

On the Road to IPO

Listing Options & Key Considerations



Presenter

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Agenda

Topic

Overview of Equity Markets & Global Trends

Key Listing Venues for Mining Companies

Key IPO Considerations

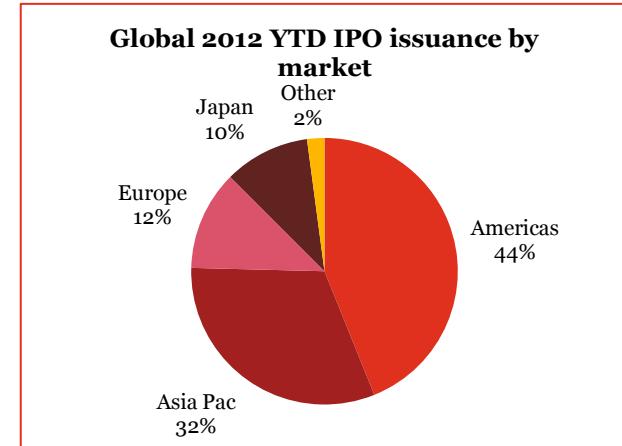
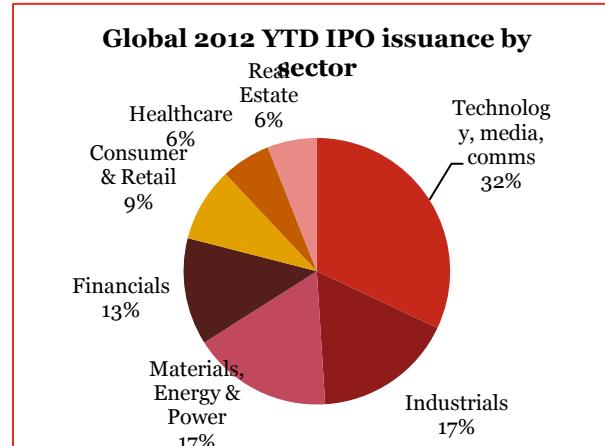
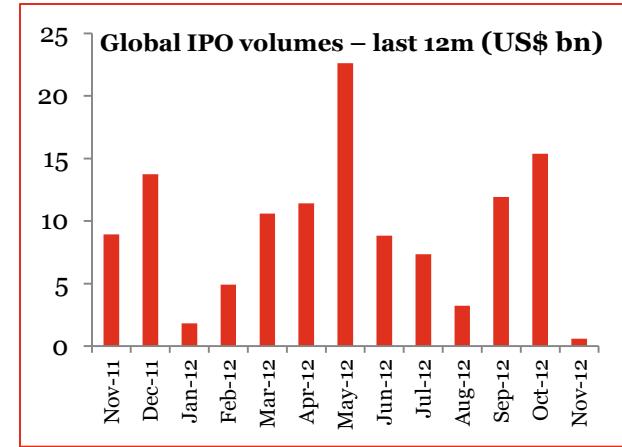
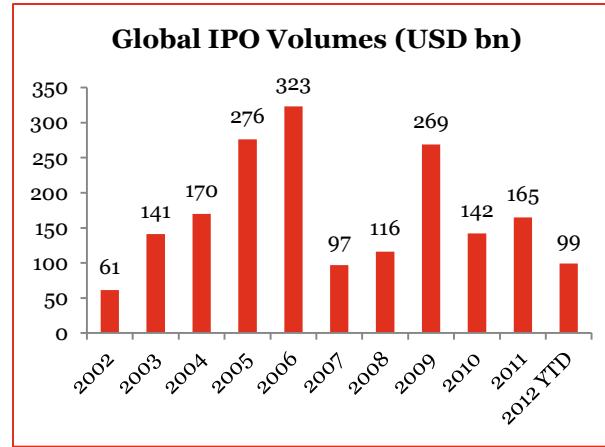
Some of 2012 equity market themes: Facebook, Eurozone crisis and resilience of SE Asia

US markets in the lead, boosted by \$16bn Facebook IPO

Other markets subdued, with AsiaPac proceeds less than 1/2 of 2011 and Europe less than 1/3rd

