

# MEXICO

MINING REVIEW



2020







## INNOVATIVE EXPLORATION FOR MEXICO'S MINING FUTURE

**JESÚS HERRERA**

Director General of Detector Exploraciones

**Q: What policy-based measures can the new government take to promote exploration?**

A: There are many organizations at the federal and state levels that have good know-how and experience, along with sufficient budgets. It is more a matter of devising a strategy for harnessing these resources to a productive end. Smaller mining companies are in special need of attention. There are several areas in Mexico ripe with small miners. However, they lack adequate access to financing and engineering, and thus their capacity to undertake new projects is limited. These are companies that could generate hundreds of jobs in a given community. Boosting small miners should be at the top of the government's agenda. In fact, it has always been in the political conversation. The problem is that it has never materialized into actual policy. If the three levels of government and the private sector work together, great milestones could be achieved in this respect.

**Q: What legal changes should be made?**

A: It would be beneficial if legal processes were more transparent. There are certain features of the legal framework that not even people who have been in the industry for decades understand. Step one would be creating a map, so to speak, that included every legal process regarding mining concessions in Mexico. This map or database would be

publicly available. By improving transparency, bureaucracy would have an incentive to move faster. It is often too slow, and concessions sometimes take years to be approved. It can even happen that by the time a concession is granted, the project is no longer interesting from a business perspective. As we speak, there are a number of projects that are ready to start operating and create jobs but they are being delayed unnecessarily. Mexico loses competitiveness this way.

Moreover, there has been talk of officially incorporating public consultation into the requirements for granting new concessions. This is necessary and would benefit the industry. In fact, consultations are routinely done. What is missing is a proper legal framework. Detector Exploraciones always contacts community leaders prior to starting a new project. If we do not reach an agreement, we do not start the project. Although we have considerable experience in these negotiations, an official methodology would be helpful. The government—not the companies or the communities—should have the final word. And it has to provide total legal certainty so that initial investments, which are rather steep in mining, are safeguarded.

**Q: How will the recent rise in metal prices impact on exploration?**

A: If prices remain high for one or two years, then investment in exploration will start growing. True, big companies, like Goldcorp or Peñoles, are placing their bets on exploration. But small and medium miners are holding back. This points to an inherent conflict in mining: in times of economic contraction companies cut down their exploration budgets, a few years go by, projects get mined out and the industry realizes there are not enough proven deposits to resume working right away. This is harmful to mining in the long run, and the government can implement programs to mitigate it. Furthermore, exploration is where earth sciences professionals mostly find employment. If we do not invest in exploration, these professionals will have to find jobs elsewhere and thus the talent pool in the industry will be diminished.

That being said, exploration is slowly picking up pace. The Mexican Geological Survey has already launched public contests for geological charters. This means around MX\$40 million for 50 new projects. The goal is to update the map of potential deposits so that investors can move forward confidently, backed by better information.

**Q: What is your growth strategy for the next five years?**

A: First of all, we will keep nurturing our human resources. We will acquire new technology and train our workers to keep up with the major trends in the industry. We want to consolidate our exploration division and strengthen our reputation as the go-to company for detecting areas with mineral potential. In the last few months, there has been more activity in this area, mainly due to higher metal prices, and companies seem more willing to invest in somewhat risky ventures. Moreover, we will enhance our already excellent geomatics division. Our strategy in this area involves, but is not limited to, investing in drones that will allow us to detect opportunities more safely and efficiently. With this technology we can reach inaccessible areas and once we survey them, we can pin them down with exact

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coordinates. When the economy enters an expansion phase, this strategy will allow us to participate in other areas of the industry in addition to mining.

**Q: What solutions does Detector Exploraciones provide to the mining industry?**

A: One of our specialties is regional geologic-mining cartography, at scales of 1:250,000; 1:50,000; and 1:10,000. We undertake a review and analysis of previous studies and interpret satellite images. After that, we check the field against our conclusions. We also provide cartography services at semi-detail (scales from 5,000 to 1,000) and detail (scales from 50 to 500). We can thus determine alteration areas and mineralized structures. Moreover, we provide assessments of geologic resources by means of geologic mapping, mineralized bodies and interpretation of geologic sections. We also calculate mineral reserves by means of drilling data. Our most important service is the discovering and quantifying of new reserves, because in this way we contribute to economic development and job generation. Our services differentiate us from other alternatives in the market because we provide a comprehensive service, from obtaining mining concessions and exploring drilling targets to quantifying mineral resources.

*Detector Exploraciones is a Mexican company founded in 1997. It provides geology, geomatics and other exploration services to both mining companies and the public sector throughout the country*

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**Formado por un equipo destacado de Ingenieros, Geólogos y Exploradores con décadas de experiencia en la industria minera.**



**Cartografía Geoquímica Geofísica Exploración Capital Humano**  
**Propiedad Minera**

Pernambuco 792 Col. Lindavista, Alcaldía Gustavo A. Madero C.P. 07300, CDMX  
+52 (55) 5754-8370 +52 (55) 5586-8848  
contacto@detectorexploraciones.com.mx www.detectorexploraciones.com