

Australia's Minerals Trade and Investment Trends

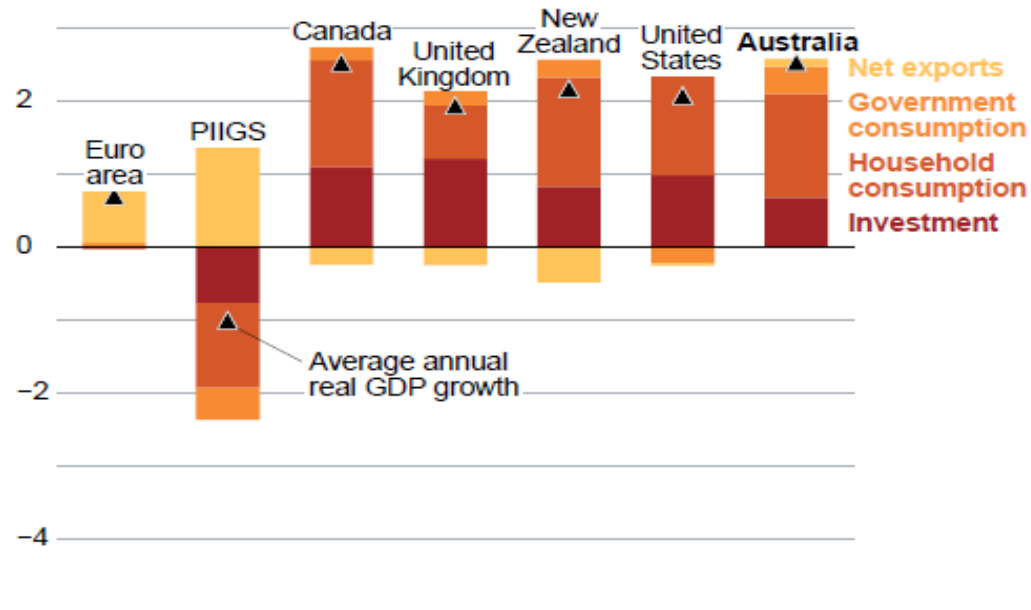
Copper to the World Conference - June 2017



Australian Government
Austrade



BACKGROUND



Notes: Trough: minimum GDP year between 2008 and 2010.

Source: Grattan analysis of OECD (*ibid.*, GDP (expenditure approach)).

- Eight years after the global financial crisis, economic growth remains weak in most industrialised countries.
- Shallow growth returning.
- Cautious optimism recently returned to Australia's minerals sector.

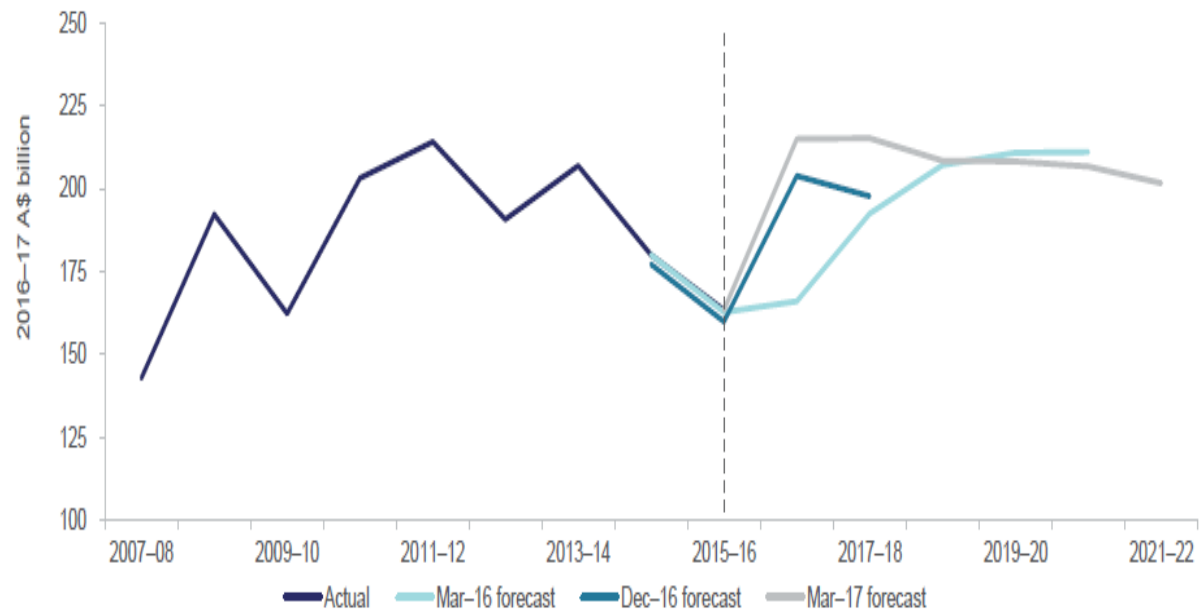
MINERALS SECTOR PRODUCTION

- Production from more than 200 mines, including tier 1 deposits of most major minerals.
- A robust inventory of Economic Demonstrated Resources (EDR) that will continue to sustain production for many decades.
- 12 world-class resource discoveries since 1990.



