

Searching for Funds

Finex Conference

1 November 2012



A frothy market place

London became destination of choice

Eagerness based on higher prices and demand

Metal prices buoyant

Retail dimension

Bubble time

Now disappointment



How the world has changed since 2007

Financial crisis and recession

Commodities bust

Equity volumes decimated

Credit squeeze

Resources sector hit hard



Uphill struggle

Juniors hit hardest

Pressure on the big boys

Effect of particular metal sectors

Regional market differentiation

Some do better than others

Private companies squeezed hard



Some stats

FTSE 250 Miners Index 30/10/2008 – 30/10/2012



Some stats

- Over 100 miners have raised money in London since 2006
- Over 50% gold plays
- Only six mining IPOs in 2012 raising +£20m
- Secondary funding a dry hole
- Cost of capital is high

We're all doomed

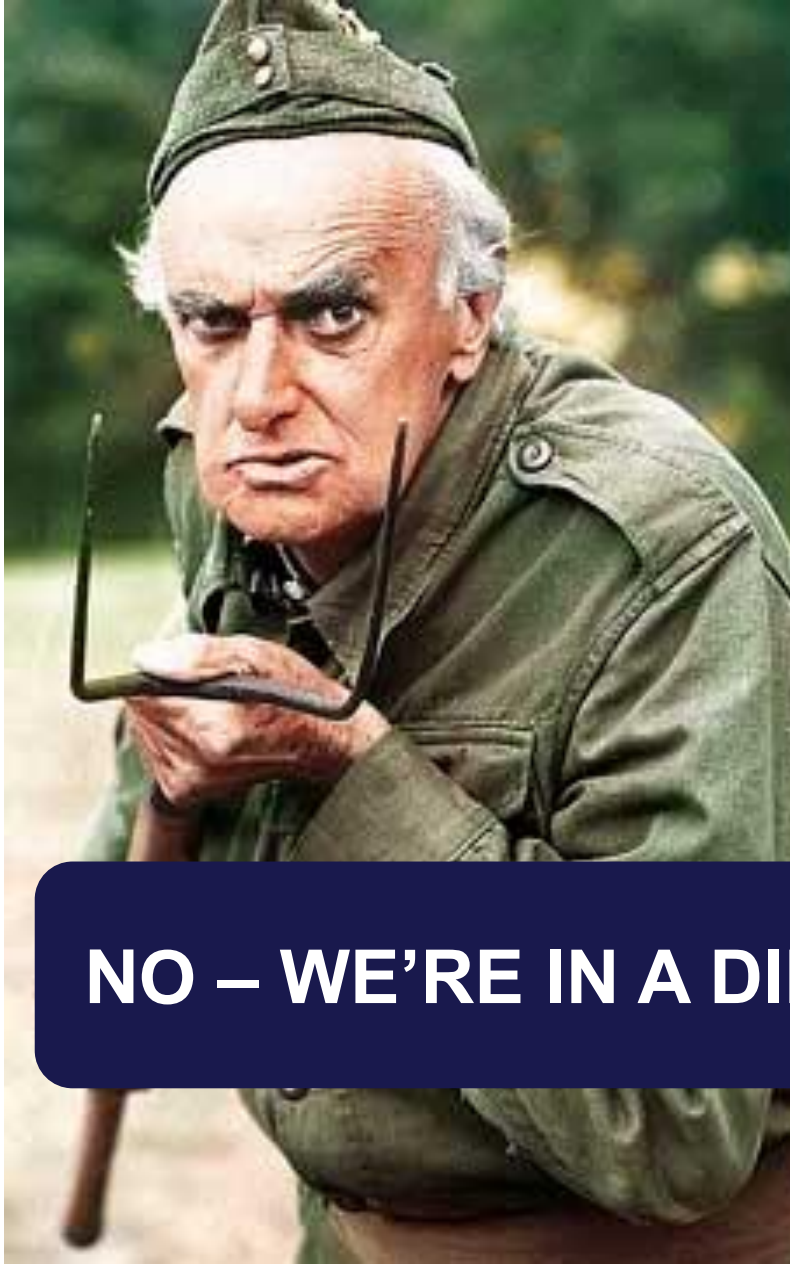


We're all doomed



OR ARE WE?

