



**Legislative Assembly of Manitoba**

**STANDING COMMITTEE  
ON  
ECONOMIC DEVELOPMENT**

**Chairman**

**Mr. Don Orchard  
Constituency of Pembina**



**Tuesday, May 8, 1979 10:00 A.M.**

**Hearing Of The Standing Committee  
On  
Economic Development  
Tuesday, May 8, 1979**

**Time: 10:00 a.m.**

**CHAIRMAN:** Mr. Don Orchard (Pembina)

**MR. CHAIRMAN:** I call the meeting of the Committee on Economic Development to order. We are to undertake the discussion of the Annual Report of Manitoba Mineral Resources Limited. The Honourable Minister.

**MR. BANMAN:** Yes, Mr. Chairman. I guess it's probably not necessary to introduce Mr. Koffman, the President of Manitoba Mineral, but perhaps it would be more appropriate to welcome him back to the Committee in that he was unable to be with us last year, and I would ask him to handle the main part of the questions and the review of the Annual Report.

**MANITOBA MINERAL RESOURCES LTD.**

**MR. ALBERT A. KOFFMAN:** I got a card from the Committee of Economic Development last year, and it said I should get back in the act. Now the act through the years had done very well, with a bunch of pigs, has done very well. Thank you very much gentlemen. Anyway, we're back in the act. Usually in exploration you're supposed to come out and say, geez I found a big ore body or I found this or found that. Really, this is very simple in some exploration companies — you come along and what you do, you say, gentlemen we spent your money, we found bugger all, the meeting's adjourned. Better luck next time. I want some more money.

However, I thought I'd just, instead of going through the report verbatim I thought I'd make a bit of a summary this year.

Mr. Chairman, Mr. Ministers and Members of the Committee of Economic Development. In business organizations, the Vice-President will always take the place of the President, who may not be able to be present for various reasons. Last year, Dr. Malcom Wright, Vice-President of the Company, reported to you, and did a commendable job. This is good, because it gives the Board of Directors a chance to look at the vice-president, maybe they find that they should can the president and replace him with the vice-president, or it may be that the president is not afraid of his job, and make sure that there are excellent men in the organization to carry out the work of the company. I've always followed that policy.

The report before you is now about one year old, and I will attempt to summarize our activities for the fiscal year, together with an update of our activities for 1978-79 where possible. As I say, we found no ore bodies. A map of Manitoba on the second page of the report shows the : 15 exploration projects we were engaged in. Nine were covered by voluntary joint venture agreements with the private sector; five were covered by joint venture with the province and one was wholly owned. In other words, we just staked it and we didn't know what we were doing. We have now arranged for this wholly owned thing to be a joint venture with another company.

In total, the company participated in \$1,214,000 worth of mineral exploration during the year at a net cost to the coany of \$604,000, which is about a leverage of one to one.

Private and mining sector voluntary contributions were \$246,000.00. The Department of Mines contributed \$363,000.00. And since inception of the company total voluntary joint venture contributions were \$1,942,000.00.

In the report we show, in the summary of mineral explorations and so on, on the second page there, we make reference to a copper zinc mineralized zone on McClarty Lake. We call it Project No. 7. If you look up No. 7 there you will find where it is. It's just south of Snow Lake. It was reported last year by Malcom Wright, which is presently uneconomic and has 4.3 million tons. This is the thing we're talking about here. It has 4.3 million tons of roughly 1 percent copper and 1.5 percent zinc. There is a zone inside of it, in the guts of it here, of about 800,000 tons, which is about 2.38 percent copper. It is not economic as at present, but what we have done, we have

signed a new agreement with Hudson Bay Exploration and Development, which we knew had been negotiated in September of 1978. Under the terms of the original agreement with Hudson Bay — Hudson Bay withdrew, and it has retained a very diluting interest in the property. We have now negotiated a deal which will reactivate the project. This drilling will reactivate this project between Manitoba Mineral and Hudson Bay, with appropriate amendments.

The net result is that Hudson Bay will have to spend the next \$1,225,000 to regain its 60 percent position before Manitoba has to contribute any funds. We're short of money; let somebody else put up the money.

So what they're doing now, they have reactivated this project and they're going to drill more holes in this area, which they are doing now or just did before break-up, and we don't know the answers yet. But whether it will increase the tonnage of this or not, we don't know, but we will know probably in a couple of months, to see what the answer to that is.

Last year we referred to the Lynn Lake Project, managed by Granges. That was in the Lynn Lake area. Now we had there a small zone, widths were narrow and the grades were about 4.4 feet wide, with about 4.7 zinc and ½ percent copper. Granges are going to do a little more work on it this year — whether it's going to be viable or not, I don't think so, but they're going to do some more work on it.

Now, in regard to Oil Exploration — the map of Manitoba, you have in the front part of it; the second page of the report shows the oil projects in which the company was involved in 1977-78. The company acting as agents for the Department of Mines entered into a joint venture with Copperhead Oil Company and drilled four holes. Only one well is at present economic from six to eight barrels a day — that's the one with Copperhead. Of the other three wells, one will become a water well, and two are to be tested for further production. The five wells owned by Manitoba Mineral and Berry Petroleum produced 18,000 barrels of oil, and Manitoba Mineral's income totalled \$13,000 from that purchase.

Now, we'll talk about the mandatory participation — I think maybe I should just turn this over now for a minute, eh? In March of '78, the Manitoba Mineral Resources entered into an agreement with the Province of Manitoba to manage and administer the province's interest in all the active participation agreements previously made with the Department of Mines and the private sector pursuant to Manitoba Regulation 328/74. These various pins you have in here are widespread — I don't think you can see them, the orange are active right now. The red are explorationally suspended, further participate a decline, and the green ones 105 — agreements were terminated. The blue ones really terminated, but we left them all on, but the agreements terminated were the blue ones. The agreement provided for \$2.5 million to carry out this task in the fiscal year ending March, 1979. The company managed these '79 agreements that were active and committed half-a-million dollars, \$455,000 to March, 1979. As of March 31, 1979 there were 14 active agreements, 31 suspended agreements, and people don't know what they are going to do, whether they're going to come back — 30 in which participation was declined and four were terminated.

Now, we have the Granges venture on Trout Lake, which you are all interested in. I guess we could turn that around again — that's in this area here — turn it around again. That's in this area here. We turn it around again. I think you can all see this here. The Granges Agreement on Trout Lake — that's Agreement 61. This is a long section, and I will tell you what a long section is in a minute. Now, there is a proven of 3,600,000 metric tons where the far end grades; 1.49 grams of silver — it was changed now to the metric system, whether we like it or not, there are 31 grams to an ounce so that will just give you an idea, there are not very many . 8.9 grams of silver. There is 2.6 percent copper and 4.3 percent zinc. That's two at roughly the 300 metre level. Here's the surface. There is the water under Trout Lake, the ore bodies under Trout Lake. That's the water reservoir in Flin Flon. Here is roughly the 1,000 foot level or 300 metres, roughly.

In other words, what this is, it's really, if we take this book here, and what we're doing here on that thing is here is the surface and this is what it looks down into the earth. This is what it really looks like. This section of the ore body is down under the earth. That's what it is.

So I would just point out to you that this is the tonnages; I've told you, what, about 3.6 million. Now, it isn't bottomed. This is one of the lands that isn't bottomed yet, and there is another panel ends on this side, and one further up here. But nevertheless it isn't bottomed now and the tonnage I have given you excludes 40 metres down into the lake. In other words, nobody will ever be able to mine it, except about 40 metres, that's about 103 to 120 feet below the lake, otherwise you get water problems.

