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Trends in Gold Transaction Values 2014-17

**Current Trends in Mining Finance
New York SME Conference**

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RPA Inc.**

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Toronto Denver London Vancouver Quebec City

Agenda

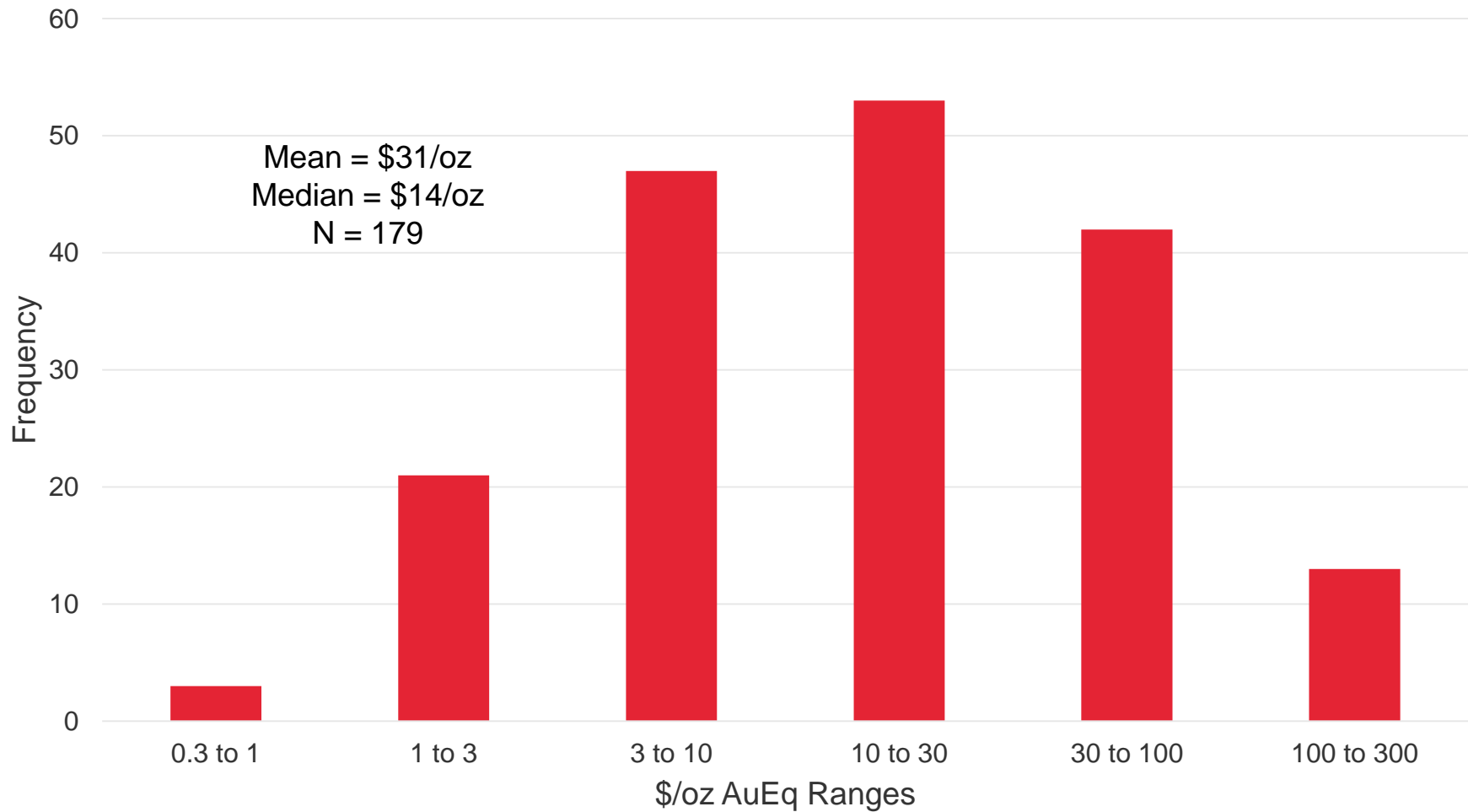
- Gold property transaction data
- \$/oz of gold equivalent as common comparison metric
- Trends in gold property transaction values by:
 - Producing vs non-producing properties
 - Date of transaction
 - Proportion of Reserves in total Reserves + Resources
 - Western vs non-Western countries

- Search SNL Financial database of property transactions
- Publicly disclosed transactions globally
- Screen for gold property deals with Mineral Reserves and Resources
- Compile information on each transaction from 2014 to 2017 Q1
- Analyze transactions to derive value in US\$ for 100% property interest
- Compile contained oz of gold equivalent (AuEq) in Reserves+Resources
- Calculate \$/oz AuEq to use as common comparison metric
 - Transaction value for 100% property interest divided by total contained ounces = **\$/oz AuEq**
- Streamline dataset by eliminating small deals, small resources, low gold in AuEq, and small acquired interest
- **179 transactions in 35 countries on 43 producing properties and 136 non-producing properties**

