

Highlights

- 'Super' flow-through expires on December 31, 2005. The PDAC lobbies for its continuation.
- Record attendance at PDAC Convention 2005. This event sets the standard for mineral industry conferences across the world.
- Federal government urged to make good its promise to fund the Cooperative Geological Mapping Strategy.
- A single national securities regulator is the ultimate objective.
- High costs and administrative complexity face geoscientists practising in multiple jurisdictions across Canada. The system must be streamlined.
- E3 Environmental Excellence in Exploration incorporates guidelines for exploration companies to interact with local communities.
- PDAC Mining Matters has taught over 200,000 school children about the importance of mining in their lives.

Finance and Taxation

ITCE extension

The financial and taxation committee, chaired by Rob Whittall, has been working for an extension of the Investment Tax Credit for Exploration in Canada (ITCE), familiarly known as the "super" flow-through program.

Established in 2000, ITCE has been a boon to Canada's exploration industry. The program has helped keep investment in Canada and has provided an incentive for Canadian investors to put money into one of this country's most important resource industries.

The PDAC recommends that ITCE be extended in a series of rolling three-year phases, supplemented with annual reviews of the program's benefits. The association points out that the program will help to achieve the high and sustained levels of exploration needed to discover new mineral deposits. These new discoveries are crucial to Canada's ability to replenish its mineral inventories, feed its smelters, and meet the demands for mineral commodities from the world's emerging economies.

The program has helped generate some \$1.4 billion in exploration spending in Canada; its cost to the federal government has been an estimated \$140 million.

At the time of writing (November 2005), no word had been received on whether the ITCE program would be extended beyond December 31, 2005. The PDAC has compiled and is now maintaining a list of new discoveries from 1997 onwards that demonstrates the value of the program to industry and to the Canadian economy.

Expansion of CEE

The financial and taxation committee has spent several years lobbying for Canadian Exploration Expense (CEE) eligibility for costs related to community consultation, baseline environmental studies, pre-feasibility and feasibility studies. It will ask Canada Revenue for a ruling on the non-feasibility study issues and will emphasize to the federal government that, rather than being a

financing activity, feasibility studies are integral to determining a mineral deposit's quality.

Base metal reserves

There is general concern in Canada about the decline in this country's base metal reserves. The committee is looking at ways of creating incentives for base metal exploration, such as extending CEE to include exploration around existing mines.

Accounting standards

In the fall of 2004, the committee responded to a Canadian Institute of Chartered Accountants (CICA) request for comments on its publication, Accounting Standards in Canada: Future Directions. The CICA then asked the PDAC to provide feedback to an International Accounting Standards Board project on accounting standards for the mining industry.

A sub-committee was formed, and will provide this feedback, with a view to harmonizing accounting standards, and developing cost-effective and coherent standards while maintaining access to capital.

Securities regulation

One of the most important advocacy issues for the PDAC has been securities regulatory reform. In September 2004, most of the provinces signed a memorandum of understanding to pursue a passport system of securities regulation. It states that issuers who comply with the securities laws of their home jurisdictions are deemed to comply with those of other jurisdictions.

While the passport system is a positive step in reducing the regulatory costs and statutory burdens placed on public companies, the PDAC believes it should be considered as an interim step toward the long-term objective of one regulator applying one set of rules consistently.

It is expected that draft legislation implementing the passport system will be

PDAC Convention 2005

The 2005 PDAC International Convention was the largest and most successful yet, with a record 12,000 delegates, exhibitors and guests gathered at the Metro Toronto Convention Centre. Attendance broke the previous year's record of 9,200 attendees.

In all, 99 countries were represented at the four-day meeting and there were 35 official delegations. Sessions in the technical program covered exploration-related issues in Asia and Africa, as well as a 120-minute journey around the world in diamond exploration.

Other sessions covered advances in geophysics technology, new discoveries and developments, and exploration plays.

