
Ringling the Bell

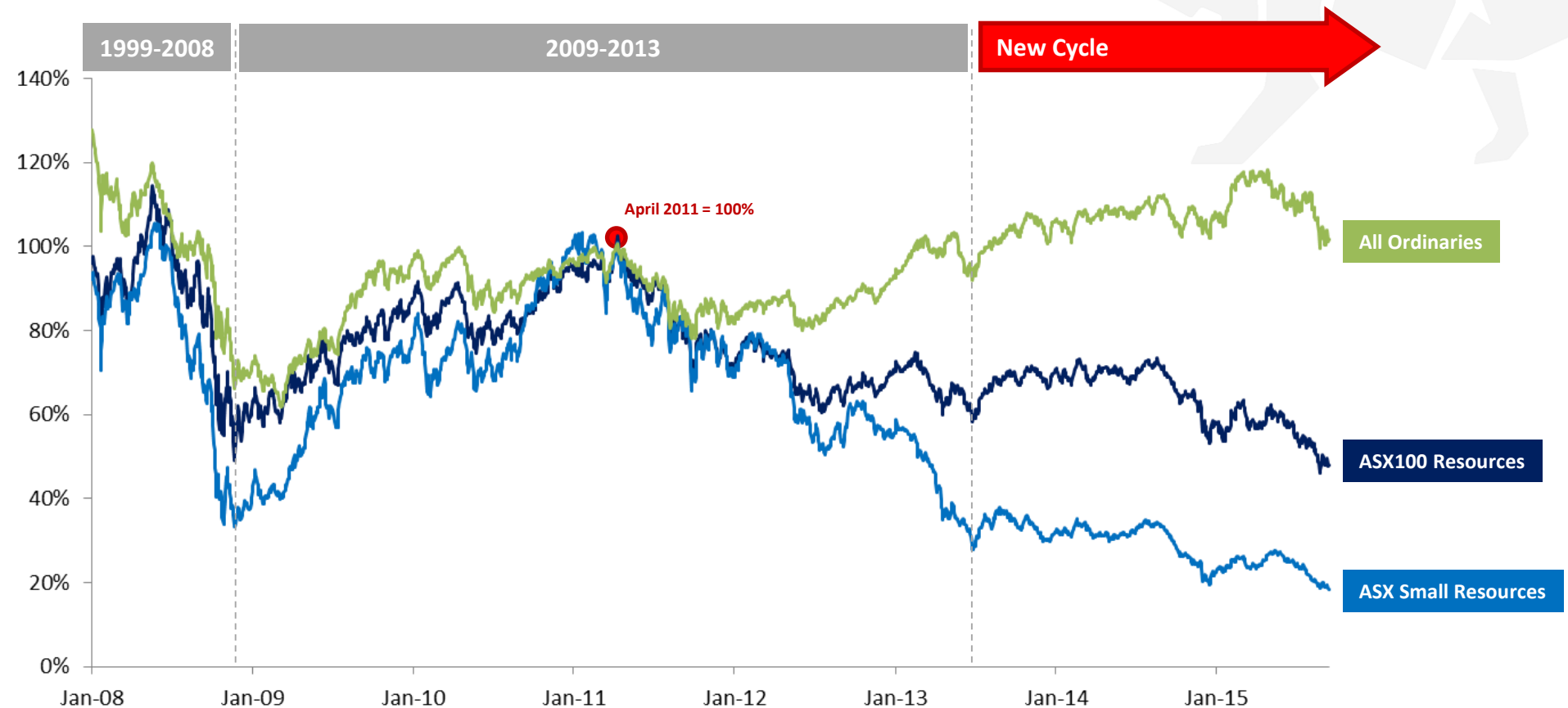
November 2015

Hedley Widdup

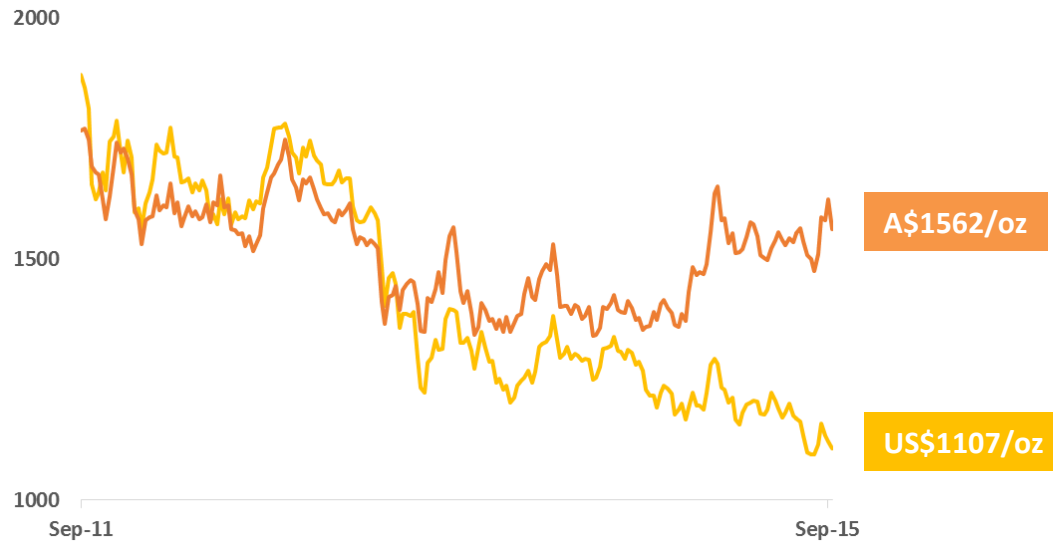
Lion Selection Group ASX : LSX

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