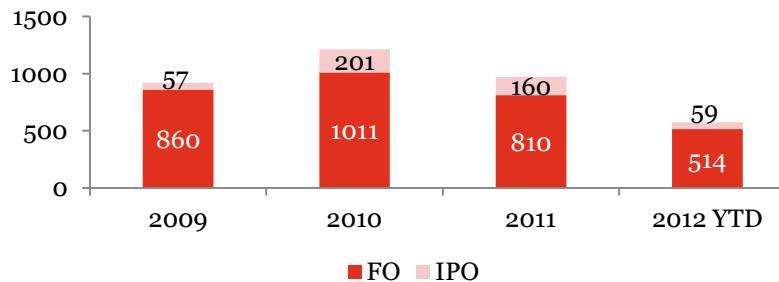
Tech IPOs dominated, with nearly a quarter of global proceeds raised in this sector

Share of energy and mining IPO proceeds reduced to 17% from 27% in 2011

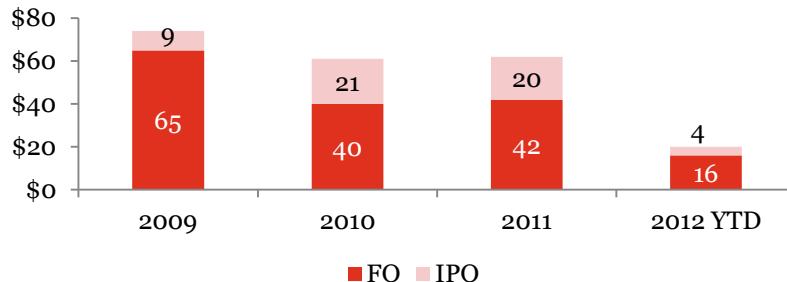


Equity capital raising - mining and metals

Total number of IPOs and Follow-Ons in Metals and Mining



Total amount raised by IPOs and Follow-Ons in Metals and Mining (USD bn)



IPOs in the Mining and metals industry (2009 – 2012 YTD)

| Exchange name | Total money raised (USD m) | Number of IPOs |
|-------------------------|----------------------------|----------------|
| London – Main and AIM | \$11,694M | 26 |
| Hong Kong | \$9,155M | 30 |
| New York | \$2,972M | 13 |
| Toronto – TSX and TSX-V | \$2,063M | 128 |
| Australia | \$1,653M | 122 |

Source: Dealogic as of 07 November 2012

PwC Asia School of Mines 2012

PwC

Some of EU&M equity stories of 2012

US and China markets generated most sizeable IPOs, although no jumbos this year

| Company | Market | Country of ops | Amount raised | Comments |
|------------------------------|----------|----------------|---------------|---|
| Ivanplats | TSX | Africa | \$305m | Successful IPO of African platinum miner – quality of assets and Robert Friedland's name key to success |
| Linn Co | Nasdaq | US | \$1,270m | Secondary offering in Oct 2012 of a NYSE listed company subsidiary structured as an IPO – no change of control |
| China Nonferrous Mining Corp | HKSE | Zambia | \$252m | First Africa-based (copper) miner to list in HK, part of a Chinese SOE |
| Petrologistics | NYSE | US | \$595m | Propylene producers, priced at bottom of range in May 2012 |
| Eland Oil & Gas | LSE-AIM | Nigeria | \$187m | Successful IPO of a Nigerian producer, to fund acquisitions of fields divested by majors. Further acquisition plans. |
| Sunshine Oilsands | HKSE | Canada | \$579m | Early stage tar sands company backed by Chinese SOEs, shares priced at bottom and fell on debut. TSX secondary listing plans |
| Huadian Fuxin Energy Corp | HKSE | China | \$319m | Diversified energy company with hydropower projects, coal-fired power plants, wind power and clean energy projects throughout China |
| Seadrill Partners | NYSE | UK | \$221m | Successful spin off of offshore drilling rigs operator owned by Norwegian Seadrill Ltd in MLP structure |
| PAK SA | WSE | Poland | \$215m | Government selling down its stake in the utility company |
| Gas Malaysia | Malaysia | Malaysia | \$233m | The sole licensed seller of natural gas in Peninsular Malaysia, |
| Yechiu Metal Recycling | Shanghai | China | \$216m | Asia's largest secondary aluminium producer |
| RusPetro | LSE | Russia | \$261m | Russian upstream oil company, completed IPO in January 2012 |

Outlook

- IPO pipeline remains strong, however alternative sources of financing increasingly sought.
- Increased EU&M activity in debt markets, including high yield bonds
- Increasing competition among key financial centres for IPO candidates, eg promotion of Hong Kong as a listing venue for resource sector, first mining IPOs in Singapore
- Attractive environment for M&A with strong balance sheets, favourable fundamentals and lower valuations – Chinese buyers particularly active seeking undervalued gold stocks and upstream O&G assets

