

# ORPHAN MINES EXPLORATION IMPLICATIONS past, present and future

ORPHAN MINES WORKSHOP  
June 27 - 28, 2001, presentation by  
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# Exploration

- Objective is to find a new mine or additional reserves for existing mine
- Primary requirement is for the most favourable geology
- May embrace the elephant herd principle - orebodies tend to occur in clusters and the best place to look for one is where others have been found"

# Exploration land

- Requires temporary access to land for exploration.
- For explorer and investor comfort/protection land is usually “staked” or otherwise acquired for the exploration work
- An agreement or assumption of the subsequent ability to convert exploration title to production title

# Exploration title

Typical forms of exploration title:

- 1 Direct from primary mineral rights authority by staking or exploration license
- 2 By option or other agreement with secondary mineral rights holder
- 3 By an arrangement with a primary or secondary rights holder where not all rights for all minerals and surface are treated consistently

# Definitions

- **Brownfields Exploration** - the search for mineral resources in and around active mines or past-producing mining properties
- **Greenfields Exploration** - the search for mineral resources removed from mine properties

# HISTORIC MINES

## EXPLORATION IMPLICATIONS

### A good exploration indicator



# Brownfields Advantages

- May reduce cost of discovery
- May accelerate the development timetable
- May further the economic life of a community
- May extend life of an active mine or provide feed for a processing plant
- Can draw on local skills, trained personnel and services

# Problems for the Explorer

You staked this area in S.E. Manitoba, found the old claims from 70 years ago and the shaft

It used to be an asset to the explorer now it may be a liability



# Whose responsibility?

Most people wouldn't recognize this as a tailings pond but the dyke breached in a rain storm and an inactive site has become active again!



Hunt Mine, ON.

# Potential liability outweighs exploration potential

Caldwell Mine, ON., dump producing ARD



# Acquiring Title

Other than staking, the commonest method of acquiring exploration title:-

By option or other agreement with the mineral rights holder

Where a specific agreement is prepared relating to certain lands, historically it was generally assumed that prior activity was not something for the new acquirer to concern themselves with but now is covered in considerable detail. Onerous demands by the vendor will likely prevent a deal closing

# Option Agreements

Other problems for option agreements: -

When not all rights for all minerals and surface are singly and simply held

Historically the issue of surface rights was largely overlooked but recently has been cause for considerable conflict between would-be explorer and holder.

The acquirer must "beware"

# Kam Kotia - an exploration opportunity?

- Operating mine in ??????
- Cominco did exploration in 1970s reported to have made some good drill intersections
- Crown tried to commit them to old mine clean-up
- Cominco halted exploration and shut local office

# Kam Kotia - an exploration opportunity?

- 1981-82 Texas Gulf (Falconbridge) recognised exploration potential
- Mining Recorder provided letter of “non-liability” for tailings mess if took any claims to lease
- Ten years elapsed before government and Falconbridge able to conclude an agreement to allow exploration to go forward

# Examples - The MacGregor Case

Ontario promulgated new Mining Act in 1991

Under old Act claim holder after 11 years of work had to apply for lease or forfeit

Old Act did not include rehabilitation requirements linked to Lease issuance

# The MacGregor Case?

New Mining Act incorporated rehabilitation requirements for leased claims

MacGregor staked claims under Old Act and brought them to lease under the Old Act.

New Act required filing of mine closure plans on leases whether issued under old or new Act

# The MacGregor Case?

MacGregor's claims included old mine workings

The new lease rehab plan requirements triggered notice of reclamation and he became liable for that past work

He objected and went to Mining and Lands Commissioner who rejected his appeal

# The MacGregor Case?

MacGregor Fund established and PDAC & lawyers took up case

Outcome was 1 year moratorium on claims staked and leased under Old Act to allow owner to revert lease to unpatented claims

# Practices

## PAST

Explore around old mines, use historic openings as advantage to exploration program

## PRESENT

In the absence of a clarification to the contrary, stay away and avoid any potential for environmental liability

## FUTURE

?

# Results

- Less exploration in Canada
- More exploration elsewhere in world
- Messy fights, law suits and victimisation

# Appreciation

Thanks to all who helped improve this presentation and in particular:

- David Comba
- Bruce McKnight
- Wally Rayner

*PDAC*