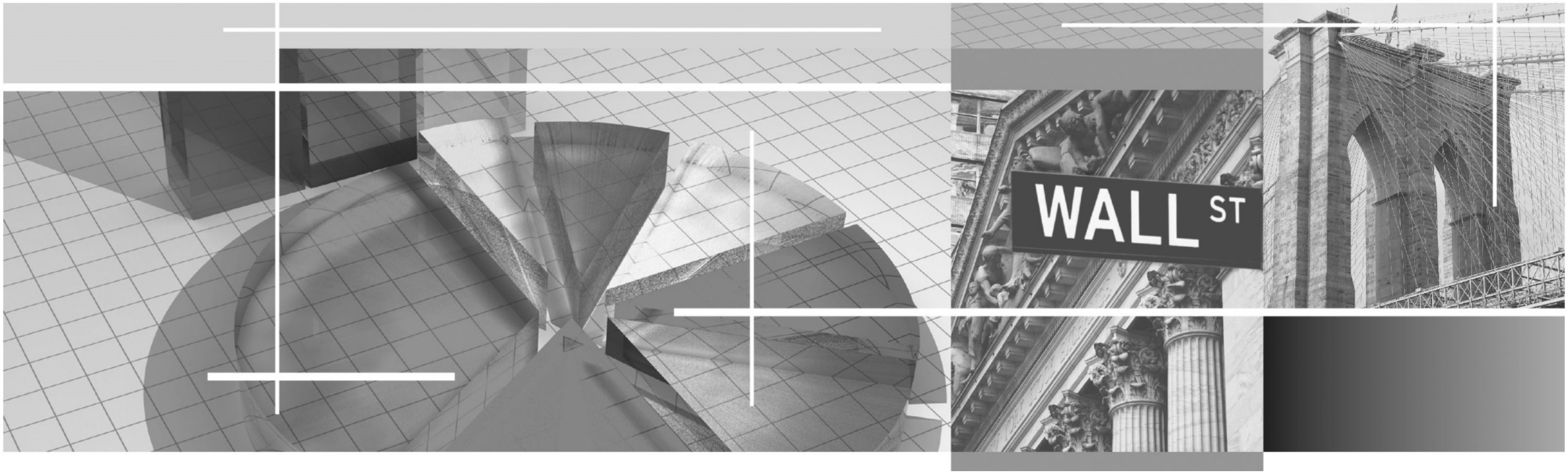

Commodities: Waiting For The Bottom, Positioning For the Turn

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Fourth Quarter 2015

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Investments in the oil and gas sector are exposed to certain risks that include, among others, volatility of energy prices, exploration and production spending, operating hazards, limited production history, royalty interests, liens and other burdens, third-party pipeline availability and capacity, and an evolving regulatory environment. Investments in gold and gold equities may be susceptible to financial, economic, political or market events. Fluctuations in the price of gold often dramatically affect the profitability of companies in the gold industry.

The information herein reflects prevailing market conditions and our judgments as of the date of this document, which are subject to change. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Opinions and estimates may be changed without notice and involve a number of assumptions which may not prove valid. There is no guarantee that any forecasts or opinions in this material will be realized. Past performance is not a guarantee or a reliable indicator of future results. All investments contain risk and may lose value. This information should not be construed as investment advice. This information should not be construed as sales or marketing material or an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by Van Eck Associates Corporation or its affiliates.

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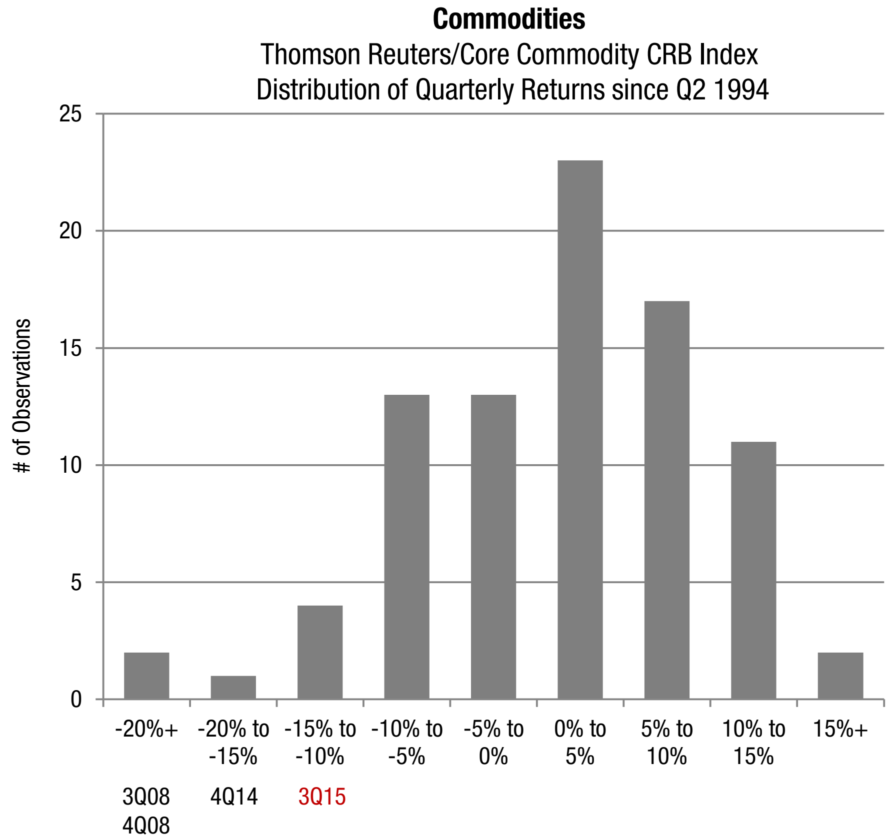
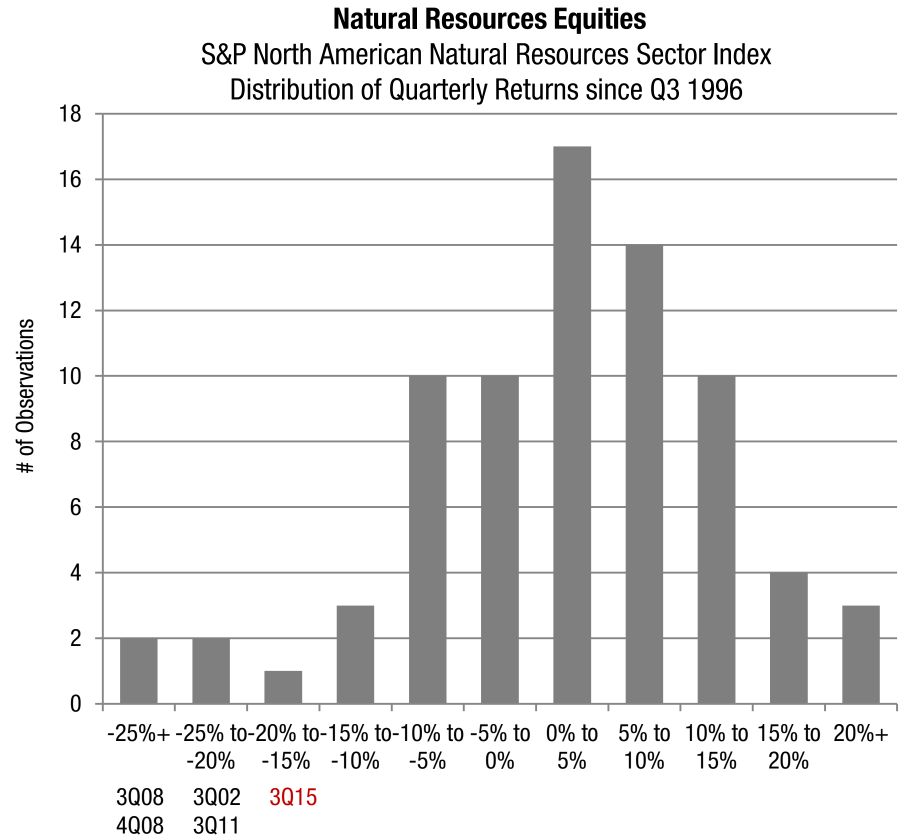
Commodities: Waiting For The Bottom, Positioning For the Turn

- Van Eck's current views on commodities continues to be that we are in a multi-year bottoming process
- An ongoing and meaningful supply response to low prices is underway. In particular, the energy and industrial metals sectors have dramatically reduced investment, which will rationalize supply over time
- During the third quarter, fears of a hard landing in China and the sharp fall in global equity markets drove commodities to new cycle lows, even lower than we expected
- Commodity prices may have overreacted which could be providing a very attractive long-term value proposition for investors
- Ongoing concerns about the global growth outlook, driven mostly by Emerging Markets and China uncertainty, will likely keep market volatility elevated in the near term
- The unexpected sharp decline in global equity markets during the third quarter of 2015 is likely to keep global central banks cutting rates where possible, prolonging quantitative easing (QE) programs and reducing the likelihood of a U.S. rate hike this year

