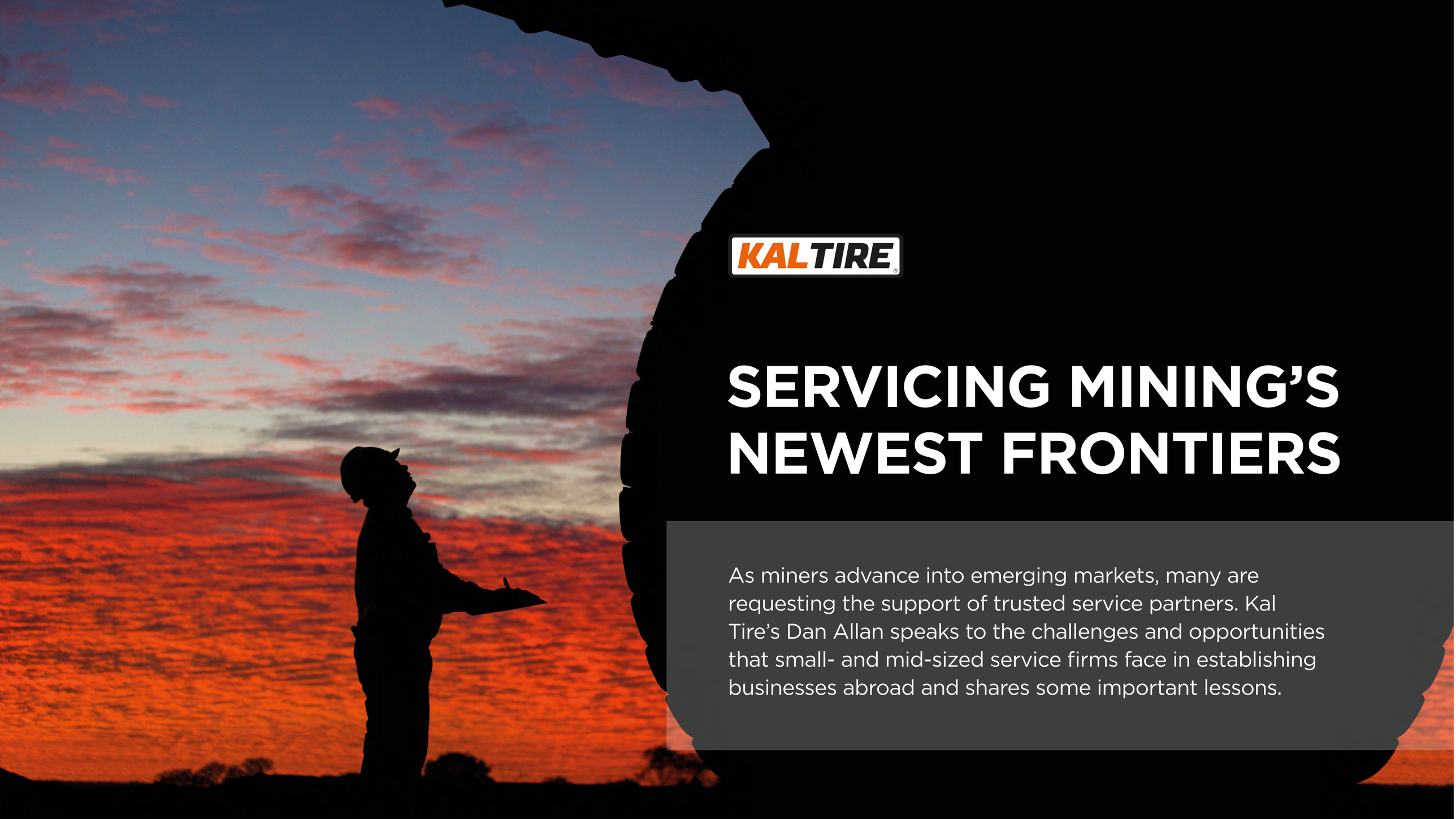

SERVICING MINING'S NEWEST FRONTIERS

As miners advance into emerging markets, many are requesting the support of trusted service partners. Kal Tire's Dan Allan speaks to the challenges and opportunities that small- and mid-sized service firms face in establishing businesses abroad and shares some important lessons.

As global demand for metals intensifies, driven by the energy transition, urbanization and infrastructure expansion, mining companies are finding themselves increasingly compelled to explore and operate in remote, politically sensitive or socio-economically complex jurisdictions.

While these organizations are often well versed in entering new markets and building supply chains from scratch, accessing expert operational support to ensure that functions, such as maintenance, run smoothly and safely from day one, can be difficult.

For the largest OEMs and service providers, expansion into new markets, either to support customers or realize organic growth opportunities, is expected and well resourced. These companies can mobilize capital and talent quickly to capture key contracts, and can often leverage the support of extensive legal, risk and compliance teams.

For small and mid-sized service providers, however, the challenges are markedly different. Entering a new jurisdiction can yield transformative opportunities, but it can also present disproportionate risks that threaten the viability of the enterprise. To go or not to go? That is the question that many firms are grappling with on an increasing basis.

