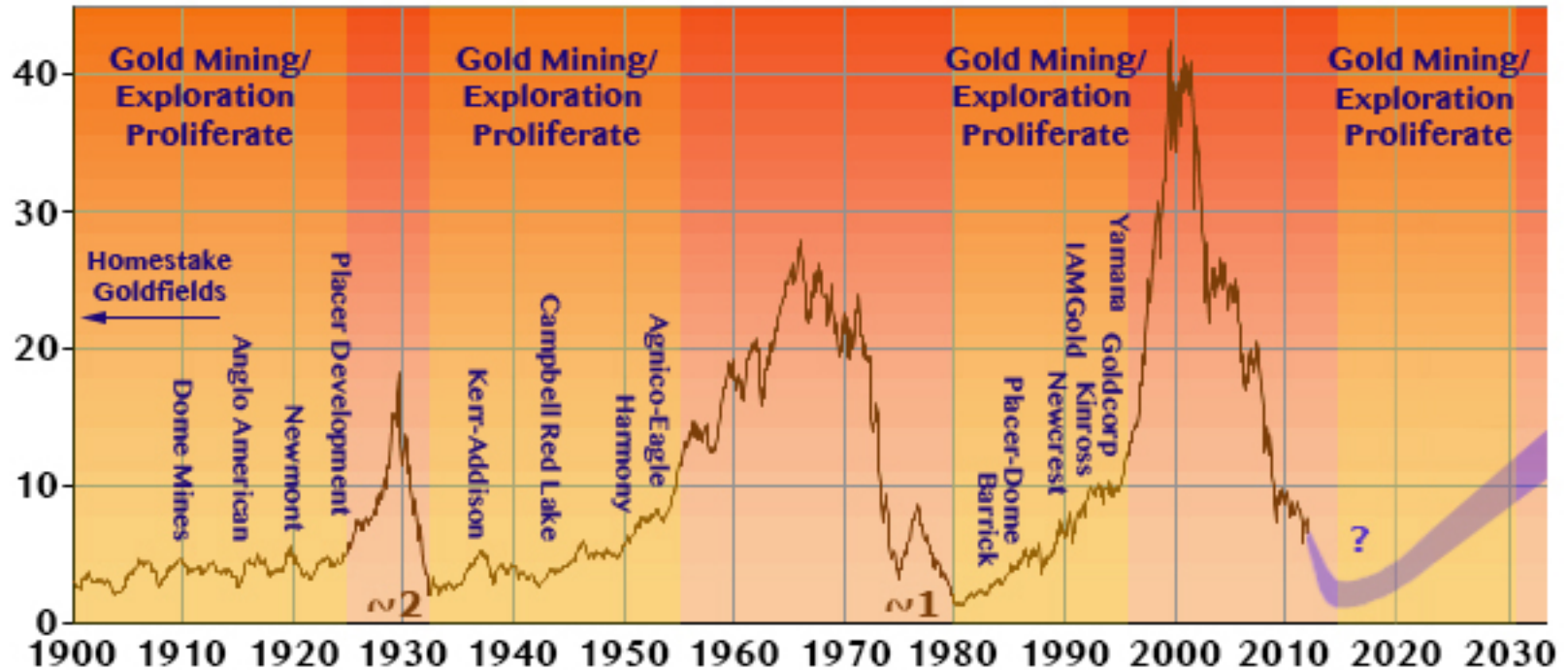
The Big Picture:

