

BREAKING DOWN AGYAPA TO BUILD THE CSOS' CASE



The Alliance of Civil Society Organisations (CSOs)
working on extractives, anti-corruption and good governance (2020)

CONTEXT

CIVIL SOCIETY HAS FOUGHT HARD
TO BE AT THE TABLE OF RESOURCE
GOVERNANCE

- THAT SEAT WILL NOT BE CEDED TO
“INVESTMENT BANKERS”

MAXIMISING INFLUENCE IN
THE EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
FOR IMPROVED EXTRACTIVES
GOVERNANCE A GUIDE FOR CIVIL SOCIETY



THE GOVT OF GHANA HAS BROKEN FAITH WITH THE RESOURCE GOVERNANCE MOVEMENT (GHANA WAS 1 OF 4 PILOT COUNTRIES OF EITI)

Mineral Resources Management: EITI Unhappy With Ghana

By **Business Desk** - March 12, 2019

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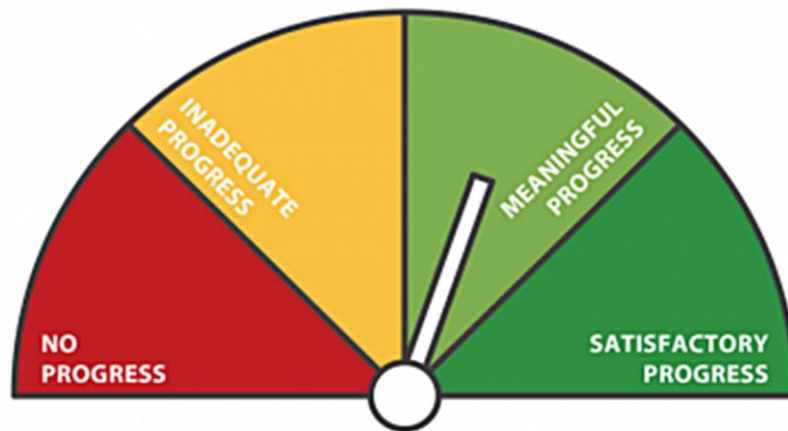
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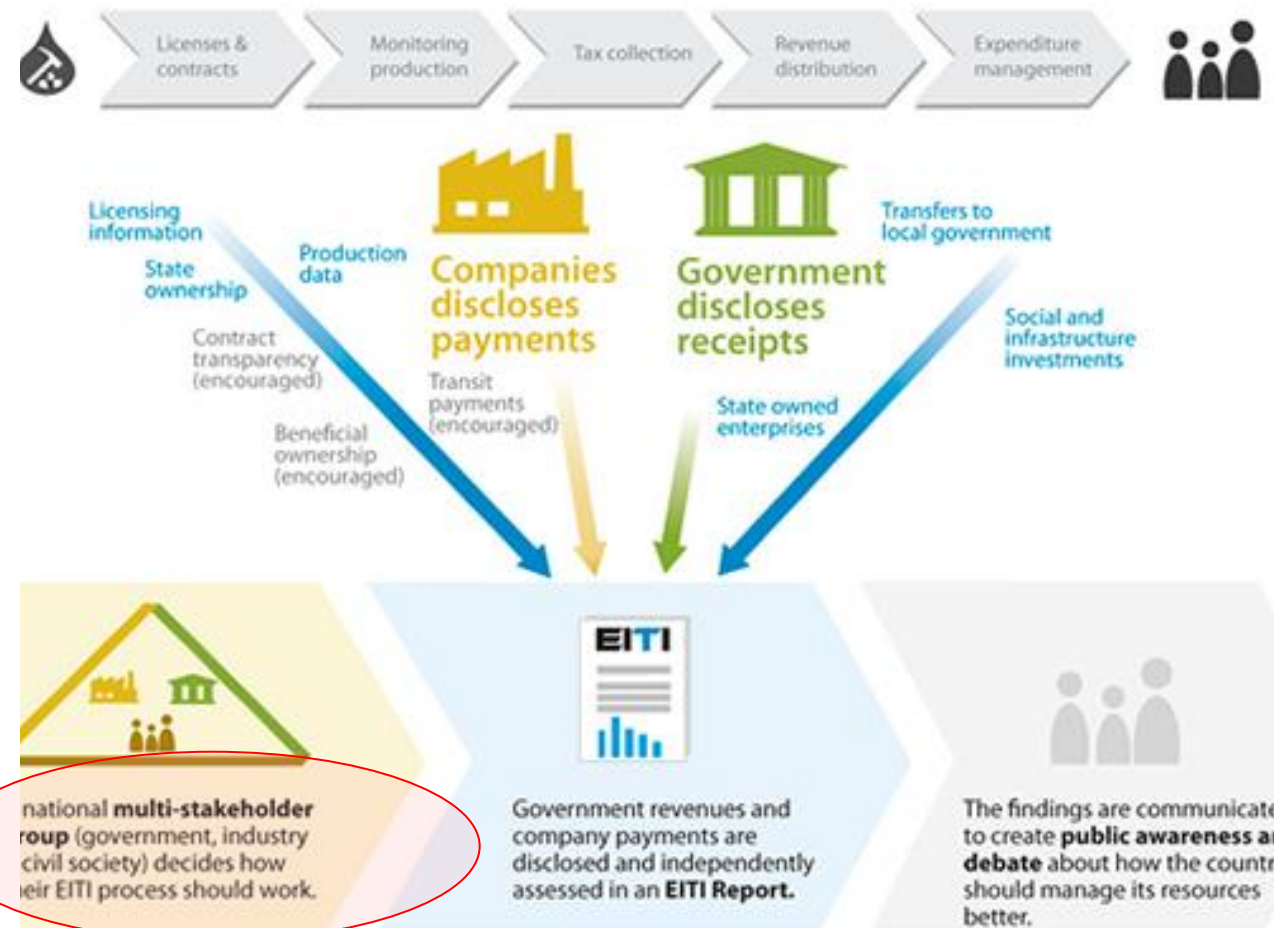
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OVERALL ASSESSMENT



Source: Ghanaian Times, 2019



Credit: EITI Standard

PART ONE

THE GOVERNMENT'S VIEW

WHAT PROBLEM IS GOVT TRYING TO SOLVE?

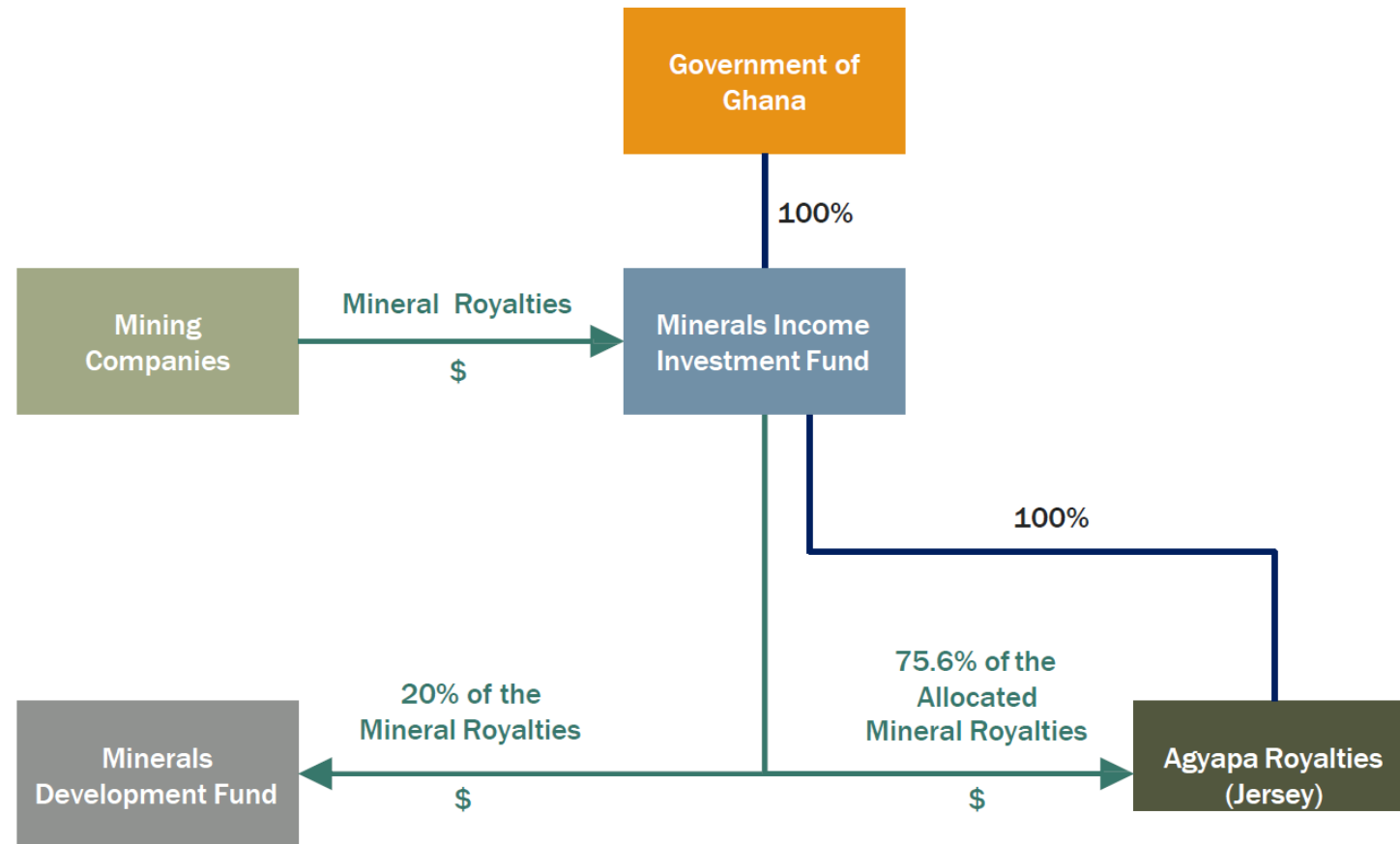
MAXIMISE ASSET VALUE TO GHANA ACROSS ALL TIME CYCLES

- **Intergenerational Returns (Capital Gains)** – Long-Term
- **Cashflow to Support the Budget** – Medium-Term
- **Immediate Cash for Investment** - Short-Term

This Policy is supported by virtually all sections of Society. Both the NDC “Ghana Gold” concept in 2011 and the 2018 MIIF arrangement are consistent with this broad strategy.

Transaction Structure

HOW THE GOVT
UNDERSTANDS/
EXPLAINS IT



Source: MoF Presentation to CSOs, 2020

Legend

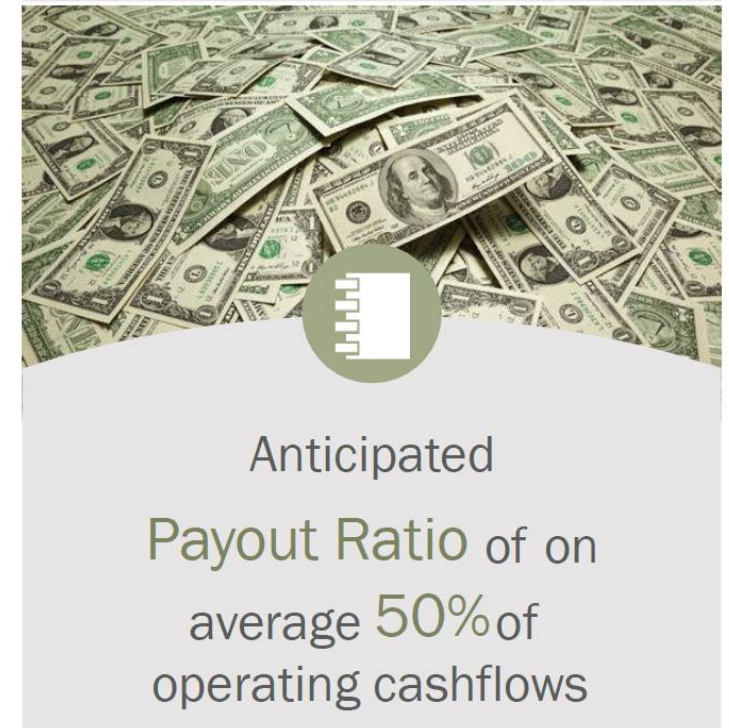
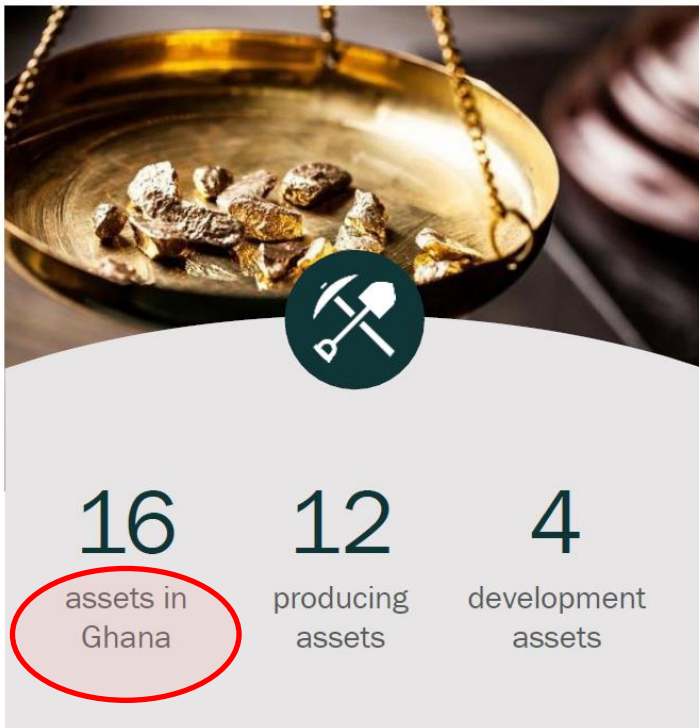
➡ \$=Mineral Royalties — Ownership

WHY THE GOVT THINKS INVESTORS WILL LAP IT UP

	Operating Companies	Gold ETF	Royalty Companies
Leverage to Commodity Price	✓	✗	✓
No or Limited Exposure to Operating Costs	✗	✓	✓
No Capital Costs	✗	✓	✓
Exploration & Exploration Upside At No Extra Cost	✗	✗	✓
Highly Diversified Asset Portfolio	✓	✗	✓
Ability to Grow without Increased Management	✗	✗	✓
Low Overhead Costs	✗	✓	✓

Source: MoF Presentation to CSOs, 2020

GOVT'S VIEW OF THE ECONOMICS



Source: MoF Presentation to CSOs, 2020

GOVT'S VIEW OF THE ECONOMICS

	Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/ oz sold)	Reserves Life of Mine (years) ⁽¹⁾	
Producing	1	Ahafo	Newmont	3.0% - 5.0% ⁽⁸⁾	643	9.6	5.7 ⁽²⁾	820	11-13
	2	Obuasi ⁽³⁾	AngloGold Ashanti	3.0% - 5.0% ⁽⁸⁾	-	7.1	31.1	-	15
	3	Tarkwa	Gold Fields	3.0% - 5.0% ⁽⁸⁾	519	5.9	10.9	958	14
	4	Akyem	Newmont	3.0% - 5.0% ⁽⁸⁾	422	2.6	1.0 ⁽²⁾	718	6.5 ⁽⁴⁾
	5	Asanko	Gold Fields / Galiano Gold	5.0%	251	2.4	3.9	1,112	10
	6	Iduapriem	AngloGold Ashanti	5.0%	275	1.8	6.2	890	6
	7	Edikan	Perseus Mining	5.0%	180	1.6	3.0	1,012	6
	8	Wassa	Golden Star Resources	5.0%	156	1.4	11.2	922	10
	9	Damang	Gold Fields	3.0% - 5.0% ⁽⁸⁾	208	1.3	5.9	809	6
	10	Chirano	Kinross	5.0%	201	0.6	1.5 ⁽²⁾	n/a	3
Development	11	Bogoso / Prestea	Golden Star Resources	5.0%	48	0.3	3.2	1,937	4
	12	Nzema / Nkroful	BCM Group	5.0%	-	0.3 ⁽⁵⁾	1.7 ⁽⁵⁾	n/a	n/a
	13	Namdini	Cardinal Resources	5.0% ⁽⁹⁾	-	5.1	7.0		15
	14	Wa Gold Project	Azumah Resources	5.0% ⁽⁹⁾	-	1.0 ⁽⁶⁾	2.8 ⁽⁶⁾		11
	15	Bibiani	Resolute Mining	5.0% ⁽⁹⁾	-	0.7	2.5		6
	16	Enchi Project	Pinecrest Resources	5.0% ⁽⁹⁾	-	-	1.1 ⁽⁷⁾		

