

Action Plan 2001 Status Report

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Introduction

The Status Reports contained hereunder reflect the actions taken on the major issues affecting the mining industry in Canada, under the direction of the provincial, territorial and federal ministers of Mines at the Mines Ministers' Conference 2001.

The reports were prepared either by working groups established by the Intergovernmental Working Group on the Mineral Industry (IGWG) or by officials responsible for a specific issue.

Therefore, the views contained in the reports do not necessarily reflect those of IGWG as a whole.

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Corporate and Industry Performance

Ministers were pleased to take note of the industry presentations which highlighted industry's concerns with respect to the global economic situation.

Ministers agreed on the importance of providing the mining industry with the same federal tax advantages as those granted to other sectors.

Provincial and territorial ministers expressed the need for a reduction in the federal corporate tax rate for the mining sector, in keeping with recent reductions for other industrial sectors. Ministers mentioned that this reduction should not affect any specific allowances currently granted to the industry with regard to the particular nature of the sector such as the resource allowance and accelerated depreciation.

The Minister of Natural Resources Canada undertook to inform his colleague, the Minister of Finance, about this matter.

In addition, Ministers agreed to examine, together with their respective Finance Ministers, other fiscal measures applicable to the mining industry, such as reducing capital taxes and broadening tax credits for research and development to include process-related innovations, with a view of promoting investment and creating jobs in all resource regions.

PROPOSAL FOR ACTION

The Minister of Natural Resources Canada undertook to inform his colleague, the Minister of Finance, about the views expressed by provincial/territorial ministers concerning the need to extend, to the mining sector, the corporate income tax rate reduction accorded to other industrial sectors except manufacturing and processing.

BACKGROUND

In the Budget of February 28, 2000, the Minister of Finance Canada announced that, within five years, the federal corporate income tax rate would be reduced from 28% to 21% on business income not eligible for special tax treatment. Mining and oil and gas were excluded from that measure on the grounds that "the resource sector currently benefits from a number of special tax preferences not available to other sectors in the economy that serve to reduce its effective tax rate." The Economic Statement of October 18, 2000, set out a specific timetable for the corporate income tax rate reductions. It also indicated that "the Government is consulting with both industry associations and provinces on options to extend the lower rate to this sector while at the same time improving the tax structure."

Finance Canada has held several meetings with resource associations, including The Mining Association of Canada (MAC) and the Canadian Fertilizer Institute, to review the specific

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concerns of the resource industries. In the context of these discussions, Finance Canada has indicated that some reductions in existing tax incentives would be necessary to provide access to lower tax rates.

At the 2001 Mines Ministers' Conference, ministers noted the mining industry's concerns with the lack of progress on this issue and the implications for international competitiveness of their prolonged exclusion from the federal corporate income tax rate reduction plan. The first reduction in the corporate income tax rate became effective on January 1, 2001, when the general rate was reduced to 27%. A further reduction of two percentage points became effective on January 1, 2002. Similar reductions are scheduled to take place on January 1, 2003, and January 1, 2004.

The MAC brief to MMC 2002 calls for an extension of the 21% income tax rate to mining companies with no change to the current mineral tax provisions of the *Income Tax Act*. MAC also requests a further reduction of the corporate income tax rate to 17% for all corporations and the removal of capital taxes to create a clear Canadian advantage to attract investment capital.

ACTIONS TAKEN

A meeting, at the ADM level between Finance Canada and the Energy and Minerals and Metals sectors of NRCan was held to discuss this matter. NRCan is assisting Finance Canada by conducting computer modelling to evaluate the potential effects of a number of possible alternatives for restructuring the mining provisions of the *Income Tax Act*.

Finance Canada is actively pursuing its dialogue with the mining industry. Further meetings were held with individual companies. Finance Canada has engaged Mr. Wilf Lefebvre of Ogilvy Renault and Mr. Robert Parsons of PricewaterhouseCoopers to act as facilitators to help resolve the issue as it relates to the mining industry, which includes oil sands. Meetings have taken place between the consultants and both MAC and the Coal Association of Canada.

With respect to the issues of capital taxes and tax credits for research and development for process-related innovations, discussion has been ongoing in the context of the consultations surrounding the Innovation Strategy of the federal government, which have taken place across the country and which have identified these particular issues.

RECOMMENDATIONS

Given the fact that changes to the resource provisions of the federal income tax regime affect provincial systems, Finance Canada may wish to continue to hold provincial/territorial discussions on the tax reform issue prior to finalizing the new tax structure.

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Mineral Exploration Funding

Ministers shared industry's concerns regarding the chronic weakness in the exploration industry across Canada, and expressed concern about its impact on the survival of several mining communities.

Ministers recognized that the fiscal and budgetary measures announced by various governments since the last Mines Ministers' Conference have not yet succeeded in halting the decline in exploration activity. Ministers therefore asked that a tax working group be established under the auspices of the Intergovernmental Working Group on the Mineral Industry (IGWG) in order to evaluate the effectiveness of the federal Investment Tax Credit for Exploration linked to flow-through shares and other measures, and to report back at the next Mines Ministers' Conference.

Ministers will also continue to evaluate other complementary measures to promote exploration investment in their respective jurisdictions.

PROPOSAL FOR ACTION

In accordance with the ministers' instructions issued at the 2001 Mines Ministers' Conference (MMC), a study group was created to report to the 2002 MMC on the effectiveness of the federal and provincial tax credits for exploration. The members of the working group are Quebec, Ontario, Manitoba, Saskatchewan, British Columbia, the Yukon, the Northwest Territories and Natural Resources Canada (NRCan).

The group produced a preliminary evaluation report that analyzes available information on mineral exploration spending and evaluates the performance of the Investment Tax Credit for Exploration (ITCE) in Canada and related provincial/territorial tax incentives in terms of increasing mineral exploration investment in rural and northern Canada. Interim recommendations on the future course of tax incentives for exploration are also provided in the report.

BACKGROUND

Commencing with the October 18, 2000 Budget Update, the Government of Canada and several provinces announced new tax initiatives to help the exploration and mining industry secure additional financing for preliminary exploration in Canada. Jurisdictions that provide flow-through share-based tax incentives that complement the ITCE now include Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.

MAJOR FINDINGS

Since 1997, world exploration spending by major mineral-producing companies has declined

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dramatically due to poor metal prices, a poor short- to medium-term outlook, and a draw on financial resources to meet the needs of the consolidation surge among transnational mining corporations. Worldwide spending by smaller corporations was affected by severely restricted access to risk equity capital and experienced a similar reduction.

Exploration spending in Canada generally followed the worldwide trend up to mid-2000, but since then it has fared relatively better than abroad. Spending has stabilized at around \$500 million and is showing signs of a small improvement in 2002.

Following a substantial decline in 1998 and 1999, exploration spending by junior companies firmed up, actually increasing significantly in 2000 and again in 2001. During that period, flow-through share financing increased as a proportion of total financing.

The ITCE program was well received by industry and investors. It was found to be a significant factor in the relatively solid performance of junior corporations over the last two years. However, program results so far have been below industry expectations, principally as a result of adverse economic circumstances. Although it took several months for industry and investors to adapt to the program, and to the sequential introduction of parallel provincial measures, the program helped companies attract equity financing for their exploration projects.

RECENT DEVELOPMENTS

The Prospectors and Developers Association of Canada (PDAC), in cooperation with the Quebec Prospectors Association and NRCan, undertook an awareness campaign to inform the investment community of the advantages, ways and means of using flow-through shares and the ITCE. The awareness campaign included a series of seminars in major financial centres in Canada (Montréal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver). In Quebec, the awareness campaign was extended to several smaller financial centres across the province.

On April 22, 2002, the Manitoba government introduced the 10% Manitoba Mineral Exploration Tax Credit (MMETC), which parallels and tops up the federal ITCE.

