
Ringling the Bell

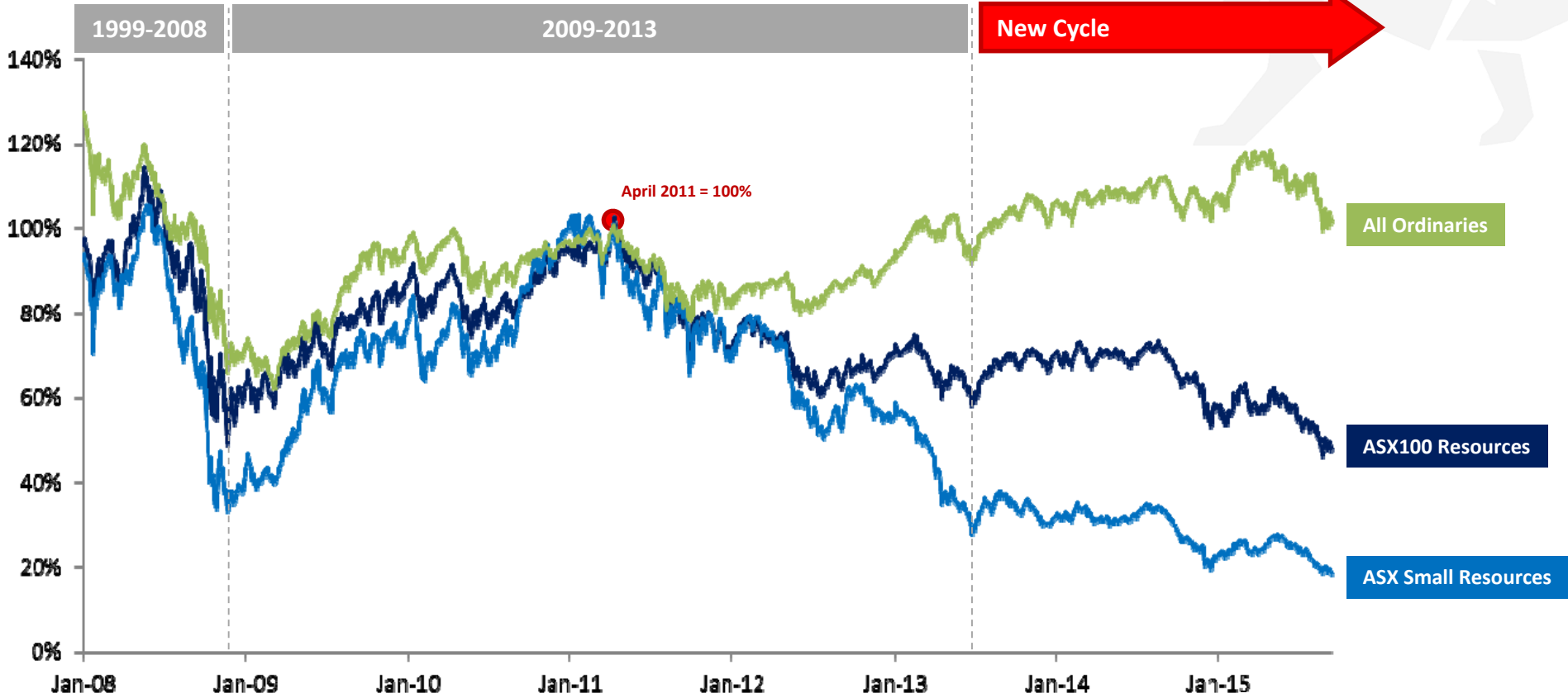
Hedley Widdup

Lion Selection Group ASX : LSX

[@HedleyWiddup](#)

