

# **Minerals Contracting: Due Diligence**

## **General Overview**

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## Minerals Contracting Due Diligence

### What is “Due Diligence”?

Actions taken to ensure that necessary information is known for the purposes of:

- ....buying a car
- ....taking a trip abroad
- .....entering into a DSM contract

## Minerals Contracting Due Diligence

### Examples of information to seek during a “due diligence” exercise on a Company:

- Full name, ownership structure, office locations
- Copies of any public documents
- Names and Qualifications of mine management staff
- General background checks (criminal/civil actions)
- Information on last 5 years (minimum) mining work
- Overall “Track Record”
  - Provided by the Company
  - That you independently retrieve

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### Examples of information to seek from a Company:

- All information that YOU conducted during due diligence
- Additional information:
  1. Corporate charter (Articles of Incorporation)
  2. Financial information (cash reserves/debt structure)
  3. Corporate shareholdings, investments
  4. Corporate references (i.e., 3 from past 10 years)
  5. Annual report, past financials
- Request visit(s) to main offices and office with which you will be working; where possible, project sites.

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### Examples of methods to conduct due diligence:

- **Google** (*or any search engine*)
- Request visit(s) to main offices and office with which you will be working.
- Reference check (former/present clients, banks, *embassies*, industry experts, government, neighbours)
- Hire expert services (legal, search)
- World Bank/donor resources

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### Examples of outcomes of due diligence:

- ❖ **The Truth**
- ❖ Rumour
- ❖ Insufficient information
- ❖ Information different than what you expected!

# Minerals Contracting Due Diligence

## “Due Diligence Checklist”

- ✓ Corporate Information (*including managers' info*)
- ✓ Current or past partnerships, subsidiaries
- ✓ Financial Information (*including performance*)
- ✓ Technical Capacity (*track record*)
- ✓ Past Experience of Company (*anywhere*)
- ✓ Criminal/Civil Legal Actions (*pending or levied*)
- ✓ Environmental past and present performance
- ✓ Social past and present performance
- ✓ Future plans for investment, company structure, staffing



## Minerals Contracting Due Diligence

**Do due diligence!**

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