Market for Miners

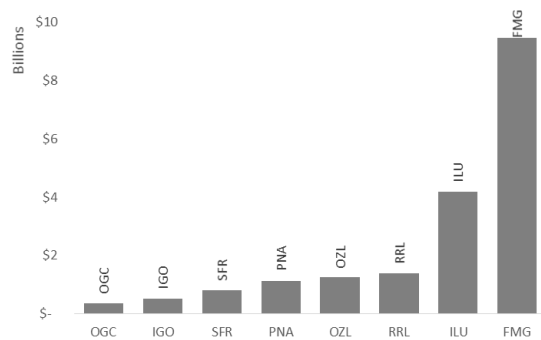


Mining Bright Spots

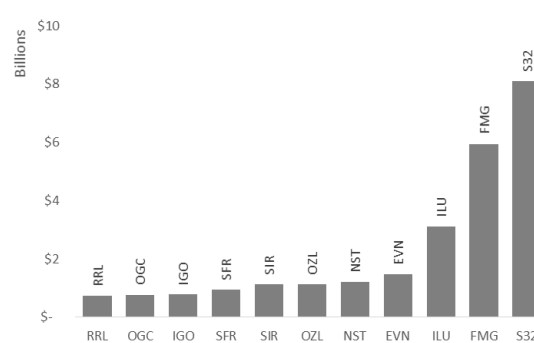


1

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