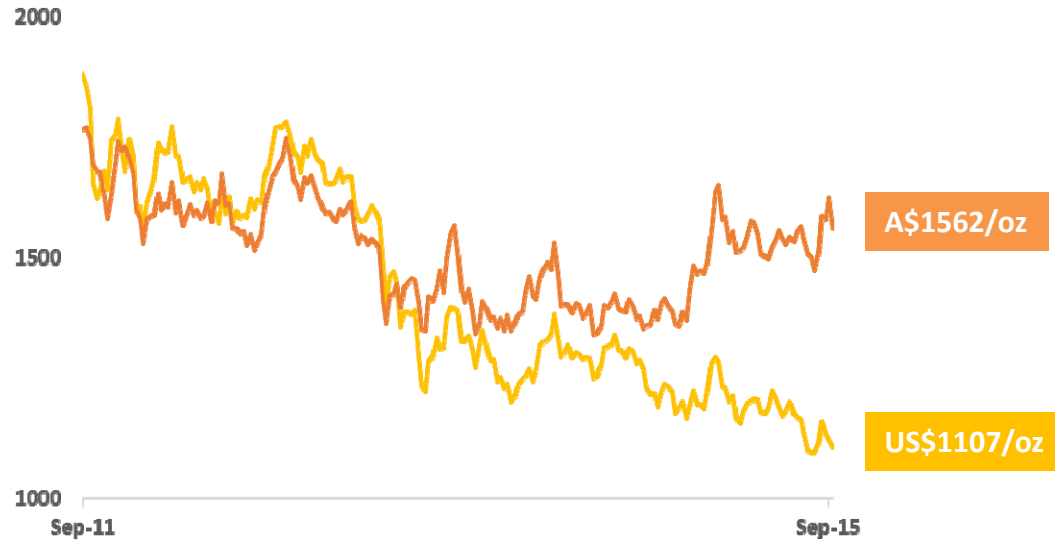
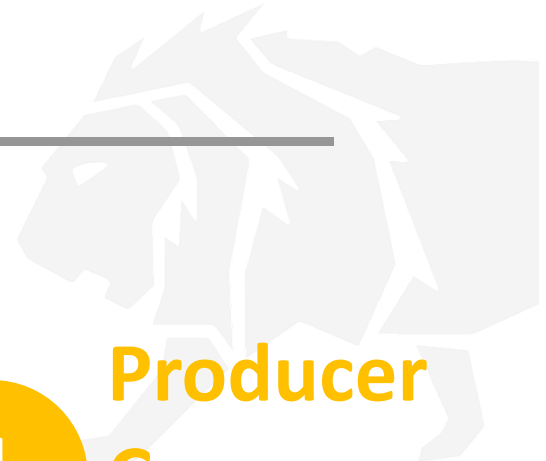
RRS Gold Coast – September 2015

