Financing Mining Infrastructure:
Unlocking Africa’s Resource Potential

III G20 Africa Infrastructure Investment Conference
17-19 July 2013

Glen Ireland, Partner, Latham & Watkins LLP
• Small population, spread over large land area
• Recent war with neighbour ended in stalemate
• Viability as post-colonial, independent nation has been questioned
• Seeking economic transformation and nation-building through construction of a cross-country railway
• Huge natural resource potential (minerals, forestry, agriculture)
• Unable to fund cost of railway with internal financial resources
• Access to external funds complicated by turmoil in global markets
• Persistent allegations of corruption against leader and his party
• Foreign business interests seeking to control rail project and associated wealth creation
• Local business interests appear to lack resources and expertise
• Pressure to route railway through neighbour on efficiency grounds
Canada in the 1880s
Canada’s “National Dream”

The Canadian Pacific Railway:

• was the longest railway built at that time

• was completed in half the time estimated - 5 years, instead of 10

• linked Western and Eastern provinces, creating the country we know today

• enabled the population of the Prairies, which became the World's "bread-basket"

• allowed vast natural wealth to be exploited through an "integrated transportation solution" (rail and shipping)
Known Resources...

Agriculture – opening up the Prairies
Unknown Resources

Unanticipated benefits – linking Alberta oil to Asian markets
Who Built It? In a Sense, China Did!

1881-1885 – 4,000 Chinese workers die on the job or from disease
• Africa desperately needs to achieve broad-based economic development

• Most commentators agree that the solution lies in the efficient and effective exploitation of Sub-Saharan Africa’s vast natural resources

• Large “world-class” mineral deposits in Sub-Saharan Africa (SSA) have already been identified but remain undeveloped

• The single biggest impediment to the extraction of the deposits:
  • TRANSPORTATION INFRASTRUCTURE
    • Rail
    • Port
World Class Projects in West & Central Africa
Mining Infrastructure – A Logistical Challenge

Markets

Motherload Deposit

750 km
Rail Infrastructure - Distances Involved

Source: RBC Capital Markets.
Mining Infrastructure – “Pit to Port”

Markets

Deposit

Motherload

750 km
Mining Infrastructure – Capacity

<table>
<thead>
<tr>
<th>Capital Cost</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Phase</td>
<td>100M tpy</td>
</tr>
<tr>
<td>$10 billion</td>
<td></td>
</tr>
</tbody>
</table>
Mining Infrastructure – Expanding Capacity

Capital Cost | Capacity
---|---
Initial Phase | $10 billion | 100M tpy
Expansion | +$2 billion | +50M tpy
Total | +$12 billion | +150M tpy

Additional Berths
Additional Sidings
Motherload Deposit
Markets
Mining Infrastructure – Bankability (1st Mine)

- First Mover Mine
  1. TOP user
  2. Investment grade
  3. Long term

- Motherload Deposit
- Motherload Phase II
- Agricultural Zone
- Village
- Secondary Deposit
- Markets
- Deposit

TOP user
Investment grade
Long term
Mining Infrastructure – Bankability (2\textsuperscript{nd} Mine)

Second Mover Mine
1. TOP user?
2. Investment grade?
3. Long term

Markets

Agricultural Zone

Village

Secondary Deposit

Motherload Deposit

Motherload Phase II

P

M

TOP user? Investment grade? Long term
Agri-Businesses
1. Demand risk
2. SMEs
3. Short term
4. Weather risk
Mining Infrastructure – Bankability (Passenger)

1. Demand risk
2. State support?
3. Medium term
Mining Infrastructure – Bankability Assessment

- Second Mover Mine
  1. TOP user?
  2. Investment grade?
  3. Long term

- First Mover Mine
  1. TOP user?
  2. Investment grade
  3. Long term

- Motherload Deposit
- Motherload Phase II
- Agricultural Zone
- Village
- Markets

- Agri-Businesses
  1. Demand risk
  2. SMEs
  3. Short term
  4. Weather risk

- Passenger Service
  1. Demand risk?
  2. State support?
  3. Medium term
Mining Infrastructure – Some Key Questions

- Who **designs** the infrastructure?
- Who **funds** the construction of infrastructure?
- Who **builds** the infrastructure?
- Who **owns** the infrastructure?
- **Who can access/use** the infrastructure?
- How are **access and tariff decisions** made?
Who can Access/Use the Infrastructure?

