

Colombia joins key Latin American players

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Stability and security boost attractiveness, say mineSouthAmerica speakers

By Michael Schwartz

Confidence in Colombian mining opportunities is growing as security — a major obstacle to resource exploration and development — continues to improve, delegates to mineSouth America: Focus on Colombia learned in June.

Investors heard from Scotiabank senior economist Oscar Sanchez on how the global slowdown hit everywhere, including Colombia, and yet, he said, “Colombia is still standing — in 2009 we experienced growth, albeit small. Chile and Mexico declined last year.” In addition, a new government is settling in: “Its fiscal policies are being awaited with interest,” added Sanchez.

Jorge Neher, a partner at Macleod Dixon LLP was also optimistic about Colombia, now the eighth largest gold producer in the world. The law firm is opening an office in the country and Neher said that investment in Colombia is growing just as the opposite is happening in Bolivia, Ecuador and Venezuela. Colombia’s strengths, for Neher, lie in infrastructure/roads, security, political stability, geological database and qualified personnel.

Encouraging findings also emerged from the Fraser Institute’s latest survey of 3,000 mining executives regarding mining jurisdictions around the world. The think tank’s vice-president of research, international, Fred MacMahon, explained that Colombia still exhibits some deterrents to mining but nothing on the lines of the strongly anti-mining regimes. “Despite the generally poor results from Latin America, Colombia showed significant improvement this year,” he observed. “The improved score might be a result of the mining community’s increased confidence in the country due to its improved political stability and security, and to the mining community catching up with this news.”

That Colombia is a market-in-waiting was reinforced by Hans Rasmussen, president and COO of Eaglecrest Explorations. He noted that Colombia is the least explored region of the mineral-rich Andes Cordillera. This year, the company has a US\$6 million exploration program that will include sampling, mapping, aeromagnetic surveying and drilling.

One of Eaglecrest’s projects is the Fredonia gold development near Medellin. “We have nothing but good news,” said Rasmussen. “Five years ago, we wouldn’t have gone to Colombia. We would not have felt safe there.”

Of course, knowing the country and anticipating its risks are crucial. Graeme Burt, a partner at the social engagement and development consultancy firm rePlan, addressed the issue of social licence. In Colombia and 15 other countries, Burt collates social, economic and

housing issues, and then tries to anticipate them. Earning and maintaining broad community support is crucial, he said. Mining operators must create a good reputation with the local population, disclosing, consulting, planning and negotiating — the “human geology” — as he phrased it.

Burt revealed his top ten recommendations. They included building trust early, obtaining and using feedback, and acquiring land carefully, as mistakes can create real resentment. Even more importantly, jobs must go to locals. He suggested a company would do better to hire 50 local people to do the digging rather than buying an excavator. Nothing gets people on the street quicker than missed opportunities such as this, said Burt.

Burt finally advised his audience to “manage expectations.” They may run very high in local communities, but operators must be honest. **CIM**

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