



# The Australian Minerals Industry and the Australian Economy

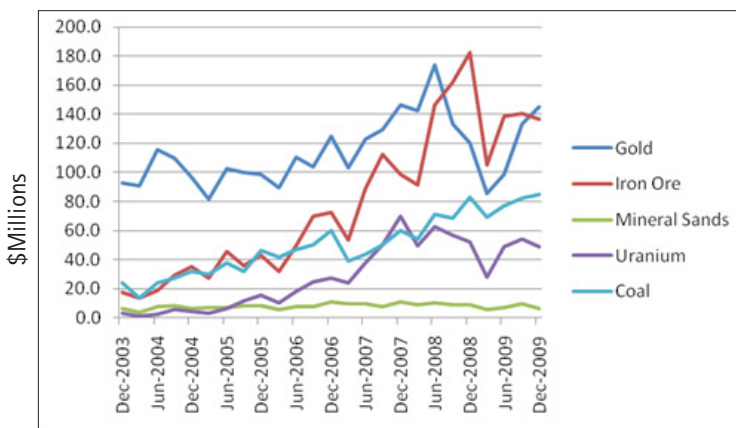
March 2010

## Industry Definition and Contribution

The Australian minerals industry is defined as covering the exploration and mining of minerals (including coal) and the associated minerals processing industry. The Minerals Council of Australia, in representing the industry nationally and internationally, is committed to contributing to the sustained growth and prosperity of current and future generations through the integration of sound financial management, responsible social development and effective environmental management.

Financial 2009–10 (f)		Environmental	Social
% of GDP	8%	<ul style="list-style-type: none"> <li>Largest employer of environmental professionals</li> <li>Accounts for 3% of national water use with an economic value added of between \$86,000/ML and \$25,000/ML</li> <li>Mining sites disturb &lt;0.26% of Australia's land mass and in 2007–08 the industry is forecast to spend more than \$200 million annually on rehabilitation of disturbed lands</li> <li>Accumulated provisions of nearly \$3.5 billion for rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>More than 420 Indigenous Land Agreements across 200 operations</li> <li>Largest private sector employer of Indigenous Australians.</li> <li>Companies contributed more than \$7 billion in royalties as a part of \$21 billion in State and federal taxes in the 2008/9 financial year – almost 50 per cent more than 2007/8.</li> <li>Invest more than \$10 million on primary, secondary and tertiary education.</li> <li>From one of the worst industrial safety records of any sector to one of the best. Our goal of zero fatalities and injuries remains our number one value and commitment.</li> </ul>
<b>Employment</b>			
- direct (Feb 2010)	158,000		
- indirect (est)	505,600		
<b>% Growth in capital investment 08/09</b>	30 %		
<b>Value</b>	\$35b		
<b>Exports</b>	<b>\$Ab</b>		
• coal & uranium	35.6		
• iron ore	29		
• other minerals	44.4		
• Mining services			
Equipment	2.5		
<b>Total</b>	<b>111.50</b>		
• % of total exports	48%		

## Exploration



Minerals exploration generally improved across most commodities over 2009 including base metals such as nickel and cobalt, as well as gold and coal. There were slight declines at the end of 2009 for iron ore, minerals sands, uranium and diamonds. Both spending and metres drilled lifted across 2009 after declines from the middle of 2008.

## Production

The Australian minerals sector is in the top five producers of most of the world's key minerals commodities including:

- The world's leading producer of bauxite, alumina, rutile, and tantalum;
- The second largest producer of lead, ilmenite, zircon and lithium;
- The third largest producer of iron ore, uranium, and zinc;
- The fourth largest producer of black coal, gold, manganese and nickel; and
- The fifth largest producer of aluminium, brown coal, diamonds, silver and copper.



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## Mining 2009–10 (f)

	Production '000t	Exports \$A billion
Bauxite	66,200	0.162
Alumina	20,204	4.624
Copper	890	4.026
Gold	0.2416	14.702
Iron ore	423,900	29036
Lead	648	0.783
Manganese	5,865	1.357
Nickel	177	3.035
Silver	1.737	0.294
Mineral sands	3,276	1.719
Zinc	1,336	1.128
Coal thermal	213,000	11.138
Coal metallurgical	158,000	23.490
Uranium	8.973	0.981