Recent Sector Performance Near Historic Lows

- Global growth concerns and lingering supply/demand imbalances negatively impacted commodity and equity prices





Source: Van Eck, Bloomberg; Data as of September 30, 2015

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Oil Outlook

Supply Response, Demand Growth Driving Price Rebound in 2016

- "Lower for longer" setting stage for sustainable price rebound – but timing likely pushed to 2016
- China issues intensifying recalibration of global growth and crude demand potential
- Removal of Iranian sanctions exacerbating over-supply concerns
- Combination of the above factors leading to a re-test of oil bottom - industry cannot survive long-term at these prices
- Entire supply growth over the last five years driven by North American unconventional and ~$100/Bbl oil; no other substantive and sustained production growth for years
- U.S. rig count has fallen precipitously (+50%) since January and Lower 48 states' production down 3% since peak in mid-June according to the Department of Energy (DOE)
- Ongoing international/deepwater project delays/cancellations has pushed ~6 million Bbl/d potential production to after 2020 according to the U.S. Energy Information Administration (EIA)
- Unequivocal demand response - 2015/2016 global demand growth of 1.6/1.4 million Bbl/d fastest rate in five years highs according to the International Energy Agency (IEA) and U.S./China gasoline demand on pace for record year

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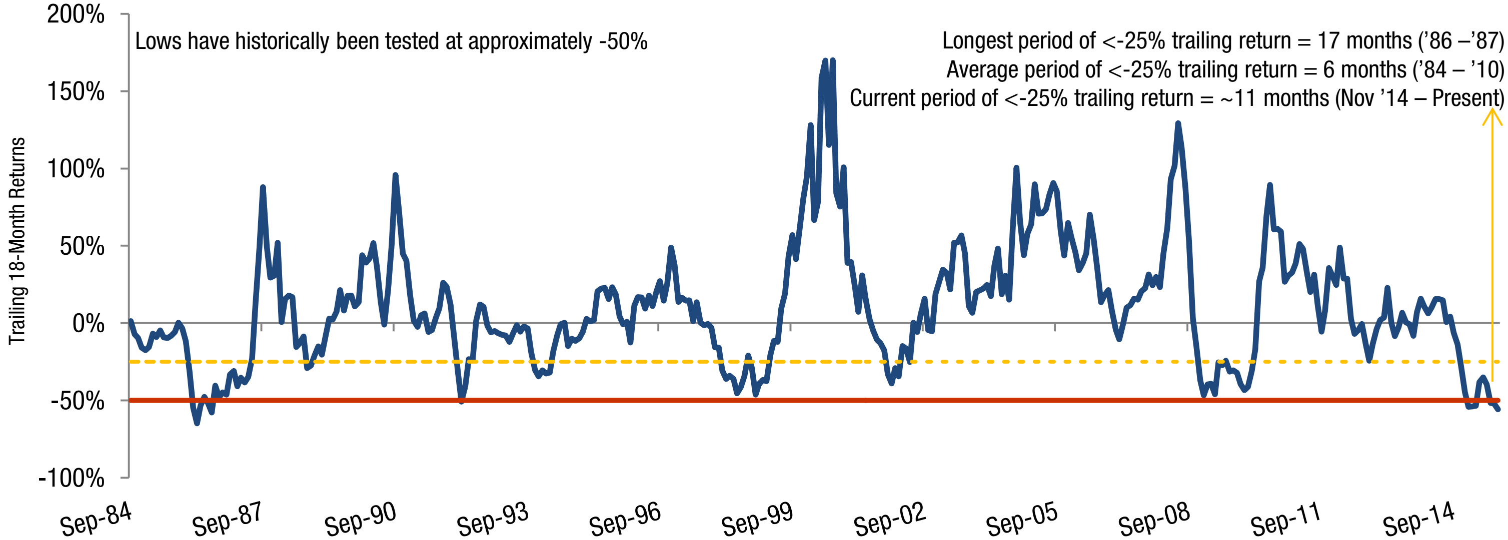
Crude price remains depressed in historic bear market

WTI Crude Price Return – Trailing 18-Month (as of 9/30/2015)



Source: Bloomberg; Data as of September 30, 2015.

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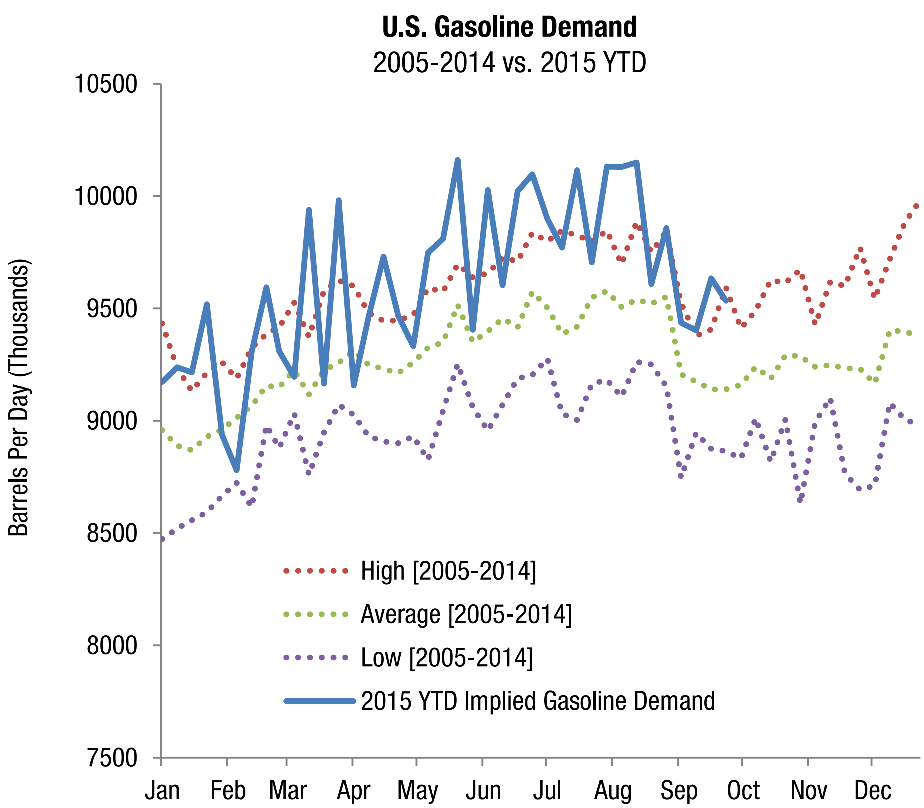
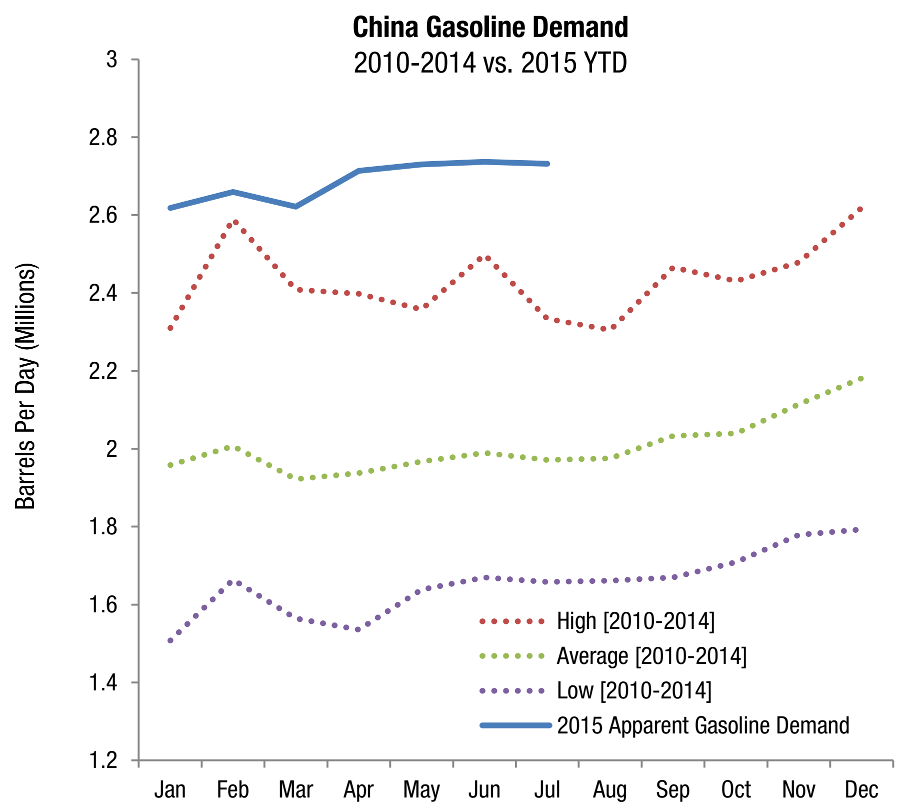
Gasoline demand exhibiting relative strength against years past





Source: Bloomberg; Data as of September 29, 2015 (left) and July 31, 2015 (right).

