January 2015

MAP SELECTION IS COMING

There are some big changes coming to the way we look at claims in Ontario. Map selection is the plan for some time in mid-2017. Before we get to that point the whole method of claim management and identification will be dramatically changed.

There was an Environmental Registry posting by the MNDM that public responses closed December 22 that described the process of "Ministry Lead" conversion of present day claims (Legacy Claims) to cell based claims. The OPA response is attached in this Explorationist. The MNDM has committed to getting more feedback from explorationists by coming to regional association meetings.

There is a group of land managers (including me) that believe we are heading down the wrong path with parts of the process going to Map Selection. We all agree that we are moving into a digital system that should make things easier/more efficient for MNDM and Industry. The problem we see is that there are components that MNDM are suggesting that we believe will be very onerous on the Industry.

The changes to the Mining Act and Regulation are monumental as we are impacting the very basis of land tenure and assessment work. The changes will ripple throughout the system and need to be looked at in whole and not as components. Challenges that Industry sees include:

1. Converting present claims to cell claims.
2. Distribution of assessment work
3. Beneficial interest
4. Potential changes in fees of service

Please follow these changes and provide the much needed input to the process. The changes will provide a better system only if we can provide the framework.
Environmental Registry Response

The Ontario Prospectors Association (OPA) has reviewed the Environmental Registry posting (012-2993) regarding the proposed approach to conversion of legacy mining claims to cell-based claims. The review has created concern that the Ministry is taking the wrong approach to conversion of mining claims to cell-based claims. The statements being made in some cases are counter to the research that we have done and to legal opinions we have sought out.

Updated Proposal: Upon careful review and consideration of the analysis and lessons learned from other jurisdictions, MNDM proposes that a province-wide one time conversion of legacy claims is more suitable to Ontario, as it would be more consistent with the five key principles of Ontario's mining lands tenure system.

There is agreement that conversion of some legacy claims to cells is a possibility but the OPA believes that Ontario is unique to the other jurisdictions the MNDM reviewed. In Ontario we have a wide range of situations that should be looked at more closely. The idea that principles 4: Flexible and simple, requiring minimum administration and 5: Legal certainty would be satisfied by the "forced" conversion is fine from the MNDM side of the equation. The amount of administration for industry is going to be huge and it is OPA's opinion a high percentage (>80%) of the claimholders in Ontario will need assistance to understand the implications of how their claims will be changed. The legal certainty is definitely not as simple on conversion as is illustrated with the report from Michael Bourassa.

Proposed Conversion Strategy –simplified steps

1. Claim Map Updating: transition period in which MNDM clarifies and reconciles claim boundaries to create a more accurate map of existing mining claims based on GPS coordinates and other information provided by the claim holders; Claim holders would see how their existing claims would line up with the provincial grid.

This will greatly help changing the "cartoon" maps we have now toward a more accurate absolute map. The issues will still be the location of other alienations that are less defined.

2. Delineation: The point at which the legacy claim would be legally where it is shown on the provincial grid; described by the corner coordinates, not by a post on the ground. Claim holders would know the exact boundaries and the cells to which their legacy claims would be converted.

The potential conversion to a point that is not a post is an issue that could create potential lawsuits. If the claims are under option the contract is based on post to post locations. If a deposit was developed the optionor would expect to be paid an NSR from that defined area not an area defined by the coordinates given by the Ministry.
3. **Conversion:** MNDM would implement conversion, taking into account claim holders’ input and in a controlled and fair environment, legacy claims would become cell-based claims. Tenure information for legacy claims, including the claim abstract, due dates/anniversary date, matters recorded on the abstract and the legacy claim fabric would be preserved and accessible.

These cell-based claims will be very complicated with many entries of data. Than when the cells are grouped all that data will need to go onto the grouped claim abstract. This seems to be a potential for mistakes or lost data. Whereas the legacy claim left not converted would have less handling.

4. **Notifications:** Claim holders would be notified of the conversion and provided with a precise description of the cell-based claim and its boundaries as well as sufficient time and clear rules for claim maintenance and management (eg. Assessment work credit distribution). MNDM would notify surface rights owners and Aboriginal communities on the claim holder’s behalf - as appropriate.

Notification of the surface rights owners and Aboriginal communities would be a good thing but are MNDM going to notify them at conversion or at map unfreeze? Notification at conversion would possibly provide more problems as the claim holder has not figured out the configuration of the grouped claims and if they want all the new cells. Surface rights owners and Aboriginal communities receiving lists of numerous cells may make them think the property expanded greatly. There would be a large learning curve here.

**Benefits of the proposed conversion strategy:** Voluntary conversion may lead to less certainty of tenure; would result in a less efficient mining lands administration, and uncertain completion date for the conversion process. The proposed conversion process would provide: a) more enhanced certainty of tenure/claim boundaries and b) more efficient and effective administration of mining lands.

**a) Enhanced Certainty:**

- Areas and rights previously held by a legacy claim would be preserved,

Voluntary or no conversion does this also.

