



ANNUAL REPORT  
**2006 & 2007**

YUKON MINERALS ADVISORY BOARD



# YUKON MINERALS ADVISORY BOARD

## Annual Report 2006 & 2007

*Cover photo: Sherwood Copper's Minto copper-gold mine.*

*Photos courtesy of the Government of Yukon and various  
mineral exploration and development companies.*



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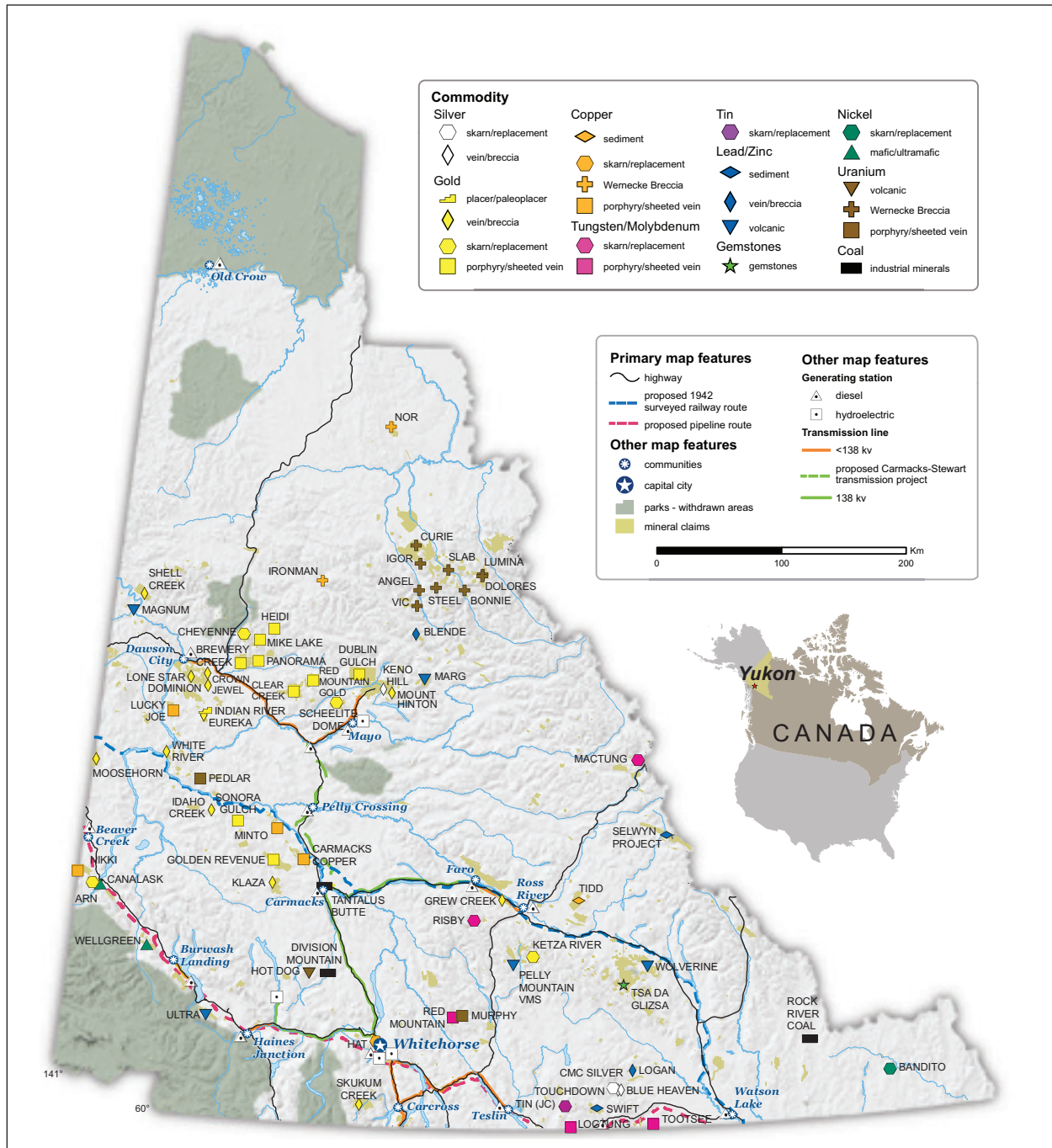
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# Foreword

2006 and 2007 were extremely active years for those involved in mineral exploration and development, including for individual members of the Board. In addition, during 2007, the process of reconstituting the membership of the Board began, but was not completed until the latter part of 2007. The high level of activity, the personal commitments of individual Board members and the process of reconstituting the Board were some of the reasons that a decision was made to combine the 2006 and 2007 reports.

Given the changes in Board composition, we express our gratitude to departing members for their time, commitment and service to the Board and we welcome our new members.



Advanced Exploration Projects 2006

# Executive Summary

## ACTIVITY REVIEW

2006 and 2007 saw a significant rise in placer and hard rock exploration and development in the Yukon. Operations are challenged by increasing labour and consumable costs (especially fuel), which are offset by rapidly rising commodity prices. Likely the most notable event during this period was the opening of Sherwood Copper's Minto copper-gold mine, the first new mine opened in the Yukon since 1997 and the first hard rock metal production since 2001. Several other advanced projects made progress toward development decisions, including Yukon Zinc's Wolverine polymetallic base & precious metal project, Western Copper's Carmacks copper project, Alexco's Keno Hill project and Tintina Mines' Red Mountain molybdenum project. Cash Minerals' Division Mountain coal project evaluated the feasibility of developing an open pit mine and mine-mouth power station.

Other projects that were the focus of significant expenditures include Tagish Lake Gold Corporation's Mount Skukum project, North American Tungsten's MacTung project, Yukon-Nevada Gold Corporation's Ketz River project and Selwyn Resources' Selwyn project.



*Sluicing at Ross placer mine on Dominion Creek.*

## REGULATORY COMPETITIVENESS

A task force formed in 2006 completed its Phase 1 review and notes that progress has been made on Phase 2, but the Board encourages continued and timely progress. Principal concerns include the failure of YESAB Designated Offices to access expertise within YG and the risk of the YESAA process drifting into a second regulatory process. It is important that the YESAA process remains a balanced environmental and socio-economic assessment process preceding regulatory authorizations, and does not morph into a quasi-regulatory process, as it has in other territories.

## ACCESS & INFRASTRUCTURE

The Board is pleased to see the active support of YG in the reopening of the Port of Skagway (Alaska) as a bulk commodity export facility and in the expansion of the Yukon electrical grid. However, the Board is concerned that capacity needs to be secured and developed for the longer term, and is particularly concerned about the need for additional hydro-electric generating capacity in Yukon to meet the needs of a growing mining industry. Similarly, the Board encourages YG and other stakeholders to move forward with a process to ensure interconnection of the power grids north of Whitehorse to achieve greater efficiency and capacity in the central-north Yukon, as well as the potential connection to the BC grid and legislative amendments to allow the licensing of exclusive water rights to private parties for the generation of power.

## SUSTAINABILITY

YG's structure of financial incentives for the mining industry was significantly changed in 2007 with the cancellation of YMETC. The Board encourages YG to replace it with a defined system of financial incentives to facilitate mine development, including infrastructure development.

In addition, the Board commends YG for working to clarify the royalties payable under the Yukon *Quartz Mining Act*, but is concerned that the out-of-date royalty regime could present a significant impediment to mining development. YG needs to revamp the provisions to provide a royalty regime competitive with other jurisdictions in Canada.

YG has made good efforts to exercise fiscal restraint in respect of abandoned mines, and has successfully implemented a working model for remediation and closure activities at the old Keno Hill mines. The Board understands that the Federal and Yukon Governments are moving forward with a plan to attract commercial proposals to assist in the closure of the large Faro site, and is encouraged by this progress, albeit at a pace slower than hoped for. There has been progress elsewhere in expediting abandoned mine closure planning and implementation, but a continued concerted effort is required to achieve measurable progress.

The Board commends YG for developing draft technical guidelines for the Yukon Mine Site Reclamation and Closure Policy (YMSRCP) as well as for the expeditious review and approval of Minto Mine's decommissioning and reclamation plan and guidelines.

The Board commends YG for its work to identify flexible approaches to financial assurance, as set out in guidelines published in 2007, as well as for the progress on developing a reclamation security trust (RST) structure. However, the RST structure needs to be finalized so it can be utilized.

In respect of First Nation and public education and training, industry, First Nations and YG have made good progress with the establishment of YM2 and YMTA, as well as the Mining 101 courses. These programs need to be fostered and supported by the various stakeholders on a sustained basis in order to assure improved relations and a deeper understanding of the importance of mining to Yukon.

There is a significant need for improved industry awareness of all safety requirements, including required safety training and mine rescue, especially when considering the liability issues which companies may face in the event of accidents, injuries or fatalities on the job.

The Board acknowledges the good work done by land use planning commissions (Peel and North Yukon) and appropriate contributions of information by YG, which should be continued. However, broader participation by industry and government is required to ensure the interests and potential of mining in the planning areas are properly represented.

## INVESTMENT ATTRACTIVENESS

The Umbrella Final Agreement contains provisions for royalty sharing with First Nations. YG should continue to work with First Nations to ensure their obligations are fulfilled.

The Board was disappointed with the cancellation of YMETC but encourages YG to look into replacing it with a program to support First Nation participation in mining project reviews under QMA or YESAA. The Board recommends that YMIP be continued and potentially expanded.

The Board commends YG for its active marketing of Yukon as an attractive place for investment in mining, but recommends increased emphasis on domestic marketing.

