



Activities 2005-2006

HIGHLIGHTS

- In March Toronto backed up its claim as one of the world's chief mining centres when 14,500 individuals involved in exploration and mining came from 100 countries to attend PDAC Convention 2006.
- The Mining Information Kit for Aboriginal Communities, a primer on the industry and the employment opportunities it offers, was released in August 2006.
- The profile and usability of e3 Environmental Excellence in Exploration will increase with its translation into French, Spanish and Portuguese.
- Persistent advocacy efforts led to the federal government's extension of the very successful "super" flow-through program..
- A professional liability group insurance plan for the mineral exploration industry moves from possibility to probability.
- A two-week student-industry mineral exploration workshop is in the works to enable students to hone skills vital to the industry.
- PDAC Mining Matters, the association's well known and successful educational program, took its mining message to classrooms and teachers in Nunavut.

Prospectors & Developers Association of Canada

www.pdac.ca

Aboriginal affairs

The work of the aboriginal affairs committee under chair Don Bubar has increased the PDAC's profile on aboriginal issues, particularly in the national media. Board members and staff participate in aboriginal mining and economic development conferences and regional meetings, and the committee has regular involvement with the Intergovernmental Working Group that reports to Canada's mines ministers.

The committee is now researching resource revenue-sharing models and other initiatives in order to develop, after consultation with aboriginal leadership, specific recommendations for government.

PDAC Convention 2006 for the first time hosted a full technical session on aboriginal participation in the mineral industry. A follow-up session will be held on Tuesday, March 6, 2007, during PDAC Convention 2007.

Mining Information Kit for Aboriginal Communities

The PDAC partnered with the Mining Association of Canada, Indian and Northern Affairs Canada, Natural Resources Canada and the Canadian Aboriginal Minerals Association to develop an information kit for aboriginal communities. The kit serves as a primer on exploration, development, mining, reclamation and closure and outlines training, education and small business opportunities.

Mining regulations and land use

The mining regulations committee amalgamated with the land use committee. The new committee, led by Eira Thomas, participates in a number of land use initiatives with aboriginal groups, non-governmental organizations (NGOs) and government and conducts a variety of research. The PDAC has developed a unique data base, located on its website, that documents the history, location and status of land-use decisions and systems in Canada, with particular emphasis on conservation and protected areas.

The committee is currently conducting a study to quantify the land-based footprint of the mineral industry that will provide accurate information on the

amount of deforestation caused by mineral activities. It will also be reviewing the free entry principle of the mineral tenure system, in light of evolving public priorities and expectations.

Canadian Boreal Initiative

The association is monitoring activities of the Canadian Boreal Initiative (CBI) and developing strategies to engage in the process. Of particular concern is that the CBI's intent to conserve 50 per cent of the Canadian Boreal ecosystem will increase industry uncertainty about land tenure and seriously limit the land base that is open for exploration.

Integrated Landscape Management

The PDAC participates in the Canadian Coalition for Integrated Landscape Management, promoting national acceptance of integrated landscape management (ILM). It is leading the effort to provide multi-stakeholder leadership to the initiative and to possibly establish a centre of excellence for science and policy research.

Northern regulatory regime

The PDAC is an active member of the Industry-Government Overview Committee (IGOC) on the Northern Regulatory Regime which it co-founded in 1998. The IGOC, which comprises representatives of INAC, all three territorial governments, industry and aboriginal peoples, is working to improve the regulatory and permitting environment of the North. The PDAC has conveyed industry concerns to the Minister of Indian and Northern Affairs about the proposed Dehcho land use plan that effectively removes 75 per cent of the Dehcho territory from the allowable exploration area. The association is seeking an extension of the plan's deadline and has conducted consultations with communities in the area. The mining regulations and land use committee is exploring the creation of a coalition of industry, NGOs and First Nations for purposes of northern conservation.

Fisheries and Oceans Canada

A coalition of the PDAC and six mining, oil and gas and forest products industry associations is working with Fisheries and Oceans Canada on an environmental process modernization plan to streamline the regulatory process

2006 PDAC International Convention

A record 14,500 delegates, exhibitors and guests packed the Metro Toronto Convention Centre for the 74th meeting of the PDAC International Convention, held in March 2006.

Delegates came from an estimated 100 countries, of which 40 sent "official" delegations headed by a senior government "representative." In the Investors Exchange, 430 companies attracted more than 3,200 members of the investing public, while 280 companies showed their wares at the Trade Show.

