

News views and opinions on the
mineral exploration scene in Ontario

January 2003 Issue

Date: February 2003

THE EXPLORATIONIST

The Newsletter of the Ontario Prospectors Association

The Explorationist Newsletter is brought to you as a 'member service' of the Ontario Prospectors Association. It's purpose is to share news and information amongst it's members and also to act as the association's 'Political Voice'.

The views and opinions expressed in this newsletter are not necessarily those of the Ontario Prospectors Association, including all of it's members and Directors. The writers accept full ownership of their contributions.

THE ROUND-UP REVIEW

I have just participated in the 2003 Cordilleran Roundup in Vancouver and was able to talk to and listen to some of the people who understand and can forecast the trends of the exploration industry. The price of gold and oil definitely has a large influence in people's mood and optimism. I congratulate the organizers of the Roundup. They put on a world-class event that attracted the explorers from around the globe. This is truly the event for explorers with all the Canadian provinces and territories attending and competing for exploration dollars. The junior company people have been refreshed and in some cases resurrected with the investors in general coming back to the markets. I spoke with company presidents and brokerage staff that all were having an easier time raising funds for their projects. There was an appetite for properties in Ontario even outside of Red Lake and the Timmins area. The Ontario Prospectors I spoke to and watched were very busy meeting potential purchasers. In many cases there seemed to be more than one company interested in the property and a bidding match was

occurring. With the continued gold price I forecast a surge in property options and very busy symposia in Thunder Bay (April 8th and 9th) and Haileybury (April 15th and 16th). I recommend prospectors to dust off their old property data and check and see if there are gold properties to stake. Your properties can be posted on the OPA website and be presented at the Symposia. The properties may also be good bets for the Ontario Exploration Corporation Prospecting Fund (Applications must be submitted by March 1st).

The Ontario Geological Survey was extremely well represented at this years round up. The Ontario Booth was an integrated project with all divisions of the OGS represented. In addition to the OGS the OPA was well represented along with the Nipigon Project, Prospecting Fund and Discover Abitibi. The OGS presence was lead by the Deputy and Assistant Deputy Ministers conversing with the Ontario explorers and taking in some of the excellent talks. The Claim Maps III system was front and centre with Mining Lands staff continually giving demonstrations and mini tutorials. The Resident Geologist program was well presented with two full tables of rocks from various properties and



[We're easy to get a hold of](#)

Contact the Executive Director: Garry Clark

By e-mail: gjclark@ontarioprospectors.com

Phone: 807-622-3284 Toll Free: 866-259-3727 Fax: 807-622-4156

commodities. The use of rocks at the booth attracts both prospectors and junior companies. When an analysis of the event is tallied I suspect new options as a result of the presentations of the rocks and properties will highlight the success.

The roundup also allowed me to converse with my counterparts in Quebec and British Columbia. Our discussions highlighted the need for a unified front on land access and new restrictions on access. It has become evident that there is a consistent push for politicians to meet the environmental demands of more protection by restricting our access. There was also discussion of the incentives given by provinces and the new prospecting fund in our province.

One interesting factor that was noted at the show was "Industry-Government" partnerships that are forming throughout the country. These are similar to the Nipigon and the Discover Abitibi projects.

On a financial note Robert Friedland of Ivanhoe and Pierre Lasseonde of Newmont both presented bullish lunch time addresses forecasting good mining and mineral markets for the coming years. Friedland explained that the collapse of the tech stocks and the weakening US dollar have contributed to a renewed interest in metals especially gold. I personally believe we have seen a turn where the investors are leaving the mutual funds and coming back to the real markets. To illustrate this when you are watching television or reading a magazine note the lack of mutual fund advertisements. This is RRSP season and most mutual funds don't have a good record to show why we should invest in them.

The end result is that prospectors should be staking any showings they know of because the demand for our product will increase over the year. And as a geologist prospector I say it is about time.

SPRING SYMPOSIA

There is a need for poster displays, speakers and volunteers. To have successful events all three are required and your assistance is requested.

