



Why The Fraser Mining Survey is Fake News

A Monday Morning Musing from Mickey the Mercenary Geologist

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Junior resource sector speculators are often subjected to this or that company's insiders and promoters informing us in no uncertain terms that this or that country, department, prefecture, province, state, or territory is the "*fill-in-the-blank*"-best jurisdiction in the world for mining investment.

Of course, the promotions refer to the jurisdiction in which their flagship projects are located.

The quoted source is the Fraser Institute's Annual Survey of Mining Companies. This survey has little utility or veracity because it has no scientific methodology or basis. In fact, it is nothing more than an opinion poll from a small group of selected individuals.

The Fraser Institute's Annual Mining Survey is, quoting Seinfeld from 1991, "*... just so much fluff.*"

Herein I document the dubious metrics of the annual survey and why it is (or should be) of no import in a speculator's evaluation of junior resource companies.

But first, who is the publisher of the survey and exactly what does it do?

The Fraser Institute is a Vancouver-based think-tank with a strong ideology of free market capitalism and individual freedom. According to [its website](#):

- It "*is an independent, non-partisan research and educational organization based in Canada.*"
- Its "*mission is to improve the quality of life for Canadians, their families, and future generations by studying, measuring, and broadly communicating the effects of government policies, entrepreneurship, and choice on their well-being.*"
- *It produces research about government actions in areas that deeply affect Canadians' quality of life such as taxation, health care, aboriginal issues, education, economic freedom, energy, natural resources and the environment.*

My detailed investigation reveals:

The Fraser Institute was founded in 1974 and receives no public funding. In 2016, it was supported by voluntary donations from individuals (83%), foundations (2%), and organizations (15%), plus minor publication sales and interest income.

Among its programs, it conducts research and produces reports, videos, infographics, and commentaries focused on more than 15 different subjects; hosts educational programs, seminars, and symposia for students, teachers, and journalists in British Columbia, Alberta, Saskatchewan, Ontario, and Quebec; and provides rankings of elementary and secondary schools in four Canadian provinces.

According to University of Pennsylvania rankings, it has been Canada's top think-tank for ten straight years.

In conclusion, the Fraser Institute is a well-respected, privately-funded organization with a libertarian-leaning, free-thinking philosophy dedicated to the betterment of Canada and its citizens.

Now let's examine the Fraser Institute Annual Survey of Mining Companies; i.e., exactly what it is and also what it purports to be:

- It is a voluntary opinion survey sent to "*officers, managers, and other experts with mining exploration and development companies, and their advisors*".
- It attempts to quantitatively assess how mineral endowments and public policy factors affect exploration investment throughout the world.
- It generates an "Investment Attractiveness Index" for a given jurisdiction based on the respondents' perception of geological mineral potential (60%) and government policy (40%).
- It promotes the survey as representing the current views of "*mineral investors*".

For the 2017 survey:

- 2700 potential subjects received the survey questionnaire and 360 (13.3%) responded. A total of 318, or less than one in eight, completed the entire survey.
- Respondents were categorized by general affiliation: 47% exploration companies, 29% mining companies, 15% consultants, and 9% "other".
- There was no breakdown showing the headquarters, domiciles, or stock market listings of the responding companies, or if they were public or private entities.
- Companies participating in the survey accounted for exploration spending of \$2.3 billion in 2017 and \$1.9 billion in 2016.
- There were enough responses (a minimum of five) to rank 91 mineral jurisdictions, down from an average of 112 over the previous four years. 51 countries had less than five responses and were eliminated from the survey results.

- There was no reporting of the number of respondents for 63 of the 91 jurisdictions included in the results. 28, or nearly one-third of the jurisdictions, had the minimum qualifications for inclusion and were identified by an asterisk (“five to nine respondents”).

The Fraser Institute’s survey methodology is not based on valid statistical parameters and has no scientific merit. I submit that it is of little use to investors for many reasons:

- It polls a very small, selected group of company insiders and is not representative of any segment of the exploration and mining industry in whole or in part.
- The Fraser survey consists of a hodge-podge of 360 companies that explore for the gamut of non-ferrous, ferrous, and energy metals, industrial minerals, and gemstones.
- According to S&P Global Market Intelligence, the global *non-ferrous mining* industry alone comprises over 3000 companies that spent an estimated \$8.4 billion on exploration in 2017 and \$7.3 billion in 2016.

Therefore, the exploration expenditures reported by Fraser survey respondents were only about one quarter of the world’s total budget for non-ferrous minerals in both 2016 and 2017.

- The affiliations of respondents naturally lead to strong biases. These are company insiders with significant pressures from stakeholders and strong financial incentives to favorably evaluate the jurisdictions in which they are actively involved.
- The survey is skewed towards three Canadian provinces (Ontario, Quebec, and British Columbia) and Western Australia. These venues are where the majority of the world’s exploration companies are domiciled and the highest percentages of exploration projects are located. Ontario, Quebec, and Western Australia were all ranked in the top seven of jurisdictions worldwide.
- The results show that company insiders have minimal knowledge of jurisdictions outside of their own project areas. Many do not own or are even allowed to own other exploration and mining stocks. As a group, they are not active *mining investors*.
- In fact, 31% (28 of 91) of the ranked jurisdictions garnered less than 10 responses from the 360 participating executives.
- Sources of information for the above group of relatively uninformed mining executives are likely to be mining media articles, business TV promotions, competitor news releases, and/or banter with peers over beers at the bar.
- As designed, the survey does not represent the views or opinions of any set or subset of *mining investors* even though the principal authors promote that it does exactly that in two recent news articles:

Senior Director for Natural Resource Studies Kenneth Green and Policy Analyst Ashley Stedman featured a headline: “Good news—Ontario improves in the eyes of [*mining investors*](#)”; and this statement: “[*Mining investors*](#) have a gloomy outlook for Manitoba’s mining industry compared to other provinces”.

In my opinion, the Fraser Institute's conflation of their unscientific opinion poll of 360 mining company insiders and the views of millions of investors in the worldwide exploration and mining sector is simply *fake news*.

In fact, it reminds me of the ubiquitous survey in the magazine that has been strategically placed on the coffee table in your hotel room. You know, the one commissioned by the State Tourism Agency and local Chamber of Commerce promoting your present location as the newest and hottest must-see tourist destination in all of America.

As a professional retail speculator, I choose to do my own research and due diligence to determine the geological, geographical, and political jurisdictions in which to gamble my hard-earned dollars.

And folks, you must do the same to skew the odds in this high risk / high reward game in your favor.

Rest assured that the Fraser Institute's Annual Survey of Mining Companies is not on my reading list for any investment decision in the junior resource sector.

So the next time some company CEO / VP Corporate Development / VP Exploration / IR Director and/or spurious promoter wants to woo you with a tidbit of dis-information from the Fraser Institute's annual mining survey, why not call his bluff and say exactly what Marlene said to Jerry:

"I saw your act ... to be honest, it just didn't make it for me ...it's just so much fluff."

Ciao for now,

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The [Mercenary Geologist Michael S. "Mickey" Fulp](#) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.

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