Today's Agenda

Topic

Overview of Equity Markets & Global Trends

Key Listing Venues for Mining Companies

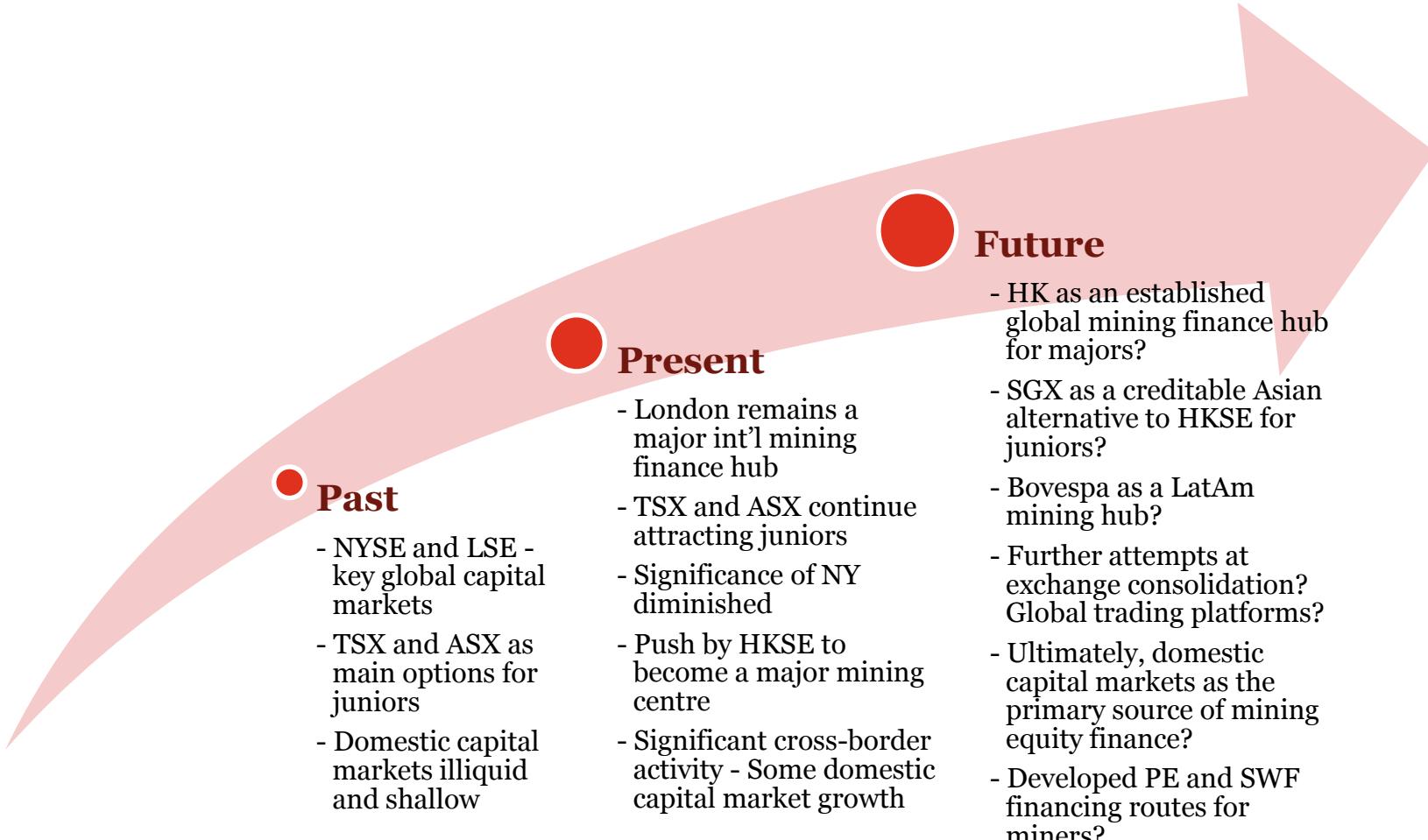
Key IPO Considerations

Markets for Miners



Evolution of the mining industry capital markets

Increasing choice for issuers and strong competition amongst exchanges



Which market – which investors will buy your story?