- Claim holders would know the precise location of their claims,

Voluntary or no conversion does this also

- Conversion would take place in an unbiased and controlled environment by MNDM,

This statement makes no sense. I don't expect there being any bias in a voluntary or Ministry lead conversion as it is all GIS based. The controlled environment is applying
the cells? The uncontrolled environment is when Industry has to sort out the boundary claims and group claims?

- One time conversion would provide better data integrity,

Data integrity has nothing to do with the conversion it is dependent on the GIS system and the data sets used to develop the layers.

- Claim holders would avoid an ongoing boundary conflict and dispute resolution process,

The development of boundary conflicts and dispute resolutions disappear when you go digital not when you convert.

- Less vulnerability to speculative and nuisance staking of mining lands.

This doesn't get corrected by conversion.

b) Efficient and Effective Administration:

- One System - one set of rules would apply to all mining claims in the province as all mining claims would be moved into the modernized system,

The idea of one system is a figment of the MNDM administrations imagination.. There will still be a separate "system" to manage leased, license of occupations, patents etc. And if legacy claims are not forced to be converted they could be integrated to this system.

- Reduced administrative costs related to separate transactions and different processes for unconverted claims,

Agreed less for the MNDM but more for Industry.

- All claims would be managed in the same IT environment; this would avoid the need for a hybrid system to accommodate unconverted claims,

These bullet points are all good for MNDM not industry.

- Equitable access to a simpler, more integrated, and more cost effective Mining Lands Administration System,

Since we do not know the total system as of yet how do we know it would be simpler. If we covert we believe the costs will be all placed on the claimholder.

- Claim holders would avoid burdens (costs, resource etc) required to undertake conversion; MNDM would undertake implementation of the conversion strategy,
The OPA and the Ministries Land Managers Advisory Committee have continued to point out that is complex tenure situations this statement is incorrect. The work required to define underlying agreement boundaries into boundary claims will be onerous and require work that MNDM has no sense of the process requirements.

- There would be no need to build and maintain a complex conversion tool,

A simple tool should be able to be completed since it already exists in British Columbia and GIS systems recognize polygons. A voluntary conversion would involve the same conversion tools that would be required in the freeze of maps time. These tools would just have to continue to exist.

- Claim holders would have the opportunity to reconfigure mining claims based on their business and land management needs

This is precisely where the volume of work is downloaded on the Industry. Reconfiguring requires the claim holders to understand all the issues that could occur within the claims. To be able to reconfigure, all options or agreements would have to be researched and the creation of the dreaded boundary claims will be unbelievable in the highly productive belts such as Red Lake, Timmins or Kirkland Lake.

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**GEOREFERENCING**

The Ministry has reported that just under 50% of the claims in the province have been georeferenced or are in surveyed areas. Their goal is between 60 and 70%. It may be critical that your claims are georeferenced on conversion to map selection. If you can afford to georeference it is a good source of assessment and may provide you with better understanding of your tenure.

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**ONTARIO EXPLORATION & GEOSCIENCE SYMPOSIUM (OEGS)**

The OPA would like to thank all the participants and volunteers of the OEGS. Despite a horrendous year in the industry the OEGS was a success. The presentations were excellent and all well attended.

Congratulations to Tim Campbell, the pre-registration winner and Clayton Ralph, the lanyard return winner.

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**NORTHEAST AND NORTHWEST SYMPOSIA**

Planning has commenced for the two spring symposia being held in Kirkland Lake (March 30 & 31) and Thunder Bay (April 14 & 15).

We are actively looking for speakers. If you would be interested in speaking or have an idea for a speaker you would like to hear, please contact me gjclark@ontarioprospectors.com or 1.866.259.3727.
Good environment, good jobs: We can have both

FRANK ONGARO Mining Minnesota

The Wall Street Journal recently published an opinion piece about the environmentalist’s Catch-22. The article was reminiscent of the cries we hear in Minnesota for sustainability and for reducing our carbon footprint. Ironically, these pleas for a greener future forget that we rely on metals to execute this utopian vision. The voices are from the same individuals who frame copper-nickel mining as a dichotomous argument — jobs versus the environment.

But this simply isn’t a fair or accurate portrayal of the issues at hand. We are all environmentalists and we all enjoy the beauty and serenity of Minnesota’s wilderness. Our state has a lot to offer outdoor enthusiasts, and with a population above 3.5 million, there are many people who call Minnesota home who have an interest in protecting the outdoors for future generations.

A majority of these 3.5 million individuals also need jobs — jobs that support their families and provide opportunities for future generations of Minnesotans. Thankfully, we can have both — the environment and mining have coexisted for more than 130 years and with modern technologies, will continue to do so as we expand the state’s rich mining tradition.

Mining copper, nickel, platinum and palladium from one of the world’s largest, untapped source of these strategic metals in Minnesota’s Duluth Complex will provide thousands of high-quality jobs in a range of sectors, as well as the metals we all need for the growing green economy. Wind turbines and solar equipment require copper. Electric cars and rechargeable batteries use nickel and copper. The auto catalysts in cars require platinum and palladium.

