



**A SUBMISSION FROM
MINING INDUSTRY NL**

IN RESPONSE TO

THE MINERALS STRATEGY DISCUSSION PAPER

APRIL 2011

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INTRODUCTION

MINING INDUSTRY NL, formerly known as the NL Chamber of Mineral Resources, is a not-for-profit industry association that represents all sectors of the mineral industry in the province from senior mines to individual prospectors. Its objective is the growth of the mining industry for the economic and social development of all the people of the province and its vision is “to make Newfoundland and Labrador the best place in the world to develop a mine” and, by implication, in which to explore for and produce minerals.

Mineral production will generate \$4.8 billion of new wealth for our province in 2011 and \$128 million will be invested in mineral exploration to ensure new deposits are found to replace those being depleted. Our industry is currently investing about \$4.0 billion in on-going capital projects that include a hydromet nickel processing plant, mine expansions and new mine development. A measure of the mining industry’s importance to the province’s economy is that among the goods-producing industries it has, in recent years, been second only to the oil industry in its contribution to the province’s GDP. Newfoundland and Labrador’s mineral production on a per capita basis is about four times that of Canada’s and it can be argued that the mineral industry plays a bigger role in our province’s economy than that of any other. It provides good jobs and opportunity for business through the province but particularly in our rural areas, significant revenues to all levels of government and it is increasingly important to the economic and social development of Aboriginal communities in Labrador.

Newfoundland and Labrador is endowed with geology that is prospective for a variety of mineral deposits that has resulted in a vibrant and diversified mining industry. Our government and citizens are supportive of the industry and investment is attracted by our province’s:

- **Competitive taxation;**
- **Competitive exploration incentives;**
- **Excellent geoscience delivered to clients through a user-friendly online portal;**
- **Efficient online mineral rights acquisition and claim maintenance; and**
- **Dedicated and accommodating civil service.**

However, to fully capitalize on the province’s mineral potential and to continue to attract the risk-capital required to explore and develop our resources, government policy needs to address:

- **Land access for exploration;**
- **Efficient, predictable and coordinated regulation across all government agencies;**
- **The lack of clarity with regard to the social and economic benefits expected from a mining project by all levels of government;**
- **The availability of a skilled and flexible workforce; and**
- **Inadequate physical infrastructure, particularly in Labrador.**

These topics arise under various headings throughout this document. In addition, while all the people of the province have an interest in seeing mine development that will create the wealth to raise our standard of living and provide for the government services we take for granted, no agency within government, including the Mines Branch of the Department of Natural Resources, has a mandate to act as an advocate for those who wish to invest in, or are already engaged in our industry. In the absence of an advocate for the industry, inefficient, burdensome regulation and unrealistic expectations from provincial government agencies and other levels of government are becoming an impediment to investment.

We offer the following comments and recommendations on topics raised in the Minerals Strategy Discussion Paper.

CREATING AN ATTRACTIVE BUSINESS CLIMATE

REGULATION AND LEGISLATION

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

All industry needs predictable and efficient regulation and permitting. However, inefficient permitting is exacerbated in the mineral industry whose activities are usually conducted in remote areas with windows of opportunity for financing determined by the global capital markets, under time constraints imposed by our climate and geography and, increasingly, by the availability of contract personnel and equipment. In addition, exploration companies have limited periods within which to spend money raised through the issuance of “flow-through” shares and the province requires mineral claim holders to conduct escalating amounts work annually to maintain claims in good standing.

Exploration Permitting

In recent years, the requirement for multiple permits from a variety of agencies for routine mineral exploration activities has escalated. The Mineral Lands Division has attempted to mitigate this by providing a one-window application process but it does not relieve a proponent of the obligation to have numerous permits in hand before embarking on a project and to reapply each year for permits for on-going projects. Most exploration programs are clearly low-risk and it is most unlikely a permit will be refused. Yet, there are no statutory deadlines prescribed for the issuance of permits. In early 2011 it has taken as long as six weeks to acquire routine permits for mineral exploration that would normally have required about two weeks and we see increasing requests for routine exploration projects to be registered for environmental assessment for completely unpredictable reasons. This lack of predictability causes great frustration, impairs the province’s reputation as a destination for exploration investment and opportunity is lost to the province when projects are cancelled.

