



information bulletin

September 2000

Suppliers

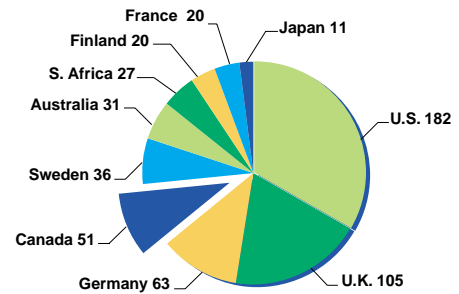
Suppliers of Mining Goods and Services

Mining operations in Canada and around the world consume about US\$200 billion worth of specialized products each year. Providing these products is a very competitive business. Canadian firms, along with those from Australia, Germany, Sweden, the United States and the United Kingdom, are among the leading international suppliers.

Canadian mining companies are involved in more than 6000 projects at all stages of the mineral resource development and mining process in over 100 countries around the world. This too creates a steady demand for a wide range of goods and services used in mining activities, such as exploring for mineralization, assessing mineral discoveries, expanding existing mines and building new ones, producing mineral commodities, closing depleted operations, and restoring mine sites.

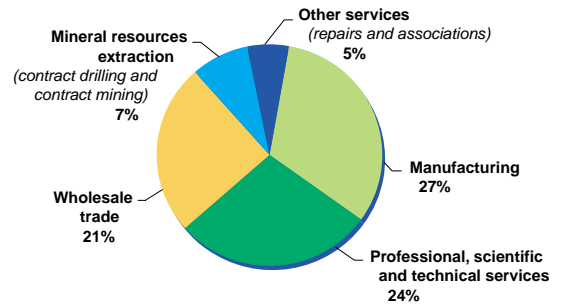
Canadian and foreign mining companies buy many of their goods and services from Canadian-based companies. In 1992, Canadian mining companies and producers of primary metals created a direct and indirect demand for over \$20 billion in products from all other sectors of the domestic economy. As a result, they supported more than 180 000 jobs in these supplier sectors.

International Suppliers of Specialized Mining Goods and Services — Leading Countries, Ranked by the Number of Advertisers in the *Mining Magazine* Buyers' Guide



Source: Natural Resources Canada, based on "Buyers' Guide 1999," *Mining Magazine*, December 1998.

Canadian Suppliers of Specialized Mining Goods and Services — Sectors of the Economy Accounting for 80% of Suppliers

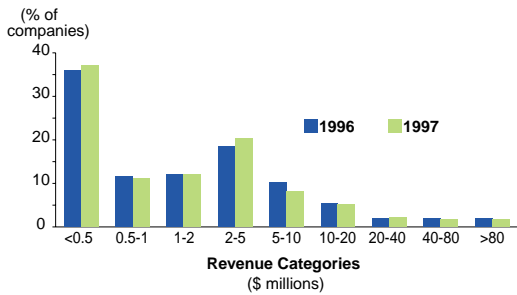


Source: Natural Resources Canada, based on 2195 companies advertising in trade publications and on industry codes from Statistics Canada and Industry Canada.

Suppliers

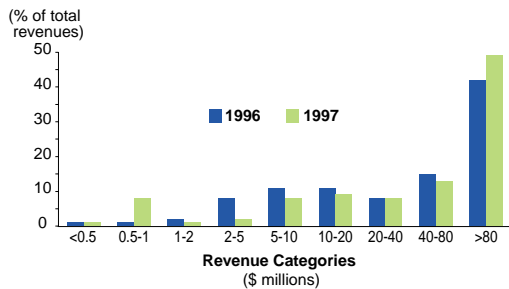
of mining goods and services

Canadian Suppliers of Specialized Mining Goods and Services — Distribution of Suppliers by Mining Revenue Category



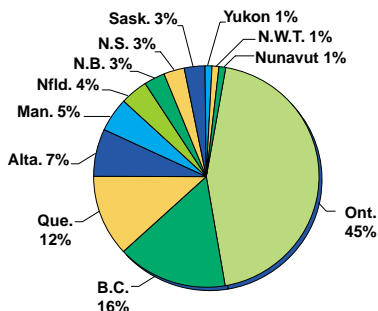
Source: Natural Resources Canada, based on 629 responses to its *Survey of Businesses Based in Canada Providing Goods and Services to the Mining Industry Worldwide*.

Canadian Suppliers of Specialized Mining Goods and Services — Distribution of Total Mining Revenues by Revenue Category



Source: Natural Resources Canada, based on 629 responses to its *Survey of Businesses Based in Canada Providing Goods and Services to the Mining Industry Worldwide*.

Canadian Suppliers of Specialized Mining Goods and Services — Distribution of Head Offices in Canada, by Province and Territory



Source: Natural Resources Canada, based on 2195 companies advertising in trade publications.
Note: Percentages do not add to 100 due to rounding.

Suppliers of Specialized Mining Products

Over 2200 Canadian-based companies sell specialized products that are scientific or technical in nature for use by Canadian and foreign mining companies operating in Canada or abroad. Canadian suppliers provide thousands of different products and have developed considerable knowledge of and expertise in those used in surface and underground mining, protection of the environment, exploration, feasibility studies, mineral processing and mine automation.

Companies that supply specialized mining goods and services are found in most sectors of the economy. About 80% of these firms are manufacturers, wholesalers, providers of professional, scientific and technical services, contract drillers or contract miners.

Although many of these suppliers have a variety of clients, mining companies are an important part of their business. A recent survey conducted by the Minerals and Metals Sector of Natural Resources Canada shows that, in 1996 and 1997, sales to mining companies in Canada and abroad accounted for about one quarter of the total jobs and total revenues of Canadian firms that supply specialized mining goods and services.

