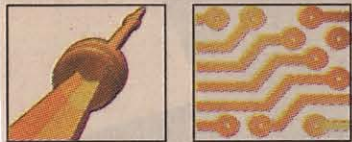


THE MARKETS

Last week in review
December 11
to December 15, 2000

TSE 300 NASDAQ

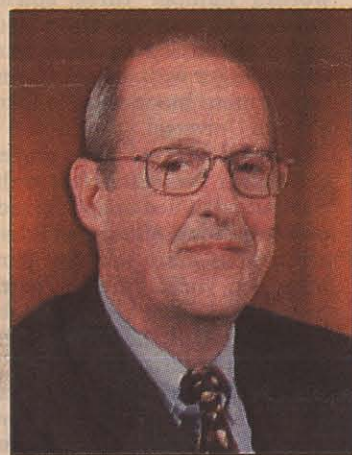


	-5.5%	9020.04		-9.1%	2653.32
DOW JONES	-2.6%	10434.96			
S&P 500	-4.2%	1312.15			
S&P/TSE 60	-5.7%	535.40			
CDNX	-1.3%	2871.01			
LONDON	-1.8%	6175.8			
TOKYO	-1.0%	14552.29			
HONG KONG	-1.4%	14975.53			
EURO	+1.3¢	US\$89.54¢			
CANADIAN \$	-0.13¢	US\$65.77¢			
30-YR. BOND	-0.30	5.53%			
OIL	+\$0.43	US\$28.87			
GOLD	-\$1.80	US\$270.40			

TODAY'S BUSINESS

NEWS

Comeback kid A few years back, executive Michael Cornelissen, below, lost his job, his entire personal net worth, his family and his health. But that's all behind him now. **Page C6**



Clearing the air Ballard Power says it won't be sideswiped by changing emission rules. **Page C3**

High-speed wars Demand for high-speed Internet over cable is set to explode. **Page C3**

MARKETING

Armchair critic A Sony home entertainment television spot has drawn decidedly mixed reviews. **Page C4**

Ad review Rogers' sock campaign fails to tell viewers about the product being sold. **Page C4**

Mex is near best Mexico is in the No. 3 spot among international beer exporters. **Page C4**

INTERNATIONAL

It's a gas After six years of talks, Vietnam has signed a US\$1.5-billion gas deal with a Western consortium. **Page C8**

Tiger shows teeth Four athletes are suing Planet Hollywood for breach of contract. **Page C8**

FP EDITORIAL



\$1B POURS INTO STARTUP FIRMS

RECORD-BUSTING QUARTER

Concerns arise over supply of sufficient capital

BY KIM HANSON

Record-breaking venture capital investment has some observers worried the sector may run into trouble keeping up with demand.

Figures released today reveal the pace of investment in the third quarter hit a remarkable level — more than \$1-billion pouring into startup companies. About 330 deals were completed in the latest quarter, up sharply from the 231 transactions that absorbed \$471-million in the same period last year.

But analysts warn the party could come to an end if the industry continues to invest more money than it has in the pipeline.

"Supply [of capital] is still a big issue," said Mary Macdonald of Macdonald & Associates Ltd., the Toronto-based research firm that compiled the figures. "It's not a sure thing in this country, yet."

"I have no reason to believe the supply is going to dry up. But I still find myself watching because I have no reason to assume that it's going to be there."

At the start of the year, nearly \$2.4-billion of venture capital was available for early-stage companies. But within the last nine months, a whopping \$3.4-billion has been allocated. Non-Canadian venture capital sources made up the difference, representing 30% to 40% of new capital.

"That's why we still have some liquidity left. What will be available is going to be driven by how much is raised next year," Ms. Macdonald said.

The capital shortage problem, which has often been attributed to the scarce participation of pension funds, has intensified as companies shirk initial public offerings. It is a situation that prohibits even the best performing venture capital funds from making good on their exit strategies.

