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In Brief

April 2011, Number 67

The convention was *hot*

ARE WE in a commodity supercycle?

Certainly the numbers at the 2011 PDAC International Convention might point in that direction. The market is hot and the convention was even hotter. Once again, attendance broke records, with some 27,700 delegates – 5,700 more than last year – coming to Toronto from around the world.

In all, 1,000 companies showcased their discoveries and wares at the Trade Show and Investors Exchange and some 60 companies exhibited in the Core Shack.

More than 50 foreign delegations, many of them headed by government ministers, attended. The largest came from Canada, US, Australia, England, China, Peru, Brazil, and Chile. Many countries booked rooms where their governments could promote mining and investment opportunities and the crowds flocked to find out more about Armenia, Bolivia, Portugal, Australia, Greenland, Brazil, Ecuador, South Africa, Peru, Chile, Colombia, India, and Russia.

The media at the convention were ever-present, sometimes even bringing families closer. One West Coast delegate received a text from his daughter during lunch to report that BNN was televising the convention crowds. She suggested he walk past and give a wave to the camera.

This year, 310 media were accredited to the convention. They came from Canada, Australia, Europe, Latin America and the United States.

With base metal prices at near record highs and surging consumer demand from China, India and Latin America, convention attendees were making some great deals.

Higher commodity prices will continue through the year, says Ernst and Young. It

forecasts aluminum and copper prices will rise by 33 per cent, coal and iron by 25 to 30 per cent, and gold by 10 to 15 per cent.

And as the American economy continues to cause grave concern, gold was on everyone's lips – but what about silver? Its day is coming, said some.

Then there are the rare earth metals, which, one speaker noted, are enjoying an “Elvis moment.” A half-day session devoted to the metals included a presentation on their use in automotive and clean technology.

There were two people at the convention whom everyone wanted to meet.

Laurence Golborne, Chile's mining minister, was hailed publicly by many for his leadership in the rescue of 33 entombed miners last fall. He also received a special achievement award from the PDAC.

The other sought-after person was Shawn Ryan, winner of this year's Bill Dennis Award for prospecting success. After a 15-year search, Ryan is thought to have discovered a source of the Yukon's placer gold and has, almost single-handedly, brought on the territory's second gold rush.

As the convention wound down after four hectic days, the deal-makers were still huddled in corners and around tables, still looking to make money in this hot market. ▲



Photo credit: Jeff McKean

Fénix arrived

One of the most famous pieces of equipment in the world made its first North American appearance at the PDAC International Convention, attracting large crowds of mining and non-mining people. The Fénix (Phoenix) capsule was one of the three constructed by the Chilean Navy with design help from NASA to rescue 33 Chilean miners last October. Only 21 inches wide, the capsule on display was used for testing and to transport materials down to the miners, trapped underground for 69 days in the San José mine. At the conclusion of the convention, the capsule was transported to the Science and Technology Museum in Ottawa before being taken to its final destination, the Smithsonian Institution in Washington, D.C., where it will be permanently housed.

Government extends geoscience program

WHEN MINISTER OF NATURAL RESOURCES Christian Paradis attended the opening of the PDAC International Convention, he brought along a welcome announcement.

The federal government has renewed the Targeted Geoscience Initiative for a further three years, the third renewal since the program began in 1999. The initiative is a collaborative geoscience program that involves partnerships with provinces, academia and the mineral industry and whose mandate is to generate new geoscience knowledge in support of deep exploration.

The program focuses on data-rich established and emerging mining camps to enhance exploration-related geoscience knowledge. It also aims to augment geoscience knowledge and techniques that will improve understanding of Canada's major mineral deposits.

Paradis also announced the release in March and April of 31 new geoscience maps of northern Canada. Their release is expected to accelerate demand for new exploration permits. ▲



The newsletter of the Prospectors and Developers Association of Canada

Ce bulletin est également disponible en version française. Voir www.pdac.ca pour une copie.

Help for students to find summer jobs

STUDENTS HAVE FOUND IT DIFFICULT to obtain summer employment during the recession, and there are indications that in the mining sector, this will have long-term implications.

The Canadian Mining Innovation Council (CMIC) identified as a significant issue the fact that a large number of undergraduate students lacked employment opportunities in the mineral industry. It believed this would contribute to current and future labour force challenges in the mining sector.

Consequently, three years ago, CMIC developed an initiative whose objectives include increasing the number and variety of industry participants in co-op programs, expanding summer employment opportunities, and strengthening student transitioning arrangements between colleges and universities.

For the past three years, the PDAC has partnered with CMIC and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) in making a sizable contribution to this program.

In 2009, the latest year for which statistics are available, CMIC

received a total of \$139,100 that helped with the hiring of 22 students from across Canada.

The jobs were varied. For example, the Ministry of Energy, Mines and Petroleum Resources in British Columbia hired two students to work with a geologist in the field.

At Queen's University in Kingston, Ont., three students were engaged to apply neural network techniques for seismic signal detection and to carry out research in the area of mineral economics.

The CIM hired five students from McGill University in Montreal, Que. to work on CIM-related tasks.

In addition, the CIM's Metal Mining Society agreed to fund five research bursaries of \$2,500 each for five students at five different universities across Canada – the University of Alberta, McGill, the University of Toronto, École Polytechnique and Laval University. The students worked on a variety of projects, ranging from seismic data analysis at a metal mine to minefill research. ▲

Workshop attracts students to industry

THIS YEAR, 26 senior geoscience students from colleges and universities across Canada have been selected by their faculties to attend the PDAC's fifth annual Student-Industry Mineral Exploration Workshop (S-IMEW), which takes place in the Greater Sudbury area from May 6 to 21.

