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# Mining Cycles

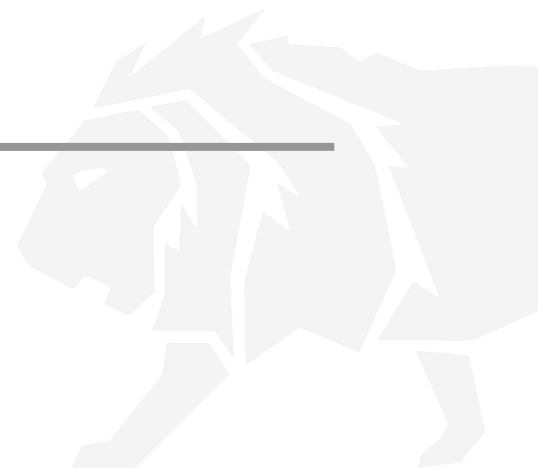
IMARC Melbourne November 2015  
AusIMM Excellence in Mining

**Hedley Widdup**

Lion Selection Group ASX : LSX

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

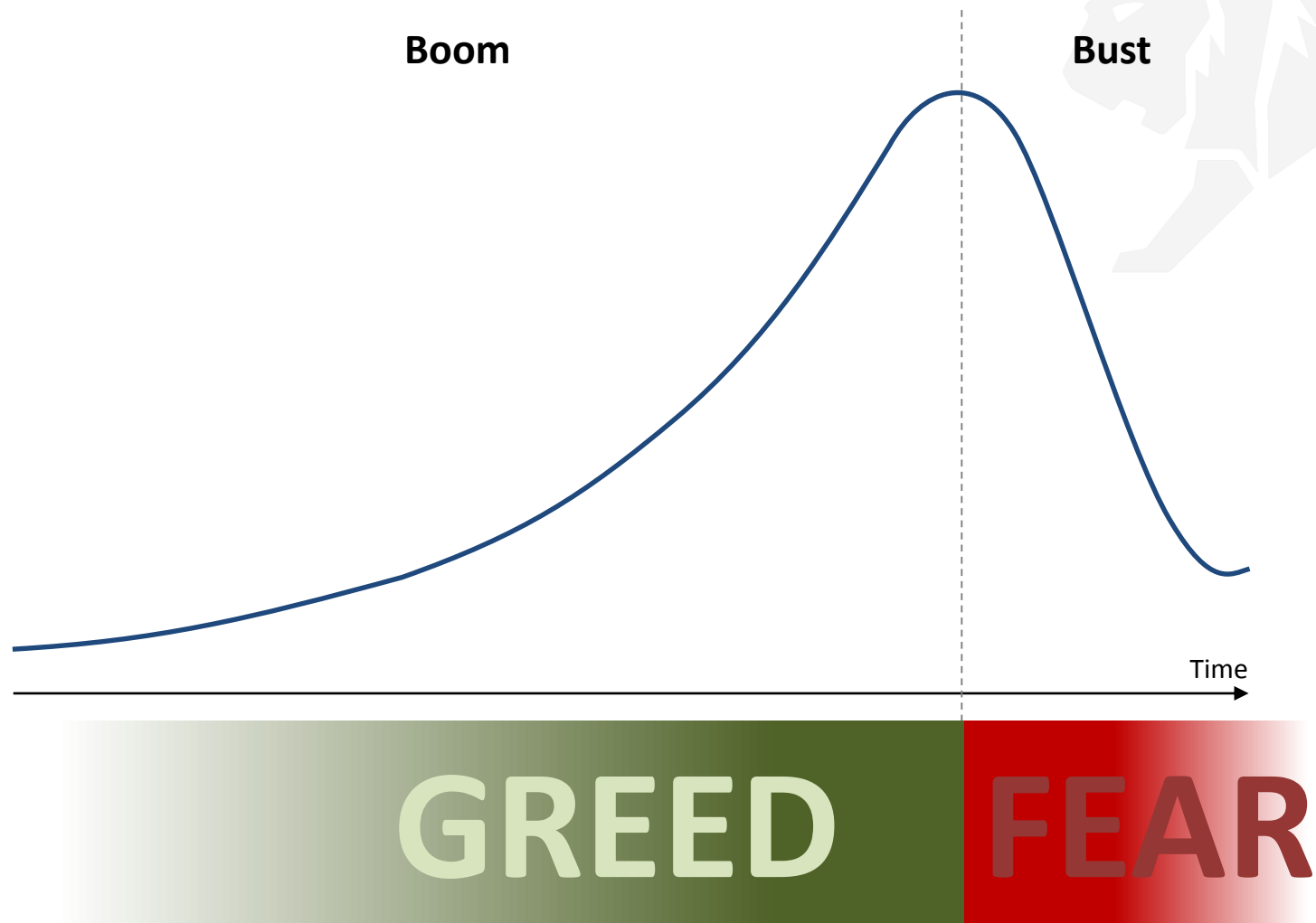
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# Mining is Cyclical

