
Mining Stocks - ***Deep Value*** **OR** ***Just Cheap***

Hedley Widdup, September 2014

RRS Gold Coast

Lion Selection Group **ASX:LSX**

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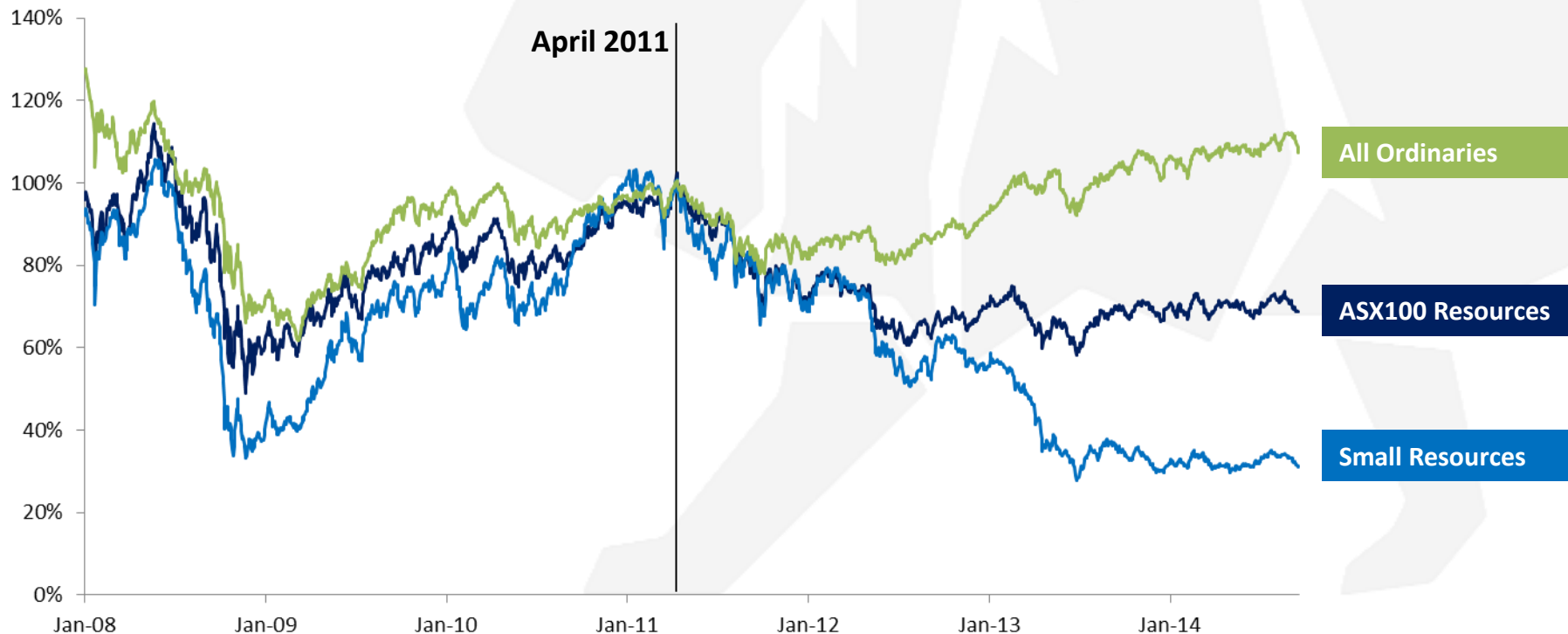
**THE
REJECT
SHOP**

