



THE EXPLORATIONIST

The Newsletter of the Ontario Prospectors Association

Volume 7, Number 1- January 13th, 2000

“MINES ONTARIO”

A BAD POLITICAL IDEA OR A LIFEBOAT!

by Andrew Tims

As an active participant in the mineral exploration industry, one would have thought that a bad situation could not get any worse than it is now. The over anticipated gold sales by central banks and the International Monetary Fund, the Asian recession, the Bre-X scandal and the rampant use of gold hedging and margin calls has brought mineral exploration to a stand-still and some mining operations in Canada to a close. Now the cash strapped mineral exploration and mining industry throughout Ontario has been kicked in the teeth again, this time by the provincial government.

Since the current government originally took office, the Mines and Mineral Division of Northern Development and Mines has seen a budgetary decrease from \$60 million in 1992 to \$20 million in 1999. This Ministry is a key mechanism in the support infrastructure that administers and regulates the mining industry. The Ministry also encourages exploration through incentives and a state-of-the-art geotechnical database system. The end is in sight though, with the total removal of all direct government support to the industry. This type of budgetary reform has seen the termination of the Ontario Mineral Incentives Program (OMIP), the effective closure of the drill core library network, the near extinction of the Mining Recorder's offices and the cancellation of the Ontario Prospectors Assistance Program (OPAP). The OPAP grant system allowed individuals to undertake grassroots prospecting work and was the last such incentive in Ontario. The governments' timing seems incredibly thoughtless, since

over the last two years major mining companies have reduced their exploration efforts to land immediately within the shadow of their head-frames. Major mining companies currently prefer to acquire new ore reserves through direct purchases or takeovers. Furthermore, junior mineral exploration companies are presently “cashless” due to a lack of investor interest and the low price of gold. Who now has the incentive/financial means to look for additional ore reserves to replace those that are being mined out at the present time?

This obvious lack of support for the exploration and mining industry from the current Provincial Government seems to be leading to a grand finale early in the New Year. A time when **Mines Ontario** will be formed and the government will permanently distance itself from the publicly perceived “dirty” mining industry.

Mines Ontario, this final act of disassociation with the exploration and mining industry, will take the form of replacing a Government Ministry, and a Minister of Mines at the Cabinet Table with an arms-length Crown Corporation that has no political say. So with one small piece of legislation, the government plans to relieve itself of all obligations to the industry by spinning off what remains of the Mines and Minerals Division into a public - nonprofit corporation. This corporation will include the Ontario Geological Survey as well all Resident Geologist's offices, the Mining Lands Section, the Mines Group, all the Data & Information services and any activities

related to mine rehabilitation. Funding for any exploration incentives would come from the same source. Activities of the public corporation will be further entrenched in a bureaucratic nightmare by possessing a board of directors with only 50% participation from the mining industry. The remainder will be government officials, environmentalists and other interested parties. Many of these representatives will be unqualified to make decisions relevant to the exploration and mining industry. As a measure of some political control, the CEO of the public corporation will be the token Minister of the non-existent Mines and Minerals Division. If the boards of directors are ever deadlocked, one can rest assured that the CEO's tie breaking decision will be the most politically expedient to the government of the time.

Many questions remain to be answered. How will directors be selected for the board? How long will directorship terms last? What compensation will a director receive? What about the use of the "Qualified Person" principle as described by the TSE-OSC Mining Task Force? Will the proposed budget level support the re-establishment of OPAP?

The new crown corporation will be funded from a fixed percentage of provincial mining royalties based on a ten-year average. The viability of the corporation, therefore, will depend on the
see Mines Ontario on Page 3

Editorial

Extrapolating trends in the exploration industry using official statistics that are at least three years old, by people isolated from the exploration industry, is bound to be dangerous. Yet this is exactly what was done recently by officials within Natural Resources Canada when they prepared a report for the Honourable Ralph Goodale, Federal Minister of Natural Resources, on the health of the exploration industry.

The existence of such official reports that erroneously state that the exploration and mining industry in Canada is in good health, is a major liability to anyone who has to lobby politicians. Politicians are not meant to be the experts and have to rely on their aides for such advice. In turn, these aides have to rely on knowledgeable advice from teams of officials. If these aides give inaccurate advice, it makes it much harder for politicians to believe industry presentations or make informed decisions.

