

# RED CLOUD

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Klondike Strike Inc.

Reshaping **mining investment**  
and building a community of  
investors.

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# Funding and Accessing Capital for Mining & Exploration: **Key Trends**

**December 2018**

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**Chad Williams, M B A , P . E N G .**  
*CEO, Founder*

- ✓ Boutique capital markets firm based in Toronto and founded in 2011 – 100% focused on mining
- ✓ Rapidly growing reputation and team; >250 quality mining clients to date and >20 employees with nearly 200 years of cumulative experience
- ✓ High technical team with mining industry and capital markets experience as C-Suite executives, research analysts, investment bankers, fund managers, institutional sales and investor relations
- ✓ Strong distribution capabilities; access to over 300 blue chip institutional investors with more than \$200M raised in 2017
- ✓ We offer a full range of services to our mining clients: financing, M&A, research, marketing and strategy

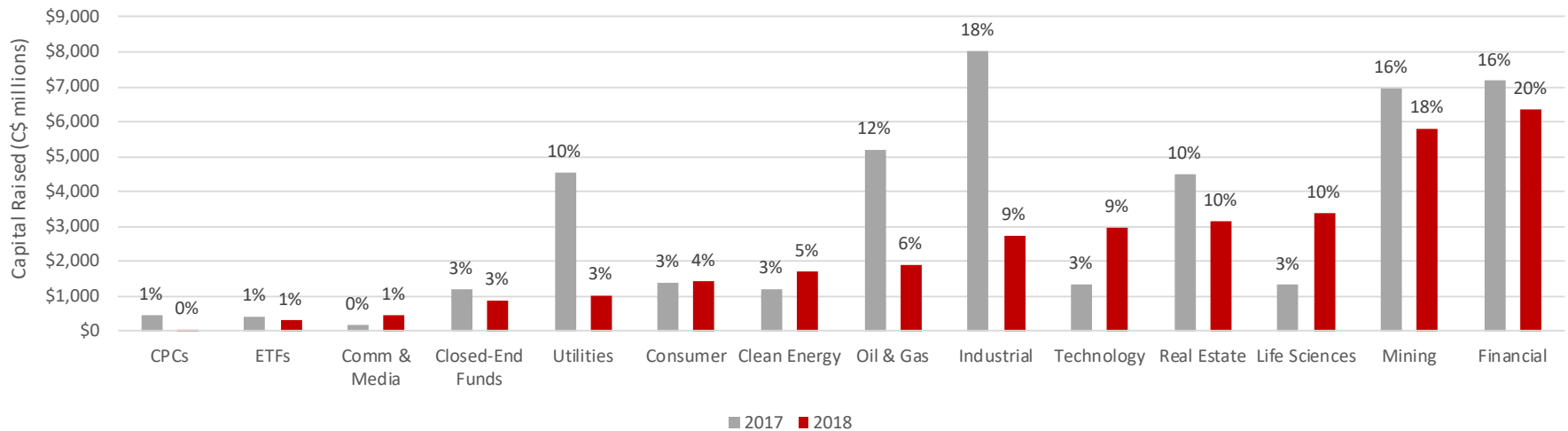
**We offer a unique suite of services**

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# Current Trends **Equity Capital Raised by Sector**

- Technology (i.e. crypto/blockchain) and life sciences (i.e. cannabis) had 9% and 10% market shares of financing activity in 2018 to date, which when summed together (19%) is a slightly larger share of financing activity than mining (18%)
- Technology financings increased 119% YoY (C\$3.0B), life sciences financings increased 155% YoY (C\$3.4B), while mining financings decreased 16% YoY (C\$5.8B)
- Total equity raised (excl. utilities, oil & gas, industrial) was C\$26.5B (~1% increase YoY)

