



NWT Mining – Making it SPECTACULAR!

NWT Chamber of Commerce Annual General Meeting
Tom Hofer: April 3, 2013

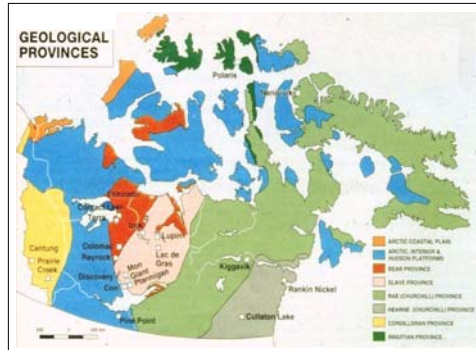
Key Messages

- Industry strong but could be healthier
- We are addressing challenges to create certainty
- Opportunities lie before us
- We must “step on the gas” – some ideas for you



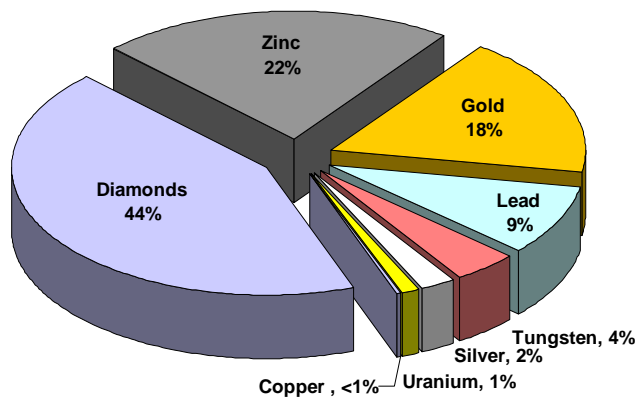
We are a land of resource opportunity

- 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 \$38 billion mined since 1932



Past Producing Mines: Ekati • Diavik • Snap Lake • Con • Giant • Lupin • Polar • 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

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
- Microwave communications
- Community infrastructure too



Creative new technologies too

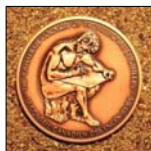
- Energy
 - High efficiency diesel power
 - Leading wind
- Engineering
 - Dikes
 - Ice roads



Heat recovery on Diavik diesels



Diavik wind turbines © ENERCON GmbH

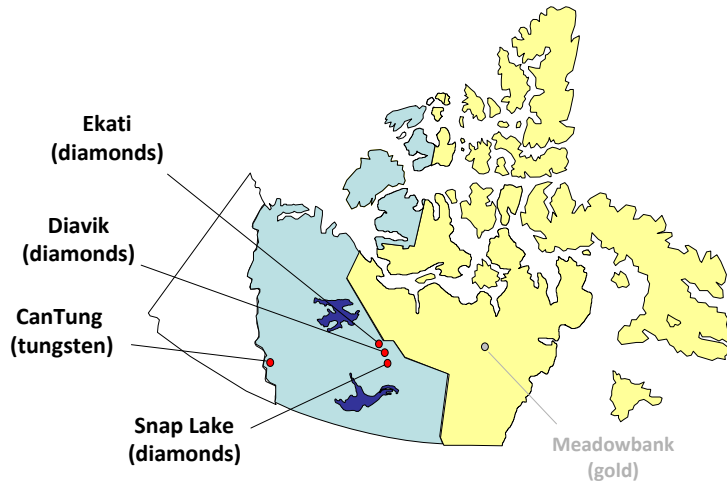


National award winning Diavik dikes



Engineered Ice road "highways"

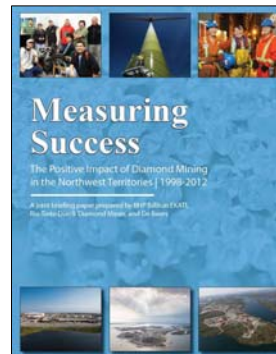
Current NWT production is from 4 mines



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

Our mines create significant benefits

- Exceeded employment & business expectations
 - 19,000 person years northern employment – 50% Aboriginal
 - Over \$9.3 billion in northern business - \$4 billion Aboriginal
- Contributed over \$100 million to communities;
- Provided millions in scholarships;
- Operate to the highest of safety standards; and to
- High international standards, eg:
 - ISO 14001 – Environmental Management
 - ISO 9001 – Quality Management,
 - ISO 18001 – Occupational Health & Safety



