



JOHN SESTAN

MEETING THE SKY-HIGH CHALLENGE OF DECARBONISING IN THE 21ST CENTURY

By John Sestan, a commercial specialist with over 30 years of experience in Mining and Resources M&A, who is CBA Associate in Australia, initiated CBA's first online FORUM with two selected CBA partners. Here is the story and how qualified CBA Associates can participate if interested in this promising form of networking.

The electrification of the transportation sector is emerging as a key priority in the fight against climate change, driven by the demand for improved air quality and less carbon intensive economic development. The Paris Accord laid the foundation for inter-national co-operation, and it is expected that the Glasgow UN Climate Change Conference later this year will build further on building consensus in support of this change.

The need for green mining investments



The migration away from Internal Combustion Engines (ICEs) to Electric Vehicles (EV) and, potentially, hydrogen fuel cells, represents a major industrial evolution that is critical to the success of these climate initiatives.

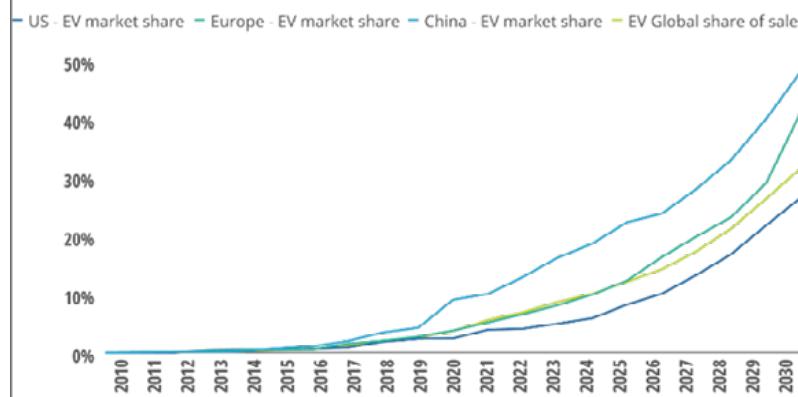
Major corporates including most multinational car manufacturing companies have embraced this disruption and are seizing on opportunities for exposure to these high growth market segment. Recent announcements by the EU sets out accelerated targets in the rate of reduction in ICE cars on European roads by 2030, including a complete ban in the sale of gas and diesel cars by 2035. To power this migration and to build enabling infrastructure will require a major industrial transformation.

Energy sources will pivot from carbon-based fossil fuels to a mix of nuclear base load capacity and renewable energy sources supported by battery capacity.

This transition will demand large quantities of raw material resources to provide the electrification infrastructure, exponential fuel cell production and green hydrogen manufacture. Companies such as Tesla, Volkswagen, Renault and even Ford and General Motors have all expressed concerns as to whether the resources industry will be capable of meeting the challenge to supply the industry with raw materials in the required quantities.

Metals such as Copper, Nickel, Lithium, Cobalt will be at the forefront of this new wave - all are expected to experience extreme growth rates in demand. By 2030, relative to 2015, demand for lithium and cobalt is expected to increase 18 and 37 times respectively. While lower but still robust, rates of growth in demand for Copper and Nickel will increase pressure on the supply side which itself is being challenged by decreasing ore grades and concentrated supply sources.

FIGURE 3
Outlook for EV market share by major region



Source: Deloitte analysis, IHS Markit, EV-Volumes.com¹⁷

Other metals such as platinum, tin, vanadium, and manganese will become increasingly relevant, as technologies adapt and change.

With these challenges and uncertainties, it is no surprise that technology providers, battery assemblers and car companies themselves are looking to get involved upstream to build resilience and certainty in their supply chains.

