

Canada - Africa

Partners in the development of Natural Resources

The Natural Resources and African Economic Conference

**Presentation by Denis Lagacé
on behalf of Gary Nash,
Assistant Deputy Minister**

**Canadian Council On Africa
Calgary, November 27, 2006**

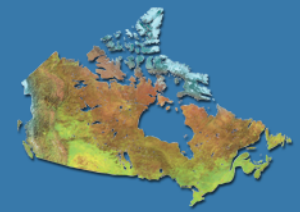


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Canada

Ressources naturelles
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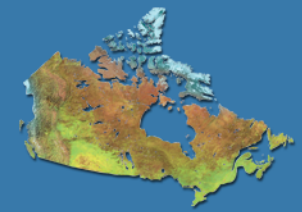
Canada

Outline

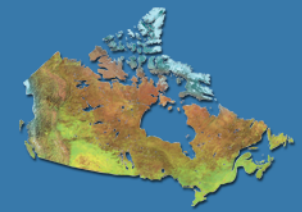


- Context
- Brief overview of the Canadian mining sector
- Canada-Africa, Partners in Mining
- Areas of common interests
- Conclusion





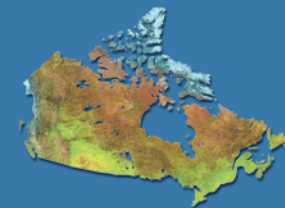
- ➔ Canada, like most African countries, was a former colony
- ➔ Canada and Africa have abundant mineral resources
- ➔ Mineral resources offer social and economic development opportunities under the right conditions and policies
- ➔ Canada can assist African economies in getting the maximum benefits from their natural resources
- ➔ Canadian investment in African natural resources:
 - ➔ Capital Assets of C\$6 billion in mining
 - ➔ Capital Assets of C\$4 billion in oil and gas
- ➔ One African company is among the biggest investors in the Canadian diamonds sector



Overview of the Canadian mineral industry



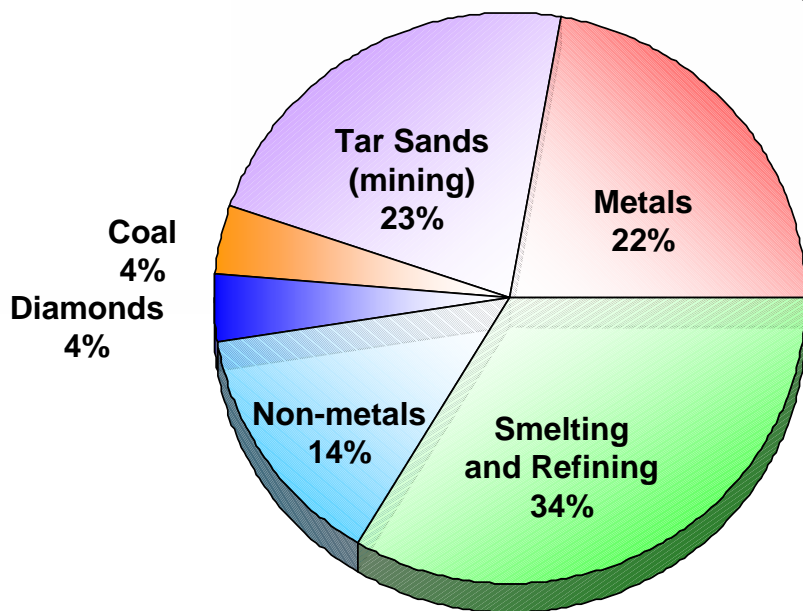
Canadian Mining and Mineral: Processing Industries



\$60 billion value of production -

Over 5000 operating companies:

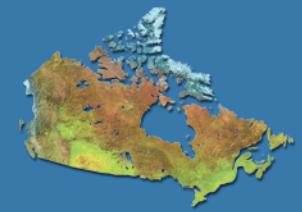
- +200 producing mining establishments (metal, non-metal, coal and tar sands)
- +3000 stone quarries, sand and pits
- +/- 50 non-ferrous smelters, refineries and steel mills
- +2000 recycling operations
- 388,000 jobs