Northwestern Ontario Mines & Minerals Symposium,

April 8 & 9, 2003 (accompanying workshops and field trips to be announced), Valhalla Inn, 1 Valhalla Inn Road, Thunder Bay, ON. For further information please contact John Halet
Tel. 807-475-4142, Fax 807-475-1112 or Email jhalet@tbaytel.net or visit the Northwestern Ontario Prospectors Association website at www.tbaytel.net/nwopa

Northeastern Exploration & Geoscience Symposium,

April 15 & 16, 2003 (accompanying workshops and field trips to be announced), Haileybury School of Mines, Haileybury, ON. For further information please contact Roger Dufresne Tel. 705-567-3725, Fax 705-568-4515 or Email gerhard.meyer@ndm.gov.on.ca or visit the Northern Prospectors Association website at www.northernprospectors.on.ca

GREETINGS VIVIENNE:
ME AGAIN:

THOUGHT I WOULD FORWARD THIS TO YOU AS AN ITEM OF GENERAL INFORMATION AND TO REFLECT ON SOME OF MY INITIATIVES ON BEHALF OF MY SECTOR (EXPLORATION AND MINING COMMUNITY) AS THE MINING REP. ON THE LOCAL LCC COMMITTEE. I WILL HIGHLIGHT A PERTINENT AREA. YOU MAY GET A DRIFT OF THE CONTENTS OF THE LETTER

COMMENTED ON BY THE RESPONSE I HAVE PROVIDED. **I JUST RECEIVED A MESSAGE OF THANKS FOR MY INPUT.**

WARMEST WISHES,

Frank P. Tagliamonte, p.eng.
geotag@vianet.on.ca

GREETINGS:

((((BILL HAGBORG, KINDLY FORWARD COPY TO LCC MEMBERS. THANK YOU))))

THANK YOU FOR THIS OPPORTUNITY TO REVIEW THE LETTER IN REGARD TO "MODELS & ANALYSIS OF MANAGEMENT ALTERNATIVES.

PLEASE ACCEPT THIS AS A COMMENTARY AND NOT A CRITICISM RELEVANT TO SOME OF THE CONCERNS RAISED IN YOUR LETTER.

IN THE """"WHAT IF"""" COLUMN I WOULD LIKE TO ADD. WHAT IF A RICH MINERAL DISCOVERY WERE TO BE MADE IN THE NIPISSING FOREST ? THAT IS NOT IMAGINATIVE, IT IS A REAL POSSIBILITY. CONSIDERING THAT MINERAL DEPOSITS YIELD BILLIONS OF DOLLARS IN PRODUCTS, SERVICES AND WAGES, IT CERTAINLY SHOULD BE CONSIDERED AS A VIABLE POSSIBILITY. THE ECONOMICS OF SUCH AN EVENT ARE SELF EVIDENT. *NOW THAT IS SOMETHING TO INSERT IN THE MODEL.*

NOW IF I MAY, I WOULD LIKE TO ADD THIS FOR THE RECORD. MODERN MINING CAN TAKE PLACE ANYWHERE ON THE LANDSCAPE WHILE AT THE SAME TIME PRESERVING, RESTORING OR ENHANCING PRE DE-

TERMINED VALUES. THIS IS IN CONTRAST TO SOME HISTORICAL AND TRADITIONAL MINING PRACTISES OF THE PAST. MIND YOU THE PAST HAS ITS SHARE OF QUESTIONABLE PRACTISES BY ALL SECTORS (MINING, FORESTRY, AGRICULTURE, MARINE, MANUFACTURING AND THE JUDICIARY TO NAME A FEW) WHEN MEASURED BY TODAY'S RIDGED STANDARDS OF OPERATION.

RE MODELS AND MODELING ::::: I KNOW PRECIOUS LITTLE ABOUT THIS SUBJECT BUT I DO HAVE SOME PRACTICAL COMMON SENSE (I THINK) OBSERVATIONS AND OPINIONS TO PRESENT. AS YOU VERY ASUTELY POINT OUT IN YOUR LETTER, MODELS ARE USED PRIMARILY AS GUIDES TO ENVISION THE FUTURE. IT HAS BEEN SAID THAT TRYING TO ENVISION THE FUTURE IS A MUGS GAME.

