

2013 Global Gold Price Report

Responsibly optimistic



Annually, PwC surveys gold mining companies from around the world. This year, we contacted executives from a cross-section of senior, mid-tier and junior gold mining companies representing 35 million ounces of gold mined in 2012 and 35 million ounces expected to be mined in 2013.

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Global gold price survey participants

We would like to thank the senior executives from the companies listed below for participating in our Global Gold Price Survey.

Agnico-Eagle Mines Ltd	McEwen Mining Inc
Amara Mining plc	Midway Gold Corp
B2Gold Corp	New Gold Inc
Barrick Gold Corp	Newmont Mining Corp
Caledonia Mining Corp	Northern Star Mining Corp
Cerro Grande Mining Corp	OceanaGold Corp
Centerra Gold Inc	Orvana Minerals Corp
Coeur d'Alene Mines Corp	Osisko Mining Corp
First Majestic Silver Corp	Pan American Goldfields Ltd
Franco-Nevada Corp	Primero Mining Corp
Goldcorp Inc	Regis Resources Ltd
Golden Band Resources Inc	San Gold Corp
Gran Colombia Gold Corp	Scorpio Mining Corp
IAMGOLD Corp	Silvermet Inc
Kingsgate Consolidated Ltd	Solitario Exploration & Royalty Corp
Kinross Gold Corp	St Andrew Goldfields Ltd
Kirkland Lake Gold Inc	US Silver & Gold Inc
Kumtor Gold Company	Vatukoula Gold Mines plc
Latin American Minerals Inc	Wesdome Gold Mines Ltd
Luna Gold Corp	Yamana Gold Inc

Global silver price survey participants

We would like to thank the senior executives from the companies listed below for participating in our Global Silver Price Survey.

Coeur d'Alene Mines Corp
Endeavour Silver Corp
First Majestic Silver Corp
Fortuna Silver Mines Inc
Great Panther Silver Ltd
Impact Silver Corp
Pan American Silver Corp
Silver Standard Resources Inc
Silvercorp Metals Inc
South American Silver Corp
US Silver & Gold Inc

PwC point of view

Reached breaking point ... first to rally

Gold equities reached their breaking point in 2012, having their stock prices severely punished by disappointed shareholders. In the past few years we've seen gold mining CEOs spend billions of dollars on risky acquisitions and capital intensive development projects in an attempt to appease shareholders pleas for greater exposure to gold during the commodity's steady ascent in price. Many gold companies, however, weren't able to build projects on time or on budget — failing to generate the value shareholders were hoping for.

In the summer of 2012, CEOs of two of the world's largest gold companies, Barrick Gold and Kinross Gold, were dismissed from their positions. Boards started to institute change and wanted to prove to investors how serious they were about a change in direction. Switching from a strategy focused on the top-line, we've seen gold companies get more focused on the bottom-line — specifically “free cash-flow” per ounce.

After a flood of headlines chastising gold companies... they are starting to rally. Morgan Stanley declared the favored commodity in 2013 to be gold, suggesting the conditions backing a bull-run in gold largely remain the same — weaker US dollar, Central Bank buying, ETF demand and recovery in Indian demand. Consistently high gold prices have meant that while gold companies have cut back on certain capital spending they have not

felt the pressure diversified miners have to immediately defer projects and slash capital expenditure budgets.

In 2012, diversified miners announced well over \$65 billion in deferred capital expenditures. Meanwhile, the markets did not see the same level of pull-back from gold miners. In Q2 2012, Barrick Gold announced that they plan to defer \$3 billion in capital expenditures budgeted over a four year period. Then in Q3 2012, Barrick announced they will defer \$1 billion in capital expenditures in 2013, spreading the cuts across their mines, stating this decision will have no material impact on production. As opposed to the significant halts in project development, weighing heavy on some of the world's largest diversified miners, gold miners have been able to push projects forward with the caveat they will get very serious about cracking down on costs.

In Q2 2012, Kinross launched a cost reduction initiative, with the objective of reducing capital and operating costs across all operations and development projects. This strategy is being embraced by many gold miners and not just the senior gold miners. This summer, Lake Shore Gold announced they're on track with their cost savings plan and expect to still achieve their 2012 production targets. In our survey, we asked executives if they see a divergence between the price of gold and their stock price and, if so, how they plan to narrow

the divergence in 2013 — 60% cited instituting cost management programs as their strategy to narrow the gap. Increasing dividends was the second most common solution disclosed.

Senior gold miners also boast strong cash positions. An analysis of 46 of the largest TSX listed gold mining companies showed that more than half — 26 in total — have cash reserves greater than \$500 million. While we do not expect a flurry of deals in the gold mining space, with only 31% of survey respondents expecting to use their cash in 2013 on acquisition activity, the strong cash position of these senior gold miners allows them the ability to acquire promising junior miners for cash if the opportunity strikes. It also means they have the ability to increase dividend payments to shareholders. Of the seniors who responded to our survey, 100% reported they will use their cash in 2013 to pay a dividend — with 80% of them stating they plan to increase their dividend in 2013.

Overall, we believe gold miners are well positioned for a promising 2013. Gold mining executives are serious about proving to the market they are once again a good investment — not just for the short-term, but for the long-term. Winning over investors' hearts will involve establishing effective cost management strategies, increasing dividend payments and investing responsibly in production growth — all on the back of a strong gold price.



John Gravelle,
Mining Leader for the Americas
PwC

Tim Goldsmith,
Global Mining Leader
PwC

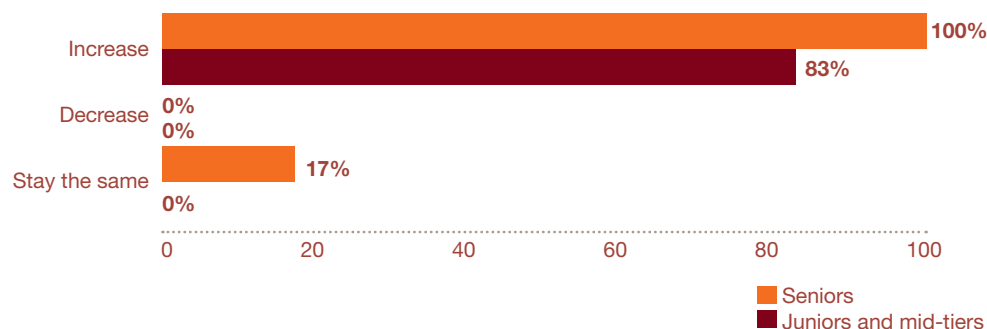
Gold price performance

Favored commodity in 2013

This year, gold executives are more optimistic about the price of gold than they were last year. Eighty-eight percent of executives believe we will see a rise in the price of gold, with zero expecting to see a decline