The same individuals who espouse a constant mantra against copper-nickel mining, initially paddling a canoe, boarded a 27-foot sailboat to deliver their anti-mining message to this country’s capital. A sailboat filled with metals — from the rails, masts and pulleys to the GPS systems that guided their journey — and kept them safe. Along the way, they communicated their progress with phones and laptops — all of which require strategic metals to operate.

Environmental hypocrisy aside, we all use minerals — 3.03 million pounds in a lifetime to be exact. And yet, even after recycling our scrap metal, the United States is import-dependent on foreign powers for many of these metals. Shipping them in to support our sustainable future from countries that have little to no environmental standards and whose mining practices not only harm local environments, but also the local communities, including young children who are forced to work in substandard conditions.
We have a responsibility to serve as an example to the world of how environmentally responsible mining positively impacts the communities where we live, work and play.

The sustainable technologies we desire to keep society moving forward and progressing are mined. High-quality jobs that sustain families and provide opportunities for children to stay in communities are from mining and spinoff industries. The connection between mining and the modern world is undeniable.

If we want to protect our wilderness for the future, we must value the minerals that allow us to do just that, and continue the innovation that maintains our precious environment. As environmentalists, we have the responsibility to support actions that fuel the green technologies that will help us continue to save our air, water, and lands for the next generation.

Frank Ongaro is executive director of Mining Minnesota, which is a group working with local citizens, businesses and other organizations to bring growth and job creation to the state through responsible development of natural resources.

Perry Bellegarde, fiery new AFN grand chief, will ‘reach out’ for larger share of resource revenues

MARK KENNEDY, POSTMEDIA NEWS, RICHARD WARNICA | December 11, 2014 12:35 AM ET

Perry Bellegarde, elected grand chief of the Assembly of First Nations on Wednesday and the now the most powerful native politician in Canada, has spent the last 16 years honing a single, unambiguous message.

To paraphrase another prairie politician who hit it big on the national stage, in Mr. Bellegarde’s view, the First Nations want in.

A career politician and longtime regional chief from Saskatchewan, Mr. Bellegarde has long argued for a broader interpretation of treaty rights, one that would see First Nations earn a much larger share of resource revenues and jobs.

In a fiery first speech as grand chief Wednesday, Mr. Bellegarde doubled down on that theme. “To the people across this great land, I say to you, that the values of fairness and tolerance which Canada exports to the world, are a lie when it comes to our people,” he said. “Canada will no longer develop pipelines, no longer develop transmission lines, or any infrastructure, on our lands as business as usual. That is not on." His final remarks drew one of the loudest responses from the crowd: “Canada is Indian land,” he said. “This is my truth and this is the truth of our peoples.”

The speech, which came after Mr. Bellegarde swept to an easy first ballot victory at the AFN's national convention, marked a significant departure from the conciliatory tone of his predecessor Shawn Atleo. But for Mr. Bellegarde, it was a perfectly on brand.
First elected as a chief in his mid 20s, Mr. Bellegarde was thrust onto the provincial stage in 1998, when he beat back two challengers to become the head of the Federation of Saskatchewan Indian Nations (FSIN) at the age of 35.

From the start, he focused in that job on what he called “the treaty agenda.” In a 2001 interview, he called Saskatchewan’s booming uranium, potash and energy industries “unfinished treaty business” and vowed to extract a greater share for his people — in jobs, cash or both. In 2013, he called for a moratorium on new resource permits in Saskatchewan, decrying the lack of a revenue-sharing agreement with First Nations as “economic racism.” Mr. Bellegarde echoed those ideas Wednesday. “We will no longer accept poverty and hopelessness while resource companies and governments grow fat off our lands and territories and resources,” he said. “If our lands and resources are to be developed, it will be done only with our fair share of the royalties, with our ownership of the resources and jobs for our people. It will be done on our terms and our timeline.”

A member of the Little Black Bear First Nation, Mr. Bellegarde grew up on a small reserve northeast of Regina. He first tried for the AFN’s top job in 2009, when he lost to Mr. Atleo on the eighth ballot.

On Wednesday, he faced two other contenders and was required to win 60% on the final ballot. He won 63% on the first ballot. He captured 291 votes, compared to the 136 who voted for his nearest rival, Ghislain Picard, regional AFN chief of Quebec and Labrador. Leon Jourdain, former Grand Chief of Treaty 3, which constitutes northwest Ontario and eastern Manitoba, came third with 35 votes.

Mr. Bellegarde’s victory opens a challenging new phase for the AFN. Earlier this year, the organization was thrown into disarray when Mr. Atleo quit because of complaints from other chiefs over his perceived co-operation with the federal government on a controversial bill to reform First Nations education.

Goldeye Appoints Russell Kakepetum to Board of Directors

Toronto, Canada, December 16, 2014 – Goldeye Explorations Limited (“Goldeye” or “the Company”) is pleased to announce that it has appointed Russell Kakepetum to the Board of Directors of the Company effective immediately.

Mr. Kakepetum is a member of Sandy Lake First Nation and holds the position of Band Councillor. Mr. Kakepetum has served on various boards across the region of Northwestern Ontario including but not limited to the Tikinagan Advisory Board, Northern Nishnawbe Education Council and Oshki Pimachewin Training & Education Institute.