## TECHNICAL & POLICY

The Board recognizes the importance of continuing public education. The excellence of Yukon's database is widely recognized. The Board acknowledges that YG continues to make improvements to web-based materials over time. However, the Board notes the potential danger of diminishing the effectiveness of this program through staff shortages and recommends YG continue to develop and enhance its platform.

## MINING LEGISLATION

In order to provide a competitive investment environment for the development of mining projects, urgent attention is needed in several areas, in particular the *Miners Lien Act*, royalties payable under the *Quartz Mining Act* and provision of access to private water rights for the generation of independent power projects.

## TOP FIVE PRIORITIES

The Board, along with other industry stakeholders, met with the Premier, the Minister of Energy Mines & Resources and the Minister of Economic Development in January 2008 and identified what it believes to be the top five priorities to allow the development of a robust mining industry in Yukon.

1. Reform of the *Miners Lien Act* to facilitate access to debt financing for mine development while providing suppliers and contractors reasonable protection;
2. Reform of the *Quartz Mining Act*, with particular emphasis on the royalty regime thereunder;
3. Continued focus on the YESAA process and timelines to ensure a manageable and timely assessment process that recognizes the distinction between the assessment and regulatory processes;
4. A focus on employment and training, with particular emphasis on a sound return-to-work policy and support for the YMTA;
5. The provision of access to exclusive water rights for the generation of power by private parties.

A more expansive list of recommendations is provided on the following pages.



*Sherwood Copper's Minto copper-gold mine.*

# Key 2006–2007 Recommendations

## Regulatory Competitiveness

1. Ensure completion and implementation of new Fish Habitat Management Regime for Yukon Placer Mining.
2. YESAB should build capacity in its Designated Offices and facilitate their access to expertise already existing and available within YG.
3. YG and YESAB should take steps to avoid the danger of the YESAA process becoming a second regulatory process.

## Access and Infrastructure

4. YG should continue to work with industry and governments to enhance industrial infrastructure in Yukon, including port, power, rail, road and pipelines.
5. YG should evaluate licensing of water rights for independent power production.

## Sustainability

6. YG should revamp the royalties payable under QMA to provide a competitive royalty regime.
7. YG should make a concerted effort to achieve measurable progress in dealing with abandoned mine sites, including exploring opportunities to utilize the Keno Hill private sector model, in order to demonstrate that reclamation of Type II sites can be achieved in a cost effective and timely manner.
8. Departments within YG should formalize a financial surety regime that ensures, to the greatest extent possible, no duplication of security between Production and Water Licenses and should finalize the structure for Reclamation Security Trusts as eligible forms of security.
9. Industry, communities & First Nations should continue to engage in order to facilitate understanding, communications and good relations.
10. YG should work cooperatively with industry and First Nations to ensure significant sustainable funding of YMTA both at Yukon and Federal levels.
11. EMR should work cooperatively with industry and the Northern Safety Network to obtain and provide industry-specific safety information in an easy-to-use format.
12. Industry and YG should ensure that the potential and interests of mining are fully considered in land use plans.

## Investment Attractiveness

13. YG should continue to work with First Nations to ensure their obligations are fulfilled in respect of royalty sharing with First Nations.
14. YG should monitor the impact of canceling YMETC and evaluate replacing it with a fund to support First Nation participation in mining project reviews.
15. YMIP should be maintained in its current form and budget allocation, but ideally expanded with increased funding.
16. YG should coordinate its marketing activities when aiming to attract national and international investment in Yukon mineral resources, with an increased emphasis on domestic investment.

## Technical and Policy

17. YG should continue to develop and enhance its Yukon Geology Program and access to data.

## Mining Legislation

18. YG should prioritize the revamping of the *Miners Lien Act* in order to reflect modern standards, while preserving the reasonable rights of service providers.
19. YG should expedite its review of the royalty structure under the *Quartz Mining Act* in order to provide a competitive and balanced regime that encourages mining development in Yukon.
20. YG should work to provide a regulatory regime that supports the licensing of exclusive water rights in support of independent power projects.

## Status of Progress on Selected 2005 Recommendations

YMAB Function (pursuant to legislative mandate)	YMAB Recommendation 2005	YMAB Comment on progress to date
<p><b>Achieving Regulatory Competitiveness</b></p>	<p>1. <b>Immediately create an independent Regulatory Competitiveness Advisory Task Force</b> managed jointly by the YMAB chairperson and Deputy Minister of EMR.</p> <p><b>Phase 1</b></p> <ol style="list-style-type: none"> <li>a. Identify statutory impediments that may be preventing further streamlining measures and present preliminary recommendations for statutory change for implementation;</li> <li>b. Review the role of the Yukon Water Board in the new permitting regime;</li> <li>c. Seek the views and experience of mining industry representatives with recent experience in seeking approvals, to determine case-by-case problems that have arisen during this first season's implementation of YESAA;</li> <li>d. Collect and analyze the recommendations as issued by the various Designated Offices</li> </ol> <p><b>Phase 2</b></p> <ol style="list-style-type: none"> <li>a. Assign priority to identifying and implementing those statutory and regulatory changes which are under control of Yukon Government;</li> <li>b. Identify measures to improve efficiencies between YESAA, YG and the Water Board focusing on integration of functions and avoiding or eliminating duplication of process;</li> <li>c. Develop Standard Mitigative Measures for various classes of activities as provided for in the YESAA regulations. Provide this information to the YESAB for their consideration.</li> </ol>	<p>Phase 1 was completed in that the Task Force was formed, a report was done and submitted to EMR &amp; YMAB. Good progress has been made at YESAB to resolve problems but issues remain and continuing efforts will be required.</p> <p>YMAB would like to see continued progress on Phase 2, dealing with issues such as reform of the <i>Miners Lien Act</i> &amp; updating royalties under QMA.</p>

YMAB Function (pursuant to legislative mandate)	YMAB Recommendation 2005	YMAB Comment on progress to date
<b>Development of a New Regime to Manage Placer Mining in Yukon</b>	Continue to support the Placer Secretariat at the highest levels of staff and funding to have the regime design completed and implementation by April 2007.	YMAB is pleased with YG support of the Secretariat and the progress achieved on the regime. YMAB encourages continued support from YG to ensure regime implementation, including effective communication with Secretariat partners and stakeholders, especially placer miners.
<b>Access &amp; Infrastructure</b>	<ol style="list-style-type: none"> <li>1. Continue bilateral negotiations with Alaska for deepwater port access and a railway line.</li> <li>2. When the port study recommendations are released, in June of 2006, government must move quickly to secure access for current and future anticipated needs.</li> <li>3. Explore the idea of using an alternate site in Skagway or Haines to open up the corridor.</li> <li>4. Yukon Government should continue to lobby the Federal Government for support of the rail initiative.</li> <li>5. YG to support YEC interconnection of the Yukon electrical grids.</li> </ol>	Reports were released on port access & a railway line. Industry, with YG support, secured port access for Minto mine. Excellent YG support for interconnection of Yukon grids.
<b>Sustainability</b>	<b>Abandoned Sites (Type II)</b> <ol style="list-style-type: none"> <li>1. Continue to exercise fiscal restraint by moving expeditiously from care and maintenance to remediation and closure activities.</li> <li>2. Government must expedite abandoned mine closure planning and implementation. This continues to be an excessively long drawn out process.</li> <li>3. First Nations and local communities must continue to have a role in the planning and/or reviewing of decommissioning and reclamation plans for abandoned Type II mine sites. The communities and First Nations should also expect to enjoy economic opportunities as a result of remediation activities.</li> <li>4. Government needs to demonstrate that comprehensive reclamation and site management plans on Type II sites can be completed in a cost effective and timely manner.</li> </ol>	Strong efforts by all levels of government & industry have resulted in measured progress. Board encourages private sector involvement as per UKHM model.
	<b>Reclamation and Closure Policy</b> Technical guidelines utilizing industry best practices need to be developed.	Guidelines were completed & consultation done. YMAB applauds YG for its expeditious treatment of the Minto closure plan.
	<b>Financial Assurance</b> <ol style="list-style-type: none"> <li>1. YG to develop innovative financial security guidelines in consultation with industry to go along with YMSRCP.</li> <li>2. YG to develop a formal agreement between the EMR and Environment respecting implementation financial assurance.</li> </ol>	YMAB commends YG for progress on financial security guidelines & Minto Mine's Reclamation Security Trust, but RST needs to be brought to completion. Concerns remain regarding duplication of security.