On August 22, 2002, the Quebec government announced a temporary improvement to the exploration tax credit regime for companies. Additional non-refundable tax credits will supplement existing refundable tax credits.

In its brief to the 2002 MMC, the PDAC has recommended the following changes to the tax credit system:

- extend the ITCE and harmonized provincial programs for at least one year;
- extend the “buy” period of flow-through shares to the end of February;
- allow between 10% and 15% of the money raised to be spent on the financing cost and

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- still be eligible as Canadian Exploration Expenses;
- extend the ITCE to mining companies acquiring flow-through shares; and
- extend by one year the allowed spending period for the money raised in the final year of the program.

RECOMMENDATIONS

Interim recommendations of the working group are: a one-year extension of the mandate of the working group; a one- to two-year extension of the ITCE and the harmonized provincial tax credits; and an adjustment of the “look-back” period to allow companies an additional one year after the expiration of the program to incur eligible expenses.

Other recommendations on the future course of exploration incentives will be submitted to the finance departments of federal and provincial governments before the end of 2002. The final report, which would incorporate data updates, could be released at the 2003 MMC if Mines Ministers agree on the extension of the study group’s mandate.

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Orphaned and Abandoned Mine-Site Rehabilitation

Ministers agreed on the importance of implementing, over the short term, a large-scale program for rehabilitating orphaned and abandoned mine sites.

Ministers were encouraged by the interest and leadership shown by industry in this regard, and acknowledged that the scope of the task at hand will require the participation of all stakeholders, both private and public.

Therefore, Ministers asked that a multi-stakeholder advisory committee be established to study various issues and initiatives pertaining to the development of partnerships in the implementation of remediation programs across Canada. While recognizing that each jurisdiction will develop its own implementation strategy, the advisory committee will report on options for funding models and mechanisms including the financial participation of industry and federal, provincial and territorial governments, legislative barriers to collaboration, and appropriate community involvement in decision-making. Ministers requested a report on these issues at their next Conference.

BACKGROUND

At the 2001 Mines Ministers' Conference in Québec City, Ministers agreed on the importance of a large-scale program for rehabilitating orphaned/abandoned mine sites. They asked that a multi-stakeholder advisory committee on orphaned/abandoned mines be established to study various issues and initiatives pertaining to the development of partnerships in the implementation of remediation programs across Canada.

STATUS

The Orphaned/Abandoned Mines Advisory Committee is a cooperative partnership of the Canadian mining industry, federal/provincial/territorial governments, environmental non-government organizations and First Nations (committee membership attached). Work of the committee is jointly funded by industry and government organizations.

The first meeting of the Advisory Committee was held in Toronto in March 2002. At that time three task groups were formed to address the following key areas (individual task group reports attached):

Information Gathering

To develop capacity for a national inventory of active, closed and orphaned/abandoned mine sites based on compatible inventories in each province and territory, including an acceptable system for categorization and priority ranking. To include agreed-upon definitions and terminology as applied to orphaned/abandoned mine sites;

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Progress to Date:

- Meta-data regarding information on active, closed and orphaned/abandoned mines, including advanced exploration sites, has been collated from seven provinces, one territory and one federal agency.
- Costs associated with rehabilitating abandoned mines cannot be accurately estimated at this time. Improved statistical and technical information is required to quantify liabilities and identify priorities.

Next Steps:

- The task group will establish a process to collate information, agree upon definitions, and establish a framework for data collection and prioritization.

Community Involvement

To develop a plan to foster community involvement in decision-making about closure and reclamation standards, and to ensure that targeted end-use and reclamation standards are acceptable to local communities;

Progress to Date:

- Case studies have been completed on three abandoned mines: the Giant mine in the Northwest Territories; the Deloro mine in Ontario; the Mount Washington mine in British Columbia; and on one non-mining contaminated site, the Sydney Tar Ponds in Nova Scotia;
- A summary of lessons learned has been prepared that highlights critical issues and barriers to and recommendations for meaningful community involvement.

Next Steps:

- Publication of lessons learned as a set of guiding principles for community engagement;
- Development of a best practices guide for community involvement.

Barriers to Collaboration

To evaluate the efficacy of various approaches, including "Good Samaritan" legislation, permit blocking, non-compliance registries, and allocative liability versus joint and several liability;

Progress to Date:

- A preliminary review of legislation has been completed to

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identify regulatory and institutional barriers, liability disincentives and collaborative opportunities. The study included Canadian and provincial legislation as well as selected U.S. federal and state legislation and limited legislation from the United Kingdom and Australia.

- Key findings include:
 - The current legislative and regulatory regime in Canada is at best patchwork, at worst indifferent to the problem;
 - There is no existing or proposed federal or provincial law regarding "Good Samaritan" legislation;
 - There are a number of liability disincentives to carrying out voluntary work with a few limited exceptions (e.g., variance authority);
 - There are examples of collaborative initiatives that have been undertaken without legislative reform;
 - Federal and provincial/territorial governments must work together to establish regulatory certainty for the management of orphaned/abandoned mine sites.

Next Steps:

- Publication of the report on regulatory barriers to collaboration;
- A workshop to further explore findings of the report and identify preferred options for consideration by federal and provincial/territorial governments.

RECOMMENDATIONS

Mines Ministers continue to support the ongoing work of the Orphaned/Abandoned Mines Advisory Committee.

Through the work of its Task Groups the committee will:

- address issues related to regulatory and institutional barriers and report back to Mines Ministers in 2003 with specific recommendations;
- develop a set of guiding principles and a best practices guide to foster meaningful community involvement to be presented to Mines Ministers in 2003;
- develop a framework for data management and prioritization and report back to Mines Ministers in 2003;
- establish a task group to review funding approaches and identify preferred options.

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Orphaned and Abandoned Mine-Site Rehabilitation APPENDIX 1

COMMITTEE MEMBERSHIP

The Orphaned/Abandoned Mines Advisory Committee is a cooperative partnership of the Canadian mining industry, federal/provincial/territorial governments, environmental non-government organizations, and First Nations. Members include:

Christine Kaszycki (Chair) - Manitoba Industry, Trade and Mines
Gilles Tremblay (Secretariat) - CANMET, Natural Resources Canada (NRCan)
Joanna Ankersmit - Indian and Northern Affairs Canada (INAC)
Louis Bienvenu - Québec, Ministère des Ressources naturelles
Scott Clausen - Minerals and Metals Sector (NRCan)
Dick Cowan - Ontario Ministry of Northern Development and Mines
William David - Assembly of First Nations
Wayne Fraser - Hudson Bay Mining & Smelting Co., Ltd.
Elizabeth Gardiner - The Mining Association of Canada
Gerald Harper - Prospectors and Developers Association of Canada
Robert Holmes - Yukon, INAC
Lisa Keller - Environment Canada
Joan Kuyek - MiningWatch Canada
Brennain Lloyd - Northwatch
Patrick Reid - Ontario Mining Association
Gregg Stewart - British Columbia Energy and Mines
Darren Taylor - Trondek Hwechin First Nation, Council of Yukon First Nations

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Orphaned and Abandoned Mine-Site Rehabilitation APPENDIX 2

TASK GROUP ON INFORMATION GATHERING

INTRODUCTION

A principal objective of the Information Gathering Task Group is to develop capacity for a national inventory of active, closed and orphaned/abandoned mine sites based on compatible inventories in each province and territory, including an acceptable system for categorization and priority ranking. Also, to include agreed-upon definitions and terminology as applied to orphaned/abandoned mine sites.

Abandoned mines exist within all mining jurisdictions in Canada. These sites, however, are not well documented with respect to both their numbers or their associated physical/environmental impacts and liabilities. Further research and compilation of information on abandoned mines is necessary to enable effective, sustainable, cost-efficient planning and rehabilitation. Such information is also necessary to ensure transparency of decision-making and access to information by governments, civil society, industry and other stakeholders. To efficiently address both public health and safety, and environmental concerns associated with abandoned mines, a number of issues must be accounted for in an information-gathering process (see below). This information is critical to enable sound decision-making and reclamation.

