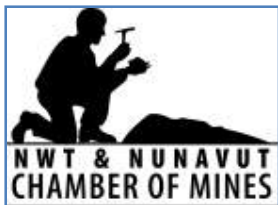


Northern Mining and Mineral Exploration Good

But heed the warning signs

To: GNWT Minister Bob McLeod
December 20, 2007



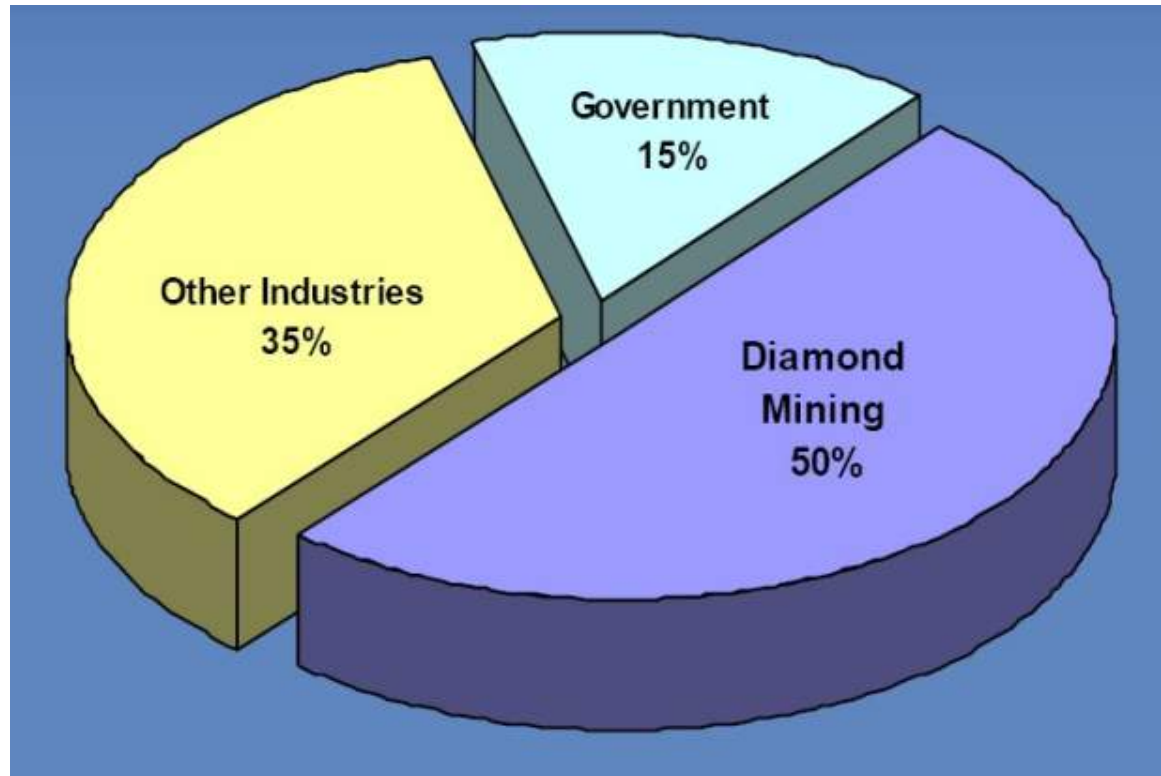
Mining is Important to the North

Contributions to the NWT Economy:

- 3 producing diamond mines and 1 tungsten mine are generating significant employment, production levels and gross revenues
- Value of Mineral Production in 2006: **\$1.6 billion**
- Exploration for a variety of minerals is creating additional business and employment, and more importantly is essential to sustain mining benefits.
- Value of Mineral Exploration in 2006: **\$130 million**



