

ECONOMIC DEVELOPMENT COMMITTEE

10:00 o'clock, Thursday, April 25, 1974

Chairman: Mr. H. Shafransky.

MR. CHAIRMAN: This morning the Committee on Economic Development is here to hear from the Chairman of the Manitoba Mineral Resources Ltd. on the Annual Report. I'll call upon Mr. Green to introduce the Chairman. Mr. Green.

MR. GREEN: Mr. Chairman, just before calling upon Mr. Koffman I'd like to indicate that the report you have before you is one that was tabled last year. I believe there are copies for gentlemen who don't have it.

Mr. Koffman is in the process of finalizing a new report for this year and really preferred not to appear before Committee with the old report, but it seems that there was some desire on members of the House that he do appear, so we are appearing on last year's report. I believe that, however, he will be willing to answer questions of activities up to the current time in a general way, rather than in a detailed way. I would like to indicate that Mr. Koffman is a Manitoban of long standing. He has been very intensely involved in the mineral industry in Manitoba for many, many years, having been the Chief Geologist - I believe that's the correct title - for the Hudson Bay Mining and Smelting Company, during the period when much of their exploration was done, and I believe under his supervision that many of the operating mines of the Hudson Bay Mining and Smelting Company were brought into being and are now part of that company's operation. So, without building him up too big, I'll call on Mr. Koffman.

MR. CHAIRMAN: Mr. Koffman.

MR. KOFFMAN: Do you want me to talk into this thing or . . .

MR. CHAIRMAN: Yes, we have these recorded . . .

MR. KOFFMAN: Oh, in other words I've got to watch what I say. Is that the idea?

MR. CHAIRMAN: Go ahead.

MR. KOFFMAN: What I have in front of you, the green report is for last year's report. I was going to present it at the last year's session of this type but we were a little bit late and the House dissolved or something quick, and it finally ended up that I have to present it now. It's sort of a thing like hashing over cold potatoes, putting a report in that's a year old. However, maybe the best thing I could do is just read the summary of activities, which is very, very short. It's very, very short.

Now, I'll just--maybe I'll give you some of the financial . . .

Manitoba Mineral Resources is financed by a loan issued by the Minister of Finance at current bank rates from the Consolidated Fund in accordance with the loan agreement between Her Majesty and the Company. At the beginning of the fiscal year, the Company was authorized to draw down under the loan agreement \$734,000-odd, of which \$500,000 represented the normal yearly budget authorized by Order-in-Council 835/72, while the balance of \$234,257 represented the unused portion of an appropriation pursuant to Order-in-Council 855/71 from the previous year. At the end of the fiscal year, \$621,257 had been drawn down, leaving a balance of \$113,000, much of which was committed by various contracts.

Two additional sources of funds became available during the year. Recovery of expenditures from Granges Exploration - that's a Swedish Company - under a joint-venture agreement amounted to \$149,799, and at that time we had a recovery of expenditures from agreements under The Mineral Assistance Act of \$23,752. That Mineral Assistance Act is now dead. However, we have certain contracts with the Mineral Assistance people that they will have to fulfill.

Now our Summary of Activities. Fifteen projects were worked during the year which you can see on the opposite page here were worked. Nine are wholly-owned by the company; four were acquired by optioning claims from others, and two were covered by joint-ventures. Eight projects remained active by the end of the year. Five of the wholly-owned projects were completed and abandoned, while two of the optioned properties were dropped.

Option agreements with Ruttan Lake Explorations Limited and Cerro Mining Company were terminated, while an option with Noranda Exploration Company and John Ziyone, a prospector, was in force of that year.

Two exploration programs, the Rice Lake project and the Cook Lake project, are being shared with Granges Exploration Aktiebolag under joint-venture agreements.

And I want to make it quite clear here that we do not give money to other people just to

(MR. KOFFMAN cont'd) spend for us. In the greater percentage of the time, at least 70 percent of the joint-ventures, we are the people who do the work. We are the expertise, contrary to what people might think. Most of the mining companies come to us and we run the projects for them.

At the end of the fiscal year, the company held interest in ground equivalent to 4,164 claims. Of these, 3,087 are wholly-owned by the company, 740 are held jointly with Granges of Sweden, 309 are held under an option with Noranda, and 28 are optioned from John Ziyone and incorporated in what we call the Rice Lake joint venture with Granges. During the year, interest was acquired in 1,291 claim equivalents and 1,163 claim equivalents were dropped to yield a net increase of 128 claim equivalents.

Airborne electromagnetic surveys totalling 6,816 miles were flown and resulted in the detection of numerous anomalies warranting ground work. Ground work consisted of 1,567 linear miles of line cutting and 1,030 linear miles of ground electromagnetic surveys.

The ground work located several electromagnetic anomalies warranting further exploration by diamond drilling. Diamond drilling during the year totalled 23,454 feet in 74 holes. The important thing to remember is that that is the most important part of any exploration project. In other words, you don't pee your money down at anything else, you put it in drill holes and if you don't do the drill holes you're going to find bugger-all.

No commercial mineralization was encountered. The drill holes cut barren sulphides graphite or pyrite.

Now that is the general thing of what we have done.

Now there's a financial statement at the back where we spent our money, and you'll notice that there is not much overhead in our budget. In other words we have no huge bureaucracy as most people have, and spending a total of 1972 look at the column in Exhibit B we spent \$614,000 and our overhead is roughly \$44,000 and I've two people at the back. Dr. Malcolm Wright and Miss Silvia - would you stand up - there's my total. The girl is the full overhead, and the other fellow's only half, because half the time he's in the bush. Now if there are any questions you want to ask me, I'll gladly answer them.

MR. CHAIRMAN: No questions? Mr. McGill.

MR. MCGILL: Mr. Chairman, I'd like to ask Mr. Koffman if he is now able to give us a summary statement of the results achieved during this year covered by the statement, or if he plans at some later point in the . . .

MR. KOFFMAN: In other words, this year - right now? I'll give you a summary statement. I have a press release. Is that what you want?

MR. MCGILL: Well if you have some statements to make then that might make it easier for us to ask you some questions on that.

MR. KOFFMAN: Okay. I'll tell you what we have here. I have a press release on the work we've done this year. You've heard some numerous comments in the Legislature, somebody's asked, and I really didn't want to appear at this time because our report for 1970 (?) is not quite ready. It would be ready in about three weeks and I had hoped to appear at that time, but since the news media said something I was sort of forced to come here today. So I'll just distribute these to the members and I'll keep a couple here.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: I just wonder if someone would read the release.

MR. KOFFMAN: Oh I'm sorry. This is a press release for April 25 at 10:00 a. m. We're 15 minutes late.

"Manitoba Mineral Resources Ltd., the provincial exploration company, has found a zone of copper mineralization in the vicinity of Farewell Lake ten miles south of the Snow Lake Highway between the settlement of Cranberry Portage and the Town of Snow Lake.

"The mineralization is on claims wholly-owned by the company. The mineralized zone is beneath 200 feet of limestone and has been intersected by two diamond drill holes. The first hole cut a core length of five and one-tenth feet assaying 2.64 percent copper. The second hole, three hundred feet to the south, cut a core length of eleven and seven tenths feet, assaying 2.36 percent copper. Drilling is proceeding with one drill and a second drill should be operational within one week." That's probably a few days.

"Several months of exploratory drilling will be required along the length of the zone and at depth to evaluate the economic significance of the discovery."

MR. CHAIRMAN: Are there questions at this time? Mr. McGill.

MR. MCGILL: Mr. Chairman, in view of Mr. Koffman's announcement here and the results achieved, is he able now to say that he has discovered an ore body of mine . . .

MR. KOFFMAN: No, Mr. McGill. I'd say several months of it will be required along the length of the zone and at depth to evaluate the economic significance of the discovery. I might mention Mr. McGill that in doing this drilling, we originally located this by doing an airborne survey, which I have a copy of here and I can circulate it to you gentlemen to make it easy for you. There are two sides of the table. I've got two. I'll circulate one on one side, and one the other.

MR. MCGILL: Does this area have an overlay of limestone?

MR. KOFFMAN: 200 feet of limestone.

You'll see that I have a circle there, one little thing, where there's a circle there, a red circle around it, that is an airborne survey. That airborne survey shows - all those little red dots show you they're airborne conductors, and what we then do is, we go on the ground and cut lines and do a detailed ground survey. Does that answer your question, Mr. McGill?

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Chairman, I'd like to first of all ask Mr. Koffman, who are the members of his Board of Directors, and if he's able to just short-sketch us, as to who they are and what their - members' sort of history.

MR. KOFFMAN: The Members of the Board of Directors of this company are on the top there, Mr. Dupasquier, he's a journalist. You probably see him around here, around the Parliament Buildings. He takes all these pictures. He's an independent; he's in business for himself.

There's myself. There's Mr. Lazarenko. He's president of the Northland Fisheries. I think most people know him. He's a businessman in the private sector. He's in business for himself. He's very successful.

Mr. Sherwood is a barrister and solicitor. He's one of the people who works in the Attorney-General's Department. There's Dr. Bruce Wilson, he's a Professor of Geology at the University of Manitoba. He is also a consulting geologist to Falconbridge Nickel and to Selection Trust of England, and England and Australia. And that is the five of us.

The officers of the company are myself and Dr. Malcolm Wright and Joe Sherwood. That's the sum total. I might mention to you, Dr. Malcolm Wright has been in the mineral exploration business for about ten years and worked in Canada, Manitoba, and he worked for Cerro Corporation some six years in Peru. He's been in the exploration business and before he joined our company here he was manager for Cerro Corporation in the central district of Canada, that takes in Manitoba, Saskatchewan, Northwest Territories and Ontario.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Koffman, there was a Capital Supply figure, which I can't recall exactly but I believe it was approximately \$1,700,000, which was to provide for long-range commitments that the corporation has made with its own program as well as in venture with others, and one of the members, and I believe his statement was facetious, but I'd like to deal with it, said that this was a million dollars administration and \$700,000 in exploration. Can you?

MR. KOFFMAN: No it wasn't a million.

MR. GREEN: No it wasn't the . . . I just wonder whether you'd comment on the - you've indicated that of your last year's budget \$44,000 out of \$500,000 was administrative expenses, but could you comment on the million seven . . . you see administration, whether you think the administration here is heavier than it was when you were in the private sector.

