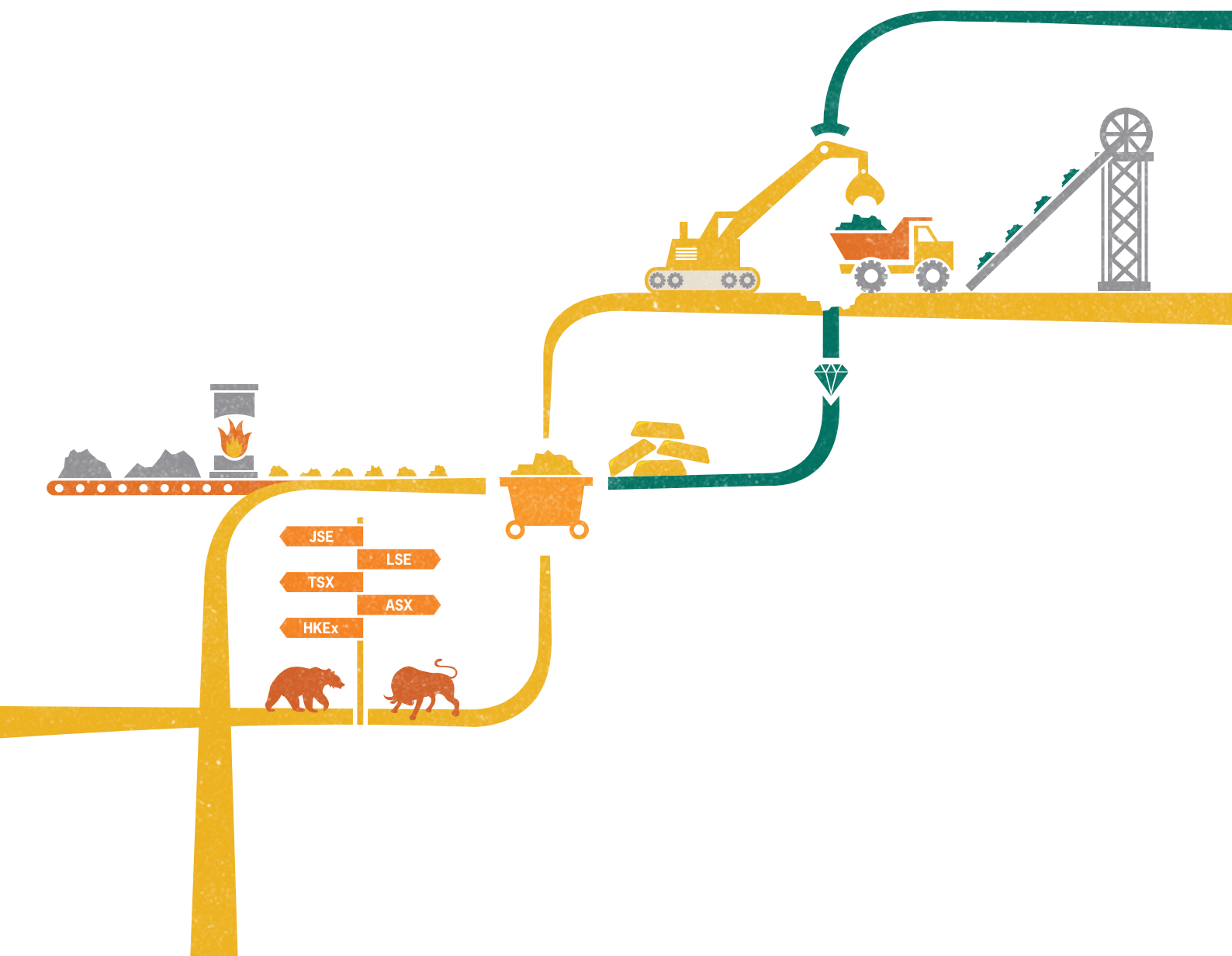


Our global capabilities:
Mining



Mining: the changing landscape

China, which consumes more than 40% of the world's industrial metals, has seen economic growth slow and the mining cycle enter a new phase. This new phase is characterised by cost cutting and the preservation of capital. In the ever-changing mining environment, junior miners are working harder than ever to get projects off the ground. Rising operational costs, a fall in commodity prices and a skills shortage combined with rising regulatory, land rights and environmental concerns compound their difficulties. At the same time, the majors are feeling the squeeze and are exploring options to sell non-core assets, presenting growth opportunities for juniors with liquidity.

At Grant Thornton, we work with miners all over the world to explore financing options and cost management, supporting them in identifying and maximising growth opportunities.

Global industry trends

Changing financing options

The traditional routes to finance for miners are being squeezed by risk averse credit markets and the increased market scrutiny of major exploration and production activity. Business leaders need to be increasingly creative and open-minded when it comes to sourcing funding, and need to consider venture capital and other alternative financiers (such as streaming and royalty companies and/or

private equity). Other options include the sale of non-core assets and capital market transactions.

Exploring various financing options will present the optimal solution for your business, and we can provide support in negotiations with creditors, investors or with public listings, as well as creative deal-making such as spin-offs or reorganisations.

Managing rising costs

Exploration and production are being pushed into increasingly remote regions as miners work in previously untapped areas. This trend increases both risk and costs in areas such as transport, labour and machinery and, combined with rising fuel prices and a heavier regulatory burden, means miners are facing shrinking margins. Improving productivity and exploring outsourcing opportunities to run non-core activities as efficiently as possible will allow you to improve your profitability.

Filling labour gaps

A lack of skilled workers caused by reduced earth sciences students in the 1990s is now being felt in the sector and this dearth of experienced people is compounded by the difficulties that operating in remote locations present.