The convention was opened by Gary Lunn, newly appointed federal minister of natural resources. Other highlights included:

- full technical session on aboriginal participation in mining
- one-and-a-half day short course on uranium giants given by the Society of Economic Geologists
- technical session that examined exploration in Brazil, Chile, Ecuador, Guatemala, Mexico, Peru, and Venezuela
- Luncheon speakers Donald Coxe, global portfolio strategist with BMO Financial Group, who spoke about mining's bright future in light of the burgeoning Chinese economy, and Mark Bristow, CEO of Randgold Resources, who described the new world order for gold mining
- a student-industry networking lunch that drew over 250 people

while protecting and conserving fish habitat. The PDAC is leading the industry associations in developing a series of national good management practices for low-risk exploration activities.

Geosciences and professional legislation

Portability of professional status

The geoscience committee, chaired by Richard Moore, continues to support efforts to obtain a federal funding commitment to the Cooperative Geological Mapping Strategies. To support its position, the committee will be conducting research that will be used to demonstrate the value of geoscience mapping to decision-makers and the general public. It is anticipated that the research findings will improve understanding of the links between government geoscience activities and private sector investment in exploration and mine development in Canada. It will also document the importance of government summer mapping programs to the employment and training of university students.

Professional mobility

The PDAC has adopted the position that an internationally recognized, Canada-wide system of professional registration would promote consistent standards of practice, high rates of compliance, cost-effective administration, improved flexibility and enhanced protection of the public. Committee members have been communicating this position to other geoscience associations and organizations as well as to the federal, provincial and territorial governments.

To support its position, the association contracted with the Institute On Governance to conduct research on the views of geoscientists and regulatory bodies on the topic of professional mobility across Canada. The research included a literature review, targeted interviews with regulatory bodies, and a survey of professional geoscientists. The committee is working to increase individual and organizational support and gather additional data.

e3 Environmental Excellence in Exploration

The major e3 initiative this year was translation of the website content into French, Spanish and Portuguese, which involves the construction of three new websites. Under chair Dennis Jones, the e3 committee is continually improving the e-manual's design to ensure the site is user-friendly and has developed an improved registration system and enhanced search engine.

The committee promotes e3 widely across Canada and at overseas conferences. As of September 2006, there were 1,400 registered users in more than 40 countries. Registration is growing at approximately 10 new users a week.

Corporate Social Responsibility

In 2005, the federal Standing Committee on Foreign Affairs and International Trade submitted a report to the federal government on corporate social

responsibility (CSR) in the extractive sector in developing countries. As a follow-up, the government established five national roundtables to enable all stakeholders to discuss CSR-related issues. At the time of writing, roundtables had been held in Vancouver and Toronto. The remaining meetings will be held in Calgary, Montreal and Ottawa.

The roundtable themes are: CSR standards and best practices; incentives supporting the implementation of CSR standards and best practices; verification of CSR performance and a dispute resolution mechanism; support for the implementation of CSR standards for government officials working in developing countries; building capacity in host countries for governance of CSR issues.

Dennis Jones, e3 committee chair, is a member of the CSR roundtable advisory group, and executive director Tony Andrews serves as the mining industry's 'focal point.' The association has been working hard to ensure that the industry is well represented and has been encouraging its members to attend and make submissions.

Engaging students in the industry

By 2015, retirements and growth in the mining industry will create some 56,000 vacancies. It is vital that industry attract students if it is to meet this human resources challenge.

The student affairs committee, co-chaired by Lynda Bloom and Scott Jobin-Bevans, is undertaking several initiatives to attract and engage students. During the PDAC Convention, it hosts student networking events that include meetings with industry representatives. The committee also funds geoscience field trips in post-secondary institutions and supports a variety of scholarships, bursaries and awards.

This year, the committee developed a student-friendly portal of the PDAC website to provide information about various industry and academic resources, including awards and career opportunities.

Student-industry workshop

In 2007, the committee is launching a major new initiative: a student-industry mineral exploration workshop that will take place in the Greater Sudbury area. Some 20 selected third- and fourth-year geoscience students from across Canada will spend two weeks participating in lectures, presentations and practicum that will include exploration techniques, geophysics, careers in the geosciences and environmental concerns. The students will hone skills crucial to the industry, such as observation, analysis and team-building.

Mining in Society

The PDAC has been a key participant in the Mining in Society event that takes place in conjunction with the annual meeting of the Canadian Institute of Mining, Metallurgy and Petroleum. The exposition is educational and designed to interest students in a geoscience career. At the 2006 Mining in Society event in Vancouver, which attracted 800 elementary and high school students, the PDAC sponsored the exploration pavilion.

Mining Matters

PDAC Mining Matters is a charitable organization, headed by PDAC president Patricia Dillon, that provides teachers with information and resources to educate young people about the importance of earth sciences and mining. The PDAC contributes \$50,000 annually toward its activities.