London
Stock Exchange



Overview

| LSE | ASX | TSX | HK |
|--|--|---|--|
| <ul style="list-style-type: none">Leading exchange for inbound listingsSignificant liquidity and appetite for resource companiesGlobal diversified miners account for c.30% of market value of sectorWell developed market infrastructure including large number of mining analysts and investors | <ul style="list-style-type: none">High concentration of mid/small cap companiesInvestors have significant experience with international exploration & development assetsRio Tinto and BHP Billiton account for over 2/3 of mining sector valueLimited large scale IPOs in resources | <ul style="list-style-type: none">High concentration of small cap companies, fewer large scale IPOsInvestors have significant experience with international exploration & development assetsFlexible listing regimeProximity to US capitalLower trading volumes than other global exchanges | <ul style="list-style-type: none">Fewer number of resource companies, large Chinese SOEsInvestors less familiar with international miners, limited analyst coverageLack of understanding of exploration assets, companies with only inferred resources not eligible to listComplex regulatory processHigher proportion of retail investors |

Which market – which investors will buy your story?



London
Stock Exchange



| | LSE | ASX | TSX | HK |
|------------------------------|---|--|---|---|
| Commodity & geographic focus | <ul style="list-style-type: none">Largest listing venue for copper companies by market valueStrong presence of precious metalsMost international venue, particularly well represented Russia / CIS and Africa | <ul style="list-style-type: none">Most diversified listing venue with balanced mix across all commoditiesLargest listing venue for iron ore by market capPredominantly projects in Australia, SE Asia and increasingly Africa | <ul style="list-style-type: none">High concentration of precious metal companies especially goldUranium and potash miners well representedInternational companies mainly from US and Australasia | <ul style="list-style-type: none">Largest listing venue for coal companies by market valueProximity to Chinese base is an advantage |

The Emerging Markets Exchange



Indonesia Stock Exchange
Bursa Efek Indonesia

31

Number of listed
mining stocks at
December 31, 2011

- Predominantly Coal
- Petroleum & Natural Gas
- Metals & minerals
- Land/Stone Quarry

US\$46bil

Market Cap of energy &
mining companies @
December 31, 2011

21 COAL MINING

1. ADRO Adaro Energy Tbk. [S]
2. ARII Atlas Resources Tbk [S]
3. ATPK ATPK Resources Tbk.
4. BORN Borneo Lumbung Energi & Metal Tbk. [S]
5. BRAU Berau Coal Energy Tbk.
6. BUMI Bumi Resources Tbk.
7. BYAN Bayan Resources Tbk.
8. DEWA Darma Henwa Tbk. [S]
9. DOID Delta Dunia Makmur Tbk.
10. GEMS Golden Energy Mines Tbk. [S]
11. GTBO Garda Tujuh Buana Tbk. [S]
12. HRUM Harum Energy Tbk. [S]
13. ITMG Indo Tambangraya Megah Tbk. [S]
14. KKGI Resource Alam Indonesia Tbk. [S]
15. PKPK Perdana Karya Perkasa Tbk.
16. PTBA Tambang Batubara Bukit Asam Tbk. [S]
17. PTRO Petrosea Tbk. [S]



Which market – considerations to help your decision

Likely investor base

Management track record

Commodity fit, degree of diversification

Size and stage of development of assets,
extent of capital required

Quality and risks of assets



Geographic proximity

Location of management

Location of mines

Proximity to key customers and
markets, especially China



Where to list a
mining company?

Market

Market capitalisation and liquidity

Location of listing peers

Total money raised from resource IPOs

Presence of mining analysts

Regulation and process

Admission criteria, including CPR
requirements

Ongoing obligations

Speed and cost

Index inclusion

Comparison of stock exchanges

| At 31 December 2011 | London | Australia | Toronto | | Hong Kong | Indonesia | |
|--|-------------|-----------|---------|-------|-----------|------------|--------------------|
| | Main Market | AIM | ASX | TSX | TSXV | Main Board | Main & Dev't Board |
| Total number of issuers | 1,376 | 1,143 | 2,079 | 1,588 | 2,249 | 1,326 | 440 |
| Total market cap, US\$ bn | 5,584 | 101 | 1,198 | 1,967 | 48 | 2,247 | 390 |
| No. of mining issuers listed | 44 | 136 | 687 | 371 | 1,274 | 69 | 31 |
| Mining market cap, US\$ bn | 405 | 20 | 308 | 391 | 28 | 243 | 46 |
| New mining IPOs in 2011 | 3 | 9 | 49 | 6 | 42 | 7 | 3 |
| Proceeds of mining IPOs in 2011, US\$ m | 10,907 | 67 | 471 | 202 | 145 | 2,124 | 384 |
| Average raise | 3,636 | 7 | 10 | 34 | 3 | 303 | 128 |

