

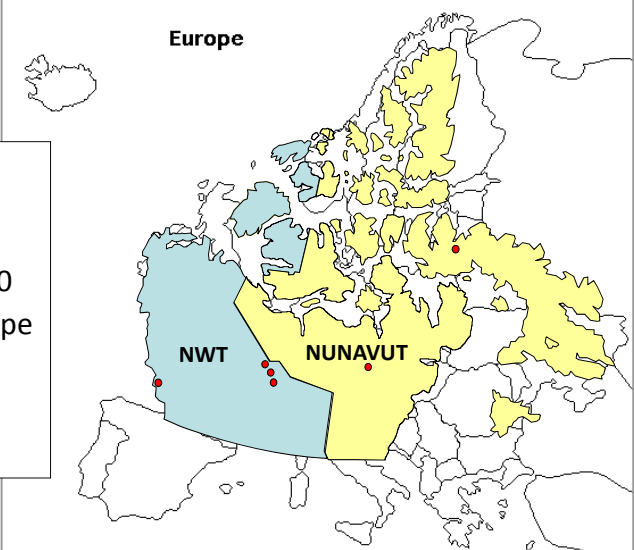


Perspectives on the strategies and advantages of operating and investing in Canada's North


CanNor Investment Seminar, PDAC – March 2015
By: Tom Hoefler, NWT & Nunavut Chamber of Mines

Northern Canada – a sense of scale

- 1/3 size of Canada
- Arctic conditions & climate
- Population < 75,000
- Almost size of Europe
- Underdeveloped infrastructure
- 6 operating mines



Area of NWT + Nunavut = Norway, Sweden, Finland, Denmark, France, Germany, Poland, Spain, Portugal, Italy combined.



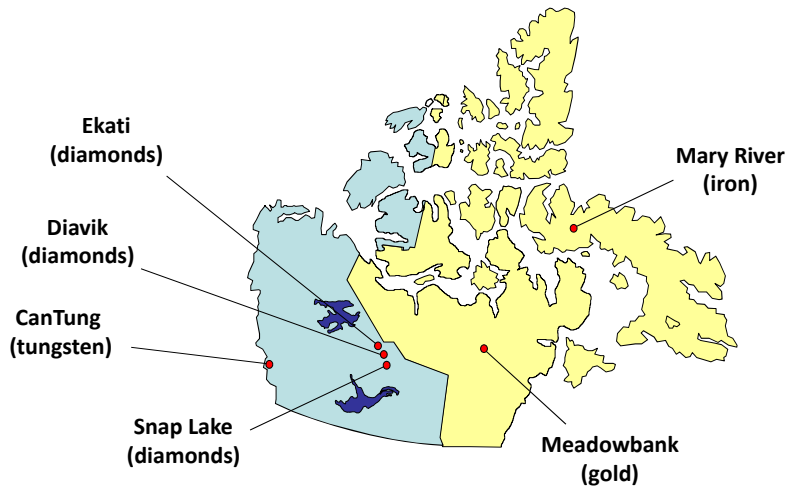
Key Messages

- Mining is our economic strength – the evidence
- Drivers for more mining
- An admission: Yes, we have challenges too
- But ... we are working to address them
- **Consider being a part of our industry!**