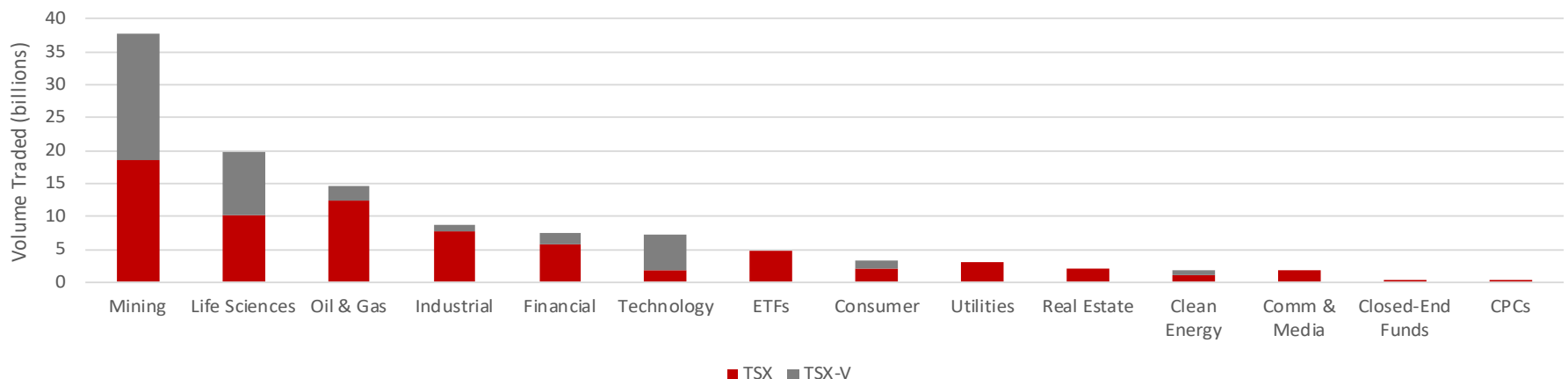
TSX | TSX-V Financings by Sector (2017 vs. 2018)



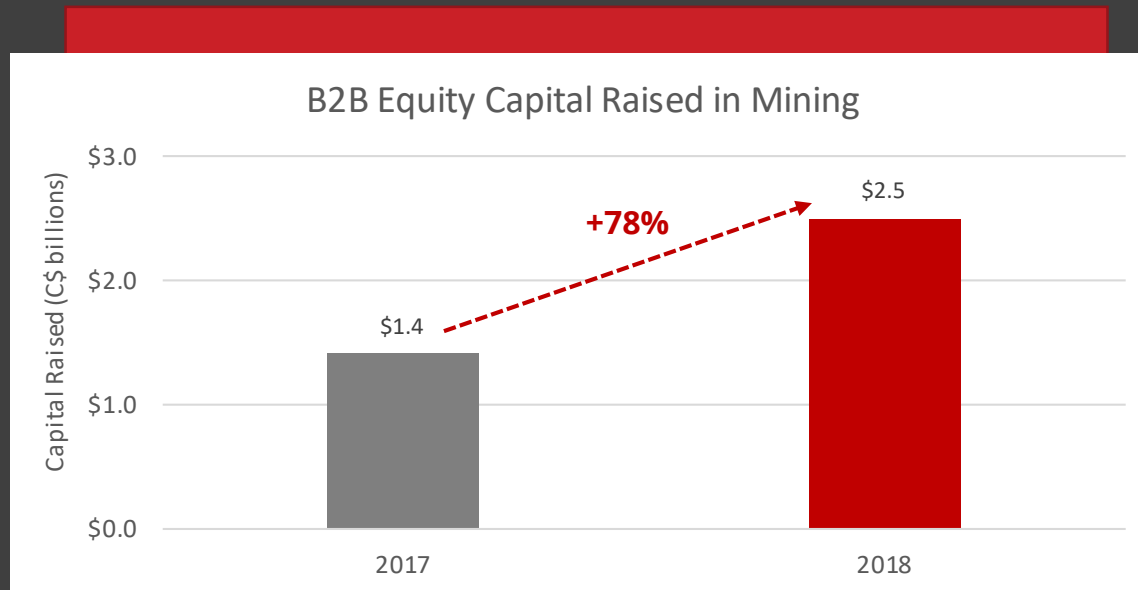
# Current Trends Volume Traded by Sector

