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# Mining Investing: Bargains & Rising Stars

IMARC Melbourne November 2015

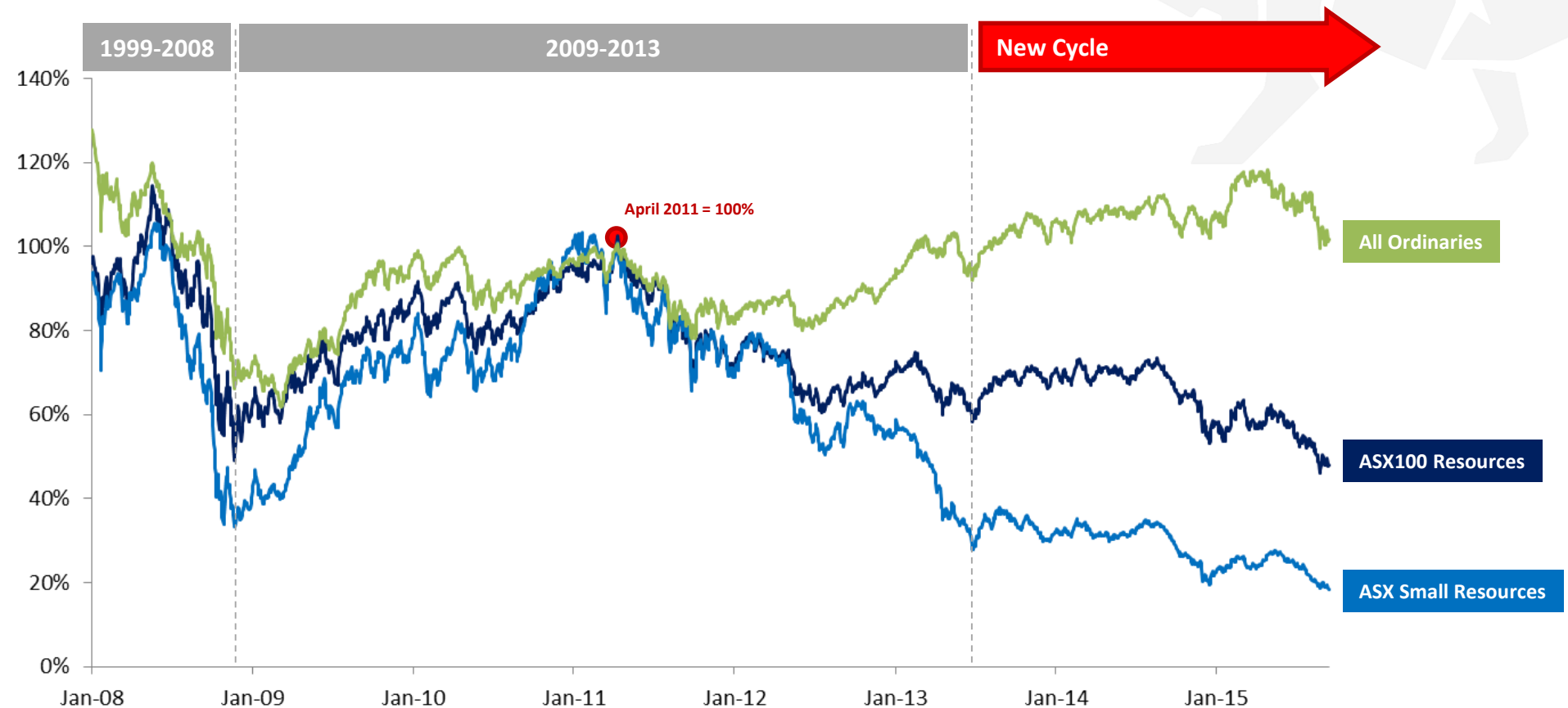
**Hedley Widdup**

Lion Selection Group    ASX : LSX

