

MINING COMPANIES PRIORITISE INFRASTRUCTURE

By Deborah Spicer

Resource companies increasingly have to reconsider whether their core business portfolio should be grown to include infrastructure provision.

This is because the search for minerals and oil and gas is:-

- a) continuing to drive these companies to invest in deposits at remote sites with little or no available transport, energy and communications infrastructure;
- b) taking place in emerging countries with their own development requirements, including electricity provision for their citizens, which compete with the requirements of resource companies;
- c) taking place in low-income countries characterized by an underinvestment in infrastructure; and
- d) occurring in mining localities where several mining companies compete for limited infrastructure resources.

These infrastructural challenges have been particularly felt in Africa, where investment opportunities have historically been lost as a result of the continent's poor infrastructure.

However, the increasing scarcity of large new mineral finds, in addition to high precious metals and other prices, are leading companies to ponder whether they should reconsider these countries and find their own infrastructure solutions which would allow them to develop a lucrative project.

Some, such as Anglo American CEO Cynthia Carroll, have insisted that, while the company is considering building a power plant in South Africa, its core business remains mining.

Others, however, including Nigerian oil exploration, production, marketing, refining and trading company Oando plc are happy to rebrand themselves to include infrastructure as a core competence. "We started off thinking we were an oil company but one of the things we've realized is that we are actually an infrastructure company," Oando plc CEO Jubril Adewale Tinubu told the Pricewaterhouse Coopers Global Energy, Utilities and Mining Conference in November last year. "Infrastructure has moved from being secondary to our thinking to being a critical success factor," continued the head of the large Nigerian oil exploration, production, marketing, refining and trading company.

In line with these developments, Venmyn is considering whether it should develop some infrastructural advisory expertise in-house. If you have any interest in this, please let us know.