



PDAC Activities and Canadian Exploration News

North American study of industry underway

An international mining project on sustainable development that is scheduled to report to the 2002 Earth Summit is now working on specific tasks in North America.

The project is led by the Global Mining Initiative (GMI). Formed in 1999 by several mining chief executive officers, GMI is responding to the 1992 Rio Earth Summit challenge to incorporate sustainability into business practice.

First, it is preparing for the Rio Plus 10 Earth Summit and dialoguing with society to change the mining industry's image.

Second, it is dialoguing with various industry associations around the world in order to spread the message of change throughout the industry.

Finally, it has set up the Mining, Minerals and Sustainable Development (MMSD) project. This is a two-year collaborative effort involving the mining and minerals sector and its many intersecting communities of interest. Its mandate is to identify how mining and minerals can best contribute to a worldwide transition to sustainable development.

The PDAC is represented on MMSD activities by director Ian Thomson, a member of the MMSD North America team.

MMSD intends to show that the mining industry has embarked on a new way of doing business based on a creative and continuous engagement between the industry and its many stakeholders.

The initiative is concerned with both the technical aspects of mining and minerals and the process, and includes large and small companies and operations, metals, non-metals and related service industries. It takes a life-cycle approach to mining projects and the resulting output, extending its analyses to manufacturing, final use and recycling.

Ultimately, MMSD will identify issues of concern and suggest actions to be undertaken by various elements of society.

MMSD's activities are organized globally and regionally. Global activities are handled by a London, England working group.

Regional activities are handled by partnership groups in North America, Europe, South Africa, Australasia, Southeast Asia and Latin America/Caribbean.

Both global and regional activities contain four elements: research and development of priority issues; development of an effective program of stakeholder engagement; continuing information and communication; and design of a consensus-based program of implementation.

The North American branch drafted an initial action plan late last year and agreed on a three-task approach: to develop a profile of the mining industry and communities of interest from the perspective of sustainability; to look at future scenarios and the role of mining and minerals; and to identify tests for sustainability.

MMSD North America will also develop a set of principles and tools for facilitating engagement between the many communities of interest associated with mining.

Working groups have started on these tasks, says Ian Thomson. The first of the major research initiatives, describing the makeup of the industry, is underway and researcher Alistair MacDonald will be talking to PDAC executive director Tony Andrews, among others.

Results of the working groups' tasks will be reported and reviewed at a fall workshop and specific actions will be identified.

At the global level, a study on access of information is being carried out that will involve some Canadian research, Thomson says.

"One of the biggest difficulties the industry has with its stakeholders and the general public is what is said, when it is said and how it is said," he explains.

"Canada, because of the size of its industry, is obviously a key part of this study."

In addition, the London working group is hoping to establish stronger relationships with junior and mid-sized companies, he says.

MMSD is scheduled to end in the spring of 2002, but it is expected that regional collaborative groups will continue beyond that date.

PDAC in Brief is a quarterly newsletter published by the Prospectors and Developers Association of Canada. The newsletter is designed to inform the association's members of the activities of the PDAC and also of current issues and events of interest to the Canadian exploration and development industry.

Prospectors & Developers Association of Canada

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Email addresses wanted

We launched the PDAC's online newsletter on Friday, April 27.

The publication, which we shall be sending out regularly, was e-mailed to all those members for whom we have a current email address.

If you did not receive a copy, that means we do not have an up-to-date email address for you. Would you please send it to info@pdac.ca. Thank you.

By the way, a copy of our most recent emailed newsletter is in the What's New section of our web site, at www.pdac.ca.

Industry pleased with B.C. Liberal win

The Liberal sweep of British Columbia during the May provincial election may be a sign of better things to come for the mining and mineral industry in that province.

Bruce McKnight, executive director of the British Columbia and Yukon Chamber of Mines, welcomed the victory of Gordon Campbell and the 76 Liberal candidates he led to power over the incumbent New Democrats.

"We're really pleased," he says, pointing out that the Liberals have a more businesslike approach than the New Democrats, and have already said they will decrease regulation and tax rates in an effort to encourage exploration and mining.

"I think it will set the stage for a gradual industry recovery and overall it will result in improved investor confidence, which will help to offset the last 10 years," he says. "We've been last in the country in terms of creating an environment to bring in investors."