By their very nature mineral exploration companies are highly entrepreneurial and quickly deploying available resources to the maximum advantage is a hallmark of successful companies. Why then is it expected of mineral exploration companies to operate at the pace of the province’s most inefficient regulator? Statutory response times to permit applications must be introduced for routine exploration activities.

Environmental Assessment

There is rarely a proponent of any mineral project that doesn’t feel frustrated by the environmental assessment (EA) process. The route to a successful conclusion of the process is not readily apparent even to those who are professionals in the area. While unrealistic timelines on the part of some proponents contribute to frustration with the

process, there are significant issues with the EA process itself that include: 1) the requirement to have detailed development (engineering) plans at an early stage although the EA process is supposed to be a high level assessment of the environmental, social and economic effects of a project; 2) no recognition of the scale of the proposed development. i.e., a minor project may require as much time and effort on the part of a proponent and government as a major one; 3) insufficient filtering of comments on registration documents, for example, requests for trivial information or studies; and 4) a poor record of meeting statutory deadlines.

The recent expectation that routine exploration projects will be required to register for environmental assessment under a variety of “new” triggers has the potential to seriously damage the province’s reputation among exploration’s highly mobile decision makers.

Regulatory agencies from all levels of government, federal, provincial and Aboriginal are encouraged to harmonize their processes, introduce timelines and not over-regulate routine, low-risk activities.

ACCESS TO LAND

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

Economic mineral deposits are very rare in nature and are very well hidden. The diamond deposits at Lac de Gras in the Northwest Territories, the chrome and nickel deposits of Ontario’s Ring of Fire, and here in NL, the Voisey’s Bay nickel deposit and the Beaverbrook antimony deposit were all completely unexpected finds in areas that were not believed to be particularly prospective for mineral deposits. As well, prospectors are continually discovering areas prospective for hitherto overlooked deposit types, such as sedimentary copper in the Bonavista area and rare earth elements (REE’s) in southern Labrador. Therefore, attempts to assess the mineral potential of any particular area are largely ineffectual. As a result, the only way to ensure that the province’s hidden mineral deposits are discovered and developed for the benefit of society and the province’s economy is to ensure that as much of the province as possible is made available for mineral exploration.

Exploration has a very light environmental footprint. Most exploration programs never proceed beyond the grass roots stage and those that do, when carried out in compliance with regulation and best practice, still leave the land essentially unaltered. When the very rare economic mineral deposit is discovered (it is estimated that perhaps one in 10,000 exploration projects advances to the mine development stage), only a tiny fraction of the area explored will be required for the mine. Before a mine is developed, an exhaustive assessment of potential environmental and socio-economic impacts and the provision of financial assurance for reclamation are required. Therefore, with

appropriate oversight there is no reason why exploration should not be allowed in all but the most unique locations.

According to the Minerals Strategy Discussion Paper, 82% of Labrador and 90% of Newfoundland is available for claim staking and exploration (this isn't correct as areas open for staking may have severe restrictions on exploration or indeed it may be prohibited entirely, as is the case within some municipalities). The area currently unavailable for staking amounts to about 65,000 sq. km. or about 16% of the province. In Labrador, the second draft of the land use plan that is under development for Nunatsiavut has proposed additional huge areas where mineral exploration and development would be prohibited. As well, while the Natural Areas Plan has yet to be implemented in Labrador, an area of 17,000 sq. km in the Lac Joseph area of western Labrador has long been proposed as a Component-1 Reserve by the Parks and Natural Areas Division of the Department of Environment and Conservation (Component-1 reserves are large and designed to protect caribou range and provide eco-region representation). These current proposals alone could bring the total of alienated mineral lands in the province to an area equivalent to about the size of Newfoundland.

There is no overarching provincial policy with respect to alienation of land for mineral exploration and various government and other agencies pursue their own agenda, apparently without reference to the overall effect. For example: The Wilderness and Ecological Reserves (WER) Act requires the Wilderness and Ecological Reserves Advisory Council (WERAC) to continually propose new areas as wilderness or ecological reserves and is administered by the Department of Environment and Conservation; Species at Risk Acts and other wildlife concerns may require habitat protection for threatened species; the Nature Conservancy is buying up surface rights and can refuse access to mineral rights under the Mineral Act; regional land use planning outside municipalities on the Island currently appears to be the purview of the Rural Secretariat; while the LISA LUP is being developed by a Planning Authority independent of both the Provincial and Nunatsiavut governments. This fragmentation ensures that no group has responsibility for the overall effect of their actions on development. The province must immediately develop a policy to ensure that the continual piecemeal alienation of mineral lands by provincial agencies is stopped.

