

## **To the Prospectors and Developers Association of Canada ("PDAC")**

### **And to the members and directors of PDAC**

October 11, 2016

#### **What Happened**

At the last board meeting this September 2016, there was a discussion in camera about my disclosure of an internal PDAC memo to the board which I inadvertently forgot to delete from a letter I sent to the Mines Minister of Manitoba, two federal MP's from Manitoba, Mary Ann (a former director of the PDAC and a friend), Honourable Jim Carr Minister of Natural Resources, as well as Honourable Baines who is responsible for the infrastructure program under the Trudeau government.

My correspondence was because of my alarm over: first the closure of the Churchill port, the imminent closure of the Pulp and Paper in The Pas in December 2016, and knowing full well the ramifications of Hudbay having no producing mines in Flin Flon in 4 years as Triple 7 and the Reed Lake Mine deplete their reserves and Vale's closure of their Thompson's Smelter in 2018. The Four major centers in Manitoba would either lose their main source of employment or be significantly curtailed. Perhaps just as significant would be the effect on western Canada's only northern railway with the decrease in goods to transport. This would have likely result in the shutting down of the railroad with the affect that future resources might not be developed even if discovered. Infrastructure can make things profitable or not. The main problem is the railway is in serious disrepair and has not been upgraded to handle freight in an efficient manner.

As a northern Manitoba involved in the mining and exploration industry I contacted the provincial minister responsible for Mines in Manitoba and the three federal ministers I mentioned above, first to go to bat for the north with the current Provincial government in Manitoba who iare much less inclined to favour subsidies for northern transportation and second to outline that at least some of options to possibly fund transportation infrastructure within the federal programs.

Like most northern centres in Canada the communities are natural resources based and require infrastructure to get product to and from these economic centres in the north as well as provide transportation for residents of the north.. This is investing in the future and of course my priority was mining and exploration and wanted that voice to be heard.

My error was I said who it was coming from; the President of Copper Reef Mining Corporation, President of the Manitoba and Saskatchewan Prospectors and Developers Association and a Director of the PDAC. I should have omitted Director of the PDAC as only our President or CEO or those directed by them should speak for the PDAC. It was an error because someone could take it that I was speaking for the PDAC when really I was not, I was speaking as a Northern Manitoba but stating my credentials and then stupidly forgetting the delete the internal PDAC memo re-northern infrastructure. I am not sure this was a factor or not, who can really know, but I was on heavy medication for back pain at the time of

writing from a back injury caused by from over doing it in the field too soon after my fall this spring when I broke my ribs. It may have impaired my judgement.

I received a call from Bob our President to stop these emails which I already had. I followed this with a letter stating in writing that I shall never do this again and realize fully why this can be dangerous and the effect of improper disclose of internal matters of the PDAC even if done inadvertently.

### **Why I joined the PDAC**

I joined the PDAC because I was asked to, not because I was seeking prestige of being director or to use the position to advance my company or myself. Certain well respected people in our industry felt that the PDAC was not meeting the needs of prospectors and exploration companies: especially in the areas of loss of land through parks; changes in the structure of brokerage firms through bank ownership, essentially drying up the main source of money that juniors used for exploration because banks were risk adverse "capital crises" and access to land problems because First Nation peoples wanted a say and have the benefits of resources developed in their own back yard "duty to consult" .

So I applied to see what I could do as far as land access, parks, aboriginal issues and the capital crises issues because I felt I had some answers/ ideas or at least a mechanism that seemed to work. In the both times I ran for a board seat on the PDAC I stated up front that I was here to represent the small junior company and the prospector; those that make most of the new discoveries.

The PDAC is a wonderful institution with a rich history, most of it good. It has become the foremost recognized mining convention in the world . I am in awe of the contributions of past board members to the creation of such an organization that touched and tackled on all facets of our industry. The new challenges of best practices, safety, and women in exploration have been met with vigour, enthusiasm and open mindedness. Staff such as Lisa Macdonald and her associates and organizers.; I cannot express the extent they have impressed me on running a convention of this size nor the staff that makes sure the money is raised from members and sponsors even in hard times. Also those that schedule all the events etc. Truly impressive! I was so excited when I heard that an aboriginal director had become President. To me this was progress.

