

# Rambler Metals and Mining Mineral Strategy Response

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## **Promotion and Investment Attraction**

### *How can government best aid in promotion of the mineral sector?*

Understanding how to best promote Newfoundland and Labrador's mineral sector you must first consider why the sector has been so successful in the past. A list of this nature would include but is certainly not limited to:

1. Unique geological setting unlike any other in the world.
2. Great diversity of mineral wealth with past producing mines.
3. Well established government bodies with clear and concise permitting procedures.
4. Government funding available for early explorers.
5. Tax incentives available for producing companies.
6. Good local infrastructure to support all phases of an operation

To ensure new companies continue to regard Newfoundland and Labrador as a 'good' place to do business it is important to show case the success of businesses operating today while highlighting the diversity of mineral wealth in the past. Doing this will allow new companies to quickly vision the growth opportunities within the province while providing a successful business model that can be duplicated and modified for their own purposes.

Finally, for any new company working in area there is a steep learning curve that must be overcome. Having a dedicated group who are well versed in all the areas of local geology, permitting procedures, funding avenues (etc) would certainly aid in the transition. This group would not have to be experts in all fields but certainly provide a one stop shopping service to provide clear direction of the entire process.

The government should also attend various mining shows both within Canada and internationally to promote the mineral sector.

## **Exploration and Development Initiatives**

### *How can government encourage increased levels of mineral exploration and development?*

There is no one answer to this question other than to say that it's the answers to all the other questions defined by the discussion paper. However this question was posed in the discussion document after a description of the governments present Mineral Incentive Program.

The MIP program in Newfoundland cannot compare with programs administered in places like Quebec, however according to the Fraser Institute Newfoundland and Labrador is considered number 7 out of 100 places chosen to explore in the world. Quebec is usually number 2 or 3 with Zimbabwe down around 100. In the past 10 years we have moved from number 49 to

number 7 on that list so we must be doing something right. Number 7 is not bad but if we want to be where Quebec is than we need a major overhaul of the MIP. The general consensus from industry in NL is that the MIP direct payment (50% of exploration cost) is acceptable and explorationist are quite happy with this setup. A major revamping of the present MIP in NL would have to include some sort of refundable tax credit similar to the Quebec program.

Government should take a serious look at the incentives in other jurisdictions and streamline with those that are on top of the list.

### **Prospector Assistance**

*What could be done to further develop prospecting in the province?*

The two week introductory prospecting school offered to want-to-be prospectors is quite intense and justifiably so there is a lot to be said about finding minerals of interest and doing it right. We generate about 15 new prospectors per year who are generally greenhorns with an inquisitive nature, time on their hands and/or a love of the outdoors. Considering the intensity of the course and short duration, these greenhorns retain very little from the two week prospecting course. One prospector described it has trying to get a drink from the end of a fire hose.

Where we fail, is to further professionalize and foster the prospecting community with follow-up one day or weekend seminars that can further the learning experience by expounding or reiterating a particular aspect of prospecting. The Matty Mitchell Room housed at the DNR office in St John's is geographically not accessible to prospectors from all over the province. There doesn't appear to be much of a budget for further learning opportunities for prospectors outside the Avalon Peninsula. Most prospectors certainly feel a need for upgrading their skills and regional offerings of short seminars would certainly fill that need.

Government should earmark monies to offer short up-grader courses in local areas.

### **Public Geoscience**

*What is the appropriate level of Geoscience activity to satisfy the needs of the mineral sector, and government's goals and objectives?*

Newfound and Labrador's public Geosciene database is well maintained and the service provided by the Geological Survey Branch is next to none. However, the quality of the database is insufficient to meet the mining industries needs to make new discoveries.

Bedrock and surface geological maps are at scales which are inappropriate for the detailed exploration required to find those hard to detect or hidden deposits. Many of the regional geological maps are obsolete and some areas of the province still do not have available maps. More detailed geological mapping in areas of known discoveries is required along with more technologically advanced geophysical and geochemical surveys.

To accomplish this goal government needs to invest in the Geological Survey Branch by recruiting long term experienced geologist and additional expenditures to support more detailed technologically advanced field surveys.