3

Mineral production today is from 6 mines

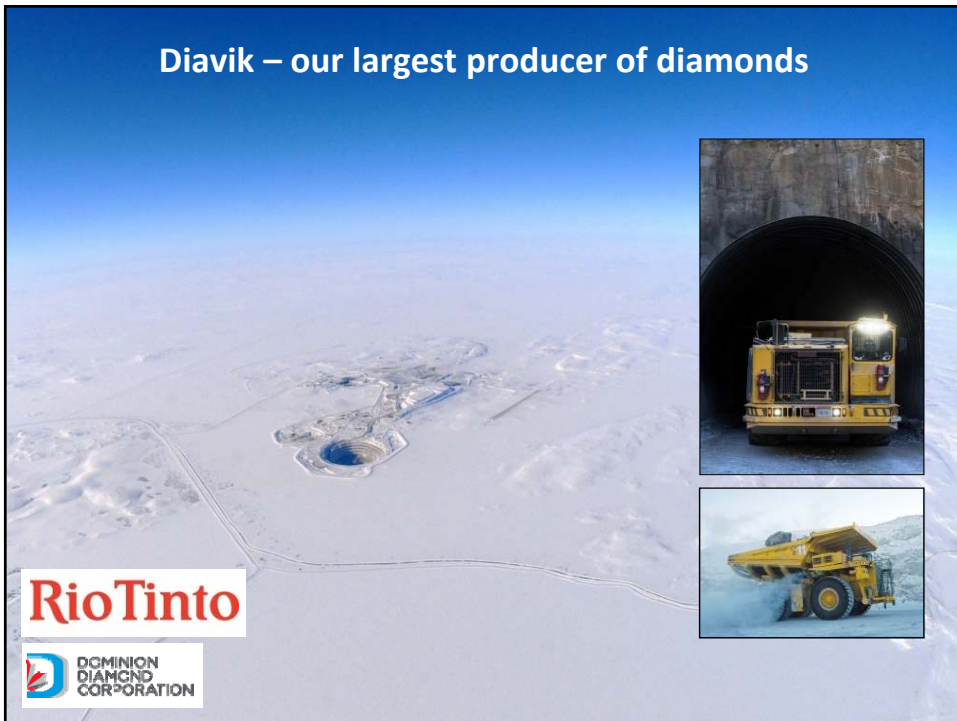


4

Ekati – Canada's first and largest diamond mine



Diavik – our largest producer of diamonds



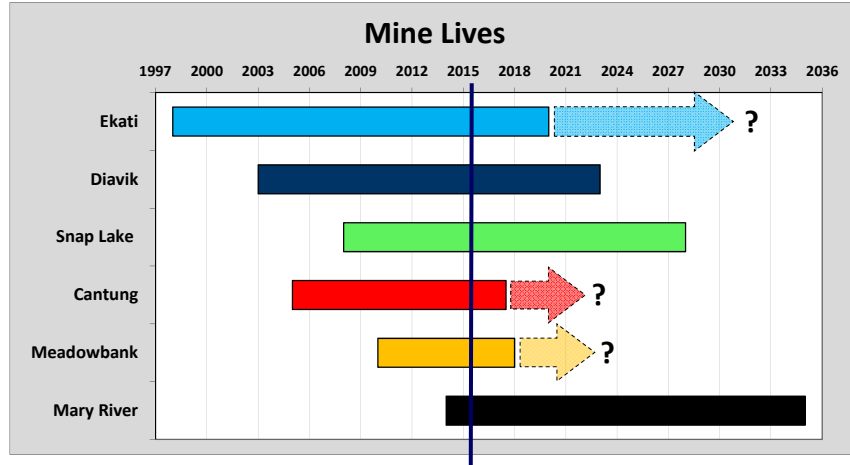
RioTinto







Mine lives are variable



- Some are aging, one is new, and some are looking at ways to sustain themselves

11

Mining of Diavik A21 pipe approved

- US\$350 million to develop A21 deposit over 4 years
- Diamond production planned for late 2018
- Will make operation more robust – mine life still 2023



Diavik owners have approved a US\$350 million investment to mine its fourth kimberlite pipe, an orebody called A21, shown at far left, using similar dike technology as shown around the A418 and A154 pipes. Courtesy Diavik Diamond Mines Inc.