I certainly did not join this great organization that could pull this off year after year to help in these areas, they don't need it. I joined to help address where I and other explorationist saw this organization could improve to do what it no longer is doing well, which is to enable a vibrant exploration climate in this country. The Mission statement of the PDAC is "to promote a globally responsible, vibrant and sustainable minerals industry" . The sad truth is that this organization does not do this anymore especially on the vibrant and sustainable part. I have seen under Glen's watch and Rod's watch the non-adherence by the executive to our mission statement and 5 year plan. Land access and regulations, one of our main 3 issues, didn't even have a chair for two years or ever function properly; sorry we get a F minus, The capital crises committee started off great under MaryAnn but basically accomplished little after she departed (a D minus); capital is still almost impossible to raise but for a few. The majority of juniors still struggle to survive. The Aboriginal Committee under Mr. Fox, a very intelligent man, developed no new position on how to improve or mitigate access to land arising out a duty to consult

and address aboriginal issues. At best we get a D + there as well. These three priorities of our five year plan are the main things that affect exploration levels in Canada and we have done a really bad job addressing them. To continue in this manner will affect the long term health of our mining and exploration industry in Canada. Again I am sorry but this is failure centred around misplaced priorities and ineptitude or at best apathy.

THE PDAC has built this great mansion of a Convention with international recognition and participation but has forgotten to feed the kids and grandkids (the future geologists many who are women and the Junior exploration sector who will make the future discoveries). The PDAC has lost every battle it has fought with the environmentalist on Park creation. There is a reason for this and the PDAC has abdicated its duty to protect our industry in Canada, while it flaunts its international efforts. I feel the executive is out of touch and out of ideas how to solve these issues. It has become over sophisticated and smug having too many studies and not focussing on the critical condition of our juniors industry, our hurting contractors, and our young geologist with no hope of employment because our industry is for the most part in decline with some sectors on life support..

### **Solutions Ignored**

Saskatchewan and Manitoba through the Saskatchewan Mining association and the Manitoba –Saskatchewan Prospectors and Developers Association ( MSPDA) have given the PDAC models on regulation , processes in timely permitting, tactics in winning the battles that need to won and for the most part you still don't get it. I stood aghast at the audacity of Glen Mullen who uttered after winning the vote to reduce the size of the board (and I paraphrase here) that regional representatives are not really needed as companies have people working in these regions and besides Toronto created the PDAC so they should have the most seats. My God he still does not get it. I have repeated constantly the formula to win the battles of legitimate aboriginal concerns including revenue sharing, land access and regulations that work. The Key is Mining is a provincial jurisdiction and therefor to win the battles in the north where our mines are, you need to talk to all the resource based mayors, MP's MLA's , local development officers and know and meet the our First Nation and Metis leaders on a regular basis. We all want the same thing a better quality of life for our kids and a say what happens in our back yard. It is how we defeated the boreal forest imitative in Manitoba

You can run all you want back and forth to Ottawa and be as obsequious as you want with the Exchange but I see little progress and Nadim although he works very hard, can do this till he is blue in the face, but to be really listened to, you need a ground swell of strength that holds the Exchange and governments feet to the fire and the PDAC is not building it or using it.

### **My Contribution to our industry**

Our little MSPDA, on a \$2000, budget a year, have accomplish much: we have doubled the assessment credits for claims, got emplaced a super flow through of 40%, grants of 40% of exploration dollars spent, all just three years ago. This year again under my Presidency we convinced the Manitoba government to raise the grants to 50% of expenditures and stopped the boreal imitative in Manitoba dead in its tracks. Why; because we made all these local and regional connections to create a ground swell of support.

With our southern sister association we were blunt, combative, and sometimes brutally honest but our prospector associations also provided solutions that were net neutral to revenue. A special committee of Manitoba created Revenue sharing for First Nations of any new mine that is developed. All communities need revenue and the ability to source it from the resources in the surrounding areas. We all want the same thing; all you need to do is address the needs and communities will say no to parks. First Nations people on many reserves have 80% unemployment, they want the jobs and revenue that comes with responsible development of resources and you cannot do that in Parks. Enshrining more wilderness as parks around reserves some in ghetto conditions will not drop the suicide rates which are four times the national average, a better quality of life will help.

You need to strengthen your regional representation on the board, not reduce it because you perceive it is easier and cheaper to run while you fail miserably at solving the main concerns of our exploration industry. The land access battles are all won regionally and locally, not in Toronto or Ottawa.

