
MONGOLIA

OPPORTUNITY IN A NEW MINING CYCLE

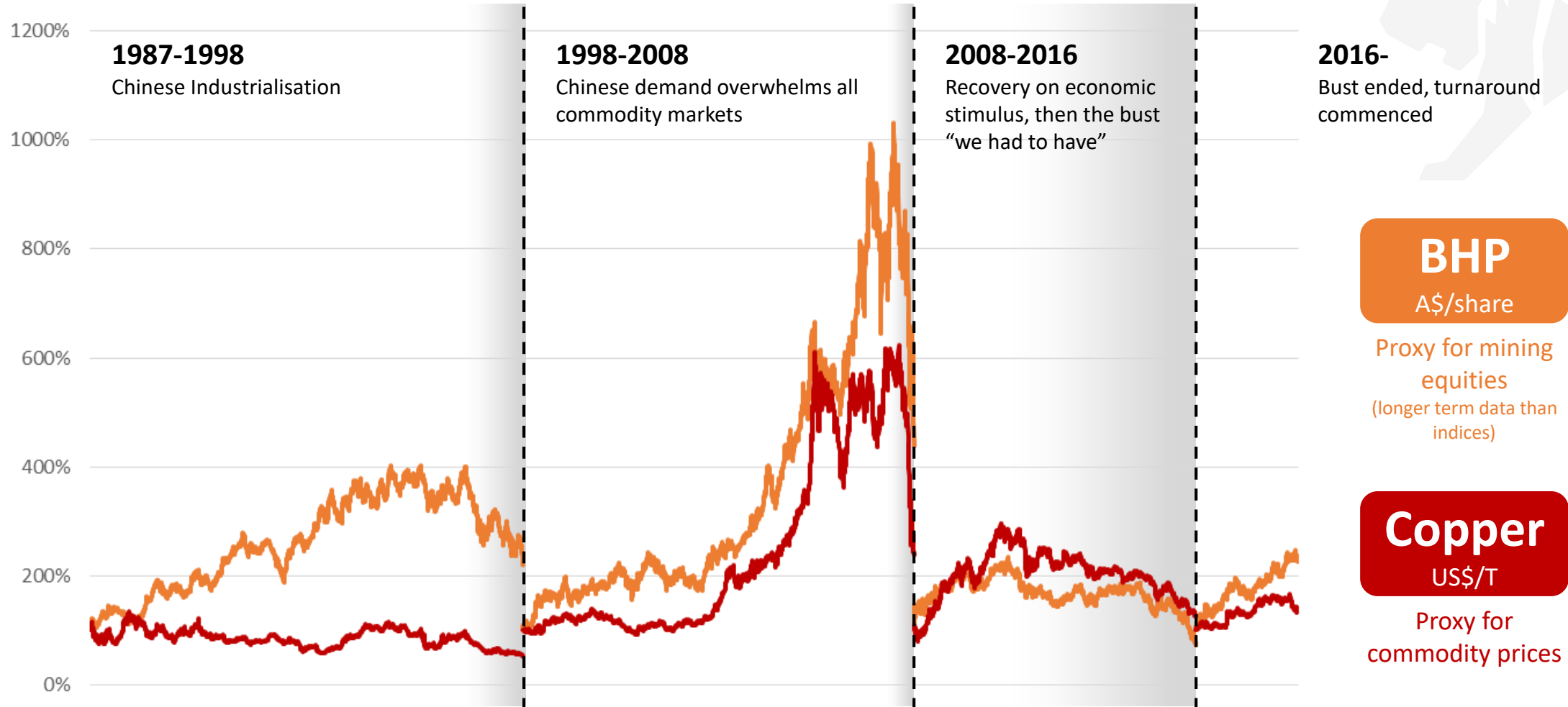
Discover Mongolia

6 September 2018