Backbone to the NWT Economy



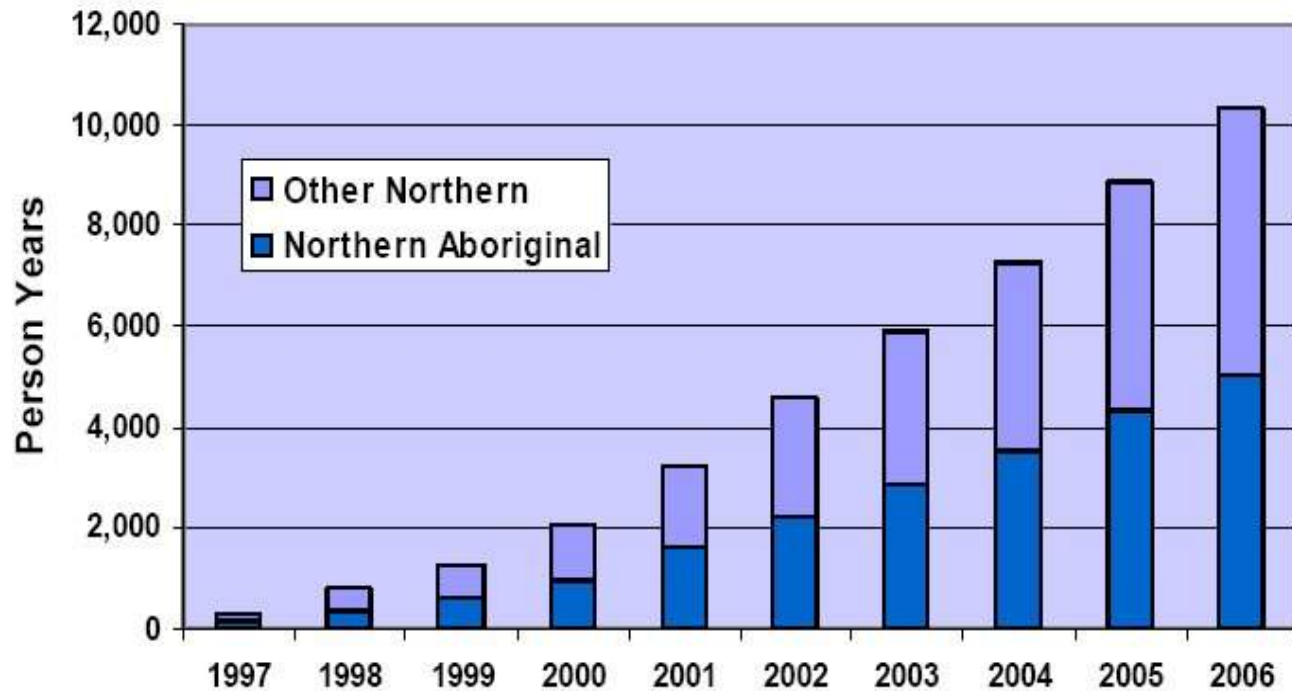
Diamond Contributions to NWT GDP – 2006

An estimated 20-25% of 'Other Industries' directly or indirectly related to mining and exploration industry.



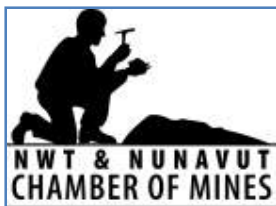
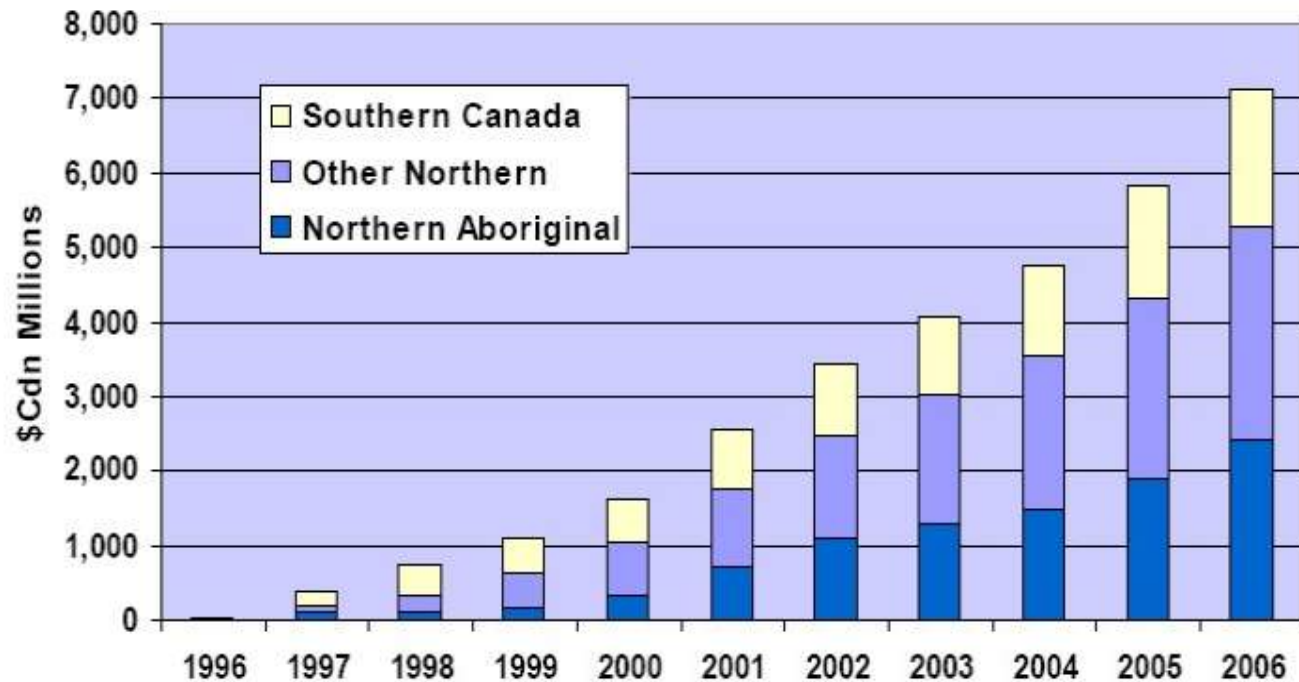
Growing Employment Benefits

