

Yukon Mining Incentives Program, 2008

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Traynor, S., 2009. Yukon Mining Incentives Program, 2008. *In: Yukon Exploration and Geology 2008*, L.H. Weston, L.R. Blackburn and L.L. Lewis (eds.), Yukon Geological Survey, p. 51-54.

The Yukon Mining Incentives Program (YMIP) is designed to promote and enhance mineral prospecting and exploration activities in Yukon by providing a portion of the risk capital required to locate and explore mineral deposits.

A total of 58 applications for funding were received by the submission deadline for the 2008 season. Contribution agreements totaling \$774 500 were subsequently issued to 45 successful applicants. Proposals approved for funding included 5 under the Grassroots-Prospecting module, 10 under the Focused Regional module and 30 under the Target Evaluation module.

The trend of the last few years has resulted in placer gold exploration and testing programs accounting for approximately 25% of the projects approved for YMIP funding. This year was no exception and 12 projects, all targeting gold, received approval. Of the remaining 33 projects approved for funding under various hard rock modules, 16 targeted vein-type gold mineralization; 7 were for Cu (\pm Au) porphyry targets; 6 focused on Zn-Pb mineralization in a variety of settings; 3 targeted silver; and 1 focused on uranium (Fig. 1).

There is significant anecdotal and testimonial evidence attesting to the value of mining incentives programs such as YMIP, unfortunately much of the analysis of the benefits of these programs has been restricted to annual comparisons that permit only limited recognition of long-term trends.

In 2006, the Yukon Exploration Activity Database was conceived and developed as an integrated tool to facilitate the collection, analysis and presentation of Yukon exploration, development and mining activity data. This system now contains detailed data covering the period from 2000 to 2008 and has proved to be an important aid in the recognition and interpretation of broader trends within the Yukon's mining industry.

In response to declining levels of exploration spending in the late 1990s, the Yukon government increased funding to YMIP in 2000 (Fig. 2). From 2000 to 2003, projects receiving YMIP funding accounted for 40% of all grassroots exploration. Much of this exploration was undertaken by Yukon prospectors, who during the course of this work, accumulated impressive inventories of early stage exploration targets.

With the upsurge in exploration spending during the past few years, and the mining industry's need for new grassroots targets, Yukon-based prospectors found that they were able to benefit from this increased activity through the negotiation of property option agreements. Analysis of property agreements negotiated during the last six years shows a strong positive correlation between grassroots exploration spending and the numbers of negotiated property agreements (Fig. 3). In 2007, when grassroots exploration spending peaked, a total of 18 property agreements were signed on projects that were generated or advanced, in part, with funding received through the Yukon Mining Incentives Program.

The importance of YMIP's role in generating early stage exploration targets has become increasingly evident in the course of analyzing multiple years of exploration activity data. This analysis has also lead to the recognition of the significant impact this program is having on advanced stages of

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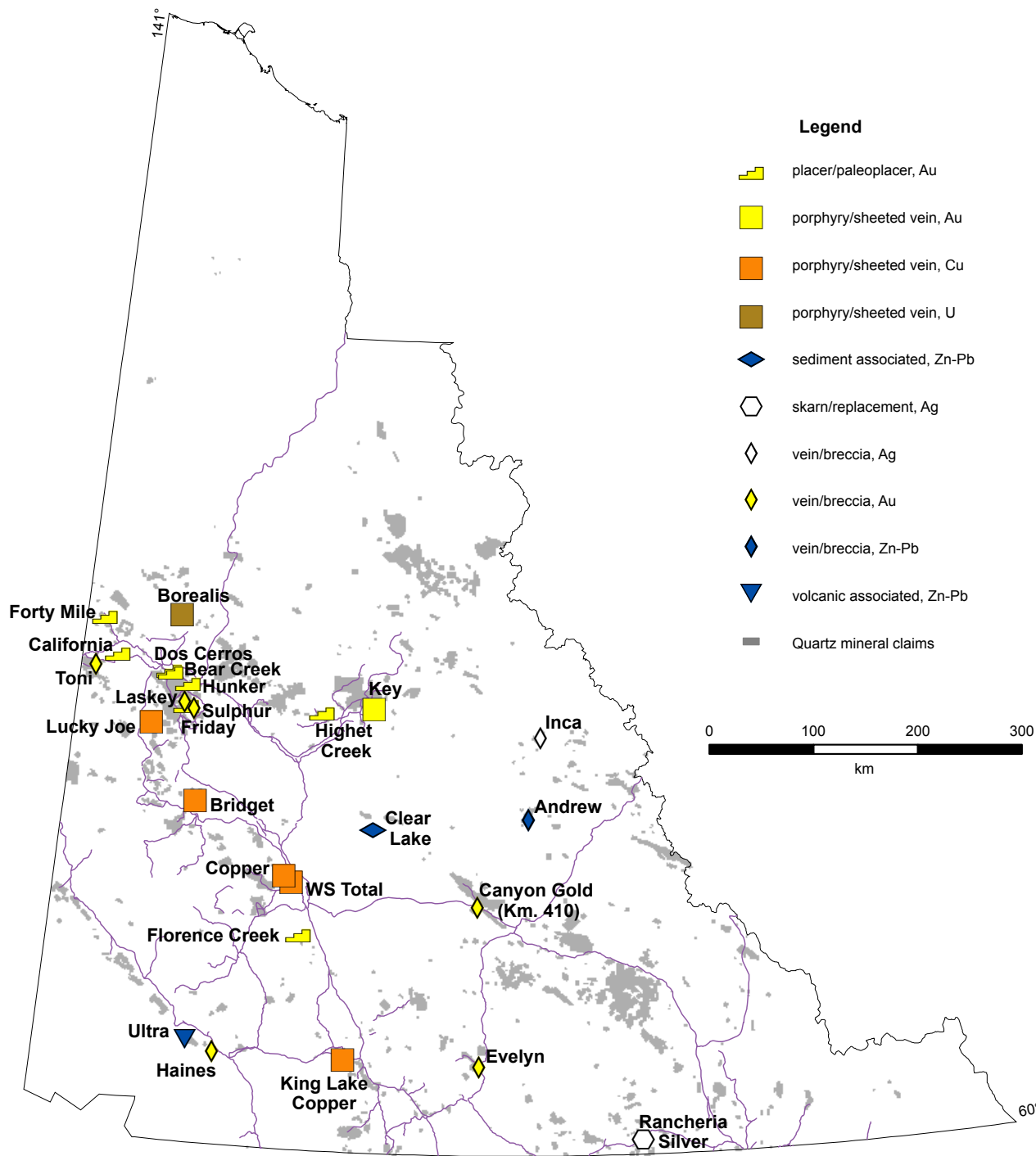


