At this year's Sprott Natural Resource Symposium in Vancouver, Brent Cook of Exploration Insights hosted a panel of explorers with the goal of helping investors understand some of the pitfalls of exploration.

While exploration juniors can, provide tremendous upside, there is, of course, a huge amount of risk involved. There's definitely more to the story than meets the eye when it comes to exploration, and Cook's panel was aimed at giving investors a closer look at the business.

Participants in the panel included:

Morgan Poliquin; president and CEO of Almaden Minerals

Christopher MacIntyre, VP of corporate development at Lara Exploration and Reservoir Minerals

Stephen Nano, president and CEO of Mirasol Resources

John-Mark Staude, president and CEO of Riverside Resources

Executives on the panel discussed a number of different topics, including the pros and cons of optioning a project, factors that could be deal killers, and factors that investors should be looking for when a deal is announced.

The pros and cons of joint ventures

With Lara Exploration being a project generator and Reservoir Minerals having a joint venture with Freeport McMoRan prior to being acquired by Nevsun Resources, Chris MacIntyre is no stranger to joint ventures and option agreements.

Certainly, there are advantages to bringing in a partner with deeper pockets. For example, MacIntyre pointed to the earlier stages of the Timok copper project in Serbia, when the company had drill targets and was looking for a world-class discovery.

When Freeport came in "they wanted to drill 1000 meters to see if they could find something significant," he said. "There wasn't a chance that we could put our hats out and say 'hey guys do you want to give me $2 million to drill a 1,000 meter hole."

More importantly, smaller miners are not normally geared to mine large discoveries. MacIntyre noted that Reservoir was lucky enough to find a small, higher-grade sulphidation zone at Timok, but without that, the massive deposit would have been difficult to bring forward without the likes of Freeport or BHP Billiton.

On the downside, however, he noted that creating a joint venture can mean that a junior is no longer in control of the destiny of its project.

"The operator is in control and you're dealing with their timeline and their objectives," he said. "Sometimes the objectivess of a junior miner and a major clash, and that can cause

some headaches."

What to look for in a deal

In terms of what to look for when a deal is first announced, MacIntyre suggested that investors focus on just how far the deal will carry the junior.

"Is that project going to be financed to bankable feasibility study, or is it going to have some type of cash limit?" he said. For example, Freeport wanted to spend $100 million to take Timok to a bankable feasibility study. Without that commitment, MacIntyre stated that Reservoir would have had to raise capital over the past five years, which would have been "very challenging" given the state of the market.

For Stephen Nano, the initial commitment from a joint venture partner is key. "You've got to see that the deal is strong enough that it's going to go in and test the targets that have been defined by the company," he said, explaining that this ensures the company's work to date bears some reward.

Beyond that, Nano stressed the importance of paying attention to how a deal affects one's equity position, ensuring that the company and shareholders end up with a fair position at the end of the day.

The difficulty with finding economic deposits

Finally, Cook asked the panel why it was becoming so difficult for juniors to find economic deposits. John-Mark Staude had several thoughts on that subject.

First, he pointed out that getting access to properties is simply becoming more difficult. Permitting is more strict than it once was, for example. On a similar note, he stated that explorers are looking for deposits in increasingly remote regions, making travel to and from a deposit more time consuming and expensive.

Finally, Staude suggested that more and more of the deposits being advanced are undercover, rather than at—or near—surface. This means that there is more exploration risk, as the deposits are more difficult and costly to define. Of course, for major mining companies, such deposits are also more costly to mine.

However, Nano suggested that a bit of fresh thinking in the industry might bring surprising returns. He pointed to poor geology and poor exploration programs as causes of the current lack of economic discoveries.

"You find what you look for," he said, suggesting that exploration teams need someone who will "take that one rock sample that doesn't fit, which becomes the discovery sample."

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