



Mining the North

*Prospects North 2013 Conference
Tom Hoefer: September 10, 2013*

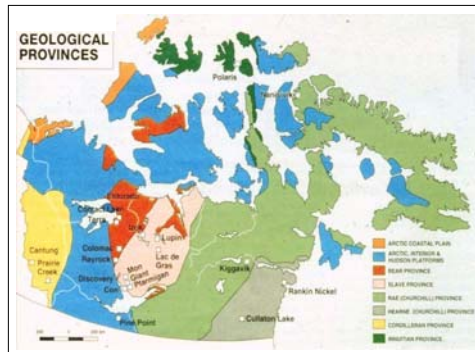
Key Messages

- Mining is our economic strength
- We have opportunities before us
- But we are in an investment crisis
- We are strengthening our investment climate



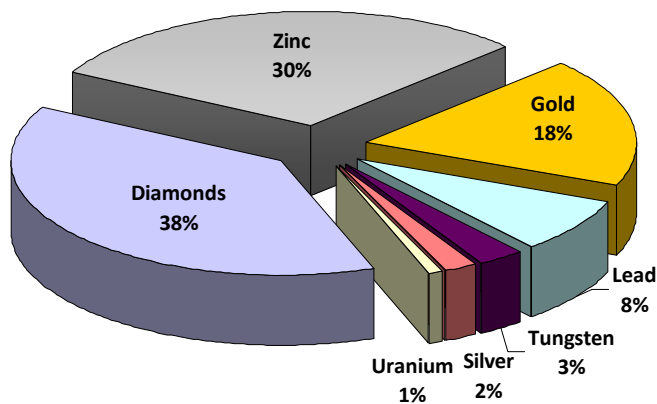
We are a land of resource opportunity

- Tremendous mineral potential
- 8 geological provinces spell diverse mineralogy
 - Gold, silver, diamonds, lead, zinc, uranium, tungsten, rare earths, cobalt, bismuth, nickel, copper, iron, etc.
- Under-mapped & under-explored (equals opportunity)



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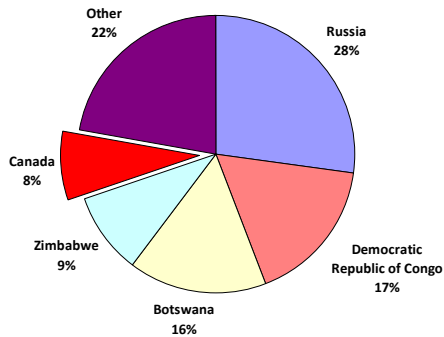
Over \$60 billion mined since 1932



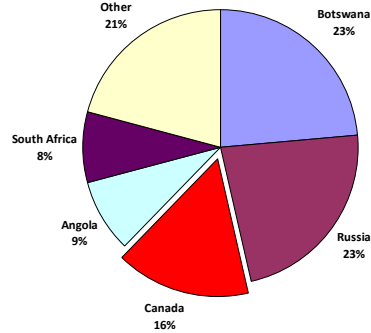
Past Producing Mines: Ekati • Diavik • Snap Lake • Con • Giant • Lupin • Polarix • Nanisivik • Pine Point • Cantung • Discovery • Rankin Nickel • Rayrock • Outpost Island • Supercrest • Eldorado • Ruth • Terra • Norex • Silver Bay • Colomac • Tundra • Camlaren • Contact Lake • Ptarmigan • Tom • Mon • Cullaton Lake • Salmitta • Hope Bay • Negus • Thompson-Lundmark • Rich • El Bonanza • Rycon • Bullmoose

We can capture the world stage

2012 Global Diamond by Carats
(Total global is 128 million cts)



2012 Global Diamond by \$ Value
(Total global is US\$12.6b)



- NWT by itself is 5th largest global diamond producer
- NWT by itself is the 3rd most valuable



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Mining has contributed to Infrastructure

- Highways, eg, to Yellowknife, Pine Point & Ft. Resolution
- Railway to Hay River & Pine Point
- All 3 NWT hydro-electric facilities
- Ice road technology
- Microwave communications
- Ports at Nanisivik and Polaris



We develop and use creative technologies too

- Energy
 - High efficiency diesel power
 - Leading wind
- Engineering
 - Dikes
 - Ice roads



