

Thank you very much, Mr. Chair. My name is Tom Hoefler, and I am the Executive Director of the NWT & Nunavut Chamber of Mines. We are an industry association that champions for mining in the two territories.

Our review of Bill C-15 was also done collectively with our sister national organizations, the Prospectors & Developers Association of Canada and The Mining Association of Canada.

I'm joined by our legal counsel, Michael Hardin, who has helped us with our submissions and has a wealth of northern regulatory knowledge having worked with us for over 20 years.

We would like to start by thanking the Minister of AANDC and his staff for their consultations with us, and for their very detailed response to our concerns.

Although we did not get everything that we were hoping for in Bill C-15, we are thankful for the improvements being proposed, and for the Minister's assurances of our continued involvement in the regulatory improvement process.

We have submitted to you a detailed brief, and I will now take you through the deck that we also provided in advance.

Key Messages

- Exploration and mining – the foundation of the NWT economy
- Industry supports devolution under Bill C-15
- Exploration spending has suffered a significant decline
- Regulatory reform – essential for the industry
- Industry encouraged by proposed MVRMA amendments in Bill C-15
- However, they do not address all of the key areas of concern, especially unwarranted referral of exploration projects to environmental assessment
- Without further changes, investment needed for exploration required to sustain mining activity is at risk



Turning to slide 2, we have a number of key messages.

Our minerals industry is the foundation of the NWT economy.

We support the devolution of land and resources to the new landlord, the Government of the NWT. (Our interest in Bill C-15 will focus on regulatory improvement, specifically amendments to the MVRMA.)

There has been a significant decline in exploration spending,

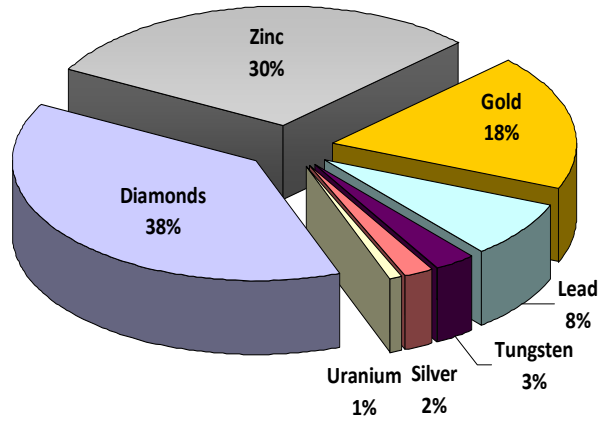
We are encouraged by amendments to the MVRMA that can help turn this around.

But, more amendments are needed, especially with respect to unwarranted referrals of small exploration projects to environmental assessment;

We therefore believe that more changes are required to create certainty again for investors.

