

# Discover Africa

International Business Opportunities in Emerging Africa



## Canada, Africa's Global Partner in Mining



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# Outline



- Overview
- Canada and Africa, Partners in Mining
- Common interests
- Conclusion



# Use Drives Investment



- Minerals and metals are essential for the sustainable development of developed and developing economies
- Demand is the principal determinant of price in the short- and medium-term and drives trade and investment
- Policies that restrict use or trade can have far-reaching and sometimes unintended consequences
  - impacts on raw material suppliers are rarely considered
  - national or international policies can undermine opportunities for developing countries to alleviate poverty through sustainable development of mineral resources



# A Look Back . . .



- Prices reflect the future outlook and sentiments of market participants and fundamentals of demand, supply and cost
- Under near-equilibrium conditions, prices tend toward the marginal cost of supply
- Prices for commodities jumped in response to
  - increased demand
  - supply constraints
  - escalating capital and operating costs
  - changes in exchange rates



# What Happened?



- Commodity and share prices fell and volatility increased as
  - access to credit was restricted and economic growth slowed
  - investors reduced exposure to cyclical sectors and commodities
  - markets moved into surplus
- Prices of many materials fell below the cash operating cost of many operations
  - operators suspended production and announced closures
- Exploration expenditures will decline and many developments will be deferred until
  - the outlook for future demand and prices is more certain
  - capital and operating costs for projects are more certain, and
  - project financing is available under acceptable terms

