



***Growing Yellowknife's Success
... become an active player in Northern Mining***

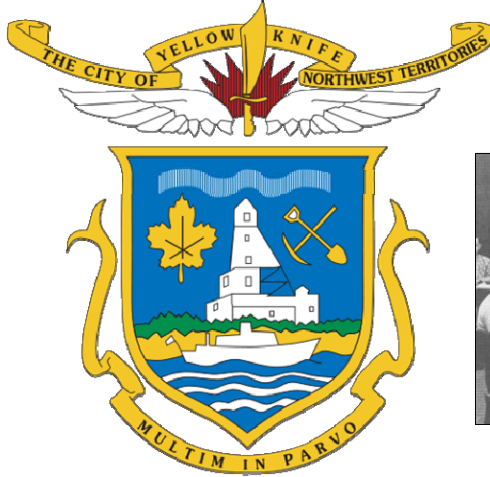
*To: Yellowknife City Council
Tom Hoefer: June 10, 2013*

My messages

- We have a strong history of mining
- Mining is providing significant benefits to the City
- But mines don't last forever
- We have opportunities before us, but not slam dunks
- We need your active participation



Yellowknife has a strong history of mining ...

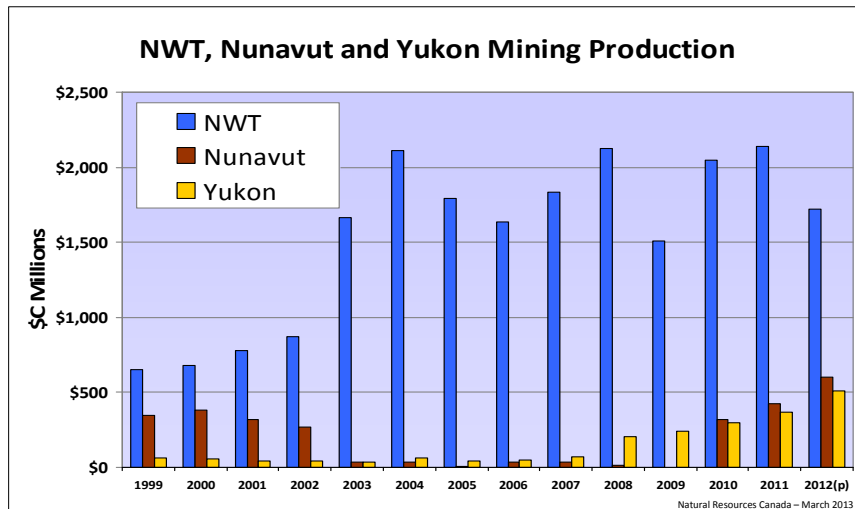


... and a strong present



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Our diamond mines create huge value

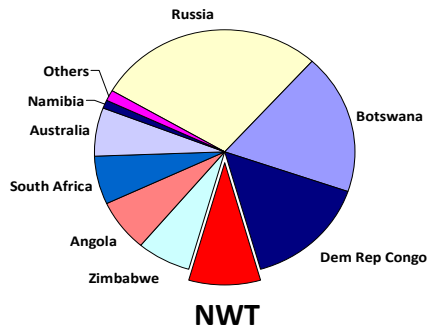


- Yellowknife has done well by diamond mining

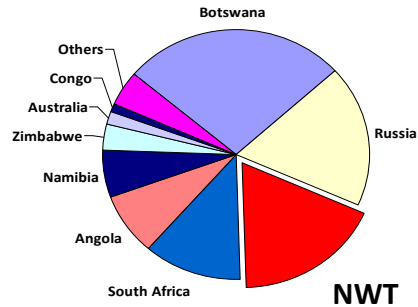
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Diamonds have put us on the world map

Global Diamond Production
(124 million carats)



Diamond Production Value
(\$US 14.4 billion)

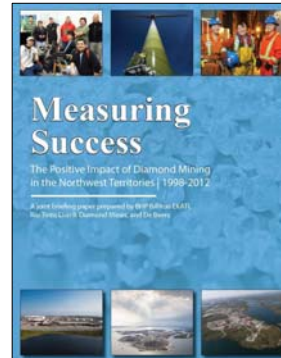


- NWT by itself is world's 4th largest diamond producer (2011)
- NWT by itself is world's 3rd most valuable diamond producer
- Yellowknife – the diamond capital – is the largest beneficiary



