

# Raising Finance In the Current Global Mining Marketplace

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## MMG Capital invests and raises equity and debt



### Current deals

- Precious metals: Au, Ag, PGM
- Base metals: Cu, Zn, Pb, Sn
- Energy metals: Li, Co, Graphite
- Steel and Raw Materials for Steel: Iron, Coking Coal, V, Niobium
- Fertilizer metals: Phosphates and Potash

### Geographies

- North America
  - South America
  - Europe
  - Africa
  - Central Asia
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# Risk of Irrelevancy:

Relative underperformance to the OECD market

## Metals Should Improve Alongside Global Economy

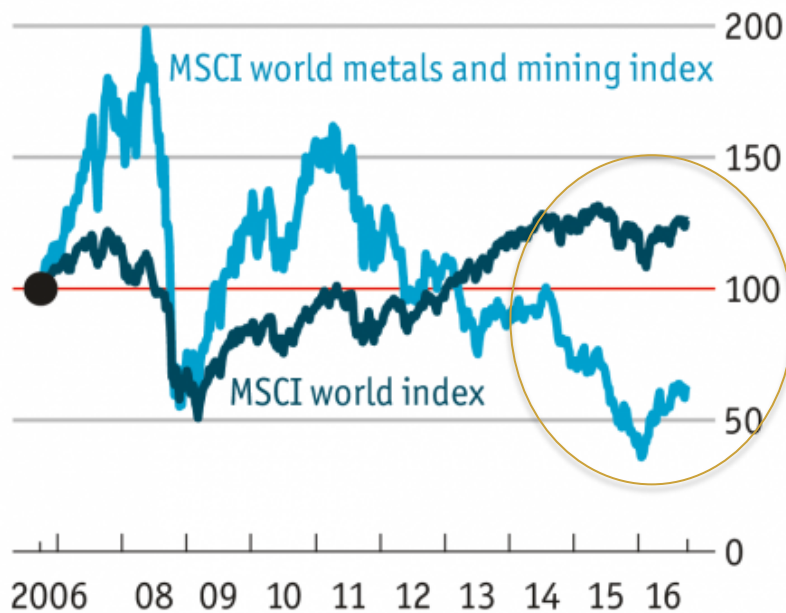


## Risk of Irrelevancy:

Relative underperformance to the world index

### Digging themselves out

Share prices, September 29th 2006=100



Source: Thomson Reuters

Mining sector underperformed over the past 5 years....

# Declining mining IPOs – case study: ASX



Declining share of Metals & Mining sector in IPOs:

ASX IPOs were peaking during 2007: 125/220 of IPOs : 56% metals & mining companies

2011: 56/110 or 51%

2012 -2017: Below 15%

Source: <http://www.finsia.com/insights/news/news-article/2017/06/08/why-mining-ipos-are-so-2011>

## Renewed interest from institutional investors

- **Rising metal demand projections - Emergent macro factors:**
  - ✓ environment/EV
  - ✓ infrastructure spend

- **Supply constraints:**
  - ✓ Underinvestment in exploration
  - ✓ Mine closures/halt production
  - ✓ Declining grades – Au, Cu, Sn

Recovery in metals prices



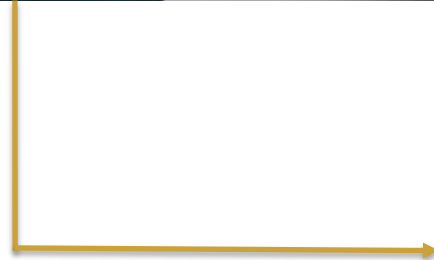
Cost controls since 2009 Recession

**Improved equity story for mining sector**

Superior performance since 2016Q1



Ignore the noise





# In search of the full solution to financing

Traditional  
Sources  
“window”



Emergent  
Sources  
“very picky”

- Equity - Liquidity Matters: IPO (retail vs institutional vs Alternatives) : 2017 is better
- Debt - Close to Production/ payback: Banks vs Debt Funds

- Private Equity
- Trading Houses
- Debt Funds
- Streaming credits
- Vendor Financing
- Junior consolidators

## Continuum of interest

CAPEX >> MKT CAP      over 5x-10x

\$400m >> CAPEX >> \$40m

NPV >> MKT CAP      over 5x-10x

Cash Position – Time to Production

De-risking continuum: BFS>PFS>PEA>JORC

Complexity continuum: OP > UG ; Processing

Management: Vested, Competency, Depth

### KEY FACTORS:

- Dilution
- Impact of strategies on liquidity
- Visibility to full funding
- Execution Risk

## In search of the ideal candidate

- Beyond good Management (vested, tested)
- Asset in top quartile (absolute/relative)
  - Size, LOM, geology
  - Grade, minerology
  - Impurities, met work
  - Recoveries, processing
- Reporting Quality – independence, credibility
- Jurisdiction (stability, security, regulatory framework)
- Permitting, Land, Local Support
- Infrastructure (utility, roads, rail, port)
- Defined market (especially: Li, Graphite, Phosphates)
- Economics: AICS vs Current Prices

