

ASIA PACIFIC
PRECIOUS METALS
C O N F E R E N C E

3-5 June 2018

PARKROYAL on Beach Road, Singapore

The Evolution Of Mine Financing

Ounesh Reebye



3-5 JUNE 2018

PARKROYAL on Beach Road, Singapore

PRINCIPLE SOURCES OF MINE FINANCING

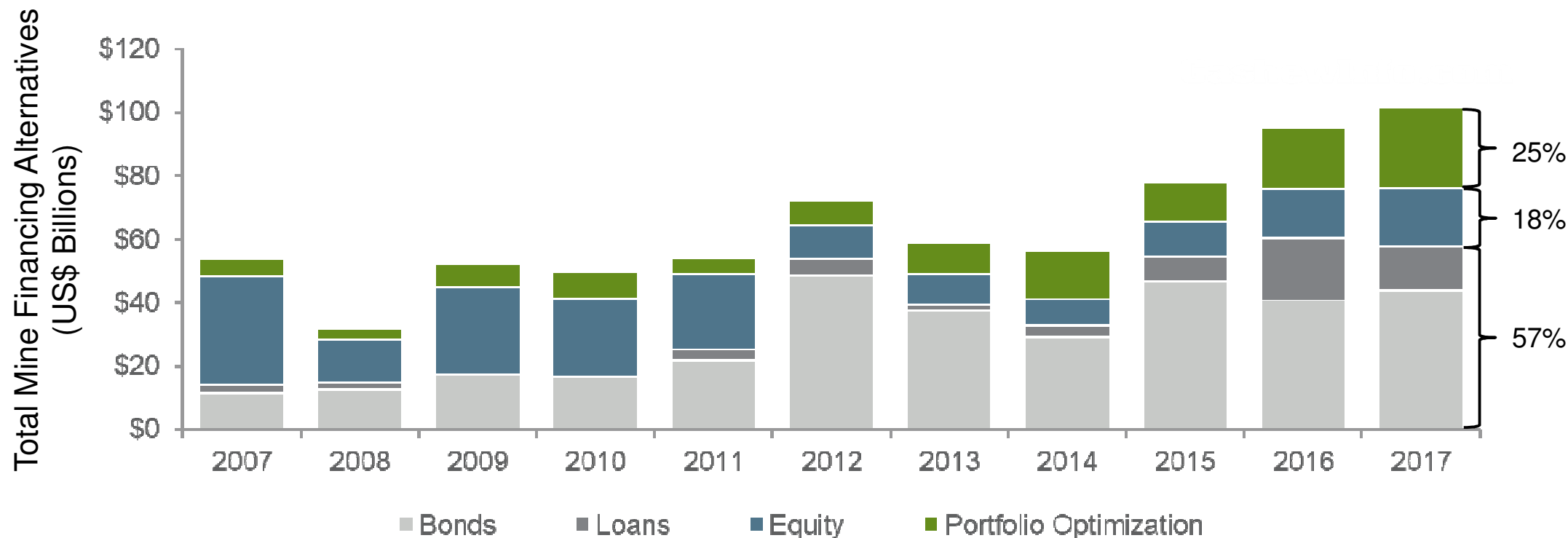
The mining industry is extremely capital intensive

- Principal mining industry funding sources include:
 - Debt (bank loans or bond issues)
 - Rigid repayment structure
 - Often requires hedging
 - Scarce in current market
 - Equity
 - Flexible and no fixed repayment structure
 - Dilutes current shareholders
 - Scarce in current market
 - Portfolio Optimization (asset sales and royalties)
 - Constructing portfolio to maximize expected return
 - Available to mine developers with the right assets

PRINCIPAL SOURCES OF MINE FINANCING

HOW STREAMING HAS EVOLVED

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE
3-5 June 2018
PARKROYAL on Beach Road, Singapore