Some of the convention highlights were:

- A full-day technical session devoted to the mineral resources of Canada with papers given by members of the Geological Survey of Canada.
- A sold-out Investors Exchange, where 362 companies exhibited.
- A bustling Trade Show where 283 companies and organizations occupied 460 booths and a daily Innovation Forum allowed exhibitors to demonstrate new technologies.
- Keynote luncheon speakers who brought new perspectives to their audiences. Richard Sandbrook, senior adviser to the UN Development Program, spoke about the importance of entrepreneurship in addressing the gap between rich and poor, while Placer Dome's president and CEO Peter Tomsett spoke about organic growth versus acquisition as the key to sustainability.

produced before the end of 2005, and the securities committee, which is co-chaired by Greg Ho Yuen and John Steele, will comment on it. The committee will also solicit continued support and debate from sister associations, members and government for measures that enhance access to capital by junior companies and eliminate unnecessary regulatory burdens. The committee intends to maintain dialogue with securities regulators and government as it pursues the goal of a single regulator.

Geosciences and professional legislation

Portability of professional status

A key issue for the PDAC is the ability of geoscientists to work in multiple jurisdictions without incurring multiple registration fees and dealing with administrative complexity. Under chair Richard Moore, the geoscience committee has developed an action plan that would ultimately lead to an internationally recognized, Canada-wide system of professional practice. Such a system would promote consistent standards of practice, high rates of compliance, cost-effective administration, improved flexibility and enhanced protection of the public.

The geoscience committee is communicating this position to geoscience associations and organizations, and to the federal, provincial and territorial governments.

Geoscience mapping program

Geoscience is an investment in Canada's economic wellbeing and through its geoscience committee, the PDAC has been advocating for adequate funding for government geoscience mapping programs.

The 2005 federal budget allocated \$5 million a year for five years to the Targeted Geoscience Initiative, with the objective of sustaining base metal reserves in mining communities. The PDAC and the geoscience committee believe more mapping is needed and are working to secure federal government funding for the Cooperative Geological Mapping Strategy.

Aboriginal affairs

During the past year, the aboriginal affairs committee has participated in several aboriginal-focused geoscience conferences and has reviewed issues such as the 2004 Supreme Court Haida-Taku River Tinglit decision regarding the duty to consult.

The PDAC is partnering with several other groups to develop an aboriginal toolkit that is intended as a primer on exploration, development, mining, reclamation and closure. Aimed at aboriginal communities across Canada, the toolkit enhances understanding of the industry and outlines the employment and business opportunities that it offers.

The toolkit is currently undergoing field-testing with aboriginal groups and should be ready for distribution early in 2006.

Under chair Don Bubar, the committee's work has increased the PDAC's profile in aboriginal affairs and significant aboriginal participation is planned for the 2006 PDAC International Convention.

Land use and mining regulations

The mining regulations committee and land use committee were amalgamated in June 2005 under chair Eira Thomas.

Northern regulatory regime

The PDAC participates on the Industry-Government Overview Committee on the Northern Regulatory Regime (IGOC), formed in 2000 to resolve problems associated with working in the three northern territories. Progress has been made in strengthening the mandate of the federal Department of Indian Affairs and Northern Development, passing needed legislation, addressing problems with the regulatory board, obtaining additional funding for geoscience and re-establishing the Northern Mines Ministers Conference.

IGOC is now reviewing its goals and objectives and renewing its priorities, one of which will be to deal with issues around the Northwest Territories and Nunavut regulatory boards and permitting process.

Department of Fisheries and Oceans/ Coalition of Natural Resource Industry Associations

PDAC is a member of the Coalition of Natural Resource Industry Associations (NRIA) working group whose main purpose is to improve the working relationship between the Department of Fisheries and Oceans (DFO) and resource industries, and to achieve efficient application of DFO policies and regulations.

The NRIA, whose membership comprises major resource associations, has established a solid working relationship with DFO. The associations were able to play a significant role in the first phase of the Environmental Process Modernization Plan by using the strong technical skills of their members to contribute to the development of a risk management framework and low-risk streamlining tools. The framework and tools are already being used to address industry needs.

Land Use Strategy

Approved by the PDAC's Board of Directors in December 2002, the strategy's goal is to maximize the land base available to mineral exploration and to ensure the sustainable development of mineral resources, while recognizing society's environment and conservation objectives. The strategy deals with protected areas and integrated landscape management (ILM) which promotes a more balanced approach to land use.

A database on protected areas was posted on the PDAC web site in January 2004 and underwent its first annual updating in January 2005. It is the only source of national information on Canada's protected areas.

A coalition directs the ILM program and during the past year, it produced a technical paper explaining ILM and its benefits. A milestone for the coalition was reached this year, when the Yukon government and the Kaska Tribal Council agreed to implement ILM in southeast Yukon.