Driven by Liquidity, the product of Sentiment

# Sentiment – Spectacular Reversal



# Mining Activity Levels (Australia)



## Exploration Spend

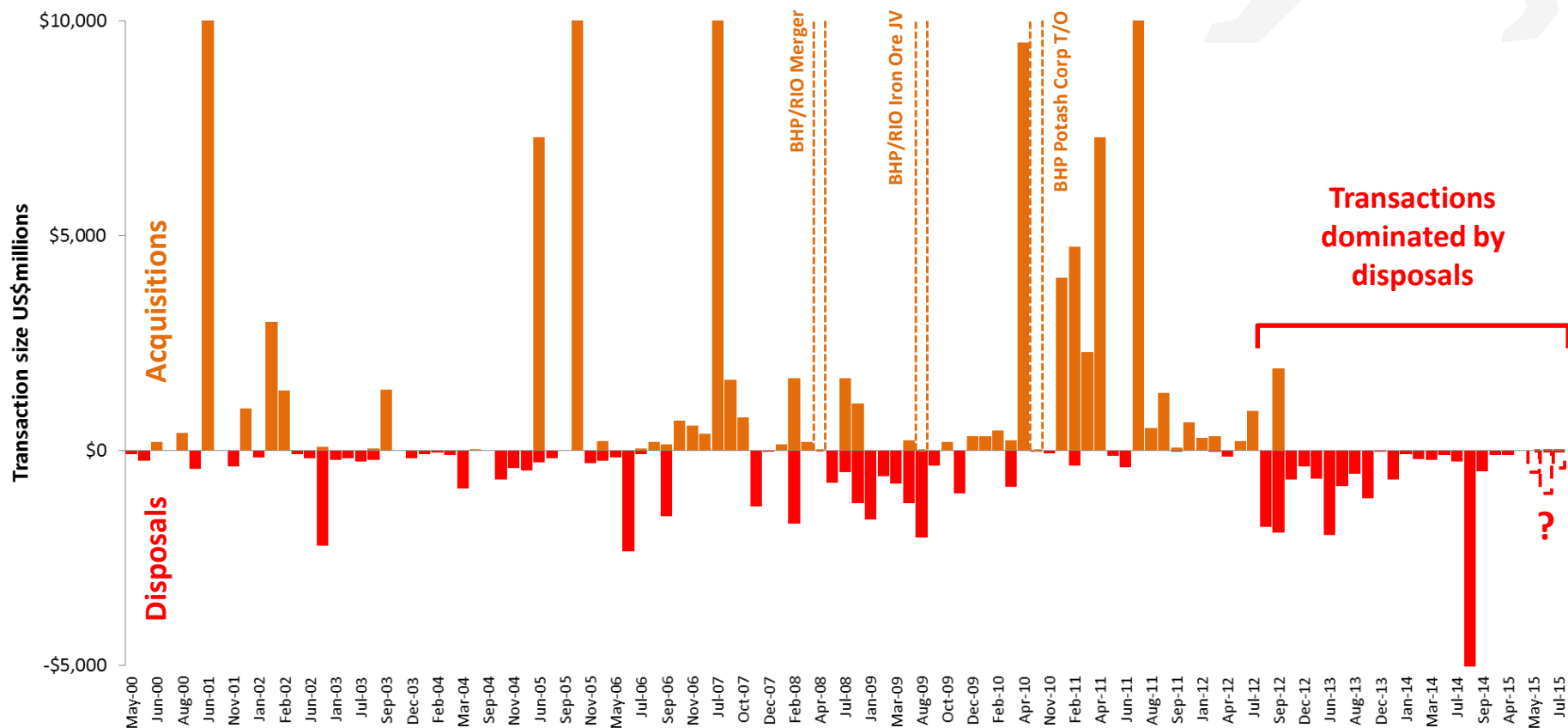
- 2011-2014: 65% fall
- 1997-2000: 60% fall
- Budgets can be rapidly cut
- Activity levels presently very low