It would seem reasonable to expect that the Minister should demand that the team of advisors include someone with lots of mud on his boots. Someone who actively retains links to former colleagues that are still active in the exploration - mining industry.

At this time it would be appropriate to thank Rég Bélair MP and Ben Serré MP for their assistance to the PDAC in efforts to get a true message across to Members of the House.

Contributions received this past month, do have a strong element of distrust towards the provincial government and its attitude to mining. This suspicion may be heightened by the rough economic times we are in, as Ontario is still listed as the 7th best place to explore in the "world" by the Fraser Institute. However, we only have to look at B.C. to see how environmentalists and bad policy can destroy an exploration industry.



BOZO RETURNS

at NRCan

The team of advisors and bureaucrats at NRCan that recently reported to the Honourable Ralph Goodale that the exploration - mining industry is vibrant and in good health.

Operation Treasure Hunt

The new web site for Operation Treasure Hunt is now up and running. The URL is:

<http://www.gov.on.ca/MNDM/MINES/oth/index.htm>

In checking this site it should be noted that the information appears to current up to September / October 1999.



THE EXPLORATIONIST

The Explorationist is a Newsletter that is published jointly by the Ontario Prospectors Association, Northern Prospectors Association, Northwest Ontario Prospectors Association, Porcupine Prospectors & Developers Association, Sault & District Prospectors Association, and Sudbury Prospectors & Developers Association. The Editor is Stew Fumerton, P.O. Box 234, Timmins, Ontario, P4N 7H9, Tel (705) 268 7945, Fax (705) 268 8258 email: fumerton@vianet.on.ca. Assistant editor is Katie Andrews-Smith.

Mines Ontario

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continued stable growth of the mining industry. The idea of a growing or stable mining industry seems hard to fathom, since the available area to explore for new mines is steadily decreasing and there lacks any financial incentive to explore. This act will allow the government to boast about additional cuts to the budget and public service, while at the same time proceed to remove another 1.9 million acres of land from public or industry use just to appease proponents of the World Wildlife Fund. It will be a win – win scenario for the government during the next provincial election, as it embraces “greenism” regardless of the long-term economic costs.

Is this the only way to retain a productive and effective Mines and Minerals Division within an image driven provincial government? To gain the confidence and support of the exploration and mining industry, direct and candid lines of communication must be established with **all** parties. Only after a clear and concise plan of action that is favourable to exploration and mining is established, can industry provide the enthusiastic support required to overcome the government bean counters who will balk at direct loss of nearly 40% of mining royalties. The governments’ actions in the first few months of the New Year will determine whether this scheme sinks into oblivion or swims.

Northern Prospectors Association

Notice

Northeast Ontario Mines & Mineral Symposium to be held in Kirkland Lake on April 18th and 19th 2000. People interested in presenting a talk or poster display, to please contact Ray Zalnieriunas at (819) 797 5242 / zal@nt.net or Dale Alexander at

Calling Tim Hudak

It has been noticed by the PPDA that you phone and meet with other prospector associations. Yet in the trips you have made to Timmins or when OPAP was cancelled there has been no call.

In case you have forgotten Bob Calhoun’s phone number which your aides gave you, it is:

705 268 0693

Notice

Monday, January 17
4-5 pm, 8th Boardroom,

Willet Miller Green Centre, Sudbury

Speaker: Dr. Tucker Barrie (C. Tucker Barrie and Associates, Inc.)

Geology, Mineralization and Genesis of the Komatiite-Rich Kidd-Munro Assemblage, Abitibi Subprovince, Ontario: Results of a Three Year, Collaborative Industry-OGS-GSC Study

Oh my my!

Gaelen Morphet, Senior VP Investment at Merrill Lynch, with responsibility for natural resource stocks, recently stated that the main reason metal prices did not recover in 1999, despite “good fundamentals” is the Y2K fear and the perception the mining industry has no computer technical skills. Because of these factors, there is a perceived shortage of metal for the year 2000 and this perception kept metal prices down.

The illogic of this statement by a financial specialist is appalling!