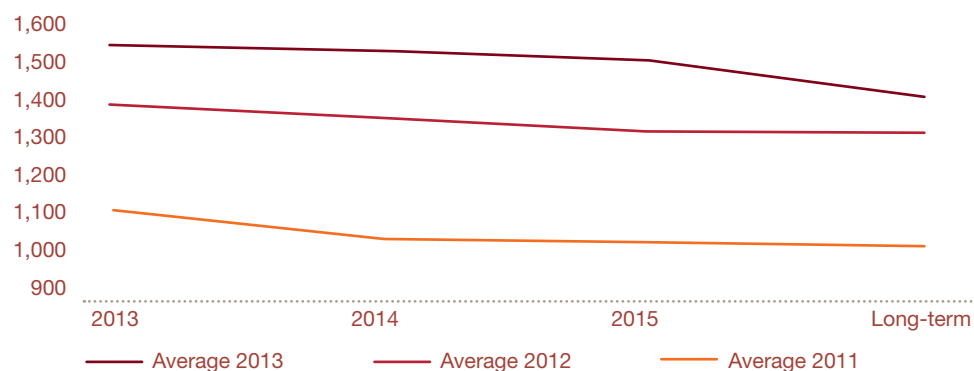
in the price of gold. Executives of some of the largest gold companies expect to see the price of gold climb beyond \$2,000 in 2013. A survey completed in November by Bloomberg showed, on average, analysts too are optimistic about gold — forecasting prices to remain just slightly under \$2,000 at \$1,925 per ounce in Q4 2013.

Where do you see the price of gold within the next 12 months?

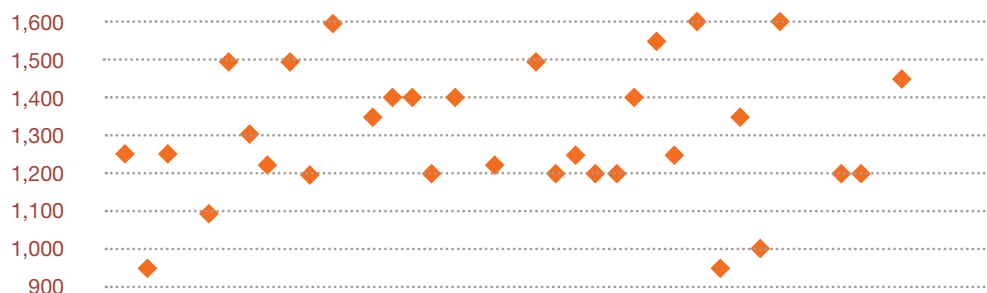


Gold's price run, on an annual basis, has lasted for more than a decade, and judging by the long-term gold price companies will be using in their mine planning, they believe strong gold prices will be here for awhile longer. The average long-term price of gold used by gold miners has increased 6% from last year and 29% from 2 years ago to \$1,400 per ounce.

What gold price are you using in your mine planning?



What gold price are you applying to your reserves in 2012? (Individual responses)



Senior and mid-tier stock performance compared to gold — who did better?

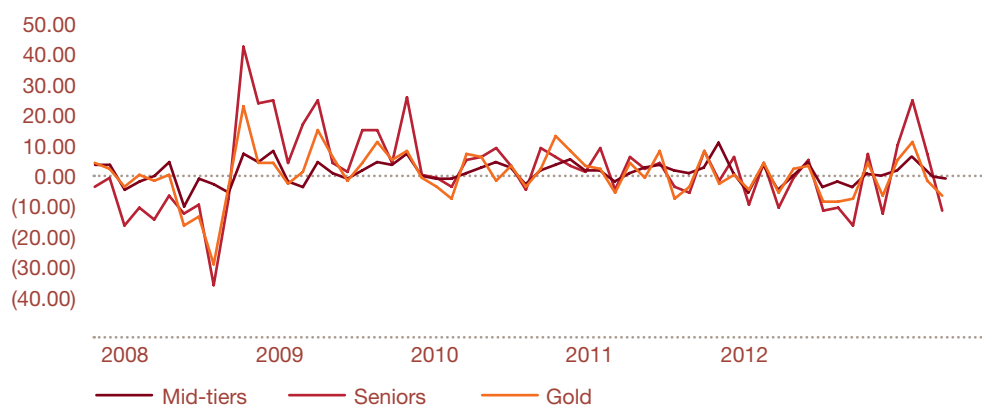
In 2012, the average price of gold is 91% higher than in 2008. During this same time frame, on average the stock price of the world's top ten gold miners inched-up 15%. Mid-tier gold miners, however, experienced an increase of 127%. The volatility of senior gold miners' stock price tracked much closer to that of gold — moving lower when gold hit a bump and crawling higher when

gold eked up in price. But mid-tiers were much more volatile than the seniors, often performing opposite to that of the ebbs and flows in the price of gold. In 2012, the percent change between the averaged high and low in stock performance for senior miners was 49% and 67% for mid-tiers. Looking at a window of five years this volatility is consistent each year. What this indicates is that the diversification, which naturally comes with being a large gold producer, generates benefits in the form of lower volatility.

% change between 52 week high and 52 week low

	2008	2009	2010	2011	2012-Nov 30
Seniors	66%	67%	48%	45%	49%
Mid-tiers	89%	91%	85%	64%	67%

Average % change in stock price and gold price



Interview with

Jamie Sokalsky

President and CEO, Barrick Gold Corporation

Big bets on the bottom-line



Project cost over-runs. Delays and missed deadlines. Lower than expected production. These are the headlines that have dominated the mining industry recently, translating into a common investor sentiment that many miners have simply not been disciplined enough with investment over the past several years. Many investors have lost faith that their returns will be re-invested in high returning assets, so they are turning to mining companies and saying “I want it, and I want it now”. Give me my returns, in the form of dividends or share buy backs, or I will invest my money somewhere else.

Recently, PwC mining partners Serge Gattesco and James Lusby sat down with Jamie Sokalsky, CEO of Barrick Gold, to discuss shifts in investor thinking and how the gold industry is responding.

“If we look back two, three, four years ago, many investors’ focus was on increasing gold production. They rewarded miners who touted significant production growth. And for the most part, shareholders ended-up getting a lot of what they asked for — miners making investments to grow production for the sake of production growth,” says Jamie. But the industry wasn’t disciplined enough and many investors were left disappointed with mine performance and investment returns. “I think the gold industry has gone through a bit of sea-change. Now, miners are more focused on the bottom-line. The industry overall is becoming a lot more disciplined in terms of the capital we are spending,” shares Jamie. This shift in business strategy from one focused predominantly on increasing production to a strategy focused on increasing the rate of return on each ounce produced is mining executives’ way of proving to investors they are buckling down, being disciplined and focusing on the bottom-line not the top-line. Jamie emphasizes this stating, “There is much more focus now on free cash-flow per ounce than there is on operating cash-flow margins. Shareholders aren’t as focused on operating cash-flow margin as they are on real cash generated from the business.” Barrick’s strategy of being more focused on returns and free cash-flow is resonating with investors and is being embraced by other companies in the industry.

