

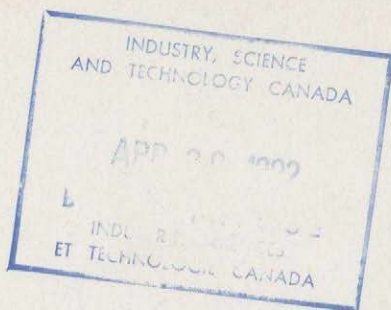
QUEEN
TN
27
.S3
S8
1974

Subsidiary
Agreement



Regional
Economic
Expansion

Expansion
Économique
Régionale



MINERAL EXPLORATION AND
DEVELOPMENT

CANADA/ SASKATCHEWAN



JUNE 21, 1974

subsidiary
agreement

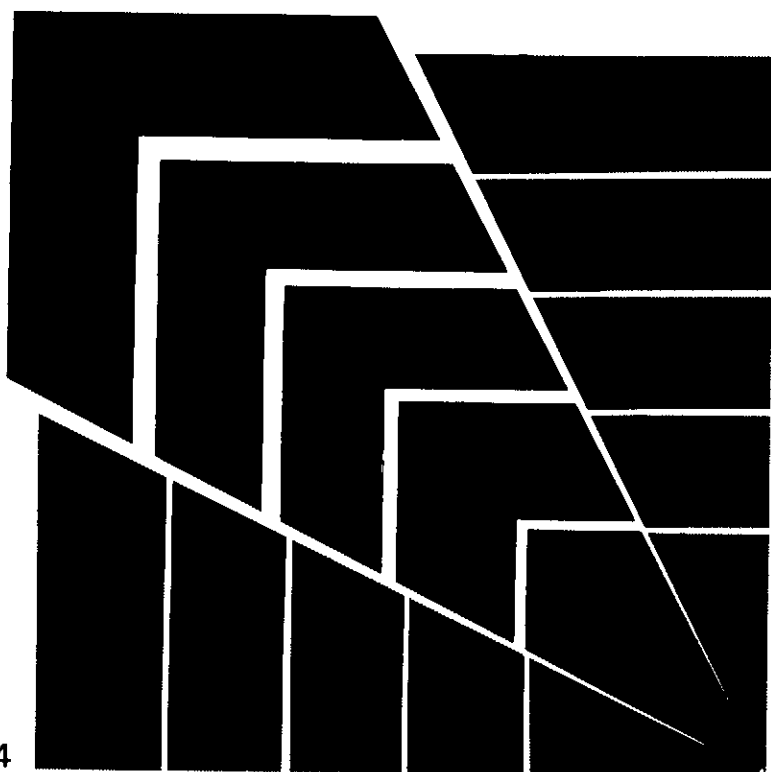


Regional
Economic
Expansion

Expansion
Économique
Régionale

MINERAL EXPLORATION AND
DEVELOPMENT

CANADA/ SASKATCHEWAN



JUNE 21, 1974

CANADA-SASKATCHEWAN
SUBSIDIARY AGREEMENT ON
MINERAL EXPLORATION AND DEVELOPMENT
IN NORTHERN SASKATCHEWAN

THIS AGREEMENT made this 21st day of June, 1974

BETWEEN:

THE GOVERNMENT OF CANADA,
(hereinafter referred to as "Canada"),
represented herein by the Minister of
Regional Economic Expansion and the
Minister of Energy, Mines and
Resources of Canada,

OF THE FIRST PART,

AND:

THE GOVERNMENT OF SASKATCHEWAN,
(hereinafter referred to as "the
Province"), represented herein by
the Minister of Mineral Resources
and the Minister of Industry and
Commerce of Saskatchewan,

OF THE SECOND PART.

