News release

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**Flat revenues, falling profits and plunging share prices - global mining industry faces a confidence crisis**

* *Mining revenues level at $731 billion; net profits down 49% to $68 billion*
* *Market values down, gold miners hit especially hard*
* *New CEOs at five of the top 10 companies*
* *Forecast capex of $110 billion, 21% lower than 2012*

Over the past decade, the mining industry has outperformed the broader equity markets but this trend has recently changed. While 2012 saw mining stocks fall slightly, they fell nearly 20% in the first four months of 2013, according to new analysis from PwC.

According to the *Mine* report, the industry faces a confidence crisis: confidence over whether costs can be controlled, return on capital will improve and commodity prices will not collapse, among others.

Although it was a turbulent year for commodity prices, PwC’s analysis of the largest 40 miners shows total market capitalisation was roughly the same at the end of 2012 as the start - $1.2 trillion - but not for gold miners. The gold miners in the top 40 lost $29 billion in 2012, while in the first four months of 2013, they lost a further $58 billion in value. This followed a major sell-off in April after the largest one-day percentage drop in gold prices since the 1980s.

Meanwhile, since April 2012, half of the CEOs have been replaced at the largest 10 miners.

Tim Goldsmith, global mining leader, PwC, said:

“On the demand side, long-term fundamentals are still there but regaining investor confidence depends on how the mining industry responds to its rising costs, increasingly volatile commodity prices and other challenges such as resource nationalism and that new CEOs can deliver on promises.”

Despite this drop in confidence, it’s not all bad news as production volumes and dividend yields are up and while prices have fallen, they have not crashed – long-term fundamentals are positive.

Tim Goldsmith, global mining leader, PwC, said:

 “It’s important to recognise that the industry’s emphasis continues to shift. For the first time ever, half of the top 40 miners are from non traditional markets. China continues to be the industry’s most important customer. While Chinese growth rates are slowing, they are coming from a bigger base, so future demand for commodities still looks healthy.”

To help restore confidence, shareholders have called for increased capital discipline and higher returns. Eight of the top 10 have announced that they will maintain or increase current dividend levels.

Tim Goldsmith, global mining leader, PwC, said:

“Miners are trying to rebuild the market’s confidence - capital expenditures have been scaled back, hurdle rates are being increased and non-core assets are being disposed of.

“Across the board, there is a shift from the days of maximising value by solely increasing production volumes, to a renewed focus on maximising returns from existing operations through managing productivity and improving efficiencies, both of which have suffered in recent years.”

**Note to Editors**

1. A copy of ‘Mine 2013’ can be downloaded at: <http://pwc.com/en_GX/gx/mining/publications/mining/mine-a-confidence-crisis.jhtml>
2. *Mine: A confidence crisis* is an analysis of the 40 largest mining companies by market capitalisation
3. The aggregated results were sourced from the latest publicly available information, primarily annual reports
4. All figures reported are in US dollars

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