With notable pressure on mining executives to turn their backs on low return investments, investors can expect to reap the rewards of a more disciplined capital allocation strategy down the road. Results won’t be noticed overnight. The damage that has already been done must be undone or compensated for before significant benefits are enjoyed.

“Our message is that Barrick’s approach is not just a harvest type strategy — that we do need to reinvest in the business, but we have to reinvest at attractive rates of returns, it is not okay just to invest to generate greater ounces. Barrick is focused on bottom-line growth on a per share basis. If we can control our operating and capital costs, generate higher quality ounces and make higher returns on investment — even if that means not growing our ounces produced — then that’s what our strategy should focus on,” says Jamie.

Investors want exposure to the strong price of gold without the risks mining companies face. As a result, gold exchange traded funds (ETFs) and gold streaming companies have notably attracted the attention of said investors. “We have seen a gradual increase in gold ETFs. Even in the phase of fairly significant sell offs in the gold price there hasn’t been wholesale selling. To me, that indicates that these are primarily core investments for certain investors as part of their portfolio. As gold is viewed as more and more like a currency and core to a portfolio for individuals and other institutions, ETFs won’t end up being a bubble,” shares Jamie. “As a gold industry we need to recognize there is increased competition not just from other gold miners, but with other gold investment opportunities like ETFs that tout protection from mining risks such as strikes, resource nationalism, and cost overruns.” Jamie argues that, increased discipline needs to be mining executives selling proposition in order to bring investment back to gold mining companies. Jamie emphasizes this stating, “Our focus is on disciplined capital allocation and running the business well to compete against a multitude of general businesses, and then when the gold price goes up gold miners should hit a home run”.

And Jamie expects just that to happen. Stating the long-term trend for the price of gold is up, and we could see prices in excess of \$2,000 and higher within a year or so. “We don’t just want to appeal to gold bugs excited about the price of gold,” says Jamie. “We want to attract investment flows because we run the business well and that won’t happen if we misallocate capital.”

Investors are also placing increased importance on social responsibility, rewarding companies who have strong corporate social responsibility (CSR) policies. “Ultimately, it is not just about doing the right things from a socially responsible standpoint, it is about good business. When investors see that we’re trying to do things right from a government relations, community relations, and environmental standpoint it’s a competitive advantage — especially when operating in more challenging countries”, says Jamie. The industry has seen many instances where miners haven’t been able to move investments ahead because of government and community resistance. This has a significant negative impact on miners’ stock performance. I believe the importance investors place on an effective CSR strategy will only continue to increase,” states Jamie. This increased emphasis on CSR will bode well for mining companies and investors.

So, while investors remain drawn to gold, they are disappointed with gold miners. To attract investor capital, Barrick is concentrating on two key metrics: free cash-flow per ounce and risk adjusted returns on capital. Returns will drive production. Production will not drive returns.

Gold miners' cash allocation and capital investment strategies

“Big mining companies may be pulling back on major new spending plans, but they haven't let up on exploration budgets... the junior market is very dead — most drilling proposals for the 2013 calendar year are coming from senior miners, intermediaries and some very well-funded juniors.”

Francis McGuire, CEO, Major Drilling Group International Inc.

Globe and Mail

November 28, 2012

How did gold miners use their cash in 2012?

Dividends

Seniors: 100% said they used cash to pay dividends

Juniors/Mid-tiers: 20% used cash to pay dividends

Project development and exploration spend

Seniors: 100% used cash for both project development and exploration activity

Juniors/Mid-tiers: 92% used cash for project development and 83% exploration activity

Acquisitions

Seniors: 20% spent money on acquisition related activity

Juniors/Mid-tiers: 14% spent money on acquisition related activity

How will gold miners use their cash in 2013?

Dividends

Seniors: 100% will use cash to continue to pay dividends — with 80% saying they plan to increase the proportion of profits paid as a dividend.

Juniors/Mid-tiers: 28% now plan to use their cash to pay dividends — of the 28% planning to offer their shareholders a dividend, half plan to increase the proportion of profits paid as a dividend.

Project development and exploration spend

Seniors: 100% will use cash for both project development and exploration activity

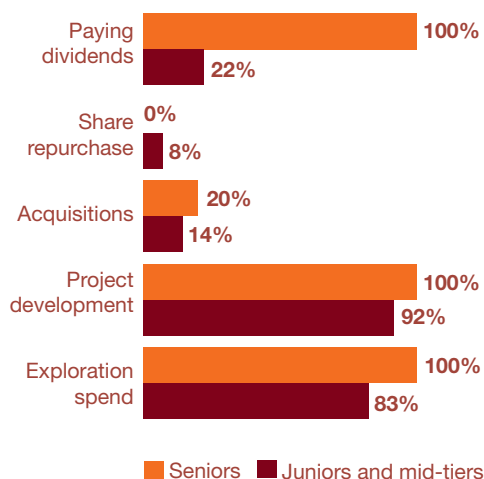
Juniors/Mid-tiers: 89% will use cash for project development and 83% will use cash to fund exploration activity

Acquisitions

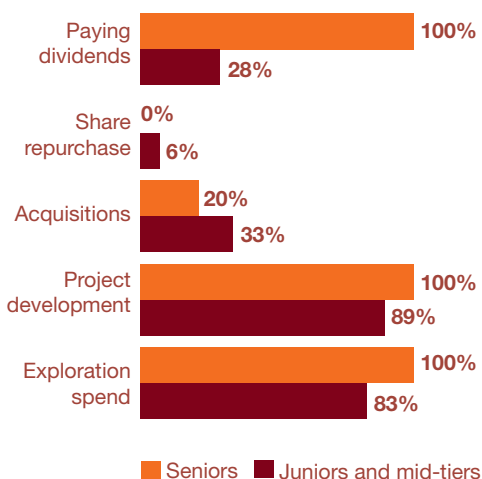
Seniors: Similar to 2012, only 20% plan to spend money on acquisition related activity

Juniors/Mid-tiers: 33% plan to spend money on acquisition related activity — this is double the number of companies that spent money on M&A activity in 2012

In 2012, how did you use your cash?



In 2013, how will you use your cash?