WHEREAS Canada and the Province have signed a General Development Agreement (hereinafter referred to as "the GDA"), dated February 11, 1974, under which they agree to cooperate jointly in the pursuit of specific development opportunities, one of which has been identified as the Saskatchewan Northlands, through negotiating development agreements subsidiary to the GDA;

AND WHEREAS increased mineral exploration and development is consistent with the joint planning now being undertaken by Canada and the Province relating to a broader northern development agreement;

AND WHEREAS the Province has been carrying out a program of mineral development in the northern part of Saskatchewan so as to enable the more effective assessment and utilization of its mineral resources;

AND WHEREAS the Province wishes to continue and accelerate the said program

and at the same time to broaden the scope of the program and to reduce identifiable constraints to mineral exploration and development, all with the intention of increasing employment and investment opportunities through the development of the mineral-based industries in Saskatchewan;

AND WHEREAS Canada has agreed to assist the Province by financing part of the said program, as hereinafter provided;

AND WHEREAS the Governor in Council by Order in Council P.C. 1974-6/1040 of the 7th day of May, 1974, has authorized the Minister of Regional Economic Expansion and the Minister of Energy, Mines and Resources to enter into this Agreement on behalf of Canada, and the Lieutenant Governor in Council by Order in Council No. 777/74 of the 21st day of May, 1974, has authorized the Minister of Mineral Resources and the Minister of Industry and Commerce to enter into this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually covenant and agree as follows:

DEFINITIONS

1. In this Agreement:
 - (a) "Federal Ministers" means the Minister of Energy, Mines and Resources and the Minister of Regional Economic Expansion of Canada, and includes anyone authorized to act on their behalf;
 - (b) "Management Committee" means the committee referred to in section 11;
 - (c) "Ministers" means the Federal Ministers and the Provincial Ministers;
 - (d) "Provincial Ministers" means the Minister of Mineral Resources and the Minister of Industry and Commerce of Saskatchewan, and includes anyone authorized to act on their behalf.

SUBJECT MATTER

2. The Province shall undertake a program of mineral development in northern Saskatchewan (hereinafter referred to as "the program"), which program shall include the following items, as more particularly detailed in Schedule "A" attached hereto:
 - (1) Regional Mineral Resource Planning
 - (2) La Ronge - Wollaston Base Metals Exploration
 - (3) Iron Ore Exploration

- (4) Uranium Exploration
 - (5) Industrial Minerals Evaluation
 - (6) Reconnaissance Geoscience Surveys
3. The Province shall undertake either directly or through agencies of the Province, or shall endeavour to arrange for others to undertake, during the term of this Agreement, the projects listed in Schedule "A".
 4. The duration of the program shall not exceed the four-year period from April 1, 1974, to March 31, 1978, inclusive, it being understood and agreed that the actual duration of the program shall be determined by the Management Committee.
 5. The work to be covered by the program shall be within the guidelines of Schedule "A". The implementation of the work under each of the six major items shall be approved by the Management Committee upon the receipt of a proposal normally submitted by the Province indicating the objective, type, scope and budget for a significant phase of work.
 6. The Province shall acquire, either by purchase or rental, whichever is considered more appropriate by the Management Committee, the equipment required for the program and shall let contracts for those portions of the work which are beyond the resources of its own staff.
 7. All contracts for equipment, work or services shall be awarded by the Province in accordance with procedures to be approved by the Management Committee and, wherever in their opinion it is practical and appropriate to do so, shall be awarded to the qualified and responsive tenderer submitting the lowest evaluated bid pursuant to tenders invited by public advertisement.
 8. All awards of contracts by the Province with respect to all items of the program shall require the prior approval of the Management Committee, and Canada shall not be liable to reimburse the Province for any costs arising from contracts which have not been so approved, unless they are subsequently approved in writing by the Federal Ministers on the recommendation of the Management Committee.
 9. All announcements of contract awards shall be made jointly by Canada and the Province, or the municipality, or the private sector, as the case may be.
 10. Contracts and purchases made before the date of this Agreement but after June 1, 1973, and which have the approval of the

Management Committee, are hereby accepted as complying with the requirements of this Agreement.