"We design this event to attract students into the mineral exploration industry and to give them a technical and business perspective of mineral exploration that is not usually found in the classroom," says Scott Jobin-Bevans, PDAC president.

The students participate in an intensive program of sessions chaired by industry leaders.

This year's topics will include professional registra-

tion, mineral economics, geochemistry and geophysics, corporate social responsibility, Aboriginal participation in mineral exploration, and the activities of the Ontario

Geological Survey.

The workshop also includes a four-day field trip to Val d'Or and Rouyn-Noranda.

There, the students will be touring Osisko's Canadian Malarctic mine and Agnico-Eagle's Goldex mine.

They will also be visiting QuadraFNX's McCreedy West mine in Sudbury and taking trips to Cobalt and Temagami.

Networking is an important component of the workshop and the students will have various opportunities to practise their networking skills and make valuable contacts with industry leaders.

The program has received overwhelmingly positive feedback from alumni, some of whom credit S-IMEW with connecting them to their current employers. ▲



Several of the students chosen for this year's Student-Industry Mineral Exploration Workshop attended the PDAC International Convention. Here they pose for a photograph during the convention's student-industry networking luncheon.

PDAC in Brief is a newsletter published five times a year by the Prospectors and Developers Association of Canada. The newsletter is designed to inform the association's members of the activities of the PDAC and also of current issues and events of interest to the Canadian exploration and development industry.

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It can be found at www.pdac.ca, under What's New.**

Support for mine development in Quebec, B.C.

A RECENT SURVEY shows that 72 per cent of Quebecers favour the development of the mining industry. Job creation is the primary reason cited by respondents for their support.

The survey was carried out on behalf of Minalliance, an organization that brings together the Quebec Mineral Exploration Association and the Quebec Mining Association, as well as companies involved in mining exploration, production and services; equipment suppliers; and financial institutions.

Across the province, 52 per cent of respondents are in favour of developing the industry and 20 per cent are highly in favour. A breakdown of the responses shows that of this 72 per cent, 87 per cent of respondents are on the North Shore and 91 per cent are in Abitibi.

As well as job creation, supporters also cite the industry's economic benefits and the possibility of developing the province's natural resources.

Those who do not favour developing the mining industry cite its environmental impact, risks to workers and respondents'

lack of information about the industry.

Regarding the environment, 56 per cent of respondents feel the industry has little or no concern for it.

Claudine Renaud, executive director of Minalliance, said in a statement, "Particularly in the mining regions, there is recognition of the industry's efforts to minimize the impact of its operations on the environment. But Quebecers have also told us there is still work to be done."

The mineral industry has heard the message, she added, and intends to work in a way that "respects the environment."

The Quebec mining industry provides more than 52,000 direct and indirect jobs in Quebec and brings the provincial government an average of \$280 million per year in net tax revenues.

On the other side of the country, a recent survey conducted by PR Associates for the mining industry of British Columbia shows that 90 per cent of Kamloops residents approve—somewhat or completely—of mining. The results for Princeton were similar, with 87 per cent of those surveyed approv-

ing of mining.

Support for mining is also strong in northwestern British Columbia, where the poll found that in Smithers, 86 per cent of the residents approve, either somewhat or strongly, of mining in the region.

In the northeast of the province it is the same story: almost 88 per cent of those surveyed approve of mining. With a margin of error of 1.7 per cent, these high approval ratings reflect the fact that these communities have a long and enduring mining tradition. ▲

Directors elected

AT THE ANNUAL MEETING of the PDAC, held during the PDAC International Convention in March, members elected the following directors:

Robert Boyd, Tara Christie, Steven Deck, James Excell, Jim Glover, Dennis Jones, Terry Loney, Michael Marchand, Maryann Mihychuk, Stephen Morison, Glenn Mullan, Ralph Newson, Eira Thomas, Robert Valliant, Steve Vaughan, and Neil Westoll. ▲

Budget extends METC but election stops it

IN ITS MARCH BUDGET, the federal government extended the Mineral Exploration Tax Credit (METC) for another year, but it will not be implemented as a result of the federal election. The tax credit, which helps increase exploration financing by supplying an incentive for Canadians to invest in exploration, expired at the end of March.

The PDAC and other mineral industry groups believe the METC is critical to the success of the mineral industry in Canada. The PDAC has urged the government to make the METC a permanent feature of the income tax system, which would not only ensure longer-term investment in Canada but also allow exploration companies to plan for the future.

Scott Jobin-Bevans, president of the PDAC, expressed pleasure

that the METC had been extended. "Investment in mineral exploration is the first step in addressing Canada's decline in mineral reserves and the METC program plays a critical role in encouraging investment in Canadian-based projects," he said.

In a pre-budget submission, the PDAC noted that exploration expenditures declined by 44 per cent, from \$3.3 billion in 2008 to \$1.8 billion in 2009.

It asked the government to encourage investment in Canadian projects by temporarily increasing the METC for exploration financed using flow-through shares from the current 15% rate to 30%. The increase should be in place for a two-year period, the brief said. ▲



Saley Lawton

Communications head retires

THE LONGTIME DIRECTOR of communications for the PDAC has announced her retirement, effective June 30.

Saley Lawton, who joined the PDAC in 1988 as a researcher-writer, has seen enormous technical change over the years. When she began working for the PDAC, the use of personal computers was in its infancy. As she leaves her position as director, she has oversight over the production of videos, electronic newsletters, the PDAC website, as well as all print materials.

