

ADVICE

Asia Pacific Mining Conference



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Held during the second week of October, the Asia Pacific Mining Conference is possibly the largest such event in the region and miners were out in full force.

The host and star of the show was Philip Romualdez, President of the ASEAN Federation of Mines. Many found it surprising that the annual event would be held in Philippines. The mining industry has only recently become viable again in this country after many years of dormancy but it seems to have staged a remarkable comeback in a very short time. This is said to be mainly due to the tremendous sales skills and political connections of Mr. Romualdez.

Nick Sheard, INCO's Vice President of Global Exploration, was one of the highlight presenters of the conference. His company's planned buyout of Falconbridge was announced the day before he spoke and the interest in his message was exhilarating.

Nick documented convincingly that demand for nickel will continue to be strong in the coming years. Robust growth from China and the rest of Asia should create 4% growth per year for some time. To keep pace with such demand, a new "Goro-size" project would need to be brought on-line each year. (Inco's Goro development in New Caledonia should produce 60,000 tonnes per year of nickel when it is fully operational).

His analysis of the industry showed that this is clearly not possible. The 5-year slowdown in exploration and development that began in the late 1990's has created a mismatch between supply and demand that will take years to correct. Nick feels the most likely outcome will be continued high prices for nickel and most metals.

Inco's current projections are that 45% of its worldwide production will come from Asia by the year 2009. The company has strategic investments throughout the region and feels it has the most to gain of any nickel producer from China's continuing growth.

Peter Dimmell, President of Prospectors & Developers Association of Canada (PDAC), gave a motivational talk about the state of mining finance in the world. His organization's upcoming Mining Industry Financing Convention in Toronto is expected to attract a record 14,000 attendees.

One of his slides showed a picture of the 2 prospectors who uncovered the colossal Voisey's Bay deposit now owned by Inco. Peter said that junior mining companies are responsible for a disproportionate number of discoveries and being nice to them is vital if a country is to succeed in mining. He said that countries with a great interest in developing their industry such as Philippines need to reduce the amount of time and red tape required for approvals. The corruption that is prevalent throughout Asia is also a serious hindrance to development.

Mr. Dimmell also talked about the progress PDAC was making with its Environmental Excellence in Exploration (E3) program which provides guidance to the highest levels of environmental care and community engagement during mineral exploration. He gave Philippines credit for signing up for the program in advance of most countries in Asia.

There was some gossip about Robert Friedland of Ivanhoe – the Bill Gates of mining, some say. He was the featured speaker at the Mining Conference held earlier in the year in Philippines and was scheduled to speak again at the October event. For some reason, Friedland was conspicuously absent. It is known that he had been in and out of Philippines and rumours were that a deal was in the works. The deal – if there was one -- seems not to have come to fruition, at least for the time being.

Other speakers at the conference included senior mining representatives of most countries in the ASEAN region. Thailand, Indonesia, Malaysia, Laos, South Africa, Australia, Vietnam and Japan were some of these. Even backward moving Myanmar sent a brave soul to plead for new investment.

There was a special announcement during the event that Philip Romualdez would be appointed the President of the ASEAN Federation of Mines for another year. With this fellow as the industry's head salesman, the future looks good for mining in Asia.

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