



Grant Thornton

An instinct for growth™

2015



Mining

Capability Document



We understand the industry issues

Grant Thornton offers a combination of global mining knowledge and local expertise. With affiliated member firms in over 130 countries, Grant Thornton has the global footprint to deliver services wherever our clients need us. Our success in helping our clients grow can be seen in the long-term relationships we have.

Grant Thornton helps mining, producers, investors, explorers and mining services organisations around the globe plan for a future in mining where growth is on the agenda. We advise on strategy, accounting, investment, finance, government policy, risk, compliance, legislation, cost management, restructuring, and international taxation.

The mining cycle has entered a phase of cost cutting and preserving cash. In this environment, smaller companies are working harder than ever to launch projects.

Rising costs, falling commodity prices and a skills shortage are combining to make life more difficult. Add to them increasing regulations, land rights, and environmental concerns, and the net effect is a serious squeeze on major players along with new opportunities for juniors with ready cash.

Through research (like the annual Jumex survey) and ongoing interaction with our clients we identify, and help to solve the following industry specific issues:



ISSUE

– FUNDING CHALLENGES

How it affects your business

The traditional ways of financing operations are being squeezed by risk-averse lenders. This makes it hard to raise funds in traditional markets, and creates pressure to improve operational efficiencies.

Creativity and open-mindedness are needed when seeking funds. Venture capital and other sources should be considered, along with selling non-core assets and capital market transactions.

How Grant Thornton can help

- negotiate on your behalf with creditors and investors
- help you plan a public listing, spin-off or reorganisation
- introduce you to providers of capital and joint venture partners
- help you access government funds
- advise you on IPOs and private funding
- help you manage debt and poorly performing assets
- conduct due diligence on businesses for merger or purchase
- assess opportunities, support investment plans, and help you access tax credits and R&D grants
- help you create growth plans



ISSUE

– INCREASING COSTS

How it affects your business

Dropping commodity prices rising fuel, and transport costs, and the fluctuating Australian dollar continue to create problems for many businesses, as costs are volatile and difficult to manage. Exploration and production are entering more remote regions, thereby increasing both risks and costs.

How Grant Thornton can help

Have you reviewed costs across your operations? Are your IT systems holding you back? Through a number of innovative approaches we can help you understand your costs, reduce risks, cut costs and provide insightful reporting



ISSUE

– SHIFTING REGULATORY CLIMATE

How it affects your business

As the boundaries of exploration expand, government policies and legislation are expanding too. Many countries are coming down hard on corruption, while issues such as the environment and rights of indigenous and local communities are seeing new regulations come into force, not to mention new taxes. The result: greater uncertainty within the sector and a decreased appetite for investment.

How Grant Thornton can help

Our specialists can help structure your governance and operations to deal with regulatory matters. We can help you monitor, measure, and document compliance and review your business to uncover your exposure to bribery and corruption.

We can also help you with matters like ASX listing requirements, occupational health and safety rules, risk management and advocacy on energy and resources issues.

This helps the board of directors to sleep at night as many penalties in this environment target individuals, not just the corporate entity.



ISSUE

– INVESTMENT MOVING OFFSHORE

How it affects your business

Mining is a global business. To flourish, you must control commodities at their source. However, many economies and environments are vastly different to Australia's.

What's more, global success demands innovation, which in turn demands heavy investment.

How Grant Thornton can help

Our team can support your company's ambitions in almost any territory worldwide. Grant Thornton International has member firms in over 130 countries.

Multi-national businesses also have the onerous task of managing trading and tax obligations between different sovereign tax structures. We will help you with global tax matters, where to invest in infrastructure and securing finance to support physical expansion or acquisitions.

More importantly, as you look for growth opportunities in the other sovereign regions we can put you in touch with the right people from the get-go.

Grant Thornton capabilities

Our team of mining specialists deliver business advice and services to our clients worldwide. Our clients include a full range of business types and sizes - from newly incorporated exploration entities, to major producers and suppliers.

EXPLORATION

The key challenge facing exploration stage companies continues to be availability of finance, in an environment of global market instability and volatile commodity prices. Key success factors include quality of projects and management, availability of infrastructure and sovereign risk issues. Our significant experience with companies at this stage, as well as our global reach, enables us to provide efficient and timely advice.

DEVELOPMENT

The identification of a resource and the decision whether to develop a project to production or sell are significant milestones in a company's life cycle. Either option creates a set of unique issues. A development decision requires significant fundraising and the company to evolve from a simple business with a handful of employees to substantial operations. Managing this evolution, including the introduction of appropriate systems and procedures requires a focus on reducing risk, monitoring and containing costs and avoiding potential unnecessary and costly delays. The alternative is to position a project as an attractive asset with a view to realising value for shareholders. Grant Thornton has the expertise to support the executive team in achieving an optimal outcome.

PRODUCTION

Commencing production is a significant milestone. Junior producers require funding and technical assistance during the start-up period. Once in production, institutions and strategic investors generally account for a significant portion of the shareholder base. The company will be required to provide sophisticated information to the market to meet investor needs. Managing investor expectations is critical to maximising shareholder value. Best practice systems, corporate governance and regulatory compliance is necessary. Grant Thornton's industry specialists provide a full range of services to meet these objectives.