Now, I say to you that there is 3.6 million proven, but from geological consideration, one that knows the area and what has been happening before I would safely say, and Mike Maslos, the Manager for Granges, we talked about this and we can safely say that if we went down — and we think we'll go down — there would be probably double that tonnage — 3, 5, about 7 million.

We can reasonably assume that that's what there will be.

Now, what has Granges down in this thing? Where is this project now? That's what you're going to ask me. The project is quite slow. Granges have now completed an in-house engineering study, which we have now received, and they advise that the project is viable. How much money it's going to cost or what are we going to do with it, well, they're going to try and make agreement with Hudson Bay to ship the ore to Hudson Bay and Hudson Bay mill it, or they are going to build their own mill. It all depends what type of agreement you can strike with the company in the area.

Granges have advised me that they are preparing an application for environmental study for a mine to produce 800 to 1,000 tons a day, so that gives you that. Now what else I can give you now to bring you up-to-date, if that's what you so wish or do you want to discuss this, I'll bring you up-to-date.

During 1978-79, we have seven voluntary joint ventures with different companies and the companies are with Hudson Bay and with Esso, and with Selco, with Noranda, and with Shell, that is for the ensuing year which we're working on. We estimate total expenditures for this coming year at \$1,600,000 as follows: The private sector will put up \$950,000 to us, and Manitoba Mineral, we have \$730,000, although we only have a budget of — we have so many spilled over — so we have \$730,000 and \$950,000 will be contributed. A lot of this contribution is for the money that they're putting up; have to put up \$1.2 million; that's where most of the money is coming from.

Now, are there any other questions now; go ahead and hit me wherever questions are.

**MR. CHAIRMAN:** Mr. Green.

**MR. GREEN:** Thank you very much, Mr. Koffman, and I think on behalf of our group, and I'm sure that the other members would also associate themselves with me, that we are very happy to see you back, we hope you are well, and that we would hope to see you well for many years to come, so it's nice to have you around.

I would ask you what you have anticipated would be asked, with regard to the most promising of your activities, namely; the one where we are with Granges and Trout Lake, is it?

**MR. KOFFMAN:** Yes.

**MR. GREEN:** That that would appear the most promising of what you are dealing with and I gather that you are presently roughly 49 percent participant in that project.

**MR. KOFFMAN:** Not quite 49 though; I would say we're anywhere between 47.5, in that area, you know.

**MR. GREEN:** Well, okay, that's a close enough approximation to 49; 47.5, but on the basis of the possibilities there, are we entitled to ask you whether you would be recommending that we maintain our interest without dilution?

**MR. KOFFMAN:** Sure, I think we'd be stupid at this point in time to sell it, okay. I'm quite frank about it. I think the reason is, if it was something that you could estimate the profitability of it at this point in time, you could sell. It's very difficult, because you don't really know, and the grade of the ore body is quite good down in the lower level, if you follow me, in the lowest level here we have 16 meters of roughly 4 percent copper, so nobody really knows. It's very difficult to estimate. In other words, you fellas could always make some sort of deal in royalties, in profit sharing, but it's very difficult to make an estimate of what to sell it for, if you want to sell it; that's the problem in these things, because nobody knows.

**MR. GREEN:** I think I'm going to try and use your words, that you said it would be stupid to sell it.

**MR. KOFFMAN:** Yes, at this point in time.

**MR. GREEN:** Yes, I understand that. That really wasn't my question, although certainly it is an answer that I will treasure. It's not my question.

**MR. KOFFMAN:** You're going to put me on the skewers, eh?

**MR. GREEN:** That's right. My question is, not whether you should sell your interest, but my understanding is — and I'm sure you're going to agree with me — that eventually it's going to require additional expenditures of money. And when I say maintain our interest, I am talking about putting up the additional amount which would keep us at 47.5 percent of that particular project. My question is, if it were your project, would you want to be a continuing participator without dilution of your present interest?

**MR. KOFFMAN:** That's an easy one to answer, Sid, because the Department of Mines under Mr. Ransom, they have allocated to us this year, and last year was roughly \$2.5 million strictly for the Granges Project; it was strictly for the Granges Project, so it wasn't the anticipation of the Ministry to dilute it.

**MR. GREEN:** I see.

**MR. KOFFMAN:** So Granges didn't come along with plans as yet, so we've given back the money. Now, they gave us the money again and we still have the \$2.5 million strictly for the project.

**MR. GREEN:** So I gather from your answer, and I want to be corrected if I'm wrong, that it appears that everybody concerned is willing to continue to advance such moneys as will maintain our existing percentage of that project.

**MR. KOFFMAN:** It appears. . .

**MR. GREEN:** Okay. Now, I did, Mr. Koffman, want to ask you to make sure that we understand some economics with regard to some of the other mineralized zones that have been discovered by this group; by the Mineral Exploration Company, and the McClarty Lake is one that you have shown us and which Hudson Bay is now willing to regain its diluted position to where it was in the first place, which was a 60 percent partner in that. Now, my understanding is, although you list it as not economically viable at the present time, that that is the kind of project which would be considered to be of value by any mining exploration company because of the signs of mineralized zones, and also because if the price of copper goes up, what was previously not viable, becomes viable.

**MR. KOFFMAN:** I have to say in this case, it a long way to go to be viable; this particular project. But we're hoping that this core maybe might go down and increase in size, that grades 2.38 copper. If that does, it may become a viable, but a thing like this would only be viable to the company in the area. They have the infrastructure, they have this plant, they have the whole works, but if some company had to put up their own plant and everything, it wouldn't be. But to Hudson's Bay, this might be viable, they have to find maybe double that tonnage.

**MR. GREEN:** Well, in any event, they at least look upon it as sufficiently attractive to put in another \$1.2 million, without us spending anything to regain their 60 percent interest.

**MR. KOFFMAN:** That's what they plan on doing but if they find that this zone, they're going to drill down deep if the zone ' doesn't go down, they have the right to say, well, I've had it.

**MR. GREEN:** Which you, which Manitoba Minerals has the same right.

**MR. KOFFMAN:** Yes.

**MR. GREEN:** And which, given your experience in the business, is not unusual in the mining business that you spend money, and as you've put it so succinctly in previous years, it goes down the drain. Nothing comes up, but you have to keep trying. .

**MR. KOFFMAN:** That is right.

**MR. GREEN:** May I ask you one more question and then I'll yield to other members of the committee, or at least one more area. We have had some discussion, publicly, by the industry with regard to United Cisco, I think it is, and Uranium in Northern Manitoba, of which we were a 49 percent participant, but we are now permitting our interest to be diluted. We're not taking out, we're not abandoning, I gather, \$1 million that was spent, but we are permitting our interest to be diluted. Can you say anything in addition to what has already been said about the attractiveness

of that particular project in the uranium area?

**MR. KOFFMAN:** When the thing was brought up in the House the people from Cisco contacted us — not the people from Cisco, but the newspapers contacted us — and we told the people to go to Cisco, a fellow by the name of Holt, and talk to him, he's running the project. And as you probably saw in Saturday, the 14th, the Tribune, probably a report that we were in a diluting position. Let me put it, I would rather not comment on it for two reasons. No. 1, the projects belong now, always did, to another company. If I came out and said it was a good project, I would be causing maybe difficulty one way or another with them in their stock position and their stockholders.

If, on the other hand, I came out and said, it's no damn good, then I would be doing a disservice to the community in Manitoba, because any project you take on is a risk project. For this reason, whether it's good, bad, I would rather not comment on. You understand why I would not comment on it.