Market for Miners



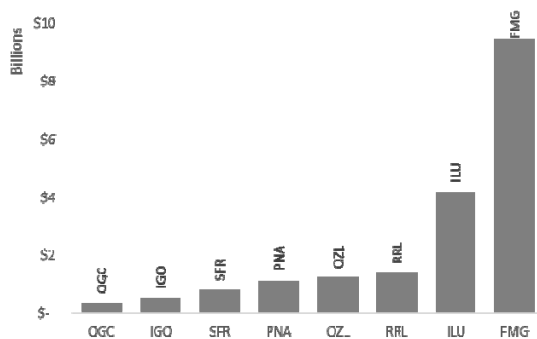
Source: IRESS Data

Mining Bright Spots

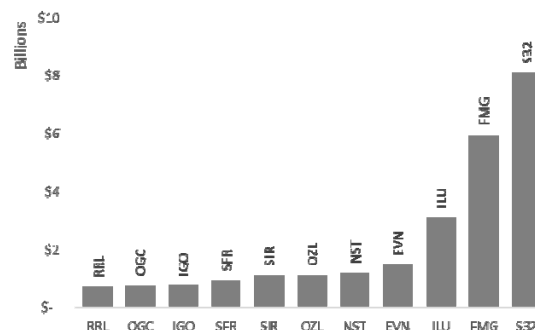


1

**Producer
Currency
(ie A\$) Gold**



June 2013

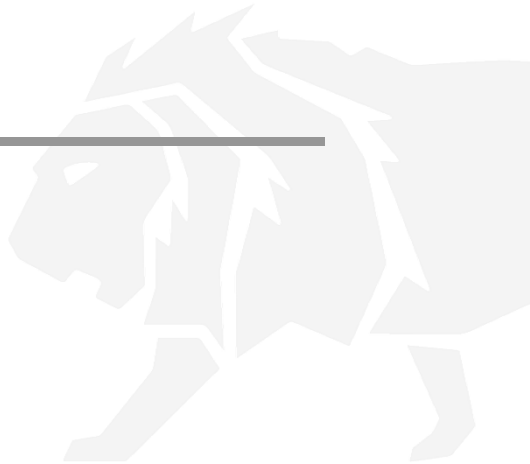


August 2015

2

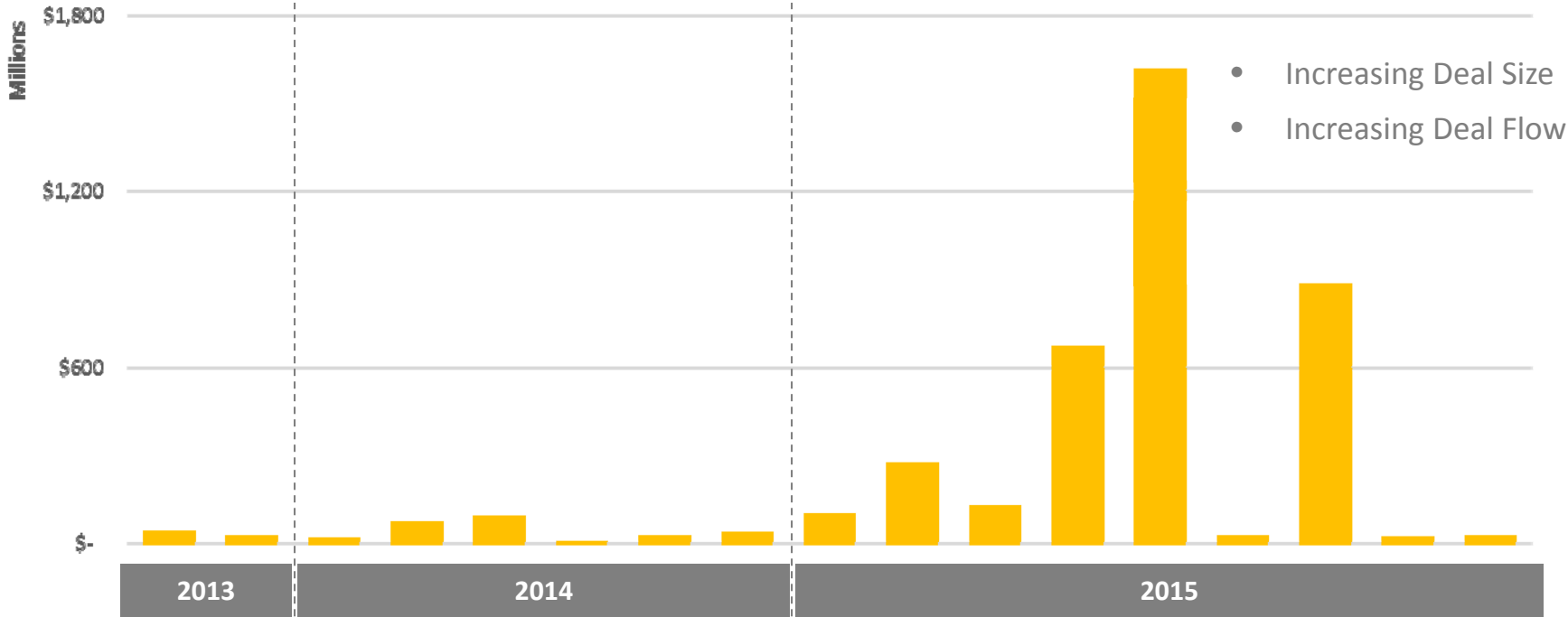
**Emerging
(growing)
Mid Tier**

Mining Deals



- Majors: sellers for *more than 3 years* – selling to pay down debt
- Buyers are Mid Tier
- Choicest assets dealt – where do acquirers turn next ?

