

Anglo American Zimele – Anglo Khula Mining Fund

Evaluation criteria

- The owners of the investee company must be involved in the day-to-day management of the business on a permanent basis.
- The owners of the investee company must contribute from their own resources to ensure commitment and risk sharing.
- The project must indicate a real internal rate of return of at least 15% (net of management fees charged by the fund).
- The investee company must comply with all necessary legal requirements as well as Anglo American's standards and procedures regarding safety, health and environmental policies.
- The deal flow of the investee company should emanate primarily from contracts between the investee company and Anglo American and its subsidiaries.

Application procedures

Applications to the fund must be presented in the form an investment proposal, accompanied by a formal business plan and a thorough due diligence report of the prospect. This should be conducted by an independent and suitably accredited consultant and may include the following:

- A reserve statement signed by a qualified geologist.
- A proposed work programme detailing the proposed drilling programme to upgrade the reserve classification to proven or probable status, whichever is applicable.
- A detailed mine plan, signed by a qualified mining engineer.
- An assessment of the environmental impact of the proposed operations.
- A detailed processing plan signed-off by an engineer or metallurgist specialising in the appropriate mineral.
- A detailed marketing plan supported by sufficient market research or agreements with agents or clients.
- Details of the management team, including the curriculum vitae of the individuals involved.
- A detailed financial model reflecting the mine, processing and marketing plan on a monthly basis for the first three years of operations and annual cash flows for the life of the operations.

This should include:

- major economic assumptions
- price assumptions
- identification of major cost drivers
- environmental liability provision
- tax calculations, including secondary tax on companies

- working capital movements
 - financing assumptions
- A strategic plan of the company, including a proposed exit strategy for the fund and future fund-raising ideas.
- Details regarding the corporate structure and BEE status of the company.

The business plan

Your business plan should include:

- An executive summary
- Purpose and objectives
- Proposed financing
- The market and marketing plan
- The historical development of the company
- A description of its products or services
- Financial statements and forecasts
- Capitalisation of the firm
- Biographical sketches of key owners and employees
- Principal suppliers and customers
- Risk identification, problems anticipated and other pertinent information
- Value offering