Converted at: USD:AUD of 1.02, USD:CAD of 0.98, USD:GBP of 1.55, HKD:USD of 7.76, USD:Rupiah9,068
 sources: World Federation of Exchanges, stock exchanges, ThomsonOne data, PwC research

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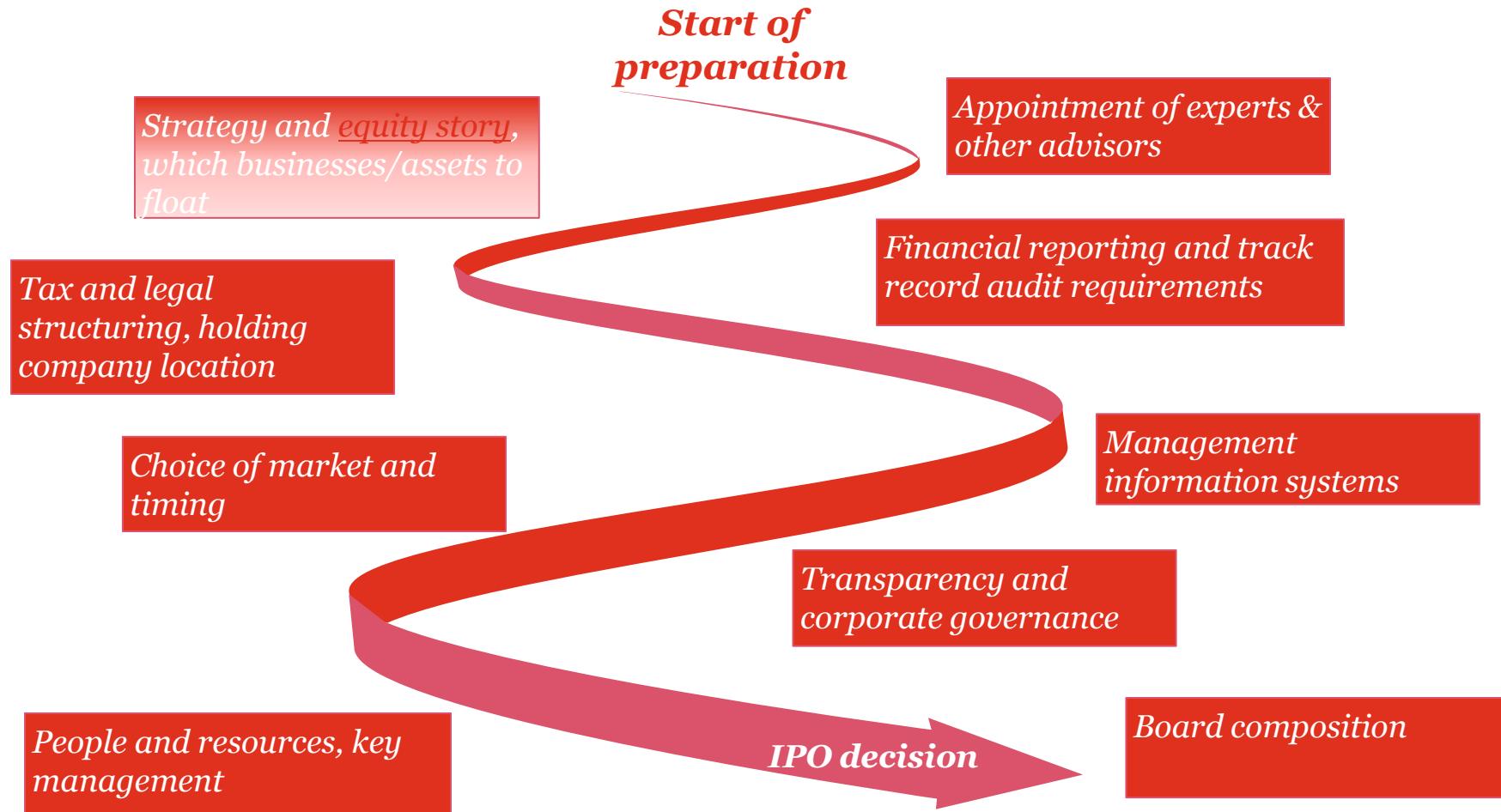
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