Size of Select Australian Mining Deals



- Increasing Deal Size
- Increasing Deal Flow

Source: IRESS Data

Commodities

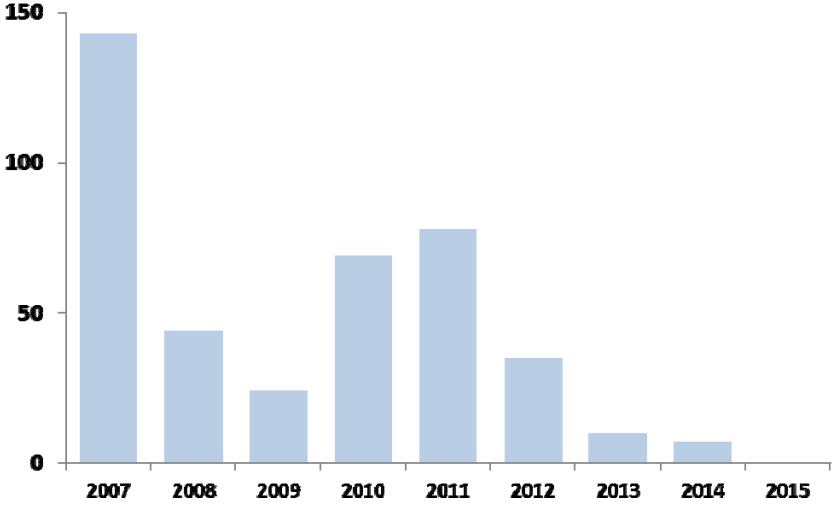
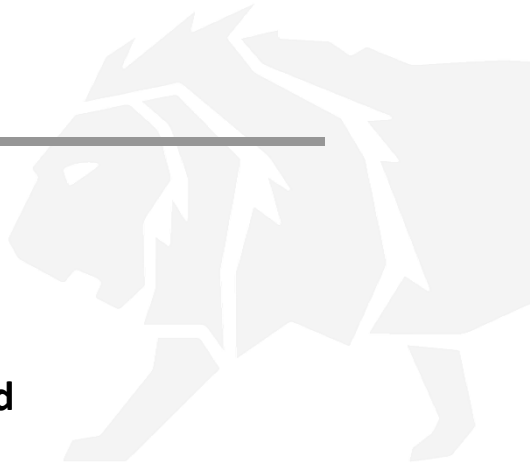


- Highly correlated since 2011

But

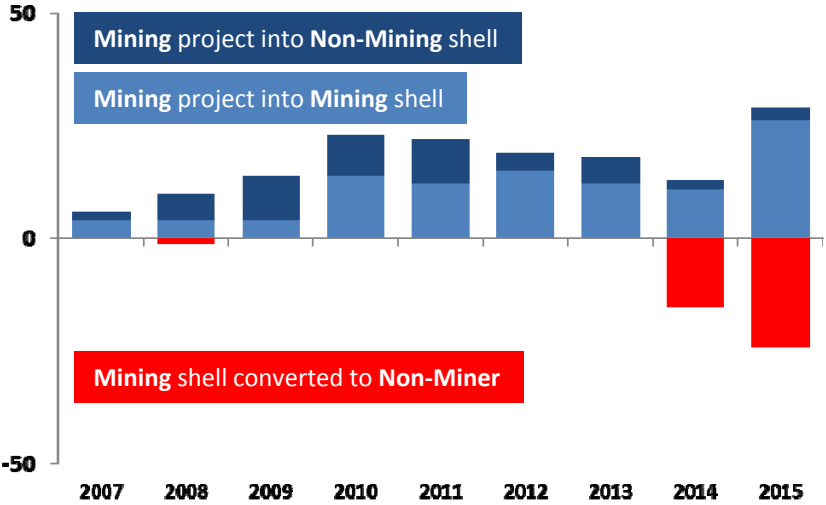
- Different supply / demand fundamentals
- Prices impinging most cost curves

Liquidity: IPO's and RTO's



Mining IPO's

- IPO market closed
- Zero so far 2015
- Liquidity can't get lower than this...