Costs associated with rehabilitating abandoned mines cannot be accurately estimated at this time. Improved statistical and technical information would help quantify liabilities and direct resources toward identifiable priorities.

STATUS

The Information Gathering Task Group sent a letter of request to federal, territorial and provincial government departments on June 10, 2002, with the goal of receiving the following information on active, closed and orphaned mines, including advanced exploration sites in each of their respective jurisdictions:

- Terminology and definitions currently applied to abandoned mines;
- System used to store information;
- Data structure of the system used;
- Types of information available;
- Current programs being undertaken;
- The extent to which sites are prioritized and ranked according to various criteria; and
- The form of financial assurance used regarding mine-site reclamation liability.

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Information was received from seven provinces, one territory and one federal agency. The information was reviewed by the Secretariat and a brief summary follows on selected items. Several inventory studies have been completed on both provincial and national scales. Provinces have reported the following number of abandoned mine sites: Ontario, 6000; British Columbia, 1900; and Manitoba, 290. One national study reported that the country has over 10 000 sites.

The system of choice to store data for many jurisdictions is a simple spreadsheet format (e.g., Microsoft Access) that is designed to incorporate geological, geochemical, geotechnical and administrative information for each site. Some are using GIS-type software while others are planning on future integration with this type of system. Most jurisdictions reported that the database is currently a "project in works" as it is still being tested, amended and updated.

One jurisdiction reported that the system was converted from Microsoft Access to an Oracle database because of greater scalability and improved performance. They plan to have the data available to the public via the Internet in its present format.

A key area identified is the need for flexibility in the system to allow for inclusion of additional information as it becomes available. For instance, many of the data include physical features and hazards but lack chemical monitoring data.

The definition of an "abandoned" site varies between jurisdictions, which could account for the differences in number of sites reported (see above). The most common definition is where a proponent has ceased or suspended indefinitely advanced exploration, mining, or mine production on the site without rehabilitating the site. They have also been classified as a site for which there is no lease holder, permit or current operator. The term "orphaned" mine has been used to describe sites without an identifiable owner. Some jurisdictions do not differentiate between orphaned and abandoned. The term "historic" is used in one jurisdiction instead of orphaned/abandoned.

RECOMMENDATIONS

Suggested recommendations include:

- that the Task Group work together to establish a process to collate the information from each jurisdiction; and
- that the 2002 Mines Ministers recommend that both the federal and provincial/territorial governments recognize the opportunity to take action and establish a national inventory of mines sites and agreed-upon definitions for orphaned/abandoned mines.

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Orphaned and Abandoned Mine-Site Rehabilitation APPENDIX 3

PROGRESS REPORT FOR THE COMMUNITY INVOLVEMENT TASK GROUP

INTRODUCTION

Community involvement in abandoned and orphaned mines was the focus for one of three multi-stakeholder task group subcommittees established after the 2001 Mines Ministers' Conference (MMC). The objective of the community involvement subcommittee is to "develop a plan to foster community involvement in decision-making about closure and reclamation, and to ensure that targeted end-use and reclamation standards are acceptable to local communities."

STATUS

A scoping study was contracted to CCSG Associates to characterize key issues related to community involvement in abandoned mines, and to identify potential case studies for future examination. This study was completed in May 2002 and was used by the Task Group to develop and plan the next phase of study. Three abandoned mines (the Giant mine in the Northwest Territories, the Deloro mine in Ontario, and the Mount Washington mine in British Columbia) and one non-mining contaminated site (the Sydney Tar Ponds in Nova Scotia) were selected for further examination by way of research and a questionnaire. A second report prepared by CCSG (July 2002) evaluated the lessons learned on community involvement and made recommendations based on the results of the survey. Report findings were based on personal interviews with key contacts in order to reflect a diversity of perspectives. Although the case studies may possess more complicated issues than many other abandoned properties, they each illustrate the breadth and importance of effective community involvement in decision-making regarding abandoned and orphaned mines.

The key findings of the consultant's report (attached as Lessons Learned) served as the basis for the following recommendations. These recommendations will be further developed as part of the Orphaned and Abandoned Mines Initiative's 2002-2003 work plan.

RECOMMENDATIONS

1. That the importance of, and need for, community involvement and engagement be embraced in policy, programs, projects and initiatives related to problematic abandoned and orphaned mines.
2. That initiatives related to abandoned and orphaned mine rehabilitation facilitate

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community trust by enabling meaningful and influential input into decision-making.

3. That efforts to address the rehabilitation of abandoned and orphaned mines encourage community members to become and remain involved.
4. That a number of different communications tools and strategies be used to disseminate/gather information and educate all community members.
5. That efforts be made to convey technical information associated with abandoned and orphaned mines in a format that is easy to understand for those that do not have a technical background.
6. That social, health, training and other capacity-building efforts be undertaken to increase community participation in abandoned and orphaned mine rehabilitation.
7. That the nature of a community's involvement and the expectations of different stakeholders be well defined from the earliest stages of an engagement process.
8. That community engagement processes practice participant equity, fairness and efficiency and use impartial facilitators to ensure effective, sustainable participation and the resolution of conflict.

NEXT STEPS

- Each of these recommendations should be considered and/or incorporated in this upcoming year's work plan. As a starting point, this will include:
 - Publication of the Lessons Learned to form a set of guiding principles for community engagement.
 - Development of a "best practices guide" for community involvement, to guide and inform policy development and project management.

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ATTACHMENT TO APPENDIX 3: LESSONS LEARNED

The study on Community Involvement in Abandoned and Contaminated Mine Sites revealed a number of lessons on community involvement that were common to both the Canadian and U.S. case studies examined. The following is a selection of key lessons:

BENEFITS OF COMMUNITY INVOLVEMENT

- Community involvement in the remediation of an abandoned mine site leads to decisions that are more acceptable to a community. In some cases, community involvement also leads to lower remediation costs.

BARRIERS TO COMMUNITY INVOLVEMENT

- People living near abandoned mines may be hesitant to trust a government that has failed to prevent environmental contamination. As a result, a lack of community trust in government and/or other responsible parties can become a major barrier to participation in a government-led process.
- Communities want to have "meaningful" input into decisions related to the remediation of abandoned mines. They may not participate in a process if there is no opportunity for two-way dialogue or no possibility to influence the decisions.
- There may be social, economic, political, economic, historical, cultural and health-related barriers that affect the willingness or ability of a community member to participate in a process related to mine-site remediation.
- Disillusionment with processes that do not adequately reflect community composition or that fail to resolve conflicts in a respectable manner may also diminish participation and prevent community members from becoming involved.

OVERCOMING BARRIERS TO COMMUNITY INVOLVEMENT

- Building trust between community members, government and others will likely be necessary if community involvement processes are going to be successful. Trust may be built when community members see that some of their priorities and concerns are being addressed within a process.
- Communities are not homogeneous entities. As a result, it is likely that a number of communications tools and strategies should be used to disseminate and gather

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information, and educate community members. Extra effort should be made to ensure that the information is distributed beyond "those most willing to hear it" and that input is received from more community members than "those who are easiest to hear from."

- Some of the information related to the remediation of contaminated sites is extremely technical. Consequently, efforts should be made to convey this information in an easy-to-understand format. Otherwise, large segments of the community will not have the knowledge to understand the issues and will be unable to fully participate in discussions related to remediation.
- In many of the case studies examined for this report, a lack of capacity to decipher and utilize technical reports and data was seen as a barrier to meaningful participation in discussions concerning the remediation of abandoned mines. Funding should be made available to assist community groups in hiring technical advisors to help them better understand scientific data. This will enable the community members to make more-informed decisions and recommendations on remediation options.
- Capacity-building efforts that increase community participation in remediation can both empower community members and better enable them to understand the challenges faced during the remediation process.
- Health and social capacity-building efforts may be necessary alongside technical capacity building. Wellness centres, literacy programs, programs with youth, health support initiatives and re-training programs can help to improve the ability of community members to fully participate in decisions that affect them.