**MR. GREEN:** Mr. Chairman, I want to commend Mr. Koffman for behaving in a way which I think is very, very responsible and sometimes unique amongst mining companies who don't always comment in that way. Really, I certainly appreciate that answer. What I am really asking you is whether there is anything significant reported lately which gives an indication which can be reported on as to the attractiveness of the project or have we heard whatever there is to be heard?

**MR. KOFFMAN:** I would say we have heard what there is to be heard to this point in time.

**MR. GREEN:** Thank you.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** Well, I was going to ask Mr. Koffman, being unfamiliar with the report until just a few minutes ago, who are Granges Exploration? Are they a public company and what exchange are they on?

**MR. KOFFMAN:** Granges Exploration are a Swedish multinational company, they call it Swedish Syndicate, really. There are some people from Finland, a Finnish companies in it, a Norwegian company is in it, the Granges Company from Sweden, and another private individual. I think there are probably 3 or 4 people, individuals, involved in it, and each have put up 50 percent of the money. They have about either 12 to 20 percent, depending on how much money each put in. Does that answer your question?

**MR. WILSON:** Well, then, Mr. Koffman, if it's a syndicate of only 4 businessmen or their families

**MR. KOFFMAN:** No, no, corporation.

**MR. WILSON:** Yes. There's no way that they have a public offering that any of the board members or directors of mineral resources would hold substantial shares in that company?

**MR. KOFFMAN:** That is absolutely correct.

**MR. WILSON:** So there is no share offering in that company?

**MR. KOFFMAN:** None, sir.

**MR. WILSON:** The second thing is this oil and exploration situation that you have with these different companies, do you think it is wise or do you think a Board of Directors, who are directly involved in oil exploration in the private sector should also be sitting on this Board?

**MR. KOFFMAN:** I think I can answer this for you, that we are not now involved in oil exploration per se. We were involved in oil exploration up to a couple of years ago. We are no longer involved in oil exploration. Now, I don't know who you mean by "private" sitting on the Board. I'm not following you there; I don't know who you are referring to that sits on the Board that is a private company.

**MR. WILSON:** Well, what I meant is that you had a fellow named Mr. Lazarenko on there . . .

**MR. KOFFMAN:** No, he is no longer on the Board, sir.

**MR. WILSON:** All right, then, he is not engaged in oil exploration at all?

**MR. KOFFMAN:** No, he is a fisherman; he was a fisherman.

**MR. WILSON:** And Mr. Dalton . . .

**MR. KOFFMAN:** He was a newspaperman with CBC. He is no longer with CBC; he just resigned about three months ago and he now works for a brokerage house.

**MR. WILSON:** Well, it doesn't bother you that this gentleman is involved as a stock promoter for Cameron Development, and oil exploration in the Virden area?

**MR. KOFFMAN:** No, he no longer is a member of the Board.

**MR. WILSON:** Oh, he is also gone?

**MR. KOFFMAN:** Also gone.

**MR. WILSON:** So, to the best of your knowledge, you do not have any stockbrokers or people involved in the promotion and sale of securities sitting on the Board at this time?

**MR. KOFFMAN:** That is right, sir.

**MR. WILSON:** Do you, as the President, look from time to time to see if members of your Board hold substantial shares, and the people you are cost-sharing oil and gas exploration with?

**MR. KOFFMAN:** There isn't anybody that I know of now and we always look at that to make sure there isn't any.

**MR. WILSON:** That's fine; thank you.

**MR. CHAIRMAN:** Mr. Barrow.

**MR. THOMAS BARROW:** Thank you, Mr. Chairman. This is especially interesting, this find in Embury Emery Lake or Trout Lake, as it is known. Of course it's headlines in Flin Flon; it's front page material, "Find is Gold, Silver, Zinc and Copper", which has given a much-needed shot in the arm to the economy of Flin Flon, as you know, Mr. Koffman.

But would it warrant building a mill if it went into production. Well, you're aware HBM and S are building a new mill in the Snow Lake area which will take most of the minerals in the Flin Flon area, at a cost of some \$26 million. So then the Flin Flon mill will be vacant. So why would you contemplate building a mill when there is one there practically standing? Or are you assuming HBM and S will co-operate with the government and these other companies?

**MR. KOFFMAN:** We hope they will co-operate with the operator, which is Granges. But as in all organizations and all mining ventures, any business ventures, you have something to sell and somebody has something to buy, people sit and negotiate. It might take a year or two to do this negotiating, you know, it's just not that simple. So, Hudson Bay maybe have the know but maybe they want to charge too much and we say, "Well, boys, you stick the mill where it can go." Let's use the words as they are — "unless you give us a fair price."

**MR. BARROW:** If they stuck the mill where it should go, then they would find lead.

**MR. KOFFMAN:** All right. You follow me. It's negotiations and these things and it would be very nice if eventually negotiations are handled, and whereby the Hudson Bay would . . . We don't know yet and the negotiations will take place some time during this year I hope, to find out which way it will go.

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**MR. BARROW:** One thing you didn't mention was smelter facilities and the rumour or it may be truthfully, there can only be one smelter in a given radius? Is this the . . .

**MR. KOFFMAN:** Oh, and I'm sorry, Mr. Barrow. I really meant when I said milling and smelting, the whole . . .

**MR. BARROW:** Well, you refer to the smelter, not the mill?

**MR. KOFFMAN:** No, I'm referring to the mill, no, I'm referring to mill, I know that the mill is built over there in Snow Lake and it's ready to start, and I know the mill will be half empty. So the mill itself will be half empty because there's not enough water.

**MR. BARROW:** I know that.

**MR. KOFFMAN:** So there's a negotiation position between Granges and Hudson Bay. You've got to negotiate to see what kind of deal you can strike.

**MR. BARROW:** Well, my question then, could you have two smelters in a . . . ?

**MR. KOFFMAN:** Oh, no, no, we're not talking about that at all.

**MR. BARROW:** No, you wouldn't go to the extent.

**MR. KOFFMAN:** N?, no.

**MR. BARROW:** As you know very well, Flin Flon is an older older town. Now, just in the last three months they've come up with plans for a \$5 million mall, a 50-apartment building, an extension to the hospital — of course, it's the government. Did this have some bearing on that fine municipality? Do you think there's some connection or is it mere coincidence?

**MR. KOFFMAN:** I wouldn't comment on . . . what I would say is this, that the President of Hudson Bay had said that they were going to spend X number of dollars in the paper , in the Globe and Mail the other day, updating the smelter. I think they talked about \$40 million, Mr. Barrow — the new President, they said they were going to update.

**MR. BARROW:** The cost of updating then must be more feasible than building a new one.

**MR. KOFFMAN:** Oh, we don't build a new one.

**MR. BARROW:** You don't.

**MR. KOFFMAN:** It's too costly.

**MR. BARROW:** Well, that's my questions in that regard, Mr. Koffman, but you went on and there's 400 diamond drill holes, which takes in a lot of territory, doesn't it? Like 400 holes, how far approximately would those holes be apart?

**MR. KOFFMAN:** Which one are you referring to for the 400 holes?

**MR. BARROW:** This is the information made by one, Mazlowsky who's in charge of . . .

**MR. KOFFMAN:** Oh, I follow what you mean. That was the 400 holes that they had drilled before they had found the Trout Lake deposit. They had drilled 400 holes before they had found the Trout Lake deposit.

**MR. BARROW:** Then, there's more now evidently.

**MR. KOFFMAN:** NO, I follow you. What he really said is, "We drilled 400 holes all over — not here, not here or not here but in Manitoba."