In the United States, the outlook is even gloomier. Initial public offerings are set to show their first losing year since 1990 and their worst performance since 1987, the year the stock market crashed. This year, about 370 IPOs in the United States have lost an average of 14%, greater than the 8.5% loss in 1990, according to Bloomberg News data.

To complicate matters, U.S. venture capital investment in the third quarter declined for the first time in two years. Internet firms, tracked by PricewaterhouseCoopers LLC, experienced a 16% decline in funding to US\$10-billion in the third quarter, down from US\$11.9-billion in the second quarter.

In Canada, the figures tell a different story. They reveal that despite a tough market, venture backers are sticking to their companies and continuing to fund them. The rising, and sustained, trend in investment activity suggests previous record-breaking quarters weren't just blips.

More than \$3.4-billion was invested in early-stage companies in the first nine months of this year, far exceeding levels for all of 1999. If the pace of activity continues into the fourth quarter, the Canadian industry is poised to break records.

See VENTURE on Page C7

Mineral find puts thrill back in B.C. mining
The National/Financial Post Dec. 18, 2000



JEFF VINNICK / NATIONAL POST

Home is where the action is — or so Jerry Blackwell discovered in finding a pile of zinc.

New rush to stake zinc claims is just off the highway and a mere 20 minutes from McDonald's

No place like home for explorer

BY JOHN SCHREINER
in Vancouver

After exploring remote properties from Peru to Northern Canada, geologist Jerry Blackwell is betting his company on a British Columbia property right beside a four-lane highway and "20 minutes from McDonald's."

Mr. Blackwell is the president of Gitennes Exploration Inc., one of the Vancouver juniors still alive after a prolonged shakeout in mining. The shares, which traded as high as \$8.80 in 1997, have traded between 40¢ and 10¢ this year.

Like some other juniors, Gitennes is jumping at low-cost exploration opportunities at home after disappointments abroad. Ottawa's new flow-through tax rules for exploration investments are proving helpful. Gitennes, which had \$664,000 in its treasury at the end of the third quarter, is now raising \$300,000 in flow-through financing.

See ZINC on Page C7

Diageo set to win Seagram brands

US\$8.2-billion bid beats off move by Bacardi

BY DAVID JONES

LONDON • A Diageo-Pernod team is set to sign a deal today in New York to buy Seagram Co.'s wines and spirits empire for about US\$8.2-billion, beating off a rival bid from a Bacardi-led consortium, industry sources said late yesterday.

The deal is due to be signed by Nick Rose, Diageo's finance director, and Pernod officials at the offices of auction organizer Morgan Stanley in New York and announced officially tomorrow, sources said.

"We would have no comment on it, because it's rumour and speculation," said Anita Larsen, a Viendi Universal spokeswoman, yesterday.

Diageo and Morgan Stanley in London also declined to comment on the progress of the Seagram auction.

The purchase will extend Diageo's lead in the world's spirits industry, where it is already more than twice as large as No. 2 player Allied Domecq PLC, while Pernod will look to challenge for the second spot.

Last-minute delays to the deal were caused when French-based Vivendi Universal, tried to get the Bacardi team to increase its bid, which is believed to have been just less than US\$8-billion, in what had become a two-horse race.

"The Diageo and Pernod team offered the best deal — the highest price, the least anti-trust problems and the quickest way of Vivendi getting its cash," said one source close to the auction process.

See SEAGRAM on Page C5

Chrysler losses seen to double to US\$1.25B

FRANKFURT • Chrysler, the struggling U.S. unit of German automaker DaimlerChrysler AG, is set to double its losses in the fourth quarter of this year, it was reported yesterday.

The authoritative Frankfurt Allgemeine Zeitung, in an article sourced to Frankfurt financial circles, said Chrysler would post a US\$1.25-billion loss in the fourth quarter, up from US\$200-million in the third quarter.

The paper also said DaimlerChrysler chief Juergen Schreyer would send a letter to shareholders today warning that the operating profit of the entire DaimlerChrysler group would be halved in its 2000 financial year.

See CHRYSLER on Page C9