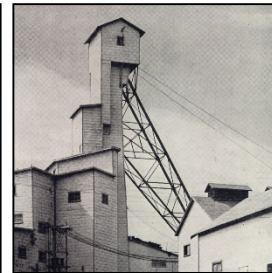


Building an Economic Future for Mining in Northern Canada

Presentation to the Standing Committee on Natural Resources
By Joe Campbell – September 22, 2016 – Ottawa, Canada

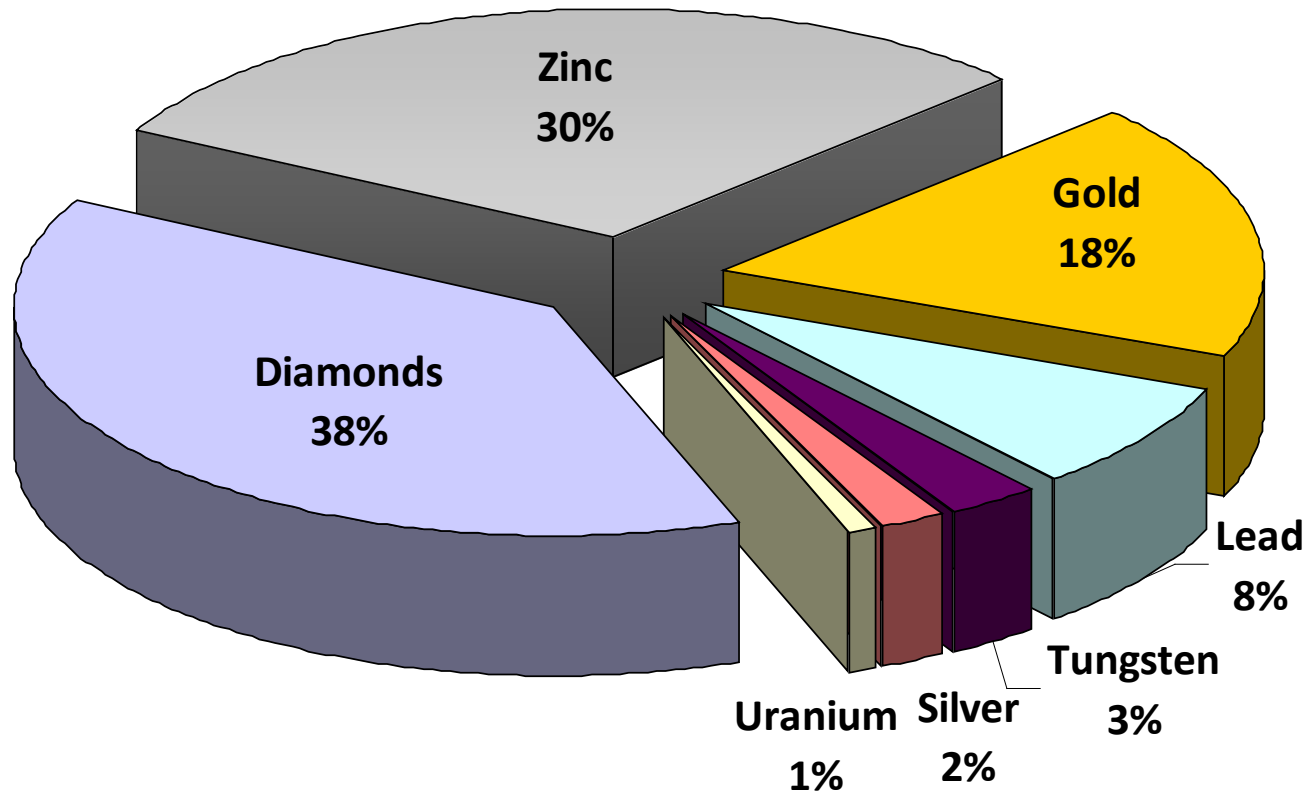
We have a strong history of mining

- 1930s - Eldorado (uranium), Con, Negus, Rycon (gold)
- 1940s - Giant, Thompson-Lundmark (gold)
- 1950s - Rankin (nickel), Discovery (gold)
- 1960s - Pine Point (zinc-lead), Cantung (tungsten)
- 1970s - Nanisivik (zinc)
- 1980s - Polaris (zinc-lead), Lupin, Cullaton Lake (gold)
- 1990s - Colomac (gold), Ekati (diamonds)
- 2000s - Diavik, Snap Lake, Jericho (diamonds)
- 2010s - Meadowbank (gold), Mary River (iron), Gahcho Kué (diamonds)



