



HELP BUILD OUR ECONOMIC FUTURE

THE NWT MINERAL INDUSTRY'S GUIDE TO CANDIDATES AND VOTERS IN THE NWT 2015 ELECTION

With the successful negotiation of the Devolution Agreement, the 17th Assembly of the Northwest Territories has brought us to an important turning point in our history. Devolution says we are now ready to strike out on our own, without Ottawa's control, in building our own self-reliant future. We now have most of the tools we need. We have great people and the natural resources that will allow us to create positive benefits and outcomes for Northerners.

We need political leaders that will guide the government to take the right steps.

The NWT Election later this month provides an opportunity for candidates to tell voters how they will make the NWT a better place to work and live. It also offers voters the chance to tell their candidates what actions they expect under the 18th Legislative Assembly of the NWT government.

We hope that this guide will help both candidates and voters understand how they can help strengthen their northern minerals industry.

Mining must continue to be our economic foundation. With our territory's very large size and its tremendous geological potential, our economic strength lies in our non-renewable resources. While diversifying our economy is also a good objective, we cannot turn our backs on the significant horsepower that non-renewable resource development – and in particular – mining can continue to provide with Northerners' support.

The mining industry today is not the industry of your grandfather. In the last 20 years, we have seen it become a major provider of benefits to northern and Aboriginal communities and businesses. Our mines are leaders in safety, environmental protection, training, employment, and local business support. Today, mining's direct and indirect benefits make up 40% of our economy. Our mines generate nearly \$2 billion in annual revenues, almost the size of the entire NWT Government budget. This benefits the economy in several ways:

- Mining supports a variety of training programs and creates thousands of jobs;
- Mines, like the small communities they are, spend hundreds of millions of dollars annually with local businesses to purchase a variety of goods and services; and

- Mining generates hundreds of millions of dollars that public and Aboriginal governments receive through a variety of taxes and royalties. It is these revenues that help governments build the hospitals, seniors' facilities, schools, bridges, roads and runways, and the power supplies that are essential to our Northern lifestyle.

Mining needs NWT support

The mining industry needs to be regularly “refueled” in order to keep our mining machine running strong, creating and growing its many benefits. A strong industry requires much exploration and this requires healthy investment, largely from outside the NWT. But we must compete with the world in attracting that investment here. Just as all of us invest our money where we feel it is safe, so do mining investors. Naturally, they look for jurisdictions that have attractive resource potential, but as or more importantly, they look for places that provide clear and certain rules, efficient processes, help with high costs, a trained and educated labour supply, infrastructure, and a reasonable tax regime.

While our great resource potential is widely recognized, unfortunately, the NWT has not done so well on the second front. Our competitive position has been sliding dangerously low. Our neighbours in Nunavut and the Yukon have outcompeted us, along with most of the world. As a result, exploration spending intentions in the NWT are at an all-time low.

In February, our Minister of Finance sent out warning messages: *“We are approaching the edge of a cliff and our challenge is to ensure that we do not go over.”* By fall, he acknowledged that *“... the economy is only 85 percent of what it was before the global recession in 2008 ... causing business opportunities to dry up and the population to stagnate, as families leave to seek opportunities elsewhere.”* He recognized what industry has been saying for years, that: *“Resource development depends on exploration investments made by private companies with plenty of worldwide options for future growth. Without exploration, new resource development does not happen. We need to make investments in our economic future now by ensuring our territory is attractive and welcoming to potential investors ... to position ourselves to capture the benefits of a global economic recovery.”*

Election candidates have the opportunity to strengthen our economic future using our vast untapped northern resources. They can help in the following ways:

- **Understanding the dilemma we face**

The global marketplace has declined significantly in the past several years. Global commodity markets have fallen, making mines less profitable. Exploration investment has come seriously close to drying up completely and very few projects are able to raise money for exploration. It is very important that candidates understand that this is not a new development; in fact the NWT began turning away investors beginning in 2007, and we missed out on perhaps \$800 million in investment that went elsewhere. Many of the actions that created that downturn still need to be addressed.

