



Financing of Gold Mining Projects in Canada

Workshop – Opportunities in Canada's Resource Sector and
Different Financing Instruments for Mining Projects
Embassy of Canada to Germany
11th and 12th December 2013

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- **geotec Rohstoffe GmbH** is a German mining consultant with more than 20 years of experience and a prolonged presence in important mining markets such as South Africa, Mongolia, Kazakhstan, China and Canada.
 - Successful and proven cooperation with industrial and financial investors.
 - Investment and portfolio management.
 - Facilitation and negotiation of off-take agreements.

- geotec provides integrated services and customer support.

- Reports in compliance with international standards (JORC, SAMREC, NI 43-101).





- geotec Rohstoffe GmbH
- Project History
- Ways to finance a mining project
- Development of the Canada Gold Trust
- Project Development
- Potential and Production
- Outlook
- Why is it considered a success story?
- Summary
- Documentation

Ways to finance a mining project

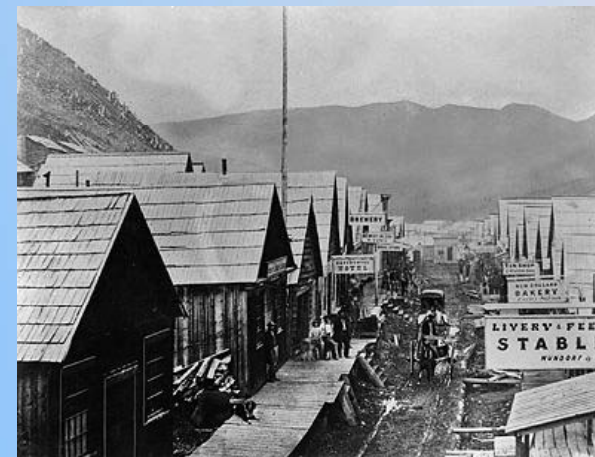


- Expanding investments based on existing mining operations.
- Project development of greenfield areas with Venture Capital.
- Financing on the stock exchange → Toronto Stock Exchange.
- Private investors → money from single pockets.
- Public money → public fund (Canada Gold Trust (CGT I – CGT IV)).

Project history



- **1860's:** One of the largest gold rushes in North America took place in the Cariboo.
- The rush did not last for long and the gold miners moved northwards towards the Yukon.
- According to unconfirmed reports, it is assumed that only 2% of the gold deposits in the Cariboo have been mined to the present day.
- **1912:** Bud Henning was born in Wingham/Ontario
- **1948:** After second world war he moved to the Cariboo and developed his fascination for placer gold.



Project history



- **1978:** Bud Henning founded the placer gold company Henning Mining & Milling Corporation.
- He secured rights on different placer gold claims along the Lightning Creek in the Cariboo Region. Gold-price at that time (US\$ ~195/oz)
- **2002:** Bud Henning died and the claims passed into family ownership.
- **2006:** Bud Hennings grandson finally inherited the claims of his grandfather.



2009

- Fact finding mission in Canada. The result was that gold can be mined economically
- First rough cost estimation for exploration program amounted to US\$ 10 Million

2010

- Between 2009 and 2011 the initiators of HGM had looked for partners for 2 years.
- First attempt to raise funds with venture capital ended unsuccessful.

2011

- Alternatives for financing the project were finally found within the German capital investment market (private market). → Idea: „Public Funds“
- Asset management company as partner: Brenneisen Capital AG → Chairholder Manfred Brenneisen, experienced asset manager since 1972

Development of the Canada Gold Trust



- CGT I to CGT IV could be placed

Fund	Volume of Fund (€)
CGT I	15,000,000
CGT II	25,000,000
CGT III	10,000,000
CGT IV	Still open

- The funds were developed and established in compliance with German legislation (BaFin)
- The investors obtain interests of 14% per year
- In particular thanks to the economic department of the Canadian Embassy for ongoing consultation regarding the setup of a gold mining company in Canada between 2010 and 2011.