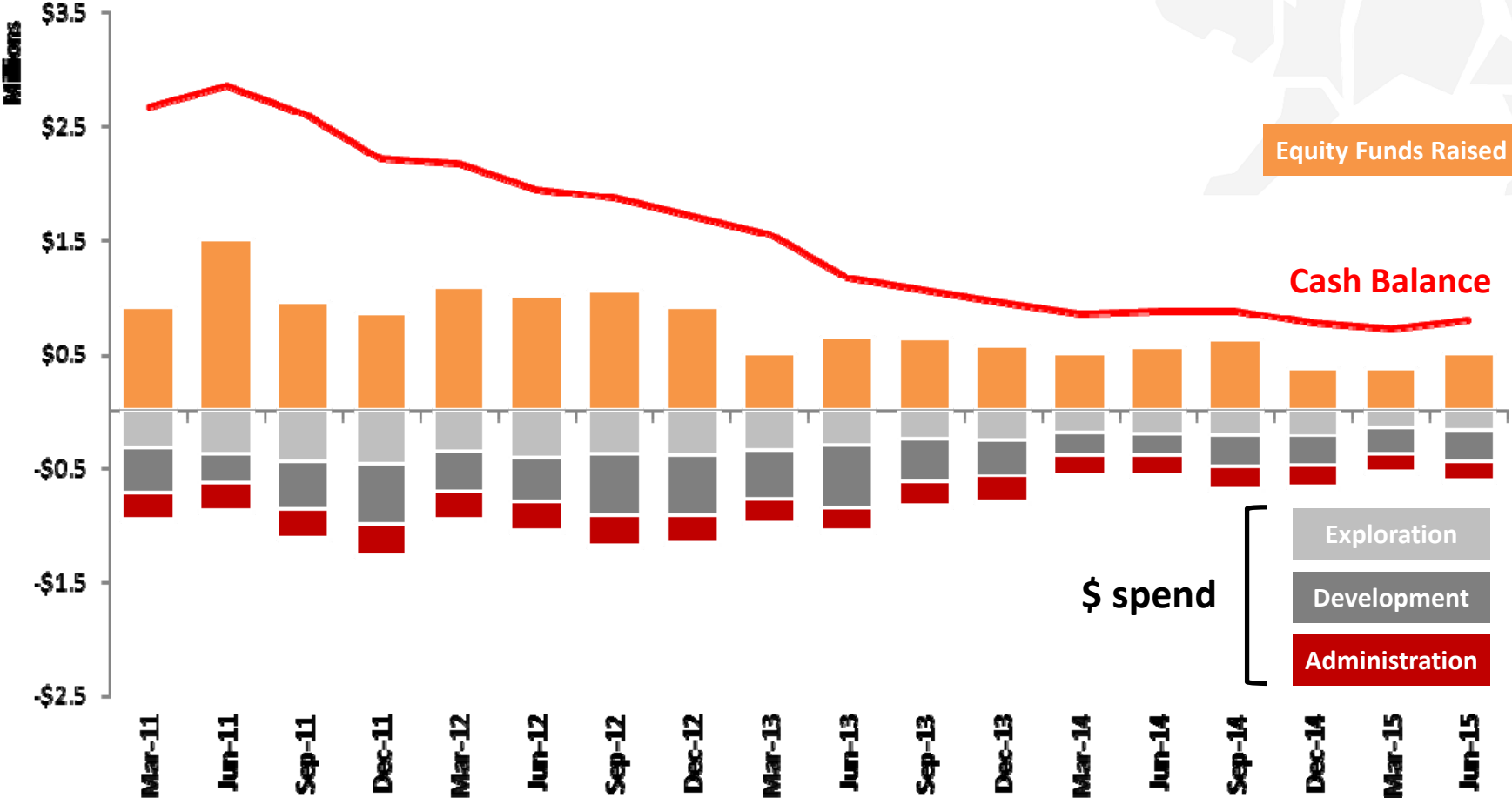
Reverse Take Overs (the new IPO)

- 2015 YTD sets positive trend
- Also seeing shell recycling (dot-com)