YMAB Function (pursuant to legislative mandate)	YMAB Recommendation 2005	YMAB Comment on progress to date
	<p><b>First Nation / Public Education</b></p> <ol style="list-style-type: none"> <li>1. Industry to continue efforts to engage with First Nations through community meetings and seminars and at other venues.</li> <li>2. Industry and government should develop and encourage synergies with other initiatives such as the Yukon Mine Training Association, and the industry sustainability initiative.</li> <li>3. YG support industry initiatives to develop a Yukon Mine Training Strategy.</li> </ol>	<p>YMAB reports good progress, but sees room for more coordinated &amp; active industry/government process.</p>
	<p><b>Land Use Planning</b></p> <ol style="list-style-type: none"> <li>1. That Yukon Government continue to work closely with the commissions providing data collection and assessment information.</li> <li>2. Mineral assessments and access corridors are essential components of land use planning. These must be identified and communicated to the commissions by EMR.</li> <li>3. Ensure that reviews of the draft plans are done with industry in a timely manner.</li> <li>4. Ensure that government departments integrate their recommendations to the land use planning commissions.</li> </ol>	<p>YMAB notes satisfactory efforts in this area.</p>
<p><b>Investment Attractiveness</b></p>	<p><b>Yukon Mineral Exploration Tax Credit (YMETC)</b></p> <ol style="list-style-type: none"> <li>1. As noted in the 2004 report, the Yukon Government needs to clarify the “residency” issue.</li> <li>2. Maintain program and consider the Alaska model for development incentives.</li> </ol>	<p>YMETC expired March 31, 2007, despite YMAB advice to maintain it. Clear structure and guidelines for other incentives need to be developed.</p>
	<p><b>Improved Strategic Direction for the Mining Sector</b></p> <p>Coordinated strategy for attracting mineral investment needs to be developed between Economic Development and EMR.</p>	<p>YMAB notes improved coordination of EcDev &amp; EMR efforts, which should be built upon.</p>
<p><b>Technical &amp; Policy</b></p>	<p><b>Geological, Geophysical and Geochemical Programs</b></p> <ol style="list-style-type: none"> <li>1. Continue through the Technical Liaison Committee and other venues to review the effectiveness and delivery of Yukon Geology Program.</li> <li>2. Continue to develop and promote Yukon’s mineral endowment through education initiatives such as Mining Week.</li> </ol>	<p>Continued excellent products &amp; service. YMAB notes concern regarding staff shortages, which YMAB understands are being addressed.</p>
	<p><b>Mining Recorder Claim Database and Map Information Services</b></p> <p>Continue to support and expand the services available on the internet.</p>	<p>YMAB commends YG for superior services available on Internet.</p>

# Industry Overview

## Placer Operations — 2006 & 2007

In 2006, approximately 350 people were directly employed at 115 placer mines and several hundred more were employed in businesses that serve the placer mining industry. Most placer operations were small and family-run, with an average of three or four employees.

2006 saw several of the larger operations change hands. Although most operations are still family-operated, there has been a trend in very recent years for some larger operations to pick up more ground and increase in size. This development could indicate potential for new growth, re-investment and re-vitalization of the industry.

Most active placer mining operations were in the Dawson Mining District (which produced 87% of Yukon's placer gold), followed by the Whitehorse Mining District and the Mayo Mining District.

Total Yukon placer gold production in 2006 was 58,294 crude ounces (1,813,147 g), down from 70,322 crude ounces (2,187,260 g) in 2005. The value of 2006 placer gold production was \$31.8 million, up from the 2005 production value of \$29.9 million.

Several large mining operations were relocated to new ground in 2006, the result of both favourable exploration results in new areas, and diminishing or exhausted reserves in extensively mined areas. This appears to have had a negative effect on the amount of gold produced as operators expended time, effort and money setting up new mines instead of sluicing gravel at established properties.

2007 saw increases both in the amount of placer gold mined and its value versus 2006. There were 107 active placer mining operations in 2007, which produced 63,929 crude ounces of placer gold, with a total value of approximately \$38.1 million, a substantial increase over 2006.

Board Recommendation
High production costs for placer mining continue to be a challenge and can make it difficult for miners to create enough profit to purchase new equipment and re-invest in their operations.
The Yukon Government should investigate the use of accelerated capital cost allowances to assist placer miners in finding funds to re-invest in their operations.

## Placer Exploration — 2006 & 2007

In 2006, placer miners throughout the Yukon continued to explore for new deposits, using traditional methods such as auger, reverse circulation and churn drilling, and more recent innovations including ground-penetrating radar and magnetometer surveys. Trenching and bulk sampling also continued to be well-used methods of testing placer ground.

One of the exploration highlights of 2006 was the extensive development of the lower Sixtymile River drainage between the mouth of Ten Mile Creek and the confluence of Sixtymile River and Yukon River. In addition to testing and mining of several areas in the main valley and adjacent benches, several kilometres of road and an airstrip were constructed. This improved access is favourable for increased development and testing of nearby drainages such as Twenty Mile Creek and Thirteen Mile Creek, as well as the upstream reaches of the Sixtymile River.

In 2007, there were 24 placer operations carrying out active exploration. This was a substantial increase over 2006, when there were only nine.

### Board Recommendation

With the high prices of gold during 2006 and 2007, the placer industry is beginning to re-build and re-invest in new areas. The work of the Yukon Geological Survey in identifying new areas with good placer mining potential is essential to the industry and the Yukon Government should support this work at the highest level possible.

### New Regime for Management of Placer Mining under *Fisheries Act*

The Yukon Placer Secretariat was established in December 2005 to finalize and implement the new Fish Habitat Management Regime for Yukon Placer Mining. In 2006 the Secretariat held introductory meetings with all First Nations, and initiated its three-phase consultation program. The Secretariat and its partners refined the regime's individual components, which include a template for watershed-based authorizations, a guidebook of mitigative measures, three effects-monitoring protocols, an Adaptive Management Framework, and a set of habitat suitability classification maps.

The Secretariat completed Phase 2 of its consultation process in 2007 and reviewed the need for revisions to regime documents on the basis of input from the consulted parties. A consultation report was being prepared with completion scheduled for early 2008. It will be utilized during the Secretariat's Phase 3 consultation meetings in 2008. The report and the Phase 3 meetings will demonstrate how the input received during the consultation was given full and fair consideration, and will outline any changes to the regime as a result.

During 2007, Fisheries and Oceans Canada worked to prepare the watershed-based authorizations intended to replace the Yukon Placer Authorization (YPA). It is expected that the Minister of Fisheries and Oceans will replace the YPA with the watershed-based authorizations in 2008 and that the new Fish Habitat Management Regime, including its adaptive management process, will be in place for the 2008 placer mining season.

The Yukon placer industry is an important and integral part of the Yukon social and economic landscape. It has provided ongoing consistent contributions to the Yukon economy, as well as opportunities for a unique lifestyle for many Yukoners.

The proposed regime will provide several advantages:

- It will be flexible enough to adapt to changes in our understanding of the effect that placer mining has on the environment.
- Most placer mining regions of the Yukon will have a classification and management system that is readily understandable.

The Yukon Government is to be commended for its support of the Placer Secretariat, including the support of staff from all areas of YG, which has been key to the success achieved to date on the regime. Continued support from the highest levels of the Council of Yukon First Nations and the Department of Fisheries and Oceans are also critical to the continued success of the initiative.

Of continuing concern to the placer industry is the duplicative and poorly understood process for integrating the YESAA process with the established Yukon Water Board (YWB) permitting process. This is discussed in detail in the Achieving Regulatory Competitiveness section of this report.

### Board Recommendation

1. YG should continue strong support of the Yukon Placer Secretariat to ensure completion and implementation of the regime.
2. YG should ensure continued effective communication with its partners (Department of Fisheries and Oceans and the Council of Yukon First Nations) in the Regime to ensure timely and full support for the Secretariat.
3. Before implementation of the regime, the Secretariat should ensure and continue meaningful consultation and information-sharing with placer miners, in particular in key areas where the most significant changes are being contemplated.
4. YG is encouraged to maintain (fund) Client Services and Inspections Mining Inspectors and support staff at sufficient levels and training to assure discharge of the critical monitoring elements of the Adaptive Management system assigned to them.

## Hardrock Exploration and Development — 2006 & 2007

In 2006 & 2007, mineral exploration expenditures in Yukon experienced significant increases for the fifth and sixth consecutive years, rising to an estimated \$83 million in 2006, a huge increase over the low of \$7.4 million spent on exploration in 2001 and more than \$30 million more than 2005. For 2007, exploration expenditures were more than \$130 million, up 62 per cent over 2006. There were 150 exploration projects in total, including 25 projects which are spending over \$1 million, 90 projects with expenditures greater than \$100,000 and 66 projects with drilling programs. Most of the exploration was for gold, which accounted for 38 per cent of all exploration expenditures, with the largest exploration program conducted by Yukon-Nevada Gold Corporation at their Ketza River property.

Mine development expenditures in Yukon increased dramatically in 2006 with an estimated \$53 million being spent by Sherwood Copper Corporation on the development of its Minto open-pit copper-gold mine. Mine development expenditures in 2007 again increased to approximately \$70 million. In 2007, mining operations finally returned to Yukon with Sherwood Copper's Minto mine producing its first concentrates at the end of May and reaching commercial production on October 1.

Total development costs for the Minto project, including a 50% mill expansion during the first year of operation, are estimated to be \$108 million. The Minto project is expected to produce an average of 41 million pounds of copper and 17,000 ounces of gold per year, and is the first new mine developed in Yukon since 1997. In parallel with its development activities, Sherwood also discovered and delineated a second copper-gold deposit immediately south of the main deposit, which was expected to extend the mine's life and/or justify an increase in production capacity. In December 2007, Sherwood announced the results of a pre-feasibility study for a 40+% increase in mill throughput, with a commensurate increase in copper and gold production.

Aside from Minto, a total of 23 projects in Yukon were conducting mineral deposit appraisals in 2006. This involves definition drilling of known or newly-discovered mineral deposits, project engineering, economic evaluations and scoping, pre-feasibility and feasibility studies. Of the approximately \$83 million spent on mineral exploration in Yukon in 2006, an estimated \$40 million was spent on mineral deposit appraisal. The largest of these programs include:

- In 2006, Yukon Zinc Corporation completed a bankable feasibility study on the Wolverine (zinc-silver-lead-copper-gold) deposit. In 2007, it completed its optimized feasibility and began seeking project financing. The company also began road construction and site development. Expected capital expenditures are estimated at \$207 million (once funding is arranged), with annual operating expenditures of \$60 million. A quartz mining license was also issued for the project. Mining reserves provide for a mine life of eight to eleven years.
- In 2006, the Carmacks Copper Project of Western Copper Corporation saw the resumption of drilling after a multi-year hiatus. The company completed a positive feasibility study in the spring of 2007 and has initiated the permitting process. Exploration on the project was directed at further defining and expanding the resource, in addition to testing newly-discovered areas of mineralization on the property.
- Alexco Resources resumed exploration at the former Keno Hill silver mine in the Elsa area. In 2007, the company reported 18.7 million ounces of silver at its Bellekeno property, substantially more than its target of 10 million ounces.
- At Tintina Mines' Red Mountain molybdenum project, efforts were primarily focused on permitting.



