



News Release

For Immediate Release

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Province Could Do More to Encourage Mining Development in Ontario; Long-Term Plan for Inspecting and Rehabilitating Abandoned Mine Sites Needed

(TORONTO) The Ministry of Northern Development and Mines (Ministry) has not been effective in encouraging timely mining development in Ontario, even though the province has a significantly lower tax rate on mining than the national average, Auditor General Bonnie Lysyk says in her *2015 Annual Report*.

“Although Ontario is the largest mineral producer in Canada, accounting for one-quarter of total Canadian mineral production, a survey of mining and exploration companies ranked Ontario ninth among Canadian provinces and territories in investment attractiveness in mineral exploration,” she said after the Report was tabled.

“The Ministry needs to fully evaluate the effectiveness of its current investment marketing activities in light of lower metal and mineral prices in recent years,” Lysyk added.

While mining can create substantial economic benefit, it can have a significant impact on the environment, and serious implications for public safety and health. The Ministry is responsible under the *Mining Act* for inspecting mines, overseeing mine rehabilitation (including collecting and holding funds to ensure private mine owners rehabilitate their mine sites) and for rehabilitating hazards in abandoned mines on Crown land. These hazards can be physical, such as open shafts or pits, and abandoned structures, or environmental, such as metal leaching and tailings.

The audit found that the Ministry has not collected sufficient information to estimate the total cost of rehabilitating the 4,400 abandoned mine sites in Ontario since 1993. Only 6% of the sites have been inspected in the last five years. The Ministry recently determined rehabilitation costs for the 56 highest-risk contaminated sites alone to be \$372 million. However, it has no plans to carry out a detailed cost estimate for the remaining sites. At the time of our audit, the Ministry’s opinion was that the potential cost for rehabilitation could range from \$163 million to \$782 million.

Following are some of the Report’s other significant findings:

- Mine closure plans lacked sufficient technical review, and financial assurances provided by mining companies to cover mine close-outs should be reviewed to ensure that they are sufficient to cover mine rehabilitation costs when current mining operations eventually cease.
- Over the last 20 years, Ontario’s revenues from mining taxes and royalties have averaged less than 2% of the value of the minerals extracted, and less than 1% of the value of diamonds extracted to date.
- The province has been slow in making technical geosciences information such as maps and assessments available to the mining industry to help them identify exploration and development opportunities, and it needs to help mining companies meet requirements for Aboriginal community consultation.

- The chromite and nickel deposits in the Ring of Fire, located in the James Bay lowlands, have an estimated value of \$60 billion, but the province has no detailed plan or timeline for supporting the development of the deposit.

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For more information and to view the full report, please visit www.auditor.on.ca