









Canada's help and vision could strengthen the North and its people
With Mineral Development its Foundation

For: Deputy Prime Minister & Finance Minister Chrystia Freeland
 February 2, 2021

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Key Messages

- Canada's North is languishing with unrealized potential
- Mineral resources are the north's economic advantage
- Mining is making a positive difference to Indigenous & other Canadians
- But Industry faces many challenges in sustaining benefits on its own
- Resource benefits would be stronger with gov't help
- COVID recovery and the Arctic Policy present timely opportunities

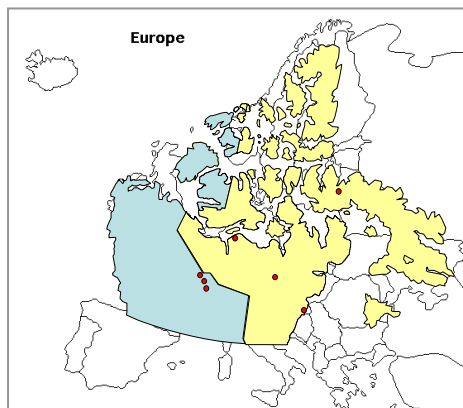


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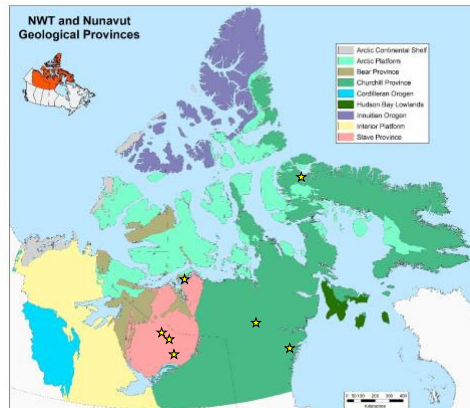
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Canada's North: Vast with barely tapped, high mineral potential

Huge Geography



Rich Geology, but barely tapped



- NWT + Nunavut = 1/3 of Canada's geography with less than 85,000 residents
- Strong mineral potential: diamonds, precious and base metals, rare earths, uranium, critical minerals
- Only 7 operating mines in an area the size of Europe: tiny mine footprint < 0.01% of area



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Mining is demonstrating it can make a difference

- 87,930 person-years of employment
 - 40% northern/60% southern
 - 2,143 northern workforce (26%) in 2019
- \$32.7 billion in business
 - \$20.3 billion northern (64%)
- \$Billions in taxes and royalties to public and Indigenous governments
- \$100's million dollars to communities in IBA payments, scholarships, donations, & community wellness projects

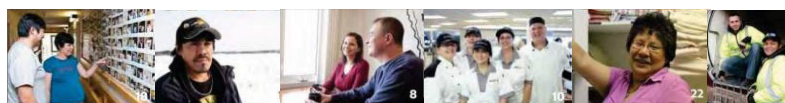
Source: Compilation of mines' annual socio-economic data from 1996-2019



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Mining = Economic Indigenous reconciliation, eg: Det'on Cho

- **Det'on Cho Yellowknives Dene First Nation employment**
 - Approximately 100 members employed directly by the mines plus another 100 members indirectly (through companies such as DCC, etc.)
- **Det'on Cho Corporation employment**
 - DCC has approximately 250 direct employees with an additional 660 workers through partnerships and JVs (Approximately 75% are NWT residents)
 - Combine Tlicho and Det'on Cho and we are the largest private employer in the NWT
- **Det'on Cho's Bouwa Whee Catering**
 - 180 employees, 85% are NWT residents, 50% are Indigenous
- **Det'on Cho Corporation contribution to local economy**
 - Average wage \$90,000+ / year (higher than National avg)
 - \$54M in wages (\$90K * 600) spent in local economy
 - Transfer payment: \$17,650,000 (600 * \$29,431)



Data courtesy Det'on Cho Management LP

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But mining – on its own – faces significant challenges

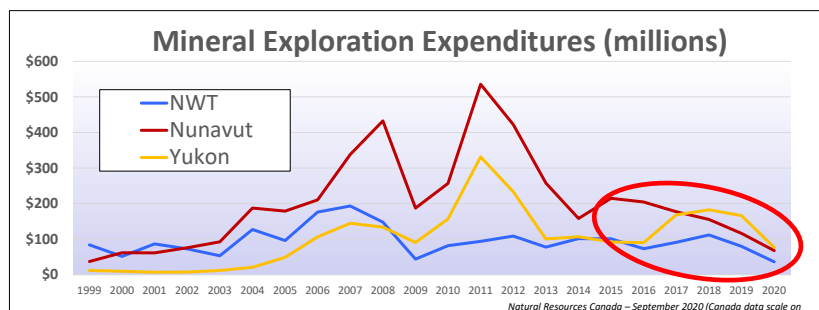
- Mining is asked to be totally self-sufficient today – carries a price tag
- Symptoms over just the last 12 years:
 - Meadowbank gold mine profitability – deposit quality, infrastructure costs
 - Snap Lake diamond profitability & mine closure – deposit quality
 - Jericho diamond mine closure and bankruptcy – deposit quality
 - Ekati mine bankruptcy protection – maturing deposit quality, COVID market
 - Mary River iron mine profitability – market risk, infrastructure deficit
 - Hope Bay gold mine profitability – technology risk in Arctic



