



# Investing in Mining: A Private Equity Perspective

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*Turkey Mining Summit, June 6<sup>th</sup>, 2012*



RESOURCE  
CAPITAL FUNDS

# The Objective.....

From here...



To here.....



# What financing alternatives are available to develop mining projects?



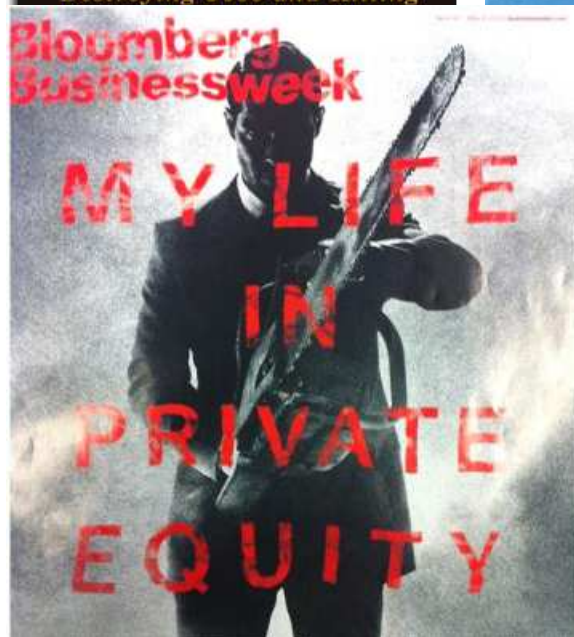
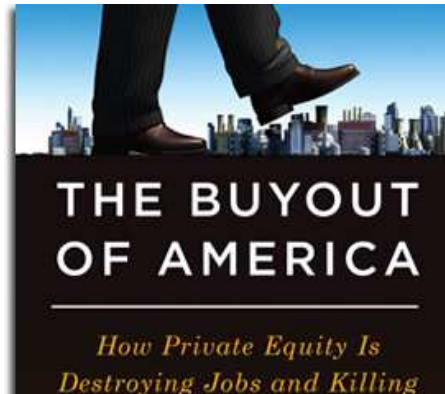
# The Alternatives

Stage of Development	Equity	Joint Venture	Royalty	Convert Debt	Trading Company	High Yield	Bank Debt
Early Stage Exploration							
Late Stage Exploration							
Scoping Study							
Pre-feasibility Study							
Feasibility							
Development							
Production							