ADMINISTRATION AND MANAGEMENT

11. The program shall be carried out under the general direction and supervision of, and in accordance with standards set by, a Management Committee comprised of a representative of the Department of Energy, Mines and Resources of Canada, who shall act as Co-chairman, a representative of the Department of Regional Economic Expansion of Canada, and two representatives of the Province, one of whom shall act as Co-chairman. In the event of any disagreement in the Management Committee, the matter shall be referred to the Ministers, whose decision shall be final.
12. Vacancies in the membership of the Management Committee shall not impair the right of the remainder to act, provided that there is one representative of Canada and one representative of the Province present.
13. The signatures thereto of either of the Co-chairmen and the Secretary or one other member of the Management Committee, shall be sufficient verification for the purposes of this Agreement of any recommendation, approval or decision given by the Management Committee, provided that one of the signatures is that of the representative of either the Department of Regional Economic Expansion or the Department of Energy, Mines and Resources of Canada.
14. The Management Committee may establish sub-committees to advise and assist it in its work, which sub-committees may include persons who are not members of the Management Committee.
- 15(1) During this Agreement, Canada and the Province shall jointly effect assessments of the projects listed in Schedule "A" with regard to the objectives of this Agreement and the objectives stated in section 3 of the GDA. Annual progress reports shall be submitted by the Management Committee to the Ministers on, or before, the annual meeting of the Ministers as prescribed under subsection 9(1) and section 10 of the GDA.
- (2) In addition, Canada and the Province shall effect an evaluation of the mineral exploration and development program with respect to potential mineral resource developments in the region and their possible effect on the general economic and socio-economic development of northern Saskatchewan. In order to facilitate this joint assessment and impact evaluation, Canada and the Province agree to design and implement, within six months of the signing of this Agreement, a Management Information

System and to appoint representatives authorized to carry out the evaluation. The evaluation report shall be submitted to the committee established under subsection 9(2) of the GDA. All costs incurred by the implementation of this section shall be shared equally between Canada and the Province, it being understood and agreed that an appropriate amount shall be set aside by Canada from the total amount set forth in section 16 to cover Canada's portion of such costs, and that an appropriate amount shall be set aside by the Province to cover its portion of such costs subject to joint approval on amounts to be set aside.

FINANCING AND COST-SHARING

16. Canada shall reimburse the Province for one-half of the costs incurred and paid by the Province for the performance of the program but, notwithstanding anything in this Agreement, the total amount payable by Canada in respect of the program shall not exceed the sum of \$2,175,000. Subject to the said overall financial limitation, transfers in the allocation of funds made by Schedule "A" may be made between any of the projects of the program by agreement of the Management Committee, except that any changes affecting the substance of the projects shall require the written agreement of the Ministers.
17. The costs in respect of which Canada shall make payments to the Province pursuant to section 16 are:
 - (a) one-half of all costs reasonably and properly incurred and paid by the Province under all contracts entered into in accordance with this Agreement by the Province with any person or corporation for the acquisition of equipment or the performance of work or services for the execution of the program;
 - (b) one-half of the actual travelling expenses of officers or employees of the Province which have been reasonably and properly incurred for the execution of the program; and
 - (c) one-half of the actual salaries, including the employer's share of Canada Pension Plan and Unemployment Insurance, of such officers or employees of the Province directly engaged on or after April 1, 1974, in a full-time capacity in the execution of the program as agreed to in writing by the Management Committee, but do not include any other administrative costs of the Province, or any costs for work or services performed or equipment acquired after March 31, 1978, and Canada shall not be liable for payment of any claim which the Province has not submitted by March 31, 1979.

PAYMENT PROCEDURE

18. Subject to section 19, payments by Canada shall be promptly made to the Province on the basis of progress claims setting out the costs actually incurred and paid for the project submitted in a form and verified in a manner satisfactory to the Federal Ministers.
- 19(1) In order to assist with the interim financing of projects, Canada may, if the Province so requests, make interim payments to the Province of 100 per cent of Canada's share of claims submitted, based on estimates of costs actually incurred as certified by a senior officer of the Province.
- (2) The Province shall account for each interim payment by submitting to Canada, within 90 days after such payment by Canada, a detailed statement of the actual expenditures incurred and paid, verified in a manner satisfactory to the Federal Ministers. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province.

RECORDS AND AUDIT

20. The Province shall maintain proper and accurate accounts and records relating to the cost of the program, and Canada may audit the amounts of all progress claims and payments and the Provincial accounts and records relating thereto, and any discrepancy between the amounts paid by Canada and the amounts actually payable by Canada under this Agreement shall be promptly adjusted between Canada and the Province.

AMENDMENTS

21. This Agreement may be amended from time to time by the mutual agreement of the Ministers expressed in writing and following the recommendation of the Management Committee, except that any amendments to the financial limitations expressed in section 16 of this Agreement, or to any ratio of the cost-sharing by Canada and the Province, or to the general nature and intent of this Agreement shall be made only with the approval of the Governor in Council and the Lieutenant Governor in Council.

