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Mining 2021

Contributing editors

**Darrell Podowski, Brian Dominique, Brandon Manhas
and Lauren White**

Cassels Brock & Blackwell LLP

Lexology Getting The Deal Through is delighted to publish the seventeenth edition of *Mining*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapter on Ireland, Nigeria and Uzbekistan.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

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Introduction: the coronavirus pandemic and its effect on mining

Darrell Podowski, Brian Dominique, Brandon Manhas and Lauren White

Cassels Brock & Blackwell LLP

2020 was a remarkable year for the global mining industry. The impact of the covid-19 pandemic was felt early and hard by the global mining industry through shutdowns of mines, ports and rail and other transportation infrastructure, with shipments stranded at sea or caught in port and with inconsistent restrictions imposed from country to country. Notwithstanding the foregoing, the human spirit responded in remarkable manner and the global mining economy finished the year and commenced 2021 on an upswing with continuing strong contributions to the global economy as summarised below.

North America and Greenland

In Canada, the mining sector accounts for a significant portion of the economy. Canada is a leading global producer of several minerals and metals, most notably in the production of potash, primary aluminium, cobalt, diamonds, gold, nickel, platinum group metals, salt, titanium concentrates and uranium. Key exports include aluminium, coal, copper, diamonds, gold, uranium, nickel, potash, zinc, iron ore and steel. Recently, there has been a focus on minerals used in battery technology. There is ongoing cobalt and lithium exploration across most of Canada, and the value of Canadian cobalt production has risen in recent years.

In Mexico, the mining industry contributes a considerable portion to the country's gross domestic product (GDP). Additionally, the social benefits of mining spread throughout the country, making Mexico a destination for foreign investment. The target minerals are gold, basalt, quarried aggregate, silver, lead, copper, coal, zinc and limestone. The last few years have seen significant increases in the production of molybdenum, zinc, manganese, lead, copper, cadmium, selenium, silver, bismuth, gold, barite, bentonite, celestite, fluorite, wollastonite, magnesium sulfate, coal and gypsum, among other certain minerals.

In the United States, metal mine production contributes significantly to the economy, with gold, copper, iron ore and zinc as the main contributors. Industrial mineral production, particularly crushed stone, cement and construction sand and gravel, also plays a large role in the US economy.

In Greenland, the target minerals are ilmenite, molybdenum, coloured corundum (ruby and pink sapphires), eudialyte (zirconium and rare-earth elements), diamonds, iron, lead, zinc, nickel and gold. There has been no increased interest in minerals used in battery technology or renewable energy. There are currently seven exploitation licences, but as of writing only two mines have begun production.

South America

Mining plays an important role in Latin American economies. The region includes many copper reserves, silver reserves, lithium reserves, and gold reserves, as well as significant potash and lithium reserves. With its abundance of natural resources, the region has recently

seen considerable foreign direct investment. The region has potential for promising growth in today's global economy. For example, many Chinese companies have targeted investments in Latin America.

In Argentina, the mining industry has seen a sizeable increase from previous years of its contribution to the national GDP. This increase is expected to continue as projects within the country develop and funds from foreign direct investments are allocated to greenfield exploration. Target minerals are mainly copper, gold, silver and lithium, but also include potash, iron, aluminium, uranium, boron, molybdenum lead, vanadium and zinc. Argentina is one of the largest producers of lithium in the world, and the increasing global trend regarding battery minerals has also taken place in Argentina.

In Brazil, the mining industry plays an important role in the economy. Mineral exploitation has increased since 2006, with production peaking in 2011. Recently, proceeds from mining activities, while remaining high, have declined primarily due to the decrease in mineral commodities prices, particularly iron ore, which accounts for the majority of Brazilian mineral production. Brazil hosts a great geological diversity of metallic and non-metallic minerals, including some (ie, lithium, niobium and tantalite) that have increased in relevance in light of recent technological breakthroughs. Target minerals are iron ore, bauxite, aluminium, niobium, copper, manganese, kaolin, gold and others. Rare-earth reserves have been actively prospected in Brazil, and if certain projects in south-east Brazil become viable, this will likely increase interest in such minerals.

In Chile, mining is the most important sector of the economy. The income from royalties and other general taxes and duties contribute significantly to national revenues. Chile has favourable conditions for mining activities, both geographically and geologically. While the main metallic target mineral is copper, the country also has several projects concerning molybdenum, gold, silver, zinc, lead and iron. Lithium and nitrate are the most significant non-metallic minerals.

