

# MINERAL EXPLORATION IN BRAZIL: steadily taking off

by Eduardo Vale

In 1988, new Brazilian constitutional issues introduced constraints to foreign investments in the country's mining industry. The resulting adverse impact upon domestic mining investment began in 1986 by means of rhetoric that permeated the political debate before the implementation of the constitution. In the 1995 revision, the problem was corrected by aligning Brazil's mining practices in the same manner shared by countries committed to growth and development.

Until 1997, many companies that targeted Latin America went shopping in Brazil. Figure I shows a highly representative list of these companies with 1996 as a reference. In general, their interests were focused on gold, diamonds and base metals. Their exploration campaigns were mostly in the states of Minas Gerais, Goiás, Pará, Mato Grosso. After 1997, due to various problems negatively impacting gold that reduced global exploration investment, many companies disappeared or abandoned their prospects.

In recent years, many foreign companies are seeking opportunities in Brazil. Some of these companies are run by the old school; however, several are brand new entities. By December 2005, more than 80 active foreign companies, including juniors, seniors and majors, were conducting exploration projects in Brazil. The growing number of

Brazilian entrepreneurs joint-venturing with foreign investors and looking for funding abroad is remarkable.

Last but not least, the federal and state governments working in partnership have begun to release new geological information about traditional metalogenetic hotspots of interest to private players.

Mention should be made of the huge portfolio of affordable known mineral properties from past exploration campaigns. Currently, there is an impressive pipeline of new mine development projects that will be worth over US \$12 billion by 2010. A maturation of new advanced prospects, recent mineral discoveries by Falconbridge and Mirabela on the nickel front, and success stories of

companies such as Canico, Yamana and Desert Sun, **solid ground to investment risk term**. Accordingly, **tiling drop in the mining investment due to taxation license issues, and aggravated by tions, Brazil is well a more balanced direct investments** Bearing in

ground and supported by the success of the first symposium, the Second Brazilian Symposium on Mineral Exploration – SIMEXMIN – is scheduled to be held May 21 – 24 in the town of Ouro Preto. The calibre of the sponsors, the concept of the program and the speakers' profiles suggest this is the hot spot to visit in May for those with interest in Brazil, or those considering Latin American mineral opportunities. To take advantage of this opportunity to evaluate the rich geological and mineral heritage, go to <http://www.adimb.com.br/simexmin%202006%20Ingles.htm> for further information. ■

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Fig. 1 – Juniors in Brazil: 1996

Ambrex	Echo Bay	Metallica Resources	Seahawk
Anglo American	Econ Ventures	Mountain Lake	Southwestern
Aurizona	ECU Gold	MK Gold	South Atlantic
Barrick	Eldorado Gold	NDT Ventures	South Duval
Ballad Enterprises	Exploro Minerals	Newmont	Tapajós Gold
Battle Mountain	Gold Fields	Ourominas	Teck
Bema Gold	Gold Standard	Pacific Bay	Tiaro Bay
Beringer	Golden Palm	Pandora	Toucan
Black Swan	Golden Star	Pegasus	TVX
Brascan	Highland Resources	Penöles	Vanessa Ventures
Brazilian Goldfields	Homestake	Placer Dome	Verana Minerals
Brazilian Resources	IAMGOLD	Rea Gold	William Resources
Canyon Resources	Int'l Albany	Rio Tinto	WMC
Cons.Dencam	Jordex Resources	RJK Explorations	
Crystallex	Lysander Gold	Santa Elina	
Delpet Resources	Madison Energy	St.Geneviève	

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# Mineral Exploration in Brazil: Steadily Taking Off

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In 1988 the new Constitutional issues introduced constraints to foreign investments in the Brazilian mining industry. The resulting adverse impact and effects upon domestic mining business of investment had, in fact, its first signs in 1986 by means of the rhetoric that permeated the political debate before the promulgation of the Constitution. In the 1995 revision, the mistake was corrected by repositioning Brazil in the same virtual flight path shared by countries committed to growth and development.