Historical mineral production

– Over C\$60 billion since 1932 –

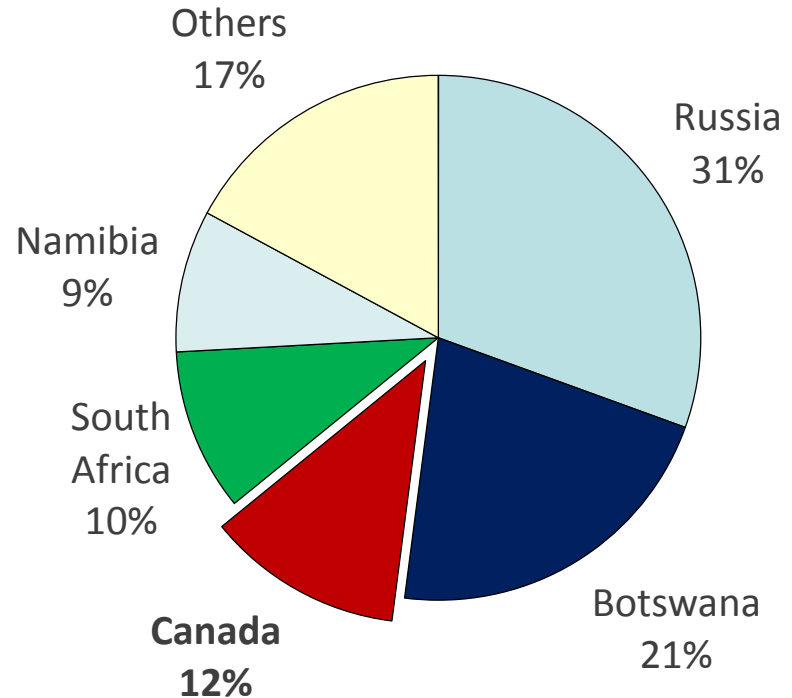


Current & Past Producing Mines: Ekati • Diavik • Snap Lake • Meadowbank • Con • Giant • Lupin • Polaris • Nanisivik • Pine Point • Cantung • Discovery • Rankin Nickel • Rayrock • Outpost Island • Supercrest • Eldorado • Ruth • Terra • Norex • Silver Bay • Colomac • Tundra • Camlaren • Contact Lake • Ptarmigan • Tom • Mon • Cullaton Lake • Salmita • Hope Bay • Negus • Thompson-Lundmark • Rich • El Bonanza • Rycon • Bullmoose

Diamonds – NWT is world leader today

- The Northwest Territories by itself is the world's 3rd most valuable diamond producer

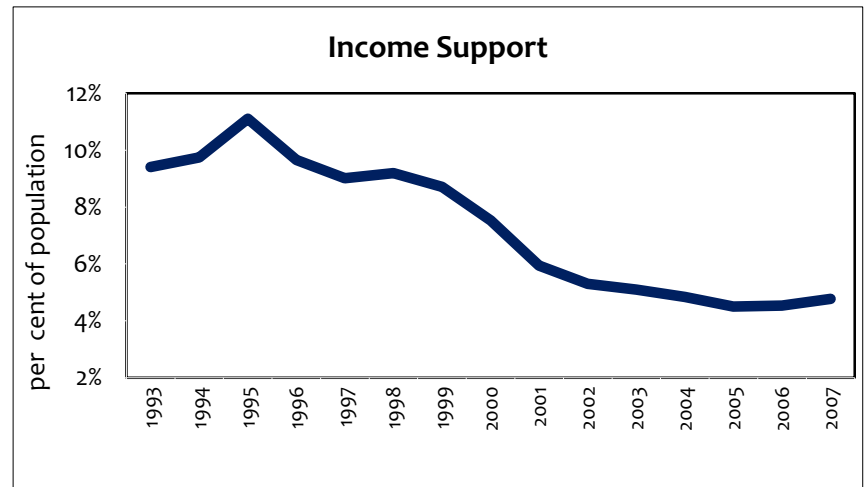
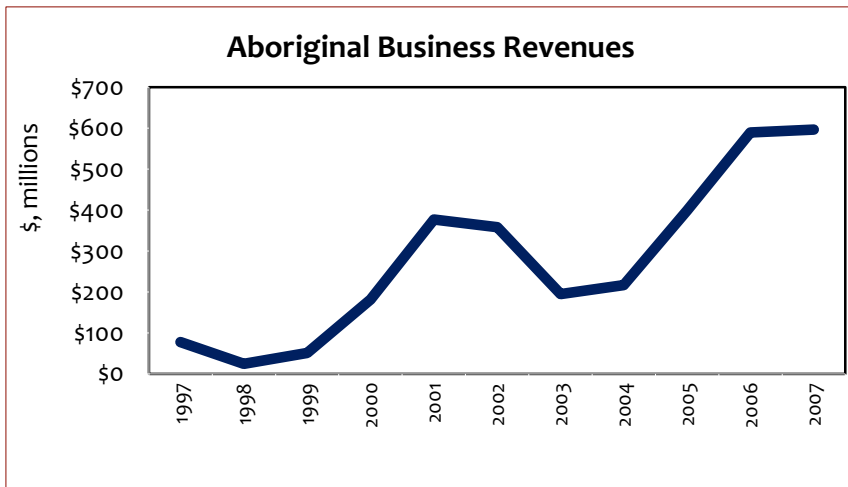
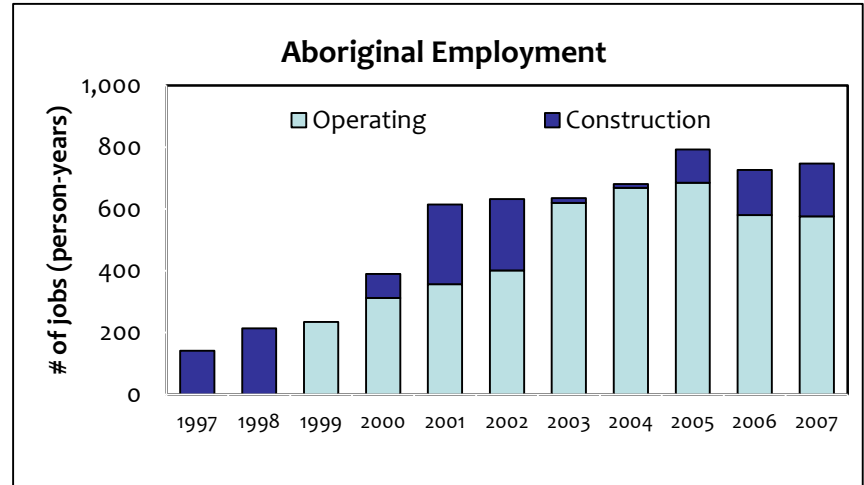
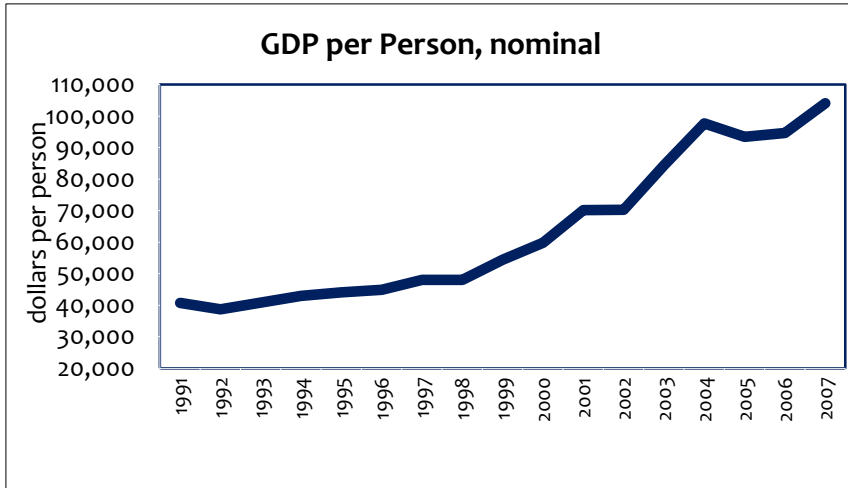
Value of Global Diamond Production 2015