# Private Equity – Perceptions

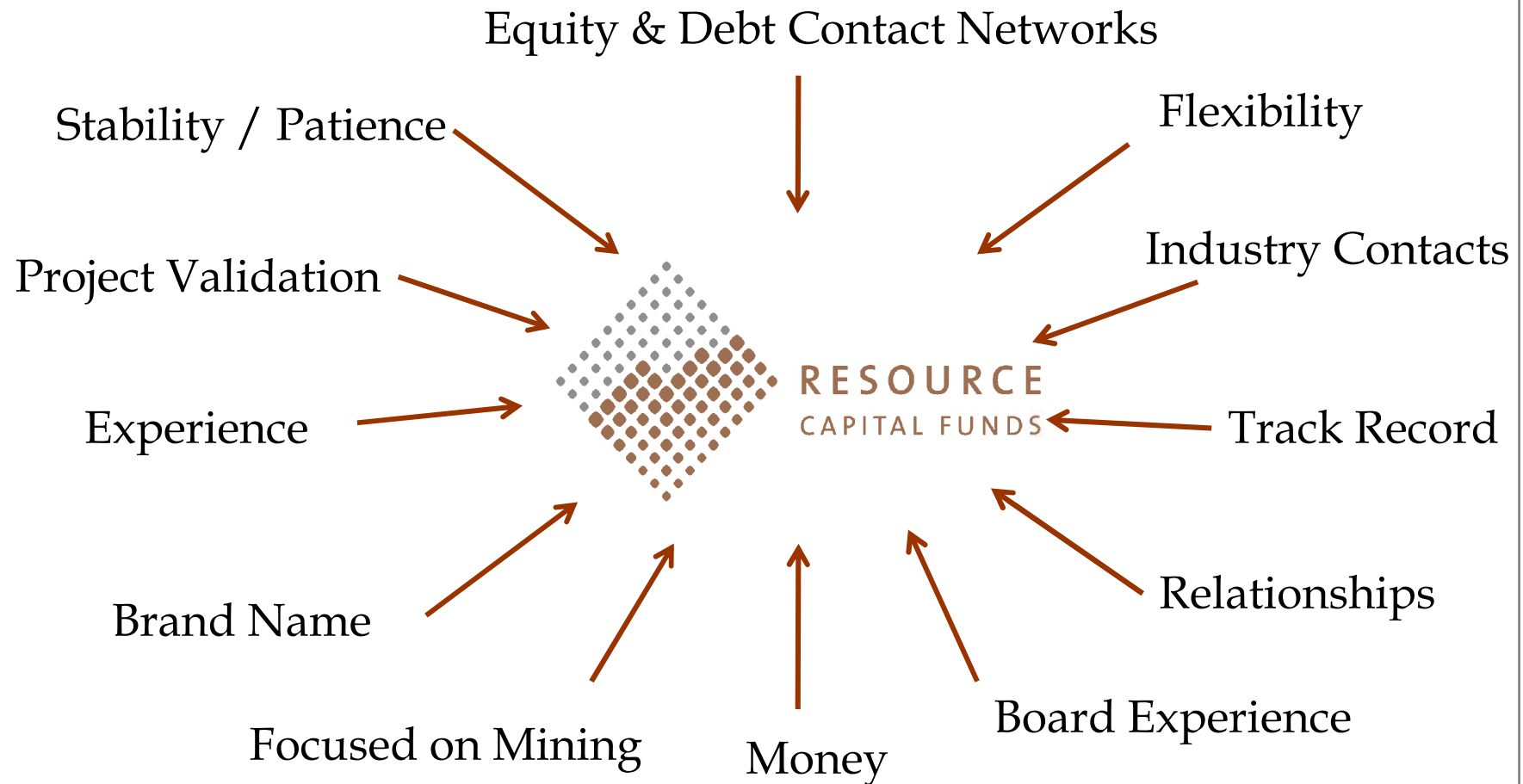


# Private Equity - Reality

- ❖ Utilizes a range of strategies
  - ❖ Equity, Convertible Debt, Bridge and Mezzanine financings
- ❖ Private investments in companies at all stages
  - ❖ Generally negotiated with Management or the Board
  - ❖ Can be in public or private companies
- ❖ Long term investor
- ❖ Generally want some level of involvement
- ❖ In the business of building companies



# What Private Equity can Offer



# Why Is Private Equity Good For Mining?

- ❖ **Stability:** Long term investor (+5 years). Funds available in good and bad times. Potential ongoing support
- ❖ **Creative investment structures:** Equity, convertible debentures, project interests, bridge loans, leveraged buyouts, etc.
- ❖ **Industry Experience:** Input into strategy and execution
- ❖ **Focus:** Relatively small number of investments



