

GREENSPAN'S BUBBLES

The Age of
Ignorance
at the
Federal
Reserve



William A. Fleckenstein
with **Frederick Sheehan**

HOW RARE IS THE “MARGINAL” OUNCE OF GOLD?

How many truck loads of low grade ore does it take
to produce \$1M of dore?

(75% gold, 25% silver weighing ~60 lbs.)



Source: Gold Stock Analyst October 2011

Gold Button

DORE BUTTON ASSUMPTIONS

Ounces in Button	900 oz
Ounce to Grams	31.10 grams
Grams in Button	27,990 grams
Mine Grade (Grams/Ton)	0.43 g/t
Total Tons	65,093 tons
63% Recovery	103,322 tons
Truck Capacity (Tons)	290 tons

ANSWER:

TRUCK LOADS	356
TIME REQUIRED	APPROXIMATELY 7 24 HOUR DAYS

Conclusion: The easy stuff has been found.

Source: Gold Stock Analyst October 2011

Newmont Mining Price Target – Revision Based upon Higher Long Term Gold Prices

Source: Citigroup Global Markets

Citi Gold Forecasts (US\$/oz)

	2011E	2012E	2013E	2014E	2015E	Long Term
New	\$1,590	\$1,650	\$1,500	\$1,350	\$1,250	\$1,050
Old	\$1,440	\$1,325	\$1,225	\$1,125	\$950	\$950

Citigroup NAV Calculation and Price Target Assuming Various Long-Term Gold Prices

Assumptions: 6% Discount Rate used for NAV; Price Target is 2x NAV

Long Term Gold Price

	\$950	\$1,050	\$1,200	\$1,400	\$1,850
NAV	\$28	\$40	\$51	\$66	\$100
Price Target	\$55	\$80	\$102	\$132	\$200

MY PICKS

651639106
008474108
380956409
98462Y100
902952100
29268A103
598153104

Gold Miners Earnings at \$2,000 Gold

Assumes 2012 Estimate Production

	Current Price (as of 10/24/2011)	2012 EPS Estimate at \$2,000 Gold	P/E Multiple	Current Consensus 2012 EPS Estimate	Current P/E Multiple	Notes
Yamana Gold (AUY)	\$15.06	\$2.17	6.9	1.31	11.4	Big copper
Newmont Gold (NEM)	\$63.82	8.62	7.4	6.29	10.1	Big dividend
Agnico-Eagle (AEM)	\$44.89	6.66	6.7	4.09	11.9	Big hiccup
Goldcorp (GG)	\$46.25	\$5.00	9.2	3.38	13.6	Big growth (100%)

Sources:

September 9, 2011 *Grant's Interest Rate Observer* and Fleckenstein Capital Estimate
Current Consensus 2012 EPS Estimate: Bloomberg

