

THE EXPLORATIONIST

The Newsletter of the Ontario Prospectors Association

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SUMMER 2016

It has been a tough year for the explorer in Ontario. The people that I talk to frequently say they haven't seen a period like this before. Though as explorers we expect business will pick up tomorrow.

There have been various people contacting the OPA office with concerns of what is happening within Mining Act Modernization. Roy Denomme and his staff have been going around to the Regional Groups explaining where the process is and what the claim holders should be doing at this point.

The OPA continues to represent the explorers of Ontario on the Ministers Mining Act Advisory Committee and Land Managers Advisory Forum. These committees are frontline contact to the changes to the Mining Act.

We have also had numerous calls on length of time for recorded claims and abstracts to show up, issues with Claimaps IV, issues with consistency of extension of time of claims and Plans and Permits.

The OPA is in discussions with the various divisions of the MNDM to get some solutions to identified challenges. If you are finding issues with executing work and want some advice please call the OPA office.

The Northwestern Ontario Mines and Minerals Symposium (NWOMMS) was held April 5 & 6 in Thunder Bay. The speaker presentations included industry exploration results, new exploration techniques and government geoscience findings as well as Mining Act changes. The event was again open to the general public on the first day from 3 p.m. to 5 p.m. The Awards dinner occurred on Tuesday evening with a full venue, list of award winners available at www.nwopa.net. This year's event featured over 70 exhibits and >400 delegates.

Pre-registration draw winner: Dan Whaley

Lanyard Return draw winner: Carmen Storey

The Northeastern Ontario Mines and Minerals Symposium (NEOMMS) was held in Sudbury on April 27 & 28. The event highlighted new geophysical interpretative techniques, exploration projects in the northeast and various geoscience projects completed by the Ontario Geological Survey and Laurentian University. This year's event featured 10 poster exhibits with >185 delegates.
Lanyard Return draw winner: Robert MacGregor

Mineral Exploration Tax Credits and Flow Through Shares

Garry Clark, Executive Director, OPA

For what seems like forever the exploration industry has had to lobby the Federal Government to include Mineral Exploration Tax Credits (METC) and Flow Through shares in the yearly budget. The use of this system to raise funds for exploration is something we really need to keep the wheels on the Junior Exploration business.

In mid 1980's, Falconbridge raised ~\$10 million in Flow Through that was used to evaluate properties that had been on the books for years. These properties were wide ranging but were dominantly gold based projects. The one that stands out is Hammond Reef! Hammond Reef now sits with >5 million ounces of gold outlined and \$10's of millions of dollars spent that carried the town of Atikokan through some hard times.

Collectively the country benefits from flow through. Provincially the majority of Flow Through Funds are raised in Southern Ontario and spent in Northern Ontario. Looking at the "tax issue" the investor differs their tax payment but the "tax" is still collected by the government as it is paid out to explorers in the north. When exploration occurs we distribute dollars into the economy of the north: manpower, fuel, helicopters, accommodations, food etc.. At the end of the process the "investor" will sell the shares and pay taxes in the form of capital gains.

WE NEED TO LOBBY OUR FEDERAL AND PROVINCIAL OFFICIALS TO RETAIN METC AND FLOW THROUGH TO BENEFIT THE INDUSTRY. IF YOU ARE IN THE POSITION TO SPEAK TO POLITICIANS PLEASE MENTION THIS ISSUE AS IT COULD BE A MAJOR HIT TO OUR INDUSTRY IF IT WAS NOT RENEWED.

ISSUES PRESENTED BY THE OPA to MNDM

Recording Claims:

OPA-QUESTION: The length of time from recording to seeing a claim on a map. (NOTE: YOU CAN CALL THE MINING RECORDERS OFFICE AND IF A CLAIM IS RECORDED IN THE AREA YOU WANT TO STAKE THEY WILL TELL YOU). This is compounded by the lack of an abstract. This breakdown of process causes delays in payment of stakers, in applications for plans and permits and general confusion on the landscape.