Heat recovery on Diavik diesels



Diavik wind turbines

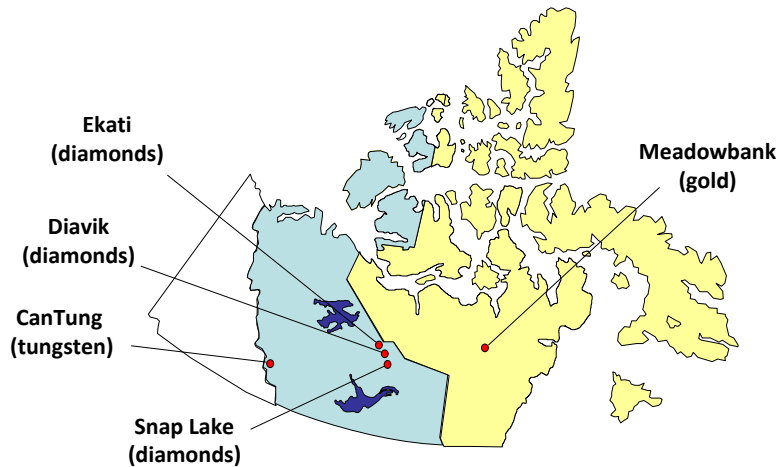


Top Canadian engineering award for Diavik dikes



Engineered ice road "highways"

Current production is from 5 mines



- **Past Producing Mines:** Con • Giant • Lupin • Polaris • Nanisivik • Pine Point • Cantung • Discovery • Rankin Nickel • Rayrock • Outpost Island • Supercrest • Eldorado • Ruth • Terra • Norex • Silver Bay • Colomac • Tundra • Camlaren • Contact Lake • Ptarmigan • Tom • Mon • Cullaton Lake • Salmita • Hope Bay • Negus • Thompson-Lundmark • Rich • El Bonanza • Rycon • Bullmoose

Ekati – Canada's first and largest diamond mine



Diavik – NWT's largest producer of diamonds



Northern mining in its real “colours”



Snap Lake – our first all underground diamond mine



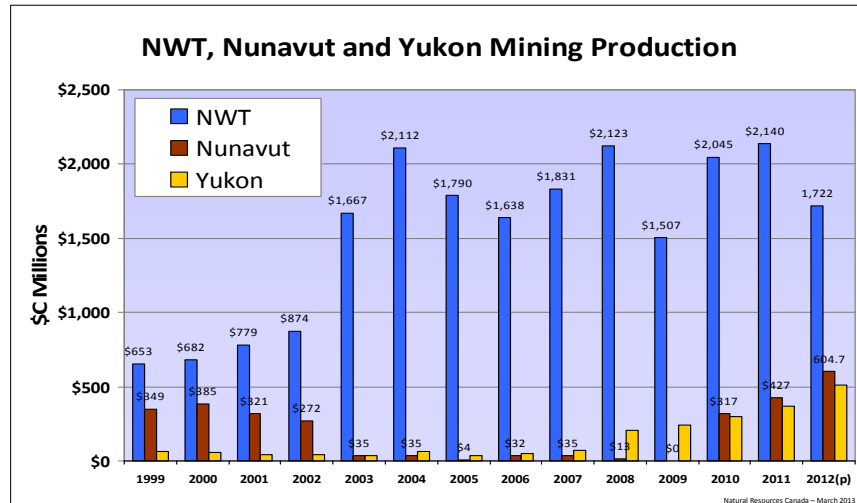


Cantung mine – the Western World's largest producer of tungsten concentrate



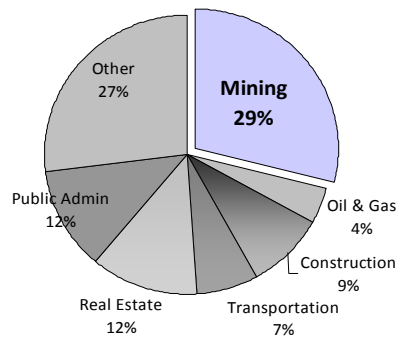
Meadowbank mine, NU – Celebrating 1 million ounces gold