* Source: Scotiabank

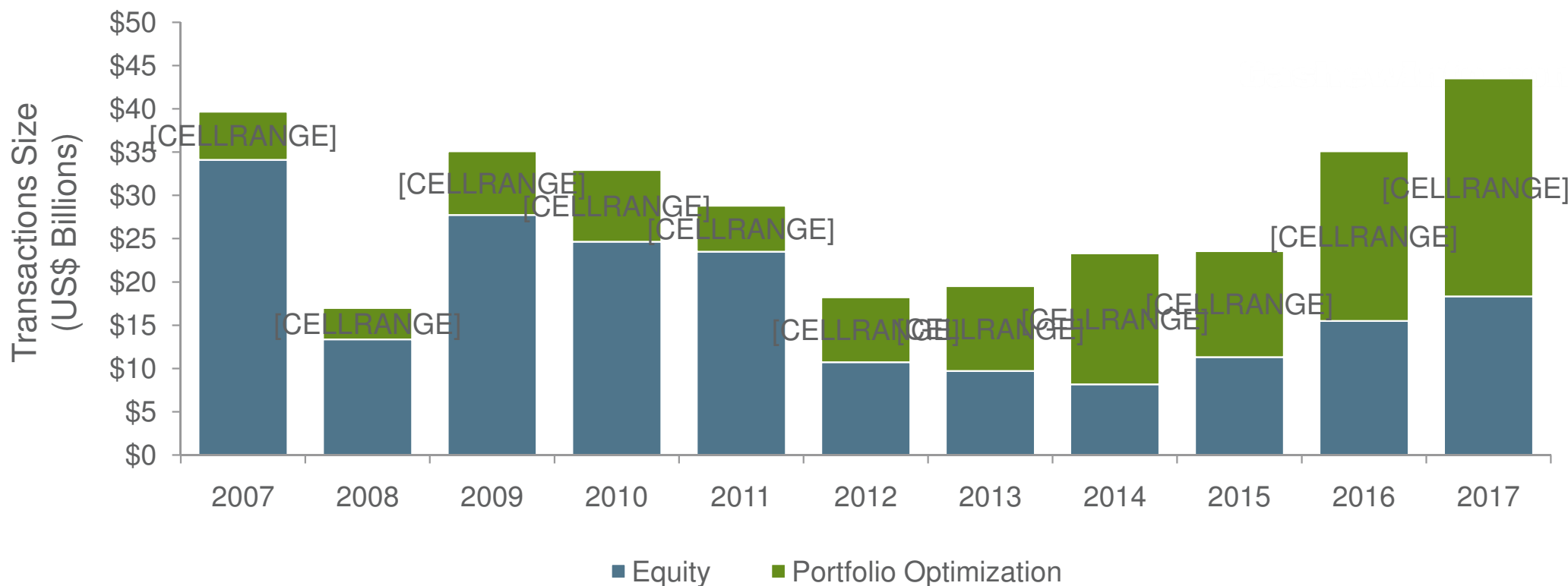
Total mine financing represents on average over \$60B per year, of which over 50% was generated through the issuance of debt in 2017