He cautions that it will not be the end of all the ills plaguing the industry – there are still problems around metal prices, the capital markets, land claims settlements and environmental issues – but it is a turn in the right direction.

McKnight says that during the election campaign, the Liberals discussed industry concerns such as security of tenure, regulation and sanctity of process, and indicated that they wanted to see increased exploration levels.

"They haven't said exactly how they're going to do that," he adds. "What they have said is they're going to lower the corporate and personal tax rates and decrease regulation by one-third."

McKnight says that the major issue confronting the industry is land access and he is encouraged by the Liberals' stance.

"They said they're going to radically revamp the land planning process to make decisions more economics- and science-based as opposed to purely emotional ones," he explains.

Prior to the mid-May election, PricewaterhouseCoopers released *The Mining Industry in British Columbia*, its annual report card on the state of the

provincial mining and minerals industry.

Prepared in cooperation with the Mining Association of British Columbia, the 2000 survey of 16 operating mines and one smelting operation summarizes the financial results and major economic influences on the industry.

The survey found that the provincial mining industry posted an after-tax loss of \$8 million on revenue of \$3.6 billion during 2000. This compares with a loss of \$133 million on revenues of \$3.1 billion in 1999.

Although this appears to be an improvement, PricewaterhouseCoopers' British Columbia mining practice leader John Bowles points out that "when the sales of excess power and forgiveness of debt are excluded in the respective years, the operating performance in 2000 is a loss of \$248 million, an increase of \$90 million from the 1999 comparable figure."

The survey also notes that exploration and development spending reached a new low of \$17 million, down \$2 million from the previous year.

"This is an alarming figure," says Mining Association of British Columbia president and CEO Gary Livingstone.

"Statistically, it takes exploration spending in the magnitude of \$75 million to find one new mine. Obviously, we're nowhere near that level."

He adds that the majority of exploration spending by major mining companies is taking place around existing operations, searching for new mineralization to extend their operating life.

McKnight attributes blame for the decline in exploration and investment to provincial government policies, noting that British Columbia has fared far worse than competing jurisdictions.

"The difficulty in attracting exploration investment has meant there has not been a significant mineral discovery in B.C. since 1989," he says. "All of B.C. mineral production, now and during the past decade, has come from pre-1990 discoveries."

Half of the 16 mines surveyed by PricewaterhouseCoopers are scheduled to close in the next 10 years and McKnight points out that without new discoveries, "the industry will gradually die."

B.C. student wins Prince scholarship

Joshua Bailey of Roberts Creek, British Columbia has been awarded the first Dennis R. Prince Memorial Scholarship by Memorial University in St. John's, Nfld. PDAC vice president Peter Dimmell represented the association at the presentation ceremony.

At the time of his death in 1999, Dennis was vice president of the PDAC and director of international exploration for Falconbridge. A graduate of Memorial, he had a distinguished 29-year career with the company, where he held a variety of positions.

The \$2000 scholarship is funded by contributions from the PDAC, Falconbridge, other industry members, colleagues and friends. It is presented to a student in the honours program who is entering the final year of the undergraduate program in earth sciences.

Hall of Fame seeks composers

Do you have unfulfilled yearnings to write a hit song? The Canadian Mining Hall of Fame is about to answer your dreams – it is sponsoring a Mining Song Contest.

Open to mining people across Canada, the contest is looking for a song about mining lore that has either original words and music, or original words set to a familiar tune.

The contest will be judged by a panel and a prize will be awarded to the winner at the annual Canadian Hall of Fame induction dinner on Jan. 11, 2002. Contest winners will be advised before the end of the year.

The deadline for submissions is Oct. 15, 2001. Tapes should be sent to the Judging Panel, Mining Song Contest, Canadian Mining Hall of Fame, 1450 Don Mills Road, Don Mills, ON M3B 2X7.

Prospectuses are in the mail

Trade Show and Investors Exchange exhibitor prospectuses for the 2002 PDAC convention are being mailed out this month.

The convention takes place from March 10 to 13, 2002 at the Metro Toronto Convention Centre in downtown Toronto.

Moving? Changing your Internet provider?

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PDAC prepares for Mines Ministers Conference 2001

Participants in the Canadian Mineral Industry Federation (CMIF) have decided that the emphasis for the 2001 Mines Ministers Conference should be on making progress on outstanding issues.