**MR. BARROW:** Oh he wasn't referring to this particular ore body.



**MR. KOFFMAN:** No, no.

**MR. KOFFMAN:** I think there's maybe about 50 holes or so drilled here. Something like that, I'd say.

**MR. BARROW:** Well, I understand roughly the procedure of the diamond drilling — we haven't worked within the mine — and discussed it with different drillers. These holes go down to approximately, I think 400 feet. — the drill holes.

**MR. KOFFMAN:** At which . . . ?

**MR. BARROW:** From the surface.

**MR. KOFFMAN:** Yes, you can drill to 450, you can drill to 1,000, you can drill to 2,000 depending how much money you want to spend, but usually you drill them to start with to the 1,000- foot level, and then what you do, you say, well, there's enough ore here, I think we'll go down underground and take a second look.

**MR. BARROW:** So the theory if you go down say, a 1,000 feet, this makes it feasible to have a mine.

**MR. KOFFMAN:** get enough tonnage, you see they've shown that there is three and a half million tons. Three and-a-half million tons will be a viable mine at that rate.

**MR. BARROW:** That would warrant having the mine.

**MR. KOFFMAN:** Oh, yes.

**MR. BARROW:** Yes. Good. Now, the closer to the surface the ore, of course, it's more profitable isn't it? Much easier to transport, much easier to handle and closer to the basic necessities. As you go down it becomes more expensive, but in theory we assume that that body will get bigger.

**MR. KOFFMAN:** No, I didn't say bigger. I said it'll keep going down, I hope, follow me. I said there was 3.6 proven to this level. It should still continue to go down, from what I know of the ore bodies in that area.

**MR. BARROW:** Then my question is, as you go down, the body may get larger. — or smaller?

**MR. KOFFMAN:** Or smaller, right.

**MR. BARROW:** This is the gamble you take.

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

**MR. BARROW:** But it still warrants the mine — with the depth you've gone and the ore you found.

**MR. KOFFMAN:** Yes.

**MR. BARROW:** Right?

**MR. KOFFMAN:** Well, the answer to that one, Tom, is that if you put the money up for what this costs, you should get a certain amount of return for your money invested. And the 3.6 million tons will give you a fair return on your money.

**MR. BARROW:** If no more ore was available?

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

**MR. BARROW:** That's fine, Mr. Koffman, thank you very much.

**MR. RANSOM:** Well, Mr. Chairman, I just was going to offer something previously in reference to the appointment of directors, but Mr. Koffman has handled it. I simply was going to point out to the Member for Wolseley that the Directors of the Corporation are appointed by the government and I would be the one to answer for those appointments.

**MR. WILSON:** Well, on a more hopefully and positive vein in the Throne Speech, and again in the Estimates debate I became very excited about the possibilities of renewed oil exploration in southern Manitoba. I based this excitement on the fact in North Dakota and in Saskatchewan there was a lot of activity. And Mr. Koffman, you told me that you are now out of the oil exploration field altogether in this particular current year. Is that correct?

**MR. KOFFMAN:** That is right , sir.

**MR. WILSON:** Then in your opinion because it must come across your desk, what is the government doing besides removing the terrible tax that Manitoba had to encourage oil development? Is there anything there? Again I don't know — maybe you know. Does there appear to be renewed activity in southern Manitoba pertaining to oil exploration by Chevron or Shell or Sun, or whoever else might be down there?

**MR. KOFFMAN:** I don't think, Mr. Wilson, I could answer that question because we're not involved in oil exploration anymore. I think you'd have to go to the ministry and ask them or the Assistant Deputy Minister, who's been looking after oil. I just don't know because we're not engaged in oil exploration and when you're not engaged in it anymore, you just say well, I don't take any interest in it.

**MR. WILSON:** Well, you have an interest in, I believe, Berry Petroleum of which the government made \$13,000 on the one well that was producing and that the Berry Petroleum people made about \$70,000.00.

My question would be are we going to continue to make this 20 percent of the production of Berry Petroleum?

**MR. KOFFMAN:** Whatever we have, we're going to keep, so far; we're going to keep. I can tell you that Berry Petroleum offered to buy it from us some year and a half ago but the price they wanted to pay was not sufficient, so we said, no, we will not sell.

**MR. WILSON:** Then these companies can continue along their exploration way but they will carry the government with them on a participation basis, on a continuing basis. But you, as President, would you have anything to relay to this Committee and/or the public of Manitoba which would indicate encouraging signs for oil exploration in southern Manitoba?

**MR. KOFFMAN:** Let me put it this way: With the price of oil going up from \$3 a barrel to \$14-\$15 a barrel, companies will explore for oil, even they will be at their wells that are only 8 and 10 or 15 barrels a day. They will be exploring because you just can't help but make a few dollars.

**MR. WILSON:** Then my question, as a layman, how many barrels a day do you need to, should I use the word "break even" or make money?

**MR. KOFFMAN:** It depends on the price of the oil, but I think . . . It depends on what it originally cost you to drill the wells. You've got to get your Capital back. The answer t that is I don't know right now. In the past year or two years we have been out of the oil business, so I really don't know how many barrels of oil you require to make a well viable. I can't answer that question.

**MR. WILSON:** Well, I was basing it on assuming the Capital cost had been recovered. I am talking about the cost of, if I could use the term, flicking the switch and having the pump begin to activate. What would be required to . . . ?

**MR. KOFFMAN:** Let me put it this way: There are oil wells operating at about five barrels a day, making a profit.

**MR. WILSON:** Thank you.

**MR. CHAIRMAN:** Mr. Evans.

**MR. LEONARD S. EVANS:** Thank you, Mr. Chairman. I would join with my colleague, the Member for Inkster, and others of the Committee in wishing Mr. Kaufman well. I'm glad to see him with us, to thank him for his report and also to learn with interest some of the developments that are presently going on.

I have a couple of questions. Perhaps they have been asked in other years; I'm not sure. But one area of interest to Manitobans and particularly those interested in the development of manufacturing industry, has been the possibility of finding sometime somewhere a feasible iron ore body. So my question is, without reading back through all the reports, has Manitoba Mineral Resources Limited ever been active in the exploration for iron ore in the Province of Manitoba?

**MR. KOFFMAN:** I know what you're talking about, Mr. Evans; it's the Neepawa iron deposit that Mr. Savage is talking about. You must bear in mind, number one, that that iron is roughly 3,000 feet below the surface. The grade of it is 25, 27 percent, or 28 percent. And besides mining it, after you mine it you've got to concentrate it. The answer to your question is that an iron deposit of that grade at that depth, and with the present availability of open pit ore in Canada and in the free world, I don't have any great amount of hope for it, because there was a similar type of material found at Nipawin, Saskatchewan, which the Saskatchewan government did buy from an entrepreneur; I don't know what they paid for it, but it's just sitting idle, also.

So, to put an answer to that, my answer is that with the present availability of iron ore in North America and in the free world, the chances are not good for the one in Neepawa becoming a viable operation, in my foreseeable future. I'm sorry to say that, but I have to be fair about it.

**MR. EVANS:** Well, I thank Mr. Koffman for his forthright, candid, very direct comments. I had the same feeling, although I didn't have any information, but hope springs eternal and it seems that every year or so somebody comes up with the idea of why doesn't someone develop the iron ore body around Neepawa because this would be a great shot in the arm for industry in Manitoba.

What about along the Ontario border? We know that there are iron ore mines across the border into Ontario. And, again, I'm wondering has the Mineral Resources Limited been interested in exploring that area at all, or is it such, based on your other comments, that the economics of iron ore mining today are such — and knowing what we know about the geology of Manitoba — that it would be perhaps less fruitful to go into the business of exploring for iron ore, as opposed to copper, let's say, or nickel or zinc.