We're all doomed



NO – WE'RE IN A DIFFERENT MARKET

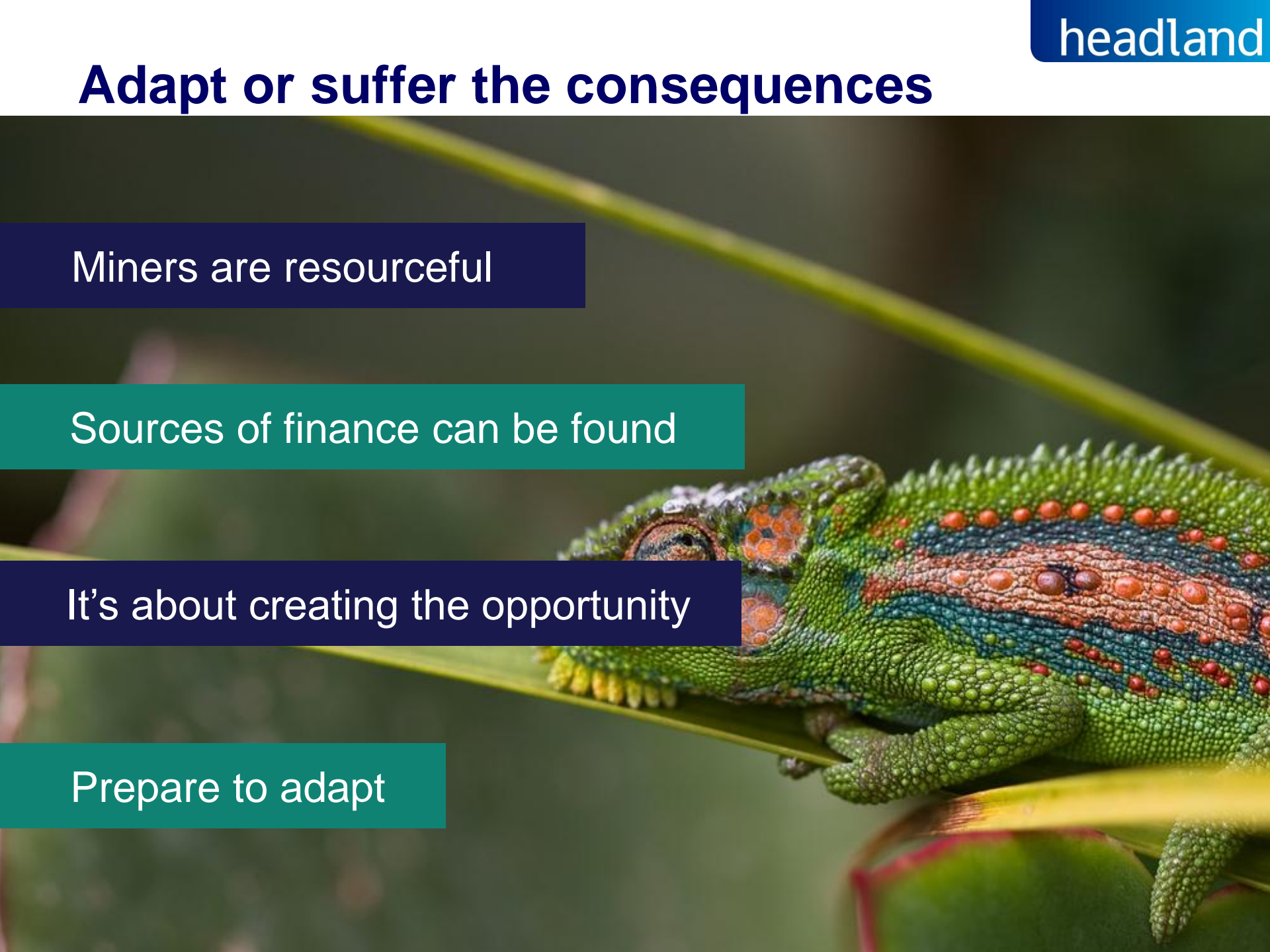
Adapt or suffer the consequences

Miners are resourceful

Sources of finance can be found

It's about creating the opportunity

Prepare to adapt



Take a leaf out of someone else's book

Partnerships

Off-take deals/royalties

Bank finance

Consolidation to develop a bigger asset play

Present the case effectively



Planning the approach

