

LEADERSHIP

And the winners are ...

MJ Awards 2020 victors highlight changes in global mining landscape

Richard Roberts

Former London investment banker Sebastien de Montessus has Endeavour Mining positioned as West Africa's gold numero uno and global top-15 producer, but he's been trumped as *Mining Journal's* 2020 CEO of the year by Australia's Raleigh Finlayson, who led the buyout of the iconic Kalgoorlie Super Pit to position Saracen Mineral Holdings as the "ideal" merger partner for Northern Star Resources.

Finlayson's "all Australian growth" story is morphing into a top-10 global gold company with Saracen's circa-A\$17 billion Northern Star union.

But ahead of that, Saracen has gone from being a 20c minnow when Finlayson took over as managing director in 2013, aged 34, to the current \$6.17 billion best-of-the-chasing-pack behind Evolution Mining and Northern Star. It's share price is up about 70% to \$5.58 this year, versus Endeavour Mining's 27% gain.

Saracen has FY21 production pegged at 600,000oz-640,000oz at A\$1,300-1,400/oz AISC. It also brings 8.6Moz of reserves and net cash of A\$48 million (at June 30) to the marriage altar.

Saracen led the Fimiston buyout with its US\$750 million purchase last December of Barrick Gold's 50% stake. Northern Star then paid US\$800 million for Newmont's half and what had looked on paper like a good combination of Yilgarn gold assets and blue sky suddenly became super-compelling in every respect.

De Montessus has Endeavour, post this year's acquisition of Semafo, on a 1Mozpa at US\$900/oz AISC production track, with more than 10 years of reserves supporting its operations in Mali, Burkina Faso and the Ivory Coast. The company's current market capitalisation of around C\$5.16 billion (US\$3.88 billion) compares with Saracen's US\$4.36 billion.

Finlayson will be managing director of the



Photo: Australian Gold Industry Group

Saracen CEO and soon-to-be Northern Star managing director, Raleigh Finlayson



Kalgoorlie's iconic Super Pit in Western Australia

combined Northern Star-Saracen, with a pro forma US\$12 billion market value, and targeting 1.6Moz production in FY21.

How far up the world gold league the two major newcomers go – and Northern Star and Endeavour have demonstrated ample organic and M&A growth appetite and good timing, to go with consistent performance that's endeared them to key investors – time will tell. But it seems likely Northern Star's 2Mozpa mid-range production target, and Endeavour's 1Mozpa, are platforms for bigger things to come for both.

Best of the rest

West Africa versus Western Australia. TSX versus ASX. Gold versus iron ore and silver. Enhancement study versus scoping study. Services versus technology. *Mining Journal's* global mining investment awards had it all in 2020. See the full list of winners on page 26.

WA-born and bred Finlayson took out CEO of the year honours.

Western Australia itself had been reinstated as the best place in the world to find minerals and develop mines before COVID-19, and its status has only grown in 2020.

While most of the rest of the mining world has endured pandemic-induced shutdowns to varying degrees, impacting production, exploration, project building and financing and M&A due diligence, WA has sailed through the pandemic with its border closure only now raising concerns about there being enough qualified engineers, geologists and supervisors in the state to

meet the industry's expansion needs!

"There is more exploration activity in Western Australia right now than there has been in our entire history," WA mines minister Bill Johnson said this month.

WA wins 'Most improved jurisdiction' for 2020.

Emerging leader

Jonathan Evans-led Lithium Americas did get to a high of C\$22.47 this year, before a recent pullback, a strong performance in a market that's been anything but conducive for lithium explorers and developers.

As it is, the Argentina developer has seen its market value climb past C\$1.1 billion on a 188% lift in its share price to \$12.32.

Lithium Americas has risen on the back of progress at the US\$565 million, 40,000tpa lithium carbonate, 40-year Cauchari-Olaroz brine project in Argentina's far north, and the purposeful way it's gone about building a project financing platform with now 51% Cauchari-Olaroz owner, Ganfeng Lithium Co.

"Cauchari-Olaroz is approximately 50% complete and represents one of the few large-scale lithium operations currently in development globally," TSX-listed Lithium Americas said at the end of August.

Evans was a former VP and general manager of the lithium products division at global mining and chemical group FMC Corporation between 2008 and 2013. He then did stints at US industrials Arysta LifeScience and DiversiTech, before joining Lithium Americas as COO and president in September 2018 and becoming CEO last year, replacing stalwart Tom Hodgson. ▶

► Best explorer/developer

In a year of big discovery news, investors have well and truly rediscovered the mineral exploration space, with some help from the gold price.

Great Bear Resources has built on earlier market gains in response to news flow from one of the best gold finds in Canada's Red Lake district in Ontario, gaining 80% this year (current market cap around US\$599 million) and hitting a 12-month high of C\$19.83.

Skeena Resources (Canada/gold) and SilverCrest Metals (Mexico/silver) have remained in the spotlight, and London-listed Greatland Gold has shot the lights out with its circa-1,200% share price gain this year and US\$1.18 billion market value, on the back of its joint venture with Australian gold major Newcrest Mining at Haviron in northern Western Australia and a continuing flow of excellent gold-copper drill results.

But the sole owner of what's being described as Australia's best new gold project, Hemi in WA's west Pilbara, is the market standout among explorers/developers this year, with its 2,180% 2020 surge.

