



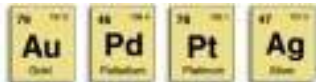
Access to Financing Precious Metals

Ninth International Gold Symposium

Lima, Peru

May 18-20th, 2010

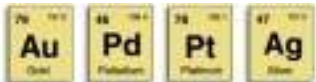
Roberto Machado





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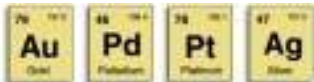
- Scotiabank & ScotiaMocatta
- ScotiaMocatta Products & Services
- Finance Alternatives
 - Debt Finance
 - Equity Markets
 - Traditional Bank Facilities
 - Revenue Streams
 - Precious Metals Markets
- Conclusion





Scotiabank

- Founded in 1832 in Halifax, Canada
- Canada's most international bank
- Assets of \$507 billion
- Serves more than 14 million customers
- Active in 50 countries in the Americas, the Caribbean, Europe and Asia





ScotiaMocatta

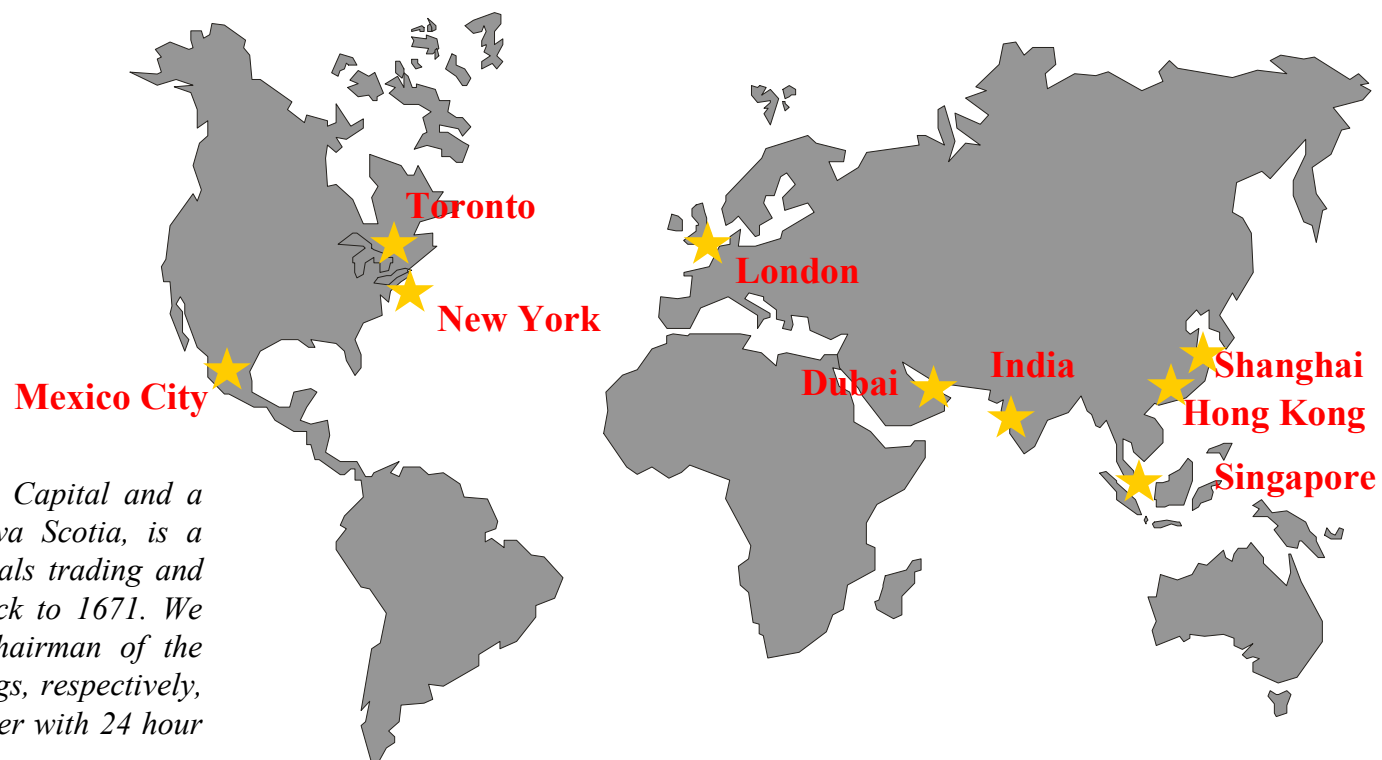
A Premier Bullion Bank

- 338+Years of experience backed by the security of one of Canada's largest banks (Aa1 – Moody's & AA- Standard & Poor's & Fitch)
- Most extensive coverage both in terms of product range and geographic location of all the "Metals" banks
- Deal execution across 5 continents - 24 hours a day
- Precious Metals Market-Maker in all time-zones