MR. KOFFMAN: No, actually, administration gentlemen is, well it's under ten percent. It's under ten percent of our budget, and it will be under - well actually because we have a larger budget in the forthcoming year gentlemen, that doesn't mean to say we're going to add more bureaucracy into our staff at all. That's our staff what I told you about, and that's all we intend to keep. The rest of the people work in the field. We have a total now about 10 men, but there's the president, the vice-president. The president acts as the general manager and everything else; the vice-president acts as the chief geologist and field man; and the secretary acts as accountant and payroll, and what have you.

No, I'm doing the business in the same way as I've done it when I worked in the private sector. I haven't changed at all. The money has to go in the ground, gentlemen, not in the office. Otherwise you may as well quit right now.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: The amount that we have sort of budgetted for the exploration company itself is \$500,000 a year. I gather the increases, or the additional amounts, have been budgetted because all of it has been advanced by loan and you have to pay interest to the government on the \$500,000, so if you didn't increase the budget you would have less for exploration to the extent that you pay interest. So I gather we have increased you by the amount of interest that is payable on the loan.

MR. KOFFMAN: That's right. I tell you what. As I have it here in front of me what our budget will be for the next three years, I understand that the budget has been passed last night apparently, and what we will have to spend, this corporation will have to spend, in addition to . . .

MR. CHAIRMAN: Joint Ventures for Other People.

MR. KOFFMAN: In 1972-73, that's this year--What's this now?

MR. GREEN: 1973-74.

MR. KOFFMAN: Last year we had \$500,000 plus \$234,000 which was left over from the previous year. Now, the reason that happened was when you start a company it takes a little while to get your projects going and get your things rolling. This is what was done. In 1973-74 we will have \$600,000 plus \$145,000 left over from the previous year. In 1974-75 we will have--pardon me - in '73-74 - I think this is '74-75 we're in now is it, right now.

MR. GREEN: That's right.

MR. KOFFMAN: Now in 1974-75 coming up, we are going to have \$525,000 plus one-quarter of a million dollars, that's \$525,000 and \$333,000, that's \$840,000, isn't it?
--(Interjection)--Yes, close enough. The following year we'll have \$551,000. The \$551,000, is money is due to the inflationary figure, we figure, of seven percent. In 1975-76 we will have \$551,000 plus \$333,000, and in 1976-77, \$579,000 plus \$333,000. So really the figures for 1974-75, \$858,000, the next year \$884,000, and the last year \$912,000. That is the money that we will have of the company's money to spend, that was voted for us.

Now, you will wonder why there's a little money left over always. We always have a hundred or some-odd money left over. The reason for this, gentlemen, is that we finish the fiscal year as of March 31st, then we have to wait for some Order-in-Council to get that money for the next fiscal year, and we have to have a little bit of a cushion there, so that's why we have a little bit of money left over in the kitty to make sure we don't get into trouble.

MR. GREEN: Mr. Koffman, you have indicated the amount that is spent by the Mineral Resources Company itself. Now, when you combine the amount that you are spending with the others that you are involved in, have you an estimate as to what the total exploration dollars that you are involved in - not that you are spending, but that you are involved in - is within the province?

MR. KOFFMAN: Well we haven't got our books quite finished but for every dollar we put up, the private sector put in 88 cents, pretty well one for one. In other words if we spent-- I haven't got the figures in yet, but in other words, if we spent half a million dollars, we had really spent on various joint projects a million dollars. In other words, the private sector put in money with us and we put in money with them. And in most cases to date we are running the programs and we are the expertise, with the exception of two projects. Now in the future projects we hope the projects we are working on now, we are quite confident that we will have a dollar for dollar. In other words, if we are going to put up next year \$858,000 we are sure that there will be double that in exploration with the private sector. There will be a total of about a million six or seven spent. In other words, it's better to go in joint ventures on ten projects than it is to spend all your money on five projects. You know, it's the luck of the game. That's your better risk.

MR. CHAIRMAN: Mr. Asper.

MR. ASPER: Mr. Koffman, I wonder if you could just clarify for me, because I missed the introduction of your statement. Are you describing the find covered in this April 25 Press Release as a commercial find?

MR. KOFFMAN: No, I didn't say that, Mr. Asper.

MR. ASPER: I didn't think you did. How would you characterize it?

MR. KOFFMAN: That's a zone of copper mineralization. Now there's 25, 30 gentlemen in the room; some are geologists, some are lawyers, some are miners. Now I can't see into the ground any further than you gentlemen. The only way we can find out is we have

(MR. KOFFMAN cont'd) to drill it. Now I have indicated to you how we do it. We fly it - we get the airborne - and we get the groundwork, and then we drill it. Now many of these - you consider 99 percent or 99.9 percent of your anomalies are going to be pyrite and, of which I have some examples here if you want to come and look at them. There's some of them, like these first two . . . this is copper . . . Maybe you could just pass them around. The top two are from these present finds, the rest are sulphides from other various sulphide zones we have picked up but they're not worth a damn. This is business.

MR. ASPER: Well, as I understand, this is the first time you have issued a press release since the corporation has . . .

MR. KOFFMAN: I did it through the executive committee into this thing. I never issued a press release. No, I have never issued a press release before; you're right.

MR. ASPER: That's why I wonder if there's any special significance in this.

MR. KOFFMAN: I'll tell you what was the trouble, Mr. Asper. The news media got hold of me and they were calling me and talking to me, and I felt that the only way I could be fair to the Committee of the House was to issue a press release; I also found that the best way to inform the press and the people is to give press releases; give them the answers and put it on paper so there's no mistake.

MR. ASPER: Well, your reputation and record in the private sector is a pretty respectable one and certainly highly regarded across the country.--(Interjection)--Pardon? Well, the president is highly thought of as a very competent man in his field right across the mining community of Canada. I'd like to ask you a general question and then relate it to your report. We keep hearing that the prospects of commercial finds, per dollar spent in exploration, are awfully thin, you know, like sometimes we hear for every thousand dollars spent you find commerciality worth a dollar, or sometimes we hear it's five hundred. Can you give us some handle on that?

MR. KOFFMAN: Oh, that's easy, Mr. Asper. That's very easy.

MR. ASPER: Good. We'll get it officially then.

MR. KOFFMAN: I think the best way for me to do it is to give you a case in point and then you'll understand. I think it's very difficult when you're not a minerals expert. I worked for a large corporation for some 30-odd years, and I tell you this: The management of the corporation, the company, was very well but they were getting old. The president of the company came to me, the chairman of the board, wanted to know what I was doing, so I told him what I had done. But I told him in ensuing conversations over two days that his company was being run by second-string flunkies like I was at that time; that we really had no super-management. I said, I think the best thing you'd better do, Mr. Chairman, is get some management in or sell your stock. They approached a large company and another large company and they couldn't . . . To make a long story short, Anglo American came and were thinking of buying control of the company. They came to talk to me. You know, he comes and starts talking to me, and he says, "Well, sure, you've done fine. You've found about 15, 16 mines and some . . ." Now they always ask the 64-dollar question: why would . . . want to buy? My answer was this: "If I didn't think there was a chance of finding any more, I'd quit this goddamn job and go and sell peanuts on the corner." They turned around and they said, "I think we'll buy." Does that answer your question?

MR. ASPER: No. No, Mr. Koffman. I just wanted to know an industrial average for your industry. For example, we believe that \$7 million of exploration was done last year, seven or eight million.

MR. KOFFMAN: In Manitoba?

MR. ASPER: Something like that.

MR. KOFFMAN: I guess that's right.

MR. ASPER: Okay. Now, let's take a ten-year period. X-dollars are spent on exploration - I'm not really interested in Manitoba, I'm looking at the industry. The reason I raise it is that the Mining Association publishes material from time to time which obviously has a bias because they're trying to protect their own interests, but you should be fairly objective on the point. What would you think of the prospects of dollar return for every dollar spent in exploration? We understand it's Russian Roulette; it's a chancy business. We know that. But is there some rule of thumb we can follow? For every million dollars of . . .

MR. KOFFMAN: I think I can give you a rule of thumb. I think I have something for you. Maybe Lance has that question. When I originally took this job on, after discussing with Mr. Green for about a year and a half . . .

MR. ASPER: I know the problem.

MR. KOFFMAN: . . . I did say this, Mr. Asper, I did say this: that you have to spend, you have to spend anywhere between three million and fifteen million dollars to find a mine. Now I'm not going to guarantee you're going to find on that, but in the long pull, Mr. Asper, if you spend it intelligently and don't pee it away, you have a chance of finding it. Now as regards the dollar return, that is a financial thing and really that's not my part to deal with.

MR. ASPER: Well that's fine then, Mr. Koffman, You're saying that for every three to fifteen, which is a large range . . .

MR. KOFFMAN: That's right.

MR. ASPER: . . . that that's the ballpark you're in, to produce one of the kinds of mines that, say, Manitoba is capable of producing when they are produced.

MR. KOFFMAN: Say it again, Mr. Asper.

MR. ASPER: You're indicating that from somewhere in the range of three to fifteen, you might get lucky and hit the bottom, three million. You might get unlucky and hit the top.

MR. KOFFMAN: That's right.

MR. ASPER: I understand that. So that's the ballpark in Manitoba's kind of field of mineral concentration, eh?

MR. KOFFMAN: Yes. That is the field--I don't know if people realize it, I've said it many times, but the rate of discovery in Manitoba, contrary to what people think, has been greater than Ontario and greater than Quebec. The rate of discovery of mines. Now they might be smaller, Mr. Asper, but the rate of finding them. Because I think the expertise is different in Manitoba too.

MR. ASPER: Well okay. Now, the specific question is: in your 1972-73 report, by the end of 1973, a year ago, you had 15 projects. --(Interjection)--1972-73 March 31st report.

MR. GREEN: Last year's report.

MR. KOFFMAN: Okay.

MR. ASPER: Okay. You had at that point undertaken 15 projects and I gather that--and that's the first approximately \$800,000 of your budget of three to fifteen, say. Now, can you give some assessment as to inventory? Do we now have commercial finds, undeveloped but commercial finds, proven out of the 15, or are those largely abandoned?

MR. KOFFMAN: No, we haven't got bugger-all in those.

MR. ASPER: Okay.

MR. KOFFMAN: What happens is, when you start - in the exploration business - when you start something, it takes you about three years to go through; after you fly it, you stake it, you do ground geophysical, you would do diamond drilling. At the end of the third year you will know your answer. That's why it was important to have a three-year forwarding budget from the Legislature, because I could not go - as an official of the company - could not go to the joint venture people and say, "I've got X number of dollars this year." They'd say, "Are you sure you can carry through your end of the bargain?" So therefore that's why you have to have a three or four year budget. Is that the answer you're seeking?

