

January 25, 2018

## **Gold.**

Placer gold mining is the practice of separating heavily eroded minerals from sand or gravel. When gold was discovered in Alaska and the Canadian Klondike in the late 1890s, the gold-seekers who rushed northward brought with them a range of placer mining technologies. By far the simplest was the prospector's pan, which worked by swirling water and gravel or sand and allowing the lighter, rocky material to spill out. Relying on the fact that gold is heavier than sand and rock is the principle used in all placer operations.

The first challenge is to find a creek drainage that over the eons has carried gold dust, flakes, and nuggets downward to be deposited in layers of creek sediments. To do this, prospectors used pans to test the surface gravels or dug straight down to a point just above bedrock where placer gold tends to collect.

Old-time miners used a prospector's pan to collect their gold one pan at a time, but this is slow, back-breaking work.

Modern mining uses the same basic techniques but applies industrial technologies and large-scale manufacturing to build massive discovery, processing, and concentrating operations. It is the automatic and simultaneous washing, classification, and concentration of metals and minerals from alluvial deposits.

Modern miners use the wisdom of experience and insight to inform their use of satellite maps, topography, and geology to guide where to focus their efforts. They use advanced technical expertise to get the right machines in the right place. And then they process as much paydirt as they possibly can, to get the most gold.

Successful mining is a defined and practical process. From prospecting to firing the gold bricks, each step has specialized knowledge, expertise, and equipment.

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**PROSPECTING** - In a wilderness of rock, water, forest, and mountains, prospectors still use a shovel and a pan to prove out gold deposits in the field, searching for the ground that will pay. Advanced tech allows prospectors to find more deposits, larger deposits, and deposits with higher volumes of pay.

**PREPARATION** – Ore preparation begins by clearing the overburden. Miners will sometimes have to remove thirty to forty feet of topsoil to get to the gold bearing ore near bedrock. Trees and other growth are stripped off. Topsoil is removed and trucked offsite. Gold bearing ore is dug down to bare rock and piled for processing.

**FEEDING** – The gold bearing ore is moved to the wash plant and dumped in to be processed.

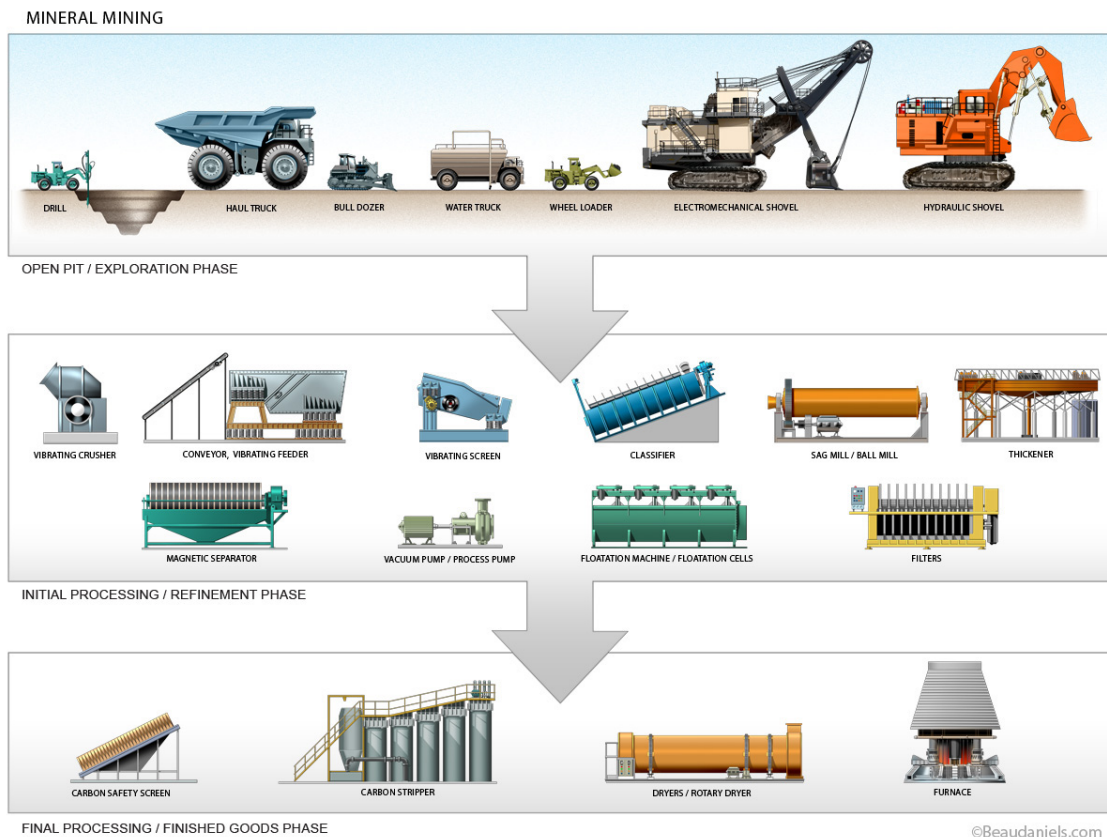
**PROCESS** - Grizzly Separators remove large debris and rock clinging to the pay, and the remaining ore is moved on to the next stage.

