

60 questions to ask before you invest

THE COMPANY

- Does your company of interest have a qualified board of directors?
- Do board members have past successes?
- Are the company and its management respected in the exploration/mining sector?
- Has the company's chief geologist had similar experience with a past project?
- Does the company have too many shares and options outstanding when considering its level of development?
- What price are the options and warrants priced?
- How many shares will be outstanding when fully diluted?
- Too many shares outstanding and ready for a share consolidation? – Stay away.
- How much money is in the company's treasury?
- What is the company's monthly burn rate?
- Is the company capable of raising more money?
- How much debt does the company have?
- How many projects does the company have?
- Has the company attracted legitimate mining analysts, brokers or institutions?
- What conclusions have mining analysts reached?

THE PROJECT

- Is the company's project in a stable/unstable country?
- If unstable, does management have experience in that country?
- Is the project in a mining-friendly jurisdiction?
- At what stage is the project: grassroots, exploration, development or production?
- What work has been done on the project so far?
- Are there any apparent environmental challenges?
- Are there any archaeological issues?
- How is the company dealing with nearby aboriginal communities?
- Does the company have an agreement with First Nations?
- What about the availability of water and power?
- Is skilled labour available?
- Does an exploration camp need to be built? Cost?
- Is the project located in a major mining camp or mineral trend?
- Is the project a past producer?
- Is the company's project near a major discovery or mine?
- Is the company's project road-accessible or remote (fly-in)?
- Would the government help build road access if needed?
- What kind of tonnage and grade of the project is likely?
- If the project has open pit potential, would there be local objections?

IT'S EASY TO GET EXCITED BY A GOOD PRESS RELEASE OR AN APPEALING STOCK TIP. HOWEVER, THE **ASTUTE INVESTOR** MAKES SURE TO **RESEARCH THE COMPANY** AND THE PREVAILING **INVESTMENT CLIMATE** BEFORE PLUNKING DOWN HARD-EARNED CASH. BELOW ARE 60 QUESTIONS TO **ASK BEFORE INVESTING** IN EXPLORATION OR MINING STOCKS.

- If it's an open pit mine, what is the stripping ratio?
- Are there many, or not many, encouraging drill results?
- Is the deposit's mineralization continuous or erratic?
- Have favourable metallurgical studies been completed?
- If an underground operation, are there any problems with water inflow or bad rock conditions?
- Is there a NI 43-101 technical report for the property?
- Is there a NI 43-101 technical report on the property defining resources and/or reserves?
- Has a scoping study, pre-feasibility study or bankable feasibility study been completed?
- What is the projected life of mine?
- Are any option payments reasonable or onerous?
- Are any royalties payable when in production?
- Are any royalties onerous or reasonable?

THE COMMODITY

- Is the company's commodity selling at a favourable price?
- Is the company's particular sector (precious metals, base metals, diamonds, specialty metals, industrial minerals) in a bull or bear market?
- Is there a market for the company's commodity?
- What is the supply/demand forecast for the company's commodity?
- If the company is in production, what are the production and financials results?



THE STOCK MARKET

- On what stock exchange(s) do/does the company's shares trade?
- What are management's plans if an economic mineral deposit is found?
- What are the company's promotional plans?
- Are investors currently bidding the stock higher?
- Is there sufficient volume for the stock to trade higher?
- Are you willing to be a contrarian in certain cases?
- Does technical analysis reveal a favourable stock trading trend?
- Using mining analyst formulae, is the projected stock price calculation favourable? (See www.resourceworld.com) for formulae)
- How volatile, non-volatile or confusing is the stock's trading pattern?