Mining production is significant

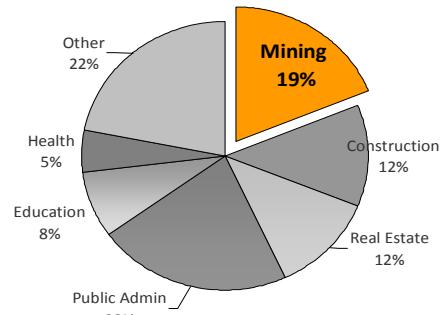


Mining is the largest private sector contributor in Nunavut and NWT

NWT GDP (2009)



NUNAVUT GDP (2011)

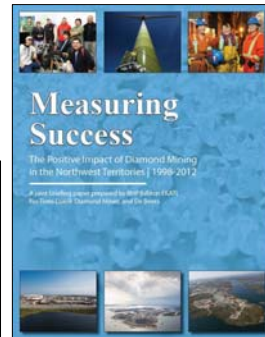


- Mining also contributes additional benefits to other sectors, eg, construction, transportation and real estate.



Mining benefits continue to increase

- 1998 – 2012: diamond mines exceeded expectations
 - 19,000 person years northern jobs – 50% Aboriginal
 - Over \$9.3 billion northern business – \$4 billion Aboriginal
- Nunavut's gold mine is creating similar local benefits
- Mining is the largest employer of Aboriginal people

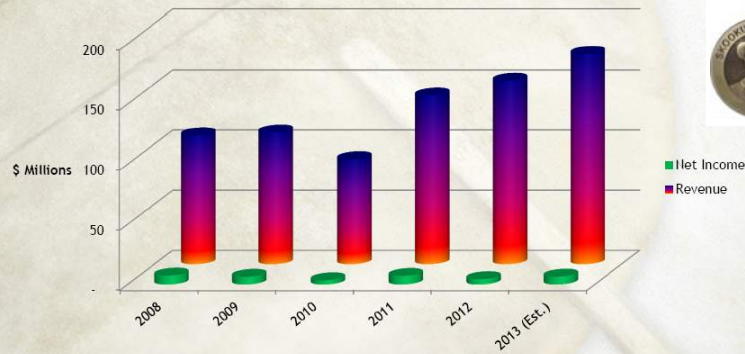


Download at: www.miningnorth.com

Fuelled huge Aboriginal business growth

- Diamonds helped create many new Aboriginal companies
 - Ekati Services
 - I&D Management Services Ltd.
 - Tli Cho Logistics
 - Tli Cho Landtran
 - Tli Cho Cement
 - Tli Cho Air
 - Denesoline Western Explosives
 - Metcon
 - Tli Cho Explosives
 - Kete Whii Ltd.
 - Kete Whii Procon
 - Sodexho Alliance
 - Exploration Medical Services
 - Kitikmeot Cementation
 - Lac De Gras Constructors
 - Nishi Khon SNC Lavalin Inc.
 - North Slave Logistics
 - Nuna Logistics
 - SecureCheck
 - Lac De Gras Constructors
 - Nishi Khon / SNC Lavalin Inc.
 - Det'on Cho Earth Energy
 - Det'on Cho DNX
 - Bouwa Whee
 - Det'on Cho Foraco
 - Det'on Cho Hazco
 - Det'on Cho Nahanni Construction
 - Det'on Cho New North
 - Det'on Cho NUNA
 - Det'on Cho Pure Earth Elements Environmental Solutions
 - Det'on Cho Scarlet Security
 - Det'on Cho Stantec
 - Det'on Cho Training and Conference Centre
 - Det'on Cho Logistics
 - Det'on Cho Medic North
 - Det'on Cho Mining Supplies
 - DICAN / ADG
 - Kete Whii / Ledcor
 - Kete Whii / Procon
 - Akaitcho Helicopters
 - Dene-Emco Ltd.
 - Denesoline/Aboriginal Engineering Ltd.
 - Denesoline/Air Tindi Joint Venture
 - Denesoline/Arcan Constructio
 - Denesoline/De Beers Labour Contract
 - Denesoline/Discovery Mining Services – Logistics Expediting
 - Denesoline/Deton Cho/Procon
 - Denesoline/Deton Cho/Ledcor
 - Denesoline/Dyno Nobel
 - Denesoline/ESS Compass
 - Denesoline/McCaw Drilling and Blasting
 - Denesoline/Nuna Logistics
 - Denesoline/Tli Cho Logistics
 - Lutsel K'e Air Services
 - A.T.B. Construction
 - Trinity Helicopters