WHEN CONSTRUCTING MODELS THE BEST AVAILABLE SCIENCE AND GENERAL INFORMATION SPECIFIC TO THE AREA OF INTEREST ARE USUALLY USED. BOTH SCIENCE BASED OBSERVATIONS AND ACCUMULATED INFORMATION VARY OVER TIME. IT IS NOT POSSIBLE THEREFORE, IN MY VIEW, TO ACCOUNT FOR OR INCLUDE ALL POSSIBLE VARIABLES IN ANY ONE MODEL STUDY. AT BEST, A BAND OF POSSIBILITIES MAYBE INCLUDED WHICH SERVE ONLY AS VERY TENTATIVE GUIDES AND NOT BON A FIDE PROJECTIONS OF REALITY. THE RELIABILITY PROBABLY DIMINISHING WITH THE LENGTH OF TIME (INTO THE FUTURE) BEING PROJECTED. THE BEST THAT CAN BE EXPECTED IS TO USE THE AVAILABLE DATA AND RUN WITH IT UNTIL

THERE IS SUBSTANTIAL EVIDENCE TO MODIFY, REJECT OR BEGIN ANEW. IN THE MEANTIME NATURAL PROCESSES CHUG ALONG AND PLANNING PROCEDURES COME AND GO AS THE KNOWLEDGE BASE BUILDS.

IF THIS HAS ADDED SOMETHING OF SUBSTANCE TO THE DISCUSSION, I AM MOST PLEASED. IF NOT, THEN IT IS ANOTHER WISP IN THE WIND. I AM HONOURED TO BE ABLE TO PARTICIPATE NEVERTHELESS.

SINCERELY,

FRANK

MILESTONE REACHED IN TEMAGAMI LAND CLAIM SETTLEMENT

TORONTO, Dec. 18 - Negotiators for the Ernie Eves government, the Temagami First Nation and the Teme-Augama Anishnabai have reached agreement on the elements to settle the Temagami land claim, David Young, Attorney General and Minister Responsible for Native Affairs, announced today.

The key elements include 127 square miles of land for the creation of a reserve and an economic development package worth approximately \$4 million, including a land component. Ontario will also pay \$20 million in financial compensation.

"The Eves government is pleased this milestone has been reached in the Temagami land claim negotiation. This agreement reflects the willingness of the local communities, Aboriginal and non-Aboriginal, to work together for the future development of the area," said Young.

Chief Alex Paul Sr. of the Temagami First Nation is pleased that consensus has been reached on what will be included in the fi-

nal agreement.

"We have come a long way in our 125-year struggle for justice," said Paul. "Like our ancestors, we have sought to secure a future where our people can thrive for generations to come. Today's achievement marks a new beginning for us - it is the beginning of our future."

"This agreement is a major milestone in the evolution on Daki Menan," said Chief Doug McKenzie of the Teme-Augama Anishnabai. "It marks the beginning of a new relationship between the Teme-Augama Anishnabai and all who now share the benefits from our homelands. Chi-Miigwich Creator."

Ontario and the Temagami Aboriginal community have agreed to ensure the protection of the Temagami shoreline by the creation of a waterway park, or by another appropriate legal designation. Shoreline areas designated as having high mineral potential will not be included in the park and will still be available for mineral exploration.

The proposed reserve will be located within 149 square miles of land set aside for settlement purposes by the Ministry of Natural Resources in 1996.

As next steps in the process, the lawyers for the parties will draft a legally binding settlement agreement incorporating the elements of settlement that have now been agreed upon. Then negotiators for the parties will initial the proposed settlement agreement to indicate their approval of it. The parties will ratify the agreement by early 2004.

For more information visit
www.nativeaffairs.jus.gov.on.ca

REMEMBER WE POST YOUR PROPERTIES FOR SALE or OPTION ON THE OPA WEBSITE FOR FREE

DATE: JAN18/03
TO: MEMBERS SPDA AND OPA
FROM: JOHN BRADY, SPDA

**RE: INDUSTRY STANDARDS
MOTIONS**

Part 1 – Discussion Points –Ontario Provincial Standards, an Ontario Gov't Publication is utilized extensively for wage and rental rates by Ministries of Transport, Environment, Natural Resources, Government Services, NOHFC, etc. and also used by these Ministries on projects funded by MNDM. Why not for assessment work? Public funds [tax dollars] are used to evaluate and maintain the assessment work on Mining Lands. How can stakeholders be assured of a fair and unbiased evaluation without the accountability of openly published and transparent Industry Standards?

OTHER POINTS---

PART 1 MOTION : that the Industry Standards with respect to mining land assessment work and rental costs be published and made available to all stakeholders.