MR. ASPER: Yes. Now that makes sense. How many of the 15 are completed, though, from 1973, like March, 1973? Are those completed?

MR. KOFFMAN: If you look at the front of the book here, on the first page, we have the active and completed; the completed projects wholly-owned, joint ventures, options. Now actually this thing--oh, active. The active are in one colour and the completed are in another. See the idea?

MR. ASPER: Yes. Yes I've got it. That's 1973 and we're now one year past that.

MR. KOFFMAN: That's right.

MR. ASPER: I take it that this report speaks as of March 31, 1973.

MR. KOFFMAN: That's right, Sir.

MR. ASPER: Okay. What's happened to those claims between March '73 and March '74?

MR. KOFFMAN: We're either working on them or else we've dumped them.

MR. ASPER: Okay.

MR. KOFFMAN: If you look at the back of the report it makes it very simple for you. Deferred expenditures, on the last page, Exhibit C, Mr. Asper, abandoned projects \$217,189.21. That's down the drain now.

MR. ASPER: What's down the drain?

MR. KOFFMAN: That \$217, 189. 21.

MR. ASPER: Oh yes. Okay.

MR. KOFFMAN: See, we drill them and abandon them, all through with it.

MR. ASPER: Okay. Right. So that's back by March 31/73 you had abandoned approximately \$200, 000 of the . . . now, of the \$800, 000, so that left \$600, 000 that you still called current inventory.

MR. KOFFMAN: That's right.

MR. ASPER: Okay. Between March 1973 and March 1974, have you had to abandon others?

MR. KOFFMAN: I don't know what the figure is, Sir. If I didn't have to meet--I'll know in about three weeks and if you want to call this committee again I'll give you the answers in three weeks.

MR. ASPER: Will you have a 1974 statement?

MR. KOFFMAN: Oh yes, in about three weeks I'll let you . . .

MR. ASPER: Oh. Okay.

MR. KOFFMAN: It takes about, you know, it takes about, six weeks after the fiscal year, but we do it in about five weeks. But we'll be ready to give it to you about the 20th of next month.

MR. ASPER: Well then, could you just give me an approximation of how many new projects were added between 1973 and 1974?

MR. GREEN: Mr. Chairman, on a point of order. I indicated before Mr. Asper came in, that the President wanted to delay this meeting until he had the next report, and I believe that we will still be in Session when the next report is prepared and I'll call the Chairman back - if that would be more satisfactory.

MR. ASPER: Okay.

MR. KOFFMAN: I'll have all the answers for you, Mr. Asper. I don't hide anything.

MR. ASPER: Okay.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: . . . let Mr. McGill go first, Mr. Chairman.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: I just wanted to reply to Mr. Koffman's announcement here and ask him a few more questions about that. Mr. Koffman, how many drillholes in that area did you put down before you hit the two with mineralization? That's right. How many?

MR. KOFFMAN: Ten. I've got my right man . . .

MR. MCGILL: This mineralization zone isn't too far away from one that we knew about a few years ago; you know, that Copperman property that's north of the Wekusko Junction?

MR. KOFFMAN: Yes, I'd just say about two miles of this figure.

MR. MCGILL: Yes. Then the Copperman's problem was that, you know, they never could prove up enough tonnage, and they're getting some values, and they went back year after year and they punched holes in it until it looked like a . . . But the tonnage was so small. Now, is there any similarity in the geology of what you're getting in your drill cores and that Copperman's property?

MR. KOFFMAN: Well, the Copperman thing was a plug, what we call. It didn't have any lateral extension. Now we don't know what our lateral extension is going to be either until we drill these holes, but the rocks are good rocks, if that's what you mean. It's the right type of rocks. Now, whether we find or not, we might bomb out within a few months, I don't know.

MR. MCGILL: How do those values compare with Copperman's values they were getting?

MR. KOFFMAN: I think they're about in the same range.

MR. MCGILL: About the same, eh? And the structure of the rock?

MR. KOFFMAN: It's a different type.

MR. MCGILL: You're in a sulphide, though, are you . . . ?

MR. KOFFMAN: There is a sulphide too, you know, but it's more . . .

MR. MCGILL: But you're in the same . . .

MR. KOFFMAN: No, we're in what we call a different type of formation. We're in a riolite(?) zone. Their's wasn't in a riolite zone.

MR. MCGILL: I see. Now you've got some property, and I presume you still have it, at Cook Lake.

MR. KOFFMAN: Joint-venture with Granges, that's right.

MR. MCGILL: Joint-venture. What's happening there with that?

MR. KOFFMAN: Again, that was just started last year and I haven't got . . . In about three weeks I'll give you the answer. Under the geophysical there's some drilling. I don't think they found anything yet on that, but they're still working on it with the joint-venture.

MR. MCGILL: Is that Cook Lake area, does that extend west from Cook Lake towards the north end of Woosey Lake?

MR. KOFFMAN: In that area, yes. When I bring you the report, next report, I'll show you where all that zone is relative to the various mines. You see, I haven't got it with me this time here. Just wait, I have some kind of map here. Wait a minute, now, maybe I have got it on a map here.

MR. CHAIRMAN: Well I think it possibly might be better that, when you do have that report . . .

MR. KOFFMAN: Ah, they can have this. This tells you where we're working this year. Mr. Asper, here's a copy of what we're working this year. It will go down the line.

MR. MCGILL: So Cook Lake is still active.

MR. KOFFMAN: Oh, yes.

MR. MCGILL: And you'll be drilling there this summer, will you?

MR. KOFFMAN: Well, that's the joint venture with Granges. That's one of the projects they manage, and in managing and working these projects we work together. We discuss where we're going to drill with our joint partner and what we're not. We're going to be working this summer. Now they've put in a few holes this winter and there's some more to put in. Now I don't know what the answers are; we haven't got the report yet. We should have it. You see, their report is the same as ours. They'll give us the report within four, five, six days and I'll have the answer for you.

MR. MCGILL: And what about Rice Lake. Is it still active?

MR. KOFFMAN: Rice Lake? Yes. We spent money on Rice Lake and we found a little bit of copper in there but nothing worthwhile, and we still have another year of that Rice Lake joint-venture to work on. Then we'll finish it then.

MR. MCGILL: Yes. So the three major activity areas now are Farewell Lake and Cook Lake and Rice Lake?

MR. KOFFMAN: No. There's more than that. Seal River up north, Seal River, Syme, Noranda. We've actually 14 joint-ventures going now.

MR. MCGILL: At the moment, eh?

MR. KOFFMAN: As that map will go along here, that's counted as an extra port, you know. I just haven't got the details of it, Mr. McGill.

MR. MCGILL: But your best returns so far are the two holes with about five or six feet of depth of mineralization in the . . .

MR. KOFFMAN: It was--one was five feet--that's core length, which is different length.

MR. MCGILL: Core length, yes.

MR. KOFFMAN: And the other one was 11.9, I think, this year, of core length.

MR. MCGILL: And how many months will it be before you'll be able to sort of outline this . . .

MR. KOFFMAN: To see if we bomb out, to see if there's anything there?

MR. MCGILL: Yes. Right.

MR. KOFFMAN: I would say about three or four months.

MR. MCGILL: Three or four months eh? Are there any other areas with an overlay of limestone?

MR. KOFFMAN: All that area now--as you see, this map goes around there . . . Has somebody got that map there?

MR. CHAIRMAN: Yes, we just slipped him that.

MR. KOFFMAN: For your information, there was just an ore zone sound by Freeport Minerals, just about under limestone also. In that same area. Some time this winter, they . . . it up.

MR. MCGILL: Was the Manorbridge overburden about the same as yours?

MR. KOFFMAN: Oh, that's away in a . . . area. Manorbridge is not overlained by limestone in that area now. It's overlained by bog and . . .

MR. MCGILL: I see. There's no limestone over there.

MR. KOFFMAN: Not in that particular area. No.

MR. CHAIRMAN: Mr. Barrow.

MR. KOFFMAN: Tom, don't give me any hell. I remember when you worked over there so don't give me any hell, eh?

MR. BARROW: I came down a lot since then.

MR. KOFFMAN: Okay.

MR. BARROW: You mention the percentages, Mr. Koffman, 2.64 and 2.36, 300 feet apart. Now is that considered low grade ore?

MR. KOFFMAN: I'm going to change that wording. At no time did I use the word "ore". Ore is something that I'm sure I can mine at a profit. I'd call it a mineralized zone. You notice that? I didn't use the word ore. When we get some tonnage I'll change the terminology. I can't use the word ore because we haven't got enough of it. It's a mineralized zone.

MR. BARROW: Would it warrant a mine at that percentage?

MR. KOFFMAN: It's comme ci comme ça. It depends on the tonnage.

MR. BARROW: How big the ore body is.

MR. KOFFMAN: How big the tonnage of that grade. You see, ore is something that will enter profit, you see, Tom. Now, you know that. So I don't know, I got to get enough tons to see if it can be mined.

MR. BARROW: Well your anomaly is more than 300 feet long.

MR. KOFFMAN: Oh yes, it's probably another 300 or 400.

MR. BARROW: And yet these two holes, it doesn't warrant that ore body is the same one or separate or . . .

MR. KOFFMAN: Whether there's mineral rights zone, Tom. It might be the same, it's probably the same one. I said it's 300 feet long.

MR. BARROW: It's probably the same one, but not necessarily.

MR. KOFFMAN: Well I think it's the same zone.

MR. BARROW: We thought that in . . . Yukon too.

MR. KOFFMAN: Yes, I remember that. Right.

MR. BARROW: So those two holes doesn't show the width, length--it tells the approximate width. I don't know what the width is, I don't know what the depth is, you know, but I know it's . . .

MR. KOFFMAN: I don't know what it is; it's approximately a little less than the figures I gave you because that's core length I gave you.

MR. BARROW: Yes. Well, most of my questions have been answered by other members, except for one. Have you written off the Sherridon area?

MR. KOFFMAN: Have we written off the Sherridon area?

MR. BARROW: Yes. Is the mineral bearing . . .

MR. KOFFMAN: Well Tom, I'll tell you something. I spent an awful lot of money there working for another company and there is a low grade property there - and I use the word low grade property - with one 42(?) copper, about 4 million tons probably. I don't know if it's going to be mineable or not; maybe at the present price it will be. But I won't go back in there. I spent too much money for other people there. So I must go, as a company, I must go other areas that I--I'm not going to go into areas I've already explored. I'd be stupid, wouldn't I?

