



MEDIA COVERAGE

PUBLICATION PROFILE

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| Type | Mining industry magazine |
| Profile | Mining Mirror is a trade magazine discussing the full spectrum of the mining and minerals processing and machinery manufacturing industry in southern Africa, with the emphasis on project and technical news. |
| Readership | Investors, consultants, contractors, service providers, and miners |
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STORY PROFILE

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| Headline | Strengthening Canadian Ties |
| Sector | Mining |
| Focus of Article | The town of Sudbury in Ontario Canada offers a myriad of opportunities too South African companies involved in the mining industry. |
| Coverage the result of | GO North media mining tour – Sudbury and North Bay |

Strengthening Canadian ties

The town of Sudbury in Ontario, Canada, offers a myriad of opportunities to South African companies involved in the mining industry.
By **Wayne Floreani.**

With more than a 100 years of mining history Sudbury, Ontario, Canada, boasts the world's largest integrated mining complex, major operations from global mining giants INCO Ltd and Falconbridge Ltd, 12 operating mines, 330 mining supply companies, 20 000 mining related personnel, a plethora of private and public sector mining research organisations, two post-secondary educational institutions specialising in mining, its own mining magazine (*Sudbury Mining Solutions*), and the headquarters of the Ontario Geological Survey and the Ontario Ministry of Northern Development and Mines.

Canada, Ontario and Sudbury share a mining heritage with South Africa dating back 100 years. And Canada's mining "capital" – Sudbury – wants to build on this heritage and strengthen its ties with South Africa as part of its larger global strategy in the mining world.

The cornerstone event around which Sudbury is building its mining strategy in Africa is the bi-annual Electra Mining Africa show in Johannesburg from September 11 - 15 .



Willem Smuts

Led by the City of Greater Sudbury's mayor, David Courtemanche, a large trade delegation of Sudbury government officials, mining equipment suppliers and educational institutions is participating in the show and in a series of meetings thereafter.

The Sudbury Miners Memorial commemorates and recognises the importance of the mining industry in developing Canada.

The Sudbury group is participating as part of a larger Ontario delegation led by senior government officials in the Canadian pavilion at Electra Mining Africa. Canada and Ontario have been participating in Electra Mining Africa since 1994, following South Africa's democratic election and the re-establishment of trade relations between the two countries.

The large Canada pavilion at Electra Mining Africa is organised by the Canadian High Commission Trade Office in Johannesburg, the Ontario Ministry of Northern Development and Mines, and the Canadian Association of Mining Equipment and Services for Export, in a spirit of multi-government and stakeholder partnership that typifies Canada's successful approach to international trade promotion.

Sudbury has beefed up its presence in 2006 for a number of reasons:

- Sudbury-based mining and equipment suppliers are looking for distributors and joint venture partners to sell their products into the African mining market (Sudbury's mining supply sector is so large it has formed its own export association – SAMSSA, similar to South Africa's Capital Equipment Export Council). And with more than 150 Canadian mining companies exploring or operating in Africa, there is built-in familiarity in many cases for Canadian made products.
- Sudbury equipment companies are looking for new technology and products from South African companies to add to their product lines and sell to the Canadian mining industry.
- Sudbury officials are hoping to attract South African companies to locate in Sudbury to service the Canadian mining market. While the first (and easiest) step for a South African company to enter the Canadian market is the appointment of a local distributor, this is often followed by the establishment of a small sales and service operation and ultimately a warehousing or manufacturing facility.

"Often what we find is that a Sudbury company, in looking for a distributor to represent it in the African market, ends up finding complementary products from South African companies that it thinks will work in the Canadian market," says Paul Reid, project manager with the City of Greater Sudbury. "We expect to see a number of these successful two-way partnerships as a result of our participation in Electra Mining Africa."

- On a government-to-government level, the City of Greater Sudbury is hoping to finalise a twinning relationship with the City of Polokwane to formalise relations with a focus on furthering economic interaction.