Gold Property Transaction Values - \$/oz AuEq



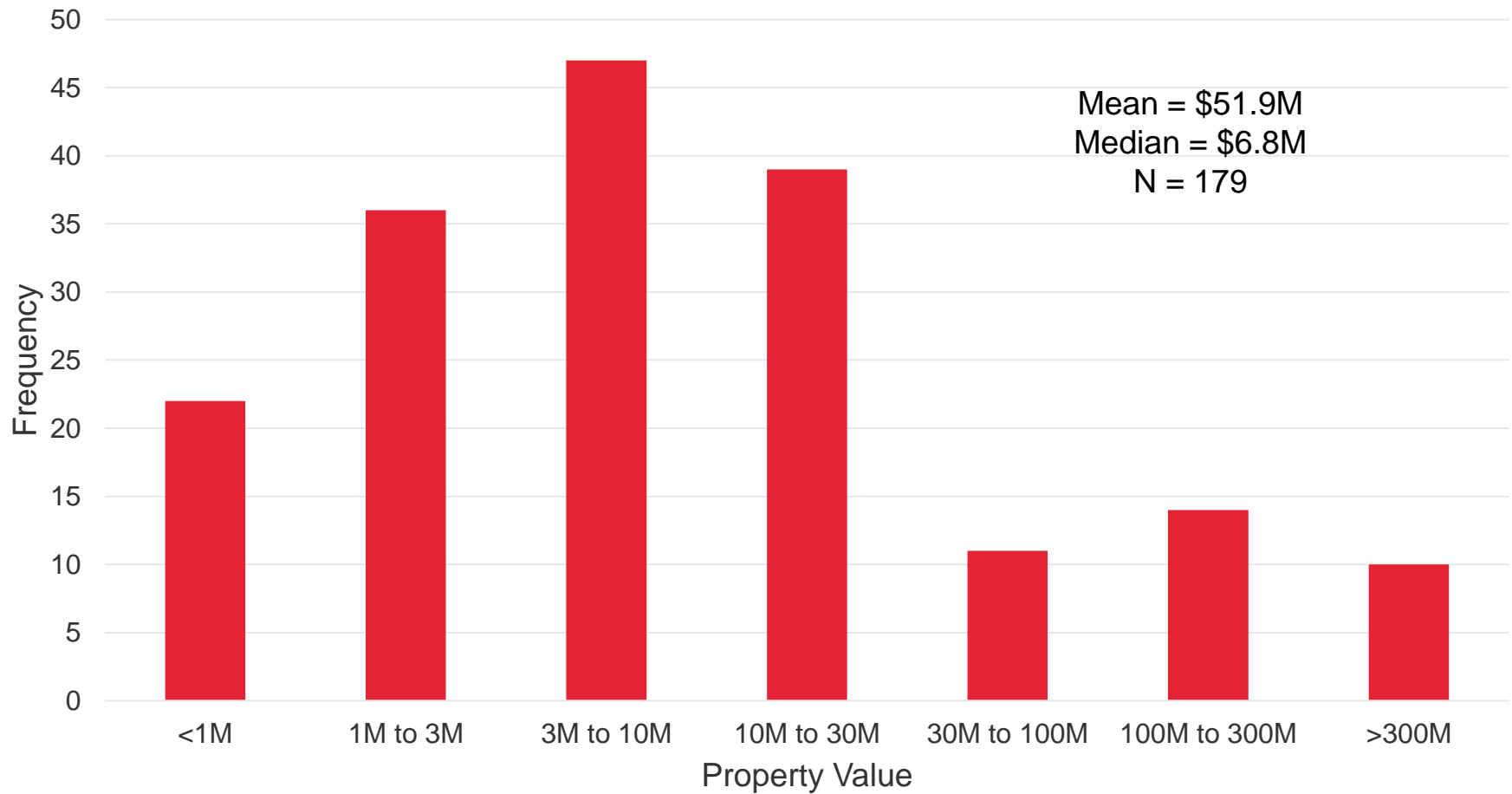
All Transaction Data 2014 to 2017 Q1



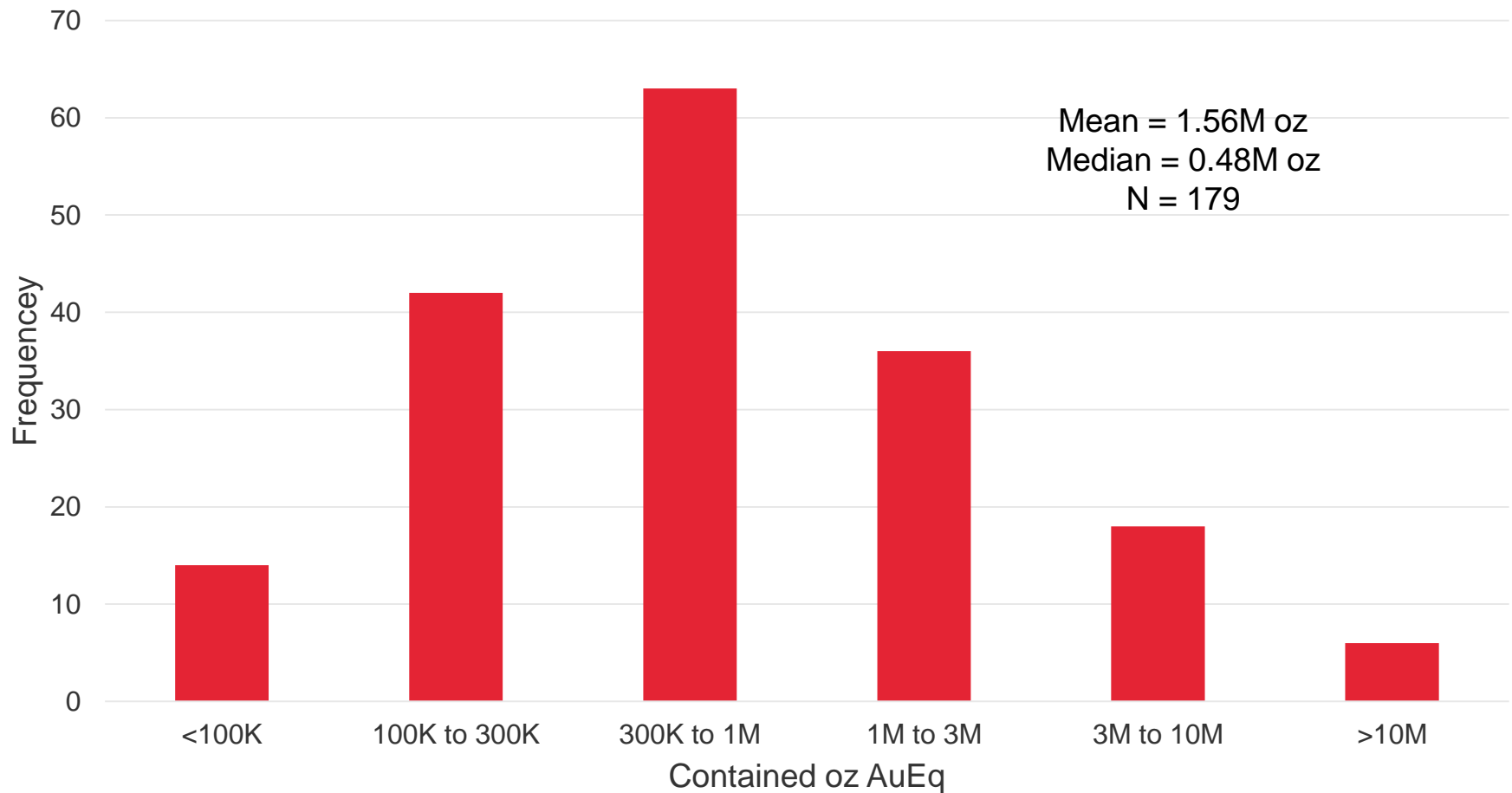
Gold Property Transactions - Property Values