**MR. KOFFMAN:** The chances of finding an iron ore deposit in Manitoba are not good, whereas the chances of finding other minerals are better. Finding iron ore bodies are not that difficult, because all you do is you run a magnetometer survey and then you get it from air-borne surveys and you know where your ore bodies or iron ore deposits will be. And maybe the example that not many of the iron ore companies are making a great deal of money, like iron ore in Northern Quebec; there is just too much, mainly, iron ore known at the present time to go exploring for iron ore deposits.

**MR. EVANS:** Well, it would seem, Mr. Chairman, from what we know of our geology and from the results of the efforts of Manitoba Mineral Resources Limited, that our greatest potential lies in the non-ferris metals: zinc, copper, nickel, and so on. There has been, however, some development, which we are aware of, of course, near the Ontario border, in the area of the exotic minerals. I'm talking about the Tantalum Mine that now exists. I don't know how you go about exploring for this type of material, but is there any potential for further development of exotic minerals — I think that is the term that's used. They are rare minerals but, nevertheless they are essential. —(Interjection)— Well, I wasn't thinking of gold. Well, gold perhaps maybe is . . . I wasn't thinking of that, I was thinking of the Tantalum Mining type of thing.

**MR. KOFFMAN:** That's a hard question to answer, Mr. Evans, but let me put it this way. The province is now a 25 percent partner in the Tantalum Mine, and if we did run into a deposit along those lines with exotic minerals at Tantalum, we would throw in our findings with the Tantalum Company because you already have a 25 percent interest, and looking for exotic minerals is very very expensive, and the chances of finding it are not very good. And as a matter of fact, as I understand it, the Tantalum people are looking for it just up into the border for more Tantalum. They are actually looking for it, I understand. Does that answer your question?

**MR. CHAIRMAN:** Mr. Evans.

**MR. EVANS:** Yes. Okay. Another area of interest in mining exploration is potash, and as we know, our sister province to the west — Saskatchewan — has a great deal of potash. I would imagine that there may be some possibility of potash finds along the Saskatchewan-Manitoba border; I am wondering whether Manitoba Mineral Resources Limited has been interested recently in this area of mineral development, and are there any possibilities of anything happening in this area?

**MR. KOFFMAN:** I would imagine, the “evaporates” as we call them, where the potash occurs, does project into Manitoba at one point in the province, and this particular project has been drilled pretty well now and is now controlled by . . . I think International Nickel has a part interest in it, and another company, and that’s as far as the “evaporates” come in. It just comes in a little . . . I haven’t got a map to show you; it just comes into the province — I forget what part of it — it just comes into the province, a little jog into the province, that’s all, and then the “evaporates” cease. You know, everybody has something; Saskatchewan had potash; we had water power, nickel — you can’t have everything.

**MR. EVANS:** Yes, as I said before, hope springs eternal, but it also is true you can’t have everything. It seems that our future lies really in the stream of development that we’ve already seen historically and that is in the non-ferrous metals area, essentially in the Shield as indicated by the various dots or markings that you have on the map, this is probably where the greatest potential lies. And unfortunately, many many people, including constituents from time-to-time, you know, always wonder, why can’t we have some oil development in Manitoba — as the Member for Wolseley said: Well, there was something going on in North Dakota and look at all the developments in Saskatchewan.

But the fact is that Mother Nature has seen fit not to, and our Fathers of Confederation — not the Fathers of Confederation — whoever drew the boundaries, saw fit that it was drawn in such a way that we are not blessed with, really, any substantial oil or natural gas deposits, nor do we seem to have very much, if any, potash, and iron ore seems to be a rather remote development because of the quality of it and where it’s located. So that really I would gather then that the future development of Manitoba Mineral Resources Limited’s exploration, in co-operation with the private sector would be really continuing in the Canadian Shield area of Manitoba in the non-ferrous minerals category.

**MR. KOFFMAN:** That’s quite true.

**MR. EVANS:** I’m not sure, from Mr. Koffman’s original remarks — the President’s remarks — whether we have any idea of the degree of activity that would go on this year as opposed to last year. He may have mentioned that, but I sort of missed that.

**MR. KOFFMAN:** Well, I can tell you what we have on the books for the year 1978-79 is as estimated. Manitoba Mineral has estimated 1978-79, we will contribute \$730,000, and the private sector has contributed \$950,000, for total expenditures of \$1,686,000; that’s for 1978-79 fiscal year which just ended a month ago.

**MR. EVANS:** Yes; \$1.68 million.

**MR. KOFFMAN:** Yes, \$1.68 million for . . . yes, that is . . . no, that’s just Manitoba Mineral and the private sector. I don’t know what the other private sector is spending on their own; I just don’t know.

**MR. EVANS:** Yes, well how does that compare then with the previous year or what you expect to be doing this year, or is it difficult to anticipate what. . .

**MR. KOFFMAN:** Well, every year what we . . . the total expenditures that we spent in 1977-78, we spent \$1.2 million; Manitoba Mineral contributed \$605,000, the private sector contributed \$246,000, and the Department of Mines contributed to us \$363,000. As you recall, the Department of Mines also did exploration at that time.

**MR. EVANS:** So that the level of activity in terms of the dollars, at least the current dollars, because we don’t get as much for the bucks today as we did last year, and I guess next year we won’t

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get as much for the buck either as we got this year. But in terms of these current dollars, we've gone up for roughly \$1.2 million worth of total expenditure through the Mineral Resources Limited program, up to about \$1.7, roughly. And then, what about this coming year? What about the forthcoming year of 1979-80?

**MR. KOFFMAN:** Forthcoming year; that's 1979-80. We have, let me see, I really don't know, you know, it's just starting. Have you an idea, Malcolm? We'll be down to about \$1 million.

**MR. EVANS:** It would seem to me that there must be some relationship ultimately between the current prices of various minerals and the degree of activity, and as we all know, the . . . I know copper, in particular, is very volatile. The prices have been volatile over the years; market's up and down, and I guess it's on the upswing now, I'm not too clear, I haven't got the data. But I would have thought that if there are upswings in copper, which is an important mineral in Manitoba, that there would be a greater interest on the part of the mining industry in exploration. But of course as you pointed out, there are others out there doing their thing and it remains to be seen; maybe the Minister has information as to just what is going to happen in the private sector this forthcoming year in terms of the the exploration for minerals, for copper in particula in Manitoba.

**MR. KOFFMAN:** The price of copper and the price of nickel — this is what happens, if the price goes down, people just don't explore. Actually, at 60-cent copper, everybody lost their shirts, but now at 78-cent copper, 80-cent copper, 95-cent copper, people are going to make some money. So actually, some of the people are coming back into Manitoba and in other parts of Canada, where they didn't do any exploration before. We have companies like Esso coming in with us, we have Noranda coming in with us again this year, Shell Oil, and Hudson Bay, as you say, re-entered this thing — we're showing you with the low-grade thing there. People are ready to go to explore if there's a chance of finding it. The mining companies are gamblers, but they didn't make any money the last couple of years, you know, so. . .

**MR. EVANS:** But I gather though, that as far as Manitoba Mineral Resources Limited, it will be expending a lower amount of money this forthcoming year even though we're on an upswing on prices for copper, let's say. Is there an explanation why we would be spending a lower amount for. . .

**MR. KOFFMAN:** Well, our budget will be down to \$500,000 instead of \$638,000 as it was the previous year, so naturally, when our budget is down, our joint venture with those other people will be down. Do you follow me? We haven't got that much money to form joint ventures with, but we hope that the private sector will say, okay, they're going to jump in and come to Manitoba. I don't know if they will or not; I just hope so.