Source: ABARE, Australian Commodities, 2010

## Minerals Processing

	Production '000t	Exports A\$ billion
Smelting and Refining		
Alumina	20,204	4.624
Aluminium	1920	3.732
Refined Copper	427	2.148
Lead Bullion	148	0.545
Refined Lead	208	0.561
Refined Zinc	523	1.071
Refined Nickel	128	Export receipts in nickel mining revenue
Refined Silver	0.774	0.294
Synthetic Rutile	551	0.267

## Australian Economic Demonstrated Resources For Selected Minerals

Mineral		1995	2008
Bauxite	Gt	2.5	6.2
Black coal (recoverable)	Gt	49.0	39.2
Brown coal (recoverable)	Gt	41.0	37.2
Copper	Mt	24	77.9
Gold	t	4260	6255
Iron Ore	Gt	17.8	24
Lead	Mt	18.2	26.8
Nickel	Mt	3.7	26.4
Silver	kt	41.5	61.4
Uranium	kt	629	1163
Zinc	Mt	38.8	42.5

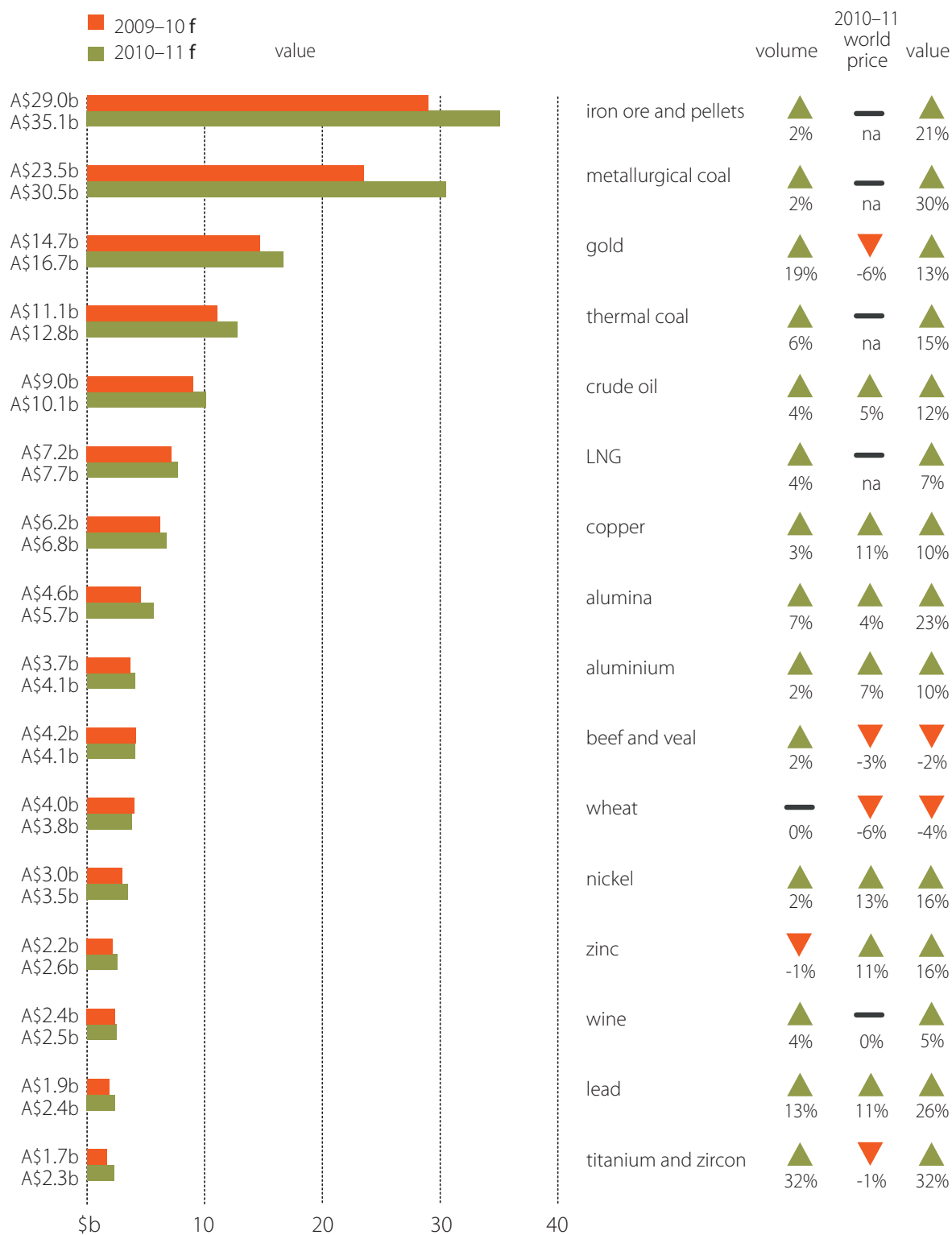
Source: Geoscience Australia

- In 2009/10 mineral resource exports (including metallurgical coal) are forecast to be around \$109 billion or around 67 per cent of Australia's total commodity trade
- Over the five years to 2009/10 all minerals exports will have totalled \$495 billion