- **Provide clear and certain rules**

The Harper Government made changes to the Mackenzie Valley Resource Management Act (MVRMA) that could allow government to recover the costs of environmental assessments and permitting from investors in the future. The Government thought they were levelling the playing field by making us the same as the south. But, we all know costs are higher in the North. Allowing cost recovery would continue to make us less competitive. We need our NWT politicians to tell Ottawa NO to cost recovery by changing the MVRMA.

Question: Ask your candidates if they want Ottawa to keep making rules that don't make us competitive, and ask them if they will say NO to Cost Recovery under the MVRMA.

- **Ensure there is access to land**

Because we can't predict the future, we don't know where all the attractive mineral deposits are in the NWT. We also don't know the types of minerals society will be needing in the future and where they might lie hidden in the NWT. We also don't know what kind of new technologies we might have in the future to further reduce our already low impact on the land. (And that impact is low: less than 0.03% of the land area of the NWT has been used for mining.) If we are too quick to close lands to exploration, we could compromise the ability of our future generations to use our resources to improve their lives. Therefore, we need to make sure we don't close off lands to exploration unnecessarily today.

Most exploration projects are like camping; the exploration companies are industrial "tourists" and they move from one area to the next, exploring with virtually no impact. They need that flexibility to help improve the odds of finding valuable mineral deposits that we can turn into northern jobs and business opportunities and government revenues.

Already, over 30% of the NWT is off limits to exploration. And now there are some in government who want to increase this even more. If we want to keep our mining industry strong, closing off even more lands to exploration doesn't make sense. Reducing access to land is like telling people they can win at Bingo by playing only one card. We need politicians who understand this, and who will help ensure lands are left open to responsible exploration and development, to improve our odds of discovery, and to protect our future economic opportunities.

Question: Ask your candidates if they understand that exploration "tourism" is low impact, that in the highest year, only 20% of the NWT had mineral tenure over it (it's only 2% today) and that all of our mines past and present take up less than 0.03% of the land area of the NWT. Then ask them if they will help our future generations keep their mining options open by maximizing access to lands for exploration and mining development.

- **Use land use planning to clarify lands open for development**

In the past, we advertised to investors that we were open for business. Then, when they arrived and begun investing their money into exploration on the ground, some leaders challenged their presence, and put up roadblocks to further work. This mixed messaging created great

uncertainty for investors, caused them to get cold feet, and leave, taking their money with them. With no option for refunds, they lost the money they had already invested. Worse yet, they told other investors of their experience, and our reputation as a good place to invest became tarnished. By providing clear rules on which lands are open for exploration, and by identifying the values that we want protected on the lands that are open to exploration, we can provide investors with confidence that they are coming to a safe place to invest.

Question: Ask your candidates if they support the creation of land use plans that provide investors with valuable information on where then can explore, that provide information on the values that we want protected while they explore, that don't unnecessarily block land access, and that provide explorers with the confidence to invest millions of their dollars in mineral exploration that will ultimately create billions in jobs, business and tax revenues for the NWT.

- **Provide infrastructure to reduce costs**

We all know the cost of living is higher in the North. The Federal Government recognizes it too, and we all see that when we fill out our Northern Residents Cost Deduction on our annual income tax forms. But industry gets no similar tax recognition of their higher northern costs. A recent industry study "Levelling the Playing Field" identified that the cost of building a mine in the North is up to 2.5 times higher for base metal mines, approximately double for gold mines and 15-20% higher for diamond mines. And the cost for exploring can be 2-3 times higher. The study offered ideas on how government can help.

The main reason for the higher costs is the lack of infrastructure, both power and transportation. This means our mines must generate their own electricity, it means they have to build their own roads and airstrips. It means they have to build and operate their own small "mining communities" with no help from government. To cover those higher costs, they have to find mineral deposits that are richer than many mines in the south. Because the playing field is not level, it affects our ability to create a strong mining industry.

Question: Ask your candidates if they will support northern mineral development by seeking direct investment in infrastructure like the all-weather road into that storehouse of mineral potential, the Slave Geological Province, and the Tlicho road. And ask them if they will seek Federal support of a special "North of 60" exploration tax credit and other tax incentives for the NWT that can help us Level the Playing Field.

- **Increase Northern benefits from mining through ...**

Our diamond mines have made great strides in employing 1,500 northern residents. Over half of these are Aboriginal northerners. We have an opportunity to increase this in the future through a number of initiatives: training, reductions in cost of living, and attracting northerners into mining as a career choice.