Download at: www.miningnorth.com



Fuelled huge Aboriginal business growth

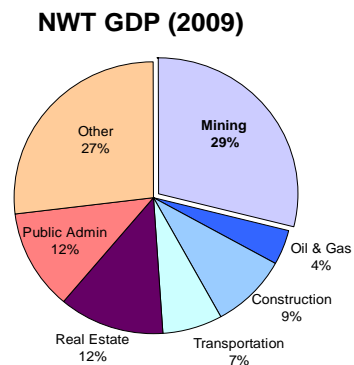
- Diamonds helped create many new Aboriginal companies

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 |
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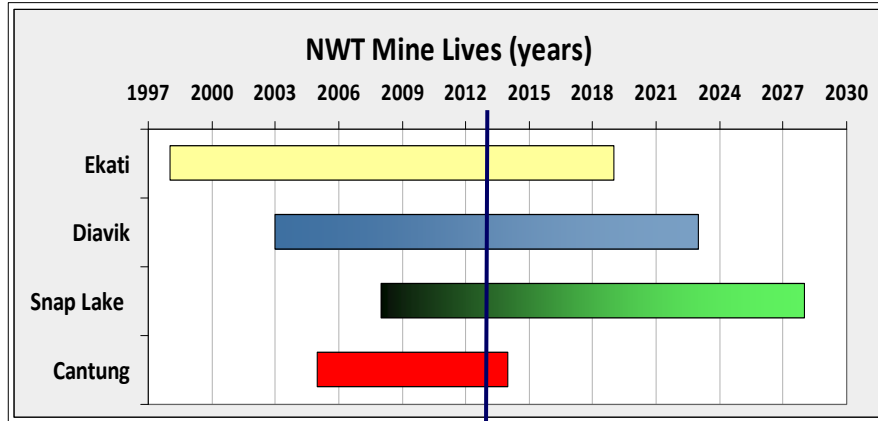
Our largest private sector contributor

- NWT Mining's direct economic contribution exceeds all other private sectors
- And ...
- Mining contributes to other sectors, eg, real estate, transportation and construction



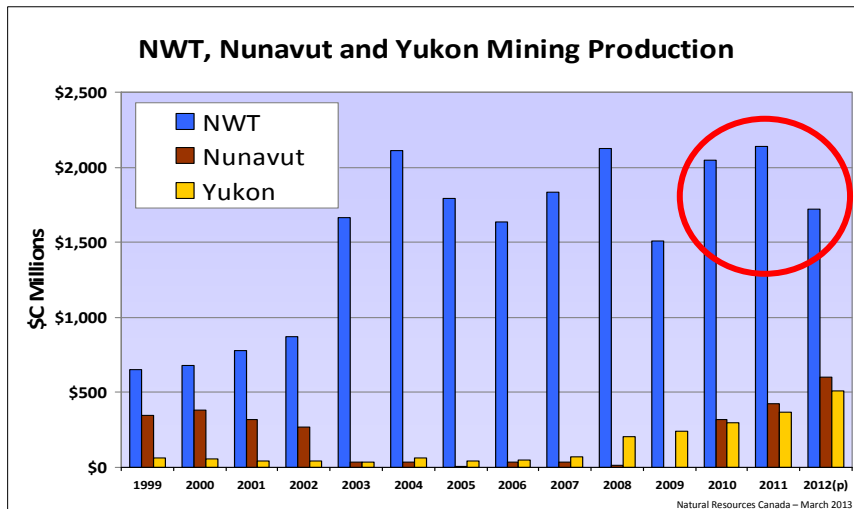
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But mines don't last forever