Figure 1. Yukon exploration projects funded by the Yukon Mining Incentives Program (YMIP) for 2008.

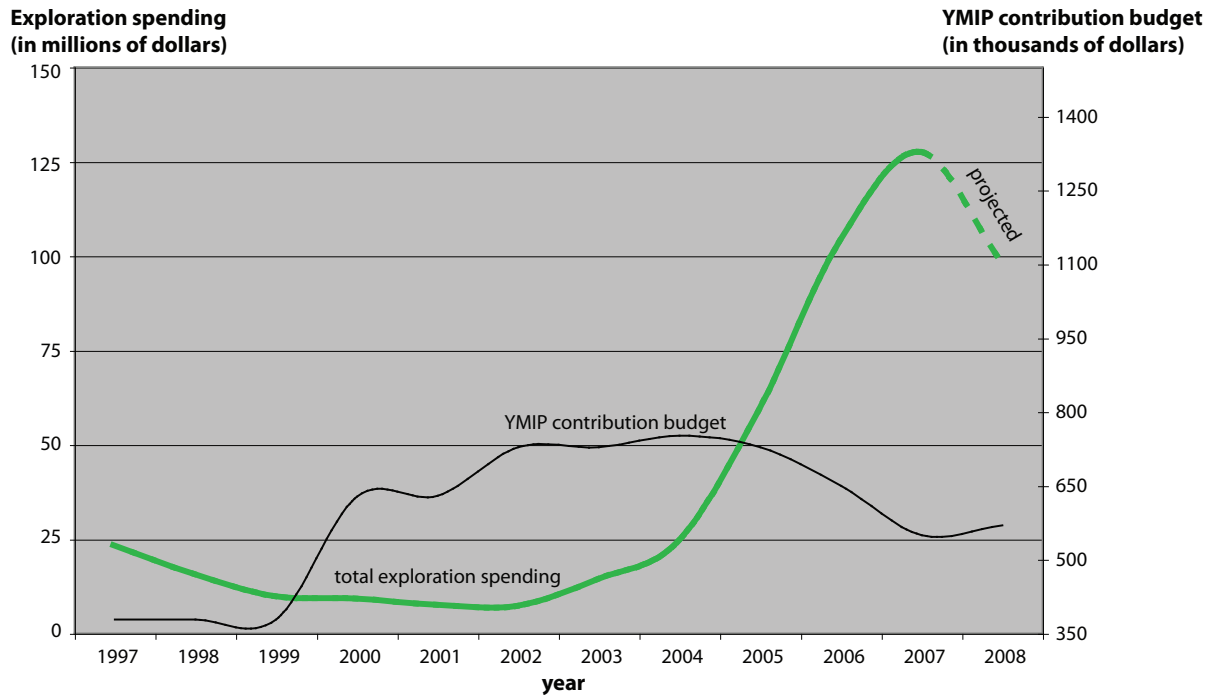


Figure 2. Yukon Mining Incentives Program funding since program inception. The graph depicts contribution budgets versus total exploration spending.

exploration. In the past eight years, one out of every three projects that received some portion of funding through YMIP was optioned following staking. YMIP-funded projects have also accounted for half of all known property agreements negotiated. Furthermore, out of all projects approved for funding through YMIP during this period, one out of every ten has been advanced to the stage of drilling.

