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PRESS RELEASE

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Timmins Encourages the Province to Re-Think Diamond Royalty or to Grandfather the De Beers Victor Project

TIMMINS, ON - April 5th, 2007 - Jointly the Timmins Economic Development Corporation, the Timmins Chamber of Commerce and the City of Timmins announced that they would like the province to reconsider the proposed diamond royalty that was introduced in the recent Provincial budget and/or grandfather the De Beers “Victor Project”.

Mayor Tom Laughren stated “attracting and stimulating mineral exploration and development is paramount to the prosperity of many northern Ontario communities. Diamond exploration has increased dramatically over the last few years and favourable tax regimes are needed to maintain or increase investment to our region. Taxation, depending on its design and application, can act to stimulate or dampen economic activity. Sector-specific taxes are normally created as a means to create revenue, however, the long-term effects can have negative repercussions. When looking at the mining sector all economies should be treated fairly in regards to taxation. Even-handed treatment reduces imbalances that can result in political, social and economic difficulties.”

The mining industry has played an important role in the economic growth and sustainability of many communities. Canada is one of the largest mining nations in the world, producing more than 70 minerals and metals. This industry provides some of the highest weekly earnings in the economy and exports of minerals and mineral-based products contribute close to \$50 billion a year, or approximately 13 percent of Canada’s total domestic exports.

In 2006, the value of mineral production in Ontario was estimated to be \$9.39 billion for metals and nonmetals, and the exploration and deposit appraisals climbed to \$342 million. “However, when government policies change dramatically without consultation they can affect the investment climate and potential of a region to garner new economic opportunities” noted Ken Petersen, President of the Timmins Chamber of Commerce. “The De Beers investment has been a huge economic boon to this region. They have created a number of new employment opportunities for First Nation members, are investing heavily in education and training to enhance the skill-sets in the region, and they are avid supporters of community development initiatives”.

Dave McGirr, Chairman of the Timmins Economic Development Corporation stated “at the very least the provincial government should grandfather the De Beers “Victor Project”. They are less than one year away from production in Ontario’s first diamond mine. Their Board and shareholders approved a project budget that was based on fair and stable government policies and tax regimes. Altering the economics of such a large project at this stage is not beneficial to the project, the First Nations, the region or the province. Mining is a competitive global industry and firms need to feel comfortable and confident in government policies when they move forward with a project of this magnitude.”

The partners are asking the provincial government to grandfather the De Beers “Victor Project” and to help restore investor confidence in Ontario. In addition the partners are requesting that the incentives for remote operations be re-instated to ensure the competitiveness of Ontario for future investment.