June 2013



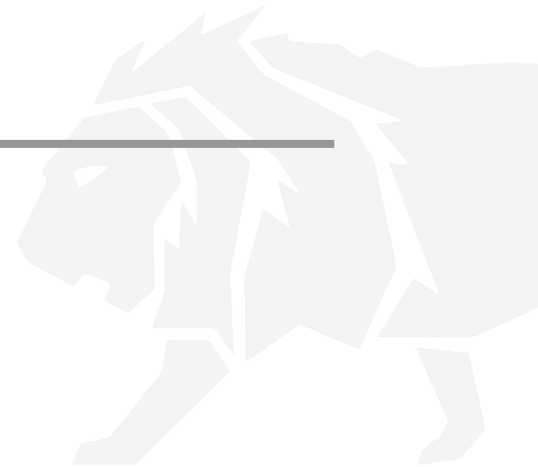
August 2015

2

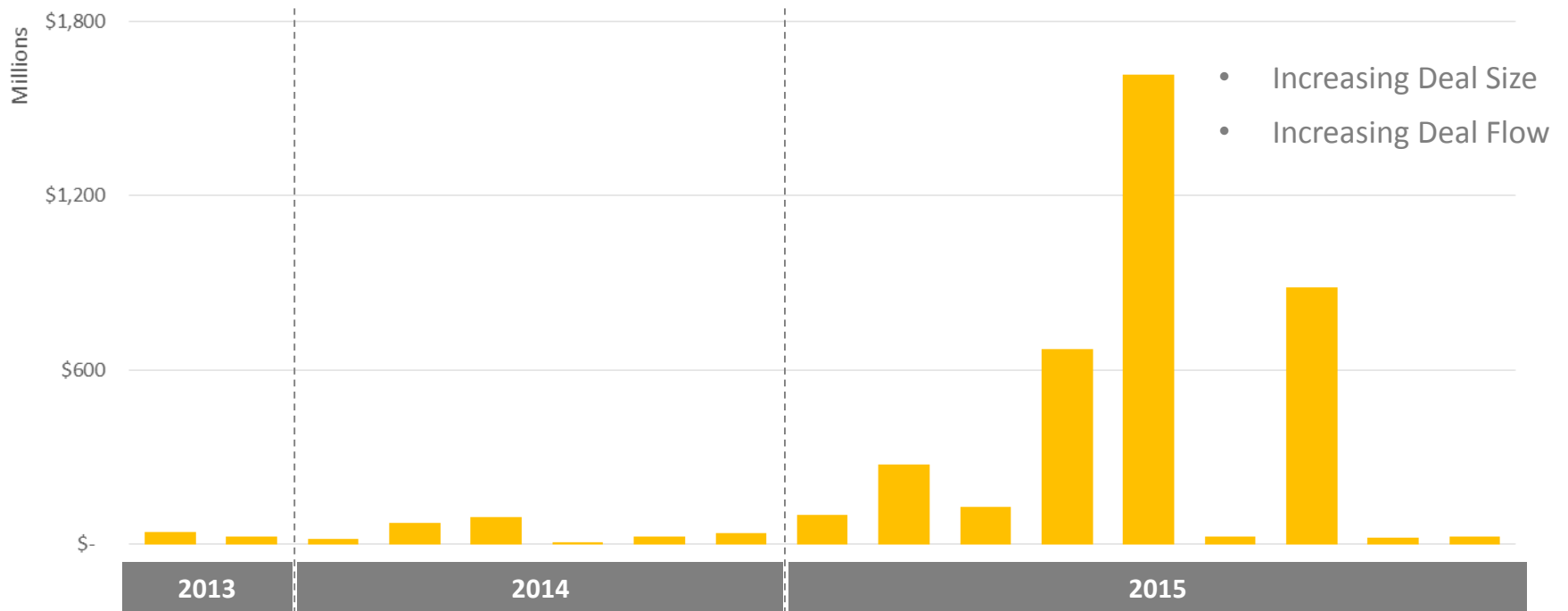
**Emerging
(growing)
Mid Tier**

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 ?

