

# Deputy Minister of Industry Tourism and Investment

## 34th Annual Geoscience Forum (November 21, 2006)

### Key Messages/Speaking Points

#### Introductory Comments

- It is a pleasure for me to be here at the 34th Annual Geoscience Forum.
- Minister Bell was unable to join us this morning and sends his regrets and he asked that I convey some comments on behalf of the GNWT.
- Based on pre-registration for the conference, this year's conference will no doubt exceed delegate numbers from last year and I am sure it will be a success.
- I would like to thank the Chamber of Mines for the opportunity to speak at this important gathering – and for their on-going support and collaboration throughout the year with Minister Bell, all our staff and myself.
- Thank you – in particular to Mike Vaydik and Cheryl Wourms of the Chamber, the staff at the Northwest Territories Geoscience Office, sponsors of the Forum and the many other contributors to making the success it always is.
- I would like to take some time to review some of the good news stories coming out of the resource development sectors.

#### Positive NWT Indicators

##### Minerals

- The continuing growth in this annual conference over the years is just one reflection of the overall growth that we have seen in mining and oil and gas development in the NWT.
- Mineral exploration and deposit appraisal expenditures in NWT in 2005 totaled \$93 million - 7.2% of all expenditures in Canada.
- Expenditures for mineral exploration and deposit appraisal are expected to reach approximately \$128 million this year, which is 38% higher than that in 2005.

- The public accounts of Canada show that mining royalties collected by DIAND in 2000-01 were \$317,000. In 2003-04 they were \$62 million. In 2005-06 they were \$78 million.
- Last Year, mining and oil and gas extraction contributed nearly \$2 billion to the NWT economy - accounting for 50% of the total NWT GDP. This unprecedented economic growth in GDP is fueled primarily by non-renewable resource development.

### Oil and Gas

- The news is equally as positive in the oil and gas industry. The Sahtu Call for Bids in May resulted in six exploration licenses promising \$70.1 million in work commitments. An additional call for Bids for the Beaufort Sea and Mackenzie Delta region resulted in two parcels for \$51.7 million in work commitments. A Call For Nominations for the Sahtu has been sent out.
- Oil and gas royalties similarly provide major return to the Government of Canada with over \$14.5 million collected in 2005-06. The federal government also collected an additional \$132 million from the Norman Wells project profits.
- This is the end result of past work completed by the people and industry you represent here to day. And it speaks loudly to the importance of attracting investment in front-end exploration.

### From the GNWT Perspective

- The Prospectors Grubstake Program underwent a full review this year resulting in an increase to available funding. There is now a maximum of \$10,000 per prospector available in the form of a grant. Rules and Regulations were also revised after considering the feedback from the program review and stakeholders suggestions.
- In 2006, the GNWT provided a total of \$150,000 in grants and contributions for the Prospectors Grubstake Program.
- Prospecting courses were held in Fort Resolution, Ulukhaktok (Holman), and Colville Lake.
- ITI has funded travel for Prospectors for the past several years to travel to PDAC to promote properties.

## Government Support For Geoscience

- Our Government continues to partner with Indian Affairs and Northern Development and the Geological Survey of Canada in staffing and funding the Northwest Territories Geoscience Office.
- Our Government was proactive in pursuing funding from the Federal Government through the Strategic Investment in Northern Economic Development program.
- As you would recall at last year's Geoscience Forum, Minister Bell had the pleasure of announcing, along with the former Minister of State for Northern Development, a major funding contribution totaling up to \$8 million over successive years to geoscience activities through the Strategic Investment in Northern Economic Development Program (SINED) of Indian and Northern Affairs Canada.
- Through this program, a number of geoscience initiatives were funded that are designed to stimulate industry investment in the NWT's non-renewable resource sector:
  - bedrock mapping;
  - geophysical surveys;
  - data management and distribution; and
  - innovative projects.
- The geoscience investment has resulted in a number of positive impacts
- Most of these impacts stem from field-based geological mapping projects that coincide with areas of current base and precious metal exploration such as:
  - The Selwyn mapping project in the Sahtu region is about 200 km SW of Norman Wells, and is prospective for zinc, lead, copper, tungsten, gold, and gemstones.
  - The Great Bear Magmatic Zone Project is investigating the mineral potential in the Tli Cho settlement area from eastern Great Bear Lake southward to Rae-Edzo.
  - The Surficial Geology Project - underway in the Akaitcho area within the Churchill Province of the Canadian Shield - will result in a surficial map of deposits in this region.
  - Meanwhile, clients are increasingly relying on NTGO's web-based services to access and stay up-to-date on geological information for the NWT.