- Cambrian College, a Sudbury-based post-secondary educational institution, with a strong focus on the mining industry, is participating in the trade mission to follow up on a memorandum of understanding it signed with the University of Limpopo to help develop its mining education and training curriculum.
- Science North, a world-class science centre and the cornerstone of Sudbury's well-developed tourism industry, is hoping to follow up on opportunities to develop mining and energy related hands-on educational exhibits in South Africa.
- Sudbury and Ontario government officials are also planning on reciprocal meetings with the South African Department of Minerals and Energy. Sudbury is a frequent destination for South African mining delegations to Canada. In the past several years, two large South African business delegations, South Africa's Minister of Minerals and Energy, the Deputy Minister, the South African High Commissioner to Canada and the South African Consul General, have all made trips to Sudbury. Sudbury is also the headquarter of the Ontario Ministry of Northern Development and Mines, whose minister, Rick Bartolucci (also the member of provincial parliament for Sudbury), plays frequent host to visiting South African delegations. Indeed, Sudbury's importance to the South African government warranted it appointing an honorary consul there in 2001 specifically to promote its interests in the mining sector. Marc Couse, the honorary consul, is well suited for his post, having served previously as the director of Trade and Investment Marketing for the Ontario Ministry of Northern Development and Mines.

"Sudbury's (and Ontario and Canada's) expertise in mining

Sudbury companies to take part in Electra Mining Africa

Bestec – www.bestech.com

Breaker Technology – www.rockbreaker.com

Elasto-Valve Products Inc – www.evrproducts.com

HLS Hard-Line Solutions – www.hard-line.com

MacLean Engineering – www.macleaneengineering.com

Mobile Parts – www.mobileparts.com

RDH Mining Equipment – www.rdhminingequipment.com

Rezplast Manufacturing – www.rezplast.com

Shaw Almex – www.almex.com

Wipware Inc – www.wipware.com



Willem Smuts

The two snowflake buildings of the Science North complex in Sudbury where promotion of the minerals industry plays an integral role in daily educational activities.

innovation, environmental rehabilitation, sustainable development and training creates tremendous opportunities for the community globally and specifically in Africa” says Couse. “At the same time, Sudbury stands to learn from South Africa’s mining expertise and experience which will ultimately create the ideal partnership – a partnership in which all parties benefit.”

The Canadian mining market

The Canadian mining market is massive. Canada is a world leader in the production of potash, uranium, aluminum, nickel, platinum group metals, zinc, gold and diamonds.

Canada has an estimated 200 producing mines, 1 100 jun-

ior mining companies and 2 200 suppliers of mining equipment and services.

From a standing start in the diamond industry a mere eight years ago, Canada has passed South Africa and now ranks third in world production.

And with commodity prices booming, so too is exploration activity in Canada. Among Canadian provinces Ontario led the way grabbing 25% of the R2,1-billion spent in 2005. Canada’s Fraser Institute, in its annual rankings of mining jurisdictions, ranks Ontario 9th in its policy potential index (which ranks government regulations, taxation, and political stability) and 9th in its current mineral potential index (which ranks current policy environment and mineral potential).



Inco and Falconbridge are the two major players in the Sudbury Basin. Nickel mining forms the backbone of Sudbury's mining industry. Numerous junior miners are driving new exploration in this basin and across Canada.

By comparison, South Africa ranked 37th and 27th respectively. Globally, Canada attracted more exploration spending than any other country in the world in 2005, according to the Metals Economics Group.

A few of the more interesting projects in development in Canada include:

Alberta oil (tar) sands

With 175-billion barrels of proven oil reserves, Canada is second only to Saudi Arabia. Estimated reserves are 2-trillion barrels – bigger than the entire Middle East. Capital expenditures from 1996 to 2004 totalled R225-billion. Another R415-billion is estimated to be spent between 2005 and 2010.

De Beers Canada

De Beers is developing two diamond mines in Canada – spending R6,5-billion on its Victor Mine in Northern Ontario with production expected for 2008 and another R2,5-billion on Snap Lake in the Northwest Territories which will be Canada's third diamond mine when operations begin in 2007.

Inco and Falconbridge

The nickel mining giants that have dominated mining in Sudbury are in the midst of a R400-billion merger with US-based Phelps Dodge to create one of the world's largest mining companies. Both Inco and Falconbridge are expanding deep level operations in their Sudbury and Northern Ontario operations.