Miners – price has come down



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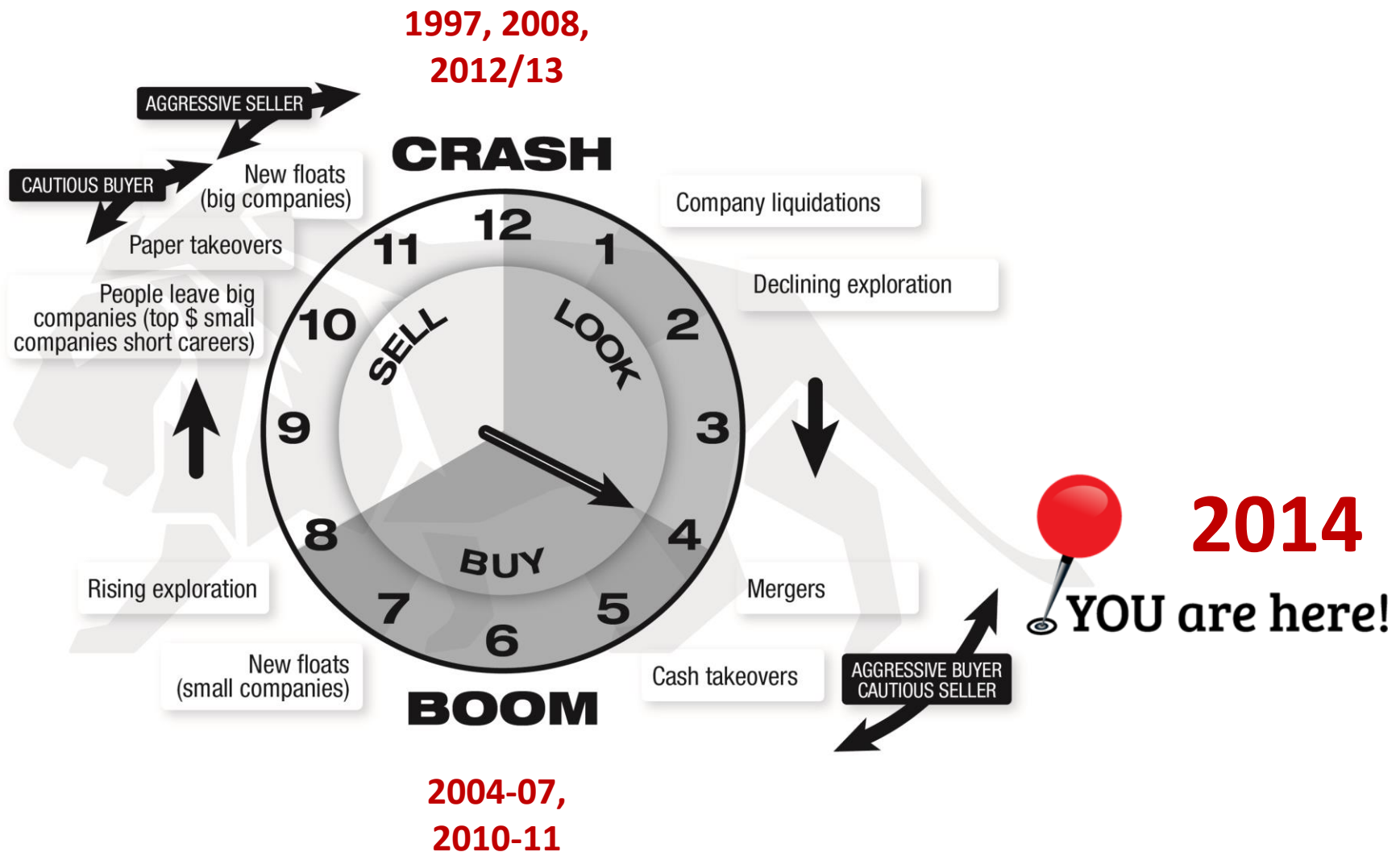
Since April 2011 (to bottom)	Recent performance
BHP / RIO lost ~30%	BHP / RIO up 10-20% (since mid-2013)
Junior Miners lost ~70%	Junior Miners <i>FLAT</i>
Pre-production micro caps lost ~90%	Pre-production micro caps <i>Highly Selective Performance</i>