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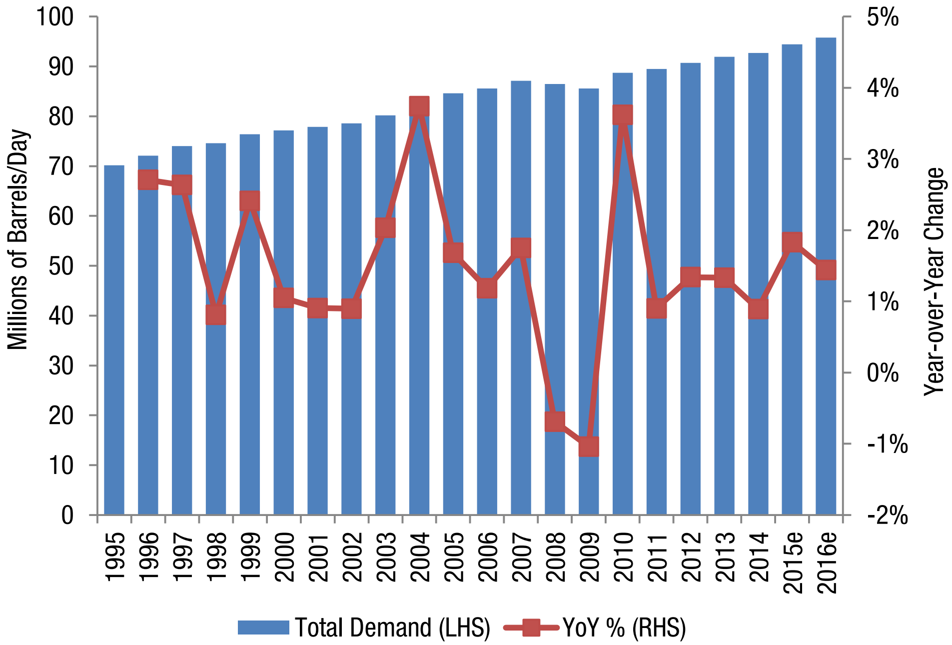
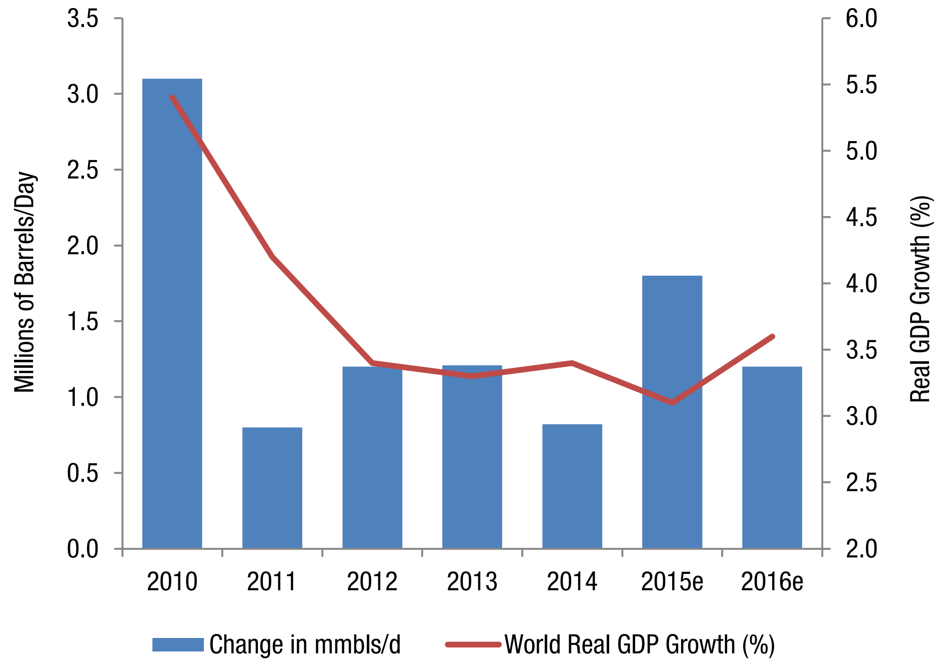
Global oil demand continues steady growth path

Global Crude Oil Demand
1995 – 2016e



Global Oil Consumption Annual Growth
2011 – 2016e



Source: IEA, Bloomberg IMF; Data as of September 30, 2015.
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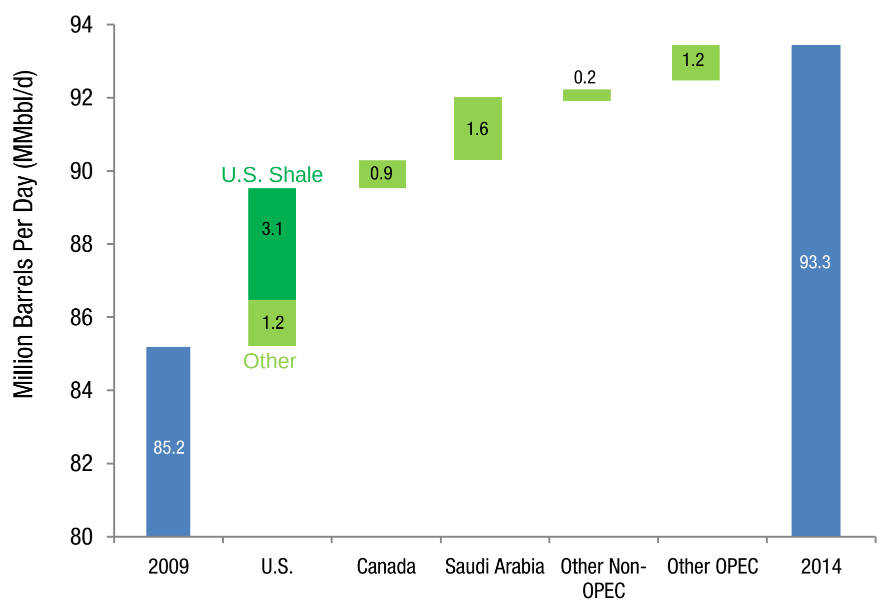
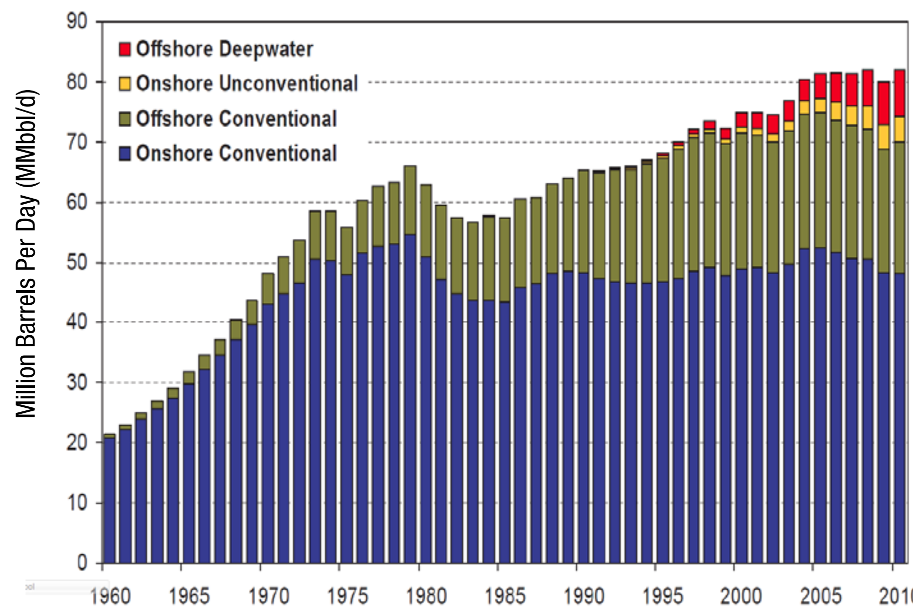
U.S. and Canada Have Been the Only Source of Non-OPEC Supply Growth

Oil Supply Growth During 2009 to 2014
(with Brent Crude at $105/bbl)