We recommend that in view of the importance of the mineral industry to the province that there be no further net loss of mineral lands, i.e., if it is determined that an area requires full protection from all industrial uses including mineral exploration that a corresponding area of previously protected land be reopened to exploration. We also recommend that the WER Act be amended or repealed. It does not serve the province well for an appointed body, WERAC, to have a mandate to continually propose protected areas with no requirement for public or stakeholder input until such areas become Provisional Reserves. Experience has shown that Provisional Reserves are virtually always proclaimed as Reserves. As well, there is no provision in the Act to review whether a Reserve continues to serve its original purpose; climate change, animal migration or species recovery could make the reserve redundant.

TAXATION and BENEFITS

Does the current tax regime strike the right balance between providing appropriate revenue to the province while remaining competitive in the global mining industry and does the province obtain its fair share of benefits from mining and how can this be improved?

Many benefits accrue to the province and its citizens from the mining industry. Taxation, jobs, opportunities for businesses and their employees, infrastructure development and skills development are among the obvious ones. However, mining is a truly global industry and there is intense competition among jurisdictions for the available capital that is raised from individual and institutional investors and lenders on global markets. Because of the long lead time from initial exploration to production and the huge sums required to develop world-class mining projects, investors require their exposure to risk be minimized. Therefore, jurisdictions that provide a stable, competitive, transparent and predictable fiscal and regulatory regime have a distinct competitive advantage in the competition for global capital.

In many respects we have the required prerequisites for investment and the world-class mines to prove it. For example, studies published by PricewaterhouseCoopers have concluded that taxation on a hypothetical mine in the province would be in the mid-range of Canadian jurisdictions. However, in recent years there are increasing expectations by the province, Aboriginal groups and municipalities with regard to economic and social “benefits” – i.e., beyond those that automatically accrue through taxation, opportunities for business and jobs - that are uncoordinated, unpredictable and well beyond those expected of other industries. Mining companies do work closely with their neighbouring communities and they do understand that the province and other levels of government must share in the benefits from a mine but the lack of clarity regarding expectations will become a deterrent to investment when proponents assume “worst case” scenarios when reviewing investment opportunities. Clearly documenting expectations that are realistic would avoid the problem and enhance our reputation internationally for fair dealing with project developers.

TRAINING, EDUCATION and WORK-FORCE ISSUES

How can the minerals sector aid community development?

The mining industry offers good careers in a variety of occupations. Statistics Canada puts the average annual wages at metal mines in Canada at \$74,000 (others have higher estimates). However, all developed economies are facing imminent labour market shortages while the level of skills demanded by new occupations is constantly increasing. Demographic issues are particularly acute in Newfoundland and Labrador and we not only have to replace retiring workers, we have a number of large resource development projects underway, or due to commence, that will require large numbers of

skilled, mobile workers. Canada's Mining Industry Human Resources Council (MiHR) predicts that the mining industry in Canada will need to recruit 100,000 workers over the next 10 years. However, as the labour market issue is not unique to mining, business, labour and government in our province must work together to expand the available workforce and to closely align education and training with employment demand, as well as find other innovative solutions to this looming labour shortage. It is our understanding that government is well aware of the issue and is working across departments on solutions.

All new resource developments have women's employment plans and IBA's with Aboriginal groups in whose traditional territory they are working. Also, the principle of "adjacency" is firmly established in the province, i.e., where local communities have priority on: a) jobs (assuming the prospective employee has the required skills and abilities); and b) business opportunity (assuming the business is competitive on a range of metrics). A reality of the modern mining industry, however, is that work on a rotational basis is becoming the norm, whether the commute is by air to remote sites or by road to accessible sites. Some of the Newfoundland and Labrador workforce is already attuned to rotational work by having worked in the western Canadian oil industry; they may be attracted to opportunities in the province's mining industry.