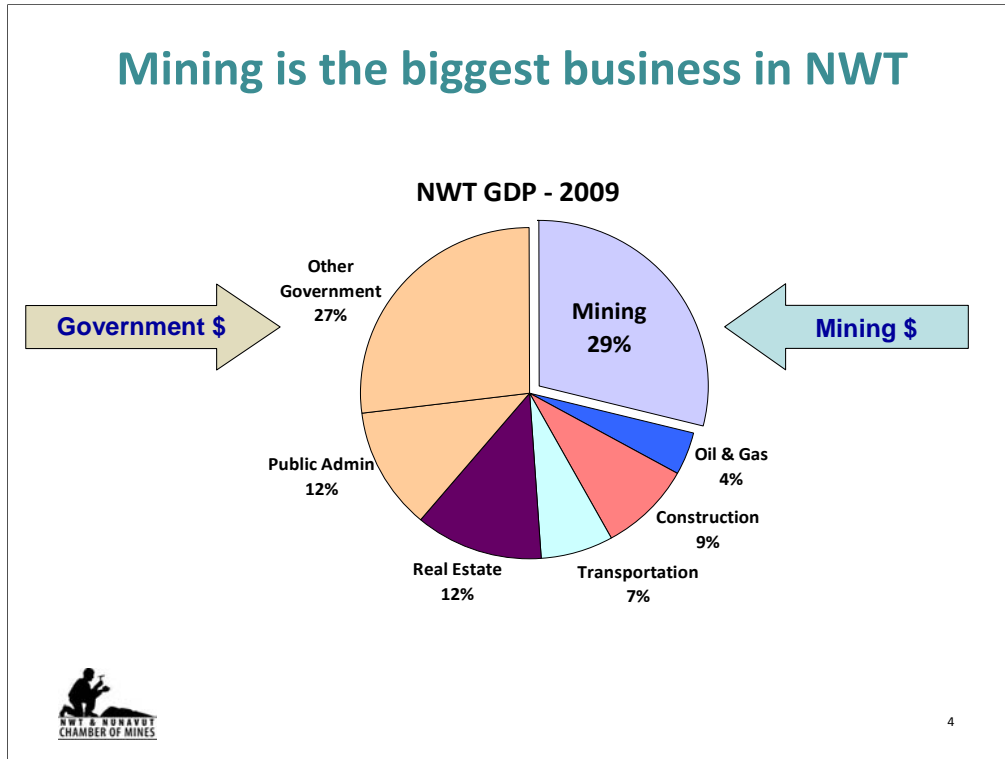
80 Years of Mining History

– Over C\$60 billion in production value since 1932 –



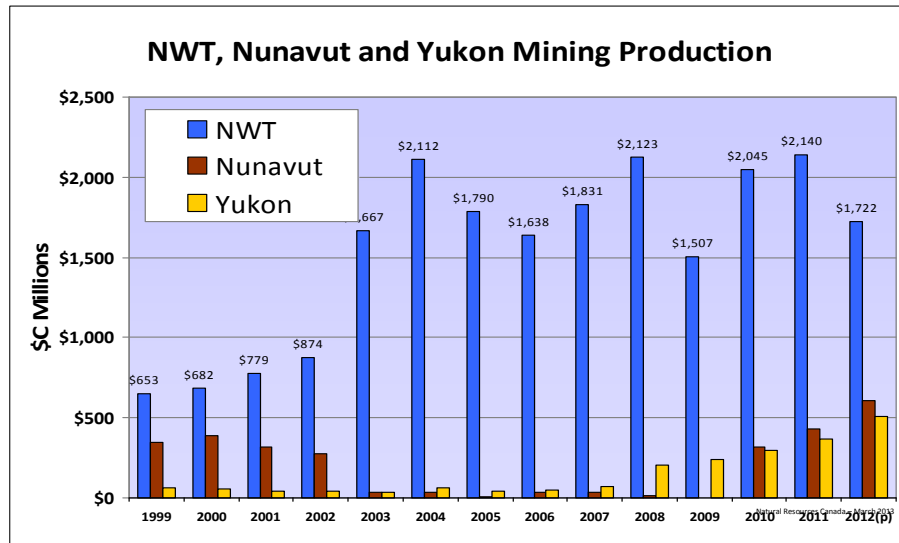
To introduce the importance of our industry, over the past 80 years the value of NWT mineral production has exceeded \$60 billion dollars.

Mining is the biggest business in NWT



Mining is the biggest business in the NWT. We are the largest single private sector contributor to the economy, and we add even further benefits through construction, transportation, and real estate.

Mining creates huge value for NWT



- NWT mineral production \$1.7 billion in 2012

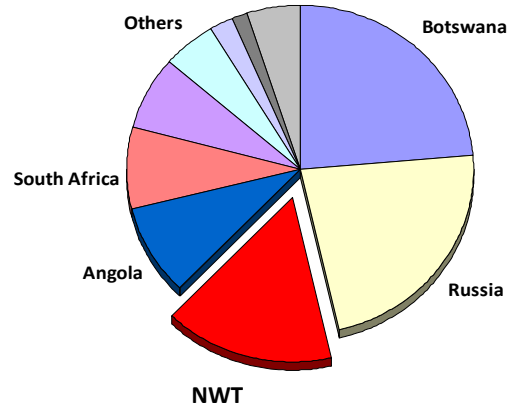
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Mining creates huge value for the NWT as data from Natural Resources Canada demonstrates. As you can see, the value of NWT mining production is many times greater than that of Nunavut and Yukon.