*Molybdenum deposit at Red Mountain.*

Also in 2006, Cash Minerals Ltd. completed a feasibility study on its Division Mountain (coal) project. While the feasibility study concluded that current conditions did not support the development of a mine to serve the export market, it did prove technically and economically feasible to develop an open-pit mine, which would sell the product to a potential 50-megawatt mine-mouth power station.

Other projects which continued mineral exploration and other studies in 2007 in support of ongoing feasibility studies include Tagish Lake Gold Corporation at its Mount Skukum gold-silver deposit, North American Tungsten at its MacTung deposit and Yukon-Nevada Gold Corporation's Ketz River gold deposit.

At the Selwyn Project, Selwyn Resources conducted a massive \$25 million exploration program aimed at further defining and expanding the giant zinc-lead deposit.

A significant amount of claim staking took place in 2006, with a total of 14,034 claims staked during the season, which increased the number of claims in good standing to 57,968 by the end of the year.

Six Yukon projects worked with project coordinators for at least a portion of 2006 and/or 2007.

- Cash Minerals Ltd.'s Division Mountain project (coal)
- Sherwood Copper Corporation's Minto project (copper/gold/silver)
- Tagish Lake Gold Corporation's Mount Skukum deposit (gold/silver)
- Western Copper Corporation's Carmacks Copper property (copper/gold)
- Yukon-Nevada Gold Corporation's Ketz River property (gold)
- Yukon Zinc Corporation's Wolverine deposit (zinc-silver-lead-copper-gold)

Project coordinators are independent consultants who are contracted by the Yukon Government to work with companies which have promising mineral deposits in Yukon and are near the mine development stage. The consultants involved are jointly approved by the Yukon Government and the company. The project coordinators assist the companies as they move through the required permitting and assessment processes.



*Underground at Tagish Lake Gold Corporation's Mount Skukum deposit.*

## Achieving Regulatory Competitiveness

The 2005 YMAB annual report recommended that an independent Regulatory Competitiveness Advisory Task Force be formed and conduct its work in two phases. The first phase was to undertake a whole-process review of the assessment and regulatory regime focusing on the inconsistencies between the assessment and regulatory functions. The second phase was to develop appropriate procedures and policies to resolve the issues identified in Phase 1.

With the implementation of YESAA, industry has continued to note inconsistencies between the assessment and regulatory processes. The Board requested this initiative to improve efficiency and increase cooperation between agencies. There is an urgent need for certainty, consistency and timeliness for the mining industry during the assessment and regulatory processes. This process clarification will help ensure that Yukon is competitive with other jurisdictions when it comes to attracting investment in mineral exploration and development activities.

The Regulatory Competitiveness Task Force was formed in 2006, managed jointly by EMR's deputy minister and the YMAB Chair. It retained Gartner Lee as an independent consultant to assist the chairs in completing their two-phase work plan.

A draft report was produced by Gartner Lee in January 2007. It contains a number of recommendations, both short-term and long-term, touching on a wide variety of issues including application forms and integration processes within EMR, the development of clear guidelines and process statements for industry and with how best to communicate this information.

The draft report was reviewed internally by EMR. In April 2007, a letter from EMR to YMAB set out YG's initial response to the report's recommendations.

The Board is pleased with the progress achieved on Phase 1 (i.e. the review of processes and production of a report) and notes some progress on Phase 2 but would like to see continued progress on Phase 2 (i.e. develop procedures and policies to resolve the issues identified during Phase 1). The Board is particularly eager to see the development and finalization of Standard Mitigative Measures for various classes of activities.

### YESAB

The Board is pleased with the efforts being made to deal with concerns regarding the YESAA process and note that some improvements have occurred. For example, the Klondike Placer Miners' Association (KPMA) notes that YESAB and the Yukon Water Board met with the KPMA in 2006 to hear its concerns regarding YESAB's Form 1. Work was subsequently done to make Form 1 more consistent with the *Waters Act*. This type of progress is essential, as the placer mining industry requires a consistent approach between YESAA, Yukon Water Board processes and mining land use regulations. In addition, YG Mineral Resources has been actively working with YESAB through the Assessor Regulator meetings and through discussions on assessment reports, terms and conditions, and standardization between Mining Lands Offices and DOs. There has been an improvement in the relationship between YG Mineral Resources and YESAB staff and in reducing the number of terms and conditions in assessment reports.

The Board understands that YESAB has contracted EBA Engineering Consultants to compile and develop Standard Mitigative Measures, but has been advised by YESAB that there is insufficient capacity to advance these at a reasonable rate. This is something the Board sees as a priority in order to reduce the timelines associated with the delivery of assessments.

A number of concerns remain, in particular in regard to the Designated Offices (DOs). Industry has noted continuing difficulty and delays in getting project proposals to be deemed adequate by DOs. In many cases, DO Project Assessment Officers make continuing requests for more information, which seems to indicate a lack of knowledge regarding the industry sector being assessed. One example of this has been in the case of oil and gas sector project proposals, where DO staff appear to have significantly less knowledge of the sector than might be accessed within EMR. While the Board recognizes that YESAB is an independent and arms length body beyond EMR's jurisdiction, the Board encourages EMR to do what it can to offer its expertise to the DOs in support of their activities.

The Board notes that placer miners, which comprise a large part of YESAB's clientele, have relatively small operations and their resources are therefore limited. The amount of information requested should recognize the size of the operation and the level of activity.

Another related concern is the continuing lack of clarity regarding what is required during the assessment stage and what is required during the regulatory process. Industry takes the view that the DOs are requesting more information than is necessary at the assessment stage and are in effect beginning the regulatory work rather than leaving it to the regulatory agencies. This causes uncertainty and delays, which are compounded when DO staff does not possess the necessary technical knowledge and capabilities to deal with the detailed information which is submitted in response to their queries. This lack of clarity needs to be resolved to ensure that Yukon does not drift in the direction of the other territories, where the assessment process has largely superseded the regulatory phase.

The Board also acknowledges that EMR is actively engaged in providing feedback for the five-year review of YESAA, along with DO and Executive Committee rules, including strong statements on timelines and the level of detail required for adequacy and information gathering; this input is essential to ensure the YESAA process improves over time.

These two issues are of great importance to industry, which is concerned that a duplication of effort is occurring.

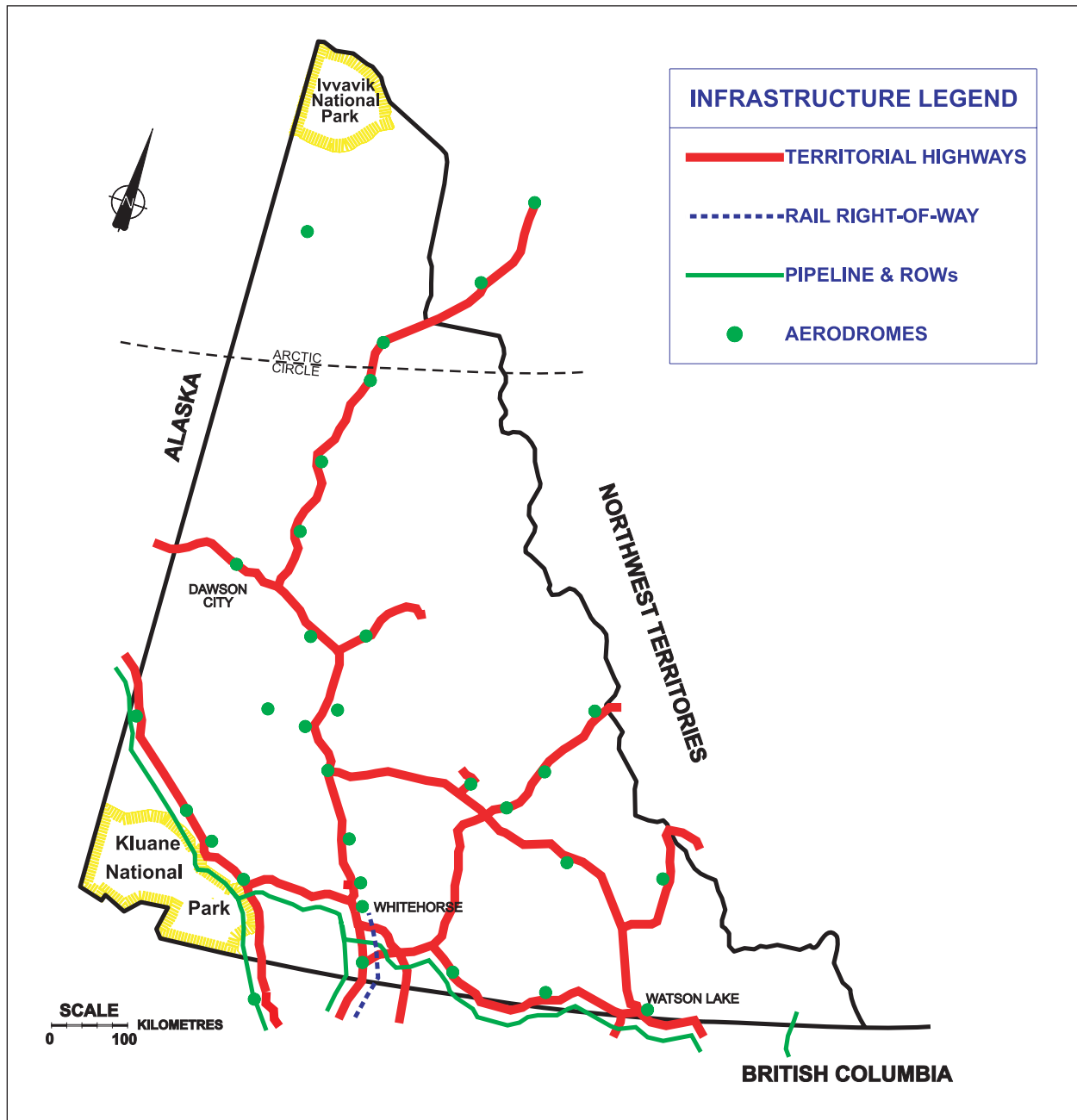
The Board has no substantive comments in regard to assessments at the Executive Committee (ExCom) level of YESAB, as it awaits the outcome of the first ExCom process.