MINISTRY RESPONSE: *Possible reasons for a delay in getting the claim recorded*

- Issues with the application to record.
- Unavailability of staker to address issues.

- Staffing pressures.
- Workload (backlog).
- Up to 30 days delay from completion of the staking to the time that the application is submitted

The Provincial Recording Office (PRO) makes every reasonable attempt to get the claims on the Map ASAP and to complete the Recording process.

Provincial Recording Office is cognizant of the possible negative effect of any delay on the business of our clients.

The Ministry has stated the recording times have decreased greatly of the last month due to staff increased, training and streamlining of workloads.

Plans and Permits:

OPA-Q: Where is review going and who is commenting on it from industry

OPA-Q: Renewals do not seem to be treated consistently, in some cases people are asked to start from scratch and apply again.

MR: Once an exploration permit is expired, it cannot be renewed.

A permit can only be renewed if the process for renewal is completed prior to the expiry of the original permit. **Apply for renewal well in advance, and no later than 60 days in advance, of the expiry of permit.**

If the process goes beyond the expiry of a permit the renewal is rejected and the proponent must submit a new application subject to the full permitting process.

Renewals are for the exact same area, activities and duration as per the original permit. Minor modifications may include a change in proponent to reflect a change in the tenure hold and/or the deletion of any surrendered, cancelled or transferred tenure.

OPA-Q: New Permits have terms and Conditions that are creating another level of notification that could impede the projects.

MR: These new terms and conditions are used only when needed not on all Permits.

OPA-Q: Mining Lands and Mineral Exploration Development offices were using different lists to determine Aboriginal communities that have traditional rights to areas. (NOTE: WE HAVE BEEN TOLD THIS IS OR IS BEING RESOLVED)

OPA-Q: Are all Plan and Permits posted on abstracts

MR: The Ministry is working on getting all Plans and Permits posted on an ongoing basis.

OPA-Q: Some Indigenous communities still haven't been physically contacted even when permits are applied for in their areas.

CLAIMaps IV:

OPA-Q: No way to find UTM for claim corners

MR: Can place cursor at the corner of the mining claim look at bottom left of viewer switch lat long to utm

OPA-Q: No UTM's and scale incorrect on print out

OPA-Q: Broken or not functioning links to data requests (alienation etc.)

MR: The alienation function does not provide the summary and essential information (tombstone data) regarding the order, and rights. MNDM is proposing an improved user feature to access the summary information.

Any withdrawal order issued within the past twelve months will link to a copy of the actual and full withdrawal order.

Any withdrawal order more than one year old (non –AODA compliant) does not have a link to a copy. MNDM if contacted, will supply a copy of the Order.

The link feature for alienations greater than one year old is intended to open a landing page that informs the users to contact PRO. The landing page is still under development.

OPA-Q: No way to look at AFRI files without going to Google earth

MR: The AFRI data and MDI data, including drill hole data was previously available through the GEOCLAIMS system, and was not part of the CLAIMaps application. GEOCLAIMS was an add-on to CLAIMaps III, and like CLAIMaps III was built on technology that is no longer supported. While CLAIMaps is a statutory mandated requirement to provide maps showing recorded mining claims, and therefore redeployed through CLAIMaps IV, GeoClaims information was an unsupported add-on that provided limited access to and linked mining claim locations to geoscience information available in Geology Ontario database and OGS Earth Services. This information remains available through Geology Ontario and OGS Earth services. MNDM will continue to assess demand for GEOCLAIMS and provide support if warranted.

OPA-Q: View of map restricted by scale when claims become visible

MR: The current map standards (Google - web Mercator) employs scaled maps (tiles) for viewing and printing while CLAIMaps IV displays scales at familiar and approximate fixed intervals (1:5K, 1:10K, 1:20K etc.). Due to the cache scales, the scales clients have become familiar with are currently not available in CLAIMaps IV – the viewer creates maps based on the map cache, so for instance, a text scale of 1:40k is actually ~ 1:46,700.