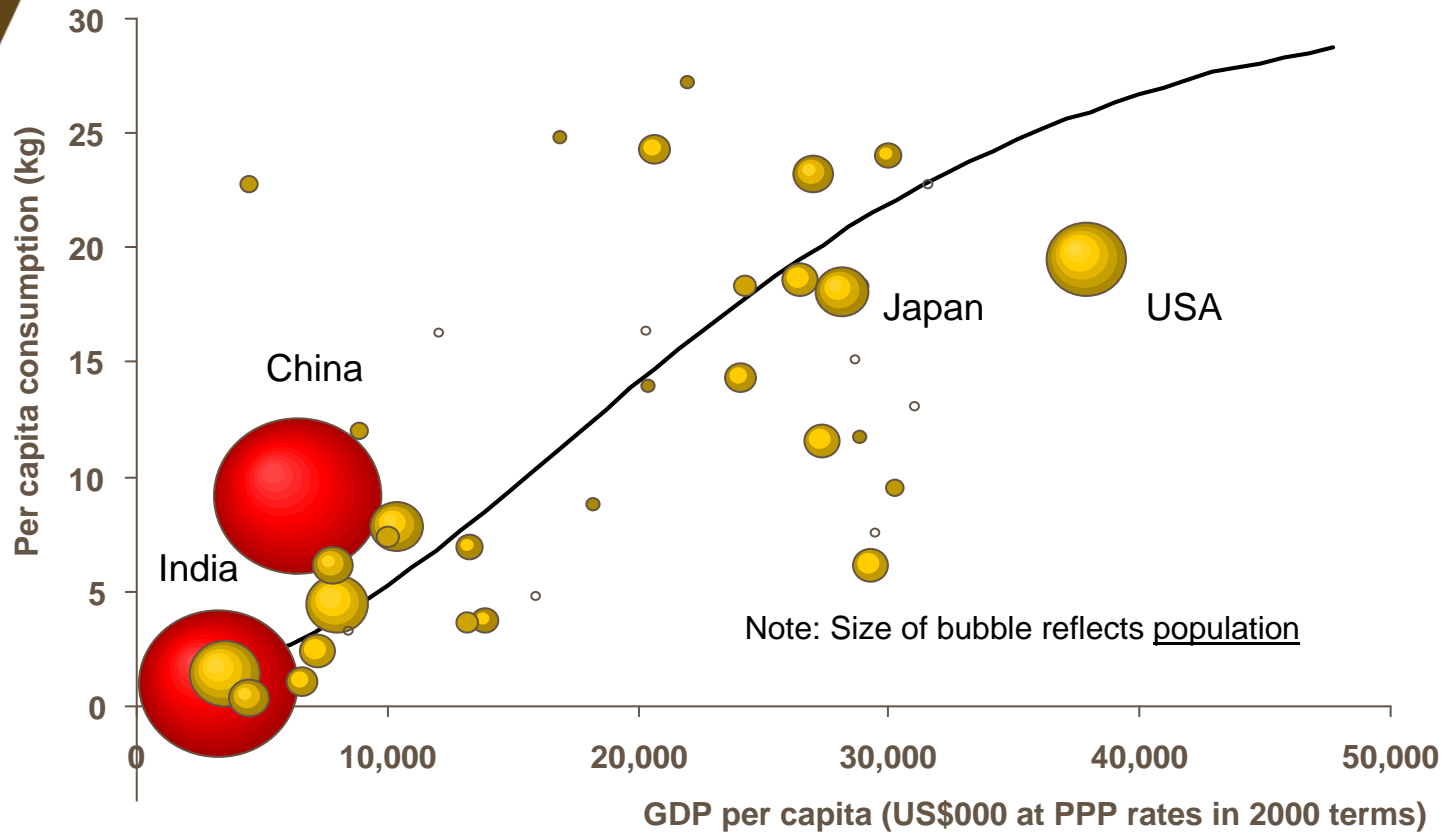


# Aluminium Intensity

Source: Rio Tinto Alcan, based on Brook Hunt and World Bank data



Aluminium Consumption and GDP per Capita in 2006



Agriculture

Industry/infrastructure

Services/technology



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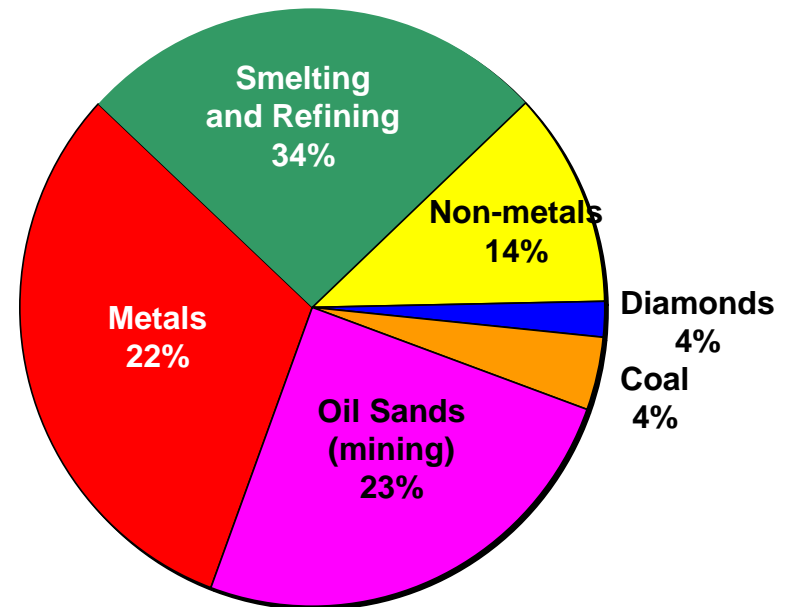
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# Mining and Mineral Processing



## Value of Production \$84 billion (2007)

- + 180 producing mining establishments (metal, non-metal, coal and oil sands)
- +3,000 stone quarries, sand and gravel pits
- +/- 50 non-ferrous smelters, refineries and steel mills
- +2000 recycling operations



Includes value of production from Canadian-mined ores, concentrates and aggregates, smelting and refining of domestic and imported ores, concentrates, recyclable materials, steel and aluminum, coal and oil sands mining.