Early in a new cycle



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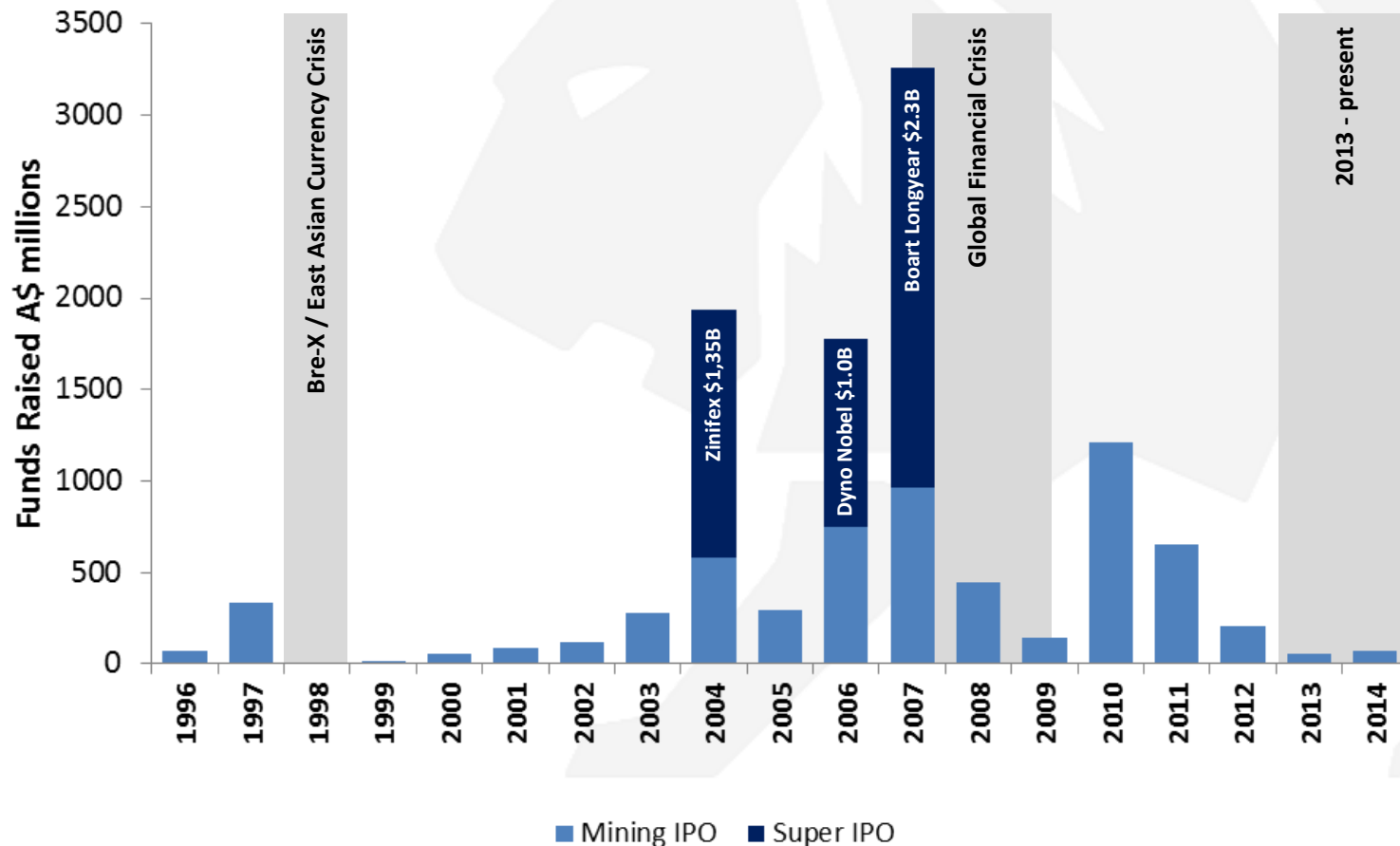