- The foundation of geoscience is critical as we move forward in the sustainable development of our resources. The knowledge shared over the next few days will assist us in continuing to expand the role we play in the international arena of mining.

### Mining Initiatives

- In August of this year, Minister Bell had the pleasure of attending the annual National Mines Ministers Conference in Whitehorse.
- Ministers from across Canada discussed a variety of key issues that affect the mines and minerals sector.
- One item overwhelmed the list – Governments needs to do a better job in the regulatory areas
- Efforts are currently underway to accomplish this task.
- We believe the NWT requires a 3 point action plan
- #1 – Improve the regulatory roadmap – nowhere else in the country does the mineral sector face the complexity and uncertainty of who to deal with, what needs to be done and how.
- #2 – Improve regulatory efficiency – even with full knowledge of the roadmap regulators need to improve the efficiency of processes balancing both the interests of development and the appropriate protective policies.
- Multi agency efforts are needed to accelerate improvement in this area.
- With the addition of specific timelines for project approvals.
- We believe a clear, timely and rational regulatory process is necessary to maintain a viable mining and mineral sector.
- #3 – Clarify the jurisdiction
- The most challenging matter is clarifying regulatory jurisdiction.
- By that we mean who is responsible and what process applies.
- In the finally tally the GNWT believes the jurisdiction should be in the hands of northerners.
- We propose this can only happen in post devolution condition with northerners having responsibility of resources and lands

- The GNWT continues to encourage the federal government to finalize an Agreement in Principle and final agreement with the NWT as soon as possible.

### Projected Growth in Canada's Energy Production

- The Council of Energy Ministers also held their annual meeting in Whitehorse in August of this year;
- Energy Ministers, including Minister Bell, are committed to improving collaboration between jurisdictions to better address energy issues of concern to Northerners and all Canadians.
- As with the Mines Ministers, the issue of regulatory efficiency was high on the agenda. Energy Ministers across the country believe that a rationalized approach to energy project approvals is required in Canada.
- Overlapping federal and provincial/territorial regulatory processes, and a lack of clarity and certainty in how energy resources are developed in Canada contributes to delays and adds costs to energy projects that are vital to the country's energy future.
- The Government of the Northwest Territories remains committed to sustainable development of NWT energy resources for the benefit of all residents and the Department will continue to work collaboratively with industry and help and secure investment in, and support for, new, clean and efficient supplies of energy.

### Looking Ahead

- Looking ahead – the economic forecast continues to be positive.
- The GNWT continues to be a supporter of the Mackenzie Gas Project. We are confident that gas will be flowing in 2012.
- The proposed natural gas pipeline associated with this project will open the Mackenzie Delta and Valley to exploration and development of the NWT's natural gas resources, much as the Transcanada Pipeline System opened up Alberta 50 years ago. This is the next stage in the development of the NWT's economy and will open the door to a new era for our northern economy.
- Beyond any other benefits that a pipeline project will bring to our Territory, the certainty of its eventual construction will facilitate the discovery and opening of new natural gas basins in the NWT, Yukon and off shore.

- Our diamond industry remains a strong component of our economy. The NWT has two diamond mines operating, a third under construction and a fourth in the permitting phase. Nunavut has their first operating diamond mine – Jericho.
- Nearly 8 million hectares of permits were taken out in the NWT in 2005, with another 2 million hectares of permits expected in 2006. Exploration expenditures in 2005 reached \$93 million with \$129 million expected for 2006.
- Gold promises to make a contribution to the NWT economy with the possible redevelopment of the Discovery and Tundra properties.
- Uranium exploration has been revived and we can anticipate another robust year.
- Exploration continues for zinc, lead, copper, tungsten, and gemstones.
- We need to continue to focus intently on the skills of our population, innovation, and investment in order to bring the NWT to the forefront of policy development in Canada.

## Conclusion

- Our message today is that things are positive but we have challenges.
- The GNWT is working towards addressing these challenges.
- I want to thank you all for coming to Yellowknife. This event is a great opportunity for everybody working in exploration and development to get together and share information and learn from each other's experiences.
- Geoscience plays a key role in our Territory. It stimulates exploration and development – bringing investment to our region. It is the first step in the chain of events that leads to discovery and commercial production.
- It creates jobs and opportunities for the people and businesses of the NWT. For the record - we appreciate that
- This investment and development supports the sustainable growth and diversification of our economy.
- Thank you for choosing to invest and work in the Northwest Territories.
- Have a great conference.