Source: MoF Presentation to CSOs, 2020

PART TWO

THE CSO'S VIEW

HOW INVESTORS VIEW THE LANDSCAPE

Type of Gold Investment	Transaction Costs	Cost of Holding	Can Take Physical Possession?	Best for Long-term Investment?	Best for Gift?	Best for Trading?	Tax Implications
Gold Exchange Traded Funds (ETFs)	Low	Low	Limited Cases	Yes	No	Yes	Collectibles rate (max 28%)
Gold Bullion Coins & Bars	High	Can be Costly	Yes	Yes	Yes	No	Collectibles rate (max 28%)
Gold Collectibles (Numismatics)	High	Can be Costly	Yes	Yes	Yes	No	Collectibles rate (max 28%)
Gold Mining Stocks	Low	Low	No	No	No	Yes	Capital gains rate
Gold Mining Mutual Funds & ETFs	Usually Low	Depends on Fund	No	No	No	Yes	Capital gains rate
Gold Royalty Stocks	Low	Low	No	Yes	No	Yes	Capital gains rate
Gold Futures	Low	Can be Costly	If you take delivery	No	No	Yes	Taxed on unrealized profits

Analysis by Jeremy Jones, 2019

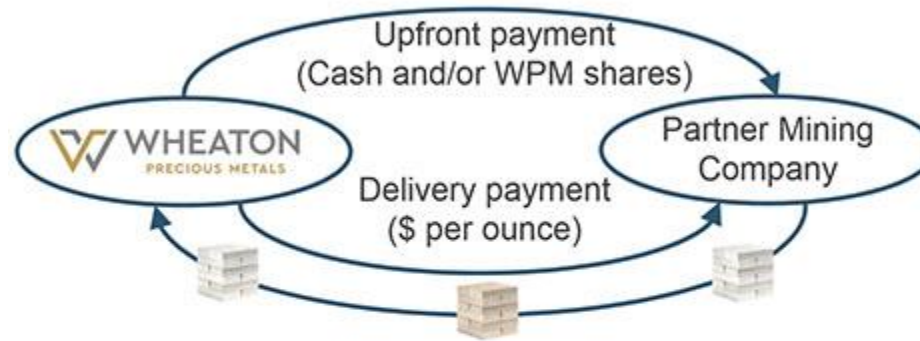
AGYAPA IS NOT A CONVENTIONAL ROYALTIES COMPANY IT IS A SOVEREIGN ROYALTIES COMPANY

No market price or
volume protections.

No Skill Premium

The Stock Market
doesn't reward
unfamiliarity.

PRECIOUS METALS STREAMING HOW IT WORKS

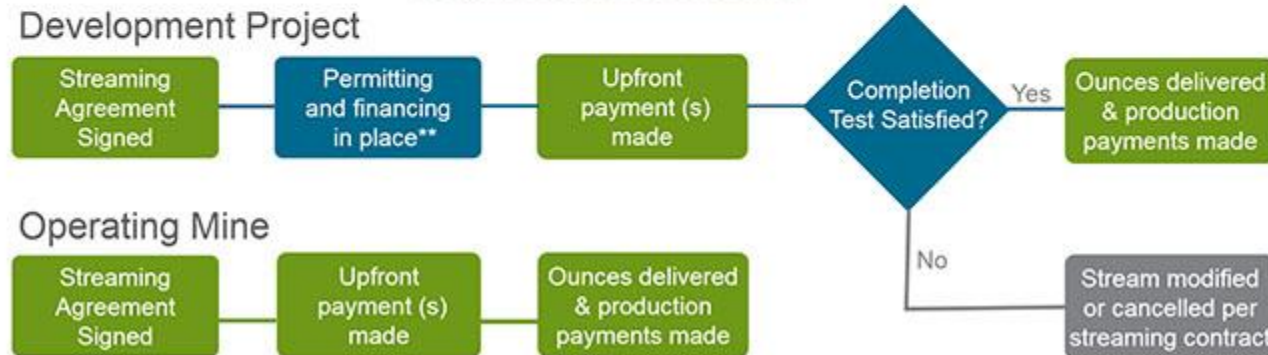


How Streaming Works

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

Credit:
Wheaton
Precious
Metals

Traditional Structure



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

AGYAPA IS NOT HIGHLY DIVERSIFIED

Geography – Ghana



Mineral – Gold



Upside – Price & Production (no skill)



Projects - Mines

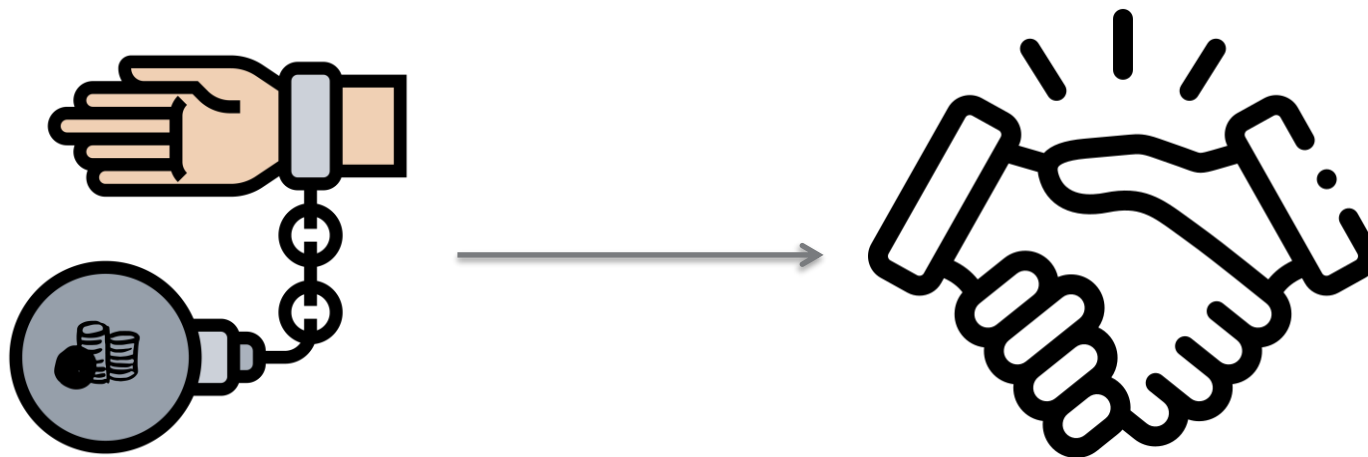


UNDERVALUATION OF UNDERLYING ASSETS

AGYAPA ASSETS ARE UNDERVALUED - THAT AFFECTS EVERYTHING GOING FORWARD

Makes it harder to raise capital against the company's balance sheet.

Agyapa will have to start seeking debt to do any important deals in the mining sector. (Gold Fields' Damang's investment alone in the region of ~\$350m.)



SIMPLEST, ROBUST, INTUITIVE, VALUATION MODEL (SRIVAM)

- A. Cost of collection is virtually nil since the GRA is a sunk cost.
- A. The cashflows are sovereign.
- B. No accounting for reinvestment prospects, which will increase the discount rate but will raise the market premium by a wider margin.
- C. If AF adjusted to 3.5 million and annuity to \$217m, valuation = **\$2.5BN**

The Agyapa Valuation Equation

Average Annual Production Forecast = AF

Average Price Forecast Over Term (per oz) = PF

Average Royalty Rate = RR

Average Royalty Stream = 75.6% x AF x PF x RR = C

Average Remaining Mine Life = Term (n)

Risk of Collection = Discount Rate (r)

Justified IPO Proceeds = Present Value of Annuity Stream (P)

$$P = C \times \left[\frac{1 - (1 + r)^{-n}}{r} \right]$$

AF = 4.9MIL PF = \$1800

RR = 4.6% C = \$307MIL

n = 21 r = 6%

P = \$3.6 BILLION

VRS

Govt Valuation = \$1 BILLION

VALUATION DRIVERS – PRODUCTION VOLUME FORECASTS

THE BASE ASSETS

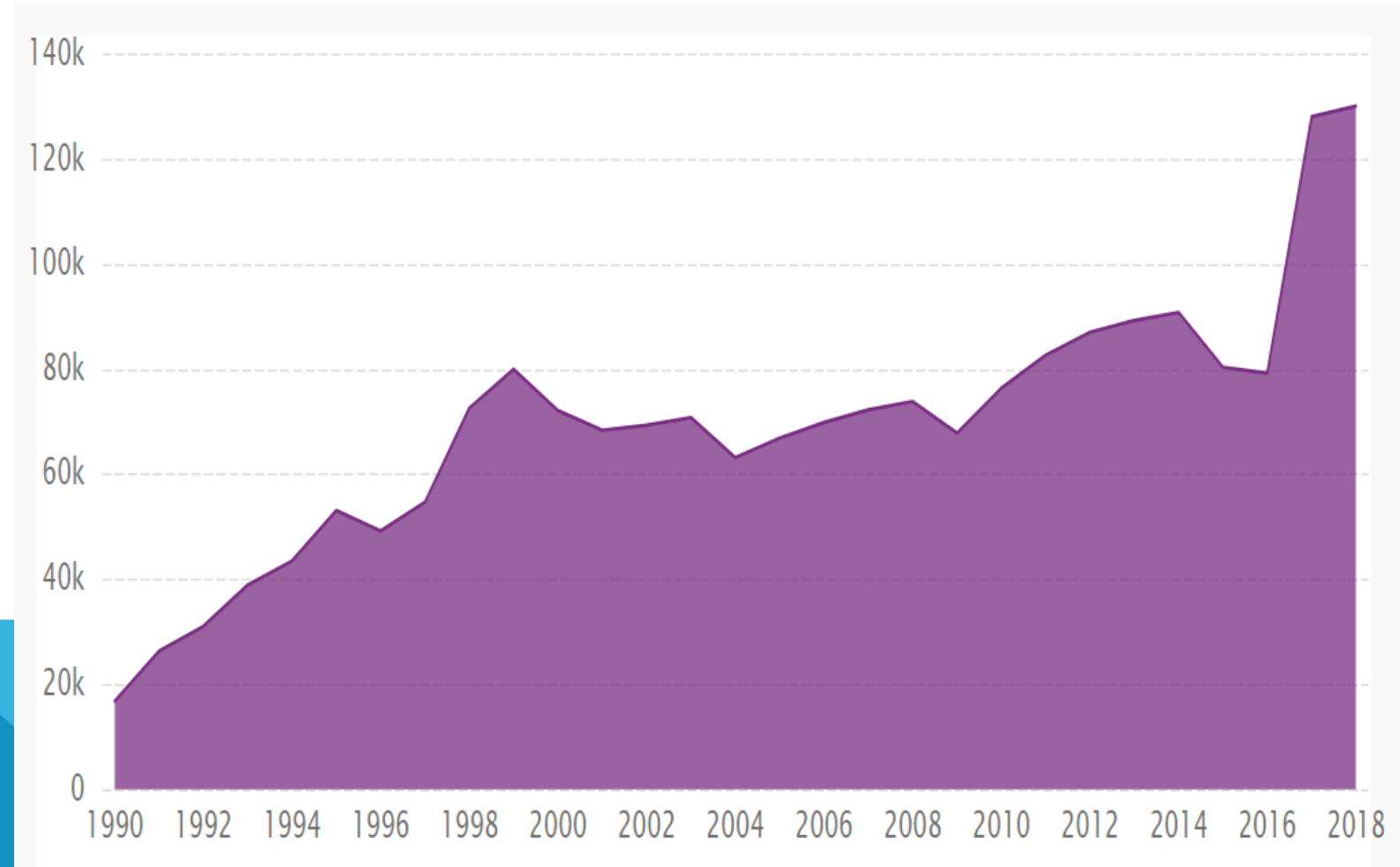
Mineral Project	Leaseholder	Measurement Period	Gold sales (Ounces)	Gold revenue (USD)	Royalty rate (%)	Gold mineral royalties received (USD)	Refunds or adjustments (USD)	Total after refunds or adjustments (USD)	RoyaltyCo percentage share of Gold Mineral Royalties	Amount payable to RoyaltyCo (USD)
Ahafo	Newmont Ghana Gold Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Akyem	Newmont Golden Ridge Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Asanko	Asanko Gold Ghana Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Bibiani	Mensin Gold Bibiani Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Bogoso / Prestea	Golden Star (Bogoso/ Prestea) Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Chirano	Chirano Gold Mines Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Damang	Abosso Goldfields Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Edikan	Perseus Mining (Ghana) Limited	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
Iduapriem	AngloGold Ashanti	Quarter	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]
		YTD	[•]	[•]	[•]	[•]	[•]	[•]	75.6%	[•]

THE BASE ASSETS

Mineral Project	Leaseholder	Measurement Period	Gold sales (Ounces)	Gold revenue (USD)	Royalty rate (%)	Gold mineral royalties received (USD)	Refunds or adjustments (USD)	Total after refunds or adjustments (USD)	Royalty Co percentage share of Gold Mineral Royalties	Amount payable to Royalty Co (USD)
	Iduapriem Limited									
Namdini	Cardinal Namdini Mining Limited	Quarter	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
		YTD	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
Nzema / Nkroful	Adamus Resources Limited	Quarter	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
		YTD	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
Obuasi	AngloGold Ashanti (Ghana) Limited	Quarter	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
		YTD	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
Tarkwa	Gold Fields Ghana Limited	Quarter	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
		YTD	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
Wa Project	Phoenix Resources Limited; Azumah Resources Ghana Limited	Quarter	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
		YTD	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
Wassa	Golden Star (Wassa) Limited	Quarter	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
		YTD	[●]	[●]	[●]	[●]	[●]	[●]	75.6%	[●]
TOTAL FOR THE QUARTER			[●]	[●]	N/A	[●]	[●]	[●]	N/A	[●]
CUMULATIVE TOTAL FOR THE FINANCIAL YEAR					N/A				N/A	

HISTORY-GUIDED GOLD PRODUCTION FORECAST (2020 – 2040)

Helps to take prospectivity-adjusted long-term production perspective. If that is done, it is impossible to expect less than **4.9 million ounces** of gold per year as the base asset.



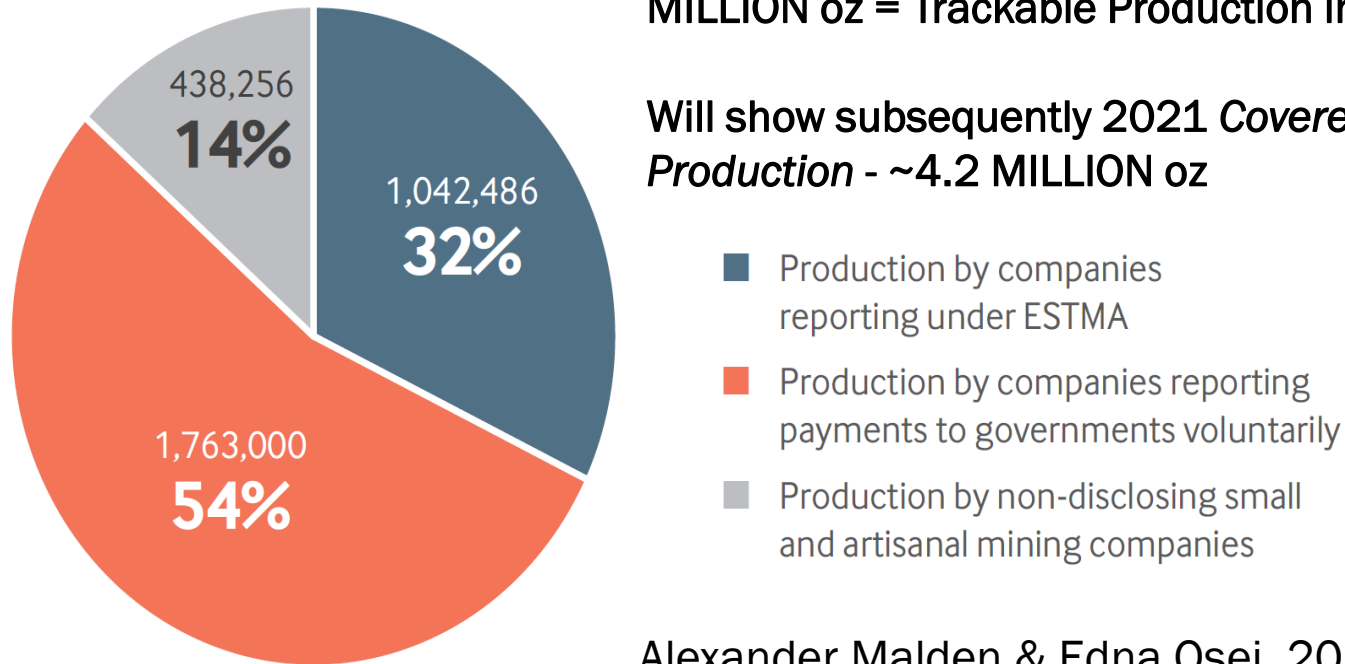
CEIC Data (based on USGS data), 2019

HOW MUCH GOLD IS COVERED?