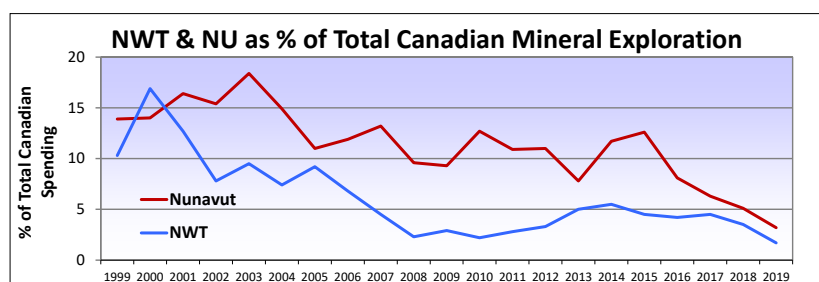
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Sluggish and declining Exploration cannot sustain mining benefits



- Why?
- Unnecessary and shrinking access to prospective lands
- Higher costs in the north due to significant infrastructure deficit

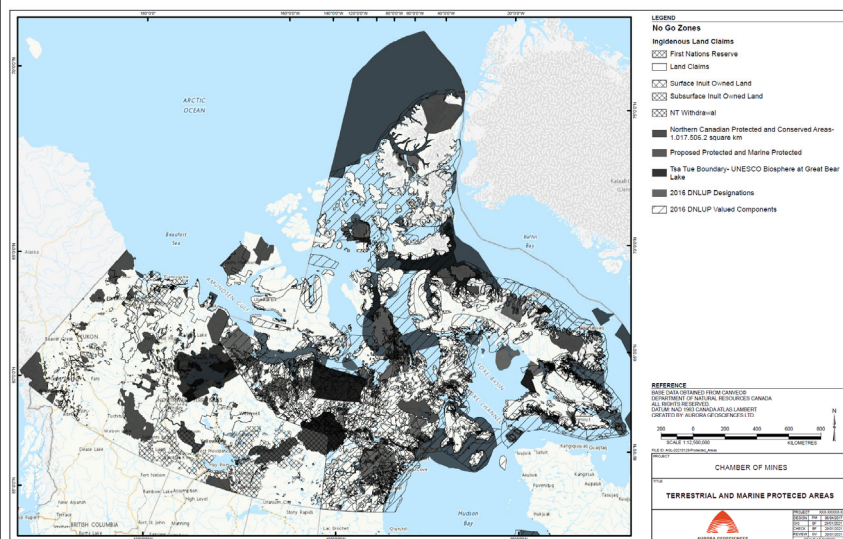


- BOTTOM LINE: Less risky and expensive to go elsewhere.

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Alarming & unnecessary decline in access to lands

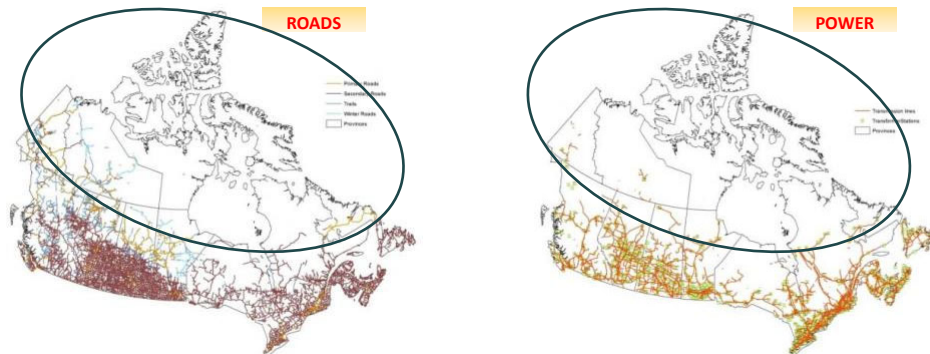


- Uncoordinated approach by governments
- All historical mining is less than 1/6 the area of the GTA.
- Protections already built into modern land claim based resource management system
- Indigenous communities have a direct say in land use decisions – allow this to operate as intended
- Don't meet international commitments on the back of North

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High costs from Infrastructure deficit hinders development



- Exploration costs up to 6 x higher than the south
- Mine capital costs up to 2.5 times more
- Mine operating costs 30 to 60% higher



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Once there was Federal support to help industry

- Ottawa once enabled / partnered in resource development to benefit Canada
 - 1948 – Built the Snare Hydropower for Yellowknife gold mines
 - 1957-63 – Roads to Resources program, highways to mining and resource towns
 - 1960-70s – Federal Programs for Exploration Assistance and for specific project support
 - 1961 – Great Slave Lake Railway for Pine Point zinc-lead mine
 - 1966 – Taltson Hydropower for Pine Point zinc-lead mine
 - 1974 – 18% ownership in Nanisivik zinc-lead mine: town site, marine port, airport
 - 1975 – New ice-breaking cargo ship technology to service Nanisivik & Polaris mines
- **There's been a 40 YEAR FEDERAL INVESTMENT GAP FOR NORTHERN MINING**



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Recommend: Canada strongly support northern mineral development to benefit northerners

- Recommended actions:
 - Create an enhanced and competitive North of 60 Mineral Exploration Tax Credit of 50%
 - Support and/or participate in individual resource projects as Canada once did
 - Support mining of NWT critical minerals for the green economy
 - Construct regional transportation, renewable energy & communications infrastructure
 - Taltson hydro and Kivalliq hydro-fibre; Slave Geological Road / Grays Bay Road and Port
 - Slow the rush to conservation, defer to the northern co-management systems
- To achieve strong outcomes:
 - Mineral exploration increases, mining and its many benefits are sustained and grow
 - Resource development is linked to community health improvements, including housing
 - COVID economic recovery emerges stronger
 - Northern sovereignty is strengthened in the face of competing Arctic interests



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