

Deadline looms for smelter in Asbestos

DECEMBER

Mothballed plant to be razed if not sold

STEPHEN McDOUGALL
SPECIAL TO THE GAZETTE

ASBESTOS – Ten years ago, Canadian mining company **Noranda Inc.** announced it would build a \$720-million magnesium smelter in the depressed town of Asbestos.

After years of layoffs at its Jeffrey open-pit asbestos mine, local residents rejoiced that a major company would recycle their mountains of waste tailings into magnesium ore. The “metal of the future,” they said, would

bring wealth back to the town.

But the dreams of wealth were shortlived.

By 2003, the Magnola complex, comprised of 13 buildings and spread over seven square kilometres of land, was shut down.

Noranda realized too late that Chinese producers had cornered the world's magnesium markets with cheaper prices.

More than 350 jobs were lost and hundreds of local service contracts were cancelled.

Magnola president Bob Sippel said the smelter would not restart unless magnesium prices rose above \$1.20 U.S. a pound.

Within two years, the price rise came, but officials for Noranda (by then merged with Falconbridge) still would not commit to a restart. They argued the new price could not be sustained over time.

Now, Xstrata, the European miner that bought Noranda-Falconbridge last year, says it will demolish the mothballed plant if no one buys it by December.



PHOTO BY GUY A. ROY

The Quebec government, which sunk \$253 million into the project, also is ready to walk away from Magnolia smelter in Aubertville.

MAGNOLA 'No future for production,' SGF says

