



# Canadian Exporters: Profile

Placer Dome • Vancouver, British Columbia

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Grande, in Mexico's mineral-rich ground. Thanks to a dramatic liberalization of Mexico's policies on the mining sector that pre-date the NAFTA, the field is open to explorers, mining engineers and extractors. Canadian firms are actively prospecting for promising lodes.

Placer Dome is one of Canada's pre-eminent mining companies, and one whose ventures into Latin America have been increasingly important to its business in recent years. While it is interested in copper, notably at the Zaldivar Mine in Chile, it also has a 50 per cent interest in the gold deposits of Chile's La Coipa Mine, the largest precious metals producer in South America. Placer Dome, which defines itself as "a gold company", is among some 150 companies currently active in the metal-rich hills of Mexico.

The company has been in Mexico since the mid-1970s, and in the following decade was the only private sector investor in a silver mine, the Minera Real de Angeles, which has since been sold.

More recently, under the name Can-Mex since 1991, Placer Dome has been engaged in gold exploration at the Mulatos mining property in Sonora. The exploration is at an advanced state, with the company spending \$2.5 million U.S. in the current fiscal year, after investing \$1 million U.S. last year. Placer has a 70 per cent interest in the Mulatos project, where it has identified a geological resource of a million ounces of gold.

"It is a long term project," says Hugh Leggatt, a spokesman for the company. "We are determining how

much we can mine through a feasibility study, which should be started next year — it will take about two years. It will take about two more years to build a mine. We do see it as one of the best prospects around in mining."

Placer Dome became interested because the area was "geologically very promising for precious metals," according to Mr. Leggatt. (The area of known mineralization is a small portion of the total land position of 33,000 hectares, and further drill targets are being considered.) "Also, the changes in the Mexican mining laws and in the tax structure combined to make mining in Mexico a more attractive venture than it had been previously."

**I**n 1992, Mexico revised its mining law to open up large concessions and guaranteed 100 per cent ownership to both domestic and foreign companies of anything they were able to dig up.

Mexico "has always been a mining country," Mr. Leggatt adds. As far as gold goes, Mexico's annual production has risen to almost 400,000 ounces a year. These are not finds in the league of South Africa or Russia, but the Mexican undersecretary of mining has recently said that he anticipates growth of 20-30 per cent in the extraction of gold over the course

of the next decade.

Mr. Leggatt notes that Placer Dome set out "to minimize the risks through geological, technical and site research. But the certainty about the regulations, the laws, the investment rules that would apply, were all very important. It is necessary to know that one can receive the return on investment."

**M**ining activity is exploding in Mexico, with much of the principal investment, development and extraction being done by domestic companies. But there are many foreign companies in the burgeoning mining market, either alone or in ventures with Mexican or other partners.

Placer Dome sees great prospects for the company as it takes part in the current gold rush. "NAFTA helps in the sense that it regularized the investment rules and made that climate more stable," Mr. Leggatt says.

Much more interesting to companies looking at the Mexican market, including Placer Dome and others already there, are the rebound in the prices of precious metals and the momentum of worldwide economic recovery. That and the fact that this rich resource base is still relatively untapped. When "there's gold in them thar hills," it seems likely that where Placer and others have led, many will follow.

## Access

**Access**, the newsletter of the new Access North America (ANA) program, is published monthly and only in *CanadExport*. Subscribers to *CanadExport* automatically receive *Access*. It examines opportunities for Canadian businesses, introduces some Canadians already operating in the Mexican and U.S. markets, profiles specific sectors, and notifies readers of forthcoming events related to doing business in Mexico.

Your feedback is welcomed; correspondence should be sent to *Access*, BCT, Department of Foreign Affairs and International Trade, Ottawa, Ont., K1A 0G2, or by fax, (613) 992-5791.

For further information on the program, or a copy of a brochure on Access North America, contact InfoCentre at 1-800-267-8376 (In Ottawa 944-4000).

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