MR. BARROW: I wouldn't ask that question. No, the feeling of the people in Sherridon is that there is ore there, as you know.

MR. KOFFMAN: Oh I know. I know the hotel man there. I know all about it. Sure, he tells me--what's the name of that town there? He tells me there's all kinds of ore there.

MR. BARROW: Schmor.

MR. KOFFMAN: Schmor. Oh yes. I'm not worried about that. He's been telling me that for twenty years.

MR. BARROW: Well I can quote you, eh?

MR. KOFFMAN: You can quote me.

MR. BARROW: Thank you, Sir.

MR. CHAIRMAN: Mr. Craik.

MR. CRAIK: Mr. Koffman, what sort of position are we in with regards to a copper refinery in Northern Manitoba?

MR. KOFFMAN: Well I can answer that question. That's out of my line but I can answer that quite simply for you. In order to make a copper refinery feasible you must have X-number of tons of copper. I don't think at this point in time that there is enough copper produced in

(MR. KOFFMAN cont'd) Manitoba to warrant a refinery - at this point in time.

MR. CRAIK: Taking in all the present mines?

MR. KOFFMAN: Yes. Yes. That would be very nice, I agree with you, but I don't think at this point in time that there is enough, there is enough copper produced to warrant a refinery.

MR. CRAIK: Are we half way towards the point where . . . ?

MR. KOFFMAN: I think we're half way, but that problem is that if we don't find so much we'll use up our other ore and we'll still be half way. Do you know what I mean? We can be half way for a long time.

MR. CRAIK: Yes. The old runs out and the new comes in but you're not gaining on the . . . in that region, at that point.

MR. KOFFMAN: Well, hopefully. Yes.

MR. CRAIK: If you found a sizeable ore body here, now what would your next step be? Supposing it became ore rather than a mineralized zone. You've proven it out. Is your next step to consider setting up a mining operation?

MR. KOFFMAN: I'm answering that question very simply. The answer is I don't know. When we find that thing, if it's there, I'll talk to you about it gladly. I don't know. The answer is, at this point in time, I don't know.

MR. CRAIK: So you could go it alone or you could joint-venture or you could . . .

MR. KOFFMAN: Yes I could. I've a lot of friends, we've a lot of friends and no problem at all. We've found that we have no problem at all. No problem.

MR. CRAIK: No problem in joint venturing.

MR. KOFFMAN: No.

MR. CRAIK: Are you doing any work other than in minerals? Are you looking at any work on oil exploration or . . . ?

MR. KOFFMAN: Oh yes. Sure. You know that map that's going around in here? We've . . .

MR. CRAIK: Is it mostly in the Hudson Bay area or are you . . . ?

MR. KOFFMAN: No, no. It's in the southern part of Manitoba.

MR. CRAIK: The southwest part.

MR. KOFFMAN: Southwest. The chances up there are pretty rough in the Hudson Bay area now, pretty rough.

MR. CRAIK: Is there any work going on there?

MR. KOFFMAN: I don't know now. I don't know right now in the north part of that--it would be in the Hudson Bay lowlands anyway. I don't know, Mr. Craik.

MR. CRAIK: Or offshore.

MR. KOFFMAN: Offshore is a tough business there, you know. They've talked a lot of companies to drill offshore there. You have this Hudson Bay floating ice, and to put rigs down there on that offshore is tough in the wintertime, you know. I don't know. I don't really know.

MR. CRAIK: You're saying that the number of discoveries in Manitoba, you know, for amounts of money spent, compare pretty favourably with Ontario and Quebec, or better. Maybe size isn't, but the number of discoveries . . .

MR. KOFFMAN: Yes.

MR. CRAIK: Looking at the long-range for the whole northern part of Manitoba, what do you think the prospects are for Manitoba north in relation to the other provinces, you know, and Canada in general?

MR. KOFFMAN: That's a 64-dollar question, isn't it, Mr. Craik?

MR. CRAIK: Talking about a 100 years, you know.

MR. KOFFMAN: That's again a 64-dollar question. The only way I can answer that question to you is, I think it's just as good as anywhere else. A lot of the northern area of Manitoba has not been explored heretofore, the reason being you really look in areas where you have transportation and power and towns and infrastructure. This is where you work first. As a matter of fact in our map we've taken the plunge. We're going into the Seal River area in Northern Manitoba. We're joint-venturing with a couple of companies there which we'll give you in our next report. I say you just have to try and find out, you know. The answers I don't know. Nobody knows. Nobody really knows.

MR. CRAIK: But in over-all, over-all terms, you know, it appears to have followed transportation, as you mentioned, and Ontario of course had their transportation before we did, which means that they've developed your big ore bodies to the east of us.

MR. KOFFMAN: Well actually in Northern Ontario, taking an entirely different . . . They're working in Northern Ontario in areas that are away from transportation also, but they haven't found any great hell there either, you know. When you talk of Northern Ontario I'm talking around the Severn River and up in that part of the area. When everybody talks about Northern Ontario you think of Timmins and Kirkland Lake, and that is not Northern Ontario, that's Central Ontario really, but people refer to it as Northern Ontario.

MR. CRAIK: Straight east of us.

MR. KOFFMAN: Yes, that's right.

MR. CRAIK: I'm just trying to get a general picture of the whole future of, you know, potentials in the north. Do you foresee exploration going on for the next hundred years?

MR. KOFFMAN: I won't be there that long but I hope it goes on for a long time to come.

MR. CRAIK: None of us will be.

MR. KOFFMAN: I think it will, but it's going to be tougher and tougher, you know, we have to be realistic. Easier ones have been found, let's not fool around. Easier ones have been found. It's going to be more and more expensive to find them. You're damn right.

MR. CRAIK: Is the Seal River area, for instance, apart from the fact that the transportation has never been made to get into it, apart from that, you don't consider it to be as high a potential as the Belt all the way along, say, from Snow Lake to Thompson?

MR. KOFFMAN: Well, it's a different development. Really, what you have to do, if you sit on your rear end and just look around where there are--mind you, you have to take a poke at some other areas and take a look and see if there's something there. You know, if you find something, everybody rushes in after, you know. The best example I can give you, and I worked for this company in Snow Lake, that was there for years and years, you know. Everybody said you're a damn fool, what are you going there for? One of the large companies worked there five or six years and found bugger-all. Now we came in later. Somebody works one expertise, somebody works another expertise, but nobody knows who's right. But the idea is, you must make an effort to go a little further north. This is what we have to do. This is the name of the game.

MR. CRAIK: Are the private companies involved in that area too, in the Seal River area in the far North.

MR. KOFFMAN: Yes. I've a joint venture going with two companies and another company's working in that area. Yes. This is for next year's report, you see; I haven't got it out yet. You guys just made me come here a little too early.

MR. CRAIK: Yes. Okay.

MR. CHAIRMAN: Mr. Axworthy.

MR. AXWORTHY: Mr. Chairman, I'd just like Mr. Koffman, if I could, to fill in some of the pieces on this discovery and I have a couple of more general questions. On the findings that you've made of this mineralized area, you said that you believe that in a period of about three or four months you could determine whether you had a substantial ore body, or nothing.

MR. KOFFMAN: Or nothing. Yes.

MR. AXWORTHY: If you found an ore body that warranted commercial development or continuation, what kind would we expect it to take to bring that into an actual producing mine?

MR. KOFFMAN: Usually it takes--I'll tell you what it takes; usually from the time of discovery to time of production, you got to figure on six years.

MR. AXWORTHY: Six years.

MR. KOFFMAN: Usually, depending where you are. Sometimes if you really got a big really walloper, you know, you really put all effort into it. But it's about six years, five to six years, before you're actually . . . That's about roughly the time.

MR. AXWORTHY: Is there any way of making an estimate at this point, in obviously pretty approximate figures, about the development costs, again on the assumption that there is a worthwhile ore body there? What kind of investment has to go in to their . . . Well let me amplify this question . . .

MR. KOFFMAN: At this point in time I . . .

MR. AXWORTHY: Well, let me amplify the question. Is that area already relatively well-served by the infrastructure? You talked about the roads and the transportation. Are they going to have to be rebuilt? Is it . . .

MR. KOFFMAN: Yes. Yes. Relatively. Well, that is why people stick to their high-ways and roads. That's your best chance, sure. That's right.

MR. AXWORTHY: I see. So you wouldn't have to get into that kind of effort. You're just really developing the site itself.

MR. KOFFMAN: What really happens, Mr. Axworthy, is this. Or is it Dr. Axworthy?

MR. AXWORTHY: It doesn't matter.

MR. KOFFMAN: Okay. What really happens is when one company's work--and I consider ourselves a company, a company the same as the private sector, Mr. Axworthy. The same thing, I'm working on the same. Now what really happens is, there's one company, it's on something in that area of Freeport Minerals - actually the fellow that headed that was a good friend of mine, Mr. Morrow; he headed that firm. And he worked on the same principle as I do, as our company does. Now what actually happens is you explore the area quite thoroughly before you make any plans to do anything because you might find three or four small ore zones or ore bodies in there, so nobody wants to go off half-cocked and start spending a bunch of money here. Maybe you can get a joint effort together. You see what I mean? You find what you have in the old area first and then you make some estimates. Do you follow me? You just can't go in and say, well, I'm going to bang down and I'm going to go and develop, because you know you might be off the track. Do you follow me?

MR. AXWORTHY: Yep. Okay. I'd like if I could, just to change the . . .

MR. KOFFMAN: That's fair enough. Yes. That's good enough.

MR. AXWORTHY: It's indicated the answers were fine. The question I'd like to ask is more general, though, and that's this: that we have, even in operation as a Crown corporation now, for a period of a couple of years . . .

MR. KOFFMAN: And we're not, by the way, we are not somebody--the press always tells us we are a part of the Manitoba Development Fund. Gentlemen, we are not. We have nothing to do with it.

MR. AXWORTHY: Okay. You're a separate Crown corporation. You're financed through a loan system and you receive capital authority from the Legislature.

MR. KOFFMAN: That's right. That's right.

MR. AXWORTHY: How has the existence of this Crown corporation in the exploration field affected the activity of the private exploration in the province in the sense of are they putting more money in; less money; they obviously are joining with you in certain ventures, but to what degree has it affected the rate and quality and kind of activity by the other forms of private exploration operations in the province? And maybe you could even make a judgment; have you been good for them or have you been bad for them?