MATERIALS, EQUIPMENT AND LABOUR CONDITIONS

22. In the acquisition of materials and equipment for the program, the Province shall ensure that preference is given to suppliers of materials and equipment made in Canada, where bids are

otherwise competitive in respect of performance, price, delivery and specifications.

23. The following conditions relevant to employment and the award of contracts shall apply in respect of the program carried out under this Agreement:
- (a) recruiting of labour shall be conducted through the Canada Manpower Centres, unless the Management Committee considers that the service cannot reasonably be provided;
 - (b) in the employment of persons or the implementation of the program, there shall be no discrimination by reason of race, age, sex, marital status, national origin, colour, religion or political affiliation; it being agreed, however, that the foregoing shall not prevent the implementation of special measures designed to benefit native people or disadvantaged groups in the area concerned; and
 - (c) the provisions of the Labour Standards Arrangement proposed by the Federal Department of Labour in 1970 shall be applicable to this Agreement, it being understood and agreed that to the extent that where there are higher provincial standards applicable to particular occupations or regions, these higher provincial standards shall apply.

MISCELLANEOUS

24. The Province shall indemnify and save harmless Canada against and in respect of all liability to any persons or corporations arising out of Canada's activity in financing the program, and from, and in respect of all actions, proceedings, claims, damages, costs and expenses whatsoever in relation thereto, but nothing herein requires the Province to indemnify and save harmless Canada from any acts or omissions of any contractor of Canada, or any agent, servant or workman of such contractor.
25. This Agreement does not vest in Canada any proprietary interest in the equipment or facilities provided hereunder, which shall be and remain the property of the Province.
26. No member of the House of Commons or of the Legislative Assembly of Saskatchewan shall be admitted to any share or part of this Agreement or to any benefit to be derived therefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Honourable Otto E. Lang for the Minister of Regional Economic Expansion and for the Minister of Energy, Mines and Resources, and on behalf of the Province by the Minister of Mineral Resources and the Minister of Industry and Commerce.

IN THE PRESENCE OF

GOVERNMENT OF CANADA

Witness

for the Minister of
Regional Economic Expansion

Witness

for the Minister of
Energy, Mines and Resources

GOVERNMENT OF THE PROVINCE OF
SASKATCHEWAN

Witness

Minister of Mineral Resources

Witness

Minister of Industry & Commerce

CANADA-SASKATCHEWAN
SUBSIDIARY AGREEMENT ON
MINERAL EXPLORATION AND DEVELOPMENT
IN NORTHERN SASKATCHEWAN

SCHEDULE "A"

1. The purpose of the program is to improve socio-economic conditions in northern Saskatchewan through development of the mineral industry by:
 - (1) further exploring mineral occurrences that are now submarginal with a view to finding additional ore or improving grades so that viable mining operations may be established;
 - (2) providing scientific and technical information that could lead to discoveries of new deposits of iron, uranium, lead, zinc and copper; and
 - (3) undertaking regional resource planning to assure that the maximum benefit accrues to the people of Saskatchewan in general and to northern residents in particular from all future mineral developments in the area.

2. The program to be undertaken in this Agreement will comprise the following items:
 - (1) Regional Mineral Resource Planning
 - (2) La Ronge-Wollaston Base Metals Exploration
 - (3) Iron Ore Exploration
 - (4) Uranium Exploration
 - (5) Industrial Minerals Exploration
 - (6) Reconnaissance Geoscience Surveys

3. Description of items:
 - (1) Regional Mineral Resource Planning

This regional resource planning project will involve the continuous in-depth assessment and forecasting of factors relating to the provincial population and economy where

opportunities or problems exist now or could exist in the future in the minerals sector. It will serve to continuously inform and to make proposals to the Province and to the Management Committee regarding mineral development opportunities which may be pursued. The following are typical of the subjects that will be considered:

