THE INTERNATIONAL
RESOURCE JOURNAL

DECEMBER 2012 | Volume 4 | Issue 12 | www.irjonline.com

IN THIS ISSUE ►

RICH PICKINGS

WEST AFRICA'S RESOURCE WEALTH

RAPID-FIRE ROUNDTABLE

2012 IN REVIEW

With 2012 coming to an end, *The International Research Journal* reached out to some notable experts with their fingers on the pulse of resources to share their thoughts on some key questions.

CAY MIMS is Senior Associate in The Highland Group's Americas Mining & Metals Practice. She has over 20 years of mining and metals sector experience, including exploration and project development, mining and process operations, project finance, maintenance and safety. A geologist by trade, Ms. Mims also has a strong background in strategy, competitive intelligence and business development.

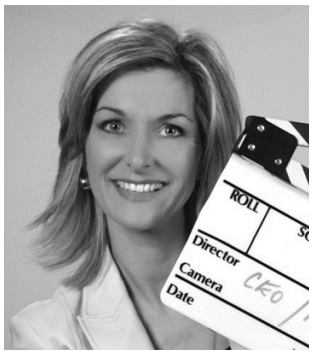
WWW.THEHIGHLANDGROUP.NET

ALAN NOVAK is director of metals and mining for Emerson Process Management, which provides machinery health technologies and reliability-based monitoring for critical mining assets.

WWW2.EMERSONPROCESS.COM

ANDREW SCHRAGE is the co-owner of MoneyCrashers.com, which is a personal finance and investing site that focuses on a wide variety of topics from budgeting to commodities investing.

WWW.MONEYCRASHERS.COM



TAYLOR THOEN is CEO / Executive Producer of BTV- Business Television and CEO Clips Profiles on Publicly Traded Companies.

WWW.B-TV.COM, WWW.CEOCLIPS.COM

WILFRED VISSER is the author of theBusinessofMining.com, a mining business blog bringing together the technical and the business sides of the mining industry. He works in the M&A group of a mining company included in the S&P500. Wilfred holds both a MSc. Mining Engineering from Delft University of Technology and an MBA degree from a top tier business school.

THEBUSINESSOFMINING.COM

	Cay Mims	Alan Novak
What will you remember from the year just gone in the world of mining?	2012 was a year of rapid change. Seemingly overnight, the sector's focus transitioned from "throughput, throughput, throughput" to cost reduction, which was almost quicker done than said.	Increasing discussion of national resource recovery rates (taxes) i America, Africa and Mongolia, which injected uncertainty into dev ment plans. Increasing opposition to new development by local communities (environmental concerns) in countries such as Peru and Canada.
The standout event of 2012?	This "Supercycle" resource boom appears to be over, due in large part to the slowdowns in China and the EU.	2012 will be remembered as a very turbulent year when iron ore collapsed.
The most disastrous event of 2012?	The violence and labor unrest in South African mining underscored the need for mining executives to engage workers facing socioeconomic inequality. This can be difficult given the need to simultaneously control costs, including wages, in the face of global market imperatives. And while the events in South Africa highlight the issue, this is a universal challenge.	The economic slowdown in China precipitated the drop in iron ore Given that China consumes some 80 per cent of the world's stee economic slowdown has hit mining companies hard, forcing them tool their investment plans. In the past decade, mining companie joyed higher commodity pricing and the goal was to bring new pro online and maximize production. Now mining companies are focu efficiencies and rationing in terms of where they invest their dolla
High point?	Gold and silver prices showed continued strength. Therefore, our service offerings in throughput, safety and cost reduction resonated with firms seeking to deliver greater sustainable value to the market.	Mining companies are increasingly turning to new technologies, p larly remote technologies and reliability-based maintenance, to h manage some tough challenges. The industry faces extraordinar maintenance costs, a limited pool of skilled personnel, and in som es, political and financial instability in key mining markets. Given challenges, the mining companies are looking at how to monitor, age and in some cases operate equipment remotely, using techn that predict problems or potential failures. New technologies allo to monitor vibration, temperatures and other conditions that indic pending fault. Early detection of faults that prevent unplanned do – that can cost anywhere from $45,000 to $300,000 an hour, de upon the equipment – can have a huge impact on the bottom line
Low point?	There hasn't really been a low point. From an operational perspective, refocusing on costs is timely, even overdue. While many senior executives are dusting off efficiency skills and tools jettisoned during the boom times, they continue to seek outside support to achieve sustainable cost reduction while delivering on market promises. Younger, more inexperienced management teams are less familiar with austerity and cost control, but know they must adjust quickly and are often willing to use external resources to get it done.	One low point in the mining industry occurred in the U.S. in Octob according to the Bureau of Labor Statistics, 9,000 mining jobs we Proposed greenhouse gas regulations released by the governmen supposed to have played a role.
Your prediction/s for 2013?	I predict further cost reductions. Unfortunately, relatively few executives and operators, particularly in the bright, next-generation leadership group, have the knowhow to identify and implement cost-reduction initiatives effectively and sustainably. Therefore, we'll be assisting busy executives in tightening their belts and delivering on their promises to do more with less.	We expect to see reinvestment in brownfield operations, and a pu more with less by using technology. This means larger and larger ment and more technology that provides enhanced diagnostics a toring capability. While bigger equipment translates into more eff and improved safety, it also means breakdowns will be more disru to mine operations. Reliability-based maintenance technologies t monitor and help prevent equipment failures and bring more relia and uptime to mining operations will be paramount. Also, worker can be significantly improved through remote data collection.
Have you anything to declare?	–	Efficiency and rationing will dominate every aspect of mining inve either for picking a region to invest, revamping an existing mine, p up new technology to optimize production, or hiring new people. M will watch every dollar they spend and will pick partners that will h them stretch that investment as far as they can.