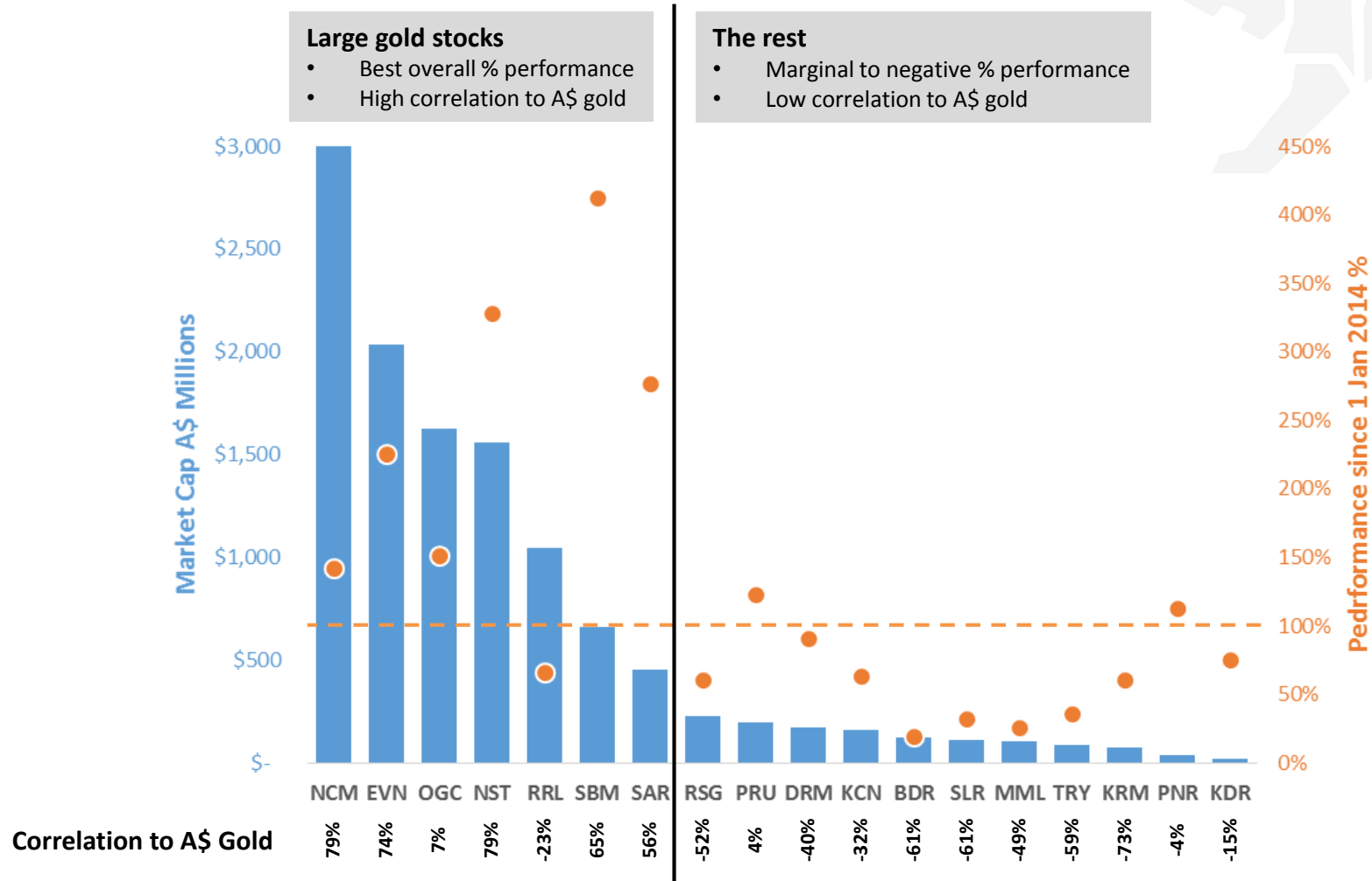


Size of Select Australian Mining Deals

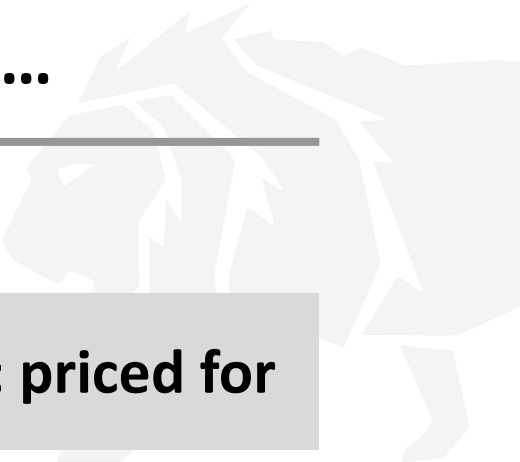


Case study: ASX Gold companies

- Best performers have been largest stocks



