

MINERALS STRATEGY - GOVT OF NL SUBMISSION - April 14, 2011

Most Important Issues to be addressed by Government in a “Minerals Strategy”

1) Access to Land

This is considered the most important issue for explorationists as if exploration can't be carried out as an area is “off limits” then nothing can be found. Pressures come from proposals such as the “Boreal Initiative”, parks or natural spaces, wilderness areas, the proposed “traditional use” areas in the NG Land Use plan, increased interest in “protecting” watershed areas, and even limited areas like ecological reserves. The industry is not against “protection” per se but has to be part of the process with its voice heard prior to any decision to “protect” an area.

It is recommended that the mineral industry be part of the process (and be heard) prior to the establishment of any area which will be “off limits” to mineral exploration.

2) Permitting

In today's world, the industry realizes that government has a place to play in managing the resources that it has stewardship over so permits are required to ensure that government knows what is being planned and can ensure that the work is being done responsibly and with due regard to the environment. The main problem has been, and continues to be, the lack of compliance with time lines once permits are applied for. Industry has to have permits in hand prior to starting work and the lack of compliance with time lines has made it difficult to plan projects especially in this busy time for the industry. Government also needs to look at requirements for industry that are not required by the general public such as stream crossings (required more now since bridges have been removed from woods roads), skidoos on ponds etc. As an example it makes no sense that industry is required to keep skidoos off a pond when the local populace is going back and forth on the same pond on their skidoos.

It is recommended that reasonable timelines for permits be established and complied with by government agencies.

3) Geoscience

Basic geoscience is what the exploration industry requires to “kickstart” exploration and over the last number of years the monies spent on basic field mapping has been drastically reduced with many of the excellent field mappers (esp. in Labrador) restricted to their offices in St. John's. This has also prevented mentorship of the new mapping geologists, who are replacing older retiring geologists, now starting to take their place in the GSN.

It is recommended that the budget for field mapping be increased by 3-4 times the present with emphasis on 1:50 K mapping in Labrador. This should be somewhat co-ordinated with industry as new geological environments for various minerals are continually being discovered.

The other issues highlighted in the Government's Mineral Strategy are discussed more fully on the next pages.

Input was provided by the following: Peter Dimmell (PMD); Darrin Hicks (DH); and in addition comments, specifically on the Prospector Assistance Program, by Gordon Cooper (GC).

1) Promotion and Investment Attraction

How can government best aid in promotion of the minerals sector?

PMD – I believe that the govt through the DNR is doing a good job of promoting the minerals sector in the province – keep up the good work.

2) Exploration and Development Incentives

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

PMD – Infrastructure is very important – “roads to resources” esp now that the forestry sector is undergoing a revamping and we can expect much less in the way of road building and road maintenance of bridges, roads etc. This is especially important in Labrador.

3) Prospector Assistance

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

DH - the prospector needs better and up-to-date equipment readily available. Example: UV Lamps / Scintillometers / Spectrometers - prospectors have to wait for months to borrow the outdated scintillometer from the DNR - then they are only available in short durations due to the demand from other prospectors. These units are now going to be in more demand due to the increase interest in Uranium and REE's. Scintillometers are very expensive and not feasible for prospectors to purchase one for themselves. If there were several available it would increase uranium and REE exploration. UV lamps helps to identify tungsten in the field. This is also a great tool for the prospector. DH - Promotion of the mineral sector can be improved by sending prospectors to more trade shows such as the one held in Quebec and the Maritimes.

Gordon Cooper - Comments on Prospector Assistance Grant

The Prospector Assistance Grant, dollar for dollar, is the most effective programme for the discovery of new mineral deposits and, in many instances, new mines. The usefulness of this programme is illustrated in a big way by the recent gold discoveries in the Yukon for an expenditure of \$10,000 - \$15,000 per year.

Improving the Effectiveness of the System: From the perspective of a geologist-pro prospector with 15+ years in the field, combined with several years as a mine geologist (1 gold mine, 1 copper-zinc), the following suggestions would improve an already effective system:

Prospector Course: This course should be offered in St. John's since ¼ of the population of NL lives here. Younger people, many of whom cannot afford 2 weeks in Stephenville (they are working and have families) but would probably make good prospectors – working on weekends and holidays. There is a variety of geology on the Avalon Platform, - ex. Granite intrusives with associated mineralization, volcanics, sedimentary rocks, etc. Mineral deposits include Bell Island iron ore, Lamanche lead; other “showings” include gold - Manuels area, and copper – Goobies area. A bus can be hired to visit a working mine such as Duck Pond.

Funding: At least \$1 million should be allotted for the programme. The current two-tier system could be retained. If diamond drilling was warranted, a third grant of \$18,000 could be made available to pay for 1 drill hole on a property held by the prospector or a jointly owned property.