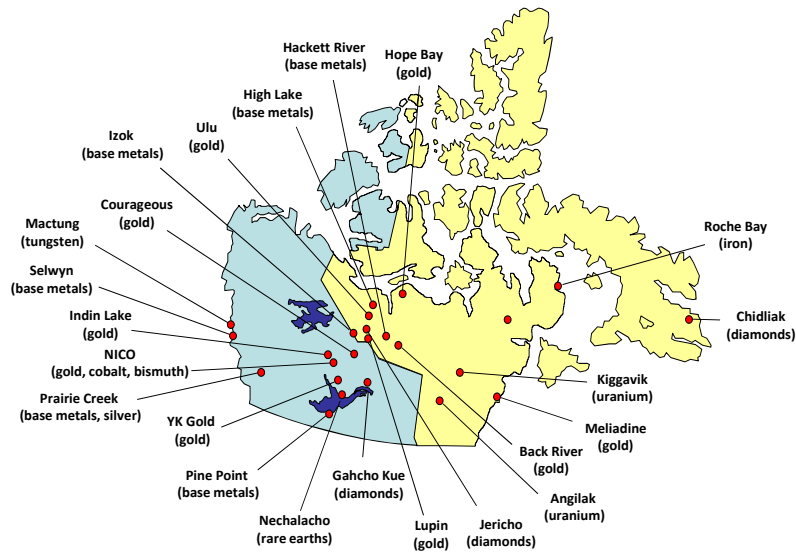
12

EKATI mine life extension in environmental review

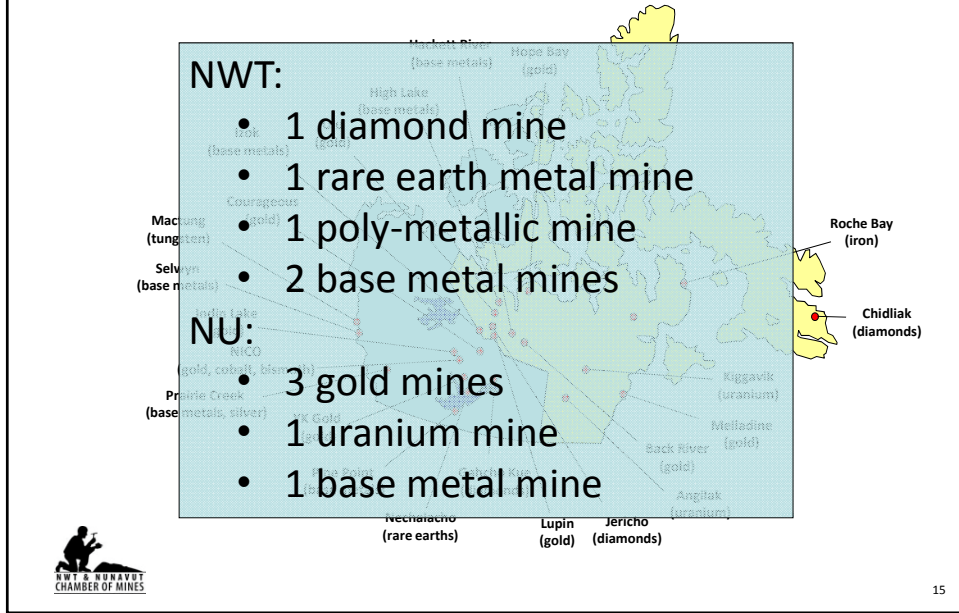
- EKATI is already huge benefit to the NWT
 - Approximately 1,400 workers
 - Scheduled to close in 2020, but ...
 - Approval to mine “Jay” could add 11 years mine life
 - \$690 million capex



Potential mines provide diversified opportunities



Potential mines provide diversified opportunities



Construction underway at Gahcho Kué mine in NWT

- Jobs
 - 700 workers to construct it in 2-years
 - 400 workers to operate the mine
- Business
 - Capex \$859m
 - Opex \$218m annually for 12 year mine life
- Production expected in Q3 2016



Drivers for more mining



17

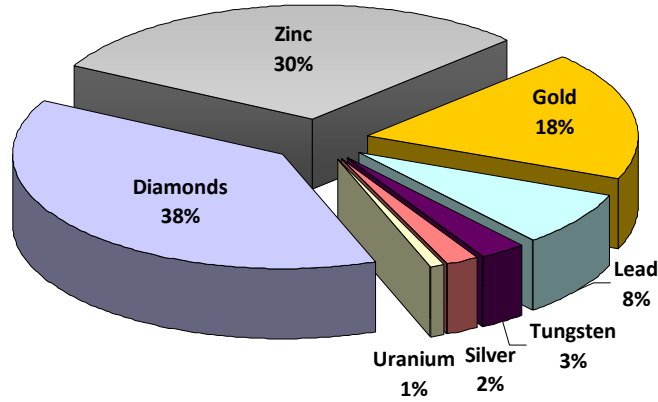


Driver #1 Support from the top: Prime Minister of Canada

- *"The North's time has come, my friends.*
- *... Our government is committed to ensuring that Northerners benefit from the tremendous natural resource reserves that are found in their region."*