All Transactions 2014 to 2017 Q1



All Transactions 2014 to 2017 Q1

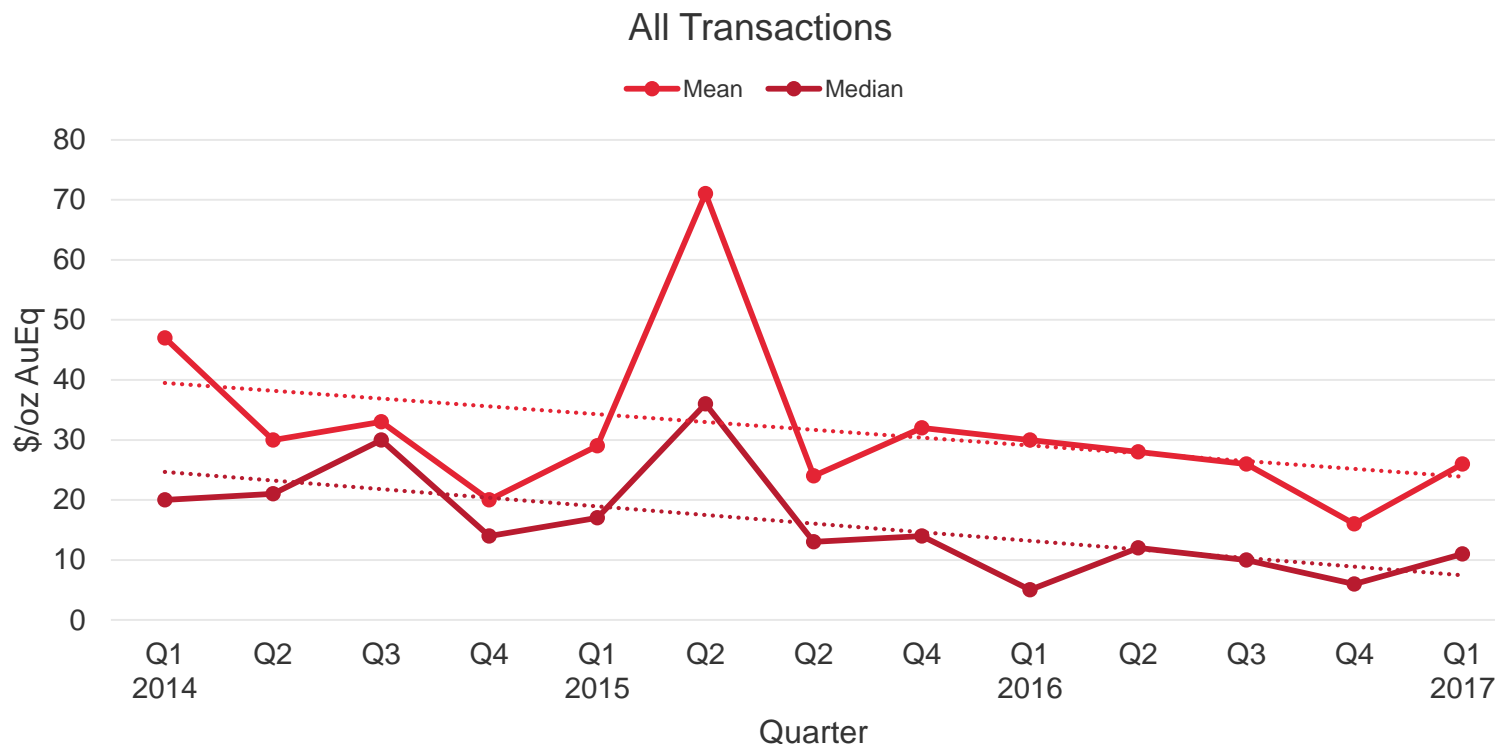


Gold Property Transaction Values



Overall downward trend over the period 2014 to 2017 Q1

- Spike in 2015 Q2 is due to 5 producing property transactions >\$80/oz



Gold Property Transaction Values



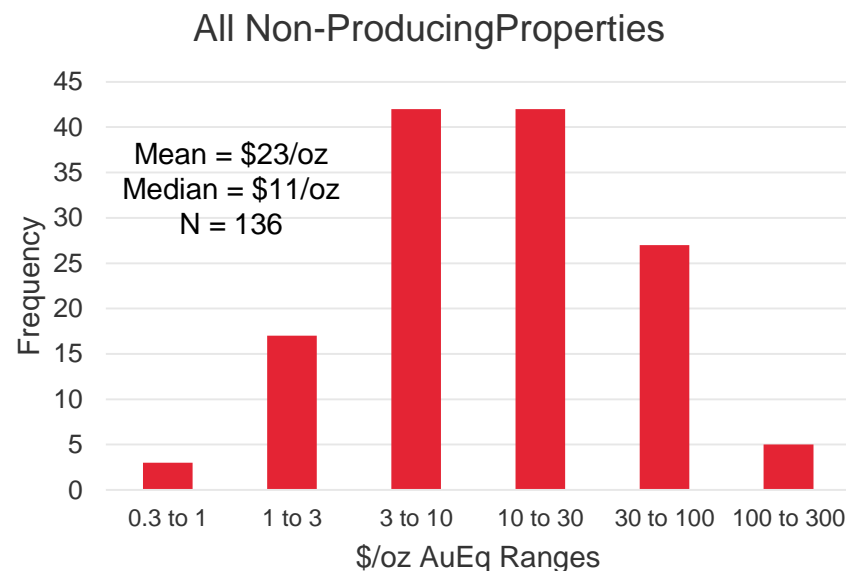
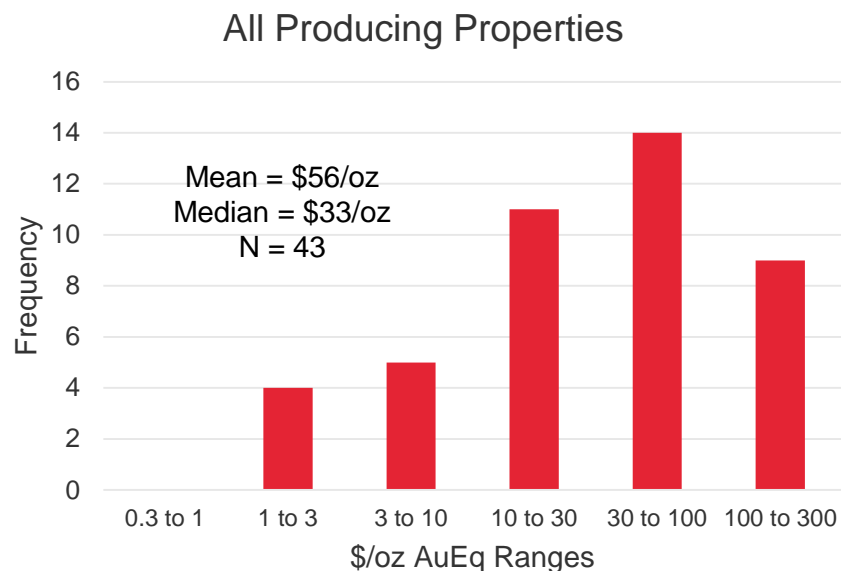
Producing vs Non-Producing Properties – overall data

- Producing properties have significantly higher \$/oz AuEq values, higher property values, and more contained ounces AuEq overall

	<u>Producing Properties N = 43</u>			<u>Non-Producing Properties N = 136</u>		
	<u>Mean</u>	<u>Median</u>	<u>Middle 50%</u>	<u>Mean</u>	<u>Median</u>	<u>Middle 50%</u>
\$/oz AuEq	56	33	13 to 89	23	11	5 to 29
Property Value \$M	160	38	5 to 253	18	5	2 to 15
M oz AuEq	2.7	1.7	0.4 to 3.2	1.2	0.4	0.2 to 1.0

Producing vs Non-Producing Properties

- Producing properties have significantly higher \$/oz values, higher property values, and more contained gold in Reserves + Resources than non-producing properties
- Note geometric progression with many low \$/oz values and few high values.