**MR. EVANS:** Yes. Well then, Mr. Chairman, I gather then what Mr. Koffman is saying, the degree of activity by the Manitoba Mineral Resources Limited of course has the major constraint, mainly the amount of dollars the Government of Manitoba, the Treasury, is prepared to give to it and that's a judgment that the government must make and that the Manitoba Mineral Resources Limited has to live with. Although, and again, I'm really not very knowledgable on this whole area, but it would seem to me that if the prices do continue to rise for some of our minerals, that you'd think you'd want to explore a little more, and hopefully obtain the rights to these minerals through the Corporation so that in the long run we can hopefully provide the greater revenue base for the Province of Manitoba and therefore for the people of Manitoba.

I just comment too, as I think I've heard Mr. Koffman say, oh, years back, that this business of exploration is a very long-term business; you've got to have faith and you can't expect to, you know, work one year and strike it rich automatically after a year or two's activity. You may go for years and years and years, as has been the experience in the mining industry. I regret to see that the value of . . . it seems that the value of the Manitoba output of the mining industry — I'm not talking about exploration now, I'm talking about the production — our increases were rather, I think we've compared rather poorly with the other provinces in Canada according to the figures from Stats Canada; that is in the increase in the mineral output last year, compared to the other provinces. There are reasons for this I guess, possibly what was happening in the field of nickel in particular. But I think we all share a common goal around this table and that is that Mineral Resources will continue its work, at least I would hope it would continue its work and that it be successful ultimately, and that we have indeed more mining output in Manitoba ultimately, because of the Manitoba Mineral Resources Limited.

**MR. CHAIRMAN:** Mr. Koffman. No comment?

**MR. KOFFMAN:** No comment.

**MR. CHAIRMAN:** Mr. Kovnats.

**MR. KOVNATS:** I was just waiting for the Honourable Member for Flin Flon, but I would like to make a few remarks. I'm sorry for coming in late, but I find this discussion very very interesting. The name Noranda was mentioned, that they had just come back into the province and they're doing some exploration. Did we encourage Noranda to come back or did they just come back because of what they felt was a healthy climate in the province, or can you speak on their behalf in that regard?

**MR. KOFFMAN:** I can't speak on their behalf. All I can say is that Noranda did have some ground in northern Manitoba, which they threw and dropped and we picked the ground up. We then went to Noranda and said, "Look, you threw this area, for good public relations, we've acquired the ground, now we want to go back into partnership with you", which is what we did. We've gone back into joint venture with them, and we're managing the projects. It's in an area quite far in northern Manitoba; it's about in the Churchill area. But we did encourage them to . . .

**MR. KOVNATS:** Do you have any idea as to how many drilling rigs that they have up there at this time?

**MR. KOFFMAN:** No, I don't think they have any drilling rigs up there at this time. We are doing some work with them. We're running the projects. And how many rigs there will be; you don't work on how many rigs, you work on, Mr. Kovnats, how many feet of drilling you propose to do. This is the way you articulate the thing. How many feet of drilling? I don't know, it would probably be about 2,000 feet of drilling either this fall or this summer or next . . . No, probably this fall some time about 2,000 feet of drilling with Noranda.

Drilling, you must remember, in that area costs you about \$50 a foot.

**MR. KOVNATS:** How much?

**MR. KOFFMAN:** \$50 a foot; \$50 a foot.

**MR. KOVNATS:** That's diamond drilling that you're making reference to?

**MR. KOFFMAN:** Yes, coring.

**MR. KOVNATS:** Thank you.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. BRIAN RANSOM:** Mr. Chairman, I have a few observations I would like to make. The Member for Brandon East, I think, has perhaps put his finger on some pretty fundamental differences that exist between the present government and the previous government, in terms of the ownership, the potential ownership, of productive mineral operations, and he seemed to be decrying a small reduction in the amount of money that was available to Manitoba Mineral Resources.

I think what has to be understood here is the very basic difference, in that our government believes primarily that development should take place by the private sector and that government will take the portion of the returns to the people in the form of royalties and taxation, not by attempting to own the productive enterprise, as was the direction of policy that the previous administration was pursuing. So that has to be clearly understood. And the funding that is now provided to Manitoba Mineral Resources, one of the principal purposes of providing that is to allow them to try and attract outside joint-venture money, on a voluntary basis, to the province. A voluntary basis is something that the industry understands.

There are companies who have money to invest in the province and perhaps do not have a base here to start. That is a role that Manitoba Mineral Resources can play, in providing that base for the outside companies. And I might say that their record of operation in the last year, I think, has been rather successful in that regard.

With respect to the amount of money that is being invested in exploration, I can say that in 1977 the total amount of exploration dollars expended in the province, both private and publicly,

was somewhat in excess of \$9 million for activities that normally are called exploration activities. Of that amount, approximately 46 percent was publicly funded. In 1978 there was a very slight reduction in the total amount of expenditure, to \$8 million-and-some, but the public proportion of that money was only 23 percent, so that the government, our government, had certainly reduced the amount of public money being spent in this regard from 46 percent of the total to 23 percent of the total and, at the same time, the private sector had almost taken up the entire slack in that period of time.

Now, in 1979 the indications are that the total private sector spending alone will exceed \$9 million. So that the private sector spending in 1979 is expected to be in excess of the total public and private expenditure on exploration in 1977, and we think that is a very favourable trend and we certainly expect to see increased expenditure take place as the investment climate is improved even further.

There was also reference made, Mr. Chairman, to oil in southwestern Manitoba, and the Member for Brandon East, I believe, closed his remarks in that regard by indicating that perhaps the oil wasn't there; that we had to be satisfied with what we have.

Well, Mr. Chairman, there is every reason to believe that oil does in fact exist in southwestern Manitoba, and during the discussion of my Estimates I presented some information to the members, which showed that in the area of southwestern Manitoba, extending east from the Manitoba-Saskatchewan border for 36 miles and in a belt seven miles wide, over the years there have been, I believe, 91 wells drilled in that area, of which 21 are or have been producing wells.

Immediately across the border, in the area seven miles wide and 36 miles long, there have been some 395, if I recall the figure correctly — it might be out somewhat — but approximately 395 wells drilled and some 120 producers either producing or have been producing.

Now, that leads to one of two conclusions. That either the oil-bearing formations coincide rather exactly with the 49th parallel or else there has been something about the investment climate that has been different between Manitoba and North Dakota, Canada and the United States. I choose to believe, Mr. Chairman, that the only reasonable explanation is, in fact, that there has been a difference in the investment climate between Canada and the United States, Manitoba and North Dakota, and that were the conditions such in Manitoba as to encourage exploration, we would, in fact, see additional oil exploration and additional production.

We have taken some action within the past few months to reduce the level of royalties on Crown-owned land in Manitoba to a level that is competitive, at least, with other jurisdictions. We also have made Crown lands available for drilling leases and permits, which the previous administration had not done since 1971, and I can say, by the way, that the people of Manitoba have just recently taken in an excess of \$500,000 in the sale of those drilling rights on some, I believe, 12,000-and-some acres, and there are drilling commitments on those lands that have been leased. We have also pledged to make those same sorts of royalty reductions apply to free-hold lands, as well, because, as the Committee will probably be aware, approximately 80 percent of the land in southwestern Manitoba is free-hold.