NWT diamonds 3rd place globally

2012 Diamond Production Value (\$US)

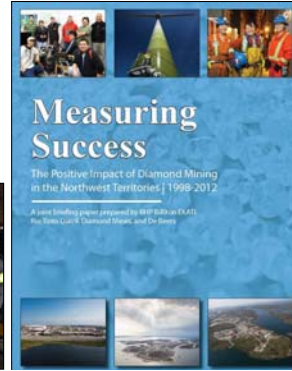
- The Northwest Territories by themselves are the world's 3rd most valuable diamond producer



In fact, we are globally significant. Our diamond mines have established the NWT and Canada as the 3rd most valuable producer in the world.

Our mines create significant benefits

- 19,000 person years northern employment
 - 50% Aboriginal
 - Mining is the largest employer of Aboriginal people
- Over \$9.3 billion in northern business
 - \$4 billion with Aboriginal businesses
- \$ millions more in training, scholarships & donations.

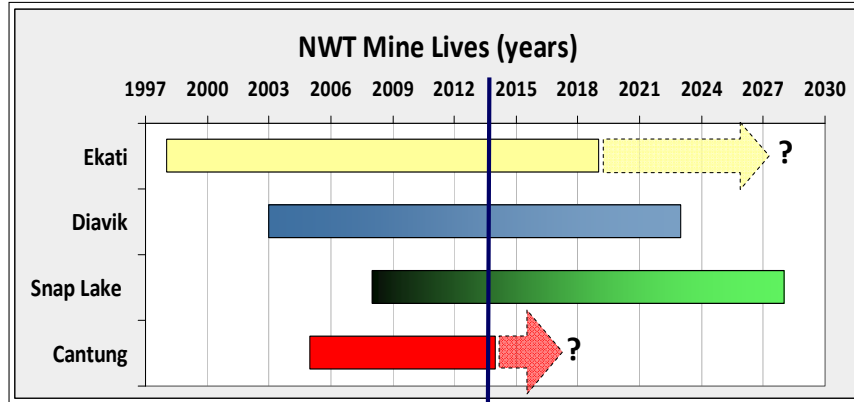


Download at: www.miningnorth.com

In this slide, you will see that our mines turn that production value into benefits for the NWT and for Canada, and for Aboriginal and northern residents and businesses.

For more detail beyond the figures shown here, I encourage you to download from our website the publication “Measuring Success”, the cover shown here.

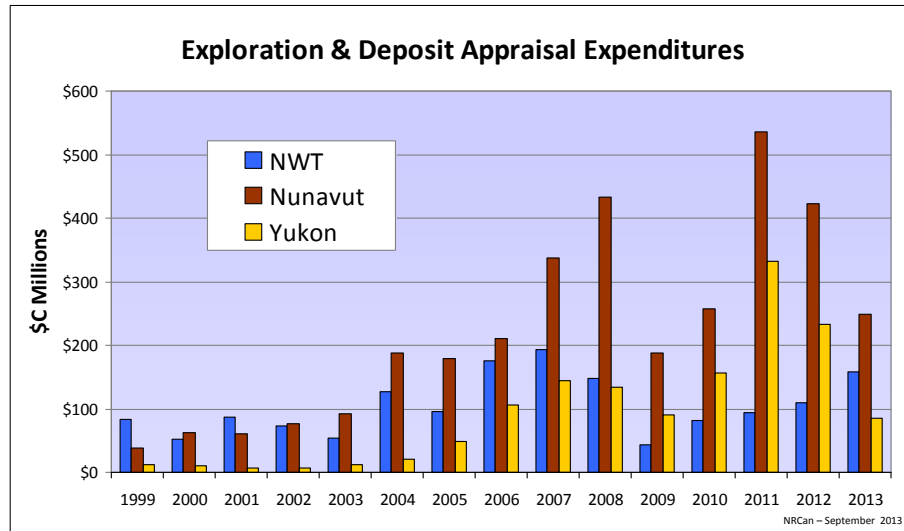
Tremendous Benefits but our mines won't last forever



The unfortunate reality is that no mine lasts forever, and this chart shows the current lives of our NWT mines. While we are hopeful that their owners may be able to find ways to extend them in future, there is no guarantee of this.

Importantly, since discovering and permitting a mine is a **10 year plus** process, we need to be attracting a constant flow of exploration investment annually.