- World Bank
- Government
- Mining Company (first mover)
- Local Interests (agri-business; passengers)
- Mining Companies (subsequent movers)

Owners/Third Parties
Sectors
TOP
Commitment
Bankability
Who can **Access/Use the Infrastructure?**

- **World Bank**
  - Believes any party that requires access can use infrastructure including:
    - other mines
    - agri-business
    - passenger rail
    - military

- **Government**

- **Local Interests** (agri-business; passengers)

- **Mining Company** (first mover)

- **Mining Companies** (subsequent movers)

Owners/Third Parties
Sectors
TOP
Commitment
Bankability
Who can **Access/Use the Infrastructure?**

- **World Bank**
- **Government**
- **Local Interests** (agri-business; passengers)
- **Mining Company** (first mover)
- **Mining Companies** (subsequent movers)

**Mining Company** (first mover):
- Wants priority access as “founder”
- Includes potential future use for expansion of mine
- Third-party access must not cause:
  - Operational inefficiencies
  - MAE for mine
  - EHS issues
  - Issues with project lenders
- “Haulage” model: mining company unwilling to accept liability for:
  - Provision of haulage services
  - EHS issues
  - Considers access by competitors to be “unwelcome”
Who can Access/Use the Infrastructure?

- Terms of access must be “bankable”:
  - certainty of tariffs
  - duration of access
  - liability/insurance
- Financial obligation imposed on user must be reasonable
- Access should be allocated on basis of national development goals
- Access terms should share/address “demand risk”

Local Interests (agri-business; passengers)

Owners/Third Parties Sectors TOP Commitment Bankability

- Want regime to provide “effective access rights”
- Want conditions to access to be clear and reasonable:
  - avoid “Pilbara scenario”
  - address any conflict of interest
- Priority access for mining companies (maximise “value in use”)
- If “haulage” model used, want service provider to take responsibility/liability

World Bank

Government

Mining Company (first mover)

Mining Companies (subsequent movers)
Who can **Access/Use the Infrastructure?**

- **Government**
  - Mining Company (first mover)
  - Willing to accommodate third-party access, but only if it reduces default risk
  - Want no dilution of founder’s “bankable” TOP commitment
  - Concerned about HSE issues

- **Local Interests** (agri-business; passengers)

- **World Bank**

- **Owners/Third Parties Sectors TOP Commitment Bankability**

- **Infrastructure Project Lenders**
  - Consider that introduction of any “demand risk” into structure should:
    - adversely affect pricing
    - reduce debt capacity of infrastructure project

- **Mining Companies** (subsequent movers)
Who can Access/Use the Infrastructure?

- **World Bank**
  - Wants shared use between all affected countries
  - Seeks negotiated solution to be embodied in a treaty

- **2nd Government (transit)**
  - Wants fair sharing of tariff revenue from infrastructure
  - May seek to share economic benefits of primary mineral deposit

- **Government**

- **Mining Company** (first mover)

- **Local Interests** (agri-business; passengers)
  - Wants fair sharing of tariff revenue from infrastructure
  - May seek to share economic benefits of primary mineral deposit

- **Infrastructure Project Lenders**

- **Mining Companies** (subsequent movers)
  - TOP Commitment
  - Bankability
  - Owners/Third Parties
  - Sectors

- **TOP Commitment**
## Some Suggested Answers

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who designs?</strong></td>
<td>Government has final say; potential users must input; 1&lt;sup&gt;st&lt;/sup&gt; mine undertakes FEED</td>
<td>Government must accept consequences of any additional costs imposed</td>
</tr>
<tr>
<td><strong>Who funds?</strong></td>
<td>SPV raises funding on back of strong TOP rail access contract with 1&lt;sup&gt;st&lt;/sup&gt; mining project sponsor</td>
<td>Funds drawn from infrastructure funds, users and IFIs; State typically unable to fund or provide financial support</td>
</tr>
<tr>
<td><strong>Who builds?</strong></td>
<td>1&lt;sup&gt;st&lt;/sup&gt; mining project sponsor, based on government – approved plan</td>
<td>Mining company (as contractor to SPV), so that infrastructure and mining projects can be coordinated</td>
</tr>
<tr>
<td><strong>Who owns?</strong></td>
<td>SPV, until ultimate transfer to the State (e.g., 30-50 years)</td>
<td>Transfer would be subject to conditions being met</td>
</tr>
<tr>
<td><strong>Who can access?</strong></td>
<td>Any third party that meets operational and financial criteria</td>
<td>Different types of access contract (rights/commitments)</td>
</tr>
<tr>
<td><strong>Who makes access/tariff decisions?</strong></td>
<td>An impartial expert “regulatory” body</td>
<td>Must be international, fully-funded, credible and durable</td>
</tr>
</tbody>
</table>
A Possible Structure