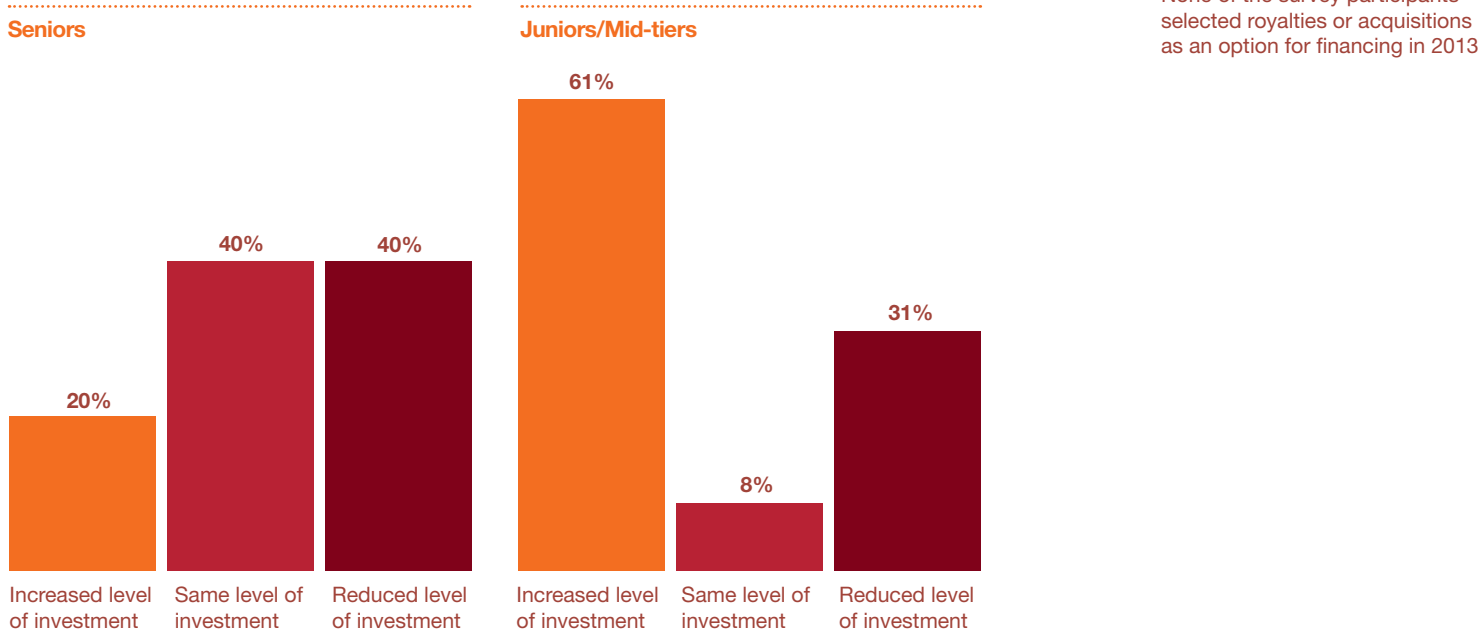


How will gold miners' capital investment programs change over the next 12 months?

With only 20% of senior gold miners looking to increase capital investment, it is no surprise that 80% of senior gold miners said they will not be pursuing additional sources of funding in 2013. Of the 20% of senior miners looking for additional financing in 2013, most of them noted they will turn to the equity markets for funding.

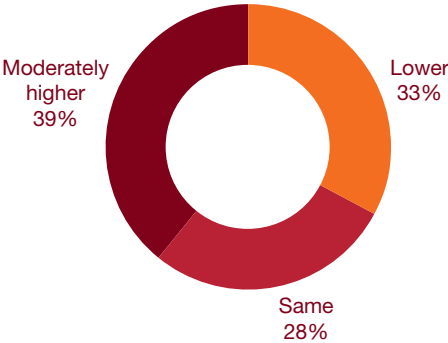
The juniors and mid-tiers, however, reported more aggressive growth plans that will require significant financing for said projects to see the light of day. As a result, only 28% of junior and mid-tier gold miners stated they will not pursue additional sources of funding in 2013. Of those looking for funding, 61% will be looking for debt to fund their projects, 36% will try their luck

with equity financing, and 11% will hope to secure off-take agreements or streaming deals. The companies who responded aren't considering buying other companies to acquire cash, nor are they interested in selling-off a piece of their project via royalties.



Mine planning data

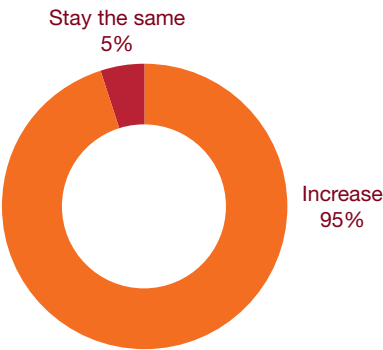
How will your cash costs change during the next 12 months?



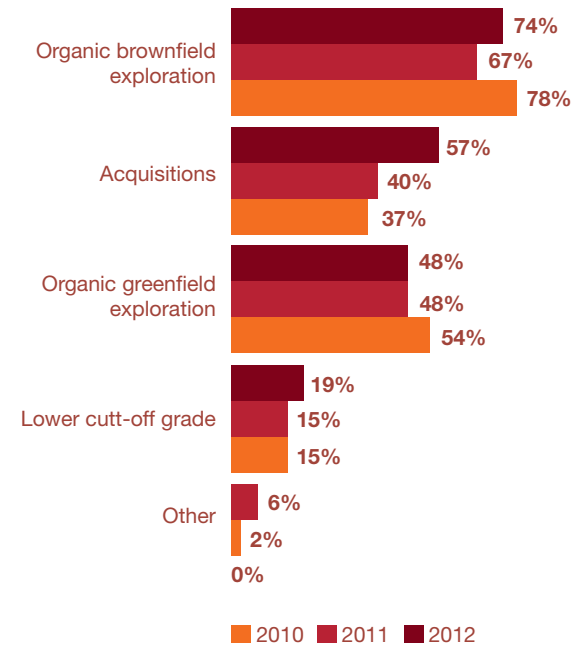
What are the key drivers for the change, if any, in your cash costs? (Select all that apply)

Response	
Wage Inflation	52%
Input/commodity prices	38%
Cost of production	43%
Lower/higher cost mines coming into the production mix	26%
Sequencing of mining activities impacting mining grades	36%
Other	14%

How do you expect your long-term productivity levels to change?



How do you plan to replace reserves? (Select all that apply)



.....
What foreign exchange rate do you use for the following currencies in your mine planning?

Year	US\$: Canadian	US\$: Australian	US\$: South African Rand
2011	1.01	0.97	7.1
2012	1.00	1.00	8.00

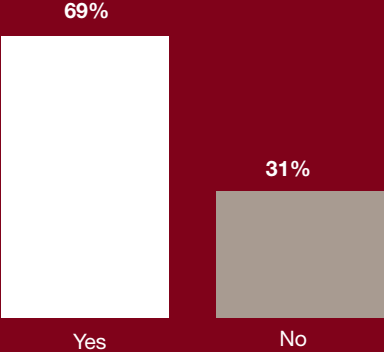
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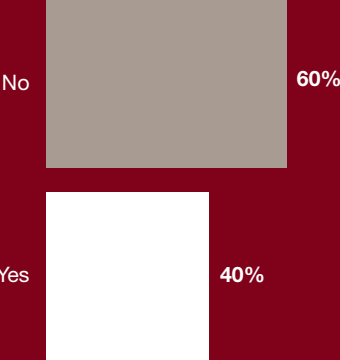
Will you disclose exchange rates in your annual financial reporting this year?