As well as providing classroom kits for Grade 4 and 7, Mining Matters has developed a Grade 12 kit on diamonds that includes topics such as diamond formation and industry practices. It will be delivered to schools during the next three years.

Nunavut partnership

In 2005, in partnership with the Government of Nunavut's Department of Economic Development and Transportation, Mining Matters delivered customized teacher workshops and classroom resources to more than 60 teachers from across the territory. Mining Matters will head north again in the winter of 2007 to extend this partnership.

Professional liability insurance

The PDAC has set up an ad hoc insurance committee, chaired by Scott Jobin-Bevans, to investigate professional liability insurance. It is researching a group insurance plan for the mineral exploration industry that will provide better rates than currently exist. It is also looking at the requirements for setting a Workplace Safety and Insurance Board (WSIB) group rate that accurately reflects the workplace risks associated with the mineral exploration industry and that would be harmonized across the provinces.

Health and safety

This newly established committee is chaired by past president Bill Mercer and has adopted a goal to reduce accidents in mineral exploration to zero. The committee and the Association for Mineral Exploration B.C. conducted a survey of companies with exploration projects in Canada on their accident rates. The aim of the survey, which will be conducted annually, is to track health and safety trends nationwide, to promote health and safety awareness, and to encourage companies to institute accident prevention measures. The survey results will be made widely available throughout the industry.

The committee will be developing a set of universal health and safety guidelines for use by large and small exploration companies. The guidelines will suggest optimum ways to prevent accidents in exploration. Plans are also in the works to conduct first-aid and safety training courses.

International affairs

The international affairs committee, led by chair Deborah McCombe, organizes PDAC representation at select meetings and conferences around the world that are of strategic importance to the Canadian exploration sector. During the past year, these included the China Mining Conference, Fennoscandian Exploration and Mining, the Asia-Pacific Mining Conference and the Australia-based Association of Mining and Exploration Companies national congress.

Part of the committee's mandate is to extend services to internationally based members. The committee has assembled basic information about the association's international membership and will now determine their primary needs and develop and implement a communications strategy.

International Council on Mining and Metals

The committee has become increasingly active in the International Council for Mining and Metals (ICMM) as it deals with issues of direct interest to PDAC members. The association has sent representatives to meetings on various issues, such as mining and human rights, biodiversity and protected areas and indigenous peoples issues.

St. Petersburg partnership

For the past two years, the PDAC has attended meetings with Natural Resources Canada representatives and Russian officials in St. Petersburg. The Russians have been interested to learn about the Canadian junior sector and attracting exploration investment into Russia. During the PDAC Convention 2006, the Association facilitated the organization of a special session among Russian officials and representatives of the Canadian junior sector to exchange information on properties and the regulatory and permitting regime. This was followed by PDAC attendance at the Canada-Russia Roundtable Dialogue held in St. Petersburg in the summer of 2006. The committee plans to send representatives to the 2007 meeting.

Mines Ministers' conference

At the 2006 federal, provincial and territorial Mines Ministers' conference, the PDAC urged adoption of a long-term strategy to increase exploration activity in Canada. Representing the exploration industry at this annual meeting, held in Whitehorse in August, the association called for sustained and prolonged investment in grassroots exploration. It also addressed several other topics, including aboriginal issues, human resources and a national system of professional practice for geoscientists.

The PDAC has maintained a new discoveries database to track the results of exploration efforts in Canada and the success of the "super" flow-through program. The data were used in the association's advocacy work and in its submission to the Mines Ministers' conference. It is expected that this work will be phased out as Natural Resources Canada re-establishes its own process for tracking this information.

About the PDAC

Established in 1932, the Prospectors and Developers Association of Canada represents the interests of the mineral exploration and development sector across Canada and abroad.

The PDAC's objective is to protect and promote the interests of the Canadian mineral exploration sector and ensure a robust mining industry in Canada. It encourages the highest standards of technical, environmental, safety and social practices in Canada and internationally.

Membership:

5,300 individuals: including prospectors, developers, geoscientists, consultants, mining executives, students and people working in the drilling, financial, investment, legal and other supporting fields.

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

The work of the PDAC is carried out by a 48-member national board, 12 committees of volunteers and a fulltime staff of 11.

Services to members: advocacy, networking, programs and information

Securities regulation

The securities committee, co-chaired by Greg Ho Yuen and John Steele, communicates with securities regulators and governments on securities reform and comments on legislation that has an impact on the mineral exploration industry.