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

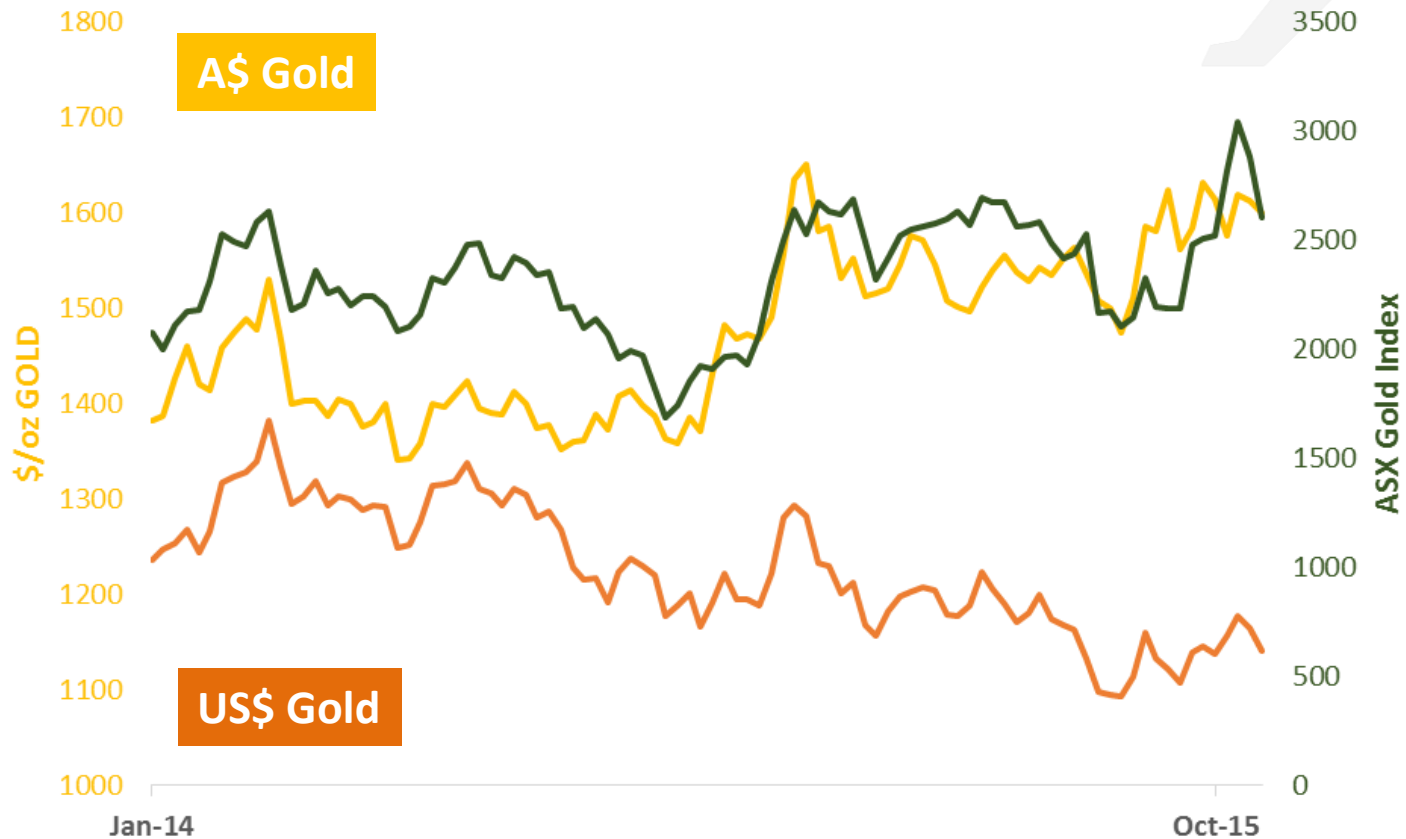
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# Market for Miners