THE EVOLUTION OF MINE FINANCING

PRINCIPAL SOURCES OF FUNDING – NET OF DEBT

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore



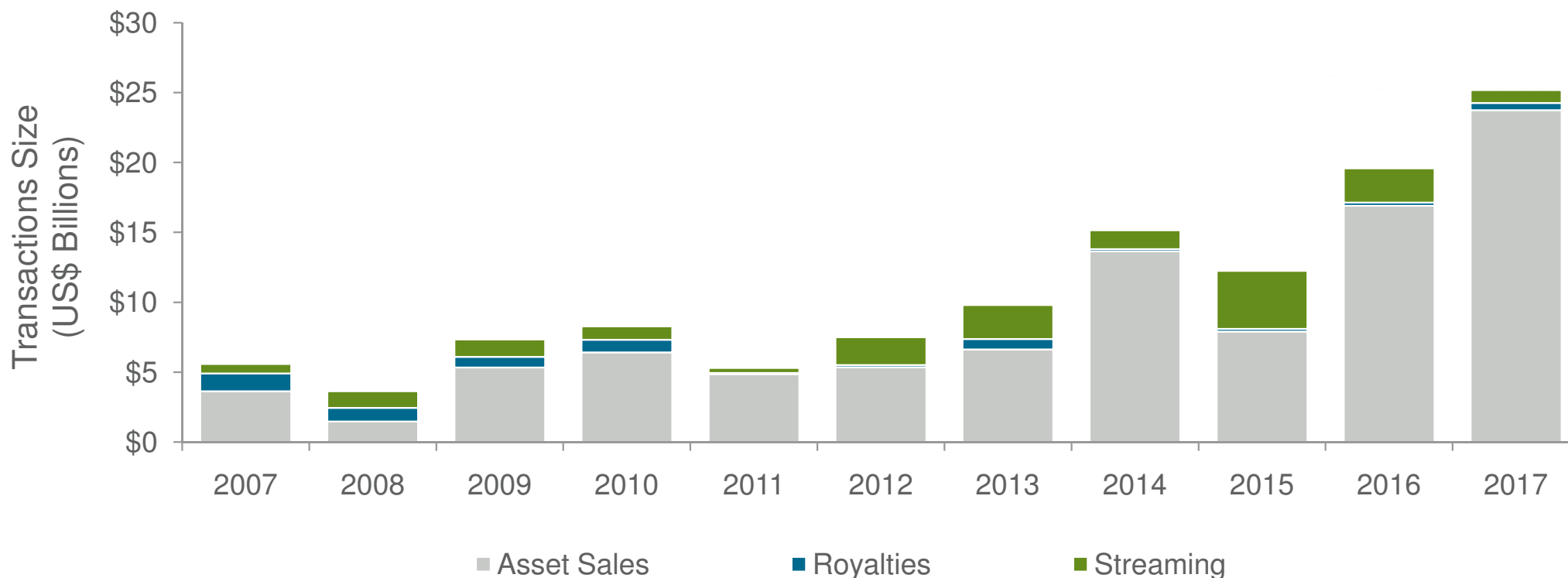
* Source: Scotiabank

Portfolio optimization strategy plays a significant role in mine financing

THE EVOLUTION OF MINE FINANCING

PORTFOLIO OPTIMIZATION ALTERNATIVES

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE
3-5 June 2018
PARKROYAL on Beach Road, Singapore



* Source: Scotiabank

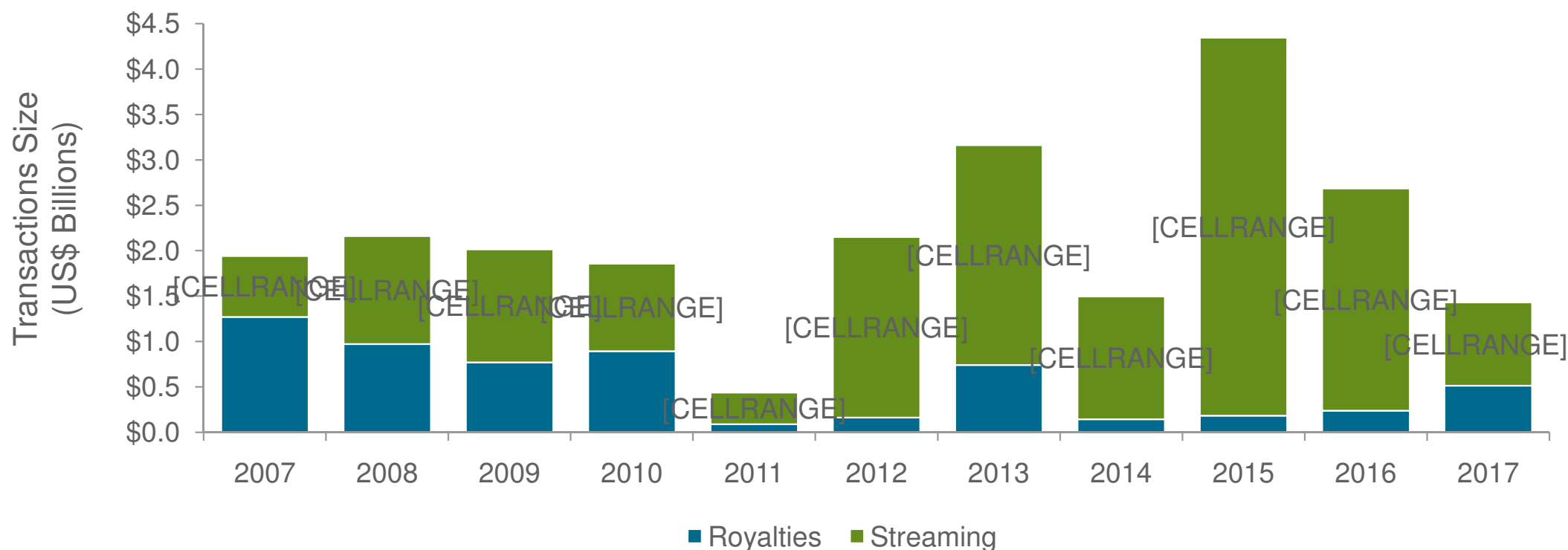
Streaming has represented on average approximately 20% of portfolio optimization efforts over the past ten years

