

Micromine's Mongolia view

Kate Haycock, 11 August 2010

SIX years of working in Mongolia has established an Australian mining technology company firmly within the country's rapidly evolving and expanding mining industry.

Micromine's Asia chief executive officer, Dean O'Keefe, established the company's Beijing office around 10 years ago and not long after set his sights on Mongolia as a market with massive potential.

"There were a few pitfalls in terms of the government regulations at the time which have been relaxed since that time, but it made good sense to expand out to Ulan Bator," he told **HighGrade** from Beijing this week. The company established its office in the Mongolian capital and since then has become an officially certified supplier with the Mongolian Government and picked up several major clients in the country, including Polo Resources, AGGM Mining and Silver Dragon Mining.

O'Keefe said Micromine stood out from other technology companies in the region – and there is growing competition in Mongolia – because it offered both software and consultancy services as well. Additionally, the company has made sure it can effectively service the Mongolian market by hiring people with the right language skills.

"A lot of the work that was done in Mongolia prior to 1990 was done by the Russians, that means that lots of the old projects and there are many of them, have old Russian data. Our technical consultants who also work in the software can speak and read Russian, speak and read Mongolian, so we can take all the old software and do what we want with it," O'Keefe said.

This multi-lingual work includes converting the Soviet data to Australian standards, holding information seminars, and also dealing with everyone involved in a project from Mongolian people to foreign investors.

Micromine now has around a dozen people on the ground in Mongolia.

"We're expanding into mine control systems as well," O'Keefe said.

These control systems will be hugely important in Mongolia given the size and expense of some of the operations in the country.

O'Keefe said his company had not hit too many hurdles in establishing itself in the country, although he said the windfall tax policy the government introduced in 2006, and then repealed last year, made life difficult for mining companies and indirectly, services and supply companies.

"At one stage the investment was stalled but it is now very very buoyant and the amount of money which is going into the country is just enormous," he said.

O'Keefe said Oyu Tolgoi was definitely going to be a "talisman" for the country although there were many other large projects now planned for Mongolia which shouldn't be forgotten, especially the large coal projects to the company's south.

"The government is really working hard and trying to grow the country and add prosperity to it, because it has been a very poor country, and the efforts it is making are really heading in the right direction to help Mongolia grow and improve the quality of life for the people," he said.

He also said for Micromine, operating in Mongolia was no more challenging than moving into any new market – it took time and persistence for the company to get its name out into the market, but now with a good track record that effort is getting easier.

"Now a lot of people see the old technical reports we've done. I keep hearing, we saw such and such technical report and that's why we've come to you," he said.

"The others were language issues which we have overcome and we've even started translating our software into Mongolian, so we've made a lot of progress."

In fact, O'Keefe said Mongolia was a relatively easy part of Asia to do business.

"For instance I feel that China's market is more difficult than Mongolia's market. Mongolia is a completely different place and Mongolians are completely different people – they are more direct, much more open and frank, and they can come to business agreements much more quickly – I've found that side of things much easier than operating in China," he said.

However, Mongolia's vast expanses, limited infrastructure and at times extreme climate could make things difficult for any company operating in the region, including mining services providers, he said.

"One of the biggest handicaps in Mongolia which is being addressed at the moment is infrastructure. When we travel to some of the sites where we're doing work it might take us two days to drive there – and you're not driving on roads, you're driving on tracks.

Micromine won official government recognition earlier this year and O'Keefe said this was more than a rubber stamp the company from other foreign companies and competitors.

"It means we can do consulting to Mongolian standards so if a project wants to move from an exploration licence to a mining license, or go from pre-feasibility to feasibility according to government work, we can do that work [alongside international standard work]," he said.

The other key for Micromine in operating in Mongolia has been having good staff on the ground, including an "exceptional" country manager.

O'Keefe said finding the right staff could be difficult, but because Micromine was an international company people within Mongolia were keen to join its staff.

"It's very attractive to a Mongolian engineer or geologist to come and work with us because they have the chance to learn an enormous amount and they have a chance to get experience in visiting Australia or other places. So we tend to be a magnet for anyone with a lot of ambition and who wants to learn," he said.

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