In addition to her communications responsibilities, Lawton has served as the secretary of the association and of the Canadian Mining Hall of Fame. She has also provided staff support for the association's awards committee.

Lawton, a professional librarian, leaves an enduring legacy for the PDAC. During the 1990s, she established an electronic records maintenance system for the PDAC. Today, the system is still in operation, unchanged from when she set it up. ▲

British Columbia's mining renaissance

By Robert Simpson

FROM THE VIEWPOINT ON HIGHWAY 3 overlooking the Similkameen Valley between Vancouver and Princeton, you can hear the whisper of ghosts from the historic mining towns that dot the valley below.

These are the same whispering voices that kept Randy McLean, the mayor of Princeton, awake at night as he laboured to reverse his town's decline. Princeton, like many towns in British Columbia's heartland, depends on natural resources. So when low commodity prices closed metals mines in the 1980s and forestry hit rock bottom a few years ago, Princeton's future looked grim.

That was until last year, when Copper Mountain announced plans to open Canada's second largest copper-gold mine 15 kilometres southwest of Princeton. Today, McLean sleeps soundly knowing that with the mine come 500 good-paying jobs, economic development, and the promise of economic growth for the next 20 years or more.

"The opening of the Copper Mountain Mine is a tremendous economic catalyst for a community our size," says McLean. "Instantly we have a major industry and all the resulting subsidiary activity."

The same scene is playing out throughout rural British Columbia, where a renaissance in mining is reinvigorating local economies and breathing new life into towns and cities like Prince George, Williams Lake, Terrace, Stewart, Smithers and Kamloops.

"A mining renaissance is good news for British Columbia," says Pierre Gratton, outgoing president and CEO of the BC Mining Association and incoming president of the Mining Association of Canada. "One major new metal mine can generate the same revenue as the 2010 Winter Olympic and Paralympic Games every year."

New operators

The mining recovery in British Columbia can be traced back to a few new operators that reinvested in swing producers such as Gibraltar and New Afton, and have reengineered and revitalized these stalwart mines back into production.

Gibraltar has been transformed into one of the province's best assets, with a mine life out to 2035 after Taseko Mines invested almost \$250 million in exploration, mining equipment and concentrator upgrades. By the end of 2011, annual production capacity will increase to 115 million pounds of copper and 1.4 million pounds of molybdenum. When Gibraltar was restarted in 2004, the proven and probable reserves were 149 million tons of copper with a mine life of 12 years. Today the expected mine life is over 25 years with 472 million tons of proven and probable reserves.

Another past producer at the south end of the Okanagan Valley, Copper Mountain, is slated to be back in production this June after Mitsubishi Materials Corporation took a 25% (\$28.75 million) interest in the company and arranged for a \$250 million project loan.

Copper Mountain was initially discovered in the late 1880s and underground mining began in 1923, followed by intermittent open-pit mining from the mid-1960s to mid-1980s. Operator Copper Mountain Mining is spending \$438 million to restore the project to production, creating a super-pit that will join the three smaller pits already on the site to produce about 100 million pounds of copper starting this summer.

The project is expected to generate 500 direct jobs during the life of the mine and inject \$200 million back into the British Columbia economy.

The Copper Mountain mine couldn't have come at a better time for Princeton, says McLean. The southern British Columbia town is the cautionary tale of a community struggling to survive without an

industry foundation to rely on. "Princeton currently has some of the highest unemployment rates in the province and is losing skilled labourers, health providers, educators and youths to other areas with more stable economies," McLean says. "But with the announcement of the mine, there is already a flurry of activity and the jobs and benefits a project like this brings will revitalize the region."

Kamloops residents and the nearby Tk'emlups and Skeetchesen Aboriginal communities are anticipating a revival of the nearby Afton mining camp, or more specifically, development of the \$650-million underground mine below and adjacent to the Afton open-pit mine, operated by Teck for two decades before its closure in the late 1990s.

The aptly named New Afton project owned by New Gold is expected to begin production in the second half of 2012. It will generate 75 million pounds of copper, 214 thousand ounces of silver and 85 thousand ounces of gold annually over a 12-year mine life.

First Nations benefit

The Tk'emlups and Skeetchesen communities will benefit through jobs, revenue-sharing and services. Both First Nations struggle with education and high unemployment rates, with the Skeetchesen registering an unemployment rate of nearly 21%. Development of the New Afton project will also result in one of the B.C. government's first royalty-sharing agreements with the local First Nations.

Kamloops will also benefit from the expansion of Highland Valley, Canada's largest base metal mine. First mined for high-grade copper more than a century ago, Highland Valley was expected to close in 2013. However, a new study by operator Teck shows there is potential to extend its life to 2020.

Hard hit by pine beetle infestation, Prince George is anticipating the benefits of the Thompson Creek Metals' Mt. Milligan mine northwest of the city. Prince George Mayor Dan Rogers says, "We are eager to see the \$915 million copper-gold project move forward. It will help us recover from the downturn in the forestry industry and the toll taken by the mountain pine-beetle."

There's good reason for Rogers' enthusiasm. Mt. Milligan's capital construction expenditures for goods and services will inject \$370 million into the economy during the 30-month construction period and annual operating expenditures will average \$132 million, the majority of which will go into the regional economy.

Employment benefits

Communities such as Prince George, Fort St. James, Vanderhoof and Mackenzie will likely experience a large majority of the employment benefits during construction and operation, while wages and benefits are expected to total \$82 million during construction and \$31 million annually during operations.

The future of B.C.'s mining industry is poised to become stronger than ever before. As Canada's gateway to the Pacific, the province is closely aligned with Asian markets that are now powering the global economy.

