



PDAC Activities and Canadian Exploration News

Land coalition moves into high gear

The PDAC is moving ahead with several initiatives that advocate a new approach to landscape management.

Integrated landscape management (ILM) is one of the fundamental beliefs of the PDAC. It holds that if economic, environmental and social objectives are to be realized for Canada's landscape, decisions must look beyond current approaches to conserve biodiversity and ecosystem function, and adopt an integrated approach to decision-making involving all interest groups.

The major initiative with which the PDAC is currently involved is the National Landscape Management Coalition.

The coalition is a consortium of like-minded resource industries, conservation organizations, governments, and academia that are committed to promoting and advancing the application of ILM. Executive director Tony Andrews represents the PDAC in the coalition.

These advocates of the integrated management of Canada's lands banded together as a coalition last year. Their aim is to influence those who make the key decisions in the development of appropriate policies, practices and tools for land use. Among their targets are the provincial, territorial and federal governments.

Fundamental to this advocacy approach, explains Andrews, is a communications plan which the coalition is now developing.



Integrated landscape management looks beyond setting up protected areas to conserve biodiversity.

The plan consists of three specific tools. A technical foundation paper describes landscape management, discusses why it is needed and illustrates its benefits. The paper is supported by a PowerPoint presentation and a summary brochure.

Adaptable to local needs, the three tools will be used in many different ways, says Andrews.

In some instances, such as approaching provincial governments, the coalition will act as one. At other times, however, individual coalition members may be involved in situations where they want to advocate integrated landscape management to specific interest groups independently of the coalition.

One of the best ways to convey the idea of integrated landscape management is to

have a concrete project that demonstrates its principles and the coalition is currently looking at setting up a pilot project in southeast Yukon.

Exploratory conversations have taken place and, says Andrews, there is considerable enthusiasm among representatives of the three participants: the coalition, the Yukon government and the Kaska Tribal Council.

"It would be a significant step forward for us to have a pilot project and start applying the concept of integrated landscape management," Andrews explains.

"It would also allow the Kaska to progress with land-use planning, using the key expertise of some members of the coalition."

The project would also be of interest to the Yukon government as it faces decisions about landscape use throughout the territory, he adds.

As a national group seeking to influence
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PDAC brief outlines concerns to mines ministers

Securities reform, geoscience funding and a national diamond strategy topped the list when the PDAC presented its concerns at the Mines Ministers' Conference in Iqaluit this month.

The PDAC brief to the 61st gathering of federal, provincial and territorial ministers also highlighted changes to flow-through expenditures and the primacy of free entry.

In its presentation on securities reform, the PDAC noted its long-time request for one set of rules applied consistently across Canada (see related story, page 3).

Noting the growing public support for change, the PDAC brief draws attention to the fact that mineral exploration companies account for about one-quarter of the publicly listed companies in Canada.

Under the current system of 13 securities jurisdictions operating separately, junior companies pay a disproportionate amount in regulatory compliance costs, and are often compelled to list selectively in only two or three jurisdictions.

The brief says that the issue of a single regulator applying a single set of rules is now a high priority on the political agenda, and urges ministers to support their premiers and Cabinet colleagues in coming to a resolution.

Turning to geoscience, the PDAC brief reminds the mines ministers that by funding geoscience, governments can contribute directly to the public good.

High quality, complete and accessible natural resource data can be used to assess the quality and quantity of fresh water supplies; assess terrain for access corridors for pipelines, roads or hydro; and assess permafrost distribution in the context of climate change.

The PDAC also notes that jurisdictions where geoscience funding is maintained at levels endorsed by the mines ministers in their 2001 action plan have been rewarded by flow-through share-financed discoveries.

However, it notes, significant areas of unsurveyed or under-mapped land remain in many jurisdictions.

The association is asking ministers to champion those levels of 2001 action plan funding within their respective governments, and particularly to support the mapping of northern areas.

Addressing the future of the diamond industry, the PDAC brief notes that an assured supply of diamonds is a prerequisite for a national diamond strategy, and two working mines are a narrow base upon which to grow a long-lived industry.

It makes several recommendations to the mines ministers, among them, an improved regulatory environment and a guarantee of free market access for rough diamonds so that a reasonable rate of return may be earned. (See related story, page 8.)

