News views and opinions on the mineral exploration scene in Ontario

May 2007 Issue

The Explorationist Newsletter is brought to you as a 'member service' of the Ontario Prospectors Association. The purpose is to share news and information amongst its 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 the members and Directors. The writers accept full ownership of their contributions.

BOOMING METAL PRICES versus POLITICAL EVENTS

Most of us know how high the metal prices have been heading. Companies have been acquiring properties with minerals no one thought would be economic in our lifetime. Iron ore, uranium and even moly are hot commodities. Diamond drillers, geologists, line cutters and prospectors have become hard to find. It really makes you wonder how we are going to spend the money being raised.

The money being spent is definitely producing economic value to the Province. The exploration dollars being funneled through small towns, restaurants, motels and assay labs is helping blunt the Forestry downturns. The advanced projects such as Rainy River Resources, Marathon PGM, Lakeshore Gold, First Nickel, FNX, Kirkland Lake Gold, Patricia Gold and Ursa Major (please excuse me for not mentioning everyone) will be providing years of economic support for communities. Four years ago the advanced projects were few and far between.

On the political side the government is busily preparing for a fall election. The powers at Queens Park have been mostly trying to finalize promises from the last election. These include updating the Park Act, modernizing the Species At Risk Act, the Consultation on First Nations Consultation and various Mining Act changes. One of the most controversial changes coming north from Queens Park is the Diamond Royalty Tax recently introduced with the Spring budget. This new Tax has caught most of us off guard. It’s new, unexplained and has shocked the exploration community. How it affects exploration investment in Ontario will be seen over the upcoming summer.

ANOTHER SUCCESSFUL SYMPOSIA SEASON

The OPA has just completed the spring Symposia series with events in Sioux Lookout (Boreal Prospectors Association) Thunder Bay (Northwestern Ontario Prospectors Association) and Sault Ste. Marie (Sault and District Prospectors Association).

The Northern Ontario Mines & Minerals Symposium “Mineral Exploration : Information for Decision Making” event continues to grow and we expect to be moving to a larger venue next year. Some of the highlights included were the updated Far North Mapping Initiative and the new training opportunities being developed at Confederation College.

The event was successful at allowing industry, Ontario Geological Survey staff and prospectors to interact and share their experiences.

The Northwestern Ontario Mines & Minerals
Symposium “Superior Opportunities – Explore the Northwest” event attracted a record number of participants and continues to be a premier venue showcasing exploration and geoscience in the Northwest. This year in attempt to attract and educate the public an Investors Forum was held Tuesday night. Premier Gold, Sabina Silver and Rainy River each gave a short overview open to the public along with the exhibit floor providing a mixing area afterwards. Some of the highlights included the NWOPA Awards ceremonies where Rainy River received the Bernie Schnieders Discovery of the Year Award and Marathon PGM received the Developer of the Year Award.

The Northeastern Ontario Mines & Minerals Symposium “A Superior Exploration Experience” event was a first time attempt at highlighting the area. The general opinion was that it was a great event and Sault Ste. Marie should become a regular rotational event in the Northeast. One of the highlights was Dianor’s talk on the Leadbetter Diamond Property that coincided with their News Release of the recovery of a 1.5 Carat Diamond. Other highlights came from Queenston, Ursa Major, Pele Mountain and Kirkland Lake Gold each of these companies explained their recent success’s and plans for the next year.

One general trend seen in all the Symposia is the upbeat and successful exploration being completed across Ontario. The fact that people are talking about completing large (>5000 m) diamond drill programs in a matter of fact tone is in stark contrast to 6-7 years ago when a 1000 metre drill program was thought to be on the larger side. The coupling of these programs with success looking for a full range of commodities has brought our industry into focus for the northern communities impacted by the forestry slowdown. If prices stay high and exploration continues new mines may take the edge off the economic problems in Northern Ontario.

Porcupine Prospectors Appalled with New Diamond Mining Tax

The Porcupine Porcupine Prospectors and Developers Association is a volunteer lobby group representing the interests of mineral explorationists in the Porcupine Camp and Ontario. Our membership consists of major companies, junior companies, consultants, service providers and Individual prospectors. The recent Ontario Budget arbitrarily imposed a new tax on diamond mines, apparently without consultation or consideration of how such a tax would impact mining operations that completed economic feasibility studies based on a lower tax rate and are within months of going into commercial production. The Victor project of DeBeers Canada, located in the far north of the province is the first diamond mine in Ontario that has committed to proceed to production. Their production decision was in part based on a tax structure of 5% for the first five years and then escalating to 10%. This allowed DeBeers Canada to negotiate IBAs with neighboring First Nations Communities and maintain a positive economic outcome.

