MANAGING OUR RESOURCES
DEVELOPING OUR POTENTIAL

Understanding Mining Cycles and More Importantly… How They Impact Prospecting

“The boom sets up the bust and the bust sets up the boom”

- Global metal prices go from being way too high, to way too low, to way too high….
- When prices are high miners and investors get excited and build and expand mines
- Too many mines get built and the market gets flooded with metals causing prices to crash
- The price crash kills new expansions and forces mines to close, *eventually* causing a shortage of metal and making prices go up

And so on and so on, over and over and over again….

What Does A Mining Cycle Look Like?

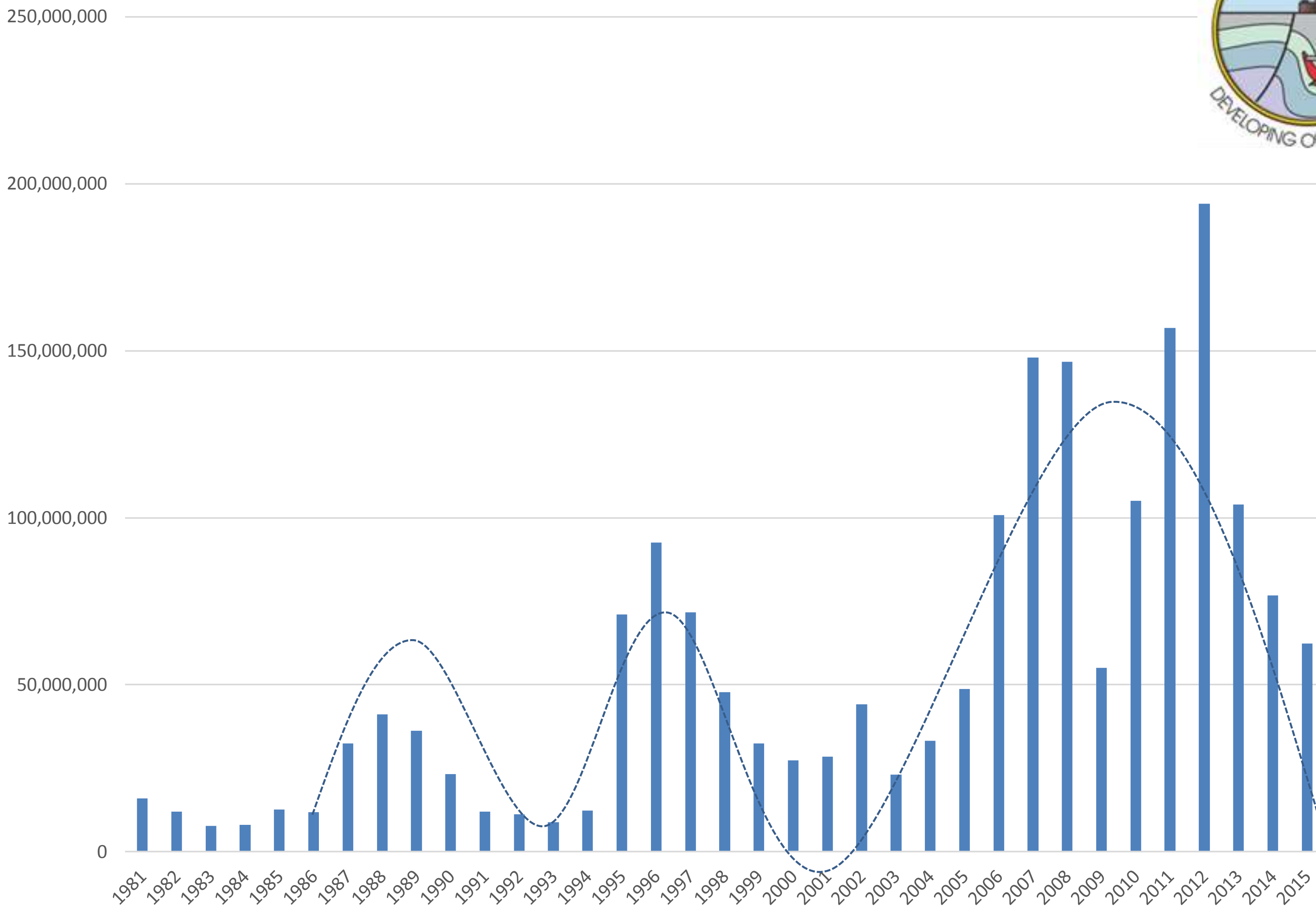
Cycle 1
7 years

Cycle 2
8 years

Cycle 3
15 years
(the "super-cycle"