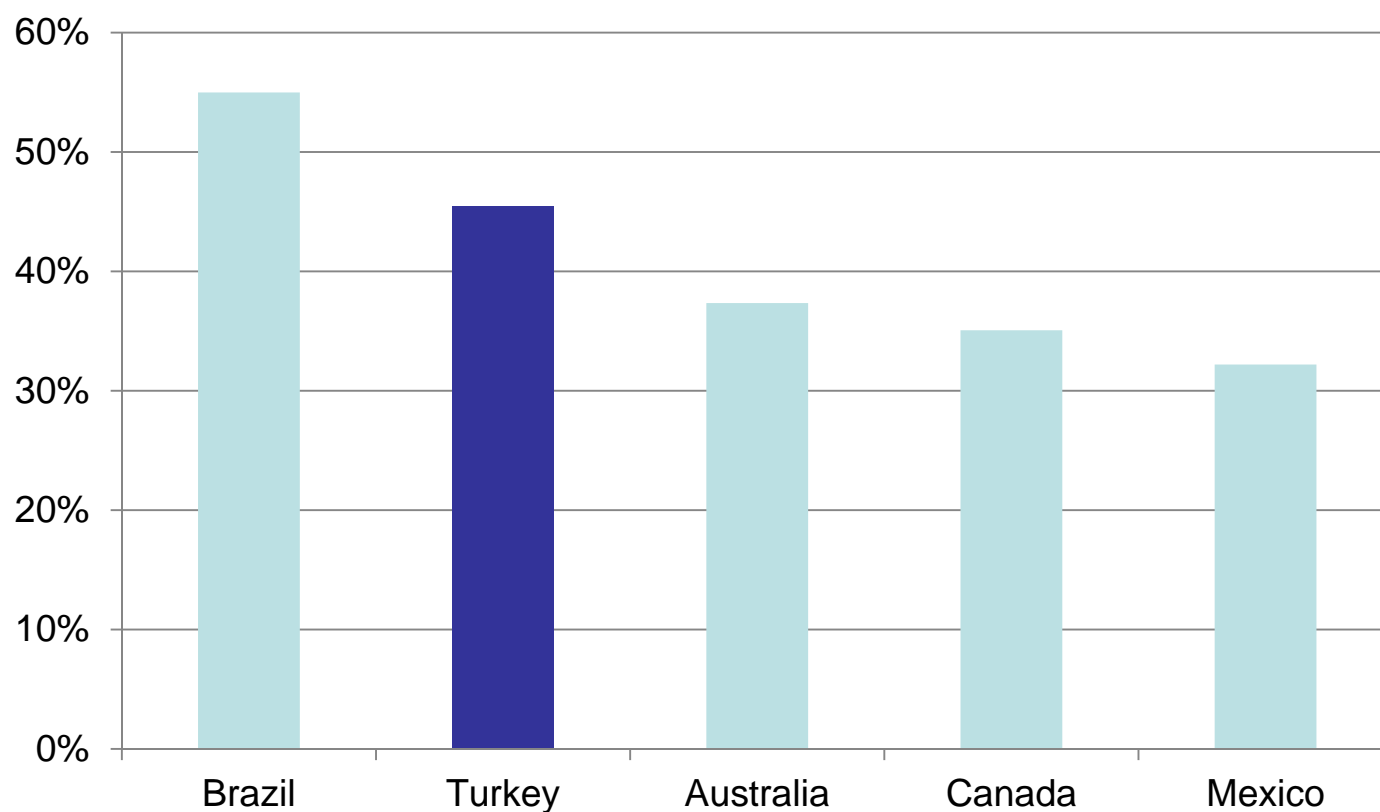


# Why Is Private Equity Good For Mining in Turkey?

- ❖ **Public Markets not readily available:** Are they appropriately valuing the perceived risks of Turkey?
- ❖ **Local banking sector not yet familiar with mining**
- ❖ **International Industry Experience**
- ❖ **Patience Required**
- ❖ **Projects tend to be earlier stage:** Need stability in funding until production



# Turkey's high proportion of unlisted mining companies



Source: Metals Economics Group, June 2012.