DOW/Gold Ratio

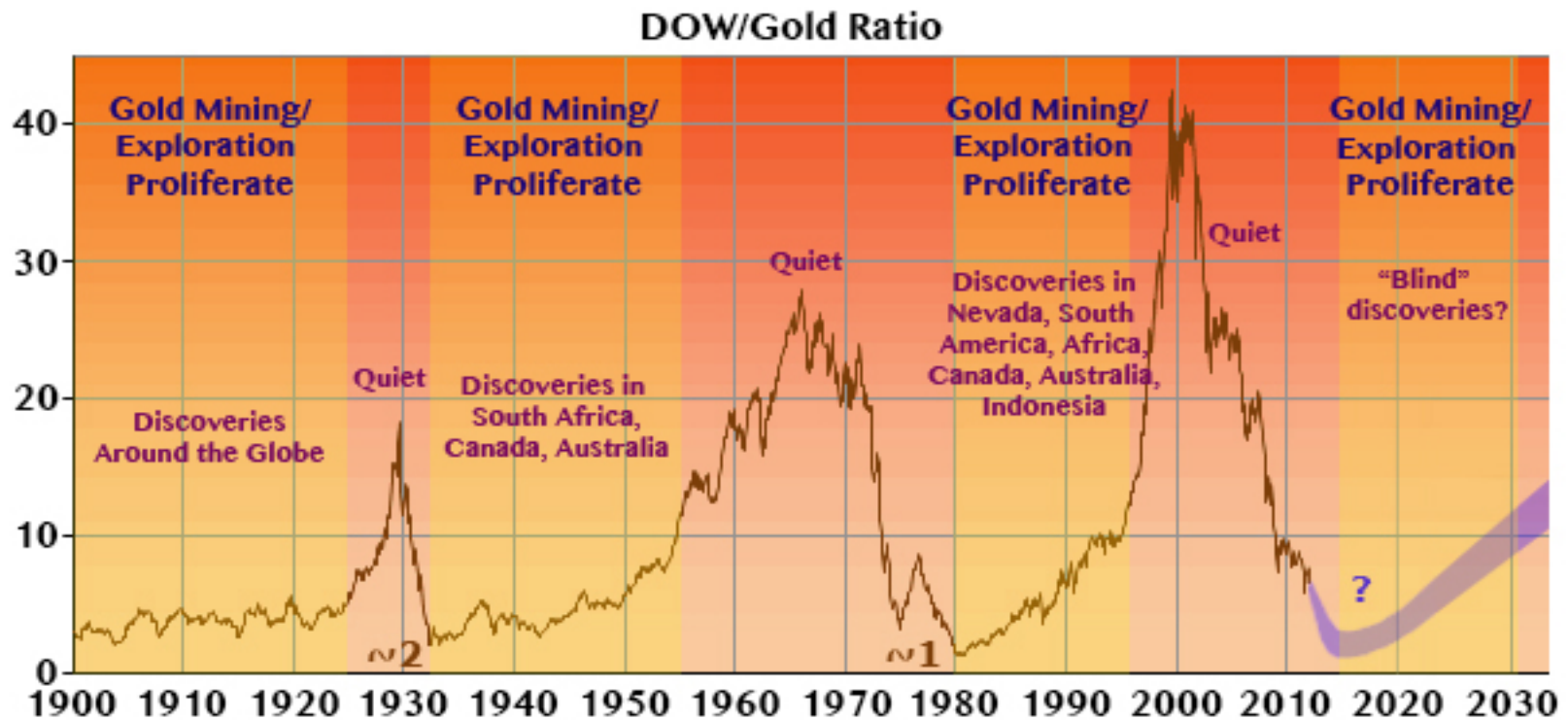


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