

## **Online Mining Auction Industry Booms**

In a year characterized by cost pressures and commodity price decreases, 2015 was remembered by many in South Africa's struggling mining industry as a year of technology adoption. Mines were forced to find new ways to secure revenue and one such means of generating much needed income was the online mining auction sector, which experienced its highest growth ever during 2015. The year ahead looks to be even bigger for the industry, with online auctioneers already confirming record levels of stock going to auction.

All of South Africa's major mines adopted online auction platforms last year in a drive to dispose of unnecessary heavy machinery and large equipment to free up assets and capital. "South African mines have been forced to move quickly into the digital space over recent months, and as a result we now see far less traditional sales," commented Ariella Kuper, Managing Director of South Africa's largest online mining auction company Clear Asset. "During tough times companies are forced to focus on maximising efficiency, and this sector is no different."

Transportation and storage costs are a major concern for mines, and Kuper believes this is one of the primary reasons for the continued growth of the online mining auction sector. It is also a big factor in the growth of international buyers purchasing South Africa mining equipment through such platforms. "For example: a buyer in Dubai can bid on an item based in South Africa, and have it shipped to Australia, while never leaving their office or paying high storage fees. Favourable exchange rates are also playing a big role in this growth."

Last year Clear Asset shipped items to over 20 countries, and they anticipate an increase in international buyers during 2016. "We continue to see pockets of strength for machinery purchases with notable overseas sales recently to USA, Greece, Turkey, Jordan, UK and Germany."

Looking at Africa, the company is seeing increased activity in Botswana with the BDC (Botswana Development Corporation) Fengyue Glass Project being placed under the hammer on February 25th, closing a chapter on the failed multi-million Pula project.

Open pit mining company Afrimat was a major mining house to adopt the online auction platform during 2015. "Previously, selling second-hand assets

came with various challenges, but online mining auctions have simplified it, enabling us to generate funds and focus on growth and expansion. We have all been forced to adopt technology, and quickly,” said Afrimat spokesman Adriaan Lategan.

This growth trend echoes what is happening abroad, with major international mines using online auctions to successfully and efficiently trade second-hand mining assets. “It was a matter of time before South Africa caught up, but in many areas we have led this growth as local mines are renowned for adhering to strong maintenance standards. As such the demand for South Africa’s high quality mining equipment has far exceeded that of other major mining countries,” Kuper said.

With 2016 expected to bring lower sales prices and higher input costs, there will be continued pressure on cash flow. “It will certainly be an interesting time for the local mining sector and the online mining auctions look to become one of the fastest growing business sectors,” Kuper said.