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## Major Australian commodity exports

World prices are in US\$ for all commodities except wool, beef, veal and wine which are in \$A. For export value, annual forecasts are the sum of quarterly forecasts. As a result, annual averages for export values do not necessarily reflect variations in export volumes, world prices and exchange rates.



Source: ABARE, Australian Commodities, 2010

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Australia is the largest exporter of:

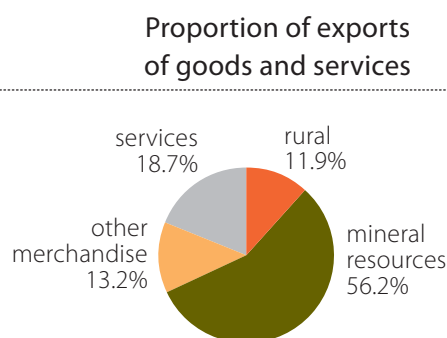
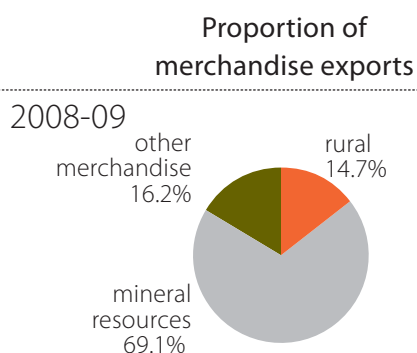
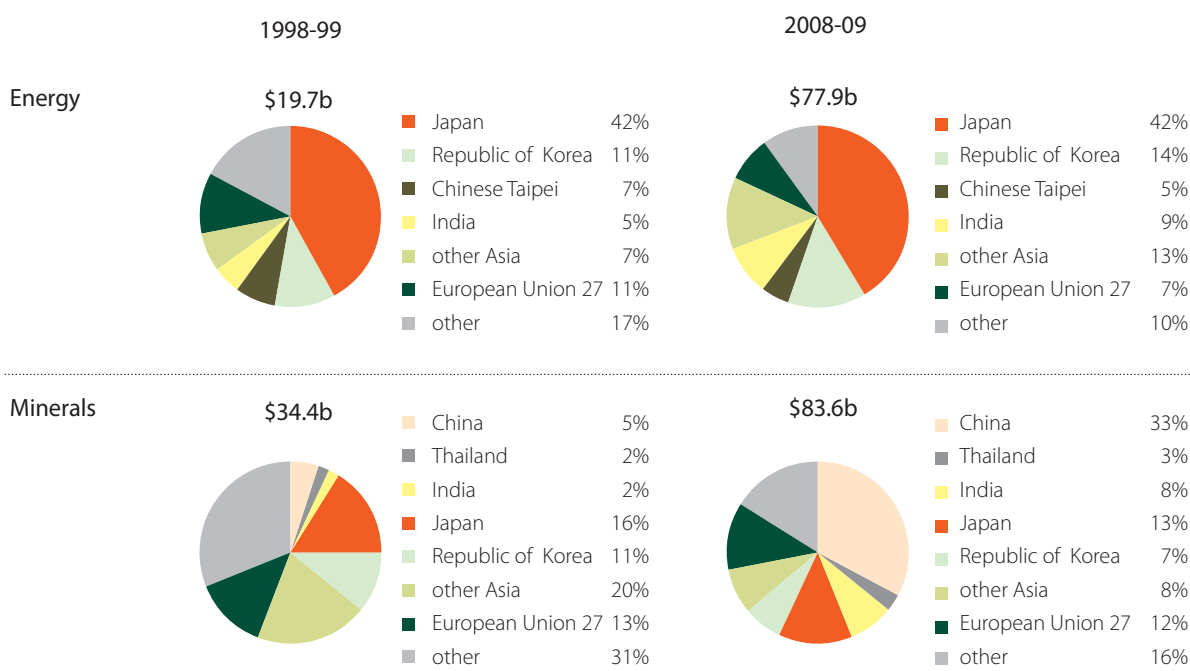
- alumina; • metallurgical coal; • iron ore; and • lead;

the second largest exporter of:

- thermal coal and • zinc

the third largest exporter of:

- uranium.