Both orphan mines and aboriginal-mineral industry partnerships were introduced by the PDAC at the Mines Ministers Conference in 1999 and will be raised again when the federal, provincial and territorial mines ministers meet in Quebec City this September.

CMIF is a federation of all national and provincial mineral and exploration associations across Canada. Its primary purpose is to foster liaison and dialogue among the groups through twice-a-year meetings.

Both the PDAC and the Mining Association of Canada distribute drafts of their Mines Ministers briefs to CMIF for feedback.

"The issues that are discussed are not restricted to federal issues but include national level issues that may manifest across the country or in particular provinces," explains PDAC executive director Tony Andrews. "The ministers all know that the PDAC and MAC briefs have been vetted through all the provincial associations."

Workshops on the two current outstanding issues were held last month and recommendations from the groups are being presented to the mines ministers prior to the September conference.

A multi-stakeholder workshop on orphan mines included industry, provincial, territorial and federal governments, environmental and aboriginal representatives who attempted to find a starting point for dealing with the complex issue.

Workshop participants discussed building a national inventory of orphan mines and setting standards and rational expectations. They also looked at community perspectives and ownership and liability issues, and discussed identification of funding models.

The workshop for aboriginal-mineral industry partnerships involved industry,

provincial, territorial and federal government representatives and aboriginal people. The object of the meeting was to provide broad recommendations and establish priorities for enhancing aboriginal participation in minerals and metals activities.

Participants heard presentations on aboriginal participation in minerals and metals activities and aboriginal mining activities in northern Ontario, as well as a report from the Canadian Intergovernmental Working Group on the Mineral Industry on perspectives and challenges relating to aboriginal participation in mining. There were also presentations from industry and from the National Round Table on the Environment and the Economy.

As in previous years, the plenary session of the Mines Ministers Conference will include a state of the industry report prepared by the PDAC and MAC on behalf of the industry, followed by submissions by the PDAC and MAC on exploration and mining operation-related issues respectively.

Association raises concerns with OSC

The securities committee of the PDAC met with the Ontario Securities Commission last month to express the junior mining industry's concerns about the prospects for third- and fourth-tier companies.

As a result of increased standards implemented by the Toronto Stock Exchange, the consolidation of the capital markets and the resulting changes to CDNX, many junior companies have been delisted or will soon face delistment.

The companies categorized as tier three on the CDNX will likely be delisted in the near future, since they do not meet second-tier requirements. As a result, there will be no visible market available for many junior companies in Canada, mining or otherwise, and it will be difficult for new, entry-level junior companies to establish a foothold in their respective businesses and gain access to capital.

The PDAC considers that the Canadian Unlisted Board does not represent a viable choice.

Rural caucus welcomes PDAC

PDAC issues director David Comba gave a presentation on "Super" Flow-through Shares (FTS) to Ontario members of the federal Liberal rural caucus meeting in Owen Sound in May.

Murray Calder (Dufferin-Peel-Wellington-Grey), chair of the national rural caucus, welcomed the PDAC and representatives of the Mining Association of Canada, noting that rural caucus concerns encompass mining as well as agriculture.

The purpose of the presentation was to provide the Members of Parliament representing rural ridings with an overview of the mining industry, with an emphasis on financing.

"We did this in response to a concern raised at a rural caucus meeting in Winnipeg last August," says Comba. "MPs had said they were aware of the importance of the mining industry, but they did not understand it."

Comba told caucus members that the "Super" FTS program is intended to revitalize the mineral exploration industry by increasing exploration expenditures outside mine sites to more than \$350 million a year.

He described the dangerously low levels of grassroots exploration activity during the past three years. He also linked the importance of exploration to mining and to the health of the Canadian economy, particularly the vulnerability of grain farmers to viable rail and port infrastructure, which is heavily dependent – 50 per cent and 60 per cent respectively – on mining.

Comba also described the mining cycle from exploration to closure, and the funding sources available to senior and junior companies.

He closed his presentation with a description of the regular and "Super" FTS programs and the federal and provincial tax credits each program provides.

At the conclusion of the meeting, Calder suggested that the PDAC continue to update MPs by giving a presentation to the full rural caucus once a year in Ottawa.