Source: Kimberley Process



How diamonds made an Aboriginal difference

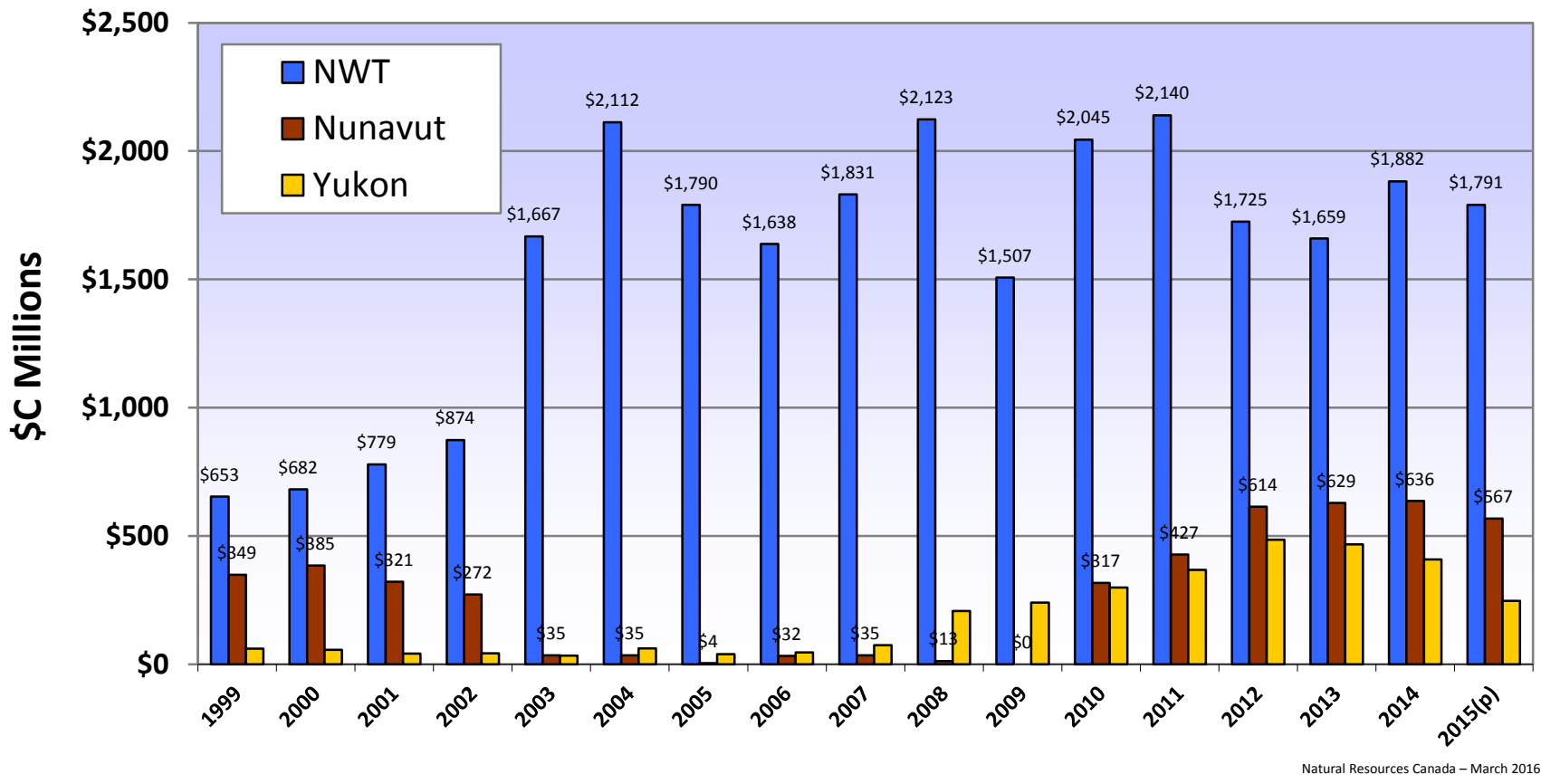


Source: [NWT Diamonds Report – 2008](#)