## Mining Capex

- Falling from 2012 peak: 35%
- Expect delay to eventual low: Projects still being completed (harder to rapidly cut budgets)
- 1997-2000: 66% fall

# Mining M&A – Major Deals

- Major miners have been sellers for more than 3 years – selling to pay down debt
- Buyers are Mid-tier
- Majors showing renewed signs of activity: exploration JV's, etc

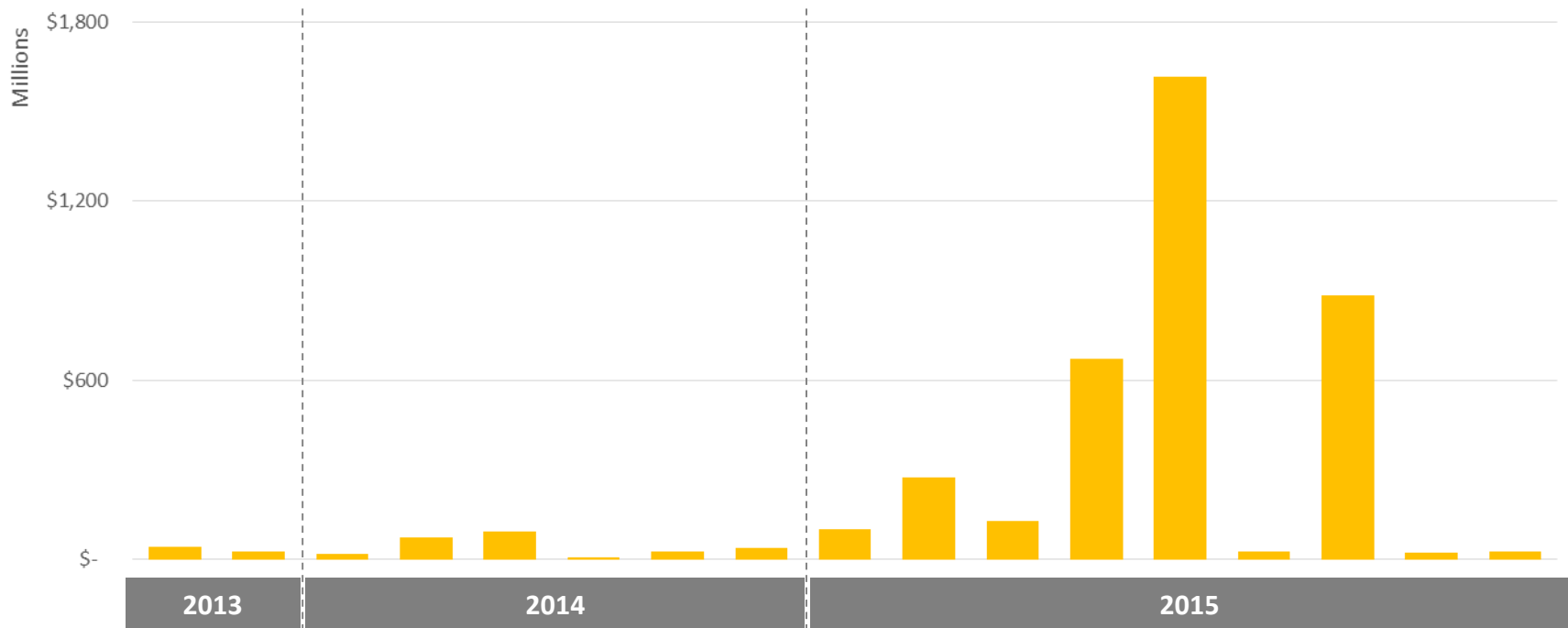


# Mining Deals – A New Mid-Tier Emerges

- Grown having bought projects from majors
- Choicest assets dealt – where do acquirers turn next ?

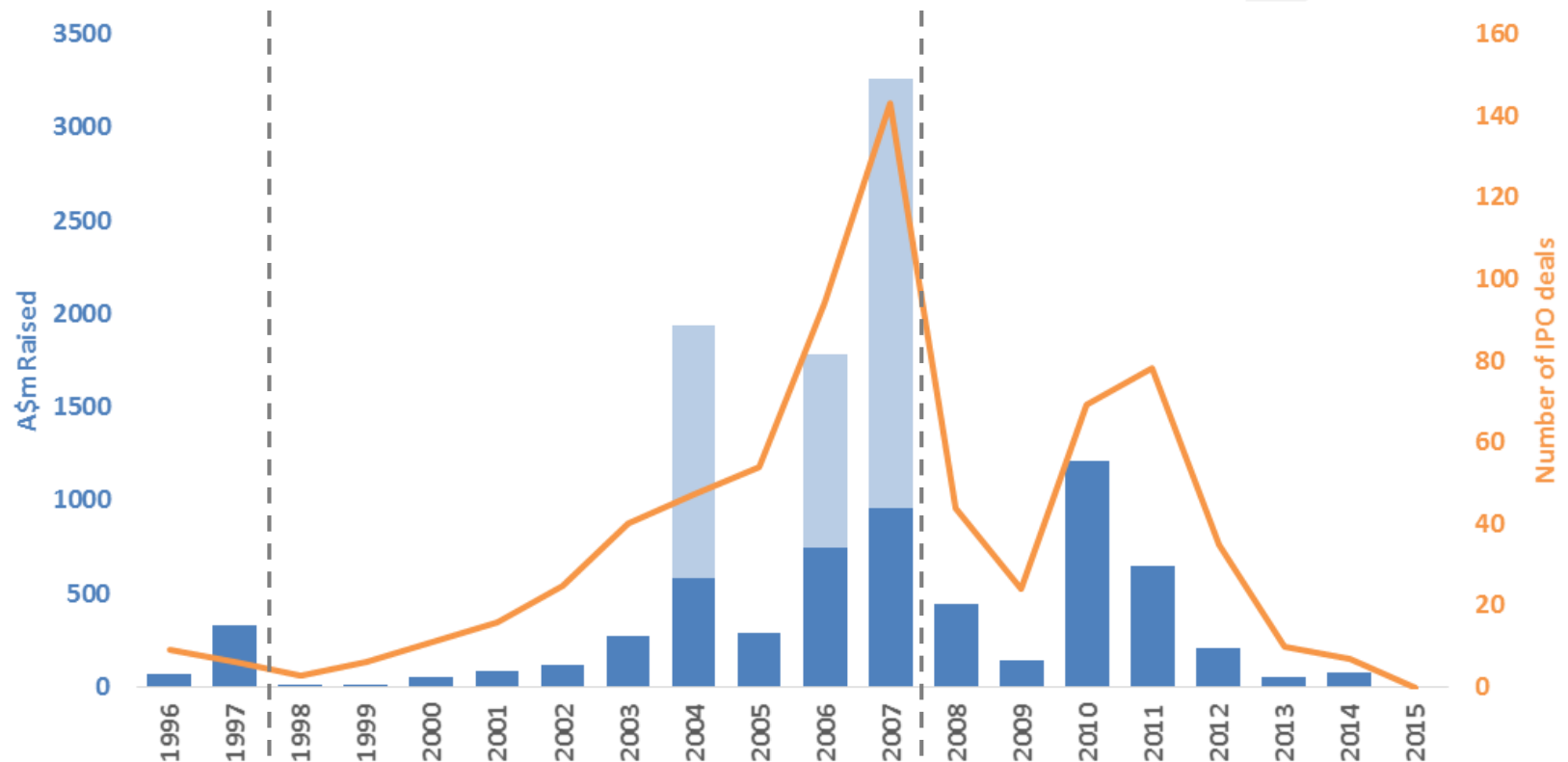
- Increasing Deal Size
- Increasing Deal Flow