Pie chart figure includes the value of production from Canadian-mined ores, concentrates and aggregates (\$23 billion). The balance (\$34 billion) includes the value of production realized from the smelting and refining of domestic and imported ores, concentrates, recyclables, steel, aluminum, as well as, coal and tar sands mining. Source: Natural Resources Canada; Statistics Canada



Minerals & Metals in Canada: A Value Added Cluster

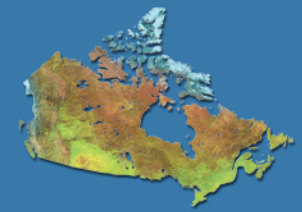


Mining is one of the most extensive and best developed Canadian industrial clusters

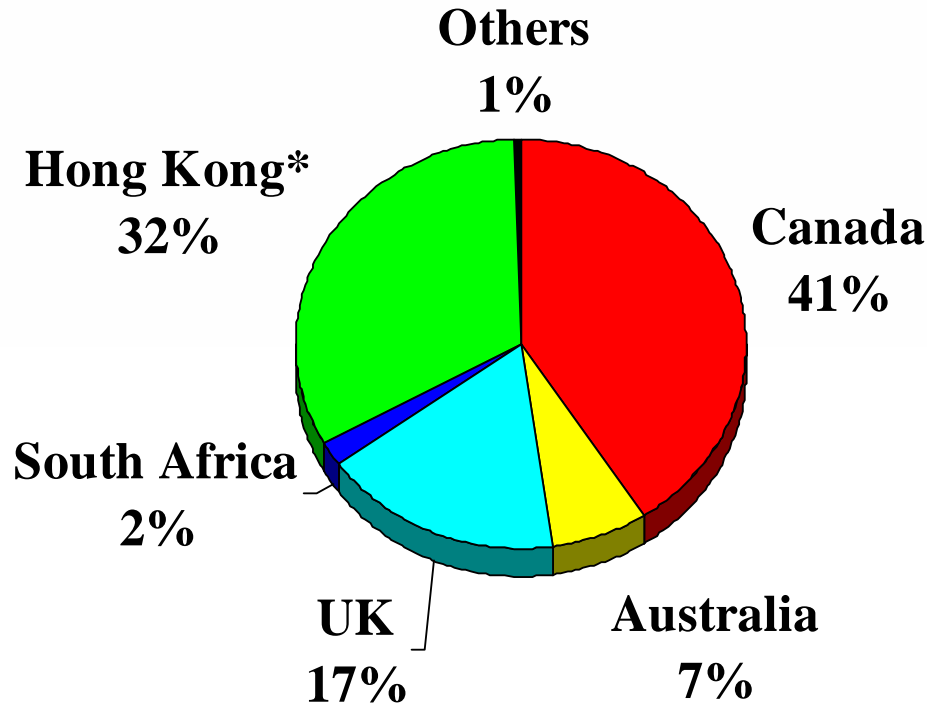
- Extensive sciences & technology network \$300M R&D
- Broad expertise in geoscience
- 1,100 junior mining exploration companies
- 2200 suppliers of equipment and services
- Canadian mineral policy: a governance model influencing many developing countries' mineral policies
- Sophisticated financial institutions



Canada, a Global Player: Equity financing



*Equity Financing Raised for Mining Companies,
Selected Regions of the World,
2005 = \$11.1 billion*