Blaine Webster, Chief Executive officer of Goldeye, comments: “I am extremely pleased that Russell will be joining Goldeye’s Board of Directors. Russell’s lengthy experience as a Band Councillor for Sandy Lake First Nation and his in-depth knowledge of local issues make him a uniquely qualified addition to Goldeye’s Board. On behalf of all the
Directors of the Company, I would like to extend Russell a warm welcome. Goldeye has long placed a priority on working closely with Sandy Lake First Nation and this appointment is another important step as Goldeye and Sandy Lake work together to advance their desire to see the Weebigee Project become a major gold discovery.

Russell Kakepetum comments, “I would like to express my gratitude and appreciation to Goldeye for granting a band member to sit on the board of directors of the Company. This accomplishment cultivates the relationship between Goldeye Explorations Limited and Sandy Lake First Nation for prosperity and development.”

On behalf of the Board of Directors,
Blaine Webster, P.Geo.
CEO

About Goldeye Explorations

Goldeye Explorations Limited is a Canadian junior exploration company focused on advancing its flagship Weebigee (pronounced WEE-be-GEE) Project, located near Sandy Lake in Northwestern Ontario.

Recent drilling at Weebigee (23 holes totaling 2,219 metres) confirmed the presence of significant high-grade gold mineralization in the Northwest Arm claim block. Highlights included: 12.86 g/t Au over 6.85 metres core length in hole BK-14-03 (Bernadette Zone), 12.45 g/t Au over 3.5 metres core length in hole BK-14-05 (Knoll Zone), and 23.15 g/t Au over 3.97 metres core length in hole BK-14-18 (RvG4 Zone). Visible gold was noted in 50% of the drill holes. The Northwest Arm claim block covers approximately 20% of the total project area and hosts the highest density of gold showings in the Sandy Lake Greenstone Belt.

In November 2013, Goldeye and Sandy Lake First Nation signed a comprehensive Exploration Agreement in regards to the project. Goldeye is pleased to have a strong, mutually beneficial relationship with the people of Sandy Lake First Nation.

Comprehensive project information including drill logs and sections can be found on Goldeye’s website at www.goldeye.ca.

The Ministry of Natural Resources and Forestry (MNRF) has completed the Range Management Policy in Support of Woodland Caribou Conservation and Recovery (Range Management Policy). This policy will help to conserve and recover caribou in Ontario through the development and implementation of a Range Management Approach, as outlined in Ontario’s Woodland Caribou Conservation Plan (CCP).

There are ten documents that support the implementation of the Range Management Policy:

- The Delineation of Woodland Caribou Ranges in Ontario is a technical explanation of why and how caribou ranges were delineated.
- The Integrated Assessment Protocol for Woodland Caribou Ranges in Ontario describes the process for conducting an Integrated Range Assessment.
- An Integrated Range Assessment Report has been completed for each of the seven southern caribou ranges in the continuous distribution area (with the exception of the Lake Superior Coast Range) and one for the ranges in the Far North of Ontario. These reports document the data, analyses, interpretation and results from each of the Integrated Range Assessments and range condition.

MNRF has also completed the State of the Woodland Caribou Resources Report. The Endangered Species Act, 2007 (ESA) requires a report of progress towards the protection and recovery of a species five years after publishing the government response statement (the CCP). Complementary to meeting this legislative requirement, the CCP identifies the development of a “State of the Woodland Caribou Resource Report” in 2014. The State of the Woodland Caribou Resource Report meets both legislative and policy requirements.

While not a review or revision of the CCP, the State of the Woodland Caribou Resource Report reports on the actions MNRF committed to in the CCP and provides a thorough overview of the initiatives undertaken towards the protection and recovery of caribou in Ontario. The report is separated into three parts (each part can be read independently of the others, but is still part of the entire State of the Woodland Caribou Resource Report):
• Part 1: Reports on MNRF’s more than 11 million dollar investment on progress made towards recovery actions and commitments in the CCP, including reporting on the status of policy, planning and resource management commitments.

• Part 2: Provides technical details and communicates key findings of the monitoring and assessment of caribou within Ontario’s Continuous Distribution (except Lake Superior Coast); describes the distribution of caribou and summarizes the findings from the initial Integrated Range Assessments.

• Part 3: Provides a technical summary of information on MNRF’s extensive Collaborative Provincial Caribou Research Program that discusses the findings of research commitments under the CCP.

To view the Environmental Registry Decision Notice for the **Range Management Policy**, please visit [www.ontario.ca/environmentalregistry](http://www.ontario.ca/environmentalregistry) and enter #011-9448 in the search. For the Information Notice regarding the **State of the Woodland Caribou Resource Report**, enter #012-3013. An electronic copy of these and the **Integrated Range Assessment Reports** can be found at [https://www.ontario.ca/environment-and-energy/woodland-caribou](https://www.ontario.ca/environment-and-energy/woodland-caribou). The **Integrated Assessment Protocol for Woodland Caribou Ranges in Ontario** and the **Delineation of Woodland Caribou Ranges in Ontario** can be received by emailing your request to caribou@ontario.ca or by fax to (807) 343-4001.