## Size of Select Australian Mining Deals

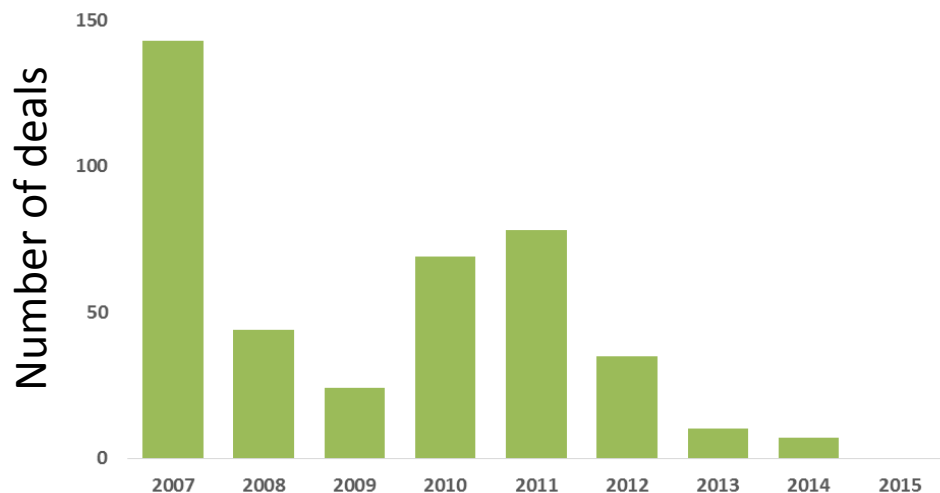


# IPO's: Best Map of the Cycle

- Most discretionary fresh funding investment decision
- OFF in the bust
- Increasing number and dollars raised in the boom
- Biggest IPO's at the peak