- (a) effectiveness of various types of incentives in bringing about mineral development;
- (b) possible role of a crown corporation (either Provincial or Federal-Provincial) in exploration, processing, mining and marketing of minerals and the possible relationships of such a corporation to private industry;
- (c) possibilities of entering into joint exploration ventures with private industry and acceptance of a participation interest in lieu of royalties and taxes;
- (d) analysis of the effectiveness of the current minerals taxation system;
- (e) possibilities for the further processing of minerals;
- (f) relative success of mineral exploration efforts in northern Saskatchewan including estimation of costs of finding various types of mineral deposits;
- (g) suitability of various types of mineral dispositions of optimum exploration techniques;
- (h) ways of providing access to favourable mineral areas, e.g. highways compared to landing strips, helicopter services, etc.;
- (i) the effect of mining and processing technology, freight rates, and markets on mineral development; and
- (j) studies with respect to involvement of local residents in all phases of the mineral industry on the:
 - (i) effectiveness of present training programs, such as prospectors' school, drill training, etc.;
 - (ii) need for additional training programs;
 - (iii) problems involved in employing local people in mining both from the point of view of the company and the individual; and

- (iv) need for a specialized employment agency to deal with the mineral industry.

The total cost of this project is to be approximately \$350,000 over the four-year period.

(2) La Ronge-Wollaston Base Metals Exploration

The principal aim of this project is to assess known mineral occurrences along the La Ronge-Reindeer and Wollaston trends in northern Saskatchewan. Several mineral occurrences have been discovered in these areas that are submarginal with respect to an economic mining operation. Discovery of additional mineralization in a particular deposit or an increase in grade could result in a viable ore body. A search will also be carried out for new mineral deposits, particularly in areas where discoveries have already been made, in the hope that the additional tonnage from the new discovery could be combined with that already known to form an economically viable operation. Work to be carried out in connection with the project will consist initially of geological mapping and geophysical and geochemical surveys. Diamond drilling will be done in areas thought to have above-average potential.

The project will be carried out by dividing the large area into three smaller areas of study as follows:

- (a) La Ronge-Nemeiben Lake -- evaluation of nickel occurrences associated with mafic intrusive rocks and stratiform copper deposits in gneissic host rocks;
- (b) Reindeer Lake -- extension of La Ronge studies north-eastward from La Ronge to Reindeer Lake; and
- (c) Wollaston Fold Belt-- investigation of stratiform lead, zinc and silver deposits.

Total evaluation of the known mineral deposits within each area will be carried out as follows:

- (a) examination of all assessment work reports and other available technical data;
- (b) ground examination of all known mineral occurrences and airborne anomalies, and geological mapping of these if necessary;
- (c) where appropriate, geophysical surveys of most significant areas and geochemical surveys of selected areas; and
- (d) diamond drilling, where appropriate.

This project will cost about \$300,000 over the four-year period.

(3) Iron Ore Exploration

The purpose of this project is to search for a viable iron ore body in the Precambrian Shield of Saskatchewan. Such an ore body would need to have more than 100 million tons of recoverable iron ore having a grade of about 30%. Also it would have to be in an area not too remote from central Saskatchewan. Priority will be given in this Agreement to the area south of 58° N. The project will consist of detailed geological and geophysical evaluation of all pyrite-pyrrhotite bodies on the shield and of all sedimentary iron occurrences as revealed by airborne magnetometer and other means. Diamond drilling will be carried out to assess the grade and tonnage of any significant iron discovered.

This work will be undertaken as follows:

- (a) complete a preliminary assessment of one or more of the known iron sulfide deposits in order to determine the general feasibility of mining, processing, transporting, and marketing this source of iron;
- (b) all assessment work data and available geological information will be examined;
- (c) all aeromagnetometer and ground magnetometer maps will be carefully studied and interpreted using computer techniques where advisable;
- (d) geological mapping and ground geophysical surveys will be carried out in all promising areas;
- (e) diamond drilling will be done where warranted; and
- (f) bulk sampling and metallurgical studies of all potentially economic deposits will be carried out.

This work will cost approximately \$500,000 over the four-year period.

(4) Uranium Exploration

This uranium exploration project is designed to systematically assess the uranium potential of northern Saskatchewan by carrying out airborne gamma ray spectrometer surveys followed by ground-checking of anomalies and diamond drilling, if warranted. Pilot scale investigations into the use of underwater

scintillometer devices will be included in the project.

All existing airborne radiometric data and information on uranium deposits will be reviewed and the area or areas with the highest potential for the discovery of further uranium deposits will be covered with an airborne gamma ray spectrometer survey. Maps showing the radiometric data will be produced. Significant anomalies disclosed by the survey will be examined on the ground, by ground scintillometer surveys, geological mapping, trenching, and diamond drilling, if warranted. The pilot-scale investigation into the use of underwater scintillation devices will be carried out across known radioactive zones extending under lakes in parts of the Beaverlodge area.