LESSONS RELATED TO FORMAL COMMUNITY INVOLVEMENT PROCESSES

- The nature of a community's involvement in a process should be made explicitly clear to participants up front. This is necessary to reveal differences in expectations over the level of influence that community members may have on remediation decisions. Failure to do so may result in community frustration and increased distrust in the process if their expectations are not met.
- Community involvement mechanisms should include broad representation of the community and a diversity of views.
- Early involvement in planning and decision-making can help take citizens out of a reactive position and may offer them a more meaningful opportunity for engagement in discussions of options, tradeoffs and consequences.

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- Actions to prevent high rates of participant turnover should be implemented. These actions could include conflict resolution mechanisms, financial support for community members' expenses, baby sitting services, technical assistance to community members, paid staff to do administrative work that volunteers cannot accomplish, and defined end points for committees.
- Agency accountability within a public participation process is essential. The credibility of the process may be undermined when agencies do not respond (or fail to respond in a timely manner) to the public's input, suggestions or recommendations.
- A lack of fairness in the process (e.g., unequal time allowed for different viewpoints to be heard) can diminish the credibility of a process.
- It is important that conflicts be resolved in a timely manner that is both respectful and fair. Effective facilitation of meetings can be critical to working through the conflicts that will likely arise when a diversity of individuals work together in a process.

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Orphaned and Abandoned Mine-Site Rehabilitation APPENDIX 4

TASK GROUP ON LEGISLATIVE BARRIERS TO COLLABORATION

INTRODUCTION

The report of the 2001 Mines Ministers Conference recommended that a multi-stakeholder Orphaned/Abandoned (O/A) Mines Advisory Committee be struck to study various issues and initiatives relating to the development of partnerships in the implementation of remediation programs across Canada. Subsequently, this advisory committee developed a three-pronged program for 2002 including the establishment of three Task Groups to address three key issues including "Legislative Barriers to Collaboration." This progress report describes activities to date of the Task Group on Legislative Barriers to Collaboration. Members of this Task Group include: Elizabeth Gardiner, Chair (The Mining Association of Canada), Barbara Mossop (Ontario Mining Association), Dick Cowan (Ontario Ministry of Northern Development and Mines), Brennain Lloyd (Northwatch), Edwin Yee (Manitoba Department of Conservation), Robert Holmes (INAC-Yukon), William David (Assembly of First Nations), Wayne Fraser (Hudson Bay Mining & Smelting), Fred Privett (INAC-Yukon) and Charlene Hogan (O/A Mines Secretariat-NRCan).

STATUS

The Task Group met numerous times via telecom. The principal activity was to develop terms of reference for a consultants background study, tender the study, review interim and final reports from the study, and prepare recommendations for consideration by the Advisory Committee. An RFP was sent to six individuals/firms on June 24th with proposals to be submitted by June 28th; three proposals were received and the project was awarded to Joseph P. Castrilli, B.A., LL.B., LL.M. on June 28th. An interim report was received on July 16th and a draft final report on July 24th. Consensus of the Task Group is that Mr. Castrilli did an excellent job within the time constraints imposed. Mr. Castrilli reviewed Canadian and provincial legislation, selected U.S. federal and state legislation, and limited legislation from the United Kingdom and Australia to identify regulatory and institutional barriers, liability disincentives and collaborative opportunities.

KEY FINDINGS OF REPORT

Regulatory and Institutional Barriers

Potential regulatory and institutional barriers to forming partnerships to deal with abandoned mine features include:

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- regulations under numerous federal or provincial acts;
- approvals, licensing, permits and plans requirements;
- lack of focus on abandoned sites versus closure of operating sites; and
- absence of statutory authority for encouraging voluntary initiatives.

Potential Liability Disincentives to Partnerships

Numerous liability disincentives to voluntary partnerships for rehabilitation of abandoned mines include:

- quasi-criminal liability resulting in prosecutions;
- joint and several civil liability under various legislation, such as the *Fisheries Act*;
- administrative orders imposing liability for failure to comply, etc.; and
- ministerial orders, court injunctions, etc.

Collaborative Opportunities for Partnerships

Several potential opportunities exist for developing collaborative efforts to deal with abandoned mines including:

- exemptions from personal liability, e.g., secured lenders, receivers, etc.;
- partial exemptions for activities such as re-mining;
- provision of authority for variances, "escape valves," from approvals or regulations;
- authority for provision of site rehabilitation agreement; and
- Good Samaritan legislation.

CONCLUSIONS AND RECOMMENDATIONS OF REPORT

The report made several conclusions and recommendations with respect to voluntary abatement, remediation or reclamation of abandoned mines, which are briefly summarized below:

Conclusions

- overall, the current legislative and regulatory regime in Canada is at best a patch-work, at worst indifferent to the problem;
- in general there is no existing or proposed federal or provincial law regarding the subject of Good Samaritan legislation;
- federal and provincial environmental and mining laws in Canada contain a number of regulation, permit and approval requirements that likely would have to be complied with by volunteers proposing to work on abandoned sites;
- there are a number of liability disincentives to carrying out voluntary work, although there are a few limited exceptions;
- there are examples of collaborative initiatives that have been undertaken without legislative reform;
- opportunities such as variance authority exist in some jurisdictions; and
- both the federal and provincial/territorial legislatures will have to speak directly to the

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problem if progress is to be made.

Recommendations

Following is an abbreviated list of options identified in the report that may be pursued to improve the situation:

- amend existing or enact new legislation, which encourages volunteers by setting out protections afforded, identifying who is protected, and identifying the types of projects covered;
- provide for exemption of volunteers from being "responsible persons";
- establish an abandoned mine reclamation "Good Samaritan" permit program that provides for limitation of liability if specified conditions are met; and
- create exemptions from remediation liability at abandoned sites if specified conditions are met and indemnifications provided.

TASK GROUP RECOMMENDATIONS

Suggested Task Group recommendations:

- that, if voluntary collaboration to rehabilitate abandoned sites is to occur, then legal instruments must be developed to protect the volunteers except where they are negligent, create problems as a result of willful misconduct, etc.;
- that the 2002 Mines Ministers' Conference recommend that both federal and provincial/territorial governments recognize the opportunities that are being missed and take action to find remedies;
- that federal and provincial/territorial governments work together to establish regulatory certainty for the management of orphaned/abandoned mine sites; and
- that IGWG sponsor a workshop by March 31, 2003, to further explore the work of the Castrilli Report and to identify preferred options to develop for consideration by both federal and provincial/territorial governments (Mr. J. Castrilli may be a good choice for facilitator).

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Gold Sector Support

Reflecting on the significance of the gold sector in the mining industry across Canada, Ministers mandated the joint government-industry task force on gold to:

- *Investigate opportunities to support or participate in the pursuit of research and development into new uses for gold;*
- *Develop a promotional strategy with a view to producing gold items bearing an emblem of each jurisdiction that could be presented to dignitaries; and*
- *Evaluate Canada's gold sales policy with respect to its impact on regional economic development across Canada, inviting Finance Canada to participate.*

The Minister of Natural Resources Canada has agreed to consult with his colleague, the Minister of Finance, on the results of recent studies assessing the impact of gold sales by the central banks and other financial institutions on the gold market.