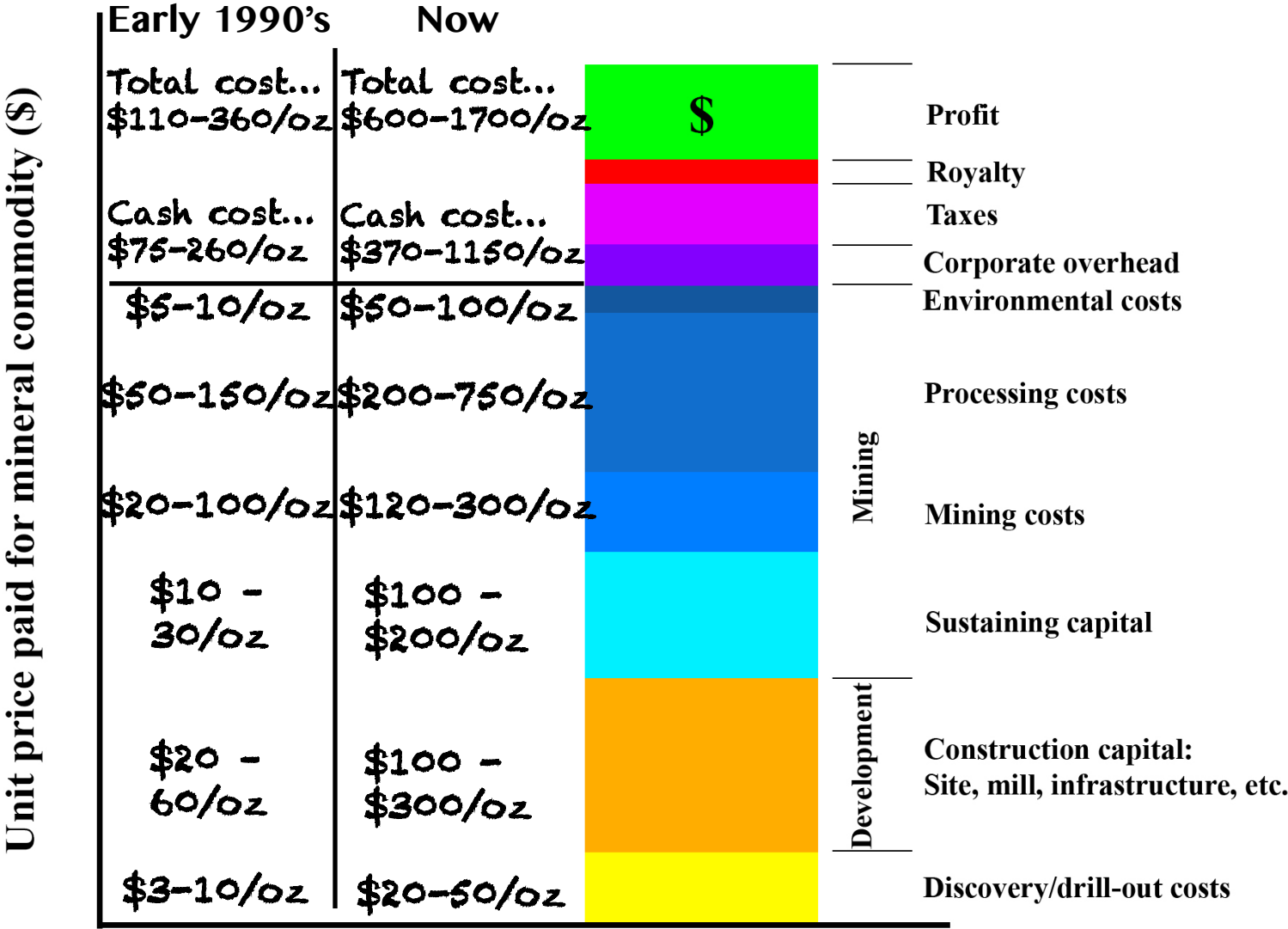
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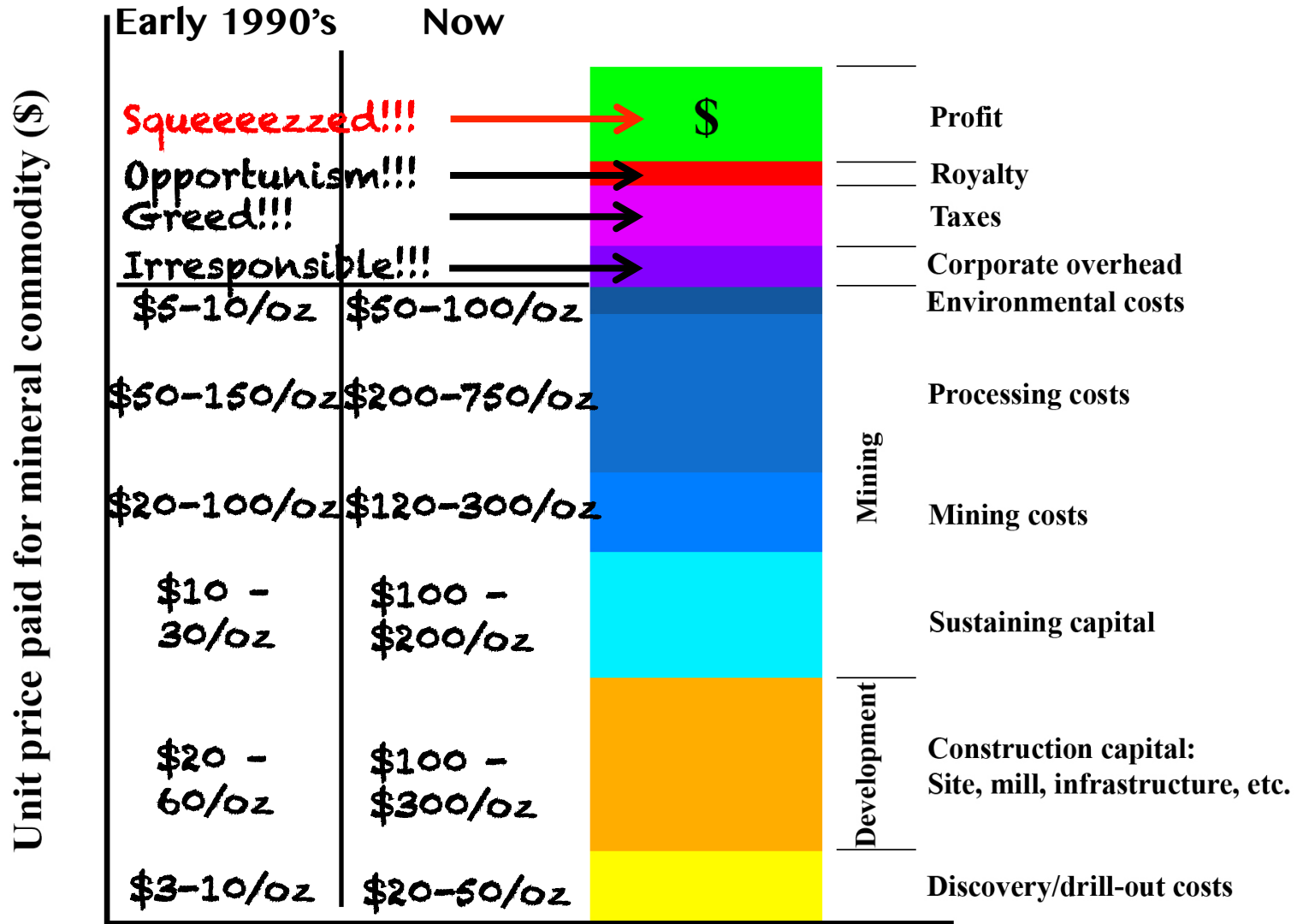