NWT Exploration has languished vs Yukon and NU

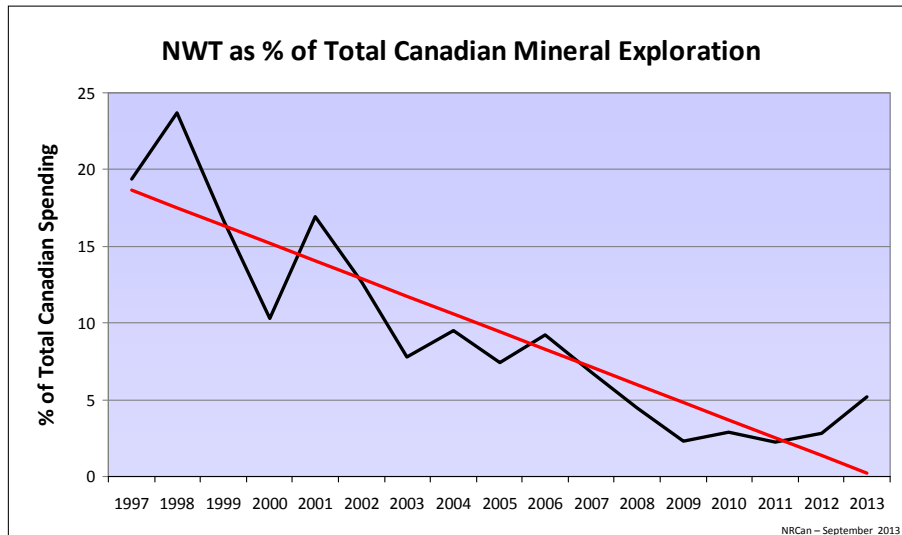


And this is where the dilemma lies.

This next slide shows annual exploration spending.

I draw your attention to the NWT in blue. Note its decline and essentially “flat line” compared to our neighbours. Note how successful Nunavut and the Yukon have been in attracting investment over the same time period. Since our mineral potential is at least equal to that of our neighbours, you know something is structurally wrong here in the NWT.

Declining Exploration Share is Worrisome



Let me emphasize that in this next slide which really reveals a steady decline in the NWT's competitiveness and our loss of Canadian market share.

Let me note too, that the small uptick projected for 2013 is not due to increasing exploration; rather it is due to investment in just a very few of our advanced projects.

PRIORITY GOALS

- Settle outstanding land claims: Akaitcho and Dehcho regions
- Regulatory reform:
 - Devolution
 - Implement the *NWT Mineral Development Strategy*
 - Amend the MVRMA: Bill C-15 and further changes



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Why, you will ask, have exploration dollars fled the NWT?

Moving to the next slide, there are 2 principal reasons:

First is the uncertainty caused by unsettled land claims in two of the most prospective parts of the territories, namely the Akaitcho region and the Dehcho region;

The second reason is the complex, costly and unpredictable nature of the regulatory process under the MVRMA.

For these reasons, we continue to urge for the speedy settlement of land claims.

We also look to devolution to play an important role, particularly with the NWT Government's launch and implementation of its first ever *NWT Mineral Development Strategy*.

And we are hopeful that the amendments to the MVRMA proposed in Bill C-15 will be seen by investors as a step in the right direction.

However, we respectfully submit that the Bill C-15 reforms will not achieve the full turn-around that is needed without additional key amendments to the MVRMA beyond those in the current bill.

Industry's Contributions to Regulatory Reform (Chamber, PDAC and MAC)

- Submission to Neil McCrank – 18 specific recommendations
- 2011 MVRMA workshop (AANDC)
- Joint submission to Minister: May 2012
- August 2013 submission: Round 1 MVRMA amendments
- October 2013: day-long session with AANDC officials
- October 2013 submission: Round 2 MVRMA amendments
- January 2014: submission to Standing Committee



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This slide shows our many attempts to get regulatory improvements to the MVRMA, just over the past 6 years, the same period that we watched the steady decline of investment in the NWT.

If we are to sustain the great benefits our industry is providing, we must seek improvements in the MVRMA to rejuvenate exploration investment.

We are hopeful that through our submission today, the Committee will help drive that point home and get additional changes made.