The brief recommends that the ITCE or "super" flow-through share program be

made permanent and also asks that a number of processes, such as community consultations, be declared eligible for the Canadian Exploration Expense.

Finally, the PDAC brief reminds the ministers that the primacy of the free entry system as it pertains to the right of access to acquire mineral rights by staking is fundamental to the viability of the exploration and development industry. Yet, it notes, this right is increasingly being challenged in some jurisdictions. (See related story, page 5.)

It urges jurisdictions now experiencing clashes of interest between surface rights owners and mineral rights owners to adopt some form of map selection in areas of well-established cadastral coordinates.

It also encourages governments to uphold the free entry system of acquiring mineral rights in Canada and to encourage more dialogue between industry and communities.

Coalition looks for local champions

Continued from page 1

provincial governments, the coalition is interested in finding local champions. Recently, Andrews met with one such group in British Columbia that is advocating sustainable resource management.

The group's mandate and approach are similar to those of the coalition and, says Andrews, there was agreement that there should be liaison between the two. In fact, he adds, the B.C. group suggested that it might become a chapter of the national coalition.

The coalition, with the support of the

PDAC board, is also investigating possible involvement with the Canadian Boreal Initiative (CBI).

Launched in December 2003 and driven primarily by Ducks Unlimited and the World Wildlife Fund, CBI aims to maximize conservation and sustainable use of the boreal forest across Canada.

The initiative, which is publicly supported by several leading forestry and energy corporations, will have a significant impact on land use.

CORRECTION

Peter Dimmell is not the first PDAC president to come from outside Toronto, as noted in the April issue of In Brief. That honour belongs to past president John Larche from Timmins, Ontario. In Brief regrets the error.

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.

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Reform of Canada's securities law has reached a critical point

After two years of consultations, reform of Canada's securities regulations appears to have arrived at a critical point and a decision may be in sight.

"We have 10 provincial and territorial regulators but in truth, four or five provinces are key," says Greg Ho Yuen, co-chair with John Steele of the PDAC's securities committee. "If the major provinces sign on to a single regulator and agree to accept a single set of rules, the rest of them will come along too."

A decade ago, says Ho Yuen, it seemed unlikely that widespread regulatory change could occur. Today, he is more optimistic. "The pace of change has been a lot more dramatic than I had anticipated," he says, "and it may now be achievable."

The PDAC has been actively involved in the events of the past two years, attending consultations and submitting oral and written submissions on behalf of its members.

The single securities law must be favourable to the raising of capital by junior companies.

Now, say Steele and Ho Yuen, it is more important than ever that this involvement continue and that PDAC members get involved.

They point out that the industry, whose companies comprise more than 25 per cent of all public companies in Canada, must speak out strongly to ensure that regulatory changes meet companies' needs both in form and in substance.

And, they urge, those voices should not only come from industry associations but should numerically represent the industry's clout.

"The industry is going to have to work hard to make sure that existing access to capital is maintained," says Ho Yuen. "If one body in every four making submissions is telling you something, it makes a bigger impression."

At its May meeting, the PDAC board approved the association's position on regulatory reform, as recommended by the securities committee.

That position supports a regulatory system administered by one regulator

We can't lose sight of the substance, because we represent small companies that need constant access to capital.

overseeing one set of rules, and applying them in a consistent manner from coast to coast. It also describes the substance of the securities laws that would be acceptable to the industry. The securities committee emphasizes that while the form of the proposed change is important, the substance is equally so.

"The single securities law must be favourable to the raising of capital by junior companies," Ho Yuen says. "We can't lose

sight of the substance, because we represent small companies that need constant access to capital and don't have a lot of money to spend on regulatory compliance and legal fees."

The committee says that the securities

law should contain the ingredients necessary to restore and maintain public confidence in the capital markets. It should also give junior issuers access to capital on a speedy and cost-efficient basis.

Finally, it should provide disclosure and

reporting obligations that strike a balance between protection of the investing public and the expenditures of an issuer's financial and human resources.

The committee reached its position after participating in the work of the Canadian Securities Administrators (CSA), the provinces and the Wise Persons Committee' set up by former finance minister John Manley.

The association supports the principle of a single regulator with strong regional office support, offices known for specific sector expertise. Perhaps a pooling arrangement of powers such as recently undertaken in Australia, could resolve the structural issue of what a single regulator would look like.