Securities legislation requirements

The high cost of meeting securities legislation requirements across the country continues to be a concern for PDAC members. The committee solicits support from members, sister organizations and government as it advocates for measures that enhance the ability of junior companies to access capital and eliminate unnecessary regulatory burdens. During the year, the committee made written submissions to the Investment Dealers Association and the Purdy Crawford Commission.

In 2007, the committee plans to host a series of educational lunch seminars across the country on securities issues.

Financial and taxation

Mineral Exploration Tax Credit extension

A major achievement for the committee, chaired by Rob Whittall, was the May 2006 announcement that the government would renew the "super" flow-through program through the introduction of the Mineral Exploration Tax Credit. The program has been credited with increasing exploration activity in Canada, giving the country global leadership in exploration investment. The financial and taxation committee is lobbying the government to extend the program beyond the current March 31, 2007 expiry date.

Canadian Exploration Expense

The committee has been lobbying the federal government to have community consultation, baseline environmental, scoping, feasibility and pre-feasibility study costs declared eligible for Canadian Exploration Expense (CEE). It has requested a ruling from the Canada Revenue Agency.

Clarification of the term "new mine"

In its brief to the mines ministers' conference in August 2006, the PDAC recommended that the Income Tax Act be modified to define the term "new mine." Currently, none exists in the legislation. The association will continue to lobby for this clarification, recommending that a new mine be defined as a resource property on the site of a former mine that has been shut down or inactive for a continuous period of at least 60 months.

Apprenticeship tax credit

The committee is researching the concept of an apprentice tax credit that would support the employment and training of individuals in the mineral industry. Enhanced incentives would encourage hiring in high unemployment areas and could enhance aboriginal engagement in the industry.

Base metal reserves

The committee plans to examine tax incentives as a way of increasing base metal exploration. The PDAC also supports the Mining Association of Canada's proposed deep drilling tax credit of 20 per cent.

Communications with members and government

Chaired by Patricia Dillon until her election as PDAC president in March 2006, and now chaired by Patricia Sheahan, the communications committee communicates with members through In Brief, online News and Activities, and its website. The committee also supports the association's advocacy work, particularly in the preparation of the association's brief to the mines ministers' conference. The latter is one of the principal advocacy pieces that the association produces and is distributed to all PDAC members.

Missions to Ottawa

The PDAC led a mission to Ottawa in spring 2006 to inform Members of Parliament about industry concerns. Association representatives had

43 meetings with MPs and three meetings with senior government officials. A second mission took place in September.

Mining Works for Canada

The PDAC is one of the largest financial contributors to Mining Works for Canada, a public affairs program of the Mining Association of Canada. Mining Works for Canada promotes the growth and development of Canada's mining industry by enhancing its reputation among federal government decision-makers, especially during its annual event, Mining Day on the Hill. In 2005, PDAC President Peter Dimmell headed a large association contingent that met with decision-makers on Mining Day to discuss declining mineral reserves and human resources challenges in the mining industry.

Membership

The membership committee is now headed by Karen Sutherland. Her predecessor, Jon Baird, stepped down on his assuming the role of first vice-president of the PDAC. The committee works continuously to increase the membership base of the PDAC. To date, the association has more than 5,300 individual and 700 corporate members for whom it provides advocacy initiatives, research and information services and networking events. Its Core members, those individuals who renew their memberships every year, enjoy particular benefits, including discounted convention registration fees, uninterrupted delivery of online and print resources and a 20 per cent discount on PDAC publications.

Congratulations to those honoured in 2006

Larry J. Buchanan

Thayer Lindsley International Discovery Award

Virginia Gold Mines Inc.'s team: André Gaumond, Paul Archer, Alain Cayer, Jean-François Ouellette

Bill Dennis Prospector of the Year Award

Michael Kenyon, Roman Shklanka

Viola R. MacMillan Developer's Award

Ian Telfer

Special Achievement Award

C. David A. Comba, Bill Mercer

Distinguished Service Award

Greystar Resources Ltd.

e3 Environmental Excellence in Exploration Award

Mining Hall of Fame Inductees

John Convey, Nathanael Davis, Bruce Grierson, Richard Hutchinson, James McDougall and Seymour Schulich

Mary-Claire Ward Geoscience Award

Tony Barresi

Dennis R. Prince Scholarship

Chris Buchanan

PDAC student scholarships

British Columbia Institute of Technology: Jae Duk Oh, Dino Pallone

Northern Alberta Institute of Technology: Kenneth McAndrew

CEGEP de l'Abitibi-Témiscamingue: Benjamin Turmul-Labonté

Cambrian College: Filomena Benevides, David Desbiens

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