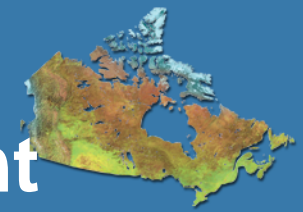


*Includes China Shenhua Energy US\$3 billion IPO, 31%

Source: TSX, based on Gamah International Limited

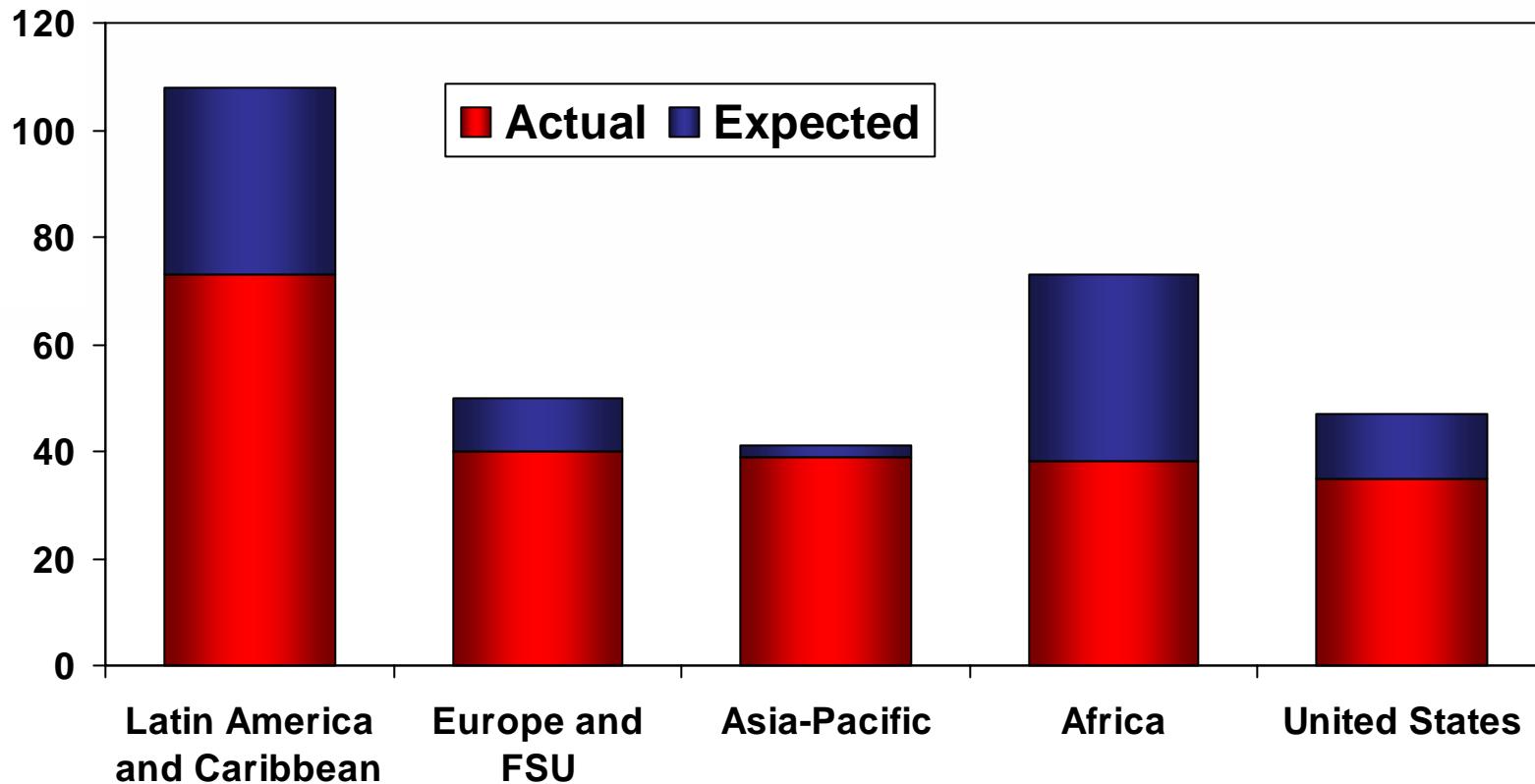


Canada a global player: \$50 billion cumulative investment



Mines, refineries, smelters and advanced projects with a Canadian interest

Number of operations



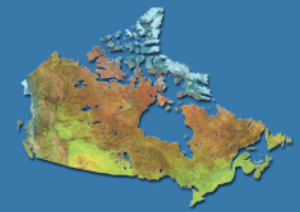
Source: Natural Resources Canada, based on company reports available.