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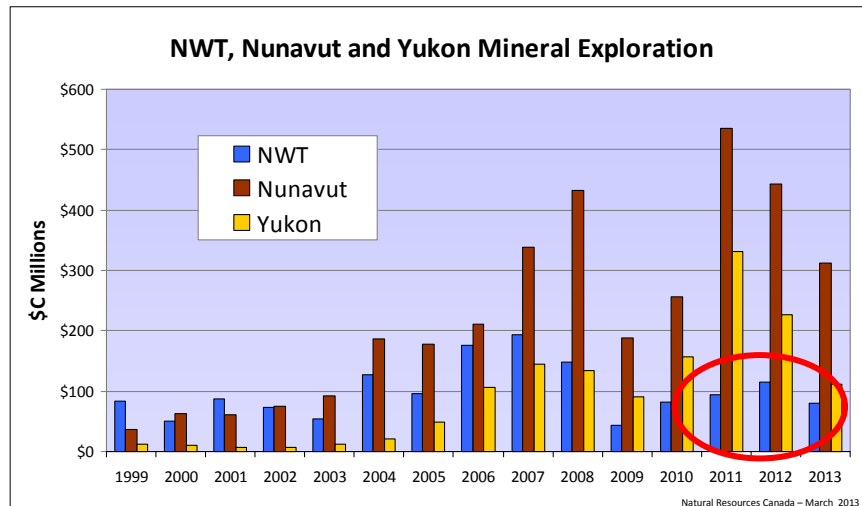
Our mines still create huge value, but ...



- NWT Mineral production has fallen

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Exploration is also not what it should be



- NWT has languished – missed the recent boom, eg, NU & Yukon.
- Now caught up in a global exploration capital crisis

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We face challenges

- Under-developed infrastructure = higher costs
- Most under-mapped jurisdiction = higher costs
- Complex regulatory environment = uncertainty
- Aboriginal consultation challenges = uncertainty
- Land access – parks, land claims, etc. = uncertainty
- Maturing diamonds industry
- Languishing grassroots exploration

- BUT ...



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But we are taking action

- 4 settled land claims, plus active negotiations
- Improving regulatory process
 - Bill C-47, NWT Surface Rights Board Act
 - MVRMA modernization and amendment
- Creating action plans
 - Mineral Development Strategy and Economic Opportunities Strategy
- Working closely with Aboriginal communities
 - Training & business development
 - Akaitcho – Chamber MOU
- Taking control through devolution – a new landlord
 - Yukon devolution strengthened their minerals industry



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We are on the right track

Prime Minister Stephen Harper, 2012:

That great national dream – the development of northern resources – no longer sleeps. The North's time has come my friends.

Conference Board of Canada, 2012:

Canada's mining potential is bright over the next decade – particularly in the territorial North.

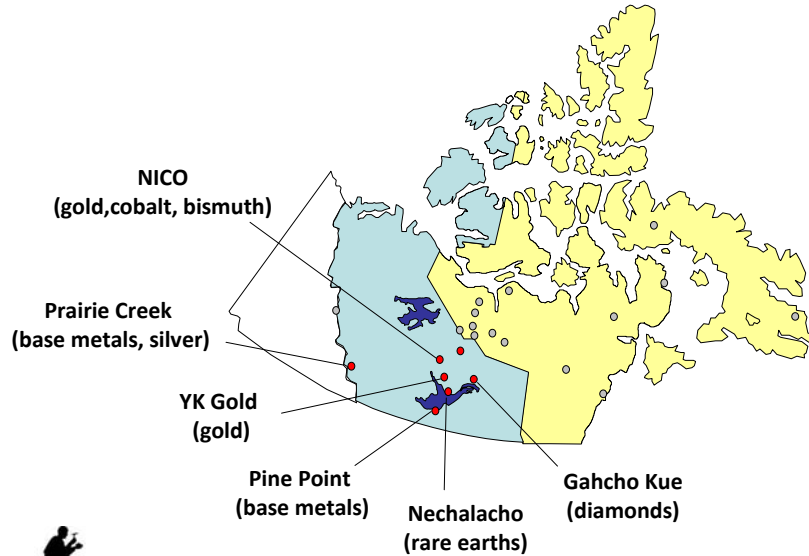
Fraser Institute Survey 2013:

... the Northwest Territories had the greatest improvement in score and rank amongst Canadian jurisdictions.