Govt suggests 3 MILLION oz

Naïve Proportionality suggests 4.123
MILLION oz = Trackable Production in 2018

Will show subsequently 2021 Covered
Production - ~4.2 MILLION oz



Alexander Malden & Edna Osei, 2018

Average annual rate of increase in gold
production volumes,
1990 – 2020: 7%

Using a logistic growth model and a
random walk forecasting technique,
future values can be smoothed out per
annum from 2020 to 2041 to average
out: **4.9 MILLION oz UNDERLYING METAL
PRODUCTION.**

(Linear Model: **PV of Growing Annuity =
\$3.5B**; Initial Prod: 4.2m oz, Growth Rate:
4%, Discount Rate: 6%)

DIRECT STREAMING IN PRIVATE MARKETS

EXAMPLES:

1

ROYAL BAFOKENG & TRIPLE FLAG: ~320,000 OZ OF GOLD @ 95% OF THE SPOT PRICE OF GOLD = \$473 per OZ

VRS

AGYAPA & GHANA: ~5M OUNCES OF GOLD AT 100% OF THE SPOT PRICE OF GOLD = \$200 per OZ

2

Rubicon & Royal Gold: ~150,000 OZ OF GOLD @ 100% OF THE SPOT PRICE OF GOLD = \$500 per OZ

VRS

AGYAPA & GHANA: ~5M OUNCES OF GOLD AT 100% OF THE SPOT PRICE OF GOLD = \$200 per OZ

Private Market Forward Sale of NSR Gold Delivery from Ghana \$450 to \$550

DEEP-DIVE ANALYSIS:

12 OUT OF 16 COMPANIES COVERED

In 2020, these companies will produce 4 million ounces of gold.

Newmont: Second mill & Subika: 200,000 oz +

AngloGold – 700,000 oz (+350k > 2019)

Mensin Gold, Namdini, Phoenix, Azumah – not incl.

Azumah – 107,000 (underground mine planned); Bekpong Deposit

Mensin – 100,000 (prospecting continues)

Output of Producing Member Companies			
Company	2016	2017	2018
Gold Produced (US\$)			
Gold Fields Ghana- Tarkwa	708,864,563	710,828,770	666,903,612
Newmont Golden Ridge Limited- Akyem	586,878,575	593,501,515	525,562,745
Newmont Ghana Gold Limited- Ahafo	434,741,967	437,410,929	552,814,514
AngloGold Ashanti Iduapriem Limited	268,261,229	285,592,063	322,611,642
Chirano Gold Mines	258,452,610	317,626,290	285,981,659
Perseus Mining (Ghana) Limited	165,324,528	252,542,488	276,642,909
Asanko Gold Mines	195,388,905	256,203,177	285,008,422
Abosso Goldfields Limited- Damang	183,390,746	180,268,662	228,953,694
Golden Star Wassa Limited	129,284,717	172,864,696	190,015,785
Golden Star Bogoso Prestea Limited	111,970,441	164,261,555	95,837,297
Adamus Resources Limited	107,150,748	147,685,310	131,032,157
AngloGold Ashanti Limited- Obuasi	3,268,846	3,460,288	-
Total	3,257,646,310	3,522,245,743	3,561,364,435

Source: Ghana Chamber of Mines Annual Report, 2019

“GEOGRAPHICAL AREA WIDE NET ” - EMBEDDED PROSPECTING LICENSES

Kubi Gold (Barbados) Limited (“KGBL”), owns 100% of the Kubi Mining Lease in south west Ghana, located immediately south of AngloGold Ashanti’s Obuasi mine (66 million ounce pre-mining resource) and 25 km east of Perseus Mining Limited’s 6.6 million ounce Edikan Gold Mine.

Asante Gold Corporation (“Asante”) is a Canadian public company listed on the CSE Exchange and trades under the symbol ‘ASE’. Asante has reached agreement with Goknet Mining Company Limited of Accra, Ghana (“Goknet” owns 100% of the shares of KGBL) to earn up to 100% of Goknet’s interest in Kubi and in up to eight prospecting licenses which Goknet may acquire from a third party (pending and subject to final transfers and all Governmental approvals). Two of these licenses adjoin Kubi to the west; and six of the licenses are located on the Asankrangwa gold belt and are collectively referred to as the Ashanti II Gold Project. Goknet, a private Ghana corporation, acquired its interest in KGBL and the rights to the eight prospecting licenses in September 2014.

Naïve Govt of Ghana picture

THE ASANKO EXAMPLE

Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/oz sold)	Reserves Life of Mine (years) ⁽¹⁾
Asanko	Gold Fields / Galiano Gold	5.0%	251	2.4	3.9	1.112	10

Asanko Gold mining licences

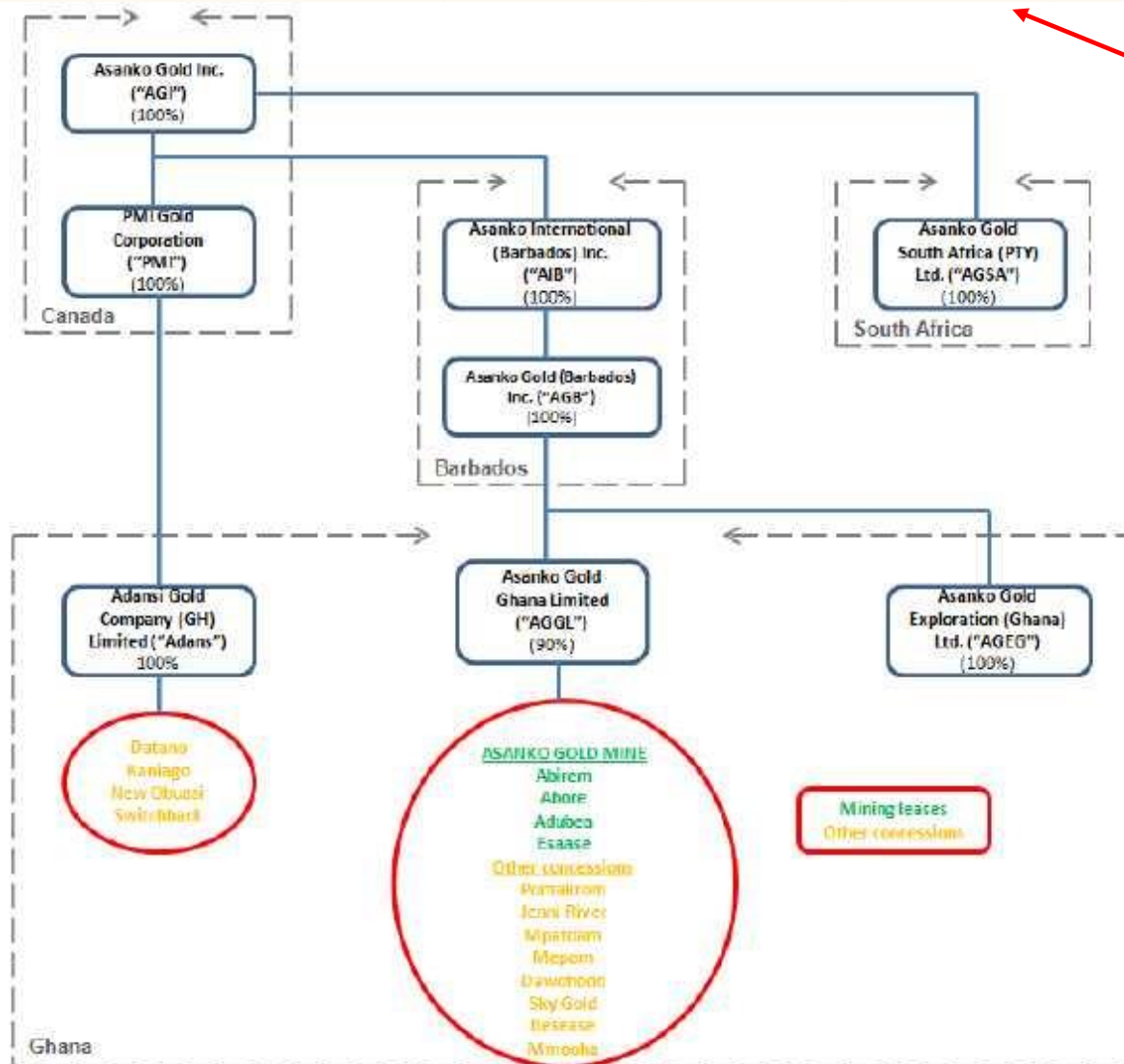
Tenement name	Licence category	Title ownership	Minerals Commission file	Status of licence/expiration date	Licence area (km ²)
Datano	Mining Lease	Asanko Gold Ghana – 100%	PL 6/32/Vol 3	Valid-ML*	53.78
Abore	Mining Lease		PL 6/303	Valid-ML 7/2031	28.47
Abirem	Mining Lease		PL 6/303	Valid-ML*	47.13
Adubea	Mining Lease		PL 6/310	Valid-ML 7/2028	13.38
Esaase	Mining Lease		PL 6/8/Vol.8	Valid-ML 9/2020	27.03
Jeni River	Mining Lease		RL 6/21	Valid-ML 3/2020	43.41
Miradani	Mining Lease		PL 6/122	Valid-ML 5/2025	14.98

Asanko, 2020

**Reserves Life
of Mine
(years)⁽¹⁾**

10

Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/oz sold)	Reserves Life of Mine (years) ⁽¹⁾
Asanko	Gold Fields / Galiano Gold	5.0%	251	2.4	3.9	1,112	10

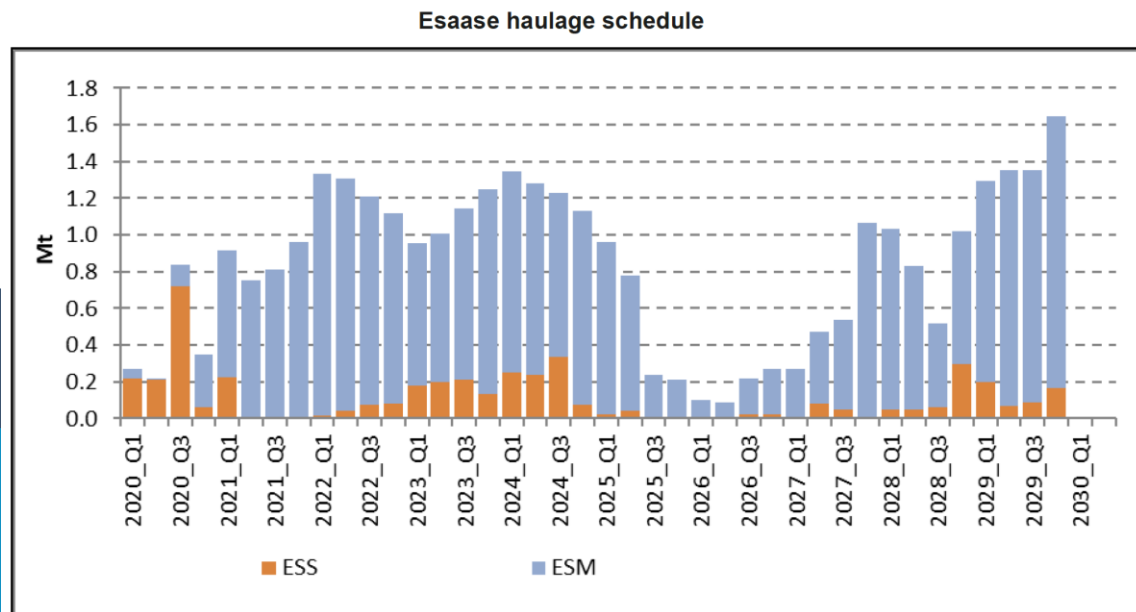


Naïve Govt of Ghana picture

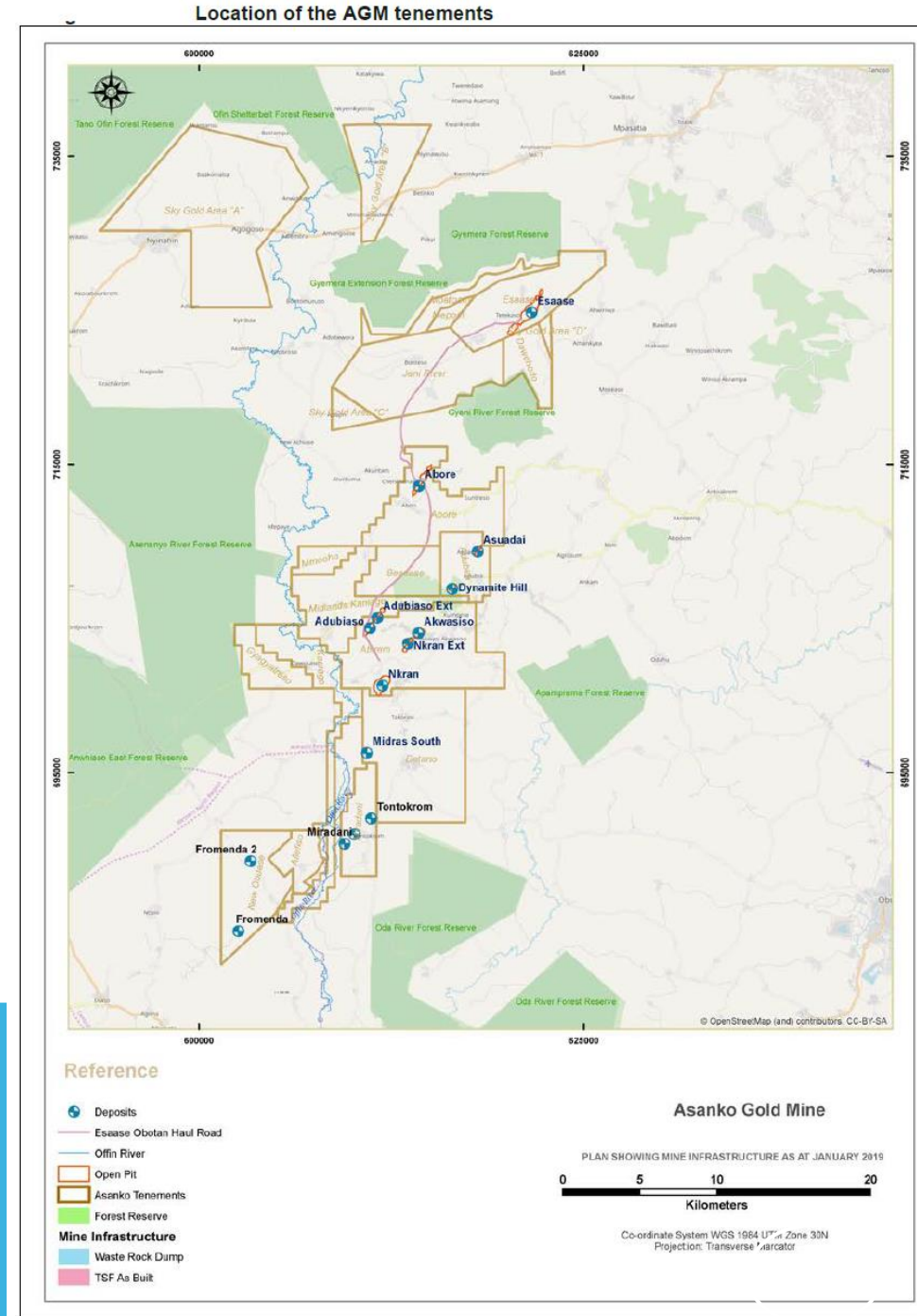
Asanko SEC Filings, 2016

Note the scattered deposits, and factor in technological change and the impact on resource recovery and All-in-Sustainable-Costs Evolution.

