

Global trends in mining finance

- Wei Shao, Co-Chair, Dentons' China Service Group
- Brandon Irsigler, Partner, Dentons Johannesburg
- Fernando Pickmann, Partner, Dentons Peru
- Leanne C. Krawchuk, Co-Chair and Global Lead, Dentons' Mining Group



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China mining update

Wei Shao, Co-Chair
Dentons' China Service Group

China mining update

Foreign investment law and regulations

- Effective January 1, 2020
- Levelling the playing field
- National treatment
- Negative list – replacing the “Catalogue”
- Restrictions lifted and more openness
- Implications in the mining sector

China mining update

Mining law being revamped

- Restrictions to foreign participation lifted in selected minerals
- Prohibitions remain in uranium
- Exploration rights to extend to five years, renewable
- Uncertainty exists on resource tax

China mining update

Recent developments

- The usual suspects
- OBOR scaling down
- Response to US initiative on strategic minerals
- In search of success stories
- Impact of US China Phase 1 deal
- Coronavirus disruptions
- Potential incentives/stimulus



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Africa mining update

Brandon Irsigler, Partner, Dentons Johannesburg

Areas of focus

- Rise of ESG demands: host communities, equity investors and lenders
 - What does ESG in Africa tend to look like? host community as the primary stakeholder, mine site empowerment and management, reliable reporting and auditing, adoption of fit-for-purpose best global practice, multijurisdictional legal compliance, understanding the value chain (example: artisanal miners), good communication
 - Practical examples – major India-based investor into Zambian copper, Swiss based miner and trader in DRC, gold miner in Tanzania

Areas of focus

- Resource Nationalism-lite
 - Pushing back on up-front investment concessions
 - Ongoing revenue demands
 - royalties increase, corporate tax changes, import duty waivers
 - transfer pricing scrutiny, beneficiation, local equity and employment participation
 - Changes in DRC, Tanzania, Madagascar, Ghana (change of government)
- Money-to-Mine investor credibility gap
 - Avoidable delays in acquiring / building and operating mine
 - Realistic appraisals, in-depth knowledge of law / regulation as its practiced

Mining in Latin America

Fernando Pickmann, Partner, Peru



LATAM is one of the most attractive areas of natural resources in the world

Multinational mining companies have mining projects and ongoing operations in LATAM and are searching for new ones.

Mining in Latin America

Challenges within the region

Regional stability

- What is going on in LATAM?
- Politics
- Permitting
- Communities, environment and surface lands

Financing

- Traditional placements
- Loans
- Streaming's
- Earn in
- Royalties
- Joint ventures
- A combination of the previous



The traditional model is migrating into acquisitions of significant participations on companies and projects 19% with “directed” investment; or 20% with Control or Joint Ventures.