Cost of Mining:



Modified from CIBC

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What do juniors have to offer?:

Let's pick this apart...

- the average grade of undeveloped gold deposits (field of 250 > 1Moz deposits)...0.66 grams per tonne!!!

1	Pebble Deposit	10,177	0.33	107,300,000	USA, Alaska	Northern Dynasty / Anglo American
2	KSM Deposit	3,906	0.51	63,979,000	Canada, BC	Seabridge Gold
3	Snowfield	2,203	0.49	34,950,000	Canada, BC	Pretium Resources
4	Sukhoi Log	384	2.67	33,000,000	Russia	Government of Russia
5	Las Cristinas	1,116	0.86	30,804,000	Venezuela	Government of Venezuela
6	Detour Lake Mine	887	1.02	29,119,000	Canada, Ontario	Detour Gold
7	Caspiche	1,646	0.47	24,869,000	Chile	Exeter Gold
8	Livengood	1,190	0.54	20,631,000	USA, Alaska	Int'l Tower Hill Mines
9	Metates	1,246	0.49	19,828,000	Mexico	Chesapeake
10	Rosia Montana	556	1.03	18,500,000	Romania	Gabriel Resources
11	BruceJack	30	17.45	17,056,000	Canada, BC	Pretium Resources
12	Marmato	489	0.91	14,377,000	Colombia	Gran Colombia
13	King King	1,151	0.32	11,943,000	Philippines	St. Augustine Gold
14	Courageous Lake	156	2.27	11,403,000	Canada, BC	Seabridge Gold
15	Titiribi	635	0.54	11,079,000	Colombia	Sunward
16	Galore Creek	1,160	0.29	10,700,000	Canada, BC	Novagold/Teck
17	Volcan	456	0.71	10,383,000	Chile	Andina Minerals
18	Toroparu	419	0.74	10,006,000	Guyana	Sandspring Resources
19	Gaby	499	0.62	10,000,000	Equador	International Minerals/Chinese Firm
20	Mt. Todd	341	0.83	9,036,000	Australia	Vista Gold