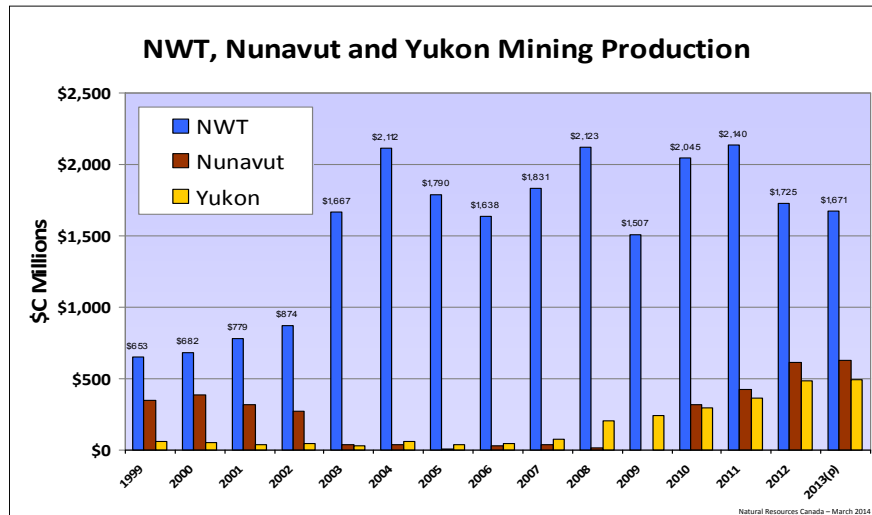
Driver #2: Mining generates wealth

– Mining has generated 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

Driver #3: Mining creates huge annual “Cash flow”



Natural Resources Canada – March 2014

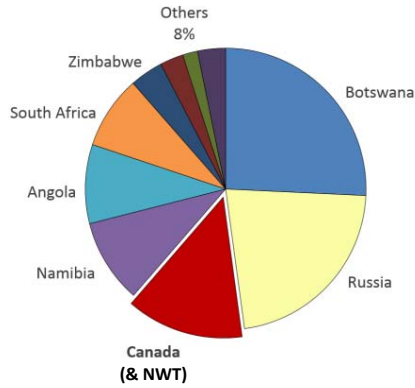


- NWT: Diamonds are the most significant contributor with lesser tungsten & copper
- NU: Gold is the most significant, with some silver

Driver #4: We can be world players

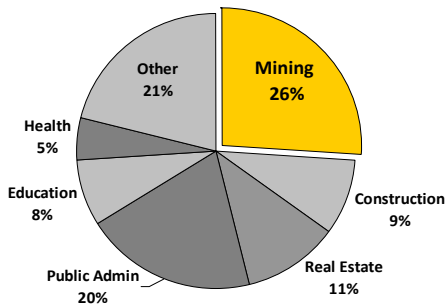
- The Northwest Territories makes Canada the world's 3rd most valuable diamond producer

2013 Diamond Production Value (\$US)

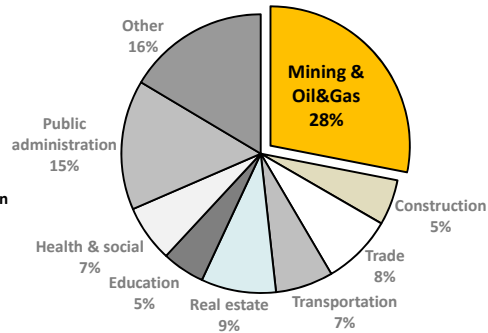


Driver #5: Mining creates real economies

NUNAVUT GDP (2012)



NWT GDP (2013)



- DIRECT contributions alone from Mining make it the largest private sector contributor.
- INDIRECT contributions from mining and exploration add even more to other sectors of the economy.