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Canada-Africa Partners in mining

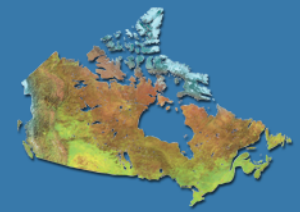


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Mining – a key element of Canada/Africa relations

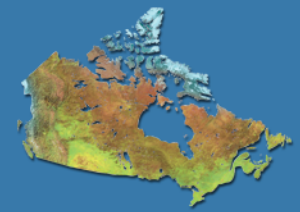


- ➔ **There are more than 80 Canadian mining companies active in 37 African countries:**
 - ➔ **US\$278M or 24% of all exploration expenditures in Africa**
 - ➔ **Important discoveries made in Tanzania, Mali, Ghana, Burkina Faso, Guinea, Eritrea, Kenya, Niger, etc**
 - ➔ **Capital assets of C\$6 billion as of December 2005**
 - ➔ **CAN\$13 billion* of investments planned for the next 4-5 years in 15 African countries**
 - ➔ **Mining is or will become the face of Canada in many African countries: Madagascar, Tanzania, South Africa, Mali, Burkina Faso, Eritrea, Zambia, Botswana**

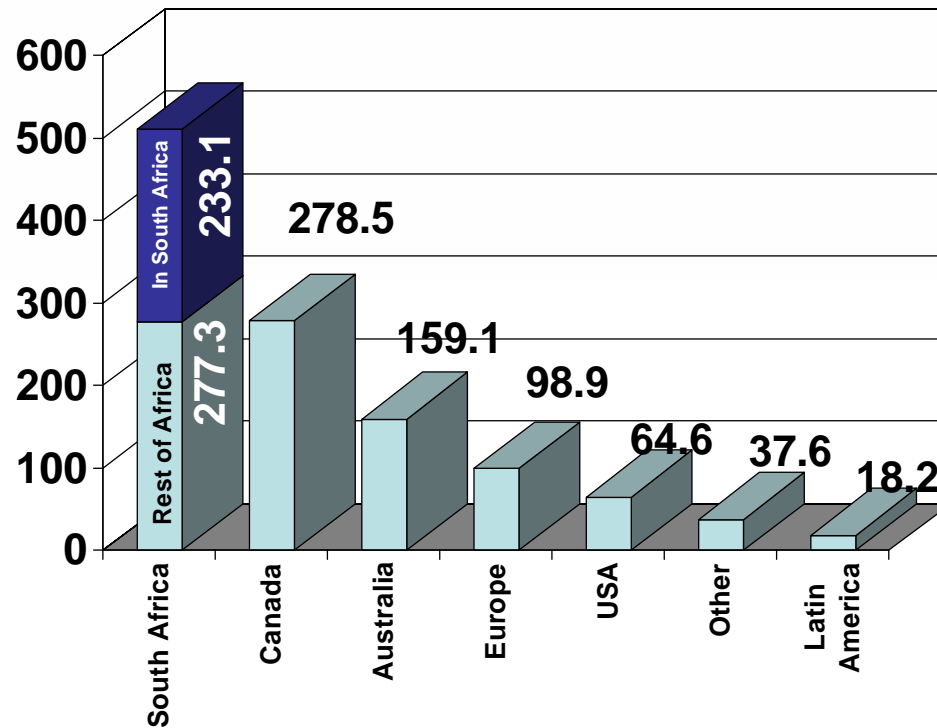
* C\$13 billion represents Canadian share of projects, whose total value will total C\$19 billion