Mining Day delivered three messages to MPs

This spring's Mining Day on the Hill focused on three major industry concerns: the regulatory regime of the North, the Canadian Environmental Assessment Act and the mining tax regime.

Organized by Mining Works for Canada, a program of the Mining Association of Canada and financially supported by the PDAC, Mining Day on the Hill brings together senior industry representatives and federal policy-makers for a day of meetings on Parliament Hill in Ottawa.



Strategically important, the event demonstrates to federal politicians and senior public officials that the industry speaks with a unified voice and remains a key player in Canada's economy.

A senior executive who was a first-time participant found the event effective and well-organized.

"I was very impressed with the coordination of the activities," says George Pirie, chief financial officer of Placer Dome Canada. "It was a day very well spent."

Industry representatives were split up into small teams, and visited senior government officials and Members of Parliament. Pirie's team attended five such meetings, two of them with MPs who, he says, were supportive of industry's position.

"It was excellent," he says. "They were well-prepared and knew the issues and they were the right people to talk to."

During their meetings, the industry representatives stressed that a more efficient regulatory environment would help to improve the consistency of the application

of laws and regulations, eliminate duplication and unnecessary delays and reduce regulatory costs.

In particular, they suggested improvements to the Canadian Environmental Assessment Act. The current regulatory regime is hampering investment, they said, pointing out that the efficiency and timeliness of the environmental process is essential to the industry's growth.

They called for better coordination within and among jurisdictions, a transparent and consistently applied mine development process, and improved certainty and predictability for both proponents and the public.

The industry representatives told decision-makers that mining's role as the socio-economic backbone of northern economies is under threat from actions such as inconsistent and inefficient permitting and environmental processes and decisions about protected areas and land claims that fail to take mineral value into account.

They also made a plea for a more competitive mining tax regime, pointing out that for the third consecutive year, expenditure levels for grassroots exploration will set a record low.

PDAC director Patricia Dillon is a veteran of industry visits to Parliament Hill and says the event is valuable for both the industry and government.

"They were very receptive," she says of the government representatives. "We found it was very much a give and take discussion and a couple of MPs we met with were able to provide us with suggestions about how to take the point forward."

There have been changes in federal attitudes over the years, she says.

"Because we've done this so many times in the past, there's an understanding of what the discussions are all about and how it's going to go forward," she explains. "We're having to do less education about the importance of the mining industry and we can narrow in on very specific issues."

The next Mining Day on the Hill is scheduled for Nov. 20, 2001.

Web site offers industry tool kit

For anyone interested in raising federal government awareness of the mining industry, Mining Works for Canada provides a useful tool kit at its web site, www.miningworks.mining.ca.

Mining Works for Canada is the primary communications arm of the Mining Association of Canada (MAC). A national public affairs program, its mandate is to enhance the industry's reputation with key federal policy-makers. The PDAC is a major financial supporter of the program.

The web site contains a description of the program, speeches, MAC media releases and the industry's position on current issues. It lists useful government information including the House of Commons calendar, caucus meeting dates and a dictionary of parliamentary terms.

It also provides mining facts and figures and contains profiles of the three major urban mining centres: Vancouver, Montreal and Toronto.

Online registration coming

For next year's PDAC convention, you will be able to register and pay convention fees online. This will be particularly useful for those who are travelling.

The new system will be fast, efficient and secure. For those who prefer to mail or fax in their registrations, those options will continue to be available.

Further details will be announced later this year.

OUR VOLUNTEERS

Investors Exchange founder decries shareholder disenfranchisement

When you stand in the middle of the Investors Exchange at the PDAC Convention and look at the hundreds of booths around you, you are seeing the realization of Andy Chater's dream.

In the days when the convention took place in Toronto's Royal York Hotel, there was a core shack but no exchange. Chater, a member of the PDAC's convention committee, envisioned bringing junior companies into the convention as exhibitors.

It was a struggle, he admits, trying to fill a small hotel meeting room with booths that first year, but the exchange grew by leaps and bounds. By the third year, it filled two rooms and began spilling over into other areas of the hotel, and there was a waiting list for booths.

At that point, the convention itself expanded and moved to the spacious Metro Toronto Convention Centre. The exchange became even larger and today, says Chater, it is one of the best attended shows of its kind in North America.

