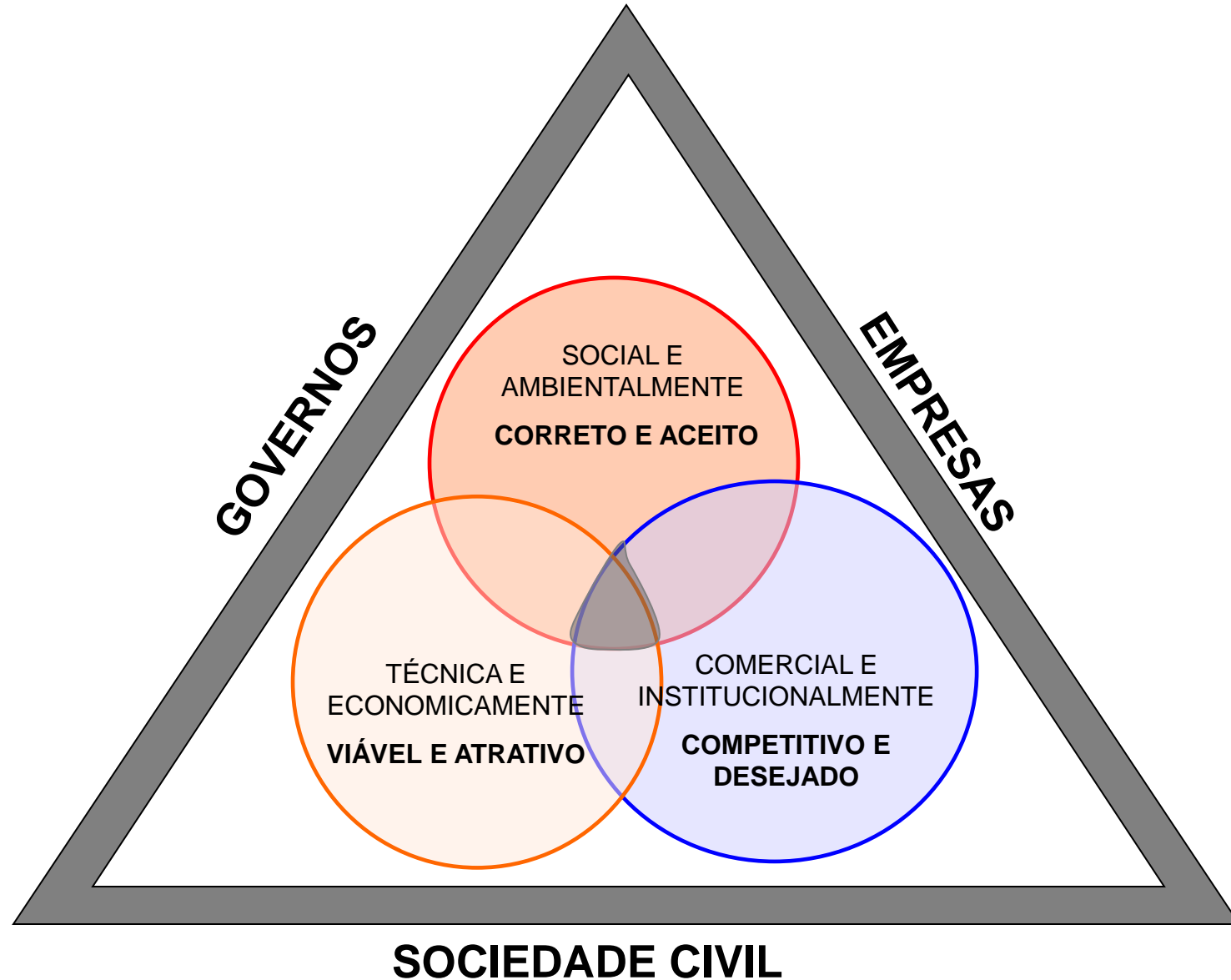


MINERAÇÃO SUSTENTÁVEL

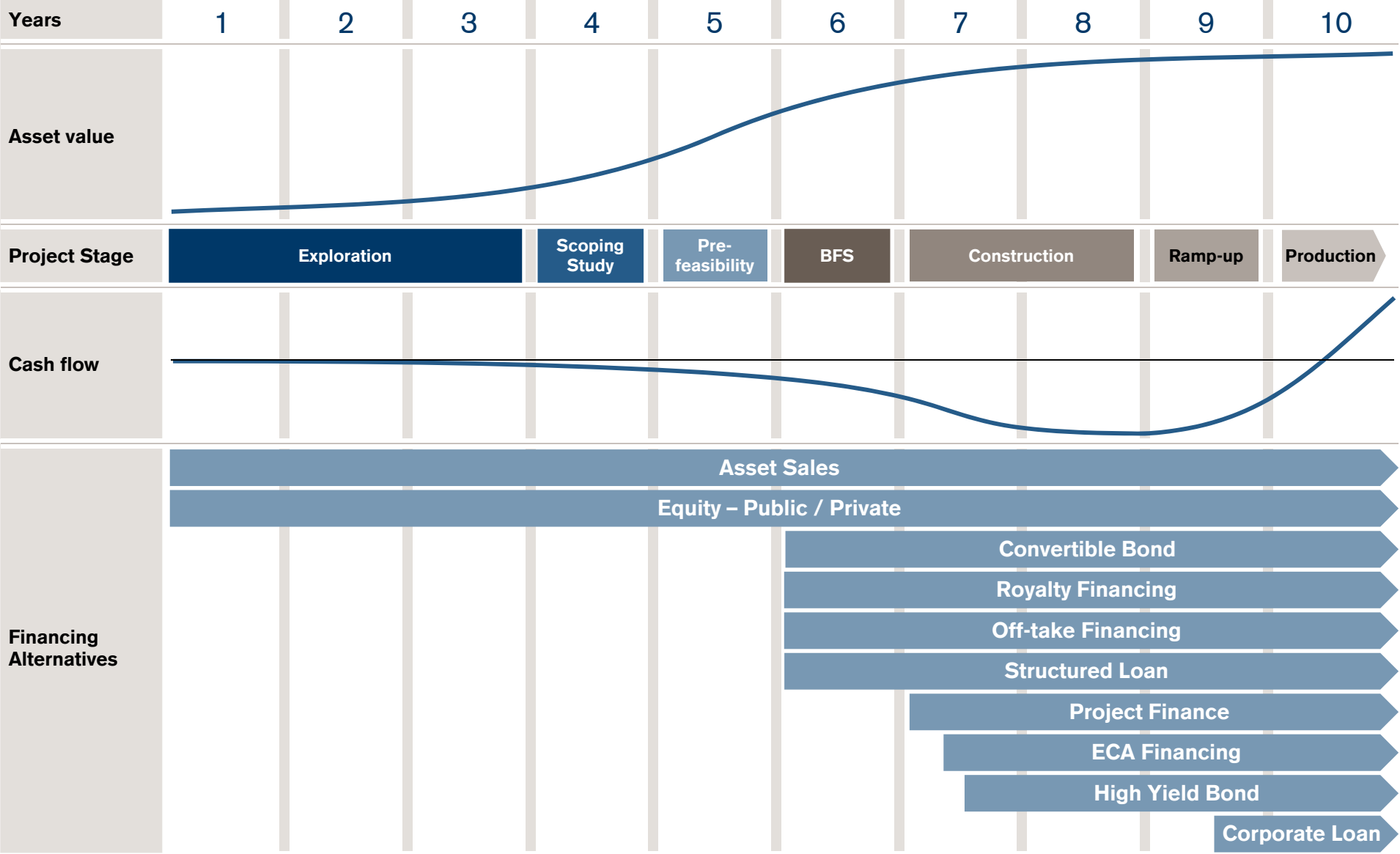


MINERAÇÃO SUSTENTÁVEL











OBJETIVOS:




1. Manutenção do nível de recursos e reservas minerais
2. Permanente atualização tecnológica (continuada)
3. Conquista e manutenção de “mercados” (qualidade, competitividade)
4. Estabilização institucional (legal e fiscal)
5. Sustentabilidade ambiental e social
6. Busca por ganhos de produtividade (economicidade)
7. Remuneração adequada ao capital (valor e prazo)