Cumulative Direct Northern Employment by the EKATI, Diavik and Snap Lake Diamond Mines

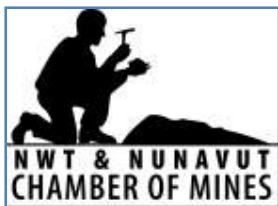
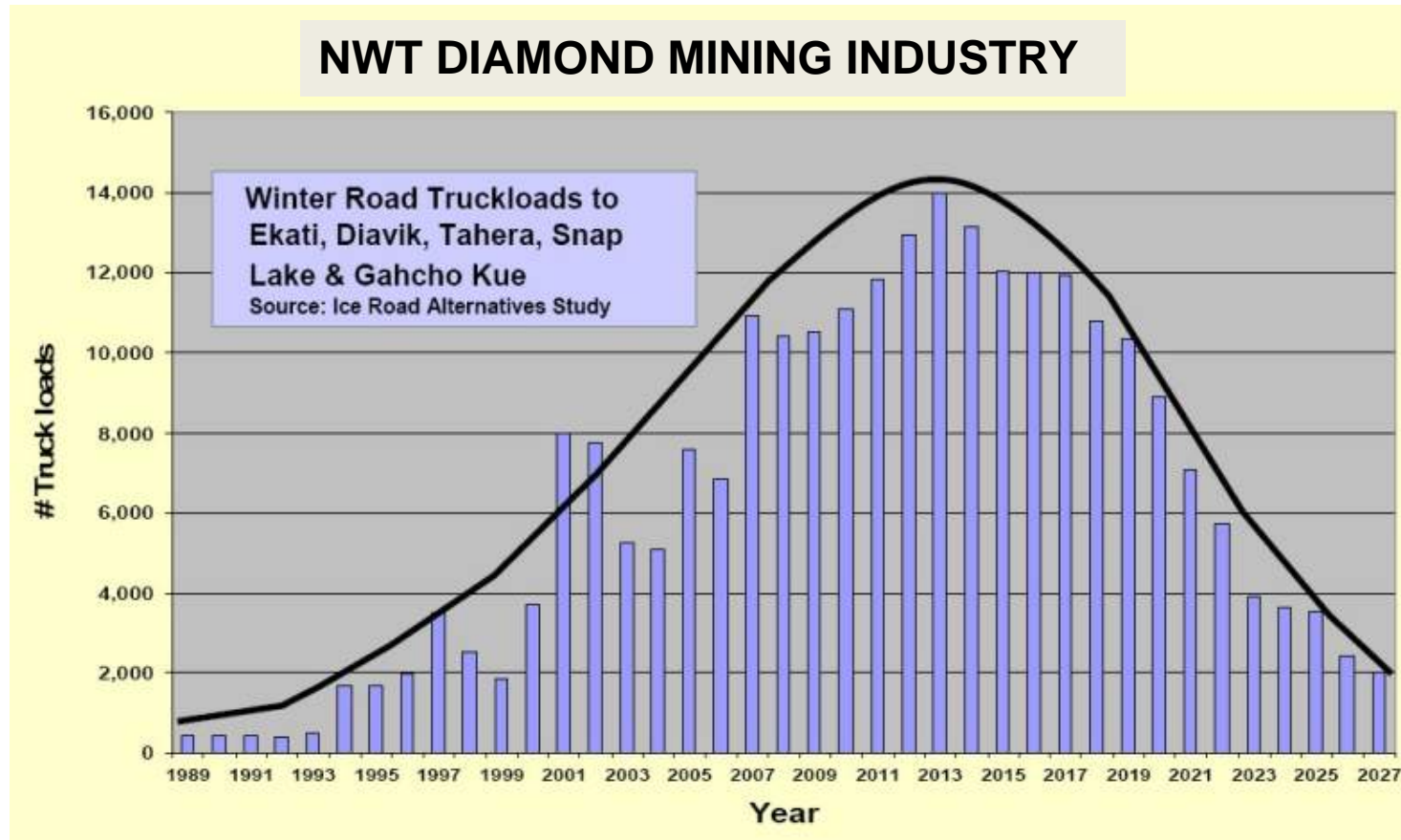