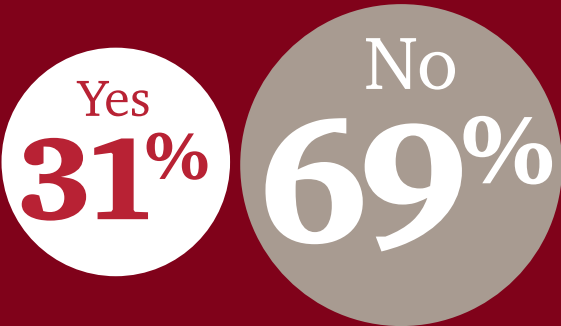
Will you disclose gold price assumptions related to reserves in your annual financial reporting this year?



Will you disclose gold price assumptions related to mine planning in your annual financial reporting this year?



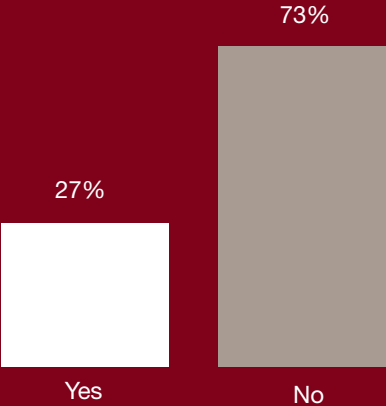
Do you expect to disclose the sensitivity of reserves to price assumption changes in your annual financial reporting this year?



Do you use derivatives or future sales contracts to lock in the future price of gold sales?



If yes, were these imposed as a condition of financing?





Interview with

Randy Smallwood

President and CEO, Silver Wheaton Corporation

Grass is greener on our side of the fence

Silver was the best performing precious metal in 2012, with prices having risen by 20% as of mid November. But many miners and industry analysts believe the best is yet to come. In this PwC conducted survey of senior global silver mining companies, 75% of respondents stated they believe the price of silver will increase in 2013 or the same. Randy Smallwood, President and CEO of the world's largest metals streaming company, Silver Wheaton, was recently quoted saying, "It's a rising market. Silver has already outperformed gold this year and I think that will continue for awhile. Gold will do well, silver will just do better. I expect to see silver hit US\$40 in the next few months, with the possibility of silver reaching US\$50 in 2013."

Michael Cinnamond, mining partner at PwC, recently met-up with Randy to discuss why he is so bullish on silver — specifically what's driving the price of silver and what makes streaming such an attractive business model.



"It is a very exciting time for silver, and I believe the long-term fundamentals for silver are strong. It's not that we don't like gold; we just see greater opportunity in the silver space," says Randy. Silver Wheaton doesn't have any gold streams, but they do have precious metals streams that involve gold. "When questioned by the industry if we will branch-off to include gold streams in our portfolio, I have to say it is a case of whenever I look over the fence at the gold streaming space I find the grass is greener on my side of the fence," says Randy with a shrug of his shoulders. Seventy percent of worldwide silver production is produced as a by-product. That means it is produced by companies that aren't all that interested in silver; whereas, only 10% of gold is produced as a by-product.

"Currently in the gold streaming space you have two well established companies, Franco-Nevada and Royal Gold, with Sandstorm Gold nipping at their heels", as their CEO Nolan Watson put it, competing for those gold streams.

"There is a lot of competition in the gold space; we don't see the same level of competition in silver," shares Randy. "We see more opportunities in silver and less competition, so we will stay silver focused." That being said, if there isn't enough value in a mining company's silver production and they need more capital Silver Wheaton is not opposed to bringing on some gold to get to the right value equation. We recently saw this play out with the deal Silver Wheaton struck with Hudbay Minerals in August. Silver Wheaton acquired 100% of the life of mine silver production from Hudbay's Constancia project and 777 Mine, with an agreement to acquire 100% of the life of mine gold production at 777 Mine until either Constancia satisfies a completion test or the end of 2016, at which point the gold stream will be reduced to 50%.

But there is more to Randy's bullish belief in silver than the fact 70% of silver is produced as a by-product. He believes many factors are pointing to strong growth potential for silver. "Let's talk about the consumption side of things. When you go down the list of where silver is being consumed it is generally the growing technologies that are the big consumers of silver," says Randy. Silver is the best conductor of electricity. The more powerful, lighter and efficient we want electronics, such as smartphones, the more



silver is brought into play. "It is the formidable combination of weight and efficiency that makes silver so attractive. And because we are talking about a very minuscule amount of silver being used in these products, to a large degree they are insensitive to the price of silver," says Randy.

Then there is the growing demand for energy that is contributing to the attractiveness of silver. "If you can get solar energy to the point where it is cost competitive without subsidies, solar panels will take-off, bringing silver with it," says Randy. Being the best conductor of electricity, silver is used as an energy interface in high efficient solar panels. "As other energy sources get more expensive — and they will over time because most of them are drawn from non-renewable resources — solar energy will be more and more competitive."

One interesting growth area for silver that has recently taken off is its use in anti-bacterial products. "That is why ancient civilizations drank water from silver chalices and vessels; silver has very strong anti-bacterial qualities," says Randy. Now silver is being incorporated into everything from bandages, to undergarments worn by US Armed Forces, to surgical instruments to decrease the risk of infection. "So you have a core base of silver consumption that accounts for half of the world's silver production. The other 400 million ounces produced in a year is consumed by investor demand. This split is very different from that of gold. Only 5% of gold is used for industrial purposes and the rest of demand is driven by investors," states Randy. "The fact that a substantial amount of silver is consumed gives me comfort in the long-term value of silver; there will always be a core demand."

Yet silver is often pegged as volatile, causing many investors with weak stomachs to shy away from the metal. "Yes, silver is definitely more volatile than gold, but volatility can be a good thing," says Randy. "The copper, lead, zinc and gold miners who have silver in their mines don't change their production plans based on the price of silver. They are not going to expand production or move forward with a project because silver has increased in price and as a result", Randy explains, "you get this natural restriction on the supply side that isn't there to counter-balance demand. That is why silver is more volatile than gold and in a rising market it means silver should outperform gold."