Most Canadian suppliers of specialized mining goods and services are small businesses. However, it is the larger firms that provide most of the jobs and generate most of the revenues. Businesses with annual sales of specialized mining goods and services of less than \$5 million account for about 80% of suppliers of these products, but they account for less than 20% of the total revenues derived from mining companies. Half of all suppliers of mining goods and services depend on mining companies for 50% or more of their total revenues. The smaller businesses derive a significantly greater proportion of their total revenues from mining companies than do the larger ones.

Suppliers of mining goods and services are located in more than 400 communities across Canada. Almost three quarters of suppliers are based in Ontario, British Columbia and Quebec, all provinces with large mining economies.

Suppliers

of mining goods and services

Exports

In the early 1990s, many developing nations significantly improved the climate for mineral investment in their country. It became less risky for multinationals to develop known, but previously little explored, world-class mineral deposits. As a result, mining companies based in Canada and in other developed countries expanded their international operations. During 1999, Canadian companies conducted approximately 30% of all mineral exploration programs around the world. In mid-2000, they held interests in 150 mining, smelting or refining operations in over 40 foreign countries. Several of their other projects in these countries and elsewhere are either under construction or awaiting the results of a final production feasibility study. Many more are undergoing exploration.

Canadian suppliers of specialized mining goods and services were quick to recognize the unprecedented opportunities presented by the rapid globalization of mining in the 1990s. By 1994, they were exporting mining-related products to 180 countries. In 1997, about 30% of their total revenues from the sale of specialized mining goods and services was from exports.

From 1996 to 1997, revenues from Canadian exports of specialized mining goods and services grew by 25%. The related employment increased by over 10%. There exists a close correlation between the countries where Canadian mining companies and Canadian suppliers of mining goods and services are the most active.

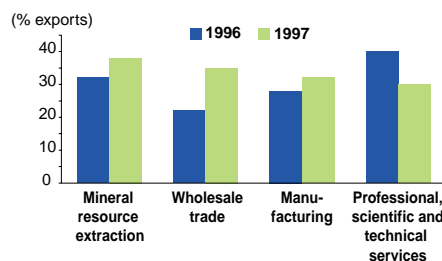
Suppliers of Other Products

In addition to specialized mining goods and services, mining companies also purchase large quantities of other products such as energy, financial services and transportation services.

There are more than 1400 mining companies listed on Canadian stock exchanges, more than in any other country. As well, more funds are raised in Canada for mining projects around the world than anywhere else.

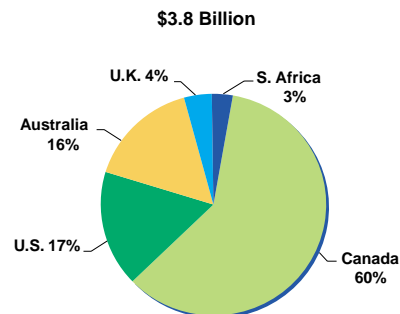
As a result, there is a disproportionately large demand in Canada for the services of mining analysts, lawyers, auditors and underwriters with respect to institutional and retail investing, financing of exploration and mine development

Canadian Suppliers of Specialized Mining Goods and Services — Exports of Dominant Sectors as a Proportion of All Sales to Mining Companies



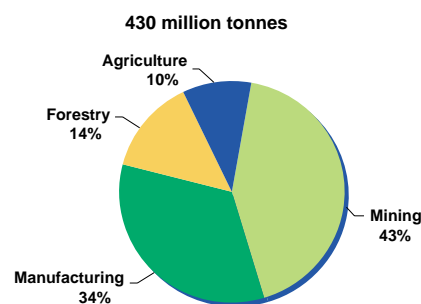
Source: Natural Resources Canada, based on 629 responses to its *Survey of Businesses Based in Canada Providing Goods and Services to the Mining Industry Worldwide*.

Sources of Equity Financing for the World's Mining Companies, 1998



Source: Natural Resources Canada, based on Toronto Stock Exchange, Securities Data Company, Financial Post DATAGROUP and Gamah International.

Transportation in Canada, by Commodity, 1996



Source: Natural Resources Canada, based on *Transportation in Canada Annual Report, 1998*, Transport Canada, 1999, catalogue TP13198E, p. 119.
Note: Percentages do not add to 100 due to rounding.

projects, and advice on Canadian mining ventures here and abroad. Over the past four or five years, almost 200 firms based in this country were active in raising capital for Canadian mining companies.

Mining companies also create a large demand for transportation services in Canada. As a result, a significant number of the jobs in that sector of the Canadian economy owe their existence to mining. In 1996, there were 57 000 people employed in railway and marine transportation in Canada. That year, mineral commodities accounted for almost 60% of all rail tonnage and for more than half of all marine tonnage handled in this country.

Conclusions

The needs of Canadian mining companies for a wide range of specialized goods and services, and for the usual business goods and services, have given rise to a dynamic and diverse group of suppliers based in Canada. Rapid globalization of mining in the 1990s created unprecedented opportunities for domestic suppliers to further penetrate international markets. Supplying expertise, goods and services to Canadian and foreign mining companies operating in Canada and abroad provides jobs for Canadians in urban and remote communities.

For More Information

A report entitled *Canadian Suppliers of Mining Goods and Services: Links Between Canadian Mining Companies and Selected Sectors of the Canadian Economy* (84 pages) has recently been published by the Minerals and Metals Sector of Natural Resources Canada. It is available on the Internet at <http://www.nrcan.gc.ca/mms/pubs/services-mines-e.pdf>. A copy can also be requested by telephone ((613) 995-4577) or by e-mail (mdussaul@nrcan.gc.ca).

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