## **Infrastructure**

*What are the key infrastructure needs for further mining development and exploration?*

A good road system is important as it will ultimately allow travel into the property for the delivery of supplies, personnel and materials including the final product. The closer the property is located to existing road access the more likely the capital cost for the project will be diminished subsequently providing the project with improved economics that would more likely make a “go” decision more probable.

A good nearby hydro-electrical system is also a key requirement for developing mining properties. If hydro-electrical power is available this can also minimize the carbon footprint while also assisting with climate control. Although not so critical in the exploration stage as much of the equipment can be operated using diesel fuel.

Access to fresh water is also a key requirement which thankfully we are well blessed with in Newfoundland and Labrador.

As the Province has no smelters or refineries that are currently active, strategically located port facilities that can handle bulk concentrates to allow shipment of the product to smelters and refineries around the world is a key infrastructure requirement in developing a mine.

## **Regulation and Legislation**

*Are there any issues with the current regulation and permitting process for mineral exploration, mine development and quarry development?*

A number of issues currently exist during the permitting process of any project. In addition there is often some discrepancy between the understanding of detailed required for the various levels of required submissions. A short list of these issues and other possible suggestions are described below.

Where ever possible the permitting process of a project should be streamlined to reduce the amount of duplication from department to department. Further there should be one key contact group/person where all information should flow. These people should then liaise with the other various departments and guide the proponent through the entire process.

During each stage of the permitting process clear timelines should be communicated with the proponent. A good example of this would be with the environmental registration process whereby an exact number of days are quoted for each stage.

There is often a misconception between departments as to the level of detail require for each stage of reporting. For example the environmental registration document is a high level look at the project and should not be as detailed as a development plan. More often than not small projects that are simple and relatively short in duration have to undergo the same permitting requirements as a multi-million dollar project with many years of life.

### **Access to land**

*How can the need to protect land for ecological reasons be balanced with mineral exploration's need for access to land?*

If plans go ahead to establish the proposed protected areas and ecological reserves along with the existing EML and established parks area, approximately 1/3 or 100,000 square kilometers of Labrador will see no access or limited access to mineral exploration. How can we grow an industry for the benefit of all Newfoundlanders and Labradorians if our exploration territory keeps shrinking? We all agree that protection of our natural areas is a necessity but it must be balanced for all interested parties.

To accomplish a balance in decisions regarding the protection of land government should ensure that fair input is received from all parties.

### **Research and Development**

*What can be done to stimulate more research and development in the mining and mineral exploration sector in the Province?*

Grants should be provided to academic institutions to carry out R&D while improved tax credits should be provided to companies that undertake R&D activities.

*What should be the focus of mineral sector research and development in the Province?*

The mineral sector research and development in the Province should be exploration focused by trying to find new and improving techniques in finding mineral deposits

## **Developing New Resources**

### *How can discovery rates for mineral deposits be maintained or improved?*

Government organizations should focus on improving and reporting the known understanding of local and regional geology, specifically around known mines. In addition as public and private companies invest money in exploration and diamond drill programs, every effort should be made to preserve this information so that others can benefit from it in the years to come.

It is important to realize though that very few discoveries actual become profitable mining operations and as such government bodies should not directly invest money into mineral resource development. Their only involvement should be indirectly through funding programs to assist and support more advanced exploration.

### *What can be done to diversify the minerals industry in the Province?*

The government should promote the diverse minerals that we currently have as well as the diverse number of mines that have been or are still currently in production.

## **Taxation**

### *Does the current tax regime strike the right balance between providing appropriate revenue to the province while remaining competitive in the global mining industry?*

In addition to the corporate taxes levied on companies operating in Newfoundland and Labrador the Mining & Minerals Rights Tax Act (MMRTA) imposes a further 12-16% tax levy placing the overall tax levy in the 25-30% tax range. Without comparing this overall tax levy to other jurisdictions within Canada and the world the immediate question to answer is how this overall range compares. If we agree the rate falls in the middle on both a Canadian and world basis the question becomes is this tax range enough to simulate growth and attract further resource development and interest?

Consideration should be given to offering tax incentives to lower market capital producers and explorations. While large mining companies tend to have large financial reach generally speaking they are not the ones who will invest in smaller type deposits. When large deposits are found they are ready to invest, however, not so likely to invest when smaller projects are presented. By offering incentives to small capital producers and explorers the province would stand to increase its overall revenues through increased activity. Programs like EDGE need to be given serious consideration and review. Delivery of these type programs must be transparent and consistently delivered.