Unprecedented Business Investment

Cumulative Total Spending by the EKATI, Diavik and Snap Lake Diamond Mines



Sustaining Benefits is Important



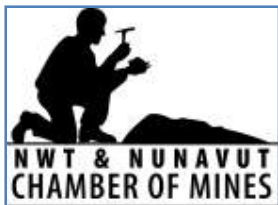
The Problems Mining Faces

Diamond mine production will peak in 2014 and will wind down in the mid 2020s.

The industry is facing many challenges today that will affect our ability to place new mines into production by that time.

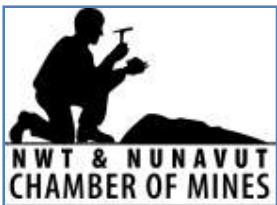
These problems include:

- **Rising costs**
- **Access to Land**
- **Complex Regulatory Issues**



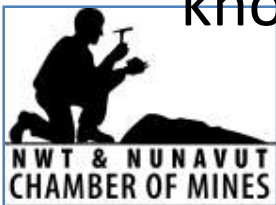
Rising Cost Threats

- Exchange rate
- Fuel costs
- Transportation
 - Ice road, bridge toll
- Cost of living



Rising Costs

- Ice road business risk
 - Need to augment the ice road to the diamond mines due to climate change and increased volumes of freight.
 - Seasonal Overland Road &/or Bathurst Inlet Port and Road could both reduce costs to service the diamond mines and improve access to other resources. NWT benefits.
- Hydropower
 - Cheap hydropower could reduce mining costs and create more “ore”. Sustain existing mining and make known deposits economic.



Exploration Warning Signs

NWT Exploration investment is falling while the rest of Canada is experiencing increase. This will seriously impede our ability to replace our existing mines.

Year	\$C Million	Rank	% Canada
2000	51.4	4	10.3
2001	86.6	3	15.3
2002	60.0	4	11.2
2003	49.8	4	7.7
2004	112.4	5	9.5
2005	96.3	6	7.4
2006	129.8	6	7.5
2007	112.2	7	5.9

Northwest Territories horror story: the issuing of land use permits by the Mackenzie Valley Land and Water Board is arbitrary, illogical, capricious and punitive. In one case a company was issued a land use permit for a core drilling program without doing any community consultations or environmental studies while a second company on an adjoining claim group, had a land use application (for a virtually identical drill program) sent for an expensive environmental assessment although they had already completed extensive community consultations and on site environmental studies. ...