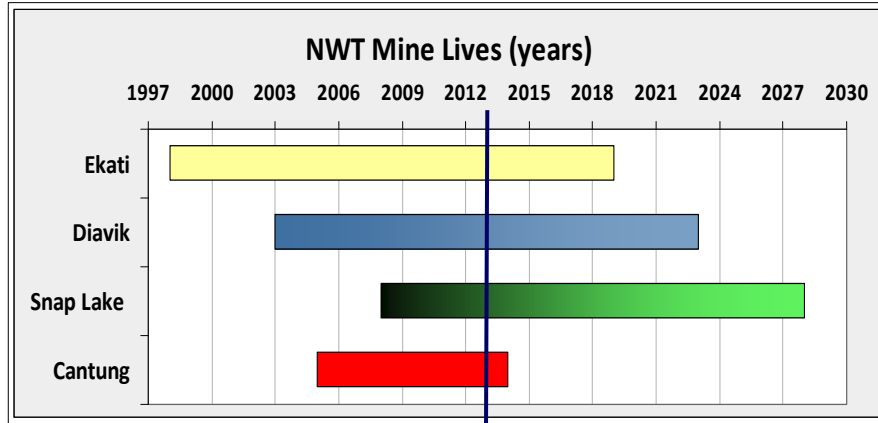
Significant diamond mining benefits

- Mines exceeded employment & business expectations
- 19,000 person years northern employment
 - 50% Aboriginal
- Over \$9.3 billion in northern business
 - \$4 billion Aboriginal
- Over \$100 million to communities
- \$ millions in scholarships
- **Yellowknife's share of benefits is huge**



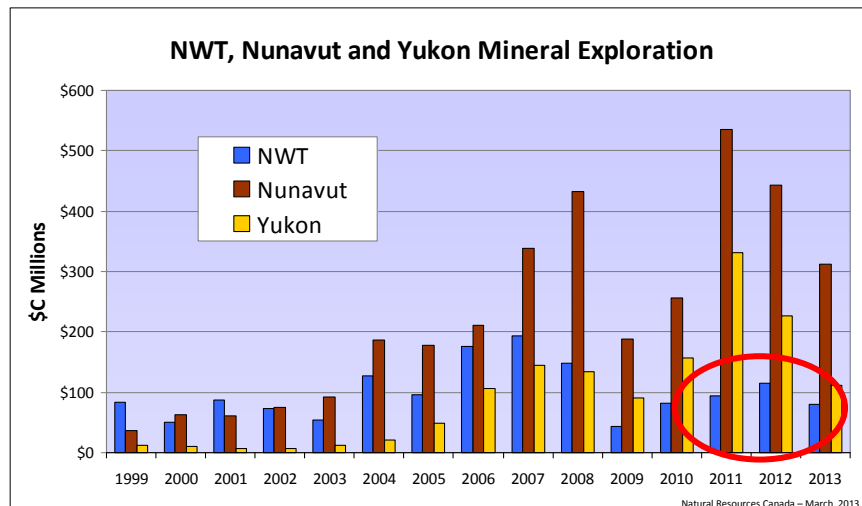
Download: www.miningnorth.com

But mines don't last forever



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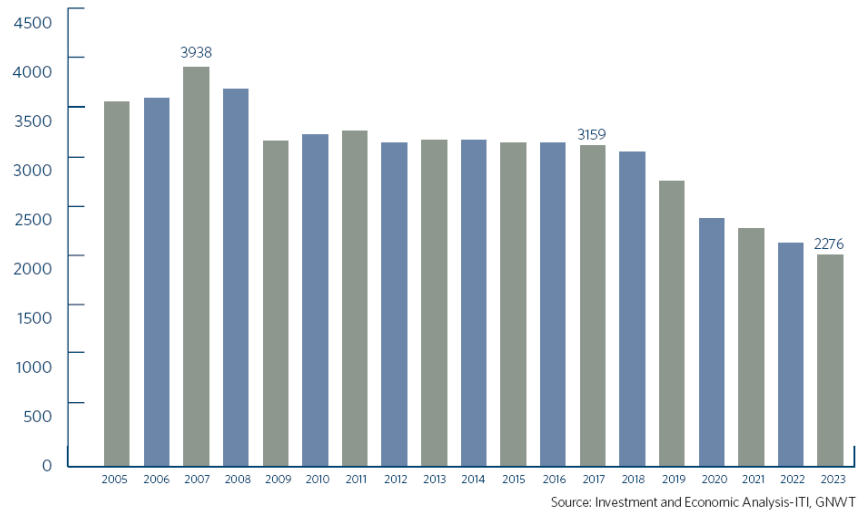
And exploration is not what it should be