MR. KOFFMAN: I can give you an answer to that. I can give you an answer. It's very simple. I'll give you an answer to that. The exploration activity in Manitoba used to be about 9-10-8 million dollars a year . . . then it fell off for a year when it was probably 6 two years ago. This year the anticipated exploration was going to be about 12 million, 12 million dollars anticipated exploration of all the companies including Manitoba Mineral, in Manitoba. But we ran into a hell of a year this year. The snow is four feet, the companies couldn't get anybody to drill. They couldn't get anybody to do geophysical work; couldn't get anybody to cut line, so when the 12 million dollars was set aside, I doubt if three million was spent. We usually spend about at least two-thirds of it in the winter months and it is very difficult . . . I would say at this point in time there has been no change in the thing. There has been no change in the exploration effort of companies to this point in time now, I don't know what's going to happen later on. Now I know what question you are really asking. The question you are really asking is what effect has this company done to exploration, is it good, bad or . . .

I gave a talk at the Prospectors Developers Association thing to all the prospectors. There was 2,000 and I thought they were going to have my guts but they didn't. And I said this, and I say this today: The pioneers back must accept the inert load of many who don't understand and ignore the errors of the few who do. So the advent of a new company like this really doesn't mean anything because the world is changing. Things are changing all over the world. If I didn't think that things were changing in the world I would have never taken this goddamn job; but I knew things were changing. I've travelled for about 10 years working, consulting all over the world, and I saw what happened there. Gentlemen, this is the way the world is, So things are changing today and I've decided, one of the few decided, I'm going along with the thing, this is the way it is. There's no way to stop this change, so I'm accepting that there is a change. And the people in the mining industry have now accepted there's a change and they say fine, come on in the water's fine, to the provinces. Nobody argues. Does that answer your question, Sir?

MR. AXWORTHY: Well, it partially does. If I could, Mr. Chairman, I would like to pursue it just a few more inches down the line.

MR. KOFFMAN: Go ahead.

MR. CHAIRMAN: Proceed.

MR. AXWORTHY: The question I have is this, that you talked in one of your earlier statements about the increasing sophistication of exploration methods and the requirement for heavier expenditures because the risks are getting more difficult, the ore bodies are more difficult to find. (Right) Would you feel again because of the existence of a Crown corporation which uses public money in effect that it would be expected to pick up those additional costs and leave the softer easier stuff to private companies or does it balance out that way? Is there any division of labour really in the work that you do so that in effect you are taking the higher risk activity or as a Crown corporation are you asked to lay the groundwork upon which other companies would benefit in the sense that you do the original survey work or geological air surveys and they kind of come in and pick up the pieces? Does it work out that way? Have you ever sat down with the big exploration people and kind of mapped out the territory, decide who's going to do what. Is there that form of division of labour really?

MR. KOFFMAN: No. Let me answer that question. That would imply that we as a company would be relegated to one job and somebody else would be another job. We operate as a company same as any other company. We have no rights or privileges and I'm not going to go - at this point in time I'm not going to go to this company - I'm going to take this piece of ground and you take that piece of ground and you take this. You just can't do that. I'm going to go where I think the best bets are and I'm going to find out where the best bets are, I don't care who anybody is, I'm going to work same as the private sector does. I'm going to do the best chances I can. I don't care who the company is, if it's International Nickel, Hudson Bay or Sherritt or Home Oil I don't really care. We're going to go and put our best lick, if we're lucky fine, if we're not, we're not.

MR. AXWORTHY: Well then on the other side of the coin then, we would have to expect then - if the private exploration mining and mineral companies are to be expected to continue their activity, they are going to require a heavier and heavier investment from their point, primarily drawn from their profits. Is that right?

MR. KOFFMAN: Oh yes. I'm quite frank about it. It's going to cost you more money. There's no question about it.

MR. AXWORTHY: And it's going to cost them more money?

MR. KOFFMAN: Yeah. The best example I can give you is - we're working at one time working under 200 feet of limestone. When we first started this people think, you know, you're off your rocker, but this is what you have to do. Some of the better belts have been explored and you have got to go now for tougher game, but as I said before if I didn't think there was any chance I would quit this job tomorrow and wouldn't do it. I say go boy, find yourself . . .

MR. AXWORTHY: One final question, Mr. Koffman, it goes back to just a question that Mr. Craik touched upon, and he asked you about the comparison between the Manitoba mineral opportunities and those found elsewhere in Canada. I take the question one step further and say how does it compare let's say to the mineral activities in other parts of the world so that . . . ?

MR. KOFFMAN: That's easy. Oh, that's an easy question. Cinch.

MR. AXWORTHY: Can I finish it though?

MR. KOFFMAN: Yeah, go ahead.

MR. AXWORTHY: The question is this: Again we always find ourselves in a competitive position in terms of labour rates and . . . ?

MR. KOFFMAN: That's right.

MR. AXWORTHY: . . . we have a higher priced economy in effect, higher priced society than a lot of other places? Even though we make finds are we pricing ourselves out of the actual development field simply because of this or does that not matter in your field? So that if someone finds something in New Guinea, you know, a big copper deposit in New Guinea or P . . . Islands or something and they can bring in a lower development cost, is that more likely to be developed than a mine in Manitoba because of our weather and our high labour costs, etc. etc. ?

MR. KOFFMAN: No, capital is going to go anywhere where they can get their best return. Now you know that?

MR. AXWORTHY: Yeah.

MR. KOFFMAN: Now you asked me, the other question was . . . my right hand man, Dr. Malcolm Wright, worked in Peru, now there's 5 or 6 or 8, 10 ore bodies in Peru with 100 and 200 and 300 million tons but nobody can get at them, Peru and Chile, because of the politics of the area. Certainly there is no shortage of minerals, shortages of copper. Now I can tell you this; there is a distinct change now into, the thinking is to nickel; it was up to the energy crisis. The solidified minerals that you have to look for were getting very expensive, but you can find, many laterite deposits contain nickel in the south, they just dig it off the top of the ground, but the problem is now with the price of oil there and what the other countries want as their piece of the action, it's comme ci comme ça. But there's no shortage of property, just a matter of where it is. Did that answer your question, Mr. Axworthy?

MR. AXWORTHY: Yes, thank you, Mr. Koffman.

MR. CHAIRMAN: Mr. Asper.

MR. KOFFMAN: Are you going after me again, Asper?

MR. ASPER: Mr. Koffman, I have to salute you. I have to congratulate you.

MR. KOFFMAN: I'm top of the table, I've nothing to hide.

MR. ASPER: Right. I'm staggered by the revelation in your financial statement that you have somehow managed to convince the Honourable Mines Minister to make you a loan at 6 percent interest. How did you do that?

MR. KOFFMAN: No, no, wait a minute. It wasn't . . . at that point in time. They are charging later on at a higher rate. As the rate went up, I think they are charging a higher rate.

MR. ASPER: Well for the period to the end of last year March '73, you've got 800 thousand dollars from the Government of Manitoba at 6 percent. Correct?

MR. KOFFMAN: I think that's right. I think . . . whatever it was. --(Interjection)-- Exhibit A? Yes Exhibit A.

MR. ASPER: How was that struck? How did you get that?

MR. KOFFMAN: Which?

MR. ASPER: Well the government during '72 - '73 was paying between 8 and 9-1/2 probably for money, perhaps when you add servicing maybe 10, how were you able to negotiate or under what circumstances was there an agreement reached that the government would lend you money at a rate lower than it's paying? Was that negotiation or . . . ?

MR. KOFFMAN: Does it say here 6 percent? Maybe I'm wrong. I must be wrong then because I think we paid . . . well this is what they charged us. I don't know how it come about, this is what they charged at that point in time. I don't really know what our interest . . .

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Chairman, on a point of order. Just so that there is no misunderstanding. It is because of the way the balance sheet was set up, the actual intention, and we are moving towards an arrangement whereby it will be either share capital that we were putting in or we would have the government paying off the interest. So if the member is referring to a sort of a privileged loan position, it's only because the money was advanced by way of loan. Mr. Koffman has argued that it should be an investment in the company which would not then show any interest return. And so that Mr. Asper knows how persuasive he is we are leaning in that direction, that this be advanced by way of either grants or forgivable interest so that the company doesn't have an overhead of interest on its exploration dollar which is what is done with other companies as well.

MR. ASPER: Well the fact is that on the loan on your book there's a subsidy unstated in effect to the company of the actual true cost of interest . . .

MR. GREEN: No. No, it's not interest.

MR. ASPER: Well, Mr. Koffman, I think you'll agree that the Government of Manitoba is lending you money at 6 percent and paying 10 percent; for that period in any event there's a subsidy of approximately 40,000 thousand dollars of interest there.

MR. KOFFMAN: Not that much, Mr. Asper. Nevertheless what I'm really saying, I'm trying to persuade powers that be to say, look please don't loan me the money, take an equity position and give me - pardon me, not me, I'm using the wrong word, give us, the company . . . give us X-number of dollars per year and take down stock. I think that would be more satisfactory to everybody and then we wouldn't be charged with interest. This is what normal companies do. This is the normal way of doing business. Then if you don't find anything so big deal the whole thing goes down the drain but if you find something fine and dandy. This is the way it's done.

MR. ASPER: The only reason I . . . have you been talking to the Jets lately? Well, Mr. Koffman, in that rule of thumb, and I recognize it was a rough rule of thumb, you said that somewhere between 3 and 15 million was spent to produce one mine. Again going to industry's historical value, what is the value on a rule of thumb basis, of the mine that's found, on average. For example, for an investment of somewhere between three and 15 in exploration you produce a mine, what's the approximate value of the kind of mine you might produce for that kind of . . . ?

MR. KOFFMAN: It's a hard question but I'll answer it anyway. It's a hard question but I'll answer it. I have to go back to past experience again and I'll give you a couple of examples. When I started as a young punk working for a company in 1934 there was 18 million tons of ore in this particular company. Now with doing exploration and finding the . . . mine here the same company has, 40 years later still got about the same amount of ore, by spending X-number of dollars. And I tell you I used to fight with those corporations same as with anybody else to try and get money; because my thought was always, and still is today, especially if you are in a northern community, gentlemen, the people have built their homes, they've built their houses, they've built their businesses, therefore, it behooves the corporation working that area to put this money out to find more ore to keep that town alive. So my answer to you is, there is no answer. Maybe give you a good example, the Sherritt-Gordon Mine they really worked originally and they went down the drain and they went to Lynn Lake and they found Lynn Lake, then they worked for a little while and they got another one and then they finally found a big bonanza at Ruttan. So there really is no - it's a gamble, Mr. Asper, it's a gamble, but as I said to you if I didn't think the gamble was worth it I'd quit this job tomorrow and bugger off and sell peanuts, I'm telling you that right now. Just straight, I'm just telling it straight the way it is.