Though it is government's role to ensure we have a work-ready workforce and businesses role to provide job-specific training to those they hire, mining companies proactively assist Newfoundlanders and Labradorians to acquire the skills to access good jobs in our mining industry and to diversify their workforces. Some examples are:

Teck Duck Pond Operations, which has cooperated with Corona College in Grand Falls to train underground miners. Part of the course is conducted at the mine site and students are provided with practical work experience at the mine before graduating. The company has hired many graduates, including women, for its operations.

IOC, which cooperates with College of the North Atlantic (CNA) in Labrador West to provide work terms for students of CNA's Mining Technician course. Most students graduating from the program are hired by IOC, while others readily find work at other mines. A high proportion of graduates of the program are women.

Vale, which cooperated with CNA to qualify personnel for specialized jobs at the hydromet demonstration plant at Argentia. Graduates included a high proportion of women and employees of the demonstration plant have been assured of jobs at the Long Harbour nickel plant when it opens. Vale has also proactively trained and hired a predominantly Aboriginal workforce for its mine in Labrador. The mine has onsite education for those wishing to upgrade their education to allow them to qualify for supervisory positions or those positions requiring better education.

ENSURING PUBLIC SUPPORT

OUTREACH and SOCIAL LICENCE

Is the public sufficiently informed about the minerals sector and if not how can communications be improved and what can the minerals sector do to ensure it has the support of communities in its operations?

If we want mining to continue to expand as a driver of prosperity in NL we must have public support. However, despite the importance of mining to society and the province, many of our citizens may not be aware of the benefits and business opportunities the industry provides, or have a perception of the industry as being dirty and dangerous that is rooted in the past. Unfortunately, this perception is often perpetuated by media attention to legacy issues, such as abandoned mines or historic incidences of industrial disease. On the other hand, the expectations of what a mine can deliver in the way of social and economic benefits are frequently unrealistic due to facts becoming muddled during the public and political debates that often accompany resource developments. Government and industry must work together to dispel myths and disseminate factual information on the economic and social value of the industry, its modern practices with regard to environmental protection, its impressive record on safety and the careers and business opportunity it provides. Particular effort must focus on students to ensure they are aware of the opportunities the industry can provide for them.

The province is commended for having hired an outreach geologist. Mining Industry NL also recognizes the importance of communications for our industry and will create a staff position dedicated to communications. Nevertheless, this is a very big issue that many believe will require considerably more resources than are currently being considered.

Both mineral exploration and mining companies are acutely aware of their respective obligations to acquire and maintain their social licence to operate. Industry associations promote excellence in social responsibility - the Prospectors and Developers Association of Canada (PDAC) has developed E3 Plus, "a framework for responsible exploration" that is an online compendium of best practices in community engagement, environmental stewardship and health and safety, while the Mining Association of Canada requires its members to subscribe to its Toward Sustainable Mining (TSM) initiative. TSM promotes best practices and continuous improvement on a variety of sustainability indicators that include Aboriginal and community outreach. Companies are required to measure, have verified by a third party, and report publicly on their performance. There are numerous examples from our province of exploration, development and mining-stage projects applying best practices in community engagement though performance may not be uniform across the industry. Nevertheless, there is an increasing realization that not only is community engagement

the right thing to do; it is also good for business as it greatly reduces risk to a project when the community is aligned with the project.

The province should examine whether accepting community engagement costs as assessment credits or declaring such costs as eligible expenditures for MIP grants might hasten the adoption of best practices throughout the exploration sector. The federal government has made consultation costs eligible expenditures for funds raised by issuing shares through the “flow through” tax incentive for investors.

HEALTH and SAFETY

Are current safety standards in the provincial mining industry adequate?

Across Canada, mining has one of the lowest accident rates of any industry. Indeed, the Saskatchewan Mining Association claims that accident statistics in their province show that is safer to go to work at a mine than stay at home. In our province, the only WHSCC classification with an accident rate lower than mining is financial services/insurance/real estate. Mine operators all have “zero harm” as their top priority.

Though mining could be a potentially dangerous occupation, this is mitigated by an extraordinary emphasis on safety at mine sites. Most mines have several senior staff dedicated to safety and safety trainers on site. As well, the Occupational Health and Safety Division has Mines Inspectors that regularly inspect all producing mines, while the safety policies and procedures of mining companies often go well beyond the statutory requirements.

