BERWIN LEIGHTON PAISNER

INVESTMENT DEALS AND AMOUNT DEPLOYED ON THE RISE

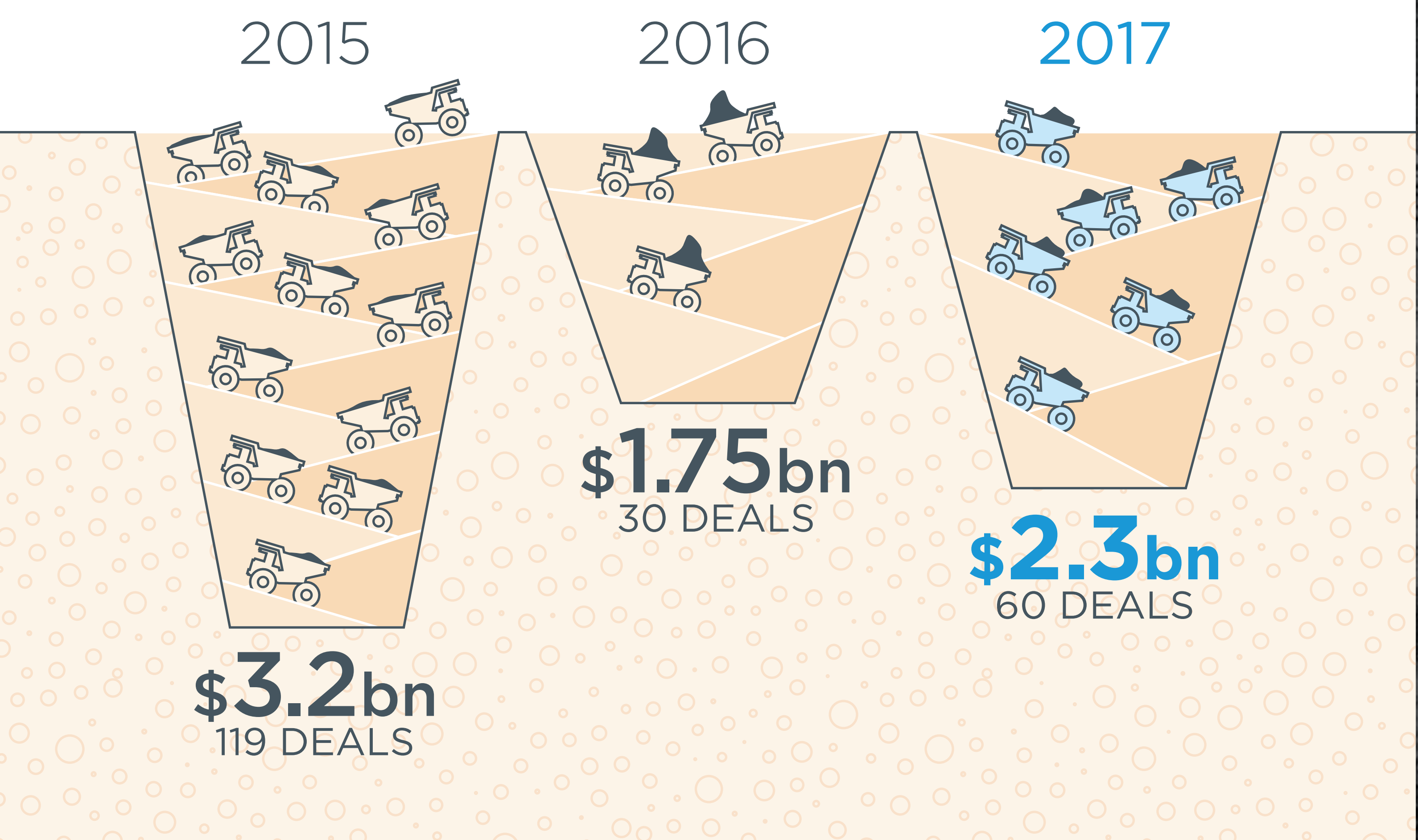
2017 was an encouraging year for investments by mining private equity firms with $2.3bn invested across 60 deals. Both the number of deals and the amount invested were up on 2016 levels but down from 2015 peak activity of $3.2bn across 119 deals. 2015 peak activity was driven by increased stakes, often to protect investment in distress situations.