Mineral Reserve Estimates are always reported based on a price benchmark. **Asanko's is \$1300**. If a positive price outlook, recoverability improves. Actual grades are considerably higher than cut-off grades. 1.38 g/t as against 0.38 to 0.71 g/t for Asanko, for instance.



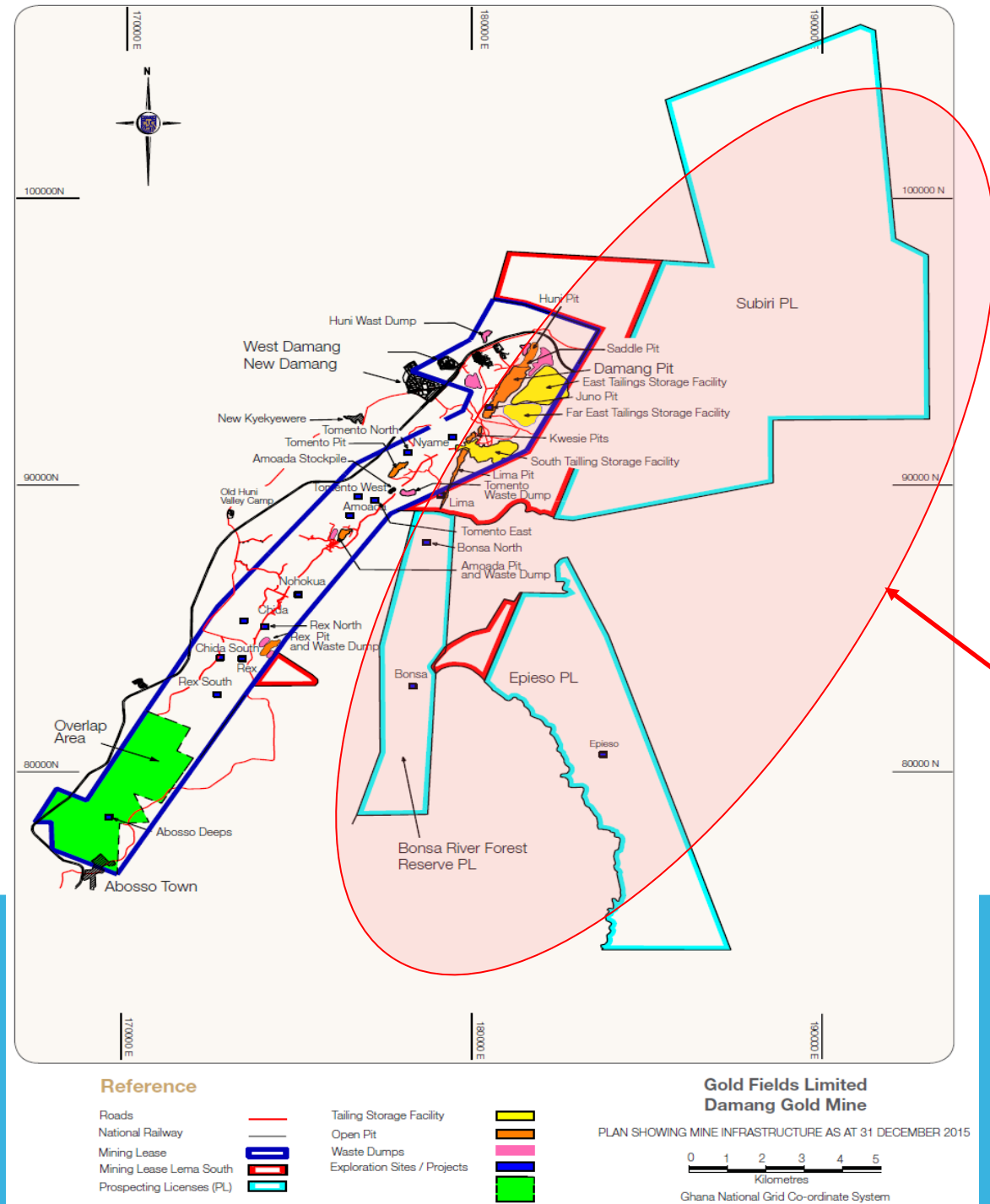
Note: ESS - Esaase South; ESM - Esaase Main



Source: Asanko Gold, 2019

TAKE GOLDFIELDS DAMANG'S ASSETS

Source:
2015 Gold Fields Annual Report –
Key Developments at Damang



Vast prospecting range

“EVERGREENING”: THE CASE OF OBUASI

Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/oz sold)	Reserves Life of Mine (years) ⁽¹⁾
Obuasi ⁽³⁾	AngloGold Ashanti	3.0% - 5.0% ⁽⁸⁾	-	7.1	31.1	-	15

4.8. The feasibility study has shown good prospects for a mine with an estimated life of some 22 years. The Obuasi ore body is located along a 13 km length of the Ashanti gold belt regional shear, and as at December 2016, had mineral reserves of 6.3 million ounces and resources totalling 33.5 million ounces. Through further drilling, the company aims at converting further mineral resources to proven and probable reserves to increase flexibility and to extend the life of mine beyond 22 years.

4.11. Thus, in the first 10 years, the mine plan will focus on the shallower and more accessible lower grade blocks with the cost of the future development being funded out of project cash flows. However, the lower grades mined in the first 10 years mean that the project faces significant challenges during this period, while beyond the first 10 years, mining of the deeper but higher grade material is expected to result in improved project economics.

2018 Ministry of Finance Memo to Parliament on Fiscal Concessions to AngloGold Ashanti Ghana.

Naïve Govt of Ghana picture

UNDERCOUNTING RESERVES

Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/oz sold)	Reserves Life of Mine (years) ⁽¹⁾
Chirano	Kinross	5.0%	201	0.6	1.5 ⁽²⁾	n/a	3

Facts:

Chirano has only impacted 10% of its concessions. They certainly are not leaving by 2022! The conflation of “asset” with “concession” with “mine” with “project” with “operation” is seriously problematic.

The three-year production growth is primarily based on additional ounces from the expected:

- higher production at **Kupol** and life of mine extension at **Chirano**, both derived from the successful exploration programs at the two sites;

— July 15th, 2020

UNDERESTIMATING PRODUCTION POTENTIAL

Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/oz sold)	Reserves Life of Mine (years) ⁽¹⁾
Bogoso / Prestea	Golden Star Resources	5.0%	48	0.3	3.2	1.937	4

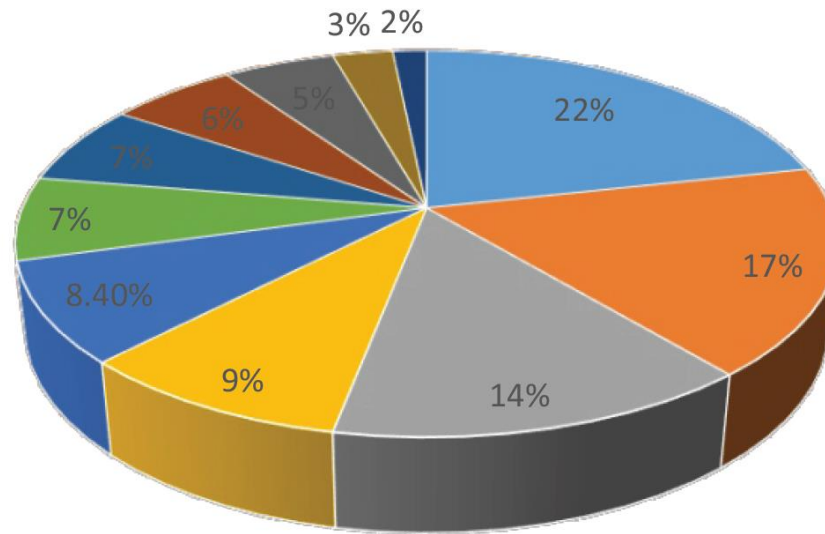
Bogoso-Prestea has been sold to Future Global Resources. This was based on production upside prospects! Refurbishment of the Refractory Processing Facility is imminent but the main economic driver of the deal is the prospect of additional discoveries.

Asset	Operator	Gross Revenue Royalty Rate	Production (koz) 2019A	Reserves (moz) 2019A	Resources (moz) 2019A	AISC 2019A (US\$/oz sold)	Reserves Life of Mine (years) ⁽¹⁾
Nzema / Nkroful	BCM Group	5.0%	.	0.3 ⁽⁵⁾	1.7 ⁽⁵⁾	n/a	n/a

BCM Mining in Nzema has seen production stall purely due to legal factors. The resources in the Nzema-Nkroful area can easily support an additional 100,000 oz a year.

PROPER STUDY OF THE TROIKA REQUIRED:

NEWMONT,
GOLDFIELDS
&
ANGLOGOLD
65% OF
NATIONAL
OUTPUT



- Newmont Ghana Gold Limited
- Newmont Golden Ridge Limited
- Asanko Gold Mines Limited
- Chirano Gold Mines
- Golden Star Wassa Limited
- Golden Star Bogoso Prestea Limited
- Gold Fields Ghana Limited
- AngloGold Ashanti Iduapriem Limited
- Abosso Goldfields Limited
- Perseus Mining (Ghana) Limited
- Adamus Resources Limited

GHEITI Report, 2019

VALUATION DRIVERS – PRICE & ROYALTY RATE

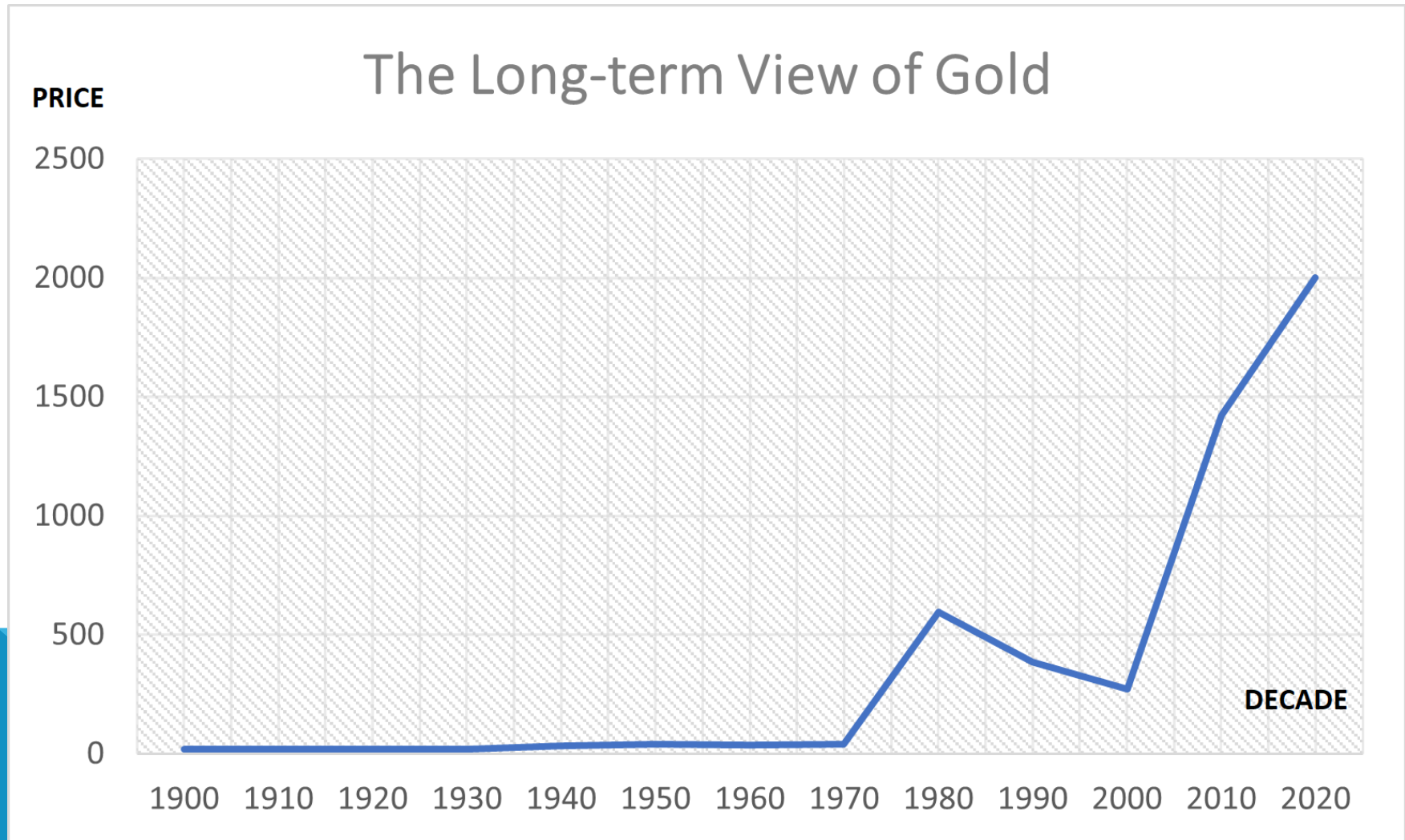
PRICING ISSUES | OVERSTATING PRICE VOLATILITY



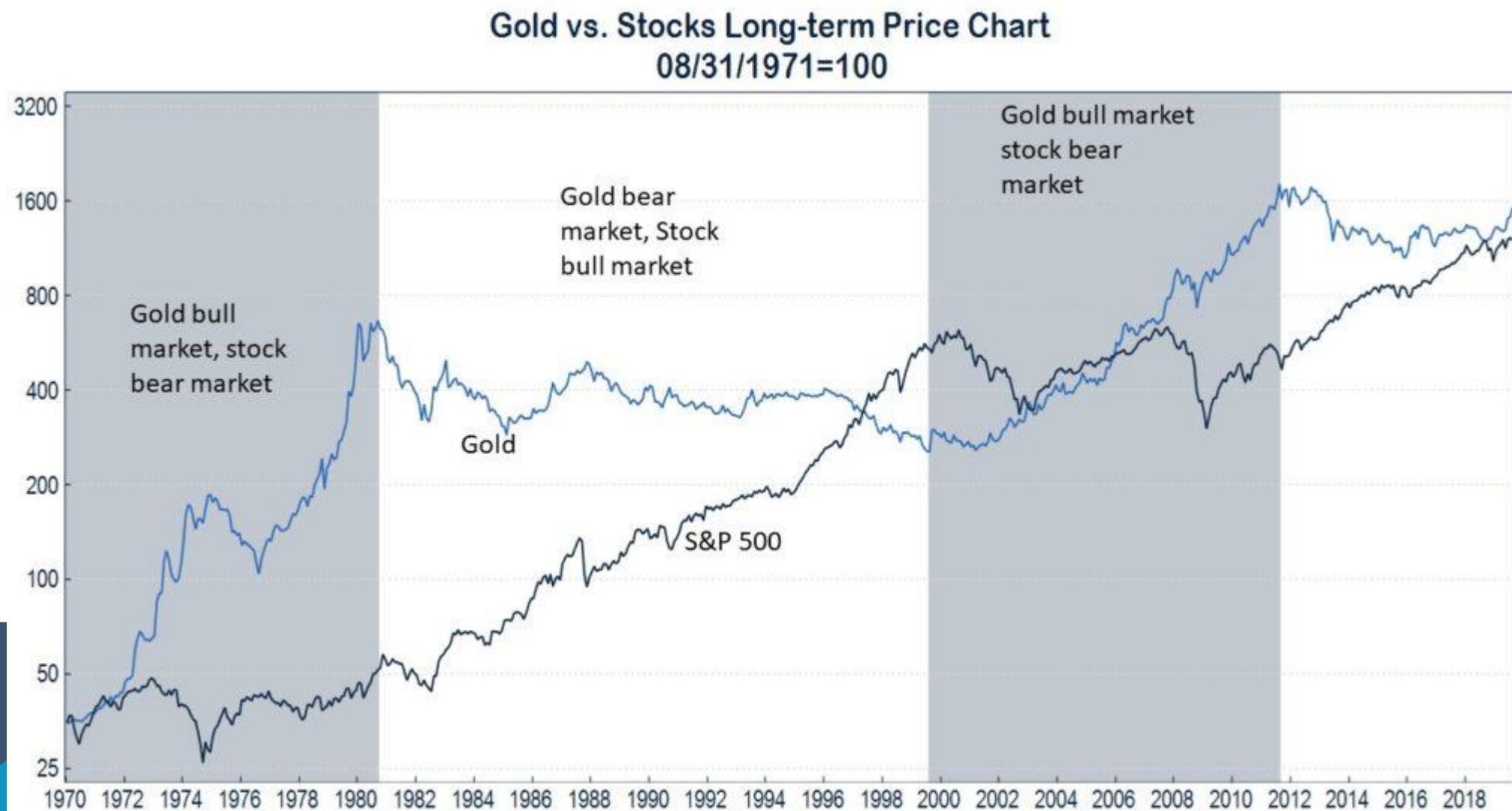
Source: CME Group

PROJECTED NOMINAL PRICE OF GOLD (2020 – 2040)

Helps to take an inflation-adjusted long-term price of gold. If that is done, \$1800 average price for 2020 – 2040 becomes highly conservative



PICTURE HOLDS EVEN WHEN ADJUSTED FOR INFLATION



Credit: Jeremy Jones, 2019

Copyright: Young Research & Publishing Inc.