Until 1997, many companies that took the flight path to LATAM went shopping in Brazil. Figure I shows a highly representative list of these companies with 1996 as reference. In general, their interests were focused on gold, diamond and base

metals. Their exploration campaigns were concentrated fundamentally in the states of Minas Gerais, Goiás, Pará, Mato Grosso and Bahia. After 1997, due to problems impacting gold and reduced global exploration investments, we found reverse expectations with many companies disappearing or abandoning their prospects.

In recent years, with the current belief in consolidation over a long-term super cycle period, many foreign companies are now setting up offices, seeking opportunities and making transactions in Brazil. Despite new names, some of these companies are run by the old

**Fig.1 – Juniors in Brazil: 1996**

- ✓ Ambrex, Anglo American, Aurizona, Barrick, Ballad Enterprises,
- ✓ Battle Mountain, Bema Gold, Beringer, Black Swan, Brascan,
- ✓ Brazilian Goldfields, Brazilian Resources, Canyon Resources,
- ✓ Cons. Dencam, Crystallex, Delpet Resources, Echo Bay, Econ Ventures,
- ✓ ECU Gold, Eldorado Gold, Exploro Minerals, Gold Fields, Gold Standard,
- ✓ Golden Palm, Golden Star, Highland Resources, Homestake, IAMGOLD,
- ✓ International Albany, Jordex Resources, Lysander Gold, Madison Energy,
- ✓ Metallica Resources, Mountain Lake, MK Gold, NDT Ventures, Newmont,
- ✓ Ourominas, Pacific Bay, Pandora, Pegasus, Peñoles, Placer Dome,
- ✓ Rea Gold, Rio Tinto, RJK Explorations, Santa Elina, St. Geneviève, Seahawk
- ✓ Southwestern, South Atlantic, South Duval, Tapajós Gold, Teck, Tiara Bay,
- ✓ Toucan, TVX, Vanessa Ventures, Verena Minerals, William Resources, WMC

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school but several are brand new entities. By December 2005, more than 80 active foreign companies, among juniors, seniors and majors, were conducting exploration projects in Brazil. In this process, the growing number of Brazilian entrepreneurs joint-venturing with foreign investors and looking for funding abroad is also remarkable.

Last but not least, the federal and state governments working in partnership have begun to release new geological information to address traditional metalogenetic hotspots on the correct scale of concern for private players. Although there is a need for a faster pace without losing focus, the government is moving in the right direction.

Mention should be made of the huge portfolio of known mineral properties and assets generated by past exploration campaigns, which is available for review under the current favorable relative prices and expectations. On the other hand, leveraging the process, the impressive pipeline of expansion and new mine development projects of over US\$ 12 billion by 2010, maturation of new advanced prospects, recent emblematic economic discoveries, such as those by Falconbridge and Mirabela on the nickel front, and success stories of companies such as, for example, Canico, Yamana and Desert Sun, together provide solid ground to build trust and invest risk capital in the long term. Accordingly, despite the continuing drop in the general climate of mine business investment in LATAM, due to taxation and corporate license issues now acutely aggravated by the season of presidential elections, Brazil is very well positioned to take a more balanced share in the flow of direct investments (FDI) to the region.

Bearing in mind this background and supported by the success of the first edition, the II Brazilian Symposium on Mineral Exploration - SIMEXMIN - is scheduled to be held from 21<sup>st</sup> to 24<sup>th</sup> May in the town of Ouro Preto. The caliber of the sponsors, concept of the program and profile of the speakers suggest this is the hot spot to visit in May for those with investments and interests in Brazil, or considering Latin American mineral opportunities in general. Moreover, the homework to be done, be aware of the unique opportunity to meet face to face with authentic Brazilian culture and cuisine, not to mention the rich geological and mineral heritage for the pros. Please access <http://www.adimb.com.br/simexmin%202006%20Ingles.htm> for further information.