- Mining sector is the most actively traded sector on the TSX and TSX-V
- Mining trading activity is split nearly 50/50 between the TSX and TSX-V
- “Hot” life sciences sector is not even a close second (only about half the volume)

TSX | TSX-V Volumes Traded by Sector (2018 YTD)

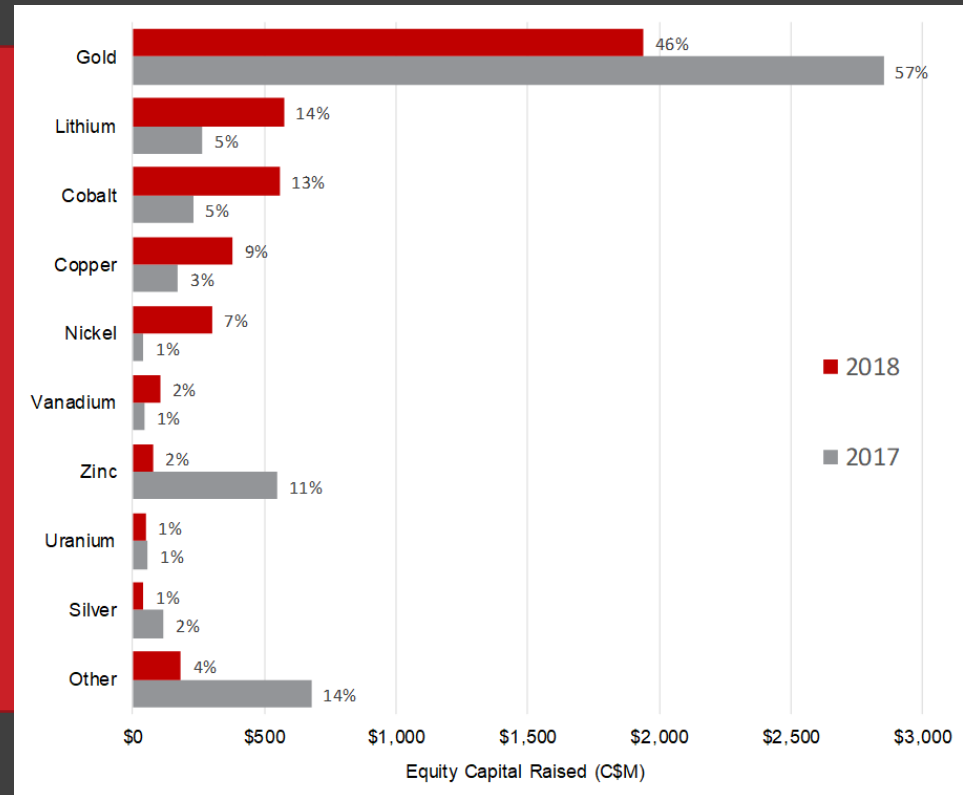


- Major producers and strategic investors continue to take large positions in junior mining companies, recently:
  - Yamana invested C\$2M (~13%) into Rise Gold at an 80% premium (Oct. 2018)
  - BHP invested C\$77M (~5%) into SolGold at a 30% premium (Oct. 2018)
  - Kirkland Lake invested C\$25M (~5%) into Osisko at a 30% discount (Sept. 2018)
  - Newmont invested C\$3M (~20%) into Orosur at a 200% premium (Sept. 2018)
- Business-to-business (B2B) investing is on the rise evidenced by a 78% increase in B2B deal flow for mining companies



## Current Trends **New Issue Context**

- >C\$5 billion of equity capital raised YTD for TSX/TSX-V listed metals & mining companies
- Battery metals revolution – lithium, cobalt and nickel financings more than doubled this year
- Gold remains king, attracting about half of all new mining issue business
- Copper is the favourite non-battery metal for investment



