

# Funding Mining Projects in Today's Investment Environment

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**JAPAN BANK FOR  
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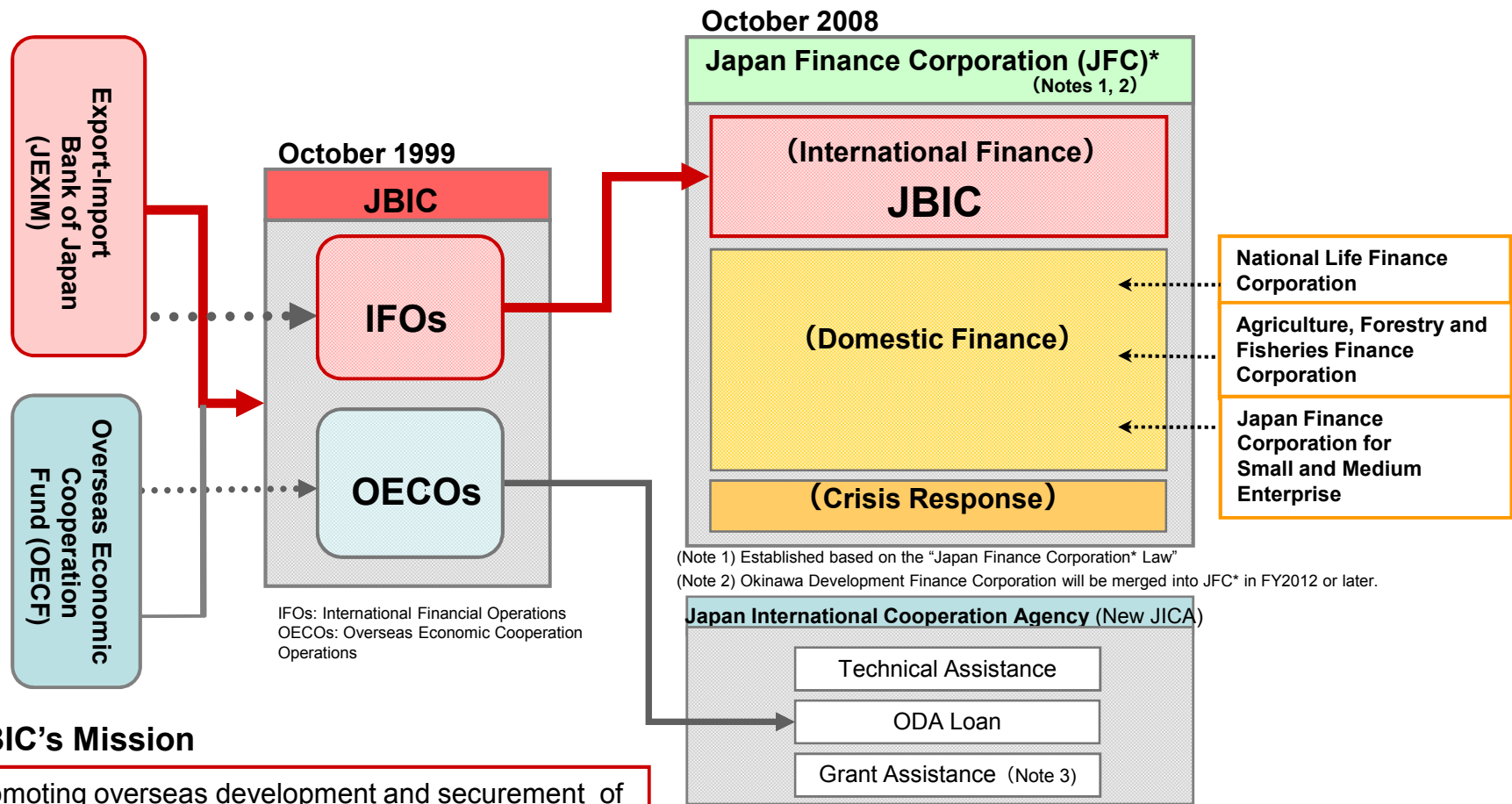
15-17 September, 2009