Fraser Institute Annual Survey of Mining Companies 2006/2007



Protected Areas Restrict Land Access

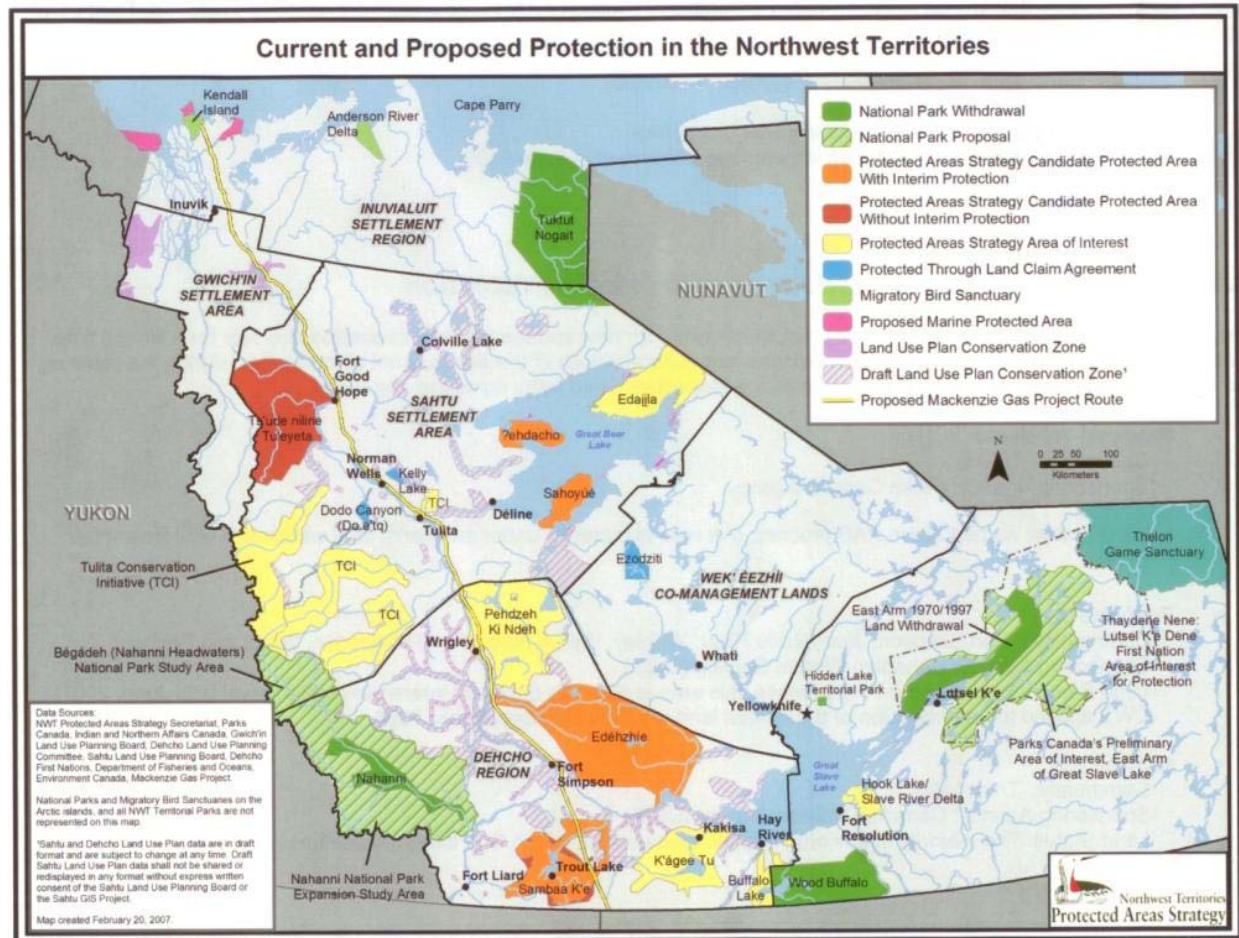
- Increasing pressure to restrict exploration access to land could be disastrous to our economy in the long term.