The president of Teddy Bear Valley Mines, Limited, Chater has volunteered with the PDAC's convention planning committee since 1992 and continues to be a member of the committee this year. He is also a member of the securities committee and has been a director of the association since 1996.

In addition, he is the PDAC's representative on the Ontario Prospectors Association board of directors.

Born and raised in England, Chater earned his bachelor of science degree at Bristol University, then took a post-graduate position at the Research Institute of African Geology at Leeds University.

His work included mapping 1,500 square miles in remote southern Ethiopia by mule and camel, while studying and identifying major geological units in the northern Mozambique Belt.

Earning his doctorate in geology in



His experience with Teddy Bear Mines has given Andy Chater a comprehensive understanding of junior companies.

1971, Chater went to work at the Uganda Geological Survey in Entebbe. He stayed there two years, leaving only after some run-ins with dictator Idi Amin's army persuaded him it was too dangerous to stay.

Returning to London, he joined BP where he worked as an oil geologist initially, and then as the company's first minerals geologist. In 1976, BP sent him to Alaska where, working over much of the North Slope, he was at first involved in exploration for uranium. As BP's mineral exploration evolved, Chater was fortunate to see and work in many different parts of the state.

In 1980, he turned down an offer to manage BP's African operation out of London and opted instead to work for BP Minerals in Toronto. He moved to Canada and worked in northern Manitoba, Vancouver Island and northern Ontario.

Three years later, Chater left BP and joined Newmont Exploration of Canada in

Toronto where he was responsible for the acquisition of many of the company's best properties in Eastern Canada. One of those properties became the 100,000-ounce-per-year Holloway gold mine in which Teddy Bear Valley Mines now has an interest.

When Newmont sold off all its Canadian assets in 1989, Chater was "seen to the door with my severance" and the next day started work as president of Teddy Bear.

"The guy who controlled Teddy Bear realized he needed some qualified help and I understood the property," says Chater.

For the past 10 years, he has directed and implemented the company's evolution from a non-trading over-the-counter issuer, to a TSE-listed entity, and now, again, to an Ontario unlisted reporting issuer. He is responsible for all company activities, from exploration to accounting to investor relations.

In his early months with Teddy Bear, Chater learned much about the legal world and about securities.

"I also learned to write my own financial statements," he says. "So I built onto the geology what I believe is a fairly comprehensive understanding of the operation of junior companies."

This comprehensive understanding has undoubtedly contributed to his concern about the fallout from the recent amalgamation of Canada's stock exchanges and changes to securities rules.

"What has happened in the process," he explains, "has been the raising of listing and reporting requirements and the legislation of financing restrictions for junior mining exploration companies to the point where many of them cannot comply, especially currently when the exploration industry is so down."

As a result, hundreds of companies have been relegated to the Canadian Unlisted

See **Challenge**, page 6

Coming to a centre near you – it's the Great Canadian Mine Show

The Great Canadian Mine Show continues to criss-cross the country, taking the story of mining to cities, towns and communities across Canada. Launched in mid-March at the PDAC convention, the Mine Show is an entertainment arcade inside an 800-square-foot hydraulically-expanding trailer.

Designed to build awareness of the vital role Canada's mineral industry plays in the country's economy, the show is supported by mining and exploration companies, geological and environmental consulting firms, transportation companies, national and provincial mining associations and government.

Using interactive digital technology, The Great Canadian Mining Show recreates the exciting sights, sounds and sensations of geology and mining through digital animation, computer games, audio and touch displays.

Visitors enter the show through a simulated cage descending a mine shaft and move through the various displays, which range from a helicopter flight to use of a drill simulator.

The Mine Show trailer travels from centre to centre, stopping at universities, science centres, museums, community fairs and festivals for a few days at a time. Several aboriginal communities are on its route. To date, the trailer has visited communities in the Yukon, the Northwest Territories, Labrador and Alberta, as well as Quebec City, Winnipeg, Ottawa and Regina.