Global Oil Production
1960 - 2010



Source: EIA, IEA, Evercore (Left), EIA (Right); Data as of December 31, 2014 (Left) and December 31, 2010 (Right).
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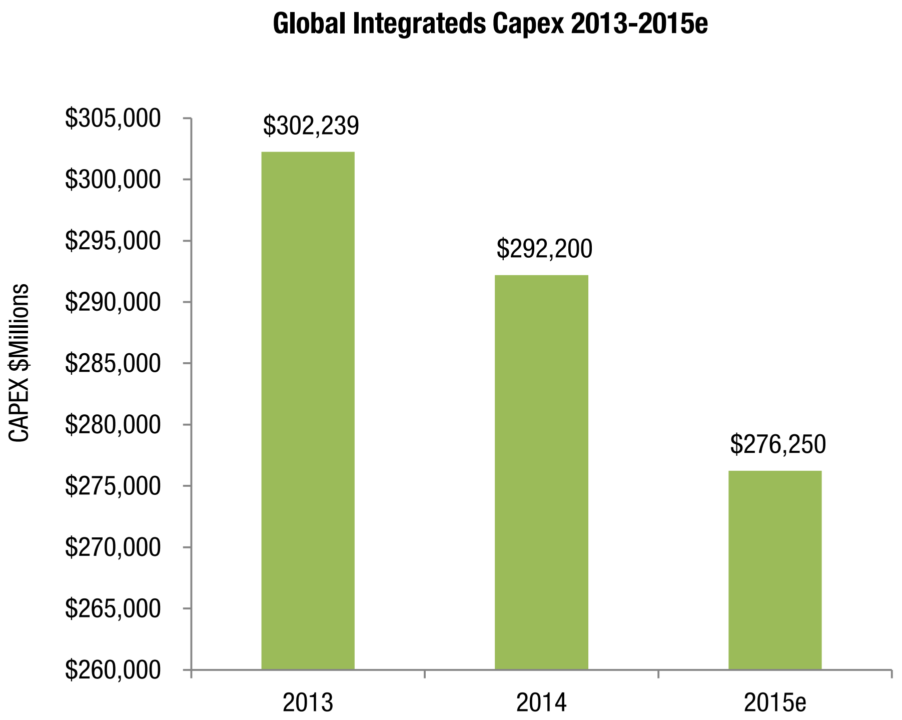
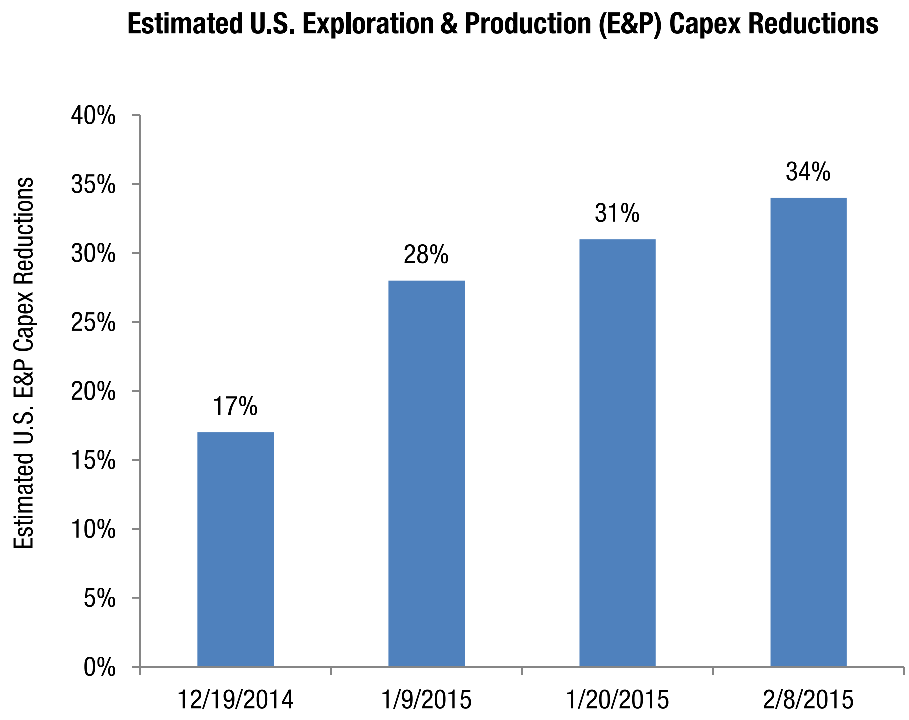
U.S. E&P Capex reductions likely to continue increasing





Source: Van Eck, TPH, Bloomberg; Data as of March 31, 2015.
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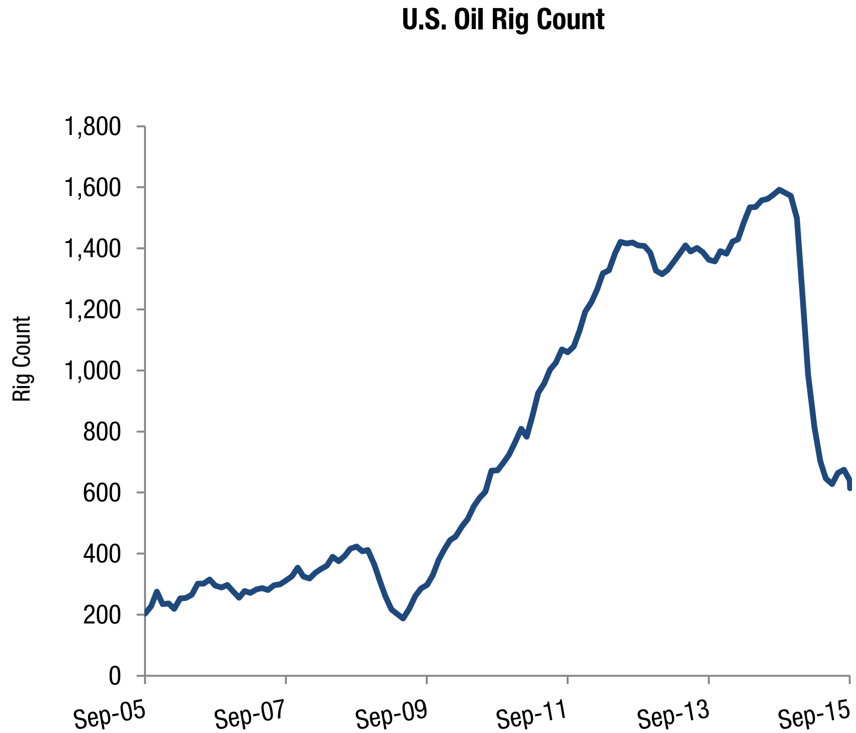
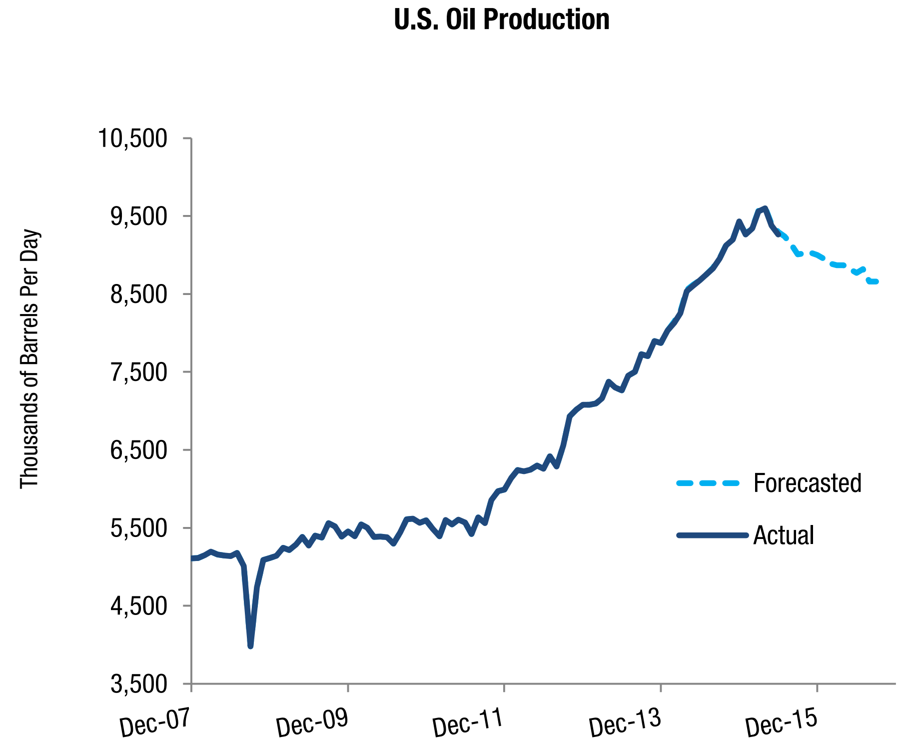
Declining U.S. rig count likely to impact future production





Source: Bloomberg (left), EIA (right); Data as of October 2, 2015 (left) and October 6, 2015 (right).
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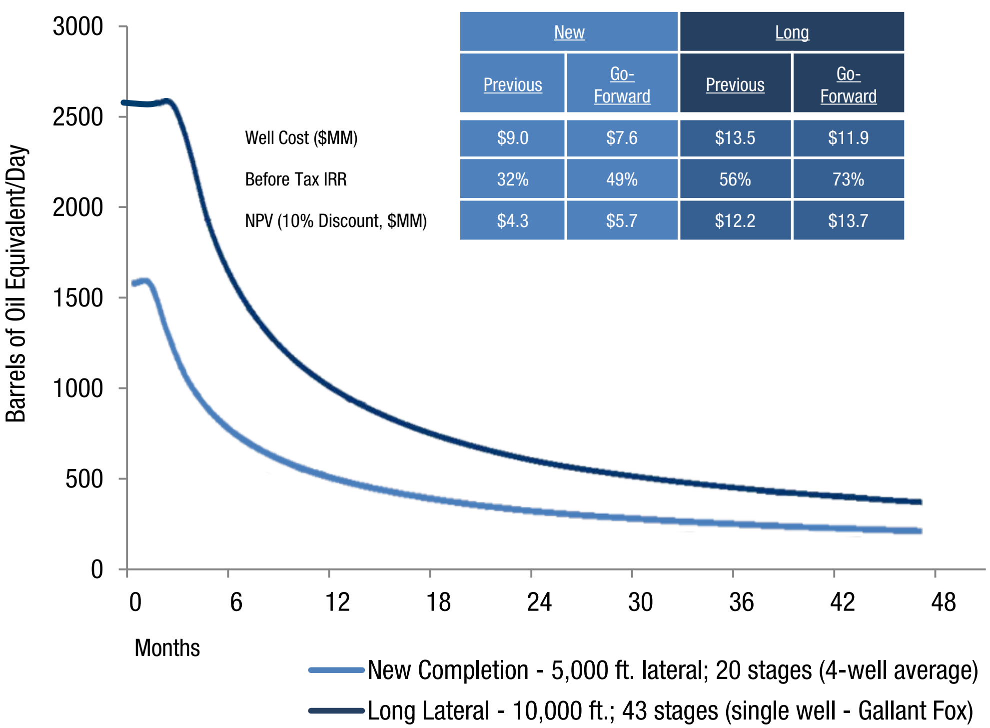
Case Study: Cimarex