Caveat Emptor

Company Name	Symbol	52 week price range	Closing price 10/19/2011	Market Capitalization (\$ in Mls)	Comments
Andean American Gold	ANMCF AAG CN	\$1.10 - \$0.33	\$0.36	\$51.61	\$50mm market cap; \$22mm cash. Needs \$70mm (\$90mm?) to build mine with bank debt (metals loan) possible. Has EAI permits, requires 2 community agreements. 150,000 planned production @cost of \$150 net of credits; upside to 1m ounces; 7 year reserve life. @ \$1500 gold = \$180mm + annual cash flow.
Confederation Minerals Ltd.	CNRMF CFM CN	\$1.45 - \$0.40	\$0.45	\$20.28	Asset with multi million ounce potential, in a proven district with excellent infrastructure, good geological (strong management team). Solid cash position. Haven't missed a hole. Extra value "kicker" with the potash spinout. All for a measly market cap.
Impact Silver	ISVLF IPT CN	\$3.20 - \$1.04	\$1.60	\$108.56	750,000 oz production in 2010, growing to 1.8mm in 2012. Cash costs of \$8 or so. Exploration upside. Terrific operators. (10% owned by Energold)
Midway Gold	MDW	\$3.03 - \$0.55	\$2.11	\$236.32	Management team with a solid track record. All Nevada portfolio comprises two heap leach deposits Pan and Gold Rock. Has a high grade underground project (Midway) plus Spring Valley project (5mm oz plus potential) with ABX as partner. Currently, has 8mm oz to its credit with significant upside.
Orvana Minerals	ORVMF ORV CN	\$3.98 - \$1.36	\$1.60	\$218.56	Fully financed junior producer whose senior management team is transforming the Company from a small Bolivian producer to an intermediate (+100 koz/yr) producer from Spain property with cash costs (US\$420-\$430 per ounce). Also looking to develop a +1 billion lb copper resource (Copperwood) in upper Michigan state proximal to a former producer.
Renaissance Gold	RNSGF REN CN	\$2.64 - \$0.99	\$1.18	\$36.27	An exploration company with projects in Nevada, Utah, Argentina and Spain, is the successor to AuEx Ventures after its acquisition by Fronteer Gold in November 2010 valued at the time at C\$280mln. REN has the same AuEx management team that added value in the advanced development of Long Canyon deposit now owned by NEM which bought Fronteer for \$2.3 billion.

U.S. Global Investors (GROW)

Price 10/24/2011: \$7.20

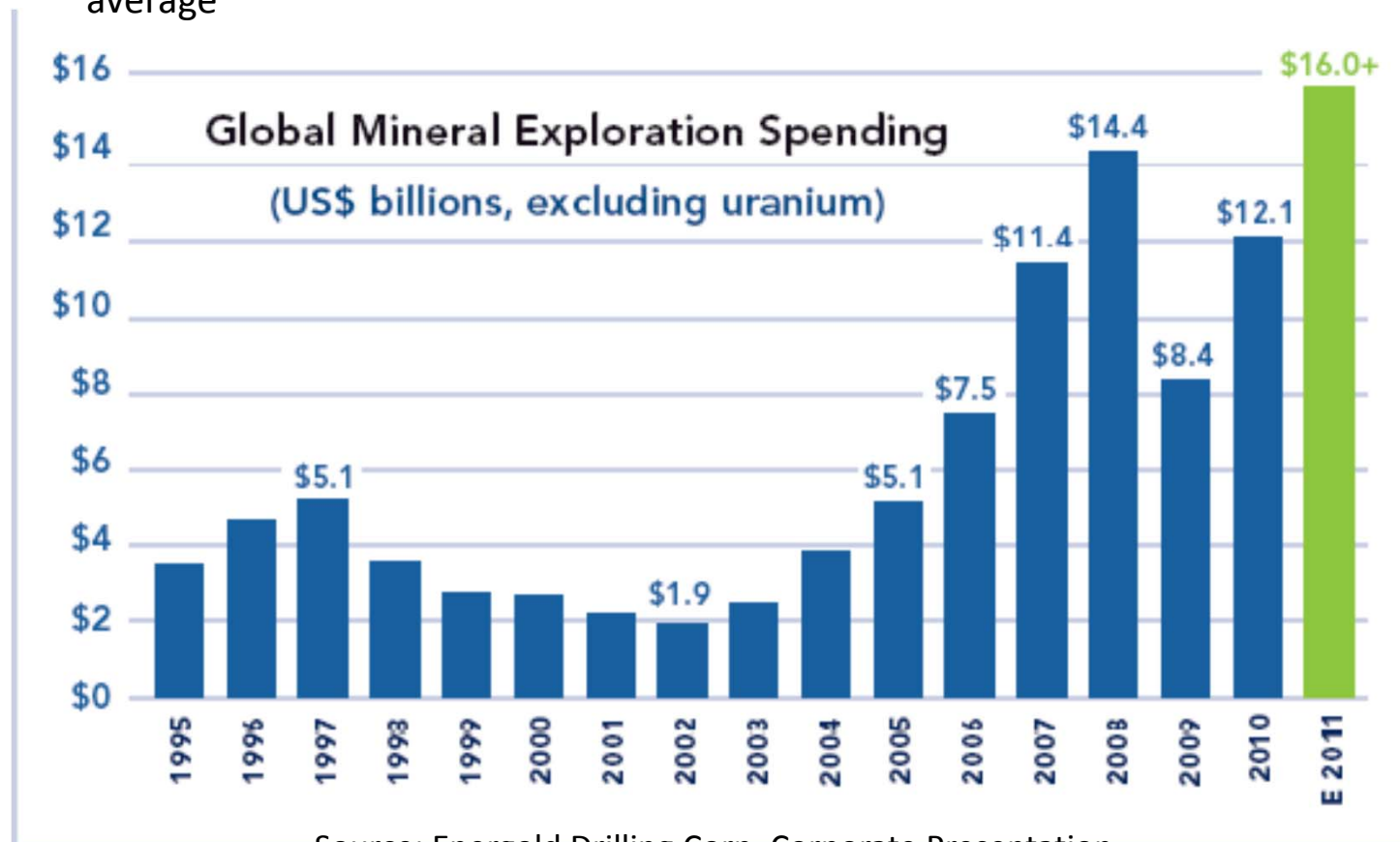
FYE June	2007	2008	2009	2010	2011
Share Price Range	\$15 - \$35	\$12 - \$26	\$3 - \$17	\$5 - \$15	\$5 - \$10
P/E Range	17x - 39x	17x - 36x	nm	14x - 24x	10x - 20x
EPS	\$.90	\$.71	(\$.15)	\$.35	\$.51
Average AUM (\$mils)	\$4,846	\$5,437	\$2,443	\$2,526	\$2,777
Revenue (\$mils)	\$58.6	\$56.0	\$23.1	\$35.0	\$42.0
Y/Y Growth	31%	-4%	-59%	52%	23%
Dividends Paid	\$.26	\$.21	\$.24	\$.24	