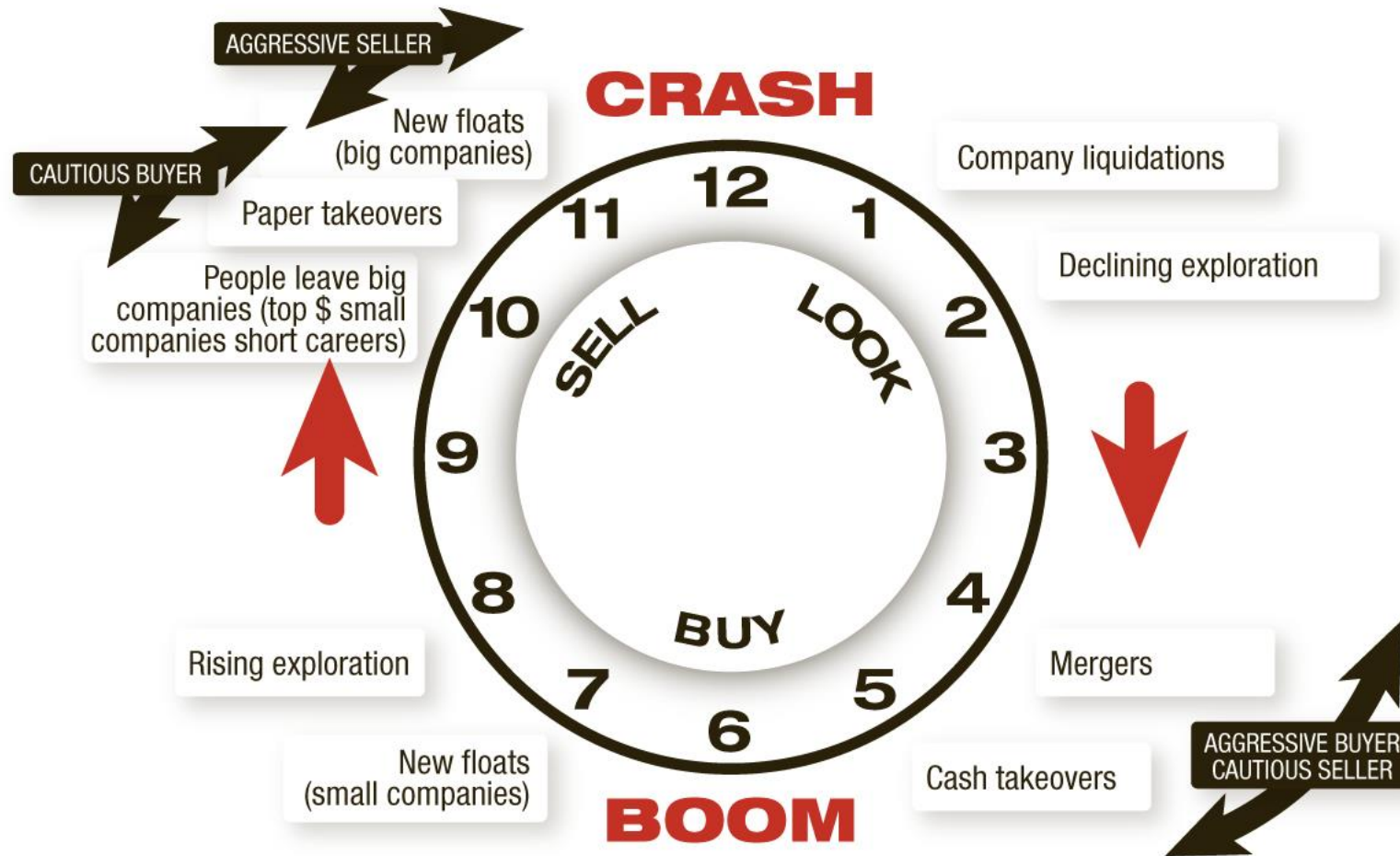
Hedley Widdup

 [@HedleyWiddup](https://twitter.com/HedleyWiddup)

