

# Supporting Australian Involvement in the Resources Sector

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**Australian Government**



Export Finance  
& Insurance Corporation

Overcoming financial barriers for exporters

## EFIC in context

- Australia's export credit agency (ECA)
- Mission - to support growth of Australian business internationally with finance solutions
- Owned by Australian Federal Government
- AAA rating
- Does not displace private market capacity or compete with private market
- Operates on a commercial basis i.e. similar approach as banks

## What does EFIC do?

- Provides **financial support** to:
  - **Eligible Australian exporters** of goods and/or services
  - **Eligible domestic companies** operating in the supply chain for Australian resource projects
  - **Eligible foreign buyers** of Australian capital goods and/or services
  - **Eligible Australian investors**

## How does EFIC assist?

### Pre-shipment finance:

- Contract specific via Export Working Capital Guarantee

### Post-shipment finance:

- Financing of overseas receivables
- Documentary Credit Guarantees

### Corporate Finance

- Direct Lending
- Export Finance Guarantees
- Project Finance
- Political Risk Insurance

### Bonding:

- Advance Payment Bonds
- Performance & Warranty Bonds

## EFIC's eligibility criteria

- Australian involvement and benefit
- Where support is unavailable or insufficient in commercial market and/or for transactions in emerging and frontier markets
- Project or transaction is commercially and technically viable
- Environment and social responsibility requirements
  - IFC Performance Standards, Equator Principles



## Case studies



## Case study – GRM International

### Customer

International development management company which specialises in managing aid projects in developing countries

### Need

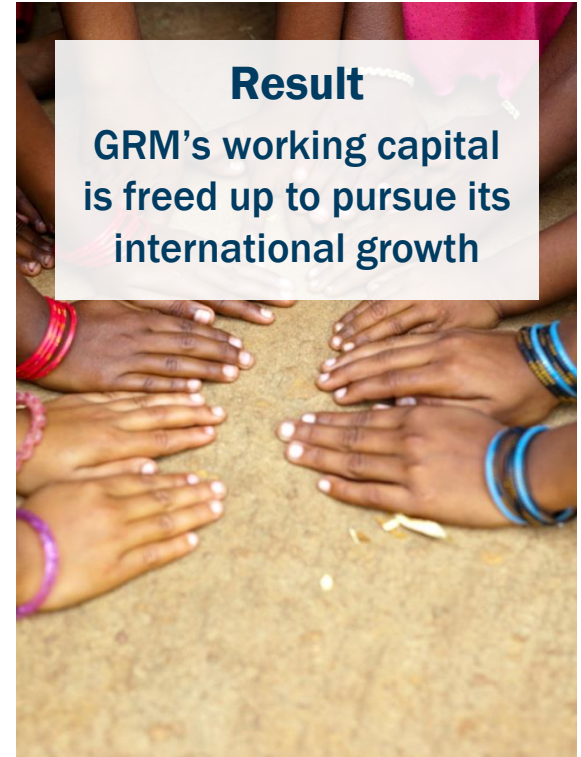
GRM is often required to provide substantial bonds to support its international contracts, but lacks the working capital to finance the bonds

### Solution

One-year revolving \$10 million bonding facility from EFIC. GRM can request advance payment or performance bonds for its group companies

### Result

GRM's working capital is freed up to pursue its international growth



## Scenario – Company expanding into Africa

Australian mining services company needs to export equipment to Africa to fulfil services contract with major international miner. Equipment is financed by domestic lender and cannot be taken offshore.

Solution: EFIC provides a guarantee to bank to enable the equipment to be exported offshore

Australian company expands into Africa to increase its global footprint. Needs capex to establish or expand services. Cannot find a lender to provide finance.

Solution: EFIC provides a guarantee to bank to fund capex.



## Case study – African Underground Mining Services Limited

### Customer

AUMS is a joint venture of two Australian companies, Barmenco Limited and Ausdrill Limited, based in West Africa.

### Need


AUMS needed mobile plant and equipment to perform underground mining contracts in Ghana and Mali.

Bank finance for operations in emerging markets was limited

### Solution

EFIC provided a four-year, US\$15 million loan to AUMS as part of a US\$30 million loan facility with Caterpillar Financial Australia Limited.

EFIC's support helped AUMS choose Caterpillar as supplier of the equipment, manufactured in Tasmania, instead of a European supplier which also had export credit agency support



**Result**  
AUMS could  
continue expanding  
in emerging markets

## Case study – Equinox Minerals Limited, 2006 and 2007

### Customer

A mining company listed in Australia and Canada

### Need

Project finance and political risk insurance for the development and operation of the Lumwana mine, Zambia, which will be Africa's largest open-pit copper mine

### Solution

EFIC committed US\$52m to a US\$584m finance facility.

EFIC also led a syndicate of private insurers to provide PRI to the commercial lenders and to a bank providing hedge facilities to protect the project revenue against adverse movements in the copper price

### Result

Major mining development could proceed



## EFIC Resources Track Record

TRANSACTION	COUNTRY	AMOUNT	PRODUCT	YEAR
Ichthys LNG Project	Australia	US\$150m	Loan	2012
Santos LNG Project	Australia	US\$250m	Export Finance Guarantee	2011
Leighton Holdings – mining fleet	Mongolia	US\$81m	Export Finance Guarantee	2011
African Underground Mining Services	Mali & Ghana	US\$15m	Loan	2010
PNG LNG Project	PNG	US\$350m	Loan	2009
Leighton Holdings – mining fleet	Indonesia	US\$150m	Loan	2009
EMAL Aluminium Smelter Project	UAE	US\$125m	Loan	2008
Kwale Mineral Sands Project	Kenya	US\$86m	PRI	2006
Lumwana Copper Project	Zambia	US\$52m	Loan	2006
Lumwana Copper Project	Zambia	US\$240m	PRI	2006
Gold Ridge Gold Project	Solomon Islands	US\$40m	PRI	2005
Mastercraft – DBT mining equipment	Russia	US\$17m	Export Finance Guarantee	2005

## EFIC Resources Track Record

TRANSACTION	COUNTRY	AMOUNT	PRODUCT	YEAR
Vermelho Nickel Project	Brazil	US\$16m	Performance Bonds – GRD Minproc	2006
Moma Mineral Sands Project	Mozambique	US\$23m	Performance Bonds - Multiplex Eng.	2004
Sasol Pipeline Project	Mozambique	US\$29m	PRI	2004
Sepon Gold Project	Laos	US\$53m	PRI	
Alumbrera Copper and Gold Project	Argentina	US\$200m	PRI	1997
Lihir Gold Project	PNG	US\$370m	PRI	1995
Tolukuma Gold Project	PNG	US\$25m	PRI	1994
Kutubu Petroleum	PNG	US\$335m	PRI	1991
Porgera Gold Project	PNG	US\$160m	Loan	1990
Misimi Gold Project	PNG	US\$40m	PRI	1987
Ok Tedi Copper and Gold Project	PNG	A\$212m	Loan	1982
Bougainville Copper and Gold Project	PNG	A\$4m	Loan	1978



## EFIC contacts



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