ISSUE

During the period 1999-2001, a number of factors exerted downward pressure on the price of gold including the increase of gold sales from Central Banks' official reserves, the strength of the U.S. dollar, the increase in worldwide gold mining production, and, until 2000, the accelerated supply from producer hedging programs. The lingering effect of weak gold prices during this period has had a negative impact on the Canadian mining industry, leading to job losses and reduced capital and exploration expenditures. These trends are also having an impact on a significant number of Canadian rural gold mining communities. Over this same period, the number of gold mines decreased from 40 to 26 and employment decreased from more than 8200 to less than 6300. Not all of the consequences of years of reduced exploration expenditures have yet been felt. In spite of better market conditions, a continued decline in gold mining production and employment levels can be anticipated for the next two to three years as a direct result of past exploration levels.

BACKGROUND

At the 1999 Mines Ministers' Conference, Ministers recognized:

- The strategic role played by the gold sector in the mining industry in Canada.
- That the depressed state of the gold market compromised the viability of several mining operations in Canada, leading to job losses and also considerably limiting exploration investment in this country.
- That substantial gold sales by central banks and international institutions would further depress the gold market.
- That Canada could play an important role on the international scene to help minimize

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potential negative impacts on gold markets and on the economies of gold-producing nations.

In 2000, Ministers asked that a joint government-industry group¹ be established to exchange information on issues of mutual concern and to identify potential areas of partnership in this area.

In 2001, Ministers mandated the Working Group to:

- investigate opportunities to support or participate in the pursuit of research and development into new uses for gold;
- develop a marketing strategy to produce gold-bearing items with an emblem of each jurisdiction that could be presented to dignitaries; and
- evaluate Canada's gold sales policy with respect to its impact on regional economic development across Canada.

ACTIONS TAKEN

The joint government–industry working group created a Study Group² to undertake its task and make proposals. The Study Group conducted a survey of gold mines in all regions of the country. The survey was designed to gauge the sensitivity of these operations to the price of gold and the socio-economic impacts on gold mining communities. Survey results indicate that the price of gold has a significant leverage effect on mine life. Most mines across Canada foresee that their operating life could be reduced by several years if the price of gold does not rise (remain) above the current³ equivalent of US\$300/oz. If the gold price falls below US\$275/oz in the long term, further mine closures and job losses could follow. In the opinion of the gold mining survey participants, the Bank of Canada's gold reserve sale policy should be reviewed because of its impact on the price of gold. (A summary report of the survey findings appear in Appendix 2 of this report.)

The September 1999 Washington Agreement, a five-year agreement that limited European central bank gold sales and capped participating bank gold leasings and the use of gold futures

¹Participants list appears in Appendix 1.

²Composed of representatives from The Mining Association of Canada, the Ontario Mining Association, the Association minière du Québec and the Association des prospecteurs du Québec, as well as Natural Resources Canada, the Ontario Ministry of Northern Development and Mines, and the Ministère des ressources naturelles du Québec.

³The survey was conducted in January and February 2002. During that period, the average U.S. exchange rate was C\$1.60 for US\$1.00. Therefore, the current equivalent price of US\$300 is C\$480, and the current equivalent price of US\$350 is C\$560.

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and options, was an important first step towards improving gold market sentiment. Industry has also done its part and reduced forward gold sales substantially, giving a clear indication of its leadership and commitment to the gold sector.

The Study Group supports these measures and recommends that Mines Ministers request that the Bank of Canada:

- curb future gold sales unless absolutely necessary;
- avoid selling gold below US\$350/oz to minimize the impact on the gold mining industry and gold mining communities; and
- make this policy public.

In view of the considerable return on investment earned by the Bank of Canada's gold sales policy over the past two decades, the federal Department of Finance should be requested to consider supporting the establishment of a working group over the next year to review current and new R&D support measures that could assist the gold mining sector and gold mining communities. The provincial and territorial jurisdictions could also consider becoming involved by reviewing their own R&D measures. Effective support measures need to be easily accessible, easy to use, and directed towards encouraging industrial gold research and maximizing return on investment.

The Study Group also commissioned a study from M. Murenbeeld & Associates Inc., an internationally recognized Canadian expert⁴, on the impact of central bank gold sales on the gold market in general and on the Canadian mining industry in particular. The report recognizes that many factors affect the gold market. However, this analysis concluded that the impact of the central bank's gold sales on the Canadian gold mining industry is significant. For example, the Canadian gold mining industry's direct revenue losses resulting from central bank gold sales exceed \$1.15 billion since 1990 while revenue losses resulting from Bank of Canada gold sales only exceed \$140 million since 1990. (All figures in 2001 Canadian dollars). Revenue losses resulting from Bank of Canada gold sales since the program commenced are in excess of \$ 240 million. The report concluded that losses of such magnitude could be "life-threatening"⁵ for the small communities that have a significant economic dependence on gold mining in Canada. The complete 42-page study is available under separate cover from this report.

The Study Group also solicited a proposal from the Royal Canadian Mint to design a gold memento or item that could be given as gifts to dignitaries. The Group took into account the protocols present in provinces and territories such as limits on the value of the gift, while

⁴Martin Murenbeeld, Ph. D., Principal, M. Murenbeeld & Associates Inc., *An Analysis of Central Bank Gold Sales and Its Impact on the Gold Mining Industry in Canada*, May 2002, 42 pp.

⁵Ibid, p.1.

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offering a high-quality, distinctive product. To build on this concept, the Mint provided a sample memento that contains a high-quality gold item that could incorporate any emblem requested by a jurisdiction. The Mint's proposal appears in Appendix 3. Jurisdictions and industry organizations are invited to develop or adapt design concepts in consideration of having their own gold-bearing mementos produced by the Mint or by other commercial facilities.

The Study Group also noted the substantial reduction in gold sales (Maple Leaf) by the Royal Canadian Mint. The Study Group recommended that the federal government ask the Mint to consider adopting a more aggressive sales marketing strategy, particularly by focussing on the use of modern electronic methods to make investment in their gold products easier. The related tables are reproduced in Appendix 4 of this report.

Finally, two members⁶ of the Study Group took part in a visit to South Africa to identify opportunities for developing new industrial uses for gold. After consulting with several Canadian gold companies, the Study Group recognized the opportunity of enhancing partnerships between governments, industry and academic institutions on the development of an industrial gold research collaboration network. Research in industrial uses, such as fuel cells, air purification and nanotechnology, could lead to commercial applications and enhance demand. The members' report appears in Appendix 5.

RECOMMENDATIONS⁷

The Joint Government-Industry Working Group recommends that:

1. The Minister of Natural Resources Canada write to his colleague, the Minister of Finance, to ask the Bank of Canada to consider revising its policy on the sale of gold reserves by:
 - Curbing all gold sales, or
 - Unless absolutely necessary, avoid selling gold at less than US\$350/oz to minimize the impact on the industry and gold mining communities; and
 - Make the policy public as soon as possible.
2. Mines Ministers consider promoting the use of gold by:
 - Inviting their jurisdictions to develop gold-bearing items for government mementos (such as the one proposed by the Royal Canadian Mint) and promoting this concept with their respective colleagues; and

⁶Mssrs. Michel Miron of Natural Resources Canada and Dan Paszkowski of The Mining Association of Canada.

⁷Note: The recommendations by the Joint Government-Industry Working Group on Gold are not considered to be endorsed by Ministers from the jurisdictions participating in the Working Groups. The recommendations should be viewed as options for consideration by all Ministers.