THE RISE OF EMERGING MARKETS

During his 13-year tenure as Senior Vice President of Kal Tire's Mining Tire Group, Dan Allan has had significant experience of evaluating and executing on these types of opportunities. The company currently operates across 25-30 countries, comprising a mixture of sustainable and opportunity markets.

"On average, my team and I request from one to three new country approvals from our board of directors every year. That number has been consistent since I joined Kal Tire," Allan said.

This observation aligns with broader industry trends. The Fraser Institute's 2024 Annual Survey of Mining Companies, which ranked 82 jurisdictions based on investment attractiveness, showed that the mining industry is becoming increasingly globalized. Emerging markets (nations that are transitioning from lower-income economies to more advanced, industrialized ones with a higher standard of living) are particularly important; while established jurisdictions, including Finland, Nevada and Alaska led the 2024 rankings, countries such as Guyana, the Philippines and Saudi Arabia also featured in the top 25 destinations.

"How will the world meet high mineral demand to build a renewable energy future? The answer lies in mineral-rich countries in the developing world," wrote the World Bank in a recent article.

It explained that over two-thirds of the world's known lithium reserves are in Argentina, Bolivia, and Chile – also known as the 'lithium triangle'. The Democratic Republic of Congo (DRC) holds the world's largest cobalt reserves; and bauxite reserves are highly concentrated in Brazil, Guinea, Indonesia and Jamaica. Growing demand for critical minerals like these is expected to require $1.7 trillion in global mining investment by 2050.

SETTING A STANDARD FOR WORK AND LIVING

For mining companies and service providers alike, market evaluation and entry decisions are increasingly subject to scrutiny from investors, governments, employees and civil society. Environmental, social and governance (ESG)-conscious stakeholders expect clear justifications for establishing operations in emerging markets, particularly if the country has a contested governance or human rights record.

Balancing risks, ethics and commercial opportunities, and maintaining transparency throughout the process is therefore vital. The UN Global Compact provides a useful framework that companies can apply as part of their evaluations. This requires companies to uphold the highest standards of their best-performing jurisdictions wherever they operate.

Allan endorsed this approach: "The obligation of any corporation going into a new country is to bring the higher standards of their best-performing operations, so that they raise the standards of work and living," he said.

"At Kal Tire, we follow the principles set out in the UN Global Compact, but we also bring our Canadian values and work practices to every operation. This means our team members across the globe feel as valued and integral to the company as our team members in Canada. For example, in emerging markets we're seeing a high affinity for advanced technologies, such as our TireSight autonomous inspection system. These can help ensure oversight of safety while the local mining skills base gets up to speed."

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct is another useful resource. These cover all key areas of business responsibility abroad, including human and labour rights, environment, bribery, consumer interests, disclosure, science and technology, and competition and taxation.

For service providers, adherence to such principles is not just reputationally prudent but strategically necessary. Embedding global standards in local operations mitigates risk and ensures that organizations contribute meaningfully to the long-term sustainability of the host country's mining sector.

BALANCING BUSINESS OPPORTUNITY WITH RISK

While ethical alignment establishes legitimacy, the operational reality of new markets is defined by risk. For Allan and his team, safety and security are paramount: "If we're not comfortable that we can guarantee the safety of our team members in a new market, then it's generally a no-go; no matter how good the business opportunity," he said.

The risks can be diverse. For example, in Burkina Faso, jihadist violence in 2019 included an attack on a mining convoy, resulting in the suspension of multiple projects. In Colombia, tensions between artisanal and industrial miners recently escalated at an underground mine, where homemade explosives damaged infrastructure and temporarily halted production in January 2025.

Fiscal and regulatory regimes present further challenges. Countries such as Argentina and Brazil, while rich in resources, impose taxation and compliance obligations that see them rank among the least attractive globally, according to the Fraser Institute's Policy Perception Index. For smaller service companies without the benefit of large legal and financial departments, such environments can render opportunities unviable.

An additional and increasingly prominent risk is the rise of resource nationalism. Governments in resource-rich jurisdictions are asserting greater control over their mineral wealth through heightened royalties, restrictive local content rules and, in some cases, outright seizure of assets.

A recent example illustrates the severity of this trend: in 2025, a Malian court placed Barrick Gold's Loulo-Gounkoto complex under provisional state administration following disputes over tax liabilities and the interpretation of the country's revised mining code. This intervention, which included the seizure of gold stockpiles and the suspension of exports, disrupted operations at one of Africa's most productive gold mines and compelled Barrick to initiate arbitration proceedings.

For service providers, such measures can have cascading impacts, from immediate contract suspensions to sudden shifts in import restrictions and local ownership requirements. These episodes highlights how swiftly the risk landscape can change, and underscore the importance of flexible contractual arrangements, diversified client portfolios and scenario-based contingency planning. A comprehensive approach to risk management supported by specialist risk firms is therefore highly advisable.

GET YOUR BOOTS ON THE GROUND

Beyond safety and compliance, companies must anticipate the cultural, geopolitical and economic reality on the ground, as well as the potential long-term impacts of broader issues, such as climate change, on local operational viability.