THE EVOLUTION OF MINE FINANCING

PORTFOLIO OPTIMIZATION ALTERNATIVES

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore



* Source: Scotiabank

Streaming has grown to represent >75% of the capital provided by streams and royalties over the past ten years

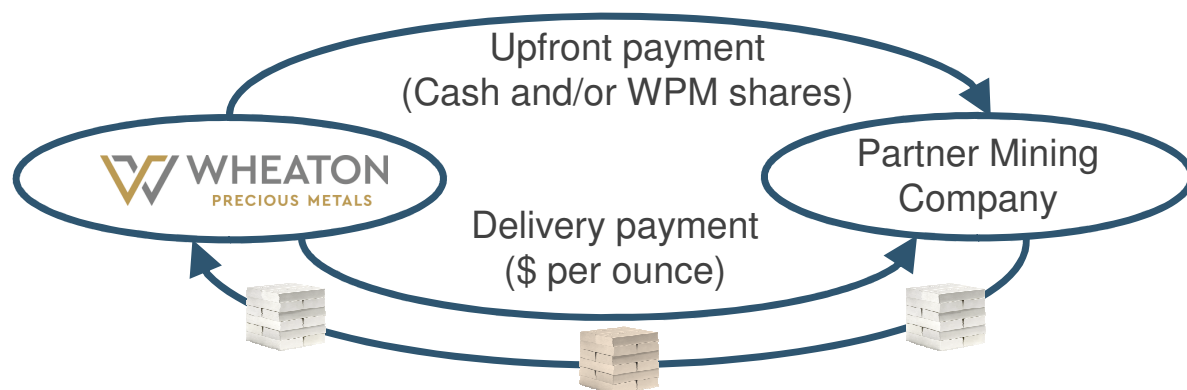
PRINCIPLE SOURCES OF MINE FINANCING

Portfolio optimization can now be separated into the following:

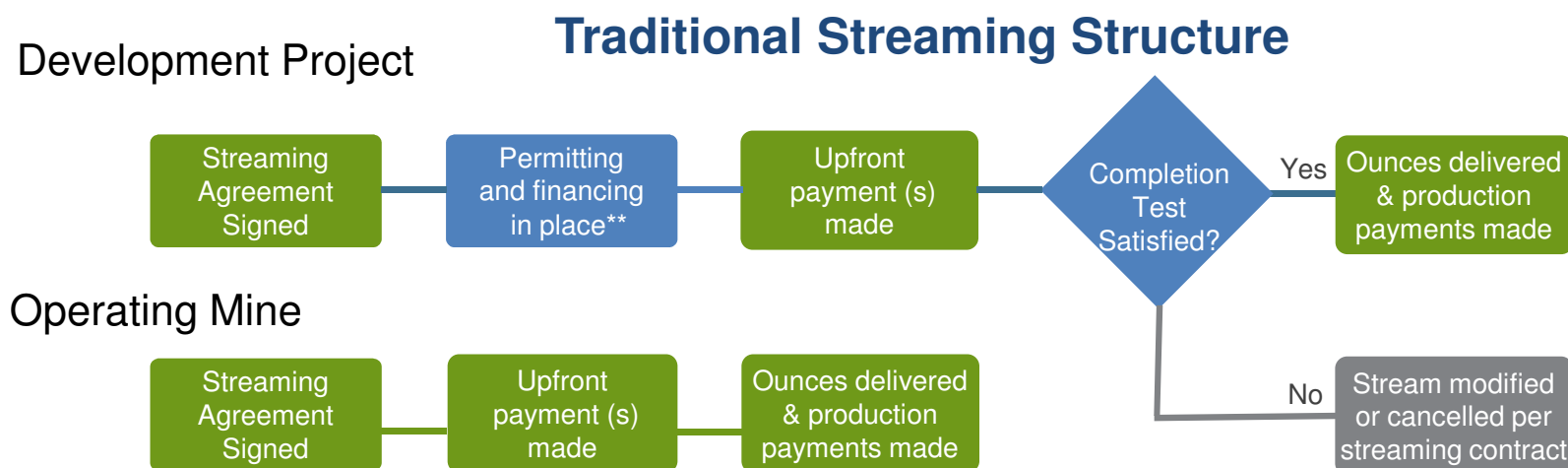
- Asset Sale / Joint venture
 - Outright sale of entire mine / project or joint venture interest
 - High quality mines / projects that can find a bidder, but are not the assets the miner / developer wants to sell
- Royalties
 - Sale of a percentage of the revenues from an asset
 - Typically a percentage of revenue from all metals produced, including primary metal
- Streaming
 - Sale of a percentage of metal from an asset
 - Typically a percentage of the noncore metal from within a core asset, with the primary metal remaining in the hands of the miner