**CONCENTRATE** - Trommel screens, shaking tables, and water processing separates and sorts material by size, type, and weight. Through a series of machinery, the gold is sorted out from other material and concentrated in traps so that it can be harvested.

**FIRING** – Extreme heat removes any final impurities and the gold is poured into a brick mold.

**PRODUCT** – The finished gold can now be securely stored or sold for profit.

*“As a miner, it is pretty cool to go from an idea, to a design, to a build, to seeing gold in the box.”*



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When founders/inventors, realtors, or consultants come to investors, most are pitching the little bits of gold they have. Sometimes they might even have a good nugget. Any competent MBA can bring land deals or offer to build apartments or strip malls. An exceptional consultant can bring a few great projects within their range of experience, usually mergers or acquisitions. On my own, I can deliver maybe a hundred solid proposals, from startups to industrial production. What is the potential in processing and delivering thousands of proposals, tailored to specific criteria?

Balfour Kinross is not the gold, it's the mine.

I am not pitching the bit of gold in my shovel. I am proposing a modern business development mine, technical methodology, and a million ways to feed it. It is the automatic and simultaneous discovery, assessment, classification, and delivery of quality, proven business models and concepts.

Feeding is the critical component. With good sources and consistent, reliable modes of feeding the system, Balfour Kinross can deliver more quality business opportunities than any other platform.

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This concept is essentially supply chain management applied to business development precepts, and one that I have built successfully in other applications. In 2007 I discovered a need in the business transition marketplace. Small business sellers had limited options to find buyers, and buyers were finding it challenging to find companies that fit their investment profiles. Most buyers and sellers at the time still primarily used newspaper listings, realtors, or word of mouth to connect.

I created a company called Succession Matching. It was a combination of a listing site, like ebay or amazon, but with matching tools like dating sites. We built in comprehensive data gathering processes, psychometric analysis, and proprietary matching algorithms. We spent an enormous effort on building relationships with local and regional small business support services. It allowed us to quickly and effectively match the seller's expectations, with the buyer's needs. It was the best solution for small business, in that it provided much more information to the buyer about demographics, lifestyle, and personal impact, rather than just a financial statement. The company is still active and successful today, recently doubling their staff and working closely with national small business organizations.

On the surface, Succession Matching was designed as a service to connect buyers and sellers, offering a unique and powerful matching protocol that resulted in better business transitions. However, my first question when analyzing the potential of the concept was how it might fit into my core strategy, and what benefits I could reap beyond the immediate financial performance.

I sold the business in 2011, and it now exists as a standard business broker, with additional revenue through training and workshops. The new owner never fully implemented the psychometric analysis, and never took advantage of the data contained in its operation. I would hazard a guess that the current management has no idea of the value they hold.