Allan explained that, while digital tools and web-based research can help with information gathering, that information is often tainted by western biases. Direct observation provides context that data alone cannot. For example, many mining camps, despite being located in high-risk jurisdictions, are usually among the safest environments because operators invest heavily in protecting people and assets.

"Nothing beats having boots on the ground when evaluating a new market," said Allan. "It can be very hard to find accurate and factual information about a country and its culture – that's an unfortunate product of today's media landscape. But the reality is nearly always better than what people anticipate."

LESSONS LEARNED, LESSONS SHARED

Practical experience has taught Kal Tire some important lessons. The first is the importance of disciplined objectivity. "It can be easy to get carried away and overly enthusiastic about new opportunities – that's when important considerations get overlooked or mistakes made," Allan reflected.

A second lesson concerns the value of local partnerships. In Guinea, early collaboration with in-country advisors enabled Kal Tire to navigate regulatory systems and build credibility at a time when the country's mining sector was still evolving. This foresight proved advantageous as commodity production expanded to globally significant levels.

Another lesson relates to underestimated costs. Establishing and maintaining legal entities, filing tax reports, and meeting labor obligations can require significantly more resources than anticipated. Without sufficient contingency, smaller firms can quickly encounter financial strain.

Finally, flexibility is essential. Circumstances can change quickly, and service providers must be prepared to adapt. During the COVID-19 pandemic, one Kal Tire employee became stranded in Burkina Faso for 12 weeks due to travel restrictions, despite anticipating only a two-day visit. The incident reinforced the duty of care that companies have towards their employees: safeguarding personnel is not only a legal obligation but a moral one too.

THE EARLY BIRD CAPTURES THE MARKET

Despite the risks, early entry into new markets can offer substantial rewards. In the DRC, Kal Tire's initial work in the Katanga copper belt opened access to multiple clients, even though the complexities of compliance eventually necessitated its withdrawal. Similarly, in Ecuador and Burkina Faso, establishing operations in advance of broader market development led to subsequent business opportunities.

The principle is clear: presence and performance build trust. As Allan noted: "Once a service provider is operational in a new country or region, and other miners know that you're supporting their peers... If all goes well, it will undoubtably lead to other opportunities."

Beyond commercial benefits, the developmental contribution of mining can also be considerable. According to the latest ICMM Members' Tax Contribution report, the 24 mining company members that contributed data paid US$41.1bn in salaries, wages and related payments to around 609,300 employees worldwide during 2024. They also invested US$203.8bn in partnerships with suppliers and contributed US$1.5bn to local communities to support their lasting social and economic wellbeing.

By facilitating this type of responsible mining, service providers indirectly contribute to national economic and social progress.

ALWAYS HAVE AN EXIT PLAN

Exiting a jurisdiction can be as complex as entering. As Allan pointed out, even with the best laid plans, things don't always work out. Political environments, for example, can change fast, and conflicts can escalate seemingly overnight. In high-risk jurisdictions, it's essential that companies establish processes to monitor local developments on an ongoing basis, apply mitigations and have exit strategies ready in case a situation becomes untenable.

Even when change is slower and less fraught – every contract must eventually end – a carefully planned exit strategy can save companies years of administration and costs. Kal Tire, for example, has only recently been able to finalize the closure of its Sierra Leone operations – a process that began nearly a decade ago.

The importance of robust compliance from the outset cannot be understated. Entering a market without the requisite legal and fiscal structuring can create obstacles to eventual exit, the effects of which could significantly impact smaller service companies.

EXPANDING BUSINESSES RESPONSIBLY

The mines of tomorrow are unlikely to be built in highly developed or well-serviced regions. The mining industry's trajectory is firmly angled towards more remote and complex jurisdictions.

For service providers, participation in this expansion is inevitable if they wish to remain competitive. However, success in these ventures will depend upon rigorous evaluation, disciplined risk management and alignment with responsible operators. The question should therefore not be whether to engage, but how to do so responsibly.

"At Kal Tire we believe that if we can help, even in a small way, to improve the lives of people in a jurisdiction, and we can align that opportunity with our risk tolerances, then it's better that we're there than not," Allan summarized.

At a macro level, mining has the capacity to transform nations. For purpose-led businesses, the potential to support this kind of socio-economic development can be as compelling as a new growth market. By approaching these opportunities with discipline, prudence, and strong values, service providers both large and small can ensure that everyone benefits from this global movement.

KEY TAKEAWAYS

Kal Tire's experiences highlight critical lessons for small- and mid-sized service providers as they navigate entry into emerging jurisdictions:

1. **Maintain objectivity:** Avoid overestimating market opportunity.
2. **Engage local expertise and leverage trusted partners:** To get a clear picture of what's happening on the ground, and local resource recommendations.
3. **Plan comprehensively:** Entry and exit strategies are essential to mitigate financial and regulatory risk. Use third party specialists to ensure compliance with local regulations and tax regimes.
4. **Contextualize intelligence:** Spend time onsite, in the surrounding area and with local communities. Understanding local culture and business expectations is essential to success.
5. **Budget realistically:** Compliance and administrative costs are often higher than initial projections. Build contingency into your budget.