Mining Cycles

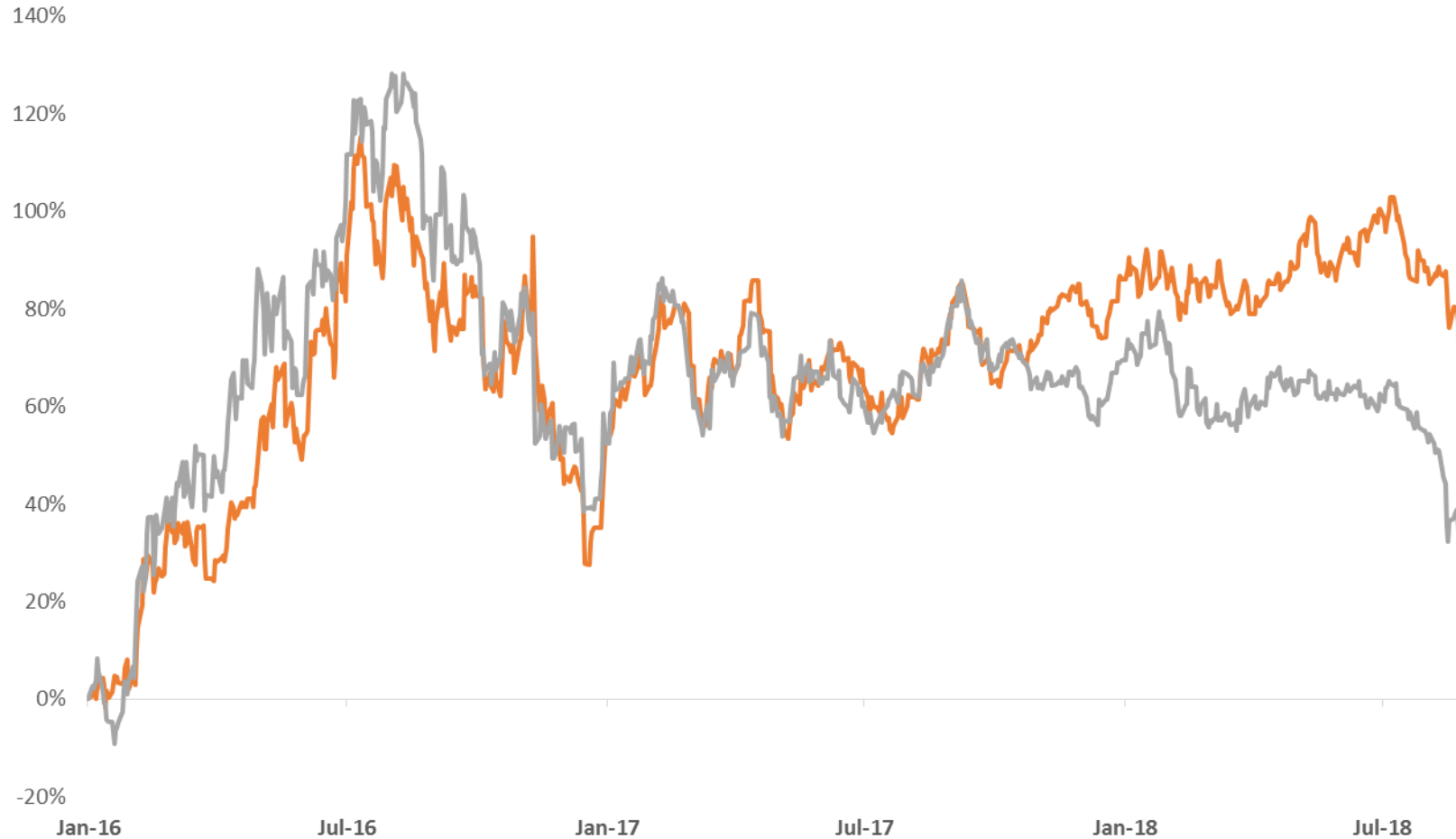
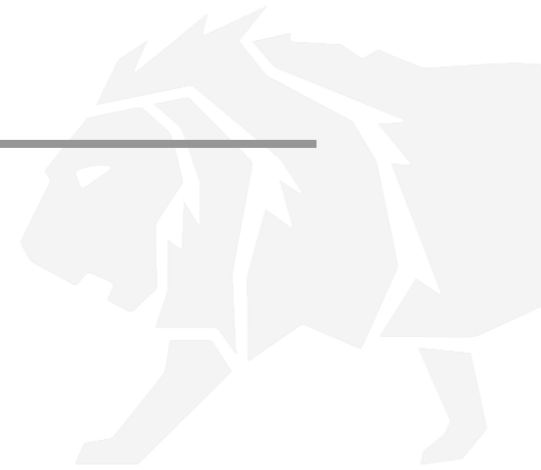