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



	% 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

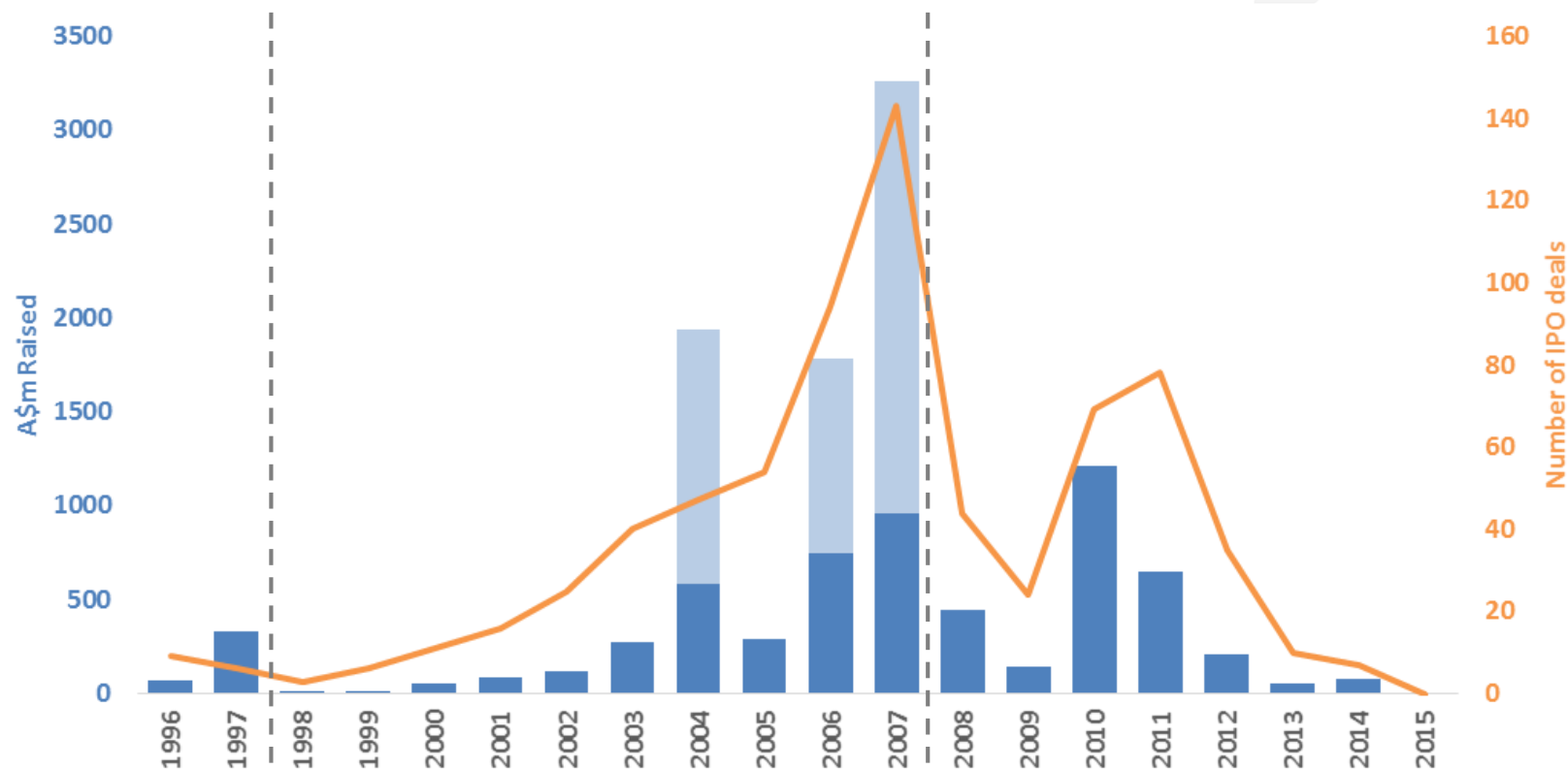
Commodities



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

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