Who’s Promoting Ontario?

by Lorne Burden

The full page add in the winter 1999 issue of *The Ontario Prospector* magazine, the official publication of the Ontario Prospectors Association, gives a clear indication which province in Canada still respects the mining industry and wants what remains of the limited exploration dollars that stay in this country.

No matter how hard we in Ontario try to promote mining in Ontario, it is clear that our provincial politicians couldn’t care less about mining and mineral exploration. We have seen this with the back stabbing that went on with the Lands For Life initiative, and the recent cancellation of the OPAP grants: will Operation Treasure Hunt soon follow? Our provincial government will not even support our industry with a simple “feel good” advertisement in our magazine.

Three cheers for the provincial government of Quebec and their continuing support of what remains of the exploration industry in Canada. It is no small wonder that the Fraser Institute now rates the Province of Quebec as the number one area of choice, for mineral exploration in Canada.

PPDA Break-up Ball

April 1st 2000

Tickets call:

Wayne Reid 363 2366
Paul Smith 268 0559

Northwestern Ontario Prospectors Association

Notice

The Northwest Ontario Mines and Minerals Symposium 2000 will be held at the Valhalla Inn in Thunder Bay, April 11th & 12th, 2000

DEVELOPMENTS ON THE HILL

by Stew Fumerton

Since the beginning of December there has been progress in lobbying the Federal Government. As a consequence of the 5th Day on the Hill, Dave Comba PDAC and Vic Power, Mayor of Timmins, amongst others, were asked to return to Ottawa to make various presentations. These presentations were made to the Parliamentary Finance Committee and the Natural Resources Committee together with presentations to Executive Assistances in Prime Minister Jean Chrétien's Office, Deputy Prime Minister Herb Graye's Office and the Senior Tax Policy Advisor in the Department of Finance. Other presentations were made to Senators and Members



A consequence of these presentations is that the Northern Liberal Caucus, and the Ontario Liberal Caucus raised the issue of the depressed state of the mining and exploration industries. These Caucuses referred the matter to the National Caucus. It was also mentioned in Jean Chrétien's televised Christmas address that not all areas of the economy are in good health. Those industries that are suffering include the mining industry, and specifically the mining industry in Timmins. So far, the PDAC is encouraged with developments to date and hope that any solutions proposed by the Federal Government have what is required to rejuvenate the industry.

The House that wants to be built on bubble.com not rock

Another consequence of these presentations is that Frank McKenna, former Premier of New Brunswick, has intervened with both Ralph Goodale, Minister of Natural Resources and Paul Martin, Minister of Finance. As well, the Manitoba Minister of Mines, the Honourable Mary Ann Mihychuk wrote a letter to Ralph Goodale and Paul Martin. Tim Hudak, Ontario's Minister of Mines, is also reported to have written a letter.

These developments are certainly encouraging to everyone involved in exploration. However, we can not leave it up to a few ambassadors to carry the whole load. Everyone is encouraged to contact their Member of Parliament, and express their concerns. Any action by the Federal Government will be in the budget document that is due to be delivered in February, so immediate action is required.

On another front from Ottawa, the Editor was contacted by the Department of Finance to explain Figure 7 in the article on "Getting Screwed" in last month's issue of the Explorationist. The officials were mystified about the apparent collapse of earnings by explorationists in 1999. After an explanation, these officials kindly offered to check with Revenue Canada for harder data. I then posed a question that incomes of Self Employed, Mining / Geological Consultants be compiled by province and by year. Robert Lavinge from the Department of Finance got back to the Editor saying this aggregated data does not exist with Revenue Canada nor Stats Canada and he does not know of anyway to break the data out from exploration expenditures that have been filed.

It was suggested that the only way to increase the reliability of the data in the figure was to increase the size of the population that is pooled. I would like to thank those officials within the Department of Finance for trying to get harder data for us.