Lion Clock



- All historic cycles have exhibited similar characteristic evolutions
- Driven by liquidity and sentiment
- Equity prices react, but a poor indicator

Gold Mining Equities: A tale of two markets



2016 – Present

ASX Gold Index
Vs
Van Eck Gold Miners

ASX
A\$/share

- Australian mines into “local” ownership
- Collective cost discipline
- Recent Reserve additions – extended life

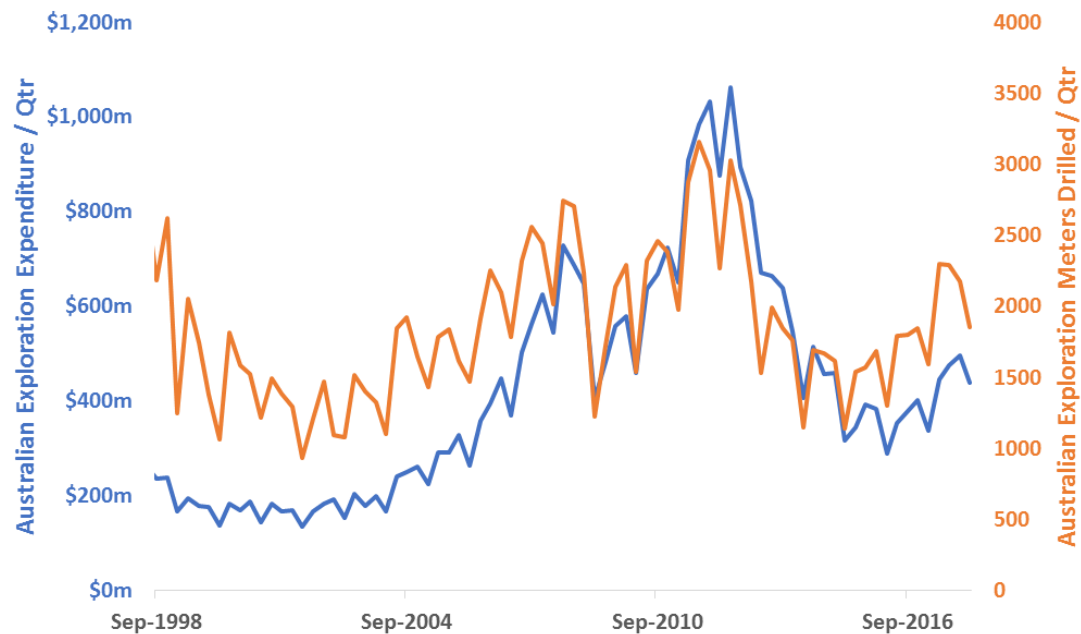
GDX
US\$/share

- Rest of the World
- Still struggling with cost / capex discipline

Liquidity

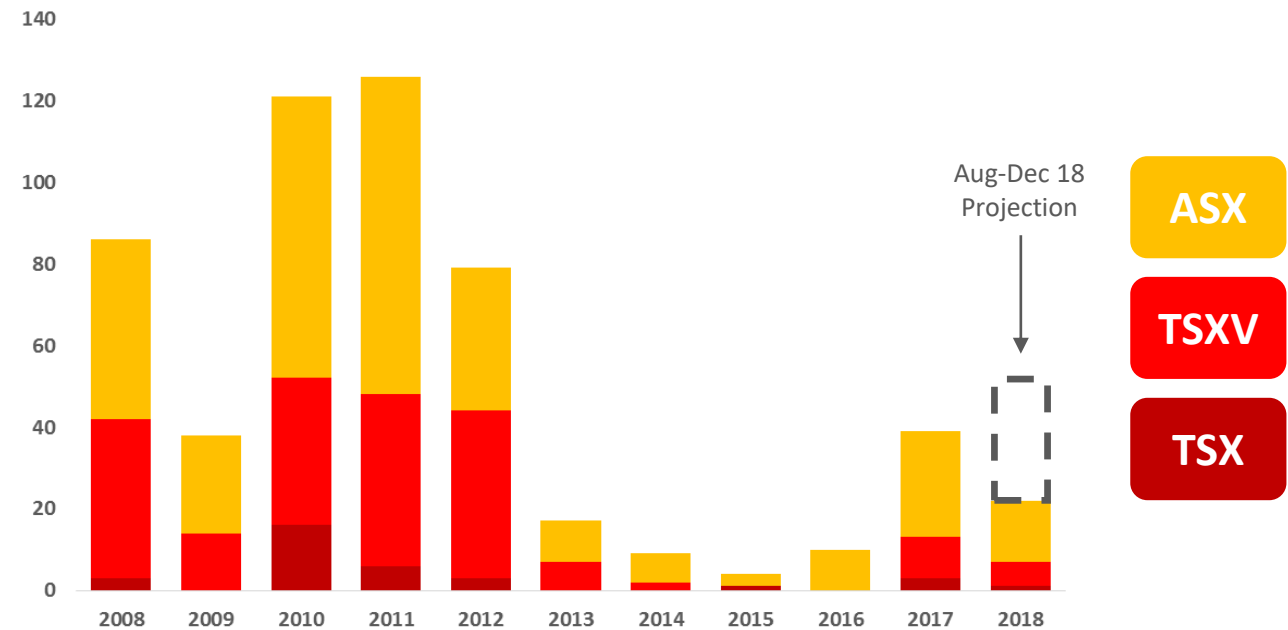
Exploration:

- Activity and expenditure trending up (reflects re-capitalisation of the industry)



IPO's:

- Increased number of deals YoY 2015 – present
- Investors prepared to take a risk on an unknown company (over new or old equity)



Themes attracting investors ?