Value of Mineral Production

NWT, Nunavut and Yukon Mining Production



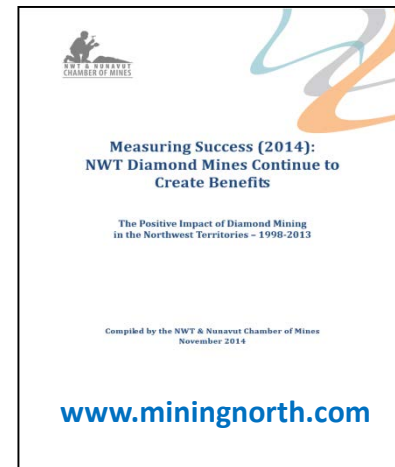
- Source: Natural Resources Canada



Our mines create huge people & business success

(Note: NWT diamonds example ... Nunavut benefits similar)

- 22,000 person years northern mine employment
 - Over 1,400 northern workers, 50% Aboriginal
 - Mining – largest employer of Aboriginal people
- Over \$11 billion in northern business
 - \$5 billion with Aboriginal businesses
- \$100 million plus to communities in IBA payments, scholarships, donations



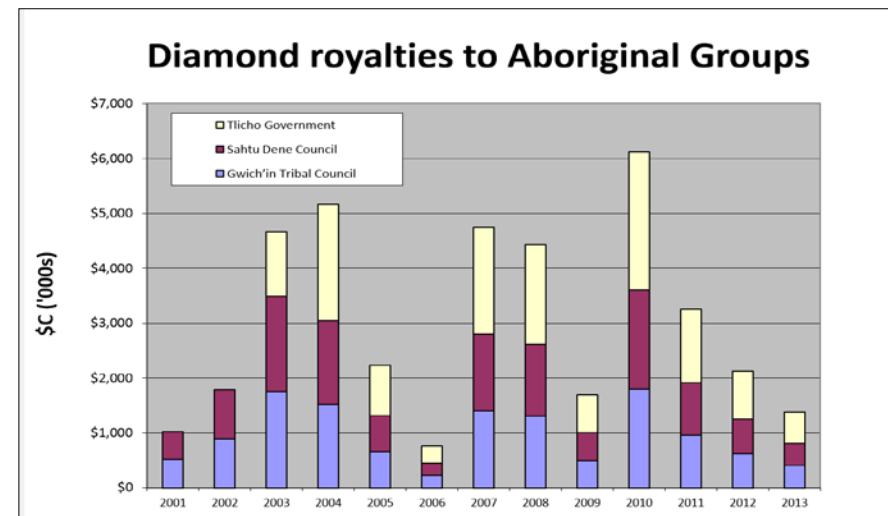
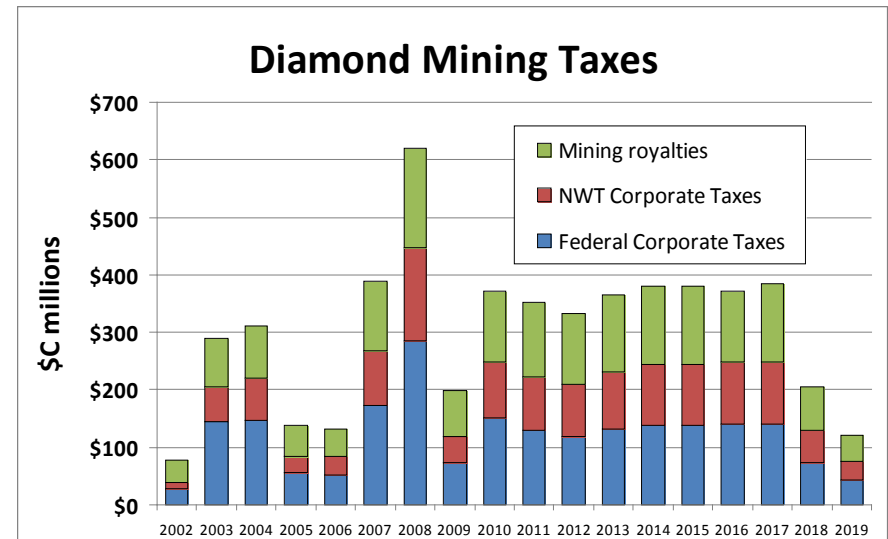
A whole new Aboriginal mining business

- **Growth of new Aboriginal companies in past 15 years**

- Tli Cho Logistics
- Tli Cho Landtran
- Tli Cho Cement
- Tli Cho Air
- Tli Cho Road Constructors
- Tli Cho Orica Explosives
- Denesoline Western Explosives
- Metcon
- 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.
- Ekati Services
- I&D Management Services Ltd.
- 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
- 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/Tlicho Logistics
- Lutsel K'e Air Services
- A.T.B. Construction
- Trinity Helicopters

