



Around the world with our Brisbane based resource clients

By Glenn Vassallo and Olivia Christensen
of Hynes Lawyers



Earlier this year when many commentators were focusing on signs of a weak global economy Alan Kohler's assessment of the Australian economic climate was one of 'amazing prosperity' which he attributed in part to a 'new resources boom'. In a testament to the strength of the Queensland's resources industry, we bring you a selection of success stories on deals we have acted on for our Brisbane based clients.

Project: Boseto Copper Project (Botswana)

Transaction 1: Sale of 100 per cent of copper concentrate produced from the project for a minimum of five years (with an option to extend) to Swiss metals trader, Transamine Trading SA in March. The contract has an estimated sales revenue of \$250 million annually.

Transaction 2: \$19 million private placement with associated entity, Transaminvest SA (representing an 11 per cent premium to the four week VWAP) in March 2010.

Comment: DML's metals expert stated that the copper sale contract was more favourable than many. The alliance between DML and Transamine represented a key milestone in the development of the project. DML has recently announced the completion of their BFS, a notice to proceed with plant construction and was admitted to the S&P/ASX 300 announced in the September 2010 re-balance.

MD Comments: The copper sale contract and formalisation of the relationship with our offtake partner represented a significant milestone towards the delivery on DML's strategy to develop the Boseto Copper Project. Discovery Metals has grown from a market capitalisation of \$60 million in February 2008 to more than \$280 million in September 2010. – Brad Sampson, MD

Background: Kings Minerals is a Brisbane-based, ASX-listed explorer. Kings had a 73.7 per cent interest in TSX-listed San Anton Resources Corporation which in turn has a 66 per cent interest in the Cerro Del Gallo gold-silver-copper deposit in Mexico.

Transactions: Kings has just completed an amalgamation with San Anton. The transaction is in essence a public takeover based on a 2:5:1 scrip deal to acquire the remaining 26.3 per cent, valuing San Anton at approximately \$28 million. Kings will now proceed to dual list on the TSX.

Comment: The transaction rationale is to obtain the entire minority interest in San Anton, which Kings considers will provide better opportunities for long-term value for Kings and San Anton. In addition to material cost savings on corporate management, the transaction will provide greater liquidity, a broader register, and will assist Kings to raise project funds in both Australia and Canada.

CFO Comments: The amalgamation of Kings and San Anton, together with a dual listing on the TSXV, will strengthen the company's position to maximise shareholder value through the next phase of development of the San Anton project. – Craig McPherson, CFO

Project: Lennard Shelf Project (lead-zinc, Western Australia)

Transaction 1: \$10.5 million private placement with Chinese State owned entity, Northwest Mining and Geology Group (NW) agreed in July 2009 and completed at a 28 per cent premium to the 30-day VWAP in December 2009. NW also obtained a first right of refusal over 35 per cent of the zinc concentrate from the Project.

Transaction 2: Agreement to buy second hand lead-zinc plant from Galmoy Mines in Ireland for \$6 million, signed in October 2009. The plant is being dismantled for transport to Australia early next year.

Transaction 3: \$2 million placement with Indian zinc manufacturer and smelter Binani Zinc in April 2010. Binani also advanced loan funds for the Galmoy Plant acquisition and obtained a first right of refusal over 65 per cent of zinc concentrate produced.

Comment: The strategic partnering with NW provided Meridian with the expertise and funds required to commence a feasibility study for the Project and to exercise its option to purchase the Galmoy Plant.

MD Comments: "Over the past year Meridian has been able to progress from being an explorer to a pre-production company with one of the largest undeveloped lead-zinc resources in Australia." – Jeremy Read, MD

Background: Kolar Gold is a Brisbane-based mining exploration company, incorporated in the UK and is also one of the first gold explorers in India. It is in the process of making further acquisitions of Indian gold tenements. Kolar Gold is also continuing to look at entering into joint ventures to explore gold tenements in India.

Transaction: Kolar Gold is preparing to list on London's Alternative Investment Market (AIM). Completion is due by Q1 2011.

Comment: Kolar Gold's listing on AIM will allow it to continue to raise capital for its gold tenement acquisition and exploration program in India. It already has a large number of UK-based investors, and listing on AIM will give Kolar Gold better access to UK funds and provide increased liquidity for its shareholders.

MD Comment: This key Indian asset transaction includes the purchase of 14 mining leases and applications and enables us to immediately start exploration and resource development work in this highly prospective gold bearing greenstone belt. The AIM listing in London early next year will enable us to raise the necessary funds to acquire and develop the targeted prospects which include some of the first granted gold leases in India. – Nick Spencer, MD

PROFILE OF THE MONTH

Steve Hogan – client director, Vantage Performance

- An internationally experienced CFO and chartered accountant, Steve's expertise lies in commercial management, capital raising and business restructuring.
- Prior to joining Vantage Performance in 2010, Steve was CFO of a leading private equity investee company. He oversaw the restructuring of the finance function and managed the cash flow of

the company. He spent two years overseeing re-financing and performance management projects at Poolrite Equipment, and prior to that prepared the SteelForce group of companies for IPO. Vantage Performance is one of Australia's leading turnaround management and profit improvement firms – solving complex problems for businesses experiencing major change. (www.vantageperformance.com.au)