Project Development

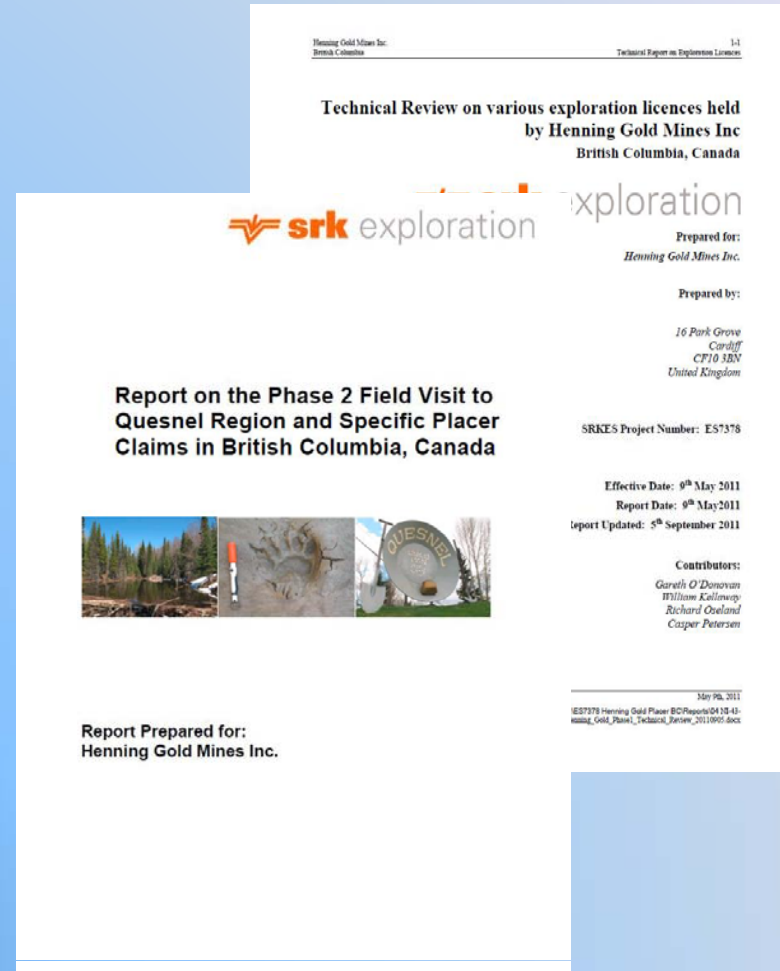


2011 (Phase 1 & 2)

- Field investigation and assessment
- Historical research
- First measurements: Ground geophysical survey
- Target generation by HGMI

Involvement of:

- SRK Exploration Services
- University of Vancouver
- Arctic Geophysics Inc.
- Geotec Rohstoffe GmbH





February 2012

- geotec Rohstoffe GmbH joined the project as a project management consultant.
HGMI setup the Advisory Board in May 2012.

Board members:


- Dr. Rüdiger Schwarz (Competent Person, Chairman of geotec Rohstoffe GmbH),
Chairman.
- Dr. Detlef Eberle (Qualified Person, Council for Geosciences, South Africa)
- Prof. Dr. Wilhelm Dominik (Chair for Exploration Geology at Technical University
Berlin)

February 2012


- An extensive program of field work was carried out comprising:
 - Field mapping
 - More than 100 drill holes were drilled using sonic drilling method by a contractor and supervised by SRK Exploration Ltd. (Cardiff, UK)
 - A comprehensive TEM survey was flown by SkyTEM (Aarhus, Denmark)
 - Evaluation of satellite imagery by Murphys Geological Services (Cork, Ireland)

**AN INDEPENDENT TECHNICAL REPORT ON
THE PHASE III EXPLORATION ON THE MARY
CREEK GOLD MINES INC GOLD PLACER
PROJECT, BRITISH COLOMBIA, CANADA**


Prepared For
Mary Creek Gold Mines Incorporated

Report Prepared by
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Project Development

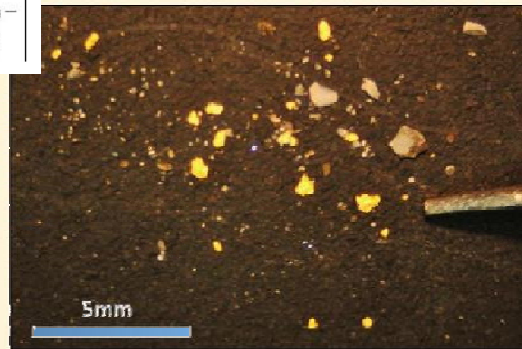
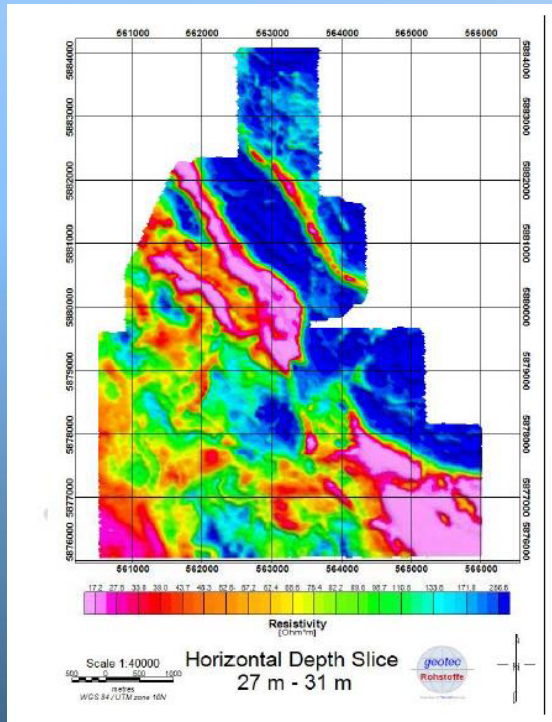


Figure 12-3: Au grains from concentrate of a sample interval from drill hole MC12-SDH-061.