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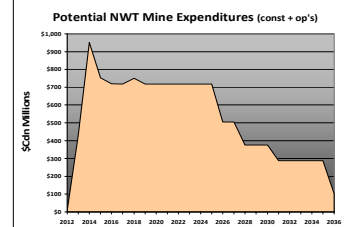
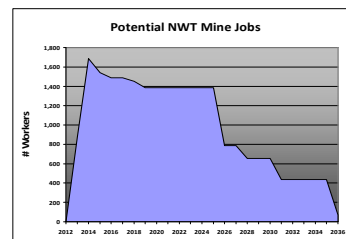
Immediate opportunities before us



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6 new mines would create needed benefits

- Capital investment – about \$2b
- Jobs at peak – about 1,650
- Person years employment – 25,000
- Life of project expenditures – \$13b
- Government benefits
 - New taxes and royalties
- But not slam dunks



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Frankly, we need more projects

Mining Project Name (Operator)	Commodity	Expected Production	Expected Jobs	Expected Capital Costs (\$C millions)
Yellowknife Gold Project (Tyhee)	Gold	2015	220	\$ 193
NICO (Fortune)	Gold, Copper, Cobalt, Bismuth	2015	150	\$ 200
Nechalacho (mine + hydromet) (Avalon Rare Metals)	Rare Earth Metals	2015	286	\$ 541
Prairie Creek (Canadian Zinc)	Silver, Zinc, Lead, Copper	2015	220	\$ 193
Gahcho Kue (De Beers, Mtn. Province)	Diamonds	2015-16	380	\$ 650
Pine Point (Tamerlane)	Zinc, Lead	2014	131	\$ 154
		TOTAL JOBS	~ 1,400	\$ 1.9 billion
EKATI Mine (closes in 2019)	Diamonds	TOTAL JOBS	± 1,400	



- **IF ...** all 6 projects become mines, still not enough to displace the loss of EKATI and Diavik
- We need more projects and we need to sustain the existing mines

Opportunity: Work with our Northern neighbours

Yukon Mine Opportunities

- Selwyn – base metals
- MacTung – tungsten
- Others

Total "Neighbour" Opportunities

- Capital investment > \$4b
- Jobs at peak – over 3,000
- Person years employment – 40,000
- Life of mine expenditures – over \$12b
- Can we be a bedroom community?
- ... how about a business supply community?
- **DO WE HAVE A PLAN?**

Kitikmeot Mining Opportunities

- Izok – base metals
- Back River – gold & silver
- Hope Bay – gold
- Hackett River – base & precious
- Lupin Mine & ULU – gold
- Jericho – diamonds

Opportunity: Work with Southern neighbours

- CDETNO business development program
 - Seek new business alliances, eg:
 - Val-d'Or and Rouyn-Noranda in Abitibi-Témiscamingue
 - More than 20% of Quebec's mining is done here
 - Opportunity to fill gaps in our mining businesses, including manufacturing
 - Other opportunities?



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Why we need to step on the gas!

- We must ramp up exploration & mining investment (the last mine discovery was Gahcho Kue 1997)
- Our 6 projects are not slam dunks – they need signals of confidence
- We are now in a significant capital crisis – hundreds of exploration companies at risk
- Don't let our existing mines close without a whimper
- Devolution's a big job – needs to be smooth & steady
- Pursue opportunities – they will not fall in our laps



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Incubating some new ideas

- Yellowknife as Kitikmeot bedroom & supply hub
- Bring cheap Taltson hydropower to Slave Province
 - Supply mines and communities along the way
 - Reduce cost of living to communities
 - Sustain diamond mines, eg, EKATI mine life = 10% GDP each year
 - Support 1st value added NWT project – Avalon at Pine Point
- Set aside windfalls and resource profits into a trust fund
 - Mine property taxes, social assistance savings, new royalties
 - Use fund to invest in energy & infrastructure to keep wealth flowing
- Lobby for the pan-Territorial training fund/program
- Create “North of 60” mineral exploration incentive
- Actively create and market a **SPECTACULAR NWT** for mining too



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Conclusion

- Mining is the North's economic strength
- We have very high mineral potential
- We have world class mines and world class opportunities
- Actions are underway to support investment certainty and strengthen our number one industry
- But there are no slam dunks
- Don't count on opportunity falling in your lap
- Add your voice and influence



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Together let's create a Northern Mining Industry that is ***SPECTACULAR!***