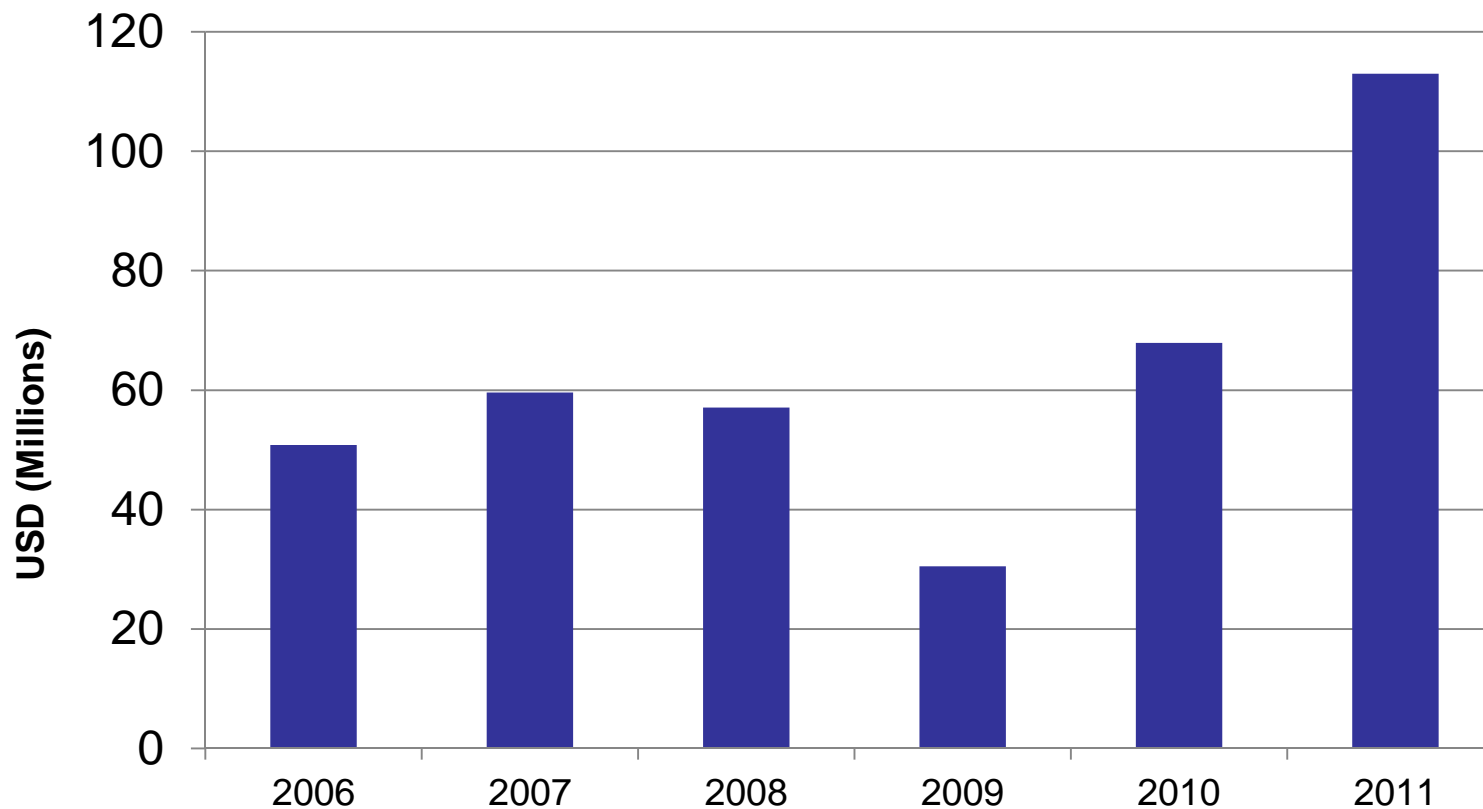


# What Turkey Offers Mining Investors

- ❖ Politically stable and modern mining code
  - ❖ Some concern about permitting
- ❖ Educated workforce
- ❖ Population near, but not on top of, projects
- ❖ Coastline and ports proximal to projects
- ❖ Abundant deposits and exploration potential



# Exploration Spending in Turkey



Source: Metals Economics Group, June 2012. Comprises metalliferous exploration with budgets greater than \$100,000.



# What does Private Equity look for? Essential

- ❖ Appropriate **valuation**
- ❖ Good quality **resource** identified
- ❖ Favorable indications on **metallurgy, product quality and marketing**
- ❖ Favorable **jurisdictions** for security of title, permitting, and ability to conduct business





# What does Private Equity look for? Beneficial

- ❖ **Quality management**
- ❖ **More advanced engineering / market studies**
- ❖ **Sound vehicle** (public listing good, but not essential)
- ❖ **Strong upside potential** (resource, metallurgy, commodity price, etc.)