Service offerings

Grant Thornton assists with challenges faced by companies across the mining life cycle:



ATTRACTING AND RETAINING STAFF

- We help with developing Employee share schemes
- We help with supporting and structuring Ex-pat tax services
- We offer HR advisory services (including remuneration strategies, policies)

FUNDRAISING SUPPORT

- Fund raising assistance (eg pre-IPO raisings)
- Capital markets – advice on selection of appropriate market and assistance with the listing process
- Independent Accountant for IPOs (ASX and other markets such as AIM)
- Nominated Advisor services for AIM listings
- Independent Expert Reports

REDUCING REGULATORY RISK

- External audit
- Corporate governance reviews
- Corporate tax
- Transfer pricing reviews
- Indirect tax advice (GST, payroll tax, R&D tax incentive etc)
- Option valuations

EFFICIENT CORPORATE STRUCTURING

- Tax effective structuring advice
- Corporate simplification (winding up of dormant / defunct subsidiaries)
- Insolvency

PROFESSIONAL, INDEPENDENT TRANSACTION SUPPORT

- Valuations
- Independent Expert Reports
- Project acquisitions and divestments
- Sourcing joint venture/off-take partners
- Financial modelling
- Due diligence

SYSTEM IMPROVEMENT AND OUTSOURCING SUPPORT

- Systems and controls review
- Technical advice and financial reporting assistance
- Technical training (IFRS, accounting, auditing and legislation changes etc)
- Financial statement preparation
- Payroll outsourcing / interim payroll
- Internal audit
- IT audit

Finger on the pulse...

To support our clients and enhance our own market understanding we conduct insightful research throughout the year and share these up to date findings.

We research market trends

Since 2009 Grant Thornton Australia has produced an annual survey of the Junior Mining and Exploration industry (JUMEX). We discuss trends which impact the competitiveness and longer term sustainability of the junior mining sector, such as funding constraints, an economic view of future commodity prices, regulatory challenges, investor interest and market and employment conditions.



Please see: <http://www.grantthornton.com.au/en/insights/reports/jumex-survey/>

We research and provide technical support

From the impact of the annual Federal Budget, workshops on “What’s new in tax and accounting” frameworks, changes in the EDI (Exploration Development Incentive), the impact of ESS (Employee Share Schemes) in the mining sector, Financial Instruments - A Chief Financial Officer’s guide and numerous other relevant industry alerts, we aim to keep our client informed and prepared.

We provide a global view. Insights and trends from our mining teams across the globe provide perspectives on M&A activity for example.

Please see <http://www.grantthornton.com.au/en/insights/>

We seek our clients’ view of distinctive service

Providing exceptional service doesn’t happen by accident. We take the time to contact our clients after work engagements to hear their views and learn about their unique requirements. In fact, Grant Thornton globally surveys key clients throughout the year to ensure we understand our client requirements and deliver exceptional service. We ask our clients to rate our service, overall scoring a satisfaction score of 8.76 out of 10 for FY’15 across hundreds of client engagements.

When we ask our clients “What is distinctive about the services provided” we hear the following:

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“Good fit in understanding the business. Great national experience without significant cost impost as per Big4”

“Accessibility and service provided at Partner level resulting in an efficient audit process”

“Grant Thornton’s extensive knowledge of junior mining companies and their requirements. Evidenced by the knowledge and qualifications of the audit team. Also the willingness of the partner to provide personal contact and discuss recommended updates with no surprises.”

“Personalised service from people who understand the business and have numerous other clients in the same industry from which to draw experience and advice from. Professional approach, yet not too tied up in inflexible practices. Those who we deal with can make decisions then and there or if not straight away, in quick time i.e. no hierarchy of decision makers to wade through”

“The partner is knowledgeable and interested and takes time to develop relationships.”

“Great Partner and senior personnel relationship. Partner is readily available to take phone calls.”

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About Grant Thornton

40,000
people globally

130
countries

\$4.7BN
worldwide revenue
2013 (USD)

1,100+
people nationally

Industry specialisations

Automotive
Dealerships

Energy & Resources

Financial Services

Food & Beverage

Health & Aged Care

Life Sciences

Manufacturing

Not-for-Profit

Professional Services

Public Sector

Real Estate &
Construction

Retail

Technology & Media

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms.

These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

Grant Thornton Australia has more than 1,100 people working in offices in Adelaide, Brisbane, Cairns, Melbourne, Perth and Sydney. We combine service breadth, depth of expertise and industry insight with an approachable "client first" mindset and a broad commercial perspective.

With 40,000 people in over 130 countries, we have true global scale, deep technical capabilities and extensive industry expertise. **But this does not make us different. It's how we work with you that makes us different.**



We discover what's
important to you and
make it important to us



Agile and
responsive service



Pragmatic solutions
to help you improve
and grow



Collaborative
teams with a
different mindset

Our services to dynamic businesses

Tax

Business planning tax advice

Corporate tax risk management
services

GST & indirect taxes including
fuel tax credits

Fringe benefits tax

Employment taxes

International tax

Transfer pricing

Expatriate taxes

Research & development

Corporate advisory services

Audit & assurance

External audits

Internal audits

Reviews of financial reports

Technical IFRS & accounting
advice

IFRS training

Expert accounting &
audit opinions

Systems & controls reviews

Compliance audits & reviews

Private advisory

Business & strategic planning

Compliance services

Tax advisory services

Private wealth advisory

Outsourced accounting solutions

Advisory services

Financial advisory

Acquisition & investments

Due Diligence

Valuations

Fraud risk management &
investigation

Initial Public Offering

Investigating Accountant's
Reports

Independent Expert's Report

Financial Modelling

Transaction advisory services

Merger integration

Operational advisory

Internal Audit

Information Technology Risk
& Security

Corporate Governance

Risk Management

Data Analytics

Capital Integrity – alignment of
programs to deliver organisation
strategic

Project Governance &
Management

Strategy Design &
Implementation

Performance Improvement &
Process Re-engineering

Execution Workforce Advisory
services

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