PRICE | BULL RUN CYCLE: ANALYSTS ARE ALIGNED



Why Gold is Due for an Historic Bull Run Now

BULL MARKET			BEAR MARKET		
DATES	LENGTH (MONTHS)	CUMULATIVE RETURN	DATES	LENGTH (MONTHS)	CUMULATIVE RETURN
Jan. 1970-Jan. 1975	61	451.4%	Jan. 1975-Sep. 1976	20	-46.4%
Oct. 1976-Feb. 1980	41	721.3%	Feb. 1980-Mar. 1985	61	-55.9%
Mar. 1985-Dec. 1987	33	75.8%	Dec. 1987-Mar. 1993	63	-34.7%
Apr. 1993-Feb. 1996	35	27.2%	Feb. 1993-Sep. 1999	43	-39.1%
Oct. 1999-Sep. 2011	144	649.6%	Sep. 2011-Present	62	-44.1%
AVERAGE	63	385.1%	AVERAGE	50	-44.0%
MEDIAN	41	451.4%	MEDIAN	61	-42.7%

Inter-cycle analysis confirms positive outlook over the long-term.

Data Sources & Analytics: AG Thorson & Bill Patalon

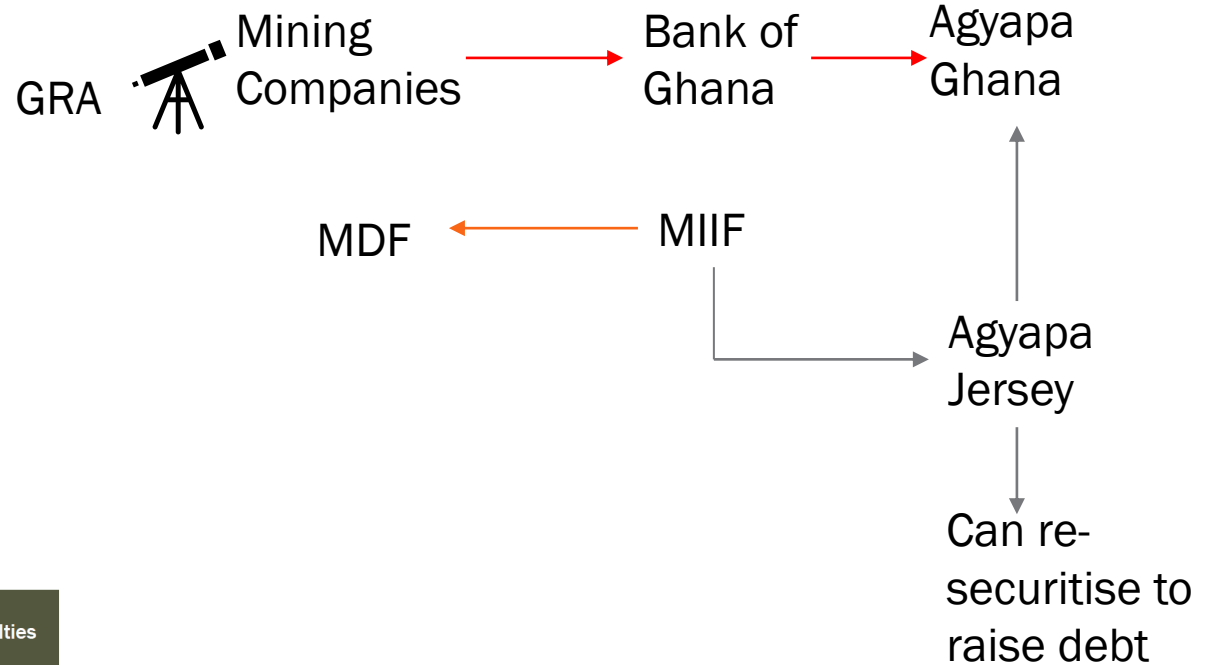
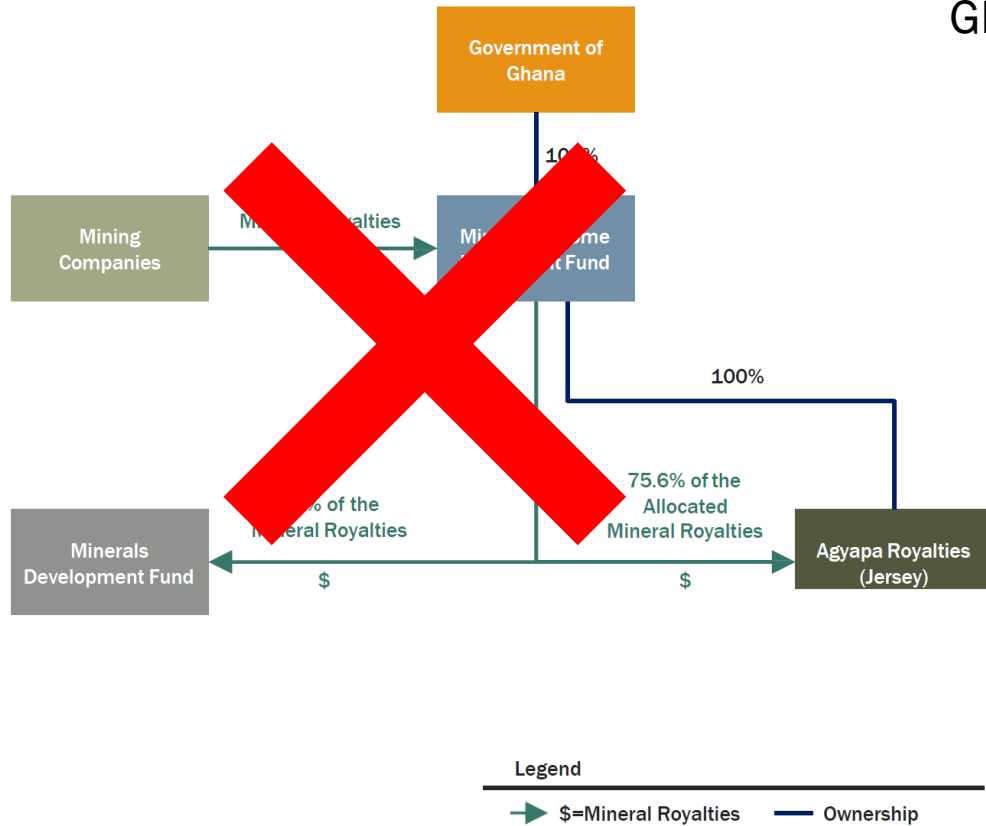
EFFECTIVE ROYALTY RATE HIGHER THAN SUPPOSED

Gold Mine	Production Value (USD)	Recipient Government entity	Royalty rate	Royalty paid (USD)	Effective Royalty rate
Chirano ²³	309,994,020	Ghana Revenue Authority	5%	18,097,519	5.84%
		Forestry Commission of Ghana	0.6%	444,436	0.14%
Prestea	153,480,000 ²⁴	Ghana Revenue Authority	5%	9,010,000	5.87%
		Forestry Commission of Ghana	0.6%	420,000	0.27%

LEGAL STRUCTURE OF AGYAPA

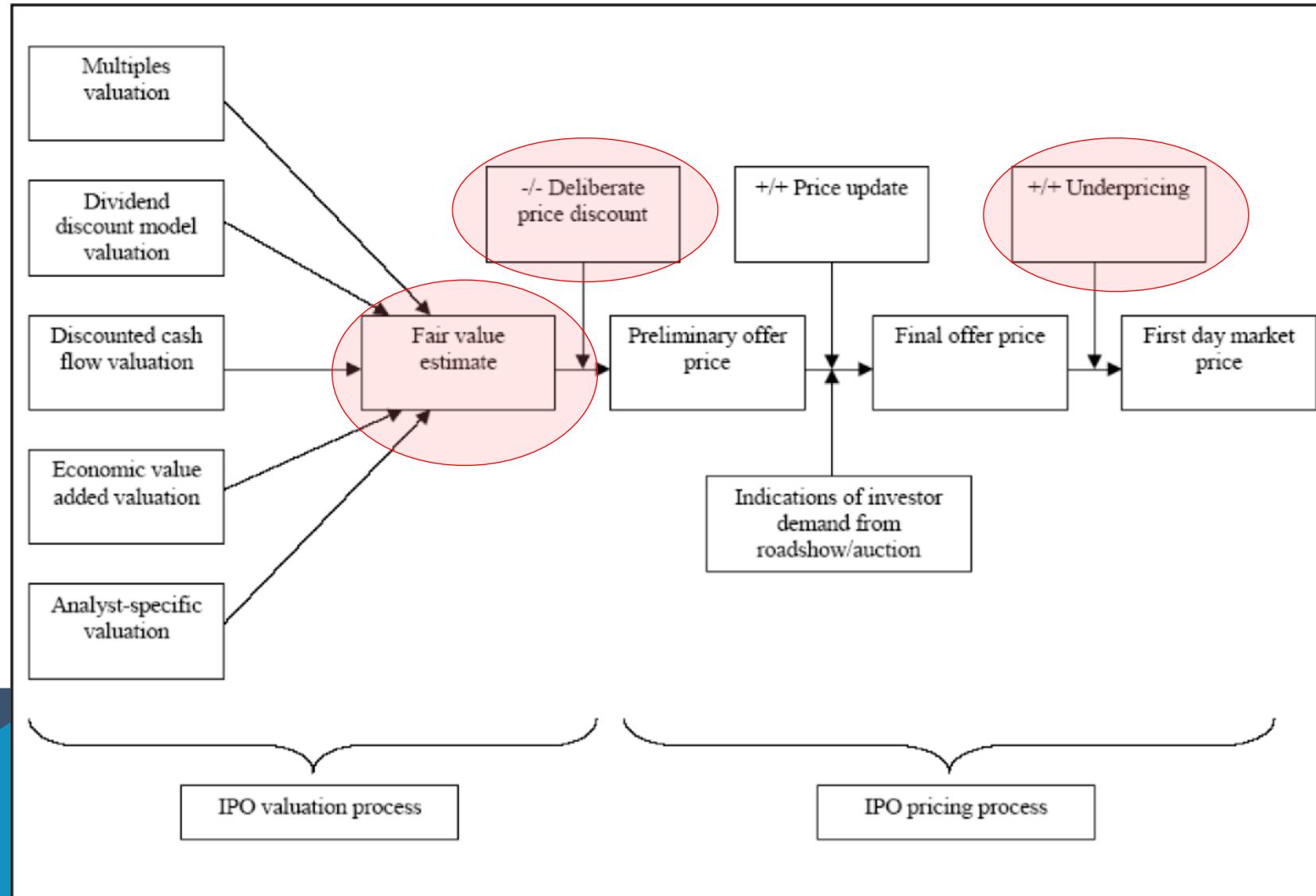
THE TRANSACTION STRUCTURE LOCKS IN VALUATION

