

THE EXPLORATIONIST

The Newsletter of the Ontario Prospectors Association

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June 2015

SPRING 2015

Spring has arrived across the Province and the hope of increased exploration activity is seems to be sputtering to a start. Commodity prices are flat but not really as depressed as some had predicted, so maybe we are going to have a moderately productive summer.

The Kirkland Lake (Northeastern Ontario Mines and Minerals Symposium (NEOMMS)) show was a success with greater than 250 participants. The addition of the TGI 4 talks brought out a strong showing on the first day.

Pre-registration draw winner: Dan Lui

Lanyard Return draw winner: Glen Graham

The Thunder Bay (Northwestern Ontario Mines and Mineral Symposium) show exceeded expectations with 450 registered participants and a strong general public attendance for the open floor on Tuesday 3:00 to 5:00 pm. The Awards dinner was sold out as usual with 200 in attendance. Special thanks again this year to Wiskair Helicopters providing sightseeing rides in support of Thunder Bay and District: Autism Ontario.

Pre-registration draw winner: Scott Jobin-Bevans

Lanyard Return draw winner: Luc Bergeron

The Second Annual Explorer's Cup Charity Hockey Game

The game was held at the Port Arthur Arena on Thursday following the Symposium. Just under \$1,000.00 was raised for the Charity (this year's choice was the Thunder Bay and District: Autism Ontario). Again this year the NW team was victorious over the NE/Southern Ontario team with a score of 11 to 7!!!! Special thanks to Bob Duess for organizing the NE/Southern Ontario team. Obviously changing from the Leaf's colours to Vancouver's colours wasn't successful.

NWOPA Awards Dinner Address by Bob Chataway

Welcome delegates and exhibitors to the Annual Awards Dinner at the 2015 Northwestern Ontario Mines and Minerals Symposium. The Organizing Committee, led by Garry Clark, hope you have a successful convention; make some new connections through networking; gain some new insights from the excellent line-up of speakers; and visit the many commercial exhibitors. However, most importantly, option a property from

one of the prospectors here who have worked hard to bring their discoveries to your attention.

Our theme “TURNING THE CORNER?” was selected in January following some positive indications in the industry. We thought that by the time of the Convention we would be well on our way to a recovery, I guess that is why we inserted the question mark (?) as we have not yet made the “TURN” to better times.

These tough times are very hard on our prospectors and developers and their families. As well, the ripple effects on the economies of the many northern towns which traditionally derive some of their economic wealth from exploration activities are feeling the pinch. In these down times it is a good time to do your professional development so that you are ready to go out prospecting when our industry “Turns the Corner”.

On a brighter note, tonight we are pleased to acknowledge this year’s Award Winners. The recipients represent our industry well as leaders in their field of exploration, development and/or service to our Association.

I would also like to thank the volunteers who help make NWOMMS one of the best events in Ontario and to the NWOPA Directors for their dedication on behalf of the membership in advocating for the prospector in these trying times of change.

Recently, I was talking to an old prospector friend of mine who had a tale to tell me of his recent “Road Trip”. He told me of his preparations for the trip which was going to be one of his last excursions to find the “Big One”. First, he went to see the geologists on James Street down in the basement and asked them for the latest information on an area he had prospected many, many years ago but had never been able to return to since the price of gold had improved. After spending a few hours with the geologists he was loaded up with geology maps and some good personal advice about local conditions. Now he was ready to hit the road. Late the next day after following the GPS directions carefully, he found himself at a fork in the road that was not indicated on his GPS. He eventually made a decision but proceeded with caution as he had lost the GPS signal. He told me he wished he didn’t have to rely on gadgets to get him to where he wanted to go but since the new claim staking regulations were going to be based on GPS coordinates he thought he had better learn how to use the GPS. Soon he was really lost; he must have taken a wrong turn at the last corner. The prospector blamed all his troubles on the New Mining Act, the government made changes when changes were not necessary.

