

WEBBER WENTZEL

in alliance with > **Linklaters**

**CANADA SOUTHERN AFRICA CHAMBER OF BUSINESS
17TH ANNUAL AFRICAN MINING BREAKFAST**

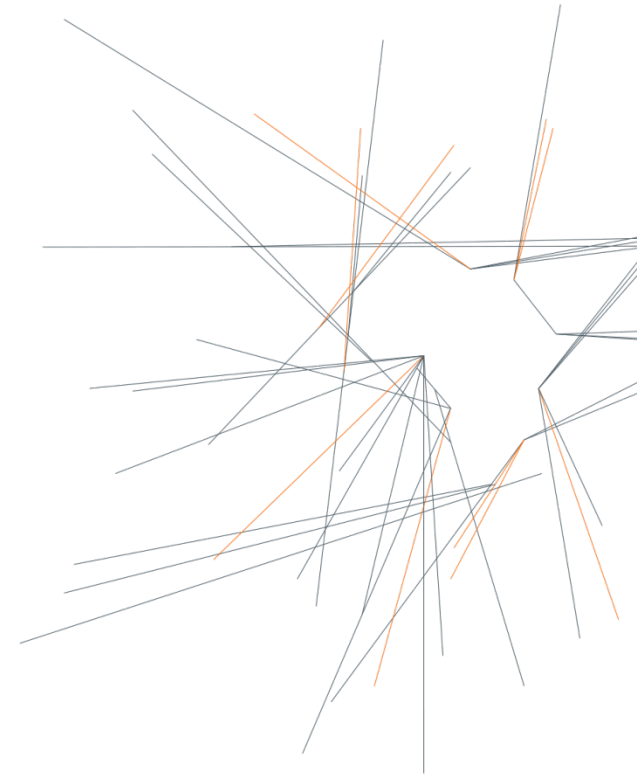
**MINEAFRICA 14TH ANNUAL INVESTING IN MINING
SEMINAR**

**THE NATURE OF TRANSACTIONS IN THE
CURRENT MINING MARKET**

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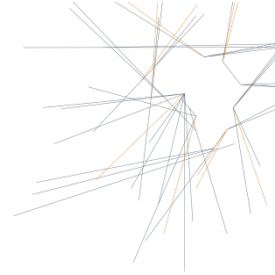
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1. INTRODUCTION

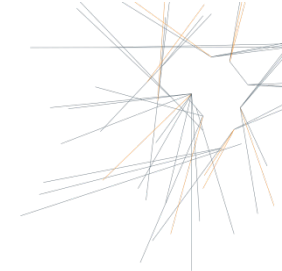
- The current market
 - Mineral Commodity price changes over 5 years

Gold	- 33%
Platinum	- 44%
Rhodium	- 267%
Copper	- 55%
Lead	- 38%
Iron Ore	- 77%
Thermal Coal	- 50%
Crude Oil	- 70%

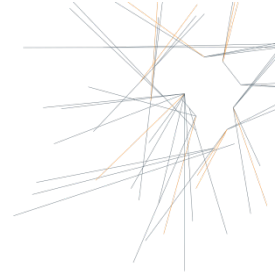


2. VALUE LOSS

- Nett asset value multiples
- the multiple of the price of a mineral property as implied by the transaction amount or market capitalisation to its net asset value
- NAV represents the net present value of the expected future cash flows
- NAV multiple of a mining property is therefore a function of the expected future price of the commodity
- Fewer transactions at lower prices



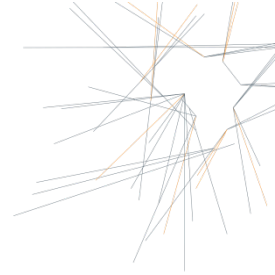
3. THE CURRENT NATURE OF TRANSACTIONS



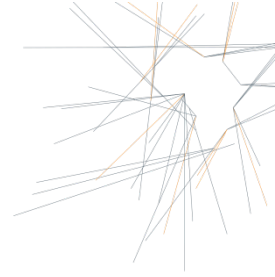
- Distressed Sales
 - Business Rescue voluntarily or on application by creditors
 - Business Rescue practitioner and business rescue plan for approval
 - Objective to rescue the company
 - Restore to solvency; or
 - To realise a better return for creditors and shareholders than immediate liquidation
 - Business Rescue suspends litigation and power to suspend contractual obligations
 - Method to preserve validity of prospecting and mining rights
 - Method to realise value of prospecting and mining rights

ACQUISITION OPPORTUNITIES

- "Must sell" position
 - to comply with covenants of financing arrangements;
 - business rescue;
 - provisional or final liquidation;
- Acquisition opportunities for small, medium and large companies