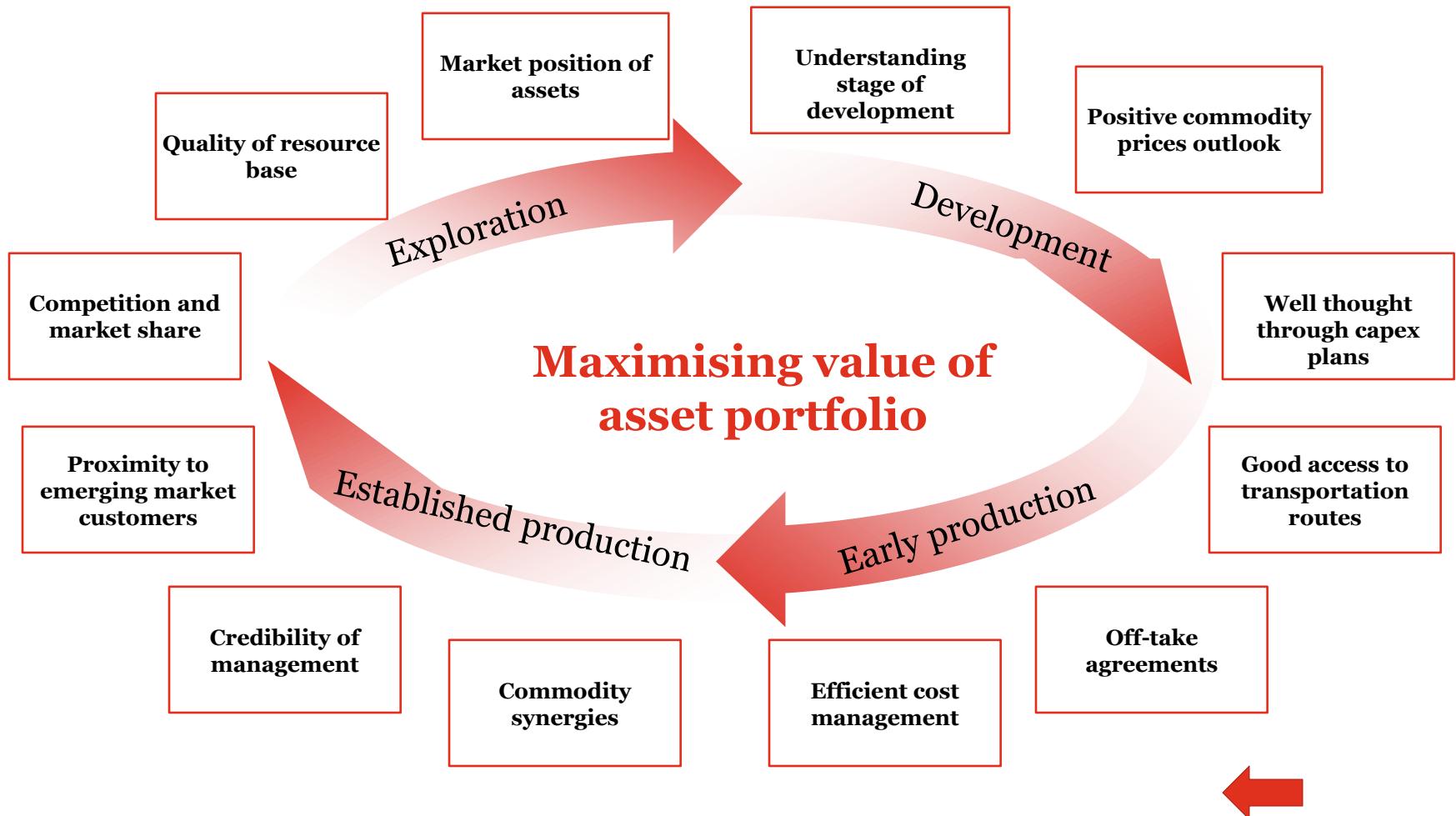
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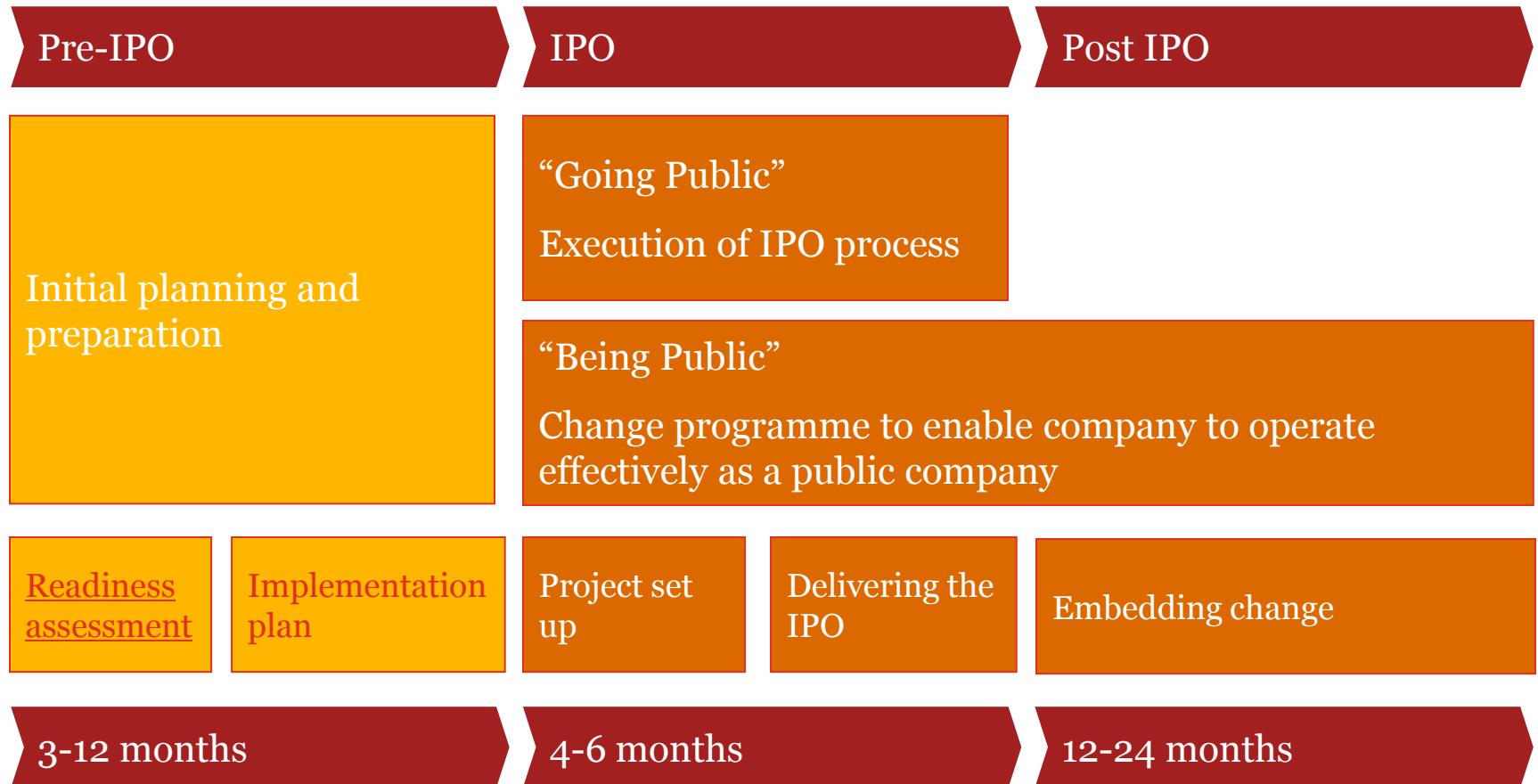
Key decisions on the road to IPO