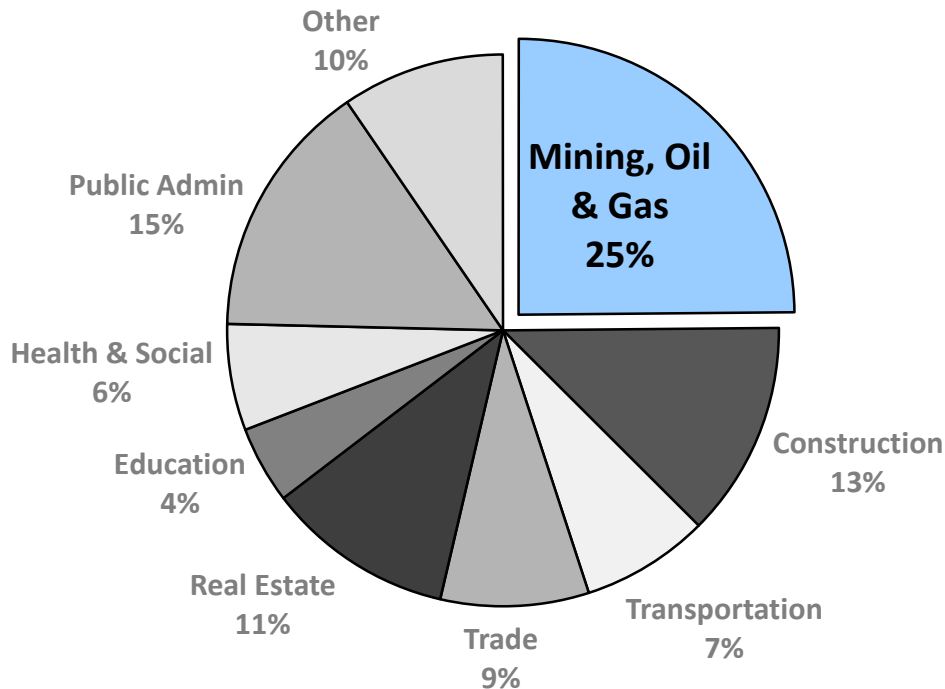
Plus significant taxes & royalties

- Public and Aboriginal governments now benefit directly from mining taxes and royalties

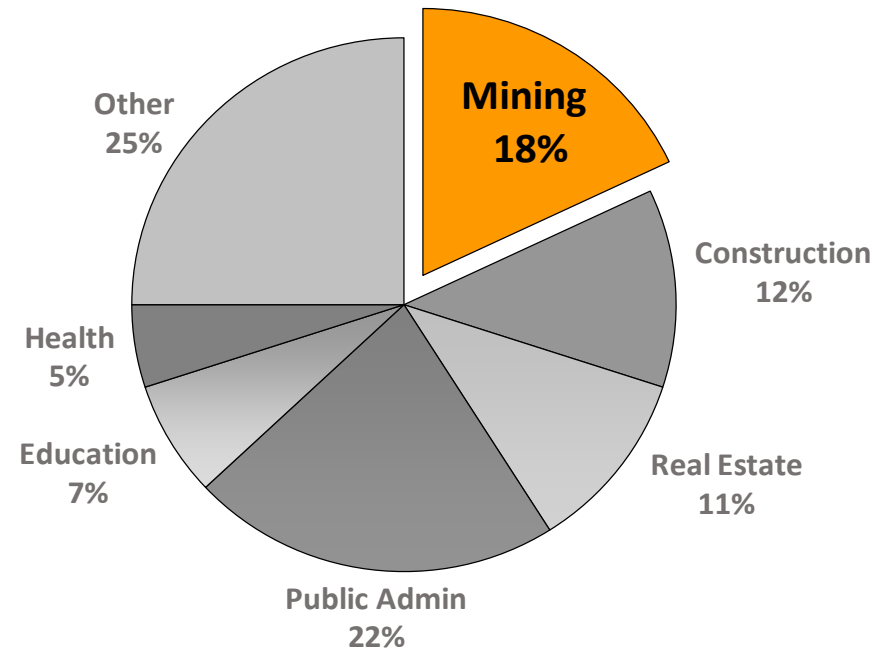


Mining – largest private sector contributor

NWT GDP (2014)