Liquidity – ASX IPO's



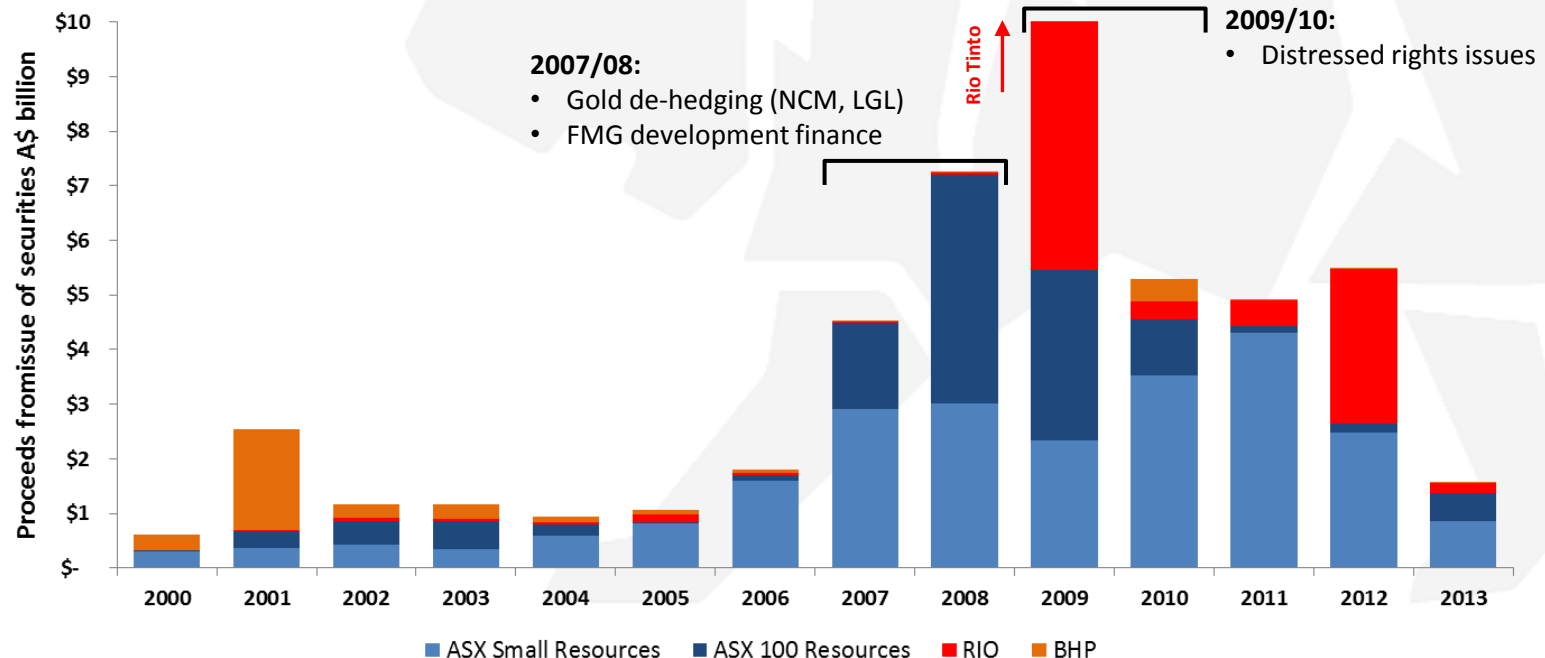
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- ASX Mining IPO market has been closed for most of 2013 / 2014
- IPO's test liquidity: fresh companies, price can't be discounted



Mining fund raising

- Project finance raisings – slow. Tests looming
- Exploration – selective performance / liquidity bubbles
- Majors / mid tier – well funded now
- Have not seen high volume of discounted issues of GFC