Bill MacRae, President of the PPDA, states that the Ontario government is reacting like some third world countries by enacting tax schemes that impact on mining operations without consultation and just prior to production. This tax is placed on direct value of production and can significantly impact the economics of the operation. The placements of taxes like this could negatively impact on the decision of companies to explore in Ontario!

The Porcupine Prospectors and Developers Association has played an active part in the local mining and exploration community since the late 30s and continues today as a strong group dealing with Federal, Provincial and Municipal governments on issues affecting prospecting, exploration and mining.

EXTENSION OF MINERAL EXPLORATION TAX CREDIT WELCOMED BY CANADA’S MINERAL INDUSTRY

Toronto, March 20, 2007 – In its budget yesterday, the federal government announced its intention to renew the Mineral Exploration Tax Credit for one year to March 31, 2008. This is welcome news for Canada’s mineral
exploration industry and for Canadian investors. The program, more commonly termed ‘super’ flow-through in investment circles, provides investors with a 15% credit on flow-through share investments in grassroots exploration. As noted in the budget, the one-year “look back” rule will allow funds raised with the benefit of the credit in 2008, for example, to be spent on eligible exploration activity up until the end of the 2009.

The Prospectors and Developers Association of Canada (PDAC), together with other Canadian associations in the mineral exploration sector, has been urging the federal government to renew this important program before its scheduled expiry at the end of March. “The high demand for commodities at the present time is driving the search for minerals across the world,” stated PDAC President Patricia Dillon. “As a consequence, there is intense global competition for exploration dollars. This tax credit, which can be applied only to exploration in Canada, gives Canada a competitive edge and encourages Canadian investors to put money into one of this country’s most important resource industries.” Dillon also pointed out that, in order for Canada to be able to meet global demand for commodities over the next decade, sustained levels of exploration are required to find new mineral reserves in this country. This tax incentive will certainly help towards that end.

In congratulating the federal government for renewing the tax credit program, Dillon expressed her association’s disappointment in the absence of any funding commitment to the Cooperative Geological Mapping Strategies, a ten-year geoscience strategy for Canada agreed to by federal and provincial mines ministers in 2000. This is an urgently needed program that would improve the quality and extent of geological mapping in Canada, particularly in northern and remote areas of the country. “Funding geological mapping is an investment, not an expense,” she noted. “Canada has a large land mass and requires continuous renewal and improvement to our geoscience knowledge base. This is critical in the effort to replenish our declining reserves of base metals and contributes in important ways in the areas of environmental decision-making, sovereignty and public safety.” The PDAC will continue to urge the federal government to fund this program.

The Prospectors and Developers Association of Canada is a national trade association for the Canadian exploration sector, representing companies and individuals active in the search for and development of mineral deposits. The association annually hosts the largest exploration and mining convention in the world in Toronto. In March 2007, the event attracted a record 17,600 attendees representing more than 100 countries.

For more information, contact:
Tony Andrews, Executive Director, PDAC, Telephone 416 362 1969, ext. 222.

Near Miss During Blasting Operation
Ministry of Labour - February 2007

An incident occurred recently during the process of firing a blast that could have seriously injured or killed two workers at an underground mine in Ontario. The incident is an important reminder to ensure safety is the highest priority in every phase of blasting operations, and that certain principles are understood and practiced when blasting.

A drift and safety bay round were loaded and wired to a circuit extending several hundred feet away from the blasts. Upon energizing the circuit the blasts failed to fire. The crew proceeded to check the continuity of the firing circuit towards the blast, along the way attempting to fire the blast with the battery of a vehicle. They replaced some of the circuits but still had problems. Reaching the blast site, they disconnected the drift round, and tested the electric cap while still connected to the safety bay. Upon hearing the cap fire, they dove for cover off to the side and huddled nearby while the safety bay round fired. Fortunately no injuries occurred.