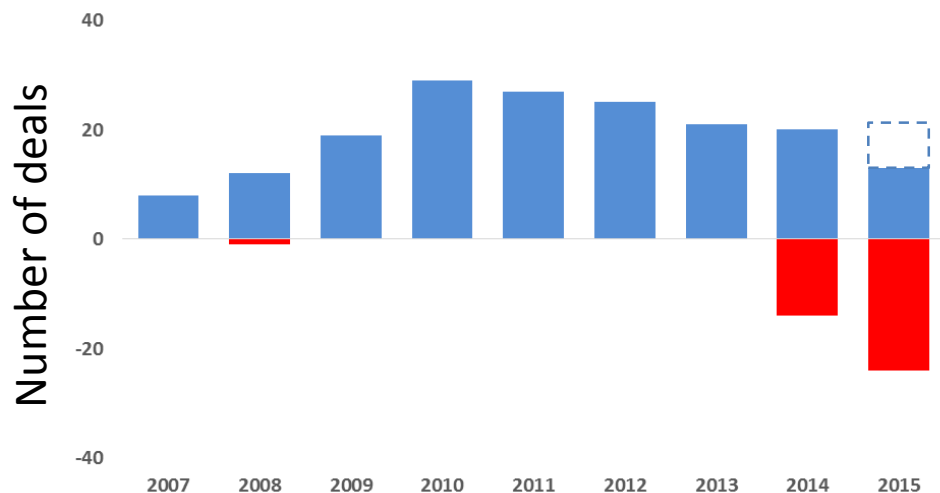


# Liquidity: IPO's and RTO's



## Mining IPO's

- IPO market closed
- Zero so far 2015
- Liquidity lowest ebb marks the bottom

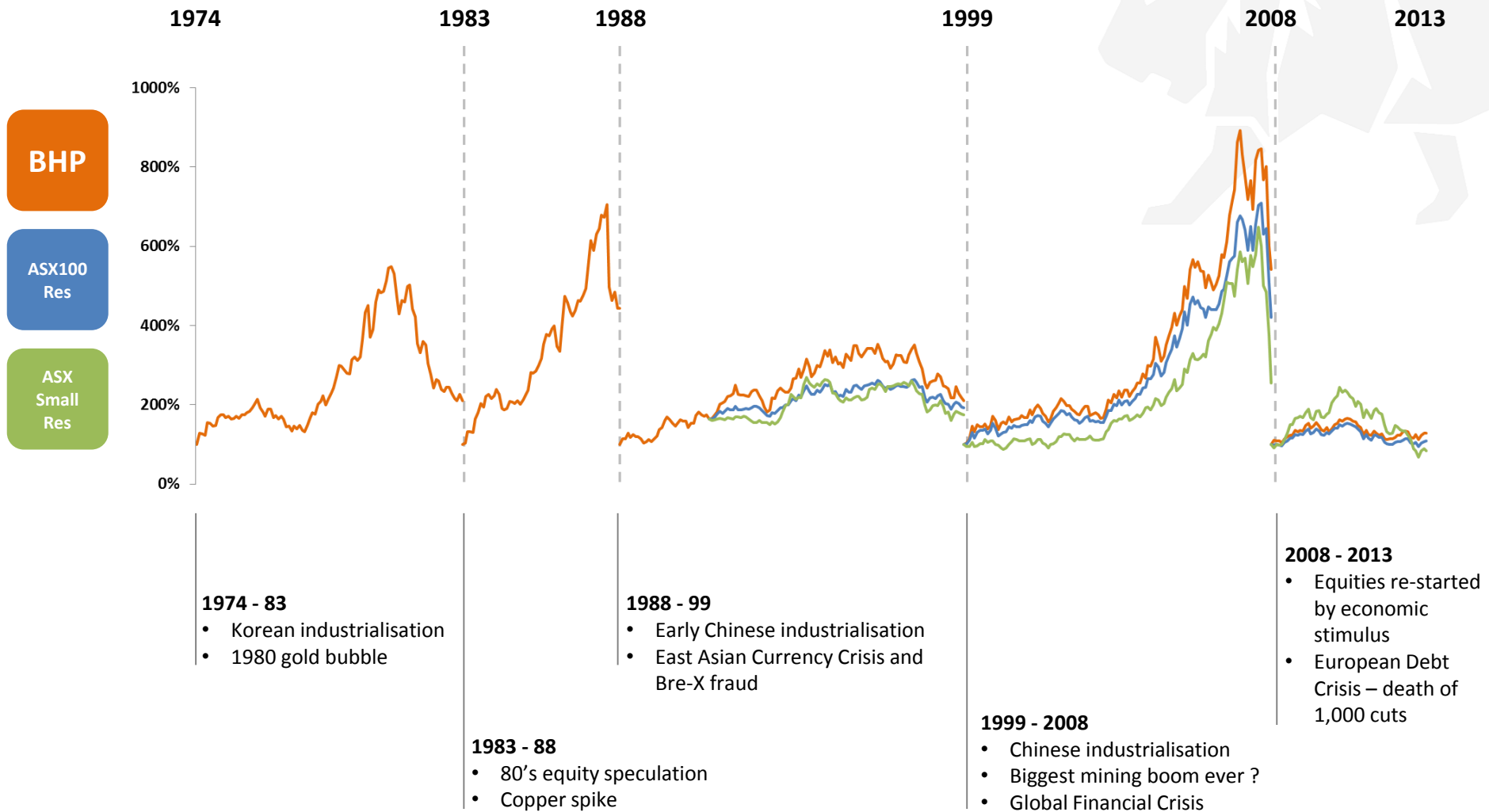