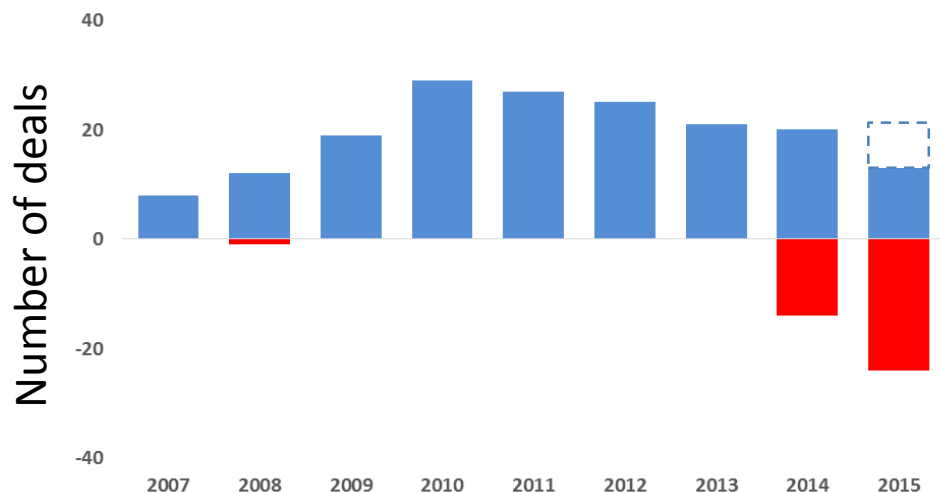


Liquidity: IPO's and RTO's



Mining IPO's

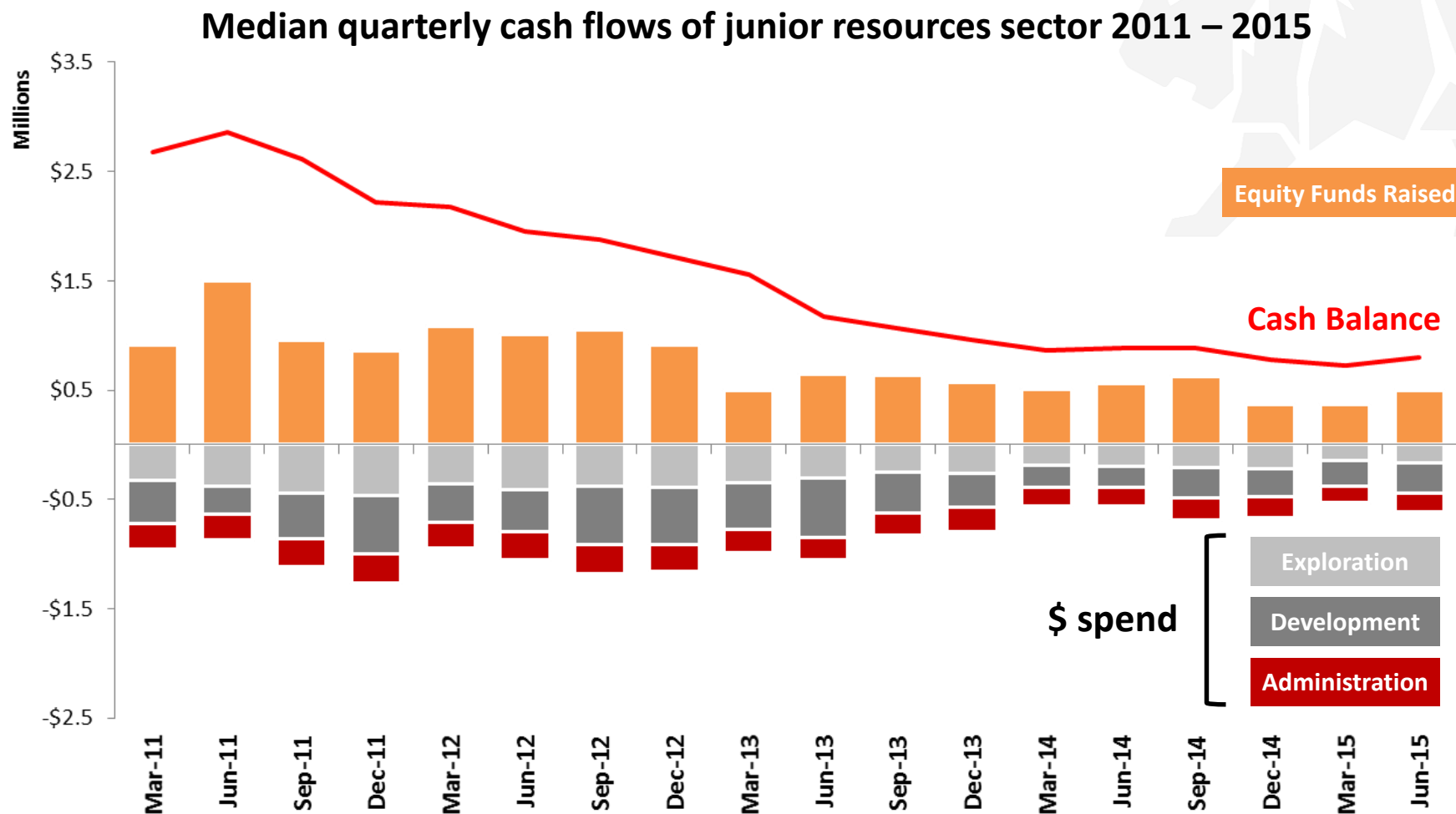
- IPO market closed
- Zero so far 2015
- Liquidity lowest ebb marks the bottom