MNDM is currently developing a solution in the viewer as well as custom scaled maps for printing. The proposed enhancement will provide dynamic scaling for both viewing and printing according to the zoom level and display and print actual scale.

MNDM proposes removing the scale text (retaining the “true” bar scale) on the hardcopy maps and proposes to change the map scale selection when making a map from 1:5, 1:10, etc. to that of the actual cache scales.

OPA-Q: Can't view belt scale

OPA-Q: Lots of over writing that will be worse when cells applied.

OPA-Q: What are "?" marks on maps

MR: The “?” symbols have always been in the data, but were not displayed through the CLAIMaps web viewer in the earlier versions. The labels have been present in the data since the first digitizing of the paper and Mylar claim maps (G-Plan’s) in the very first iteration of CLAIMaps.

The “?” are not visible now.

The “?” labels were used where the person digitizing the land information was not certain of a feature or land status.

The “?” symbol is a label on lands indicating an unknown status, subject to further investigation to determine the status of land, most commonly found on patents.

MNDM continues to review and determine the land status where these labels appear and will remove the labels once determined.

OPA-Q: MDI and Drill hole data don't show what we need like commodity or values

MR: To get these completed we will need to discuss with OGS so as they provide data to be displayed.

Speech to NEOMA (Gino Chitaroni) - May 27-2016

Introduction

President of the NPA last two years and board member on the Ontario Prospectors Association

Have had 18 years council experience on Cobalt Town Council ending in 2014. I headed up the economic development committee for many years and spearheaded the creation of the National Historic Site for the Cobalt Mining District.

Speech

It's no secret that the exploration and mining sector is experiencing a major prolonged economic slump. The metals super-cycle is over, Chinese demand is flat, the overall world economy has slowed significantly and looks like it may stay that way for some time. However, there are some bright spots, that being with Gold and Silver in the long term but also Lithium, Cobalt, Graphite and Rare Earths – metals and minerals required for a greener economy.

To compound the exploration and mining problems in Ontario, we have seen successive governments continue increase and expand stricter regulations in the areas of labour, the environment like the endangered Species Act and Carbon Taxes and the massive changes in the Mining Act. This is now adversely affecting our competitive position with other provinces and other countries. Now not all of these new rules are detrimental to the industry. A number of these regulations within the Mining Act will streamline and modernize the business.

The other major factor that has adversely affected the industry is the matter of First Nations involvement in the overall process. The Ontario government has been very late in coming into the “game” to assist industry which has resulted in down loading the responsibility with respect to exploring crown lands down onto the industry. This has created major uncertainty and unknown risk for exploration and mining investment.

Adverse investment risk of this type will drive away business from Ontario and it has already happened in the Ring of Fire and threatening expansion of the Diamond mining expansion up near Attawapiskat -- to name two major examples.

Our First Nations friends need to know that Exploration is an extremely, high risk financial venture and any unnecessary impediments to exploration will NOT translate to finding new deposits and thus new mines. It is the development of new mines and their spinoff economic impacts that will best positively provide the most significant financial rewards and benefits for native and non-native communities alike. But for sure, the days of ignoring First Nations' interests, be it, in the mining and exploration sectors, or, yes, even with municipal developments, is over! We must work with First Nations to derive mutual benefits.

So where does Municipal Governments fit in? There is a major role to be played here.

First and foremost, the exploration industry needs Municipal governments to get more involved and be way more proactive.

In short, we need your support!

Therefore to assist that process, here are some ideas for where Municipal governments can work with the exploration sector.