Total size of proposed Protected Areas is

188,500 km²

or **16.5%** of total NWT land mass

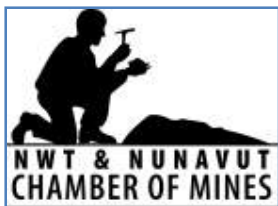
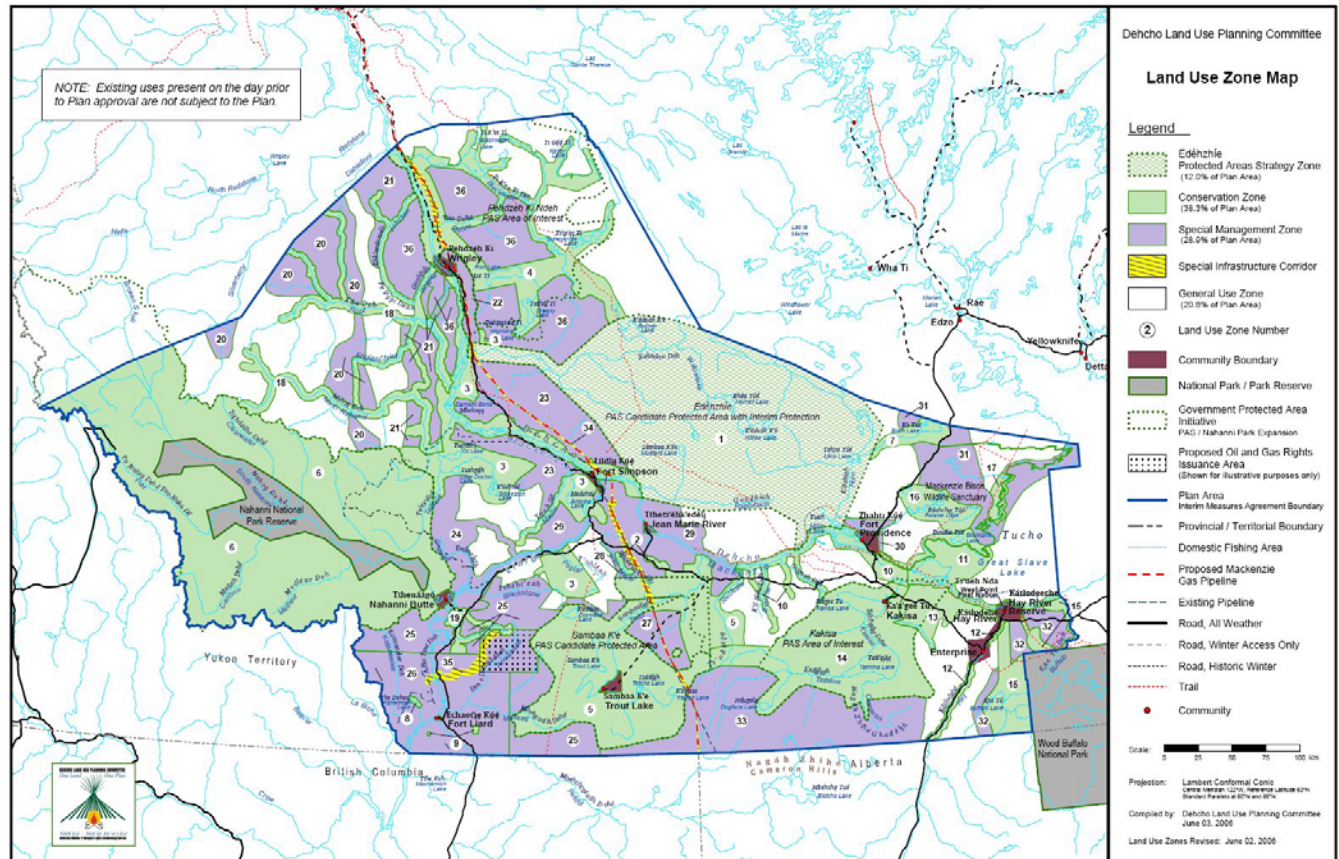
Mining activity, past and present, occupies only **0.003%**



Alienating Land

- Land use plans are restricting exploration access in settlement areas.