You or your organization may have provided information and advice during implementation of the CCP or during the public comment period when the draft Range Management policy was posted in 2013. We took additional time to consider all the scientific information provided to help us develop this policy and supporting documents.

MNRF is taking this opportunity to release **Woodland Caribou (Rangifer tarandus caribou) in the Far North of Ontario: Background Information in Support of Land Use Planning**. This document reports the findings of a four-year study of the distribution, movement, and habitat of forest-dwelling and forest-tundra caribou in the Far North of Ontario. An electronic version of this report can be obtained by emailing your request to info.mnrfscience@ontario.ca.

Thank you for your interest and efforts to protect woodland caribou and to help recover this iconic species in Ontario.

Sincerely,

Michael Gluck
November 21, 2014

By Email

Mr. Garry Clark
Executive Director
Ontario Prospectors Association
1000 Alloy Drive
Thunder Bay ON P7B 6A5

Dear Garry:

Re: MNDM proposal regarding On-line Map Staking System

The following appears to be MNDM’s latest thinking regarding an on-line map staking system for Ontario.

1. **New Grid.** In the next couple of months MNDM is proposing to plot the new grid for on-line map staking on existing claim maps (the new grid will be the basis for the size and configuration of “Cell Claims”).

2. **The Geo-referencing and Transition Process.** There will be a transition process whereby claim corners will no longer be defined by ground posts but will be defined by UTM co-ordinates. Essentially claimholders will have to choose one of two options;
   
i. Their legal claim corners will consist of co-ordinates derived from the current “mapped” location of their claims (as they appear on a claim map), or
   
ii. Geo-reference all corners and directional line posts using MNDM’s recommended hand-held GPS standards (+/- 5m accuracy, 50 averaged readings).

The end result in both cases will be that the claim positions will be plotted on the MNDM map and claim locations as plotted will become the new claims. Existing ground based claim fabric (“Legacy Claims”) will thereafter disappear in accordance with the Conversion process described in item #4 below.
Note: It has been pointed out by members of the Land Management Advisory Forum ("LMAF") that the GPS system MNDM is proposing to use is flawed and that the MNDM should stop referring to it as "providing accuracy" in media and consultation with industry. Rather the information to the public and MNDM’s information workshops should provide cautions and warnings that transition to claims being defined by GPS instead of ground locations needs to be taken very seriously. If a company is concerned about exact claim locations then it may want to go to a higher level of GPS definition, or even a survey.

In the pre-transition period MNDM is contemplating several stages in order to resolve potential conflicts between adjacent holders: **Stage 1** where a claimholder provides geo-referencing information and the overlap or gap is less than x metres, MNDM will “snap”¹ the boundary; **Stage 2** is where 2 adjacent holders geo-reference and the overlap or gap is greater than x metres, MNDM will contact each of the claim holders and request agreement on the positioning of posts; and **Stage 3** is where 2 adjacent holders geo-reference and the overlap or gap is greater than x metres and Stage 2 has not been able to reach a resolution; MNDM intends to do a field inspection with the claim holders and determine positioning and coordinates on that basis. It is a basic premise that where there is indeed overlap, the older of the staked claims will have priority.

Note: LMAF members have also requested that MNDM be prepared to accept "corrected" geo-reference information for recently staked claims which have already provided geo-referencing data which may have been flawed.

3. **The Map Freeze.** At some point in time there will be a province-wide “map freeze”, where all new geo-referenced data and map derived co-ordinates will thereafter define the corners of existing Legacy Claims (the ground points will no longer apply). Concurrent with the map freeze, will be a general province wide withdrawal from staking lasting three (3) months. During the withdrawal period all Legacy Claims would be mandatorily converted to Cell Claims and Boundary Claims as described in #4 below. (Note: there is serious potential for flawed title if industry does not understand the conversion scenarios in #4(b) below. It is crucial that each legacy claimholder has a full understanding of all underlying agreements affecting their mining claims. If claimholders fail to advise MNDM of Boundary Claims within their own holdings (based on

¹ The concept “snap” is used to define joining two otherwise overlapping or gap claims to a common boundary. MNDM has been considering x to equal about 10 metres.
underlying agreements) they will be creating title issues for themselves which could result in disputes and uncertainty).

A couple of concerns were raised by LMAF with MNDM about the map freeze and withdrawal process;

i. What if a discovery is made during the map freeze period and the claimholder (public company) is required to make public disclosure? In the normal course, before doing so the company might want to acquire adjacent ground if available, to protect its position. In the map freeze scenario, once public disclosure is made it allows other parties the opportunity to acquire ground with a click of a mouse as soon as the map freeze is lifted;

ii. A concern that “withdrawal” in the Mining Act includes “from prospecting, staking, sale AND lease”, so although the intention is to prevent staking of new ground during the map freeze period, it also prevents sale transactions and lease applications from occurring during this period.