So on the basis of those changes, Mr. Chairman, and on the knowledge of what we believe exists in southwestern Manitoba, we are extremely hopeful and in fact confident that there will be additional exploration and production take place there.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** Thank you, Mr. Chairman. I really want to thank the Minister because, however, he was too kind to the Member for Brandon. I think that a good Opposition will allow for things to take place, and I'm not happy, as a backbencher, that the changes are taking place in such a slow manner. It is true that the climate has changed, when we turfed those people out after eight years, but when are we going to get that message across? And, to Mr. Koffman, I would think that if his staff can't do the selling job on \$500,000 that they should be asking the Cabinet for more money. I think Mr. Johnston's Department, Economic Development, should have a new thrust in this area. I get very frustrated when I look at comparisons, as a small businessman, and I say, what is the difference between that 49th parallel in the map that the Minister presented during his Estimates, which seemed to indicate that there was no magic thing to that line, only that there was a different attitude. And I think we have to take that message and say come to Manitoba; that attitude has changed, but it is not changing fast enough. And I think the party to blame has to be the Opposition, because they have been very weak in this area, and I say the that governments respond to a good Opposition. It isn't mother nature, to the Member for Brandon. Those particular oil finds will be there — I think history will bear me out — and I just think that it's really a tragedy that it has taken so long.

I'm glad that our government Treasury is richer by \$500,000.00. They should have \$2 million in the Treasury. And it just seems to me to be one of the most frustrating experiences that I have had as to wondering what it will take to get my government to get moving, and I say that part of the blame has to fall with the weak Opposition, who doesn't seem to give a tinker's damn about some of the exciting prospects for the future pertaining to prices.

And I talked about the balance of payments in my reply to the Throne Speech. If you produce a barrel of oil here in Manitoba, that means you don't have to go out and buy it somewhere else; that means you have turned around and brought down your balance of payments. And that's simple grammar school arithmetic. e

And I would like to ask Mr. Koffman if he has still a staff of six in the field, if he could explain to me what this staff is doing, and then I will continue my comments.

**MR. CHAIRMAN:** Mr. Koffman.

**MR. KOFFMAN:** Our staff, there is a total of 10. We have taken on the mandatory participation agreements that the province handed to us. There is a total of 79 agreements we're administering in there; 14 are active. So one of our staff is assigned full-time to that and two, myself and Malcom Wright, work with it also. So our staff, besides doing our own work and doing our own field work, we actually look after these agreements. And, of course, depending on how long the mandatory agreements last and if we go through the mandatory agreements and we find that people are not here, naturally our staff will be reduced.

**MR. WILSON:** I wonder, Mr. Koffman, either through you or to the Minister, if some time we could, as Members of this Committee examining the Manitoba Mineral Resources Limited, if we could be apprised of all what is being done to . . . Is it just a secret that there is a new attitude or is there something being done to say "Come to Manitoba".

What I'm saying is: What type of advertising materials; what type of pamphlets; what type of thrust is taking place today, in 1979, that is going to make me excited that this new invitation to explore in Manitoba is not a secret? In other words, that it appears to be known to the entire industry.

For instance, there are many international companies that explore in Alberta and in British Columbia, and I'm wondering are we just going after the big companies that already have a full plate. What I'm trying to get at is it seems to me that, apparently just recently, there was a new offering in the southern Manitoba area from a promotional company, based with their head offices in Calgary and Winnipeg, and I believe that they sold out their issue. Now if one company can do this, I can't see why we can't have the same type of bush fire excitement, whether it takes place in the Vancouver Stock Exchange or the Toronto Stock Exchange; I think that the first wells that come in that have any type of significant production, that there has to be an arm of our government that will make these public announcements, because our local media here just is not interested in positive things happening in Manitoba. And the fact is, that none of the Minister's comments pertaining to oil were significantly reported in the newspapers. My speech drew unbelievable applause from the industry and people that were in the gallery from the particular industry, and nothing happened; not one single word. They were more concerned with bed sheets. And this is what I think has to happen and I would be interested in. . .

**MR. BARROW:** On a point of order.

**MR. CHAIRMAN:** Order please. Mr. Barrow on a point of order.

**MR. BARROW:** I thought the purpose of this meeting was to ask the Chairman questions pertaining to minerals, finds, and so on. I don't think the meeting was set up to have campaign speeches and to gloat how great a government they were, or the great person he was. When did the climate change? The day he was elected. I think you're being too flexible. Let's get down to the basics, ask the gentleman some questions that pertains to what we're talking about and get this meeting over with.

**MR. CHAIRMAN:** Mr. Wilson can continue. I believe we've had a wide-ranging discussion on both sides of the House, Mr. Barrow, and I would suggest that to date the comments of the Member for Wolseley have been pertinent to the furtherment of oil exploration in Manitoba, so I would ask him to continue.

**MR. BARROW:** Well, Mr. Chairman, I think you're a little prejudiced.



**MR. CHAIRMAN:** Mr. Evans on a point of order.

**MR. EVANS:** Well, Mr. Chairman, on a point of order, no one can, I guess, around this table, sit here and not say something that has some political implications, but I have done my best to take a very rational non-political approach to this and I'm sick and tired — on a point of order, I'm sick and tired of just hearing political speeches from the Member for Wolseley, and I think it's an insult to have Mr. Koffman and his staff down here going over a technical subject to listen to this garbage. So on that basis, if this is how the meeting is going to continue, you can continue on your own.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. RANSOM:** On the same point of order, Mr. Chairman, I agree that the debate has been rather wide-ranging and perhaps it should be pointed out that the Annual Report with which we are dealing, ends March 31st, 1978, and much of the discussion that had taken place and the questions that had been asked pertained to events that had taken place since the end of March 1978, and therefore I think it was established that the debate was going to be rather more wide-ranging than the specific report before us.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** Well, Mr. Chairman, I didn't want to cause the Member for Brandon to get up and leave, because he had made his own type of speech in which he said, "Mother Nature has said Manitoba has no oil, that we are continuing along on a very unexciting manner, which, when he was Minister of Economic Development, took place" and I was simply pointing out the futuristic type of excitement that I see and I was expressing my dissatisfaction with my own government at not moving quickly enough. Now I would have thought the Member for Brandon would have welcomed that type of comment.

However, I also pointed out that there seems to be a very weak opposition in the area of trying to get government's response to suggestions and criticism, and if the opposition is not going to appoint somebody who is going to do their homework in this area and ask the questions, then I am going to fill that void. That's all I'm simply challenging the opposition to do. Again, I'll close my remarks by saying that it is somewhat exciting that by getting out from 46 percent down to 23 percent and still being able to maintain the \$9 million level, is encouraging, but I say it's not good enough. I am happy that the Minister has recognized and has brought forward to the House, the phenomenon of the 49th parallel, the activities; and he has said that the responsibility for this \$9 million projection this year is because there is a new climate. Now I'm simply saying that that new climate has to be sold, the same as the Board of Directors at the Convention Centre, I'm outselling the Convention Centre.

I regret that our news media has not saw fit to get involved in the excitement. I've heard North Dakota talk about a bush fire type of thing, where they have all these wells being tested and drilled and across the border very little is happening, because, as I say, I'm using a combination of facts. The change of climate is becoming too secretive; we have to let the world know. The opposition is weak. And the news media in this town prints only negative factors.

And so, that's my closing comments, Mr. Chairman, except for one other thing. Mr. Koffman, because of the current prices of copper, and certainly gold, where is the main gold activity in Manitoba on that map? Is there any such a thing as gold activity in Manitoba?