Large Capitalisation Miners

(finally) appearing financially responsible

1. Investors began buying miners again

Australian Gold Producers

Cluster of operational turnarounds and asset improvements

2. Drove local (ASX) sentiment

Battery Commodities

Increased commodity demand from new tech;
Unknown economics

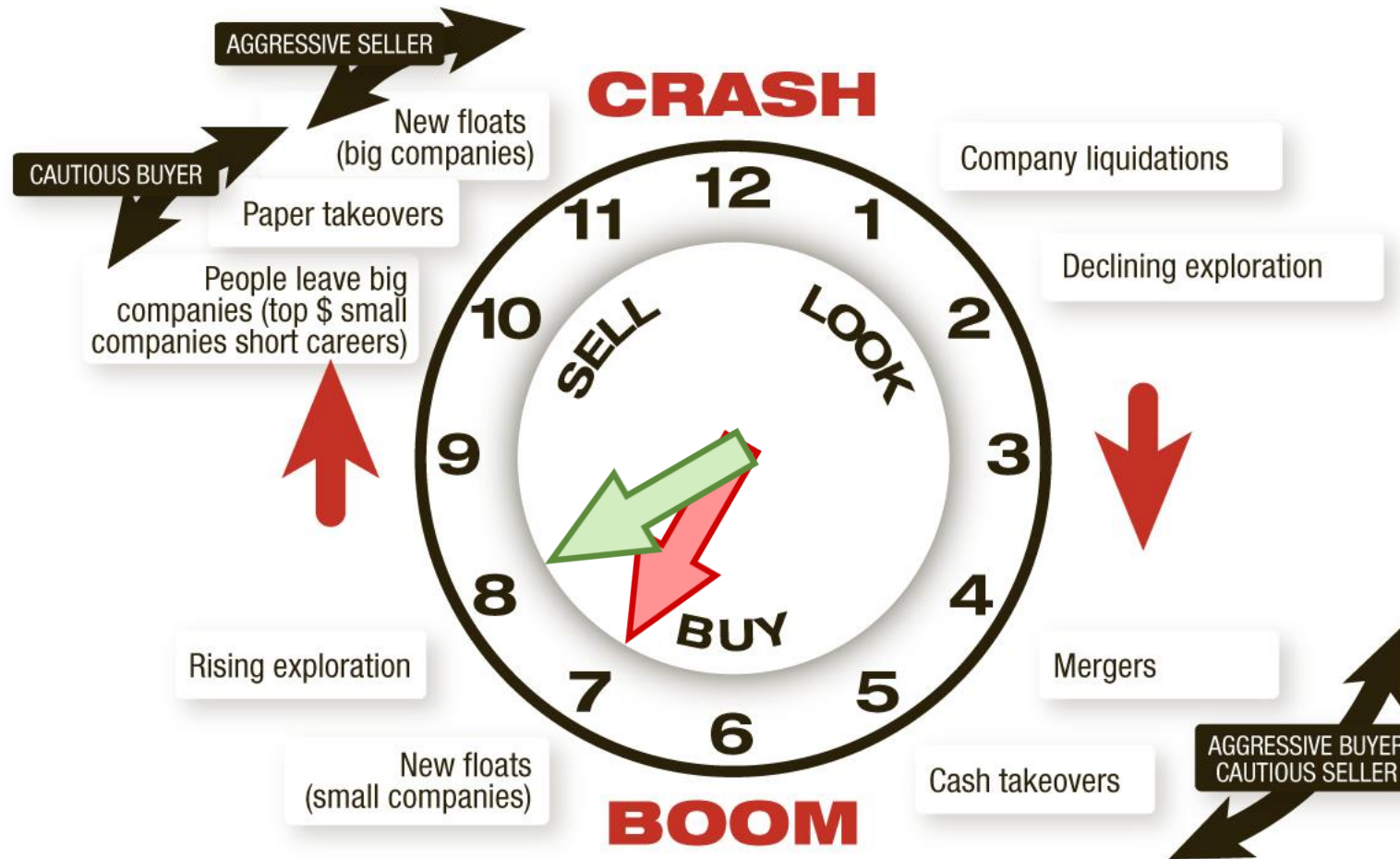
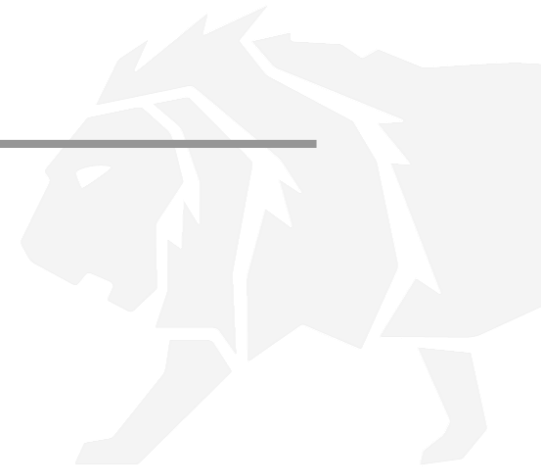
3. Ignited risk taking appetite, which fed into exploration funding

Conglomerate Hosted Gold

Large target concept;
difficult to prove

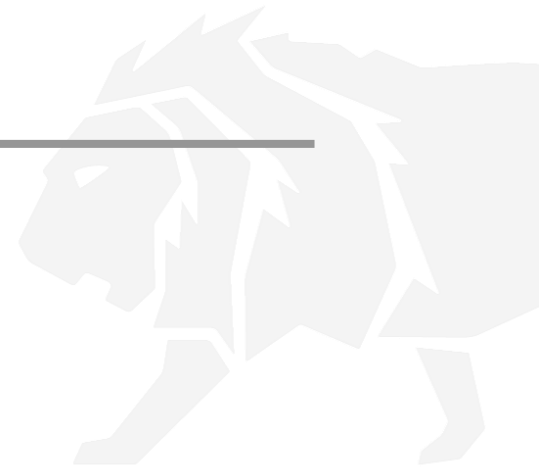
Risk appetite is re-emerging. Favours “big” concepts, not risky jurisdictions

Lion Clock



- ASX, strongly led by domestic gold producers
- Rest of the World

Mongolia – Opportunity in a new cycle ?