- 1) Invite the prospectors associations and government geologists to speak to your councils on a regular basis to inform the public as to status of the industry.
- 2) Within the economic development committees of the municipalities there is a need for representation from the exploration industry.
- 3) Create policies to encourage exploration within municipalities. Many towns have a large land mass containing patented and crown lands.
- 4) Get more involved in the exploration and mining consultation process when mines are being created.
- 5) Pass resolutions of support when required: Example, Support long term Flow Shares tax program with the Federal government.
- 6) Push for more marketing of your community to the mining and exploration investors on your websites, open-houses, going to prospecting and mining conferences etc....
- 7) Lobby the Ontario Government to invest more via geological mapping and research projects within your communities.
- 8) Push for funding for geotechnical compilations of the lands located in and surrounding your communities, in order, to be marketed through your websites and

information booths – this will encourage prospectors and companies to come to your community to invest and explore.

Any Questions?

Thank you

Gino Chitaroni

The Fraser Institute:

Duty to Consult with Aboriginal Peoples A Patchwork of Canadian Policies

by Ravina Bains and Kayla Ishkanian

EXECUTIVE SUMMARY

Section 35 of the Canadian Constitution states that “the existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed”. In an attempt to provide greater clarity the constitution defines “treaty rights” as rights that now exist by way of “land claim agreements or may be so acquired”. It is through this constitutional provision that the duty to consult has been constructed by Canadian courts. The department of Indigenous and Northern Affairs Canada estimates that the legal duty to consult is triggered for some provinces over 100,000 times per year and for the federal government over 5,000 times per year.

Over the past decade, the Supreme Court of Canada has attempted to define how provincial and federal governments are to put into practice their duty to consult with First Nations. They have done this through various judgments including: *Haida Nation v. British Columbia*, *Taku River Tlingit First Nation v. British Columbia*, *Mikisew Cree First Nation v. Canada*, and *Tsilhqot’in Nation v. Canada*. In an effort to address the Crown’s legal obligation to consult with aboriginal groups, provinces have created consultation guides for their departments and project proponents. However, these guidelines are vastly different depending on which jurisdiction a project is in. This creates a patchwork of consultation policies across the country.

There are some principles that all jurisdictions share, such as the Crown’s taking responsibility for the duty to consult; and yet there are other principles that differ dramatically depending on the province in which a project is located. For example, British Columbia, Manitoba, and Quebec are the only jurisdictions that do not state in their policies that aboriginal communities are required to participate in the consultation process. British Columbia, Manitoba, Ontario, and Quebec also all still have “draft” aboriginal consultation policies. In the case of Ontario, their policy has been in draft form since 2006. The consultation process could be improved for project proponents and First Nation communities across the country.

Recommendation 1: British Columbia, Manitoba, Ontario, and Quebec could provide additional certainty to First Nations and project proponents by finalizing their “draft” consultation guidelines.

Recommendation 2: British Columbia, Manitoba, and Quebec could outline the roles and responsibilities of First Nations during the consultation process. The rest of the jurisdictions analyzed for this paper have clear expectations of engagement from First Nations communities.

Recommendation 3: Timelines around the consultation process to ensure the duty to consult is implemented in a timely way is another improvement jurisdictions could adopt. Timelines will help guide project proponents who are undertaking procedural aspects of the duty to consult and it will also provide First Nations a clear indication of how long they have to engage in the consultation process. First Nations’ capacity to engage in the consultation process should be taken into consideration when developing timelines.

Recommendation 4: Manitoba could improve their process by including clear offloading provisions in their duty-to-consult policy and highlighting what, if any, procedural duties can be offloaded to project proponents in the consultation process.

The full Article can be viewed at: www.fraserinstitute.org/studies/duty-to-consult-with-aboriginal-peoples-a-patchwork-of-canadian-policies

The world has to wake up

Industry veteran thinks Africa is the only long-haul destination

Having led the team that discovered the Bell Creek gold mine in Ontario, Canada, tested the first airborne VTEM (Versatile Time Domain Electromagnetic) survey unit in the world and written countless mineral and metal resource reports all over the globe, Bob Middleton has more than earned his right to industry.

Now vice president of exploration for TSX-V listed Rainy Mountain Royalty Corp, which is exploring for copper in Namibia and base metals in Canada, he gave Mining Journal some of his precious time to shoot the breeze and find out who he would most like to have in an elevator with him should it happen to break down.