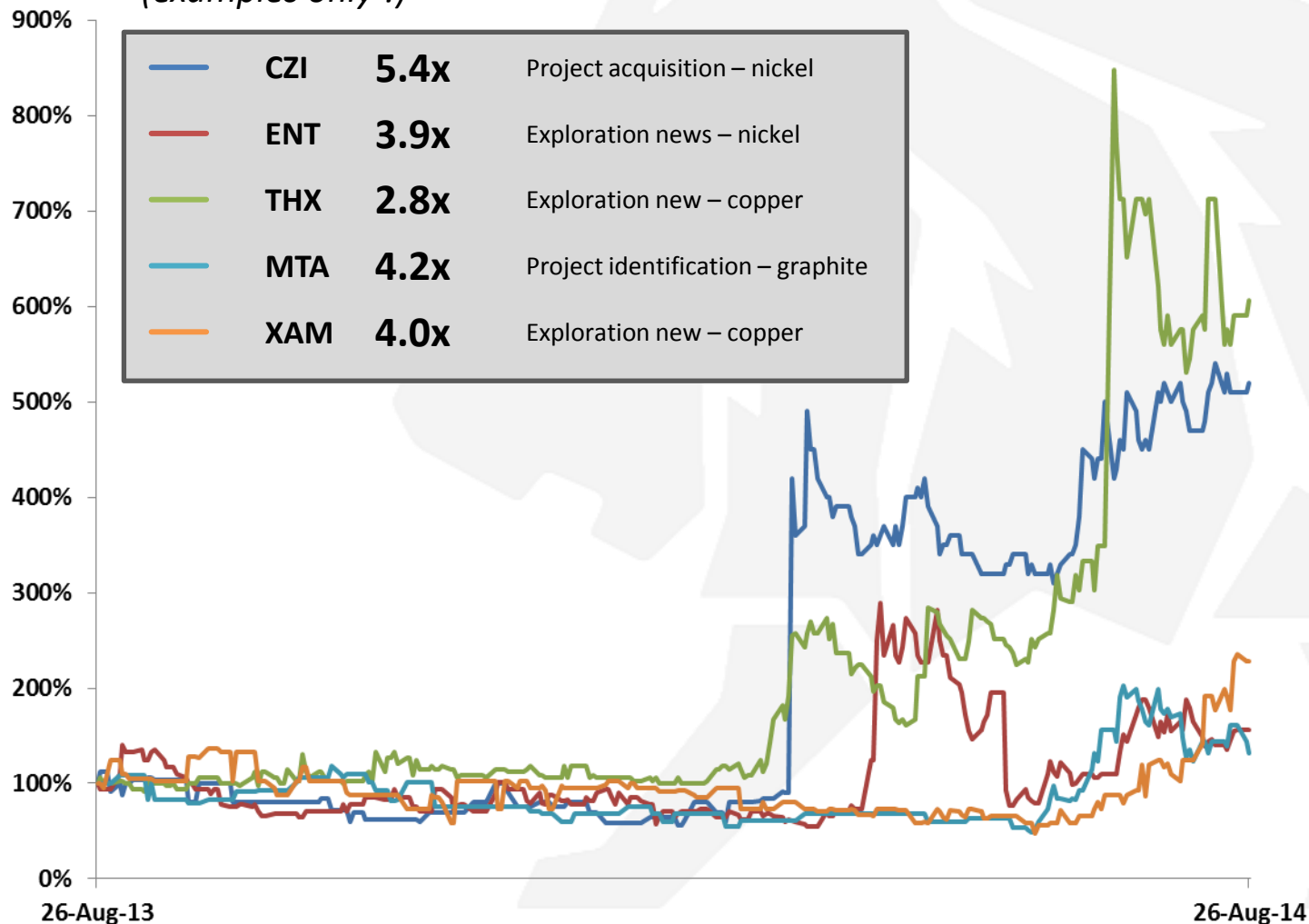


Some Juniors are running – signs of life ?



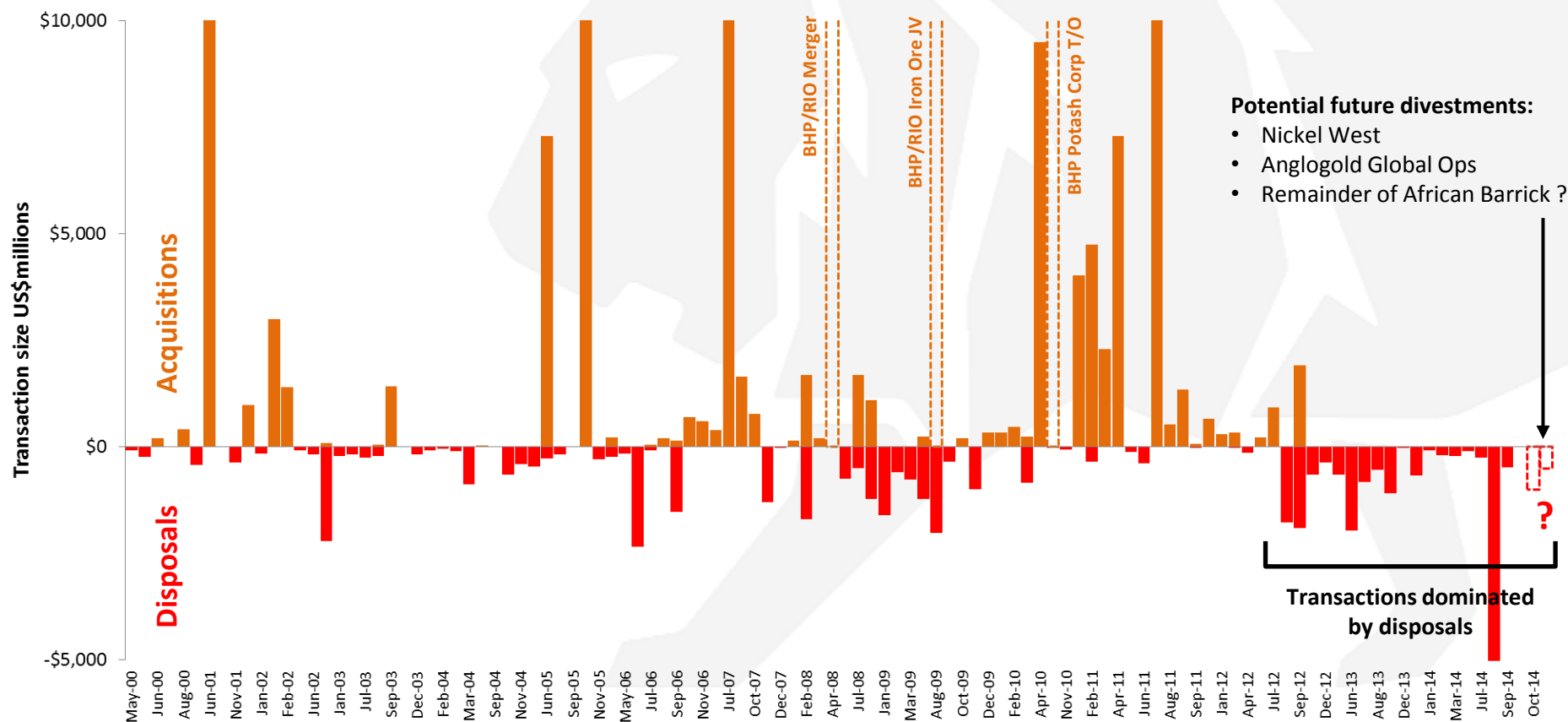
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(examples only !)