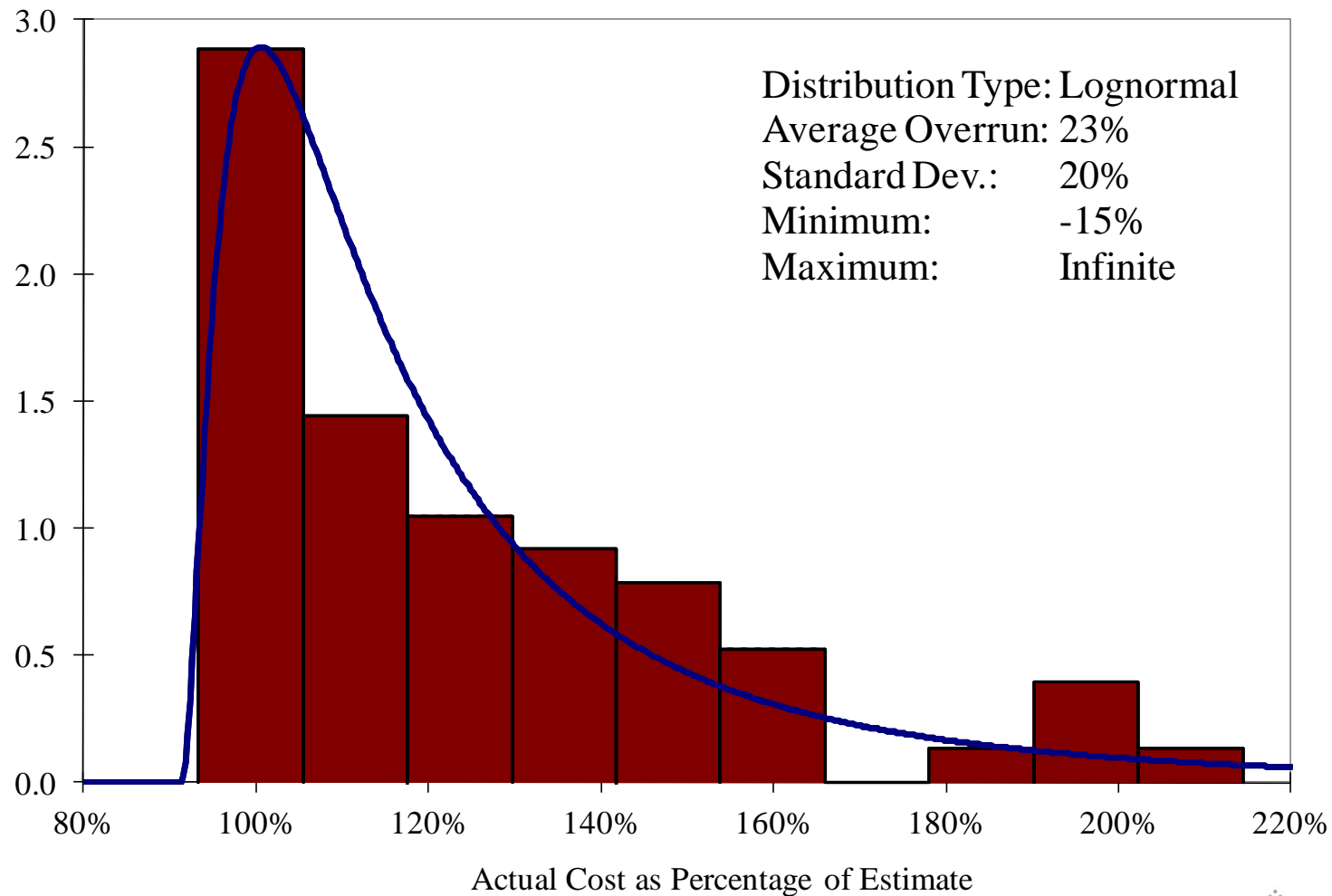


# Private Equity Due Diligence

- ❖ Technical evaluation of project
- ❖ Legal and country/jurisdictional review
- ❖ Management team
  - Honest and competent?
  - Effectively develop the asset?
- ❖ Economic evaluation
  - Discounted Cash Flow analysis (NPV/share)
  - Per share appreciation potential
  - Market and transaction multiples



# Due Diligence - Capital Costs



Source: RCF, 2012.