Roy Sebag – Natural Resource Holdings (2012)

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- the average grade of undeveloped gold deposits (field of 250 > 1Moz deposits)...0.66 grams per tonne!!!
- **the top 20 deposits listed below all have “issues”...huge capex, poor metallurgy, location, etc.**

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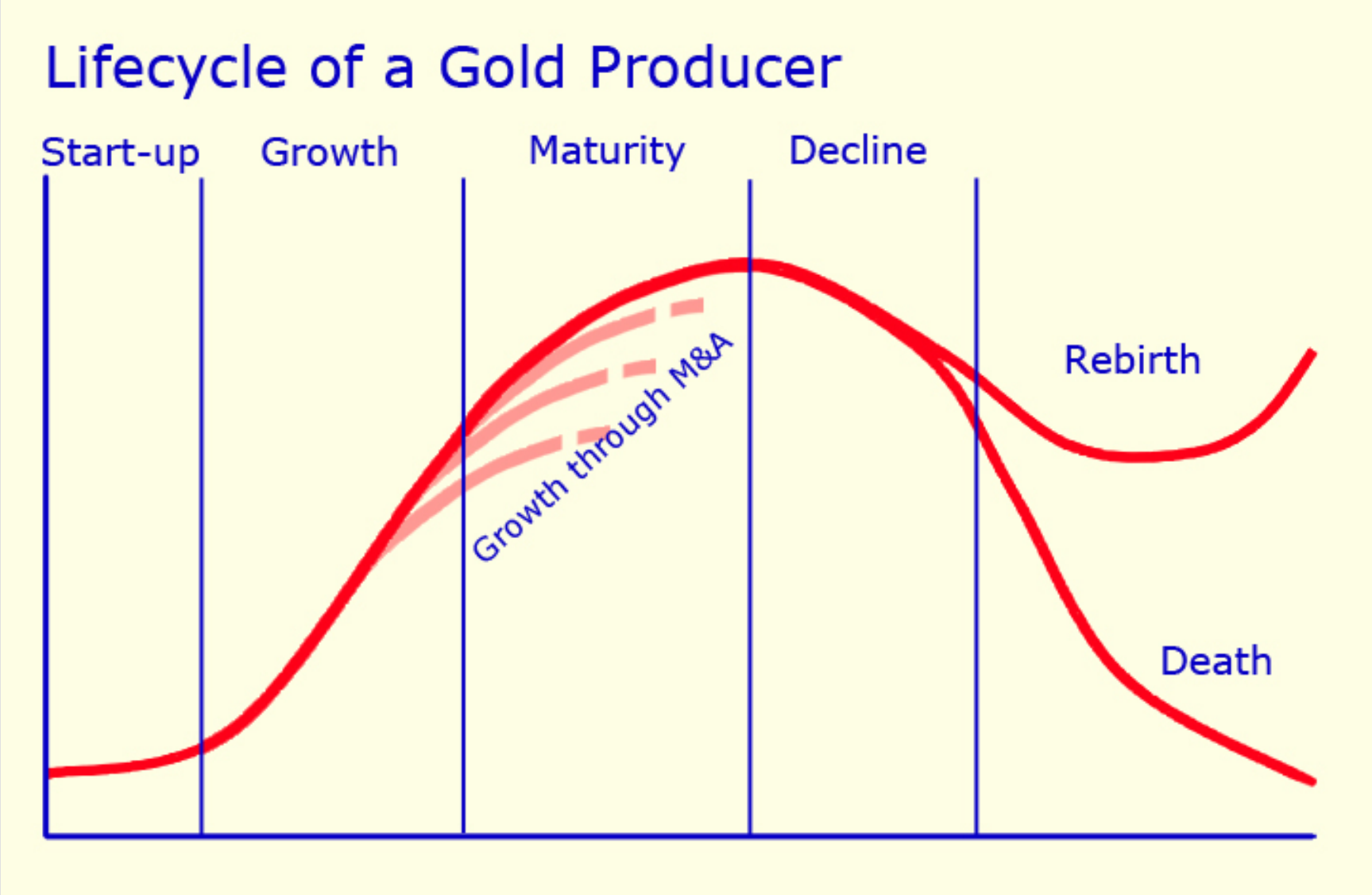
- of the 164 undeveloped deposits belonging to juniors, 61 are 1-2 Moz