B.C. has world-class mineral deposits and world-class mining expertise. After a rocky few decades, the stars are lining up for the industry, with strong demand from the world's fastest growing economies for its products.

BC's mining renaissance has begun. ▲

Robert Simpson is the president of PR Associates, a Vancouver-based public relations firm, which specializes in providing strategic communication for the mineral exploration, mining and mining supply industries.

Engineer ran 250 marathons for kids

LAST YEAR, MINING ENGINEER Martin Parnell set out to accomplish a super-human feat – to run 250 marathons in 12 months. That meant running 42.2 kilometres every day, five days a week.

The incentive was to raise money for Right to Play, a children's non-profit organization, and Parnell set himself a goal of \$250,000.

A graduate of the Camborne School of Mines in Cornwall, UK, Parnell lives in Cochrane, Alta. During his career, he worked for Cominco and Falconbridge, first in operations and then in human resources. Today, he is a semi-retired consultant.

His decision to run the marathons resulted from a confluence of factors. First, he runs marathons obsessively. He started in 2002 at the age of 47 and has competed in Ironman triathlons and ultra-marathons as long as 100 miles across mountain ranges.

In 2005, Parnell cycled through Africa for four months and often stopped to play with children, participating in soccer games where the ball was a bundle of rolled-up rags.

He noticed how much they enjoyed sports and when, a few years later, a friend mentioned the children's charity Right to Play, his mind went back to the African trip. Started by an Olympian, Right to Play enhances the development of children around the world through sports and play.

In 2009, Parnell and some friends formed Team KIDS-U-CAN and together they raised \$10,000 for Right to Play. And that success led Parnell to think about doing something even bigger.

He decided that in 2010, he would run 250 marathons and raise \$250,000 for Right to Play.

Parnell's marathons took place primarily in Alberta, on carefully measured trails and tracks. He also ran seven official marathons in



Long-distance runner Martin Parnell running his 227th marathon with students at West Dover school in Calgary last December.

Canada and the United States.

Now, a year later, he can look back on an endeavour that was an unqualified success. He reached his marathon goal on Dec. 31 and exceeded his fund-raising goal. His running has raised more than \$287,000, \$30,000 of which came from his former employer Xstrata Nickel. The money will benefit 5,745 children.

But the feat took its toll.

"It was a huge grind, physically and mentally taxing," Parnell says.

His running schedule allowed him 12 spare days for illness, but only weeks into 2010 he injured his leg, and had to use all his spare days for his recovery.

"That was probably one of my lowest times during the year," he recalls. "I'm thinking I've lost all my 12 days and there's no way I can do this." But that was the last time he needed to take time out.

The high points came during his visits to 60 elementary and high schools. He would attend the school assembly, describe his trip to Africa and Right to Play, and explain what he was doing. Then for six hours he would run 100 laps round the soccer field.

As the children came out for recess or lunch, many of them would run with him.

"They had so much fun, and often they would come up to me with a dollar or a toonie, even a quarter to help other kids," he says. "The children picked up on what I was trying to do right away. The vision of kids helping kids really resonated with them."

With the ground-breaking year behind him, Parnell's enthusiasm for marathons has not diminished. His next challenge comes this month, when he participates in the Comrades Marathon from Durban to Pietermaritzburg, South Africa. ▲

Give a snake A LOT of space

- If you encounter a venomous snake, do not move suddenly.
- Snakes strike at moving objects. Remain motionless, then back away slowly.
- Make sure you are not backing into another snake.
- Give the snake lots of space and be on the lookout for more snakes.

Keep safe in the bush. For more tips on wildlife encounters, visit **e3Plus** at www.pdac.ca/e3plus and download the Wildlife pdf in the Health and Safety Toolkit.





The China pavilion

CSR a major theme

CORPORATE SOCIAL responsibility (CSR) was a major theme running through the convention program, with the aim of assisting companies to reduce project risks.

This year the CSR event series expanded to seven sessions in which presenters from industry, government, finance and non-governmental organization provided updates and discussed different aspects of CSR.

The sessions, resulting from a call for expressions of interest, included discussion panels and presentations on social responsibility for small and medium exploration companies, a model mining development agreement, and understanding and managing human rights risks in mineral exploration.

Participants also had an opportunity to talk directly with Canadian government representatives during a panel discussion on *Building the Canadian Advantage*, the federal government's CSR strategy.

Two workshops were held. The first focused on a tool for companies working in communities in which there is conflict. The tool is being developed through a partnership with the PDAC, World Vision, and CDA Collaborative Learning. The second looked at managing social and human rights issues from a financial sector perspective.

For a second year, a full-day session on Mining, People and the Environment enabled participants to discuss and debate some of the crucial concerns facing the exploration and mining industry today, best practices and future challenges. ▲

Headline speakers price

FOR THOSE WHO HAVE WONDERED if there is a gold bubble, the answer appears to be a resounding “no.”

Two speakers addressed the question head on during the convention: John Ing of Maison Placements Canada Inc. and Eric Sprott, founder and CEO of Sprott Asset Management.

Both expressed deep concern about the U.S. economy in virtually identical terms. Ing described it as a debt economy, supported by the government.

The federal reserve has been issuing bonds, and printing money “at a record pace” to buy them, he said.

Sprott noted that the government, following Keynesian principles, has been spending

a lot of money in the belief that this will raise the Gross Domestic Product, but at the end of the day the economy has not rebounded and the debt has to be repaid. The fed is buying all the bonds and is “just printing money,” he said.