Sources: Natural Resources Canada and Statistics Canada



# A Value-Added Cluster

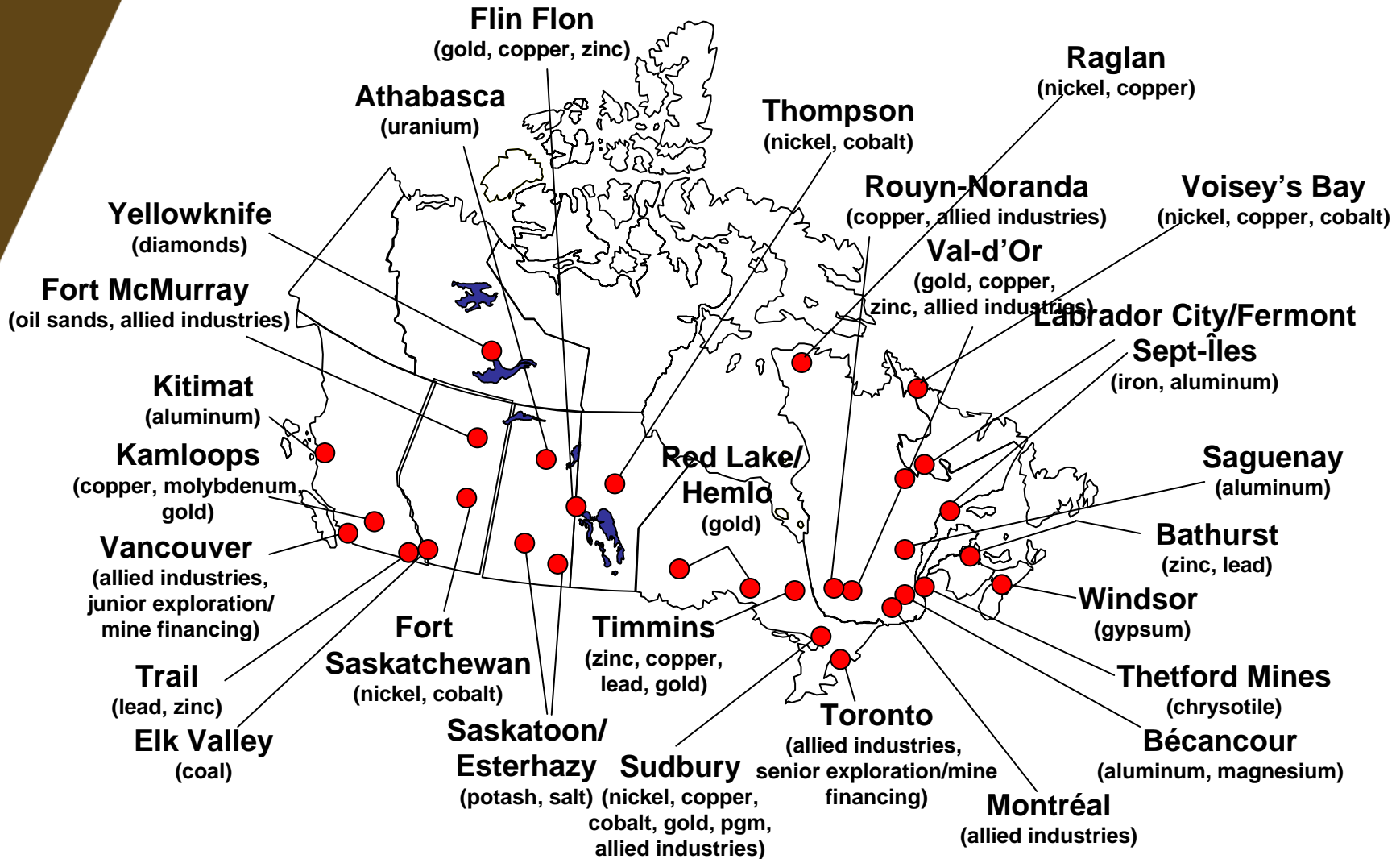


## Mining is among the best developed industrial clusters

- Extensive science and technology network
- World class universities and colleges
- Expertise in geoscience, engineering and management
- 1,200 junior exploration and mining companies
- 2,200 suppliers of mining-related equipment and services
- Sophisticated financial institutions, legal and other advisors
- Stable policy and governance



