The Impact of Mining Incentive Programs on Yukon Exploration Activity

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What are MIP's ?

MIP's or **M**ining **I**ncentive **P**rograms are designed to promote mineral prospecting, exploration and development activities.

These programs:

-provide a portion of the risk capital for grassroots exploration that can be difficult to secure through capital markets

-encourage new exploration spending by leveraging private sector investment

-stimulate grassroots or greenfields exploration and other activities that may lead to the development of new mines

-have positive effects on local economies

-are widely acclaimed by prospectors and the mining industry

Yukon Mining Incentives Program (YMIP)

Grassroots - Prospecting Module

Prospectors may apply for funding up to $10,000 per year to cover basic operating expenses while searching for new mineral occurrences. 100% of approved expenses are reimbursed.

Grassroots - Grubstake Module

Companies or individuals providing prospectors with a grubstake may apply for funding up to $10,000 per prospector, per year. 75% of approved expenses are reimbursed.

Focused - Regional Module

Prospectors, partnerships or junior companies undertaking basic exploration work to appraise the potential of an under explored area may apply for a contribution of up to $15,000 per year. 75% of approved expenses are reimbursed.

Target Evaluation Module

Prospectors, partnerships or junior companies undertaking basic exploration work to appraise unevaluated targets may apply for funding up to $20,000 per year. Allows for evaluation of new occurrences following discovery and preparation for option or sale. 50% of approved expenses are reimbursed.

Background

The Yukon Mining Incentive Program has assited Yukon explorationists for over 20 years. The recent creation of an ***exploration activity database*** by the **Mineral Services Unit** of the Yukon Geological Survey now allows for more accurate tracking and efficient analysis of the significant contribution YMIP funding makes in encouraging these activities and in attacting private sector investment.

Acknowledgements

The author wishes to acknowledge the ongoing support of Mike Burke, Grant Abbott and early encouragement from Craig Hart during development and testing of this database.

YMIP and Yukon exploration

During the 2006 season more than 140 exploration projects were active in the territory. Over half of these projects either benefited from YMIP funding in 2006 or had previously received YMIP funding within the last five years.

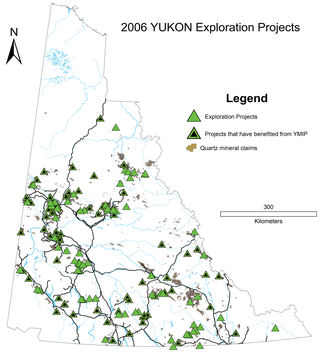

*Figure 1. Currently active exploration projects that have benefited from recent funding through the **Y**ukon **M**ining **I**ncentives **P**rogram.*

YMIP's imact during the past 5 years

Two hundred and ninety-one Yukon exploration projects have received a portion of their funding through YMIP since 2001, resulting in;

- **Total cumulative exploration expenditures of $22.4 million, with direct spending of $18.9 million in the Yukon.**
- **Twelve new discoveries, nine of which were dependant in large part to the availabitiy of early stage risk capital through YMIP.**
- **Fifteen discoveries based on re-evaluations of historic showings, ten of which were made by independant Yukon prospectors.**
- **Thirty option deals, on projects discovered/advanced with funding through YMIP, leading to exploration spending by industry of $13.1 million with additional future requirements for exploration expenditures of $4.8 million to complete the deals.**
- **Staking of over 5 300 new quartz mineral and placer claims**
- **Over 7 250 person days of paid employment within the mineral exploration industry in the Yukon.**

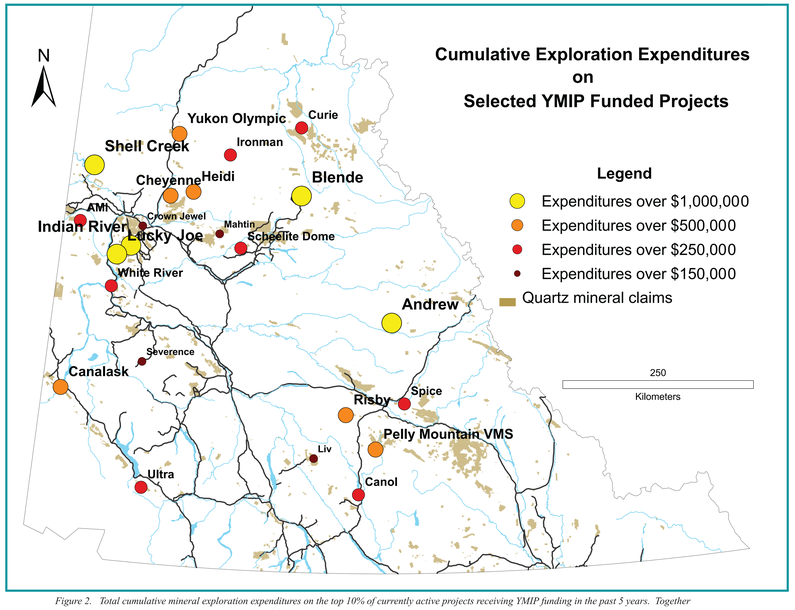

*Figure 2. Total cumulative mineral exploration expenditures on the top 10% of currently active projects receiving YMIP funding in the past 5 years. Together these projects have accounted for **nearly $18 million** in exploration spending with cumulative contributions from **YMIP totaling only $786,400.***

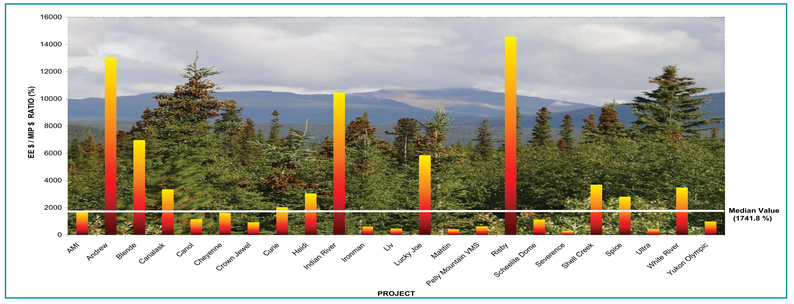

Figure 3. Ratio of total cumulative exploration expenditures (EE $) versus total cumulative mining incentive program contributions (MIP $), expressed as a pecentage, for the top 10% of currently active projects receiving YMIP funding in the past five years.

Take Home Message

- **Mining incentive programs such as the *Yukon Mining Incentive Program* stimulate grassroots exploration and other activities that may lead to the development of new mines.**
- **These programs encourage mining industry spending by leveraging private sector investment and are widely acclaimed by prospectors and the mining industry.**
- **Over half of the more than 140 exploration projects active in the Yukon during the 2006 field season were in receipt of YMIP funding or had previously benefited from YMIP in the past 5 years.**
- **New grassroots projects, discovered and/or advanced with early stage risk capital provided through the *Yukon Mining Incentives Progam*, have lead to the signing of numerous option deals, resulted in millions of $'s of exploration spending and contributed to a healthy Yukon mining industry.**

How do you apply?

Applications for YMIP contributions must include:

1. A fully completed Application for Funding Form.

2. A prospecting or exploration proposal including a current claim map(s) showing the location of your project area(s).

The application deadline for next season is March 1, 2007

Program guidebooks and application forms are available for download from the website listed below, by request from the Mineral Development Geologist or through the offices of the Yukon Geological Survey in Whitehorse.

For more information, contact:

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