RE: DETERMINATION AND UPDATING OF THE INDUSTRY STANDARDS OF ASSESSMENT COSTS [RATES]

PART 2 – Discussion Points -first of all is anyone really sure of what the daily rates, mileage etc. are- given that they are not published or available to stakeholders? Our personal experience is that the rates not only fail to correspond to the current realities of the marketplace, but also continue to be arbitrarily and artificially kept low and quoted as 'the Industry Standard'; because as Assessment staff tell us - 'that is what we allow other explorationists for similar work'. The point being how can the rate reflect today's actual costs if these same costs that are submitted according to current and actual rates are automatically and consistently 'cut back'. Also, are any of the rates published

by other Ontario Ministries used as a guide when assessing submissions? If not, why not?

OTHER POINTS/EXAMPLES:

PART 2 – MOTION: that submissions be solicited by MNDM staff or MAC from other Ontario Ministries and stakeholders, such as all P&D associations & interested mining companies operating in Ontario; to request from stakeholders, input as to accurate and current rates, that reflect assessment work costs for each of their areas. Further that each submission be reviewed by MNDM assessment staff and MAC and P&D association members [a mini conference/consultation process]; and that a new and current Industry Standard Guideline be available in the next 90 days and updated on a yearly basis.

PART 3 -Current Work Report Submissions –Discussion

It is unacceptable that recent and current assessment work submissions be evaluated using methods and rates that are 'archaic' at best and discriminatory at worst.

Example 1] An allowable prospecting rate of 150.00/day is inappropriate for an experienced prospector, who is paid 300.00 to 400.00 / day by private industry –in fact a Labourer at Inco and Falconbridge receives 300.00 / day including benefits.—I have no doubt that a similar situation occurs with geologists etc.

Example 2] A company can hire a helicopter to fly from Sudbury to 'north of Red Lake' to collect samples – and the great cost of this is allowed. However, if a Geologist or Prospector travels by vehicle to the same site, for the same purpose—his or her time traveling is not allowed-yet the overall cost is much less.

Example 3] travel rates are still at .30c/km-yet the newly published Ontario Exploration Corp. rates are .40/km. Further, why are we not allowed the equivalent of a 'rental rate'?

Other Examples of Assessment Submissions being reduced -- Meal allowance, 'Business Decisions', 'Adding to the Database':---

PART 3 –MOTION:

That for all recent and current work report submissions, MNDM assessment staff demonstrate flexibility and utilize the rates published by other Ontario Ministries, and also the rates used by other levels of Government, other organizations, AND the rates quoted in the work report submissions [as actual costs].

Exchanges discuss policies at packed meeting

PDAC organizers were bowled over by the unexpectedly large turnout at a meeting between PDAC members and representatives from the Toronto Stock Exchange (TSX) and the TSX Venture Exchange.

More than 125 people attended the gathering, one of a series of regularly scheduled meetings to be held between the PDAC and the exchanges.

The scheduled speakers, Elaine Ellingham of the TSX and Ungad Chadda of the Venture Exchange, spoke on three areas: the mining market and financing trends, and the TSX and TSX Venture Exchange perspectives on the industry and listings. A question and answer session followed.

The TSX reported that the industry had been a buoyant part of the exchange's trading and equity listing in 2002.

At year-end, the TSX had 194 companies in the mining sector, six of them new listings, but the overall number of companies in the sector had declined from 2001. TSX Venture had 947 companies, 19 of them new listings.

Of the 1,141 mining sector companies listed on both exchanges, 808 are involved in early stage

exploration, 112 are in advanced exploration, 137 are in exploration development and 71 are producers.

TSX trading in the mining sector was up dramatically. In 2002 it was \$127 billion, compared to \$73 billion in 2001 and \$66 billion in 2000.

Chadda talked extensively about policy initiatives at the Venture Exchange. He said the Tier 3 and J2 markets will continue to exist at least for the next year.

He referred to an IPSOS-Reid poll which revealed it took nine to 18 months for a company to go public, at a cost ranging from \$100,000 to \$200,00, and that most people were unhappy with the process. Analysis of the costs, he said, showed the largest areas were legal and accounting fees and the costs of multiple jurisdiction reporting. Exchange fees were a small proportion of the costs.