The Board notes EMR is making progress in developing integrated forms for Mining Lands and Land Use applications and anticipates the completion of this process and issuances of integrated forms in the spring of 2008. The Board also encourages YG to work on issues surrounding the *Waters Act* and integration issues with YESAA.

<b>Board Recommendation</b>
<ol style="list-style-type: none"><li>1. YESAB should build capacity in its Designated Offices and facilitate their access to expertise already existing and available within YG in regard to the industry sector they are dealing with, in order to expedite the assessment process.</li><li>2. YG and YESAB should take steps to avoid the danger of the YESAA process becoming a second regulatory process, rather than an assessment.</li><li>3. YG should advance the integration of the <i>Waters Act</i> and YESAA.</li><li>4. YESAB &amp; YG should complete their important work on forms to ensure they are understandable and relevant.</li><li>5. Discussions regarding specific use forms that would incorporate Water Board, EMR and YESAB individual forms should continue and efforts should be made to engage industry in this work. The placer industry, for one, would be pleased to assist.</li><li>6. Industry is pleased with the initiation of dialogue on specific issues and would welcome opportunities to provide input through industry-specific workshops and other mechanisms. YG should ensure this takes place.</li></ol>

## Access and Infrastructure

The Board has been advised that EMR, working with Economic Development and Highways and Public Works, is developing an infrastructure policy framework that looks to a three-phase plan to support and develop critical infrastructure for the territory, including road, power and ports. The Board is encouraged by this integrated approach between different departments.



*Status of Infrastructure in Yukon*

*Source: Government of Yukon, Transportation Engineering*

## Highway Infrastructure

The Yukon is served by an extensive, modern highway system, linking the territory to British Columbia, the Northwest Territories and Alaska. The highway system is maintained year-round and operated by the Yukon Government, and includes nearly 4,700 kilometres of roads and more than 140 bridges.

### Board Recommendation

The Yukon Government should continue to maintain and develop Yukon's roads and highways to support the development of mineral exploration and development.

## Rail Infrastructure

A narrow gauge railway connects Whitehorse to year-round ice-free port facilities in Skagway, Alaska. The system has not been used commercially within Yukon for more than 15 years. It now serves as a tourist railway from Skagway to Canada Customs at Fraser, B.C. and, during the summer tourist season, to Carcross, Yukon. The Carcross to Whitehorse section is in disrepair, leaving a gap in this potentially important coverage.

Recent U.S. political support for the construction of a rail route through the Yukon has resulted in the passage by the U.S. Congress of the *Rails to Resources Act (2002)*. A joint Yukon-Alaska Commission has been created to study the feasibility of the rail connection. The Commission's report was reviewed by government and released in 2007.

The information in the report is of key importance to resource development planning in the Yukon.

### Board Recommendation

1. A meeting with all interested industry participants should be held to provide the government with feedback on this important initiative.
2. YG should continue to lobby the federal government for support of the rail initiative and continue its bilateral negotiations with Alaska for a rail line.

## Port Infrastructure

Port access is critical to maintaining a competitive position for Yukon's mineral industry. It is particularly important for the economic shipping of bulk commodities, such as concentrates from base metal mining and milling. The ports in Skagway and Haines, Alaska have played a pivotal role in the economic evaluation of Yukon mineral deposits and will continue to do so.

The Yukon has long counted year-round access to deep-water ocean ports among its most important attractants for investment in the mining industry. Recent developments to accommodate additional cruise ship docking at Skagway may threaten the attractiveness and competitiveness of Yukon mineral development. For example, although the foundation, ore-loading conveyor, ship-loader and support buildings remained on site, the concentrate storage facility had been removed and cruise ship traffic will result in significant compromises of shipping schedules for concentrate and other bulk materials given that the Alaska Industrial Development and Export Agency's lease with White Pass & Yukon Railroad gives priority to cruise ship traffic.

As a result of the above concerns, Yukon Government and Alaska established a Joint Task Advisory Committee to provide recommendations to ensure port access remains a priority. The Yukon Ports Access Study final report was released in 2007.

**Board Recommendation**

Similar to the rail study, the Yukon Government should convene a meeting with interested industry participants to review and discuss the port study's findings and to determine next steps.

In late 2006, Sherwood Copper and its subsidiary, Minto Explorations Ltd., entered into an agreement with the Alaska Industrial Development and Export Agency (AIDEA) to re-commission the Skagway ore terminal (SOT) for the export of copper concentrates from the Minto project in Yukon. The redevelopment includes re-commissioning of the ore-loading conveyor and ship-loader, construction of a concentrate storage building over 25% of the pre-existing foundation and environmental and infrastructure upgrades. The redevelopment of the SOT is being funded by AIDEA under a cost reimbursement with Sherwood and Minto Explorations. A significant issue in the agreement with AIDEA remains the clear delineation of pre-existing environmental contamination in and around the SOT, since a review by independent consultants identified deficiencies in the existing baseline environmental information. Minto Explorations has commissioned additional independent baseline studies to characterize pre-existing disturbance and is working cooperatively with Yukon Government on these studies. AIDEA is actively seeking users for the remaining 75% of the facility.

The growth of the cruise ship industry using Skagway as a port and destination presents significant seasonal challenges to the use of the port of Skagway for the export of bulk commodities. White Pass & Yukon Railroad (WPYR) controls usage of the port of Skagway and AIDEA only has an agreement whereby WPYR will use its best efforts to accommodate shipping using the SOT, but cruise ships have specific priority.

The redevelopment of SOT is a positive development in that port capacity is now available through an established facility. Although this development is largely the result of industry initiative, Yukon Government played a supportive and facilitative role through its relationships with Alaskan senior officials.

Priority matters for Yukon Government and the Joint Task Advisory Committee to consider should be 1) provisions for improved port access conditions as use of the SOT increases and 2) continued participation in environmental base line studies in and around SOT to provide certainty for companies utilizing these facilities.

While Sherwood's redevelopment of the Skagway Ore Terminal and the establishment of the Joint Rail and Ports Committees are important steps forward, uncertain access to a deepwater port and infrastructure remains a serious impediment for future base metal, coal and iron ore mineral development in the Yukon.

**Board Recommendation**

1. YG should continue bilateral negotiations with Alaska to secure long term commitments for deepwater port access.
2. YG should move quickly to secure access for current and future anticipated needs.
3. YG should explore the idea of using an alternate site in Skagway or Haines to open up the corridor and relieve the pressure of competition with the cruise ship industry.

