

Felix Lee on the critical role of #PDAC2021 in promoting miners interest around the world

In a recent InvestorIntel interview, Peter Clausi spoke with Felix Lee, President of PDAC about the convention that just kicked off earlier this week and the role of PDAC in promoting miners interest around the world.

In this InvestorIntel interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Mr. Lee starts with: "The show is off to a great start."

Mr. Lee pointed out that most people think of PDAC as a convention but the organization exists as an advocacy body. He said that the organization works very hard to support and promote a vibrant, competitive, and responsible minerals exploration industry. They also work with the Canadian federal government to enact policies that benefit the industry. "We are poised to play a very critical role in the transition of Canada's economy to a low carbon future," Mr. Lee added.

To watch the complete interview, click here

About PDAC

Prospectors & Developers Association of Canada (PDAC) is the leading voice of Canada's mineral exploration and development community since 1932. With over 7,200 members around the world, PDAC's work centres on supporting a competitive, responsible mineral sector. The annual PDAC Convention is the world's premier international event for the minerals and mining industry. It has attracted more than 25,000 people from

135 countries in recent years.

To learn more about PDAC, [click here](#)

PDAC's President Felix Lee on soaring gold prices and widening the investment audience for the mining sector

Note from the Publisher: PDAC issued an updated statement on the attendee that has been confirmed with the Covid-19 virus that may be accessed here – [click here](#) We felt that PDAC 2020 was exceedingly well done, and the attendance was reported to be 23,000, which suggests another outstanding year of attendance in spite of this unprecedented health challenge. On behalf of the InvestorIntel team, we would like to thank the PDAC team for doing an outstanding job, and for having us as a media sponsor again this year. To all of our audience members, stay healthy and be well!

In an InvestorIntel interview during PDAC last week, Peter Clausi secures an interview update with President Felix Lee on Prospectors & Developers Association of Canada (PDAC), the leading voice of the mineral exploration and development community.

Mr Lee started the interview by discussing the substantial history and leadership of PDAC in the mining sector. Having been in existence for the last 88 years, PDAC injects

more than \$70 million into the local economy every year. While commenting that it is an interesting time for the mining industry with gold at all-time highs, he had some equally interesting incite on what the mining sector to widen their investment audience. To access the complete interview, click [here](#)

What the Mining Industry can Learn from the Boston Red Sox

The mining industry can learn a lot from the Boston Red Sox. I just learned that lesson at PDAC 2019, the greatest mining show on Earth. More than 25,000 people attended in Toronto to meet, mingle, learn, look at core, party, buy, sell and schmooze.

I've been attending the mining show annually since 1992. I've missed two years. Before I go I have a list of goals that I want to achieve. Overall, it was a very good year at the show as I ticked off all the items on my to-do list and as always found a few more.

Wandering the booths and hallways and seminars, one of the things I learned was that there is a dearth of good projects under development. Simply put, we are consuming metals and not replacing them, causing analysts to believe the world will be in a deficit position over the next few years. This 2015 infographic from the Visual Capitalist makes the case for the coming copper crunch or you can read it in The Mining Journal.

Similar alarms are being sounded for silver and gold. The shortages in the battery metals (nickel, manganese, lithium, graphite and of course perennial bridesmaid cobalt) are

obvious as the world decentralizes grid electricity.

Refined zinc metal output is expected be 13.81 million tonnes in 2019. The problem is, the output estimate for 2019 is lagging behind the expected metal usage of 13.88 million tonnes for the year.

We are consuming the metals faster than the mining companies can replace them.

How does this relate to Boston Red Sox, winners of last year's World Series?

The Bosox over many years invested heavily in scouts to find a larger pool of young possible players, signed players at a young age, developed them patiently through the system, and brought them to the major leagues at the appropriate time. Not downplaying Steve Pearce's World Series, the most important players on Boston's championship run throughout the season and the playoffs were homegrown, like Mookie Betts, Andrew Benintendi, and Jackie Bradley Jr., Xander Bogarts was signed when he was 16 years old and made major contributions to the team's success.

The cost of finding and developing young talent is far less than the cost of trying to acquire that talent once developed. Look at Bryce Harper's USD\$330 million contract with the Phillies after spending the first 7 years of his professional career in Washington. In Year 1 of that Washington contract, Harper was paid a total of \$3 million and had a tremendous year, earning a spot in the All-Star game and winning NL Rookie of the Year. His 7 years in Washington were very cost-effective for the team and the returns he provided. Once developed, he priced himself out of the Washington budget.

There's also Mannie Machado who in 2012 was paid \$112,786 by the Baltimore Orioles. Drafted and developed by Baltimore, Machado provided Baltimore with gaudy numbers and strong defence. For you data geeks, his Wins Above Replacement (WAR)

is 5.7. He was a bargain for what he contributed to the team. He just signed a 10-year, USD\$300 million contract with the San Diego Padres, priced out of Baltimore's budget.

Finding, drafting and developing your own players allows a team to control costs, keep these players under contract for a (relatively) low cost for an extended period of time, provides some degree of economic stability for the team, and de-risks the overall organization.

And that is one of the things that's missing in the mining industry. There are few large projects in development to replace the copper, gold, copper, nickel, tin, silver, and battery metals that are needed. The majors have failed to invest in their minor league systems, leading them to have to effect risky M&A transactions to replace lost ounces.

This failure to invest in development started in about 2013, after the mining industry blew up following an acquisition spree. You remember Kinross' 2010 free agent acquisition of Red Back Mining to acquire ownership of Tausita Gold Mine in Maruitania? Kinross paid \$7.1 billion for an asset that was written down by \$3.2 billion in 2013, crushing Kinross' share price with it. There are other examples as well, but this write-down was massive and caught the market's eye. Fear crept into the market and brought an end to M&A activity.

Following the fear came severe cost-cutting. The majors dramatically scaled back in all areas of operations, including not investing in the intermediates and juniors. If the juniors aren't being funded they can't explore (scout), the number of development opportunities shrinks, which reduces the number of opportunities for the intermediates to shepherd good projects along. And that decreases the odds that a major deposit would be found. And that of course means that fewer deposits are making it to the Major Leagues.

The cost of acquiring already-developed properties is

extremely expensive. Grabbing proven ounces is what is driving the current \$17.8 billion attempted takeover of Newmount Mining by Barrick Gold. It's like the Phillies acquiring Bryce Harper for \$330M after he was cheaply developed by Washington.

The Bosox are 6/1 favourites to win the World Series again, due mainly to the core of highly talented home-grown inexpensive players. It would be cheaper for the majors in the mining industry to invest more broadly in the juniors, knowing there will be winners and losers along the way, than to continue relying upon free-agent signings.