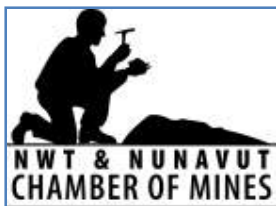
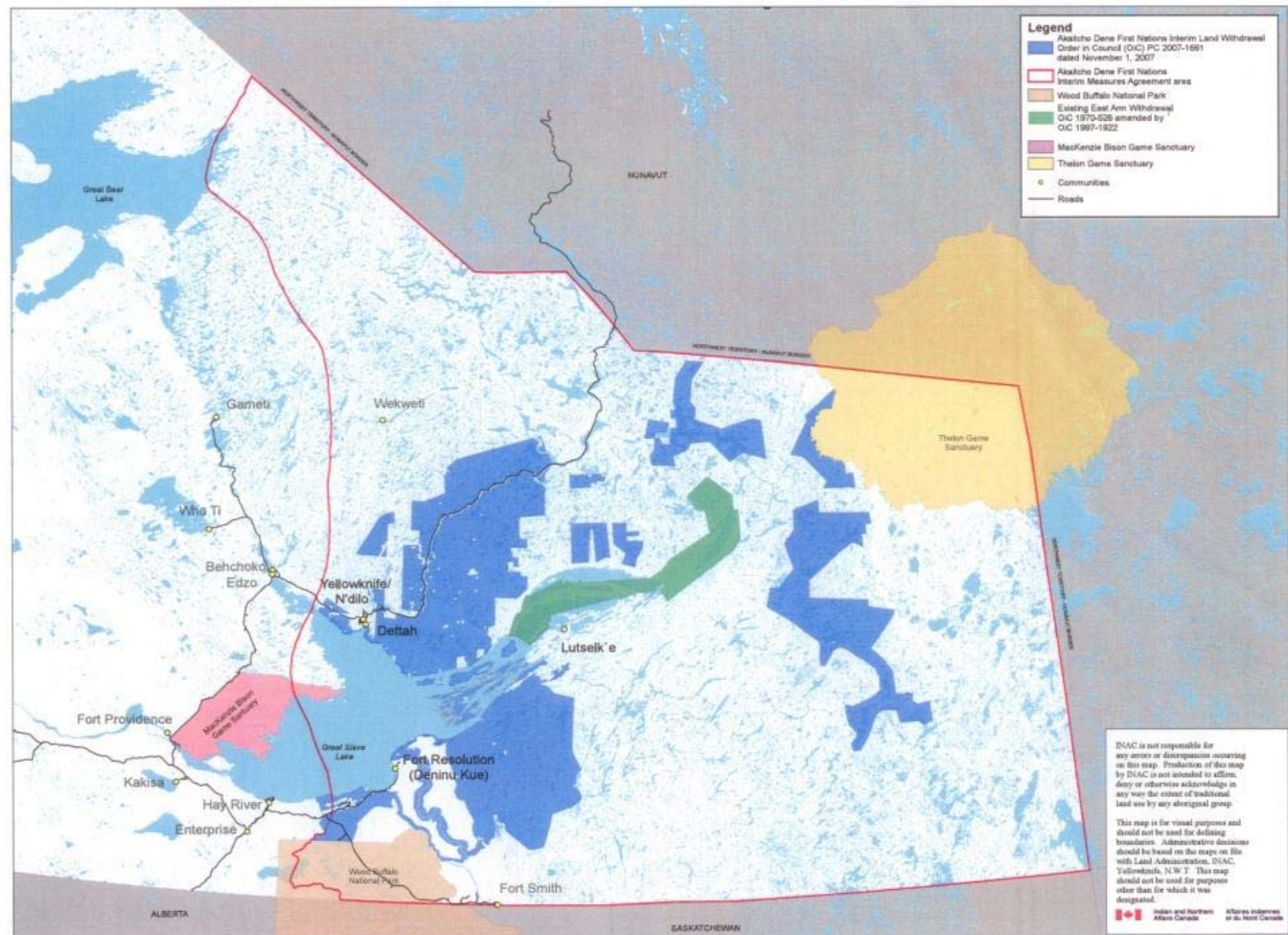
Conservation zones and Special Management Zones in the Sahtu and Dehcho occupy between **75-80%** of those areas.



Alienating Land

Interim Land Withdrawal - Akaitcho Dene First Nations

Akaitcho interim withdrawal removed **62,000 km²** of land from staking.



Complex Regulatory Issues

- Mining and exploration companies have to jump through a number of complex hoops to get projects approved.
- This effects exploration because even the smallest 'grass roots' projects are being referred to costly and time consuming environmental assessments.
- Companies are unable to invest in mineral projects because of regulatory uncertainty.

Examples:

- Canadian Zinc (Prairie Creek)
- UR Energy (Thelon)
- Hunter Bay Resources (Great Bear Lake)

Can we work together to bring some certainty?



What can we do to Sustain Mining?

Invest in
Geosciences

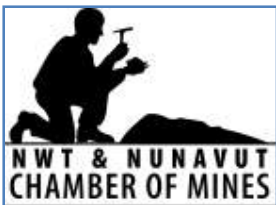
Introduce Certainty
to Regulatory
Process

Control Cost of
Living

Review the effect of
alienation of
exploration hinterlands

Skills,
Training,
and Basic Education

BIPAR and SOR,
Hydro



Let's start planning today for a sustainable mining industry for the benefit of all NWT residents.

Together we can make it happen.