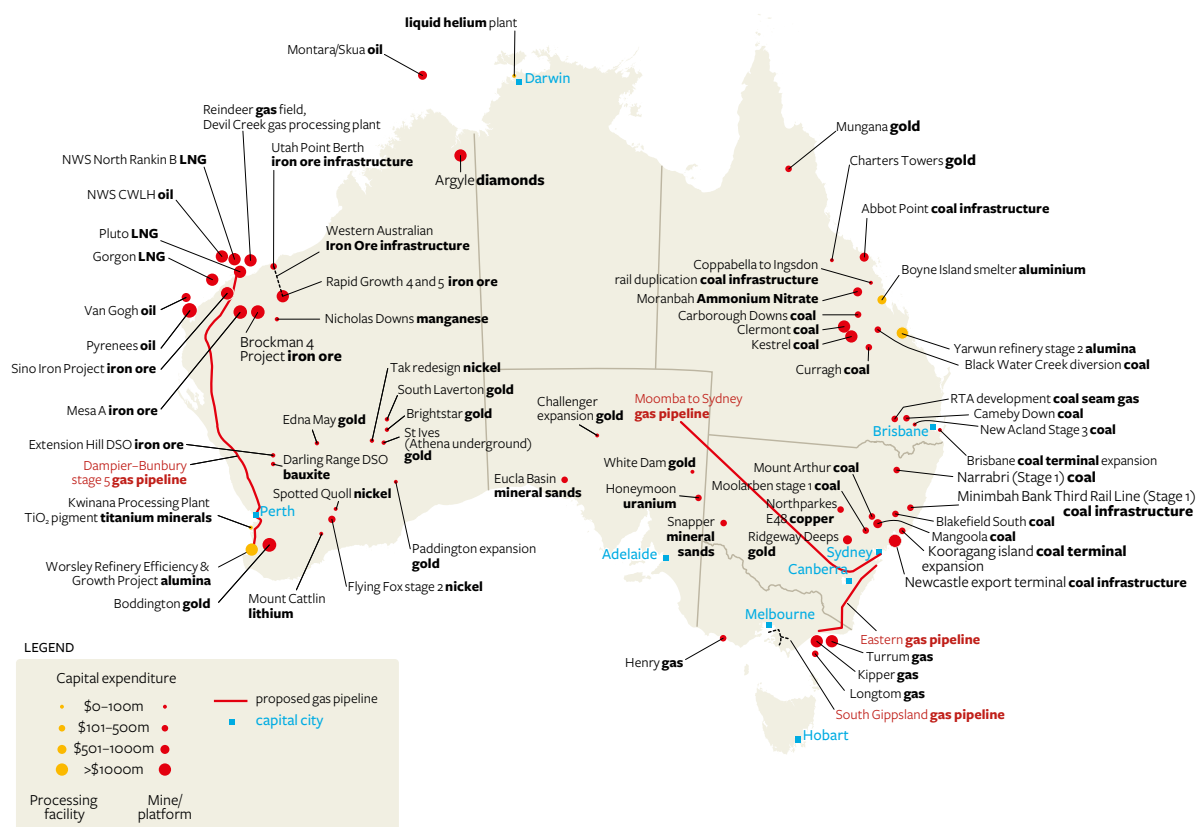


Source: ABARE, Australian Commodities, 2010

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## Investment

### Advanced minerals and energy projects October 2009



The Australian Bureau of Agricultural and Resource Economics reports twice yearly on development projects in the Australian minerals industry. The most recent report covers projects that have been 'completed' between April and October 2009, those that are 'advanced' (either committed or under construction) and those that are 'less advanced' (no definite decision has been taken on development following the completion of a feasibility study).

In the six months ended October 2009, 15 major minerals and energy projects with a capital expenditure of \$3.8 billion were completed. A further 74 projects were at an advanced stage, with total projected expenditure of \$112 billion. Coal and related infrastructure projects made up 15 of the advanced projects with expenditure of \$38 billion while other minerals projects were worth \$62.6 billion. The completion of these projects is expected to result in increased production and export capacity for a range of commodities including coal, petroleum, iron ore, gold, minerals sands, nickel, copper and zinc.