Gold Property Transaction Values over Time



Trends in Producing and Non-Producing \$/oz Values over Time

- Producing and non-producing \$/oz values similar in 2014
- Producing properties increased in \$/oz from 2014 to 2015 and 2016, then decreased
- Non-producing properties decreased in \$/oz from 2014 to 2016-17
- The number of non-producing property deals increased in 2016 and 2017
 - Dominated by low \$/oz value transactions

	Producing Properties			Non-Producing Properties		
	Mean	Median	N	Mean	Median	N
2014	33	19	11	32	24	36
2015	79	82	13	25	13	27
2016	58	39	15	17	6	57
2017 Q1	35	37	4	24	9	15

Gold Property Transaction Values over Time

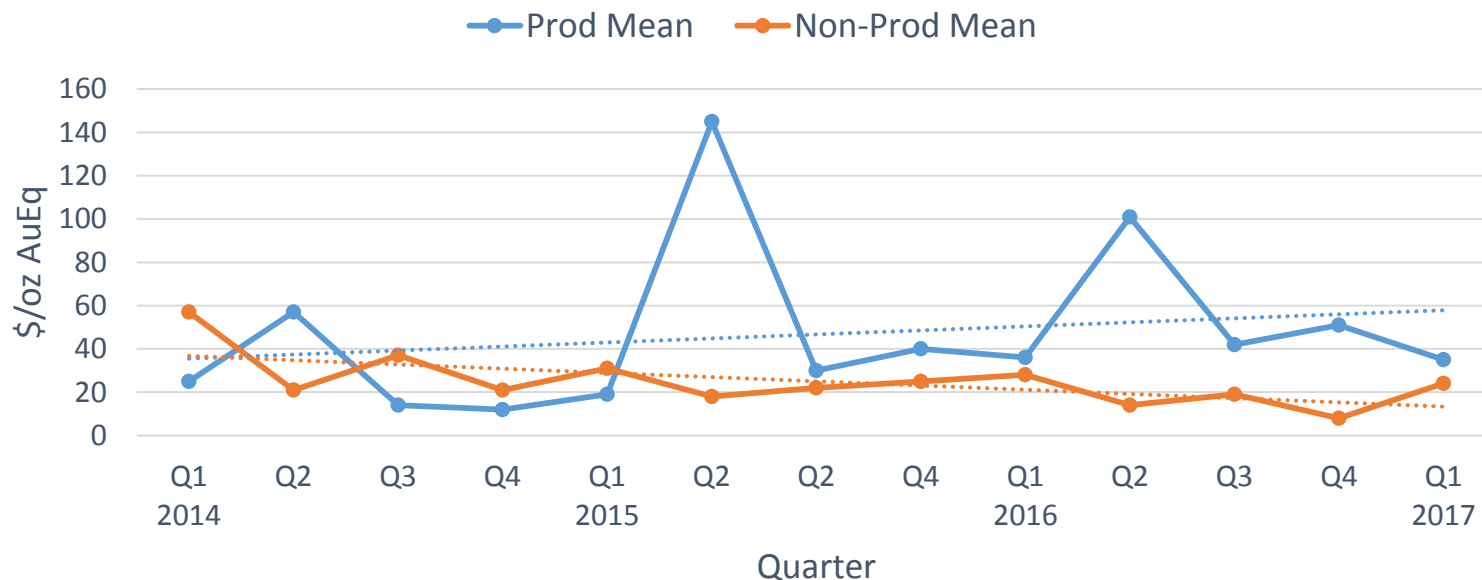


Producing properties - slight upward trend ca \$30/oz to \$50/oz ?

Non-producing properties - downward trend ca \$30/oz to \$15/oz ?