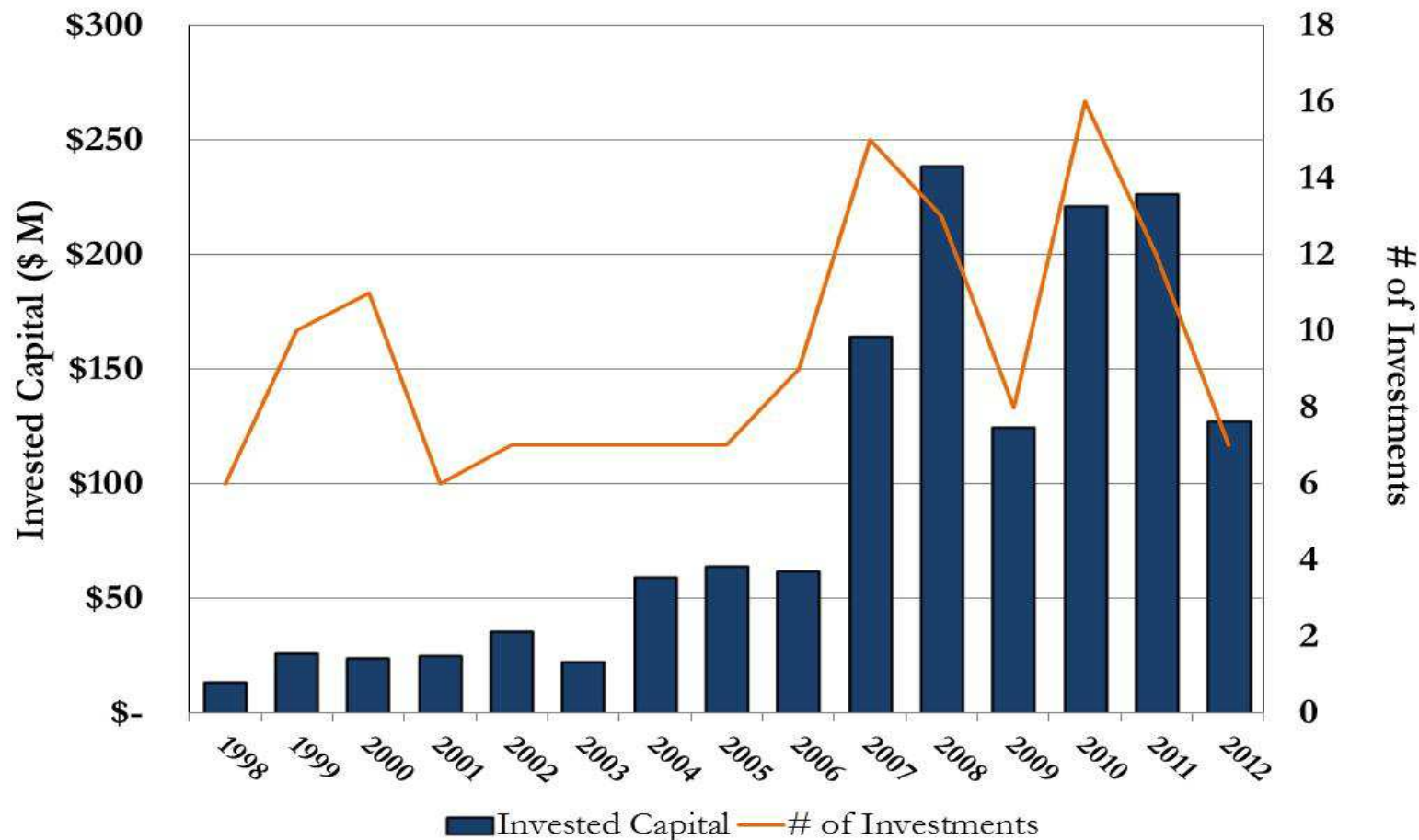


# Who/What Is Resource Capital Funds?

- ❖ 100% mining focused
- ❖ Managed by Industry Professionals
- ❖ Global Reach: Offices in Denver, Perth and Toronto
- ❖ Strong 14-year track record working with mining companies
- ❖ US\$1.9 billion under management
- ❖ Long-only – no short positions
- ❖ Long-term view (+5 years)
- ❖ Invest throughout commodity and growth cycles



