News release

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Slippery slope – Metals struggle to find footing in 2013

Commodities report: 2013 roundup & gold, silver and copper performance 2014 outlook

London, 9 Dec 2013--Amidst write downs, a drop in commodity prices and lower revenues, gold, silver and copper are among the most closely watched metals in the mining sector – and they are also some of the hardest hit in 2013, according to PwC's new *Gold, silver and copper price report.*

Gold has been the big mining story of the year. The metal, which surpassed $1,900 per ounce in 2011, fell to around $1,200 this summer and prices are currently hovering not far above that, as gold producers prepare for a challenging 2014. Reflecting lower levels of confidence, 47% of gold producers expect the price to increase in the next 12 months, compared to 88% a year ago.

The worst performing metal this year was silver – with prices plummeting 40%. But silver miners are optimistic for 2014 with only 9% anticipating the price of silver to fall further next year.

Copper prices fell too, from $3.70 per pound at the start of the year to around $3 currently, but are expected to be stable in 2014 with nearly two-thirds of respondents (62%) predicting copper prices to remain around current levels.

John Gravelle, global mining leader, PwC, said:

"While 2013 has been a tough year for miners, the industry has faith that fundamentals will recover.

Gold, silver and copper may not reach record levels in the near future, but expect prices to increase alongside a stabilising global economy."

Cutting back and keep costs down

Managing costs and finding financing are among the top priorities for miners amid less optimistic future price expectations. According to the report:

- Two-thirds (66%) of mining companies cite managing their spending as one of the most important business imperatives in 2014
- More than half (54%) of miners say raising financing is critical
- One in five (20%) of respondents highlight mergers and acquisitions as something they plan to pursue

For the coming year, 53% of miners said they anticipate going to the equity markets to raise capital, while 29% expect to raise project financing, and another 14% plan to raise corporate debt.

John Gravelle, global mining leader, PwC, said:

“After years of spending on mergers and acquisitions and expanding operations with money generated from high metal prices, miners are now cutting back. Encouraging investors to return to the mining space will involve strict cost management strategies and responsible investment in production growth.

“China’s economic growth is expected to remain strong as it executes its reform agenda – providing hope for mining companies that continue to sell their commodities to the world’s second largest economy. The gradual economic recovery in the US should also help increase long-term demand for commodities.”

Notes to Editor
Annually, PwC surveys gold mining companies globally. This year, the firm included copper and silver companies from a cross-section of the more than 100 senior, mid-tier and junior companies. All figures are in US dollars. For more information on PwC’s Gold, silver and copper price report 2014, please visit PwC’s mining site at: www.pwc.com/ca/mining.

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