**Infrastructure Funds**
- IFC
- AfDB

**Voting Equity**
- Founder Mining Company
- Host Government (mine/rail)
- 2nd Government (rail/port)

**Non-Voting Equity**
- Founder Mining Company
- ECAs
- International Financial Institutions
  - IFC
  - AfDB

**Project Debt**
- Commercial Banks
- Independent Regulator
  - International seat
  - Expert body
  - Applies agreed principles
  - Some “policy” input permitted

**User Pool**
- Founder Mining Company
- Other “Bankable” Users
- “Non-Bankable” Users

**Infrastructure SPV**
- Rail track
- Dispatch facilities
- Port facilities
- Other shared use assets

**RAA**
- RAA (5★)
- RAA (4★)
- RAA (3★)

**Rail Access Agreements**
- Framework Agreement

≈ 30% of capital + overruns
≈ 70% of capital

III G20 AIIC - 19 July 2013
A Possible Structure

**Infrastructure SPV**
- Rail track
- Dispatch facilities
- Port facilities
- Other shared use assets

**Infrastructure Funds**
- IFC
- AfDB

**Founder Mining Company**

**Host Government**
- (mine/rail)

**2nd Government**
- (rail/port)

**Commercial Banks**

**ECAs**

**International Financial Institutions**
- IFC
- AfDB

**User Pool**
- Voting Equity
- Non-Voting Equity
- Project Debt

**RAA (5★)**
- Founder Mining Company

**RAA (4★)**
- Other “Bankable” Users

**RAA (3★)**
- “Non-Bankable” Users

**Rail Access Agreements**

**Framework Agreement**

**Independent Regulator**
- International seat
- Expert body
- Applies agreed principles
- Some “policy” input permitted

≈ 30% of capital + overruns

≈ 70% of capital
A Possible Structure

<table>
<thead>
<tr>
<th>Voting Equity</th>
<th>Non-Voting Equity</th>
<th>Project Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Funds</td>
<td>Founder Mining Company</td>
<td>Commercial Banks</td>
</tr>
<tr>
<td>IFC</td>
<td>Host Government (mine/rail)</td>
<td>ECAs</td>
</tr>
<tr>
<td>AfDB</td>
<td>2nd Government (rail/port)</td>
<td>International Financial Institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IFC AfDB</td>
</tr>
</tbody>
</table>

- **Founders**
  - Mining Company
  - Founder

- **Funds**
  - Infrastructure Funds
    - IFC
    - AfDB

- **Debt**
  - Project Debt
    - Commercial Banks

- **Governments**
  - Host Government (mine/rail)
  - 2nd Government (rail/port)

- **User Pool**
  - Founder Mining Company
  - Other “Bankable” Users
  - “Non-Bankable” Users

- **Regulatory**
  - Independent Regulator
    - International seat
    - Expert body
    - Applies agreed principles
    - Some “policy” input permitted

- **Asset Management**
  - Rail Access Agreements
  - Framework Agreement

- **SpV**
  - Infrastructure SPV
    - Rail track
    - Dispatch facilities
    - Port facilities
    - Other shared use assets

- **Equity**
  - Voting Equity
  - Non-Voting Equity
    - Voting
    - Non-Voting

- **Capital**
  - ≈ 30% of capital + overruns
  - ≈ 70% of capital

**III G20 AIIC - 19 July 2013**
A Possible Structure

**Infrastructure Funds**
- IFC
- AfDB

**Non-Voting Equity**
- Founder Mining Company
  - Host Government (mine/rail)
  - 2nd Government (rail/port)

**Project Debt**
- Commercial Banks
  - ECAs
- International Financial Institutions
  - IFC
  - AfDB

**User Pool**
- Founder Mining Company
- Other “Bankable” Users
- “Non-Bankable” Users

**RAA (5★)**
- Rail track
- Dispatch facilities
- Port facilities
- Other shared use assets

**RAA (4★)**
**RAA (3★)**

**Fundamental**
- ≈ 30% of capital + overruns
- ≈ 70% of capital

**Independent Regulator**
- International seat
- Expert body
- Applies agreed principles
- Some “policy” input permitted

**Rail Access Agreements**
**Framework Agreement**

---

Textual Notes:
- Infrastructure SPV
- International seat
- Applies agreed principles
- Some “policy” input permitted
A Possible Structure