Transaction Structure



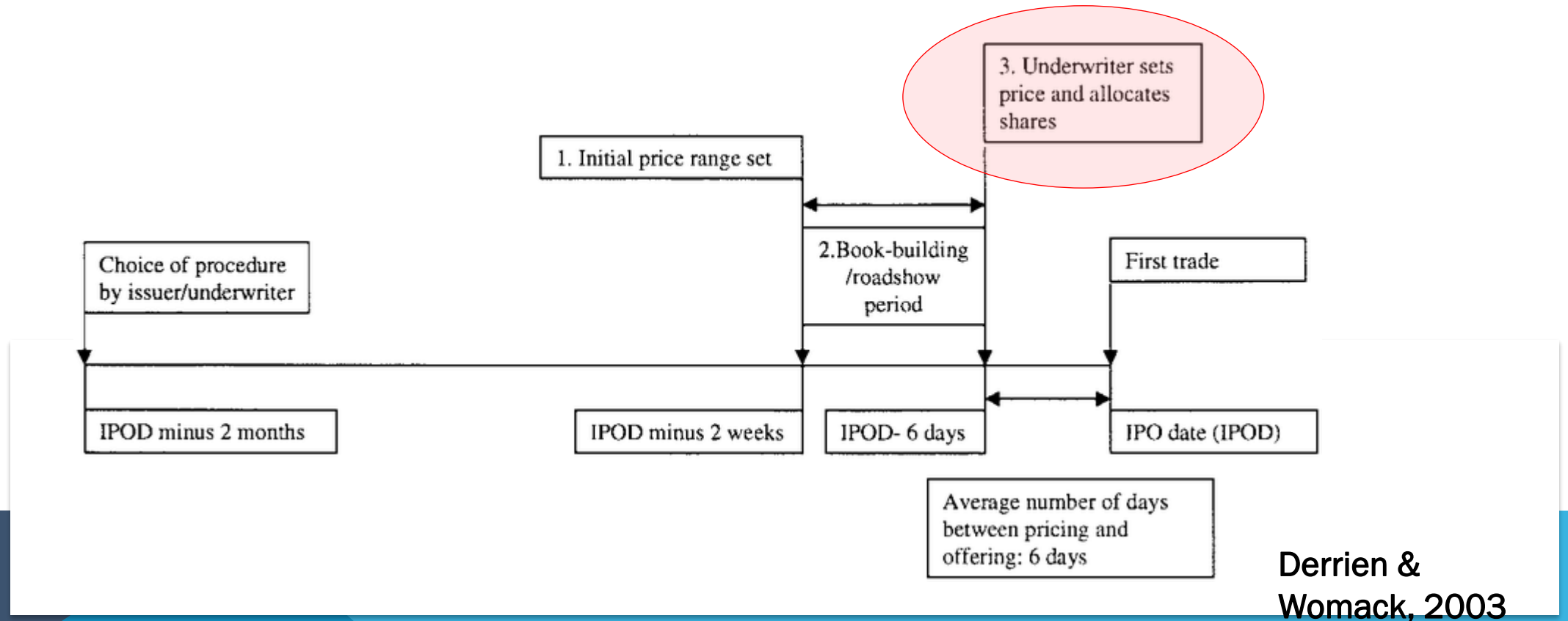
IPO STRUCTURE & PROCEEDS

PRICE DISCOVERY

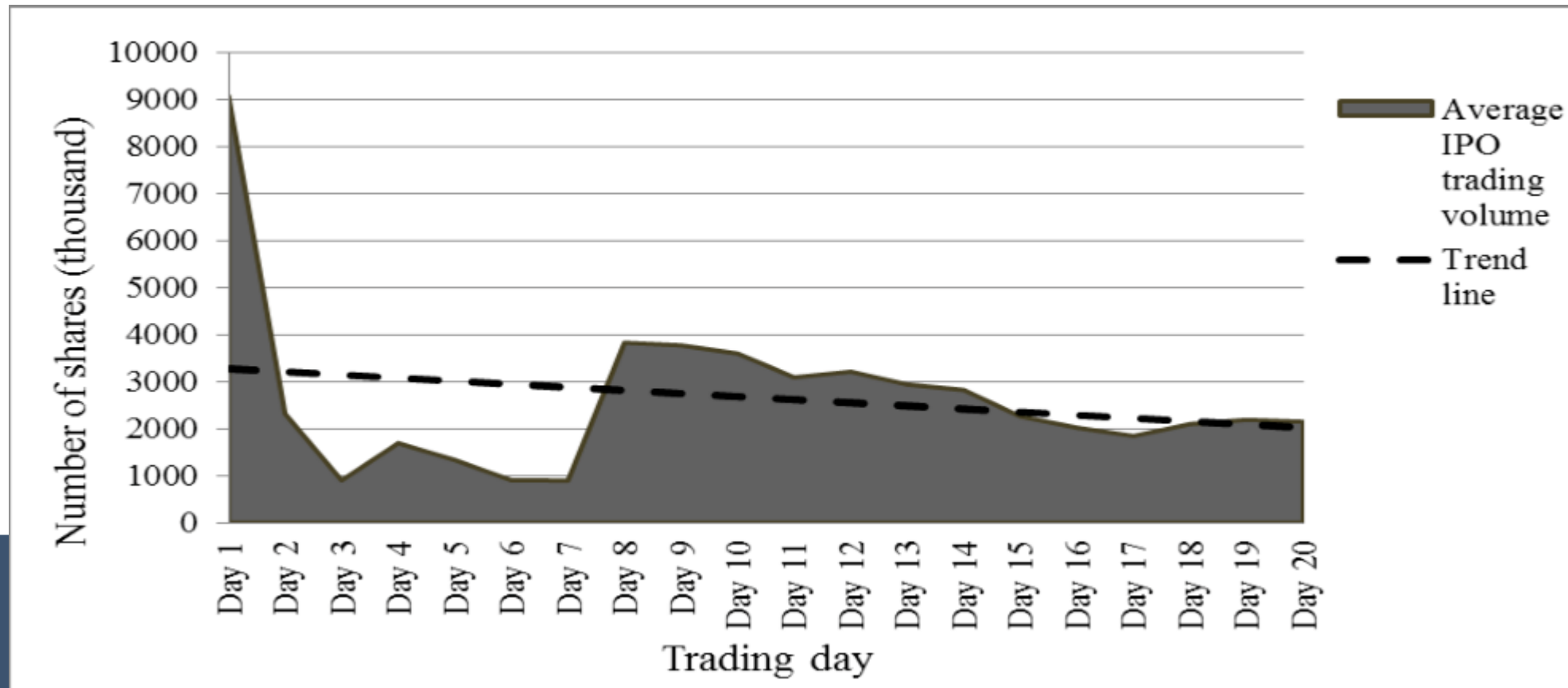


Rosenboom,
2012

UNDERWRITERS & SYNDICATES



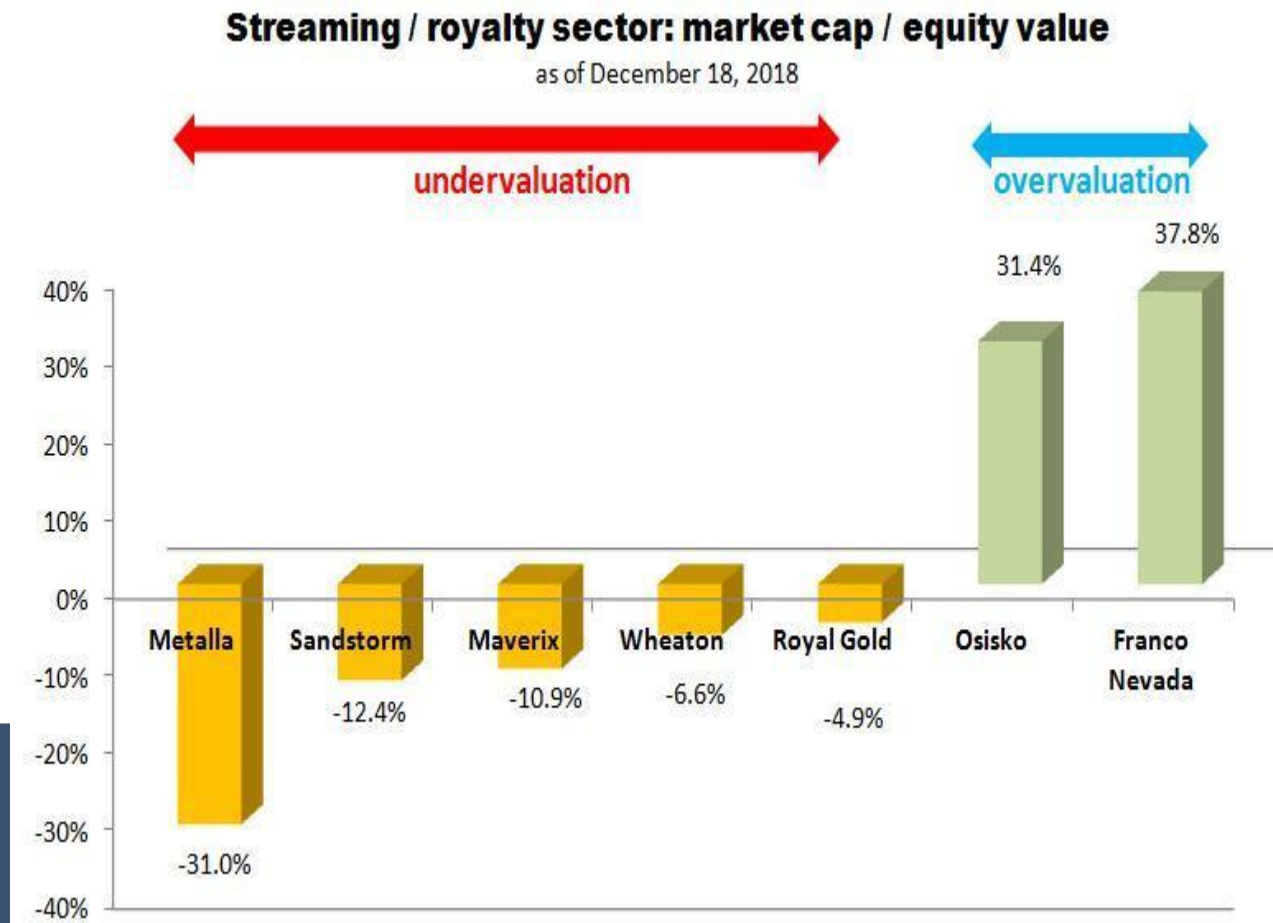
LOW UPFRONT PRICE FOR 49%; 51% LONG-RUN PROSPECT LOW



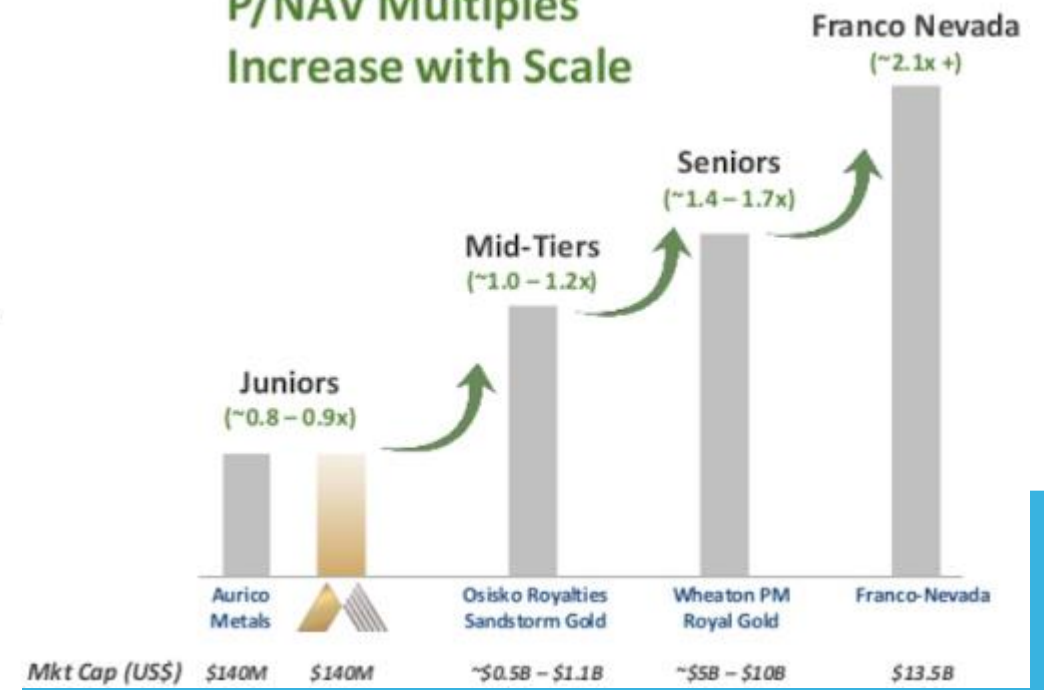
WEAK CAPITAL GAINS

Undervaluation of juniors and mid-caps

- Highly scale-sensitive

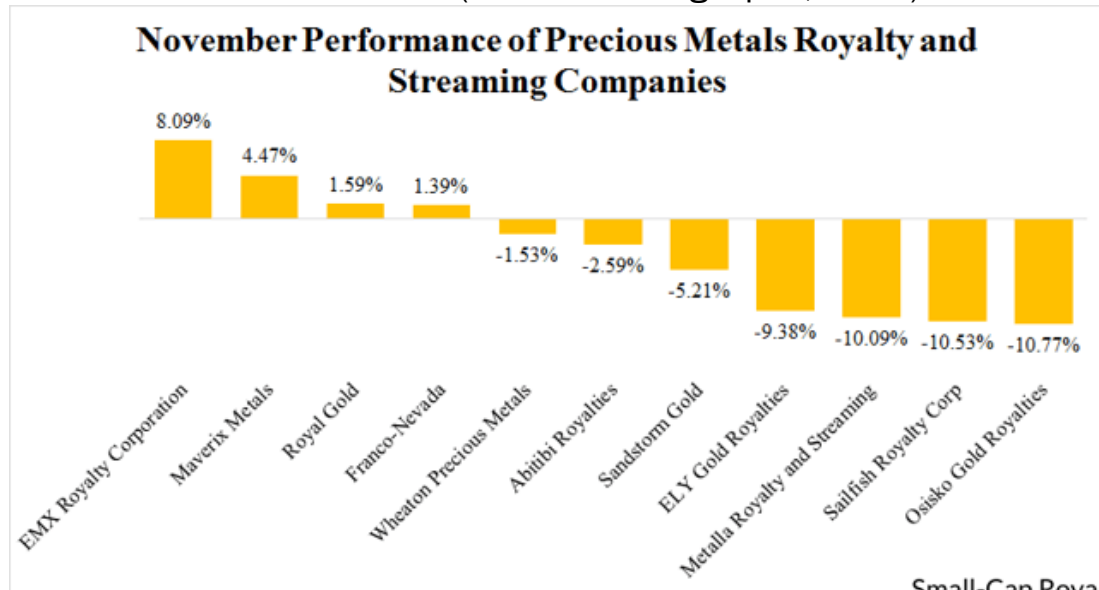


P/NAV Multiples Increase with Scale

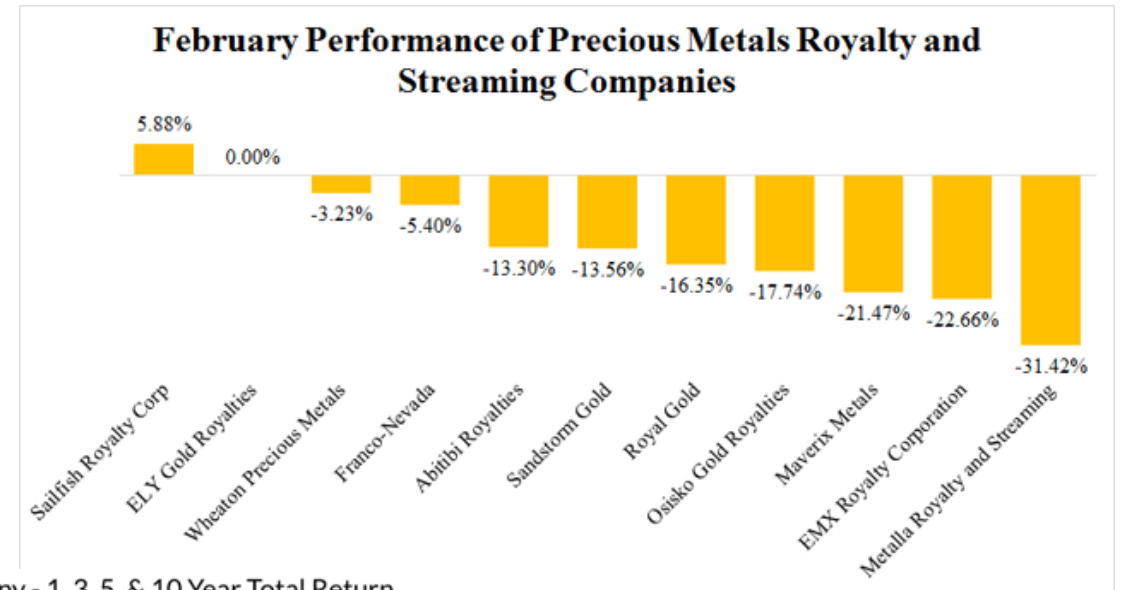


ANEMIC SHARE PERFORMANCE

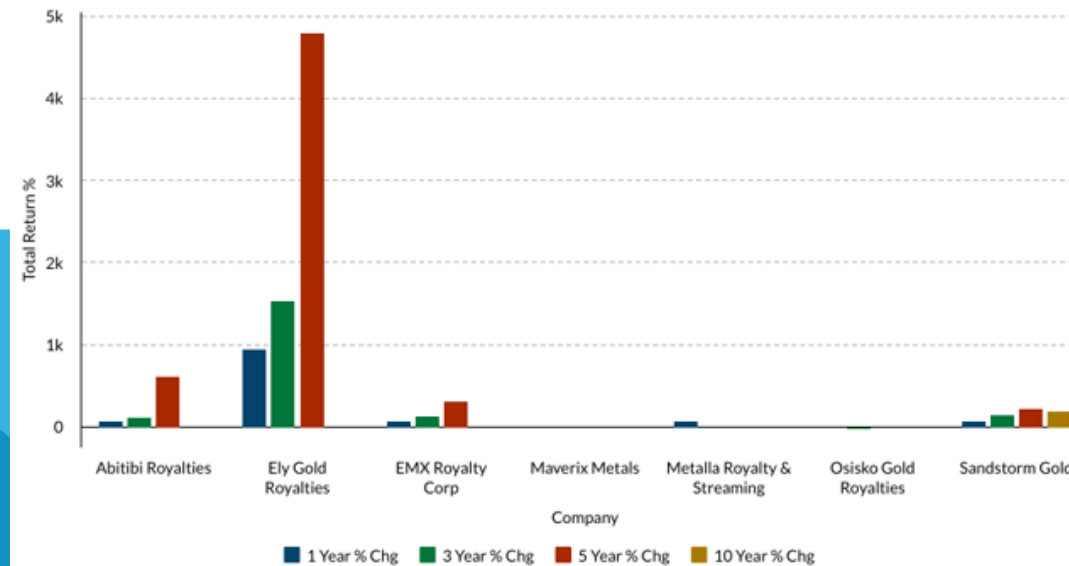
2019 (Credit: Seeking Alpha, 2019)



Q1, 2020 (Credit: Seeking Alpha, 2020)