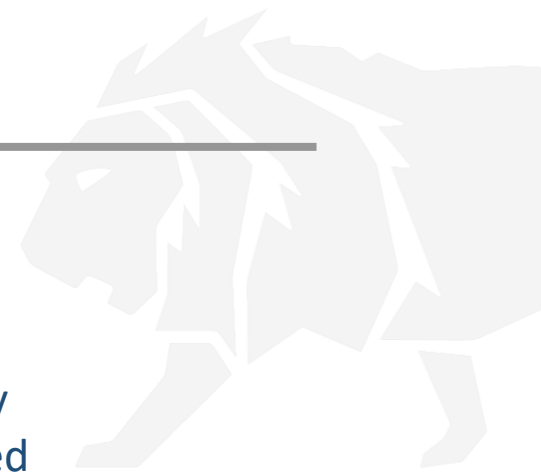
Mongolia Geology

- Geologically prospective
- Oyu Tolgoi: well understood globally, underscores prospectivity
- All listed explorers have bona-fide projects / targets

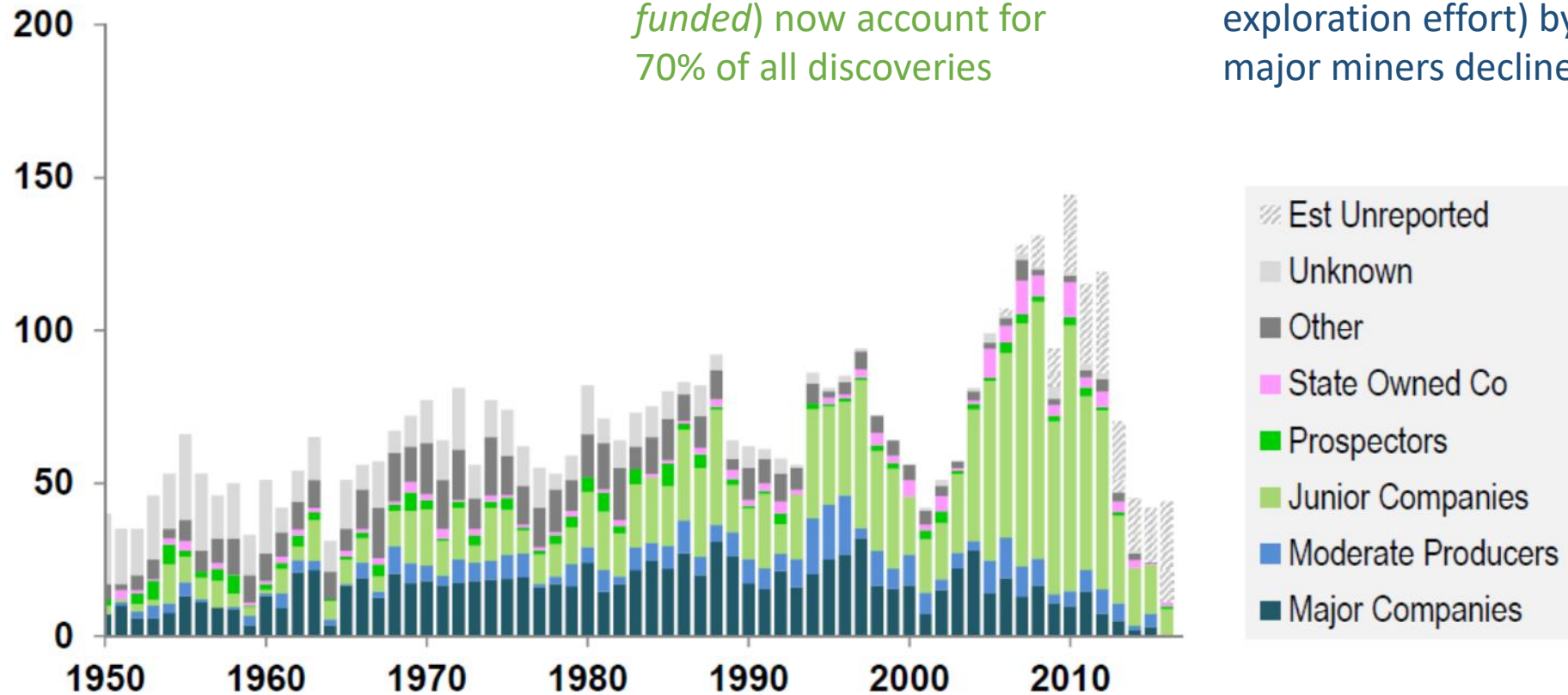
Mining Industry

- Driven by investors, broadly cost focussed now
- Very soon will shift focus to growth (GREED)
- This means potential M&A
- More importantly – Exploration

Exploration – who funds discoveries ?



Number of Discoveries



Key concerns behind exploration funders

30%

Major Miners

(funded by cash flow)

- Exploration ground availability and accessibility
- Clear and stable distribution of benefits between owners and state (profit / national ownership / tax / royalties) versus burden of capital expenditure
- Transparency on cost / terms of local ownership
- Stable mining laws
