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Em Publicação

PDAC 2002: *a glocal follow up*

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Despite of the inconspicuous downsizing, PDAC's annual convention preserved its stature and glamour by mobilizing the interest and time of a large segment of the global mining business - *minebusiness* - intelligence. The ranking and caliber of the private and public representatives attending the show and the general high quality of the conferences as well constitute a firm and traditional anchor to professional attendance and interest. Moreover, or better, as a spin-off effect special mention should be given to the leading role of PDAC as a sectoral resonance box of trends, expectancy, uncertainties, and complaints. One relevant issue that called my attention was the argument against the costs and paperwork imposed on junior companies as a result of the enforcement of the new Canadian legislation and standards rules in place. This complaint permeated some presentations focusing on the need to support the exploration activity.

I must confess my concern and a certain level of discomfort with this argument. The fundamental question is: right now when some comprehensive and serious normative initiatives are underway or to be implemented! In fact, after the Bre-X fraud and serious damage to the mining industry's image, especially at the exploration stage with the associated side effects in terms of funding, this is a "mined" terrain to explore to say the least! Moreover this complaint is somewhat misplaced having been presented after all the discussions and hearings sessions stage end. On the other hand, on a global scale there is a mining regulation process in progress in a number of countries as well as international projects to harmonize classification of resources and reserves and accountability reports, not to mention pressure and impact emanated from Enron's structural accounting class mess frauds.

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In an irreversible scenario of globalization, mining leadership implies several benefits but requires some fundamental commitments and responsibilities. Unquestionably, the path to expansion of the Canadian mining industry's legal framework will have a strong influence on the global image of the sector. The ongoing combined efforts of professional organizations such as CIM, SME, AUISMM and SAIMM are more welcomed than ever. But what about the international capital markets players, namely the stock exchanges? Are they adopting the same principles, postulates and objectives? What about the business climate between them? Does it imply competition rather than cooperation? What about the first layer of institutional commitment? Is the key the effectiveness of the regulation to protect the investor?

Well, there is the ever present risk that different levels of regulation can be perceived as a window and a launching pad to increase market share does exist. Mining companies have no doubt about that: fewer obligations, less paperwork, limited disclosure and less cost. But what about the dogmatic investor's interests and rights? Actually, don't they represent the real mine when we are talking about funding for exploration?

A remarkable factor of influence during PDAC was the significant number of junior companies looking for funding in the Alternative Investment Market – AIM. AIM is showing a fast rate of acceptance and penetration to new venture companies. In this context, some key and non-mutually exclusive questions could be addressed, abstracting the eventual benefits of corporate dual listing and accessibility of different investor niches:

- ✓ Are the total costs of listing in AIM lower than in Canada?
- ✓ Is the climate for funding more favorable in London?
- ✓ Are there any European niches of investors waiting to be attracted?
- ✓ Today, are European investors more willing to invest in exploration than their North-American counterparts?
- ✓ Do they see specific attractive relevant aspects that others do not?
- ✓ Are the channels blocked for venture capital flow across the North-Atlantic?
- ✓ Or, is it merely the plain concern about the relative differences in the cost of listing and the level of disclosure imposed by law?

The mining industry can not afford to have its credibility to investors debilitated again. The benchmark competition between different financial centers should be based solely on efficiency and proximity to investor niches and not on relatively loose legal controls and permissive levels of non-disclosure. If so, these differences should be made clear and transparent.

Despite all the drawbacks, the institutional movement observed in Canada has been a legitimate initiative against fraud, offering a comprehensive effective answer to this constant challenge. It is obviously an ongoing process. When talking about globalization and respecting each regime's special features, this trend and initiative will continue, including other jurisdictions and improving the global legal fabric in order to protect the sanctioned interests of investors. **Perhaps, this is the most important issue in a sustainable development agenda when seen from the viewpoint of funding mining exploration.**