Over the last four years investments by way of strategic stakes have nearly doubled and this reflects the recovery in the sector generally as well as the second wave of fundraising by the mining private equity funds themselves.

Copper was the most popular commodity in 2017 with 70% of the amount invested, by value, being in copper. Gold, which over the previous three years has been the most popular commodity, slipped to second place. Battery metals were the third most popular.

Africa was the most popular jurisdiction – 45% of funds invested were into Africa, reflecting the popularity of copper.

Investment deals and value comparison



FUNDING STRUCTURES

By value, 5% of the deals were to increase stakes in 2017, similar to the level in 2016.

In 2017 acquisitions represented 55% of the deals by value down slightly from 64% in 2016, although the amount invested was higher in absolute terms.

In 2017, strategic stakes represented 40% of the value invested, up from 30% in 2016.

In the last four years, whilst acquisitions have remained relatively static, there has been a marked switch from increasing stakes, commonly to protect investments in distress situations, to acquiring strategic stakes. This reflects the recovery in the sector generally and also the second wave of fundraising by the mining private equity funds themselves, leading them to seek more new investments.

Increasing stakes and strategic stakes deal review

GEOGRAPHICAL BREAKDOWN

By value, nearly half (45%) of the investments were into Africa. This is more than the total of all of the investments in the previous three years although one large acquisition and another acquisition accounted for a significant portion of this amount.

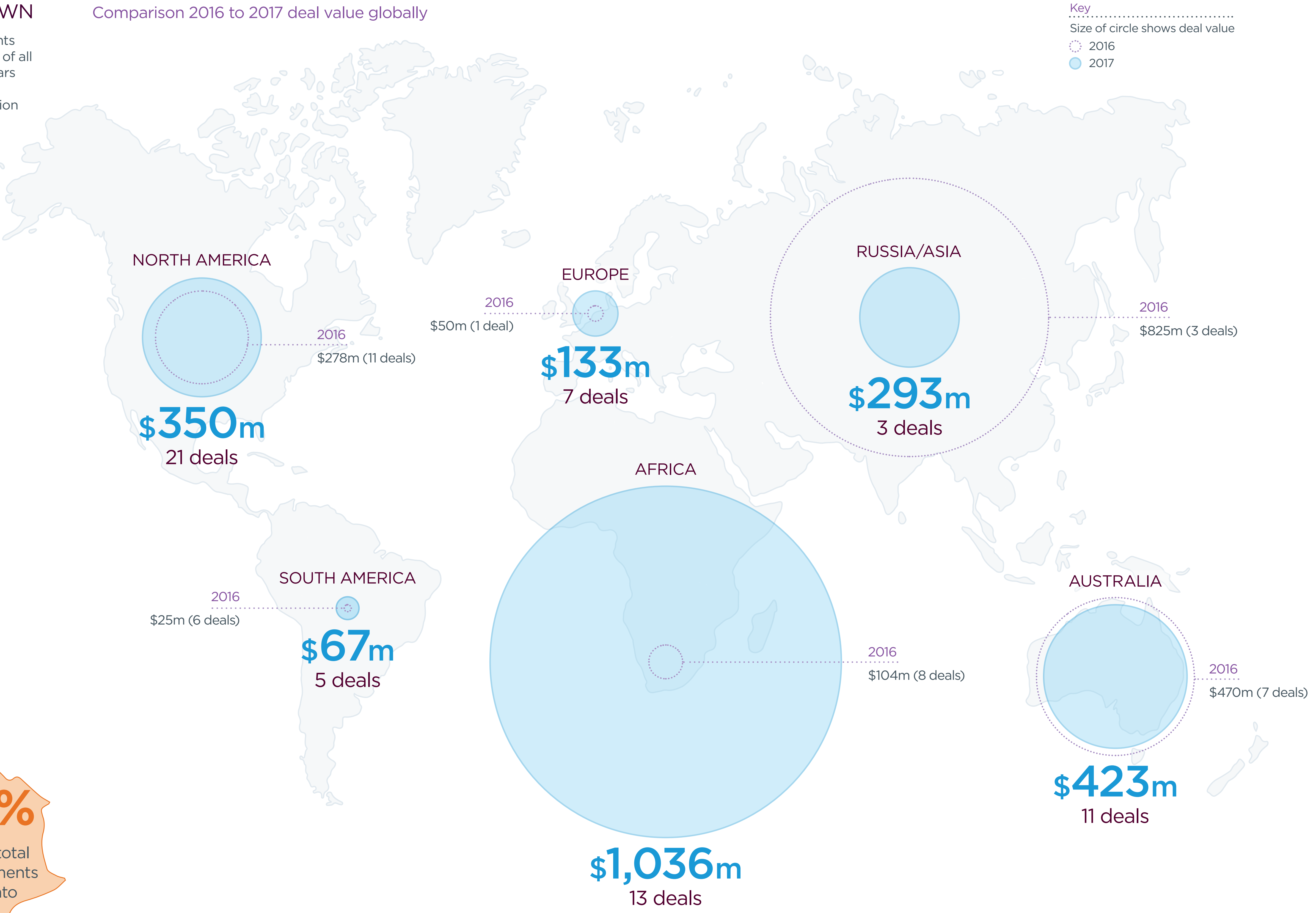
Australia has yet again seen more than $400m invested for the third time in the last four years.

