

Presentation to the House Standing Committee on Finance
October 16, 2006
Patricia Dillon,
President of the Prospectors and Developers Association of Canada

Good afternoon ladies and gentlemen. My name is Patricia Dillon, and I am here as the President of the Prospectors and Developers Association of Canada. (PDAC)

The PDAC represents 6000 members, 5300 individual members and 700 corporate members - the majority of our corporate members are small and medium sized enterprises (juniors). Our members are engaged in the exploration and development of mineral resources.

It is important for you to know that:

- Mining accounts for 4% of Canada's GDP; more than agriculture, forestry, fishing and hunting combined?
- Since 1980, known copper reserves have declined by 65% and zinc reserves have decreased by 80%?
- Most exploration is carried out by juniors which are dependant on the capital markets for funding?

Sustaining the mineral exploration industry in Canada offers great potential for the creation of wealth and prosperity for all Canadians, especially for those living in Canada's North and other rural and remote regions of the country.

The mineral industry is the largest private sector employer offering excellent employment and business development opportunities for Aboriginal people.

To replenish reserves it is vital that we invest in **geoscience** and **continue to support exploration activities**.

Investment in geoscience is critical to successful exploration and the discovery of new mines. The North, which has the highest potential for new discoveries, has large tracts of land which have never been adequately mapped. Such activities would reaffirm Canada's sovereignty of the North. We are specifically asking for support of the **Cooperative Geological Mapping Strategies** program which will trigger significant provincial and territorial investment

In regards to support for exploration, we want to recognize the reinstatement of the Super Flow-Through Program to March 31st/2007 and ask that the program known as the **Mineral Exploration Tax Credit** be renewed for a 3 year period. This will help the junior exploration sector compete for investor interest, keep exploration investment in Canada and raise the potential for new mine discoveries in this country.

Finally we ask for the recognition of community consultation and environmental baseline costs as eligible Canadian Exploration Expenses so these essential activities can be financed by flow through funds.

Challenges or barriers to exploration investment in Canada include the lack of infrastructure, complex regulatory regimes and uncertainty of mineral title due to unresolved land claims. A vibrant exploration industry will enhance the opportunities for discovery of new mineral resources that, when developed, will create new jobs, provide training and skill development opportunities for youth, generate revenues and increase the local tax base to support communities.

Thank your for your attention. I look forward to answering any questions you may have.