



Canada: Diamond Mining Industry

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Summary

Since the discovery of diamonds in the Northwest Territories (NWT) in 1991, the diamond mining industry in Canada has grown to become the third largest rough diamonds producer in the world. By 2005, the value of NWT exports has sharply increased to more than \$1.7 billion, double the amount of 2002. With the continuous discoveries of potential mine sites, it is forecasted that Canada will soon become the second-largest diamond producer. As of 2006, Ekati and Diavik from NWT and Jericho in Nunavut were the only three operating diamond mines in Canada. Over the next ten years, it is expected that new mines will be established in Canada, including Snap Lake, Northwest Territories; Victor, Ontario; Fort a la Corre, Saskatchewan; and Trillon, Ontario. New capital investment in the Canadian diamond industry has been taking place at record-levels.

Diamond Production

The EKATITM diamond mine, 80% owned by BHP Billiton, was Canada's first source of diamond production created in the NWT. However, as the Diavik diamond mine, owned by Diavik Diamond Mines Inc., was established and began producing in 2003, the level of production has also increased dramatically. As can be seen below, production level has increased from \$41 million to \$2.1 billion in six years. Also, the number of carats produced has also increased from 203 thousand to almost 12.7 million carats. In 2006, Ekati and Diavik mined a total of 12.6 million carats of diamond. In late 2006, Jericho diamond mine, owned by Tahera Diamond Corporation opened, and produced 194,000 carats of diamond.

Diamond Production in the NWT							
Thousands of Carats							
1998	1999	2000	2001	2002	2003	2004	Total
203	2,429	2,435	3,716	4,937	10,794	12,661	37,175

Value of Diamond Production in the NWT							
Million							
1998	1999	2000	2001	2002	2003	2004	Total
41	606	625	718	792	1,588	2,140	6,509

Increase in Manufacturing

Diamond mining industry requires equipment for its plants as well as mine operations. As a result, a significant increase in manufacturing equipment imports has taken place with the growth of the diamond industry. Between 1999 and 2005, there has been a 38% increase in average annual imports.

Underground Expansion

BHP Billiton announced plans to construct the Koala Underground Project, Ekati's newest underground mine. It follows the completion of Koala's surface mining in April 2006. The project is intended to start processing diamonds in late 2007, and produce 3,300 tons per day of ore by mid-2009. Total production life is 11 years. Underground development work began on the Panda pit surface mine in 2003 with ore production started in 2005. It's remaining mine life is 4 years.

Opportunities for U.S. firms

With the significant increase in value, diamond mining is expected to continue its growth in the Northwest Territories. This increase in investment, production and expansion in the diamond mining industry presents an excellent opportunity for U.S. mining equipment manufacturers. U.S. companies should take advantage of the expected growing need for exploration, drilling, production and excavation equipment. Furthermore, as new mining companies come into the Northwest Territories they will be seeking long-term equipment suppliers, which will give U.S. mining equipment manufacturers a chance at establishing solid supply relationships.

For More Information

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