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The Minerals Industry in the Asia Pacific Region:
Challenges and Opportunities

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Asia and Australia’s virtuous circle of economic growth and prosperity

Sustained Growth in Minerals Demand and Supply

Demand
Prospectivity
Supply
People
Capital
Technology
China remains the major driver of commodities demand with India and others to follow

Emerging markets – the future
- World to continue in a long period of economic expansion
- China the driver
- Traditional markets of US, Japan, Europe still important
- But emerging markets are the future
- BRICs → MIST → N11 → CIVETS

World average real GDP growth 2012

China’s growth formula
- Passed the point of economic growth take-off / Accelerating consumption from growing middle class
- A metal intensive stage of economic development
- Largest urban migration in world history
- Massive infrastructure development
- Social imperative

Ambitious construction plans are commodity-intensive

- Power generation investments – USD 430 billion by 2015e
- Power grid investments – USD 400 billion by 2015e
- Length of railway track - 91,000km in 2010 to 120,000km by 2015e
- Investment in urban subway systems - USD 185 billion by 2015e
- Investment in water-resource facilities – USD 617 billion by 2020e

Source: IMF

Source: CEC, MOR, NDRC, JP Morgan
Commodity supply – still under pressure

Supply will be running to catch up
- FMG – a great example
- More of them required
- Exploration needs to be encouraged

Asia is uniquely positioned
- Geopolitically
- Technically
- Financially

Some structural challenges
- Physical infrastructure
- Regulatory infrastructure
- Sovereign risk issues

Some current supply uncertainties and pressures
Excellent regional prospectivity

- Asia-Australasia contains numerous Au, Cu-Au and Cu-Au-Mo bearing mineral provinces
- Within this region the mineral provinces of south-west Pacific contain the greatest concentration of world class deposits
- The north-west Pacific has identical tectonics but lower levels of modern exploration
Copper - Red gold, powering and connecting the world

Asia consumes 51% of world copper production but attracts just 4% of global exploration spend

Asia is under-explored for all minerals

Supply can’t match Asia’s need for copper

Discoveries declining but copper outlook is strong
Regional capital becoming increasingly available

- Asia accounted for >50% of total global IPO volumes since 2009…..
- … and increasing its share of follow-on funding
- Hong Kong IPO market most active globally. From 2009 – 2011, more than US$122bn raised through 224 listings
- Asia now leads the world in its share of global M&A deals
- Asian equity markets now out-perform the rest of the world

2009-11 IPO Funds by Exchange (US$bn)

Source: Standard Chartered, Dealogic

Increasing capital availability in Asia
Australian mining industry capability

Australia arguably best in world in mining and minerals processing technology and technical capability

From exploration through development through operations through environmental management through sustainability

A long history, experience and culture

Major producer of most metals and commodities. All global major mining companies work in Australia

A suite of revolutionary technical advances occurring in exploration, automation and energy efficiency

All supported by industry and Government
Gaining and sustaining social licence

Building a trusted relationship with the local community and government to ensure the development of a socially, economically and environmentally sustainable site.

Community programs including fish farming, animal husbandry and technical training.

Build new infrastructure to support potential mine site.

Significant level of local employment.

Transparent investment in local community through infrastructure, procurement from local businesses and community projects.

Significant level of sourcing from local suppliers.

Access to diverse sources of capital.

Access to highly trained experts with specialised knowledge and skills.

Ability to leverage knowledge, technology and capital.

Funding

Opportunities

Business Partners

Knowledge

Government

Country

Employment

Infrastructure

Health

Community

Sustainable Communities

Improve health awareness.
Australia and Asia case studies

Discovery | Development | Operation

Map showing Australia and Asia with company logos:
- COKAL
- OCEANA GOLD
- axiom
- St Barbara
- Haranga RESOURCES
- FREEMILIA
- MEDUSA MINING LIMITED
- PanAust
- RED5 Limited
- BARRICK
- NEWCrest MINING LIMITED
- OLYMPUS PACIFIC MINERALS INC.
- indochine MINING LIMITED
- TIGERS
- Turquoise Hill Resources
- China Minmetals Corporation
- CGA Mining Limited
- CITIC PACIFIC MINING
- HILLGROVE RESOURCES
- ANTOFAGASTA PLC

Australia and Asia working together: case studies
Key conclusions

- Asia will drive multi-decade commodity demand growth
- Supply and investment continues to be the significant opportunity in this region
- Capital deployment in resources in Asia will continue to grow
- The key to a successful and sustainable mining investment are:
  - A stable, secure and competitive jurisdiction
  - Quality projects, people, contractors and technology
  - Everlasting commitment to communities
Thank you

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