News release

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| *Pages*  | 2 |

### Miners switch M&A roles & decrease traditional takeovers so far in 2013

A loss of confidence duetowrite-downs, market uncertainty, and falling commodity and equity prices across the mining sector dampened M&A activity in the first half of 2013 with deal volume dropping 31% from the same period in 2012, and deal values down 74% from January - June 2013, according to [PwC’s new mining deals report](http://www.pwc.com/ca/en/deals/m-a-industry-briefing.jhtml).

Also, the report finds that the mining industry’s major public companies have taken on different M&A roles in recent months – switching from buyers to sellers. Rio Tinto plc’s unloading its 80% stake in the Northparkes copper mine in Australia to a Chinese buyer and the pursuit of selling its 59% interest in Iron Ore Company of Canada is an example of this.

[John Gravelle, global mining leader, PwC](http://www.pwc.com/ca/en/people/john-p-gravelle), said:

“Traditional takeovers of entire companies are taking a back seat to joint ventures and spinoffs. Expect more of these non-traditional and creative deals to round out M&A activity during the second half of 2013.

“Mining CEOs are taking a fresh look at what assets are core and plan to raise proceeds to reduce debt, improve shareholder returns and fund capital expenditures. They will need to concentrate on the projects they have and operate them with a focus on the bottom line.”

**Gold and copper remain attractive for M&As**

In 2012 and 2013, gold and copper accounted for nearly half of the transactions in the sector by both value and volume. For the first half of 2013, gold was the leader by value, representing 36% of transactions from January to June - compared with 26% for the first half of 2012. Copper accounted for 12% of deals by value, down from 23% a year earlier.

[John Gravelle, global mining leader, PwC](http://www.pwc.com/ca/en/people/john-p-gravelle), said:

“Gold and copper continue to be the most active buyers and sellers in the first half of 2013 – a trend expected to continue as depressed prices create opportunities for those who can afford to buy.”

**Change in mining real estate**

According to the report, Russia and Kazakhstan surprisingly took the top two spots from Canada and China for most active M&A by geography in the first half of 2013. Russia accounted for just over a quarter of deals, followed by Kazakhstan at 19%, and the U.S. with 11%.

**What else will 2013 bring?**

Considerations for the mining industry for the remainder of the year include:

* *Juniors’ survival plan –* Junior mining companies will continue to face difficulty raising money in the current environment, which is expected to result in some takeovers this year and into 2014. A sale to a larger player may be the only way for juniors to generate some shareholder value or even avoid financial collapse.
* *Chinese demand –* While economic growth may not be in double digits, growth is still strong – ensuring a stable demand for a number of resources, including copper, coal and iron ore.

* *Making room for uranium and potash –* As uranium prices eventually recover and demand from countries like Japan, China and India rise, more companies anticipate increasing production through acquisitions. Potash is another sector that could see an increase in M&A activity.

[John Gravelle, global mining leader, PwC](http://www.pwc.com/ca/en/people/john-p-gravelle), said:

“M&As in the mining sector will remain lethargic for the rest of 2013 and into 2014. Deals that do take place in the next six to 12 months will include companies that have enough cash to seize the opportunity and as their peers unload assets that aren’t considered a fit in this new cost-conscious environment.”

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