MVRMA – Important Steps Forward

- Timelines and timeframes: environmental assessment and environmental impact review
- Expanded authority for Ministerial policy directions
- Amalgamation of the land and water boards
- Amendment of development certificates



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Let me speak now to the important changes that we support in Bill C-15:

Overall, we are happy to see definitive timelines. However, there is one proviso to this, which I will speak to on the next slide.

We do support the expanded Ministerial authority to issue policy directions to the Mackenzie Valley Environmental Impact Review Board;

And we are happy to see there is a clear mechanism included to authorize changes to the new “development certificates”, without the need for a project to undergo a new environmental assessment.

Amalgamation of land and water boards has attracted considerable commentary. We recognize that the Aboriginal community is validly concerned by the loss of the existing regional panels.

You should know that a number of industry members, especially those who’ve developed close working relationships with the regional boards, have likewise expressed reservations.

On balance, we support the amalgamation proposal provided that:

it does not negate the existing working relationships that applicants and licence holders have developed with the regional board panels;

that the amalgamated board maintains a strong regional presence; and

that the Board Chair is authorized to appoint a representative from the settled land claim area that hosts the project under review.

We are encouraged that the Minister has indicated that AANDC will take this into consideration.

MVRMA – Further Reform is Essential

- Unwarranted referral of exploration projects to environmental assessment
- Proportionality and balance: purposes of the Act
- Reduce total timeframe for environmental assessment followed by environmental impact review
- Aboriginal consultation regulations: promising, but interim measures required
- Cost recovery regulations: careful analysis of potential adverse impacts



[See notes on next slide.]

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Turning to our final slide, we believe that Further Reform to the Bill is needed, and in 5 key areas.

First, is the unwarranted referral of small exploration projects to Environmental Assessment.

Mineral investors repeatedly identify the risk of an unwarranted referral as the number one reason to “vote with their feet” and invest elsewhere. These referrals are frequently made on the basis of “public concern”, an important term that is not defined anywhere in the Act.

Therefore, we recommend that the MVRMA set down clear and consistent standards for referring any development proposal to environmental assessment, especially those for small, preliminary exploration programs.

Unless that fundamental change is made, we fear that exploration spending in the NWT will continue to fall behind activity in competing regions.

The second area for reform relates to (a) the need for proportionality in environmental assessments; and (b) the importance of ensuring a balance between environmental and economic objectives throughout the regulatory regime.

With respect to proportionality, we have suggested a change to the MVRMA to establish:

- That the scope and intensity of the process be scaled according to the potential adverse impacts of the project in question. In the same section, we have proposed an amendment that expressly acknowledges the need to balance environmental and economic objectives and priorities.

Our third recommendation relates to timeframes. We support the approximate 2-year time frame for an environmental review. However, the proposed Bill carries real risk where a project nears the end of a 2-year Environmental Assessment process and is then bumped to another conceivably 2-year Environmental Impact Review process. The result could be a “**2 plus 2**” or 4-year review process. While the Bill does allow for information from an EA to be considered in an EIR, there is no guarantee that this will occur.

We recommend therefore, that the act be amended so that the **total time** for an EA to EIR process be two years. Otherwise it drives the unintended consequence of proponents demanding at the outset the highest level of review – an EIR – to guarantee them a two year timeframe.

Our fourth concern is around Aboriginal consultation. In November 2012, the Minister of AANDC indicated the MVRMA would be amended to clarify the roles and responsibilities related to Aboriginal consultation. However, Bill C-15 includes only a preliminary step in this direction, namely a provision to enact regulations for this critically important area.

While we are pleased that AANDC has committed to involving our industry in the development of these regulations, we believe their creation will take some time. We recommend therefore that consideration be given to using the expanded Ministerial powers to issue “policy directions” to more quickly bring greater clarity and certainty to this area.

Our final concern is with the proposed cost-recovery regulations. The NWT is already one of the highest cost jurisdictions in the land. Therefore, we urge a cautionary approach to minimize “killing the goose that lays the golden egg” by imposing burdensome financial requirements that will be another deterrent to investment in the NWT.

We do look forward to contributing to the development and review of these regulations, or in fact, a decision to postpone putting them into place.

That brings us to the end of our presentation. Thank you for your attention to our comments. My colleague Mike Hardin and I would be glad to answer any questions.