Voting Equity
- Infrastructure Funds
  - IFC
  - AfDB
- Founder Mining Company
- Host Government (mine/rail)
- 2nd Government (rail/port)

Non-Voting Equity
- Founder Mining Company
- Host Government (mine/rail)
- 2nd Government (rail/port)

Project Debt
- Commercial Banks
- ECAs
- International Financial Institutions
  - IFC
  - AfDB

User Pool
- Founder Mining Company
- Other “Bankable” Users
  - RAA (5★)
  - RAA (4★)
  - RAA (3★)
- “Non-Bankable” Users
- Independent Regulator
  - International seat
  - Expert body
  - Applies agreed principles
  - Some “policy” input permitted
- Rail Access Agreements
- Framework Agreement

≈ 30% of capital + overruns
≈ 70% of capital
A Possible Structure

Voting Equity

- Infrastructure Funds
  - IFC
  - AfDB

Non-Voting Equity

- Founder Mining Company
- Host Government (mine/rail)
- 2nd Government (rail/port)
- Infrastructure SPV
  - Rail track
  - Dispatch facilities
  - Port facilities
  - Other shared use assets

Project Debt

- Commercial Banks
- ECAs
- International Financial Institutions
  - IFC
  - AfDB

User Pool

- Founder Mining Company
- Other "Bankable" Users
- "Non-Bankable" Users

RAA (5★)
RAA (4★)
RAA (3★)

≈ 30% of capital + overruns

≈ 70% of capital

Independent Regulator

- International seat
- Expert body
- Applies agreed principles
- Some "policy" input permitted