- **... training**

The NWT Mine Training Society (MTS) has captured national acclaim for its success in training northerners for work in the mining industry. It has been freely shared with Yukon and Nunavut,

who used it for success. The MTS is a cooperative model, supported financially, and guided by, industry, government and Aboriginal groups. A key secret to its success is the ability of its mining partners to provide jobs to graduates of their mining training programs.

As we work to develop new mines and mining opportunities, we need to ensure training dollars are available to prepare Northerners for the employment offered. This will help ensure we retain jobs close to home, and retain the added benefits that northern resident workers bring to the economy.

Question: Ask your candidates if they will support their mining industry by ensuring there are sufficient government training dollars made available to train Northerners for the jobs that could result from our efforts to improve mining development in the NWT.

- **... through reduced cost of living**

A large portion of our northern mining workforce lives outside of the NWT. A GNWT-Industry survey has confirmed that in recent years, more northerners have left the NWT to live in the South, and the principle reason is the high cost of living in the NWT. If government can take actions to reduce the high cost of living, industry will have a better chance to attract and retain northern resident workers. It will also help industry to lower its cost of operations, and will help make their mines and new mines more sustainable.

Question: Ask your candidates what they will do to lower the cost of living in the NWT. Ask if they are aware that the Northern Residents' Cost Deduction is no longer as helpful in addressing the high costs as it was upon its creation in 1998.

- **... through increased public awareness**

Going hand in hand with training is the ability to attract Northerners into mining as an occupation. The mining industry is the highest paying industry in Canada. It also provides a wide variety of jobs besides actual miners, and include cooks, mechanics, administrative staff, environmental and geological scientists, engineers, heavy equipment operators, and a variety of trades workers. Our modern mines are also high-tech, very safe and have the highest regards for protecting the environment. Increasingly, we are seeing many community workers celebrating 20 year anniversaries working in the profession, and they are a testament to the benefits of mining.

By educating Northerners – young and old – of the benefits of their mining industry, how it works, and the opportunities it provides, we will attract more Northerners to seek career opportunities in mining. This will strengthen the economic benefits that will “stick” in the NWT. For example, the Tlicho Government collects 90% of the income taxes generated in their region, and high paying mining jobs help keep those revenues strong.

Question: Ask your candidates if they support public awareness programs to help Northerners understand how their industry works, and the opportunities it provides, not just in jobs and business but in the significant revenues to government to pay for all the social benefits we expect. Ask them too, if they will support more education about mining and exploration in the NWT school curriculum so that our children understand the wide range of high paying jobs available to them, in order to attract more northerners into the industry.

High Altitude Questions:

- Why do you think the mineral industry is important to our economic future?
- Do you know that mineral exploration investment began falling 8 years ago while the rest of the world was booming; that this means that we created the problem? Do you care, and are you prepared to help fix this? How?
- Diversifying the economy is fine, but do you think we should turn our backs on the minerals industry in doing that? Do you believe that other sectors of the economy can match the contributions of mining?
- Do you know that companies are getting mixed message? Come, the land is open to explore, and then when here, they get put through the wringer and too often leave? That the NWT does not have a good reputation in the investment community today? How would you fix that?
- Do you know that the Federal Government is proposing actions to increase regulatory costs? Do you care? What will you do?
- Our cost of living just keeps on increasing. What will you do to address that?
- How will you level the playing field when it comes to infrastructure?
- Who is going to bring in the revenues to pay for the new Stanton Hospital, for the facilities and care our growing seniors population will need? Will we continue to rely on government hand-outs and borrowing, or will we finally become more self-reliant by generating our own wealth? How do you propose to do that?
- Do you realize that the GNWT has floated the idea of now “protecting” 40% of the NWT from mining? That this new government idea could negate the efforts of their own NWT Mineral Development Strategy in doing this?