PRECIOUS METAL STREAMING

HOW IT WORKS



- **How Streaming Works**
Wheaton makes an upfront payment and in return we purchase a fixed percentage of the future silver and/or gold production from a mine at a predetermined price



Wheaton shares value differential with its partners resulting in a win-win model

PRECIOUS METAL STREAMING

THE BENEFITS TO THE PARTNER MINING COMPANY

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

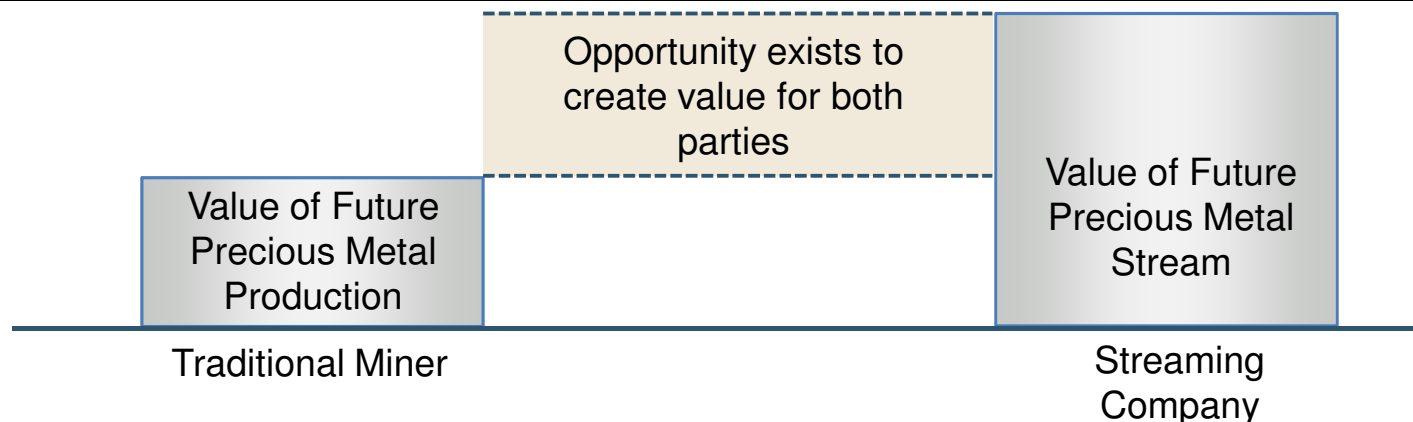
3-5 June 2018
PARKROYAL on Beach Road, Singapore

	Stream	Equity	Debt
Non-dilutive form of funding	✓		✓
Initial value creation for both parties	✓		
Improves project IRR	✓		
Crystalize future production of mining partner	✓		
Contractual relationship means support & flexibility	✓		
Endorses technical merits of mine / project	✓		
Share production and operating risk	✓	✓	
Mining partner retains full operational control	✓	✓	✓
Expedited due diligence & closing process	✓	✓	
No fixed payments	✓	✓	

Streaming is a more flexible and favorable source of funding compared to debt or equity