The Great Canadian Mine Show National Tour Schedule 2001-2002

(Dates subject to change)

DATE	LOCATION
2001	
July 2 – 28	British Columbia
August 3 – 6	North Bay Heritage Festival, North Bay, Ontario
August 7 – 9	Northern Ontario
August 11 – 12	Porcupine Miners' Festival, Timmins, Ontario
August 13 – 26	Northern Ontario
August 29 – September 2	Labrador
September 5 – 9	CIM New Brunswick Convention. Bathurst, New Brunswick
September 11 – 14	National/Provincial Mines Ministers Conference, Quebec City, Quebec
September 15 – 18	New Brunswick
September 19 – October 3	Nova Scotia
October 4 – 17	Newfoundland
October 21 – 23	NRCan Science and Technology Week, Ottawa, Ontario
October 25 – November 3	Northern Ontario
November 8 – 13	Cross Lake, Norway House, Hollow Water, Manitoba
November 15 – 17	Manitoba Mining & Minerals Convention, Winnipeg, Manitoba
November 18 – 25	Manitoba
November 28 – Dec 14	Alberta
December 15 – 31	British Columbia
2002	
January 1 - 31	British Columbia
February 1 – 10	Yukon / NWT
February 15 – March 15	Ontario

Challenge for PDAC

Continued from page 5

Board (CUB), where they have assumed unquoted status and, according to Chater, are in limbo, since the public has no access to market information about them.

"They're legitimate companies with legitimate shareholders across Canada," he says, "who have essentially been disenfranchised by rules that have evolved from the monopoly formed by the dealers in the re-alignment of Canada's stock exchanges.

"The end result has been the dying of a large segment of the junior mining exploration business," he adds, saying he blames the securities commissions across Canada for allowing this to happen.

Chater says this is translating into a lack of funds to stake claims, to carry out initial exploration and drilling, and to do all the risky exploration that leads to discoveries in Canada.

This will lead to the dissipation of talent out of Canada and, he adds, it is the biggest challenge facing the PDAC.

"The PDAC must lobby at the political level to make a mind-set change among those that control and regulate stock exchanges, which are essentially the bigger brokerage firms and the securities commissions," he says.

He adds, "There are hundreds of thousands of small, individual shareholders the securities commissions set out to protect and whose shareholdings' value has been destroyed by their own protectors."

Teachers enthusiastic about Mining Matters



"Thanks for the support!"

Gary Dennis, Lakehead District School Board.

*"The students thoroughly enjoyed the unit...
I appreciated the background information and I learned a lot!"*

Nancy Larochelle, Limestone District School Board.

*"They (the students) were very enthusiastic!
The hands-on activities were very well received."*

Kathy Siamro, Niagara District School Board.

Across Ontario, teachers continue to be thrilled by the PDAC Mining Matters program for grade 4 and grade 7 students. The program educates students about Canada's geology and mineral resources, and promotes awareness of the importance of rocks, metals, minerals and mining.

The grade 4 program, Deeper and Deeper, covers the study of rocks, minerals and erosion. It was designed in 1999 and to date, more than 2,200 English and 400 French kits have been produced. The grade 7 program, which studies the earth's crust, was designed in the mid-'90s and continues to be used in more than 2,000 classrooms.

This year, Mining Matters has extended its reach to isolated schools in northern Ontario. A number of private schools, the Toronto Montessori Schools and Associated Hebrew Schools have also joined the program.

To obtain a kit, teachers must participate in a workshop to learn how to implement the program, and agree to use the program within a year and provide an evaluation.

"The kit was absolutely fabulous," says Pat Ford of Waterloo Regional District School Board. "It was marvellous to have the materials readily available."

She learned from the program herself, she says, adding that it is the "best resource I have had in decades."

Education ministry guidelines have changed in the six years since the grade 7 program was produced and Mining Matters project coordinator Julie Morrice is now bringing the program in line with the new curriculum.

Supported by corporate and individual donors, Mining Matters also received significant financial support this spring from the Ontario Ministry of Mining and Northern Development, a partner since the program's inception, which gave it a \$50,000 grant.

In addition, the Youth Science and Technology Program of the Ontario Ministry of Energy, Science and Technology has given Mining Matters a \$215,000 grant that is to be allocated over three years.

"Everything was clear and easy to follow. The students were most enthusiastic about this subject and would have willingly spent longer on the topic."

Norma McCaffrey, Limestone District School Board.



**Help
Wanted**

Julie Morrice, coordinator of the PDAC's Mining Matters program is seeking geologists, geoscientists and mining engineers who would be willing to act as guest speakers for classrooms in their area. Please contact her at pdacmm@ecf.utoronto.ca or by telephone at 416-946-4095.