104	Masbate	37	1.68	2,000,000	Philippines	CGA Mining
105	Tepal	223	0.28	1,986,000	Mexico	Geologix Explorations
106	Paul Isnard	37	1.61	1,900,000	French Guiana	Columbus Gold
107	Douay	44	1.34	1,885,000	Canada, Quebec	Aurvista
108	Somituri	36	1.63	1,870,000	Africa, Congo	Kilo Gold Mines
109	Otjikoto	41	1.39	1,820,000	Africa, Namibia	B2gold
110	Bucium	43	1.29	1,800,000	Romania	Gabriel Resources
111	Tonkin	41	1.36	1,784,000	USA, Nevada	Mcewen Mining
112	Long Valley	92	0.60	1,783,000	USA, California	Vista Gold
113	Troilus	37	1.46	1,745,000	Canada, Quebec	Inmet
114	Vinasale Project	49	1.09	1,735,000	USA, Alaska	Freegold Ventures
115	Nucleus	90	0.59	1,700,000	Canada, Yukon	Northern Freegold



151	Aquarius	23	1.51	1,120,000	Canada, Ontario	St. Andrew Goldfields
152	Cerro Moro	7	4.80	1,106,000	Argentina	Extorre Gold
153	Revenue	101	0.34	1,100,000	Canada, Yukon	Northern Freegold
154	Coringa	7	5.12	1,095,000	Brazil	Magellan Minerals
155	Pan Project	66	0.51	1,079,000	USA, Nevada	Midway Gold
156	Petropavlovskoye	33	1.00	1,070,000	Russia	Petropavlovsk
157	La Mina	49	0.68	1,064,722	Colombia	Bellhaven Copper & Gold
158	Taurus	33	0.99	1,055,000	Canada, BC	China Minerals
159	Back Forty	21	1.52	1,042,000	USA, Michigan	Aquila Resources/Hudbay Minerals
160	Maud Creek	10	3.08	1,017,000	Australia	Crocodile Gold
161	Rio Blanco	6	5.44	1,015,000	Equador	International Minerals
162	Magambazi	22	1.44	1,013,700	Africa, Tanzania	Canaco Resources
163	Invicta	25	1.26	1,013,000	Peru	Andean American
164	Changkeng	8	3.94	1,009,000	China	Minco Gold

The Life Cycle of a Gold Miner:

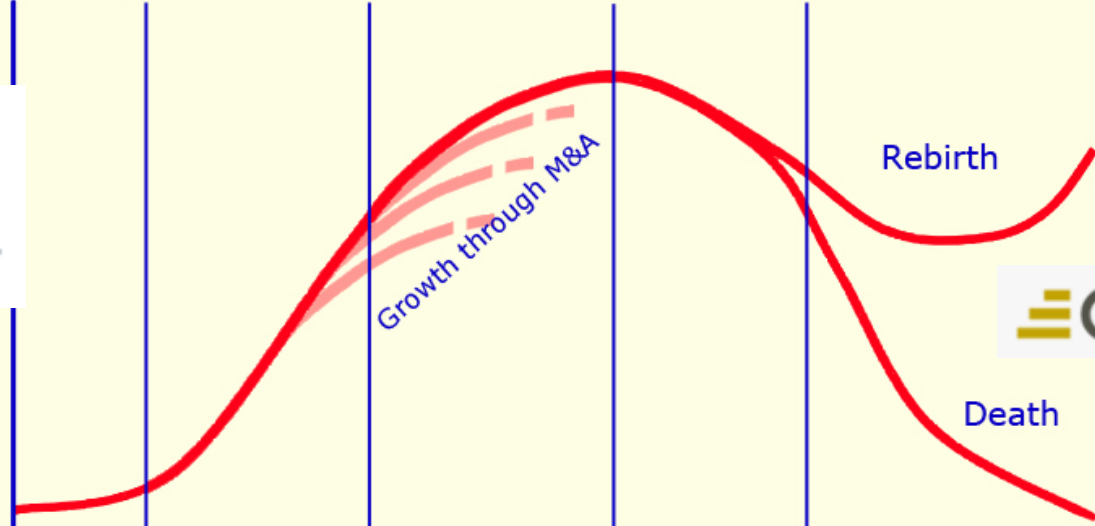


The Majors Lack Vision:

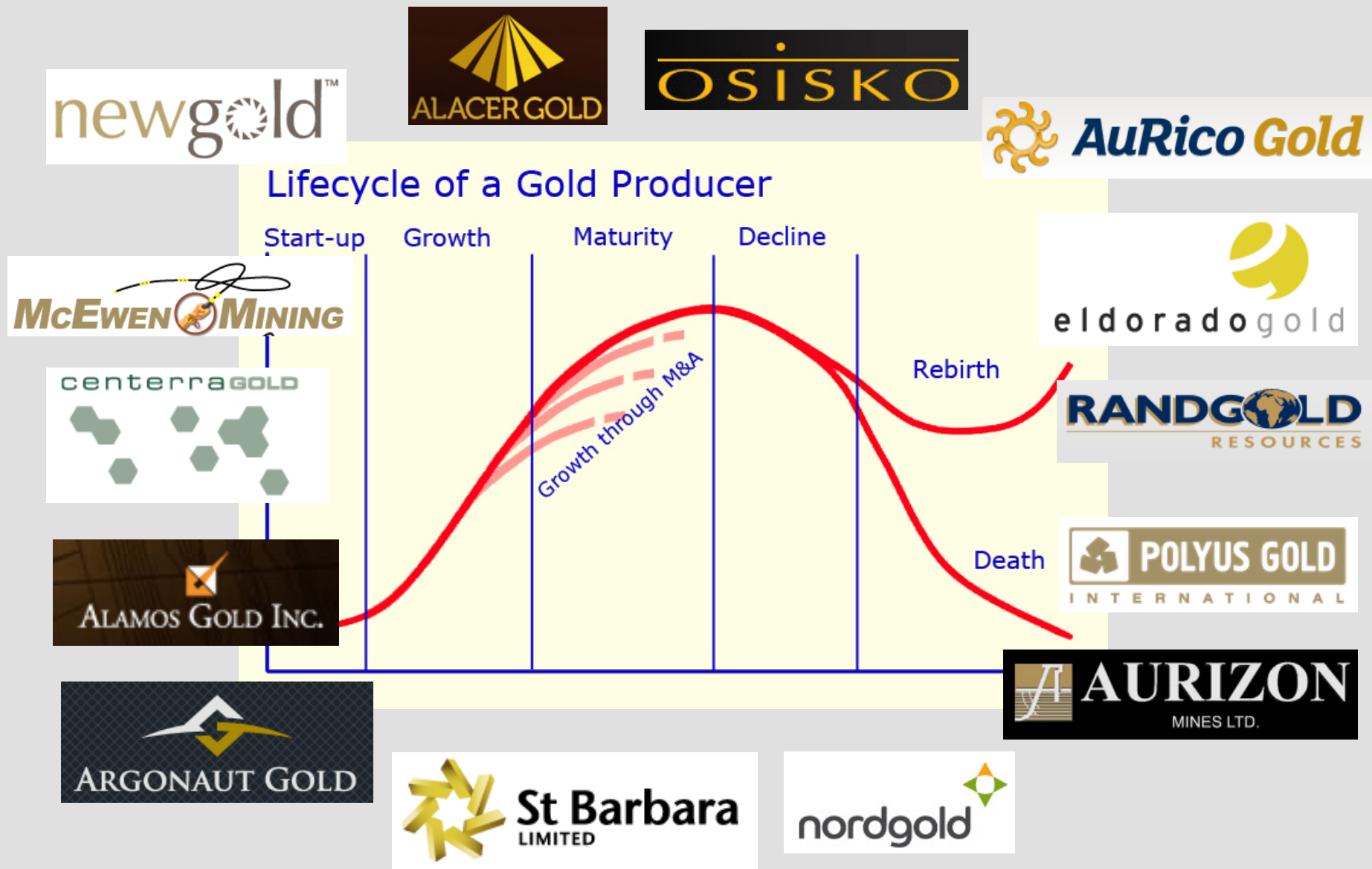


Lifecycle of a Gold Producer

Start-up Growth Maturity Decline



Mid-Tier Producers Must Mind Their p's and q's:



Closing Comments:

DOW/Gold Ratio