The coalition has agreed to raise the ILM initiative to a new level by sowing the seeds of a centre for ILM science and policy research at the University of Alberta. After developing a business plan, the coalition will arrange meetings with key leaders and decision-makers to solicit support.

Mines ministers conference

The PDAC represented the exploration industry at the annual meeting of federal, provincial and territorial mines ministers which was held in St. Andrews, NB, in September 2005. The industry submission included concerns about extending the "super" flow-through program and geoscience funding.

International Affairs

The international affairs committee enhances the efficiency and effectiveness of the PDAC's global activities. It expands the association's capacity to monitor and respond to international issues and increases the profile and credibility of the association internationally. It also promotes Canada as a place to explore.

The committee, chaired by Hervé Thiboutot, identifies regions and countries that are of strategic importance to the PDAC and the Canadian exploration sector, and builds networks and partnerships with other associations and organizations.

The PDAC has represented Canada's junior exploration sector at a number of foreign meetings over the past year. President Peter Dimmell attended the ninth annual Saint Petersburg Economic Forum in June 2005 to discuss ways of attracting investment. He also gave presentations at the sixth Asia Pacific Mining Conference in Manila, the Philippines, in October 2005. In December 2004, PDAC directors Deborah McCombe and Keith Spence represented the PDAC at China Mining 2004 in Beijing where they both chaired sessions.

The PDAC represents the junior exploration sector on the International Council on Mining and Metals, and representatives of the association have participated in a number of ICMM meetings, including the Associations Coordination Group, the Executive Working Group and several task forces. ICMM's guiding principle is that "the mining, minerals and metals industry acting collectively can best ensure its continued access to land, capital and markets as well as build trust and respect by demonstrating its ability to contribute successfully to sustainable development."

E3 Environmental Excellence in Exploration

The PDAC's E3 Environmental Excellence in Exploration program now has more than 1,000 registered users in more than 40 countries. This Internet-based program includes case histories, check lists and practical guidelines for conducting exploration activities in a variety of environments and terrains.

During the year, the committee identified goals for E3. The program will promote excellence in environmental stewardship and community engagement. It will reflect current thinking and good practices in environmental management for mineral exploration, and identify key issues and concerns that may apply to projects anywhere in the world. E3 will provide guidelines for community engagement throughout the exploration process. Finally, it will continue to be available to all stakeholders as a resource that identifies potential environmental and community engagement issues and suggests appropriate practices to address them.

National diamond strategy

The PDAC represented the exploration sector in the development of the provincial and territorial governments' national diamond strategy and action plan, approved at the July 2004 meeting of first ministers. The PDAC is currently participating in designing the membership and mandate of the multi-stakeholder coordinating body that will implement the plan. The association expects to be asked to participate on the committee when it is formed.

The PDAC is now collaborating with the B.C. and Yukon Chamber of Mines to enhance the aboriginal component of the community engagement section. The E3 committee is also planning translation of the site into French, Spanish and Portuguese to enhance its usefulness.

www.e3mining.com

Orphaned and abandoned mines

Past president Gerald Harper is the PDAC representative on the advisory committee of the National Orphaned/Abandoned Mines Initiative (NOAMI), a multi-stakeholder group working on the remediation of orphaned and abandoned mines across Canada. In 2003, the committee made recommendations dealing with the extent of the issue, regulatory and institutional barriers, financial models and guiding principles for community involvement. The PDAC board approved an annual contribution of \$25,000 in 2004 and 2005 to complete the work.

About the PDAC

Canadian not-for-profit organization representing the interests of the mineral exploration and development sector in Canada and abroad.

Established in 1932

5,000 individual members, including prospectors, developers, geoscientists, consultants, mining executives, students, and people working in the drilling, financial, investment, legal and other supporting fields.

600 corporate members, including junior exploration companies, senior and mid-size producing companies, and organizations providing services to the mineral industry.

PDAC services

- Advocacy
- Networking
- Sustainable development
- Programs and information

Communications with members and governments

The communications committee's mandate includes communicating with PDAC members through vehicles such as *PDAC In Brief* and *e-news*, and supporting the association's advocacy work, for example by preparing briefing notes for government meetings. Chaired by Patricia Dillon, the committee this year also completed updating of the association web site.