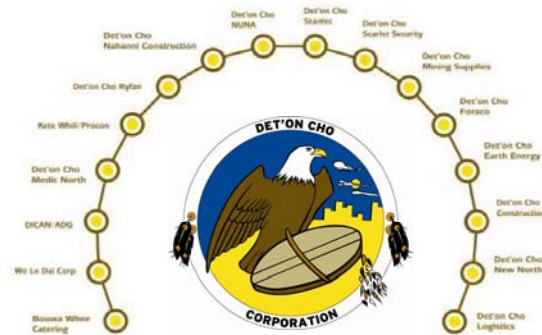
Tli Cho Investment Corporation Revenue and Earnings History



- 23 member companies
- 450 employees
- Over \$180 million annual revenues

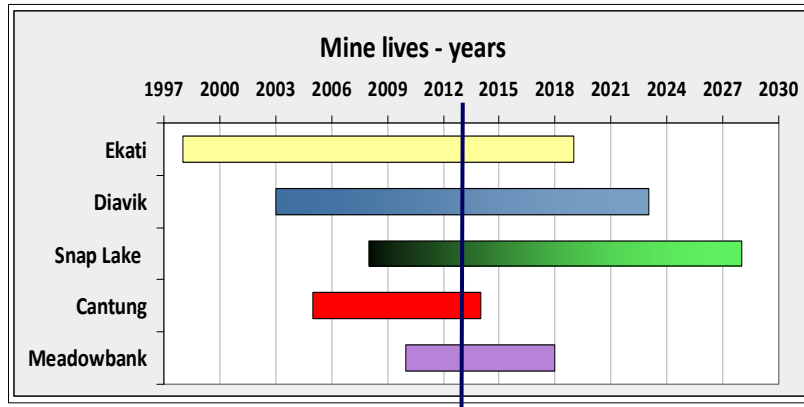
YK Dene First Nation's Det'oncho Corporation

- Built on the mining industry
- 16 member companies
- Over 300 employees
- Annual earnings more than \$87 million



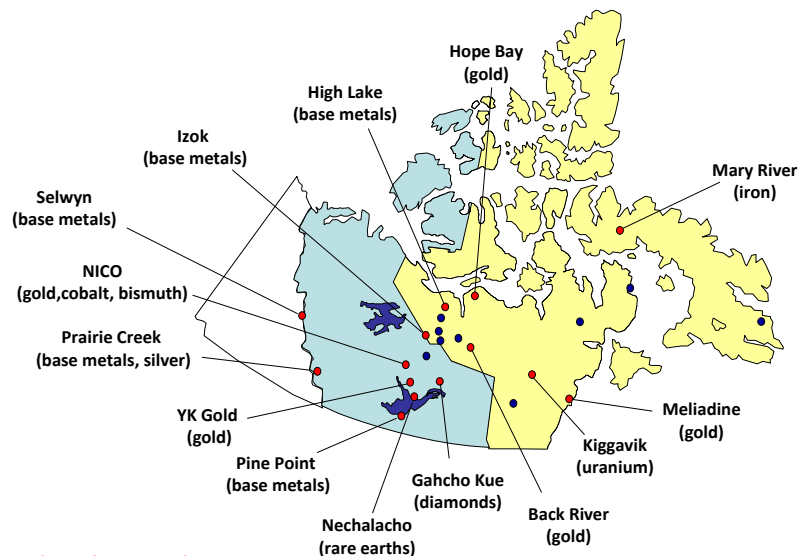
Creating Prosperity For
The Yellowknives Dene

Tremendous Benefits but our mines won't last forever



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We have opportunities before us



- In or through approvals
- Close to entering approvals process

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The Optimist's View

- Nunavut mines – potentially 10 new mines
 - Capital investment – over \$10b
 - Jobs at peak (overlap) – over 7,000
 - Total person years employment – nearly 100,000
 - Total life of project expenditures – \$35b
- NWT mine – potentially 6 new mines
 - Capital investment – about \$2b
 - Jobs at peak – about 1,650
 - Total person years employment – about 25,000
 - Total life of project expenditures – about \$12b

CAUTION: Project timing and opportunities are subject to market prices & conditions, regulatory approvals and timing, investor approval, etc.