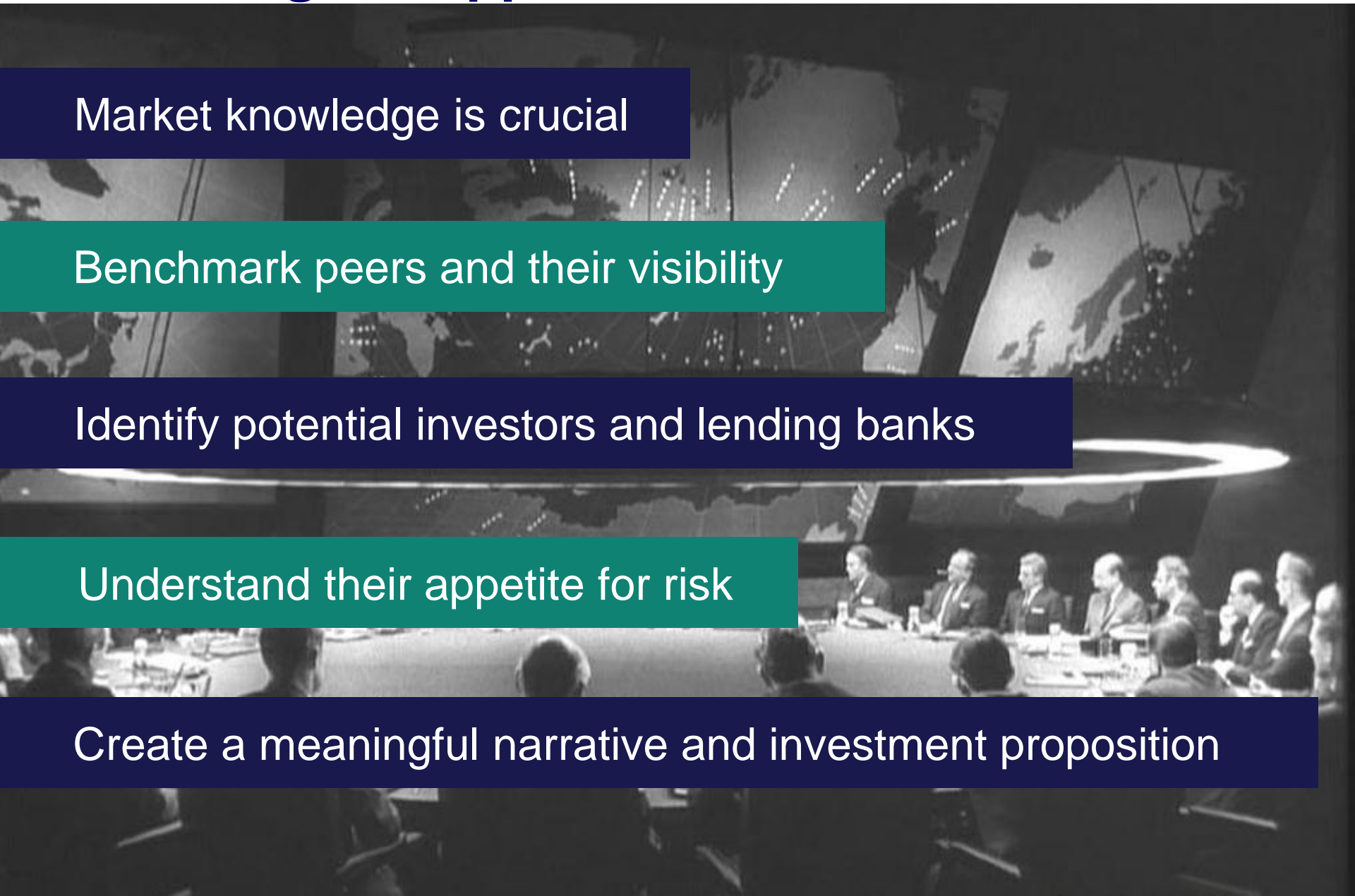
Market knowledge is crucial

Benchmark peers and their visibility

Identify potential investors and lending banks

Understand their appetite for risk

Create a meaningful narrative and investment proposition



Developing the story



It needs to be compelling

- Demonstrate why your approach is different
- Financial as well as geological credibility
- Base case and realistic timetable
- Create immediate interest