The next day while travelling on his new route he was faced with a convoy of white 1/2 ton trucks heading in the opposite direction. The prospector told me that all he saw where the letters MNR and MNDM on the truck’s doors. Once again his thoughts turned to the New Mining Act, he was going one way and the government was heading in the other direction. He mused about the last stakeholders meeting he had attended where the general consensus was that industry and government were on the same page. I told him “I know what you are saying; I understand what you are thinking”. So once again he turned around and headed back to the corner and tried the other road. All the while, he was losing valuable prospecting time.

I asked him what he did next. He said you wouldn’t believe it. I asked him to tell me more. He said “as I was nearing my destination, out of the blue, I came across a Toll Booth. The sign indicated the charges to proceed were determined to be 2 % of the cost

of my Road Trip". This didn't sit well with him considering he was on an Ontario Highway on Crown Lands. Once again, he turned around and headed back to try another road all the while still blaming the New Mining Act.

Finally, things seem to be improving, the road was good, the sun was shining and up ahead he saw a Highway sign reading "Welcome to Manitoba".

Enjoy the Symposium and thank you for your continued support. Good luck in the field and I hope to see you again next year when surely the industry will have "Turned the Corner".

NWOPA Awards

Since 2001 NWOPA has presented awards recognizing lifetime achievements, mineral discoveries and mine developments. Lifetime achievement is based upon cumulative work, discoveries and contributions to the prospecting, exploration and mining community of Northwestern Ontario. The "Bernie Schnieders" Discovery of the Year Award recognizes an exceptional discovery in Northwestern Ontario during the previous calendar year with the Developer of the Year Award recognizing an outstanding mineral development during the previous calendar year. In 2010 NWOPA added the "Dan Calvert" Distinguished Service Award to acknowledge exceptional service to the mineral exploration community of Northwestern Ontario.

On behalf of NWOPA, the Awards Committee is pleased to announce the 2015 recipients.

Dan Calvert Distinguished Service Award:

Susan Warren

Lifetime Achievement Awards:

Iain Downie

Aubrey Eveleigh

Dr. James (Jim) Franklin

Lyle Holt

Russell Kwiatkowski

Bernie Schnieders Discovery of the Year Award:

Rudy Wahl – Prairie Lake Niobium Project

Developer of the Year Award:

Goldcorp Inc. – Red Lake Mine Operations

Also at the Awards Dinner, Lakehead University presented the Bernie Schnieders Memorial Award to Michael D'Angelo.

Political Events

There are three specific topics that we are tracking and providing input to the MNDM:

Plans and Permit Review of Regulation 308

Jamie Fairchild is leading the review of the Plans and Permit process and has been getting input from industry on potential changes and modification that could make the process more effective.

If you have any comments please contact: Jamie.Fairchild@ontario.ca

Modernization of the Mining Act

Roy Denomme is leading the process of going to map selection in the Province. This is a complicated process that needs as much industry input as possible. The Ministry has been travelling around the Province to get opinions and explain the directions they are going. We have been extremely active in interfacing with the Ministry providing the industries needs and opinions. Some of the direction that has been determined include:

One-time Conversion Process:

Subject to Mining Act amendments being enacted, this is the method of conversion that will be used in Ontario.

- One-time process developed after jurisdictional review of other Provinces (where conversion from ground staking to online staking occurred) and based on Ontario solution.
- All mining claims in Province would be converted at once over a period of time tentatively scheduled for summer of 2017
- Tools and Ministry assistance will be available to clients through the transition period and at conversion
- Training sessions for industry will be held

Boundary claims:

- Ministry is considering assessment work requirements to stay at \$400.00 per cell. This has the effect of reducing assessment work, especially on larger claim blocks.
- Ministry is currently looking at the proposed conversion process to determine how it can minimize increased assessment requirements for some claim holders on conversion.
- Majority of boundary cells will only include two boundary claims, which may help make a solution easier.

Georeferencing is still available for assessment work and is critical for the conversion of claims to cells. If you have claims that haven't been georeferenced you should consider completing the work to guarantee the location of the claims on conversion.