Source: US Global Investors, Inc. from 10-k

Energold Drilling Corp.

Mining Industry – Positive Outlook

- Exploration Expenditures
 - 2010 exploration expenditure reached US \$12.1 billion (44% increase over 2009)
 - 2011 exploration spending on track for \$17 billion, well above the 15 year historical average



Source: Energold Drilling Corp. Corporate Presentation

Energold Drilling Corp.

- Modular Component Design.
 - Easy transport globally and within country with quick turnaround times between rig setups.
- Proprietary Technology.
 - Depth capabilities of over 850m with ¼” more in core diameter using Thin Wall rod system.
 - Competitive portable rigs only reach depths between 200-300m BTW.
- Rigs Built In-House.
 - Ensures proprietary designs are not copied and have the capability to drive further enhancements.
 - Continual upgrades are implemented from input of field personnel.

Source: Energold Drilling Corp. Corporate Presentation

Energold Drilling Corp.

Social & Environmental

- **Positive SOCIAL Impact.**
 - Employment opportunities provided to location communities.
 - Helpers are trained in work-safety and acquire mechanical experience.
- **Positive ENVIRONMENTAL Impact.**
 - Highly portable rigs leave a small environmental footprint.
 - Jobs completed without cutting down trees or creating access roads.
- **Third Party Recognition for Positive Approach.**
 - PDAC Environmental Excellence in Exploration Case Study (E3 Initiative)

A social and environmental approach to any drilling program leads to a more successful outcome for all parties involved.



Source: Energold Drilling Corp. Corporate Presentation

Energold Drilling Corp.