Mining M&A

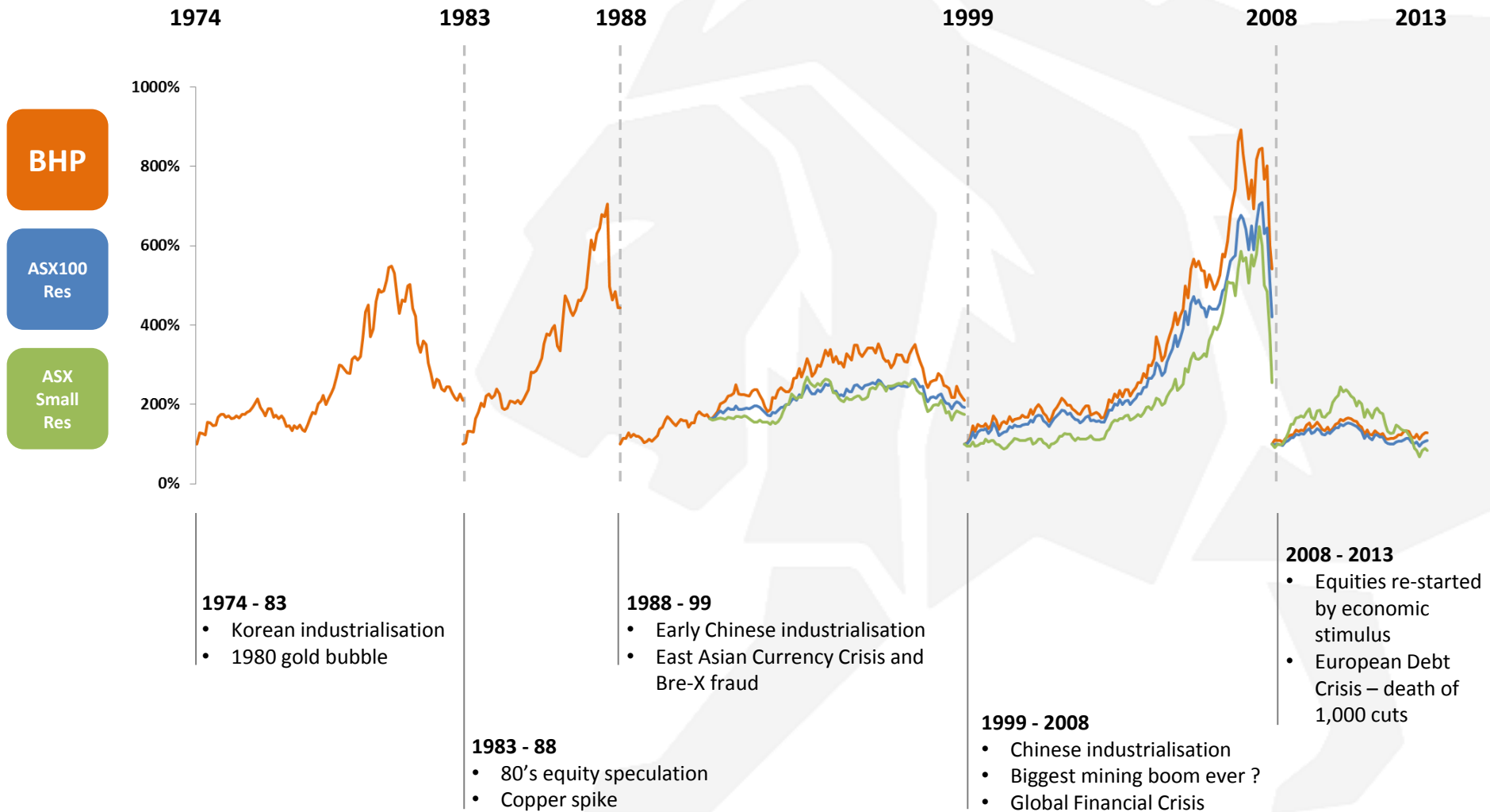
- Major miners – Reverse M&A mode
- Acquirers are mid-tier miners or Chinese (or existing shareholders – spin offs)