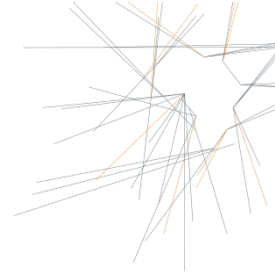
RISK SHARING TRANSACTIONS



"This is not the end yet. It is not even the beginning of the end. It may perhaps be the end of the beginning" – Sir Winston Churchill

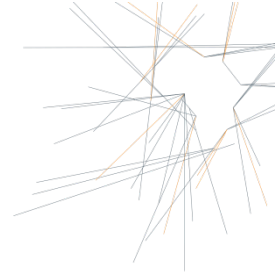
- Uncertainty an obstacle to transactions
- Risk sharing a mechanism to facilitate transactions in times of uncertainty
- Examples
 - the sale of Rustenburg Platinum Mines by Anglo American Platinum to Sibanye Gold
 - the sale of Sasol Mining's coal export business to Igoda Coal

CAPITAL RAISINGS



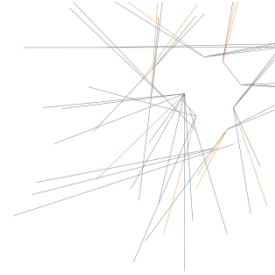
- Canada the biggest provider of capital for mining projects in Africa
- Liquidation of Canadian listed companies predicted
- equity required by funding covenants
- Non-public equity acquisitions
- Private Equity Fund investments
- Conventional public debt and equity raisings
 - Worthwhile assets
 - Favourable terms

TRANSACTIONS AND INVESTMENT



- Transactions and Investment still take place
 - Sibanye Gold announced \$ 232 million capital expenditure approved of which \$ 58 million will be spent in 2016
 - Sibanye Gold's acquisition of Rustenburg Platinum Mines from Anglo American Platinum announced in 2015
 - Potential acquisitions foreshadowed by South 32
 - Corporate and project funding transactions in South Africa
 - Capital expenditure projects in South African mining projects

AFRICA – THE KEY TO THE FUTURE



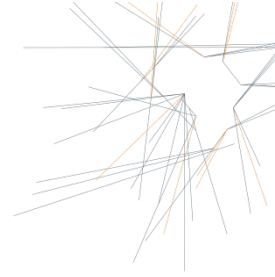
- Reasons for the current state of the mining industry
 - China
 - India
 - Europe
 - North America
 - Africa
 - Opportunities
 - Challenges

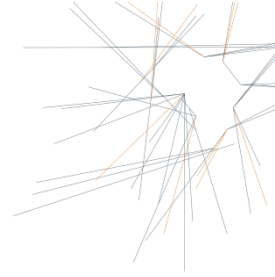
CONCLUSION

- Changed Landscape
- Survival will require :
 - optimism

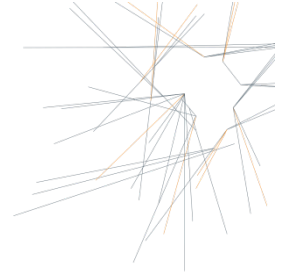
"mining is the most optimistic industry in the world"

 - ingenuitive thinking
- Webber Wentzel in alliance with Linklaters:
 - has been serving the mining industry for almost 150 years;
 - will continue to do so in times of difficulty and uncertainty.

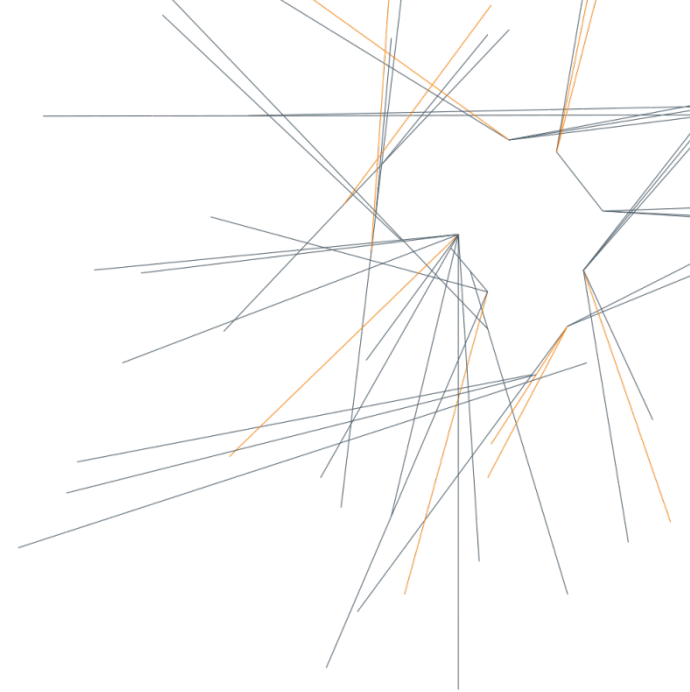




- **Questions?**



- **THANK YOU!**



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