

Mining Matters

JUNIOR OR SENIOR?

Junior mining companies perform much of the mineral exploration done in both the Smithers area and throughout British Columbia. But how many people know the difference between a junior and senior company? Natural Resources Canada defines them in the following ways:

Senior Companies: Senior companies normally derive their income from mining or other business ventures (they need not be mining companies) rather than from the issue of treasury shares.

Junior companies: The following criteria define a junior company:

It is neither a producing company nor the recipient of significant income from production or from some other business venture.

Exploration funding does not come largely from accumulated cash flow from previous production or from the investment income from such funds.

The exploration funds are not provided by a senior company that controls more than half the issued shares of the subsidiary company in question.

The principal way of raising exploration funds is the issue of treasury shares.

The company is not primarily an oil and gas producer, nor is it the exploration arm of a large company.

It is not a government organization.

In a nutshell, junior companies raise money for exploration by selling shares and make money by selling or optioning their developing claims to a larger company. Senior companies generally make money from actively producing mines.

"Mining Matters" is a bi-monthly column written by Anastasia Ledwon, P.Geo., and welcomes your feedback and questions at general@smithers.ca.

The average weekly wage for employees in support activities for the mining industry in Canada is \$1417.36 (2008). Those in mining itself earn an average of \$1357.31 (2008) weekly.

Sixty per cent of Canadian exploration companies are based in B.C., raising \$2.9 billion in equity capital (about 40 per cent of the total equity capital for Canadian-listed exploration companies.)

As of February 2010, the exploration industry in British Columbia intended to spend \$236.7 million this year (Natural Resources Canada Statistics).

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