Uniformitarianism – It's NEVER different this time



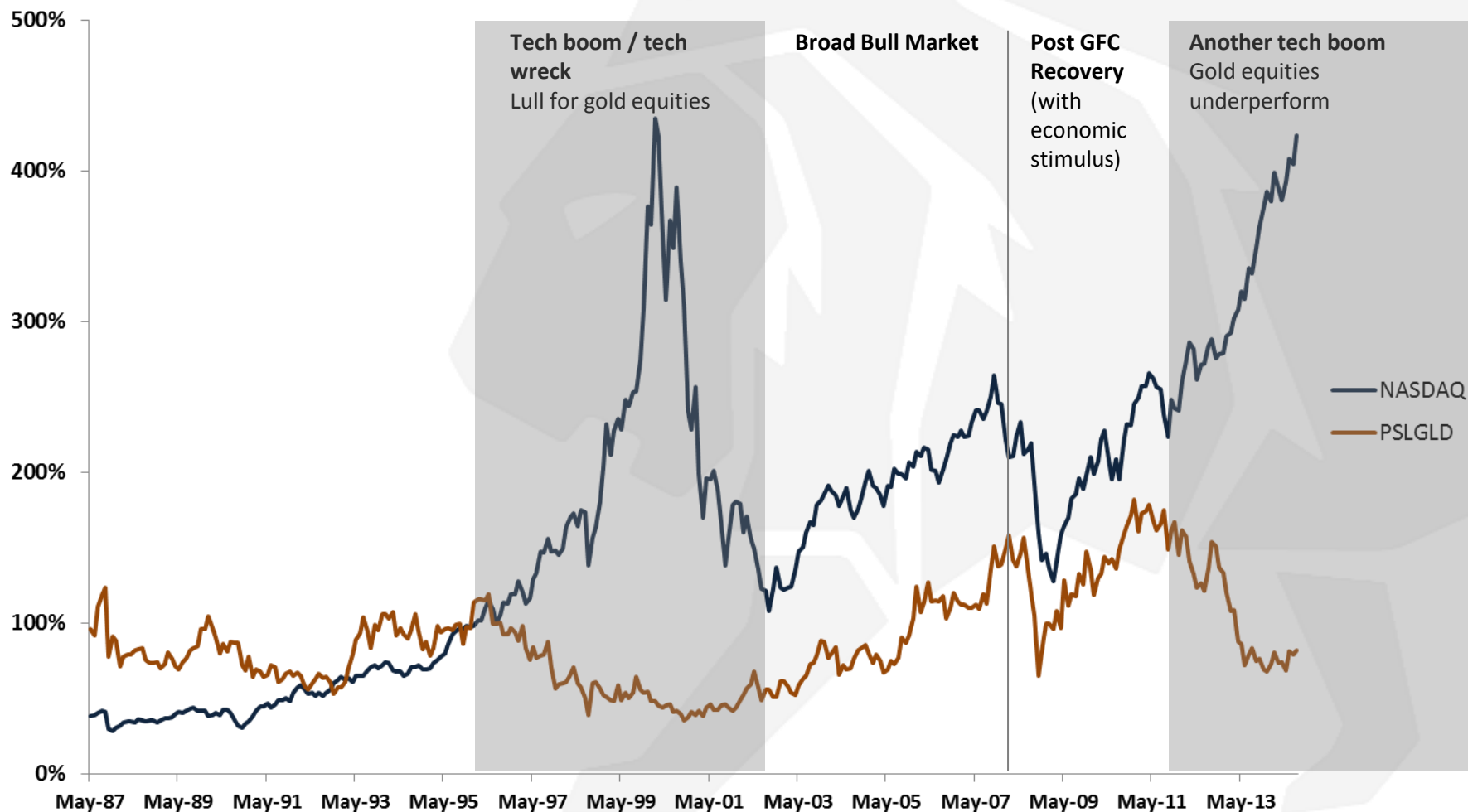
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Where is the risk money ?