## Reverse Take Overs (the *new* IPO)

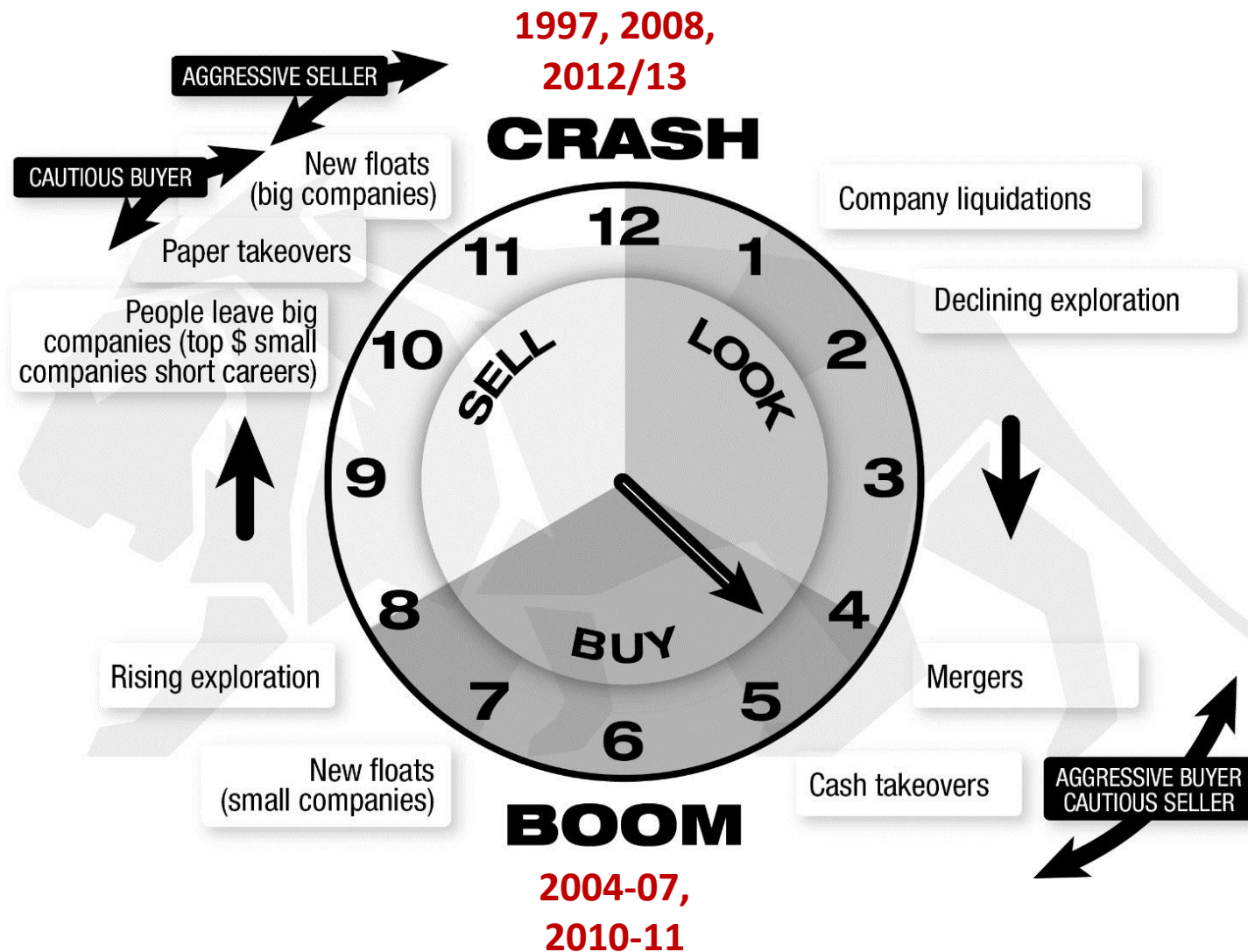
- 2015 negative trend likely arrested
- Also seeing shell recycling (dot-com)



# Mining Cycles – Equity Prices



# Lion Clock



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