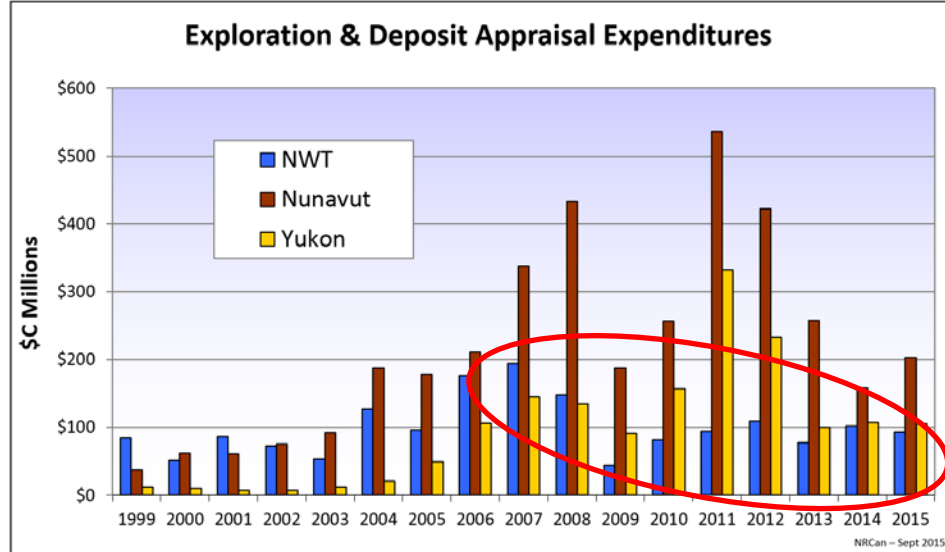
We wish all candidates the greatest success in advancing their platforms to include actions to improve the NWT's economy, and specifically by helping attract the investments we need to grow our environmentally responsible and beneficial minerals industry. This Guide offers some helpful tips on how to do this.

We also hope NWT voters find this Guide helpful in understanding the needs of their number one industry, and then in asking their candidates what they are prepared to do to help keep it strong.

Happy Election, all!