In the coming year, the committee will formulate key messages on current industry-related issues, develop tools to enhance the association's relationship with the media and prepare a public relations brochure to be used in meetings with governments, NGOs and other groups.

Membership

The membership committee is chaired by Jon Baird. The Core program, developed by the committee to inspire loyalty and ensure a steady revenue stream, has gone from strength to strength since its inception in 2003. The PDAC's current Core membership sits at 2,000. Total membership comprises 5,000 individuals and 600 companies.

PDAC staff and volunteers take the opportunity to meet members and make presentations at regional meetings across the country. Among the meetings they attended in 2004-2005 were the Manitoba Mining and Exploration Convention, Winnipeg; Quebec Exploration 2004; the Saskatchewan Geological Survey Open House; the Mineral Exploration Roundup, Vancouver; the NWT and Nunavut Chamber of Mines Geoscience Forum, Yellowknife; the Ontario Exploration and Geoscience Symposium; and the Ontario Prospectors Association's Mines and Minerals Symposium, Toronto.

Engaging students in the industry

Co-chaired by Lynda Bloom and Scott Jobin-Bevans, the student affairs committee informs students about the PDAC and its convention, encourages student membership and develops financial sources to support university students.

The PDAC provides annual bursaries to various geotechnical and geological post-secondary institutions. The student affairs committee is proposing that the PDAC increase this funding and also support the Geological Association of Canada's Logan Fund for earth science students at Canadian universities.

The student affairs committee is proposing a career-development program for students through field school funding and job training. It will also add a student-friendly section to the PDAC web site that will contain career and industry information.

Human Resources

The PDAC, through directors Karen Sutherland and Patricia Dillon, has participated in a major human resources study of the industry led by the Mining Industry Training and Adjustment Council (MITAC).

In its report released in the summer of 2005, MITAC found that the industry will face a human resources crisis within the next decade as up to 40 per cent of employees retire, creating 56,000 vacancies. During the same period, industry growth will create up to 25,000 positions.

Post-secondary institutions will supply only 11,000 of the 81,000 individuals required; the balance will have to be recruited from sources such as the aboriginal community and new Canadians. Among its recommendations, MITAC calls for a nation-wide training and education strategy and industry-wide standardization of credentials. It also suggests establishment of a foreign credential recognition system that will facilitate the integration of new Canadians into the industry.

Mining Matters

PDAC Mining Matters is a charitable organization that provides teachers with information and resources to educate young people about the importance of earth sciences and mining.

The PDAC supports Mining Matters with a \$50,000 grant annually. This year, it contributed an additional \$50,000 to enhance the program's individual and corporate fundraising.

In the coming year, Mining Matters will implement an educational kit, *Discovering Diamonds*, for high school students across Canada. It will also continue to support educators by publishing a newsletter, maintaining a web site and preparing teacher workshops to be held in Nunavut in 2007.

Mining Works for Canada

Mining Works for Canada is a national public affairs program spearheaded by the Mining Association of Canada. Its goal is to promote the profitable growth and development of Canada's mining industry by enhancing the industry's reputation among key federal government decision-makers. The PDAC is one of the largest contributors to the program which includes Mining Day on the Hill, held every year in November. A large contingent of PDAC representatives, led by president Peter Dimmell, participated in the 2004 event during which some 50 delegates met and discussed mining related issues with 55 politicians and senior officials.

Congratulations to those honoured in 2005

PDAC Awards

Cortez Geology Team, Placer Dome Inc.

Thayer Lindsley International Discovery Award

Falconbridge Limited Sudbury Exploration Team

Bill Dennis Prospector of the Year Award

Clive Johnson and Terry MacGibbon

Viola R. MacMillan Developer's Award

Donald T. Anderson, Robert B. Parsons

PDAC Distinguished Service Award

Beth Clemson, Diavik Diamond Mines Inc.

E3 Environmental Excellence in Exploration Award

Barry French, Bill Breukelman, Attilio G. Spat

Special Achievement Award

Mining Hall of Fame Inductees

The PDAC is one of the four major sponsors of the Canadian Mining Hall of Fame. The 2005 inductees were: *Alan Kulan, Adolphe "Lap" LaPrairie, Austin McVeigh and J. Tuzo Wilson.*

Mary-Claire Ward Geoscience Award

The first winner of this newly instituted award was *Michelle DeWolfe.*

Dennis R. Prince Scholarship

Carolina C. Valverde

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