There is more to Silver Wheaton's success than just a rising silver price and strong long-term fundamentals for silver. Randy shared with us the 'secret sauce' used by streaming companies, the magic behind what makes the streaming business model so attractive to investors. "There is frustration in the market regarding the poor track record mining companies have in terms of delivering on acquisitions and capital budgets. That is one of the reasons mining companies are at the equity prices they are right now and one of the things that differentiates streaming companies from a typical mining company," says Randy. Streaming takes out those cost risks so there are no surprises. When you are investing in a mining company, the margin is what you are investing into and if costs are climbing at the same rate as commodity prices there is no real net gain. The huge advantage of streaming is that costs are fixed. "We don't have a cost curve, we have a cost line and it is essentially a flat, straight line," says Randy.



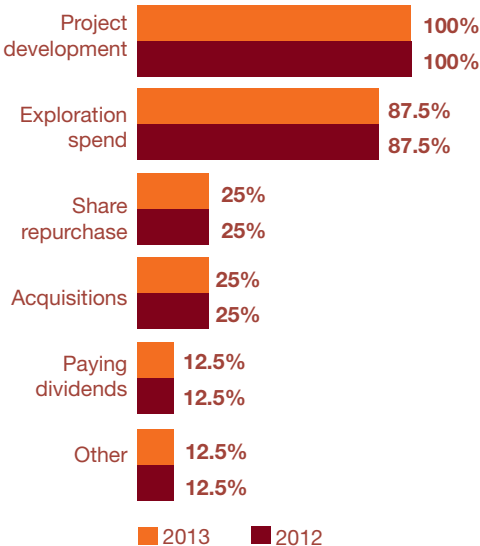
You might argue that ETFs accomplish a similar result — providing investors the exposure to silver prices without having to deal with the risks mining companies face. Comparing the strengths of the streaming business model to that of ETFs just happens to be one of Randy’s favorite topics of discussion. “I always like discussing how streaming compares to ETFs, because I think the streaming model performs so well compared to an ETF,” says Randy with an air of confidence in his voice. “We provide investors leverage by virtue of our base cost, we provide organic growth via the exploration success of the mines we have invested in, we provide acquisition growth, and of course, we provide yield — doing all of this for about half the fees of an ETF. The streaming business model allows us to capitalize on the upside of mining, mitigating cost risks typically associated with traditional mining companies, while still being able to provide our investors with growth and yield.”

Of course there are still risks associated with the streaming business model — there’s no free lunch in life. Mining executives of streaming companies need to carefully invest in just the right mining projects. If one of their mining partners suffers a significant hiccup in production, they’ll be impacted. A streaming company is also exposed to the price of the commodity they stream, which is great when the market is optimistic, but challenging when prices take a turn for the worse. “We focus on long-term value — trying to dictate where we see silver years out, not worrying over the daily ebbs and flows in the silver price,” says Randy. “Our concern is providing access to good quality silver production. Ensuring the companies we invest in are equipped with strong management teams capable of running high quality mine projects is very important to us.”

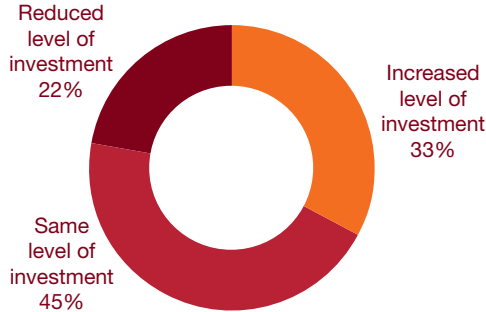
Hailed by Fortune Magazine as 2012’s fastest growing company, we are excited to see where Randy and his team take Silver Wheaton in 2013. Silver Wheaton is busy, with its current portfolio growing production from 28 million ounces to 48 million ounces by 2016, and the current financial climate providing plenty of opportunity for additional growth. The question is, after outperforming silver for the majority of 2012, will Silver Wheaton be able to continue on this upward trend? Time will tell, but the current challenging financing conditions will definitely play to Silver Wheaton’s favor.

Global silver price survey results

How do silver miners plan on using their cash? (Select all that apply)

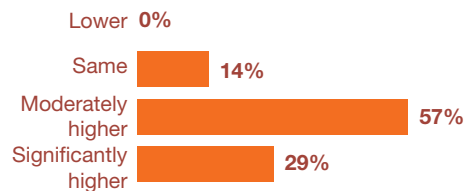


How have silver miners' capital investment programs changed over the last 12 months?

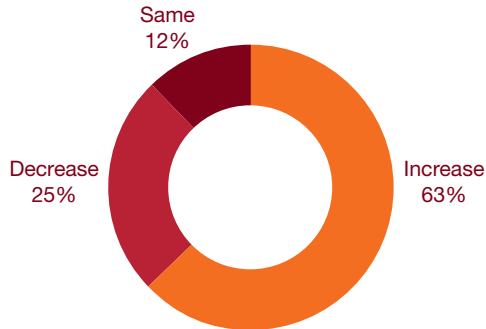


\$25.10 is the average silver price miners will apply to their reserves in 2012.

How will silver miners cash costs change during the next 12 months?



How do silver miners expect their long-term production levels to change?



Deals activity in 2012

Silver deals

2012 Silver deals

	Volume	Value (US\$ millions)	Average value (US\$ millions)
Silver buyers of silver targets	14	\$2,180	\$273
Non-silver buyers of silver targets	43	\$533	\$21



Silver deals	Average premium
Silver buyers of silver targets	37%
Non-silver buyers of silver targets	23%

Most active silver targets

Country	Volume	Value (US\$ millions)
Canada	20	\$1,688
Peru	6	\$303
Mexico	6	\$285

Canada was the most active silver buyer completing 27 deals valued at US\$2.25 billion.

Gold deals

China still keen to acquire gold mines

In 2011, four of the top gold deals were acquired by Chinese buyers, demonstrating China's strong appetite for gold. In 2012, China again was responsible for four out of the top twenty gold deals announced.

China is keen on gold for two main reasons:

- The life of mine for China's gold mines is low. To ensure they have secure access to gold in the future China is looking at promising gold acquisitions abroad.
- The Chinese Central bank has increased its gold held. Thus, it is expected to support state-owned entities acquiring additional gold assets both in China and abroad.