Voisey's Bay

Inco has spent R6,5-billion developing its massive nickel deposit in eastern Canada with proven reserves of 31-million t of 2,8% nickel.

Opportunities

A physical presence in Canada is a must for South African companies looking to sell in Canada. For the most part Canadian mines are not going to buy from a supplier located 13 000 km away.

Despite globalisation and the ability to do business anywhere in the world the reality is that you need a local presence to sell to a local person.

And selling in Canada means selling in Sudbury. With booming commodity prices Canadian miners are exploring new deposits, revisiting old deposits and digging deeper in existing operations.

This is creating opportunities for South African companies with deep level mining expertise, specifically in the areas of shaft sinking, ground control, hoisting, cooling and ventilation. South Africa's Murray & Roberts Cementation is an excellent example, with several projects in Northern Ontario and Canada.

Canadian mining labour is expensive and Canadian mines are highly mechanised. South African companies with technology that saves Canadian mines money, increases pro-

Resources

There are a number of useful resources in both Canada and South Africa for South African companies interested in the Canadian mining market:

Canada-South Africa Chamber of Business – www.canadasachamber.com

Canadian Association of Mining Equipment and Services for Export – www.camese.org

Canadian High Commission Trade Office in Johannesburg – www.infoexport.gc.ca

Canadian Institute of Mining – www.cim.org

Canadian Mining Journal – www.canadianminingjournal.com

City of Greater Sudbury – www.city.greatersudbury.on.ca

MineAfrica – www.mineafrica.com

Natural Resources Canada – www.nrcan.gc.ca

Ontario Ministry of Northern Development and Mines – www.mndm.gov.on.ca

Prospectors and Developers Association of Canada – www.pdac.ca

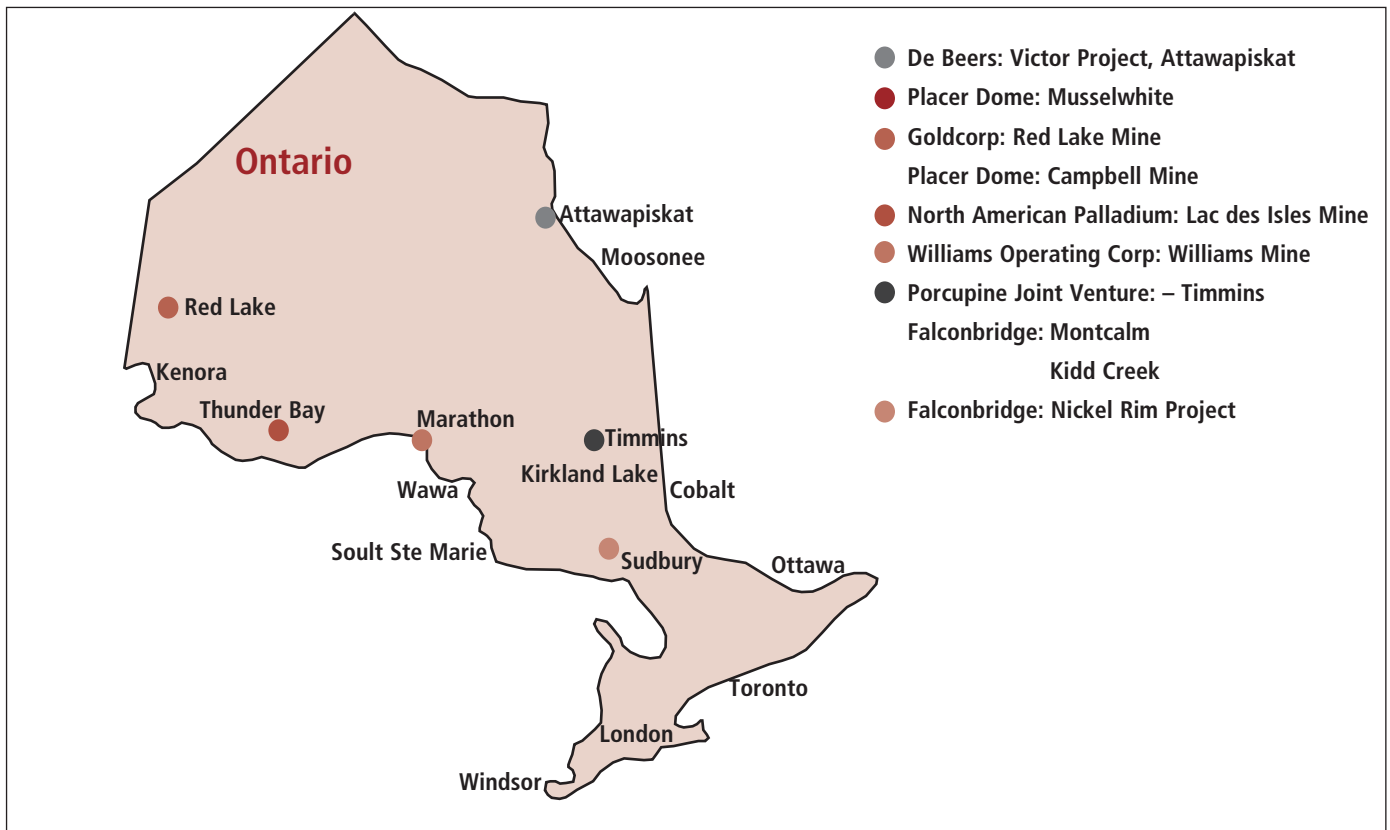
South African Capital Equipment Export Council – www.saceec.com