While the exact cause of the problem is not completely certain, some very important principles about diagnosing blast wiring problems need mention:

**Testing of the blasting cap itself shall only be done with the cap disconnected from the explosives, and pointing away from workers.** Testing of detonators should not be a routine
event for May blasting operations, many operators connect a pair of caps to fire a blast for more reliability. The worker testing a circuit with cap connected to the blast must be at a safe position away from the blast in case of detonation. When checking circuits one should progress away from the blast site not towards it. If problems persist, disconnect the firing detonator and test in retreat again. In all circumstances, use Murphy’s law that what could go wrong at some point may go wrong. Workers must be in a safe location at all times. Only specially designed and approved blasting circuit testers should be used. General electrical testers supply sufficient current to fire an electric detonator so must not be used. Even proper blasting testers may become damaged after extensive use so should be tested by a qualified electrician and the output current checked against manufacturer’s specifications. Blasting is a necessary activity: safe blasting practice is absolutely necessary. Ensure workers involved with blasting are properly trained and understand sound blasting principles.

GOOD IDEAS FOR SAFETY

Recently the OPA has been having discussions with the Ministry of Labour about safety and safe operations in the field. Of course First Aid kits and First Aid training are probably the first things required in camp. The next would be a good means of communications encase of emergency. Once you have communications an Emergency Preparedness Plan is the next logical step. The MOL would like to see all explorationists have contact numbers and access plans near the phone or communication device in camp.

Possible ideas for your list at camp should include:

1. Ambulance Phone Number
2. If it is a remote job the Phone Number of who brought you to the camp.
3. Police Phone Number
4. Home or Office Phone Numbers (after hours numbers) (also an awareness of WSIB requirements for injuries on the job is needed)
5. Forest Fire Reporting Phone Number

6. A detailed description of how to get to you (Road log); include what roads to use, where to turn etc.
7. A UTM coordinate for camp
8. A UTM coordinate of where a helicopter could land if needed

If you have a camp that is going to be located at a certain site for an extended period of time you could deliver your Road Log to the nearest Ambulance service.

It is important that all people in camp know of the Emergency Preparedness Plan. This would best be completed by having a discussion with each person or having a group meeting.

Mines and Aggregates Safety and Health Association

Mines and Aggregates Safety Corner
Purifying Water in the Field

Water purification is essential in the backcountry. While water may appear clean, cold and refreshing it can contain invisible microorganisms that can wreak havoc on the human digestive system.

The main culprits in water contamination are two microscopic cysts: giardia and cryptosporidium. These cysts find their way in to the water system through animal waste. Giardia (also known as ‘beaver fever’ for the high concentration of cysts found near beaver dams) remains dormant in the human body for one to three weeks, which can lead to a false sense of security for people drinking untreated water in the outdoors. The consequences of ingesting these cysts are quite severe and include diarrhoea, vomiting, abdominal cramps and nausea that can last from one week to one month. The risk of dehydration is quite high and medical attention should be sought immediately.

There are three main methods for eliminating these organisms from your drinking wa-
ter: boiling, chemical additives and filtering - each with its own advantages and disadvantages. Deciding which method is best for you will depend on how much time you are able to spend purifying water, what you’d like it to taste like and how much money you are willing to spend.

Boiling
Boiling is the oldest and most trusted method of removing bacterial contamination from water. Once water has been brought to a boil (1/2 inch bubbles breaking the surface) it is considered clean. The method is simple and effective, but requires fuel, time and access to a heat source and cooking utensils to purify water. Flavour wise, the water is left with a very flat taste. The taste can be improved by pouring the water quickly from one container to another or by adding juice crystals.

Water Filters
Water filters treat water by forcing water through a ceramic or glass-fiber filter to remove contaminants. An intake tube is placed in a water source and then water is hand-pumped through the filter. A recommended filter is one with “1.0 micron absolute pore size.” This prevents anything bigger than one micron passing through the filter. Giardia and cryptosporidium cysts are approximately four to five microns in size. Filters are extremely sensitive - treat them gently to avoid cracking. Pay attention to when the filter needs to be replaced.

Iodine and Chlorine
Iodine and chlorine are chemical additives that can be used to treat water. Neither additive is effective against cryptosporidium and both additives are more effective in the summer months when water temperatures are warmer. Iodine and chlorine can treat water at 20 Celsius in 30 minutes, in colder conditions water may have to sit overnight. Because of the sensitivity of filters (if dropped the filter can break) iodine and chlorine are a good back-up method to have on hand. Bottles of iodine and chlorine are small, lightweight and inexpensive.

