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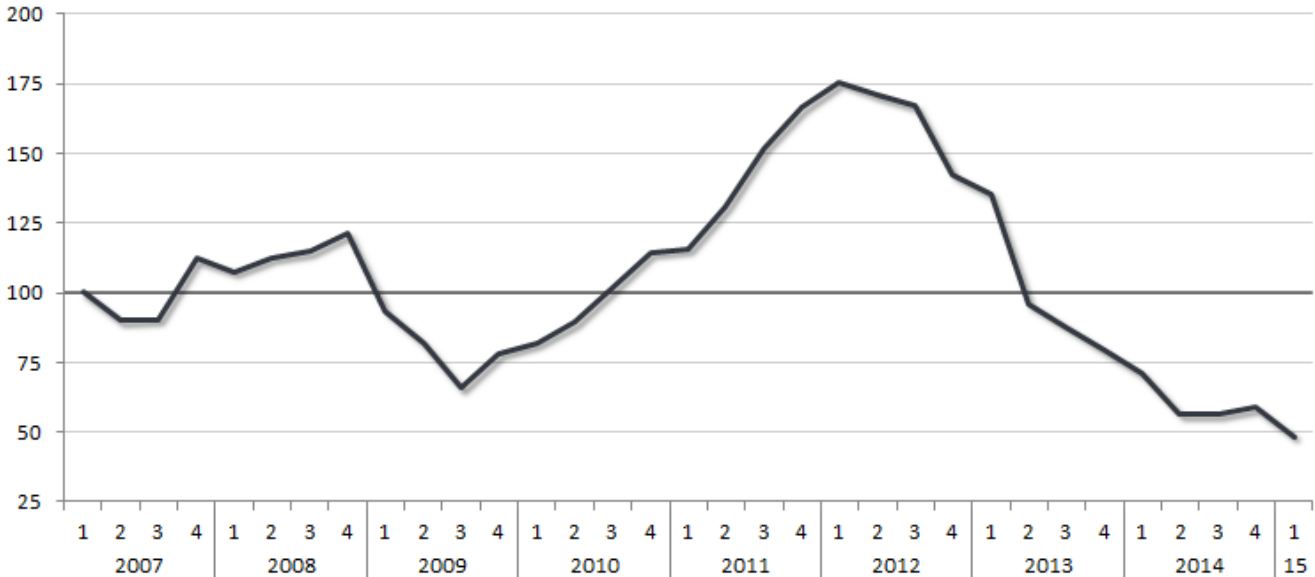
Global Market for Surface Mining Equipment Reverses Late-2014 Gains; Posting New Cyclical Low in First Quarter of 2015

According to industry research specialists The Parker Bay Company, the market for the largest mobile equipment utilized by the world’s highest-producing surface miners retraced modest gains achieved at the end of last year and fell below the lowest levels recorded for the current market contraction.

Parker Bay’s Surface Mining Equipment Index fell more than 10 points from 4Q2014 and now stands at just 48.3 (1Q2007 = 100), a decline of more than 70% from the peak achieved in the first quarter of 2012. The index measures manufacturers’ shipments of the largest mining trucks, excavating/loading equipment and several other production and support products used at the largest surface mines in more than 100 countries worldwide. At the peak, equipment covered by the Index were valued at more than USD3.5 billion (*Parker Bay estimates of current price levels, fob manufacturer*). But those shipped during the first three months of 2015 garnered suppliers little more than USD1 billion.

Parker Bay's Surface Mining Equipment Index

based on value of shipments by quarter in constant \$'s; 1Q 2007 = 100



Parker Bay calls attention to the fact that supplemental reporting by manufacturers and other sources has in the past raised initial accounting of shipments by as much as 6% and if 1Q2015 shipments are revised upward by a similar amount, the Index would read 51-52 but still the lowest recording in more than a decade.