A key player in Mining Exploration



Exploration expenditures in Africa by origin
US\$Million



Source: Minerals Economic Group

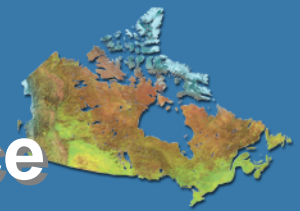


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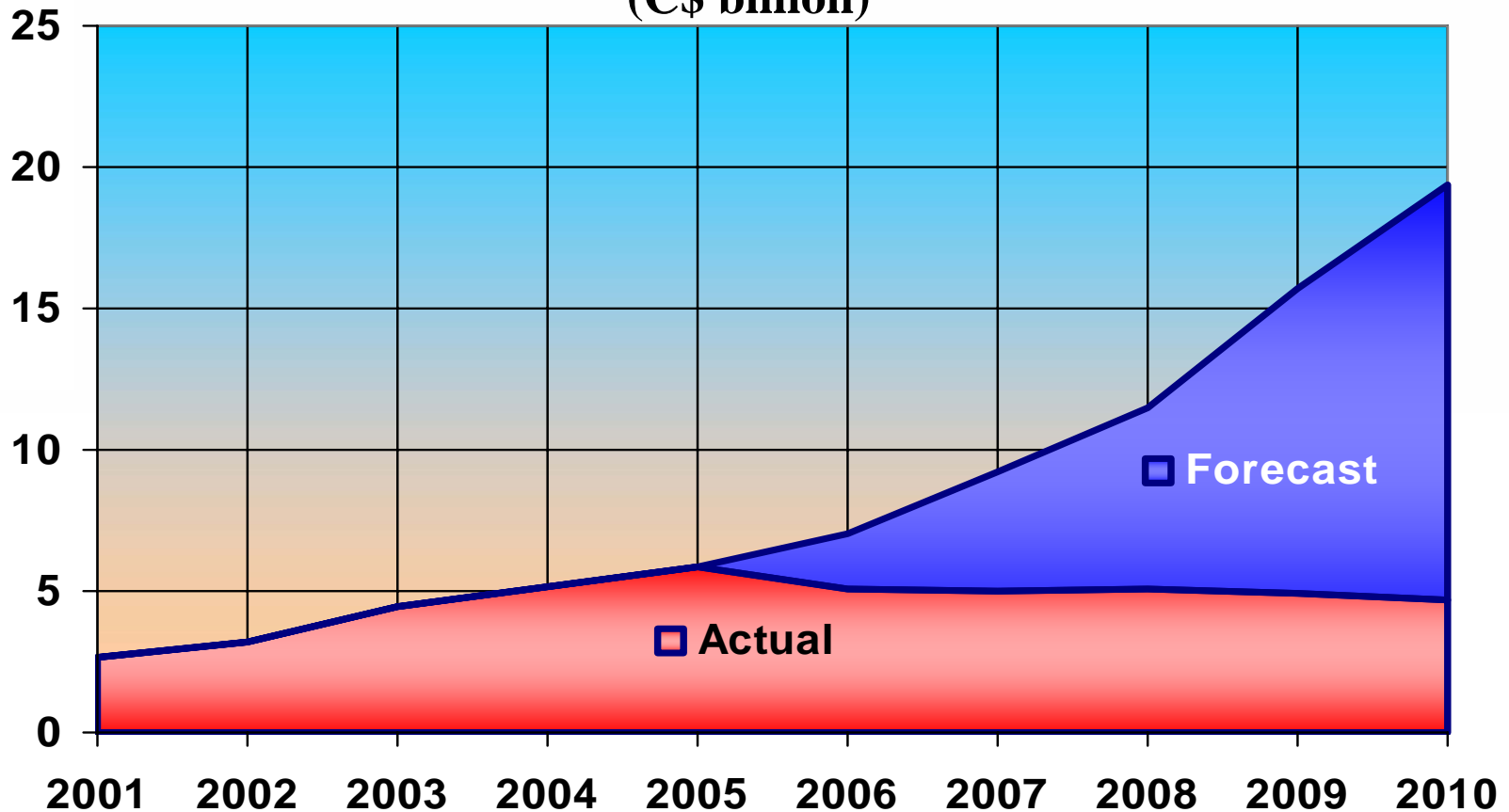
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Canadian overall presence: contributing to Africa's renaissance