Mining in Latin America

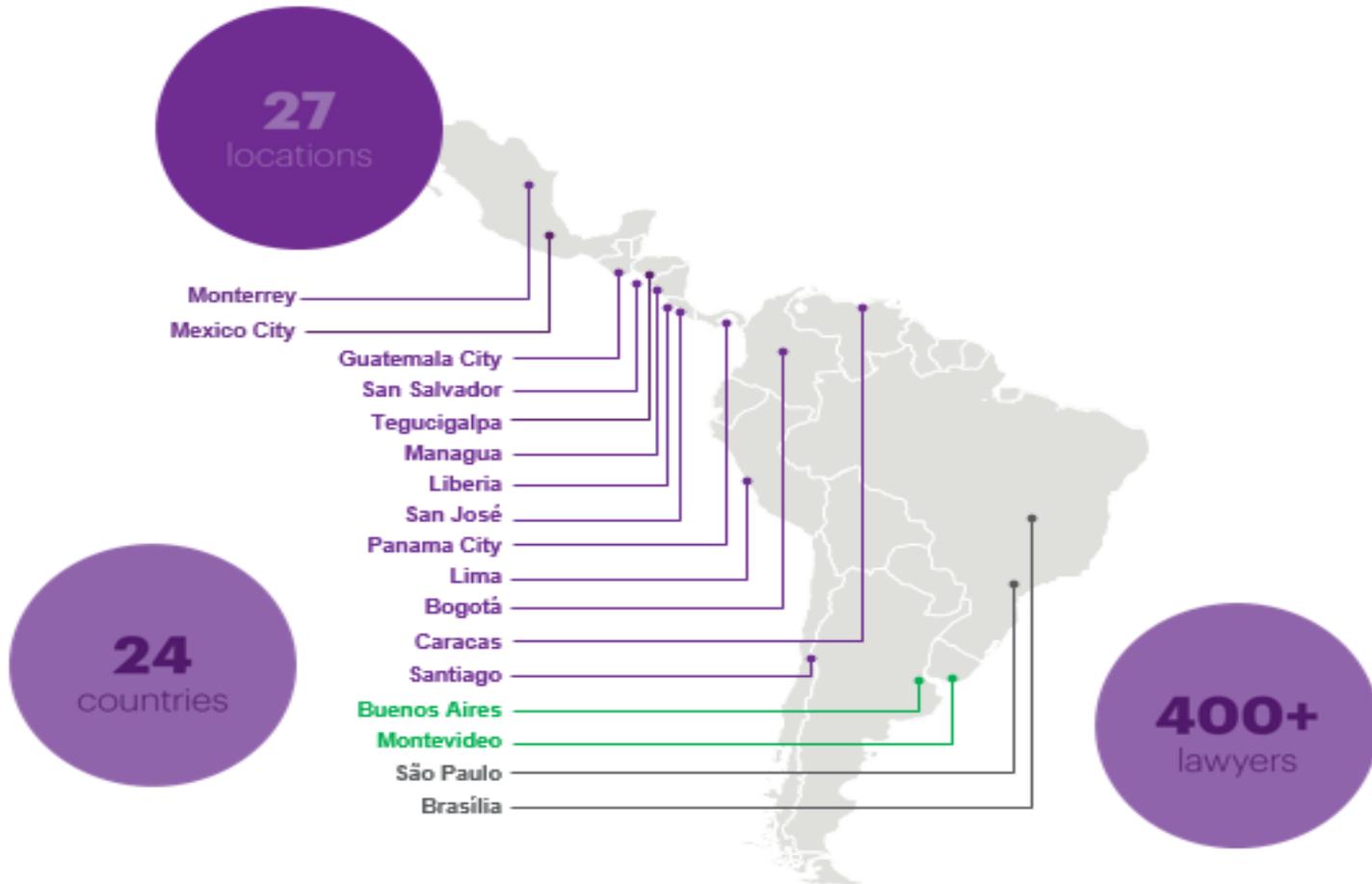
Our proposal

Hiring legal advisors

- Proven record of accomplishment
- Legal knowledge
- Real knowledge of the industry and locations of interest
- Unified cross border practice: one sole firm, one sole leader, one sole advice
- More than an external advisor a partner

Mining in Latin America

Our footprint and regional leaders



Locations in purple represent Dentons offices.
Locations in blue represent associate firms, offices and special alliances.
Locations in green represent proposed combinations that have not yet been formalized.
Locations in gray represent Brazil Strategic Alliance.

Mining in Latin America

Our footprint and regional leaders



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Global trends in mining finance

Leanne C. Krawchuk, Co-Chair and Global Lead,
Dentons' Mining Group

Strategic investments in Canada

Environmental, social, governance (ESG) factors

- Investment funds/investors are focused on mining companies' commitment to ESG as part of strategic plans (including climate change adaptation and mitigation and sustainability)
- Mining companies need to understand the KPIs for ESG and how they will be ranked going forward
- Increased investment will flow to those perceived as ESG leaders with strong corporate governance practices/policies and accountability

Strategic investments in Canada

Environmental, social, governance (ESG) factors

- Investment portfolios and strategic plans are being reshaped to meet ESG goals and targets resulting in:
 - Reconfiguration of operations
 - Divestiture of certain assets/operations/business units/types of investments
 - Increased M&A activity (i.e. acquisition of technology and assets that advance commitment to ESG)
 - Corporate governance policies that reflect ESG targets (i.e. executive compensation based in part on achieving ESG KPIs; creating the position of CTO/CDO)

Strategic investments in Canada

Investments in technology

- The “S” in ESG: increased investment in R&D and technology that improves the health and safety of workers
 - Eliminate diesel engine exhaust in mines by use of electric vehicles
 - Unmanned autonomous vehicles and rail
 - Robotic equipment and remote data collection

Joint venture trends in Canada

JV investment in battery metals and technology that promotes ESG goals

- Major mining producers partnering with juniors to develop technology related to extraction of the battery metals
 - i.e. production of battery grade lithium from oil and gas wells
- Large technology companies partnering with mining producers to develop
 - carbon-less smelters
 - remote data collection/robotics
 - blockchain technology for tracing/validating ethical procurement