# RCF Invests Throughout Market Cycles

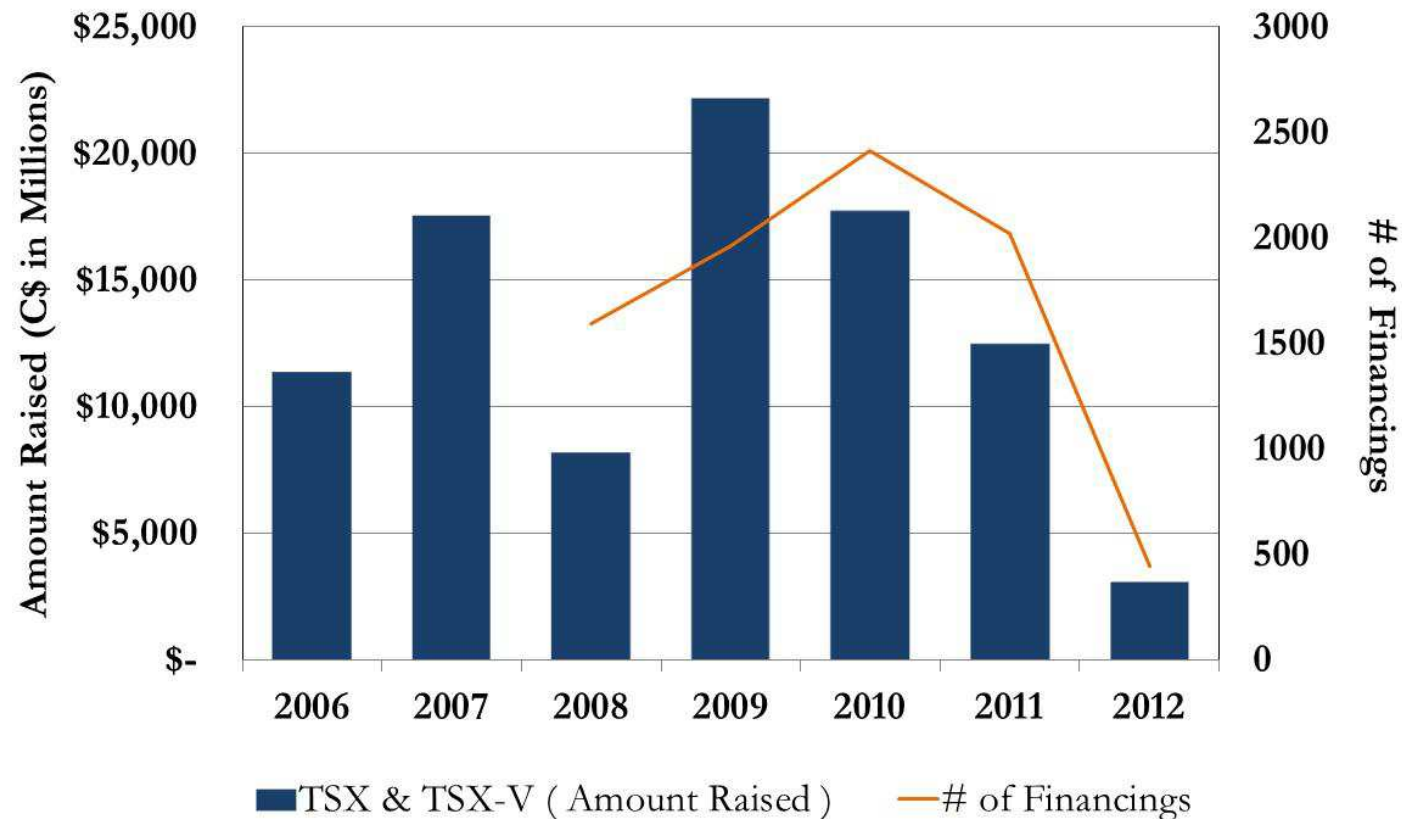


Source: RCF, 31 March, 2012.





