

Yamana's Marrone to invest private capital and elbow grease

Tin and precious metals in the Americas and elsewhere are likely targets for a new private capital mining investment business to be led by Yamana founder and executive chair, Peter Marrone.



Yamana, which beat its 2022 production guidance with 1.006Moz gold equivalent, is to be bought by Pan American Silver and Agnico Eagle Mines for US\$1 billion in cash and 135 million PanAm shares and 36.1 million Agnico shares, for an aggregate value of \$5.02 per Yamana share. Independent Proxy Advisory Firms ISS and Glass Lewis recommend shareholders vote for the transaction.

With Yamana shareholders likely to vote to accept an acquisition by Panamerican Silver and Agnico Eagle Mines at the end of January, mid-February will see Marrone, chief executive Daniel Racine, and other Yamana executives looking

for new pastures, with Marrone seeing opportunities to bring that skill set to bear on other companies.

"We see oversized opportunities and are looking at several different things. This is not just deploying money but things which need elbow grease and human capital to be deployed to create the value I am seeking. ... Finding the opportunity, the ability to make sure that you have the right team on it, the ability to ensure that it is optimised, is properly financed, and the ability to manage the operations effectively. And that's what Yamana's management was able to deliver," Marrone told Mining Journal.

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Marrone cited the added value Yamana created at Wasamac in Quebec, Canada, and at Jacobina in Brazil, as examples of what the Yamana team can do.

"We sourced Wasamac as an advanced exploration opportunity with a feasibility study. We optimised and improved the feasibility study, we delivered an upgrade to the feasibility study, we're continuing with the drill bit, which allows us to get more ounces into inventory, and we're going through the development cycle with a very clear understanding of what the capex is expected to be.

An asset that cost us less than \$120 million, will cost \$400 million to put into production with a net asset value well in excess of \$1 billion," said Marrone.

Similarly, Yamana turned Jacobina from producing 80,000ozpa at an all-in sustaining cost of \$1500/oz in 2014-2015 to 230,000ozpa at an AISC of under \$800/oz today with 20 years of mine life with staged expansions to take it to 250,000ozpa.

"I bought it corporately for roughly \$650 million, we spent roughly \$200 million on it, and this asset has a net asset value in the range of \$2.5 to \$3 billion," said Marrone.

Currently lacking a name and specific structure, Marrone's new venture will invest his private capital and that of others leaving Yamana. "I think the best way to demonstrate there is alignment with shareholders is to say I've invested my money.

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Yamana Gold Executive Chairman, Peter Marrone

Whether or not we look at other investors on some structured basis or more ad hoc, to co-invest remains to be seen. ... There are investors that have said, we will look forward to what you do, and we will look forward to investing in you, but whether that's a structured arrangement, where we raise funds in advance, before securing an opportunity or raising funds on the back of an opportunity, remains to be seen at this point," said Marrone.

The new venture will stay close to Marrone's strong suit of precious metals in the Americas, although not exclusively, with tin catching Marrone's eye.

"I am very interested in tin as it is overlooked and needed for many products. The mining of tin is similar to mining copper and copper-gold porphyries. I invested in Eoro Resources and took 15% of its recent C\$10 financing. Eoro is the only other company I have lent my name to as an advisor," said Marrone. Marrone also sits on the board of Aris Mining.

Eoro has the Iska Iska silver-zinc deposit in Potosi, which is thought to have a tin porphyry underneath it. VP exploration Bill Pearson has a long history with Marrone, providing a geological reinterpretation on the then 80,000ozpa Jacobina and advising him not to sell it when the market was pressuring the company to drop it as a non-core asset.

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