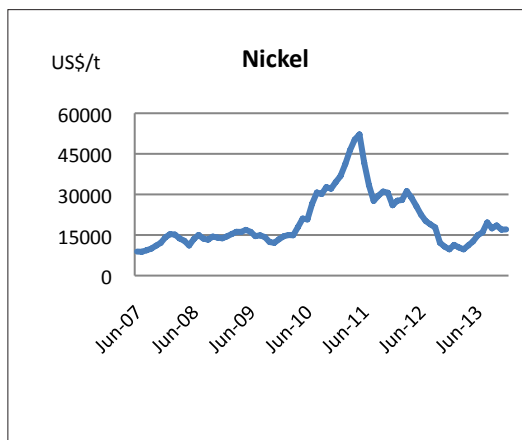
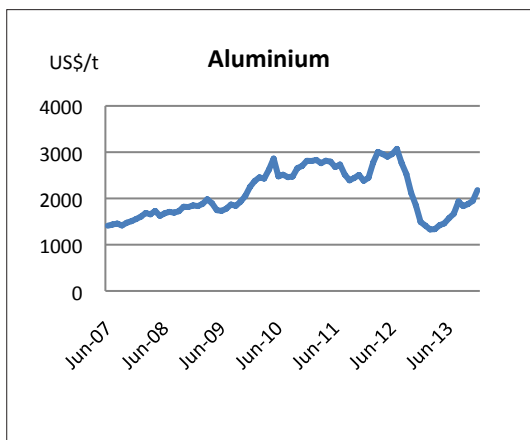
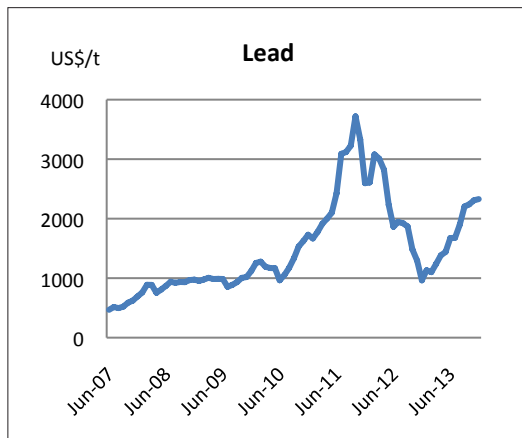
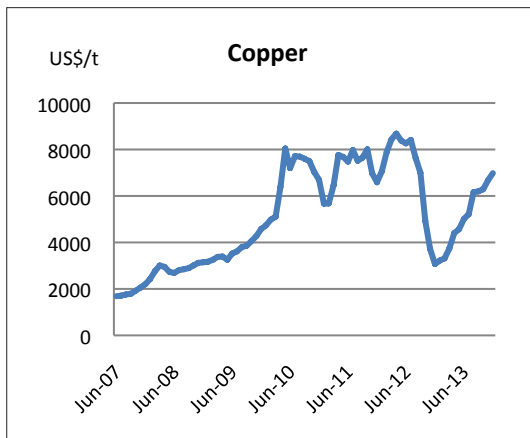
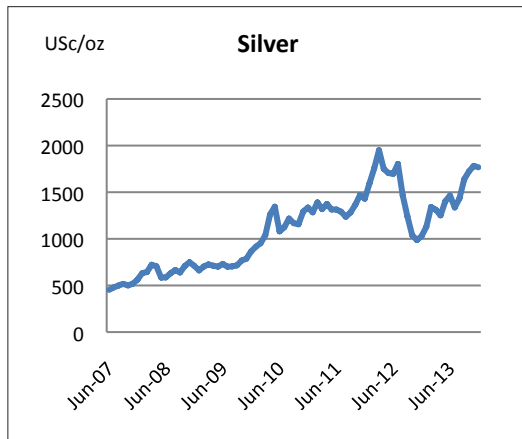
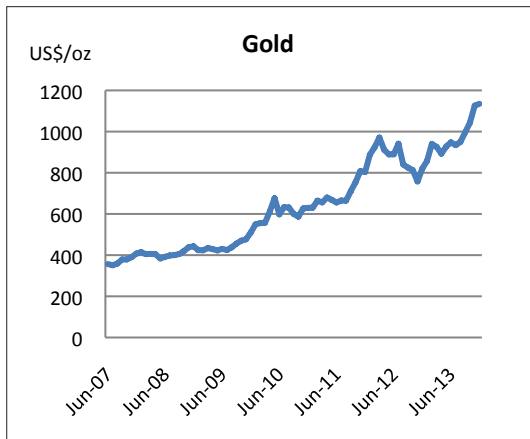
There are a further 267 less advanced projects worth \$238 billion.