The Venture Exchange is reviewing all aspects of going public, from disclosure to sponsorship. Sponsorship has already been eliminated for formal prospectus listings and for other private placements where the money is being raised for a North American mining property.

Chadda also discussed the concept of blind pools or capital pools, which started in Alberta, spread to British Columbia and are now being introduced in Ontario and Quebec. It has been proposed that the maximum size of the pool that can be raised be increased from \$700,000 to \$1 million.

The Venture Exchange is planning to streamline the ability of companies to move between the junior and senior exchanges to make the process fast and efficient. The \$3,000 application fee has been waived, as has the need for all directors to file new personal information forms, as long as the Venture Exchange file is current within 12 months.

The exchange has also waived the need for a sponsorship if a prospectus has been cleared within the past 24 months.

Chadda added that if a company is delisted because it fails to meet the minimum requirements, the Venture Exchange will hold open a slot for it for an 18-month grace period. The exchange is also planning new initiatives to increase the profile and visibility of listed companies. Among the plans, Chadda mentioned taking some of the Venture Exchange's listed companies on overseas road trips to promote listing on the exchange.

PROSPECTOR ASSISTANCE FUND NOW A REALITY

**THUNDER BAY, ONTARIO,
December 29, 2002 — The Ontario Prospectors Association (OPA) is pleased to announce the completion of the initial funding of the Ontario Exploration Corporation (OEC). With financial support provided by the Northern Ontario Heritage Fund Corporation the OPA has been able to establish the OEC.**

“The OEC will administer a Prospector Fund as a stand alone corporate entity with the OPA as the majority shareholder.” said Vivienne Cote, President of the Ontario Prospectors Association. *“The fund will help advance grassroots properties, making them more attractive to prospective junior or major mining companies, ultimately increasing the odds of discovering an economic ore deposit.”* added Cote.

To assist in funding exploration work on any prospector's individual exploration project, the OEC will offer to purchase a 1% royalty interest in the project for \$5000. These royalty interests will be the means of creating a self-sustaining fund. The funding will be provided to projects that meet defined economic and exploration criteria. To be eligible for funding the prospector must possess a valid Ontario Prospectors licence and have mining lands in good standing in the province.

“The application process is very similar to the former Ontario Prospectors Assistance Program (OPAP) offered in the past by the provincial government.” said Garry Clark, OPA Executive Director. *“Funding is not automatic for all applicants. A number of factors will be considered in determining the acceptance and designation of all prospecting proposals the OEC receives. These factors include experience and training of the applicant plus the quality of the information and documentation within the prospecting proposals. An overriding criteria will be the potential economics of the project.”* added Clark.

The required forms and a guidebook for the prospectors can be acquired from the OPA website www.ontarioprospectors.com and MNDM Resident Geologist Program Offices.

The OPA is a not for profit organization with the objective of representing and furthering the interests of the individual prospector and the exploration community throughout Ontario. We concern ourselves with issues affecting our members and work to maintain a strong exploration community today, in order to ensure that new mines will be found tomorrow.

**FOR FURTHER INFORMATION
PLEASE CONTACT:**

Ontario Prospectors Association
Vivienne Cote, President
or Garry Clark Executive Director
Phone 866-259-3818

February 3, 2003

Linda Hohol
President
TSX Venture Exchange
300 Fifth Avenue S.W.
Calgary, AB, Canada T2P 3C4
T (403) 218-2828
Linda.hohol@tsxventure.com

To All TSX Venture Market Participants:

Re: Commitment to Providing Accessible and Affordable Capital

In the nine months since signing on as President of TSX Venture Exchange I have had a great deal of contact with the individuals and groups that are the stakeholders of the venture market. I have heard their views on what is needed to ensure public venture capital remains a viable source of financing for young, emerging companies. I have also heard how the high cost of going and staying public has become a significant obstacle to the viability of the public venture capital market. This was confirmed by an independent IPSOS Reid research study involving over 300 companies that TSX Venture Exchange commissioned this past fall.

We intend to use the results of this study as a starting point for improvements to the junior capital market. In 2003, TSX Venture will focus on creating a regime that allows companies to undertake and maintain a public listing in the most timely and cost efficient manner, while maintaining the foundations for investor protection and market integrity.