Identifying and negotiating with merger or acquisition targets and managing your talent pipeline can help you plug skills gaps in your organisation. And as you enter less familiar jurisdictions, we ensure you get the right advice to manage your expatriate workforce.

Shifting regulatory sands

As the boundaries of exploration expand, miners are having to manage a much wider range of government policy, legislation and relationships to create a local legitimacy to operate. Many jurisdictions have increased their focus on bribery and corruption, with higher sanctions for those found to be in breach. Additionally, securing land title and obtaining required tenure rights are a growing issue as environmental and local communities increase their say on development activities. Tax and royalty regimes are also changing, with many governments looking to extract larger rents from miners to reduce deficits and pay for the environmental and social costs associated with the industry.

Well designed governance is key to managing this evolving regulatory burden. Implementing processes and controls whilst understanding prevailing legislation and tax across different jurisdictions will ensure you are minimising risk and maximising opportunity, however far you search for opportunities.

“Junior miners can find financing, but must rigorously improve the effectiveness of their exploration activities, management expertise and how they present their opportunities to investors.”

Linda Beal
Global leader –
Energy & Natural Resources

“Companies that have taken the time to build relationships with local communities have been able to conclude successful land agreements.”

Jacques Barradas
Grant Thornton
South Africa



Our solutions

Grant Thornton is a truly global organisation. We have member firms in over 130 countries, with mining experts in key economies such as Australia, Canada and South Africa, as well as in emerging mining hotspots. Our flexible, partner-led teams understand your need to move quickly but securely and will use their industry insights and business instinct to take the time getting to know the granular aspects of your business. This results in a more tailored approach to delivering value so that you are able to realise your growth ambitions.

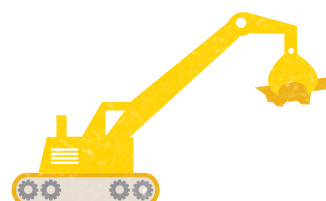
Issue	Grant Thornton solution	Benefit to you
Accessing finance	Structure deals to access finance Negotiate with creditors to manage debt Explore capital market transactions and creative deal making	Finance business growth
Rising costs	Improve productivity Outsource non-core services	Improve profitability
Skill shortages	Access new skills through M&A activity Build a more mobile workforce	Increase capacity to fuel growth
Shifting regulatory sands	Understand legislation and tax changes across jurisdictions Provide insights into local rules, laws and business customs Design and implement processes to manage the risks of bribery and corruption	Maximise the business growth environment

In addition we provide a full range of assurance, tax and advisory services to mining clients.

Clients we serve

Grant Thornton serves a diverse range of mining clients across all industries and ownership structures, from the world's largest multinational companies to medium and small-sized growth-oriented businesses. Unlike our larger competitors, who work almost exclusively with large companies and our smaller competitors, who rarely work with big organisations, the breadth of our client base has allowed us to gain valuable insight into the complexity of how different businesses operate and the variety of issues and risks they face.

The growth orientated mining companies we work with have many and varied stakeholders from their shareholders and employees to the governments and local communities where they operate. We understand the rigour, independence and expertise working with such companies and their diverse stakeholders requires.



Selected global mining clients

Avocet
Barrick Gold
BHP Billiton
Cliffs Natural Resources
Glencore Xstrata
Gujarat NRE Coking Coal
Master Drilling
Medusa Mining
New Millennium Iron
Nyrstar NV
Patagonia
Ramelius Resources
Richmond Mines
Rio Alto Mining
Rio Tinto



A global team

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice.

Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 38,500 Grant Thornton people across over 130 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

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Linda is the global leader for the energy and natural resources industry and a tax partner at Grant Thornton UK. Linda has over 25 years' experience advising multinational, mid cap and private energy clients on tax efficient group and finance structure planning, transactions and fund raising. She has also worked with a number of groups with assets in Africa. Drawing on her significant experience advising international natural resources groups, Linda works with Boards to ensure that tax planning is appropriate for the stage of the company's evolution, fits in with the group's commercial objectives and provides flexibility for future developments.

Canada



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Robert leads Grant Thornton Canada's mining practice. He specialises in providing assurance services to companies that are publicly listed in both Canada and the US with a focus on companies involved in mining and mineral exploration. Robert has experience working on multi-national assignments, especially with mining companies operating in Latin America. He has led integrated audit assignments as well as ICFR/certification advisory engagements.

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Chris is the UK's head of mining. Chris is an audit partner specialising in junior miners especially those listed on AiM. His portfolio includes companies from early exploration all the way through to production. He also acts for full list companies in the UK as well as those with dual listing on the JSE and the TSX.

Australia



Simon Gray

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Simon is the head of Grant Thornton's national energy & mining resources sector as well as the service line leader for audit and assurance services in Adelaide. With 25 years' experience Simon offers an insightful, hands-on and pragmatic approach. He is a valued partner with significant experience in the mining sector and in assisting clients achieve their growth ambitions.

South Africa



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Jacques is an audit partner and national mining leader at Grant Thornton South Africa. He is passionate about mining and related industries, believing them to be the backbone of the economy. Jacques specialises in supporting clients across the mining, mining support, engineering and manufacturing sectors. He is also a JSE registered auditor and a member of the South African Institute of Chartered Accountants (SAICA) and the Independent Regulatory Board for Auditors (IRBA).

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Eddie leads Grant Thornton UK's business risk services. He is one of the firm's leading risk management, internal audit and Sarbanes-Oxley practitioners and has assisted numerous high profile, blue-chip clients in the development and implementation of their own risk management and internal audit strategies. His mining clients include Rio Tinto, Kazakhmys and Nyrstar NV. He specialises in providing risk management, process assessment, internal audit and IT advisory services to large international corporates.

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