PRESS RELEASE

Renewable energy commitment can considerably improve the stock price of mining companies
A THEnergy study shows how solar and wind energy lower electricity costs, avoid stigmatization and are a sign of superior management

Munich, Germany, November, 2014 - Many sectors within the mining industry face challenges such as lower mineral and metal prices and the threat of further stigmatization. Renewable energy can be an important part of the solution as it improves the energy cost of mines, counters opposition from ecological movements, and above all sends a strong signal of forward orientation, progressive management and corporate governance. A study from Dr. Thomas Hillig Energy Consulting (THEnergy) based on interviews with financing, mining, and energy experts shows that the indirect effects on the mining company’s market value are more significant than the pure electricity cost savings.

Energy costs in mining are constantly increasing due to higher electricity consumption and prices. Particularly in remote mines, wind or solar power plants can reduce the energy costs considerably, which has a direct influence on the cost position of mining companies. The business case for renewable energy is normally positive for mining companies, nevertheless mining companies are a long way away from making it into EPAs “National Top 100 list” of US green power users. The list is headed by progressive brands such as Intel, Kohl’s Department Stores, Microsoft, Google and Wal-Mart. These companies consume and invest into renewable energy because it is profitable and it improves their standing towards consumers and financial markets. Mining companies face strong opposition, which is facilitated by internet communication; “Move Your Money UK” is a national campaign that calls on depositors to move their savings away from five UK-banks, because they support assets in oil, gas and coal extraction. On the investment side, there are similar developments; the Rockefeller Brothers Fund has recently joined the divestment movement that has pledged not to invest assets worth $50 billion into fossil fuels. The direct effect of such divestment is normally limited, but it brings along a significant threat regarding further stigmatization of certain segments of the mining sector, which makes it more difficult to receive credits, reduces the demand for shares, triggers new legislation and complicates permits.

For years the differences could not have been bigger between the worlds of mining and renewable energy. As solar and wind prices have reduced considerably in recent years, many institutional investors have entered the renewable energy industry and have professionalized it. Leading mining companies such as Barrick Gold, Rio Tinto or Glencore as well as smaller players such as Shanta Gold have realized that renewable energy has become an economically attractive solution for many mines and have built first pilots (www.th-energy.net/mining). “Mining companies that actively move towards renewable energy self-consumption show that they have realized that the world around them has changed and that there are threats regarding energy costs and environmental movements”, underlines Dr. Thomas Hillig, founder of THEnergy. The financial markets reward companies that do not remain captives of the past but instead are actively seeking new solutions. The usage of renewable energy is interpreted by the financial markets as a signal for a flexible and forward-looking decision making
process; mining companies that are first movers in actively integrating renewables into their energy mix are therefore considered as progressive and better managed.

The THEnergy study challenges mining companies to act quickly, to come up with greenhouse gas mitigation and renewable energy targets, to set other non-financial performance indicators regarding energy and to conceive a comprehensive renewable energy strategy. As underlined by Hillig, “ambitious targets and transparency grant first movers many advantages in communication. If substantial measures are taken and financial markets are targeted with the sustainability communication strategy, a positive effect on the market evaluation and stock prices can be expected.”

For more information visit www.th-energy.net

About Dr. Thomas Hillig Energy Consulting (THEnergy)

THEnergy assists companies in dealing with energy related challenges. Renewable energy companies are offered strategy, marketing and sales consulting services. For industrial companies THEnergy develops energy concepts and shows how they can become more sustainable. THEnergy combines experience from conventional and renewable energy with industry knowledge in consulting. In addition to business consulting, THEnergy is active in marketing intelligence and as an information provider in select fields such as renewables and mining through the platform www.th-energy.net/mining.

For images visit: http://www.th-energy.net/english/media-press

The study can be downloaded at: http://www.th-energy.net/english/platform-renewable-energy-and-mining/reports-and-white-papers/

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