Mineral Development Strategy

The MNDM has commenced on an update of the Mineral Development Strategy that was originally created in 2006. The project is being lead by Rob Merwin who has been completing workshops across the Province to gain input to the Discussion paper presented at

http://www.mndm.gov.on.ca/sites/default/files/mds_discussion_paper_2015_en.pdf

NWOPA Comments Renewing Ontario's Mineral Development Strategy

The following letter outlines the Northwestern Ontario Prospector Association's (NWOPA) recommendations for Ontario's new Mineral Development Strategy. NWOPA believes that the new Mineral Development Strategy should focus on three main points:

- 1) Solving the problem of uncertainty of land tenure
- 2) Assisting prospectors and junior exploration Companies
- 3) Acquisition and dissemination of new, high quality geoscience datasets

Recommendations follow the discussion of each point below.

1) Uncertainty of Land Tenure

The new Mining Act has taken a once thriving industry and crippled it with new rules and regulations at a time when global markets are suffering. The new rules and regulations are enough of a deterrent to exploration; however, what has truly driven investors away from the province of Ontario and demoted Ontario to rank 23rd in Mining Attractiveness, according to the 2015 Fraser Institute's Annual Survey of Mining Companies, is uncertainty of land tenure. Ontario's Mining Attractiveness ranking has been decreasing in recent years, down from 14th place in year 2014 and 9th place in 2013.

As well as introducing onerous and ambiguous regulations and permitting, the Ontario government has taken a bystander approach to Aboriginal Consultation. This approach has left both parties (Aboriginals and industry) feeling ignored and frustrated. Ontario has stepped away from its duty to consult and left a system that has unclear expectations, few guidelines, no transparency, and does nothing to solve ongoing disputes. The current system will become one in which only major mining companies can afford to do business. This leads to a gap in the exploration for – and eventual discovery of – new economic mineral deposits that will replace the diminishing reserves at currently producing mines. Much less grassroots exploration equates to a lack of investment dollars being spent in Ontario. Less exploration means fewer discoveries and fewer discoveries means fewer new mines coming on-line. Fewer new mines producing means an eventual loss in mining tax revenues, resulting in a significant reduction in contributions to Ontario's GDP.

Without certainty of land tenure, investors will continue to look elsewhere to develop projects. This is the main issue that needs to be addressed by government.

The new Mining Act has the potential to be successful. In order for Ontario to re-establish its place as a destination for mineral exploration, it needs to attract investors with a system that guarantees some level of certainty to stakeholders.

Recommendations:

- 1) Government needs to play a leading role in Aboriginal Consultation.
- 2) There needs to be a well-defined framework led by government for Consultation.
- 3) The consultation process needs to be:
 - a. fair for all parties involved
 - b. transparent to the public
 - c. consistent from agreement to agreement
- 4) Government needs to commit time and resources to create a comprehensive map detailing Aboriginal land boundaries, sites of cultural significance, etc.

- 5) Compensation to communities should begin at the stage of mineral extraction (the mining stage, when profits are being generated), not during the exploration and development phases.
- 6) Government should be responsible for any remuneration if compensation is required at the grassroots exploration stage, and this should follow principles outlined in point 3.
- 7) The consultation system must guarantee certainty of land tenure.

2) Assisting Prospectors and Junior Exploration Companies

Government also needs to assist Prospectors and Junior Exploration Companies to ensure these essential components in the Mining Cycle can continue to work and contribute to Ontario's economy.

Prospectors will be losing a large part of their annual income and a competitive advantage to acquire land with the implementation of online staking. Online staking will mean claims cost prospectors significantly more than their "sweat equity" did in the past. Online staking will also mean prospectors, who once had equal opportunity to acquire ground in staking rushes and important claims, will now be competing with computer savvy stakers with faster internet access. Prospectors traditionally spend their own money to explore ground. In order to keep these "boots on the ground", the explorationists who often are first to discover new showings, Ontario needs to recognize their value and invest in their future.

Ground prospecting can only be carried out during months when there is no snow cover. Some prospectors supplement their summer prospecting income by contract staking, or by staking claims and optioning them to exploration companies. Much of this work is carried out during winter months. The advent of electronic staking will mean that this winter income of prospectors will disappear.

