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Mining Sector Looks up as the End of the Downturn is in Sight

It's clear from keeping on top of Global Mining news for the past 6 months to a year that confidence in the sector has bottomed out - but recent months suggest optimism picking up in the industry. Brendan Pearson, CEO of the Minerals Council of Australia believes there are reasons to be optimistic – urbanisation, manufacturing growth and infrastructure investment in Asian countries suggests that demand for Australian exports, in particular coal and iron ore, will continue to grow. [Source: Mining.com] This model seems to be replicating elsewhere in the world, too.

Rod Savage of Savage Resource, who provide advisory solutions to the Mining industry, believes that optimism is something in short supply – but that things are in fact getting better. *"The sector negativity has been relentless these past 3 years, not only due to weak fundamentals but part caused, in my opinion, by many spreadsheet mining projects which just plain failed due to unrealistic forecasts and a consumption of shareholders cash at an alarming rate. Coupled with falling commodity prices and stock devaluations the whole of the industry got caught up in these factors and has been in freefall."*

"I believe we are now on the cusp of an upturn. We see major companies quietly preparing for both brownfield expansions and greenfield projects. This upturn will also see debt investment in the failing companies financed by private capital, who are circling, sensing the bottom of the market. Private capital tends to take a different view to the regulated banks and invest in projects based on fundamentals, neither driven by loan repayment schedules or by quarterly stock forecasts by listed companies."

"To capture the opportunities you will have to be prepared to invest in management resources early so that you have a capability to build out and manage the upturn in the natural resources sector. WRS is well placed to service the sectors requirements with process controls and protocols established across the continents".

Former CEO of Rio Tinto, Tom Albanese, recently stated during an earnings conference call, *"I believe with that we've witnessed early in 2016 will be the trough for the commodity markets. Commodity prices have improved materially in the last couple of months, and investor sentiment has started to turn cautiously positive on the resources sector."* [Source: Washington Post]

Lucy Donald, Director at WRS, who specialise in staffing solutions across the global Mining market, reports an upturn in her clients' business, *"The industry started to tighten from late 2013 onwards as commodity prices plummeted. An array of factors contributed to this; decreased demand from China, the strengthening of the US dollar, the downturn in Australia and a lack of investment in new projects."*

Despite the cold wind that has been blowing through the sector, Lucy comments that recent indicators should provide a platform for optimism: *"We are seeing green shoots with investment in new mines, expansions and mine life extensions. We have also observed investments increase from \$50billion to 108bn over the last 6 months. Even more heartening is the fact that capital spend on greenfield projects soared by over 200% in Q4 2015."*

We continue to position ourselves strategically by investing in infrastructure and developing our capabilities to ensure we are well positioned to service the upturn as commodity prices start to climb. We are already seeing an increase in enquiries for our managed services (an end-to-end Manpower

solution that incorporates recruitment, global mobility and pay-rolling services) on both green and brownfield projects.



We have seen this before in 2009/2010 and enjoyed the surge of 2011 and 2012 and look forward to the next big upturn. We are providing more and more mining professionals with multiple options when looking for their next contract which is indicative that we are cusp of a recovery.”

About WRS

WRS is a global staffing agency providing permanent and contract recruitment, global mobility and consultancy solutions to clients across the Oil & Gas, Marine, Mining, Construction, Power, Chemicals, Commodities & Trading and Manufacturing & Engineering industries around the world. WRS run global offices in the UK, Abu Dhabi, Singapore, Houston, Kurdistan and South Africa.