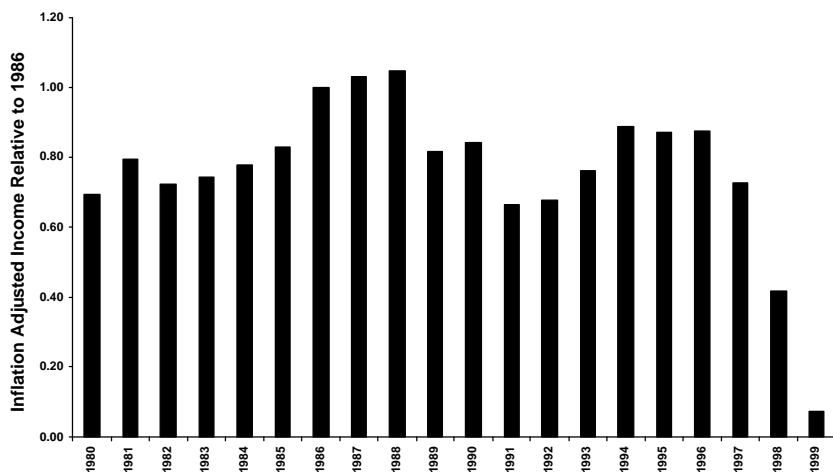


Figure 7, Income profile of independent exploration consultants and contractors. These figures are rough as such figures are not available from Revenue Canada or NRCAN and were therefore obtained by averaging results from a limited survey.

WANTED

ONTARIO PROSPECTORS

THE FOLLOWING PROVINCIAL AND TERRITORIAL JURISDICTIONS OFFER THE FOLLOWING

REWARDS

Yukon Prospector Assistance \$40,000 per year + 22% tax credit

Quebec Prospectors Assistance \$19,000 per year
Exploration Company \$50,000 per year in south and high arctic regions
Exploration Company \$1000,000 per year in the near north region
Company \$3,000,000 for the development and advance of an ore body + 25% tax deduction
Native communities \$300,000 mineral development fund

B.C. Prospectors Assistance \$10,000 per year +20% tax credit

NWT Prospectors Assistance \$8,000 per year

Manitoba Prospectors Assistance \$7,500 per year
Exploration Company \$300,000 per year
Exploration Company \$400,000 per year in certain regions
Company/individual \$50,000 special mineral development projects +150% tax deduction

Newfoundland Prospectors Assistance per year
Exploration Company \$100,000 per year
Dimension stone projects \$250,000 per year

New Brunswick Exploration Company \$40,000 per year + 150% tax deduction

Ontario Prospector Assistance \$0
Exploration Company \$0

This poster, compiled by Gord Salo, has in the past month started a discussion on the internet about establishing a “grub staking” fund. A fund possibly funded by major mining companies. It is envisaged that such a fund could replace the cancelled Ontario Prospectors Assistance Program that was funded by the provincial government.

Ontario's Living Legacy - a Continued Erosion of Trust

Ms. Erin Nixon,
MNR, Sault Ste. Marie.

Mr. Tom Kenerknecht
MNR, Wawa.

Dear Ms. Nixon and Mr. Kenerknecht:

I am writing this letter on behalf of the Porcupine Prospectors Association in response to the most recent iteration in the Ontario Living Legacy process. In general terms, we are disappointed at the lack of consideration given to the interests of the mining and exploration community in respect to the 64 new Parks and Conservation Reserves being bought forward for full protection. In detailed terms we take objection to the callous disregard given to the mineral potential of these sites, and to the failure of your Ministry to comply with its agreement that detailed socio-economic studies be accomplished prior to any further advancement.

It was always the intention of the Round Tables that detailed Mineral Resource Assessments (MRA) be

accomplished on any site prior to its being put forward for full protection. The severely limited time lines, the sheer number of candidate sites, the near-constant revisions of the boundaries of existing candidate sites, and introduction of new candidate sites during the first round of the process necessitated that only a cursory-level Mineral Resource Assessment could be given to any of these sites. It was understood at the time, and accepted by our group that this approach was the only reasonable way to allow all parties to achieve their goals. This understanding went with the proviso that detailed Mineral Resource Assessments would be done only for those candidate sites that withstood the initial screening process, prior to their being brought forward for full protection.