Junior exploration companies have limited budgets and almost never generate revenue. They rely solely on investor dollars and hope their investment in exploration pays off through acquisition, royalties, etc. Investors are avoiding companies working in Ontario due to the risk involved and uncertainty of land tenure. For those who still wish to invest in projects in Ontario, the cost of plans, permits and Aboriginal Consultation often takes a significant portion of the budgeted program. This is money which would have otherwise been spent exploring for or developing a deposit and creating wealth. Ontario needs junior exploration companies to continue exploring to find new prospects and bring grassroots exploration projects to an advanced stage. Ontario needs to attract junior mining companies and counteract the burden of added time and resources to comply with plans and permits.

Recommendations

Prospectors

- 1) Government should provide one-time assistance to prospectors who earn a significant portion of their income from contract staking. It is suggested that up to \$50,000 per person towards either re-training education or towards a new business start-up be made available.
- 2) Government should reinstate the long successful OPAP (Ontario Prospectors Assistance Program) in which prospectors can receive funds to do their own small exploration programs with no strings attached.

- 3) Government should establish electronic staking fees that make staking costs affordable for prospectors.
- 4) Government should consider a system to provide double assessment credits to companies who perform prospecting as part of their early-stage exploration activities.
- 5) Government should also subsidize some assay costs of samples from independent prospectors.
- 6) Government should reinvest in education to attract young people to prospecting by reinstating the Prospecting Courses previously offered by Regional Geologists at MNM.
- 7) Government should consider a program to provide an online staking credit to Prospectors equal to the cost of re-staking a claim of the same area for legacy claims that expire, once electronic staking is implemented.

Junior Exploration Companies

- 1) Government should restore investor confidence by ensuring certainty of land tenure as outlined earlier in this document.
- 2) Government should provide assistance, such as 50% return for exploration program expenses, as is done in some other Provinces.
- 3) Government should provide and maintain incentives to explore for minerals in the form of tax breaks.

3) High Quality Geoscience Data

During the last upswing in the mining cycle there seemed to be a disproportionate number of companies trying to develop economically marginal deposits due to the very high metals prices. However, there was a lack of new, economically viable discoveries. It is often argued that the “easy” deposits have already been found and that others are buried under overburden requiring expensive and/or difficult techniques to explore.

In addition to their traditional methods, governments and geological surveys need to increase the amount of funding allocated to the research and acquisition of high-quality data that is both leading edge in technique and new in area being targeted. Now more than ever, a focus should also be on economic geology which would be aided by industry input through organizations like the now dormant Ontario Geological Survey Advisory Board.

Recommendations:

- 1) MNM should re-establish the Ontario Geological Survey Advisory Board.
- 2) MNM should increase funding to the Ontario Geological Survey to design, develop and implement cutting edge geoscience initiatives modeled after other successful jurisdictions.

Final Word

Ontario’s previous Mineral Development Strategy looked great on paper, but in practice it left the industry struggling, with many companies leaving Ontario to explore elsewhere in Canada or the world. A strategy is only as good as the realities of the government’s capabilities of taking action to carry out the strategy. The new strategy must be supported by tangible actions to ensure that its intended outcomes are met.