(TSXV: EGD.V; US ADR: EDGFF)

Price as of October 24, 2011: \$3.65 CAD

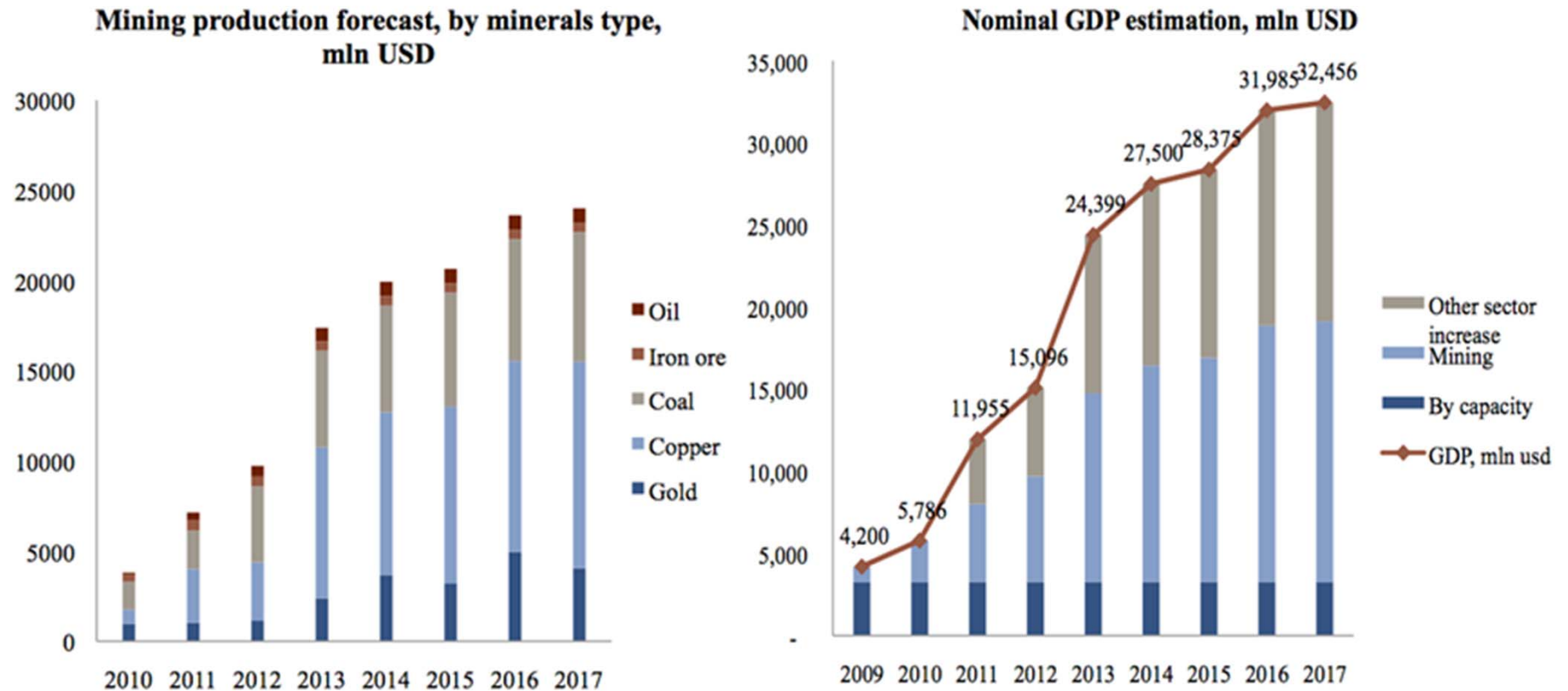
	2008	2009	2010	2011E	2012E
Revenues (\$mils)	\$42.3	\$23.7	\$54.6	\$113.3	\$191.4
Rig Count	75	80	103	115	120
EPS	\$.32	(\$.06)	\$.04	\$.25	\$.79
Fleckenstein Capital, Inc. Estimates				\$.40	\$.80

Sources:

Company Annual Reports

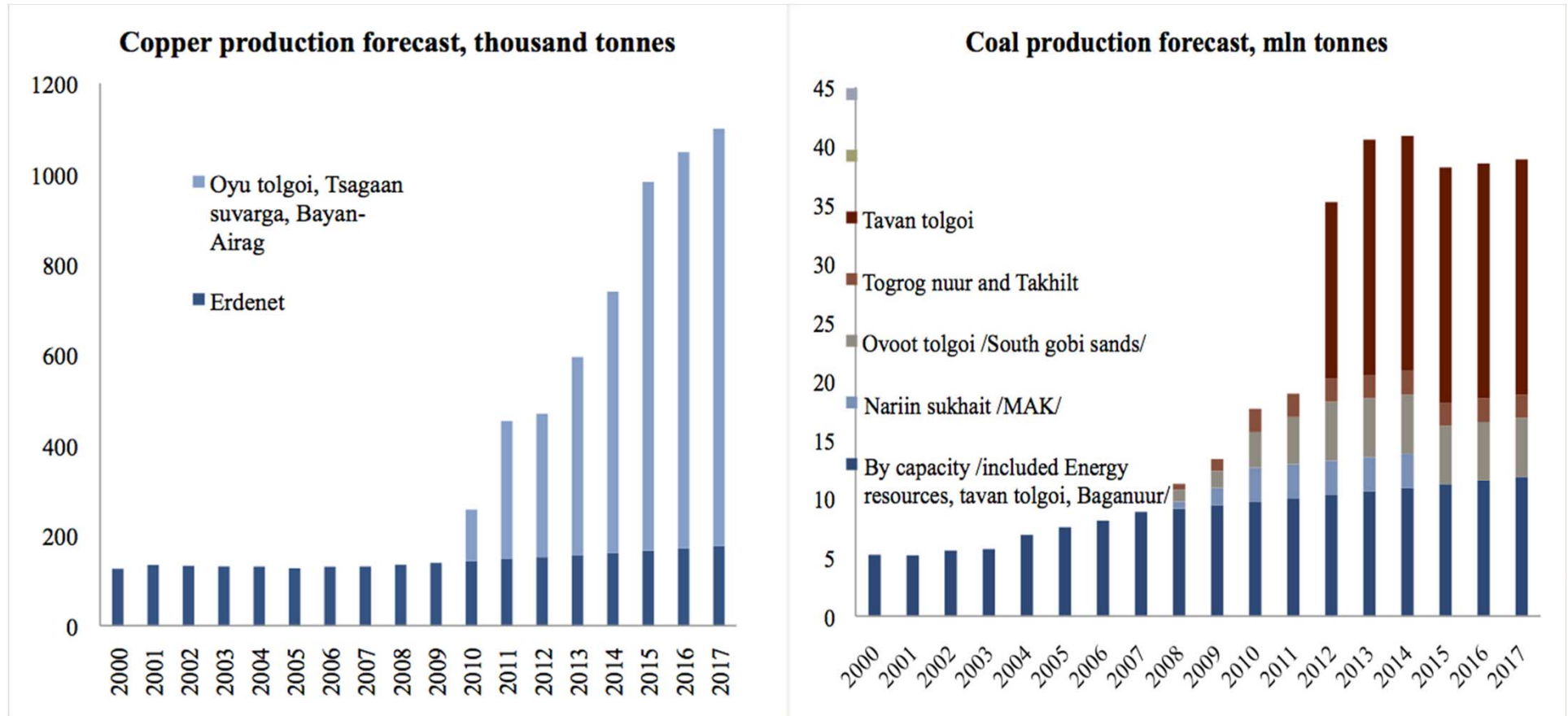
Estimates Jennings Capital Inc., August 30, 2011.

How Big Is The Opportunity?



Source: National Statistics Office of Mongolia (2011 GDP Estimated 6-15 billion USD)

How Big is The Opportunity?