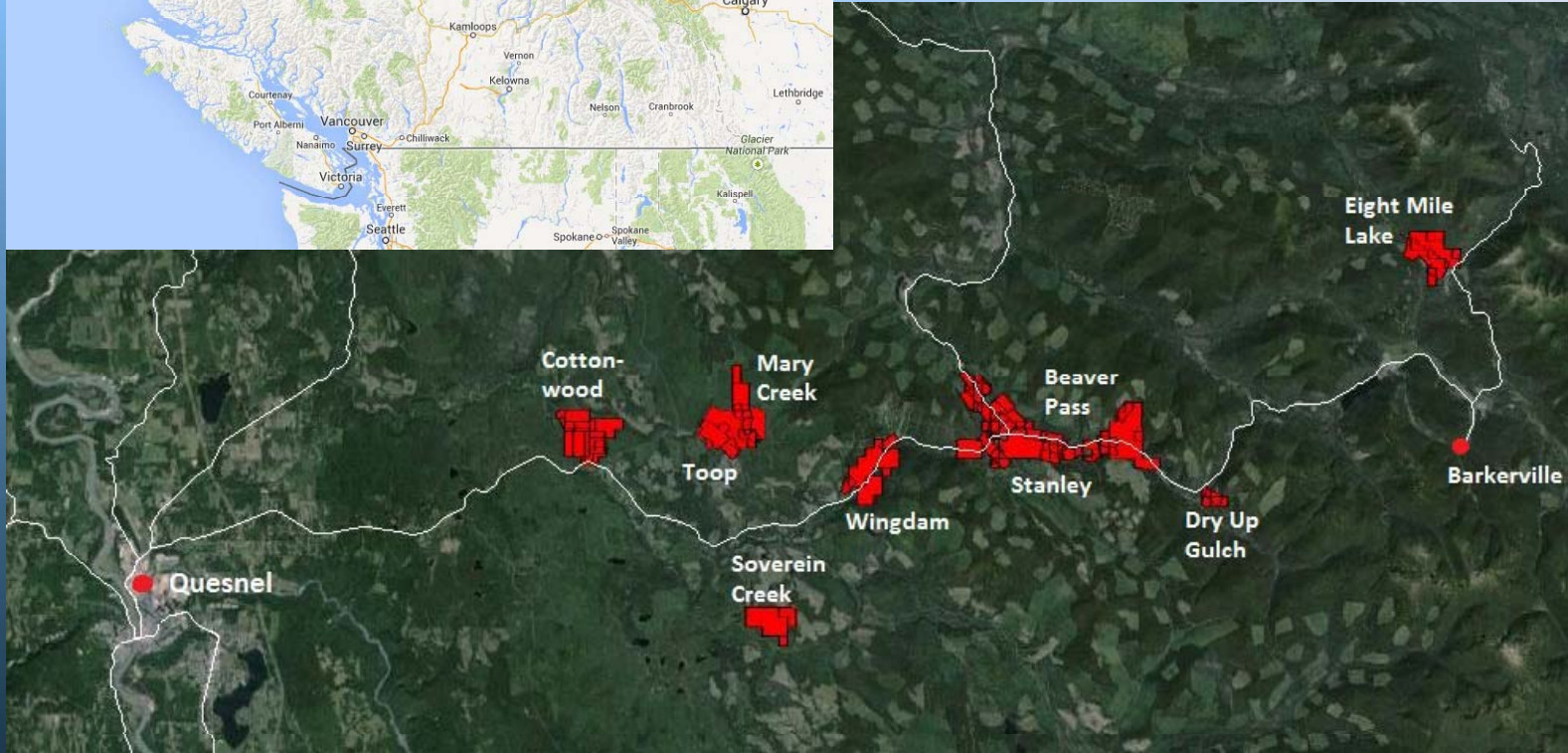
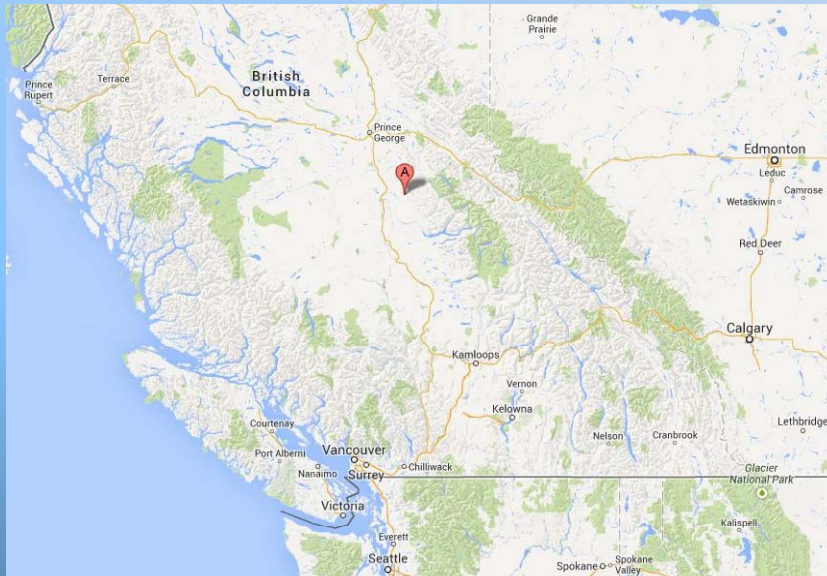
Projects and potential