I built the company to be profitable. But I had designed the system to create a user driven data gather, where both the buyer and seller were providing detailed information about their business, their community, comprehensive financials, lifestyle, markets, trends, and expectations. This provided me with an invaluable resource on who had money, where they had it, and where they expected to make it in the future. Over time, it also created an intimate picture of the overall health and viability of smaller communities across Canada.

Let's say you want to buy a laundromat. Where do you go? Kijiji? Google? Realtor.ca? A local news site maybe? And what information do you get when you find a list of laundromats for sale? A location. A price. Maybe a paragraph about how they're the best laundromat. If you're lucky and you have good lawyers, you might turn up three to five years of financials and any potential legal issues. If you found the listing through a realtor you

have to be doubly cautious as they are absolutely going to be inflating the value, and downplaying the risk, along with padding their commission.

What if you could set your requirements? Price, location, market, financial targets, anything that you felt was important. You put in your needs, and you get a list of potential sellers, with a rating attached that shows how close it meets your demands. And you can also find out how often the owner actually works in the business, how often they holiday, do they take weekends off, has the business supported them alone, or will it comfortably grow. Who is their competition and how do they manage that relationship? Have they contributed customer surveys or recommendations? All answers that the seller has provided through detailed questionnaires.

The buyer gets all the data they need to make an informed decision. The seller gets informed, qualified buyers.

Let's also say that Balfour Kinross has built this platform that laundromats need, and they have submitted their own information about location, income, clientele, market, and most importantly, what the business is struggling with.

Now we have a direct window into the laundromat market, multiple sellers within regions, and a clear picture of individual operations, the market as a whole, and the direction it is going, according to the people that are working in it every day.

It also gives insight into the hardest challenges of laundromats. Balfour Kinross could solve those challenges, buy the good laundromats, make money, and eliminate competition. If we were to decide to get into the laundromat business, we now have access to potentially hundreds of potential acquisitions, with all of the necessary due diligence, and a range of options assessed, classified, and rated.

Slipstream, the laundromat example, and Succession Matching are concepts that are a few of many, many potential feeders. Each project can perform and be profitable on its own merits. But should also always serve to generate income, data, knowledge, and insight for Balfour Kinross.

