Building a Robust International Mining Industry – The Canadian Perspective

14th Brazilian Mining Congress International Mining Exhibition EXPOSIBRABAM 2011
Mineral Exploration = Success

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Prospectors and Developers Association of Canada (PDAC)

Representing Canada’s mineral exploration and development industry since 1932

Service to Members

Advocacy: in areas such as finance, taxation, land access, Aboriginal engagement and mining regulations.

Leading Practices: such as e3 Plus: A Framework for Responsible Exploration, a global CSR initiative

Education: Mining Matters, which introduces children and their teachers to earth sciences.

Knowledge: information that our members need for their day-to-day business and general support of the minerals industry.
PDAC Convention 2012

International Convention, Trade Show & Investors Exchange – Mining Investment Show
March 4-7, 2012, Toronto, Canada
Technical sessions, short courses and workshops
Trade show and Investors Exchange
Aboriginal participation program
Student Program
Fundamentals

• Good geology
• Transparency - access to land and security of tenure
• Strong government mapping/geo-database program
• Fair and supportive taxation
• Regulation - predictable permitting, land use, environmental
• Stable government
• Infrastructure
• Educated and skilled labor force
• Access to capital markets
Access to Capital Markets

Toronto Stock Exchange and TSX Venture Exchange
Total Financings (C$Billions) 1999 to June 2011
The TSX and TSXV list the most mining companies in the world.

- **TSX**: 1592
- **TSXV**: 692
- **ASX**: 203
- **LSE-AIM**: 73
- **NYSE**: 61
- **NYSE Amex**: 59
- **JSE**: 53
- **HKEx**: 37
- **BVL**: 14
- **BOVESPA**: 14
Global Exploration Budget in 2009

Figure 3
Regional Distribution of Global Exploration Budget in 2009

Total Budget: US$7.3 billion
- Canada 16%
- Australia 12%
- Peru 7%
- United States 6%
- Mexico 5%
- Brazil 3%
- China 4%
- South Africa 3%
- Other Countries 33%

Source: Natural Resources Canada, 2010.
Location of potential new discoveries in 2010

- Canada: 24%
- United States: 2%
- Mexico: 7%
- Columbia: 5%
- Guatemala: 2%
- Guyana: 2%
- Ivory Coast: 1%
- Mali: 2%
- Burkina Faso: 5%
- Ghana: 3%
- Peru: 4%
- Brazil: 2%
- Chile: 1%
- Argentina: 5%
- Indonesia: 3%
- Kyrgyzstan: 1%
- China: 2%
- PNG: 2%
- Australia: 14%

28 other countries account for 13%

Source: Exploration Activity Services

MEG Metals Economics Group

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Challenges “Below Ground”

- Supplying the demand for mineral products
  - Brazil, Russia, India, China

- Technical issues related to deeper/buried deposits
  - increased R&D to develop/improve exploration methods
  - so-called improvements in technology and “new” techniques not reflected in an increase in discovery

- Companies moving to more difficult / unexplored terrain
  - access and infrastructure issues

- Labor Supply
  - worldwide shortages
Challenges “Above Ground”

Corporate Social Responsibility (CSR)

• Community Engagement
  • Aboriginal Consultation

• Health and Safety
  • Continue to Improve

• Environmental
The biggest risk faced by mining and metals companies around the world:

- Resource Nationalism / Country Risk

  Brazil     Venezuela     Bolivia     Peru     Chile …

  Australia     Canada     Russia     India …

  Zimbabwe, Guinea, South Africa …
Globalization

- Stock Market Mergers
- Acquisition vs. Organic Growth
- Shifting focus offshore
Average Annual Price of Selected Metals, 2001 to 2010

- Copper
- Zinc
- Nickel
- Lead
- Gold

($/lb)

($/tr.oz)
Public Perception on Mining’s Impact & Benefits
Addressing the Challenges

Government (political) Initiatives:

- Canadian government CSR strategy
- G8 call for transparency and sustainable growth
- World Economic Forum initiatives
- Improved Model Mining Development Agreements
Addressing the Challenges

Industry Initiatives:

• Companies integrating CSR into their projects / organizations / policies

• PDAC programs: e3Plus; Aboriginal programs; Convention; H&S Monitoring and Tracking

• Integration of CSR topics into geoscience curricula

• Work of the Canadian Mining Innovation Council
Conclusions

Mineral exploration has become globally competitive and faces new and shifting challenges.

But as the risks increase, so does the potential reward.

*Countries aware of mineral exploration challenges and willing to foster the exploration industry with supportive policies will reap tremendous benefits.*

Mineral exploration is the life blood to the mining industry!
Prospectors and Developers Association of Canada

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