

*"Our equity drawdown facility gives us certainty that we have the funds we need to grow. We are able to control our cost of capital and know that we are not paying any more than we need to. It is a very efficient structure that has broadened our fundraising options."*

*Wolfgang Zimmer, Managing Director,  
AuDAX Resources (audax.com.au)*

## CASH ON DEMAND – EQUITY DRAWDOWNS INCREASE CAPITAL RAISING OPTIONS

With traditional sources of capital unavailable or too expensive, companies are looking for other ways to raise funds. Equity drawdowns offer an efficient and flexible alternative.

Equity drawdowns combine the best features of conventional equity placements and lines of credit. Structured as a contract between company and fund, they give the company the option to sell equity to the fund for cash up to an agreed limit.

Easy to arrange, simple to manage and reassuringly transparent, drawdowns are an ideal solution for growing companies that want to avoid having to raise capital at any price.

### Guaranteed capital

In unpredictable markets an equity drawdown offers control. The selected fund has to buy regardless of conditions. Access to capital is guaranteed and the cost of that capital is known in advance.

### Maximum flexibility

Most conventional fundraising structures favour the market. With a drawdown the company has the advantage since it can choose when to sell and at what price.

### Immediate benefit

The drawdown process is very efficient as the company receives the capital immediately.

### Shareholder protection

Drawing down when the share price is high limits dilution and contracts can be structured to prevent shorting.

### Limited risk

Substantial equity transactions have an immediate effect on market prices. Raising capital in instalments limits this risk.

### Positive news

The announcement of a successful funding strategy is good for market confidence, sending a positive message to investors, counterparties and partners.

### Negotiating tool

Potential joint venture and off-take partners often seek equity stakes: a strong capital position provides a stronger negotiating position.

### Convenient to arrange

There's no need to roadshow an equity drawdown facility. The process is quick and costs are low. Since the fund is only assuming market risk, only limited due diligence is required.

### Endlessly versatile

From fixed-term to open-ended arrangements, there is a drawdown structure for most corporate situations. Even when traditional capital raising options are available, a drawdown can still be a useful alternative.

### A forward move

Drawdowns make the future less uncertain. They can even be structured like a forward contract to include fixed payment dates.

## > NEED TO KNOW

- A typical drawdown term is two years, though shorter and longer periods are possible
- Pricing and fees are usually similar to a traditional equity placement

## > FIND OUT MORE

To discuss your company's funding strategy, contact:

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