South African High Commission in Canada – www.southafrica-canada.ca

South African Department of Trade and Industry – www.thedti.gov.za

Sudbury Area Mining Supply and Service Association – www.samssa.ca

The Northern Miner – www.northernminer.com



ductivity and improves safety, stand to do well.

Jock Forbes, trade co-ordinator with the Ontario Ministry of Northern Development and Mines in Sudbury, and a veteran of several Electra Mining Africa shows, has seen a number of Canadian-South African success stories.

“A successful business relationship relies upon a successful personal relationship. Canadians and South Africans get along – we share similar business practices. English is the preferred language and we find it easy to do business with each other,” says Forbes.

The other big market in Canada is the Alberta oil sands. The scale of the oil sands development is staggering and unfortunately, in many cases beyond the scope of all but the biggest of suppliers.

Ross Bennett, a veteran Sudbury-based consultant who provides North American marketing advice to three South African mining supply companies notes that most of the supplies used by North American mines are supplied by distributors or represented by independent sales agencies.

“The market is so geographically spread out that only a few companies with extensive product lines can afford the travel and warehousing costs to sell directly. Thus, the distribution infrastructure is already in place to support new products from South Africa. There may be a need for technical support during initial product introduction.”

Lessons to learn

Sudbury is an interesting story – a story which holds a clear lesson for South Africa. A mining town with 40% of its labour force employed directly in mining in the mid seventies, Sudbury faced disaster when nickel prices plummeted and unemployment soared to 25%.

Instead, an aggressive economic diversification strategy led

by a committed group of community stakeholders transformed Sudbury into a diversified metropolitan centre, dubbed at the time as an economic miracle by a national magazine.

Today, with a population of 155 000 (and 12% of its labour force employed in mining), Sudbury boasts a cancer research centre, a new medical school, three post-secondary educational institutions, two world-class science centres (focused on mining), advanced telecommunications infrastructure, a burgeoning tourism industry, and a business service, retail sector, and public sector that dominates Northern Ontario.

Mining remains important, but the focus has shifted to research and development (the Ontario government and Inco just committed R100-million for Sudbury’s new centre for excellence in mining innovation at Laurentian University), the increased use of technology and automation, and an emphasis on the export of technology, products and services to new global markets such as South Africa.

The lesson to be learned is simple – what can be achieved by a single industry town under inspired leadership and community stakeholders who forgo their own parochial interests to work together towards a common goal for the entire community – is limitless.

For more information on the Sudbury delegation to Electra Mining Africa visit www.sudbury.ca or contact Paul Reid at paul.reid@city.greatersudbury.on.ca

* Wayne Floreani is a Canadian-based trade and investment marketing consultant specialising in the mining industry. He worked previously with the South African Consulate General in Toronto in the Department of Trade and Industry, and with the Sudbury Regional Development Corporation. ■

Some mine developments taking place in Ontario, Canada.