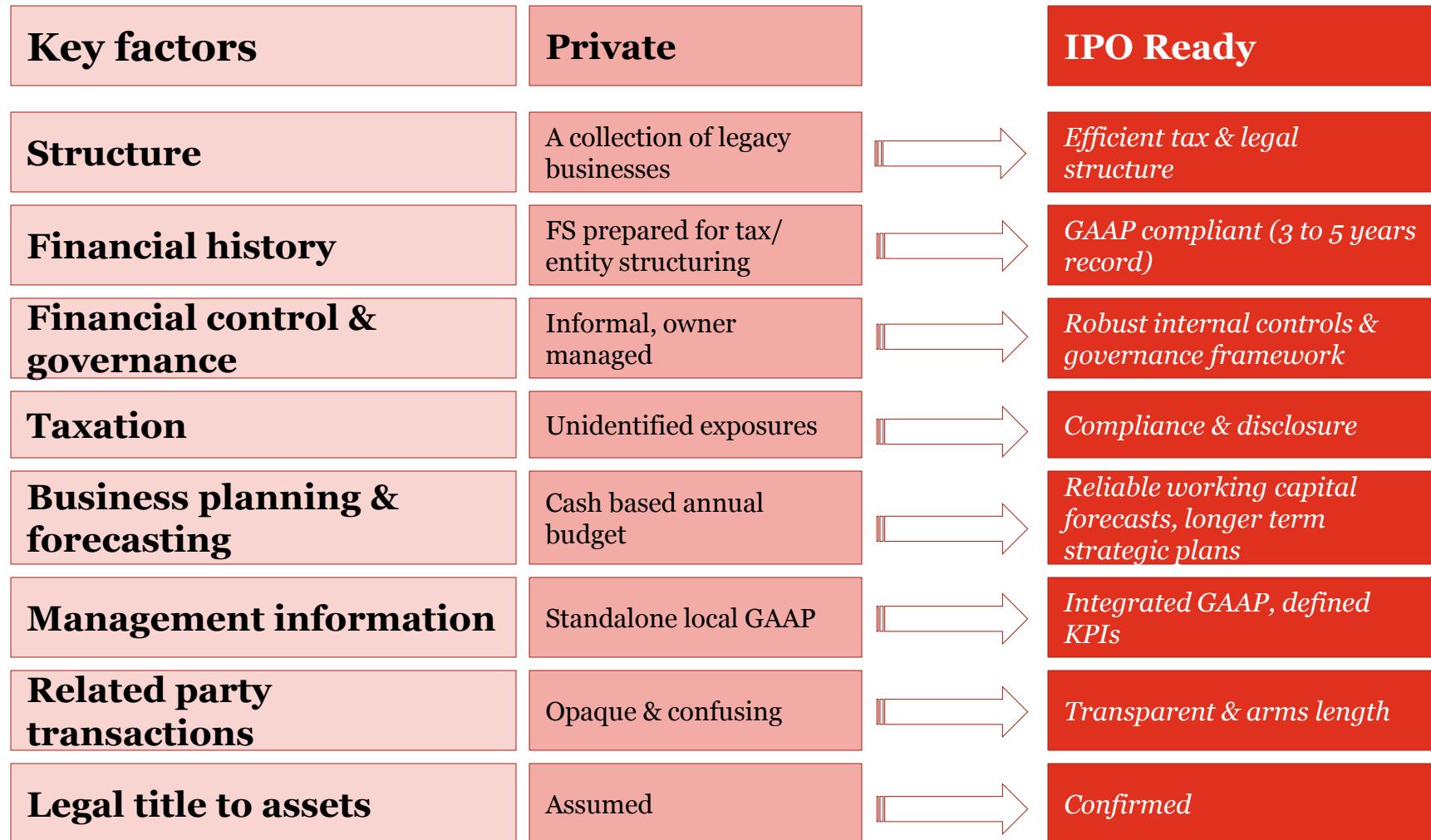
What is your equity story



The IPO journey



Assessing IPO Readiness



Understanding the scale of the challenge

The IPO process

- Creation of the new group structure
- Prepare equity story
- Numerous advisers and requirements
- Public exposé, investor road shows and communication
- IPO workstreams
- Prospectus rules and regulations

Transforming the business to operate as a public company

- Reputation, predictability and citizenship
- Corporate governance requirements
- Financial reporting procedures, KPIs and business planning
- Financing and working capital
- Timely and transparent reporting
- Independence



Accounting and regulatory requirements

- 3-5 year financial history with full disclosures
- Availability of consolidated financial information at level of issuer
- Consideration of impact of segmental presentation on presentation of the business
- Financial reporting – internal and external
- Complexity of the standards and rules

Corporate governance framework

- Board and management structure
- Acting and delivering as a stand-alone entity
- Formality of control and oversight, and corporate governance
- Location of management, head corporate functions and operations
- Risk management framework

Getting your company IPO ready - conclusion

*IPO windows are tight
- being well prepared
ensures deadlines can
be met*



*Have you decided which
market best suits you?*



*Have you got your equity
story right? Are you clear
about your strategy?*

*Identify and address
issues early in the
process*

**How PwC
can help**

**IPO readiness
IPO advisory**

**Structuring &
Tax**

**Corporate
Governance**

**Accounting
advice**

**Reporting
Accountant**

PwC Global Capital Markets network

Over 400 professionals in more than 27 territories



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