# A\$ Gold

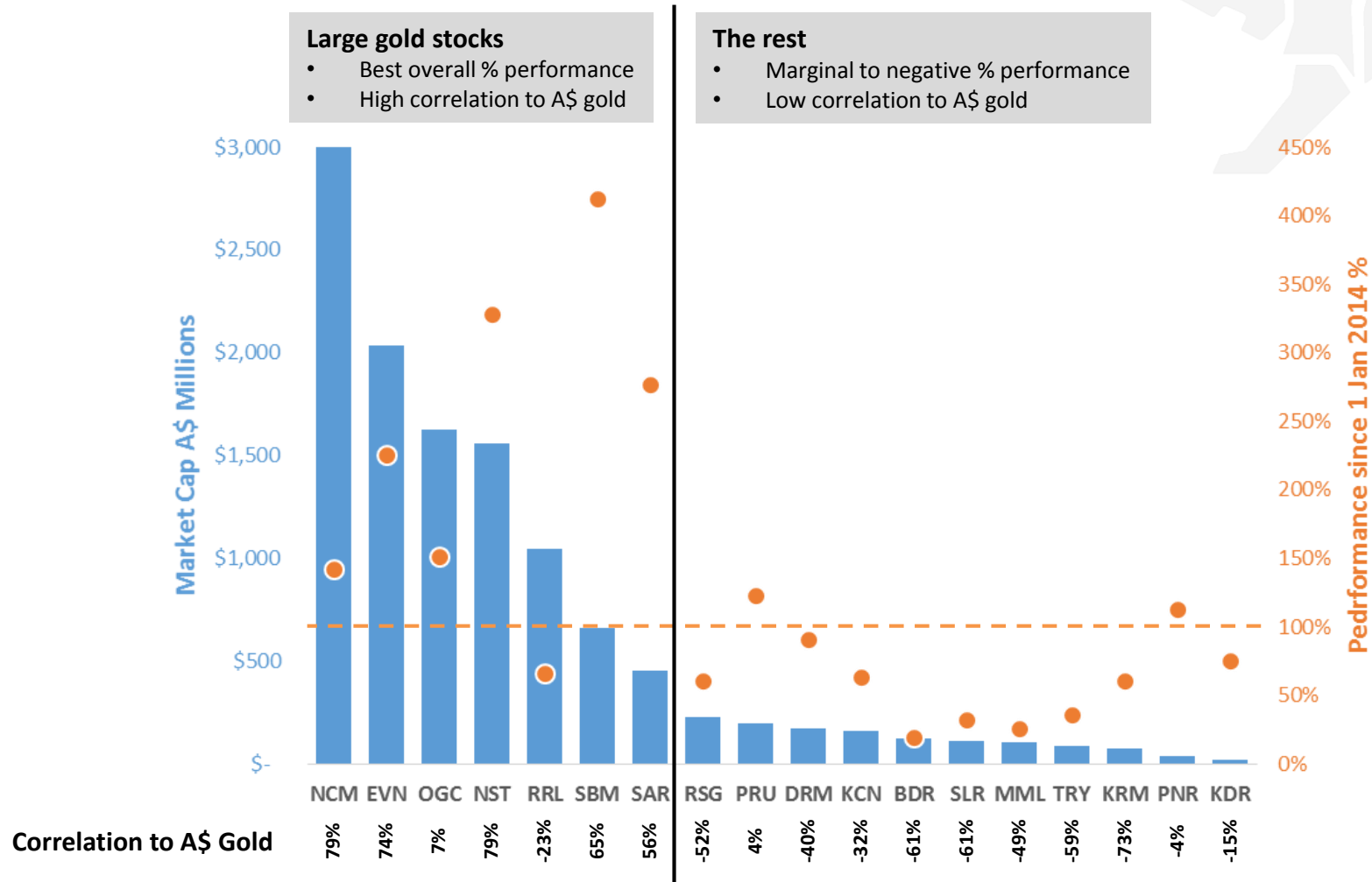
- ASX Gold Index has performed in line with A\$ Gold
- Not necessarily the case for constituent stocks





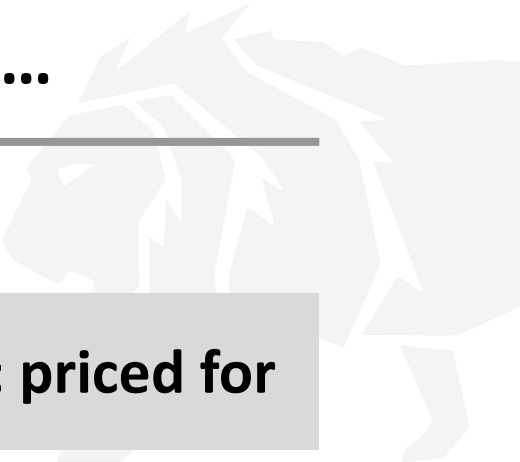
# Case study: ASX Gold companies

- Best performers have been largest stocks



# Miners: Smaller they are, Harder they fall...

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	% Fall since 2011	2015: priced for
Major	40-50%	Premium: Yield
Mid tier	50-70%	Premium: Growth
Junior	70-90%	Discount: small, illiquid
Micro cap	90-99%	<u>Severe</u> discount: Unfunded

# Commodities



- Highly correlated since 2011
- **But**
- Different supply / demand fundamentals
- Prices impinging most cost curves

# Brave New World...

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# Risks

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- Some things are cheap because funding is close to impossible
- Others because their underlying commodity has crashed out of a once-in-a-lifetime cyclical upswing
- Are you speculating on a project working, or reliant on a new technology being successful first ?

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