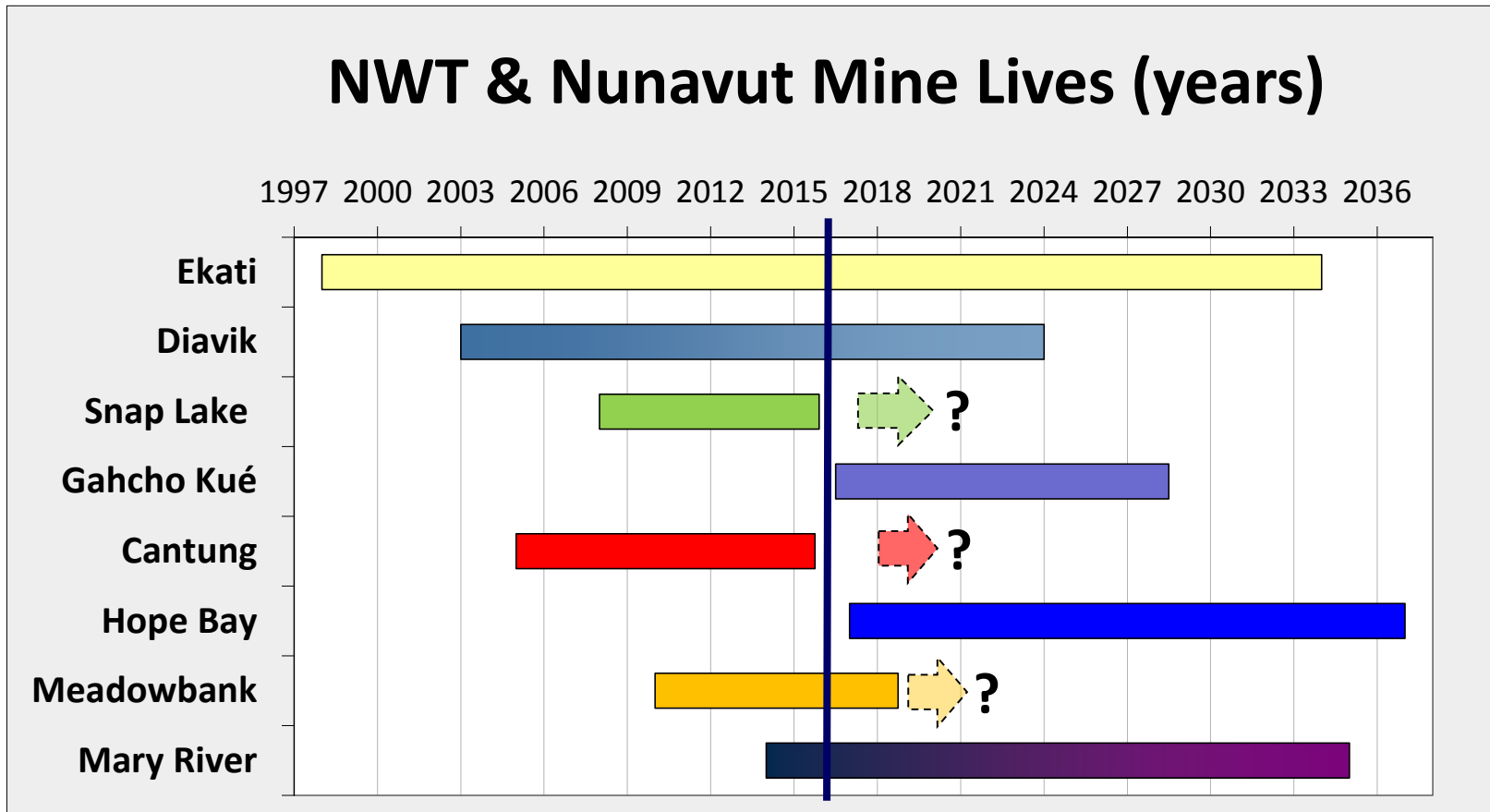


NUNAVUT GDP (2014)



- **Mining's contributions are even larger** with spending in other sectors of the economy, eg, construction, transportation, real estate, trade, etc.

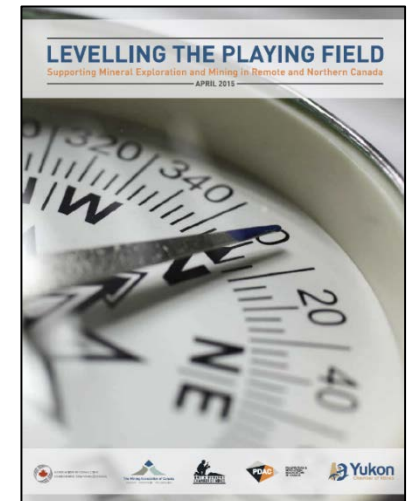
Mine lives have a mixed outlook



- Ekati added 10+ years; Diavik added 1 year
- But, we closed Cantung and Snap Lake mines
- Gahcho Kué diamond mine commissioned, opens September 20, 2016
- 1 new Nunavut gold mine under construction
- Meadowbank hoping to add more years with Amaruq deposit discovery

3 Broad areas for action

- Improve Access to land
 - Settle Land Claims in NWT
 - Reduce Conservation Initiatives
 - Fix the Nunavut Land Use Planning process
- Address Regulatory Efficiency
 - Don't Invoke Cost Recovery in NWT and Nunavut
 - Provide regulatory capacity
 - Finally modernize Nunavut's tenure system
- Reduce the Infrastructure Deficit
 - Level the playing field