Expense Allowances: *Food:* Most prospectors bring and cook their own food. \$20 per day is reasonable; *Accommodation:* Older prospectors (like me!) prefer not to stay in tents if there is a cottage or a motel nearby. \$100 per day (receipt required) for up to a maximum of \$1000 should be adequate; *Gas Allowance:* Gas keeps going up! Probably a gas allowance of \$1500 would be needed to cover these expenses. The rest could remain as is.

PMD – more weekend courses should be offered as a “teaser” to get people more involved – the more people are looking the more will be found. Also need good follow up fairly quickly on the ground by “regional geos”.

4) Public Geoscience

What is the appropriate level of geoscience activity to satisfy the needs of the mineral sector, and government’s goals and objectives?

PMD – not sure the absolute figure but probably at least 2-3 times the present budget. We need to get geos in the field map;ping at 1:50 K scale esp in Labrador.

5) Infrastructure

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

PMD – Roads to resources – access roads to allow access into unexplored areas esp in Labrador. This should also include minimum maintenance of existing bridges and roads.

6) Regulation and Legislation

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

PMD – current regs are not all that bad however the time taken for approvals is slow – this needs to be speeded up. Timelines have to be set and followed by govt.

7) Access to Land

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

PMD – balanced approach is required with all parties consulted (and their concerns noted and acted upon). Industry has to be part of the process.

8) Research and Development

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

PMD – Set up a system of “tax breaks” that can be utilized by all companies, including juniors. Efforts should be combined not duplicated – ie MUN, CONA, DNR and industry.

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

PMD – value added concerns – additional processing; tailings treatment and remediation efforts esp since we have some good examples close to existing infrastructure.

9) Developing New Resources

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

PMD – promote prospecting and prospectors; add infrastructure to allow better access esp in Labrador.

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

PMD – more geoscience to locate other under explored mineral such as REEs

10) 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?

PMD – tax regime appears reasonable – mid range in Canada but stay away from super profits taxes. Also to encourage prospecting and the fruits of this work – abolish the Mineral Rights Tax Act for residents of the province who pay taxes here anyway as it was originally envisaged when it was enacted to go after John C. Doyle who was living in Panama and paying no taxes to NL or Canada (first choice) or increase the level at which it kicks in to at least \$500 K / year (second choice) with no clawback of the foregone revenue as it is now.

11) Benefits

Does the province obtain its fair share of benefits from mining and if not how can this be improved?

PMD – believe that the province does receive its “fair share”. They own the resources but don’t take the risks so the risk taker must be rewarded.

12) Training, Education and Work-force Issues

How can the minerals sector aid community development, especially in rural and remote regions?

PMD – encourage more training through CONA and other private colleges possibly by subsidizing tuition. This is esp important in Labrador, for the indigenous peoples.

How can we continue to improve the opportunities for women and Aboriginal people in the minerals sector?

PMD – as above. The people need good education and therefore opportunities that they don’t have at this point – get good teachers and administrators to go to coastal Labrador and inspire the young people not discourage them as is happening now.

13) Health and Safety

Are current safety standards in the provincial mining industry adequate?

PMD – yes believe so – there is a culture of safety developed in the mining industry with a goal of 0 lost time incidents. I believe that this will continue to build as it is good business.

14) Social Licence

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

PMD – Give the people the proper information not just what is provided on the internet which is usually biased one way or the other. Discuss and consult as you project moves forward.

How can the public be engaged in appropriate and ongoing dialogue about mineral development?

PMD – as above – need to educate the public to what we do – need info such as ppts that can describe the exploration and mining cycle so that people know what we do and when we do it.

15) Outreach

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

PMD – No - see above. Mining Week is good but we need to go further.

16) Environmental Protection and “Green” Mining

How can the environmental impact of the mineral sector be further reduced?

PMD – not sure that it can but we need to study and develop remediation methods using the existing man made study sites such as the Rambler, Little Bay, Tilt Cove, Advocate, Gullbridge etc. tailings.

How can the implementation of “green” mining initiatives be further encouraged?
PMD – Not sure what this means but possibly tax breaks to encourage this ???

17) Orphaned and Abandoned Mines

How should orphaned and abandoned mine sites be dealt with?

PMD – care has to be taken with this – an example would be the Nugget Pond facility which is “reclaimed” would now not be available for the Rambler project. Another example is Hope Brook where the company exploring now has to find a “stand alone” ore body where if infrastructure had been left they would not need to discover as much ore to make a project viable – problems are “maintenance” of the infrastructure while it is moth balled.

18) Climate Change

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

PMD – not sure – energy efficiency is important and this brings savings in energy and therefore costs - again tax breaks may help.

How can government support the industry in dealing with this issue?

PMD – see above