1. Attract and expand mineral investment in Ontario
 - a) *Provide financial incentives to prospectors in the form of grants. Allow payment to the prospector for work completed up to a designated percentage of the total grant. Remove the Net Smelter Royalty (NSR) requirement within agreements. Utilize the Ontario Exploration Corporation (OEC) as the arms-length vehicle (subsidiary of the Ontario Prospectors Association). Supplement the OEC with this special incentive over a period of 3 years or until there is a significant recovery in exploration activity.*
 - b) *Initiate a program consisting of either grants or tax incentives which will support junior explorers to complete advanced exploration to a bulk sample stage. Set the support limits to 30% of the costs (this would be similar to the OMEP program of the late 1980's).*
 - c) *Allow junior exploration companies to use flow-thru shares for Aboriginal engagement and expenses (needs to be approved by Ontario Securities Commission).*
2. Provide a competitive regulatory and economic environment for mining
 - a) *Ensure that the cost of online map staking is the most competitive in Canada. A graduated cost approach is consistent with the current standard, and ensures that the individual and prospector have a fair playing field with junior and senior exploration and mining companies.*
 - b) *Eliminate the requirement for a 'Plan' in the current regulatory regime. Only a notice of intent to prospect for minerals should be required since this would provide notice to Aboriginal people and Surface Rights Owners. Use prospecting guidelines rather than policy for prescribed activities that do not require a permit.*
 - c) *The MNDM must ensure that any new parks or additions to parks and conservation reserves go through a thorough mineral potential assessment by applying the principles identified in the Provincially Significant Mineral Potential Guidelines established by the MNDM. In addition, the MNDM should undertake high level discussions with the Ministry of Natural Resources to allow limited prospecting and exploration in selected Parks and Conservation Reserves that transect areas of high mineral potential.*
3. Increase economic opportunity for all people of Ontario through sustainable exploration and mining activities
 - a) *Provide a Prospectors Training Program funded by the MNDM similar to one that was in place and provided by the Ontario Geological Survey. The Prospectors Training Program would be provided as workshops where new prospectors and established prospectors could learn and enhance their skills, including adaptation to new technological approaches to mineral land management and mineral exploration.*
 - b) *Provide support to post-secondary institutions to introduce a Geological Technician Program. Provide support and incentives to student entering mining and exploration programs and graduating from these programs (i.e. programs would include mineral potential assessment, online staking, and prospecting grant application). If student cannot find exploration work after graduation, they can compete for prospectors grants (similar to a business incubator).*
 - c) *Demonstrate to the mineral exploration and mining industry that the provincial government is engaged in its duty to consult aboriginal peoples and examples of how it is accommodating aboriginal peoples. Current relations between senior mining companies and aboriginal groups reflect much more than the 'procedural aspect' referred to in Supreme Court of Canada decisions, and reflect impact benefit agreements with a significant resource revenue sharing component. This*

has resulted in a 'spill-over' effect on prospectors and junior exploration companies, who do not have the time or money to litigate unreasonable Aboriginal agreements through the dispute resolution process set up by MNDM, and as such succumb to unreasonable demands, which have the effect of limiting exploration activity and raising discord between parties. The MNDM has to ensure that Permits are approved and issued in a timely manner if the proponent has taken all reasonable steps to fulfill the required "procedural aspects" of an exploration program, but is unwilling to provide financial accommodation to aboriginal communities, as this is not their legal responsibility. In addition, baseline studies, whether for biological, anthropological, or archeological purposes should not be part of the Permit process and should apply only at the advanced exploration stage, where deemed necessary.

Ontario Prospectors Association Response to Mineral Development Strategy

The Ontario Prospectors Association (OPA) has reviewed the Ontario Mineral Development Strategy (MDS) discussion paper of March 2015. The MDS has been reviewed with a context of the Purpose of the Mining Act:

"The purpose of this Act is to encourage prospecting, staking and exploration for the development of mineral resources in a manner consistent with the recognition and affirmation of existing Aboriginal and treaty rights in section 35 of the *Constitution Act, 1982*, including the duty to consult, and minimize the impact of these activities on public health and safety and the environment"

Using the above section of the Mining Act:

Encourage prospecting; staking and exploration for the development of mineral resources can be completed using a number of methods that include:

- **Geoscience:** The Province needs to commit to a consistent geoscience budget that provides explorers with new and leading edge data that stimulates exploration. This would include collaborative geoscience projects with industry and the Federal government. The Province also should focus on increasing the profile of the Resident Geologist program that can provide valuable stimulus to the explorers of the Province. Geoscience is also required for the determination of land use planning and source water management. As pressure for protected lands in Northern Ontario and urban sprawl continues in Southern Ontario, the need to protect high mineral potential areas and source water areas is imperative.
- **Incentives for Junior Explorers:** The Province has fallen behind other jurisdictions on the use of incentives to attract Junior Companies to explore. These incentives could be based on the economic cycles of the industry. Using the Federal statistics of Exploration and Deposit appraisal could create a monitor when incentives are required. When the volume of exploration spending wanes then the incentives would be increased. Remoteness or greenfields versus brownfields exploration could also be used as a factor of degree of incentive. The incentives could also be tied to employing interns or junior geologists to work with experienced explores to help with exploration and development projects.
- **Incentives for Prospectors:** With the changes being implemented through the Mining Act Modernization there are some potential negative impacts to the

Prospectors. An examination of these impacts indicates that there could be a loss of the early explorers who are the foundation of the industry. To prevent these losses a system of training and education should be created to retain and attract Prospectors.