A Mine Safety Committee has recently been formed as a standing committee of Mining Industry NL. The Committee is comprised of senior occupational health and safety officers from all our mines who are committed to meet regularly to share best practices, lessons learned and to explore all avenues that would help to reach the goal of zero harm.

Both government and industry have the same objectives with regard to the safety of employees. Increased collaboration on proposed OH&S regulations would ensure that available government and industry resources are used for the maximum effect on the safety and health of workers.

ORPHANED and ABANDONED MINES

How should orphaned and abandoned mine sites be dealt with?

Current provincial legislation requires financial assurance to be provided by a mine operator to government for possible future reclamation costs of all current and future

mines (that may arise in the event of a bankruptcy, for instance). Therefore, the unfortunate safety and environmental issues around some abandoned mines for which an owner can't be identified won't occur in future.

The province is commended for having already embarked on a program of reclamation at the worst of the abandoned sites but a more complete catalogue of the sites and their potential safety and environmental problems is required to prioritize projects. In the short term, government should support the National Orphaned and Abandoned Mines Initiative (NOAMI), a government/industry/NGO initiative designed to catalogue abandoned sites, share information and to examine related issues, such as legislative impediments to cooperative efforts at reclamation. It should also dedicate a portion of current mining tax revenues to a reclamation fund to ensure sites are rehabilitated in a timely fashion, always recognizing the fact that old mine sites are attractive exploration targets and new technology, new geological insights or changing economic conditions often result in either new deposits being found or the mine being reactivated due to more favourable economic conditions.

While new owners of abandoned sites may cooperate with government to help rehabilitate a site, a lack of clearly-defined rules regarding existing liabilities on abandoned sites are often a deterrent for prospective new owners. New legislation that clearly defines the liabilities and expectations of a company that may wish to explore or reactivate an abandoned site should be an objective.

Though not relevant to the issue of currently abandoned sites, government should be open to suggestions of innovative ways of reducing the burden on individual owners in regard to the amount of financial assurance required (some form of pooled assurance in a provincial or national fund, for instance), as this would enhance the province's competitiveness.

CLIMATE CHANGE

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

Reducing energy use is simply good business. The mining industry is making continuous efforts to reduce its GHG emissions, assisted by advice from national mining industry associations and Natural Resources Canada (NRCan), while supporting technical innovation and adopting new technologies to reduce emissions.

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

Parts of our province's mining industry, such as iron ore pelletizing plants, are considered "large emitters" even though pellet utilization results in a reduction in the overall carbon emissions that result from the production of a quantity of steel. Both the

federal and provincial governments have signaled that they will develop policy under clean air and greenhouse gas legislation that may affect these operations. As well, all mines will be subject to any legislated GHG abatement policies. The mining industry believes this global problem requires a global solution and when considering GHG abatement policies, our governments must consider the international trade-competitiveness of our industry. We must be part of a global solution - the world's atmosphere won't improve if industrial activity migrates to poorly regulated jurisdictions. It would be far more effective for governments to provide targeted incentives to offset the costs of adopting new technologies to reduce fossil fuel consumption rather than introducing unilateral penalties on emissions.

Our province has a distinct advantage in that we have clean hydro electricity that could be provided to mines at long-term competitive prices and that would help displace the use of fossil fuels.

ENVIRONMENTAL PROTECTION, GREEN MINING AND RESEARCH AND DEVELOPMENT

As noted in the Outreach and Social Licence section of this document, our industry supports initiatives to raise its performance on a variety of sustainability indicators. The Mining Association of Canada requires its members to subscribe to its Towards Sustainable Mining initiative, while the PDAC's supports its members by providing advice on best practices in environmental protection through its E3 Plus initiative. In addition, there is a variety of research underway on practical solutions to a variety of problems with regard to footprint reduction, tailings disposal and the like that is sponsored by mining companies. Mining companies also collaborate on research under the auspices of initiatives like Natural Resources Canada's Green Mining Initiative which brings industry, government, academia NGOs and organizations like the Canadian Mining Innovation Council (which facilitates and focuses research efforts on priority issues for the industry, including environmental issues) together.