Source: Corporate disclosure, S&P Capital IQ

## Current Trends **Top 10 TSX/TSX-V Performers**

| <b>Company</b>                  | <b>Symbol</b> | <b>Market Cap.<sup>1</sup><br/>(C\$M)</b> | <b>Return YTD<sup>2</sup><br/>(%)</b> |
|---------------------------------|---------------|---|---------------------------------------|
| 1. AXMIN Inc.                   | TSX-V:AXM     | \$34                                      | 733%                                  |
| 2. Westhaven Ventures Inc.      | TSX-V:WHN     | \$85                                      | 724%                                  |
| 3. Great Bear Resources Ltd.    | TSX-V:GBR     | \$96                                      | 573%                                  |
| 4. Evrim Resources Corp.        | TSX-V:EVM     | \$107                                     | 396%                                  |
| 5. Grenville Gold Corp.         | TSX-V:GVG     | \$16                                      | 371%                                  |
| 6. Bard Ventures Ltd.           | TSX-V:CBS     | \$11                                      | 367%                                  |
| 7. Xiana Mining Inc.            | TSX-V:XIA     | \$22                                      | 344%                                  |
| 8. First Vanadium Corp.         | TSX-V:FVAN    | \$37                                      | 336%                                  |
| 9. Namibia Critical Metals Inc. | TSX-V:NMI     | \$31                                      | 288%                                  |
| 10. Sokoman Iron Corp.          | TSX-V:SIC     | \$17                                      | 240%                                  |

<sup>1</sup> As at December 3, 2018 (minimum market capitalization of C\$10M)

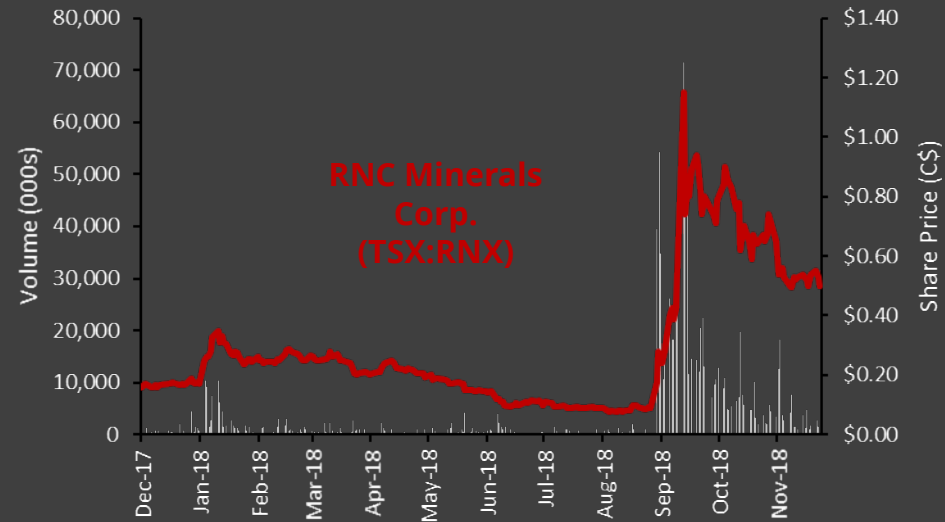
<sup>2</sup> January 1, 2018 to December 3, 2018