Spending on exploration reached a record \$6 billion during 2008/9, a ten per cent increase.

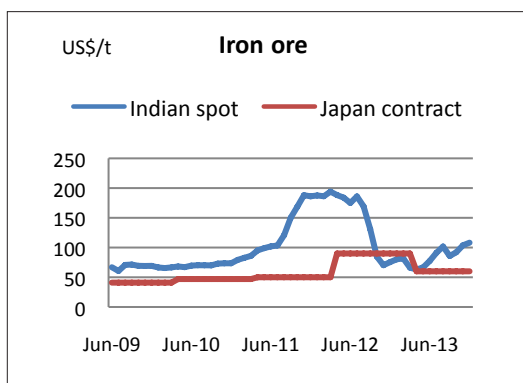
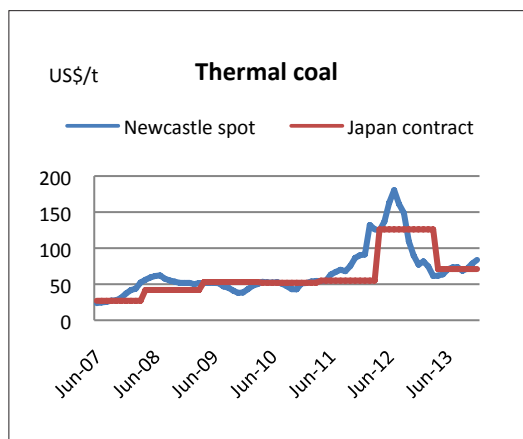
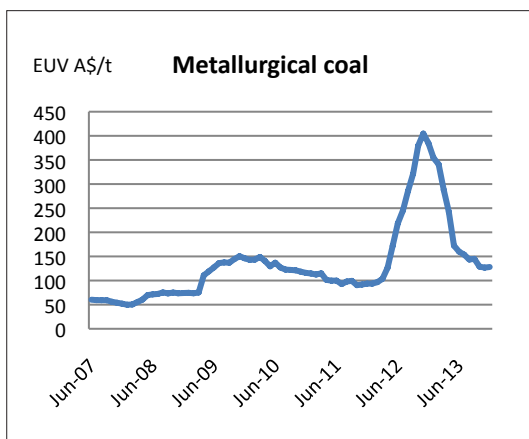
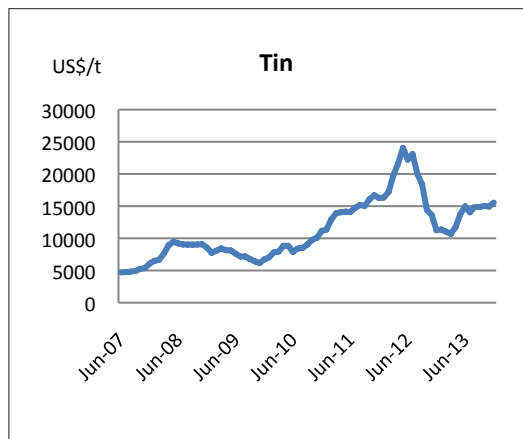
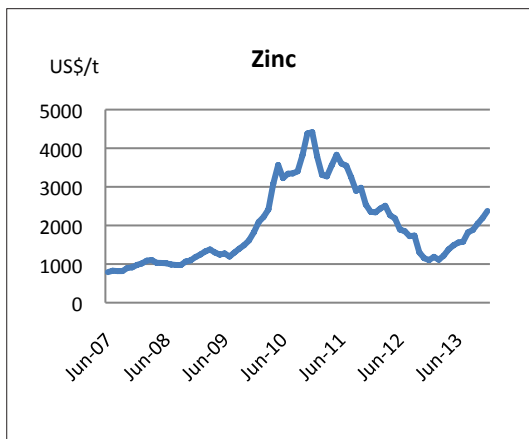
The advanced projects are shown on the above map of Australia.

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## Mineral resource prices to end 2009



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Sources: ABARE, Reuters