Water purified by chemical additives has a distinct taste, which can be resolved by adding juice crystals. Make sure to add your juice crystals after the water has been treated. If not, the iodine will bond with sugar crystals instead of giardia and cryptosporidium. Iodine is not recommended for long-term use (more than three months) and is not recommended for people with thyroid problems, people using lithium or pregnant women.

For More Information:
Contact Barry Johnson, MASHA Field consultant at barryjohnson@masha.on.ca
www.masha.on.ca

Resurgence in prospecting activity expected to continue
Mike Purvis
Sault Star Local News
Friday, April 20, 2007
Updated @ 2:29:07 PM

George Lucuik has spent the last 10 years essentially maintaining his prospecting claims, as he waited out a slump in the price of commodities.

Now, with prices going up, it’s payback time. “Five years ago you couldn’t give (a claim) away,” said Lucuik, 69, a part-time prospector from Sault Ste. Marie. These days, “Anybody with a half-decent property will get a company interested.”

The Sault area is seeing prospecting activity that it hasn’t seen in 15 years as prospectors take a second look at long-dormant sites, said Jim Ireland, regional manager of the Ontario Geological Survey’s resident geologist program.

“We’re starting to see a resurgence in activity in Sault Ste. Marie and area and I would suggest that we’re going to see a continuing increase in activities probably as long as the current commodity price trends continue,” said Ireland.

Diamonds are the big news around Wawa, but some are searching for uranium around Montreal River, while copper, silver and gold are being sought in the Mamainse Point area.
Inland from Mamainse Point, prospectors are seeking out copper, lead, and zinc deposits. Other prospectors are looking for iron ore deposits in the Cowie Lake area, northwest of Ranger Lake. The site was previously examined by Algoma Steel Inc. in the 1960s.

With steel prices up, “Stuff like this is now being looked at and staked by prospectors,” said Delio Tortosa, vice-president of the Sault and District Prospector’s Association. He said the case is similar for other parts of northeastern Ontario.

In Elliot Lake, prospecting for uranium is at levels not seen since the 1960s, Ireland noted. “Back in 2000, the whole mineral exploration and mining industry was going through the same downturn that we’re seeing in the forestry industry today,” he said.

“In December 2000, uranium was worth $7.40 a pound, today it’s worth $113 a pound,” said Ireland. “It changes the economics of a deposit.”

Ireland said the Batchawana Bay area was a source of small, high-grade copper bases in the past. Those were narrow veins that were mined out very quickly, which was the way mining was done in those days, he said.

Ireland said now companies are looking for a larger, lower-grade source that can provide long-term mining opportunities, predominately because of the cost of mine closure and site rehabilitation.

The lower-grade sites probably were never looked at, he said. “Nowadays you need something that’s sustainable over the long term just to pay the costs to bring a mine into production,” and to clean it up later, said Ireland.

All the activity has caused some renewed interest in prospecting, said Vivienne Cote, who is president of both the Ontario Prospectors Association and the Sault and District Prospector’s Association. “I see a lot more people wanting to be prospectors,” she said. Cote said the majority of the association’s roughly 50 members, like herself, don’t prospect full time.

Lucuik is retired from the Great Lakes Forestry Centre and prospects as a hobby. “For me it isn’t the money so much, it’s getting out into the bush,” he said. Only 10 per cent of his work is in the bush, however. Most of his work is studying what is already known about the areas he is interested in.

Lucuik said with demand up, he has about 50 spots he’d like to take a look at, but will likely get to only 10 of those this year.

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**WANTED: GENTLY USED EXPLORATION EQUIPMENT**

A Northern Ontario Community interested in participating in the mineral industry seeks good quality used equipment including:

- **Winkie Drill** and accessories
- **Geophysical Instruments** (magnetometer, VLF, Maxmin, Beep Mat, Scint)
- **Exploration Camp** (Tents, Jutland frames, kitchen kits etc); and
- **Field Equipment** (GPS, compass, hammers, packs and safety equipment).

Willing to pay reasonable prices for equipment in good condition. Help keen new prospectors find the next mine in Ontario’s far north. Call Doug (807) 345-3860 or email dsilvaparker@hotmail.com

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**ONTARIO PROSPECTORS ASSOCIATION**

The OPA is having it’s Annual General Meeting on June 18, 2007. This is a rescheduled meeting as the last was cancelled do to unforeseen circumstances. The meeting is scheduled for 6:00 pm at the Holiday Inn, 1696 Regent St. Sudbury. The AGM Notice is included with this Issue of The Explorationist.