It is important that the federal government be part of this regulator to ensure appropriate police monitoring, enforcement

See Rules, page 4

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Project examines future hiring needs

Between half and three-quarters of workers in the Canadian mining and metals industries will retire in the the next decade, but is the industry doing enough to replace them?

No, according to a new broadly based study that is researching human resources needs in the sector. Participating in the study are employees and employers, unions, industry associations, aboriginal communities, business and education leaders and federal, provincial and territorial governments.

The PDAC is represented by second vice president Patricia Dillon and director Karen Sutherland.

The project, managed by the Mining Industry Training and Adjustment Council – Canada (MITAC-Canada), will create a strategy to meet future needs but even as research is being carried out, it appears that industry is doing little to attract young people to the workforce.

There is also inconsistency in the training and development of skilled workers, technical and professional staff, explains Paul Hébert, interim executive director of MITAC-Canada.

The problem is exacerbated by the fact that there are no national occupational standards for skilled labour, resulting in limited worker mobility.

“The standards are the baseline for any occupation from which job descriptions are written and training programs and materials are developed,” Hébert explains. “Those standards exist for skilled trades, such as electricians and plumbers, but for other jobs such

as a driller or miner, there are no national standards.”

The mining sector project has just completed the first phase of research, looking at literature and conducting interviews with representatives of groups such as industry, labour and education.

That research has identified gaps in knowledge, and in the second phase, those gaps will be filled.

Industry is helping in several ways, says Dillon, who co-chairs the steering committee that is managing the project. Individuals and groups are supplying information about other similar studies, as well as anecdotal information about their own hiring problems.

“We can all speculate what some of the project recommendations will be,” says Dillon, “but it will be good to have the hard data that will help in the development of the action plan and at the same time will generate broad support and participation.”

Such support is important, she explains, because once a strategy and action plans have been developed, resources will be required.

“The action plans may call for new national standards, putting more money into career fairs, recruiting young people to our industry or profiling certain job opportunities,” she adds.

“For example, there are very few comprehensive web sites where you can direct young people to learn about our industry. We just haven’t worked at having a presence on an organized basis, and that’s one of the things we’re working on.”

The final report is expected to be published early next year.

CIM awards honour PDAC members, staff

The CIM has recognized the industry contributions of PDAC director Maureen Jensen by giving her the Robert Elver Mineral Economics Award. The award is given to an individual who has made a significant contribution to the mineral economics field in Canada.

At the same meeting, PDAC issues director Dave Comba and members Steven Williams and Jean Richardson each received the CIM’s Distinguished Lecturer Award. Honorary PDAC director Gerald Cooper joined the ranks of the CIM’s 50-year club, and member Chris Fleming was awarded a CIM Fellowship.

Rules must accommodate small issues

Continued from page 3

and prosecution of serious securities violations.

The association believes that the rules must accommodate small issuers who do not have the ability to spend large amounts of money and management resources on meeting overly stringent corporate governance and disclosure obligations. An integrated disclosure system, such as the British Columbia Securities Commission’s Continuous Market Access is an example of one such mechanism. The way forward depends on key jurisdictions taking a lead role towards this objective.

But, Ho Yuen warns, the industry must remain vigilant.

“This is not the time to fall asleep at the switch,” he says. “Both form and substance could change and we could end up with a form we don’t like, or a substance we don’t like.”

Convention presentations available

Now you can enjoy the presentations delivered at the 2004 PDAC International Convention firsthand.

Available on CD-ROM, the presentations were recorded live, with audio fully synchronized to the speakers’ PowerPoint slides, to give a total multimedia experience to users.

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For information, call 888-711-1138.

For a demonstration of a typical CD-ROM, please visit <http://www.softconference.com/demo/stream>.

PDAC group addresses mineral, surface rights

The PDAC committee that oversees mineral exploration regulations is setting up an ad hoc group to address mineral and surface rights and make recommendations to the PDAC board.

The issue of mineral rights versus surface rights is currently a concern for both prospectors in Ontario and some surface rights owners and came to the board's attention at its March meeting through Ontario prospector Mike Leahy.