# Mining Equity Financings (TSX and TSX-V)



Source: TMX, 2012. Number of financings not available for 2006 and 2007.



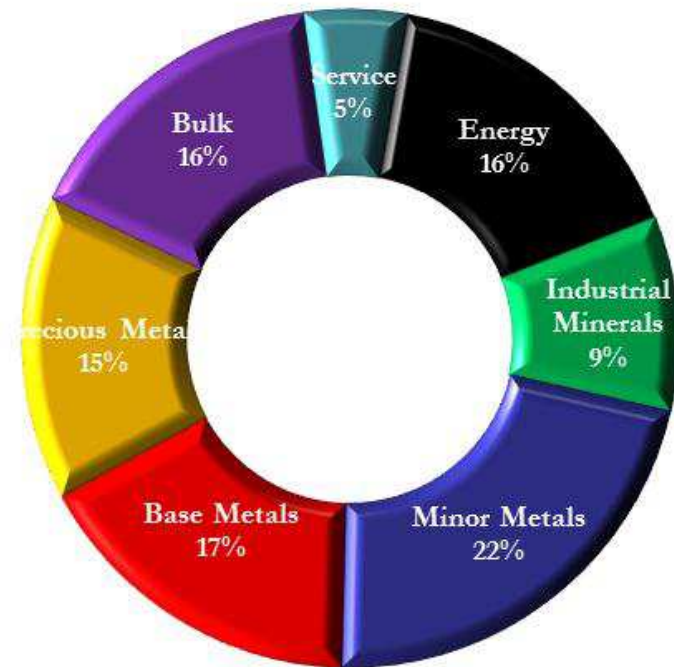
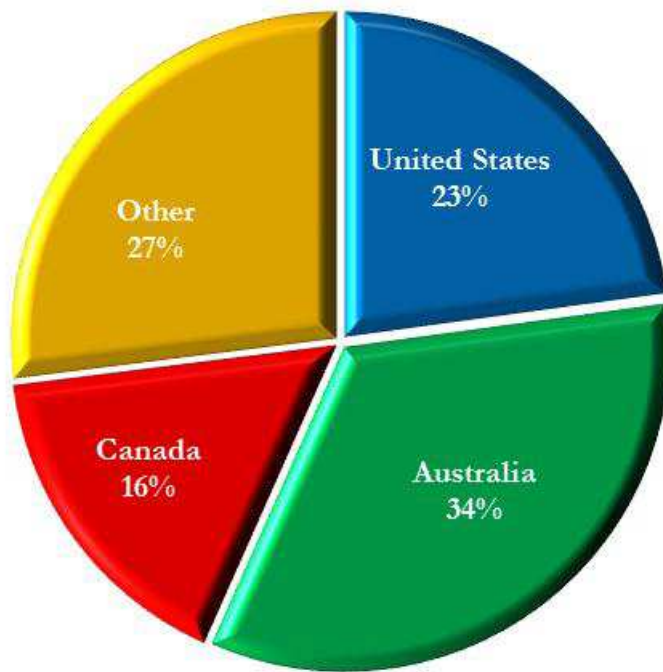
## RCF – Specialist, But Diversified

- ❖ Investments in **111 different companies**
- ❖ Experience investing in **38 countries**
- ❖ Investments in more than **27 mineral commodities** plus several mining services
- ❖ **45 mining company boards**
- ❖ Investments listed on **8 stock exchanges**
- ❖ Different **uses of proceeds**
- ❖ Number of different **financing structures**

As of 31 March, 2012



# Geographic and Commodity Diversification



Represents location of assets, primary commodity and amount invested in USD



# Conclusions

- ❖ Financing is available for good mining projects
  - Many financing alternatives available for many different needs
  - Make sure your financier knows about mining
- ❖ Private Equity is a great alternative to consider
- ❖ I would be happy to answer any questions

*Dikkatiniz için teşekkürler*



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