# Domestic Industry



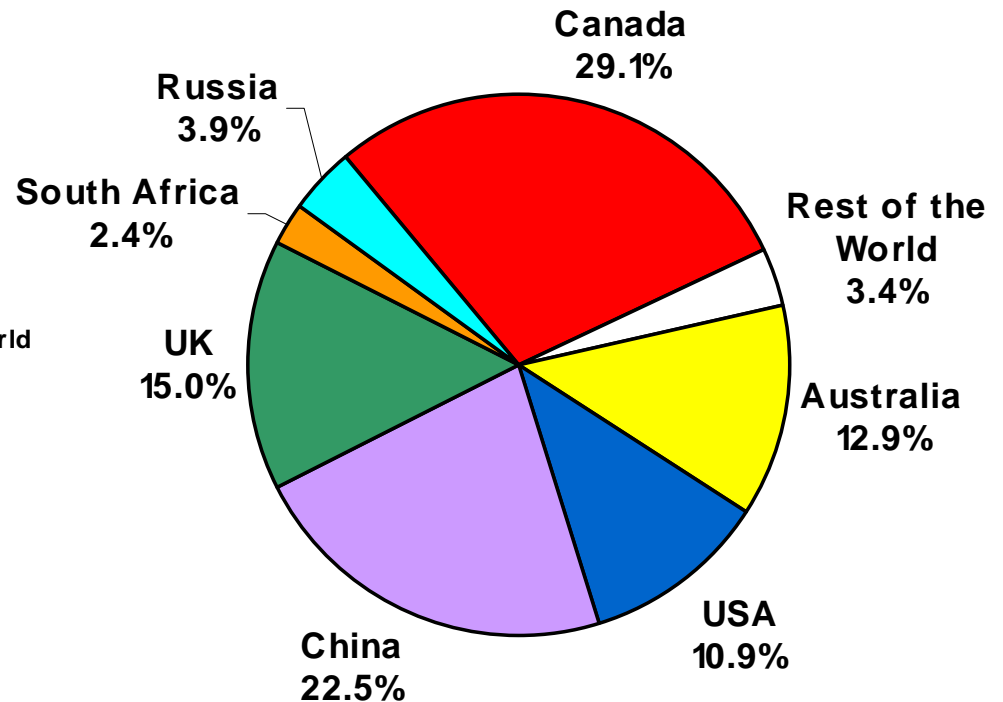
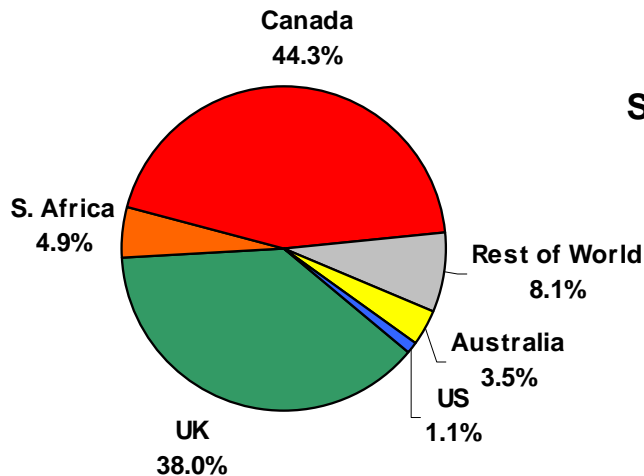
# Capital Markets



## Equity Financing for Exploration and Mining Companies

2000 = \$3.2 billion

2007 = \$73.7 billion



Sources: Gamah International, Natural Resources Canada



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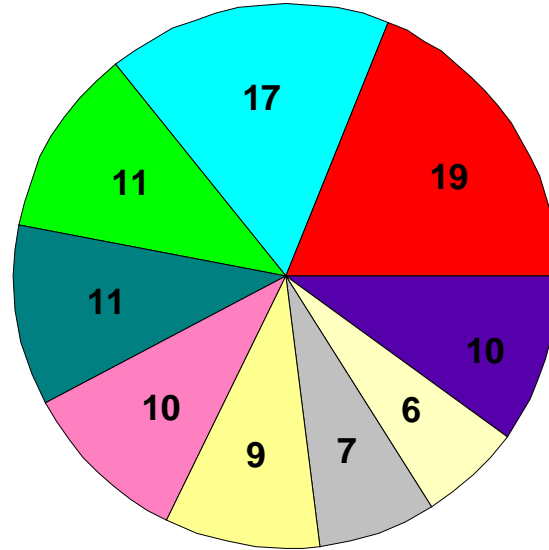