Despite the provincial focus, the board believes the Ontario debate has national ramifications, such as the fundamental right of free entry, that warrant the PDAC's attention. It has asked director Michael Bourassa, chair of the PDAC committee who has been involved in the Ontario discussions, to take the lead role for the PDAC.

At the March board meeting, Leahy said the issue of mineral rights versus surface rights had recently become the subject of intense discussion. The dilemma confronting the mining industry, he explained, is how to maintain right of free entry while considering the rights of the surface rights holder, and how to stake a claim and conduct assessment work without alienating the surface rights holder.

Leahy is a member of the Ontario Minister's Mining Act Advisory Committee (MMAAC), a group formed in the 1990s to advise the Minister of Mines on amendments to mining regulations.

For the past year, MMAAC has been looking at measures to lessen the potential for conflict between those holding mineral rights and surface rights – for example, giving 30 days' notice to surface rights holders prior to conducting assessment work, rather than the customary 48 hours, or giving notice to surface rights holders before staking.

Mapstaking has been proposed as one way to minimize conflict.

In February, an article appeared in the Globe and Mail entitled "Landowners are being undermined," to which the PDAC

responded. The Ontario Minister of Mines received more than 20 letters from unhappy surface rights holders and asked MMAAC to advise him on providing notification of ground staking and providing increased notification of ground exploration on lands where surface rights are held separately.

He also asked MMAAC to provide him with information on less intrusive staking methods for obtaining access to Crown mineral rights, particularly for those areas where surface rights are commonly held separately from the mining rights.

As a result, the MMAAC has established a sub-committee to work on the issue. Among its members are representatives of all the Ontario prospectors associations, surface rights owners and, representing the PDAC, Michael Bourassa, who is also a member of MMAAC.

The PDAC's board has asked that the association's ad hoc committee on mineral and surface rights provide advice to Bourassa in his work with the MMAAC and its sub-committee. It will also develop a position paper for national application that will be presented to the board for consideration and approval.


Geoscience award established

More than \$100,000 has been donated to establish the Mary-Claire Ward Geoscience Award.

The new award was created in memory of the late PDAC director with donations from the PDAC, the Geological Association of Canada, Watts, Griffis and McOuat Limited, the National Geological Surveys Committee, friends and colleagues.

The award will be given to a post-graduate student enrolled in geology at a Canadian university, who will undertake a geoscience project with a geological mapping component. The award is expected to be in place in 2005.


The board at work

 **The board has elected** to continue the association's membership in the International Council on Mining and Metals (ICMM). As the sole exploration sector member, the PDAC is able to provide input on exploration issues. At the same time, the PDAC is able to inform its members about the work of the ICMM.

ICMM membership includes 15 of the world's largest mining companies and most of its commodity and national mining associations. Its mandate includes coordinating the global mining industry's work on sustainable development and serving as a main point of engagement with key international constituencies.

As a member since May 2003, the PDAC has been able to influence the work of the ICMM, expand its own international advocacy role and showcase products and initiatives such as E3. It is also able to keep informed on key international initiatives and issues and is able to pass this information on to the association's members, particularly its corporate members.

During the past year, the PDAC participated in a number of activities that included making a submission to the advisory committee of the World Bank Extractive Industries Review and participating in a working group dealing with biodiversity, protected area and land use planning.

 **The PDAC board** is establishing an international issues committee. The decision comes as a result of the association's membership on the International Council on Mining and Metals and because of the increasing number of requests asking the PDAC to deal with international issues.

Hundreds have signed on to E3

E3 is fast becoming the “must-have” best practice program for the entire mining sector.

“It’s booming,” project manager Barry Simmons says enthusiastically about the PDAC’s Internet-based resource. “We’ve got 80 per cent of the industry by market capitalization involved, and expect even more to sign on.”

In particular, E3 has registered an increasing number of junior companies, thanks to a major marketing push at the PDAC Convention in March and the fact that the program is now free to subscribers.

Simmons and members of the E3 committee visited each of the junior company booths at the convention, following up these visits with e-mail and telephone calls. As a result, more than 70 junior companies are registered, up from 15 earlier in the year.

The program now has more than 500 users in 40 countries.

Launched by the PDAC a year ago, E3 is currently incorporating

additional material, enhanced with 300 new photographic images showing best practice principles.