# ***Outline***

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1. Outline of JBIC
2. Today's Investment Environment
3. JBIC's Experience in Mining Sector : Example
4. JBIC's Finance for Mining Sector
5. Risk Assessment and Mitigation
6. Host Government Support

# 1. Outline of JBIC ~ Reorganized in 2008 ~



(Note 1) Established based on the "Japan Finance Corporation" Law  
(Note 2) Okinawa Development Finance Corporation will be merged into JFC\* in FY2012 or later.

(Note 3) This excludes grant assistance which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

## ■ JBIC's Mission

- ① Promoting overseas development and securement of strategically important natural resources to Japan
- ② Maintaining and improving the international competitiveness of Japanese industries
- ③ Responding to disruptions in financial order in the international economy

## ***2. Today's Investment Environment***

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- Buying and Selling of Mining Rights and Assets
- Price Fluctuation of Minerals and Metals
- Reserves of Rare Metals Maldistributed
- Huge Cost for Mining Sector Project and Difficulty in Finding Funding Sources
- Investment Opportunities for Foreign and Local Investors
- Importance of Mining Sector for Economic Development of Host Country

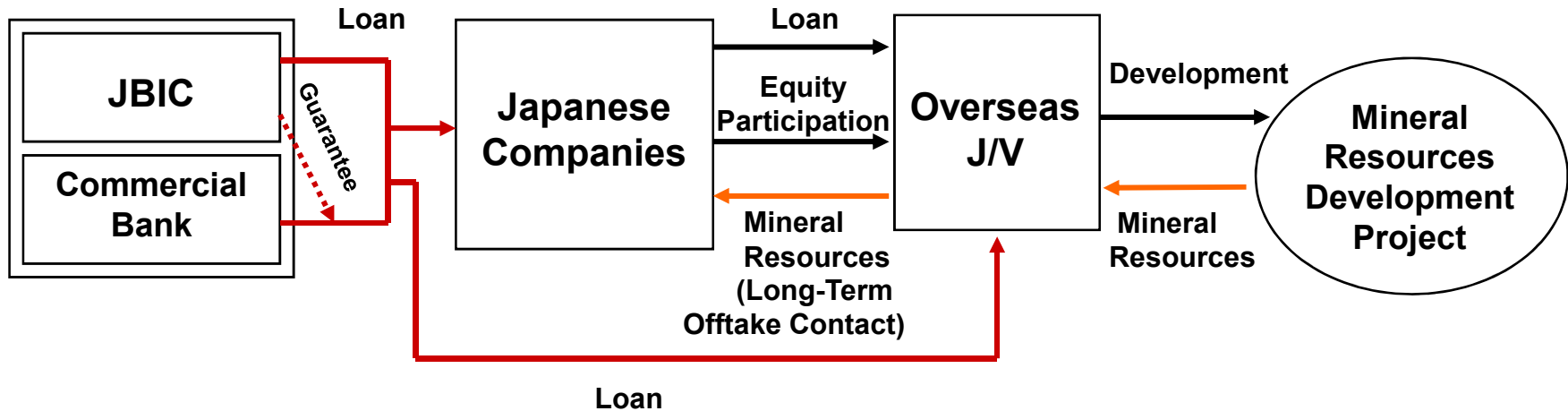
### ***3. JBIC's Experience in Mining Sector : Example***