Government is encouraged to provide tax incentives to industry to support research that will maintain Canada's pre-eminence in the global mining industry through the development of new technology and the reduction of its environmental impact. In NL, the province is encouraged to ensure Memorial University has the people and equipment to continue to be an important teaching and research institution commensurate with the importance of mining to our province. Individual companies active in the province have supported research through endowing the Inco Innovation Centre and Research Chairs in the Earth Sciences Department.

ENCOURAGING INVESTMENT

PROMOTION and INVESTMENT ATTRACTION

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

The Mines Branch does a very good job of promoting the province's mineral potential at mineral industry conferences in Canada and elsewhere, including Asia, with the relatively modest resources available to the Publications and Information Section of the Geological Survey. It has cooperated with industry associations, such as CIM and Mining Industry NL, as well as individual corporations, to extend its reach. Promotional materials are current and generated in a timely fashion to take advantage of exploration trends. The presentation of online geoscience data is user-friendly and second to none in Canada. Individual civil servants are personable and accommodating and have enhanced the province's reputation as a place to invest in exploration.

Nevertheless, it is apparent that we do not always get our proportionate share of Canada's mineral exploration expenditures as measured by its percentage of the value of the province's mineral production. While there may be complex reasons for this (impediments noted in this document should be addressed, and there is room for increased incentives) stepped-up promotion would assist in focusing the attention of exploration companies and financiers on our province. As one suggestion, the Premier, Minister of Natural Resources, or other Business Ministers and senior government officials should aggressively attempt to get opportunities to address mining conferences or present technical papers on the program of such conferences. Companies go where they believe they are welcome and they need to hear they are welcome in NL from senior levels in government.

EXPLORATION AND DEVELOPMENT INCENTIVES

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

There are many answers to this question and some will be provided elsewhere in this document but here it is answered in the context of "incentives".

Exploration

Our Mineral Incentive Program (MIP) is perhaps the best of the direct-grant incentive programs for exploration in Canada. The program is a strong incentive for exploration companies to explore in the province and it not only provides prospectors with the financial resources to find mineral showings (Prospectors Assistance Program), it also

provides them with a significant marketing tool when seeking companies to option their properties (Junior Exploration Assistance Program). However, we compete with Quebec's refundable tax credits of about 39% of exploration expenditures, and that province's additional tax credits to enhance the tax advantages of flow-through shares for investors, which are one of the reasons it receives a high level of exploration investment and usually scores highly among Canadian jurisdictions in the Fraser Institute's Survey of Mining Companies - NL ranked 5th among Canadian jurisdictions in the 2010-2011 Survey, down from 4th in the 2009-2010 Survey.

If, as a small province, we are unable to compete directly with Quebec's incentives, we recommend that the MIP be continued as a direct-grant program and it be topped up to be promoted as the best direct-grant program in Canada.

Development

There are no formal programs of general application to assist mine developers. On occasion, governments have assisted companies with infrastructure requirements, such as roads or electrical power. However, this has been done on a one-off basis and can't be relied upon.

Generally, large mines are developed by large corporations with access to large amounts of capital while small mines are often developed by small companies which may not have other operations generating cash flow. Any form of incentive, such as a tax holiday, refundable grant, or the provision of infrastructure are of direct value to all developers but particularly small companies, as they are a powerful demonstration to potential investors that the government is aligned with the proponent and supportive of the project.

PROSPECTOR ASSISTANCE

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

Prospectors are directly responsible for mines such as Voisey's Bay. Though their discoveries may not become mines in the short term they often identify new prospective geological environments and are the catalysts for significant investment by exploration companies. Almost 700 individuals are registered as "Genuine Prospectors" and about 100 of those are very active at any time. Most of the province's prospectors live and work in Newfoundland leaving Labrador under-prospected relative to the Island.

The province is to be commended for its support for prospectors. Genuine Prospectors are provided the opportunity to stake a small amount of claims without the requirement to post performance bonds. They are provided with direct grants for prospecting activities with additional assistance available for air access to remote areas. The program is well received and, though it is normally fully subscribed, legitimate

applications are rarely if ever denied due to lack of available funding. Therefore, the program seems to be sufficient to meet the demand.