- Producing properties spike in 2015 Q2 is due to 5 transactions >\$80/oz
- Producing properties spike in 2016 Q2 is due to 2 deals >\$100/oz

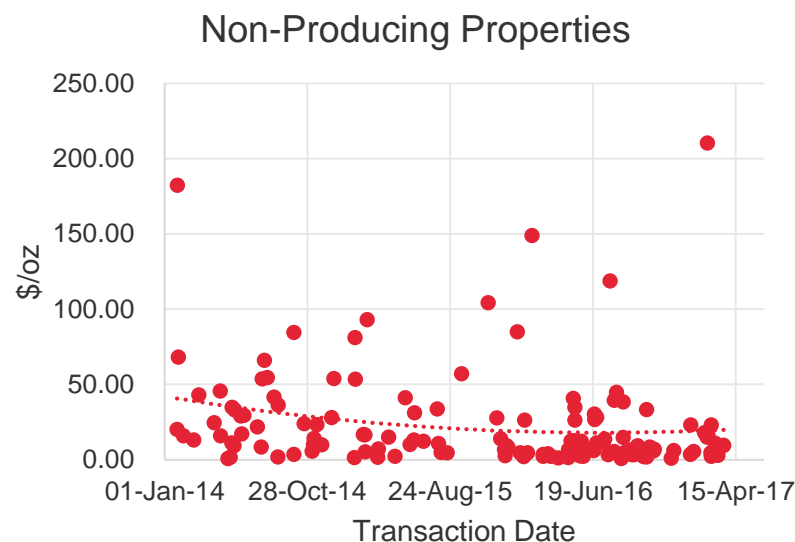
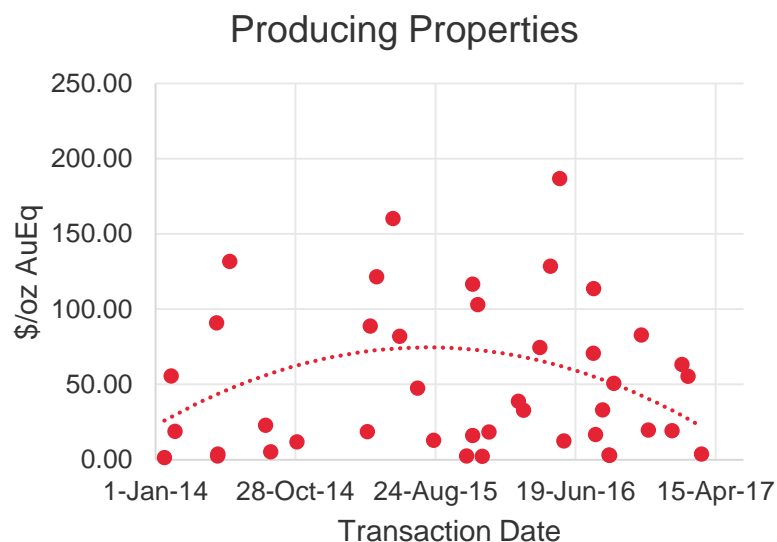
All Transactions - \$/oz Average by Quarter



Gold Property Transaction Values – over Time



- Producing properties \$/oz values increased from 2014 to 2015 and 2016, then decreased in late 2016 and 2017 Q1
- Non-producing properties \$/oz values decreased from 2014 to 2016 and 2017 Q1



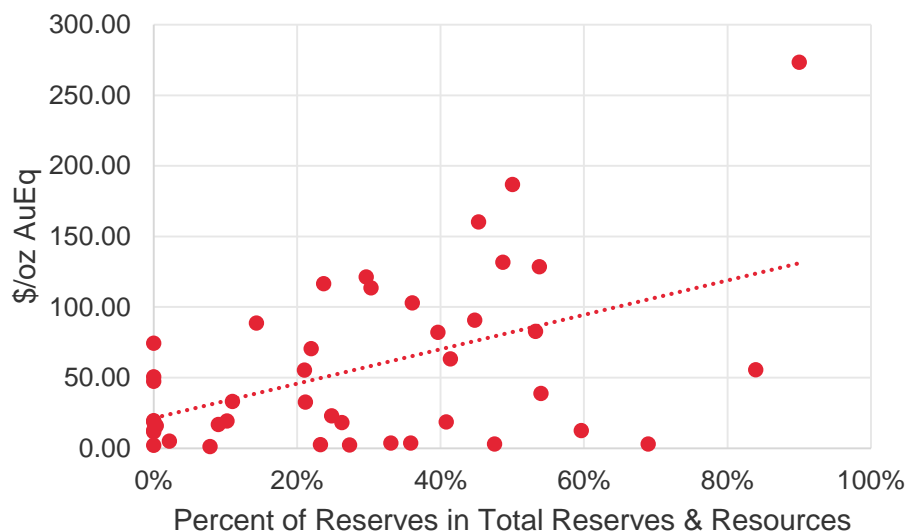
Gold Property Transaction Values - Reserves



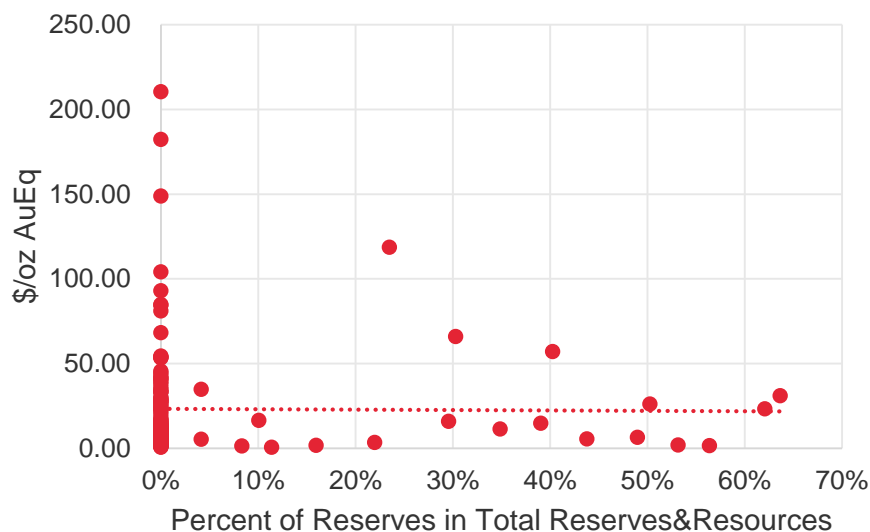
Proportion of Reserves in Total Reserves and Resources