Source: ACI Mongolia, The Financial Markets Association

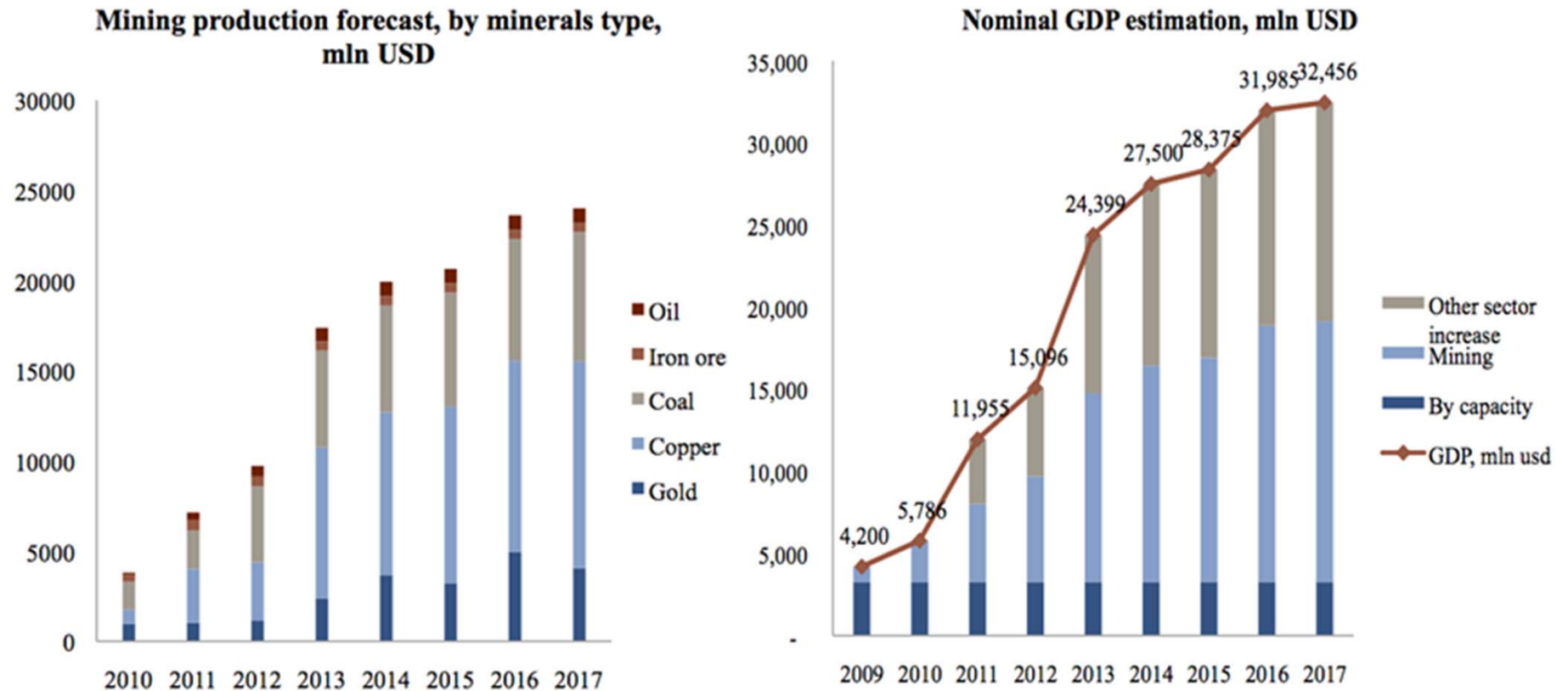
Mongolia Growth Group

- ❖ Founded in February 2011
- ❖ Listed on the CNSX - Ticker: YAK
- ❖ NASDAQ: MNGGF
- ❖ 30,297,198 shares outstanding
- ❖ 37.66% Sr. Management and Board ownership
- ❖ Raised Approximately \$36.5M CAD
 - ❖ \$16M CAD Invested in commercial and residential real estate
 - ❖ \$5M CAD invested in Mandal Universal- MGG Insurance subsidiary
 - ❖ 11M CAD held in cash for future real estate purchases
 - ❖ 4.5M CAD dedicated to a building and land purchase currently in negotiations



Source: Mongolia Growth Group

How Big Is The Opportunity?



Source: National Statistics Office of Mongolia (2011 GDP Estimated 6-15 billion USD)