In Ecuador, the mineral resources are similar to Chile and Peru, however most of the country remains unexplored. Production has been almost non-existent, despite attractive gold, silver and copper deposits. Delays in development can be attributed to erred public policy and the absence of legal security, among other reasons. Currently, the target minerals are gold, silver and copper. There is also potential in other minerals such as lithium, rare earths, potash, iron, uranium and coal.

In Peru, mining represents a large portion of the country's GDP and much of the country's exports. In recent years mining activity has generated added value, higher foreign exchange and revenues for taxes, and created direct and indirect jobs. This has resulted in improvements in the potential growth of economic activity, the achievement of social inclusion and the promotion of general welfare. Peru is a global leader in the production of mineral commodities such as copper, zinc, silver, gold, lead, molybdenum and tin.

Africa

Angola is rich in natural resources, with significant reserves of diamonds, iron ore, phosphates, copper, gold and manganese, among others. Angola was previously a major iron ore, gold and copper producer, until its mineral development was greatly impaired (with the exception of diamond mining) by nearly 30 years of civil war following independence in 1975, ending in 2002. Angola has since resumed mineral mining and implemented significant exploration and mining projects, however the country's true mining potential remains undiscovered. Recently, target minerals are diamonds, gold, iron ore, manganese and copper. The country is also committed to diversifying investment in industrial and construction mineral resources (ie, marble, granite and quartz).

In the Democratic Republic of the Congo, the mining industry consists mainly of cobalt, coltan, copper, gold, diamonds, zinc, cassiterite and wolframite. The mining industry is important to the country, as it is the backbone of the national economy, contributing substantially to the national GDP. Target minerals are cobalt, copper, zinc, diamonds, gold, tin and manganese.

In Ghana, the mining sector is a significant source of direct domestic revenue, and the total mining fiscal receipts have increased in recent years. The total workforce employed by mining companies has also seen an increase. Additionally, the mining sector is crucial for attracting investments into Ghana. The main minerals extracted are gold, diamonds, bauxite and manganese, with gold accounting for a large majority of mining sector revenue and activity. There has been no increased interest in minerals used in battery technology or renewable energy in Ghana.

In Mozambique, mining is a major driver of the economy and its contribution to the GDP continues to increase. The country has been developing a mineral export promotion programme to enhance depleted foreign exchange reserves. As a result, senior industry players from Australia, Brazil, India, Russia and South Africa have acquired interests in various mining areas across the country. Minerals used in battery technology, such as graphite, graphene and vanadium, have also been catching investors' attention. Mozambique hosts one of the world's largest aluminium smelters and is one of the largest producers of tantalite and beryllium. Copper, iron ore, lead, high-grade bauxite, heavy mineral sands and titanium are also found within the country. The province of Tete is known as one of the world's largest coal reserves, although its production has decreased in recent years.

In South Africa, the mining sector is a key contributor to the economy. South Africa has large resources of platinum group metals, manganese, chromium, gold and aluminosilicates and accounts for a significant portion of the global production of ferro-chromium, platinum group metals, vanadium and aluminosilicates exports, and is one of the world's largest exporters of platinum group metals, gold and vanadium. South Africa also has large deposits of copper, zinc, iron, coal and diamonds, and high-grade manganese ore reserves. Increased global demand for manganese, which is a key element in the production of lithium-ion batteries, has resulted in increased manganese production in South Africa.

Zambia has a long history of mining, mainly in copper and cobalt. Mine development has historically been concentrated in the Copperbelt Province, which is an area known for hosting high-grade deposits. The country also hosts small-scale gold, coal, manganese and zinc deposits. Exploration has recently expanded to include prospecting for nickel, uranium, and diamonds. Zambia is furthermore known for its gemstones and is a leading producer of high-quality stones. Significant deposits of coal-bed methane have been discovered through recent exploration. The target minerals are mainly base metals, platinum group metals, uranium and gold. However, exploration applications for the mining of manganese, lead, zinc and cobalt have increased.

Europe

In Finland, the mining industry plays an important role in the country as one of the leading mining countries in Europe. Mining activity is currently concentrated around gold, platinum group metals, base metals, diamonds and industrial minerals. Finland also has many high-class geological databases available on the internet. Finland's mining production has increased significantly in recent years, and investments by Finnish mines have also seen a significant increase. The mining sector provides employment to many residents throughout the country. Many minerals have good discovery potential in Finland, such as chromium, cobalt, copper, feldspar, limestone, lithium, nickel, niobium, platinum group metals, quartz, rare earth metals, talc, tellurium, titanium, vanadium and zinc.