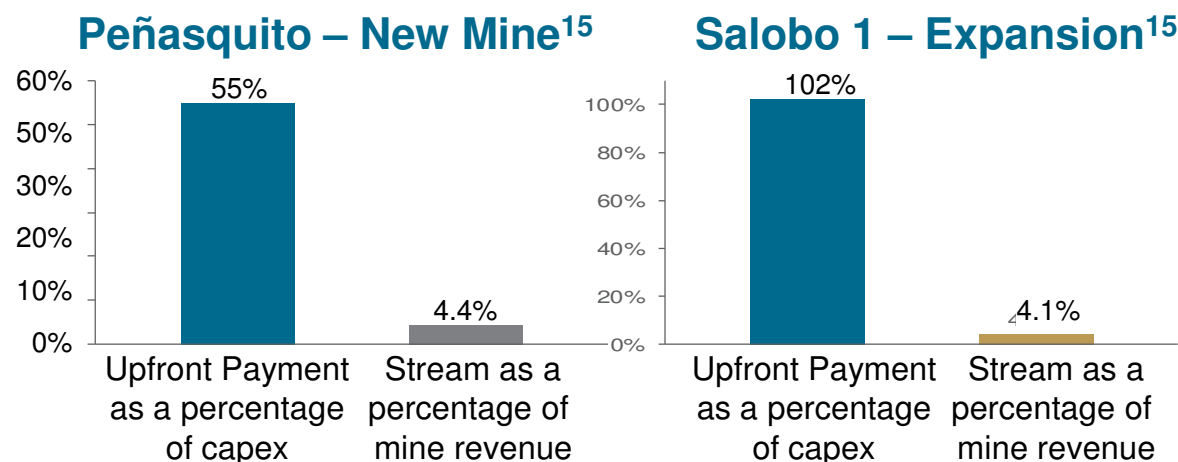
PRECIOUS METAL STREAMING

THE BENEFITS TO THE PARTNER MINING COMPANY



Initial Value Creation

The market values precious metal in a streaming company's portfolio greater than precious metal produced by a traditional miner



Improves IRRs

The upfront payment contributes a larger portion of capex than the stream represents as a percentage of revenue

PRECIOUS METAL STREAMING

THE BENEFITS TO THE PARTNER MINING COMPANY

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE
3-5 June 2018
PARKROYAL on Beach Road, Singapore

Key mining companies that have used streaming as a source of funding:

GLENCORE
INTERNATIONAL AG

GOLDCORP

HUDBAY



YAMANAGOLD

Teck



VALE

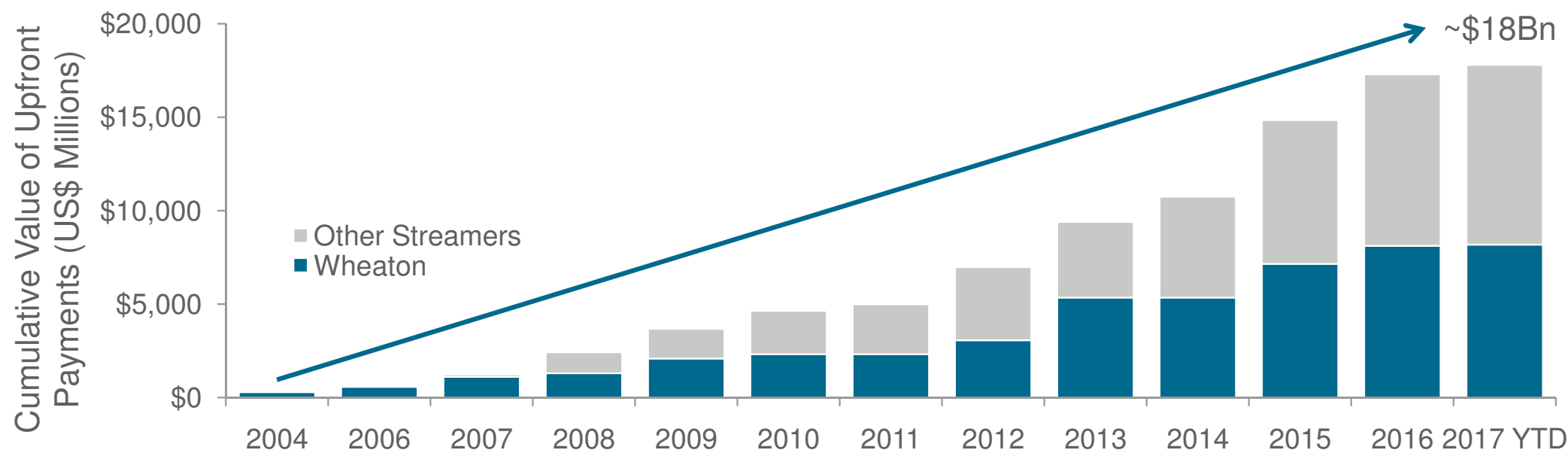


BARRICK



FIRST QUANTUM
MINERALS LTD.