Reverse Take Overs (the *new* IPO)

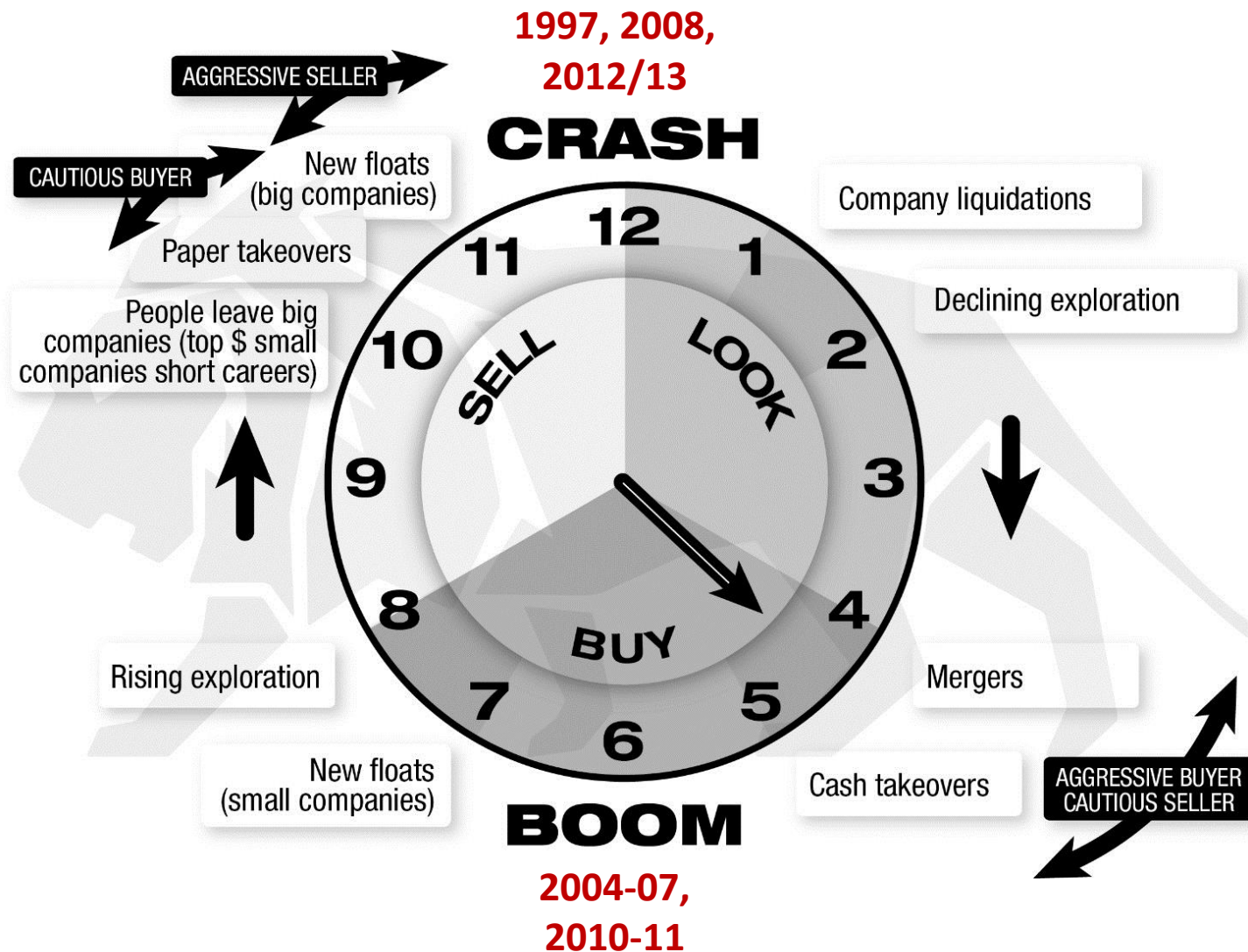
- 2015 negative trend likely arrested
- Also seeing shell recycling (dot-com)

Financial condition of microcap miners



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



Ringling 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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