As a result of these actions, said Ing, “the reality is inflation is back.” In fact, he suggested that we are entering a period of hyperinflation, typified by deficit spending, the printing of money, and no currency backing.

Raising the question, “Is gold a bubble?” he answered “No. It’s not that gold has done so well; it’s that the dollar has done so poorly.”

Describing gold as the default currency in a currency war, Ing noted that it offers protection against debt creation and is a hedge

Exploration industry adapts to skill shortages

THE CONVENTION WAS ABUZZ with discussions about the industry’s growing shortage of geologists and what it can do to improve the situation.

Exploration attention is shifting away from the proverbial “shadow of the headframe” approach and towards carrying out more greenfields work in search of deposits in new areas.

Mickey Fulp, an experienced geologist who now writes the *Mercenary Geologist* investment newsletter, told one panel discussion that “finding people with enough experience to head a field team is difficult already and it’s going to get even more difficult.”

In addition, the basic skills expected of a geologist are changing.

“You need to have a strong rapport with the communities where you work and you need to build that up over time,” said John-Mark Staude, CEO of Riverside Resources, who likes to hire Spanish-speakers for the company’s core projects in Mexico.

“If you want to work in West Africa, you’d better speak French,” said Fulp. “If you want to work in South America, you’d better speak Spanish. You’ve got to learn to speak a second language.”

Riverside’s motto is “Knowledge is golden” and Staude hires people with a variety of skills not usually found in traditional exploration companies.

Although the company’s main focus is Mexico, to build the skills of its teams, Riverside will take on field work for other companies. “They get their work done and we get to build our knowledge base,” Staude said.

Riverside also encourages its employees to produce videos that provide basic instruction in mineral exploration and post them on YouTube, the video social media site.

Episode 1 can be viewed at <http://www.youtube.com/watch?v=icvnROp7GYw> or by using the search term “geo tutorials” at www.youtube.com. Episodes on drilling, drill core processing and mapping are now available.

The company is increasing the public’s knowledge base about exploration and Staude’s staffers enjoy using and developing video production capabilities. Riverside gave a Macintosh computer to one staff member to support his work on that project.

Bob Schafer, an experienced geologist with Hunter Dickinson, urged the younger geologists in the audience to take every opportunity to go on field trips.

“The best geologists are the ones who’ve seen the most rocks,” said Schafer. “That’s why they’re also the older geologists. So we’ve got to get people out on field trips as much as possible.” He also suggested that companies organize regular field trips to support their geologists. ▲

cked gold bubble myth

against inflation.

He looked at some of the buyers of gold – China, the central banks and exchange traded funds – and wondered where new supplies will come from. “Canada is not producing any of the big gold deposits anymore,” he said.

There is an opportunity for junior mining companies, he said, especially those that are close to production, because the gold market is going to exist for at least a few more years.

Sprott echoed Ing’s remarks.

“I believe it (gold) is the currency today because everything depreciates against gold,” he told the Mineral Outlook Luncheon as he discussed investment survival in an economic meltdown.

He too denied that there was a gold bubble. The 350 per cent rise in the price of gold occurred because “everything else did nothing.”

Although gold has performed well, for investment in the next decade, Sprott recommended silver, whose rise has been “spectacular.”

He noted that American Eagle Silver bought \$42 million of silver in the whole of last year; this January alone, it bought \$6.5 million. In January, the value of the U.S. Mint’s silver sales equalled that of its gold sales.

“The guys running the financial system have no idea what they’re doing,” he concluded. “Own gold and silver, but particularly silver.” ▲

China raises concerns

THE SUBTEXT FOR many discussions at this year’s convention was, once again, China. As the country’s emerging middle class continues to expand, driving the demand for more and more consumer goods, the price of commodities continues to climb.

A few years ago, talk about China at the PDAC International Convention was euphoric. China’s demand was going to mitigate the effects of the recession. Now, however, a cautionary note is beginning to be heard. Is China’s growth and appetite for commodities sustainable?

To answer some of those concerns, financial guru Don Coxe, strategy advisor for BMO Financial Group, chaired a panel discussion during the convention’s International Panel Luncheon. Those taking part were Ray Goldie, senior mining analyst at Salman Partners, independent consultant Jack Lifton, Wesley Mark of PricewaterhouseCooper’s China Desk and Paul Stothart, vice president of economic affairs for the Mining Association of Canada.

Stothart provided some background for the discussion. China has had 30 consecutive years of near double-digit growth and now consumes 30 per cent of the world’s base metals. India lags China right now but by 2040 will be where China is today.

For its size of population, China has low rates of automobile and personal computer ownership and Stothart expects significant

future demand in these areas.

Lifton said China’s goal is to raise its standard of living and produce as much wealth as possible in the country. In the past 10 years, it has produced twice as much steel as the United States, and by the end of 2020, it will have produced in two decades as much steel as the United States has since 1867.

“I don’t see how China can go on as it’s going,” he said. “Can China’s metal production keep up with its GDP growth? I don’t think China will stop dead but I think they’re going to slow down.”

If Indian demand for commodities ignites at only a fraction that China’s has, he added, there will be great competition for resources.

Mark refuted popular belief that China was becoming a dominant player in global mining mergers and acquisitions. In 2010, Chinese entities were involved in 161 acquisitions. Most of those were Chinese companies buying Chinese or Asian companies and most of the deals were less than \$3 billion.

He predicted that Chinese entities will try to earn a spot among the world’s mining elite and will take a more controlling position in many companies. But the wild card in this scenario, he added, is what international reaction will be to China taking a more dominant position. ▲



*Minister of Natural Resources Canada,
Christian Paradis*

Many Canadian politicians on hand

AS THE PDAC International Convention grows steadily year-by-year, so does the list of politicians who put the event in their calendars.