	Andrew Schrage	Taylor Thoen	Wilfred Visser
in Latin velop- (over	I'll remember China's decision to reduce its output of rare earth elements. This has made for volatility in that market, and other countries — namely the U.S. — will have to quickly improve their own production in order to prevent further disruption.	The emergence of Brazil as a regional play and the hype of anything focused on precious metals.	The shift of focus from growth and investment to cost control, driven by slowing demand in China.
prices	One of the standouts of 2012 is that investment in Mexico is projected to reach almost $8 billion by year's end, a record for that country. The main reason for this is the country's attempt to increase its copper output to meet rising global demand.	One of our clients, Queenston getting a purchase offer at a premium from Osisko this week	The move by Glencore and Xstrata to create the world's first major integrated miner and trader.
e prices. l, the n to re- es en- oduction used on rs.	The most disastrous event of 2012 was the incident at the Marikana mine in South Africa, where 34 miners who had been protesting recent government legislation were shot by police.	Q2 and Q3 — very difficult for companies to raise funds	The police crackdown on South African strikers, killing over 40 people in August.
particu- elp them ily high me cas- these man- ologies w them cate a wntime epending e.	One high point of 2012 occurred in Australia, where by the end of April, more than $250 billion was invested in nearly 100 mining projects, a record for that country. Most of these expenditures were in the iron ore, coal, and oil and gas industries.	One of our clients- B2 Golds $1 billion acquisition of CGA mining.	The combination of Vedanta, Sterlite, Sesa Goa, and other assets into Sesa Sterlite, the front runner to become the Indian mining giant.
er, when ere lost. nt are	—	Base metals — they are just not getting their value.	The continuing fight between Vale and Brazil's government over taxes and royalties as the government tries to make the company focus more on Brazilian activities.
ush to do r equip- nd moni- ficiencies uptive hat help ability r safety	I predict that the countries of Australia and India will significantly increase their mining output in 2013. India recently released a five-year plan in which approximately $15 billion will be invested in the generation of coal. The Australian government is predicting more than a 10% jump in mining jobs for 2013, and according to the Minerals Council of Australia, this figure will increase by close to 75% by the year 2020.	More acquisitions of development stage companies — in all commodities but especially gold.	Cost control on both existing operations and new projects will be the key topic in the boardrooms of most large mining companies. Following the replacement of several CEOs at the top miners, a lot of key industry executives will change jobs. Chinese government-backed companies will make use of the hesitation to invest among multinational miners to gain control over promising projects in the new frontier countries.
stments, picking Miners help	—	If you're a producer you should pay a dividend — you'll attract more shareholders and longer term ones.	—