- NWT missed the recent boom, while NU & Yukon did not
- Now caught up in national/international market challenges

Worst case scenario – no new mines

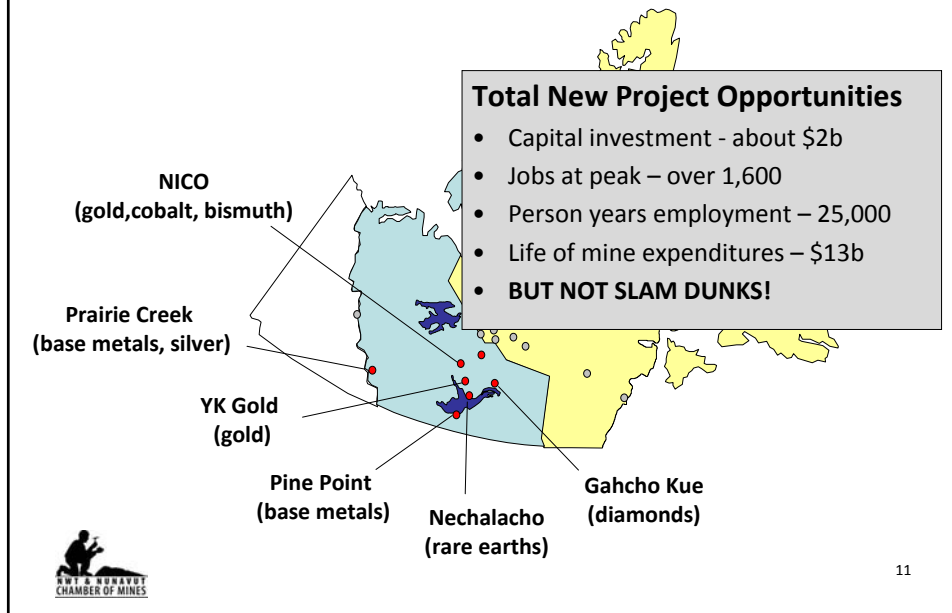
Figure 3: GDP Projection (\$ Millions) - No New Mines



We need to take action

- Several opportunities before us
 - Support new NWT projects to replace diamond mines
 - Sustain our existing mines
 - Support new Nunavut & Yukon projects
 - Attract new exploration
 - Add value to what we have already

Support new NWT Projects = potential new mines



Even IF ... the advanced projects are not enough

Mining Project Name	Commodity	Expected Jobs
Yellowknife Gold Project	Gold	220
NICO	Gold, Copper, Cobalt, Bismuth	150
Nechalacho (mine + hydromet)	Rare Earth Metals	286
Prairie Creek	Silver, Zinc, Lead, Copper	220
Gahcho Kue	Diamonds	380
Pine Point	Zinc, Lead	131
TOTAL JOBS		~ 1,400
EKATI Mine (closes in 2019)	TOTAL JOBS	± 1,400



- **EVEN IF ...** all 6 projects become mines, still not enough to displace the loss of EKATI. Diavik closes 5 years later.
- We need more projects and we need to sustain the existing mines

Sustain diamonds mines – reduce costs

“There are lots of resources up there [diamond deposits at Lac de Gras], but a lot of those are not currently on mine plans because of operating costs.

And that’s mainly linked to energy cost.

Once you’ve solved that, you’ve got diamond mines for the next 50 years easily”

... Ricus Grimbeek, former president of Ekati diamond mine
Globe and Mail *“The North Scrapes Bottom”* 15 April 2010



Cheap Hydro Power Opportunity?

- Link Taltson & Snare grids, add la Martre River
- Provide cheaper power for Yellowknife, other communities and diamond mines
- Lower cost of living in Yellowknife?