Mining Journal: What is the greatest challenge facing the industry at the moment?

Bob Middleton: “Finding money to find new resources.”

MJ: Is there a phrase or idea you generally try to live by?

BM: “Focus on finding the mineral deposit and the market will take care of itself. I’m a scientist, I’m not a stock promoter, but I still have to tell the story. The reason I have been successful is I have been able to translate the story to laymen that don’t have the scientific background. The real focus should be on actually carrying out the

right geology, geophysics, geochemistry to find that resource. Things will be fine if you do that.”

MJ: Who is the most influential person in mining at the moment?

BM: “It’s probably Robert Friedland still. He’s still doing big things with platinum in South Africa and was doing big things in Mongolia. Unfortunately some of the other big players in Toronto are gone. One of them, Sheldon Inwentash [who headed up Pinetree Capital], I brought in as a director on one of my previous companies and he became the biggest mining financier in Toronto. He’s packed it up now.

“And, there comes the other issue. In Toronto, we are down to three or four major brokerage firms. Not only has junior mining imploded, but the whole financial industry has imploded. The source of money has changed because of the rule changes of 2008 following the global financial crisis. You cannot move money the way they were doing before anymore and as a result, the supply has simply dried up.”

MJ: How much does this downturn look like those before it?

BM: “In every cycle it was a discovery that made the market recover, but so far, not this time around. Considering the crash happened in 2008 there is still no money to drill that hole and make that discovery. We are still on a downer in that respect. Until some money comes in and somebody gets really lucky to make that score there is not going to be a mass rush back into the game.

“The thing that is going to force people into the exploration game is that we are going to run out of resource if this keeps going on. In three years, for example, Kidd Creek [a base metal mine in Timmins, Ontario] is finishing. The world has to wake up.

“From a Canadian perspective, where is the copper-zinc going to come from? A lot of it is shifting overseas, but on a planetary basis there is going to be a real tight crunch that is going to be a shock and then you won’t have enough geologists to go out there and make that discovery. There is a real problem coming.”

MJ: What is the best place to be an explorer?

BM: “I’ve been telling everybody that if you are going to survive the next 25-50 years in the industry you are going to have to own a piece of Africa. That is where the big Proterozoic deposits are, there is a lot of unexplored territory. Some areas you cannot access because of politics and other conflicts that have gone on. Africa is where it is all going to end up.

MJ: What is the worst place to be an explorer?

BM: “The worst place to explore – politically – is Russia. People talk about having problems in China, as they try and keep the resources for themselves. Some Canadians

and Brits have gone in there, found something and then were immediately bought out by the Chinese and had to leave, but at least they got some cash.”

MJ: With who from the industry would you most readily be stuck in an elevator with?

BM: “That’s a good one. I’ve been in elevators with famous people. Brian Mulroney, the former Canada prime minister and also Barrick Gold board member, but that’s another story.

“In the mining industry, well I guess the survivors of the brokerage business. Chuck [Channing] Buckland is just working from his kitchen now, but he owns a piece of Haywood Securities. Probably John Togneti of Haywood, or Peter Brown/Graeme Currie from Canaccord. It would be characters like that.

“There is a lot of people I should be stuck in an elevator with, though. Then I can lecture them about what they are doing wrong and how they can make this sector better.”

MORE THAN 10% OF CANADIAN MINING AND METALS COMPANIES DELISTED IN 2014/15

It is our preference that if you wish to share this article with others you should please use the following link:

<http://www.miningweekly.com/article/more-than-10-of-canadian-mining-and-metals-companies-delisted-in-201415-2016-06-28>

BY: HENRY LAZENBY
CREAMER MEDIA DEPUTY EDITOR:
TORONTO (miningweekly.com) –

More than 10% of the mining and metals companies listed on the TSX and TSX-V delisted during 2014 and 2015, according to a new study by professional services firm EY.