In Sweden, mining has seen an increasingly important role in the economy, with ore production rising significantly in recent years. Numerous companies with exploration permits are actively searching for minerals. Currently, operating mines produce iron ore, sulphide ore and gold. However, other minerals can also be found in sufficiently large quantities. Sweden is the biggest producer of iron ore in the European Union and is among the leading producers of copper, zinc, lead, gold and silver. Exploration for other minerals such as molybdenum, wolfram, vanadium, tellurium and lithium has also caught the interest of foreign prospectors.

The mining industry in the United Kingdom includes thousands of companies. Energy minerals, such as oil, natural gas, and coal, dominate the industry, followed by industrial minerals such as potash, silica and china clay. The UK also extracts copper, gold, silver and iron ore, and industrial aggregates used for concrete and gravel in construction and road building. The UK mining sector is largely focused on mining activities outside the country, however recent years has seen an increase in domestic development. Most mining within the UK is concentrated on construction minerals, such as clay and shale, gypsum and slate. While the UK produces several different types of minerals, it only produces few in meaningful quantities. There are currently no plants or production of key minerals used in battery technology or renewable energy.

Asia and Australasia

In Japan, several minerals are important to the country. For a 'specified mineral', a tender bid must be conducted for each specified area to be designated by the government, and the most competitive applicant will be granted the mining right for such specified area. The specified minerals are oil and combustible natural gas; gold ore, silver ore, copper ore, lead ore, bismuth ore, tin ore, antimony ore, mercury ore, zinc ore, iron ore, iron sulfide ore, manganese ore, tungsten ore, molybdenum ore, nickel ore, cobalt ore, uranium ore, thorium ore and barites, which constitute hydrothermal deposits located subsea or beneath the sea; copper ore, lead ore, zinc ore, iron ore, manganese ore, tungsten ore, molybdenum ore, nickel ore and cobalt ore, which constitute sedimentary deposits located subsea or beneath the sea; and asphalt.

In India, mining is an important economic activity as the country is one of the largest exporters of iron ore, chromite, bauxite, mica and manganese. Through several public-sector companies, the government is the largest participant in the domestic mining industry. The government has also initiated various reforms to allow for greater private sector participation in mineral activities, as much of the country's potential mineral resources have not been fully explored. India produces numerous minerals, including fuel, atomic, metallic and non-metallic minerals, and is a leading producer of metallic minerals including chromite, iron ore, zinc, bauxite, manganese, aluminium and copper.

In Myanmar, considerable foreign investments have been made in numerous projects within Myanmar's mining sector. Various mining enterprises have been set up by the government to form joint venture companies to enter into bilateral partnerships for exploration,

development and exploitation. Precious stones found in Myanmar include ruby, sapphire and diamonds, and the largest deposits of jade in the world. Many mineral products are widespread throughout the country, including gold, silver, lead, zinc, tin, tungsten, nickel, antimony, and copper, with copper as the largest mining export. Depending on the targeted mineral, certain mining activities may be prohibited in Myanmar.

The Philippines has been recognized as one of the world's most mineralised countries, with estimates of highly valuable untapped reserves of copper, gold, nickel, zinc and silver. Top mineral exports are copper, gold and nickel. Other target minerals include quartz, mica, iron, gypsum, feldspar, chromite, calcite and sulphur, as well as non-metallic minerals such as sand and gravel, limestone, marble, clay and other quarry materials. The Philippines also hosts some of the world's largest reserves of cobalt.

Thailand produces mainly industrial minerals and industrial rocks, including limestone, gypsum, rock salt, dolomite and basalt. Its mining industry has been less active since 2017 when the new Minerals Act was enacted with a policy to suspend gold mining and impose restrictions on

the use of agricultural land. Recently, mining production for almost all minerals, with a few exceptions, has reduced.

In Uzbekistan, mining is one of the country's most important and strategic industries. It is one of the world's largest producers of gold and uranium, and also produces copper, silver, coal, phosphate, molybdenum, potassium, tungsten, lead, zinc and other minerals. Different regions of the country focus on different minerals. For instance, the Navoi province is famous for its large deposits of gold and uranium, while the Tashkent province is known for its copper, coal and gold deposits.

Conclusion

Cassels salutes the global mining industry! The resilience, perseverance and ingenuity of the mining industry has helped the global economy survive through an unprecedented global pandemic. Global growth will return and the mining industry will be on the vanguard of that economic return. Cassels remains at your service with unequalled knowledge, experience and enthusiasm. See you all at the next Prospectors & Developers Association of Canada (PDAC) conference!

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