MR. ASPER: Well, in the last three years the industry, the mining exploration, has probably spent close to 20 million dollars I would think on exploration including yours?

MR. KOFFMAN: That's right. That's pretty good.

MR. ASPER: But they haven't produced a mine?

MR. KOFFMAN: Oh, that's wrong.

MR. ASPER: Well, that's my question. Have they?

MR. KOFFMAN: There's two, Hudson Bay have found the Centennial Mine right near the airport. They have found what they call, just announced in the paper the other day, they found a West Arm Mine also, that's what I know of. I know that there's been a discovery in the area of Island Lake, I don't know what it is. I would say yes, Mr. Asper, there has been but the results . . .

MR. ASPER: In industrial average, assuming all the exploration had been carried out by one company and all of the finds were owned by one company or the public of Manitoba, then you would say that - correct me if I'm wrong - I think you're saying, that with an expenditure of 20 million dollars in the past three years, roughly, and we don't know for sure, the value of discoveries exceeded the cost of finding them. Was that fair?

MR. KOFFMAN: Oh, I would say yes. I would say that, but the one thing wrong in your premise is that it is better to have 5 or 6 or 7 or 8 companies working than one because everybody has a different expertise. I give as an example International Nickel worked in the Snow Lake area, spent a lot of money there and found bugger all. Somebody else came in, we came in and found 8 or 9 mines. . . or somebody's more expertise in one than the other.

MR. ASPER: We have a situation in the province that, with the South Indian Lake flooding the diversion of the Churchill River we have a certain amount of land in the Leaf Rapids area which will be under water estimated by - variously along the Burntwood to 150 to 300 square miles . . .

MR. KOFFMAN: That's good enough. I follow you.

MR. ASPER: Okay. Before that happens wouldn't that occupy some priority with your corporation because it's a public, government, Crown corporation, to do indepth exploration in South Indian Lake . . .

MR. KOFFMAN: It's very simple. That's an easy question. That was the easiest question in the world, Mr. Asper. You know something. Of all the mines that are found in Manitoba, or most of them found in Manitoba that I've been associated with, do you know where they've been? They've been under water, under the bog . . . So it doesn't really make any difference if you got 10 feet of water, or 15 feet of water above what you've got, you're still going to find them. It doesn't make any difference. All you do if you do find a mine - you are

(MR. KOFFMAN cont'd) not going to find a mine in the middle of a great big South Indian Lake because it was dead to start with, you couldn't go down with 300 feet of water or 150 feet of water, you just don't do it. But any of these mines another 10 or 15 feet of water doesn't mean a thing because you can still find it, with our present geophysical methods, it's a cinch. There's no difference.

MR. ASPER: You can find it. Can you mine it?

MR. KOFFMAN: Oh yes. Why certainly. If you go round . . .

MR. ASPER: If you're in the middle of the lake, how do you mine it?

MR. KOFFMAN: Nobody - but you see, let me point this to you. Nobody goes, no exploration man goes in the middle of a big lake.

MR. ASPER: I'm talking about the diversion area which will be . . .

MR. KOFFMAN: I don't know - it's going to be 10 feet higher, 15 feet higher, 20 feet higher is it?

MR. ASPER: Well, it'll depend but . . .

MR. KOFFMAN: It doesn't make any difference, but what I'm saying with our present technique we can find them; as long as the water is not too deep well we build dams around it and there's no great problem.

MR. ASPER: But you would have an additional cost, will you?

MR. KOFFMAN: You have additional costs . . .

MR. ASPER: Are you giving some . . .

MR. KOFFMAN: Let me finish this question. Before this big flooding deal, I'm not associated with you fellows, but this government did run us a survey somewhat just like that. They ran a big survey over that, you know, and it was given out as a public thing to the companies and everybody went there and took ground up and found bugger all, but I can tell you I spent a lot of money in there for another company that I worked for for years. I found the odd one, the odd one we didn't. But another 10 feet of water doesn't mean a thing. Anybody that's going to file a suit that they've covered up a mine that they found, that's a bunch of crap because you can still mine it. There's no problem.

MR. ASPER: But I think you would agree surely that finding it and creating your diversion . . .

MR. KOFFMAN: A dam around it.

MR. ASPER: . . . a different area before the flooding is more valuable than finding it later isn't? Obviously.

MR. KOFFMAN: That's true enough, I'm not going to argue, but the amount of money involved, what it costs to build a dam is peanuts.

MR. ASPER: You're satisfied though that the South Indian Lake area and the . . .

MR. KOFFMAN: Wouldn't bother me at all, no, Mr. Asper.

MR. ASPER: . . . Burntwood area requires no priority in exploration by you? Before flooding I mean.

MR. KOFFMAN: The area was flown before flooding, Mr. Asper. The area was flown, and companies worked there to beat hell, and I was one of them that spent lots of money there, but we come out with bugger all, we come with a big fat earache, except the Ruttan Mine, you know.

MR. ASPER: And Leaf Rapids?

MR. KOFFMAN: Well, it's in the same area. I'm talking about generally the same area. I tell you gentlemen, look if any time, Mr. Asper, any of you members in this Committee want to come to our office, you are open to it and I'll show you anything you want to do and even give you an education in mining. I will do it gladly. No cost.

MR. ASPER: And I want you to know that we feel the same way about you. If you want to come to our office and get an education in what we do we'd be glad . . .

MR. KOFFMAN: Thank you. That's what I'm doing, Mr. Asper.

MR. ASPER: One last question, Mr. Koffman.

MR. KOFFMAN: Thank you. That's a good comment.

MR. ASPER: In your judgment advising this Committee, not on your own corporation, but in your judgment is there enough exploration work going on in Manitoba, or would you like to see more? Do you think it's worth - I don't mean necessarily your corporation - but would you like to see say, instead of 7 million dollars a year being spent, would we be the beneficiaries perhaps of something better if we were spending 20-30 million a year.

MR. KOFFMAN: The answer to that is very simple. It's another easy question. All companies, the multi-national companies of Canada, they spend X-number of dollars in certain areas. Now I'm going to tell you something. They're not spending money in B.C. this year at all. They're all bugging off now. I'll tell you that. That's quite frank. They are coming to Manitoba because it looks like we've got better deals so far anyway. But they're not spending money - no, they're coming here, that's why I'm getting lots of money.

MR. ASPER: Picked up for joint ventures.

MR. KOFFMAN: Joint ventures, yeah. I've no trouble with joint ventures at all.

MR. ASPER: I wonder - and I don't want to put you in a difficult personal position.

MR. KOFFMAN: Oh, it's all right.

MR. ASPER: How do you see - you've heard the Minister's statement as to the kind of mining tax . . .

MR. KOFFMAN: I don't know. I can't comment on it. I don't know. Leave me out of that for Christ's sake. I don't know anything about that. All I do know is that . . .

MR. ASPER: Well, let me ask you this. You've got B.C. You say the exploration companies are moving out of B.C.

MR. KOFFMAN: Yeah.

MR. ASPER: Is that because of the introduction of the mining tax?

MR. KOFFMAN: Well, I'll tell you what the problem is there. Any tax you put on - and I'll comment on this, and I told the Minister that in many meetings. I went after him. I said, any tax you put on provided you don't put a tax up on the top, we don't care, and providing your tax takes care of any low grade ore that you have, you're not taxed, I don't care what the tax is.

MR. ASPER: What do you mean off the top?

MR. KOFFMAN: In other words, if I produce 100 million dollars worth of material and you come along and take, you want a 5 percent overriding royalty, say 5 million dollars, a lot of my projects are dead.

MR. ASPER: A lot of what?

MR. KOFFMAN: Projects or the profitability is dead.

MR. ASPER: Isn't that what B.C. is doing?

MR. KOFFMAN: That's why they're moving out.

MR. ASPER: The experience is that they're moving out eh?

MR. KOFFMAN: Oh yeah.

MR. ASPER: Is it true that people are moving out of Saskatchewan, too? Primarily oil exploration?

MR. KOFFMAN: I don't know.

MR. ASPER: Okay.

MR. KOFFMAN: If I would know, I would tell you. I've nothing to hide.

MR. ASPER: No, I don't. I'm quite happy with the answer.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman . . .

MR. KOFFMAN: Jesus, I'm sure getting quite a drilling here, holy Christ really. I'm enjoying myself, Mr. Asper.

MR. ASPER: I gathered that.

MR. MCGILL: Well, Mr. Chairman, to Mr. Koffman, we are enjoying his answers and his frankness in this respect. I wanted to go back to a statement he made, and he was very careful not to use the word ore in respect to this mineralization that he has discovered, and he went on to point out that it would only become ore when he was sure just exactly what he had there in the quantities, and so on. Now, Mr. Koffman, it will be three or four months before you have a better idea of tonnages, a better idea . . .

MR. KOFFMAN: If any, if any.

MR. MCGILL: Yeah. A better idea of average grades, and so on. Now assuming that you reach that point and you have to make a decision, what are the factors involved on whether you say go or no go, whether you've got an ore body or just some mineralization? What are the factors?

MR. KOFFMAN: It's very simple to answer that. That's easy. You just figure so many millions. You have a million, 2 million, 3 million, or what grade you have. Now if I have a million tons of 5 percent I go. Why certainly you're going to make some dough on it. If I've got 2 million tons at 1 percent, I'm a dead duck. It isn't worth a damn. Follow me; you've

(MR. KOFFMAN cont'd) got all those ranges to work.

MR. MCGILL: Well, you'll have to know then at that point exactly what your costs are going to be.

MR. KOFFMAN: Well, I know pretty well. Everybody knows pretty well what the general costs are. It's a rule of thumb. You know what the costs are per ton of mining. It's pretty easy.

MR. MCGILL: Do you know right now what your taxes would be on the operation, to state one of the costs involved?

MR. KOFFMAN: Well, my answer to that one is a very simple one as far as this Committee is concerned. A Crown corporation pays no federal tax.

A MEMBER: Or provincial.

MR. KOFFMAN: I guess we would pay our normal royalty provincially.

MR. MCGILL: I see.

MR. KOFFMAN: I would pay . . . I get answers very easy. That's a easy answer.