This year, a record number of Canadian politicians visited the convention, many of them staying for several days.

Federal politicians attending were: Christian Paradis, minister of natural resources; Peter Van Loan, minister of international trade; Leona Aglukkaq, minister of health; John Duncan, minister of Indian and northern affairs; Senator Dennis Patterson of Nunavut; Lois Brown, parliamentary secretary to the minister of international cooperation; Greg Rickford, parliamentary secretary to the minister of Indian and northern affairs; Bruce Stanton, chair of the standing committee on Aboriginal affairs and northern development; Anthony Rota, national caucus chair for the Liberal Party of Canada; and M.P. Russ Hiebert (Conservative), South Surrey-White Rock-Cloverdale.

Provincial ministers were: Randy Hawes, British Columbia, minister of state for mines; Dave Chomiak, Manitoba, minister of innovation, energy and mines; Shawn Skinner, Newfoundland and Labrador, minister of natural resources; Charlie Parker, Nova Scotia, minister of natural resources; Jeremy Harrison, Saskatchewan, minister of enterprise and minister responsible for trade; and Michael Gravelle, Ontario, minister of northern development, mines, and forestry. ▲

National Chief optimistic for the future

IN AN ADDRESS at the opening of the PDAC International Convention, the National Chief of the Assembly of First Nations (AFN) had an important message for the mining industry.

“There are many challenges and conflicts in the relationship between First Nations and Canada,” Shawn Atleo said. “But I believe we are entering a new era of reconciliation, facing directly the challenges confronting us.”

There are 149 mining agreements between First Nations communities and companies, he added, and he expects that number will double in the next few years.

Atleo outlined some of the facts that define Canada’s Aboriginal communities and their relationship with the mining sector.

The majority of First Nations people are under 25 years old, he said, and there is a growing presence of Aboriginal leaders in conversations about mining.

He referred to Ontario’s mineral-rich Ring of Fire, which has the potential to create billions of dollars of wealth. But, he



Shawn Atleo

added, “the road to prosperity runs through our territories.”

Atleo noted that in the past two decades, First Nations have made significant advances in having their treaties honoured and upheld. But there is potential for clashes and misunderstanding as plans are

laid for industrial development while First Nations people are still finding their place.

Atleo emphasized the importance of consultation with First Nations.

“We are not anti-development,” he said, “but we don’t believe in development at any cost.”

First Nations want development to be responsible and sustainable, and they want to share in the prosperity it generates, he added.

Atleo announced that the AFN is hosting the International Indigenous Summit on Energy and Mining this June in Niagara Falls, Ont.

The PDAC is one of the sponsors of the two-day event that will explore ways First Nations can work with governments to create better opportunities. The event will include tribal chiefs from the United States – “our relatives,” Atleo said, reminding PDAC delegates that Canada’s borders cut across First Nations tribes.

“We will forge jointly-designed solutions to the challenges we face,” he said. ▲

Guarding against fraud and corruption

By Eric Lam *Thomson Reuters*

AS CANADA’S RESOURCE COMPANIES reach further and further away from their home country’s borders in search of the next big resource play, management must be vigilant for the twin slippery slopes of fraud and corruption, Ernst & Young LLC’s top fraud investigator said in a presentation at the convention.

Mike Savage, leader of the firm’s Canadian fraud investigation and dispute services, warned that corruption and “facilitation payments” – grease money – are becoming an increasing problem for companies that have operations in remote or less-developed countries where the law has not quite caught up to business just yet.

“Mining and metals are an easy target. You take vast amounts of money and drop it in a poorer or developing region,” he said during his presentation. “The temptation for local government officials is tremendous.”

However, while most loyal employees can see fraud as harmful to the company, the picture is a lot cloudier when it comes to corruption.

“Employees can rationalize quite a bit,” he said. Especially when most bribes are meant to help further the company’s operations and rarely put a serious ding into the company’s bottom line.

Most problems with corruption start off with the best of intentions. For example, in one case in which Mr. Savage worked, a mining company was negotiating with local government officials about renewing its permit when the officials said they weren’t comfortable in the negotiating room. So, the company booked a hotel conference room.

Then the officials got hungry.

Next thing you know, the officials were getting a “sitting

allowance” and getting flown first-class to Hong Kong and London for weeks of further negotiations, all on the company’s tab.

At least part of the problem for Canadian companies is their own lack of understanding for how different the world outside Canada really is.

“Many Canadian companies will send their own managers to these far-flung locations, but they haven’t been properly sensitized and trained on how business is done there. They can and do make mistakes,” Mr. Savage said in an interview afterwards.

So what can companies do about confused managers and the thousand other paper cuts that add up to a major cash bleed?

Mr. Savage answers by way of an anecdote.

He was once waiting to cross the border when he encountered a customs guard who repeatedly turned down his passport and visa, declaring his paperwork “incomplete.”

Puzzled, Mr. Savage went to check if he was missing a form when a fellow-traveller stopped and asked to look at his passport. Chuckling, the friendly stranger said his passport was missing the standard US\$10 bill – not necessarily a bribe, as the guard was going to have to let him through eventually, but grease money.

“The problem becomes when the employee asks ‘Why should I be out of pocket?’ Maybe he’ll try to put an expense claim through, maybe he’ll try to make it up somewhere else,” Mr. Savage said. “If I’m the president at the top and I find out this is happening, I’m instituting policies that clearly state this is unacceptable. And if that means the employee has to sit there in the airport lounge for an hour, then so be it.” ▲

Session highlighted collaborative agreements

ABORIGINAL ISSUES were a major focus of this year's technical session.