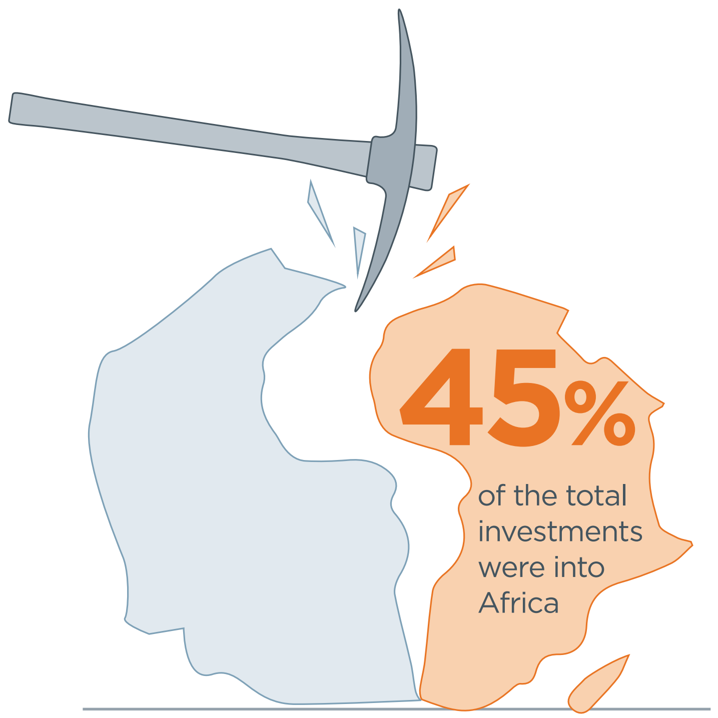
Geographically, South America was the least popular, with less than $100m being invested for the second successive year.

North America has also remained fairly static in 2017 in terms of amount invested.

Large movements year on year between the geographies has tended to be driven by acquisitions.