This project will cost about \$500,000 over the four-year period.

(5) Industrial Minerals Exploration

This project is being undertaken to assess the industrial mineral potential (coal, kaolin, silica sand, etc.) of the sediments at the southern edge of the Precambrian Shield in Saskatchewan. In addition, the potential of the sediments for lead, zinc, manganese, uranium, tar sands and heavy oil will be evaluated.

Geological mapping of surficial and near surface deposits will be carried out over areas not already covered by this type of work, some seismic and other geophysical surveys will be done in areas where such surveys can provide useful data, and finally drilling will be undertaken in the localities most favourable for mineral deposits.

Geological mapping will commence in the La Ronge area and gradually move westward throughout the course of the study, as follows: Lac La Ronge, Ile a la Crosse, La Loche and Patterson Lake. The area east of La Ronge has already been completed. Immediately following the geological mapping in each area, an evaluation will be carried out of any deposits of industrial minerals noted. Such evaluation will usually take the form of drilling and coring to obtain samples of the deposit. Where appropriate, sub-surface mineral prospects would be evaluated in each area by drilling core holes to depths of as much as 1,000 feet.

This Industrial Minerals Exploration project will cost in the order of \$500,000 over the life of the program.

(6) Reconnaissance Geoscience Surveys

To date, the Provincial Geological Survey has mapped, in some detail, about 19,000 square miles of the Shield area (total area about 95,000 square miles). The remainder has been largely ignored as it was believed to be underlain mainly by granitic rocks of limited economic potential. The recent discovery, however, of Pb-Zn-Ag mineralization in an area of granitic rocks indicates that these area should no longer be ignored. At the current rate of mapping it would take at least 25 years to cover these areas. The reconnaissance prospecting project is designed as an alternative to conventional geological mapping in order to rapidly assess the mineral potential of these areas. Particular attention will be paid to the discovery of favourable rock types, structures and evidence of mineralization.

Priority will be given to the area south of 58° N for studies under this project, and 17 map areas of approximately 1,200 square miles each will be surveyed in the field seasons 1974-77 inclusive.

Before commencement of field work, topographic base maps will be prepared and the total study area will be subjected to air photo interpretation (including ERTS photographs). Assessment work data and aeromagnetic information will be analyzed. All information of geological interest will be incorporated on the base maps prior to commencement of field work.

In addition to completing reconnaissance work, areas underlain by rock types of economic interest, e.g. metasediments, mafic intrusives, will be prospected in detail and bedrock samples for geochemical analysis will be taken. Concurrently with the bedrock mapping and prospecting, a program of systematically mapping the surficial geology of the 17 map-sheets will be undertaken. Field work will be carried out each summer. Lake sediments will be collected for geochemical analysis. Maps on a scale of 2 miles to 1 inch and brief reports will be issued for each map area.

This project will continue during the four-year period of the program and will cost approximately \$2,200,000.

4. A summary of the estimated expenditures for this Canada-Saskatchewan Mineral Development Program is as follows:

ESTIMATED TOTAL EXPENDITURES

| <u>Project</u> | <u>Fiscal Year 1974-75</u> | <u>Fiscal Year 1975-76</u> | <u>Fiscal Year 1976-77</u> | <u>Fiscal Year 1977-78</u> | <u>Total 1974- 1978</u> |
|-----------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------------------|
| 1. Regional Mineral Resource Planning | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 110,000 | \$ 350,000 |
| 2. La Ronge-Wollaston Base Metals Exploration | 50,000 | 100,000 | 75,000 | 75,000 | 300,000 |
| 3. Iron Ore Exploration | 50,000 | 150,000 | 150,000 | 150,000 | 500,000 |
| 4. Uranium Exploration | 175,000 | 225,000 | 50,000 | 50,000 | 500,000 |
| 5. Industrial Minerals Exploration | 50,000 | 100,000 | 150,000 | 200,000 | 500,000 |
| 6. Reconnaissance Geoscience Surveys | 500,000 | 500,000 | 600,000 | 600,000 | 2,200,000 |
| TOTAL | <u>\$905,000</u> | <u>\$1,155,000</u> | <u>\$1,105,000</u> | <u>\$1,185,000</u> | <u>\$4,350,000</u> |