



LEGAL & SUPPORT FOR MINING COMPANIES

Brazilian Companies Funding Challenges Dec 2015

MINE FINANCE SOURCES

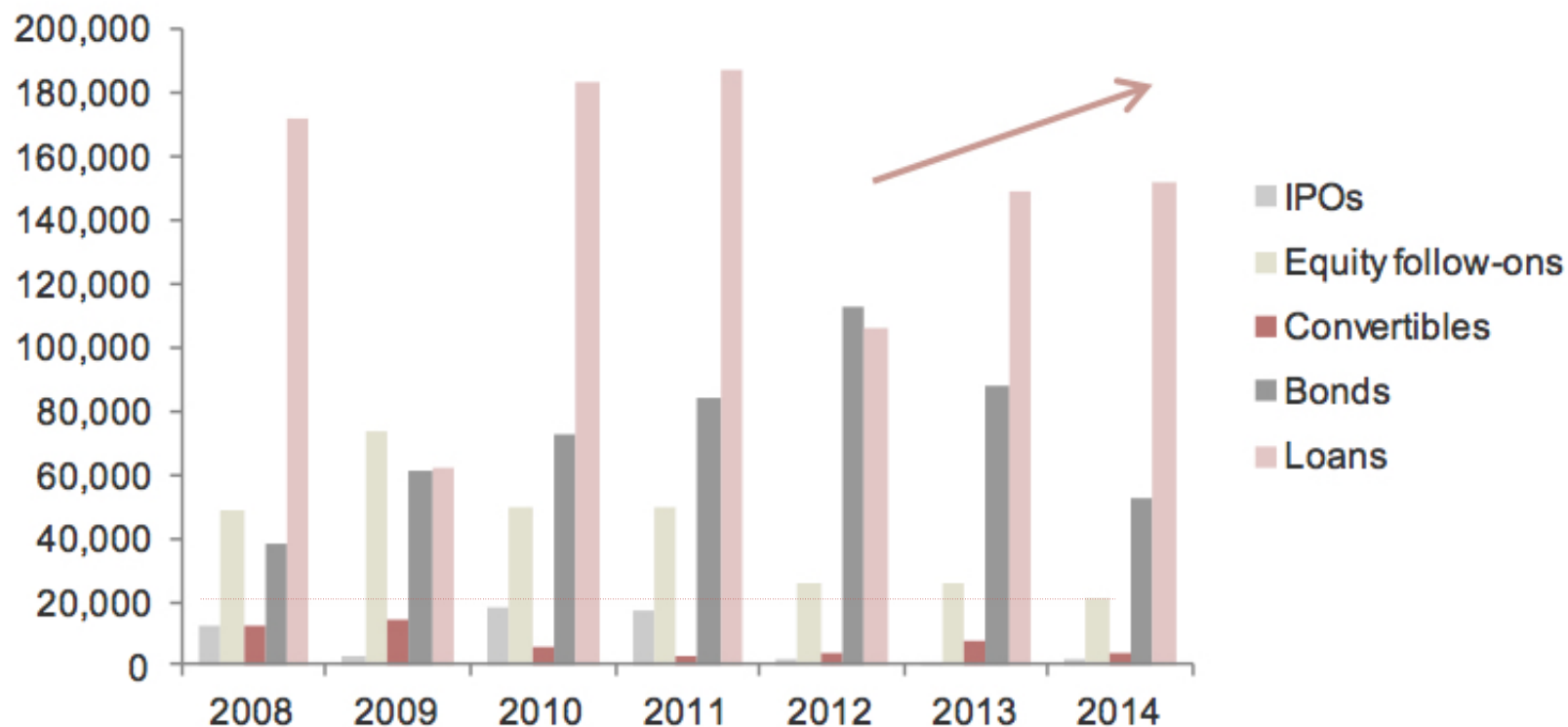
EY

Development stage	Exploration	Development	Construction	Mid-tier/major producer
Credit quality	unrated	unrated	unrated / high yield	high yield / investment grade
Investor perspective	Highest risk, zero/negative yield	High risk, uncertain yield	High risk, high yield	Medium risk, high yield lowest risk, low yield
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Public equity				
Farm-ins				
Standby equity				
Strategic equity				
Convertible bonds				
US PPM				
Streaming				
Royalties				
Offtake				
Development finance				
Project finance				
Equipment finance				
Pre-export finance				
Fixed income				
Commerical loans				
Refinancing				

Project funding options typically utilised in current environment

MINE FINANCE IN 2014

Global capital raised by proceeds (USD million)



Source: Ernst & Young



How to Get Your Mining Project Funded

EQUITY - ideal for early stage projects. Applicants need to have "discovered" and must have plans to develop the project through various evaluation phases so as to produce bankable feasibility studies; In order to access the equity capital markets, various international stock exchanges have incorporated within the relevant listing requirements, rules and guidelines pertaining to the publication of technical documentation, termed Competent Persons' Reports. These range from those which are mandatory, prescriptive and compulsory in nature such as the NI 43-101 Technical Report (required by Canadian securities commissions) to general guidelines established by the European Securities and Markets Authority (ESMA) and adopted by all European stock exchanges. Similar general guidelines to that developed by ESMA are also in place for the Johannesburg Stock Exchange, the Hong Kong Stock Exchange and others, notably that recently adopted by the Australian Securities Exchange.