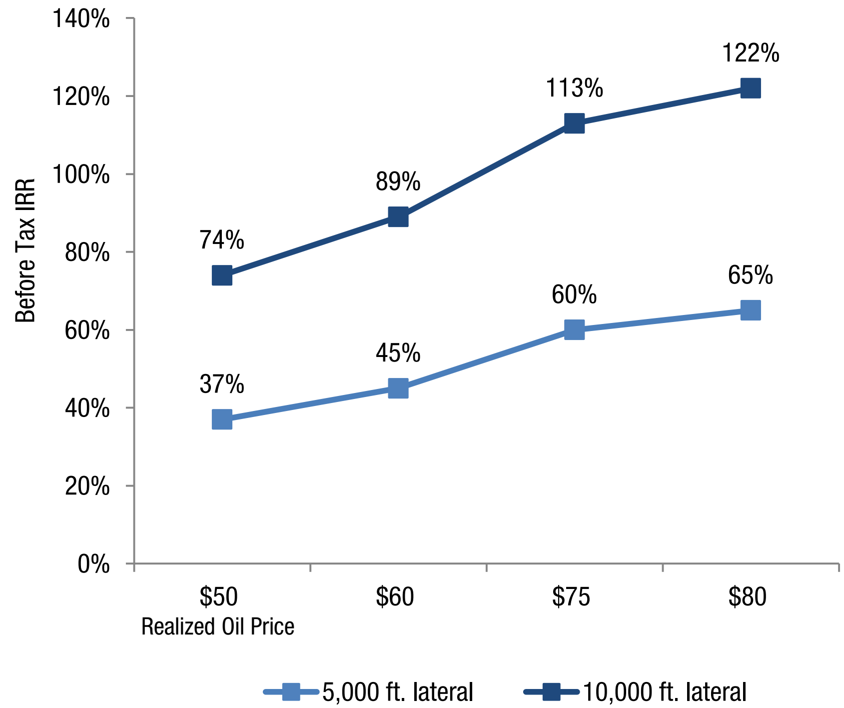
Longer Laterals and More Frac Stages Improve Efficiency and Profitability

Well Cost Estimates*
Culberson County Wolfcamp D Wells



	New		Long	
	Previous	Go-Forward	Previous	Go-Forward
Well Cost ($MM)	$9.0	$7.6	$13.5	$11.9
Before Tax IRR	32%	49%	56%	73%
NPV (10% Discount, $MM)	$4.3	$5.7	$12.2	$13.7

Before Tax IRR (at Varying Oil Prices)**
Culberson County Wolfcamp D Wells



**Assumptions: Oil = $50/bbl ; Gas = $3/Mcf; NGL = $17.50/bbl (full recovery)*
***Assumptions: Gas = $3.50/Mcf; NGL = $25/bbl*

Source: Cimarex; Data as of March 31, 2015 (left) and June 30, 2014 (right).
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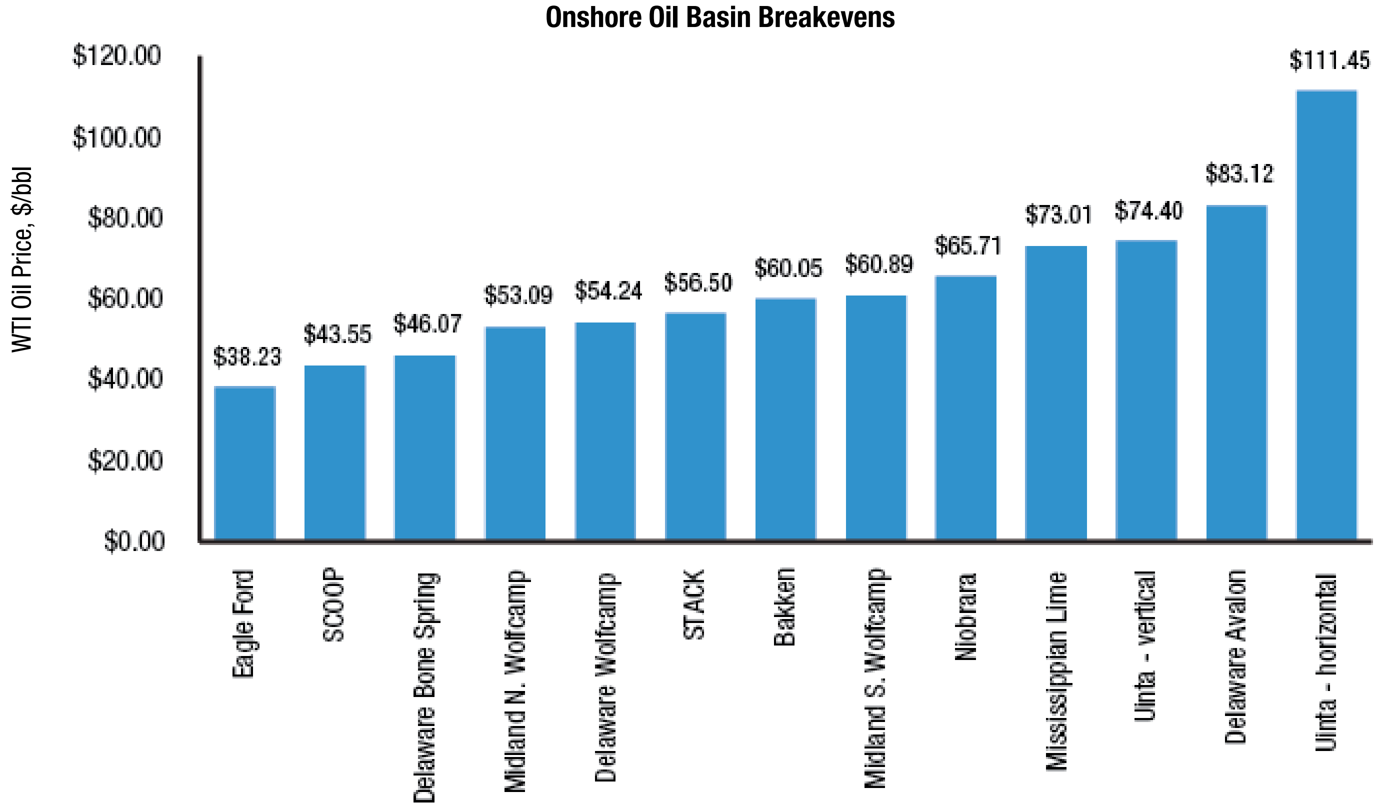
U.S. Onshore Basins Remain Economic at Current Price Levels