Source: IRESS Data, ASX, Company reports

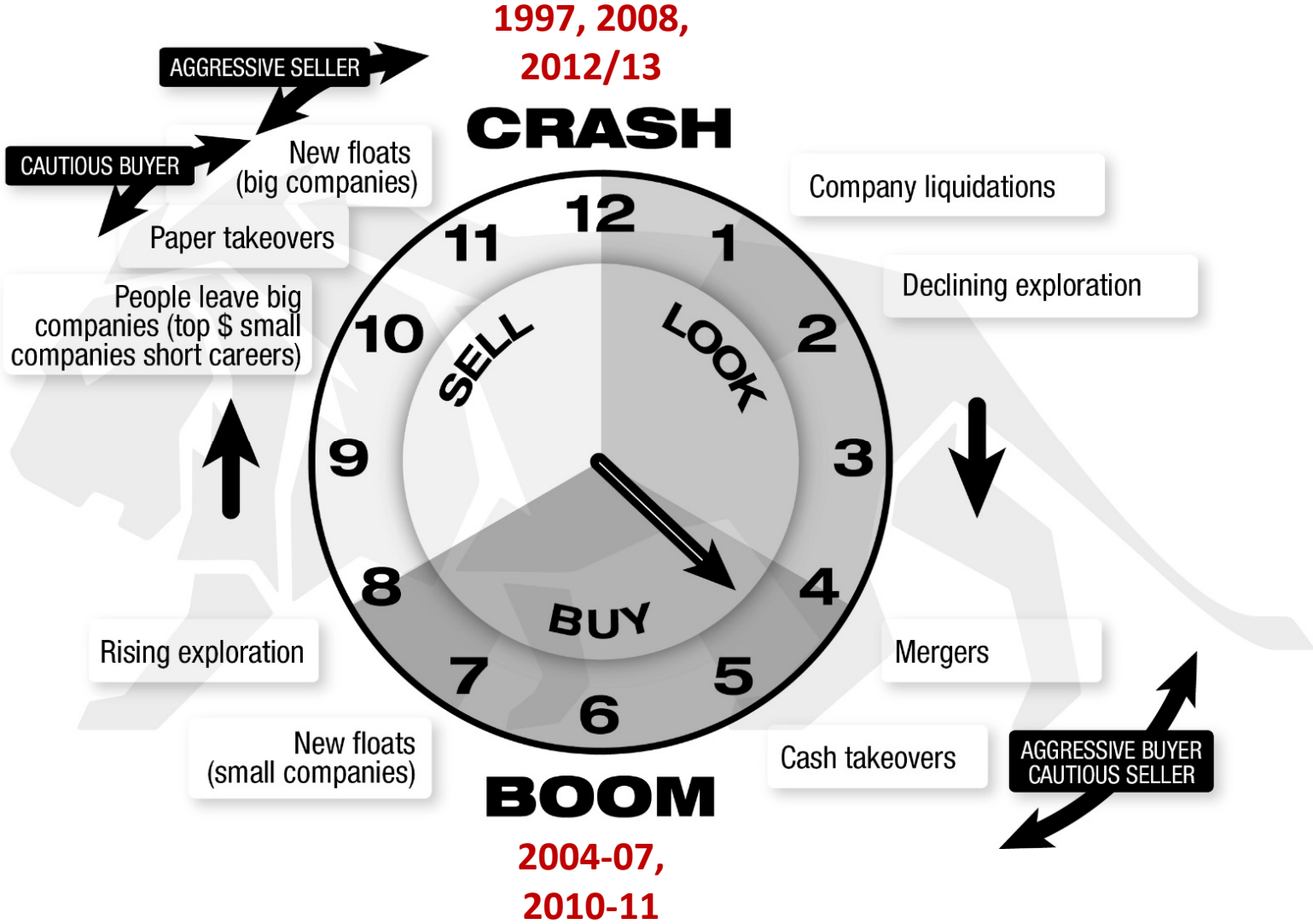
Financial condition of microcap miners

Median quarterly cash flows of junior resources sector 2011 – 2015



Source: IRESS data. All figures are MEDIAN of population, consisting of ASX listed Materials – Metals & Mining classified companies capitalised at less than \$100m at 30 Oct 2014 (producers, service companies and metals recyclers removed)

Lion Clock



Ringing the Bell

Signals

Present conditions

- Mid Tiers Getting Set
- Market at Cyclical Lows
- Miners trading Closer to Market
- Costs Decreasing
- Liquidity
- Commodities

Catalysts

To watch for

- M&A: 1) Mid Tier 2) Majors 3) PE
- Exploration Discovery
- Commodities

LION SELECTION GROUP

ASX : LSX

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