- For no Resources only, producers are similar to non-producers at \$20/oz AuEq
- For producing properties, \$/oz AuEq increases with % of Reserves
- For non-producing properties, no change in \$/oz with % of Reserves
- Apparently the market values Reserves in producers only

Producing Properties



Non-Producing Properties



Gold Property Transaction Values

– Producing Properties by Country



- For Western countries, Australia and Canada have similar \$/oz values, but USA \$/oz values are higher
- For non-Western countries, \$/oz values in Asia are higher than Latin American and African countries, which are similar
- Overall, \$/oz values are similar for Western and non-Western countries

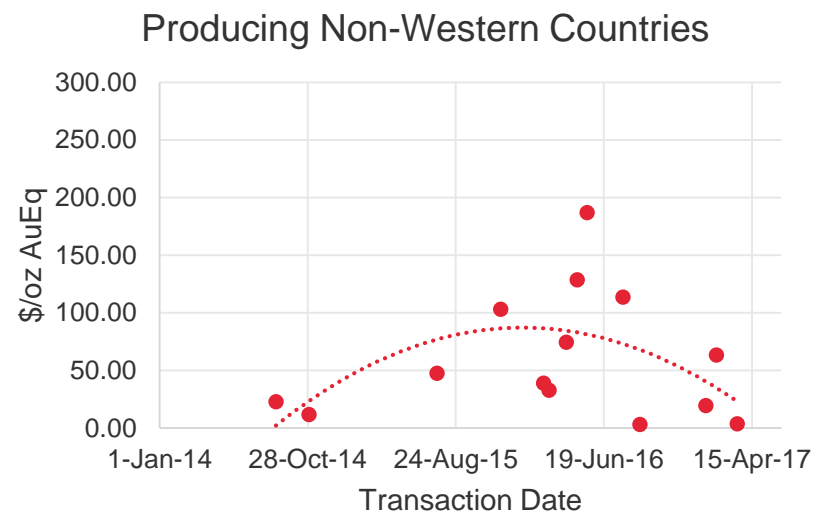
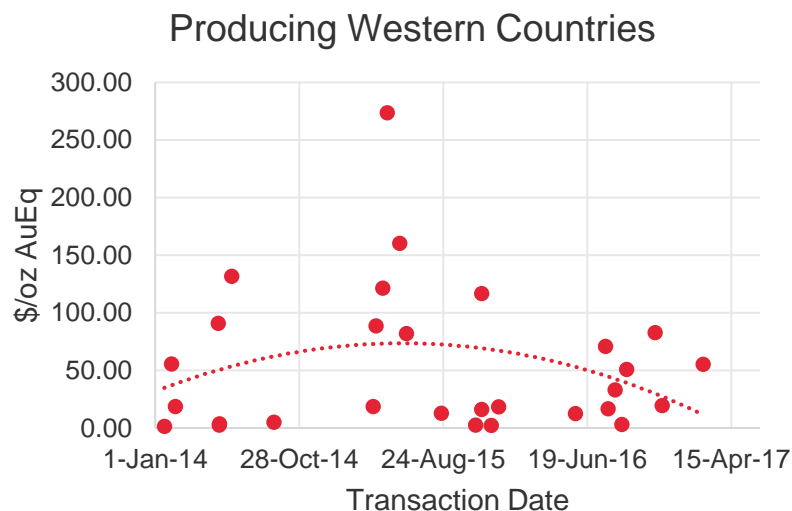
<u>Producing Properties</u>			
<u>Country/Region</u>	<u>Mean</u>	<u>Median</u>	<u>N</u>
Australia	45	20	15
Canada	29	19	3
USA	58	56	9
<u>Western Countries</u>	<u>54</u>	<u>20</u>	<u>29</u>
Latin America	37	19	5
Asia	94	89	6
Africa	33	33	3
<u>Non-Western Countries</u>	<u>61</u>	<u>43</u>	<u>14</u>

Gold Property Transaction Values

– Producing Properties by Region over Time



- Both Western and non-Western properties show the same hump trend
- For Western properties, \$/oz values peak in 2015
- For non-Western properties, \$/oz values peak in 2016