- Security of assets and personnel
- Supported by global banks

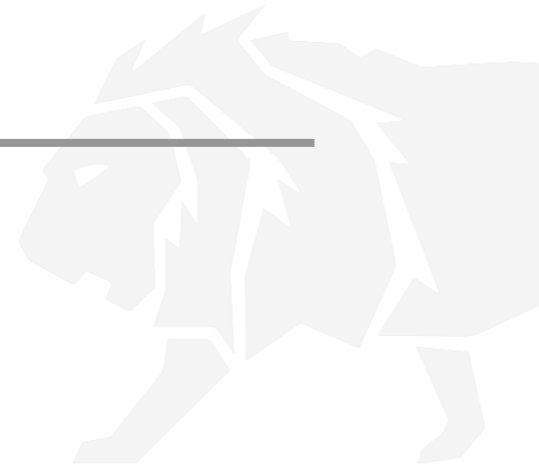
70%

Junior Companies

(funded by the stock market)

- Obvious prize, ability to progress
- Success stories

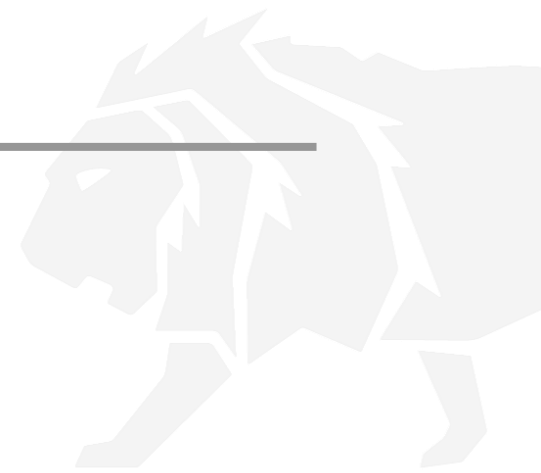
A tale of three countries



1. Burkina Faso

Recent (10 years) emergence as a Mining Jurisdiction
10+ operating gold mines, most new

A tale of three countries



2. Australia

Long history of mining



3. Tanzania

Recent (2017) proposed changes to mining law and taxation

Conclusion – Perception is Reality



-
- Listed Mining Investment Fund
 - Target: Micro cap miners / Project developers
 - Long term track record: ***7.2%pa over 21 years***

ASX : LSX

LION SELECTION GROUP

Listed Mining Investment Company • Managed Portfolio exposure to Highest Growth Miners • Celebrating 20 Years of Performance