The Matty Mitchell Prospectors Resource Room is a joint venture between the Mines Branch and Mining Industry NL. It provides advice, support and assistance with promotion of prospector projects through the provision of professional posters and direct support for prospectors who attend provincial and national mining industry events with financial help from the province and Mining Industry NL. The concept is unique in Canada and attracts considerable praise and attention from mining industry associations and governments of other jurisdictions and should continue to receive support.

Minor gaps in support should be examined. Among suggestions offered are: 1) offer short introductory or refresher courses locally; 2) provide prospectors with more field support from geologists with the Prospector Assistance Program, supplemented with additional assistance from geologists from the Geological Survey; 3) increase the availability of up-to-date exploration equipment that can be lent out, such as scintillometers, UV lamps and sampling equipment; 4) examine whether rotating the location of the annual prospector course or offering modules periodically would result in the course being available to a wider clientele; and 5) increase the funding available to access remote areas.

PUBLIC GEOSCIENCE

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

The minerals industry is proud of the Geological Survey of Newfoundland and Labrador (GSNL), which has an excellent reputation among its clients for well-directed, high-quality geoscience that is delivered in user-friendly formats. The GSNL, however, is under-resourced in regard to its operations budget for regional mapping and other field surveys and the lack of adequate operational funds creates particular difficulty in improving our understanding of the geology of inaccessible areas of Labrador.

As most of the province's wealth comes from industries underpinned by geoscience and it is government policy to encourage mineral exploration, adequate resources for field operations must be provided. High quality, up-to-date public geoscience provides a jurisdiction with a competitive advantage in competing for exploration investment and its use results in increased exploration efficiency. New regional geoscience surveys would also stimulate "grass roots" exploration which has been somewhat neglected in recent years - it is commonly asserted that \$1 invested in geoscience stimulates \$5 of exploration investment.

INFRASTRUCTURE

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

The provision of physical infrastructure, e.g., roads, ports or electrical power, particularly where it may have value beyond the life of the project, would be of value to the general public, or would stimulate additional exploration or development in an area should be considered by the provincial government, either acting alone or partnering with the federal government and/or the private sector. Examples of infrastructure initiatives in other provinces that are relevant to exploration and mining are: 1) Quebec's 2009 budget commitment of \$350 million over five years to improve northern infrastructure in support of development, including a commitment (re-confirmed in the 2011 budget) of approximately \$130 million to construct 260 km of road from Chibougamou to the Otish Mountains to assist in the development of promising diamond and uranium projects in the region; and 2) BC's provision of a 344 km transmission line to the northwest of the province at a cost of \$404 million, which would spur development of large mine projects in the region. The BC government has estimated that the power line could stimulate \$15 billion in investment and create over 10,000 jobs.

Labrador is a vast region with limited infrastructure. The limited hydro electricity available from the Menihek hydro station may require companies proposing further development in the Schefferville area to use diesel generators. Voisey's Bay currently uses diesel generators and its power requirements are due to increase significantly when the mine goes underground. Diesel generation comes with exposure to increasing and unpredictable oil prices and greenhouse gas (GHG) emissions.

The provision of roads and hydro electricity for existing or developing mines in Labrador, as well as possible future uranium mines, would stimulate exploration and advance mine developments and expansions, reduce GHG emissions and, by linking isolated communities to the road and transmission network, result in a considerable savings to government in the provision of services to the communities. As well, having a long-term supply of hydro electricity at competitive and predictable prices is a powerful incentive for investment in the expansion of existing operations and the attraction of additional industrial development, as we have seen along the St. Lawrence in Quebec.

On the Island, there is a need to recognize that logging roads and bridges, i.e., "resource roads", that are strategic for mineral exploration and development should be maintained. There is no government agency charged with their maintenance when they are of no immediate value for forestry nor is there clarity with regard to who may legitimately use the roads and who has priority with regard to their use.

DEVELOPING NEW RESOURCES

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

Improved levels of exploration guided by adequate geoscience are required to find new deposits. Promotion of the province's investment opportunities and mineral potential, support for prospectors and incentives for exploration companies all directly contribute to increased levels of exploration. However, many of the topics discussed elsewhere in this document also affect investment decisions, such as competitive taxation and other economic expectations, appropriate and efficient regulation, available infrastructure, an educated and trained workforce, support from the public and a jurisdiction's reputation in regard to the stability of its policies.



**MINING
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safe sustainable strong