Driver #6: Mining creates people success

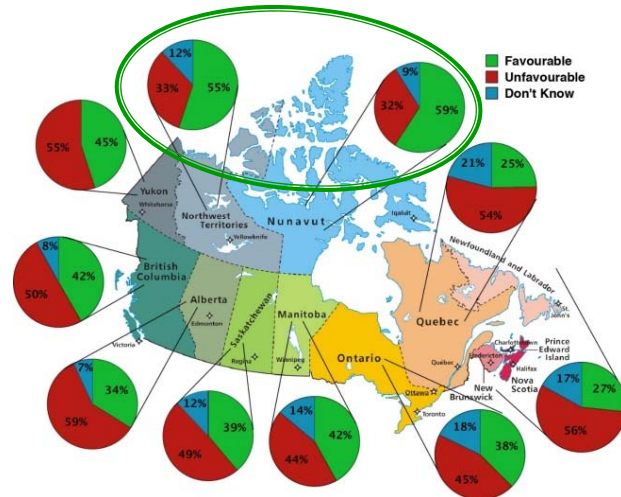
- 22,000 person years northern mine employment
 - 50% Aboriginal
 - Mining – largest employer of Aboriginal people
- Over \$10 billion in northern business
 - \$5 billion with Aboriginal businesses
- \$ millions in training, scholarships.



23

Driver #7: People success drives acceptance

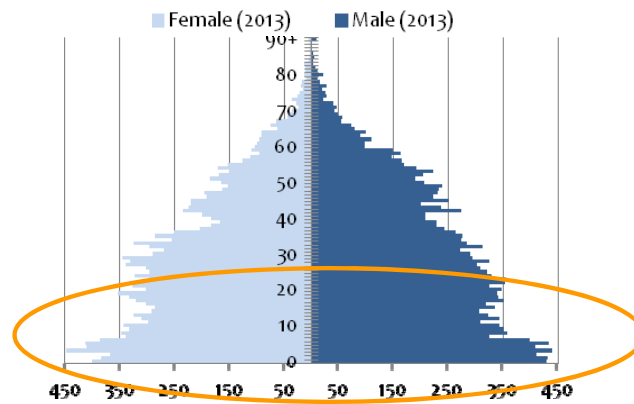
The highest approval rating for mining is in NWT & Nunavut.



Aboriginal Canadians and Their Support for the Mining Industry: The Reality, Challenges and Solutions: PR Associates, 2014: www.prassociates.com

Mining Driver #8: Population Growth

Distribution of Nunavut Population, By Single Age Cohort, 2013



- Nunavut's Baby Boom will demand government create job opportunities. Mining will help.

25

Driver #9: increased self reliance

- Devolution means local control and fiscal responsibility
- NWT has devolved; Nunavut has started the process
- We are now more responsible for our future wealth
- We have the tools to do so:
 - a new and improved regulatory environment
 - tremendous resource potential
- Mining revenues will help to pay the bills

