

CIM-MES: Sept. 24, 2019

So You Want to Finance a Mine!

Hint: It is (not that) hard!!

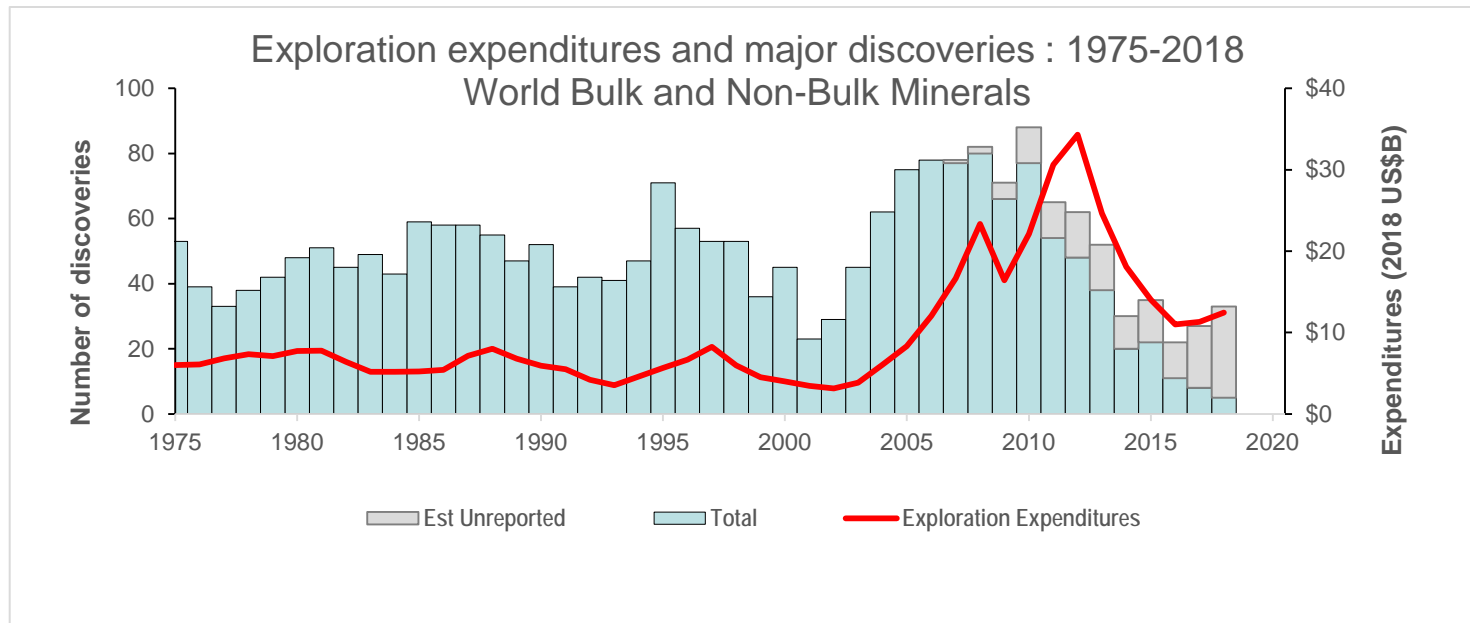
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(of EDC, NYC Banks and World Bank fame)

Then the Projects: New Finds Fading; Consolidation

Graph: Discoveries vs. Exploration- Running on Empty (Source: UBC Keevil)

- M&A overbidding of 2009-2012, \$160bn in write-offs; loss of Wall Street support
- Dearth explains why Majors now want a NI 43:101 F/S from the Juniors, before buying
- Dearth explains why mining companies go from growth stocks, to mere annuities; fast
- Dearth means better productivity, more re-working of existing mines and new metallurgical technology needed;
- **In the meantime, more M&A's and the death of the single-mine company!**



Footnote: (Deposits >1 Moz Au; > 1 Mt of Cu; >100 kt Ni; >100 Mt Fe; >200 Mt thermal coal; > 3Mt Zn+Pb; >30Mt P₂O₅ (Phosphorus Oxide); >30Mt K₂O (Potassium Oxide); >25 Kt U₃O₈ (Ph. Pentoxide). (Court. of MinEx Consulting (08/19)).

For the Future, Forget the Past !!

- **The Past:**

- Majority of Vancouver companies formed in 1995-2007
 - “globalisation”, no Iron Curtain, EU, BRICS with up-side
 - Average price was 42 cents on the dollar
- Non-producing Reserves then re-stated upwards as metal prices rose
- Public sector had surpluses; hence was very supportive

Result: Investors got growth from discounted assets and new assets

- Played out recently in bitumen: majors have discounted and sold to the locals

- **The Present:**

- New assets weaker, further afield (ie: TGTR; prior slide)
- Mining now seen by capital market as LOM annuities with increasing costs
- Flat prices and increasing costs leave few Reserves to be re-stated upwards
- Permits, access, politics, internet add complexity and delays
- Investors now have FAAMAs: need growth **and dividends or you pay!!**

Result: Majors buy competitors, or hedge on juniors: purchase only if F/S is acceptable

- **The Future:** Consolidation (Barrick; Goldcorp; Imperial’s Red Chis; Atlantic Gold; B2Gold)