In none of your documentation of "The Approved Land Use Strategy" is

there any mention of these MRA's being carried out. Rather, the cursory treatment of the mining and exploration interests can only lead us to the conclusion that no such assessments are forthcoming, thereby violating the trust and intent of the Round Table process. The currently proposed treatment of the mineral potential of these candidate sites is to exclude all exploration and mining except in those sites which contain "provincially significant mineral potential". Without detailed MRA's and without allowing any further exploration to be carried out in these areas, no one will be able to demonstrate the sites' "provincially significant mineral potential", thereby rendering it Park (and CR) status in perpetuity. We take particular objection to the lack of detailed MRA's being completed in the following proposed sites:

Site No.	Site Name	MNR District
C245	Jollineau Conservation Reserve	Sault Ste. Marie
C248	La Verendrye / Ogidaki Conservation Reserve	Sault Ste. Marie
C263	Garden River Forest Conservation Reserve	Sault Ste. Marie
C281	Tilley Creek West Conservation Reserve	Sault Ste. Marie
C284	Wabos North Conservation Reserve	Sault Ste. Marie
C286	Wabos South Conservation Reserve	Sault Ste. Marie
C294	O'Connor Conservation Reserve	Sault Ste. Marie
C298	Harmony Forest Conservation Reserve	Sault Ste. Marie
C1505	Isko Dewabo Lake Complex Conservation Reserve	Wawa
C1509	Kwinkwaga Ground Moraine Uplands Conservation Reserve	Wawa
C1518	Kakakiwibik Esker Conservation Reserve	Wawa
C1521	Strickland River Mixed Forest Wetland Conservation Reserve	Wawa
C1526	North Montreal River Moraine Conservation Reserve	Wawa
P1504	Pan Lake Fen Provincial Nature Reserve	Wawa
P1514	Pokei Lake White River Wetlands Provincial Nature Reserve	Wawa

Erosion of Trust

Continued from page 5

In light of this development, our position maintains that the default position be that mineral exploration should be a permitted activity in ALL Parks and Conservation Reserves (not only these 64 new sites). Traditional mineral exploration programs leave virtually no lasting impact upon the land and are totally compatible with preserving the existing values in these sites. Mining operations have made great progress in recent years modifying their operations so as to minimize their environmental impacts. Under the terms of Part VII of the amended Mining Act, all new mine sites must be rehabilitated to their original state upon closure, and their relatively small footprint vis-a-vis a typical logging operation renders these lands the most valuable in the Province. Indeed, according to statistics published by the Ministry of Northern Development and Mines in "The Geology of Ontario", mining lands have an overall value of \$116,000 / sq. km. This includes all active mining lands in the Province, not just that land directly related to mining operations. Should one count only that land directly related to active mines, the value of production jumps to \$25 million / sq. Km. This compares to a value of \$780 / sq. Km for forestry activities (includes all forestry lands), and a highly biased \$9,200 / sq. Km for park and tourism uses.

We also call upon the Ministry of Natural Resources to honour the commitment it made during the *Lands for Life* public consultation sessions to conduct detailed socio-economic studies for each of the candidate sites which are promoted for full protection. This was a consensus recommendation reached by all three of the Round Tables, but we do not see any evidence that these studies will be carried out for these initial 64 candidate sites. This can only lead us to the conclusion that your Ministry intends to adhere only to those recommendations which it finds to be the most convenient and proceed in an autocratic manner such as to obviate the public consultation process. We once again call upon you to adhere your commitments.

On behalf of the Porcupine Prospectors and Developers Association, I remain

Yours Truly,

Reno Pressacco

Fraser Institute Report & Living Legacy

The recently released survey on Mining Companies' assessment of where to explore by the Fraser Institute is interesting reading. In this report it is mentioned that Quebec dramatically increased its score across the board in terms of favourable geology, infrastructure, access to land, land claims, government policies, government bureaucracies, taxation, etc. Quebec's performance placed Quebec as the second most attractive jurisdiction to spend money on exploration after Nevada. This second place was previously held by Ontario.

Other than the availability of funds, the main change affecting exploration in Ontario this past year has been the Lands for Life / Living Legacy process that denied access to land, reducing Ontario's attractiveness as a place to explore. There is also a sense of distrust with the government's statement that there will be no more alienation of land.

Membership Meetings

Monthly meetings for the different groups are as follows:

Ontario Prospectors Association.

Meetings are held as required in various locations.

Chairman: Gary Clarke

Phone: 807 625 9291

Northern Prospectors Association.

1st Thursday of each month, at 7pm at the Royal Canadian Legion.

Chairman: Dale Alexander

Phone: 705 567 4377

Northwest Ontario Prospectors Association.