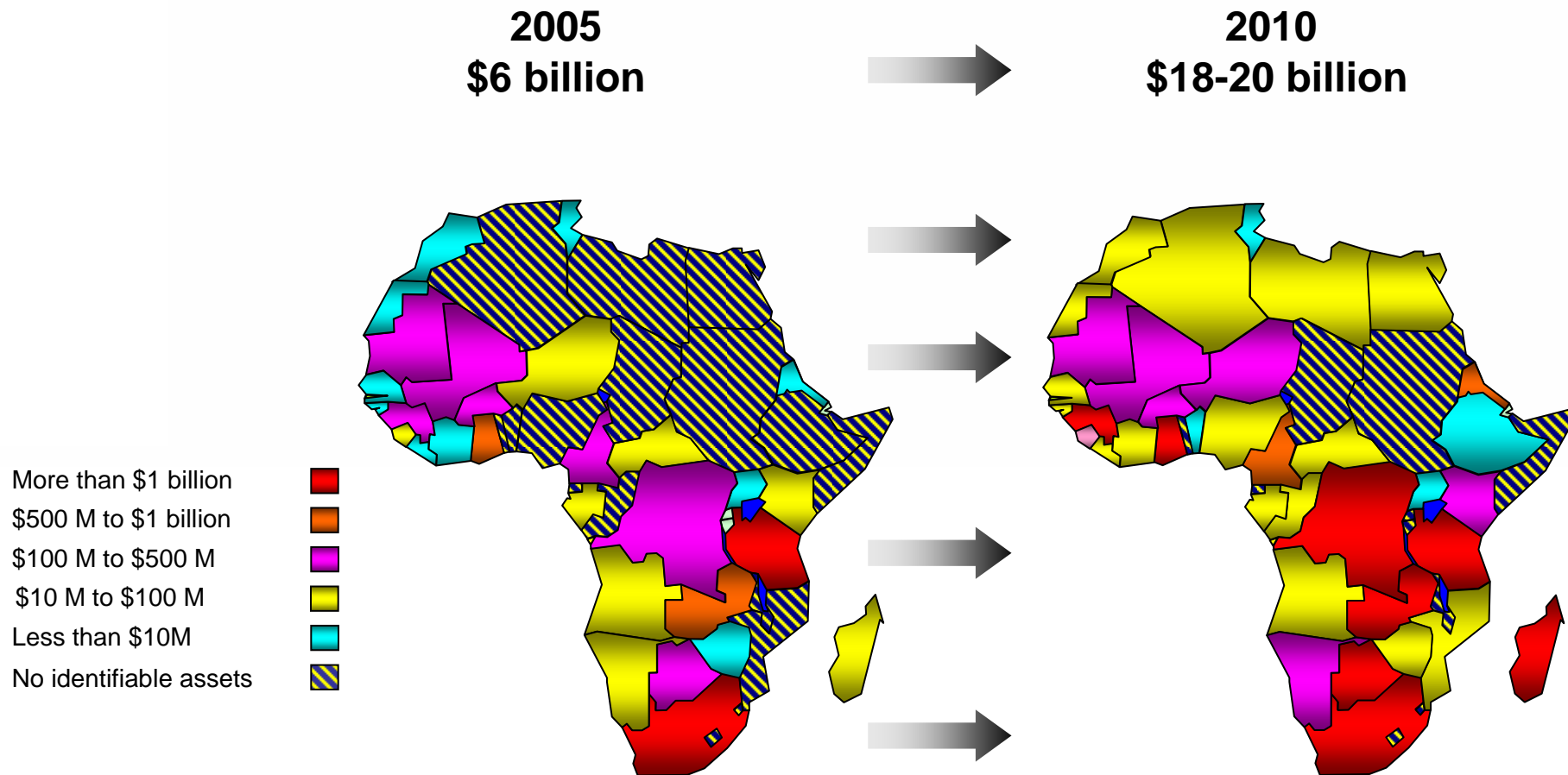
Actual and Expected Cumulative Stock of Canadian Capital Mining Assets (C\$ billion)