2012/2013 Current status:

Project Name	Type	Project Status
Eight Mile Lake	Placer	In production since Sept. 2013
Toop	Placer/Mineral	Well explored / Drilling 2014
Beaver Pass	Placer	Drilling in progress
Cottonwood	Placer/Mineral	Drilling in 2014
Mary Creek	Placer	Well explored
Sovereign Creek	Placer	Well explored
Wingdam	Placer/Mineral	Drilling in 2014
Stanley	Placer	Drilling in 2014
Dry Up Gulch	Placer	Further Exploration in 2014

Projects and potential

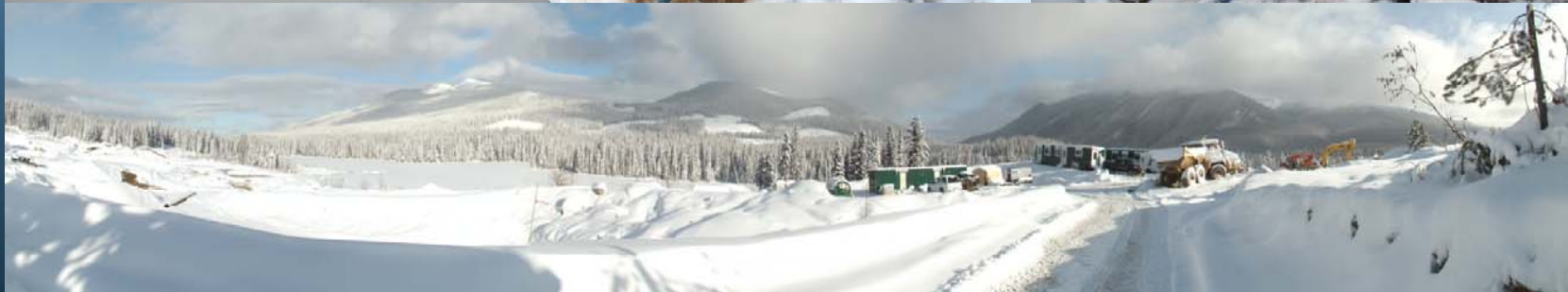




2012/2013

- Drilling continued over the winter season until April 2013
- The geological potential has been estimated to be approximately 100,000 ounces of gold.
- A first production period was run between the first week of September 2013 and November 24, 2013. It was discontinued due to winter season.
- Gold was produced every day and thus the potential finally was confirmed.

Projects and potential





- At last week's Advisory Board meeting, a 2 days session, the production target for 2014 was determined to be 25,000 raw-ounces.
- That corresponds to a counter-value of \$US 30,925,000 (LME rate on 9th December 2013: 1oz = \$US1,237)
- These 25,000 ounces will ensure that the investors (approx. 2400) get paid out including the guaranteed interest rate of 14%.
- Continuation of exploration targeting to discover new deposits.
- Assessment of the mineral potential (e.g. Cu, Pb, Pgm, Au)

Why is it considered a success story ?



- CGT I collected 15 Mio. € (CAN \$21.75 Mio) within 6 months.
- All funds put together (CGT I to CGT III) have acquired an equity volume of more than 50 Mio € since 2011. More than 2,400 investors (private people) committed their money to the Canada Gold Trust.

- It took 2 years only:
from fund raising in Germany to the first day of placer gold production in
Canada!!



If you are interested in the full story, the German TV channel Pro 7 broadcasted two interesting documentaries about the Henning Gold Project in Canada:



Links:

Part 1 (2012):

<http://www.prosieben.de/tv/galileo/videos/536-mein-leben-als-goldgraeber-clip>

Part 2 (2013):

<http://www.prosieben.de/tv/galileo/videos/5318-extrem-goldgraeber-reloaded-clip>



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Thank you for your attention!