The report, titled 'What is driving delisting in the mining and metals sector in Canada?', found that 41% of companies delisted owing to mergers and acquisitions (M&A) activity, 33% delisted voluntarily, 33% failed to meet continuous listing requirements, and 10% delisted owing to formal insolvency proceedings.

According to EY senior VP for British Columbia mining and metals, transaction advisory services leader and report author Michelle Grant, 149 mining and metals companies delisted from the TSX and TSX-V in 2014 and, in 2015, a further 172 companies delisted.

Most companies that delisted in 2015 were listed for between 5 and 14 years and, according to Grant, it appeared that there was a direct correlation between the commodities boom and the listing of these companies.

DWINDLING LISTINGS In 2014 the TSX and TSX-V were home to 57% of the world's publicly listed mining and metals companies. Together, the two exchanges handled 48% of global mining equity transactions in 2013, and accounted for 46% of global mining equity capital that year. As of December 31, 2015, about 1 300 mining and metals companies were listed on these two exchanges, representing 40% of the total number of listed companies.

The total market capitalisation of these companies was C\$180-billion, which accounted for about 8% of the total market capitalisation of these two exchanges. The 1 072 companies listed on the TSX-V had a total market capitalisation of about C\$7.8-billion, while the 246 companies listed on the TSX had a market cap of about C\$172-billion. In 2011, the market capitalisation of mining and metals companies listed on the TSX and TSX-V was C\$426-billion. From 2011 to 2015, the market capitalisation of these companies dropped by more than 40%.

EY found that in 2015, M&A activity was the most common reason for delisting. There was a 25% increase in delisting from M&A activity when comparing 2014 with 2015. Several of the deals involved multiple listed companies joining together under one new public vehicle and most of the deals involved companies focused on gold.

When delisting on a voluntary basis, the majority of companies determined that an alternative Canadian exchange was more appropriate for their needs (CSE or the TSX-V-NEX). "This suggests that Canadian stock exchanges are still viewed as an important place for junior miners to raise capital, but the listing requirements under the TSX and TSX-V may be too onerous for these companies in the short term," Grant advised.

Under most circumstances, a failure to meet continuous listing requirements was a result of companies failing to file financial statement or management disclosure documents on time.

RARE INSOLVENCY

Meanwhile, formal insolvency proceedings doubled from 2014 to 2015, but this represented only 16 companies in total. This was likely owing to the capital structure of most junior mining companies (they were typically financed with equity) and the difficulty dealing with fixed assets in various jurisdictions and remote locations.

From January 1, 2013, through December 31, 2015, gold prices reached a high of \$1 696/oz and a low of \$1 056/oz. This volatility directly impacted the junior miners listed on the TSX-V. Many were unable to raise equity as they had done in the past, leading to the delisting of the company.

According to Grant, many of the companies listed on these exchanges were in pre-production and did not have any debt, which reduced the probability of insolvency proceedings, as there were no lenders to act as a catalyst. There was also limited

opportunity for a company to benefit from a formal insolvency proceeding with minimal debt levels.

For those companies that are financed with debt, it was hard to extract value in a restructuring process as most of the assets were fixed to foreign land. Faced with this situation, lenders usually pursued informal workouts directly with companies under forbearance agreements. In 2015, several of the companies initiated proceedings in a foreign jurisdiction, which likely occurred after the lenders exhausted informal workout opportunities, EY found.

Junior Exploration Assistance Program

- Assistance of 33.3% on exploration projects
- Maximum Funding \$100,000 per Project on two Projects
- Funding All Exploration Prior to Advanced Exploration as defined in the Mining Act
- Eligible Companies have market capitalization < \$5.0 million
- Exploration Funds need to be on hand as of date of Application
- Exploration Plans and Permits must be in place if required
- Simple Application Form and Final Submittal Forms
- Funding Released after Approval of Final Submission
- Separate grant category for expenses incurred for Aboriginal skills training, employment and/or capacity building

MORE INFORMATION

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