Source: S&P Capital IQ

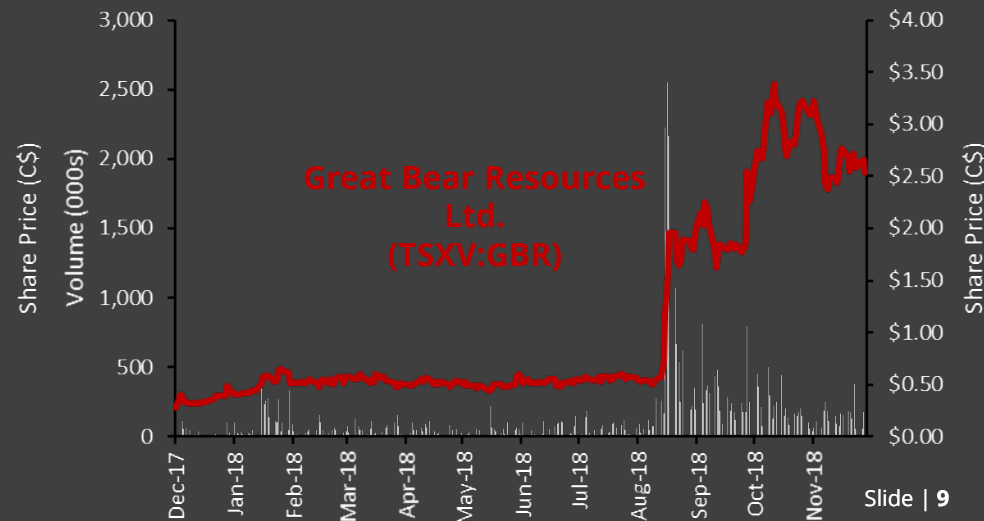
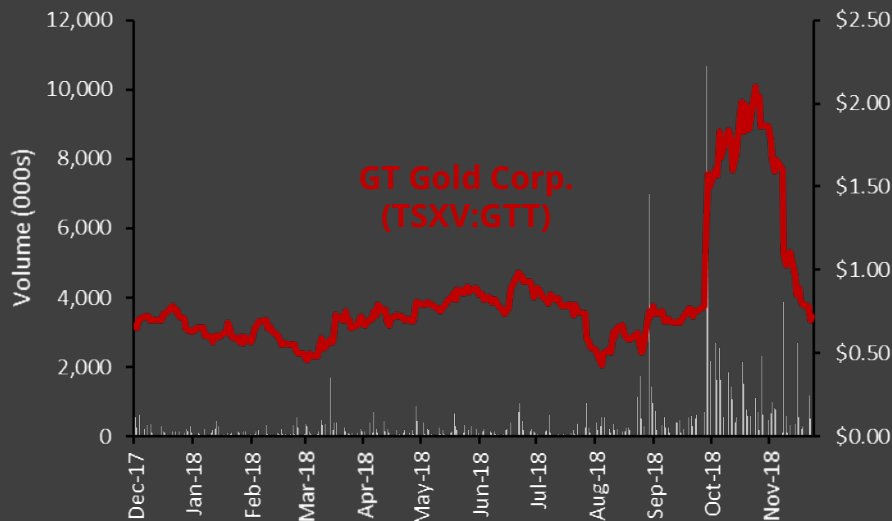


# Current Trends Exploration Success is Still Working

- **RNC Minerals Corp. (TSX:RNX), GT Gold Corp. (TSXV:GTT) and Great Bear Resources Ltd. (TSXV:GBR)** made significant gold discoveries and the market rewarded them in 2018
- Two of the three received a dose of reality, returned to more realistic levels, but presented a significant opportunity to make money



Source: S&P Capital IQ



**1. Discovery**

Discovery will continue to drive outperformance

**2. Battery Metals**

Battery metals will continue to be significant driver

**3. Copper**

Copper is expected to be the best base metal

**4. Uranium**

2019 could be the year for uranium to make a comeback

**5. Weed, Crypto...Mining**

“Hot” life sciences sector is cooling, crypto appears to be over –  
should be more risk capital for mining

- The mining industry is not “cool” to most millennials (20-35 year olds today) – according to a recent Ernst & Young Survey the mining industry is perceived as *“dirty, difficult and dangerous”*
- Historically, the mining industry has had a negative presence in mass and social media, with large disasters easily grabbing attention (e.g. Imperial Metals’ Mount Polley Mine tailings dam burst in 2014 spilled 26 million cubic meters of toxic waste)
- Recently, millennials have flocked to cannabis and cryptocurrency, which have been wildly popular due to social trends and influence – everyone’s investing, you should too!

