

## **NEW MINING ENTRANTS OBTAIN BIDDING ADVICE**

**By Deborah Spicer**

New entrants into the South African mining sector are continuing to turn to Venmyn to assist them with their indicative bids for mineral assets.

Indicative bids are the first stage of a two-stage auction process, in which companies carry out relatively inexpensive calculations to determine the ballpark value of an asset.

Venmyn has had numerous companies approach it for assistance in their bid preparations, and has been tasked with assessing the buyer's assumptions about the asset, putting in an offer and negotiating with the sellers of assets, in some cases.

This early-stage process is typically concluded within two staff days, using senior staff who are familiar with the prices that similar assets have fetched recently as well as the potential fatal flaws and opportunities associated with similar assets.

The indicative bid is seen as an important part of the purchasing process for complex and expensive assets. It is a way in which the seller determines the buyer's interest. It is also a way in which the seller can determine who to short-list for the final bidding process, which is informed by a more lengthy due-diligence process which culminates in a sealed bid auction.

For more information on obtaining mineral-related transaction advice in the indicative bid stage, or subsequent final bidding stage, please contact Venmyn.

### **Venmyn in the news**

Mining Weekly's March 11<sup>th</sup> article featuring Venmyn MD Andy Clay and Venmyn Associate Paul White can be accessed at <http://www.miningweekly.com/article/company-investigating-underexplored-coalfields-2011-03-11>

### **Venmyn and the Investment Analysts Society of Southern Africa present 'An Awareness Session'**

Securities exchanges are going to start to play a more visible role in ensuring that mineral resource and mineral reserve reporting and valuations are carried out in a more transparent way. They will probably require the registration of Competent Persons (CPs) and Competent Valuers (CVs) and most certainly require the independence of valuers from the company that they write about. They may also incorporate a disciplinary process for CPs and CVs.

Venmyn and the IAS will present a luncheon to discuss these impending developments and potential responses to them by mining analysts.

The event will take place in Johannesburg in April 2011, and will be attended strictly by invitation. Should you be interested in attending this discussion, kindly contact Venmyn's Michelle Rieder to request an invitation.