We will achieve this goal by working together with the people that make up the public venture capital community. In August 2002, we created National and Local Policy Advisory Committees (based in Vancouver, Calgary, Winnipeg, Toronto and Montreal)* comprised of industry representatives in each city. These committees have provided, and will continue to provide input and feedback on existing and proposed policy initiatives designed to improve the efficiency and vibrancy of the junior capital market. The initial results of this endeavour have already been incorporated in our current policy initiatives that are underway and are outlined below.

As you can appreciate, much of our policy efforts require the support of the securities commissions. We have focused on soliciting their input, improving our processes for policy change and ensuring that they are aware of the constant change experienced in the venture market, and the need for TSX Venture Exchange and the commissions to react in a timely manner to such changes. Although our relationships with the commissions are positive, we are only one voice in this market. All stakeholders of the junior capital market must play a role in making their views known to TSX Venture and the commissions in order to effect change.

In addition to developing and executing a plan of action for policy change, we recognize that part of the policy management process includes communicating that plan to our community. Our policy strategy for 2002/03 is focused in 3 key areas including improvements to our value proposition, reducing burdensome regulations and streamlining and harmonizing policies vis-à-vis Toronto Stock Exchange.

As mentioned, our primary focus has been on revising policies that will **reduce time to market and decrease costs**. In 2002, we revised our Corporate Finance manual and:

- introduced the Capital Pool Company (CPC) program in Ontario and Quebec;
- provided exemptions from sponsorship for IPOs, CPCs and domestic resource transactions;
- reduced mandatory sponsor obligations and reporting requirements;
- streamlined private placement and stock option policies to conform to Toronto Stock Exchange policies;
- expanded the expedited filing program to encompass larger transactions; and
- returned IPO and Prospectus vetting to the BC Securities Commission.

This is just a start. We have not calculated the savings our clients will experience as a result of these changes but anticipate it is significant, especially when combined with what we have already accomplished, and proposed for 2003.

We have just published significant changes to our CPC policy, which allow issuers to undertake arm's length qualifying transactions without shareholder approval; raise up to \$2,000,000 rather than \$700,000 and combine CPCs at an earlier stage. Our policy plans for 2003 include:

- re-evaluating sponsorship requirements with a view to reducing applicability and scope of the requirements;
- working with the commissions to create a lower cost of going public process for junior issuers;
- reducing transaction review of certain arm's length transactions;
- reducing TSX Venture Exchange requirements related to the surplus escrow regime; and
- re-evaluating TSX Venture Exchange shareholder approval requirements in situations where no approval is required by corporate and securities laws.

On commission related initiatives that will result in reduced time and cost to market, we are taking the lead with regards to the creation of a short going public document or process for junior issuers.

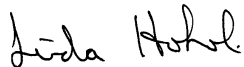
TSX Venture's value proposition would not be complete without the ability to offer a smooth, seamless transition from TSX Venture Exchange to Toronto Stock Exchange. The fact that good quality companies leave TSX Venture Exchange for more senior markets means that we've done our job in helping to further their growth strategies. Streamlining and harmonizing our policies vis-à-vis Toronto Stock Exchange will ensure a positive experience and offers significant value against our competitors. Although there are many areas where it is appropriate to impose different standards on junior issuers,

there are also certain standards that are appropriate to all issuers regardless of size. Our plans for 2003 include identifying these areas and providing consistent policies for both markets.

Our final commitment to you includes a promise to stay in touch with our community. This means ongoing communications regarding our policy strategy and initiatives so that you can see the direction that TSX Venture is headed. I've started the year off with a special letter to all of you outlining our accomplishments to date and plans for the year. As usual, you will find notices and bulletins regarding policy changes on our website. We plan to communicate more effectively through our new bi-monthly newsletter; the first one will be distributed to you next week. In this newsletter, you will find a regular feature called Policy Update. This article will provide you with a quick update on what's been happening on the policy front. We are also looking into other options for improving communications and would value your thoughts.

With this letter, I hope our community is now abreast of the latest policy initiatives for TSX Venture Exchange. I welcome your comments and suggestions but more importantly wish you the very best this year.

Sincerely,



Linda Hohol
President
TSX Venture Exchange

* True to the intent, members of the committee can be contacted for those interested in providing constructive input and ideas. Contact information is available on our website at:

www.tsx.com/en/productsAndServices/listings/cdnx/resources/resourcePolicyAdvisoryCom.html