## Electrical Transmission Lines

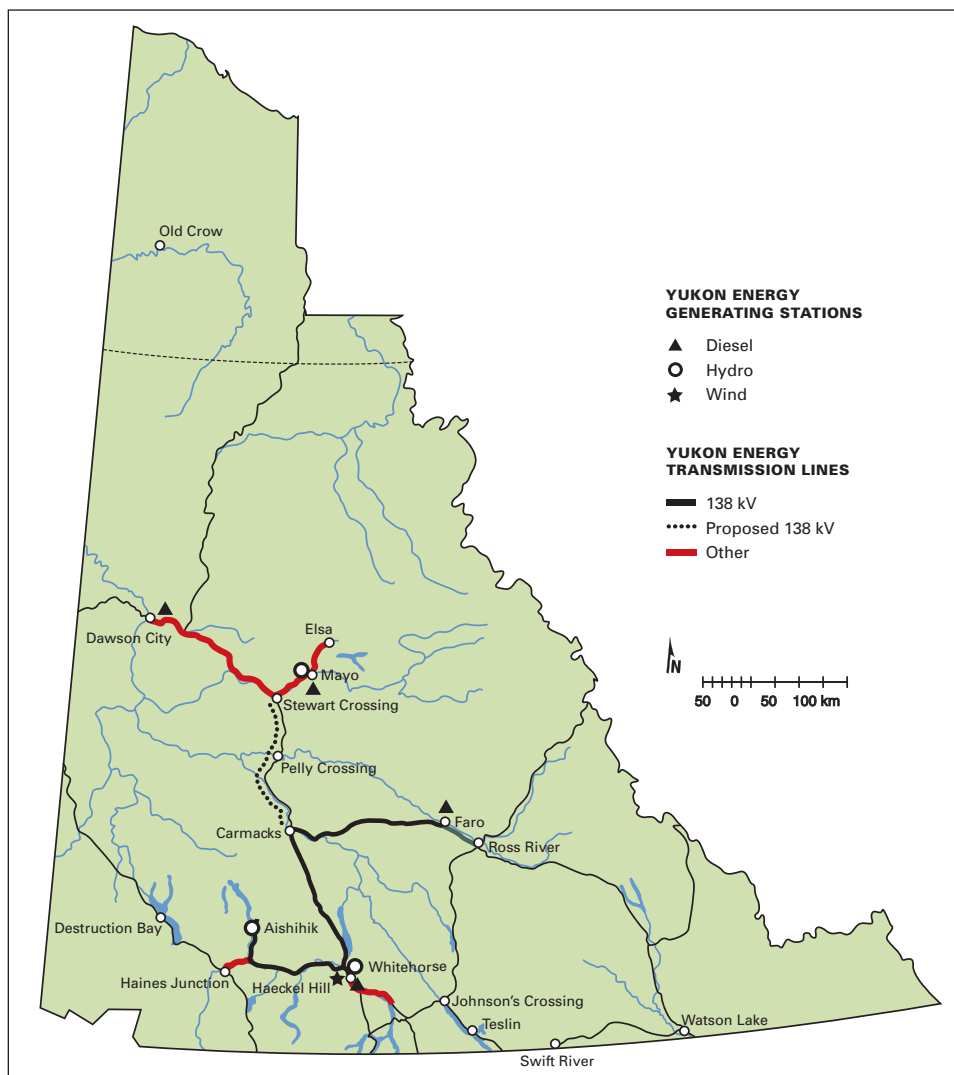
Yukon's electric power generation, transmission and distribution systems are relatively undeveloped (approximately 130 MW total capacity) and are not connected to the North American power grid (Yukon Energy Corporation, 2001). Yukon's main transmission grid (138 kV) connects power generation facilities at Whitehorse and Aishihik with communities in Yukon between Whitehorse and Faro. A sub-transmission line (34 kV) extends south from Whitehorse to Carcross and Teslin. A 69 kV line was completed in 2004 connecting Dawson to the Mayo hydroelectric facility. Further, Yukon's cost of power is considerably higher than in areas connected to the North American grid and lower power costs could stimulate additional industrial development in Yukon.

Yukon Energy is presently constructing an expansion of the grid connecting Carmacks to Pelly Crossing and will build a spur line to Sherwood Copper's Minto project. Yukon Energy and Sherwood's subsidiary, Minto Explorations, have entered into an agreement to provide grid power to the Minto copper-gold mine by late 2008. This is viewed as a significant step towards creating viable infrastructure for Yukon mines.

The Board commends Yukon Government for its continued support of the expansion and improvement of the YEC electrical grid throughout the territory.

Based on YEC's submission to YUB, forecast continued growth in the user base and the addition of Sherwood Copper's Minto project to the grid demand will absorb the majority of YEC's available surplus power by 2012 to 2015. In order to provide a sustainable supply of grid power to mining projects beyond the Minto Project, a long term plan for development of Yukon's generating capacity needs to be considered. The potential for new

sources of electrical power generation in Yukon, including hydroelectric, wind, natural gas and coal and coal bed methane, is considered to be favorable while the option of connecting to BC's transmission grid needs to be considered. Factors influencing expansion of Yukon's grid and the development of new sources of electrical power would primarily be driven by industrial expansion in the Yukon.



*Electric Power Facilities in the Yukon (used with permission of Yukon Energy Corporation)*

Yukon Zinc's Wolverine project in southeast Yukon is being developed as a diesel only mine as the power source in response to no other reasonable available power alternative. Lack of transmission line facilities and available surplus power will contribute to similar power decisions being made by other mine developers in the Yukon, resulting in 1) missed opportunities to expand the power infrastructure and capacity in Yukon, 2) increased generation of greenhouse gasses and 3) the potential that large scale, energy-intensive projects will not be developed at all, as a result of the lack of low cost power. This is not in the best economic interests of Yukon.

Connection of the Mayo-Dawson and Whitehorse-Aishihik-Faro grids is seen as an important step toward upgrading Yukon's electrical supply capabilities. Development of a long-term plan for additional capacity needs to be developed in conjunction with projects in the permitting and development process.

<b>Board Recommendation</b>
YG should continue to support YEC interconnection of the Yukon electrical grids and to explore options for increased generating capacity to meet forecast industry needs, as well as connecting to the grid in Northwestern BC.

## **Pipelines**

Industry interest in developing Yukon's oil and gas reserves has been steadily increasing over the past five years; however, investment has been quite limited mainly due to insufficient pipeline infrastructure.

The Yukon currently has one existing natural gas pipeline, the 20-inch Duke Energy pipeline, in the extreme southeast corner of the Yukon. It originates in the southwestern Northwest Territories and then moves into the Yukon past Devon's Kotaneelee Gas Plant. It acts as a gathering and transportation system for the natural gas produced at the Kotaneelee field, where the only gas production in the Yukon occurs. From the Yukon/B.C. border it extends approximately 160 kilometres to connect to the main North American natural gas pipeline system.

Industry continues to be interested in developing 'northern' natural gas reserves. Gas producers and governments continue their efforts to see the Alaska Highway Pipeline Project and the Mackenzie Gas Project become a reality. The Yukon government supports both projects, and is presently making the case for expandable open access gas pipelines which would provide for the necessary infrastructure to transport Yukon gas to market, and also for access to natural gas from these pipelines which would encourage additional investment from companies wishing to do exploration and development work in the North, particularly in the mining sector.

Construction of an energy-related pipeline system could also benefit resource development in the Yukon and result in opportunities for additional power generation from gas turbines.

## **Water Rights**

Access to electrical power in the Yukon is a key concern for developers of mineral resources. In particular, hydroelectric facilities (whether by run-of-river or by dam and reservoir alternatives) are commonly considered low-cost dependable sources of power. Under the current regulatory process, a developer would have to go through a complete YESAA review before any water rights could be granted. The company would have undertaken extensive environmental, engineering and public consultation work and gone to considerable expense without any assurance of the right to develop the hydro-electric site if it meets YESAA requirements. The uncertainty created is a huge disincentive to evaluate such opportunities. In many respects, it should be similar to acquiring mineral rights by staking a claim; once an explorer does so and provided that the company fulfills various regulatory requirements, it has reasonable assurance that it can develop the claim as a mine. No such assurance exists in Yukon for water rights.

The inability to secure water rights is a large disincentive for independent power projects and will ensure that power is an impediment to resource development for the foreseeable future. Furthermore, many of the hydro-electric sites in the Yukon have been studied by Yukon Energy Corporation and it is unclear as to whether the YEC has a priority right to such sites, or any other sites for that matter. It is unrealistic for developers to have to work with Yukon Energy to secure hydro-electric sites and add further financing, regulatory and political uncertainty.

By comparison to British Columbia, a developer can make application for water rights and be granted such rights, subject to advancing a development plan to retain and use the license application; essentially a “use it or lose it” policy. To further encourage independent power production, the BC government ended BC Hydro’s monopoly on power and required the crown corporation to purchase power from independent power producers and pass such power through its distribution lines. Since this change was introduced, numerous independent power projects have been proposed and built, adding much-needed capacity to the grid in BC. The Yukon would greatly benefit from the opening up of access to water rights and the encouragement of independent power production.

See also “Mining Legislation” section on page 33.

**Board Recommendation**

The Yukon Government should evaluate the licensing of water rights for power production and ensure that it is conducive to development by independent power producers.



*Sherwood Copper’s Minto copper-gold mine.*

# Sustainability

## New Mine Development — Financial Incentives & Royalties

With the resumption of significant mineral production in Yukon with Sherwood Copper's Minto mine, there is a need to take a new look at YG's provision of financial incentives and its royalty regime under the *Quartz Mining Act (QMA)*.

YG had expressed concern with the level of financial rebates being provided to companies under the Yukon Mineral Exploration Tax Credit as a result of the dramatic rise in eligible exploration expenditures and has, as a result cancelled the YMETC program. With the large number of mid-stage and advanced stage projects in the permitting pipeline, there is merit in evaluating other forms of incentive to facilitate mine development.

One concept being considered is the development of a funding pool for First Nations participation in permitting reviews under YESAA and the Yukon *Waters Act*. The concept is simple. A small percentage of annual exploration expenditures could be allocated by Yukon Government to a fund in the name of the relevant company. Those funds could be drawn on to pay for participation of First Nations in regulatory reviews. The goal is to provide First Nations with ready access to a source of funds for participation in such reviews to better accommodate their needs in respect of environmental impacts on proposed projects. With these needs addressed, stronger participation in support of advanced and exploration projects could be pursued.

This proposal is discussed further in the YMETC section of this report.

## INFRASTRUCTURE SUPPORT INITIATIVES

Historically, the Yukon government has provided infrastructure development assistance to developing mines to fulfill its responsibility to provide adequate infrastructure for economic development. The small size of the Yukon economy may constrain the Yukon Government's ability to provide this support; nonetheless, there should be some policy guidelines to define what supports are available and to work together to maximize access to Federal infrastructure funds. When direct support is not possible, a mechanism for deferred taxation benefits for mine developers should be considered.

Given the rapidly increasing costs of mine development in the Yukon, YG needs to ensure a consistent policy is in place to address the cost of providing infrastructure to new mine developments.

## YUKON MINERAL ROYALTY

The Yukon Mineral Royalty is defined in the Yukon *Quartz Mining Act (QMA)*. The definition of the Royalty is old and the taxation of mines lacks clarity and certainty in light of current operational and mine development finance activities. There should be clear policy statements as to how the Royalty is to be determined for new mines, in order to remove taxation uncertainties.