Source: UBS; Data as of October 20, 2015.
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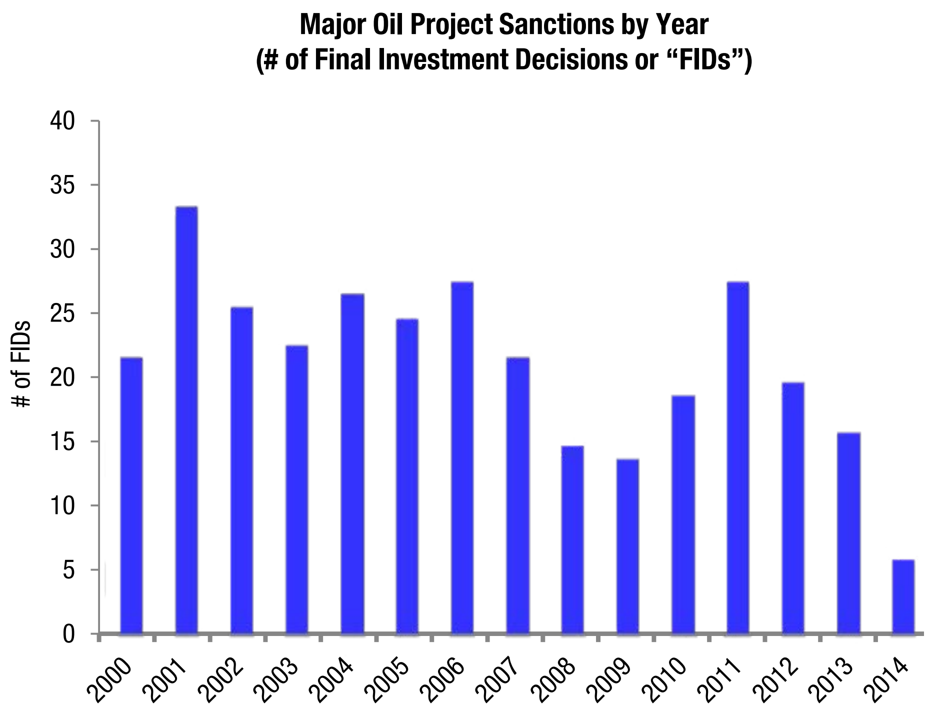
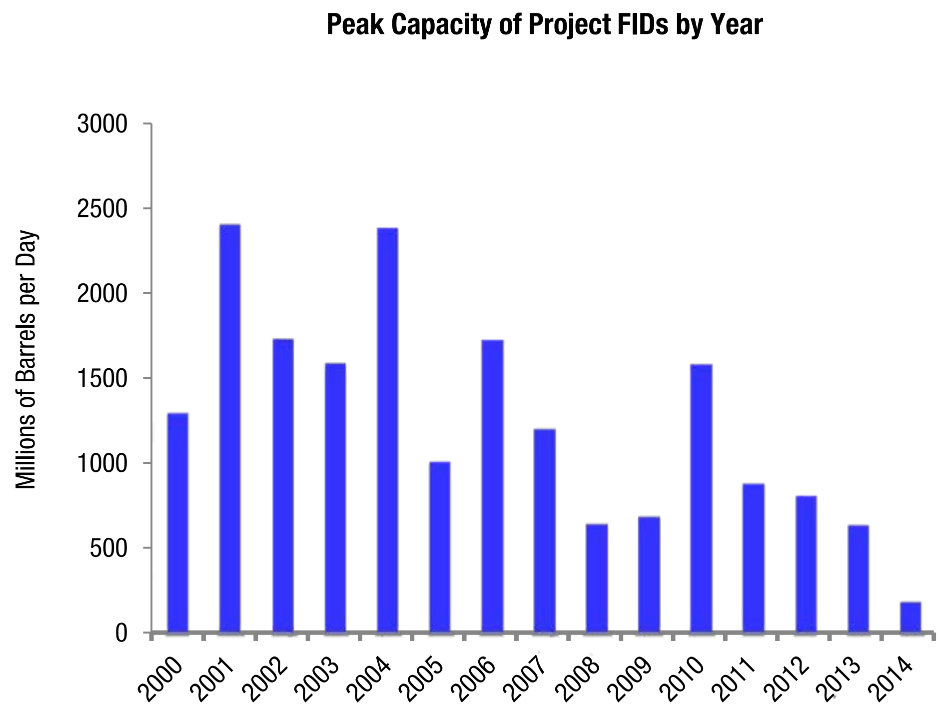
Rapid Decline in Major Oil Projects Hinting at Potential Future Supply Constraints





Source: Deutsche Bank; Data as of May 31, 2015.
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Current Metals & Mining Outlook

Equity	Roadmap to industry-wide restructuring FAST FORWARDS from capital return to debt reduction mode
	• *Debt reduction mode:* Short-term, companies have to get themselves to the other side of this cycle
	  • Reducing cash-outflow is critical
	    • Dividends: Cutting or restructuring dividend policies
	    • Capital spending: Accelerated reduction in capital spending
	    • Working capital: Release of working capital, efficient core-working capital requirements
	  • Asset rationalization are increasing
	    • Selling/ closing cash-negative assets: Intense focus on asset closures, sales
	  • Equity issues is actually a positive
	  • Some companies simply running out of cash while others proactive in aggressively reducing debt
	• *Capital return mode*: Medium-term, companies are still committed to industry wide restructuring
	  • Profitability: Focus on profitability, rather than volume, remains entrenched
	  • Production cost: Cost cutting likely less pronounced as "easy cuts" have been accounted for
	  • Returns on assets: Lower risk, higher capital return (potential for +18% return on brownfield projects and +30% on greenfield projects)
	Valuations are exceptionally attractive

Commodity	Risk: Deflationary commodity price environment driven by lower crude and producer currencies

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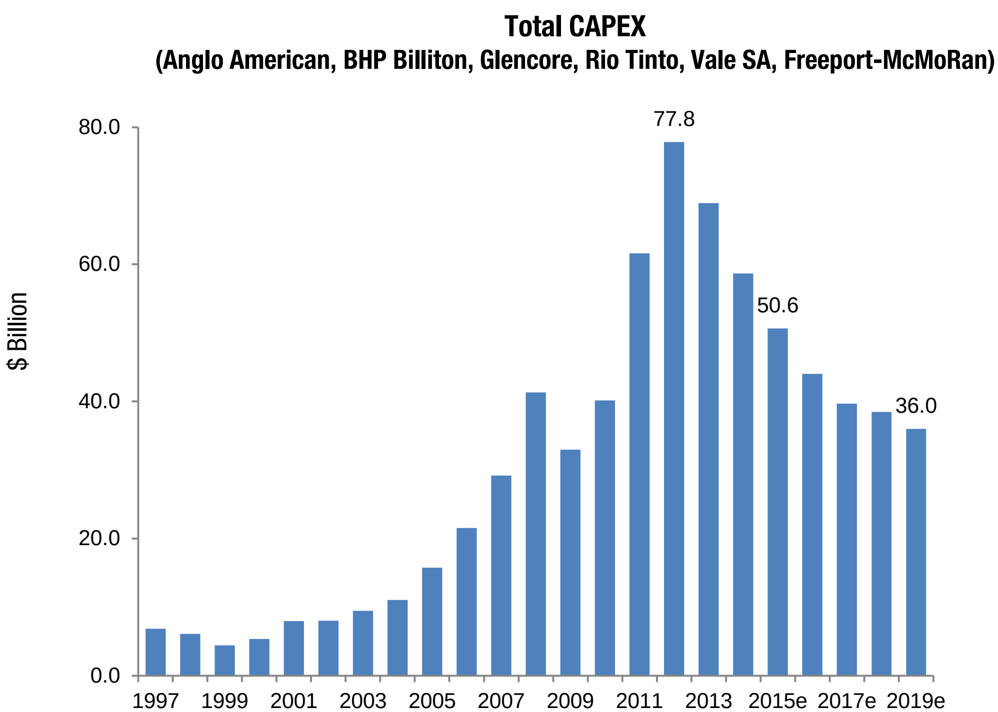
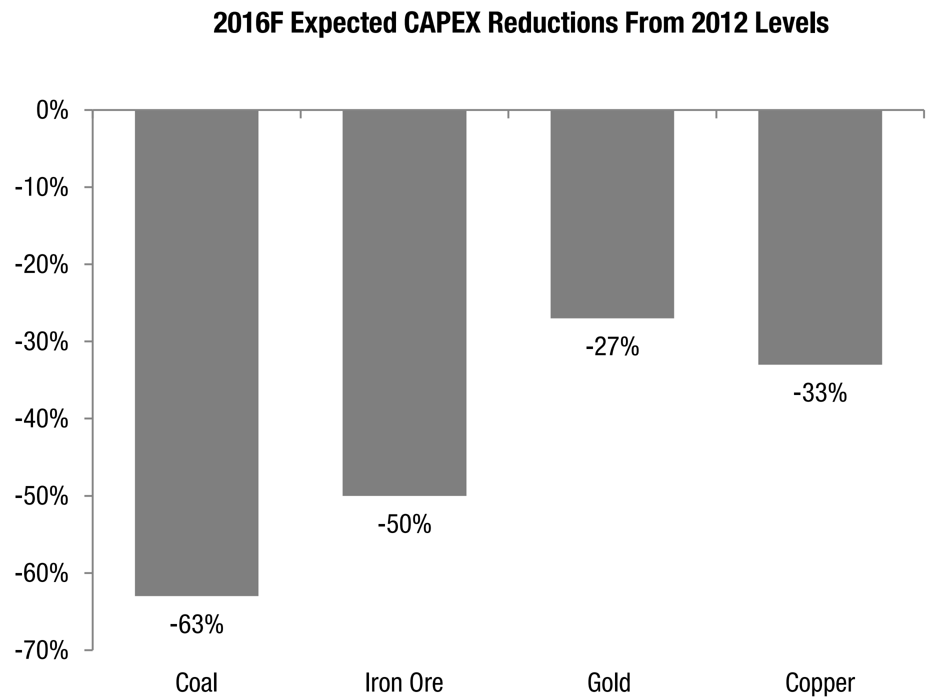
Industry Restructuring Continues With Renewed Focus on Capital Spending

- Global mining CAPEX has continued to fall dramatically over the last 4+ years
- FY 2016 expectations are about 50% lower than 2012 peak





