

# PRIVATE EQUITY IN MINING 2019

Last year saw equity investments by mining private equity funds plummet from \$2bn in 2018 to only \$500m in 2019. This is the lowest amount invested in a single year since we started tracking activity in 2013, far lower than the previous low of \$1.75bn across 36 deals in 2016.

Overall deal activity by volume was up slightly with 55 deals in 2019 compared to 51 in 2018.

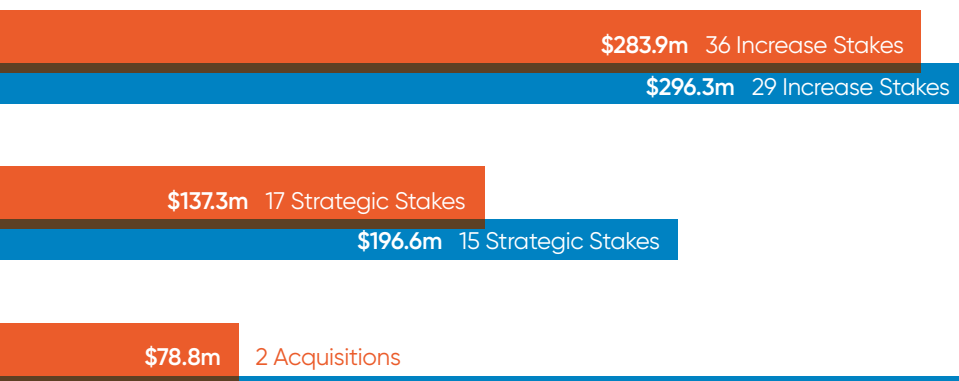
Part of this fall in 2019 can be attributed to the absence of a large deal - recent years have had at least one acquisition in the high hundreds of millions or low billions of dollars. However, even excluding the one large investment in 2018, the average deal size in 2018 was still \$16m, nearly double that of the average size of \$9m in 2019.



**\$500m** 55 deals



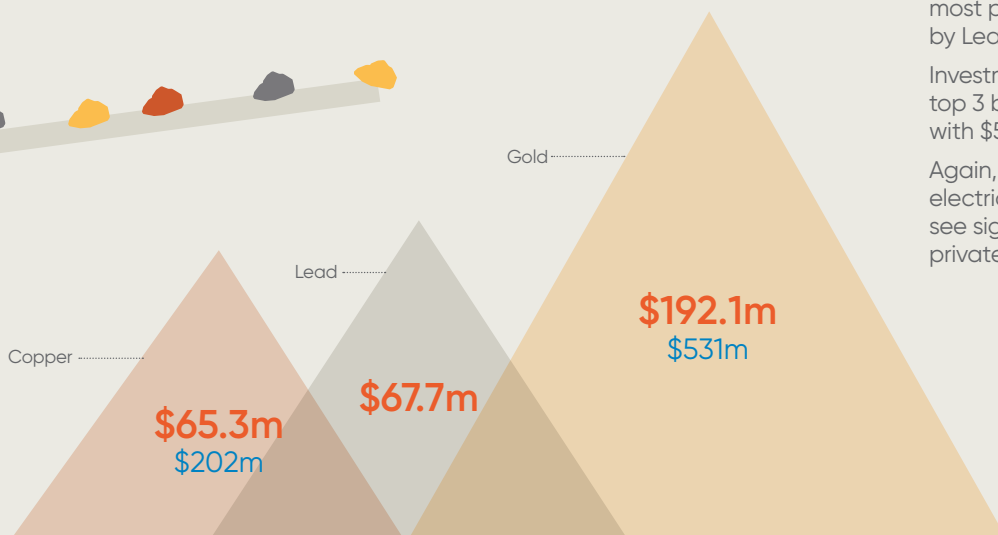
**\$2bn** 51 deals



The fall in private equity funds making acquisitions or taking strategic stakes in 2019 is not altogether surprising as a number of mining private equity funds were reported to be focussed on raising further or follow on funds themselves. This was evidenced in deal structure where 65% of deals were structured as an increasing stake, up from 55% in 2018. Increases in stakes are often focussed on protecting existing investments from dilution where additional capital is needed to progress the project or for working capital.

## Top commodity investments by deals

Gold has consistently been the most popular commodity by number of deals in all but one of the last 6 years and this continued in 2019.



## Top commodity investments by value

In 2018 Coal was the most popular commodity by amount invested but fell out of the top 3 again in 2019. Gold was the most popular by amount invested, followed by Lead and Copper.

Investments in Fertilizers were outside the top 3 by value but were also strong in 2019 with \$51.5m invested across 5 deals.

Again, despite the rising popularity of electric vehicles, Battery Metals did not see significant amounts invested by mining private equity in 2019.



# CONTINENT

● 2019

● 2018

In 2019 just over \$60m was invested in African projects across 8 deals, up from \$43m across 6 deals in 2018.

## EUROPE

▼ **\$6.9m**  
\$314m

■ **1 deal**  
1 deal

## ASIA

■ **undisclosed**  
\$1.5m

■ **1 deal**  
1 deal

## AFRICA

▲ **\$60.5m**  
\$43m

▲ **8 deals**  
6 deals

## AUSTRALIA

▼ **\$151.3m**  
\$1.2bn

▲ **12 deals**  
6 deals

## NORTH AMERICA

▼ **\$252.3m**  
\$334m

▼ **23 deals**  
28 deals

## SOUTH AMERICA

▼ **\$29m**  
\$65m

▲ **10 deals**  
9 deals

In Australia, whilst the amount invested was significantly down from 2018, Australia saw twice the number of deals in 2019 when compared with 2018.

North America saw over one third of the total number of deals and over half the money invested in 2019. However this is still down from the \$334m across 28 deals in 2018.

South America saw a similar level of deal activity in 2018 and 2019 but with only half the amount invested in 2019 when compared to 2018.

## LOOKING FORWARD

We expect to see two trends to emerge in mining private equity in 2020.

The first is that we expect to see an increase in investments by way of strategic stakes and acquisitions as mining private equity starts to deploy capital raised in follow on or additional funds in 2019.

The second is that we expect to see a rise in disposals or sales being made by mining private equity in 2020. A number of the mining private equity funds raised significant funds in 2013 and are now in year 7 of what is often a 10 year fund life meaning that the focus for these funds will shift from deployment of capital to investment realisation.



Sources: Publicly reported investments in US\$ where the amount invested by way of equity investment by the mining PE fund was greater than \$1m. Values exclude one investment where the amount has not been disclosed.

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