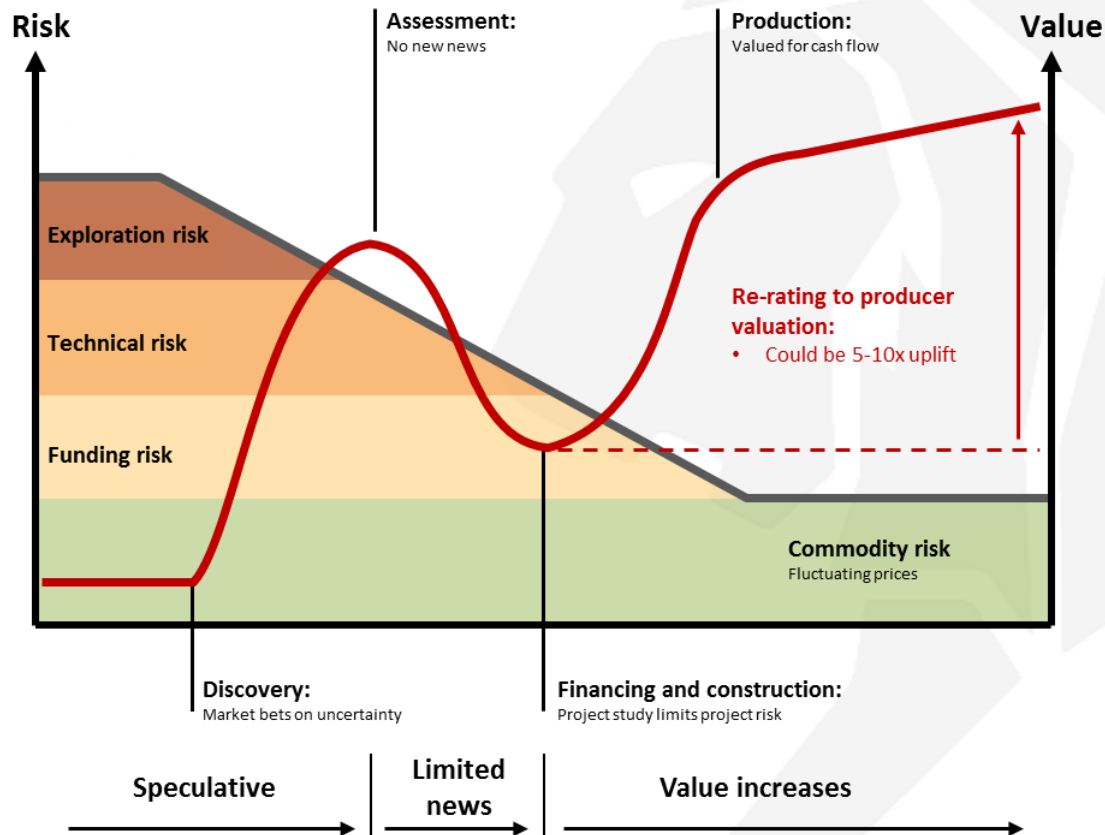
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Targeting junior miners



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- Value uplift as project is de-risked
- Key risk at present is funding



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ASX : LSX

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Lion Selection Group provides a listed, expertly managed exposure to the high-risk/high-reward junior mining sector, where a long-term view and portfolio approach are vital:

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