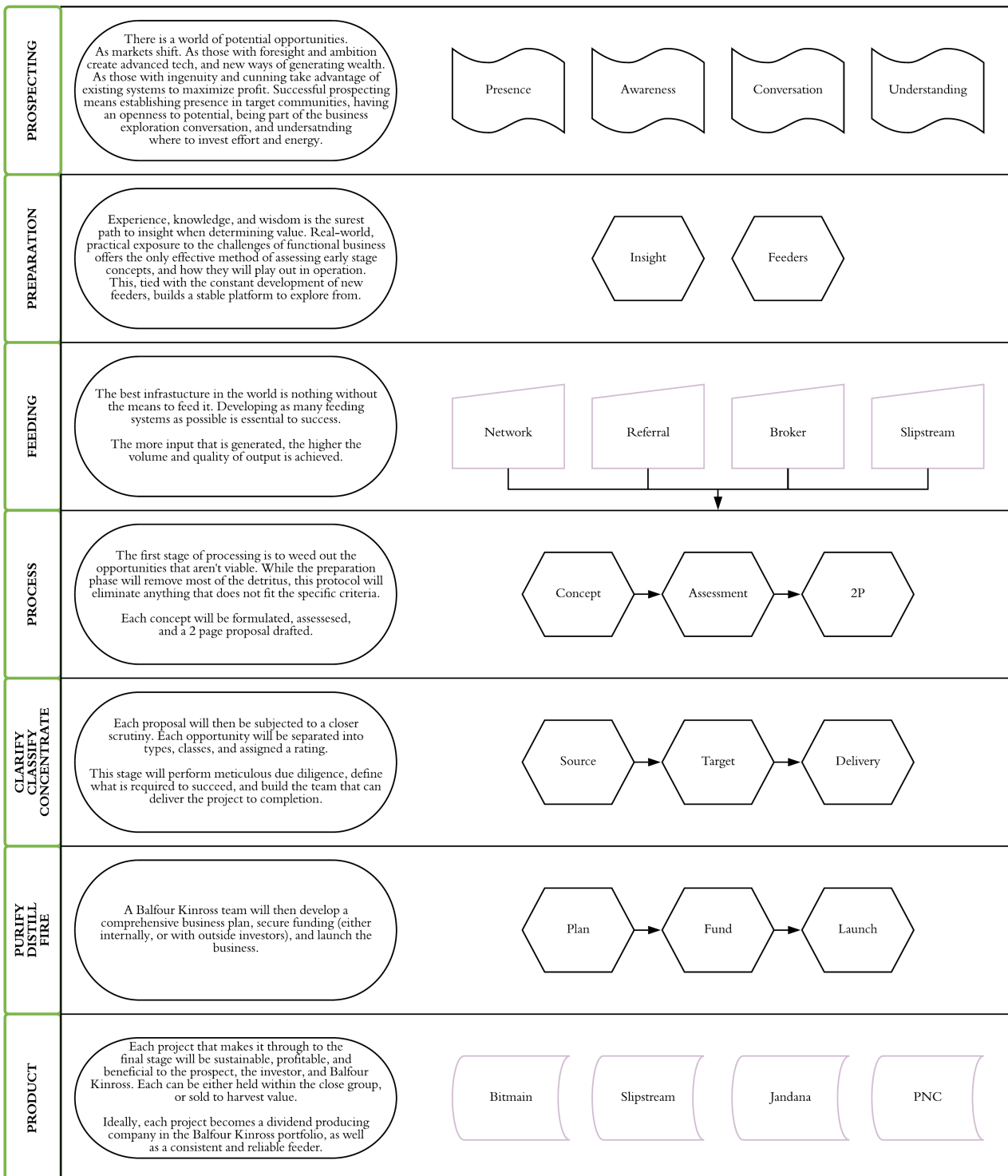
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It will take a concerted effort, focus, and resources to build Balfour Kinross to its full potential. And it will take the same to build each individual prospect into a functional piece of the operation. I know the potential of this vision. I have seen it generate cash and data in spectacular quantity. I don't know anyone that sees this the way I do.

And I know that I do a poor job of translating it. I've never read a book, watched a video, or had a conversation with anyone that really understood what I know can be built. It is an ongoing challenge for me to adequately communicate what the potential is.

To build the team, protocols, and systems necessary, Balfour Kinross needs the time, focus, energy, and security to be able to develop a five-year plan and execute it.

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The magic is in the system. Creating a clean, optimized program for prospecting, feeding, assessing, and categorizing opportunities.