Flow-through program sparks lawyers' interest

A program laying out the tax benefits that accrue from "Super" Flow-through Shares (FTS) was well-received by a group of Ontario resource lawyers last month.

The PDAC co-ordinated presentations by three industry experts to some 40 members of the Ontario division of the Canadian Bar Association at a meeting in Toronto.

David Comba, issues director of the PDAC, told the audience about the events leading to the inauguration of the program earlier this year. He described the presentations the PDAC made to federal, provincial and territorial governments, and its successful lobbying of members of parliament and government officials.

In his presentation, Greg New, a tax partner with PricewaterhouseCoopers, described how to calculate and use the tax credits accruing from the "Super" FTS program.

The third speaker, John Lydall, managing director of National Bank Financial, said that "Super" FTS should be regarded as an investment, rather than merely as a tax saving. Speaking from both the investor's and issuer's point of view, he outlined the advantages and disadvantages of dealing directly with the issuing company or with a fund manager.

He also told his audience that the performance of some flow-through shares was nothing short of spectacular.

A question-and-answer period followed the presentations which, Comba says, sparked "a great deal of interest."

A copy of the presentation given by the three speakers is posted on the PDAC's web site at www.pdac.ca.

Issues director attends meeting on economy

David Comba, issues director of the PDAC, represented the association at a breakfast meeting of the National Round Table on the Environment and the Economy in May.

Keynote speaker at the Toronto gathering was Minister of Finance Paul Martin who spoke on the theme of environmental indicators – measuring progress towards a more sustainable economy.

PDAC comments on South African bill

At the request of Canadian mining companies active in South Africa and the South African government, the PDAC has submitted a commentary on the government's draft mineral development bill.

The South African government is attempting, through the legislation, to create a junior mining scene similar to that in Canada, and has met with PDAC representatives in Toronto over the last several years.

The PDAC had two meetings with a South African government delegation led by Minister of Minerals and Energy Phumzile Mlambo-Ngcuka during the PDAC convention in March.

An ad hoc committee of mining lawyers and senior and junior company members with South African interests then drew up a commentary on the proposed legislation.

Concerns about the legislation focused on access to lands with mineral potential by mining and exploration companies that do not now hold lands; security of tenure; and transferability of mineral and mining rights with a minimum of interference by the minister of minerals and energy.

The main problem with the draft legislation, says PDAC issues director David Comba, was that the South African government had taken concepts and ideas from the Canadian mining and minerals sector, but had not put them in the proper context.

"For example," he says, "their legislation would allow for the mines minister's

intervention all the time."

And while recent high-profile examples such as Windy Craggy and Voisey's Bay might lead outsiders to assume this happens frequently in Canada, it is in fact a rare occurrence.

The thrust of the PDAC's recommendations was to achieve a balance between, on the one hand, the need to attract foreign capital investment for exploration, and on the other hand, the need to create jobs and increase the participation in the industry of historically disadvantaged South Africans.

Another interested stakeholder in the review of the draft legislation has been Natural Resources Canada.

In a letter to PDAC executive director Tony Andrews, Minister of Natural Resources Ralph Goodale commented on



Phumzile Mlambo-Ngcuka

the PDAC's submission.

"The issues raised...appear to be well-founded," he wrote. "I believe that Canada can be of assistance in this project and at the same time, help create a decent investment climate in a mineral-rich country that is attracting many Canadian companies."

A copy of the commentary is available of the PDAC web site at www.pdac.ca.

Positive mood at local meetings

The PDAC was represented at two mining events in the spring – the Calgary Mining Forum and the Northwest Ontario Prospectors Association symposium, held in Thunder Bay, Ont. The two-day Calgary event, staged by the Calgary Mineral Exploration Group Society, attracted 250 participants from Alberta, British Columbia and Saskatchewan. Attendance was up more than 50 per cent from last year.

It was announced during the meeting that in future, the forum will be the permanent venue for the Alberta Geological Open House.

"The mood was upbeat," says PDAC issues director David Comba. "Canada's next diamond mine may well be located in Buffalo Hills, Alta., providing the spark the exploration sector needs to attract significant new investor attention."

The mood was similarly positive at the Northwest Ontario Prospectors Association meeting, at which Comba again represented the PDAC.

"Northwestern Ontario is one of the most active exploration areas in Canada," he reports.