Furthermore, municipal taxation is another area of direct taxation that needs to be factored into the overall taxation review. While the revenues are not passed directly to the Province it's a

high cost of doing business in Newfoundland and Labrador. The Province must consider changes to the current system. It would be very interesting to determine whether or not municipal taxes are included in the determination of how the Province of Newfoundland and Labrador ranks compared to the remainder of Canada and the world. It would be much more transparent if a junior exploration and mining companies new of the municipal taxes requirements they are ultimately responsible for. In the current system the taxes agreed upon can vary from community to community and the Town's have the authority to hike mill rates without public consultation. There has to be a fairer system to add consistency and transparency.

### **Benefits**

*Does the province obtain its fair share of benefits from mining and if not how can it improve?*

Yes. The current tax regime alone adds significant revenues to the Provinces treasury and well being. In addition to taxation the economic spin-offs in both the direct and indirect supply of labour and services are vast.

### **Training, Education and Workforce Issues**

*How can the mineral sector aid community development, especially in rural and remote areas?*

It is important that appropriate studies be conducted to ensure that both existing and new operations are supported by an abundance of qualified local labour. We are entering into a unique period of NL history where by a number major projects are about to begin or have already started. With so many of these projects occurring at the same time there will be a labour shortage in many if not all fields.

To battle this labour shortage every effort should be made to:

1. In a timely manner recognize what position(s) will require the greatest influx of people.
2. Provide financial support to local colleges to for training facilities.

### **Health and Safety**

*Are current safety standards in the Provincial mining industry adequate?*

Based on the injury frequency rates of mining in the Province; which are low when compared to other Provinces and other business sectors, one would have to say that the current safety standards are adequate. They should however be reviewed and revised accordingly on a regular basis to follow industry best practices.



## **Social License**

*What can the Mineral sector do to ensure it has the support of communities in its operations?*

Education – many NGO groups today are mandated to present the world with a negative view of the mining industry. While it's vital we remain responsible both environmentally and socially we must educate society of the true need for a constant supply of resources. Our communities need to know that the mining industry in Newfoundland is highly regulated and mining companies are responsible for all reclamation and closure.

Communities – the department must consider working more closely with local municipalities who support exploration and mining development in their communities. Mining is not a renewable resource and local Town's throughout the Province and in consultation with the Department need to be aware and plan for the days when a mines resource are depleted and ultimately shut down.

## **Outreach**

*Is the public sufficiently informed about the minerals sector and if not how can communications be improved?*

No. This is an area that needs to be significant improvement by both business and the Provincial Government. A continuous marketing and public relations campaign needs to be mounted by both to communicate the facts of the industry, its importance to the Province, the net benefits it provides and how it positively impacts people's lives. Marketing channels such as using the press, radio and television should be considered to reach the public.

## **Environmental Protection and Green Mining**

*How can the environmental impact of the mining sector be further reduced?*

The environmental impact can be further reduced by ensuring companies are in compliance with various emission standards.

When possible and feasible “green” technology should be considered such as utilizing wind turbines to generate power requirements. The government should encourage such practices by awarding grants and tax credits.



## **Orphaned and Abandoned Mines**

### *How should orphaned and abandoned mines be dealt with?*

As world commodity prices increase there is the possibility that these orphaned and abandoned mines may yet hold some economic value. If that is the case business should be encouraged to re-open the properties. If the mines are re-opened then business should be responsible for some of the legacy issues that remained particularly in areas that they intend to use within their business model. There is then a good opportunity that these orphaned and abandoned sites will be properly cleaned up when the re-opened mine ultimately closes.

Where there is no hope of orphaned or abandoned mines being re-opened or there are areas that business does not intend to use then the government should systematically begin decommissioning and reclamation of these properties based on a prioritization list.

## **Climate Change**

### *What actions can the minerals sector undertake to adapt to changing climate conditions and reduce GHG emissions?*

Where possible use the latest and best suited technology to minimize GHG emissions. Further, if business was incentivized to utilize “green” technology this would also assist minimize GHG emissions.

To promote the use of these technologies both the provincial and federal governments should consider additional tax incentives so that ‘green’ companies can be rewarded for their efforts.