YG retained an independent consultant to advise YG on royalties and has completed a preliminary review of the historic practices of DIAND, court interpretations and other information. During this review process, YG consulted Sherwood Copper and Selkirk First Nation in respect of the implications to the Minto project (which is on Selkirk Category A land). The result of this process is a series of interpretive bulletins published by YG to provide clarity and certainty in respect of the royalties payable under the YQMA. YG has stated its intent to further review the YQMA royalties to ensure a workable and competitive environment for Yukon relative to other competing regimes. In December 2007, YG published its intent to conduct a review of the staking and royalty regime under the QMA, which is on-going. Analysis of the QMA royalties suggests that the royalty regime under the QMA is uncompetitive to certain project types (for example, projects with high development capital cost and/or high cash flow) relative to other jurisdictions in Canada and, in some circumstances, could result in a punitive level of taxation.

See also "Mining Legislation" section below.

### Board Recommendation

1. YG should publish its interpretive bulletins for the royalty payable under QMA but also revamp the royalties payable under QMA to provide a competitive royalty regime.
2. YG should meet with participants of the mining industry to review taxation and development incentives to ensure that Yukon is competitive to other jurisdictions in Canada and particularly the North.
3. YG should meet with Mining Industry Participants to discuss financial incentives available under the QMA and possible deferred taxation benefits related to infrastructure development where appropriate.
4. The royalty regime under the QMA should be reassessed in an open and consultative process and likely revamped to ensure Yukon provides a competitive regime.

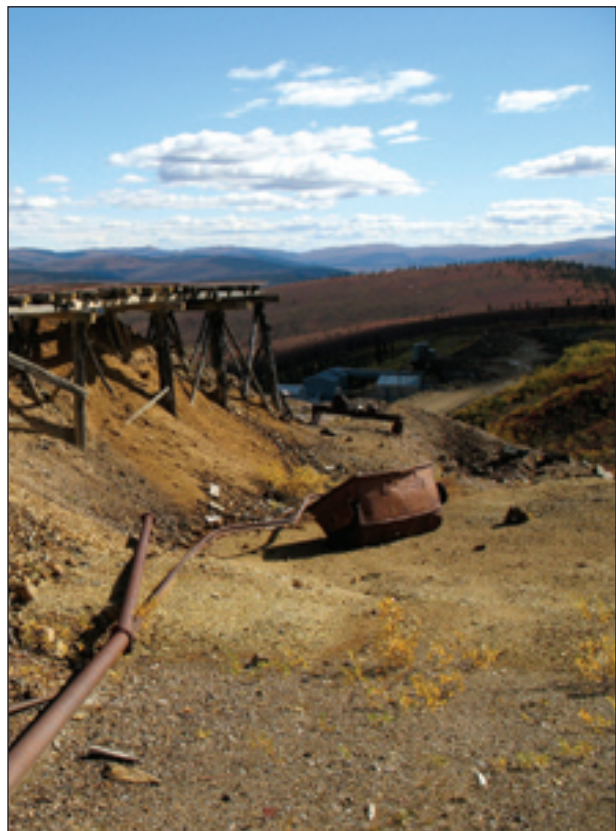
### Abandoned Mines

The mining industry and government are both striving to demonstrate that mining activities in the north can be conducted in an environmentally responsible manner and provide a positive economic benefit to Yukon citizens.

There are four abandoned mine sites identified as Type II sites in the Yukon Devolution Transfer Agreement that have significant environmental liabilities for which YG receives funding from Canada for care and maintenance and closure planning. These sites are currently under government care and through the Assessment and Abandoned Mines Unit, the Yukon Government is jointly working with the Department of Indian Affairs and Northern Development to assess and reclaim these sites. The Devolution Transfer Agreement also recognizes the importance of benefiting First Nations and local communities in the planning, reclamation, and monitoring activities related to these sites. Involvement of First Nations in the closure planning process provides opportunities for FN capacity building and helps build consensus on the preferred approach for the closure of these sites, while building better understanding of this important aspect of mine development.

YG and other governments have been making strong efforts to exercise fiscal restraint by moving expeditiously from care and maintenance to remediation and closure activities. This has resulted in measured success. The Board encourages YG to move ahead by considering a variety of approaches to these sites, such as utilizing the United Keno Hills Mine (UKHM) model, where private enterprise is both rejuvenating exploration activity in this important mining district, as well as executing the Type II environmental clean-up.

In general, the Board has seen slower than hoped for progress in terms of expediting abandoned mine closure planning and implementation. This continues to be an excessively long drawn-out process and more effort is required in this area to achieve measurable results. However, the Board recognizes that the need to involve multiple parties (YG, Canada, First Nations, communities and, in the case of UKHM, the owner) makes for a complex and time-consuming process. The Board further acknowledges that, due to the federal funding requirement, there is also a need to get federal funding approval in principle before YG can proceed to the regulatory process, which can be time-consuming.



*Mount Nansen.*

YG has advised the Board that work is well underway on closure planning for all four sites, with a target date of late 2008 to early 2009 for submission of closure plans to the regulatory process. In particular:

#### Clinton Creek

- Immediate work required to stabilize this site, as well as clean-up of waste and scrap, has been completed; the site continues to be monitored to ensure remedial measures continue to function;
- There has been ongoing involvement of the Tr'ondek Hwech'in First Nation in the work on this site.
- Technical studies to identify issues and determine closure alternatives are complete, with a report and peer review to follow in 2008.

#### Faro

- Closure planning work continues at the site, in conjunction with the Selkirk First Nation, Ross River Dena Council on behalf of the Kaska, the Town of Faro, Federal Government and other interested stakeholders.
- Technical studies to identify issues and determine closure alternatives are largely complete, with 12 closure alternatives reviewed by an independent peer group and reduced to three options for the Faro side of the site and two options for the Vangorda/Grum side of the site.
- Final recommendations of preferred closure options are targeted for May 2008 and submission of a completed plan to the Yukon Environmental and Socio-economic Assessment Board and regulatory processes in 2009.

#### Mt. Nansen

- Immediate issues at the site have been addressed and additional work is planned for 2008, with ongoing care and maintenance carried out with local business and citizen involvement.
- Technical studies to identify issues and determine closure alternatives are largely complete.
- Final recommendations of preferred closure options are targeted for 2008 and submission of a completed plan to the Yukon Environmental and Socio-economic Assessment Board and regulatory processes in 2009.
- Little Salmon/Carmacks First Nation and the Village of Carmacks are actively involved in the development of the closure plan.

#### Keno Hill Mine

- Sale of Keno Hill Mine property to Elsa Reclamation and Development Company (ERDC) was successfully completed in November 2007, with issuance of care and maintenance water license to ERDC.
- High risk physical hazards addressed in 07/08.
- Yukon Government, Canada and Nacho Nyak Dun First Nation actively working with ERDC on development of a final closure plan for the historical liabilities of Keno Hill Mine.
- First Nation of Nacho Nyak Dun engagement in closure planning for the Keno Hill Mine initiated in winter 07/08.
- Technical studies to identify issues and support closure alternative development underway.

In several instances, good work has been done to involve First Nations and local communities in the planning and/or reviewing of decommissioning and reclamation plans for abandoned Type II mine sites, in particular for the Faro Mine, UKHM and Mount Nansen. Good consultation processes were carried out for these reclamation projects, and effective partnerships have been arranged, in some cases with First Nations, including Selkirk First Nation and Ross River Dena Council (representing the Kaska). However, the Board is concerned about the high costs of this consultation process for both governments and industry.

### Board Recommendation

1. YG should continue with its efforts to achieve measurable progress in dealing with abandoned mine sites, including exploring opportunities such as the Keno Hill private sector model, to demonstrate that reclamation of Type II sites can be achieved in a cost effective and timely manner.
2. YG should continue to exercise fiscal restraint by moving expeditiously from care and maintenance of Type II sites to remediation and closure activities.
3. Governments must continue to expedite abandoned mine closure planning and implementation.
4. Governments should build on past success involving First Nations and local communities in the planning and/or reviewing of decommissioning and reclamation plans for abandoned Type II mine sites.
5. Government needs to demonstrate that comprehensive reclamation and site management plans on Type II sites can be completed in a cost effective and timely manner.

### Reclamation & Closure Policy

The implementation of the Yukon Mine Site Reclamation and Closure Policy (YMSRCP) should improve the investment climate for the mining industry in the Yukon by providing a clear set of requirements for planning, operation and reclamation of mine sites. Technical and financial security guidelines required to support the YMSRCP have been finalized and signed off by the Minister.

The Board commends YG for developing technical guidelines, utilizing best industry practices and for carrying out consultation on the draft guidelines, and for getting the guidelines issued in an expeditious manner.

The Board also applauds YG for the expeditious review and approval of the Minto Mine's decommissioning and reclamation plan.

### Financial Assurance

Prior to the YMSRCP, the financial assurance policy virtually assured that security had to be in the form of letters of credit, cash, or a security bond, all of which are difficult for many companies to provide. The Yukon's competitive position has been significantly enhanced in the YMSRCP by recognizing flexibility in the form of security, while not exposing Yukon to future liability.

In its 2005 report, YMAB encouraged YG to look at other jurisdictions and be creative and active in the implementation of the new financial assurance policy. The Board also recommended that YG develop innovative financial security guidelines in consultation with industry, to go along with the YMSRCP. With the opening of the Minto Mine during 2007, the importance of the guidelines became even clearer.