lundin mining



* Source: Scotiabank

Almost \$18 billion dollars in upfront payments

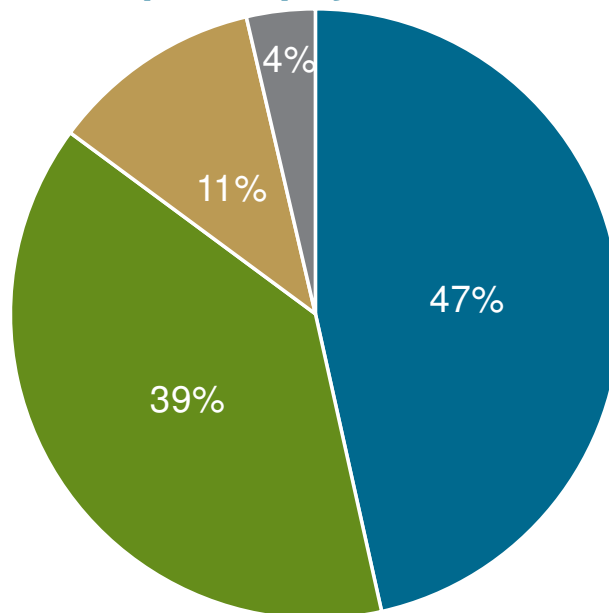
PRECIOUS METAL STREAMING

THE BENEFITS TO THE PARTNER MINING COMPANY

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

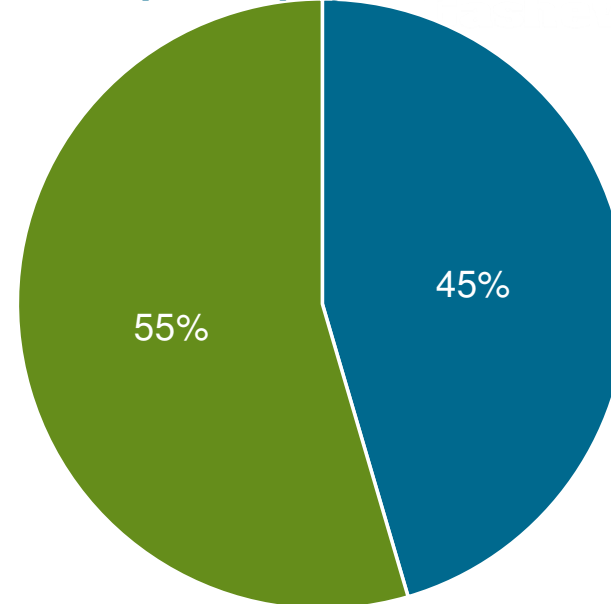
3-5 June 2018
PARKROYAL on Beach Road, Singapore

Partner's Use of Funds
(upfront payments)



■ Development ■ Balance Sheet ■ Expansion ■ Aid w/Acquisition

Type of Asset Streamed
(upfront payments)



■ Development ■ Operating

* Source: Scotiabank

Diverse use of funds

PRECIOUS METAL STREAMING

THE BENEFITS TO THE PARTNER MINING COMPANY

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE
3-5 June 2018
PARKROYAL on Beach Road, Singapore

Streaming companies can't just focus on collecting ounces...

- Streaming companies have to be mindful of the impact they have on operations
 - Wheaton focusses on mines in the lowest half of the cost curve
 - These are the mines that can handle a stream in all parts of the commodity cycle
 - And, these are the mines that are the first to be reinvested into when the cycle turns
 - During due-diligence, Wheaton does a thorough review of the economics of the mine/project to ensure that a stream does not take more than 20% of the mine's revenue – a stream should not impair operations
- As a mine matures, so should a stream – streams can be modified in the later stages of a mine's life to encourage exploration and/or mine life extension, which is in the best interest of both the streamer & miner
- Mining companies have to build and protect their social licence to operate – streamers can help
 - Wheaton has developed a Partner CSR program where we work with our partner to support long-term, sustainable programs that provide benefits to the communities where the mines are located

**Streaming must be sustainable –
Streaming companies need to be partners and ever mindful of how they can help operations.**

WHEATON PRECIOUS METALS

PIONEERS OF STREAMING

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

For more information on streaming:

INVESTOR RELATIONS

Tel: 604-684-9648

Toll Free: 1-844-288-9878

Email: info@wheatonpm.com

CONNECT WITH US



@wheaton_pm



@Wheaton_PM



@ Wheaton Precious Metals Corp.



www.wheatonpm.com