MR. MCGILL: Now supposing a private enterprise were looking at the same ore body. He would have to know for five or ten years what his costs were going to be in order to determine whether it was an ore body or a mine or not, eh?

MR. KOFFMAN: He would have to look at it and decide what to do with it. These decisions are not made lightly, you know. It takes a little time to find out whether the thing is viable or not. Maybe I'll give you an example. The best example I can give you is when I was . . . we found an ore body between the 1500 and 3000 foot level. At that time it looked to be a viable operation; with costs today, they don't think it is, you know. Of course taxes are part of the cost, but the only thing is in the Minister's statement when I was arguing with him, he certainly made the statement, he wants to make sure that the corporation makes a fair return on their money and doesn't make waste or into waste. This is the thing I'm very interested in. They said, that's what they said, they're not going to make ore into waste, so I could care less what their taxes are so long as they don't make ore into waste, and anybody who puts their money in is going to get a fair return on their money. Not like B. C., they're just going to tax you right off the top. Clean you out. I'll tell you why I'm involved, Mr. McGill. I'm involved as part of my job as a director of one of those small companies, and we are dead ducks on account of the tax in B. C.

MR. MCGILL: A little earlier you said, don't ask me about Manitoba's taxing proposals in mining. Now you are saying . . .

MR. KOFFMAN: I don't know what . . . All we said, I don't care what the tax is provided they don't take it off the top and they don't tax you so that the low grade ore becomes waste.

MR. MCGILL: Fine.

MR. KOFFMAN: That's what I'm saying.

MR. MCGILL: What would you think of a taxing proposal where you don't know in advance what the amount of the tax is going to be? Could the mining industry work with that?

MR. KOFFMAN: Yeah, that question I couldn't answer you. Would you leave me alone on that one eh?

MR. MCGILL: Well, you said you weren't going to duck any questions, Mr. Koffman?

MR. CHAIRMAN: Mr. McGill, I believe that that question . . .

MR. KOFFMAN: The tough ones.

MR. CHAIRMAN: . . . the Minister in the House . . .

MR. KOFFMAN: That's a tough one. That's a tough one on me.

MR. MCGILL: It's a tough one?

MR. KOFFMAN: Hm-mm.

MR. MCGILL: And you are not prepared to give us the benefit of your experience in the business? When you have an ore body, Mr. Koffman, to develop and it's going to be a five year program, wouldn't you need to know what your costs are going to be for five years in order to say go or no go? Is that a fair question?

MR. CHAIRMAN: Mr. McGill? Mr. McGill I still say that question you can ask . . .

MR. MCGILL: Mr. Koffman isn't complaining. He'll tell me if he doesn't want to answer the question.

MR. KOFFMAN: I don't know. If I would know really what that answer is. That's a tough one you know. I don't know. All I know is that Ontario, B. C., all the provinces are

(MR. KOFFMAN cont'd) taking a chunk off the excess thing, that's all I know, but I don't know how it is . . . We'll know probably in a year or so how it all works out among the provinces. I don't know. I don't really know.

MR. MCGILL: Would you say there's a drop in the straight private venture exploration in Manitoba as compared with joint ventures with the government? Do you notice any decline in the number of private companies that are out in the field doing exploration work?

MR. KOFFMAN: See, in today's exploration, Mr. McGill, there's no such thing as a really small exploration company anymore. It's gone. It's the larger corporations that are doing . . . and I'll give you your answer. The people I work for in Noranda for six or seven years as manager of the central division here, they've just moved from Thunder Bay and have established an office in Winnipeg here this month so they're not worried about it. I'm saying they're not worried about it. They've moved in and they're working in Manitoba. I'm working in a joint venture with them.

MR. MCGILL: How about the little private prospector?

MR. KOFFMAN: You know that's a pretty hard question there. I say to you right now, and I'm not going to beat around the bush, does he really exist in the Precambrian? Now he exists in British Columbia, and in British Columbia I can tell you the private prospector when he's asked go up and down the mountain it is very, very necessary and he does a damn good job. And they did do a good job in Manitoba, too. I want to assure you they did an excellent job. The day has now moved away from that when their surface showings are all gone, and the only way anybody is going to find anything today, or pretty nearly the only way; now there might be the odd case by airborne work and technical ground work and, as you know, I had optioned a bunch of properties from your friend who lives in Vancouver. I auctioned about ten properties from him. He was unlucky. Anyone auctions for me don't . . . but at that point in time they did do a little prospecting, and so on, but those things have been found now. The only way you are going to find it is by airborne, ground technical methods. And really what it is, it's prospecting by technical methods, that's the only difference. Just change that's all.

MR. MCGILL: So in Manitoba the prospector is largely . . .

MR. KOFFMAN: No, Manitoba and Ontario and Quebec, it's all technical. Now Northwest Territories still have a chance because they might be looking for some gold showings, and there is a lot of barren rock and people at this point in time have not yet done all the exploration. But it's tough to me, too, for prospectors so I - all exploration is done by airborne . . . and all the mines, lately all the mines are being found by these methods, you know. Quite frankly, in Ontario and Quebec and in Manitoba, this is what we call a Precambrian Shield. That's the way they're being found, not by prospectors. I'm sorry but this is what's really happened. The prospector did an excellent job, and he still can do an excellent job in the Northwest Territories and in British Columbia, and in the Maritimes, and I don't think the . . . is sort of a dead issue.

MR. MCGILL: And you were a little hesitant to answer questions about whether or not there was still the same opportunity in Manitoba for discoveries as there have been over the years.

MR. KOFFMAN: I'll answer that question very simply. I think the opportunities in Manitoba and Saskatchewan and Ontario and Quebec are all the same in the Precambrian. All the same, because they're all tougher. Does that answer your question?

MR. MCGILL: As time goes on they're tougher and more expensive to find, eh?

MR. KOFFMAN: Well, you know how it is, when you are doing exploration first, original exploration, we probably took the first 150 feet from the surface. As we are going on now we are using other methods, we're reaching 400 feet. Those maps I showed you they reach 400 and 450 feet. And more and more information is being developed along those lines to . . . Now, by the way, they're trying something new. Just to bring you up to date, they're trying now a new method of exploration with what they call a sniffer. Believe it or not, the flyers are going to fly airplanes all over the country, over known areas, and they think that maybe if there are any minerals there below the ground, they'll come through the old burden and give some sort of - I don't know, some sort of chemical or some sort of air pollution out of it, and this is what they pick up. This is what they are trying now.

MR. MCGILL: Right. I've read of that.

MR. KOFFMAN: You've heard of that. As a matter of fact Hudson Bay and Anglo-American, and a bunch of those companies, all got together and they are doing it starting this

(MR. KOFFMAN cont'd) year. They want to spend about 5-6 million and give it a try.

MR. CHAIRMAN: Mr. Bostrom.

MR. BOSTROM: Mr. Chairman, through you to Mr. Koffman. With the recent and over the past few years rise in the price of gold, do you see any future and feasibility of gold mines?

MR. KOFFMAN: That's an easy question. It's a cinch. Do you know what the problem there is? The only people that are going to find gold mines really are the prospectors. Their present technical methods are not going to find gold mines. We find gold as an auxiliary metal in base metal or nickel or copper or zinc, but if you do find something in gold this is where the problem is today: where are you going to get a man that's going to go and work underground, under a vein two or three feet wide and beat his back to pieces, to hell with you, I'm not going to go to work for you. He'd rather go and do something else. This is what the problem is. The chances are rough - I'd say more power to the fellows who are trying, I think a good chance. But if they try if they do find, but the chances are rough. I know you are talking about your area, and we spent quite a bit of money in your area. Of course we weren't looking for gold; there were other companies looking for gold in your area. I wish them the best of luck. I certainly do, because they are certainly trying to do a good job. Does that answer your question?

MR. BOSTROM: Uh huh, partly. The second thing I notice you've been doing a fair amount of exploration work on the east side of Lake Winnipeg and you have numbers 9, 10, and 11 on your '73 report here which show these exploration projects as being completed . . .

MR. KOFFMAN: That's an easy one. What we did there . . .

MR. BOSTROM: Well, do you see that the east side has no minerals or . . .

MR. KOFFMAN: The east side generally has no minerals. It's mapped as granite and stuff. So what we did, we thought we'd fly a few of these areas and see if: Are those maps right? Is there a chance? Are those rocks different? Is there a chance to find some minerals in that area? As a matter of fact on one of them we did Shallow Lake No. 8, No. 8 there on your map. We did find some sulphite right within the granite rocks but unfortunately they were too low grade. But we are still going to give it a run here and there. You're not going to spend too much money on it but you try it out. You know, you have to start new thinking and everybody just wants to do the same old thing, so we tried it out, do some new thinking. Maybe it's going to do it; we don't know, but we're going to give it a chance. Does that answer your question?

MR. BOSTROM: Yes. Do you know anything about the existing abandoned mine at Bissett and if, you know, with the recent rise in price of gold if that would have any feasibility of being opened up again. There's been some discussion about that in the past year and I believe one mining company's been looking at it. Do you see any feasibility in a mine like that being opened up?

MR. KOFFMAN: The answer to that is: I do not know, because I do not know what they ended up with or what they had when they pulled out. I do not know. When I don't know, I tell you I don't know. If I know, I tell you.

MR. BOSTROM: Thank you.

MR. CHAIRMAN: Mr. Barrow.

MR. BARROW: One last question, Mr. Chairman. You find all the questions very easy, and I hope you can answer them just as easily. Well you mentioned the fact that you work for Anglo-American and Hudson Bay Mining prior to that, and the idea was to find ore bodies to keep the town of Flin Flon of course going, but for the last 30 or 35 years the most they would portray was 15 years.

MR. KOFFMAN: Oh, that's an easy question. That's an easy question.

MR. BARROW: Would you mind if I finish?

MR. KOFFMAN: Sure.

MR. BARROW: Obviously this creates a lot of problems, you know, and I don't believe that it's a true portrayal.

MR. KOFFMAN: Is there more to come on that question, Tom.

MR. BARROW: Yeah.

MR. KOFFMAN: Come on Tom.

MR. BARROW: So the 15 year was a set thing. Everyone said 15 years, and yet when they went for pollution they lowered to 11 all of a sudden so they wouldn't have to put in pollution control. It seemed, you know, and I see no reason for it why they would just portray . . .

MR. KOFFMAN: I don't know, Tom. I'm not . . .

MR. BARROW: They lower it all of a sudden from 15 to 11 to get a better or more simple . . .

MR. KOFFMAN: No, I don't think that was the answer.

MR. BARROW: Pardon?