The impact of recent world wide events and market realities will inevitably have some effect on mineral exploration and development in Canada. With companies reviewing their levels of discretionary expenditures on exploration, governments that work to improve their local investment climate will be better able to sustain mineral exploration and development activities in their

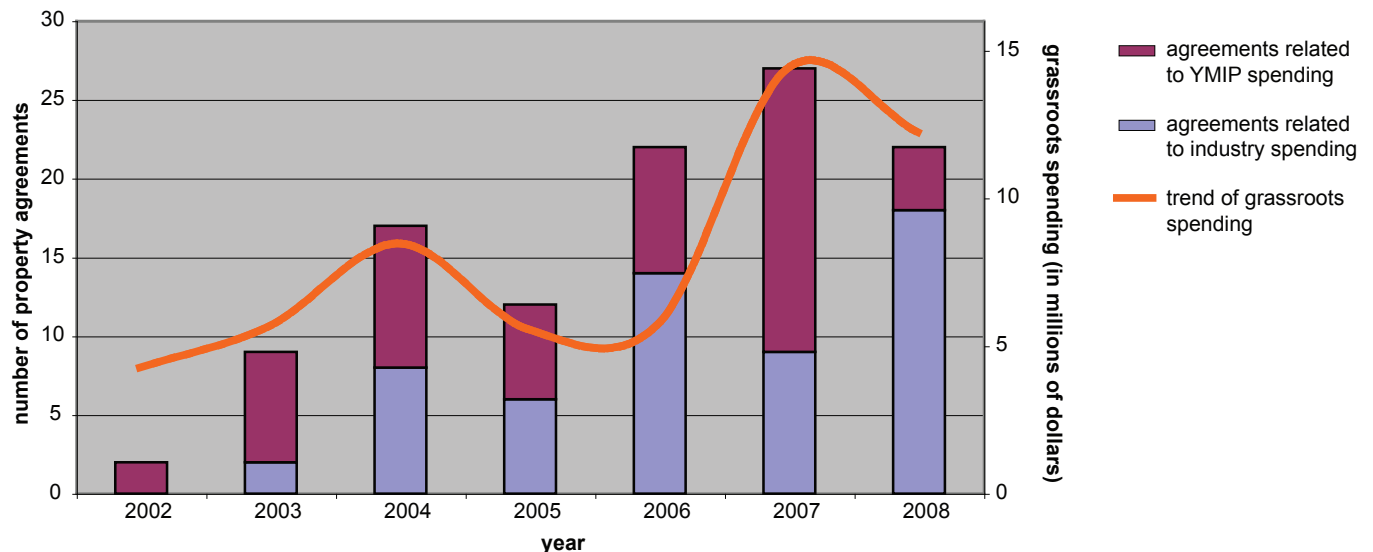


Figure 3. Property agreements related to YMIP and industry spending.

jurisdictions by providing financial incentives to attract available risk capital.

During periods of prosperity and through those inevitable times of economic challenge, programs such as YMIP play a fundamentally important role in early stage project generation, as well as the development of projects entering more advanced stages of exploration. Across Canada, the Government of Yukon is a leader in their commitment to providing economic incentives to mining exploration and development through the Yukon Mining Incentives Program.

RÉSUMÉ

Le Programme d'encouragement des activités minières au Yukon (Yukon Mining Incentives Program - YMIP) vise à promouvoir et à améliorer les activités de prospection et d'exploration minière au Yukon en fournissant une partie du capital de risque nécessaire pour localiser et explorer les gisements minéraux.

Au total, 58 demandes de financement ont été reçues avant la date butoir pour la saison 2008. Les accords de contribution ont permis à 45 demandeurs d'obtenir 774 500 \$ au total. Parmi les demandes approuvées, 5 ont obtenu un soutien dans le cadre du programme d'exploration primaire et de prospection, 10 dans le cadre du programme régional d'exploration des régions sous explorées et 30 dans le cadre du programme d'évaluation de cibles.

La tendance des dernières années a eu pour effet que les programmes d'essai et d'exploration d'or placérien comptent pour environ 25 % des projets approuvés en vue d'un financement dans le cadre du YMIP. Cette année ne constitue pas une exception puisque 12 projets axés sur l'or ont été approuvés. Parmi les 33 autres projets approuvés dans le cadre de divers modules relatifs aux roches métamorphiques, 16 sont axés sur la minéralisation aurifère filonienne, 7 sur le porphyre Cu (\pm Au), 6 sur la minéralisation Zn-Pb dans divers milieux, 3 sur l'argent et 1 sur l'uranium.