I know sometimes the PDAC likes to be closely knit with the Mining Association of Canada, certainly the big boys carry clout and there is strength in numbers but they don't always act in exploration's or the prospectors best interest, well maybe in Saskatchewan. For example the Manitoba Mining association was willing to give away 50% of Northern Manitoba to the Boreal Initiative. Why because the President of Mining Association in Manitoba presently is from Vale. Vale already have all the land they need and have not done grass roots exploration in 15 years. Certainly it is short sighted but he was very willing to throw large swaths of Manitoba and junior exploration under the bus just to corporately look good to First Nations and the greensies, when in reality it did not serve the concerns of first Nations People at all and they said no.

### **Where am I going with this!**

In trying to put into context my misjudgement, compared to the negligence of the PDAC to really effectively address the issues of its 5 year plan in the light of its mission statement; it seems ironic that it is I who gets the boot for errors in protocol for my over exuberance in trying to help my province. This pales in comparison to the lack of effectiveness and negligence of the PDAC executive and committee chairs to seriously tackle the big issues . It took 5 years just to get Jeremy in place as new chair of the Lands committee.

So I agree with the board, my time is done as a director of the PDAC, I did my best to try and make changes but I don't think many on the board's executive nor senior staff really understand the gravity of not being result effective in addressing the 3 main issues of capital, access and aboriginal concerns. I have lost my faith that the PDAC will do what is necessary even with all the clout they have. Yes your house will grow but the children (the future) will still starve and Canada will continue to lose available land for exploration and discovery rates will plummet further, if the PDAC's feeble efforts continue in these areas.

I therefor offer my resignation from the PDAC as of this date. I need to see my : dedication, passion, experience and tools put to better use. . It is time for a new National Prospecting and Exploration association to be put together one that is focussed on Canada and the sooner the better. Juniors and

prospectors need an organization that has an effective voice and a willingness to use its clout because the PDAC no longer speaks for us or gives the degree of attention needed given the gravity of our situation. The "P" show go in the PDAC.

**One last matter I wish to address.**

I knew I was not popular with some members because I advocated the travel allowance for board members. Many of the old guard did not like that but then again they never really understood the importance of regional representatives as a winning strategy either except for Ed Thompson and Steve Von and a few others. I argued against the reduction of the board to the extent advocated for the very same reason which also was unpopular among the old boys club. I knew also that "my to the point -in your face" approach made many of the politically overcorrect uncomfortable. So when I stumbled they saw an excuse to get rid of me and they took it. Fine, like I said it is probably for the better.

However to slander me to the board on trumped up unsubstantiated charges of abusing staff is actionable. I know it was done in tandem with the main issue by the executive in collusion with Legal Counsel to paint me in a bad light just to make sure the board would vote me off as a director. What a low thing to do to person who worked hard for the PDAC and has been a member for decades. I was stunned and later just angry. What was I given to say for myself- 3 minutes tops while you deliberated for an hour. I think Bob has lived in the US too long and Steve Morrison's and Glens attitude was reprehensible pouncing on the abuse of staff crap to help justify my expulsion. If the PDAC counsel was complicit in this slander the Legal Society should know about it. I took 3 days out of my busy schedule to travel to Toronto to serve the PDAC and I get degraded and falsely accused before my board on how I treated staff and then asked if I will still serve on committees but just not be on the board as some sort of compromise. Bob, Glen and Steve Morrison already had decided they were going to ask for my resignation before the board meeting and made sure it happened throwing in any dirt they thought could possibly influence the outcome of a vote to oust me. I cannot believe that Bob actually chaired the corporate governance committee and then acted in such an unprofessional manner. If there is any further slander I will take action. The PDAC doesn't even have a disciplinary policy, as so admitted at the last board meeting, but there was haste to kick me off the board: not a former reprimand just expulsion.

However despite all this mess I do want to thank all those who have the same passion and concern as I do for the trouble our industry is in in Canada, understand the issues and who stood up for me. Your friendship and support meant a lot and was appreciated. To the rest of the board my condolences for having to endure all of this including this long letter. It is not fun and I truly apologize for causing all this but change is needed and someone has to say "the king is wearing no clothes". To the membership at large, exploration is in serious trouble in Canada; hold the PDAC's feet to the fire, they can do a lot better than F's and D's on the key issues. If the PDAC allows the cancellation of flow through and does not put up a better battle, heads should roll because then exploration is in real trouble and in the long run, our mining industry as discovery rates plummet further.

Sincerely and regretfully

  
Stephen Masson