The growing connection between Aboriginal People and the mineral industry was perhaps best reflected in the presence of Shawn Atleo, National Chief of the Assembly of First Nations, and three of his predecessors: Ovide Mercredi, Chief of the Misipawistic Cree in northern Manitoba; Matthew Coon Come, now Grand Chief of the Grand Council of the Crees; and Phil Fontaine, now special adviser to RBC.

Also attending was Tony Belcourt, founding and former president of the Métis Nation of Ontario.

A half-day program of speakers, chaired by PDAC First Vice President Glenn Nolan, examined international collaborative approaches to capacity development and wealth creation for indigenous communities.

Among the topics discussed were the successful integration of communities and projects in Mexico, and a partnership between the Webequie First Nation and a diamond drilling company.

Tony Schoer of Pluton Resources described how his company is achieving zero-impact exploration on Australia's Irvine Island, and the collaborative agreements it has reached with the local Mayala people. Among these agreements are priority employment for the Mayala people, respect for indigenous culture and heritage, and effective environmental management that covers both land and ocean.

Goldcorp presented an overview of the collaboration involved with the Crees in the development of the Éléonore mine in northern Quebec. The company drew together a collaboration committee in 2007, comprising four company representatives, three people from the community and one representative of the Grand Council of the Crees.

Interestingly, all the company representatives changed during the four-year period and, said the speaker, it was up to the Cree partners to remind the new members what the committee was all about.

The committee's success was grounded in two actions. Members agreed that decision-making would be by consensus, and they developed a framework for managing conflict between individuals and within the group.

The impact benefit agreement, which was signed in February, enshrined a collaborative relationship that respected Cree traditional activities and ensured the promotion of Cree economic and social development.

The session ended with a panel discussion featuring two men who ran indigenous companies working in the mining sector: Frank McKay, chair of the Windigo First Nation Council which runs Windigo Catering and whose clients include Goldcorp, and Rick Lemieux of RDH Mining Equipment, Alban, Ont. which provides equipment to the global mining industry. Both men agreed that one of the biggest challenges facing their companies is personnel.

"Manpower is one of the worst problems," said Lemieux, who employs approximately 225 people to manufacture equipment in Alban. "We've become a training centre."

He explained that once his company has trained employees and they start to become effective, they leave to join larger mining companies working in the region. When he is looking for mechanics, electricians and welders, he said, he has to bring people in from overseas.

McKay said low educational levels were a significant challenge. His

community did not have the capacity and enough educated people who could work in Goldcorp's mine, and so the mining and community partners developed a different approach. One of the initiatives was to set up a catering company.

The company is successful, but education is still a problem.

"We want to run general education programs and upgrade the skills of our people," said McKay.

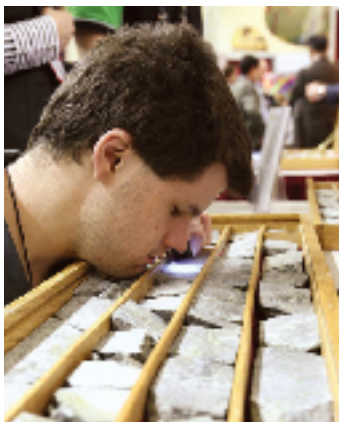
Other Aboriginal events at the convention included a panel discussion on accelerating the development of skills among Aboriginal youth to enable them to build careers in exploration and mining. ▲



Delegates listen attentively to the presentation from Peru's delegation.



Wherever you looked, business meetings were taking place.



It seems you can't get too close to a good chunk of rock.

Convention welcomed students



Student ambassadors helped convention visitors find their way around.



Mining Matters kids toured exhibitors' booths, such as this one, at the Trade Show.

Speaker outlined green energy costs

GREEN ENERGY POLICIES are destructive, unnecessary and costly, says Lawrence Solomon, founder and managing director of Energy Probe Research Foundation.

Speaking at the PDAC-CIM Luncheon, Solomon argued that United Nations data on climate change are flawed and that renewable energy projects are causing energy rates to triple.

In Spain, for every green job created, 2.2 jobs are lost. In fact, he said, green energy has become so uneconomic, the government is pulling back and green energy is collapsing.

There are also social costs. In the United Kingdom, a new term has been coined – fuel poverty – and five million households are suffering from it. “The cost of meeting the Kyoto goals is immense,” Solomon said.

He predicted the cap-and-trade system will fail to be adopted in the United States or Canada, and green energy will collapse in Europe.

“This whole nightmarish episode of global warming in human history is about to come to a close,” he said. ▲

CONVENTION ORGANIZERS do all they can to make the convention a top destination for students. This year, more than 1,100 students turned up to become informed, develop their networks and find out about career opportunities.

College and university students came as delegates, paying special rates. At a three-hour student information session, industry leaders, including PDAC Past President Bill Mercer, provided insight on a number of topics, including job seeker essentials and 101 exciting uses for a geology degree.

Networking was an important part of the convention experience. Students attended a buffet luncheon reception, where they were able to discuss their career hopes with industry leaders from around the world.

They were also given escorted tours of the Trade Show where the focus was on “student friendly” companies, several of which were offering summer jobs.

But sometimes a summer job depended on just a little bit of luck and good timing. One of the presenters at the information session, Alicia Ferdinand of Proven Reserves, was talking later in the convention to a former colleague from Manitoba.

A student came up to thank Ferdinand and said she was looking for a summer job. When Ferdinand enquired, the student said she was from Manitoba.

