

Resource Sector – IPO's

NZ 2005

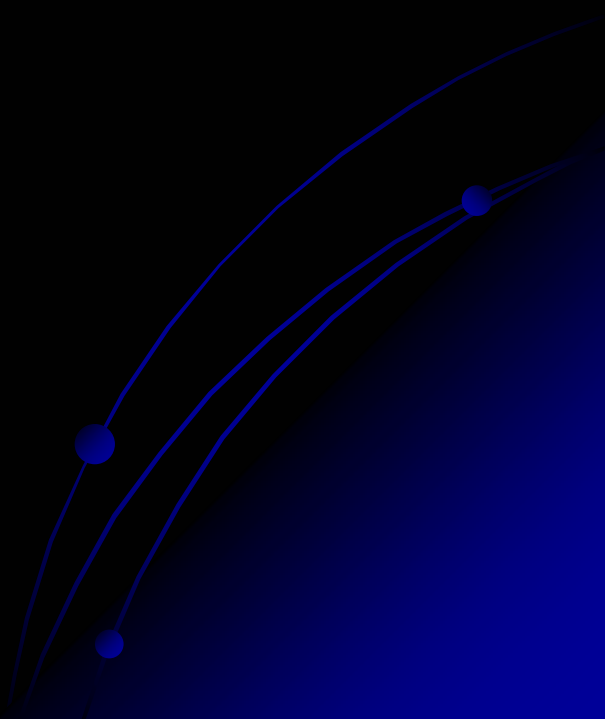
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Speaker: Peter Cook

Resource Sector – IPO's

G'day !



Resource Sector – IPO's

Practical Considerations !

Preparations

Structuring

Surviving

The APO of the IPO

A = Assets
P = Purpose
O = Objectives

Think like the investor not
the vendor !

The IPO – The Assets

- ▶ What are they ?
- ▶ Why are they any good ?
- ▶ What are they worth ?
- ▶ What could they be worth ?
- ▶ Why would investors wish to share in your assets ?
- ▶ How can you deliver shareholder wealth from the assets?

The IPO – The Purpose

- ▶ Why do we need capital?
- ▶ What do I need to spend capital on?
- ▶ Is this enough??
- ▶ Where does it get you to??
- ▶ Can you a relationship between value of the assets before and after the Capital investment and a link to its impact on the equity price?
- ▶ What would make an investors wish us to spend their capital on ?

The IPO – The Objectives

- What are the Company's objectives ?
- What is the mix of funding and the application of the funds ?
- What are the deliverables and
- What is the time frame ?
- What will investors see in your IPO ?
- How will you align shareholder objectives with those of the Company ?

Beware – The Pitfalls

Pitfall 1

Never fall in love with the assets.

Assets are to buy and sell, success is knowing when!!

Beware – The Pitfalls

Pitfall 2

Try not to satisfy your personal
fantasy's!

Investors will PUNT a good dream
and BACK a good strategy.

Beware – The Pitfalls

Pitfall 3

Always align your thoughts, strategy and results with the objectives of your shareholders.

It is their money you are spending!!

Beware – The Pitfalls

Pitfall 4

Getting your IPO away is not the panacea of success, it is the means through which success can come.

It is their money you are spending!!

Beware – The Pitfalls

Pitfall 5

Investors buy shares for dividend yield or capital appreciation.

Technical or scientific success is self gratifying but unless it is strategically linked to higher share prices or dividends it is worthless to the investor.

Resource Sector – IPO's

Choosing your Board

Executives/Non-Executive ?

Independence ?

Informed ?

Track Record ?

Public Profile ?

Resource Sector – IPO's

Structuring Your Capital

Seeding (2-5-10 Rule)

Mezzanine

Options

Vending

Escrow

Commitment/Leadership

Keystone Investors

Resource Sector – IPO's

Choosing your broker !

Allocation of Stock !

Rewarding your backers !

Post-listing support !

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Listing

The Stag !

The true colors !

The post IPO market !

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Post Float

The real work begins !

The post IPO market !

Your new shareholders !

Getting on with it !

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Tactics for strugglers!!!

Option Incentives

Loyalty Bonus'

Piggy Back Options

Promoter/Broker Options

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Delivery

Fulfill your commitments !

Reconcile your milestones !

Explain your variations !

Show the links to shareholder
wealth/value !

Resource IPO – The Listing

Good Luck !!