Gold Property Transaction Values

– Non-Producing Properties by Country



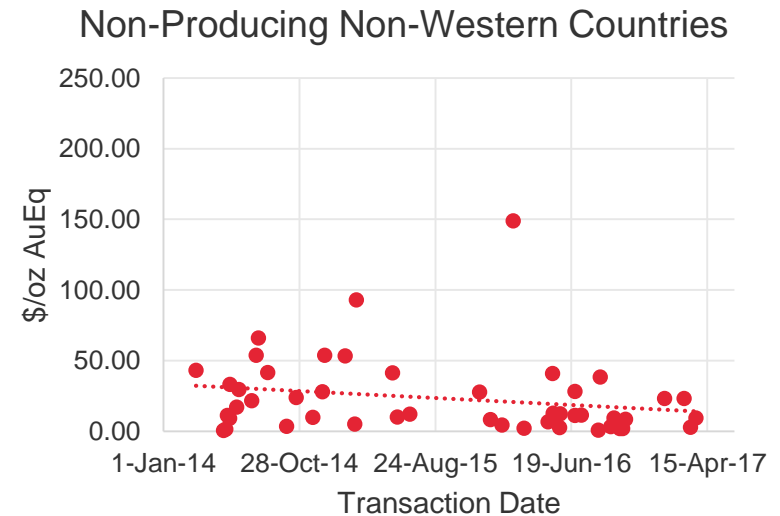
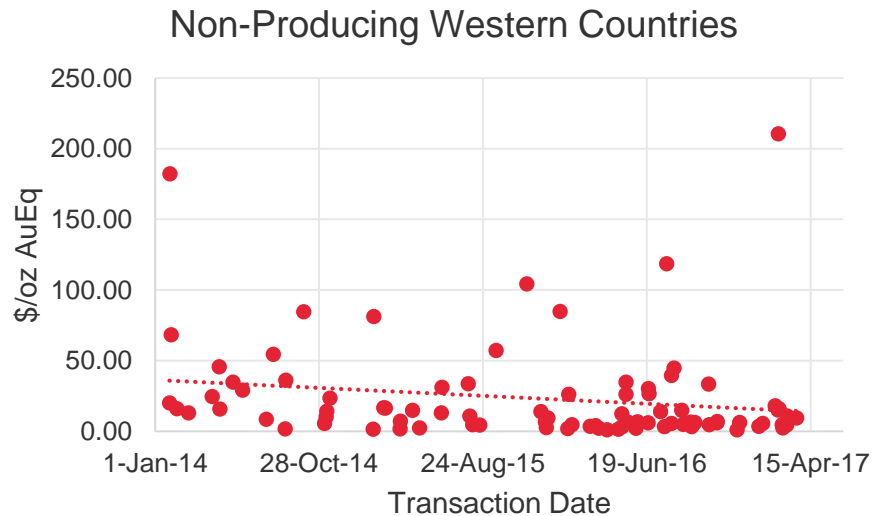
- For Western countries, Australia and Canada have nearly identical \$/oz values, but USA \$/oz values are significantly higher
- For non-Western countries, Latin American and Asian \$/oz values are higher than African and Russian \$/oz values
- Overall \$/oz values for non-Western countries are very similar to Western countries

<u>Non-Producing Properties</u>			
<u>Country/Region</u>	<u>Mean</u>	<u>Median</u>	<u>N</u>
Australia	16	9	34
Canada	16	8	31
USA	47	23	21
<u>Western Countries</u>	<u>23</u>	<u>10</u>	<u>88</u>
Latin America	28	23	19
Asia	31	32	6
Africa	19	11	18
Russia	11	9	5
<u>Non-Western Countries</u>	<u>23</u>	<u>12</u>	<u>48</u>

Gold Property Transaction Values - Non-Producing Properties by Region over Time



- Downward trend for Western and non-Western countries \$/oz values from 2014 to 2017 Q1
- In both cases, from ca \$30/oz in 2014 to ca \$15/oz in 2017 Q1
- Increased number of transactions in 2016 and 2017 Q1 in both Western and non-Western countries, dominantly at low \$/oz values



Summary and Conclusions

- Data on 179 property transactions compiled for the period 2014-2017 Q1
- The \$/oz AuEq value for each property is used as a comparison metric
- The \$/oz values covers a wide range and follows a geometric progression, with many low values and fewer high values
- The property values and the contained ounces also exhibit a geometric progression with many lows and fewer highs
- The producing and non-producing properties differ significantly in \$/oz values
 - 43 producing properties average \$56/oz with median of \$33/oz
 - 136 non-producing properties average \$23/oz with median of \$11/oz

Summary and Conclusions - continued

- Producing and non-producing properties had similar \$/oz values in 2014, but their trends diverged after 2014
 - Producing properties \$/oz values increased in 2015 and decreased in late 2016 and 2017 Q1
 - Non-producing properties values decreased from 2014 to 2016 and 2017 Q1 due to increased number of transactions with low \$/oz values
- The market pays higher \$/oz values for reserves in producing properties, but not in non-producing properties
- Overall, \$/oz values are similar for Western and non-Western countries
- \$/oz values for USA properties are higher than Australia and Canada for both producing and non-producing properties
- Overall market transaction data should not be used to value individual properties

Gold Property Transaction Values



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