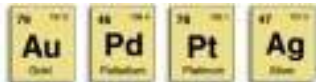




Global Coverage



ScotiaMocatta, part of Scotia Capital and a division of The Bank of Nova Scotia, is a global leader in precious metals trading and finance, with roots dating back to 1671. We are the past and current Chairman of the London Gold and Silver Fixings, respectively, and are a leading market-maker with 24 hour operations worldwide.

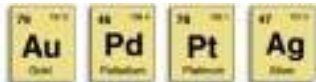




Product and Services

ScotiaMocatta offers a wide variety of products and services to its clientele:

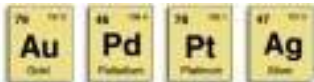
- Precious Metals Market Maker
- Physical Market Supplier
- Provider of Hedging Services
- Fixing Services
- Depository / Custodial Services
- Metal Financing
- Reserve Management
- Structured Transactions





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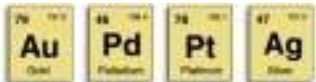
- Recent global crisis negatively impacted borrowers ability to raise capital
- Current credit environment leads borrowers to seek alternative source of funds
- Lack of capital could inhibit mining expansion





Access to Financing Precious Metals

- Debt Finance
- Equity Markets
- Traditional Bank Facilities
- Revenue Streams
- Precious Metals Markets
 - Metal Loans
 - Secured Metal Purchases





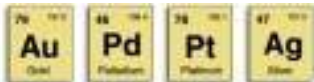
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Debt Markets – Positives

- Historically low interest rates
- Strong appetite from global investors
- Interest expense may be tax deductible
- Debt servicing may lead management to be more efficient

Debt Markets – Negatives

- Debt servicing requirement
- Increased leverage
- Increased reporting requirements
- Debt holders may have different objectives than stockholders





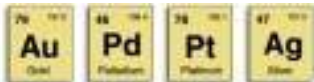
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Equity Finance – Positives

- Cheap cost of capital
- One time underwriting expenditure
- May have flexibility on how to utilize funds
- Strong investment demand from Asia

Equity Finance – Negatives

- Dilutive to existing shareholders
- Dividends are not tax deductible
- Increased reporting requirements
- Susceptible to market conditions





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Traditional Bank Facilities - Positives

- Revolving term arrangement
- Flexibility on utilization of funds
- Only pay interest when draw on facility
- Rates likely to be cheaper than term debt

Traditional Bank Facilities – Negatives

- May require multiple lenders
- Requires management time to maintain facility
- Subject to interest rate fluctuations
- May be affected by credit market conditions
- Covenant levels that may impact business negatively
- May require hedging program





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Revenue Streams— Positives

- Upfront payment for future production
- Flexibility in utilization of funds
- Eliminates market risk on ounces sold

Revenue Streams – Negatives

- Limited leverage to higher prices
- Fixed return on future capital expenditure
- Reduces company production
- Limited amount of investors





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Metal Loans – Positives

- Metal borrowing rates historically lower than money rates
- Effective price hedge
- Additional channel for delivery of physical metal

Metal Loans – Negatives

- Metal borrowing rates could be volatile
- Elimination of upside potential
- Increased operational requirements
- Debt cost will increase if precious metal prices increase





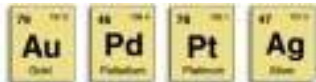
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Securitized Metal Purchases – Positives

- Utilize production to immediately generate capital
- Flexibility on time of sale
- Revenue recognition in same period as expense incurred
- Cheap cost of funds

Securitized Metal Purchases – Negatives

- Subject to credit availability for the refiner
- Short term in nature
- Delays in refining process could affect cash flow

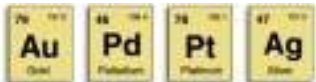




Access to Financing Precious Metals

Conclusion:

- Know finance alternatives
- Determine impact on business
- Identify needs and define goals
- Evaluate strategies based on current market conditions
- Establish relationship with banks that have multiple capabilities
- Create execution team





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