# Top 100 Companies



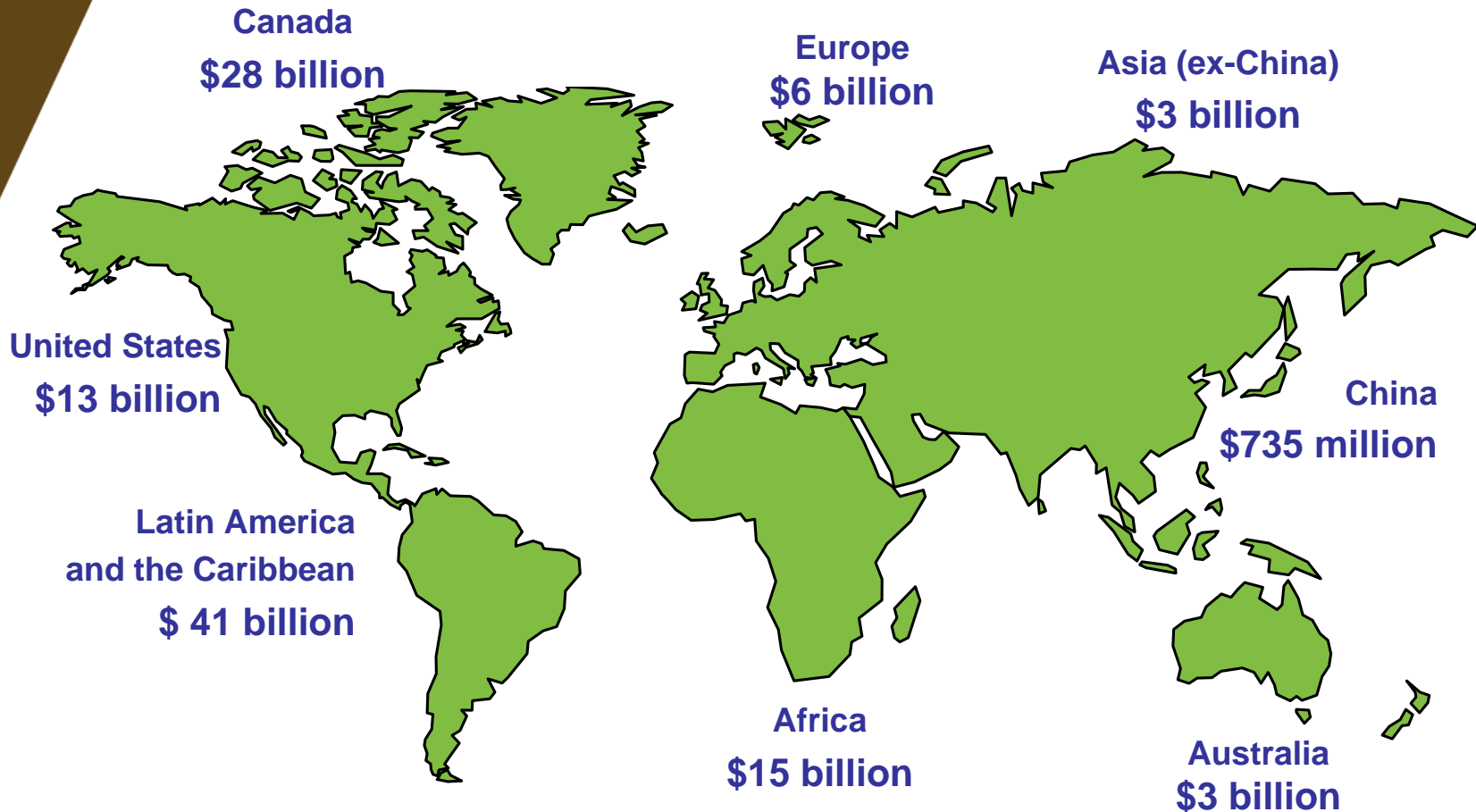
## Based on Market Capitalization

January 2009



# Canada's Global Presence

December 2007



Mining Assets include properties, plant and equipment and deferred exploration expenditures, based on audited annual reports

Source: Company annual reports, compiled by Natural Resources Canada



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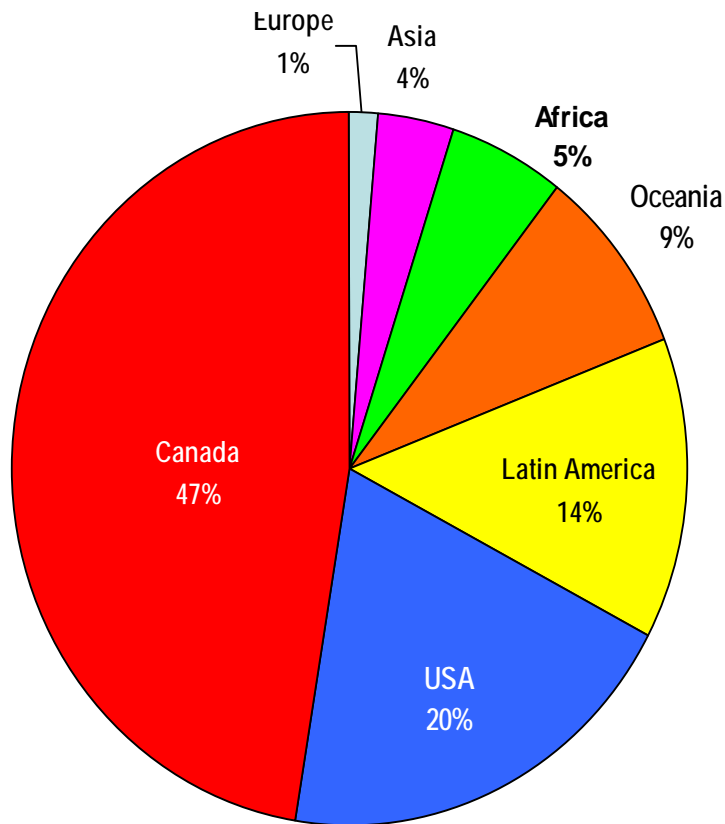
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# Canadian-Owned Assets