Financing life cycle for junior miners



Funding alternatives for junior miners

	Overview	Size considerations	Timing	Market conditions	Advantages	Key issues	
1	Asset sales	<ul style="list-style-type: none"> Partial sale of core assets Full / partial sale of non-core assets 	<ul style="list-style-type: none"> FIRB approval required for offshore parties if stake >\$50m Maintaining control of asset 	<ul style="list-style-type: none"> Approx. 6–12 weeks Driven by due diligence and internal approval requirements 		<ul style="list-style-type: none"> Clarity to market re focus Look-through value for asset Potential re-rating in share price Direct negotiation / flexible terms Less dilutive – pay premiums Ability to leverage JV partners BS 	<ul style="list-style-type: none"> Potential execution / timing risk Consideration often staged Potential marketing rights or offtake Potential unfavourable benchmark Tax / stamp-duty
2	Equity – public	<ul style="list-style-type: none"> Require initial listing – IPO Secondary structures include placement, entitlement offer / SPP Ability to combine with strategic 	<ul style="list-style-type: none"> 25% placement capacity (<\$300m) 15% placement capacity (>\$300m) 	<ul style="list-style-type: none"> IPO – ~3 months Placement – ~2 weeks Entitlement Offer / SPP – ~6 weeks 		<ul style="list-style-type: none"> Short preparation period Flexibility in structure Existing shareholder participation Improves free-float / liquidity 	<ul style="list-style-type: none"> Potential dilution in ownership Possible EPS and value dilution Potential significant discount / insto support in weak market conditions
3	Equity – strategic	<ul style="list-style-type: none"> Placement to strategic investor(s) Increasing interest currently given weak equity market conditions Ability to cornerstone public deal 	<ul style="list-style-type: none"> Placement capacity restrictions FIRB approval for offshore strategics to acquire >15% Takeover threshold > 20% 	<ul style="list-style-type: none"> Approx. 2 – 6 weeks Driven by due diligence and internal approval requirements 		<ul style="list-style-type: none"> Short execution time frame Strategics often willing to pay a premium to current trading prices Support for future fund raisings Ability to leverage strategic BS 	<ul style="list-style-type: none"> Potential marketing rights / offtake Control implications Reduces free-float in % terms Doesn't improve liquidity Potential FIRB approvals
4	Convertible bond	<ul style="list-style-type: none"> Hybrid debt instrument with embedded equity option Conversion price at premium to current share price Public and private CBs possible 	<ul style="list-style-type: none"> Uses up placement capacity 	<ul style="list-style-type: none"> Public – ~4 weeks; launched and marketed off term sheet, formal docs post-closing Private – ~4 – 8 weeks 		<ul style="list-style-type: none"> Capitalises on share price volatility Lower coupon than straight debt No covenants Less dilutive than public equity Credit rating not required 	<ul style="list-style-type: none"> Need cash to service coupon Refinancing requirement at maturity Potential shareholder / EPS dilution Some investors will short stock Equity market overhang concerns
5	Royalty financing	<ul style="list-style-type: none"> Secured (or unsecured) loan in return for a defined royalty stream Debt financing collateralised by a company's asset(s) and secured against future revenues 	<ul style="list-style-type: none"> Depends on the cashflows and timing of the royalty stream 	<ul style="list-style-type: none"> ~6–12 weeks 		<ul style="list-style-type: none"> Bilaterally negotiated arrangement Complete structural flexibility Nil or limited refinancing risk May be subordinated to other debt Ability for counterparty to hedge 	<ul style="list-style-type: none"> May prove more costly than equity May reduce attractiveness to other strategics / investors Effectively increases project costs
6	Off-take financing	<ul style="list-style-type: none"> Commitment to provide off-take in return for a financial commitment Structured as secured / unsecured loan, prepayment or guarantee 	<ul style="list-style-type: none"> Depends on the value and timing of off-take 	<ul style="list-style-type: none"> Usually ~3 months 		<ul style="list-style-type: none"> Secured long-term demand Leverage off-takers' higher credit quality to obtain cheaper funding May be subordinated to other debt 	<ul style="list-style-type: none"> May reduce attractiveness to other strategics / investors Exposed to off-take partners' risk Bank as a counterparty likely to require fixed pricing
7	Structured loan	<ul style="list-style-type: none"> Bank arranged facility secured against the company's assets Structured as loan or guarantee 	<ul style="list-style-type: none"> Depends on the asset value Ability to stretch to 3x cover 	<ul style="list-style-type: none"> ~6–12 weeks 		<ul style="list-style-type: none"> Small lender group Relatively quick process Complete structural flexibility Ability to announce with equity deal Less dilutive than equity 	<ul style="list-style-type: none"> Usually senior secured facilities Often include warrants Relatively high IRR required Focus on market value for loan size
8	Project finance	<ul style="list-style-type: none"> Bank arranged term loan facility secured against project assets 	<ul style="list-style-type: none"> Depends on project economics and debt carrying capacity 	<ul style="list-style-type: none"> ~3–6 months 		<ul style="list-style-type: none"> Small lender group Easier to restructure No dilution impact Ability to announce with equity deal Secured against specific project 	<ul style="list-style-type: none"> Lengthy documentation pathway Onerous covenants Usually senior secured facilities
9	ECA financing	<ul style="list-style-type: none"> Debt from Export Credit Agencies Sourced from offtaker/supplier nations Senior secured loan Generally USD denominated 	<ul style="list-style-type: none"> Depends on project economics and debt carrying capacity 	<ul style="list-style-type: none"> ~9–12 months 		<ul style="list-style-type: none"> Potentially low cost Relatively long tenor Provides liquidity 	<ul style="list-style-type: none"> Significant time to execute Inflexible, once in place Senior secured facility
10	High yield bond	<ul style="list-style-type: none"> Non-bank debt securities Privately placed senior secured / unsecured notes Generally USD denominated 144A US Securities Reg 	<ul style="list-style-type: none"> Depends on project economics and debt carrying capacity 	<ul style="list-style-type: none"> 3+ months 		<ul style="list-style-type: none"> May provide larger debt amount than project financing market May not require mandatory hedging Less onerous covenants Majority of deals unsecured 	<ul style="list-style-type: none"> Credit rating required More expensive than bank sourced project financing Pre-cashflows often too early stage

 = Market open with favourable pricing / terms
 = Market open at some cost on pricing / terms
 = Undesirable market, only available on unpalatable terms