MR. KOFFMAN: The answer is, as I just mentioned to you the other day, with rising costs some of these things that -- As a matter of fact I was the guy that use to make those ore reserves for 25-30 years. I was the guy that made those up till ten years ago. I was the guy who used to make those reserves. Now I'll tell you with rising costs where one time a car will grade to you underground, would be 1 percent copper, you know, with rising costs it wasn't ore, you couldn't take. So I know one of the places like one of those mines up there, there was probably two million tons of three odd percent, or two and a half down from 1500 feet down to -- it's not ore because it's too costly to get it out so you are going to lose a bunch of tonnage, you've got to lose two years ore. Do you follow me? This is the problem.

MR. BARROW: So the 15 year is the true portrayal?

MR. KOFFMAN: Oh, I tell you. I'm going to tell you something. There was a Professor Semans gave us a talk on settlement studies at the CM&M here about three months ago, and he brought up the same question you did, he says, who did not the corporation -- he didn't know where I worked at that time -- why did they not say that, look there's 50 years' ore here and they could have built a better town. As you know in the mining business you can only drill so far from the surface, you know, where it's economic, you build up to the 1500 foot level, maybe 2000, and it becomes economic, you've got to go down and find what you've got. So he says, they could have built a better town if they knew there were 50 million tons. That's right, but who knew? At the 900 foot level that particular mine was nearly a dead duck. Do you follow me? And all of a sudden it came in again. Nobody knows in this mining business how much ore you've got. You estimate what it is, and then you go down and you have to prove it. Now, I'll give you the best example I can give you, you were in that place; I was the guy that spent 25 and 25-50 thousand dollars to option that well grained property. What happened? We thought we had roughly a million tons when I was there. You were there. Went down underground and what happened? It bombed out after spending all that money, you know. But I can assure you that most companies, at least the ones I worked for with the exception of one, give you the actual facts and figures of ore reserves as they are, they do give it to you. The people making them remember are just working for a living the same as anybody else, and they're not going to blacken their name as a professional engineer one way or another. They say to hell with the guy I work for, I'm going to tell you exactly what I got. You're not going to make me change it. Do you follow me?

MR. BARROW: So fifteen years is a sure figure although it could vary to a degree?

MR. KOFFMAN: Oh yes. When they get anything that is sure now they might find something more, that's the whole purpose of it. I used to fight with the corporations to get money for explorations, the same idea you know, you have to do that. That's part of their job. If you didn't do the job, you should get the hell off. You've got to fight with your people that are doing the exploration and get as much money as you can for exploration. That's what you have to do. If you don't do that you should get the hell off and go and seed potatoes or do something else that's easier.

MR. BARROW: That wasn't the answer that Eric Kierans gave me.

MR. CHAIRMAN: Mr. Asper.

MR. ASPER: Mr. Koffman, I only have one more area of interest for today until we get your next report. I understand before I got here you had made a comment that the key to exploration in your mind was the development of roads. Of course we all . . .

MR. KOFFMAN: No. I didn't say that.

MR. ASPER: I'm sorry then I was . . . What did you say?

MR. KOFFMAN: Well I did say people look first in areas where their infrastructure is all built and everything's there. This is your area where you start with but you do spend some in other areas. Does that answer your question?

MR. ASPER: Well my question is, would the exploration for ore be facilitated by more of a roads to resource program through the unsettled region of Manitoba?

MR. KOFFMAN: It may and may not. It may, but the thing is what you have to look at what areas in Manitoba you're going to go to you see.

MR. ASPER: Right.

MR. KOFFMAN: Are you going to build a million dollar road into Oxford Lake, a million dollar road . . . when somebody finds something there then yes build the road, it's cheaper to use airplanes to go in there and look for it. But if you want to put in one, two, five, twenty,

(MR. KOFFMAN cont'd) . . . thirty million dollars in roads to go into the area to look then it's wrong. But if you find something there by all means you bloody well should put a road in there.

MR. ASPER: Well we've been debating for some time, primarily under the heading of Tourism and Recreation, opening up that area of the province, the east side, along the east side of Lake Winnipeg from Winnipeg up to what might be Norway House some day. We believe, and this doesn't come into your territory, but we believe this has tremendous tourist potential. What would it do for you? Anything or is it not a . . .

MR. KOFFMAN: Bugger all, it's a lousy. . . I'm . . . it's not a good exploration. It's granite you see. It's not a good exploration.

MR. ASPER: It's not a good mining area?

MR. KOFFMAN: Now if you walk into some other areas like Island Lake or God's Lake or Oxford fine and dandy it's a little different, you know what I mean. Along on the east side of Lake Winnipeg for mineral potential is lousy. You'll notice in our map we're trying it out, certain projects, I'm trying it out if you notice that, to see if there is any chances. We're trying it.

MR. ASPER: On the east side?

MR. KOFFMAN: Oh yes, I'm trying.

MR. ASPER: You believe the east side is not mineral rich?

MR. KOFFMAN: No it isn't. It shows as granite pretty well in all the geological maps. But somebody can be wrong, you know, and that's why we do a few airborne surveys to see if that is right or not. I'm not sure yet.

MR. ASPER: Okay.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Chairman, I want to go to one of the areas that Mr. McGill spoke of and which Mr. Koffman was understandably vague on, not for hiding anything but just because it's I believe the subject is a . . . does he know anywhere in the world which is free for exploration where a mining company knows that what the taxes are today they will be next year or the year after?

MR. KOFFMAN: That's an easy question too, that's easy. Those questions are easy, Mr. Green. I'll tell you why. In Indonesia - there were friends exploring for oil in Indonesian and some companies made a deal with my friends working there, made a 40/60 deal. They took their oil in kind because the Indonesian Government had no money. Now they've just renegotiated that deal, they talk about 30/70, and with one company, although the 40/60 deal works for them to recover their initial expenditure, their input, they're now down to, we're not quite sure yet, but it looks like it's 85/15 in kind, 85/15 in kind. That's what they're talking about now. That's pretty rough. The only difference is there, Mr. Asper, is that it's very very prolific, if you drill a hole in Indonesia you know, you're going to get 100,000, 200,000 barrels a day. So therefore even if you do put one hole down you get that . . . your return is pretty good.

MR. GREEN: But isn't, the same thing that you've described in Indonesia took place in the Middle East where they changed the rules.

MR. KOFFMAN: Oh yes. They changed the rules.

MR. GREEN: And in Ontario, civilized province of Ontario, they changed the rules, and in Alberta I take it they changed the rules. And in Ireland several years ago they had a lure position whereby they free taxes, and now they have ones to lure his work, whether it has or not, they have now changed the rules in Ireland too. And is any government able to say, unless it is completely totalitarian and has no election, that another government will not come in in a few years and change the rules? And hasn't mining companies - have not they had to live with this situation in the entire world where ever they have gone?

MR. KOFFMAN: It's a tough situation, Mr. Green, you know. For the mining companies I'll tell you that, but they live with it.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, I would rather ask questions of Mr. Koffman than Mr. Green but since Mr. Green has brought this matter up again, I would just like to ask Mr. Koffman if there isn't quite a difference in changing the rules and announcing the changes clearly and with clear definition at any time and in merely announcing a policy that has no definition but simply says, we will tell you when we have made some changes? So the difference is quite clear and I wouldn't like it to go by and on the record without bringing that out clearly.

MR. CHAIRMAN: Can we then have the Annual Report? Mr. Banman, I'm sorry.

MR. BANMAN: Just a point. Going back into - through you, Mr. Chairman, to Mr. Koffman. Going back into Eastern Manitoba there, around the Bird Lake area. Is there anything, any possibilities of any uranium or anything being discovered in that area?

MR. KOFFMAN: I tell you what, there was one little bit of . . . uranium found in the San Antonio Mine that we looked at jointly with another company and it didn't show anything. The answer is I don't know now. I have answers I don't know.

MR. BANMAN: Is there not some uranium mining very close to the Manitoba-Ontario border there?

MR. KOFFMAN: No, no there's no uranium mining. No, not right now, no there isn't no, there isn't any.

MR. CHAIRMAN: Mr. Axworthy. Mr. Banman were you finished?

MR. AXWORTHY: While we have access to Mr. Koffman's years of experience and knowledge I'm just wondering if he could tell us a little bit about this mysterious resource we keep hearing about in Manitoba that will make us all greatly rich over the years, this thing called cesium and where we're told we have vast deposits or the world's greatest known deposits of cesium and that this is going to be the great energy source for the next 300 years. What's it all about? Do we really have all those resources? Is it really as valuable as we're talking about? Are we simply, is it kind of a fools gold that we're pursuing at this stage . . .

MR. KOFFMAN: Well there is some cesium here. I don't know how much. As a matter of fact my right-hand man, Dr. Malcolm Wright he was the one of the original people who was on that cesium thing. I'm not acquainted with that, I am not acquainted with that at all.

MR. AXWORTHY: So you don't know whether - do you know, is there any development going on in this area right now?

MR. KOFFMAN: Well there is, just that company is in there exploring, that company's exploring.

MR. AXWORTHY: They're just exploring at this stage?

MR. KOFFMAN: Well no they're underground and I don't know the answer. If I don't know I tell you. If I'd know I'd tell you.

MR. AXWORTHY: Okay. Well who - all right.

MR. KOFFMAN: Are you talking about the Tantalum Mine?

MR. AXWORTHY: I was just trying to get an assessment if there was wider range, just what the range of resources were, what we are into, whether this is just a sort of a one shot effort, whether it was a, you know, there's a lot of loose talk about it.

MR. CHAIRMAN: Mr. Green. Would you . . .

MR. GREEN: . . . just by way of information. I think that the Chairman of the Development Corporation will answer questions on that Corporation because we have shareholding in it.

MR. AXWORTHY: Okay. Thank you.

MR. CHAIRMAN: Okay. Can we then have a motion that the 1972-73 Report of the Manitoba Mineral Resources Limited be received.

MOTION presented and carried.

MR. GREEN: I'll try and have the Chairman back when we have the other report. . .

MR. CHAIRMAN: This concludes the meeting for this morning, the report will be made to the House. Mr. McGill.

MR. MCGILL: Yes, Mr. Chairman, just on a point of order. Will we receive during this period of Economic Development Committee hearings a report from the Economic Development Advisory Committee?

MR. CHAIRMAN: I believe, Mr. Evans stated that there's just been a new board appointed not too long ago, when they have completed their information and what gatherings that there will be, my understanding is that there will be a report from them.

Committee rise.