MINERALS SECTOR EXPORTS

EXPORT EARNINGS FORECAST

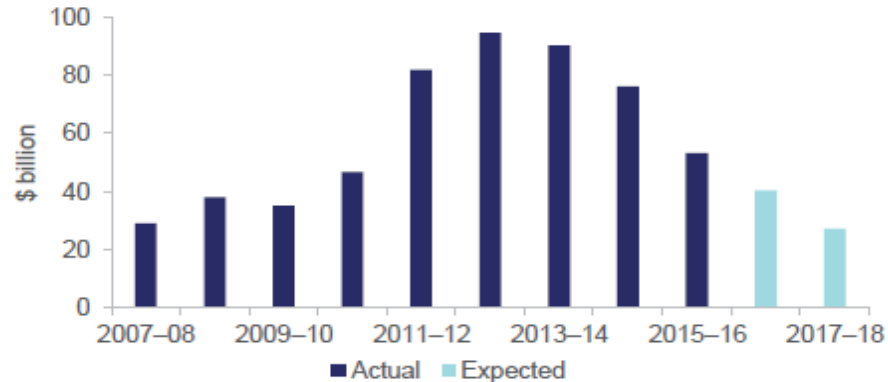


- The outlook for 2018–19 resource and energy exports recently revised upwards.
- However, from 2018–19 to 2020–21, the outlook remains unchanged.
- Volumes aside, prices for major resource and energy exports are expected to fall further over the near term.

Source: ABS (2017) *International Trade in Goods and Services*, 5368.0; Department of Industry, Innovation and Science (2017)

MINERALS SECTOR INVESTMENT

PRIVATE INVESTMENT IN MINING - CURRENT PRICES



Notes: Expected capex on mining is based on responses to an ABS survey of businesses.
Source: ABS (2017) Private New Capital Expenditure and Expected Expenditure, 5625.0

5 YEAR OUTLOOK



Source: Department of Industry, Innovation and Science (2016)

- The value of committed resource and energy projects has fallen from a peak of \$A268 billion in April 2013 to \$A195 billion as at end October 2016.
- Still, longer-term prospects and opportunities for further investment in Australia's resource sector.
- Many high quality mineral deposits can still be developed when the price cycle rebounds.
- Enduring comparative advantages in high quality infrastructure, roads, processing, ports and market proximity.

AUSTRALIAN COPPER PRODUCTION

WHAT ABOUT AUSTRALIA'S COPPER SECTOR?

- 4th largest copper producer and 13 per cent of the world's economic copper reserves
- Substantial copper EDR in South Australia, Queensland, New South Wales and Western Australia.
- World copper supply and consumption are expected to rise over the next five years.
- Real prices are expected to fall towards 2018, before rebounding.

\$8.1 billion IN EXPORT VALUE (2015-16)

5,913 PEOPLE EMPLOYED IN COPPER ORE MINING AT THE END OF 2014-15

\$776 million PAID IN WAGES AND SALARIES IN COPPER ORE MINING (2014-15)



Resources:

2nd largest share of world's resources, accounting for 13% (2014)

90 years of production at 2014 production rates

\$130.4 million copper exploration expenditure (2015-16)



Production:

6th largest global copper producer (2015)

1,007 thousand tonnes (Kt) of mined copper (metal content), accounting for **5%** of world's mine production (2015)



Exports:

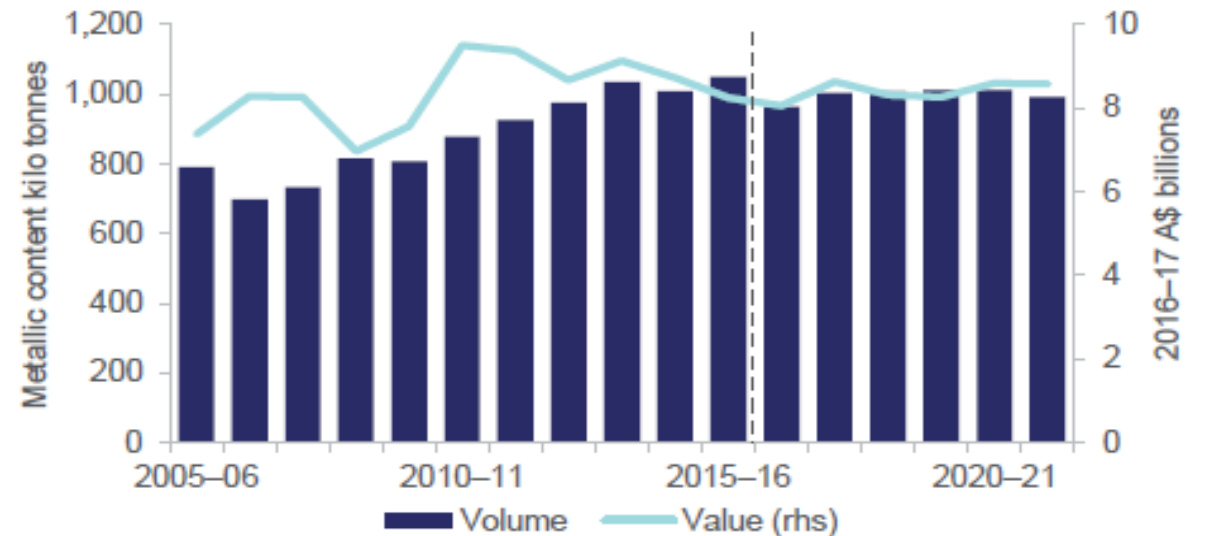
1 million tonnes (Mt) of ores and concentrates exported (2015-16)