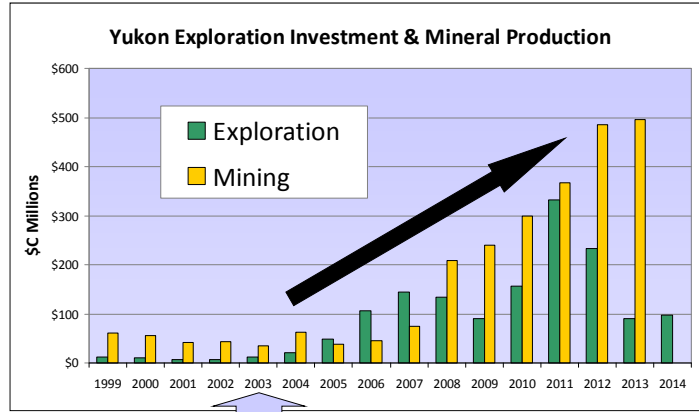


ALL
GROWN
UP

26

Witness the Yukon after Devolution

- Yukon investment and production increased post devolution



Yukon devolves & YESA Act passed

27

The admission: We have challenges, too

or mining

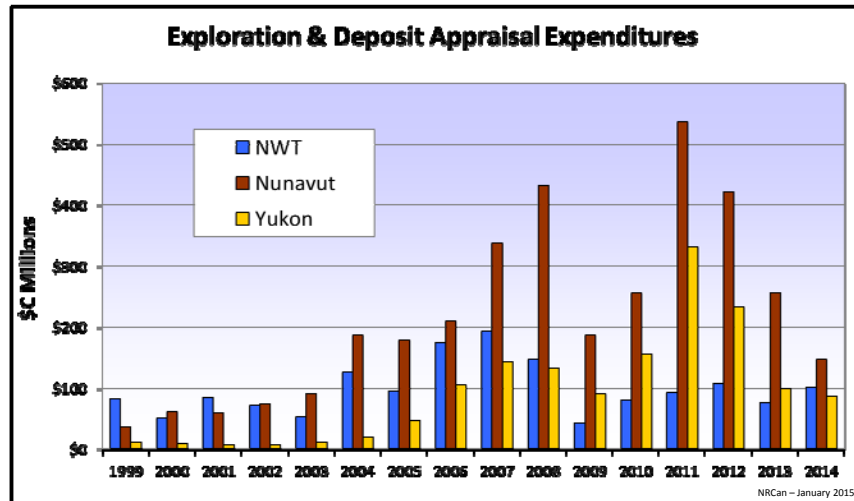
- Anyone who likes the law or **^** sausages, shouldn't watch either one being made.

... Otto von Bismarck



28

Global market challenges

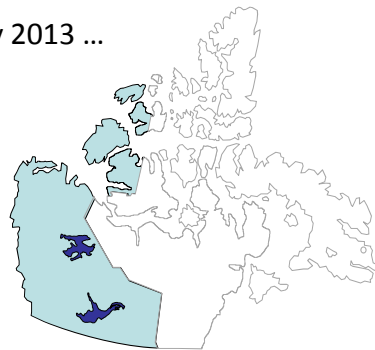


- For long term mining sustainability, we need to turn around the falling exploration investment.

29

Assessing the Northwest Territories

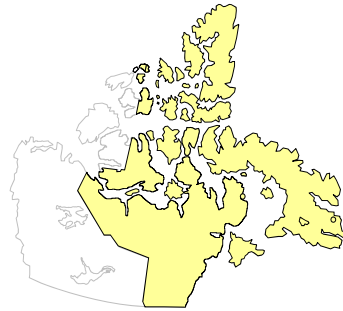
- Devolution complete: NWT Government is landlord
- Half the land claims settled
- Unique regulatory boards system – shares decision making
- Amended environmental assessment act - timelines
- Project facilitation by CanNor
- NWT Mineral Development Strategy 2013 ...
 - Geoscience investments
 - Workforce training
 - Exploration Incentive Program
 - Project facilitation
- Infrastructure deficit – strategy
- Some land use plans done



30

Assessing Nunavut

- Federal Government is Crown landlord: Devolution beginning
- All land claims settled in one claim which makes:
 - Inuit largest Aboriginal surface and subsurface landowner in Canada
- Unique regulatory boards system – shares decision making
- New environmental assessment act – timelines
- Nunavut Mineral Strategy 2007 ...
 - Workforce training
 - Geoscience investments
- Infrastructure deficit
- Land use planning in flux
- Project facilitation by CanNor



31

Some Advice before investing

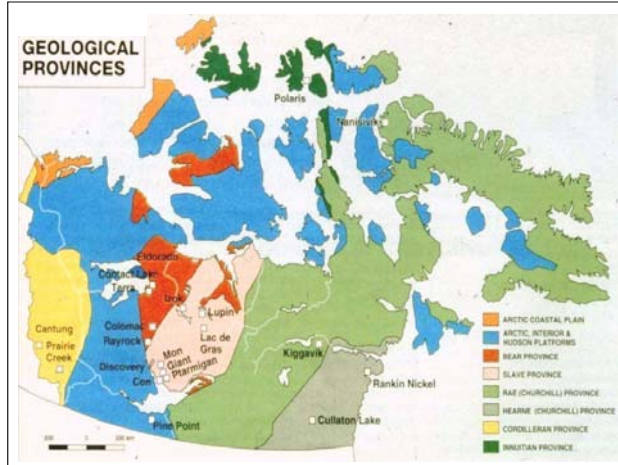
- Do your homework and learn about our political and regulatory environment
- Be prepared for early engagement with local and Aboriginal communities
- Seek out both public and Aboriginal governments for advice and support
- Join the Chamber of Mines 😊



32

A parting thought: We upset Conventional Wisdom

- “More remote does not necessarily mean less economic.”



- Huge area, under-explored and under-developed
 - 9 geological provinces = attractive potential

We need investment!
Come Have a Look at the North!