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- Requesting that the Minister of Natural Resources Canada write to the Minister of Public Works and Government Services to ask that the Royal Canadian Mint consider a more aggressive sales marketing strategy focussing on developing modern electronic methods to make investments in gold easier.
3. Mines Ministers consider initiatives to search for new industrial uses for gold by:
 - Participating in the upcoming international conference *New Industrial Uses for Gold*, to be held in Canada in 2003;
 - Supporting the Working Group in hosting a workshop to discuss with the gold mining industry, government and academic institutions the potential for establishing a research collaboration network with the goal of identifying research opportunities to develop new industrial uses for gold leading to commercial application (i.e., fuel cells, air purification, nanotechnology);
 - Supporting the development of an annual workshop/conference focused on sharing information and developing a better understanding of current and ongoing research into industrial gold applications to foster future research topics and direction; and
 - Extending the strategic research alliance between the governments of Canada, the United States, South Africa and Australia to incorporate a research program to develop industrial gold products.
 4. The federal Minister of Natural Resources Canada request his colleague, the federal Minister of Finance, to consider new incentives to encourage further research and development to sustain the gold mining industry.
 5. Mines Ministers consider reviewing current support measures for R&D (federal and provincial) to ensure that they are easily accessible, easy to use, and directed towards encouraging industrial gold research.
 6. Mines Ministers mandate the joint Government-Industry Working Group on Gold to monitor and report progress on the implementation of any recommendations approved by the Ministers.

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Gold Sector Support

APPENDIX 1

Liste des participants au comité mixte Gouvernement – Industrie sur l'or List of Participants in the Joint Industry-Government Study Group on Gold										
Nom/Name	Organisation	Adresse de courriel/ E-mail Address	Téléconférence 28-02-01 Teleconference	Réunion (Téléconférence) 30-04-01 Meeting (Teleconference)	Réunion (Téléconférence) 29-10-01 Meeting (Teleconference)	Réunion 08-01-02 Meeting	Réunion 25-02-02 Meeting	Réunion (Téléconférence) 18-04-02 Meeting (Teleconference)	Réunion 30-04-02 Meeting	Réunion 03-06-02 Meeting
Gignac, Louis	Cambior Inc.	louis_gignac@cambior.com		X						
Harvey, Yves	Soquem	yves.harvey@soquem.qc.ca		X					X	
Huebert, Ed	Manitoba Mining association	mam@mb.sympatico.ca		X						
Ignatow, Alek	Ressources naturelles Canada	aignatow@nrcan.gc.ca	X							
Jacques, Yvan	Institut canadien des mines	yjacques@cim.org		X						
Kaszycski, Christine	Manitoba Department of Industry, Trade and Mines	CK.kaszycski@gov.mb.ca		X						
Keyes, Valerie	Ressources naturelles Canada	vkeyes@NRCan.gc.ca	X							
Koncohrada, Karen	Ministry of Energy and Mines, British Columbia	karen.koncohrada@gems3.gov.bc.ca						X	X	
Lavallière, Robert	Cambior Inc.	robert_lavalliere@cambior.com			X	X	X	X		X
Lavoie, André	Association minière du Québec	alavoie@amq-inc.com	X					X		
Léger, Jean- Guy	Ministère des ressources naturelles du Québec	jgleger@mm.gouv.qc.ca	X	X	X	X	X	X	X	X
Lewis, Jim	Ministry of Energy and Mines, British Columbia	Jim.Lewis@gems3.gov.bc.ca		X					X	X

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Livingstone, Gary	Mining Association of British Columbia	glivingstone@mining.bc.ca			X						
Lo-Sun, Jen	Ressources naturelles Canada		X								
MacEwen, Gary	Department of Natural Resources and Energy of New Brunswick	Garry.MacEwen@gnb.ca			X						
MacKay, Gordon	Nunavut Territory Department of Sustainable Development	GMacKay@GOV.NU.CA		X							
Malczak, John	Ontario Ministry of Northern Development and Mines	john.malczak@ndm.gov.on.ca		X	X	X			X		X
McEwan, Sam	Department of Natural Resources and Energy of New Brunswick	Sam.McEwan@gnb.ca			X						
Miron, Michel	Ressources naturelles Canada	mmiron@nrca.n.gc.ca		X	X	X			X	X	X
Ostry, Gary	Manitoba Department of Industry, Trade and Mines	gostry@gov.mb.ca		X	X						
Paszowski, Dan	Mining Association of Canada	dpaszkow@mining.ca	X	X	X	X			X	X	X
Reid Patrick	Ontario Mining Association	preid@oma.on.ca	X	X	X	X			X	X	X

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Routhier, Denis	Monnaie royale canadienne	routhierd@rcmint.ca		X							
Scott, David	Canada-Nunavut Geoscience Office	djiscott@nrcan.gc.ca			X						
Sherkus, Ebe	Agnico-Eagle Mines				X						
Slivitzky, Anne	Association des prospecteurs du Québec	anne.sliv@videotron.ca				X			X		
Smyth, Ron	British-Columbia Energy and Mines	ron.smyth@gems4.gov.bc.ca			X						
Stein, David	Sprott Securities				X						
Tolgyesi, Dan	Association minière du Québec	dtolgyesi@amq-inc.com	X		X	X	X	X		X	X
Vaydik, Mike	NWT & Nunavut chamber of mines	mwaydik@ssimicro.com	X								
Vézina, Serge	Cambior Inc	serge_vezina@cambior.com								X	
Waforn, Martin	BC Mining Industry Association			X							

Source : Compilation Jean-Guy Léger
2002.06.03

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Gold Sector Support APPENDIX 2

JOINT INDUSTRY-GOVERNMENT STUDY GROUP ON THE GOLD MINING INDUSTRY SURVEY RESULTS

Gold mining across Canada ranks seventh for value of production worldwide and gold ranks first in terms of value of domestic mineral production. Canadian gold production totaled 160 tonnes in 2001 (\$2.11 billion), about 2.8% higher than in 2000.

In 2001, Ontario, Quebec and British Columbia were Canada's largest gold-producing provinces, representing 87% of total gold production. Ontario accounted for 50% of Canada's total gold production, followed by Quebec (21%), and British Columbia (15%). The remaining gold production coming from other jurisdictions is also very important as gold represents 92% of annual mineral production value in the Yukon and 18.5% in Nunavut.

Only one new gold mine entered into production in 2001 (the Hammerdown mine in Newfoundland and Labrador). A total of 8 gold mines closed or suspended operations in 2001 (Nugget Pond in Newfoundland and Labrador, Francoeur and Sigma in Quebec, Glimmer and Edwards in Ontario, Bissett in Manitoba, Golden Bear in British Columbia, and the Brewery Creek mine in Yukon). By-product gold production from base-metal mines, primarily Myra Falls and Mount Polley in British Columbia, was also reduced as the result of low metal and gold prices. At the end of 2001, 29 gold mines were in production employing 6629 people, compared to the previous year when there were 33 gold mines employing 7500.

In a recent survey of Canadian gold mining companies conducted by the Industry-Government Working Group on Gold, it was estimated that the gold industry spent approximately \$260 million in 2001 on the purchase of Canadian goods and services at 12 Canadian gold mines. Using this as an average estimate, it is possible to conclude that the 26 operating gold mines in Canada spent about \$570 million in 2001 on the purchase of domestic goods and services. This represents about \$270 million in direct industry purchases for every \$1 billion in annual production value.

The survey of the gold mining industry also concluded that the price of gold was fundamental to future mines and exploration programs. In general, at a price of less than US\$275/oz, the future operation of gold mines in Canada becomes vulnerable, exploration expenditures are reduced to a minimum, and mine reserves are severely downgraded.

At US\$300/oz, a minimum level of exploration programs is maintained, reserve levels are not

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upgraded, and mine life continues to decline. The turning point provided by all survey participants was a gold price of US\$325/oz, whereby exploration levels would increase (even double), reserve levels would rise, mine life would be extended, and new mines would enter into production.

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Gold Sector Support APPENDIX 3

March 6, 2002

Mr. Jean Guy Léger
Office of the Ministère des ressources naturelles
5 700, 4e Avenue Ouest,
Charlesbourg, Québec.

Dear Mr. Leger:

Please find the modifications for the .99999 gold wafer project.
Technical data.
Specifications.