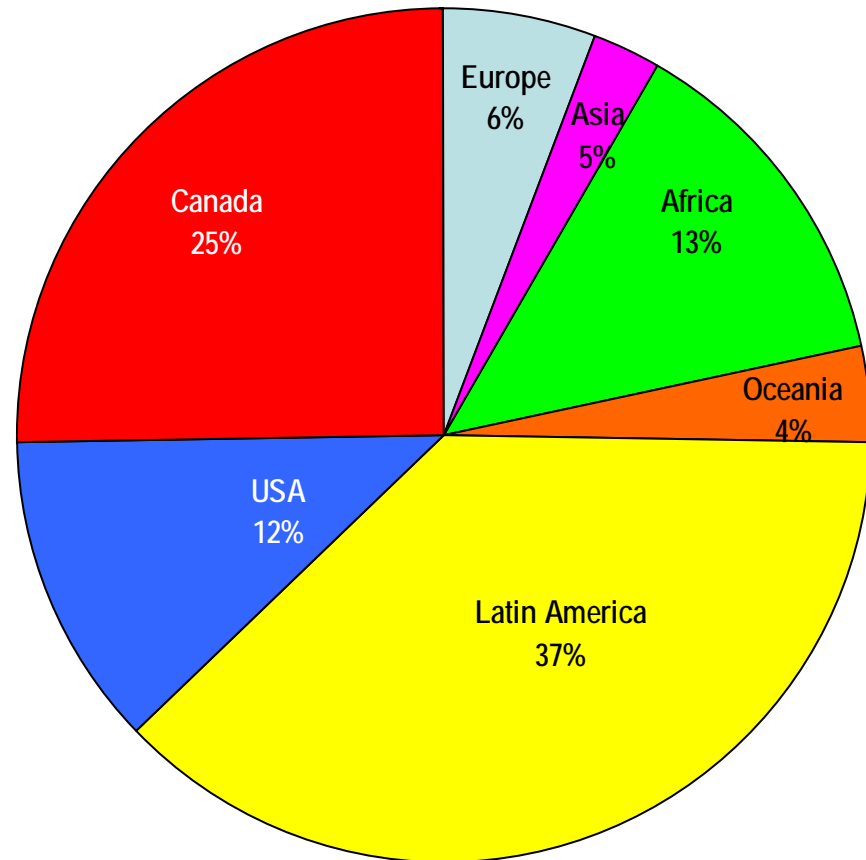
**2002**

\$62.5 billion



**2007**

\$110 billion





# Canada and Africa

## *Partners in Mining*



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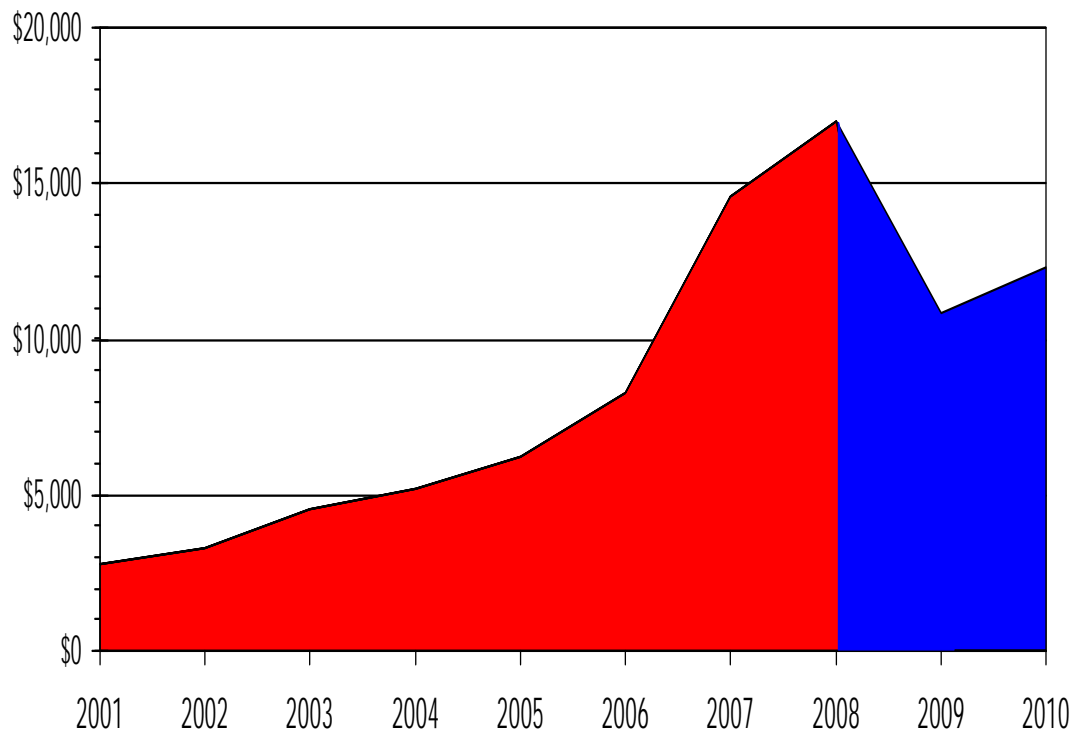
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# A Growing Presence