4. The “Mandatory” Conversion process from Legacy Claims to Cell Claims and/or Boundary Claims. The following appears to be some of the steps which MNDM is contemplating during the map freeze:

(a) Where there is a “Boundary Cell” (a cell with at least two different legacy claimholders in the same cell) then separate, numbered “Boundary Claims” will be created for each portion of a Legacy Claim within that Boundary Cell (the placement of the boundary is determined by hand held GPS or map derived coordinates). By way of example, if claimholder A has 3 Legacy Claims and claimholder B has 1 Legacy Claim within the same Boundary Cell, claimholder A’s 3 Legacy Claims will be converted into 3 separate, numbered Boundary Claims (each a portion of the former Legacy Claims within a Boundary Cell).

(b) MNDM will allow companies to establish a Boundary Cell with respect to a cell that has more than one of their own Legacy Claims within that cell. As an example, claimholders may be concerned about grouping Legacy Claims into one Cell Claim if there are different agreements which apply to each of those Legacy Claims. In that circumstance, MNDM has stated that it will not concern itself with any underlying agreements. That is for the company itself to determine. If a company indicates it wants a Boundary Cell in such a situation, MNDM will accommodate and allow a
Boundary Cell to be created which will include Boundary Claims for each former Legacy Claim. Note: The risk from a company perspective is that unless they are aware of all agreements which may apply to each of their Legacy Claims, they will lose chains of title relating to underlying agreements if they do not create Boundary Cells and Boundary Claims with respect to all of their Legacy Claims.

(c) MNDM acknowledged that assessment work requirements will need to be apportioned to new Boundary Claims so as not to make conversion to Boundary Claims more onerous than existing assessment work requirements (an earlier discussion suggested that each Boundary Claim would have assessment requirements as if it were a full Cell Claim; in some instances this could double or triple previous assessment requirements and will not be acceptable to industry).

(d) MNDM acknowledged that “open” adjacent ground in a Boundary Cell which is not included in the Boundary Claims of adjacent claim holders (see MNDM’s maps on pages 14 and 15 of its slide presentation) will become “orphaned” or “sterilized” and not be included in the Boundary Claims of adjacent claim holders. A mechanism needs to be considered whereby the claim holders can agree to apportion the orphaned ground and to make it part of each of their adjacent Boundary Claims.

(e) MNDM acknowledged that in a Boundary Cell scenario, where there are numerous Boundary Claims, that if one of the Boundary Claims forfeits, there needs to be a way of including the “open ground” in the adjacent Boundary Claims. MNDM’s current proposal is that it would become orphaned and thereafter sterilized.

(f) MNDM is proposing other “fixes” in the proposed system so as to preserve security of tenure: (a) regardless of whether a claim holder establishes Boundary Claims to manage underlying agreements which apply to former Legacy Claims (see scenario 4(b) above), a regulation could provide that agreements will only apply to that portion of a Cell Claim that relates to the former Legacy Claim, and not to the entire Cell Claim; and (b) at the option of the claim holder, when a Cell Claim is brought to lease, and where it contains portions of two or more former Legacy Claims, a survey can be completed along the former Legacy Claim boundaries to create defined parts within the new lease.

(g) For an analysis of the various scenarios which could result in the creation of Cell Claims, Boundary Cells, and Boundary Claims, see Schedule “A”.
5. **Timing.** MNDM had sometime after 2016 in mind for doing all of the above. LMAF has expressed concern that the timeline is too short. 2018 or later would be more realistic. (British Columbia by way of example started consultation in 2002 and implemented in 2005 but allowed for voluntary conversion, and not mandatory conversion as MNDM is proposing).

It is my understanding that I am invited to an LMAF meeting on November 26, 2014 in Toronto. I am available and look forward to attending this meeting.

Yours truly,

FASKEN MARTINEAU DuMOLIN LLP

Michael J. Bourassa

MJB/sg

cc Michael Weirmeir, Wallbridge Mining
    Andre Dufresne, Glencore Canada Corporation
Schedule “A”  

Scenarios to Consider relating to conversion of Legacy Claims to Cell Claims or Boundary Claims  
(from perspective of industry).

**Facts:** Please refer to the sketches contained in Schedule “B” to this letter. Claimholder X holds a 100% interest in ground-staked Legacy Claims A, B and C. Legacy Claims A, B and C are each subject to separate and different underlying agreements, each involving different third parties with distinct rights to each separate Legacy Claim portion. For the sake of simplicity, Legacy Claim A is subject to a 3% net smelter returns royalty (“NSR”) with Party E, Legacy Claim B is subject to a 3% NSR with Party F, and Legacy Claim C is subject to an earn-in option (an “Earn-In”) such that Party G can acquire 100% of Legacy Claim C by conducting exploration expenditures and making cash payments. The Scenarios below look specifically at the cell that exists at the intersection of Legacy Claims A, B and C.

**Scenario 1:** only 1 Cell Claim ABC is created for portions of claimholder X’s Legacy Claims A, B and C.

**Pros:** none

**Cons:** An obvious problem is created - all of the agreements which separately applied to each of Legacy Claims A, B and C will thereafter apply to the entirety of Cell Claim ABC (i.e. it will be subject to a 6% NSR in the aggregate and the Earn-In).