Recognition and affirmation of existing Aboriginal and treaty rights:

- Plans and Permits: The implementation of the Plans and Permit system has occurred to try and facilitate the notification to Aboriginal groups and surface rights holders that exploration will be occurring. The system was intent on allowing the interaction of Industry and Aboriginal groups and to introduce the concepts of traditional lands and exploration techniques. To create a better environment and success rate, the industry believes that the Ministry should take a more proactive role in the early exploration consultation. This would remove some of the inconsistency of present consultation and move the financial burden away from the early explorer.
- To enhance relationships of Aboriginal peoples and explorers an education process that encompasses traditional rights and exploration methods is required. This education process should include in school courses for Aboriginal young people that explains the Mining Sequence and the potential employment potential throughout the process. The explorers need to be provided with opportunities to learn about the Aboriginal traditional rights and activities. These opportunities would be best completed as workshops that would be lead by Aboriginal trainers.

The OPA is committed to work with MNDM to create a Mineral Development Strategy that will attract explorers to the Province and promote geological processes for the public good. The recent economic downturn must be recognized as a cyclic event that needs to be addressed when going forward. The 2006 Mineral Development Strategy was effective within a robust market for commodities and a strong exploration and development cycle. As such the updated Mineral Development Strategy should provide safety measures that would support any future downturns that may occur.

Another key component that is more prevalent is the degree of recognition of Aboriginal treaty and traditional rights. The updated Mineral Development Strategy needs to look at this context and integrate it to provide certainty to land access for the mineral explorers and developers as this benefits all Ontarians.

The OPA is available to discuss the above ideas and elaborate where required.

May 7, 2015

RE: Release of the new *Wildland Fire Management Strategy*

The Ministry of Natural Resources and Forestry (MNRF) has revised Ontario's strategy for managing wildland fire to ensure that service delivery remains efficient and sustainable in the future. I am pleased to present you with a digital copy of the new *Wildland Fire Management Strategy* <http://www.ontario.ca/document/wildland-fire-management-strategy>

The MNRF has reviewed the comments received on the draft of the strategy and has posted a Decision Notice on the Environmental Registry at www.ebr.gov.on.ca posting number #012-2148.

The *Wildland Fire Management Strategy* provides overall direction and guidance for the management of wildland fire in Ontario. Under the new strategy, all wildland fires will receive a response based on the potential threat to values and take into consideration the cost of various response options for each fire. Where possible, response to wildland fires will also promote the role fire plays in the regeneration of Ontario's ecosystems. The MNR remains committed to working with you to identify where and how wildland fires that impact Ontarians are managed to protect public safety and improve ecosystem health and sustainability.

If you have any questions on the strategy please contact:

Dave Heaman,
Fire Science and Planning Specialist
dave.heaman@ontario.ca
(705) 755-3226

Consultation meetings in regard to the proposed changes to the Forest Fire Regulations are listed below.

Toronto:
June 16, 2015: 13:00 – 15:00
Westin Harbour Castle; Dockside 5 meeting room

June 18, 2015: 13:00 – 15:00
Westin Harbour Castle; Dockside 5 meeting room

Sudbury June 22, 2015: 10:00 – 12:00
Howard Johnson Hotel

Thunder Bay June 25, 2015: 10:00 – 12:00
Valhalla Inn

If you have any questions about the meetings please contact:

Jeff Antoszek
Fire Behaviour/ Prescribed Burn Specialist
East Fire Region, AFFES
Garson, Ontario
W: (705) 564 6021
C: (807) 938-7962

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