**MR. CHAIRMAN:** Mr. Koffman.

**MR. KOFFMAN:** Well, there is no gold activity in Manitoba as such. There used to be gold activity in the vicinity of Bissett, in this area. Since the mine is closed, this mine in Bissett, there's no real gold activity. Gold really is found as a by-product of the base metal industry. I think there's some gold at every base metal mine, and silver at most base metal mines, and that is where the productivity comes of gold in some of them, gold, as such. Let's put it another way. Prospecting for gold by the various prospectors really does not exist today.

**MR. WILSON:** In Manitoba.

**MR. KOFFMAN:** Everywhere, except in B.C. where you go up and down the mountains, but people are not really prospecting for gold, unless you have some old workings and people work around

the area where there are old workings. But there is no really prospects for gold as such. There might be some old workings in Ontario, when people have gone back in the area. Now maybe you're talking about there has been not enough exploration in certain. . . If you go just across the border in Ontario, there's less work being done in Ontario, from here to Thunder Bay, than there is in Manitoba. That's a part of the Precambrian Shield. But Ontario have their problems also in attracting exploration. They don't know what to do also.

**MR. WILSON:** So there has to be a new marketing approach?

**MR. KOFFMAN:** No, I really don't know. There's new ideas coming forth today where people are going to be looking at different kind of rocks. Maybe the big impetus in exploration was when people went to airborne geophysics and ground geophysics, in my last 35 years. It's still there but it has dissipated itself and people have to get another idea, and I think that some ideas are coming forth where people will start working and we call them the . . . rocks of the province. And I can see it building up, because the joint ventures we have formed now, are with the companies that are working in this new concept.

**MR. CHAIRMAN:** Mr. Wilson.

**MR. WILSON:** In other words, we are getting involved in joint ventures with people with modern technology and the latest in chemical studies or whatever?

**MR. KOFFMAN:** Yes, well, there's not chemical study but we ourselves' the Malcolm Wright Works, vice-president of the company; he is quite knowledgeable in this . . . belts of rocks that people think that gold bodies may occur.

**MR. WILSON:** All right, thank you very much.

**MR. CHAIRMAN:** Mr. Barrow.

**MR. BARROW:** Thank you, Mr. Chairman. I don't want to get into any debate about the weaknesses of the opposition or the philosophy of different governments, because we can go into debate for 14 minutes each and we could go on for two or three weeks on this thing, so we'll ignore that now. We'll use that in the campaign, the next campaign. I think you give too much leeway, I think you're too flexible.

But one question that my friend for Wolseley brought up is the exploration in gold. I would like to verify that in different mines, that are being developed, are working now, some of the prospectors holes show gold in some quantity. There's a factor in your exploration. There's gold being mined together with other minerals. Is this right?

**MR. KOFFMAN:** Yes, that's right. Gold is a part of the other minerals.

**MR. BARROW:** I mean, the rumour was many years ago, that the company paid expenses on the gold content, the rest was profit which probably is grossly exaggerated, but it did point out there was gold being mined.

My other question I should have asked when I had the floor, Mr. Chairman, and it's a very brief question. You've been in the exploration game for many many years, I can remember back to '52 when you were active in exploration. You were active when the old time prospector, who was a breed apart, used to get a grub stake one way or another and go for months and months and months. In fact, this type of person made that big find at both Thompson and Flin Flon, I believe, was the old time prospector. And then you come into an area of machines which would go down to depths of 400 feet, I believe; isn't that right?

**MR. KOFFMAN:** Yes, that's right.

**MR. BARROW:** So what this meant, would prove that within 400 feet you could pick up an anomaly. Is that right?

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

**MR. BARROW:** From a base line with lines 500 feet apart?

**MR. KOFFMAN:** That's satisfactory, yes.

**MR. BARROW:** The only negative factor, when you picked up an anomaly, you had no way of finding out what it was till you drilled. So many of your finds were graphite. Is that right?

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

**MR. BARROW:** Then you went to flying. In the airport at Flin Flon there's two planes equipped for flying. Does that work on the same basis on a bigger scale; they pick up the ore bodies from a bigger height; they can pick up anomalies from a height of so far?

**MR. KOFFMAN:** Yes, the airborne equipment will pick up your anomalies but we still don't know what it is; we have to still go underground and drill it.

**MR. BARROW:** Then you verify with your machines on the ground?

**MR. KOFFMAN:** Yes, verify the location of the anomaly on the ground, but you still have to drill it.

**MR. BARROW:** Well, my question, Mr. Chairman, is, is there any room now for the old time prospector at all?

**MR. KOFFMAN:** As far as the Precambrian Shield, I mentioned that two years ago at the same meeting here, as far as the Precambrian Shield is concerned, I say this in all sincerity, the prospector has done an excellent job up to this point in time, but he has looked at all the various outcrops of the various rocks that he has seen and there is only maybe 20 percent outcrops.

**MR. BARROW:** That's surface, of course?

**MR. KOFFMAN:** Surface, so he's looked at these, so his chances in the Precambrian, of finding a show, of finding a deposit in the Precambrian is zero. And you have to be realistic about it. That is why there are really no prospectors.

**MR. BARROW:** They are obsolete practically.

**MR. KOFFMAN:** The prospectors now are technical prospectors, really; when we go in the field, we're really prospectors, we're prospectors with technical equipment.

**MR. BARROW:** Right, right, right.

**MR. KOFFMAN:** So it's really the same thing.

**MR. BARROW:** Thank you, Mr. Koffman, and with that, I move that report of committee be received.

**MR. CHAIRMAN:** Excuse me, Mr. Barrow, Mr. Brown had one question?

**MR. BROWN:** Mr. Chairman, on Exhibit A on your Balance Sheet, I notice that your Accounts Receivable have almost doubled from last year and I was just wondering, these Accounts Receivable, are they current or do you have some delinquent accounts in there?

**MR. KOFFMAN:** What page is that on, Mr. Bro?

**MR. BROWN:** Your Balance Sheet

**MR. KOFFMAN:** Balance Sheet, Exhibit A. Accounts Receivable?

**MR. BROWN:** That's right.

**MR. KOFFMAN:** \$201,000.00. It all depends when we close our books and many of these, I think, was \$160,000, we had guarantees to the banks. Is that guarantees to the banks, Malcolm? The question is, why are accounts receivable — that was from joint ventures I gather. We people were

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working with joint ventures and the work was done, but they didn't submit their accounting to us. That's why the accounts receivable are that much larger. Most of the drilling is done — sometimes drilling is done just in the break-up season and the break-up season, in this case, is March 15th. If we kept our books open, we keep our books open a little longer, until the 20th, we still owe these accounts receivable, we haven't paid them yet, but it's the same as before, it's accounts receivable. Is that clear yet?

**R. BROWN:** No, Mr. Chairman, the way that I read this, this is accounts receivable, this is accounts receivable which are owed to the Manitoba Mineral Resources Limited for services rendered — I suppose the company they've been working with. And my question really is, are these accounts quite current, do you have some delinquent accounts?

**R. KOFFMAN:** No delinquent accounts, this is all current.

**R. BROWN:** This is all current.

**R. KOFFMAN:** You see these are really joint ventures; somebody else is doing the work with them and they haven't submitted their accounts, I mean, we're joint-venture partners, but there are no delinquent accounts. There are no delinquents ever, in any of our balance sheets. We've never lost any money. Did that clear you up?

**R. BROWN:** No, okay, thank you.

**R. CHAIRMAN:** Are there any further questions? Mr. Barrow?

**R. BARROW:** I move that report be received.

**R. CHAIRMAN:** Motion on the floor that the Annual Report of the Manitoba Mineral Resources Limited be received. Agreed? (Agreed) Committee rise.