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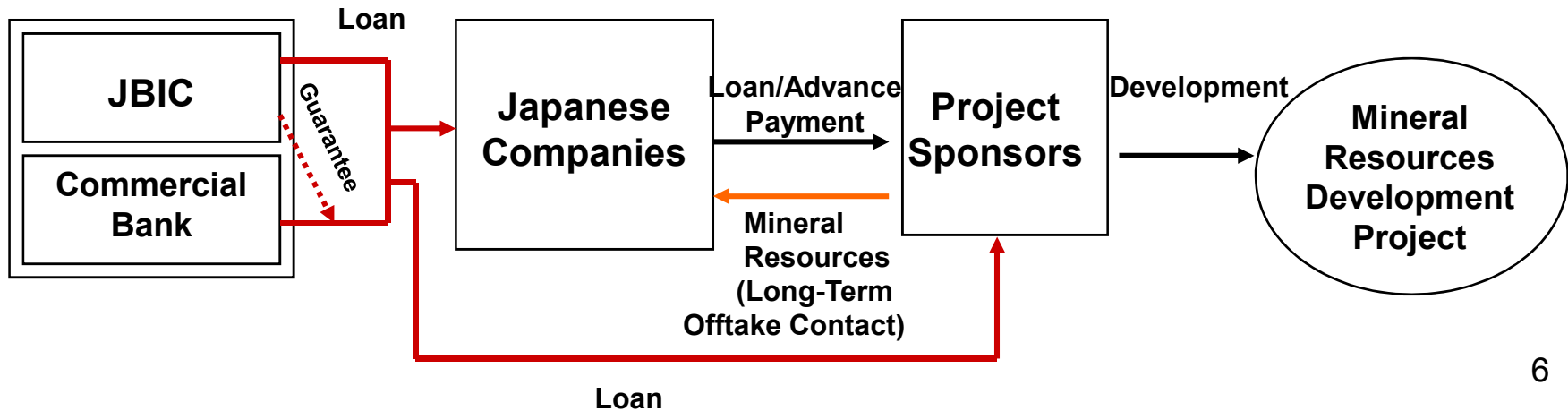
- ✓ Indonesia : Sorowako Nickel Smelting
- ✓ Indonesia : Batu Hijau Copper Mine, Gresik Copper Smelting
- ✓ Philippines : Coral Bay Nickel Smelting
- ✓ Australia : West Angeles Iron Ore Mine
- ✓ Australia : Oak Creek/NCA Coal Mine, Rolleston Coal Mine
- ✓ Peru : Antamina Copper and Zinc Mine, Cerro Verde Copper Mine
- ✓ Chile : Los Pelambres Copper Mine, Escondida Copper Mine, Esperanza Copper Mine
- ✓ Russia : Neryungri Coal Mine
- ✓ Mozambique : Mozal Aluminum Smelting Project
- ✓ Kazakhstan : Kharassan Uranium Mine
- ✓ USA : Pogo Gold Mine (Alaska)

# 4. JBIC's Finance for Mining Sector (1)

## Scheme 1 (Overseas Investment Loan)



## Scheme 2 (Import Loan)



## ***4. JBIC's Finance for Mining Sector (2)***

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- Financial Support for Development and Production Phases (Not Available for Research and Exploration Phases)
- Corporate Finance vs. Limited Recourse Finance
- Strong Involvement of Japanese Companies as Sponsor, EPC Contractor, Operator, Off-taker, etc.
- Import of Mineral Resources to Japan
- Infrastructure Development Deeply Related to Mining Project
- Environmental and Social Consideration

# **5. Managing Risks (1)**

## **- Risk Assessment and Mitigation -**

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(1) Economically Feasible and Financially Viable

(2) Commercial Risks

- Sponsor Risk
- Completion Risk
- Operation Risk
- Power Supply Risk, Water Supply Risk, etc.
- Market/Price Fluctuation Risk
- Environmental Risk

(3) Political Risks

- Political Violence and Expropriation
- Terrorism
- Restriction on Convertibility and Foreign Remittance
- Change in Law

(4) Acts of God

# ***5. Managing Risks (2)***

## ***- Host Government Support -***

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- Policy for Mining Sector
- Legal Framework and its Implementation
- Infrastructure
- Environment

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Thank you for your attention.

Any question?