Rail Access Agreements

Framework Agreement
A Possible Structure

**Infrastructure SPV**
- rail track
- dispatch facilities
- port facilities
- other shared use assets

**Infrastructure Funds**
- IFC
- AfDB

**Founder Mining Company**

**Host Government** (mine/rail)

**2nd Government** (rail/port)

**Commercial Banks**
- ECAs
- International Financial Institutions
  - IFC
  - AfDB

**User Pool**
- Founder Mining Company
- Other “Bankable” Users
- “Non-Bankable” Users

**RAA (5★)**
- RAA (4★)
- RAA (3★)

**Independent Regulator**
- International seat
- Expert body
- Applies agreed principles
- Some “policy” input permitted

**Framework Agreement**

**Rail Access Agreements**

- ≈ 30% of capital + overruns
- ≈ 70% of capital

**Project Debt**
A Possible Structure

**Infrastructure SPV**
- rail track
- dispatch facilities
- port facilities
- other shared use assets

**Founder Mining Company**
- Voting Equity
- Non-Voting Equity
- Project Debt

**Infrastructure Funds**
- Founder Mining Company
- Host Government (mine/rail)
- 2nd Government (rail/port)

**Commercial Banks**
- ECAs
- International Financial Institutions
  - IFC
  - AfDB

**User Pool**
- Founder Mining Company
- Other “Bankable” Users
- “Non-Bankable” Users

**RAA (5★)**
- RAA (4★)
- RAA (3★)

**Rail Access Agreements**
- ≈ 30% of capital + overruns
- ≈ 70% of capital

**Independent Regulator**
- International seat
- Expert body
- Applies agreed principles
- Some “policy” input permitted

**Framework Agreement**
A Possible Structure

**Infrastructure Funds**
- IFC
- AfDB

**Voting Equity**
- Founder Mining Company

**Non-Voting Equity**
- Host Government (mine/rail)
- 2nd Government (rail/port)

**Project Debt**
- Commercial Banks
- ECAs
- International Financial Institutions
  - IFC
  - AfDB

**User Pool**
- Founder Mining Company
- Other “Bankable” Users
- “Non-Bankable” Users

**RAA**
- RAA (5★)
- RAA (4★)
- RAA (3★)

**Infrastructure SPV**
- Rail track
- Dispatch facilities
- Port facilities
- Other shared use assets

**Rail Access Agreements Framework Agreement**

**Independent Regulator**
- International seat
- Expert body
- Applies agreed principles
- Some “policy” input permitted

≈ 30% of capital + overruns

≈ 70% of capital
<table>
<thead>
<tr>
<th>City</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abu Dhabi</td>
<td>Level 14, Al Sila Tower</td>
<td>+971.2.813.4800</td>
<td>+971.2.813.4999</td>
</tr>
<tr>
<td>Barcelona</td>
<td>Av. Diagonal 477, 10th Floor</td>
<td>+34.93.545.5000</td>
<td>+34.902.882.228</td>
</tr>
<tr>
<td>Beijing</td>
<td>Unit 2318 China World Trade Office 2</td>
<td>+86.10.5965.7000</td>
<td>+86.10.5965.7001</td>
</tr>
<tr>
<td>Boston</td>
<td>John Hancock Tower 20th Floor</td>
<td>+1.617.948.6000</td>
<td>+1.617.948.6001</td>
</tr>
<tr>
<td>Brussels</td>
<td>Boulevard du Régent, 43-44</td>
<td>+32(0)2.788.60.00</td>
<td>+32(0)2.788.60.60</td>
</tr>
<tr>
<td>Doha</td>
<td>Alfaradan Office Tower</td>
<td>+974.4406.7700</td>
<td>+974.4406.7799</td>
</tr>
<tr>
<td>Dubai</td>
<td>Dubai International Financial Centre</td>
<td>+949.211.8828.4600</td>
<td>+949.211.8828.4699</td>
</tr>
<tr>
<td>Düsseldorf</td>
<td>Königsallee 92a</td>
<td>+49.214.704.6300</td>
<td>+49.214.704.6499</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>Reuterweg 20</td>
<td>+49.69.6062.6000</td>
<td>+49.69.6062.6700</td>
</tr>
<tr>
<td>Hamburg</td>
<td>Warburgstrasse 50</td>
<td>+49.40.4140.30</td>
<td>+49.40.4140.3130</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>18th Floor, One Exchange Square</td>
<td>+852.2912.2500</td>
<td>+852.2912.2600</td>
</tr>
<tr>
<td>Houston</td>
<td>811 Main Street, Suite 3700</td>
<td>+1.713.546.5400</td>
<td>+1.713.546.5416</td>
</tr>
<tr>
<td>London</td>
<td>99 Bishopsgate, London, EC2M 3XF</td>
<td>+44(0)20.7710.1000</td>
<td>+44(0)20.7374.4460</td>
</tr>
<tr>
<td>Madrid</td>
<td>Maria de Molina 6, 4th Floor</td>
<td>+34.917.915.000</td>
<td>+34.952.882.228</td>
</tr>
<tr>
<td>Moscow</td>
<td>Ultia Gasheka, 6, Ducat III, Office 510</td>
<td>+7.495.785.1234</td>
<td>+7.495.785.1235</td>
</tr>
<tr>
<td>Munich</td>
<td>Maximilianstrasse 11</td>
<td>+49.89.2080.3.8000</td>
<td>+49.89.2080.3.8080</td>
</tr>
<tr>
<td>New Jersey</td>
<td>One Newark Center, 16th Floor</td>
<td>+1.973.639.1234</td>
<td>+1.973.639.7298</td>
</tr>
<tr>
<td>New York</td>
<td>885 Third Avenue</td>
<td>+1.212.906.1200</td>
<td>+1.212.751.4864</td>
</tr>
<tr>
<td>Orange County</td>
<td>650 Town Center Drive</td>
<td>+1.714.540.1235</td>
<td>+1.714.755.8290</td>
</tr>
<tr>
<td>Paris</td>
<td>45, rue Saint-Dominique</td>
<td>+33(0)1.40.62.20.00</td>
<td>+33(0)1.40.62.20.62</td>
</tr>
<tr>
<td>Riyadh</td>
<td>7th Floor, Tower 1</td>
<td>+966.11.207.2500</td>
<td>+966.11.207.2577</td>
</tr>
<tr>
<td>Rome</td>
<td>Via Piemonte 38, P5</td>
<td>+39.06.98.95.6700</td>
<td>+39.06.98.95.6799</td>
</tr>
<tr>
<td>Tokyo</td>
<td>Marunouchi Building 32nd Floor 2-4-1 Marunouchi,</td>
<td>+81.3.6212.7800</td>
<td>+81.3.6212.7801</td>
</tr>
<tr>
<td>Silicon Valley</td>
<td>140 Scott Drive Menlo Park, CA 94025</td>
<td>+1.650.328.4600</td>
<td>+1.650.463.2600</td>
</tr>
</tbody>
</table>
Appendix A
Background Information on Mining “Linkages”
AMV Report envisages an African mining sector that:
- catalyzes and contributes to broad-based growth development through, among other things, “side-stream” linkages into infrastructure
- has “helped establish a competitive African infrastructure platform”
- Report recommends that critical resource linkages be identified at the outset and set out in the mining concession agreement; the most important aspects include:
  - equitable share of the resource rents
  - flexible fiscal regime which is sensitive to price movements and stimulates national development
  - third-party access to the resource infrastructure (particularly transport, energy and water) at non-discriminatory tariffs
Conclusions/recommendations:

- collateral use of mining infrastructure can encourage broad-based economic growth
- minerals can be core for infrastructure development planning:
  - co-opt private participation
  - unlock major sources of public finance
- governments should:
  - undertake studies for mining spatial development initiatives (SDIs)
  - engage mining companies in partnerships for infrastructure finance
- “...innovative PPPs in infrastructure projects, coupled with bidding up the proportion of open access capacity available to third-party users at non-discriminatory tariffs, would create desirable infrastructure linkages”
Appendix B

IFC Mining Infrastructure Report (April 2013)
International Finance Corporation (IFC) Report

- IFC is the private finance arm of the World Bank Group
- IFC is also an equity investor in Simandou South (with Rio Tinto and Chinalco)
- IFC issued a Report in April 2013:
  - “Fostering the Development of Greenfield Mining-Related Transport Infrastructure Through Project Financing”
- Report sets out IFC’s views on a number of key issues
Public sector ownership of mining infrastructure (railroads and ports) in SSA is not presently realistic. A possible solution is to involve a single “anchor” mining client that owns mining infrastructure directly or provides a take-or-pay (TOP) commitment to a special purpose vehicle (SPV) that owns it.

Despite the involvement of an anchor mining client, the risks associated with SSA prevent traditional debt to equity ratios from being achieved. As a result, anchor mining companies will initially need to hold “dominant, often full” participation in the ownership of the infrastructure.
IFC recognises that mining companies have not traditionally had an interest in sharing infrastructure.

In order to be successful, the anchor mining client needs to align its interests with those of the host government.

In SSA, third-party access might best be achieved through a “haulage model” rather than a traditional “open access” arrangement.

The haulage model is unprecedented in the mining industry.

The specifics of the chosen access model should be agreed upfront between the host government and the anchor mining client.
In order for an anchor mining company to assess the viability of a project in its entirety, third-party access issues (such as minimum operational standards) should be negotiated alongside fiscal matters.

Anchor mining clients will be unwilling to incur operational or financial risks associated with third-party access.

Project lenders will either demand to know who future users will be or have consent rights over new users.

The unique challenges associated with mining infrastructure projects mean that, in some cases third-party access may need to be implemented “down the road.”
Appendix C
Stakeholder Analysis
Founder Mining Company – Typical Objectives

**Critical:**
- To avoid disputes with government
- To obtain operational control over rail network, including access
- To be given priority rights over required capacity
- To avoid any material adverse impact on operating costs:
  - disruption of operations
  - additional inventories
  - repair and maintenance costs
- To avoid benefitting direct competitors
- To Maintain flexibility in case of breakdown, force majeure, etc.
- To obtain future expansion rights (in some cases)

**Secondary:**
- To retain cash flow from third-party access:
  - Recovery of portion of capital cost
  - Generate cash from third-party
- To retain ability to JV or otherwise participate with local mining projects
State – Typical Objectives

- **Critical:**
  - To promote open access in a manner that does not prevent development of key projects
  - To preserve possibility that marginal deposits can be developed
  - To diversify exploitation of mineral resources among various sponsors
  - To promote future use by new industries (e.g., agriculture)
  - To ensure access rules are clear and transparent
  - To maximise fiscal position

- **Secondary:**
  - Minimise required regulatory oversight
Third-Party Users – Typical Objectives

- To obtain “Bankable” access rights:
  - secure capacity
  - long term
  - predictable tariff
- To avoid “project-on-project” risks