

Russia – Open for business

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The mining investment community, in all its shapes and sizes, is constantly monitoring the globe for potential opportunities. As countries change governments, allegiances and inevitably legislation, the investment community's perception of risk changes with it. As a result, most countries with a reasonable degree of mineral endowment have experienced the entry and often rapid exit of mining investor interest and associated capital.

Russia, as the largest country on earth and amongst the worlds leaders in production of many mineral commodities, also experienced a minor rush of large company driven foreign investment interest in the mid 1990's, after the fall of the Soviet Union. Canada's Placer Dome and their infamous attempt at Sukhoi Log ownership stands out from this period. The rush was perhaps too soon, as the Soviet Union split apart and Russia soon came to resemble a huge kleptocracy and we saw the emergence of the Oligarch.

Another rush followed in the mid 2000's, with several large companies forming 50/50 style strategic alliances such as BHP did with Norilsk. Nothing came of these alliances, leaving few foreign players exploring in the Russian Federation, and still fewer miners.

No doubt the Strategic Investment Law (SIL) enactment in 2008 put a serious dampener on foreign investment in mining, but since then no foreign companies have been refused SIL approval. In recent years the Russian Federation has seen a number of major legislative reforms in the mining sector designed to stimulate investment and discovery by both domestic and foreign players. Foreign miners in Russia can explore on an even footing with their domestic competitors, and acquire tenements 100% through auction or direct application. They have access to open file data sources, can fly airborne geophysics, and explore in their own right.

In short, Russia is now open for business.