STREAMING - upfront payment in return for the right to a percentage of production (usually for life-of-mine) from an underlying asset (typically precious metals as a by-product).

ROYALTY - upfront payment to the mining company in return for future payment, typically based on either: a) a percentage of the value of the product produced; or b) the profits or revenues generated from the mine. Royalties are most frequently granted over precious metals, but there are no limitations, typically range from 2% to 5%. Ex: Silver Wheaton Corp (TSX), Franco-Nevada Corp (TSX), Royal Gold Inc (Nasdaq/TSX), Sandstorm Gold Ltd (TSX).

OFFTAKE - typically comprise payment for a determined volume or percentage of production over a determined timespan, often with exclusivity attached, provided by customers, traders and specialist finance providers. Glencore, Tranfigura, Ocean, Transamine, etc.

LOAN - is secured by the project. In the event of default, the lender can seize the collateral (project) only, but has no recourse to the balance sheet of the shareholders (other assets of the company). The debt is repaid with cashflow generated from the project. Project finance is suited to long-term loan periods, high capital expenditure.



Where To Look For Equity

- TORONTO: 3.985 Co – MC C\$1.82 Bs
- AUSTRALIA ASX: 2.200 Co - MC A\$5,94 Bs
- LONDRES AIM: 1056 Co – MC £73Bs
- BRASIL: 358 Co* R\$2.1B or C\$0,7 Bs , £ 0,36 Bs, A\$ 0,76 Bs

WHAT DO COMPANIES NEED ..?

- **Good Property**
- Work done (Program) **Resources**
- *Distribution (+1M shares , 200 inv.)*
- *Sponsorship report*
- Prospectus, CP Report
- DD Legal(Good Title, Permits)
- Financial Stat., *MD&A, Auditor Opinion*
- Governance (Board, Management)
- *Securities Restrictions(escrow)*
- *Time Spent 4 to 5 months*



FFA CASES: 2005 – 2015

20 COMPANIES - OVER U\$200M RAISED - 2K JOBS

* Board Member



U\$100M



U\$4M



U\$6M



U\$24M



U\$15M



U\$10M

U\$18M/55M



U\$50M



U\$3M

SERABI GOLD





RECENT SUCESS CASES:



FINANCE > U\$ 60M 2014/2015(>100M)
MC: A\$ 132.000.000
BLACKROCK, APPIAN, GREENSTONE, GLENCORE



LAST IPO IN BRASIL DEC. 2013
MC: A\$ 43.000.000*
LEFT BRASIL – DUE TO NMR



FINANCE U\$ 4M MAY 2015
IPO 2015/16



WHY WE SUCCEED in:



- High grade copper producer;
- Board, Management based in Brasil and institutional investors are specialists in the sector(Blackrock, Glencore, Appian, and Greenstone);
- Costs expected to be in lower quartile of industry;
- Being debt free reduces costs & exposure to financial risk;
- Well Positioned, 2nd largest tenure in the region behind Vale;
- Continues to seek greater value for shareholders by pursuing new discoveries, provides long view and fidelity to investors;
- Our company focus on a mining friendly and world class Carajás Mineral Province in Brazil, with good infrastructure...;
- Company in 7 y is potentially well positioned to develop and 2 high grade, low cost copper-gold, which will establish us as a profitable long life copper producer;



SECRET TO RAISE U\$4M AND IPO:



- Exciting Development Portfolio with Huge Upside Potential (5 Advanced Various Early Stage Projects);
- Aggressive development and production scale up scheduled for 2016;
- High Grade Good Quality x Large Tonnage;
- Management and Technical Team With a Successful Track Record of Acquiring and Discovering High Quality Resource Sector Assets in Brazil and Globally, based in Brasil;

Mining is all about Taylor-Made Solution



FUNDING CHALLENGES - RULES TO SUCCEED!

COMPANIES:

- Discipline in Exploration and Production;
- Share Compensation x High Cash Remuneration;
- Stable Legal and Account Records;
- High Level of Management and Technical Team(English Speakers and QP);
- Best Practices on Sampling, Contracting and Reporting;
- Good Standard on Licenses and Permits;
- Focus Immediately on Production (Pref. Small Scale Operations asap);
- Prefer Dilution X Debt or Royalty;
- Few Locals and Respectable Persons on the Board;
- Share Escrow and Expensive Options.



FUNDING CHALLENGES - RULES TO SUCEED!

COUNTRY

- Improve DNPM Activities;
- Increase the Offering of Areas;
- Priorize Small Scale Mining (Guia);
- Stable and Worldwide Regulations on Mine;
- Clear Rules, Reasonable Timeline on License and Permits;
- Reduce Bureaucracy and Corruption;
- Provide Incentive on Exploration;
- Reasonable Royalties;
- Reduce Importation Taxes and Burocracy;
- Improve Labor and Tax Legislation;



Thank You!

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