Source: Van Eck Global (left), Macquarie (right); Data as of May 2015.
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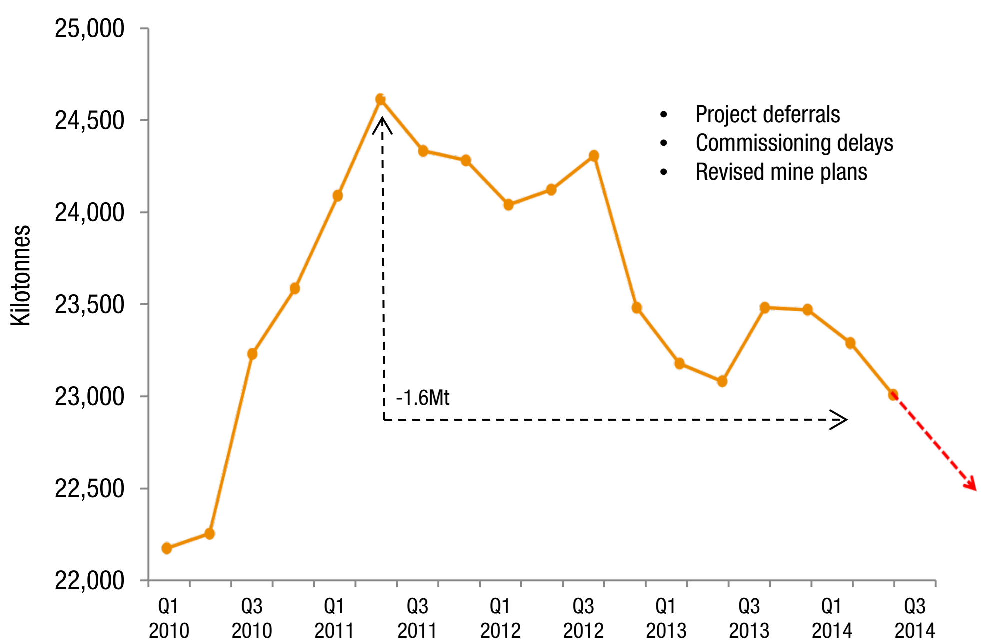
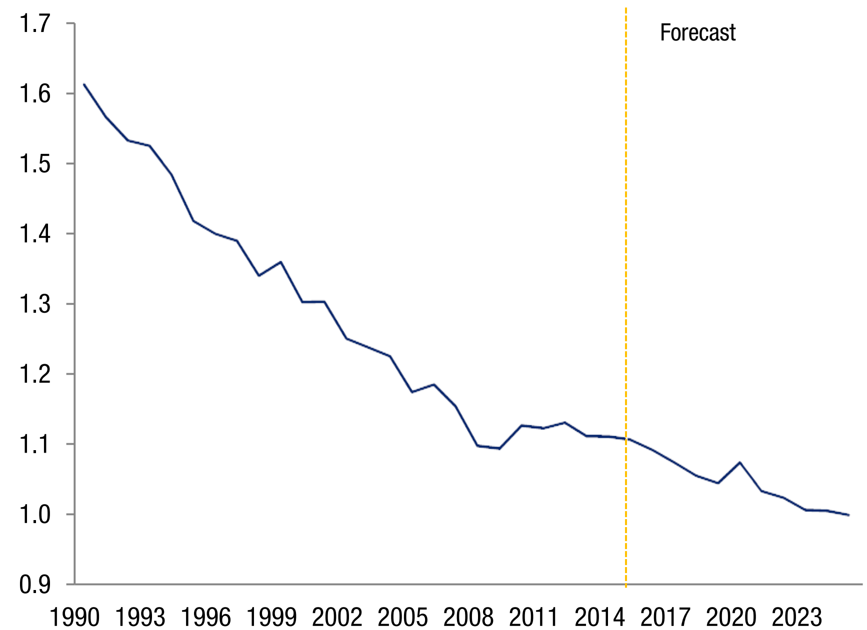
Current Supply is Overstated, Future Supply Could Be Dramatically Lower

- 2015 copper supply forecast keeps changing due to, among other things, engineering and technical difficulties, pit wall failures, slow ramp-up, labor unrest and falling ore grades
- Mine grades also continue to fall

2015 Copper Supply Forecast - Aggregate (As Estimated in Each Period)



Average Copper Mined Grade (% Copper)



Source: Barclays (left); Glencore (right). Data as of June 30, 2015.
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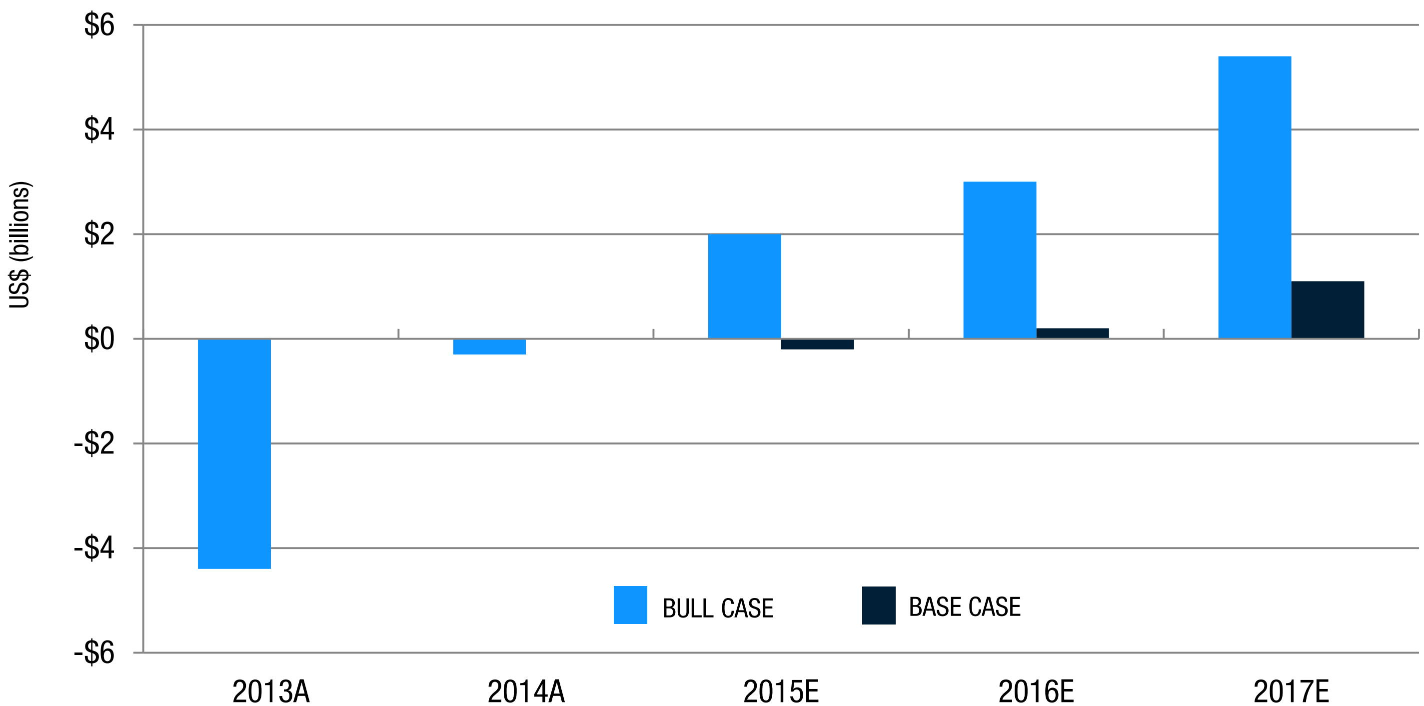
Gold Outlook

Equity	In the midst of a cyclical, not secular bear market • Historically low valuations create opportunities and provides leverage to bullion • Gold companies continue to implement changes to address mistakes of the past • Austerity measures and thoughtful project planning have been successful given current price levels • Industry generates positive cash flow today and has benefitted from positive currency effect
Commodity	All signs seem to point to a potential, near-term reversal in gold prices • Peak to trough performance indicates one of the worst bear markets for gold ever • Technical patters reflecting similar gold market bottoms of the past • U.S. dollar peaking/peaked at 12-year highs • Asian demand remain strong and on pace for record year Catalysts exist that could rekindle safe haven status • Fed indecision and changing growth expectations risks loss of market confidence • Debt levels and perceived strength of economy to withstand rate increase in question • Chinese equity market volatility, recession in Brazil demonstrate gold appeal as alternative from U.S. assets • Gold could become the ultimate safe haven investment choice should U.S. economy and global financial system begin to falter

Operating Leverage May be Back for Gold Stocks

Aggregate gold industry free cash flow

- Management focus and cost discipline are paying off
- Improving cash generation



Gold price (per ounce) assumptions:
Bull Case: 2015E US$1,238; 2016E US$1,266; and 2017E US$1,333
Base Case: US$1,100 for 2015E, 2016E, and 2017E