Courtesy: NWT Energy Corp



Other Opportunities: Work with 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 YK 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

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Opportunity: Work with Southern neighbours

- CDETNO business development program
 - Seek new business investors, eg:
 - Val-d’Or and Rouyn-Noranda in Abitibi-Témiscamingue
 - More than 20% of Quebec’s mining is done here
 - Use their expertise and investment to fill gaps in our mining businesses, including value added manufacturing

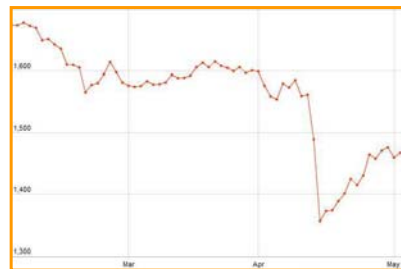


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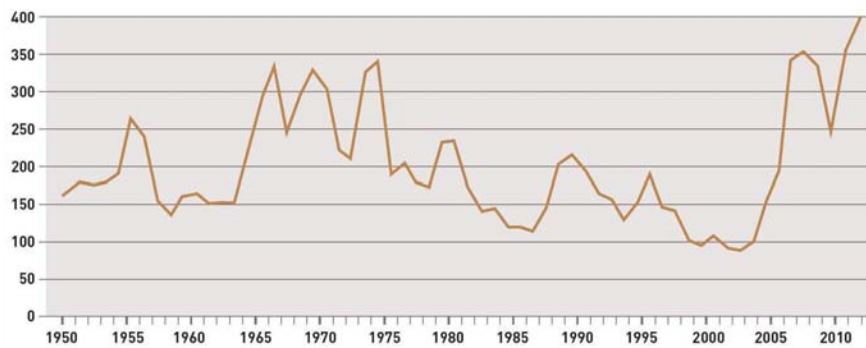
Currently facing big market challenges

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

Gold price February – May 2013



One reality of the market place that we know



“This too shall pass!”



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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Others are taking action for investment certainty

- GNWT is becoming strategic:
 - NWT Mineral Strategy
 - NWT and NU Economic Opportunities Strategies
 - NWT Energy Strategy
- Canada is improving regulations: NWTSRBA, MVRMA
- Several are facilitating projects: CanNor, Kwe Beh
- Some advancing Land Use Plans (Tlicho, Sahtu)
- Others building training and business capacity
- GNWT is (hopefully) providing landlord stability through Devolution



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Yellowknife is in a powerful position to help



You have a vested interest in mining's future



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How Yellowknife might help – some ideas

- Become a voice of support for responsible mining
 - Formally intervene in support of new mines, eg, Avalon
- Strategize to be the bedroom community and ...
- ... to be the business hub (don't let Edmonton have it)
- Champion small Aboriginal communities' success
 - Their financial success will be yours, eg, Kitikmeot spending
- Get the GNWT to support you – your success is theirs
 - Eg, Yellowknife best driver to increase transfer payments
- Influence and participate in the Mineral Development Strategy – it's still a work in progress



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Yellowknife references in Mineral Strategy

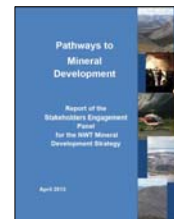
- Yellowknife has the potential to expand its role in servicing exploration and mining, not only in NWT but also in eastern Yukon and western Nunavut.
- Road access from Yellowknife into the Kitikmeot region of Nunavut would be a major boost to the local economy.
- City officials observed that housing and industrial development was constrained by the unsettled land claim and amount of GNWT-owned land in the city.
- The fact that almost half the mining workforce commutes from outside the NWT is matter of general concern ... The cost of living – especially housing, power, property taxes – is seen as a significant disincentive for people who might otherwise choose to live in the NWT.



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Some Recommendations in the Panel's Report

- 5: develop a marketing and investment promotion plan.
- 6: develop a clear vision for the future of energy development
- 7: develop a focused business case to solicit federal government funding support for infrastructure.
- 27: establish a Northern Minerals Business Office ... help local businesses develop opportunities ... serve as the focal point of efforts ... for CDETNO and municipal governments to attract and promote local businesses.



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Conclusion

- Mining is the North's economic strength
- We have significant opportunities before us
- But there are no slam dunks
- Actions are underway to support investment certainty and strengthen our number one industry
- Don't count on opportunity falling in your lap
- We need your voice and influence