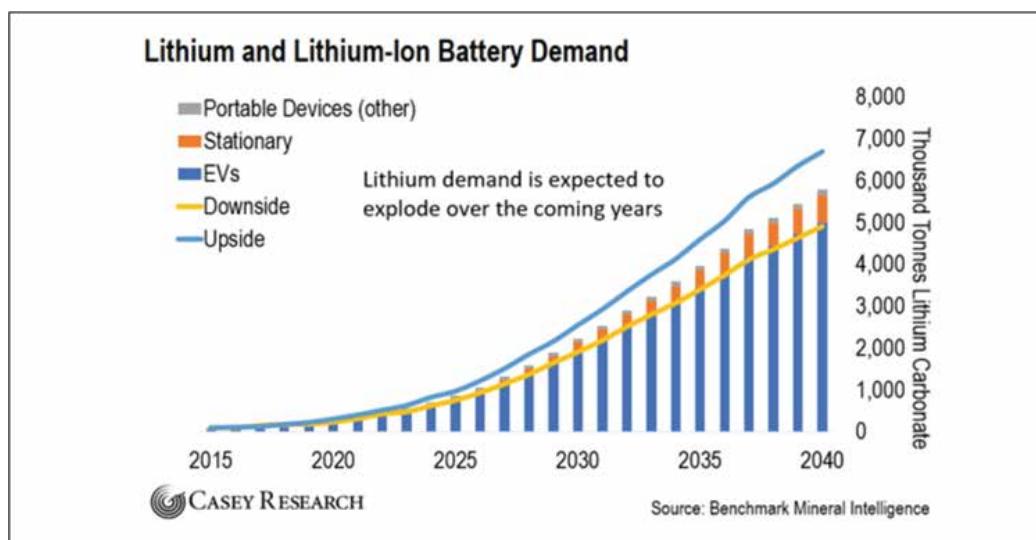


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A normal reaction to this challenge is for metal prices to rise and encourage smaller and higher cost operations to be developed; assets that were previously ignored due to being "too hard" to develop will now be thrust on stage to play their role to meet the demands of the low carbon emission targets set for the 21st Century.



MINING & RESOURCES CO-OPERATING GROUP (MRG)

To participate in this exciting opportunity, the MRG was formed by a group of consultants who are associates of the international CBA network of M&A professionals.

By leveraging the experience and networks of the entire CBA community of more than 300 Associates (plus the 200+ M&A advisors of our US-based Alliance Partner VR M&A Advisors) they aim to generate bespoke investment & transaction opportunities related to the above-mentioned mining products and commodities.

The Group will target selected investment opportunities, business financings, M&A projects, and product off-take arrangements, viewing to support the urgently required growth in metals supply and to facilitate the engagement of both strategic and portfolio investors alike.

Our MRG Group Members are well placed to connect investors with carefully selected investment opportunities, by combining professional expertise and experience in the following areas:

- mining technology and economics
- evaluation of mining companies and projects
- management of project developments
- environmental and social sustainability
- political framework and legal requirements

We are prepared

- **to take on mandates from investors** (HNW individuals, Family Offices, others) who are seeking bespoke investment opportunities in this exciting but also demanding sector
- **to support mining projects and mining companies** with the preparation of their individual investment case and the subsequent identification and selection of suitable investors

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a and well-structured process which includes mainly the following steps...

...for mandates from investors:

- analysis of needs, investment criteria + and investment profile
- pre-selection + analysis of investment targets
- presentation of investment targets with recommendations
- support of negotiations up to the closing of contracts
- post transaction representation or direct management

...for mandates from mining projects/companies:

- analysis of status and of financial needs
- elaboration of an investment proposal
- pre-selection of investors
- contact with investors and presentation of investment proposals
- support of negotiations up to the closing of contracts

Potential investors as well as mining projects/companies in need of financing are invited to reach out to our Group to discuss potential needs. CBA Associates and VR Advisors who feel that their skills and networks are aligned to the MRG are also encouraged to reach out to begin a conversation.

Our current MRG Group Members are



John Sestan – A commercial specialist with over 30 years of experience in Mining and Resources M&A across most continents, jurisdictions. Long history of advisory to well-known major mining houses and “start-up” juniors. Expertise in deeply understanding technical parameters of mining project and using clever commercial structures to manage risks and create successful outcomes.



Jürgen Schlichting - Economist with an extensive experience in the design and implementation of international projects, in management and corporate governance and in cross-border business development, also with a focus on assisting companies to establish operations in Switzerland. He is on the Advisory Board of a Swiss-based mining company with a major Lithium-Boron project in Europe.



Georg Kahle – Georg has 17 years' experience as a commercial M&A attorney with a specific focus on the mining industry. Georg led the South African extractive/mining team of an international law firm for 8 years. He has broad international experience with an emphasis on sub-Saharan Africa. Georg currently chairs the German South African Chamber of Commerce legal sub-committee on the 4IR in mining - driving digitisation and technological advancements and developments in the mining sector. As a CBA Associate you are welcome to join the group if you feel you can contribute to its vision and successful collaboration. The new CBA website, which will be launched shortly, will include a safe FORUM section for this and other groups in the planning process (hospitality, start-ups, automotive...) where the respective participants can use data rooms to share documents and other things needed in the process.

For more information, please contact us at exchange@cba.associates.