**Issues following issuance of Lease:** Same as the point made in “cons” above.

**Title Searching Issues for Lease:** No uncertainty, but with adverse consequences. It will be clear on the record that Leased Cell Claim ABC is subject to NSRs totalling 6% and the Earn-In.

**Scenario 2:** Claimholder X will set up separate Boundary Claims A, B and C for each portion of Legacy Claims A, B and C within the Boundary Cell.

**Pros:** The underlying agreements will continue to apply separately to each of Boundary Claims A, B and C.

**Cons:** The onus will be on claimholder X to determine if different agreements apply to each of the former legacy claims and to request that separate boundary claims be created3;

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2 There are other various types of underlying agreements which create rights with respect to mining claims and in many cases are unrecorded on the mining claim abstract. Agreements include options, joint ventures, various types of royalty interests (gross proceeds, tonnage, net proceeds, net profits, etc.), and clauses within such agreements which may impact the rights of the claimholder and third parties such as rights of first refusal and area of interest clauses.

3 In many instances, claimholders may not be fully aware of the agreements that are in existence with respect to their mining claim portfolios until a full audit is undertaken (often this does not happen until a financing or merger, when a thorough due diligence exercise is undertaken by counsel acting for the underwriter or acquirer).
**Issues following issuance of Lease:** There are 2 possibilities: (a) In the case of former Legacy Claim A, assuming the lease boundaries will be a compilation of all of the Boundary Claims which made up Legacy Claim A (including those in adjacent Boundary Cells and Cell Claims), then there should be no issues (and similarly for former Legacy Claims B and C). In essence, Claimholder X will have the identical ground fabric in leased form that he would have had with his former Legacy Claims and all agreements which applied to each former Legacy Claim would be easily searchable. (b) Alternatively, if Claimholder X creates one lease with a perimeter survey of the outside boundaries of Boundary Claims A, B and C without parcel identifiers within, then he will have created the same problems as outlined in Scenario 1 (6% NSRs and the Earn-In applying to the one parcel of land).

**Title Searching Issues for Lease:** In either instance there will be no uncertainty but with different consequences. In (a) above, it will be clear that Leased Legacy Claim A is subject to the 3% NSR for the benefit of Party E and not subject to the other NSR and the Earn-In. In (b) above it will be clear on the record (with adverse effects) that Leased Claim ABC is subject to NSRs totalling 6% and the Earn-In.

**Scenario 3:** Similar to Scenario 1 but in this instance there will be a special provision in legislation or regulations to provide that agreements will only apply to specific former legacy claims and not to an entire Cell Claim created from portions of former legacy claims. On that basis, Claimholder X will rely on the statutory provision and create Cell Claim ABC.

**Pros:** None really, except that it is an attempt to separate the applicability of the underlying agreements to their respective former legacy claims.

**Cons:** Any title searching done on the unpatented claims will presumably still have access to claim maps which describe the former legacy claim boundaries within Cell Claim ABC but it will be confusing and could result in uncertainty if the search is not done properly and does not delineate with specificity the portions of Cell Claim ABC which are subject to different agreements. The most obvious negative from Third Party G’s perspective is that if it exercises the Earn-In Option with respect to Legacy Claim C, there is no Boundary Claim C in existence to segregate it from the remainder of Cell Claim ABC.

**Issues following issuance of Lease:** At the time of the lease application since only Cell Claim ABC exists (i.e. separate boundary claims were not created for former Legacy Claims A, B and C), the original legacy claim fabric is gone and the survey would be completed for Cell Claim ABC which then forms the basis of the new lease. Except for the statutory provision, Leased Cell Claim ABC would be subject to NSRs totalling 6% and an Earn-In. The same issue outlined in the “Cons” above would also exist with respect to the Earn-In and Party G.

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4 Again, this might be done in the context of a financing or an acquisition by another party of Claimholder X’s interest or one of Third Parties E, F or G respecting the NSR royalty interests or Earn-In.
Title Searching Issues for Lease: Title issues will arise and MNMD should not proceed with this option until it has consulted with the Ministry of Government and Consumer Services which governs the Land Titles system. Land Titles has an electronic system which requires a simple Property Identifier Number ("PIN") description for each parcel. Land Titles does not allow for PINs which reference parts of former mining claims unless those parts are surveyed or are described as Parts to a Reference Plan. Any agreement which needs to be registered on title could not be registered if it only applies to part of a PIN which is described by its former mining claim. As a consequence, assuming each of Parties E, F and G have registered their agreements against the entirety of Leased Cell Claim ABC, how is a title searcher, even with knowledge of the special statutory provision, able to determine the part of Leased Cell Claim ABC to which the agreements apply? Uncertainty of title will be created.

Scenario 4: Similar to Scenario 1 and Scenario 3 with an added feature that at the time of lease application, surveys and areas to be taken to lease can be based on former legacy claims.
Pros: None really during the unpatented claim phase since the underlying agreements will apply to the entirety of Cell Claim ABC.
Cons: same as the "Cons" for Scenario 3 above. This is not a viable option during the unpatented claim phase.