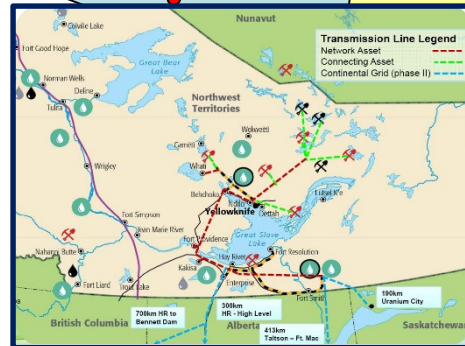
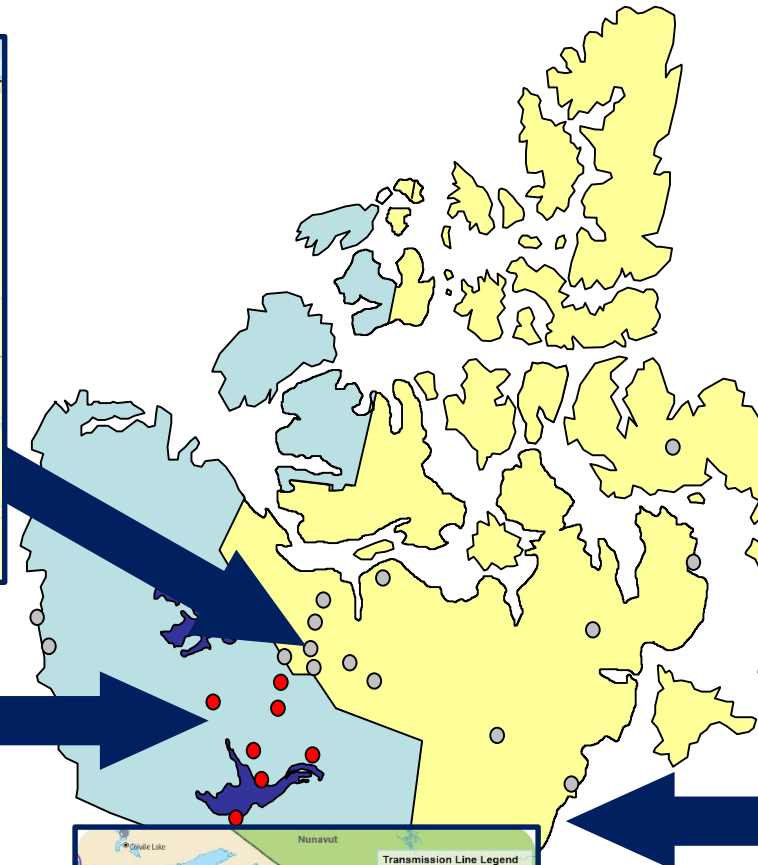
Some Infrastructure opportunities before us



Slave Geological Province Road
(Many mines, Yellowknife Lake community)



Tlichko Road
(One mine, one community)

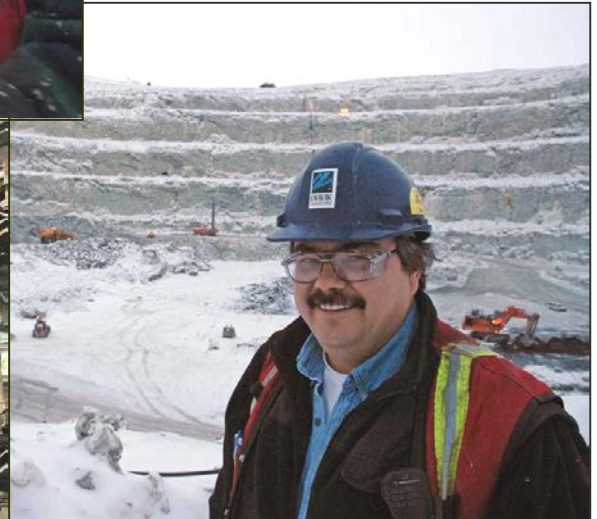


NWT Hydropower (mines, communities)

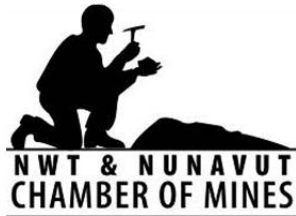


Manitoba-Nunavut Power
(Mines, communities)

Why it matters



Courtesy Diavik Diamond Mines Inc.



Speaking Notes for Joe Campbell's Appearance before Standing Committee
(accompanied by a deck for further information)

Good morning honourable members.

My name is Joe Campbell and in my day job, I am President of TerraX Minerals a publically traded junior exploration company currently exploring for gold around the City of Yellowknife, in the Northwest Territories. I am also a Board member of, and am here to represent, the Northwest Territories and Nunavut Chamber of Mines, the two territories' industry association. We work often with MAC and the Canadian Chamber of Commerce, who are here with us today.

I have only 7 minutes or so, I'm told, and that might be a challenge to do two territories justice, but with your additional questions, we will delve deeper. And our Chamber is always available to provide additional information should you need it.

You will have my speaking notes before you, as well as (hopefully) a deck which we have provided which gives some more detail to my speaking notes.

I want to open by saying that the minerals industry is good for the North. It has helped provide thousands of jobs, fuel the economy with billions in business expenditures and taxes, and even helped contribute to regional infrastructure.

We have over 80 years of history mining for a variety of commodities, and have helped to bolster the private sector economy of northern Canada.

Over the past 25 years, with the discovery of diamonds in the Northwest Territories, the mining industry has made even greater strides in Aboriginal communities, creating thousands of person years of employment, supporting a wave of new Aboriginal business creation, and producing the flow of millions in taxes and royalties, not only to public governments, but now to Aboriginal governments too. Mining has significantly catalysed the creation of a middle class in the Aboriginal communities of the north.

I should note that while the trend began with diamonds in the NWT, Nunavut benefits are following a similar path today.

Mining is the North's economic advantage and, as a result, today is the largest private sector contributor to the GDP in both the NWT and Nunavut.

In doing all of this, our industry has essentially been your contractor, doing what governments cannot do, converting seemingly worthless rock into valuable jobs, business and tax revenues. We do that at great risk, for finding a mine is not easy. Nor, I can tell you from personal experience, is finding the money, for we do so much of that with other people's money. And, we do all of that following the ever changing regulatory blueprints that you have asked us to follow.