Source: BofA Merrill Lynch Global Research. Data as of April 2015.
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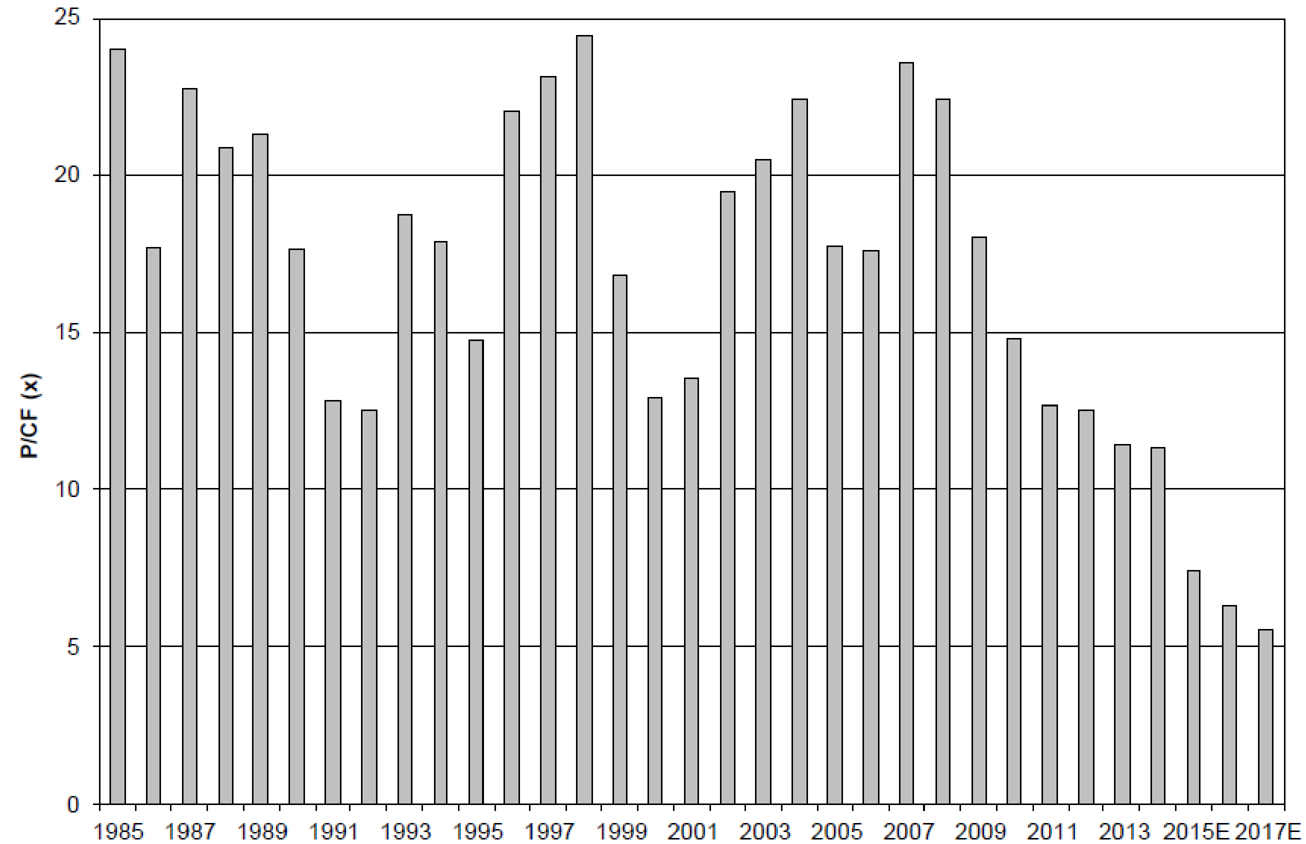
Gold Stock Valuations at Bear Market Lows

Price to Cash Flow: 1985–2017E*



**Data universe includes 13 senior/mid-tier companies and 2 royalty companies.*

Source: Company Reports, Scotiabank GBM estimates. Data as of August 2015.
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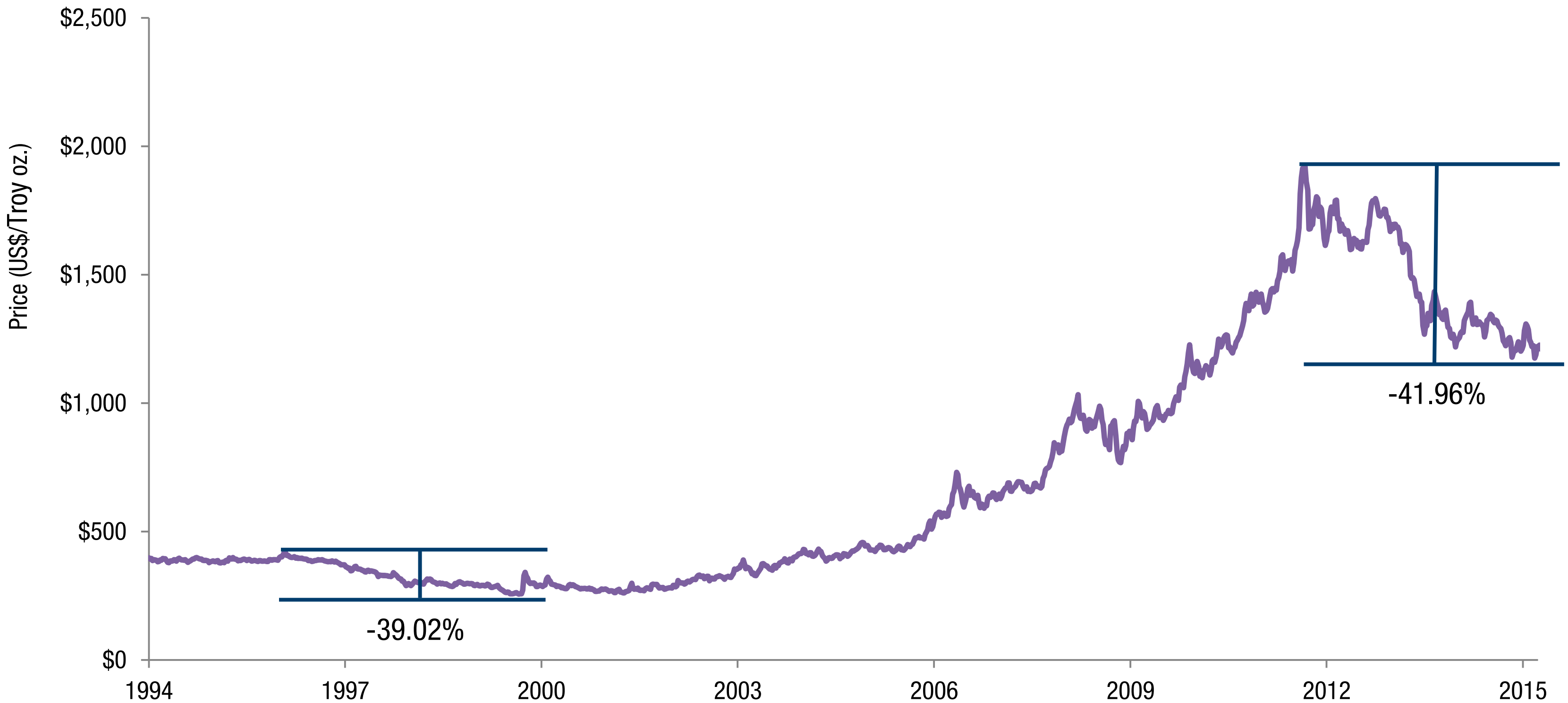
Cyclical gold bear market near an end?

Gold bear markets in late 1990s and early 2010s

- Similar technical pattern
- Sentiment negative, heavy selling from Central Banks (1990s) and Bullion ETPs (2010s)
- Companies cutting costs, high-grading operations



Source: Bloomberg, Van Eck. Data as of September 30, 2015.
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Index and Source Descriptions

All indices listed are unmanaged indices and include the reinvestment of all dividends. Indices are not securities in which investments can be made.

Thomson Reuters/Core Commodity CRB Index is a commodity futures price index currently made up of 19 commodities. Since 1957, there have been ten revisions to Index components. The first was in 1961 and the latest in 2005.

S&P® North American Natural Resources Sector Index is a modified capitalization-weighted index which includes companies involved in the following categories: extractive industries, energy companies, owners and operators of timber tracts, forestry services, producers of pulp and paper, and owners of plantations.

Gasoline Demand measured by the DOIDMOGA Index (DOE Motor Gasoline Output Implied Demand Data) for the U.S. and the CHODGASO Index (China Apparent Oil Demand Data). These indices track gas consumption across the economy including businesses and/or households) during the periods referenced.

U.S. Rig Count measured by the Baker Hughes United States Crude Oil Rotary Rig Count data (BAKEOIL Index)

U.S. Oil Production data sourced from U.S. Energy Information Administration (EIA) – Actual data can be found monthly in the Monthly Crude Oil and Natural Gas Production Report; Forecast data sourced from Short-Term Energy Outlook.

Gold Spot (GOLDS Comdty) is the price of gold quoted as U.S. Dollars per Troy Ounce.