Issues following issuance of Lease: As stated in Scenario 2 above, in the case of former Legacy Claim A, assuming the lease boundaries will be a compilation of all of the Boundary Claims which made up Legacy Claim A, then there should be no issues (and similarly for former Legacy Claims B and C). In essence, Claimholder X will have the identical ground fabric in leased form that he would have had with his former Legacy Claims and all agreements which applied to each former Legacy Claim would be easily searchable.

Title Searching Issues for Lease: There should be no uncertainties. It will be obvious that Leased Legacy Claim A is subject to the 3% NSR for the benefit of Party E and not subject to the other agreements (and similarly for Leased Legacy Claims B and C).

Scenario 5: Allow former Legacy Claims A, B and C to be grandfathered and remain in existence at the option of Claimholder X (as is the case in British Columbia and Quebec).

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5 Another issue with the PINs is that there is often very little detail on the electronic system and are prone to errors and missing information. The complexities of a new cell system would further complicate the legal description.

6 Legal descriptions and root of title, together with underlying agreements are critical to the mineral industry. And it often does not become an issue until a significant discovery is made and substantial due diligence is completed. Often these problems are not likely to appear for many years and by then the information relating to the historical claim fabric together with the description of underlying agreements, areas of interest and other rights as they relate to the original ground-staked legacy claims will not be readily available in the Land Titles system.
**Pros:** The original claim fabric is intact along with assessment work requirements; there is no onus on Claimholder X to determine which agreements apply to which claims. The rights of Third Parties A, B and C are not affected.

**Cons:** None.

**Issues following issuance of Lease:** Claimholder X will have the identical ground fabric in leased form that he would have had with his former Legacy Claims and all agreements which applied to each former Legacy Claim would be easily searchable.

**Title Searching Issues for Lease:** There will be no uncertainties. It will be obvious that Leased Legacy Claim A is subject to the 3% NSR for the benefit of Party E and not subject to the other agreements (and similarly for Leased Legacy Claims B and C).

In conclusion, from an industry perspective Scenarios 1 through 4 all come with the risk of uncertainty of title and additional complications for claimholders in managing underlying agreements. This also happens to come at a time when many prospectors and companies have very little cash available to do exploration work and some even have trouble continuing as going concerns. The added costs of having to audit their claim portfolios and face additional land administration and title issues following mandatory conversion is an additional burden. Scenario 5 is the only viable option which comes with no additional title uncertainties or costs to claimholders.
Schedule “B”

Existing legacy claims

- Legacy claim A
- Legacy claim B
- Legacy claim C
Scenario 1 (and scenario 3)

(a) Unpatented

(b) Leased
Scenario 2:

(a) Unpatented

(b) Leased

Note: bc = boundary claim
cc = cell claim
Scenario 4:

(a) Unpatented

(b) Leased

Cell claim ABC

leased contiguous segments based on perimeter of former legacy claim A

leased contiguous segments based on perimeter of former legacy claim C

leased contiguous segments based on perimeter of former legacy claim B
Scenario 5: (no conversion)

(a) Unpatented

(b) Leased
November 12, 2014

Mr. Garry Clark
Ontario Prospectors Association
1000 Alloy Drive
Thunder Bay ON P7B 6A5

Dear Mr. Clark:

I am writing to keep you informed about the Ministry of Natural Resources and Forestry’s (MNRF’s) progress in implementing our three-year transformation plan, which was announced in the 2012 Ontario Budget.

Today, MNR is moving forward with some changes to its Fire Management Program. We will stop operating from the Sault Ste. Marie fire response facility, one of our 33 facilities, at the end of 2014. However, the Aviation, Forest Fire and Emergency Services (AFFES) Main Office and Aviation Services in Sault Ste. Marie will not be affected by this change. The ministry will continue to have more than 100 AFFES staff working in Sault Ste. Marie.

I want to assure you that protecting people, property and our natural resources from forest fires remains our top priority. This decision will not affect our ability to manage fires in the Sault Ste. Marie and surrounding area. Our Fire Management Program is flexible and mobile. We routinely move staff, aircraft, and equipment quickly to respond to forest fires and changing hazard levels. In addition, all of our fire management agreements will remain in effect.

The ministry posted a discussion paper on the Environmental Registry to obtain comments on updating our long-term forest fire management strategy. The strategy is intended to address the challenges facing the delivery of our Fire Management Program over the next 10 years – it is part of our work to modernize our Fire Management Program, and the operational decisions announced today support this effort.

Ontario is recognized around the world for its ability to respond strategically to forest fires and protect public safety. We continue to invest in our Fire Management Program, including significant investments recently announced at our Haliburton and Sudbury facilities.

If you wish to discuss these changes, please contact Brian Schulz, Response and Operations Manager, at 705-564-6030 to arrange a meeting.

Sincerely,

Michael G. O’Brien
A/Director
Aviation, Forest Fire and Emergency Services