Joint venture trends in Canada

Investment opportunities for indigenous communities

- Indigenous communities acquiring direct economic interests in mining projects/infrastructure
 - Direct ownership by way of purchase of equity ownership/JV participation
 - Participation in competitive bid processes to act as contract mine operators for project owners
 - Capacity building for labour workforce (skills/training)
 - Increased capital available from traditional banks and government (i.e. *Alberta Indigenous Opportunities Corporation Act*)

Thank you



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Biographies



Leanne Krawchuk

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Leanne is a member of the Firm's Corporate group. She is also the Canada Co-chair and a global Lead for Dentons' Mining group and a member of the Dentons Canada LLP National Board and a member of the Dentons Canada LLP Audit Committee.

Leanne routinely advises mining producers in Canada on commercial and other mining legal matters. She is also involved in the negotiation and drafting of multi-million dollar long term supply agreements and security of supply agreements with domestic electricity producers in the Provinces of Alberta and Saskatchewan. Leanne has been involved in significant due diligence and assignments and transfers in respect of mining interests in Alberta, Saskatchewan and British Columbia, including mineral leases and freehold mineral titles. Leanne also has experience with export contracts and letters of credit, terminal services and transportation agreements, and drafting and negotiating procurement contracts relating to mining equipment. She also provides advice to her mining clients regarding royalties, price reviews, and dedication and unitization agreements.

Biographies



Wei Shao
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Wei Shao is the National Practice Group Co-Leader for China and specializes in international business transactions focusing on China. He has extensive experience in [mergers and acquisitions](#), [corporate](#) and project financing, cross-border counseling, and general corporate and commercial transactions.

Wei has represented Chinese investors and entrepreneurs, sovereign and investment funds, private and public companies as well as major SOEs in various significant transactions in Canada, especially in natural resource and mining. Wei has also advised Canadian and international companies in natural resources, manufacturing, high-tech, environment, infrastructure and financial transactions in China. He has also provided legal advice to government agencies and diplomatic missions from both Canada and China. He is a frequent speaker at various conferences on matters related to investment in or from China.

Prior to his legal career Wei worked for the United Nations in New York. Wei is an interpreter accredited by the United Nations and by the federal government of Canada. As an interpreter or consultant, Wei has been involved in numerous ministerial and prime ministerial meetings or negotiations between Canada and China.

Biographies



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Fernando Pickmann is a partner in Dentons' Lima office and has negotiated multiple transfer, assignment and mining option contracts. He has led numerous listing and financing processes through the securities market in the risk capital sector segment of the Lima Stock Exchange for clients including, AQM Minerals, Rio Alto Mining, Zincore Metals, Rio Cristal Resources, Candente Gold, Tahoe Resources, and Regulus Resources.

Fernando participated in the negotiation process of the Joint Venture Zafranal comprised of AQM and Teck, the acquisition of Siderperu by the company Gerdau, negotiation of the Civil Works Contract for La Arena Project, amalgamation of Southern Legacy Resources Inc. and Regulus Resources Inc., consolidation of the Rio Alto and Tahoe Resources business, among others.

Biography



Brandon Irsigler
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Brandon Irsigler is a Partner in Dentons Johannesburg office. He is a member of the Corporate practice group and possesses broad M&A and other commercial experience across a variety of industries and asset types.

In addition to his corporate experience, Brandon also has extensive knowledge of all facets of the global mining industry. His commercial clients have included major private equity investors, sovereign wealth funds, and civil service pension funds. His experience in the mining industry includes upstream and downstream matters, His experience in the mining industry includes upstream and downstream matters, notable mining right acquisition, mine construction and operational matters, shareholder (including South African Broad-Based Black Economic Empowerment "B-BBEE" requirements) debt and security structures, including streaming and royalty funding. Brandon regularly advises international commodity traders and funders on matters related to real security and terms of supply, as well as major international suppliers of goods and services to the mining industry.

During his time serving as in-house counsel to one of the world's largest mining houses he designed and implemented compliance systems as regards competition law, anti-bribery and corruption, aligning a workforce of over 60,000 individuals in various jurisdictions with best global practice across civil and common law systems. Brandon has established ventures and advised clients on their operations across various jurisdictions in Africa, Dubai, Australia, Brazil, Chile and Colombia. He is a former director of the largest coal export facility in the world, the Richards Bay Coal Terminal and has advised some of the largest mining companies on significant commercial or operational matters, notably, Anglo America, Vedanta and Lonmin.