MSCOR – Beyond the pictures

Management



Strategy



Competition



Opportunity



Risk



Reputation and value

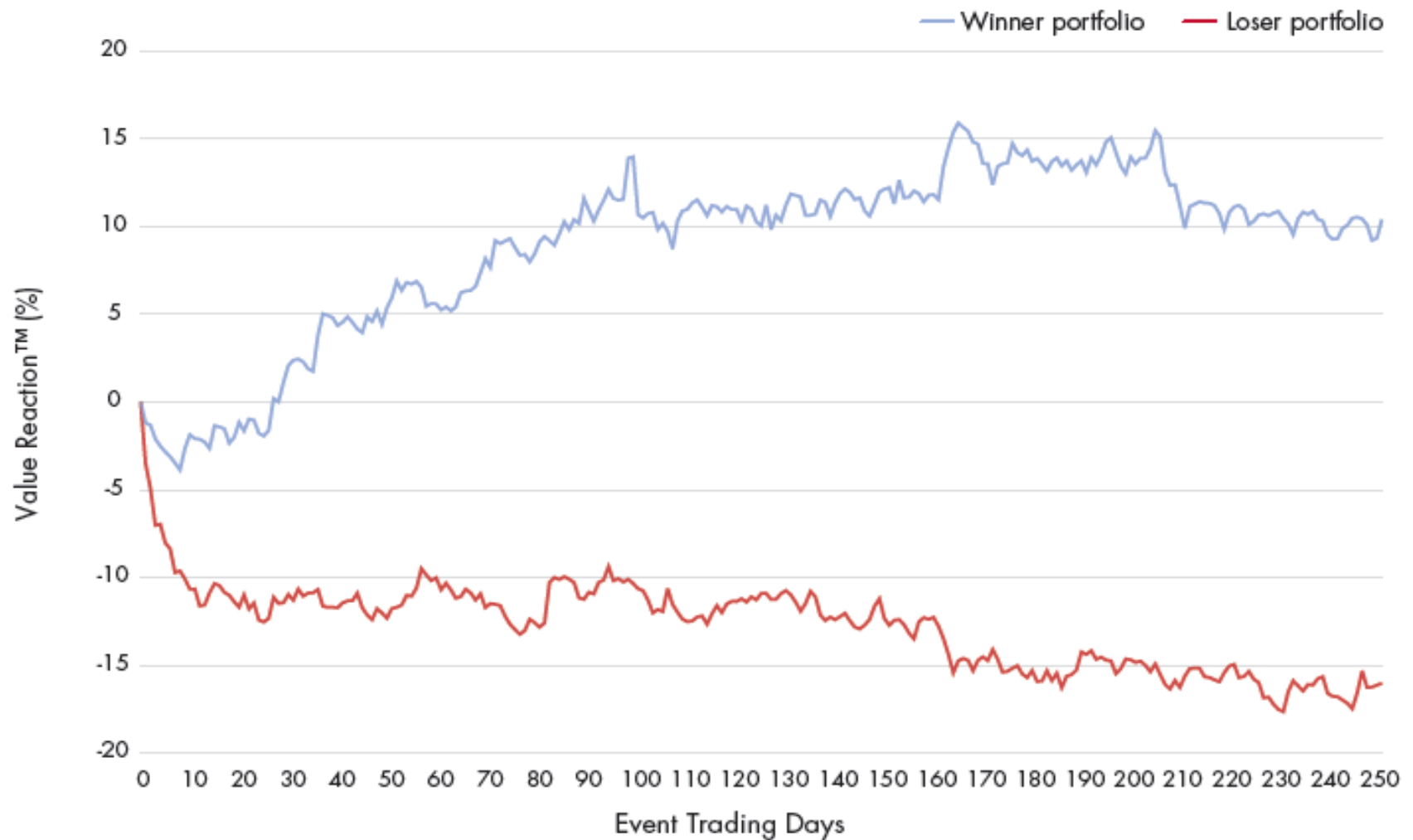
*“As we have been reminded multiple times in recent history, the value of an organisation’s brand and reputation can shift in an instant... A deeper understanding of the relationship among **reputation, communications and value** is imperative.”*

Oxford Metrica, Reputation Review



The financial impact of reputation

Figure 6: The impact of reputation on shareholder value



Be structured

- Enthusiasm is not enough
 - have a plan
- Organisation
- Credible advisers
- Recognised non-execs
- Corporate governance



Creating confidence

Coherence and credibility

Written and visual

Third party endorsement

Website and presentations

Build contact network

Public company – managing expectation



London
STOCK EXCHANGE

- Information and newsflow
- Paint a broader picture
- Make an effort to understand market dynamic
- Be available
- Manage expectations
- Protect credibility by delivering on the promise
- Avoid disappointment

The world is not at an end

But it is different from before

Better quality and well-prepared prospects

Adapt to the new circumstances

And persevere

~~Plan A~~
Plan B