Most active gold buyers

Country	Volume	Value (US\$ million)
Canada	243	\$4,797
China	28	\$2,348
Australia	97	\$1,682

Most active gold targets

Country	Volume	Value (US\$ million)
Canada	185	\$4,922
Australia	84	\$3,202
China	26	\$1,874

2012 Gold Deals

	Volume	Value (US\$ millions)	Average value (US\$ millions)	Average premium
Gold buyers of gold targets	255	\$8,832	\$52	34%
Non-gold buyers of gold targets	322	\$5,816	\$30	16%

Top 20 Gold Deals of 2012

Announced Date	Target/Issuer	Transaction Status	Transaction Value (US\$mm)	Buyers/Investors	Buyer Industry
12/18/2011	European Goldfields Ltd	Closed	2,347.91	Eldorado Gold Corp.	Gold
09/19/2012	CGA Mining Ltd.	Announced	1,195.79	B2Gold Corp.	Gold
11/23/2011	Joint Stock Company Polymetal	Closed	1,123.91	PMTL Holding Ltd.	—
10/09/2012	AuRico Gold de México, S.A. de C.V.	Closed	750.0	Minera Frisco, S.A.B. de C.V.	Diversified Metals and Mining
06/29/2012	Allied Gold Mining PLC	Closed	650.4	ST Barbara Ltd.	Gold
07/13/2012	La Mancha Resources, Inc.	Closed	493.24	Weather Investments II S.à.r.l.	Asset Management and Custody Banks
06/01/2012	Shandong Shengda Mining Co., Ltd.	Closed	475.36	Shandong Gold Group Co., Ltd.	Gold
08/06/2012	Integra Mining Ltd.	Announced	457.54	Silver Lake Resources Ltd.	Gold
06/18/2012	Extorre Gold Mines Ltd.	Closed	444.52	Yamana Gold, Inc.	Gold
08/07/2012	Avion Gold Corp,	Closed	433.81	Endeavour Mining Corp.	Gold
04/30/2012	Polyus Gold International Ltd.	Closed	424.5	Chengdong Investment Corp.	Asset Management and Custody Banks
05/23/2012	Gansu Daye Geological Mining Co., Ltd.	Closed	404.99	Zhejiang Gangtai Holding (Group) Co., Ltd.	Real Estate Development
06/08/2012	JSC Kazakhaltyn MMC	Announced	380.0	AltynGroup Kazakhstan LLP	Gold
07/18/2012	High River Gold Mines Ltd.	Closed	294.39	Nord Gold N.V.	Gold
02/23/2012	Chifeng Jilong Mining Ltd.	Closed	253.47	Guangdong Oriental Brothers Investment Co.,Ltd.	Construction and Farm Machinery and Heavy Trucks
08/27/2012	Inter Citic Minerals Inc.	Closed	251.51	Western Mining Co. Group, Ltd.	Diversified Metals and Mining
05/29/2012	Mineração Serra Grande S/A	Closed	220.0	AngloGold Ashanti Brasil Mineracao Ltda.	Gold
04/30/2012	Polyus Gold International Ltd.	Closed	210.99	VTB Bank	Diversified Banks
04/03/2012	Norton Gold Fields Ltd.	Closed	205.55	Jinyu (H.K.) International Mining Company Ltd.	Gold
11/08/2011	Long Province Resources Ltd.	Closed	180.76	Ding Jin Ltd.	Gold

Target Industry	Target Headquarters	Buyer Headquarters	Target Stock Premium – 1 Month Prior (%)	Buyer Resource Locations	Target Resource Locations
Gold	Canada	Canada	43.12	Greece, Turkey, Brazil, China	Greece, Romania, Turkey
Gold	Australia	Canada	46.88	Nicaragua, Colombia, Uruguay, Namibia	Philippines
Gold	Russia	Cyprus	6.06	Russia	Russia, Kazakhstan
Gold	Mexico	Mexico	—	Mexico	Mexico
Gold	Australia	Australia	81.19	Australia	Papua New Guinea, Solomon Islands
Gold	Canada	Luxembourg	48.31	N/A	Côte d'Ivoire, Sudan, Argentina, Australia
Gold	China	China	—	China	China
Gold	Australia	Australia	25.62	Australia	Australia
Gold	Canada	Canada	64.63	Argentina, Brazil, Chile, Mexico	Argentina
Gold	Canada	Cayman Islands	53.82	Ghana, Burkina Faso, Côte d'Ivoire	Mali, Burkina Faso
Gold	United Kingdom	China	(9.0)	N/A	Russia, Kazakhstan, Romania, Kyrgyzstan, Irkutsk, Republic of Sakha, Magadan
Gold	China	China	—	N/A	China
Gold	Kazakhstan	Kazakhstan	—	Kazakhstan	Kazakhstan
Gold	Canada	Netherlands	11.6	Russia, Kazakhstan, Guinea, Burkina Faso	Russia, Burkina Faso
Gold	China	China	—	N/A	China
Gold	Canada	China	34.9	China	China
Gold	Brazil	Brazil	—	Brazil	Brazil
Gold	United Kingdom	Russia	(10.3)	N/A	Russia, Kazakhstan, Romania, Kyrgyzstan, Irkutsk, Republic of Sakha, Magadan
Gold	Australia	Hong Kong	35.1	China	Australia
Gold	China	British Virgin Islands	—	China	China

Mining in South Africa 2013 outlook

The mining industry in South Africa has suffered greatly in the last few years, with 2012 being no exception. Ravaged by a slew of strikes across the mining industry, in some cases resulting in significant violence, South Africa has their work cut out for them to once again attract the interest of foreign investors. Sitting down with Andries Rossouw, Partner in PwC's South African Mining practice, we discussed what 2013 has in-store for South Africa's mining sector.

Down from 3.1% in 2011, South Africa's' GDP growth rate is estimated to be 2.0% in 2012. What are the main contributing factors behind this decrease?

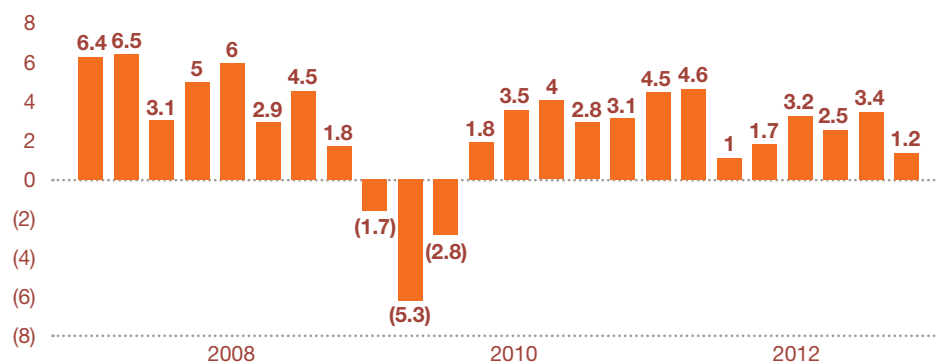
South Africa's GDP dropped to 1.2% in Q3 2012, due to a 12% decline in the mining sector. Illegal strikes in South Africa's mining sector are being blamed for this plummet. Below average GDP in Q2 2012, was also tied to negative growth in the mining sector — mainly a result of lower production (most notably the Impala platinum strike) and lower than expected commodity prices. We anticipate that the impact of strike activity in Q2 and Q3 will still be felt in Q4 as a result of the refining time (2 + months) for Platinum Group

Metals, the delay in re-opening shafts, the semi-permanent closure of some mining shafts and the knock on effect on mining related industries.