Comparison 2016 to 2017 deal value globally





COMMODITIES

Gold, coal and potash were the three most favoured commodities in 2016. In 2017, these were replaced by copper, gold and nickel, although there were a number of deals which also included exposure to zinc.

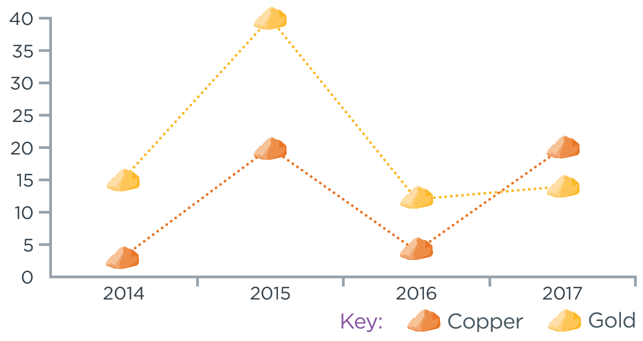
In 2017, copper was the standout commodity by number of deals with 20 deals, followed by gold with 14 deals. Gold saw over $1bn of investments in 2016 although this dropped to approx. $250m in 2017.

Coal, which saw $334m of investments in 2016, saw less than $100m in 2017, seeing it drop out of the favoured commodities, perhaps reflecting political sentiment.

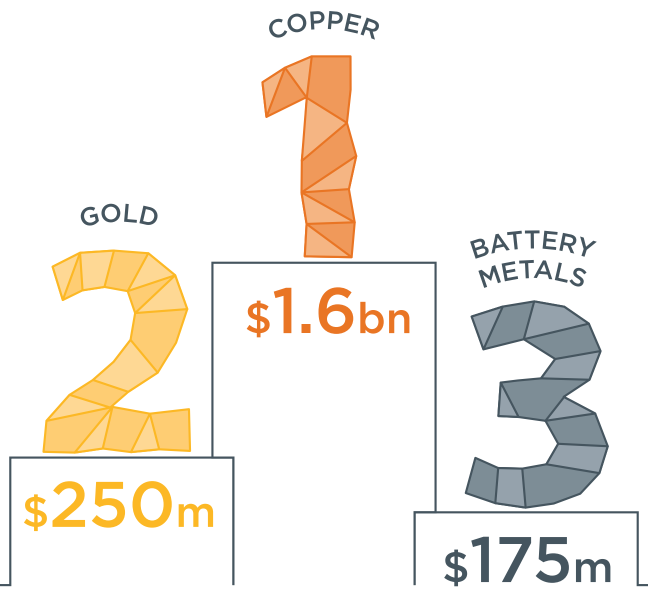
Both of these were more than offset in 2017 by the increase in popularity of deals with exposure to copper. Although this accounted for a third of deals, it also accounted for $1.625bn of the investments, a staggering 70% by value.

Battery metals were the third most popular investment, accounting for 14% of deals and approximately $175m of investment.

Copper leading the way in deals for 2017...

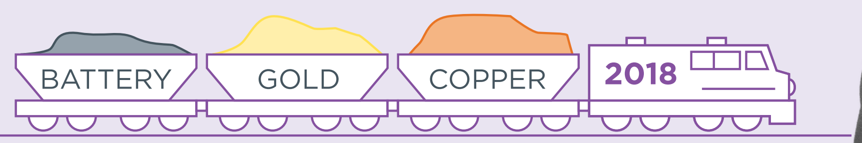


... and in investment value



LOOKING FORWARD

With the continued recovery in the sector, 2018 is expected to see a ongoing deployment of capital by the mining private equity funds. Given the strength of prices and recent fundraisings by mining private equity firms, strategic stakes are expected to continue to be the most popular form of investment. Battery metals, copper and gold are expected to continue to be the most popular commodities.



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When you need a practical legal solution for your next business opportunity or challenge, please get in touch.

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Information completed from publicly available sources of deals greater than $1m.

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