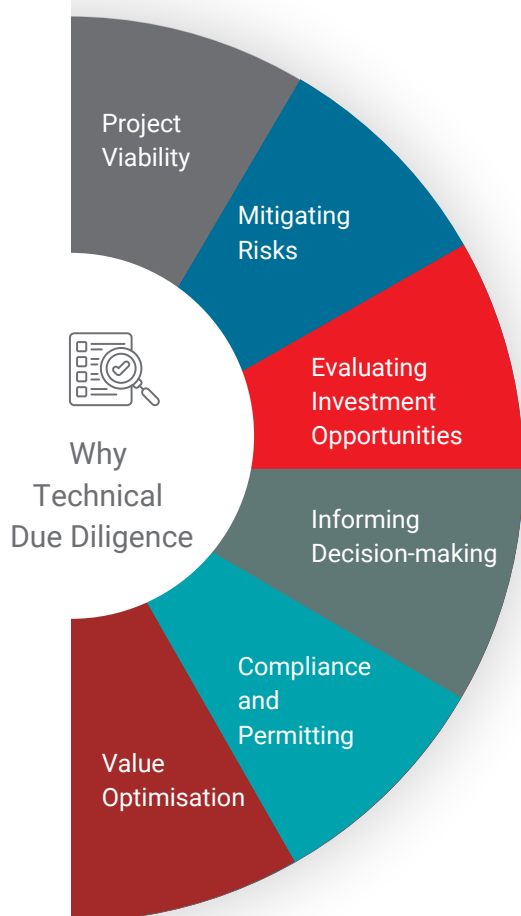


Industry Insight on Due Diligence Exercises

Why is a due diligence conducted?

In the mining industry, a due diligence is conducted to assess and evaluate the quality of the technical and financial aspects of the mining project, as well as the operational factors attributable to a Mining Company or its mining operations, or even new greenfield exploration/mining projects. It helps stakeholders make informed decisions, manage risks, optimise operations, determine project value, and ensure compliance with regulations, as well as with major Mineral Resource and Mineral Reserve Reporting Codes, where applicable.

A due diligence in the mining industry is conducted for various important reasons:



➤ **Project Viability:** To determine the technical feasibility of a mining project, evaluate the geological potential, Mineral Resource quality and quantity, as well as the adequacy of infrastructure, processing methods, and mining techniques. This assessment is crucial for determining if the project has the potential to generate returns and meet the desired objectives.

➤ **Mitigating Risks:** Mining projects involve various technical risks that need to be identified and assessed. By understanding and evaluating the risks, stakeholders can develop risk mitigation strategies, allocate resources effectively, and make informed decisions about investment or project acquisition.



Due Diligence

- **Evaluating Investment Opportunities:** Due diligences are conducted to understand the true inherent value of a project, and to provide potential investors with a detailed understanding of the technical aspects of a mining project. This includes analysing geological data, Mineral Resource estimates, processing techniques, and infrastructure requirements. By conducting a thorough evaluation, investors can assess the potential returns and risks, strategic fit, and overall attractiveness of the investment opportunity.
- **Informing Decision-making:** To provide stakeholders with objective and reliable information to support decision-making. It helps investors, acquirers, and lenders to make informed judgements about the feasibility, potential challenges, and opportunities associated with a mining project. The findings from a due diligence can potentially influence negotiation terms, transaction structures, and investment strategies.
- **Compliance and Permitting:** Mining projects must comply with various environmental, health, and safety regulations, as well as with various Reporting Codes for the reporting of Mineral Resources and Mineral Reserves for various international stock exchanges and mining jurisdictions. These assessments are crucial to avoid legal and regulatory complications that may impede the project's progress.
- **Value Optimisation:** To identify potential value creation opportunities or potential upside, within a mining project. It helps identify areas for operational improvements, cost reductions, process optimisation, and resource efficiency. In addition, previously unidentified exploration targets and potential opportunities for additional Mineral Resources might be highlighted during due diligence exercises. By uncovering these opportunities, stakeholders can enhance the project's economic viability and overall value.