Ferdinand asked her colleague if he was hiring, he said he was, and the student walked away with a job.

College and university students were not the only ones to attend the convention. The PDAC Mining Matters educational program invited 50 teachers to attend the convention on the first day and offered special programs for more than 150 grade 4 and grade 9 students over the next two days.

Their bright red Mining Matters t-shirts stood out in the somberly dressed crowd as they gazed in wonder at the Fénix capsule, or crowded around a booth in the Trade Show. ▲

Vanadium has a bright future

VANADIUM MAY BE an unfamiliar name, but some say it is the metal of the future. This rare earth metal is a vital component in construction and is most widely used as an alloying element for strengthening steels used in buildings and bridges.

However, vanadium also has a newer use. Its properties make it suitable for batteries used for stationary power, such as wind turbines. And when combined with lithium, it increases the energy density of batteries in electric cars.

Apella Resources made a presentation about its vanadium properties during a technical session on rare earth metals. The company has two projects in northern Quebec, Lac Dore near Chibougamau and the Iron-T vanadium project, south east of Temagami.

The first drilling campaigns at the Iron-T project have already yielded 11.63 million tonnes.

It was an especially celebratory presentation for the company, as the previous day it had won a four-year legal battle over the Lac Dore deposit. During a 2007 staking rush, Apella and the Quebec government exploration development arm, SOQUEM, staked the same claims. The ruling awarded the claims to Apella. ▲

They were all winners



Laurence Golborne (left) receives his award from PDAC President Scott Jobin-Bevans.



Chilean minister honoured

CHILEAN MINING MINISTER Laurence Golborne received an award for special achievement at the PDAC awards evening during the convention. Golborne was recognized for his leadership in the rescue operation that saved 33 miners after they were trapped in a cave-in at the San José copper-gold mine last fall. People around the world were transfixed as television and computer screens showed the miners being winched, one by one, to the surface in the custom-built Phoenix capsule on Oct. 12. ▲

Ph.D. candidate is studying Cumberland Peninsula

BRETT HAMILTON, a Ph.D. geology student at the University of Calgary, is this year's winner of the Mary-Claire Ward Award. His winning research project is entitled "Metamorphism and tectonics of Cumberland Peninsula, Nunavut."

The award honours the memory of Mary-Claire Ward, a passionate advocate for the geosciences, who died in 2004.

It is intended to encourage and support a graduate student in Canada whose thesis will contribute to our knowledge of the geological history of Canada.

Mapping is to be a significant component of the winning thesis. ▲



Brett Hamilton

(Left) Patricia Dillon receives the PDAC's distinguished service award from Ed Thompson, PDAC past president and chair of the awards committee, at the PDAC awards evening on Monday, Mar. 7. Dillon is a past president of the PDAC, was a longtime director of the association, and is president and CEO of PDAC Mining Matters.

PICTURES OF OTHER RECIPIENTS OF THE PDAC AWARDS CAN BE FOUND AT WWW.PDAC.CA.

Behind the scenes at the convention

Delegates who wanted to find out more about exploration and mining overseas met with Canadian trade commissioners who work on the scene in 12 countries. The event was hosted by the Department of Foreign Affairs and International Trade, the Canadian Association of Mining Equipment and Services for Export (CAMESE), and the PDAC.

The PDAC staged an inaugural Gold Club Reception to honour 10-year sponsors of the convention and celebrate their generosity to

and support of the association. A 10-year pin, especially designed for the occasion, was presented to each of the 20 sponsors represented.

Back by popular demand were PDAC Mining Matters' fundraising silent auctions to support its educational programs. Various items of jewellery were auctioned at the Mining Matters booth. A larger selection of items, including artwork, memorabilia, and jewellery, was auctioned at the Crystal Ball Gala

on Wednesday evening. The most popular piece was a 0.54 carat diamond donated by De Beers Canada Inc.

The auctions raised \$28,000 for PDAC Mining Matters.

Another fundraiser for Mining Matters was the 4th Annual PDAC-Caracle Cup hockey tournament that involved 16 teams from across the country.

Sponsored by Caracle Creek International Consulting, the tournament netted \$25,000 for the charitable organization.

Thank you to our generous convention 2011 sponsors

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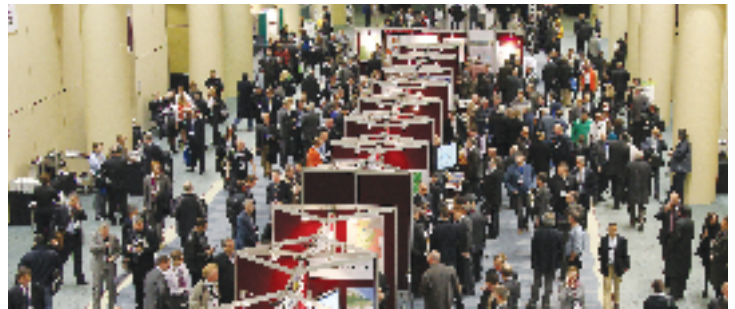
Your generosity made it all possible

Women networked during reception

One of the most popular late afternoon events during the convention was the Women in Mining International reception. The networking event brought together women and men working in the mining sector, students and junior professionals.

This year's event surpassed the reception held in 2010, bringing out more than 550 delegates.

Women in Mining is an international group with national branches that works to promote the professional development of women working in the sector through information and business opportunities. ▲



Throughout the day, crowds thronged the convention hallways.

Ce bulletin est également disponible en version française. Voir www.pdac.ca pour une copie.

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Toronto, Ontario, Canada M5C 1G6

Publication Agreement #40042453