The optimist's challenges

- Market price uncertainty, eg, diamonds & gold
- Junior investment capital crisis – lose 500 companies?
- Big corporations retrenching

Rio Tinto CEO Tom Albanese fired over \$14bn debacle

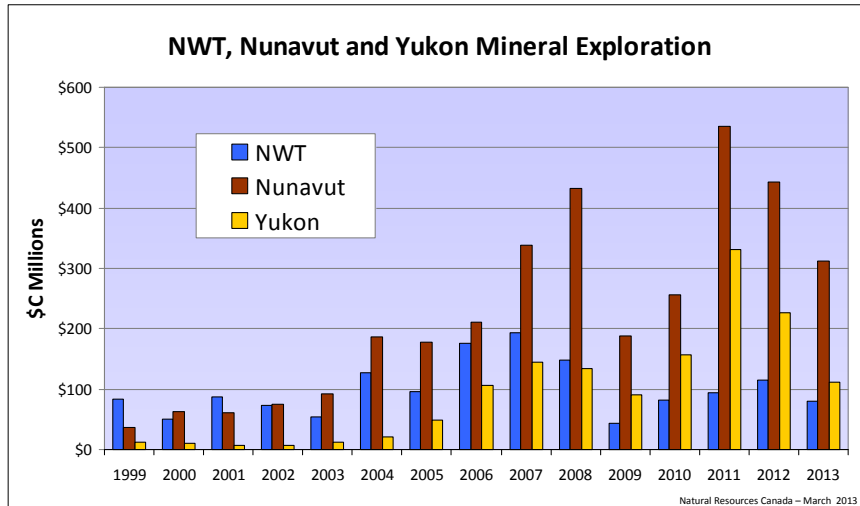


Biggest shock for investment value of mines bought
LAST UPDATED AT 09:15 ON FRIDAY
A MASSIVE write-off by m
RUI & RUI
CHAMBER OF MINES

Gold price – one year to July 2013



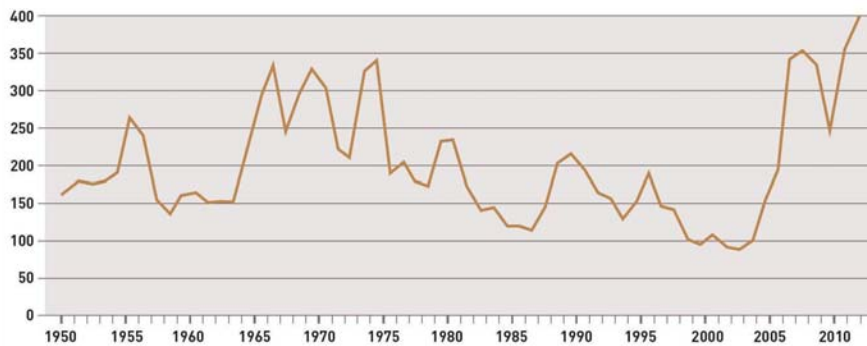
Investment is currently declining



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But take heart!

One reality of the market place that we know



“This too shall pass!”



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Now's a good time to get ready



We can't change the marketplace, but we can change ourselves ... let's be ready when the market rises again.



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We are taking action

- Improving regulatory process
 - NWT Surface Rights Board Act, NU Project Planning & Assessment Act
 - MVRMA modernization and amendment
- Creating strategic action plans
 - NWT Mineral Development Strategy, Economic Opportunities Forum
 - NWT Corridors for Canada Transportation Strategy
 - NWT Energy Strategy
 - NU Economic Forum
- Advancing land use plans (Tlicho, Sahtu, Nunavut)
- Investing in Geoscience & Training – Prime Minister tour
- Transferring control to a local landlord through devolution
 - Yukon devolution strengthened their minerals industry



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Conclusion

- Clearly, we are doing well by our mining industry
- But our mines won't last forever
- We do have opportunities before us
- But they are not slam dunks - we have challenges too
- But we are taking appropriate actions to support and strengthen our #1 industry



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Thank you! Mahsi cho!



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