Sources: Natural Resources Canada

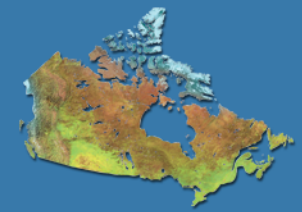


Stock of Canadian Capital Mining Assets in Africa



Sources: Natural Resources Canada

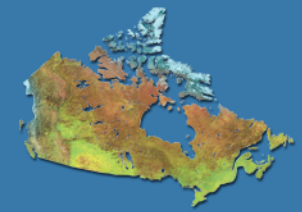




Canada-Africa Areas of Common Interest



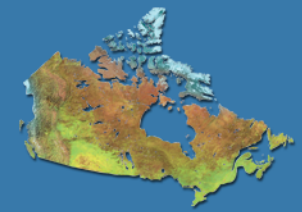
Canada- Africa: Areas of Common Interests



- Equitable distribution of economic and social benefits
- Environmental Protection
- Governance and transparency
- Commitment by industry to corporate social responsibility
- Cooperation in international policy initiatives targeting minerals and metals
- Improving the image of mining



Canada-Africa: Areas of collaboration (1)



➤ African Mining Partnership

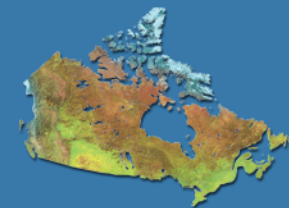
- Pan-African institution
- Main objective is to improve governance
- Potential to host Centres of Excellence in mining for Africa

➤ Kimberley Process

- Botswana 2006 Chair
- Canada as Chair and secretariat of the Working Group on Statistics provide assistance in developing statistics capacity



Canada-Africa: Areas of collaboration (2)

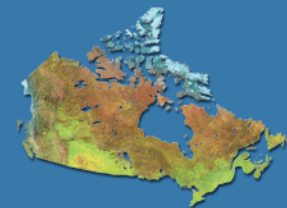


- **Intergovernmental Forum on Mining, metals and minerals and sustainable development** (Outcomes of the last 2 meetings)
 - Template for national mining policy framework
 - Equitable sharing of benefits from mining
 - Framework: Investors perception of country risks
 - Financial Surety and mine closure
 - Environmental Impact Assessment
 - Market Outlook Committee

- **Future Topics for the next meeting (Moscow Sept. 2007)**
 - Optimizing benefits from mining
 - Good Governance and investment decisions
 - Community benefits and development



Canada-Africa: Fighting Market/Trade Restrictions

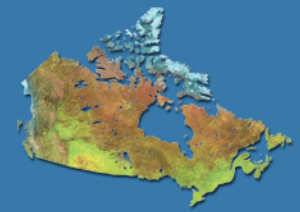


- International Policy initiatives
 - Potential to affect trade in, and use of minerals and metals
 - Impacts for mineral and metal commodity markets

- UNEP's Strategic Approach to International Chemicals Management (SAICM)
- The Basel Convention Ban Amendment
- European legislation to regulate chemicals (REACH)
- UNECE Heavy Metals Protocol
- OECD on Sustainable Material Management



Conclusion



- ➔ Mining presents an important opportunities for economic development if properly done within the context of Sustainable development (SD) policy at both government and private sector levels within a system that is transparent and accountable.
- ➔ Canada's economic and social development has and continues to benefit from mining
- ➔ The Canadian industry is a global industry contributing to SD in many countries
- ➔ Canada is a partner of choice for Africa to assist meeting the challenge of making mining a key contributor to SD