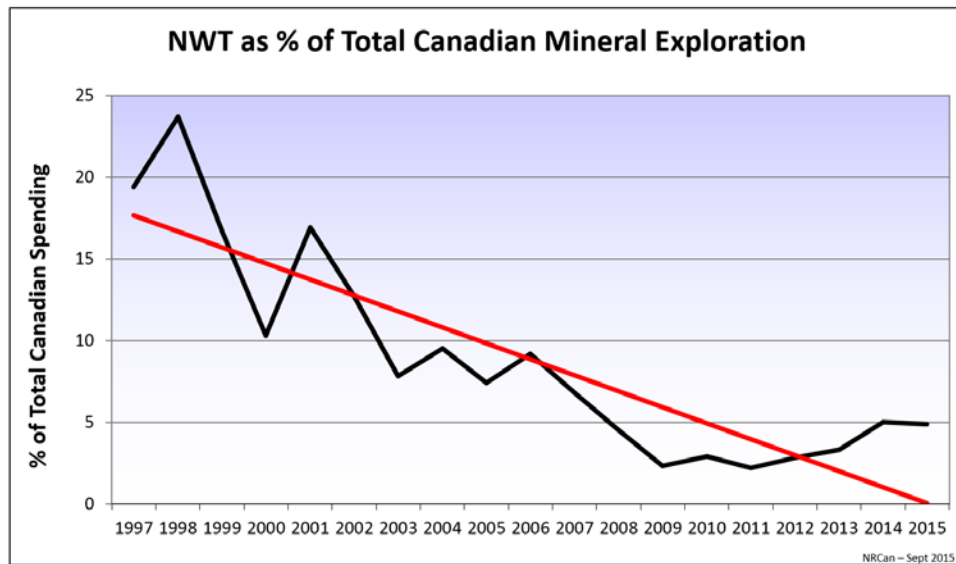
Some Additional Visual Resources

Northern Canada Mineral Exploration



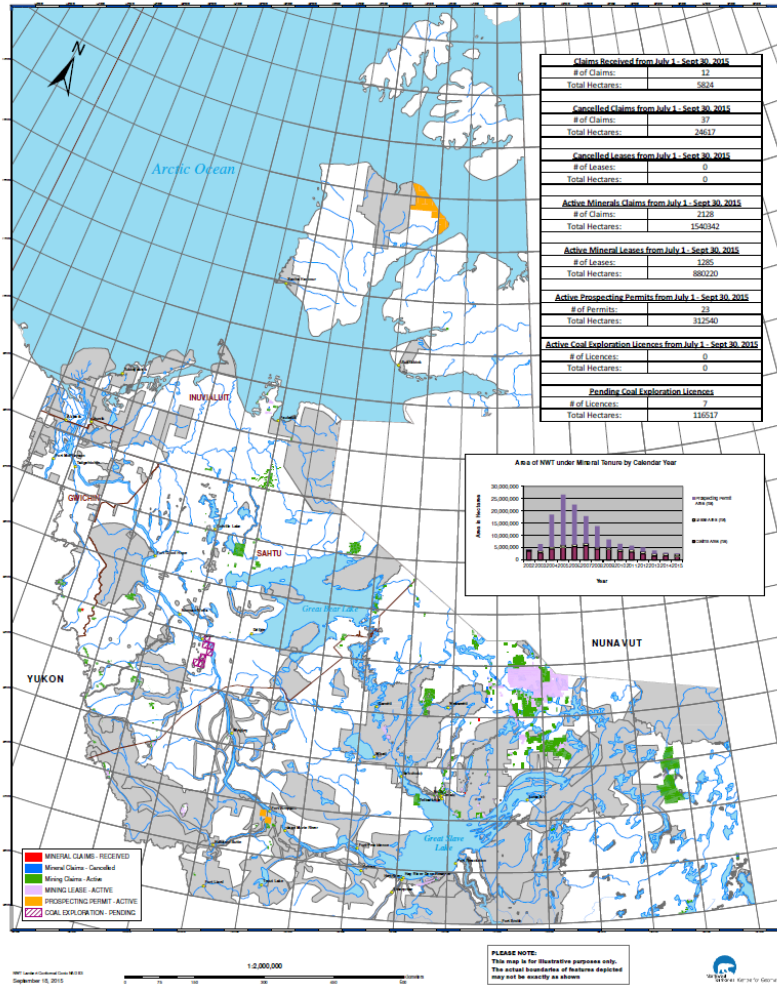
- The NWT has seen a constant decline in exploration investment while our neighbours and most of the world have attracted investment.
- We are losing our competitive position.

NWT Exploration Share

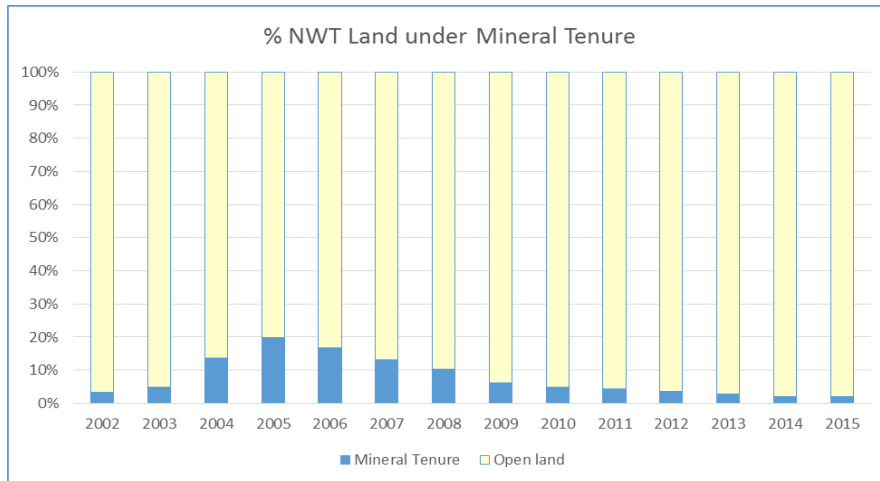


- The NWT is losing its competitive investment position.
- Its share of Canadian exploration investment has been in decline.

Northwest Territories Mineral Tenure Heat Map -
Second Quarter (July 1 - September 30, 2015)



Today, over 30% of the NWT is off limits to mineral staking. (Map courtesy GNWT Mining Recorder's Office)



At its peak in 2005, there was just under 20% of the NWT under mineral tenure. Today it has fallen to less than 2%. (Statistics courtesy GNWT Mining Recorder's Office)