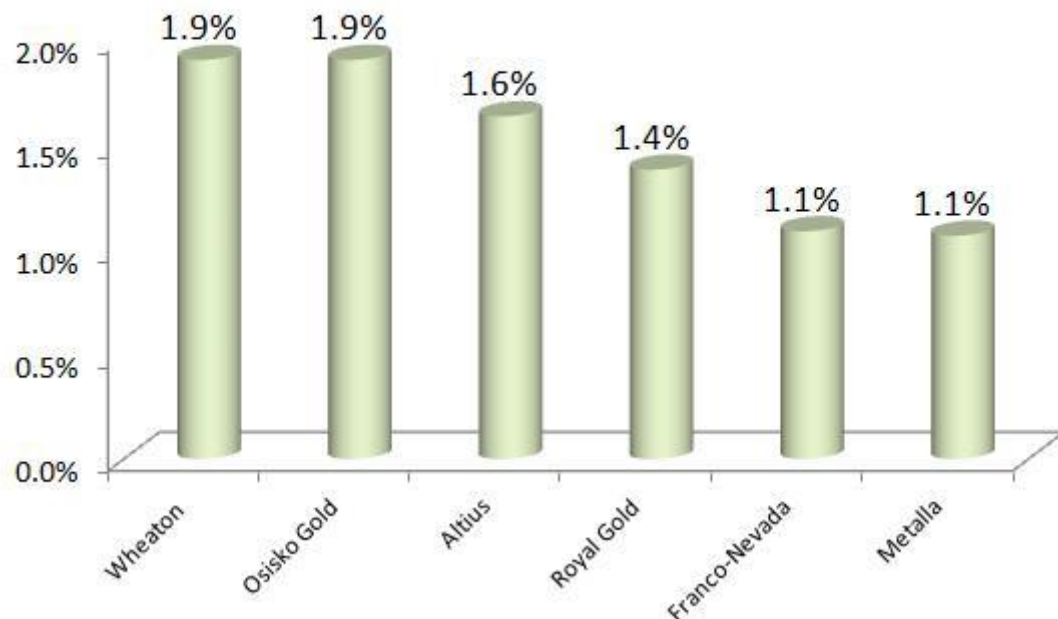
Small-Cap Royalty Company - 1, 3, 5, & 10 Year Total Return



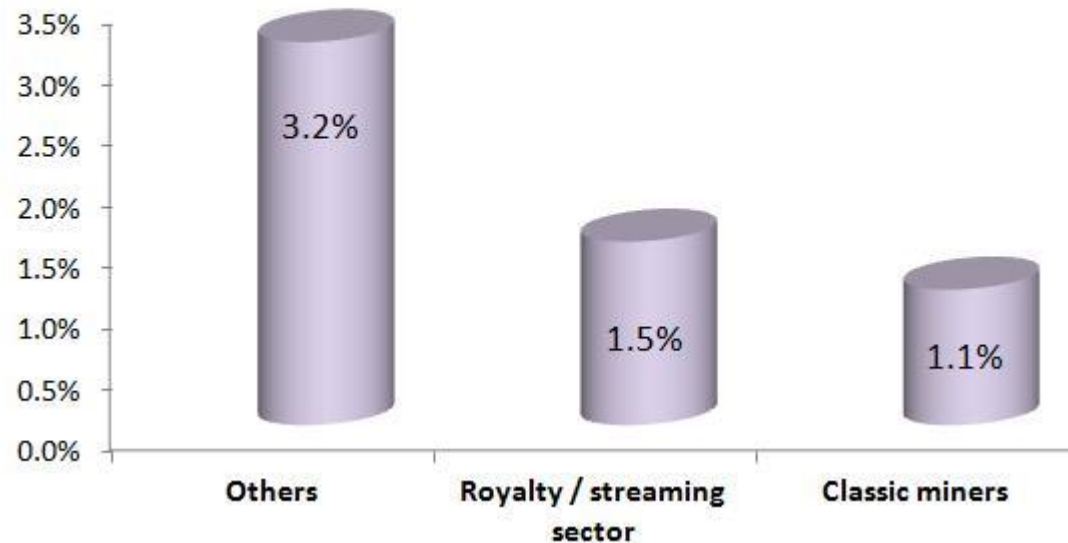
LOW DIVIDENDS: POOR CASHFLOW FOR BUDGET

Royalty / Streaming plays: dividend yields

as of November 27, 2018



Dividend yields by sector (median)



Source: Seeking Alpha

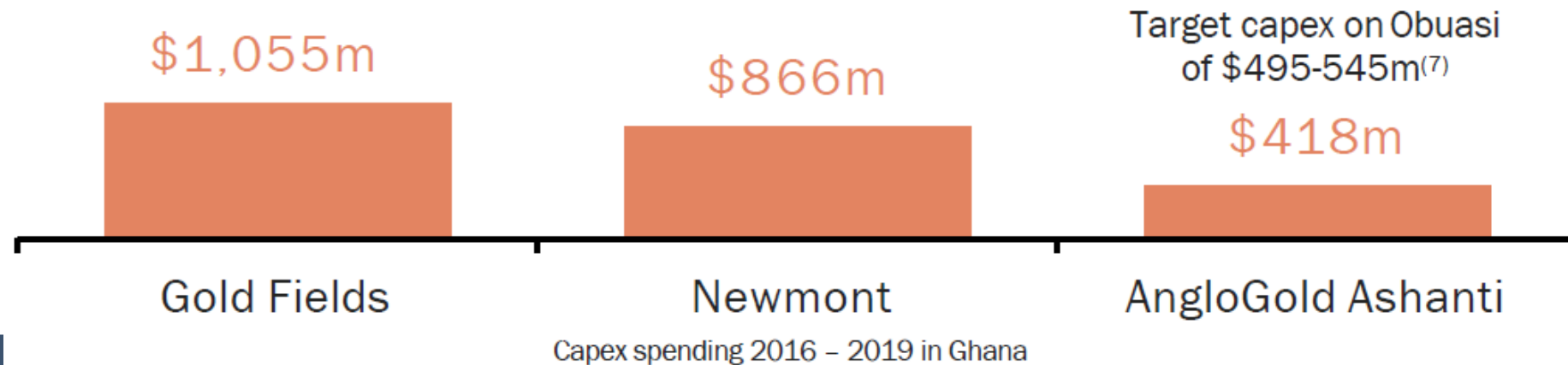
INCOHERENT BUSINESS STRATEGY: UNDERCAPITALISED STRUCTURE

To finance earnings growth, Agyapa can either issue debt or equity.

If debt, dividend payouts must wait.

If equity, Ghana will be diluted significantly below 51% because the company is worth just \$1B.

Ghana's gold mining sector has massive capital needs.



Amended & Restated Minerals Royalties Investment Agreement, 2020

UPFRONT CASH | IMPLIED INTEREST/COST OF FUNDS

Sector

Energy, Utilities & Mining

Last twelve months revenue range

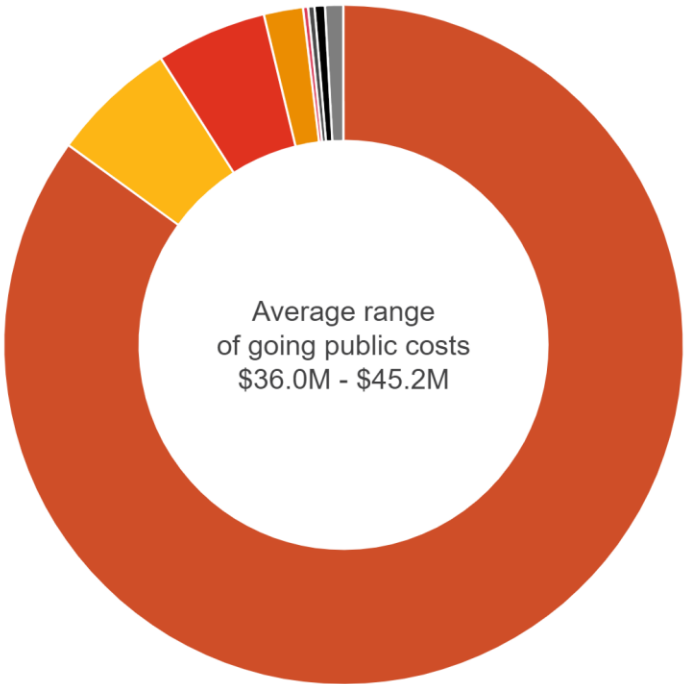
\$100m to \$249m

Deal value range

\$500m to \$1bn

Offering costs - directly attributable to the offering

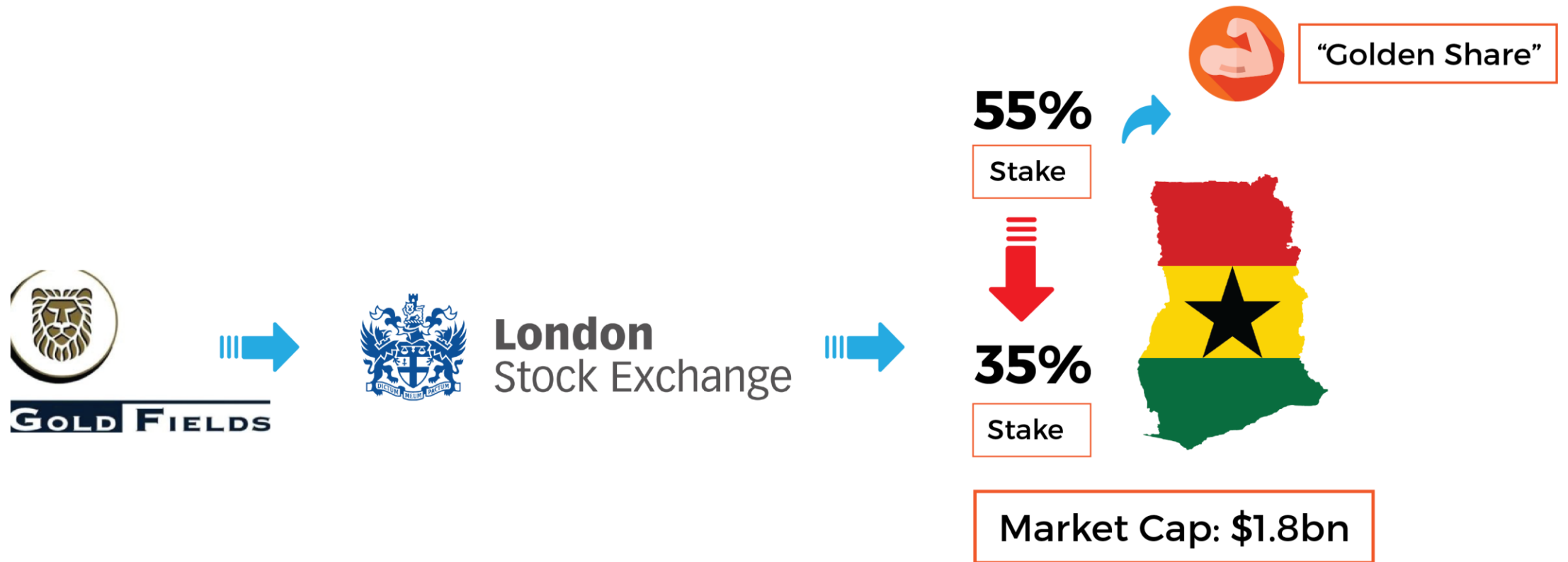
There are 3 IPOs available for your criteria between 1/1/2015 and 6/30/2020.