4th largest global exporter of ores and concentrates (2015)

AUSTRALIA'S COPPER EXPORTS

AUSTRALIA'S COPPER EXPORT VOLUME AND VALUES

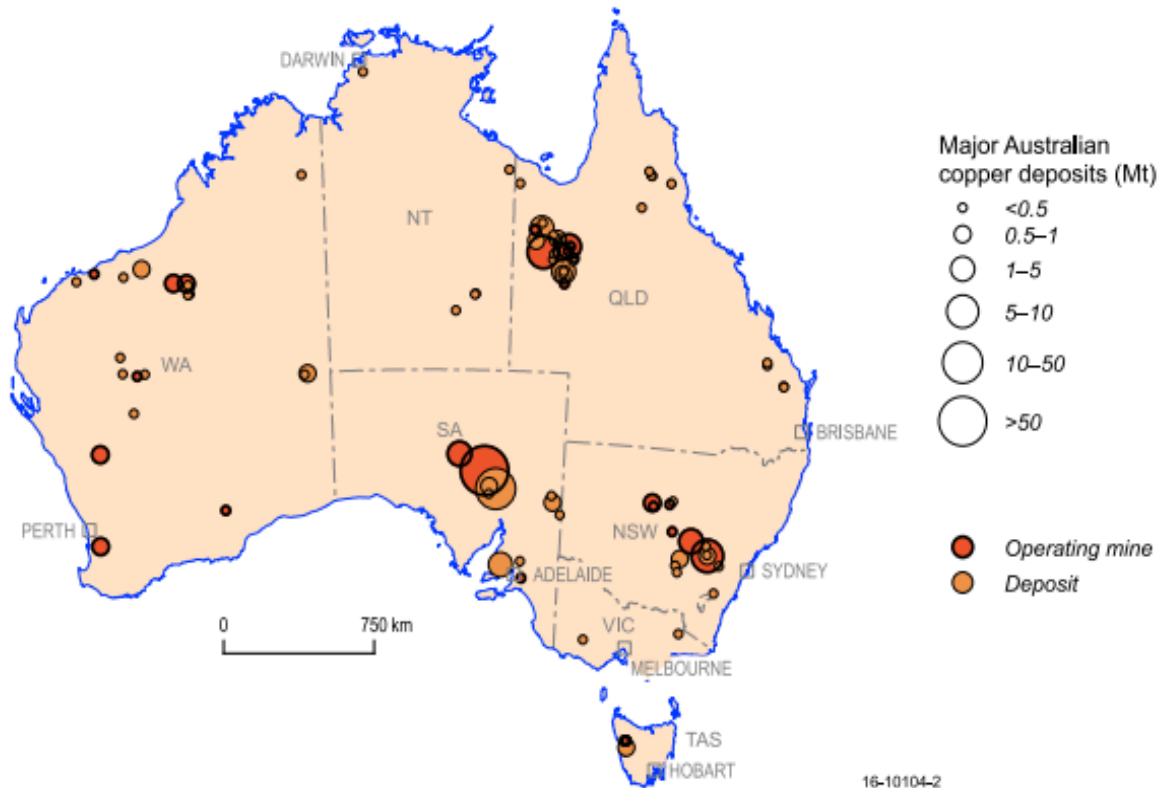
- One of Australia's top ten commodity exports (\$A8 billion in 2016–17).
- Export earnings projected to rise by 1.2 per cent annually over the next five years.
- Export volumes forecast to rise by 0.6 per cent annually - peak volumes reaching 1.0 million tonnes in 2020–21.



Source: ABS (2017) *International Trade*, 5465.0; Department of Industry, Innovation and Science (2017)

AUSTRALIA'S COPPER INVESTMENT

AUSTRALIA'S COPPER INVESTMENT OUTLOOK



- Exploration investment rose by 12% in 2016 to over \$A135m —the first yearly rise since the peak in 2012.
- In 2016, copper accounted for 60 per cent of total exploration expenditure on base metals and 9.5 per cent of total expenditure on minerals in Australia.
- Expenditure is expected to rise in 2017, as higher prices encourage new exploration.

The Australian Trade Commission (Austrade)

HOW WE HELP

Austrade helps companies around the world to identify and take up investment opportunities in Australia as well as to source Australian goods and services.

Our assistance includes:

- providing insight on Australian capabilities
- identifying potential investment projects and strategic alliance partners
- helping you to identify and contact Australian suppliers.

Want to learn more?
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Australian Government
Australian Trade and Investment Commission