Exec Meeting 2nd Wednesday of each month except June, July and Aug, at 1:30 or 2:00pm at the Davinci Centre

Past Pres: Dave Christianson

Phone: 807 767 4670

General meetings held at Con College in Sept, Nov, Jan, Mar and April at 7 or 8pm

Porcupine Prospectors & Developers Association.

2nd Thursday of each month at 6pm at the Gold Mine Tour.

Chairman: Bob Calhoun

Phone: 705 268 0693

Sault & District Prospectors Association.

2nd Thursday of each month at 7:30pm at the Ministry of Agriculture Building.

Chairman: Bob Burns

Phone: 705 946 4491

Sudbury Prospectors & Developers Association.

3rd Tuesday of each month at 7:30pm Willet Green Miller Centre as required.

Chairman: Bob Komarechka

Phone: 705 673 0873

Mining Lands Section, Ministry of Northern Development and Mines

**OPEN LETTER TO THE
OPA, ALL PROSPECTOR'S ASSOCIATIONS
AND STAKEHOLDERS:**

December 17, 1999

Dear colleagues:

Internet would follow after successful testing.

of Claim maps, is still available on the Net.

I am writing you regarding the Mining Claims Information Web Site, following up on my letter of October 14, 1999 to the Porcupine Prospectors and Developers Association regarding the security breach of our web site. For a number of reasons, which I will outline, we are still more or less in the same position in delivering our client services as we were in October.

Although we have responded to the Internet security breach of our government databases with an increased security system, we unfortunately have encountered some monumental technical issues and have succeeded in only partially resolving them to bring back our application for claim maps online.

The Mining Claims Information Web Site, containing tabular claims data, is unaffected and remains available on the Internet, although its operation is not 100 per cent bug-free for the Larder Lake mining division. Once we move the VAX server from Timmins to Sudbury, the MCI download of data for Kirkland Lake will be much faster and more efficient to the Net.

The restoration of our applications on the web site is also impacted by the stringent and rigorous processes related to the government wide freeze on implementation of applications during the Y2K period of December 15, 1999 to January 10, 2000.

A consultant has been retained and is currently rewriting parts of the CLAIMAPS application. Final testing of the application is scheduled to begin on Jan. 11, 2000. Implementation onto the

As I stated earlier, the high standard of integrity of our production and development databases is still being maintained.

I will reiterate the proactive and reactive steps the Mining Lands Section along with our colleagues in Data Services has taken to alleviate the problems of researching mining claim information:

1. Mining Lands staff has been identified to assist in client service delivery in Provincial Recording Office (PRO). When client requests for abstracts, claim maps and any other mining land information becomes onerous on PRO staff, these identified staff will become dedicated to PRO as their first priority until client requests and expectations are fulfilled.
2. Effective Monday, December 20, 1999, designated MLS staff will be working until 8:00 p.m. daily and on Saturdays to respond to requests for GIF's and JPEG's. Please provide us with a proper e-mail address, i.e. the e-mail address given to you by your service provider. Staff will not be available on the statutory holidays and will not be able to provide information pass 6:00 pm on December 31st due to our government mandated Y2K shutdown. Please note that the number to dial after normal working hours will be (705) 670 5833. Long distance callers can dial our toll free number at 1 888 415 9845, extension 5833.
3. All the information on the Mining Lands Main Page, with the exception

4. Daily Cancellation Lists are also available through MCI.
5. Searching by due dates will be reprogrammed for MCI.
6. Clients with e-mail access can receive from PRO the same image of a claim map that was previously on the Internet.
7. Clients without e-mail access can visit the Mining Lands Consultants offices (MLC's) and have the MLC or staff of the Resident Geologist program order the map for you. The MLC's can also provide you with the downloaded image on a diskette for viewing on our client workstations.

I deeply regret any inconvenience this has caused our clients, stakeholders and staff. We are more than acutely aware of the impact this is having on the mineral exploration community. I assure you that my staff and I, and my colleagues in Data Services, are striving daily with the government Information Technology specialists to get our Web pages back up as soon as possible.

Once again I thank you for your continued patience.

Yours sincerely,

ORIGINAL SIGNED BY R. GASHINSKI

Ron C Gashinski
Senior Manager, Mining Lands Section