Growth projections for South Africa in 2013 are varied. We still expect to feel the pains of the mining sectors disappointing performance in 2012, well into the first half of 2013. Miners can expect continued margin pressure in 2013 with a rising cost base — mainly labour, electricity and consumables. This will lead to many miners re-assessing the viability of some of their operations.

South Africa GDP growth rate

Percentage change in gross domestic product



Source: www.tradingeconomics.com | Statistics South Africa



Did foreign direct investment in South Africa, specifically related to mining, increase in 2012? What can we expect to see in 2013?

Let's start on a positive note — 2011 was a good year for foreign direct investment (FDI) in South Africa. However, FDI in South Africa retracted by 44% in the first half of 2012, compared to the same period in 2011. This is contrary to the rest of Africa where FDI rose by 5%, as reported by the United Nations.

We expect the Marikana tragedy and subsequent illegal strike activity had a negative impact on FDI, especially in the mining industry. South Africa's recent credit down grade is a partial reflection of the world's view on investment potential in South Africa. While there is scope for FDI in other sectors, notably in retail, overall 2013 is likely to be a slow year for foreign investment.

Over the past few years, China has been heavily investing in the African mining industry. How has this impacted South Africa and do you expect Chinese investment to continue?

There are a number of examples of controlling investments by Chinese and Indian companies into platinum, gold, coal and other commodity projects in South Africa. Generally, Chinese investors come

with significant financial backing, facilitating the development of capital intensive mines. As China remains hungry for commodities, we expect Chinese investment into Africa to continue.

Mine development costs are soaring; as a result, executives are on the hunt for strong resource opportunities in low-cost regions. African countries that fit the bill for gold opportunities include DR Congo and Ghana. As for the diamond and iron ore industry, Zimbabwe and West Africa are growing in popularity. In terms of mining investment, how will South Africa compete with such low-cost, high resource potential regions?

South Africa still has a significant advantage in terms of infrastructure. Despite pressure on electricity, water and transport infrastructure, for the most part South Africa's infrastructure is still superior to that of other resource heavy African countries.

South Africa also has a strong financial system, good governance structures, and a relatively stable regulatory and tax environment.

Following the issues at Marikana in August, do you expect the government to impose greater regulation on the mining sector in the form of more stringent safety regulations and working conditions, and if so, how will this impact mining costs?

At present we do not foresee more stringent regulations from government. However, there is likely to be better enforcement of existing requirements, in particular, the social and labour plan requirements as agreed upon in each mining licence.

The increased cost base will therefore not be as a result of new regulations, but rather will be as a result of the employee cost increases in subsequent wage negotiations.

It is also quite possible that mining companies might elect to spend more on community development to avoid other “Marikana’s” from happening.

Do you believe the 22% pay increase offered to Lonmin mine workers has set a benchmark for future pay negotiations in South Africa?

There is little doubt that there will be a base adjustment in wages paid. It is likely mining wage increases next year will be in excess of 10%. This will add significantly to the cost base of the industry, negatively impacting margins. Given that

mining sector margins in South Africa are among the lowest in the world, and that wages account for 50-60% of mining companies’ costs, wage increases could add to South Africa becoming a less attractive destination for mining investment.

What does South Africa need to do to experience a positive turn around in the mining sector?

There is a need for strong leadership from government, mining companies and the labour force to ensure open and transparent communication between all stakeholders.

Creating an environment with adequate infrastructure, less policy and regulatory uncertainty and a skilled, yet flexible workforce will be critical in attracting investment.

Mining Excellence@PwC

Delivering local solutions to global challenges

The mining sector is facing a range of competing trends and a rapidly changing global business environment. Against the backdrop of commodity price fluctuations, miners need to balance shareholder dividend expectations whilst maintaining an investment pipeline in the midst of increasing operating costs. Safety, environmental and community principles also continue to shape the industry as miners look to achieve their licence to operate and deliver on corporate responsibilities.

Mining Excellence@PwC has been designed to mobilise and leverage PwC's collective global knowledge and connections to deliver an exceptional and tailored client experience, helping our clients navigate the complex industry landscape and meet their growth aspirations. Our team of specialists is exclusively focused on the sector and brings an industry-based approach to deliver value for you and your organisation.

"Working in the sector for over 20 years, I have seen and worked across the mining sector in both good times and bad. It's fantastic to see our clients and PwC teams working together to respond to the everchanging business dynamics miners face today."

Tim Goldsmith, PwC Global Mining Leader

Mining Excellence@PwC provides our clients:

leading edge knowledge and insight

With significant investment in the research behind our mining publications and a comprehensive industry learning and development program, our professionals can share both industry and technical insight with our clients, such as:

- A library of industry publications designed to help challenge "conventional" thinking and delve into topical industry issues. This includes:
 - flagship publications including *Aussie Mine*, *Mine* and *Mining Deals*
 - The *Insight Series* focuses on specific issues most important to miners



- An extensive industry development program for our people and clients. This features our annual university-style course *Hard Hat: The Mining Experience*.



connections to our vast network of mining experts and global client portfolio

We have the widest network of industry experts who work out of strategic mining hubs across the globe to help better connect you to vital mining markets.

Our connections provide:

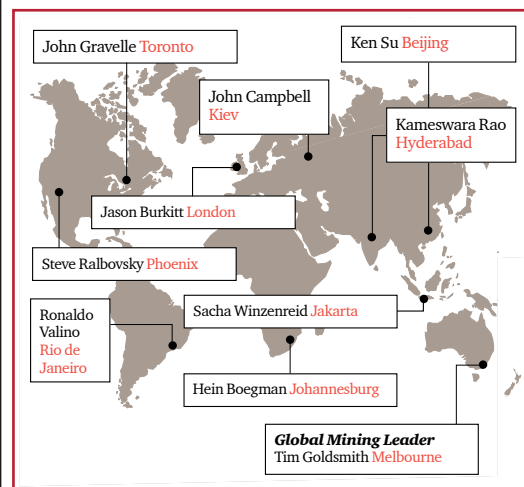
- seamless client service delivered with collaborative cross-border account management
- maximised deal potential through a well-connected global community of mining leaders
- a well-connected and mobile workforce to ensure effective service delivery in even the most remote mining locations.

the delivery of an experience that meets our clients' definition of 'value'

With mining experts working in each key Australian state, our award winning teams are helping clients deliver on specific projects and organisational growth aspirations. We offer advisory, tax and audit services to global corporations and locally listed companies.

Mining Excellence@PwC complements this with:

- a suite of niche mining consulting capabilities focused on optimising value across mining operations and effectively managing risk to help our clients grow their business and deliver shareholder value
- a comprehensive client feedback program to ensure we are always improving and delivering on individual client needs.



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