## Capital Mining Assets in Africa C\$ million

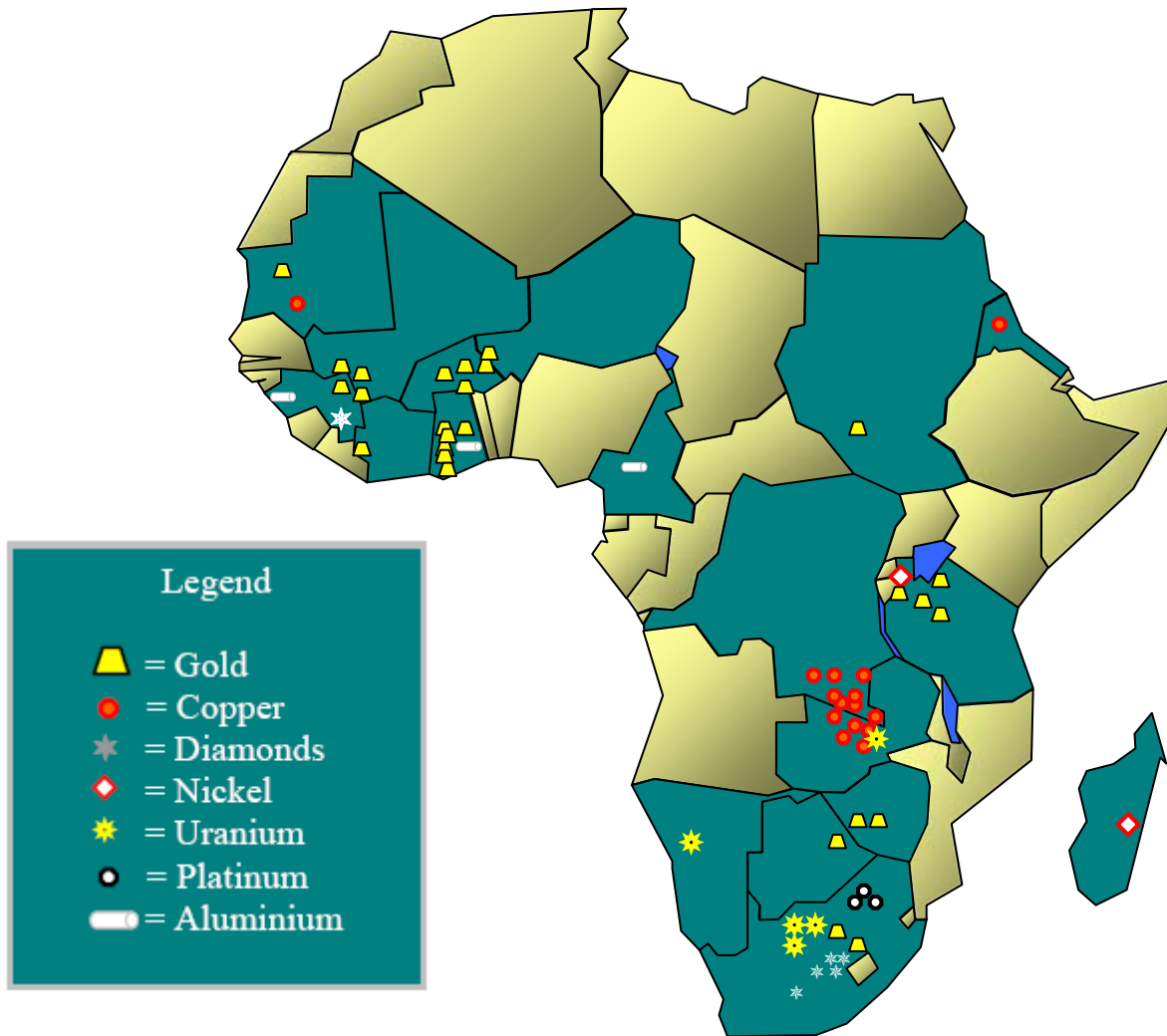


- **Canada is the second largest investor in Africa after South Africa, with more than 120 Canadian mining companies in 37 countries**
- **This growing presence makes mining the face of Canada in Africa**



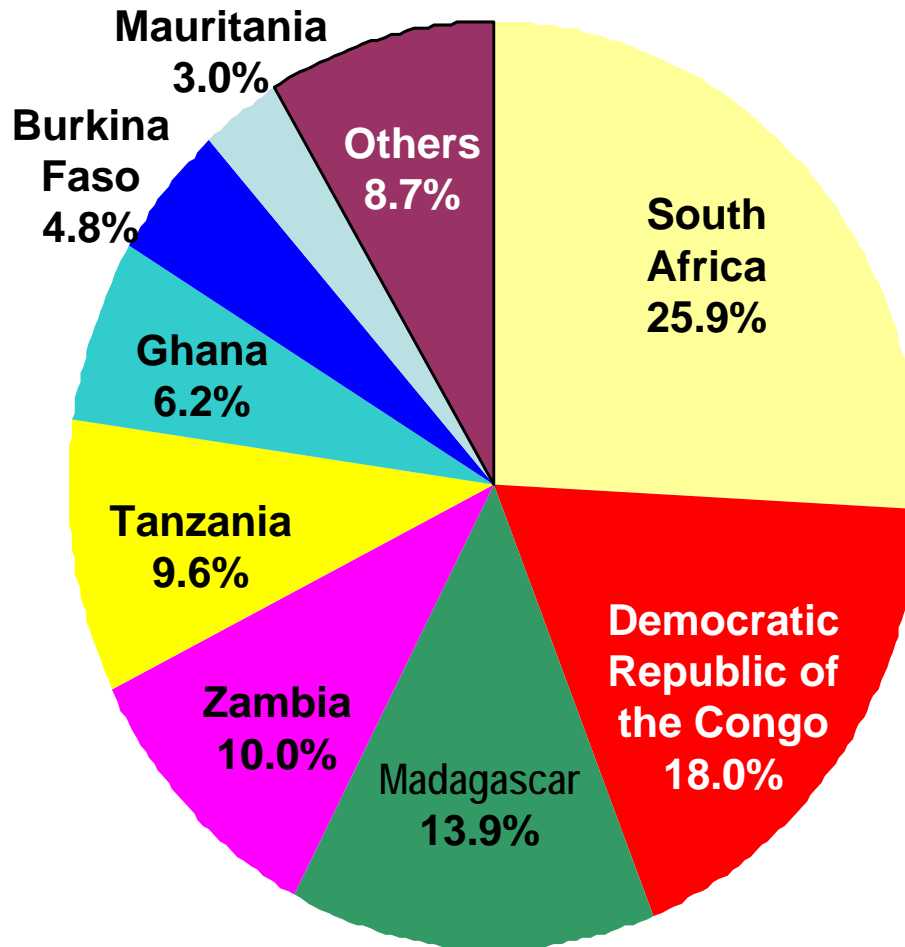
# Operating Assets

Canadian Interest >15%, June 2008



# Country Distribution

2007





# Canada and Africa

## *Common Interests*



# Common Interests



- Governance
  - Institutional frameworks and arrangements
  - Capacity-building
- Corporate social responsibility (CSR)
- Transparency
- Market access
- International policy cooperation
  - Upcoming UNCSD reviews of mining, chemicals and wastes



# Conclusion



- A dynamic, innovative and competitive mining and metallurgical sector is among Canada's strengths
- Canada and Africa share a common vision: to optimize the contribution of mineral resources to sustainable social and economic development
- African governments and industries need to ensure their voices are heard in the UNCSD review process
- EITI and CSR are effective tools to
  - enhance the benefits of mining for host countries and communities
  - identify and address social, environmental and other risks
- Canada looks forward to enhancing existing partnerships and to creating new partnerships for African mineral resource development