There is a new section on case histories, with material submitted by various companies. For example, Anglo Gold recently sent a study, with pictures, about methods of reclaiming access roads in areas of steeply angled slopes.

Another new section is being produced on working in areas of archaeological significance.

“We’re also adding materials for particular geographic terrains across the world,” says Simmons. “These are more specific things, like how to work in high-altitude country where the environment is very fragile and vegetation has a long regeneration time.”

Simmons is anxious to get more information from companies that can share their best practices with others in the industry. He can be contacted at bsimmons@pdac.ca, 416 709 7102.

Information about E3 is available at www.e3mining.com.

Worth a look...

www.gov.bc.ca/bvprd/bc/keyInitiativeHome.do?action=landInfoBCUser

Land Information BC is a B.C. government web site that offers a single window to a diverse set of data and information products and services from across the natural resource sector.

The flagship information service initiative of the Ministry of Sustainable Resource Management, Land Information BC is expected to open up business opportunities in the province.

A client-focused service, it provides easy access to the province’s land and resource information, products and services. It enables and supports sustainable economic development, resource stewardship and protection and stakeholders’ rights and interests.

It also makes available a wealth of data: natural resource, land

ownership and legal interest information that will enable economic opportunity and development efforts; various levels of planning; First Nation opportunities and treaty negotiations; business and citizens’ activities through e-services; and the protection and stewardship of provincial resources.

Key activities of the service include: a land and resource registry of all legal interests in Crown and private land and resource use; integratable natural resource information; a provincial atlas of natural and man-made features of the province that provides the spatial framework for referencing all types of information; and e-services and access to the information, products and services.

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Remember – Core members enjoy discounted membership fees and the lowest convention rates. Simply pay your 2005 membership dues between Oct. 1 and Dec. 31, 2004.

For more information about our Core program, contact PDAC Membership Coordinator Teresa Nitsopoulos at 416 362 1969 ext. 221; fax: 416 362 0101; email: info@pdac.ca; or at PDAC, 34 King Street East, 9th Floor, Toronto, Ontario, M5C 2X8.

VOLUNTEER PROFILE

President focuses on prospectors

As the new president of the PDAC, Peter Dimmell intends to focus much of his attention on the most fundamental part of the association – the prospectors.

“Without them, the association and industry would be much less successful,” he says. “I want to know their stories, how much money their discoveries have generated for the economy, and I want to build on that to show the value of prospectors for the industry in general and the junior sector in particular.”

Dimmell has wasted no time in taking up his mission. Within a month of his election, he had already visited the North-eastern Ontario Prospectors Association and the Northwestern Ontario Prospectors Association meetings on behalf of the PDAC, and visits to other regional associations are planned.

Dimmell was born in England. His mother was a war bride and his father was a soldier in the Canadian Army whose postings moved the family between Canada and Europe in his early years. During his teens, Dimmell attended four high schools in Ontario and New Brunswick and such a peripatetic life had an effect on him, he says.

When he was young, he was shy and didn't join in extracurricular activities, but in his teens he made a conscious decision that this was not how he wanted to grow up. And so he forced himself to participate in sports and other school activities.

After attending the University of New Brunswick from 1965 to 1969, where he was the president of the Bailey Geological Society in his third year, Dimmell was employed by Noranda for 17 years. He then joined Lacana Corporation which, as International Corona, was bought out by Homestake in 1992. Since then, he has been a mineral exploration consultant, working internationally and throughout eastern Canada.

Dimmell has been a long-time volunteer in the industry and in 2002 his contribution was recognized by the PDAC Distinguished Service Award. He was a member of the New Brunswick Prospectors and Developers



Peter Dimmell, right, with Bob Wheatley, director of corporate development, Meridian Gold Corp., in the Northwest Gander River area of Newfoundland.

Association from 1982 to 1986, serving as president for one year, and became the PDAC's New Brunswick regional representative. In 1989, when he moved to Newfoundland, where he still lives, he became the regional representative for Newfoundland.

Dimmell joined the PDAC board in the mid-'90s and when second vice president Dennis Prince of Falconbridge died suddenly, he volunteered to take his position.

He didn't reflect on the long-term implications of the decision – that it put him in the line of succession for the presidency. “You don't necessarily think that far ahead,” he says of his decision. “I've always felt you've got to contribute to make a difference in the industry.”