Shipments by Product and Region

During the first three months of the year, manufacturers delivered just 551 machines vs. more than 700 over the last three months of 2014. Mining Trucks accounted for the majority of these deliveries and also declined by a

disproportionately larger percentage (-27%). During 2012, shipments of these largest haul trucks averaged more than 1,000/quarter vs. fewer than 400 during 1Q2015. The value of these units declined by a lesser percentage compared to 4Q2014 because a somewhat higher proportion of larger trucks were delivered in early-2015.

Shipments by Product Line			
	<u>4Q14</u>	<u>1Q15</u>	<u>Δ %</u>
Mining Trucks	490	356	-27%
Electric/Rope Shovels	5	7	40%
Hydraulic Shovels/Excavators	37	34	-8%
Wheel Loaders	45	26	-42%
Total Excavators/Loaders	87	67	-23%
Dozers (Crawler & Wheel)	135	127	-6%
TOTAL (units)¹	712	551	-23%
TOTAL (mm\$)²	1,274	1,134	-11%

1 Excludes incomplete accounting of drills & graders

2 Includes value of single dragline final shipped in 1Q15

The number of large excavators/loaders delivered during 1Q2015 declined by a comparable degree (-23%) but the units shipped in early 2015 were substantially larger than the ones delivered in late-2014 and thus their value declined by just 8%. Because roughly four trucks are matched with each excavator/loader in operation, and the largest shovels and excavators have longer service lives, the number of units required is typically only a fifth or less than the number of trucks.

The number of crawler and wheel dozers declined by only a modest percentage in early 2015, reflecting perhaps the shorter service lives of these machines and the lower capital expense for replacement of physically obsolete units. While accounting for roughly one-fourth of units delivered, they represent only 11-12% of shipments value.

Regional Distribution of Shipments

There were significant shifts in the geographic destination of machine shipments between 4Q2014 and 1Q2015. The value of units delivered to mines in Asia increased by 25% but this was entirely accounted for by a single large dragline. Such units are rare and their value ranges from USD40MM to USD100 MM or more. *Note: Because of the very irregular delivery of these draglines, they have been excluded from Parker Bay's Index.*

Shipments by Region			
	<u>4Q14</u>	<u>1Q15</u>	<u>Δ %</u>
Africa	240	133	-44%
Asia	155	206	33%
Australasia	196	147	-25%
Europe, Middle East	51	62	21%
Latin America	237	243	3%
North America	181	185	2%
Russia, CIS	220	165	-25%
TOTAL	1,280	1,142	-11%

Deliveries to both North and Latin America increased marginally during early 2015 while Australasia, Africa and Russia/CIS all registered substantial declines. Based on past quarter over quarter comparisons, it is hazardous to attribute such shifts between regions to any significant underlying factors. Offsetting changes may well reverse the gains/losses between hemispheres in subsequent quarterly shipments.

Assessing the Latest Market Measures

Parker Bay previously noted the gains in the second half of 2014 as potentially signaling a market recovery while also noting that the volume and percentage of those was quite small. The latest numbers appear to contradict that assessment. It's possible that more complete reporting of 1Q2015 shipments will raise the overall metrics to close to those of the second half of last year, but past experience makes that unlikely. It's also possible that timing of orders last year or the internal logic of manufacturers' production schedules for first vs. second quarters will lead to a significant increase in 2Q2015 shipments. But it appears that whatever recovery might be taking place in mining markets, it is having negligible effect on demand for large surface mining equipment to date. It now seems likely that 2015 will be no better or only marginally better than the very depressed 2014 levels. And any sustained and substantial recovery will occur in 2016 or later.

Explanatory Notes: All data referenced above are derived from the Mobile Mining Equipment Database, a proprietary statistical file developed by The Parker Bay Company and available through license from Parker Bay. Interested parties are encouraged to contact Parker Bay at info@parkerbaymining.com or by visiting the Company website www.parkerbaymining.com. Additional details on the Surface Mining Equipment Index are available at: <http://parkerbaymining.com/industry-information/surface-mining-equipment-index.htm>