**We see a huge opportunity for mining** when trends change

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**1. The Mining sector is alive and well**  
But financing activity remains poor

**2. Acceleration of B2B investing**  
Majors continue to take large positions in juniors

**3. Reaching the next generation investor is critical**  
Mining will become “cool” – a huge opportunity exists?

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# Red Cloud Equity Financings

|  |   |   |  |   |   |   |
|--|---|---|--|---|---|---|
| <b>C\$2.0M</b>   | <b>C\$21.8M</b>   | <b>C\$6.4M</b>  | <b>C\$3.2M</b>   | <b>C\$4.5M</b>  | <b>C\$4.3M</b>  | <b>C\$5.6M</b>  |
|   |    |    |    |    |    |    |
| Pending Finder on financing  | November 2018 Co-Agent on financing   | October 2018 Co-Agent on financing  | June 2018 Lead Agent on financing  | June 2018 Finder on financing   | June 2018 Finder on financing   | May 2018 Co-Agent on financing  |
| <b>C\$8.1M</b>   | <b>C\$5.5M</b>  | <b>C\$11.4M</b>   | <b>C\$30.6M</b>  | <b>C\$10.0M</b>   | <b>C\$75.6M</b>   | <b>C\$6.0M</b>  |
|    |    |    |    |    |    |    |
| April 2018 Co-Agent on financing   | February 2018 Co-Agent on financing   | December 2017 Co-Agent on financing   | December 2017 Co-Agent on financing  | December 2017 Co-Agent on financing   | November 2017 Co-Agent on financing   | November 2017 Lead Agent on financing   |
| <b>C\$5.0M</b>   | <b>C\$15.0M</b>   | <b>C\$6.4M</b>  | <b>C\$6.5M</b>   | <b>C\$9.0M</b>  | <b>C\$7.7M</b>  | <b>C\$10.6M</b>   |
|  |  |  |  |  |  |  |
| June 2017 Co-Lead Agent on financing   | May 2017 Lead Agent on financing  | April 2017 Co-Lead Agent on financing   | February 2017 Co-Agent on financing  | Dec 2016 Co-Agent on financing  | Aug 2016 Lead Selling Agent on bought deal  | Apr 2016 Co-Lead on financing   |

# Red Cloud M&A Advisory Experience

**C\$90M**



**November 2018  
Fairness Opinion**  
Business combination  
with Golden Reign  
Resources

**C\$55M**



**September 2018  
Fairness Opinion**  
Business combination  
with Bonterra Resources

**US\$18M**



**December 2017  
Strategic Advisor**  
Sale of NSR by 3<sup>rd</sup> party  
on Tocantinzinho ("TZ"),  
Brazil

**C\$23M**



**October 2017  
Financial Advisor**  
Sale of Quebec gold  
assets to Monarques  
Gold

**C\$8M**



**July 2017  
Financial Advisor**  
Sale of YGP to  
GoldMining Inc.

**C\$29M**



**March 2017  
Financial Advisor**  
on acquisition of  
Orex Exploration Inc.

**C\$150M**

**Public Company**

**Nov 2016  
Strategic Advisor**  
Project Finance for  
Specialty Metals  
Operation

**C\$40M**



**Feb 2016  
Strategic Advisor**  
Option Agreement  
with BHP Billiton Ltd.

*Undisclosed*



**2016  
Strategic Advisor**  
on M&A

**C\$20M**



**Sept 2015  
Strategic Advisor**  
on acquisition of  
Temex Resources Corp.

**C\$32M**



**Apr 2015  
Strategic Advisor**  
on acquisition of  
Soltoro Ltd.

**US\$250M**

**Cash Funded Private  
Equity Bid for  
Marigold Mine**

**Mar 2015  
Private Equity**  
Put team and funding  
in place and submitted  
qualified offer

# Contact Us

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