As a result, he will be balancing the requirements of his consulting business with those of the association, but intends to visit Toronto at least once a month for board meetings.

Dimmell intends to provide leadership on a number of fronts during his two-year term of office.

One of the issues confronting the indus-

try across the country is that of ground staking versus map staking.

There are negatives to map staking, Dimmell explains, the main one being loss of income for those who currently do the ground staking and the loss of opportunities to prospect while ground staking.

However, coming from a province where map staking has been the norm for a decade, Dimmell believes it is inevitable and ultimately will be advantageous for the industry.

“There are problems any place you have cottage owners and you've got good mineral potential,” he explains. “With map staking, you don't have any problems acquiring the ground because you don't have to acquire it physically. That solves the problems of land access in the acquisition phase.”

There are also significant costs with ground staking that do not exist with map staking, he adds.

Another challenge for the PDAC is the spending of exploration capital that is raised in Canada in other parts of the world. The “super” flow-through share program has helped the domestic industry through the bottom of the mining cycle but, says Dimmell, now that the upswing is underway, investment is starting to go overseas again.

He also wants to push geoscience issues with government. Canada has let its geological knowledge slip through lack of funding, while other countries have been ramping theirs up, he says.

“Our late director Mary-Claire Ward was adamant about the value of geoscience expenditures to the country,” he says. “Her work indicates that every time you spend money on geoscience, you get money back five-fold almost immediately in exploration expenditures and that's not taking into account the value of the new discoveries that are made as a result of this exploration.”

Competitiveness also demands a single national securities regulator, Dimmell adds. “That's the way it is in most countries of the world and if we don't do the same, we're not going to be as competitive as we should be,” he says.

Report urges widespread changes to Canada's diamond strategy

The mining industry says governments can best support Canada's booming diamond industry by reducing regulatory red tape and investing in northern geoscience, infrastructure and human resource skills.

These recommendations form part of the industry's response to the development of a national diamond strategy led by Canada's provincial and territorial governments.

National Diamond Strategy: An Industry Response was prepared by the PDAC, the NWT and Nunavut Chamber of Mines and the Mining Association of Canada, and outlines ways in which governments can maximize the contribution of Canada's diamond industry to benefit all Canadians.

It points out that northern Canada has a complex, expensive and time-consuming regulatory environment that deters investors. Unsettled land claims foster uncertainty, there is limited infrastructure, exploration expenses are high and the regulatory environment is arduous.

"Exploration is key to assuring a long-term supply of Canadian diamonds, which will underpin the growth of other parts of the diamond pipeline," says Tony Andrews, executive director of the PDAC.

"If Canadian governments want to develop Canada's diamond industry, then they should invest in geoscience and work to reduce the high and growing costs associated with northern exploration."

Among other recommendations linked to the regulatory environment, the report recommends that the costs of socio-economic and Impact Benefit Agreements with local aboriginal groups be deductible from royalties and eligible as exploration expenses.

The report says that government-supported attempts to build a Canadian diamond cutting and polishing industry have failed because of over-reliance on foreign workers, high worker turnover, low profit margins and uncertain and unstable markets.

"Combined, the operations employ fewer than 150 workers in relatively low-paying jobs," the report explains. "The positions are not easily filled by residents and instead have been filled by foreign workers on work visas. Retaining foreign workers in Yellowknife, with its long winter climate, has been difficult."

Without government subsidies and support, the report says, it is questionable whether cutting and polishing operations

could survive.

The report recommends that the governments conduct an economic analysis of the competitiveness and cost structure of the polishing and cutting industry, in order to identify the opportunities for developing this activity in Canada.

It also asks governments to avoid the use of short-term, unsustainable policies designed to stimulate the development of diamond cutting and polishing in Canada that penalize primary producers.

The report criticizes current Northwest Territories government policy that requires diamond producers to provide high quality rough diamonds to local cutting firms. Each producing company should be allowed to market its rough diamonds according to its own strategic business model, the report says.

Canada's Diavik and Ekati mines in the Northwest Territories currently produce approximately 15 per cent of the world's supply of rough diamonds by value. Significant discoveries have also been made in Nunavut, Alberta, Saskatchewan, Ontario and Quebec.

A full version of the industry's response is on the PDAC's website at www.pdac.ca.