If I do say so myself, we do a pretty darn good job of all of that.

But there are limits to what we can do ourselves.

Our mines won't last forever, and we must continue to work to sustain what we have, and to explore to find new mines so that our efforts to date don't slide backwards.

How do we sustain such a good thing?

Primarily by keeping investment interest strong. We live in a competitive world, and investors have a host of countries to invest in. To keep investment strong requires an attractive climate that provides reasonable security to investors, since our business of finding mines – the needle in the haystack – is already risky enough.

We very much need you to help us if we are to create a strong foundation for future growth.

With that, let me speak to three broad areas for improvement.

First, Improve Access to land

First, improve access to land. Access is the lifeblood of exploration and mining. Without it, we cannot find and develop mines.

Land access is problematic today, and we need Canada to help remove the following challenges:

Settle Land Claims in NWT

First is settling Aboriginal land claims.

The southern half of the Northwest Territories is still subject to unsettled land claims, and negotiations have been underway for over 30 years.

Besides removing lands from development during negotiations, not clarifying who the land owner is creates other tensions between public and Aboriginal governments. Investors can get innocently caught in the middle. For example, when government says the land is open to exploration, and a company begins its work; and then the Aboriginal governments says the land is not open, and threatens legal action.

As a result, much land is officially off limits to development, and much more has effectively been put off limits.

Reduce Conservation Initiatives

Second, we need to reduce the amount of land being proposed for pure conservation with no allowance for mining ... forever ... and ever.

The footprint of our current NWT mines is about 0.005% of the NWT; the area of all of the mines in our history is less than 0.03% of the land area. That is a very, very small footprint. And our exploration is short lived and of low environmental impact.

Yet, we are the recipient of the largest national parks in the country. The most recent Federal proposal for Thaidene Nene National Park is for 15,000 square kilometres, three times the size of Prince Edward Island.

In addition, there are many initiatives for more wildlife and other protected areas that would be off limits to mining too, forever.

Mining is not a threat in this highly regulated world. And our mines operate to very high standards. We can co-exist with the environment – we can have both. The conservation initiatives are overkill.

Scrutinize the Nunavut Land Use Plan process

Third, we need help with the proposed Land Use Plan for Nunavut which is moving dangerously – and strangely – towards being the most protective in the country. I say strangely, for if it is allowed to proceed as is, it will compromise even the Inuit, the largest landowners in the world, from developing

many of their hard negotiated mineral resources. Since INAC will need to sign off on the final plan, it is time for Canada to scrutinize the work that is being done before taxpayers' money is wasted and Inuit economic future stymied.

Regulatory Efficiency

Let me switch to the second area where we need help.

An efficient regulatory system provides certainty of “cost and process” for investors. Unclear, uncertain and untimely regulatory processes frighten investors away.

Don't Invoke Cost Recovery in NWT and Nunavut

The previous government opened the door to regulatory cost recovery in both the NWT and Nunavut, but thankfully it hasn't yet been invoked.

These two territories have the most progressive and transparent regulatory systems in the country. While they are models of Aboriginal and public governments sharing responsibility for the regulatory regime through Board processes, they are also expensive processes.

Please don't hinder investment by invoking cost recovery to already high cost processes and jurisdictions.

Provide regulatory capacity

We also need help with regulatory capacity. Regulatory Boards are not fully staffed, which causes process delays and adds pressures and costs on the system.

In addition, the office overseeing Nunavut mineral tenure continues to be woefully understaffed. Simple things like phone calls are not returned, but more importantly, tenure maps are not updated, and what we call assessment reporting is delayed.

Finally modernize Nunavut's tenure system

Finally, we need Canada to finally modernize Nunavut's tenure system.

INAC has promised for many years a modern tenure system in Nunavut called map staking.

The transition from ground staking to an online system would represent transformative change.

A state of the art online map staking system would increase business and investor certainty, would reduce costs, and would also support the participation of local prospectors in the industry. This could help lead a resurgence of the mineral industry in Nunavut.

Our industry strongly supports the map staking initiative being developed by INAC, but we are growing weary of the perpetual nature of this endeavor and the projected implementation dates that have come and gone numerous times.

We would like to see the end product implemented, particularly at a time when the industry could use a boost.

Finally, we need to reduce the Infrastructure Deficit

Finally, we need to reduce the Infrastructure Deficit

The NWT and NU cover an area the size of Western Europe but with a tiny fraction of its infrastructure.

There is no highway system in Nunavut, and only a small one in the NWT.

Similarly, there is no power grid in NU and only three stranded, isolated grids in the NWT. There is no ability to wheel cheap power from the south, or vice versa.

As a result, remote mines must supply their own roads, and ports, and airstrips, as well as their own diesel power, adding costs that most competitors don't face.

This further "un-levels the playing field" in an already high cost NWT and Nunavut making us less competitive.

There are a number of infrastructure proposals on the table, but they all need Federal financial assistance. We are in desperate need of some visionary Federal investment. The nation building Grays Bay road would fit that bill nicely, and give Nunavut its first road link to southern Canada.

In closing, our northern industry has made great strides in the past 25 years, particularly in Aboriginal communities. Building a strong mining future matters, for it will help sustain and grow benefits for those northern and Aboriginal communities. And as a side benefit, we will be making a strong statement for Canadian sovereignty in the North.

Thank you for listening. I would be pleased to take any question you may have.