Metal: Gold .99999
Dimension: 11.85 x 17.85 mm
Weight: 3.140 gr
Finish: GML Finish
Quantity: 1,000
Price: approx.\$125.00 each & applicable taxes

Included in the price:

- Refining of gold to .99999
- Engraving: Distinctive reverse and common obverse
- Tooling
- Cost of production and labour
- Transportation
- Cost of gold (\$300.00 USD) subject to change.
- Packaging: Prices may vary depending on option chosen.

Delivery: 6 to 8 weeks after design and packaging approval.

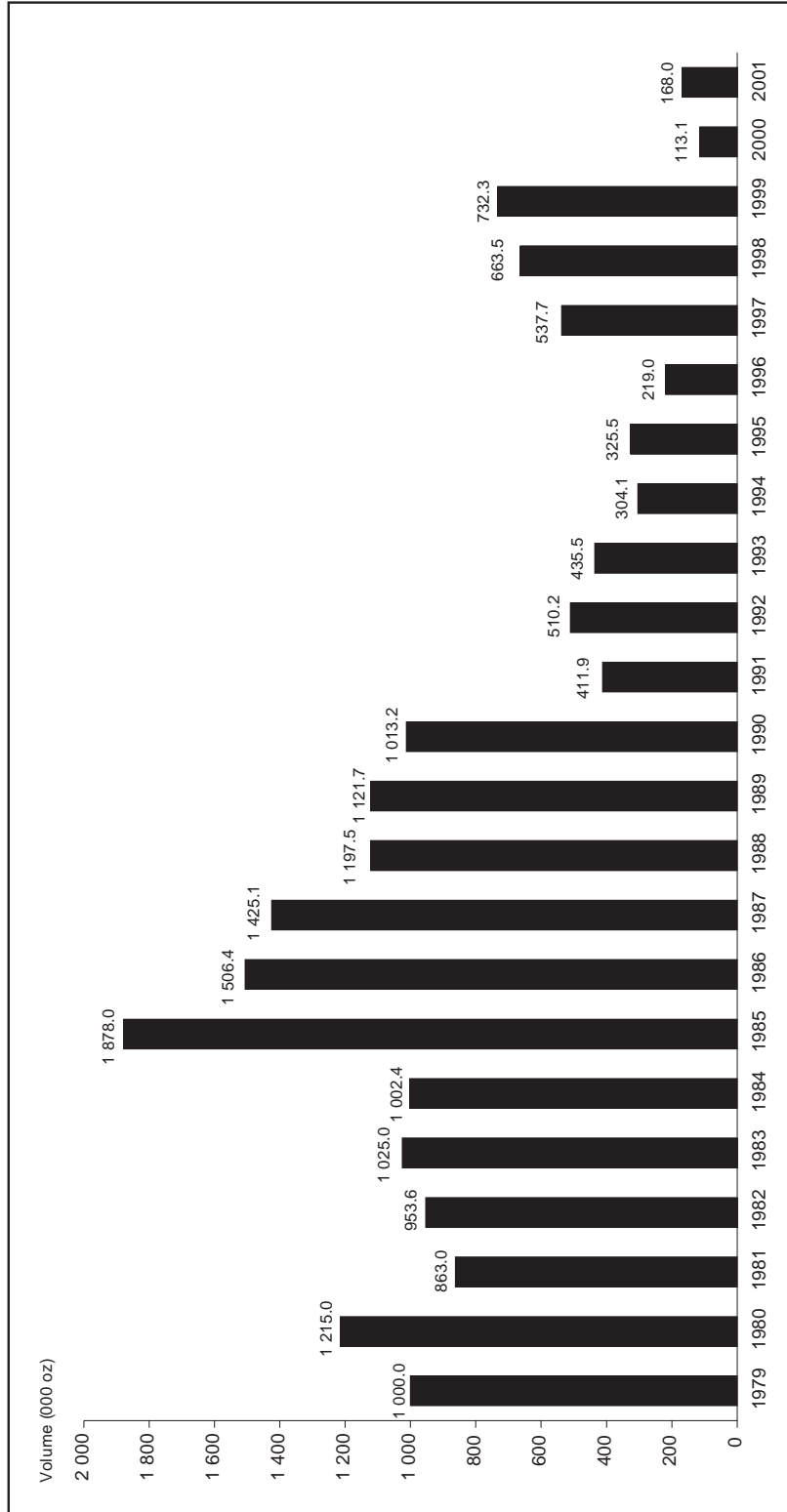
Sincerely,

Denis Routhier
Sales, National Manager
Tel.613-991-3730
e-mail: routhierd@rcmint.ca

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Gold Sector Support APPENDIX 4

Gold Maple Leaf Sales, 1979-2001



Source: Royal Canadian Mint.

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Gold Sector Support APPENDIX 5

INDUSTRIAL GOLD

OVERVIEW

The longstanding role of gold in jewellery and as a store of wealth is well recognized. This has largely overshadowed its industrial applications, although the metal has important uses in electronics, dentistry, pharmaceuticals and other distinctive applications. While gold has many useful technological attributes, there has been very little research into other applications that would fully utilize its distinctive features. For example, the catalytic properties of gold have become known only recently and other commercial opportunities for gold remain to be unravelled.

In 2000, project AuTEK was launched in South Africa by Mintek, Anglo Gold and Gold Fields. AuTEK is an initiative to pursue research into the development of new industrial uses for gold in catalysts for the chemical industry, and potential uses in the growing field of nanotechnology and in advanced materials and devices. These new applications could create a new market for gold, resulting in significant gold demand and a more stable gold price.

The first international conference on the applications of gold as a catalyst for chemical reactions was held in April 2001 in Cape Town. If proven to be viable, gold catalysts could be used for purifying air in office buildings and aircraft, for general reduction in air pollution, and the potential use in fuel cells.

New opportunities involving catalytic activity, nanotechnology, oxidation resistance, and electro-chemical characteristics remain to be explored to test the unique properties of gold for industrial applications and to provide opportunities to market gold as a “Green Metal” based on its environmental benefits and unique chemistry and properties.

RECOMMENDATIONS

1. That governments participate in an upcoming international conference to be held in Canada in the third quarter of 2003 to focus on new industrial uses for gold.
 - Canadian participants should include: university research departments, Natural Resources Canada (CANMET), Technology Partnership Canada, the National Research Council, provincial government research departments, commercial research laboratories, the gold mining industry, consultants, financial analysts, and an expanded list of international participants to establish a community of expertise

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in industrial gold applications.

2. That the federal, provincial and territorial governments initiate discussions with the gold industry across Canada and with academic institutions on the development of a research collaboration network to identify new research opportunities focussing on new industrial uses for gold (i.e., fuel cells, air purification, nanotechnological uses, etc.) leading to commercial applications.
3. Pursue the use of the Australian Mining Research Alliance (AMIRA) P9 project as the ultimate example of collaboration in the development of an industrial gold research network.
 - P9 commenced in 1962 supported by 13 Australian mining companies. It is now supported by 38 mining and service companies in five countries and is expected to generated A\$8 million of direct and indirect funding over the four years 2000-2003.
 - P9 is a successful mechanism that has been developed for conducting research involving students and staff working with sponsors on specific problems/topics identified by the sponsors. The data are then used to help develop a solution. At the same time, the research assists in furthering common understanding and enhancing the industrial information database.

An alternative option would be that the Canadian governments and industry initiate discussions with AuTek to identify the merit and/or possibility of AuTek expanding its mandate to include Canadian participation.

4. That the strategic research alliance between the governments of Canada, the United States, South Africa and Australia be extended to incorporate a research program that would include cooperation and collaboration on research that would yield industrial gold products that are useful to industry and build on the huge economic advantages of further beneficiation.
5. Establish a working group over the next year to review current R&D tax measures (federal and provincial) to ensure that they are easily accessible, easy to use, and directed towards encouraging industrial gold research and maximizing return on investment.