De Grey Mining, still six months away from posting a maiden resource for Hemi, is worth US\$1 billion.

It recently raised A\$100 million for its 2020-21 drilling and regional exploration, with several analysts putting 3-5Moz initial resource targets on Hemi and much more for the district, where De Grey is a dominant land holder.

De Grey also wins 'Best new discovery' of 2020 for Hemi.

METS company of the year

In what has become an annus horribilis for listed mining equipment, technology and services (METS) companies, a minnow and a Major have gone against the general trend.

At the small end, Goldspot Discoveries seems to be a modern METS tech company on the rise. It backdoor listed on the TSX Venture exchange early last year and initially saw its shares dip. This year they've regained some ground, climbing from C14c to 25c (getting to 31c) for a \$24 million market cap.



Lithium Americas CEO Jonathan Evans

Goldspot is using machine learning and AI to help explorers better target spending, and possibly improve discovery rates.

"Advanced analytics and AI-backed decision support" is seen as an \$11 billion pot of value in mining that companies such as Goldspot can assist companies to access.

Mining Journal's 2020 METS company of the year is TSX-listed, Canadian-headquartered Major Drilling Group, an international driller with more than 600 rigs working in at least 20 countries.

Most ASX, TSX, LSE, JSE and American-listed drillers, contractors and other METS firms have seen their market values slump this year.

Major, on admittedly modest results in a competitive market, got down to \$2.38 in the March COVID market sell-off, but has since bounced back to C\$6.45, up from \$5.79 at the start of the year, and recently touched \$7.54. It has a current market value around C\$520 million.

Most sustainable miner

A bunch of mining's heavyweights were selected by readers as nominees for this year's 'Most sustainable miner' award. We think B2Gold is emblematic of the change occurring in the industry, worldwide. It is a growth gold company with circa-1Mozpa of production in Africa and Asia, with expansion to come in South America.

"The world's new senior gold producer" has more than 4,200 employees, plus-95% local employment, an excellent safety record, and in 2019 launched a gender diversity initiative to increase the percentage of females in its total workforce (12%) and senior positions (22%). This year it has added a director of sustainability senior management post. It spent US\$14.8 million on community programmes last year.

B2Gold's "creative philanthropy" has included the donation of proceeds from the sale of 1,000oz of Rhino Gold Bars to Namibia rural communities fighting to save the country's endangered black rhinos. "We are mining gold that was deposited over five hundred million years ago and using it to save an animal that has been roaming the planet for 50 million years," the company said.

B2Gold also wants to be "an industry leader in the implementation of renewable energy solutions at our operations".

"In 2018 at Otjikoto [in Namibia], we commissioned a 7MW solar power plant and converted our existing power plant into one of the first fully-autonomous hybrid (HFO and solar) power plants in the world. The electricity generated by this power plant has eliminated over approximately 16,000 tonnes of carbon dioxide equivalent (CO₂-eq) emissions."

A new US\$38 million investment in a 30MW solar plant and 15.4MWh of battery storage at its flagship Fekola operation in Mali is expected to eliminate 39,000t of CO₂-eq a year from being released.

Full list of 2020 winners

- **CEO of the year:** Raleigh Finlayson, Saracen Mineral Holdings
- **Emerging leader:** Jonathan Evans, Lithium Americas
- **Best explorer/developer:** De Grey Mining
- **Best new discovery:** Hemi, Western Australia/De Grey Mining
- **Best M&A transaction:** Saracen Mineral Holdings/Northern Star Resources KCGM acquisitions
- **Best financing/structured deal:** Cauchari-Olaroz lithium project financing/Lithium Americas/GFL International
- **METS company of the year:** Major Drilling International
- **Consultant of the year:** AMC Consultants
- **Innovation leader:** Gold Fields
- **Sustainability leader:** B2Gold
- **Gender diversity leader:** Fortescue Metals Group
- **Most improved jurisdiction:** Western Australia
- **Best technical study:** Fort Cady DFS enhancement study/American Pacific Borates

"The fully-autonomous hybrid power plant will be the largest off-grid facility of this type in the world," B2Gold said.

And it reduces processing costs by more than 7%.

Best M&A transaction

Saracen and Northern Star share the gong for best M&A deal for their combined US\$1.55 billion acquisition of Kalgoorlie Consolidated Gold Mines (KCGM), including the massive Fimiston Super Pit, and underground workings, that have produced more than 65Moz at an average 5g/t since 1893.

The deal was, of course, a prelude to the A\$17 billion merger of the two companies announced this month.

KCGM is the cornerstone of the combined entity's 1.1Mozpa Kalgoorlie operations, with FY21 production of 440,000-480,000oz at AISC of A\$1,470-\$1,570/oz predicted to grow to more than 675,000ozpa after a major pit stripback by FY28. Reserves of 9.7Moz support a mine life of at least 15 years.

Northern Star has seen its share price increased by 32% since its KCGM transaction with Newmont. Saracen is up by 68%.

The Australian pair beat Kirkland Lake Gold and its US\$3.7 billion acquisition of Detour Gold Corp and the circa-650,000ozpa Detour mine in Ontario. Investors have marked Kirkland Lake down since the deal.

Equinox Gold's C\$1.3 billion Leagold Mining merger, wrapped up in March, has, on the other hand, seen Equinox's shares gain 52% since the end of March. ■