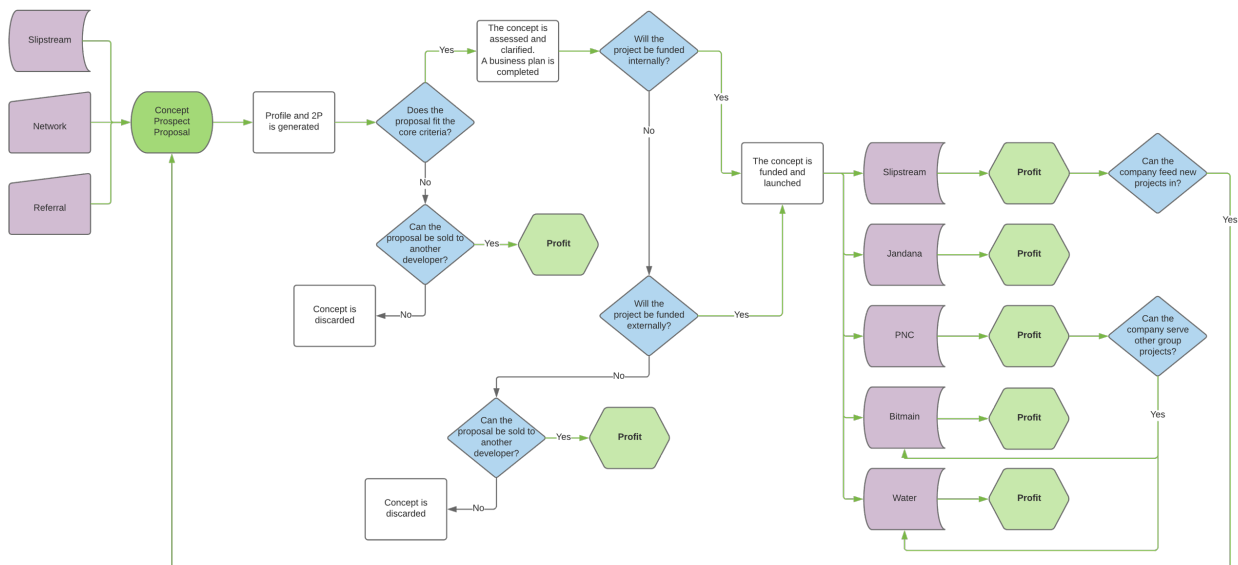
Each project has to meet exacting standards, while maintaining the underlying imperative of serving Balfour Kinross. Over time, the system creates a draw, so that concepts, prospects, and proposals come to us, rather than us having to seek out each one.

The system creates an unmatched pool of real, current, accurate data to drive decision making, expose trends, and allow for early access to new potential. Every piece of data we gather has value, whether we use it directly, sell it, or use it as leverage.

Insight, understanding, and knowledge are the critical keys to being ahead of the curve, and positioning for the greatest benefit.

The initial three proposals that were generated along with Balfour Kinross were a few brief examples of proposals that could be developed. By type, class, and rank there are thousands of opportunities like Jandana, hundreds like PNC, and dozens like Slipstream that are perfectly suited to the Balfour Kinross model.

Each project is independent, separate, and functions autonomously. They may or may not be funded internally. They must be capable and profitable on their own, and ideally serve the mandate of the core group.



The Jandana and PNC kind of deals are fairly standard and will be the core of the business. A practice which performs better as we put through more volume and improve our functional methodology. As the business builds out we then become able to build more and more functional relationships between Balfour Kinross and our companies, between the companies and their customers, and most profitably, between company to company and back to Balfour Kinross. The perfect example of these complex complementary relationships is Balfour Kinross, PNC, Flying Dust, a wind and solar facility, and the proposed Bitmain project.

The Slipstream concept as a proposal is a solid business. It could be funded and remain financially stable for decades. However, it's true purpose is not only to generate cash flow, but to capture data, filter prospects, and feed the mine.

It is all a numbers game. The more opportunities you feed into the system, the more, and better, opportunities arise from the ore.

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Investors need investment opportunities. They often have very strict and focused criteria. If they are smart, they have teams out actively looking for projects. This is not successful enough, or they wouldn't be entertaining proposals from outside. Creating internal teams creates vision with limited experience, and limited perspective.

Then they have a pool of sharks, pitching to make money, with a diverse array of projects. External pitches will have a wider window, but only have the pitcher's interests in mind. Investors often have many people feeding them proposals, most of which don't suit, and won't benefit them.

While the system and processes are internal, with an investor as partner Balfour Kinross would have their best interests in mind, and be able to offer breadth, depth, clarity and diversity into their pool of proposals

At this point there are still more questions than answers.

The answers depend on what information, resources, and data we need. How do we gather or acquire it? What value does it have? Can we use it internally? Can we sell it? If we sell it, can we retain long term revenue? Much of this also depends on the nature of the investor, the internal relationship they have with Balfour Kinross, and our ability to craft a shared vision and the structure to achieve it.

Relying on the fact that business opportunity will come to you, or that you can find it on your own, is the principle used in most business operations. Most people in the prospecting business are still out in the wilderness, with big dreams, and a shovel.

Gold is valuable. This is worth more. Gold must be found. Opportunity can be created. Build the mine.