

High Risk, High Reward Disciplined Investing in the Junior Mining Space

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- ❖ My views on gold & commodities
- ❖ What **NOT** to do in investing in mining
- ❖ Opportunities in junior exploration mining stocks

Gold

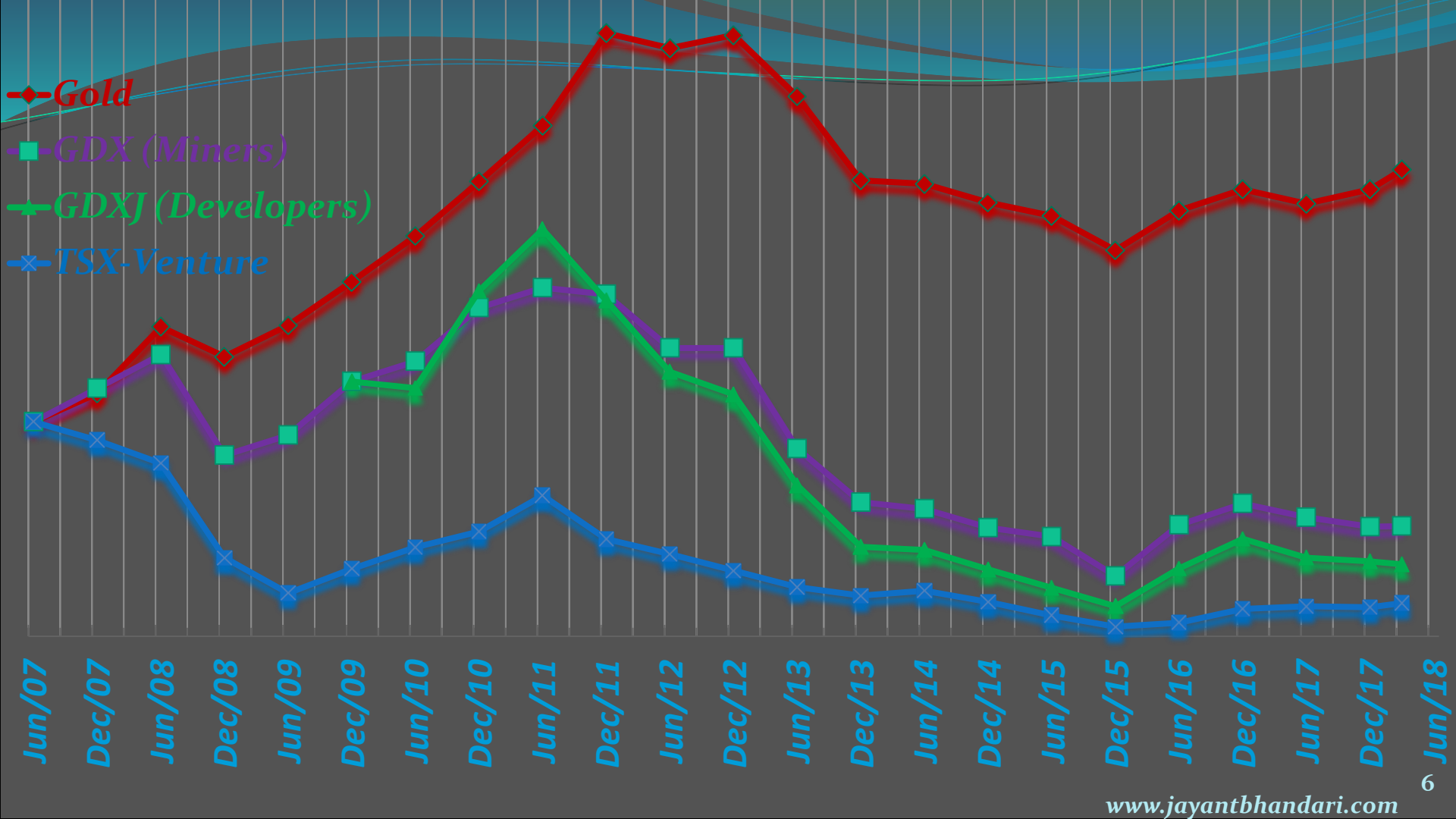
- ❖ Developed world: Yields low or negative
- ❖ The Problems of the Third World: Social, and economic
- ❖ The only emerging market: China continues to diversify

Commodities

- ❖ China, the only emerging market, continues to grow

For most people, bullishness about metals means

- ❖ Investing in the mining index
- ❖ Investing based on some rule of thumb
 - *Guaranteed mal-investment*



- ❖ Mining sector: Net wealth-destructive
- ❖ Junior mining: Very prone to hype and disgust
 - *If you do not want to allocate time to analysis, invest in metals, not in mining*

Leverage without discernment is a myth

- ❖ Costs increase when metal prices increase
- ❖ Financial discipline suffers
- ❖ Using rules of thumb, “investing” destroys wealth

Rules of thumb are for gamblers

- ❖ Ounces in the ground
- ❖ Grade is the king
- ❖ Excitement about certain areas
- ❖ God-like magic attributed to certain managements

Comprehensive valuation is the key

- ❖ Valuation/DCF: Nature of the ore-body, metallurgy, process, expected revenue/costs, etc.
- ❖ Quality of the management
- ❖ A deep understanding of the jurisdiction: Culture, the rule of law, etc.

Opportunities as an outsider

- ❖ Value

- ❖ Merger Arbitrage

- *Lack of liquidity and limited following brings great opportunities*

Novo Resources

Historic Chart for Cdn:NVO by Stockwatch.com 604.687.1500 - (c) 2018

Fri Mar 16 2018 Op=4.94 Hi=5.45 Lo=4.76 Cl=5.44 Vol=7,867,124 Year hi=8.83 lo=0.66



THRU
TRAFFIC
KEEP
RIGHT

EXXON

429	¢
449	¢
469	¢

Quick Service
Convenience
Shell

 **Self Serve Gasoline**

Regular	
3.79	9/10
Plus	
4.09	9/10
V-Power	
4.49	9/10

Capital One Bank

Sunridge Gold

6th November 2015

- ❖ Cash offer: ~\$0.38
- ❖ Share price: \$0.24 (58% upside)

Sunridge Gold

- ❖ Share price (18th Dec. 2015): \$0.25 (52% upside)
- ❖ Share price (8th Jan. 2016): \$0.27 (41% upside)
- ❖ Share price (5th Feb. 2016): \$0.275 (38% upside)

Closure: May 2016

Opportunities as an insider

- ❖ Venture Capitalist
- ❖ Offer managerial, cultural, financial, etc. guidance

Sources of Information (Canada)

- ❖ Sedar.com
 - Financials documents (quarterly/yearly)
 - Management's Discussion and Analysis
 - Technical Reports: NI43-101 in Canada
 - Management Information Circular: Insider ownerships, salaries, etc.
- ❖ Canadianinsider.com and Sedi.ca
- ❖ Blogs like Stockhouse.com and CEO.ca
- ❖ IIROC.ca
- ❖ Site visits

❖ Gold and commodities



- ❖ Mining as a sector is wealth destructive: Most is chaff
- ❖ Thoroughly analyse companies before investing
- ❖ Rules of thumb do not work
- ❖ Massive upside for those prepared

Contact details

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