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Cooperative Geological Mapping Strategies

Ministers were unanimous in their wish for greater government investments in order to sustain and enhance geo-scientific knowledge. Indeed, Ministers believed that knowledge of mineral potential is a powerful competitive advantage that can attract substantial investments to resource regions.

Thus, provincial and territorial Ministers will continue their approaches within their jurisdictions in order to obtain the provincial/territorial funding necessary to implement their respective cooperative geological mapping strategies. By way of follow-up to previous decisions in this area, the Minister of Natural Resources Canada will continue to explore a number of options aimed at securing the corresponding federal funding needed to make the cooperative geological mapping strategies a reality.

ISSUE

The Cooperative Geological Mapping Strategies across Canada are aimed at filling significant gaps in Canada's geoscience knowledge base that cannot be addressed through the present level of effort. Their implementation through the cumulative and complementary strengths of the territorial, provincial and federal geological survey agencies will make a strong contribution to the economic development of many regions across Canada.

BACKGROUND

A multi-stakeholder workshop held in 1997 during the 54th Mines Ministers' Conference expressed concern about the decline in cumulative investment in geological survey activities by government. An industry-led task force was established to study this matter. The 1998 task force report, presented at the 55th Mines Ministers' Conference in Calgary, concluded that geological surveys are a public good that should be funded by governments. At the request of IGWG, the task force then determined that a total incremental investment of \$450 million over the next ten years would be needed to address the needs of both mineral and energy exploration (i.e., fill priority gaps in surface and subsurface map coverage), and presented this result to the Mines Ministers' Conference in 1999.

At the request of the Ministers, the National Geological Surveys Committee, in consultation with industry, produced a framework document entitled *Cooperative Geological Mapping Strategies across Canada*. The principles that form the basis for the strategies respect the jurisdictional responsibilities of the orders of government involved, address priorities in each jurisdiction, and emphasize the use of existing mechanisms of cooperation where possible. The strategies were endorsed by the Mines Ministers during their conference in Toronto in 2000.

An industry-government stakeholder workshop that took place during the World Mines

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Ministries Forum held in Toronto in March 2002 concluded that a public geoscience knowledge base is one of the most affordable and effective means of promoting investment in mineral exploration and development.

ACTIONS TAKEN

During calendar year 2001, several provincial and territorial jurisdictions were successful in obtaining additional geoscience funding in support of the Cooperative Geological Mapping Strategies.

From the federal government's point of view, the issue was effectively pre-empted by other priorities and, although efforts to seek funding for the strategies continued throughout 2001-2002, there are no positive results to report at this time.

RECOMMENDATIONS

The Cooperative Geological Mapping Strategies continue to be viewed as an important part of a cohesive mineral and energy exploration and development strategy in Canada. The PDAC workshop on the Sustainability of Mineral Reserves in Canada to be held in conjunction with the 2002 Mines Ministers' Conference on September 16th will include a geoscience component and a public discussion of progress on the strategies. Efforts to identify the necessary funding base should continue in all jurisdictions.

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Aboriginal-Industry Partnerships

Acknowledging that mineral development activity offers an important opportunity to associate Aboriginal communities with regional economic development, Ministers endorsed the development of regional multi-stakeholder working groups, adapted to the needs of each province and territory, with a view to creating strategies to develop partnerships that reflect specific requirements of each jurisdiction.

Ministers also invited Aboriginal representatives and industry to play a leadership role amongst stakeholders in continuing the work in creating partnerships and to report on their progress at the next Mines Ministers' Conference.

BACKGROUND

There are sound reasons for assuming that the aspirations and economic objectives of Aboriginal peoples and those of the exploration and mining industries should converge in a number of respects. Exploration and mining operations offer some of the best potential for locally based economic development for Aboriginal peoples across Canada and there are a number of good examples where significant progress has been made between the industry and local communities at the sites of specific mining operations. However, the reality is that many Aboriginal communities across Canada possess an ambivalent or mistrustful attitude towards the mineral industry and, in some cases, are even openly hostile with respect to its activities.

In recognition of the fact that there would be definite benefits for the mineral industry and Aboriginal communities if more positive working relationships existed between them, the Prospectors and Developers Association of Canada (PDAC), in its brief to the Mines Ministers' Conference in 1999, recommended that, "Ministers encourage the formation of Aboriginal-mining industry-government working groups, in each province and territory, to help develop constructive relationships, resolve problems and identify opportunities."

One result of this recommendation was the organization of a workshop by Natural Resources Canada (NRCan) and the Department of Indian and Northern Affairs (DIAND), in June 2001, entitled *Industry-Aboriginal Partnerships In Minerals and Metals Activities*. The objective of the workshop, which was attended by Aboriginal, industry and federal/provincial/territorial government representatives, was to identify the main opportunities inherent in achieving improved relationships. The observations and conclusions from this exercise were summarized in a report, *A Focus For Action*, which was presented to the Mines Ministers' Conference in September of last year. The workshop report sets out a wide-ranging list of recommendations concerning local economies, business development and building capacity. As well, the participants identified their single most important recommendation as that relating to the formation of regional, *Aboriginal-Industry-Government Working Groups*, which would provide the means of developing regional partnerships and strategies to implement the recommended

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actions.

Ministers endorsed the development of regional multi-stakeholder working groups, adapted to the needs of each province and territory. They also invited Aboriginal representatives and industry to play a leadership role in continuing the work of creating partnerships and to report on their progress at the Mines Ministers' Conference in 2002.

PROGRESS

During the fall of 2001, representatives of the Canadian Aboriginal Minerals Association (CAMA), the Prospectors and Developers Association of Canada (PDAC) and The Mining Association of Canada (MAC) formed the Aboriginal/Industry Partnerships Planning Committee to determine how to move the initiative forward. The Planning Committee developed an action plan with the goal of "providing strategic direction for implementing the recommendations included in the report, *A Focus For Action*, and ultimately to accomplish measurable, on-the-ground progress with respect to Aboriginal/mineral industry relationships and Aboriginal participation in the mining industry." The core of the plan was based on the formation of three to five localized action groups selected as pilot projects and the establishment of a multi-stakeholder National Coordinating Committee to oversee implementation and progress. The proposed Action Plan benefited from comments from Aboriginal, industry and government representatives across the country and received general support from these individuals. It was also approved by the CAMA, PDAC and MAC Boards of Directors.

On April 29, 2002, a meeting was convened in Vancouver that included Aboriginal and industry leaders, senior representatives of federal/provincial/territorial governments, and the Aboriginal/Industry Partnerships Planning Committee. The objectives of the meeting were to gain support for the Action Plan, form the National Coordinating Committee (potentially from the participants), and commence implementation. However, the plan did not receive the level of support from this group that was required to go forward due to significant questions and differences of opinion around a number of aspects, including: 1) the potential for duplication or conflict with existing programs; 2) the definition of "localized action groups" and whether this concept should be applied in the context of whole jurisdictions (province or territory), or smaller regions within a jurisdiction; and 3) the role and appropriateness of a National Coordinating Committee.

Subsequent meetings between the Planning Committee and the co-chairs of IGWG generated a recognition that there is a need to determine what programs already exist across the country before going forward with an action plan. Such an exercise would potentially help resolve some of the questions that arose from the Vancouver meeting.

Action Plan 2001 Status Report

RECOMMENDATION

That Ministers support the formation of a multi-stakeholder advisory committee on Aboriginal/Industry Partnerships, whose first task would be the organization of a workshop with the following objectives;

- Review existing programs designed to facilitate improvements in Aboriginal/industry relationships and formation of partnerships;
- Identify gaps that exist between existing programs and the current needs and opportunities as outlined in the report *A Focus for Action*;
- Develop the most appropriate action plan for moving forward that meets the needs of each province and territory; and
- Report on progress at the next Mines Ministers' Conference.