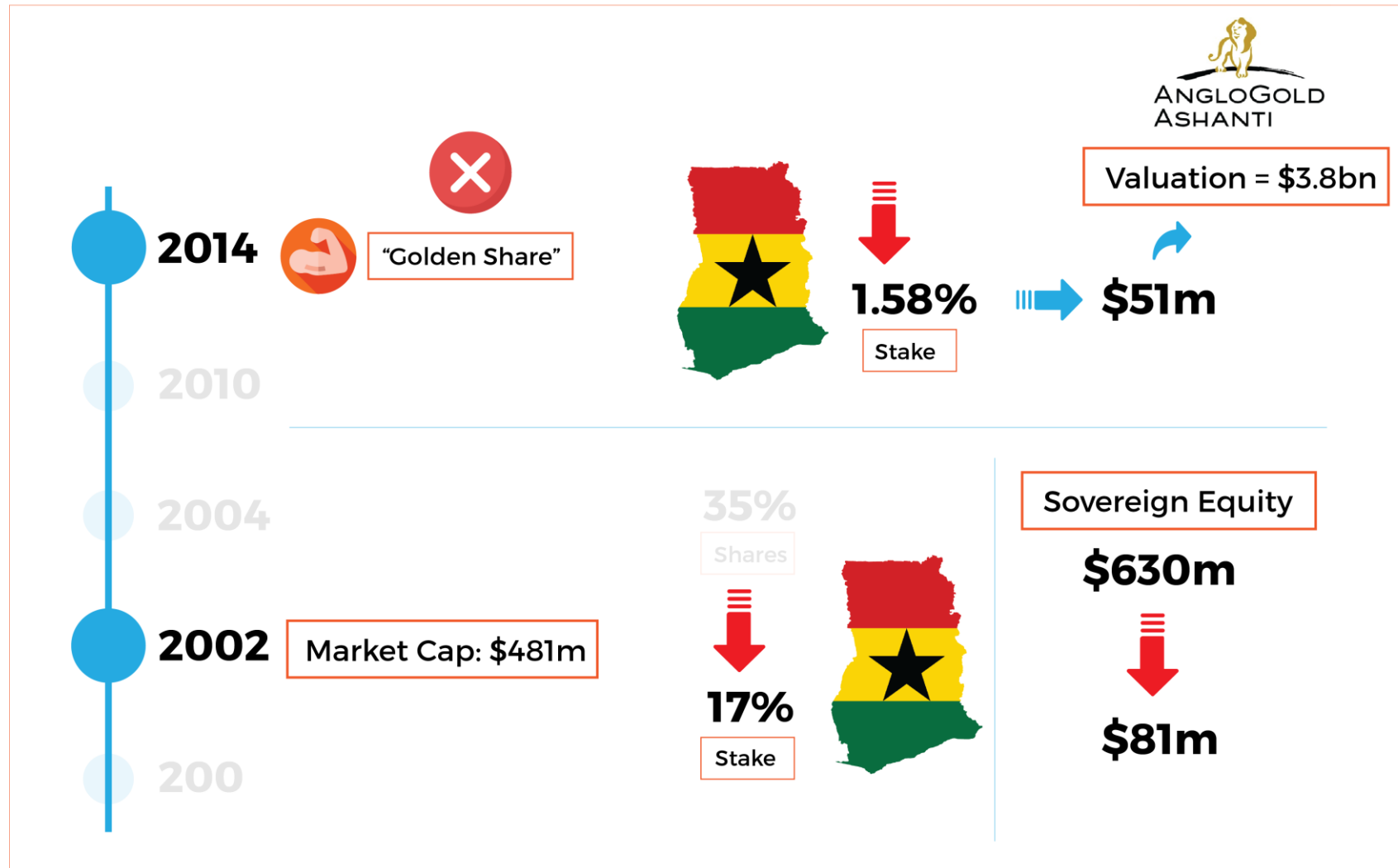
Analytics: PwC
IPO Cost Calc

CASE STUDIES

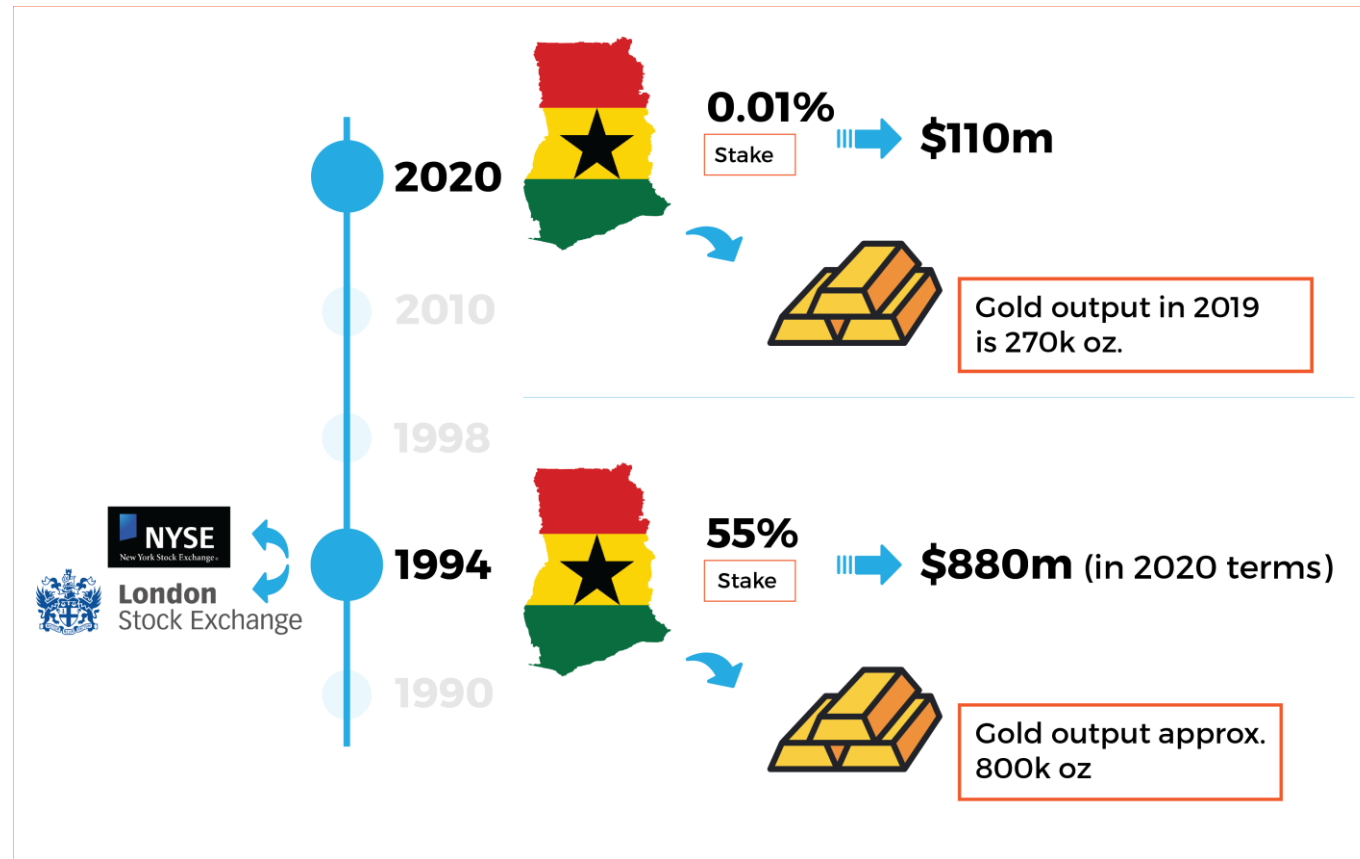
GHANA'S EXPERIENCE OF "INTERNATIONALISATION" (DIFFERENT FROM PRIVATISATION)



THE ASHANTI GOLD STORY



THE CAUTIONARY TALE OF ASHANTI GOLD



CASH

earned in 2019 by Ghana
from AngloGold assets:

\$22

MILLION

VRS

\$115

MILLION

IN 1996

INVESTMENT BANKERS ARE NOT ALWAYS YOUR FRIEND

← → ↻ 🔒 businessinsider.com/how-goldman-sachs-screwed-ghana-2010-4?IR=T



BUSINESS
INSIDER

How Goldman Sachs Screwed Ghana

Gus Lubin Apr 24, 2010, 3:43 PM

Former Goldman Sachs clients are coming out of the woodwork with complaints that [the notorious bank](#) bet against them too.

Including the country of Ghana -- or rather its former largest company, Ashanti Gold (via [Credit Writedowns](#)):



GOVERNANCE & SOVEREIGNTY

SOVEREIGN LISTING OPTION IGNORED

Pre-emptive rights on
future royalties deals

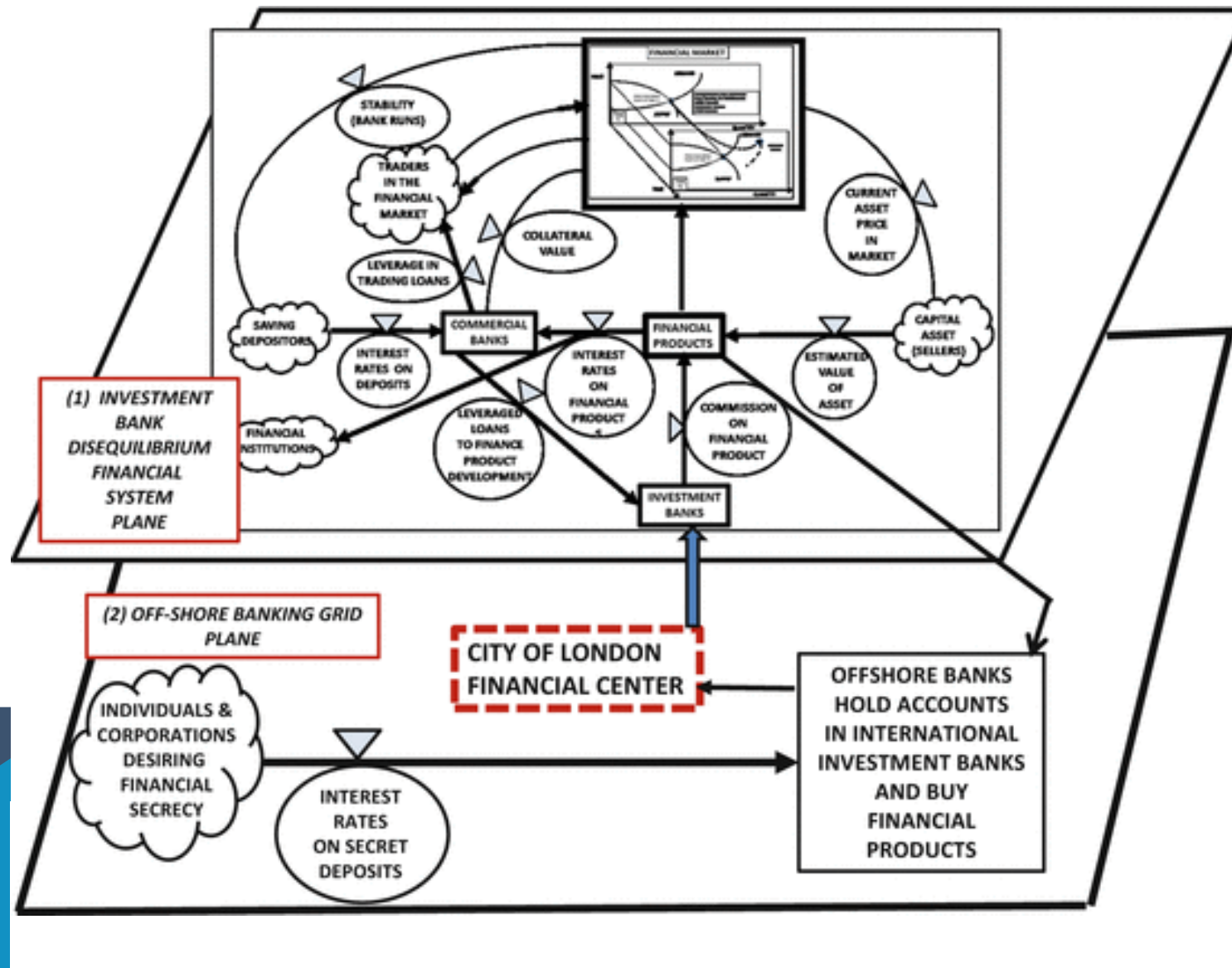
Complete dominance of
Independent Directors

Vicarious Stabilisation
without incurring the
investment costs

Attorney General's Advice
on fixed term ignored

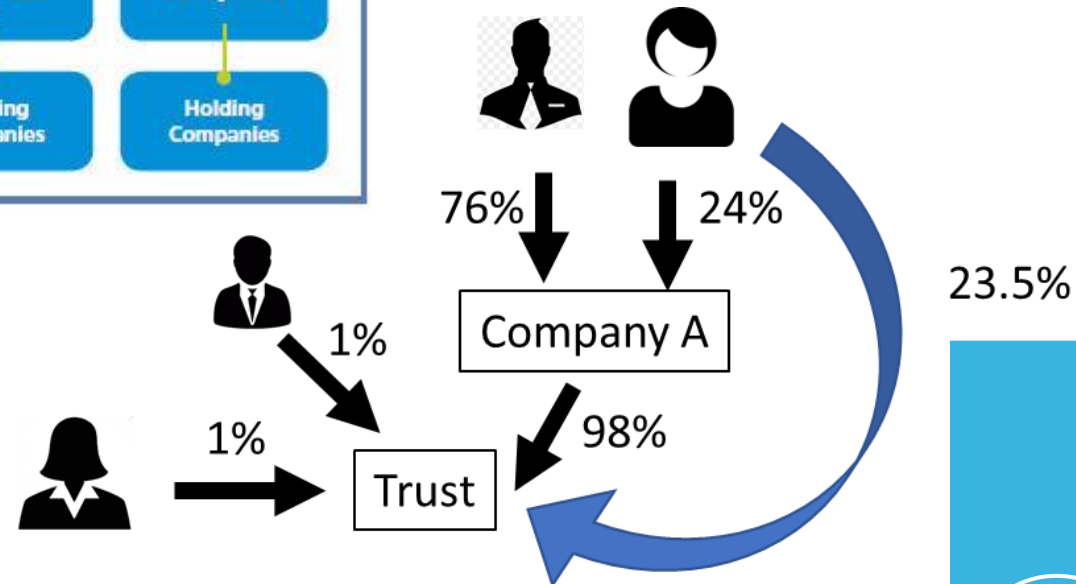
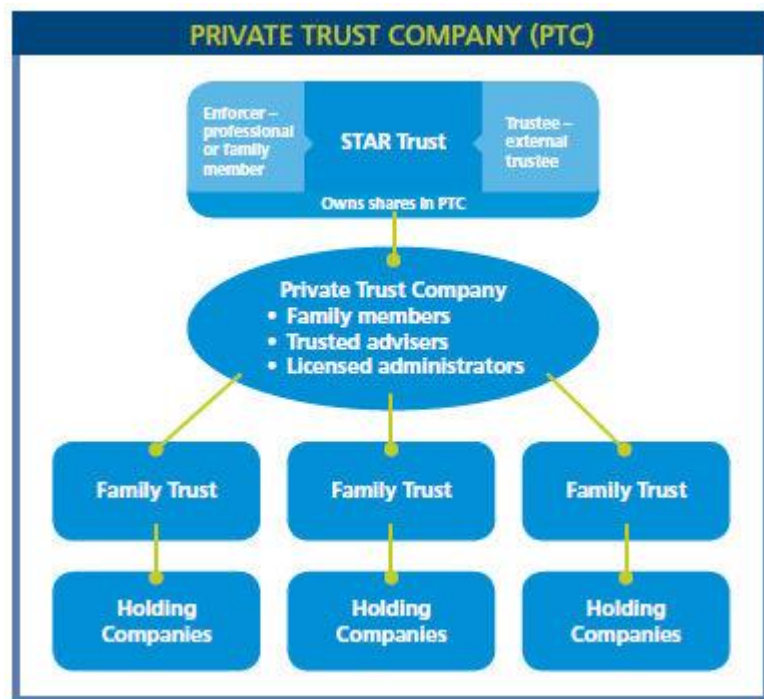
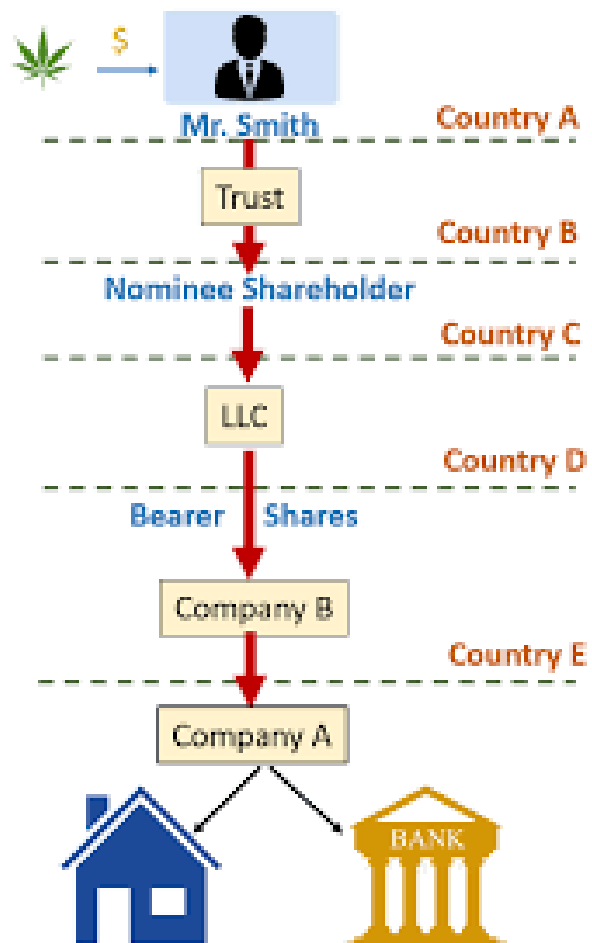
EXISTING PREMIUM REQUIREMENTS	C17/21	FINAL RULES
Controlling shareholder agreement (LR 6/9)	No	No
RPTs – shareholder approval and sponsor fair and reasonable opinions (LR 11)	No	No
RPTs – announcement obligations (LR 11)	No	Yes
Independent votes on election of independent directors (LR 6/9)	No	Yes
Independent business (LR 6/9)	Yes	Yes
Control of business (LR 6/9)	Yes	Yes
Track record (LR 6)	Yes	Yes
Shares in public hands (LR 6/9)	Yes	Yes
Premium listing principles including equality of treatment (LR 7)	Yes	Yes
Sponsor regime (LR 8)	Yes	Yes
FRC Corporate Governance Code reporting (LR 9)	Yes	Yes
Pre-emption rights (LR 6/9)	Yes	Yes
Significant transactions regime including class tests (LR 10)	Yes	Yes
Dealing in own shares (LR 12)	Yes	Yes
Shareholder circulars (LR 13)	Yes	Yes

GOVERNANCE PROBLEMS: THE JERSEY CONNECTION



Betz, 2015

IMPENETRABLE TRUSTS



Credit:
OECD,
2019

THE FUNNY CASE OF SCOTTISH ANNUITY

As reported by the US Senate Permanent Subcommittee for Investigations, 2006

IPO Stock Purchases. In addition to the offshore dollars and assets contributed to SAC and SAC annuity policies, Wyly-related offshore entities provided capital for the initial public offering (“IPO”) of Scottish Annuity & Life Holdings, Ltd., the company later known as Scottish Re. As Scottish prepared for this initial public offering, the IPO vehicle, Scottish Annuity & Life Holdings Ltd., issued millions of shares and warrants to “related parties,” most of which were offshore entities associated with the Wylys and Mr. French.¹⁰²⁶ In June and October 1998 (prior to the company’s initial public offering in November 1998), Scottish issued millions of shares and Class A warrants to “related parties.” Among the largest purchasers were Audubon Assets, an IOM corporation associated with Sam Wyly, which obtained over 470,000 shares and 1 million warrants; Soulieana, an IOM corporation associated with Charles Wyly, which obtained over 230,000 shares and 550,000 warrants; the Bessie Trust, an IOM trust associated with Sam Wyly, which obtained 152,000 shares; and the Tyler Trust, an IOM trust associated with Charles Wyly, which obtained 76,000 shares.¹⁰²⁷ Another 1.5 million shares were sold to Scottish Holdings Ltd., then owned in part by Wyly-related offshore entities, for \$500,000.¹⁰²⁸ Another 460,000 shares were purchased by one of the Maverick offshore funds, Maverick Fund LDC. It is unclear how much the Wyly-related offshore entities paid in total for these shares and

CONCLUSION

BACK TO BASICS: DOES AGYAPA MAXIMISE VALUE?

- Intergenerational Returns (Capital Gains) – Long-Term
- Cashflow to Support the Budget – Medium-Term
- Immediate Cash for Investment - Short-Term



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