2 major mining cycles over the past 30 years, ignoring cycles within cycles

Exploration spending in NL has followed the cycles almost perfectly

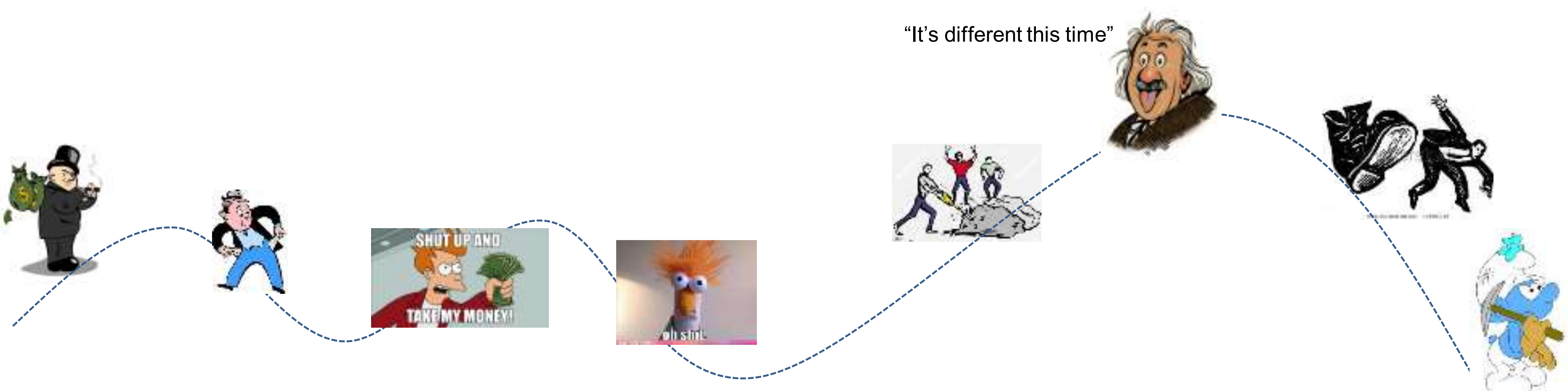


How Do Cycles Impact the Prospecting Industry?

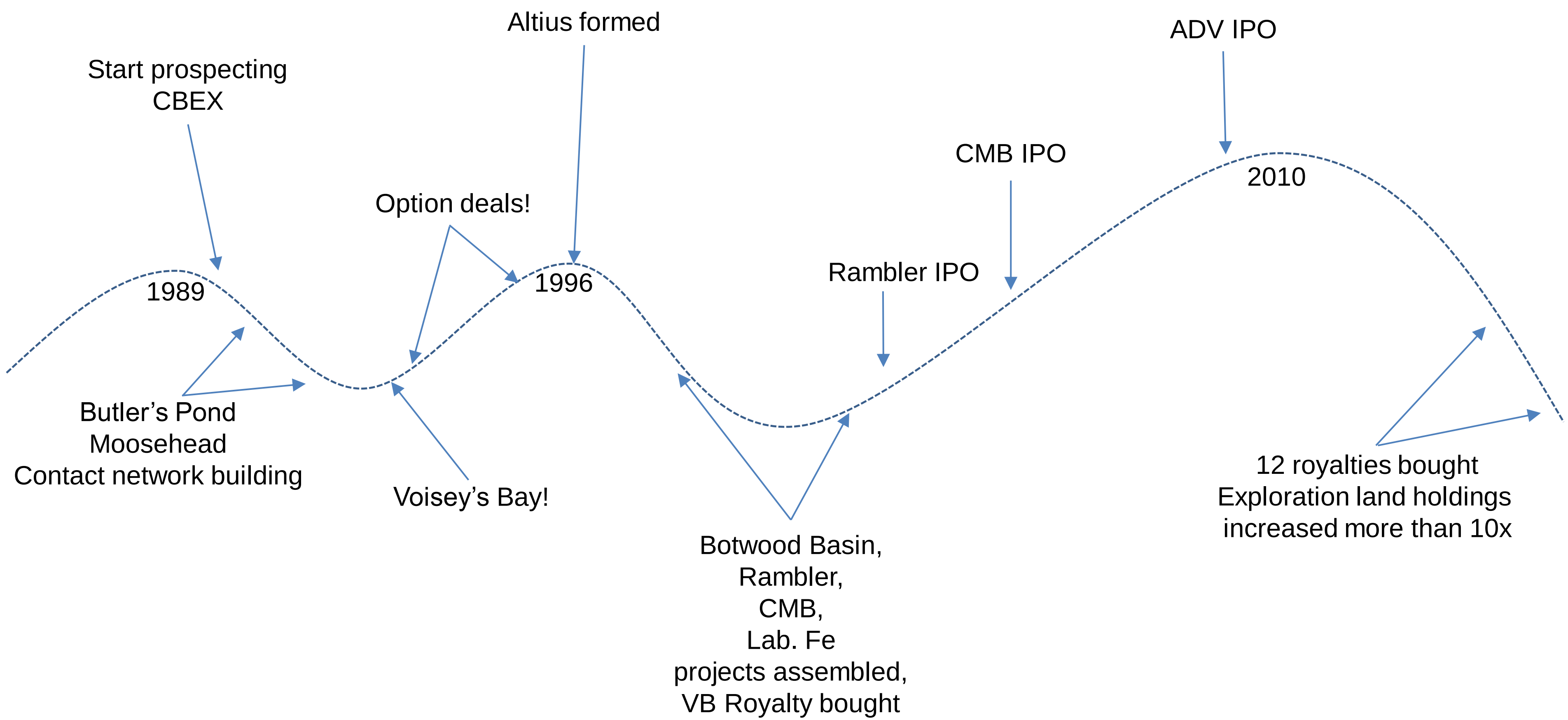
Very severely!

Bull Phase: Major miner’s exploration budgets explode, junior companies pop up from everywhere and can raise money for any and all exploration stories because stocks just keep going up, investors and mining execs are all geniuses – your projects are in demand!

Bear Phase: Major miners fire the management, stop grass roots exploration because there are no extra profits after paying for operations/debt payments/dividends, juniors become dot-coms or weed companies because no one will ever need an orebody again – prospector deals are tough to come by!



2.5 Cycles Punched – Personal Memories and Lessons



Key Messages

Bad markets cause good markets and vice versa – accept it

It's never "different this time"

Bad markets are an opportunity to assemble projects and establish contacts with little competition

You've already fought through the pain, so might as well stick around for the recovery party!

Embrace the opportunities that all parts of the cycle offer

We are near a bottom

The bust sets up the boom – Don't get shook out now!