YMAB commends YG for its work to identify flexible approaches to financial assurance. The guidelines were drafted and completed during 2007, with industry participation.

YG also recognized the importance of taking a proactive approach to reaching a Reclamation Security Trust agreement with Minto Explorations, which is nearing completion. However, the trust is not completed and this needs to be done expeditiously in order to provide a working model for other such projects.

The Board has a continuing concern about duplication of security. Both the *Quartz Mining Act* and the *Waters Act* have provisions for requirements of financial assurances for outstanding environmental liabilities. Currently, financial assurance is stipulated in the Water License, and by consent, the Production License accepts the security levied by the Water License. As this arrangement is by consent rather than legislated, the Board is concerned that there is the potential for duplication of financial assurances being required in the future. This concern will be elevated if environmental requirements become more comprehensive under the *Quartz Mining Act* in the future. A formal agreement between the agencies regulating the two acts would give more confidence that duplication of financial assurance will not occur.

<b>Board Recommendation</b>
Departments within YG should formalize a financial surety regime that ensures, to the extent possible, no duplication of security between Production and Water licenses and should finalize the structure for Reclamation Security Trusts as eligible forms of security.

## **First Nation & Public Education/Training**

In general, the Board notes good progress in this area due to efforts by all parties involved, including government, First Nations and industry. However, this remains a challenging area and there is a pressing need for all parties to continue to work together. At times, it has been difficult to obtain information and decisions from First Nations in a timely manner. A more coordinated and active industry/government process is required.

YMAB reports in the past have encouraged industry to work together with First Nations on mineral-related issues. A very successful Mineral Exploration and Development Symposium was held in March 2003 in Whitehorse and a second symposium was organized at the 2004 Yukon Geoscience Forum. Planning began for a similar conference in November 2006, but due to organizational difficulties and limited ability for key industry people to attend, it did not come to fruition. The conference was held in November 2007 with good participation from industry and First Nations. Keynote speakers included Charlie Lyall, President and CEO of Kitikmeot Corporation, and Bob Joseph, the founder of Indigenous Corporate Training Inc. The conference was organized by the YM2 group, with support from YG Economic Development, YG EMR and YMAB. The conference was a resounding success and plans are in the works for a follow-up conference in the fall of 2008, as well as continued updates on a regular basis in respect of mineral tenure, mine licensing, mining land use overviews, etc.

The Board notes that First Nation participation in assessment process has been on-going and supported by EMR through contribution agreements to provide funds to participate in and organize meetings between proponents and First Nations. The Board commends EMR for this support, but notes that EMR deals with each First Nation on an individual basis and on a case by case basis, and is dependent of whether a First Nation has a Final Agreement.

<b>Board Recommendation</b>
<ol style="list-style-type: none"><li>1. Although the 2003, 2004 and 2007 conferences were successful, some consideration should be given to adjusting the format of a future meeting, for example, to include more small-group sessions.</li><li>2. EMR is encouraged to continue to work with First Nations to facilitate their participation in the consultation process.</li></ol>



The 2005 YMAB report recommended that industry continue efforts to engage with First Nations through community meetings and seminars and at other venues. Individual companies have been very active in this regard. However, 2006 and 2007 saw substantial upswings in exploration activities and much of industry's attention was focused on its increasing work load. Organizing and ensuring attendance at such meetings can be extremely challenging for industry and similarly for First Nations who face challenges and time constraints of their own. Although meetings will continue to be necessary and important for industry/First Nation/community relations, there is a need to find new ways to expedite the communications process.

<b>Board Recommendation</b>
<ol style="list-style-type: none"><li>1. Industry, communities &amp; First Nations should continue to engage in order to facilitate understanding, communications and relations.</li><li>2. Industry and government should consider other avenues and solutions to facilitate good communications between industry, First Nations and communities. One possibility might be a protocol book or guidebook for mining companies, which could be created jointly by First Nations and Yukon government, and which would clearly set out how to engage with communities and First Nations.</li></ol>

In YMAB's 2005 report, this Board recommended that industry and government should develop and encourage synergies with the public and First Nations such as the Yukon Mine Training Association and the industry sustainability initiative (YM2).

The Board commends the good progress achieved on several fronts:

- In January 2006, the Yukon's leading mining industry associations launched an initiative called YM2, or Yukon Matters to Yukon Miners. YM2 is modeled on the Mining Association of Canada's "Towards Sustainable Mining" project and is designed to forge more effective partnerships, better understanding, dialogue and collaboration with communities, First Nation and other governments, and other stakeholders.
- In November 2007, YM2 and CYFN organized a First Nations/industry conference in Whitehorse and a new session is being arranged for April 2008.
- The Yukon Mine Training Strategy was developed through the efforts of YG, industry and other stakeholders.
- In March 2006, the Yukon Mine Training Association (YMTA) was formed as a non-profit association (for more detail, see next section on YMTA.)
- Yukon Government began providing "Mining 101" awareness seminars in 2007, to increase public education and awareness of the mining industry. Several of these courses have been offered in Whitehorse and Dawson City. All are available free of charge to any members of the public.

<b>Board Recommendation</b>
<p>In order to create a deeper public understanding of the role the mining industry plays in Yukon, and a greater awareness of the wide range of job opportunities within the mining industry:</p> <ol style="list-style-type: none"> <li>1. Yukon Government and industry should continue to support the synergies brought about by positive initiatives such as YM2 and the YMTA.</li> <li>2. Yukon Government should continue offering Mining 101 courses throughout Yukon and consider its expansion of the material into Yukon schools.</li> <li>3. Industry is encouraged to offer educational sessions to Yukon elementary, secondary and post-secondary schools.</li> <li>4. Yukon Government should consider working together with YMTA, YM2 and YMAB to develop a guidebook which outlines how companies should present information about their work in a school context.</li> </ol>

#### YUKON MINE TRAINING ASSOCIATION (YMTA)

The YMTA, formed in 2006, is a partnership between the Yukon's mining industry and First Nations, with support from the Yukon Government. The association is working to maximize opportunities emerging from the growth of the mining sector in the North in order to provide employment for First Nations and other Yukoners. The YMTA is managing the Mine Training Fund, which presents a multi-level program designed to increase the profile of employment opportunities in the mining sector, assist in attraction and retention of workers, and facilitate the delivery of targeted training programs in the territory's mining industry. The YMTA also works to ensure that safety training which meets industry standards is developed and delivered. YMTA board members include representatives of First Nations and mineral exploration and development companies working in Yukon.

YG secured and identified close to \$5 million in YMTA funding for a three-year period. During 2006 and 2007, YG provided funding for the position of Executive Director of the YMTA, and seconded an EMR staff member to fill the position on an interim basis. Industry volunteered to post \$150,000 to pre-fund mine and safety training, as well as assist the YMTA through a financially difficult period.

In 2007, the YMTA established and awarded its first Axis Training Awards to recognize those who have developed successful and innovative training projects using association funds. The Association also partnered with Yukon College and other organizations to deliver training opportunities to Yukoners interested in employment in the mining and resource development industries, including mining industry awareness workshops in Mayo and Atlin.

**Board Recommendation**

YG should continue to work cooperatively with industry and First Nations to ensure significant sustainable funding of YMTA from both the Yukon and Federal levels.

**SAFETY TRAINING**

Near the end of 2006, new Occupational Health and Safety Regulations took effect. Of special note are the roles and responsibilities assigned to supervisors to ensure proper safety instruction for workers, the use of all required safety equipment, advising workers of safety hazards and the safe performance of work.

There is a significant need for improved industry awareness of all safety requirements, including required safety training, especially when considering the liability issues which companies may face in the event of accidents, injuries or fatalities on the job. With the increase in mineral activity in Yukon and the corresponding increase in young workers entering the industry, there is a pressing need for a stronger focus on safety awareness.

Northern Safety Network Yukon is a project formed through a partnership between the Yukon Contractors Association and the Yukon Workers' Compensation Health and Safety Board. Its services are available to all Yukon employers.

In order to ensure all safety requirements are met, companies require support.

**Board Recommendation**

EMR should work cooperatively with industry and the Northern Safety Network to obtain and provide industry-specific safety information in an easy-to-use format. This should include the types of equipment and training required, and how to access certified trainers and training programs. YMTA has partnered with the YWCHSB to develop, purchase, and modify standardized safety training modules for delivery to industry, especially the creation of a standardized shift boss/supervisor training module, and this progress should be built on.

**Land Use Planning**

The Board underscores the paramount importance of considering mineral potential and access as a priority when developing regional land use plans.

The Board acknowledges the good work done by land use planning commissions (Peel and North Yukon) and appropriate contributions of information by YG, which should be continued. However, the Board is concerned that mining industry representatives have been challenged to find the time and resources to effectively participate in land use planning. Further, the Board is concerned that some planning commissions seem to take positions in respect of mining activities in their areas before the planning process is completed.

### Board Recommendation

1. Industry and YG should ensure that mining potential and interests are fully considered in land use plans.
2. Yukon Government should continue its support of land use planning initiatives in Yukon and continue to work closely with land use commissions.
3. Because mineral assessment data, access routes and infrastructure are essential components of land use planning, EMR must identify and communicate them to the relevant planning commissions, and ensure these elements are included in land use plans.
4. In order to ensure reasoned and careful input from the mining industry, land use planning commissions should work to ensure that sufficient time is provided for industry to participate.



*Selwyn Resources base camp at Howard's Pass.*

# Investment Attractiveness

## Resource Revenue Sharing

Chapter 23 of the Umbrella Final Agreement (UFA), which deals with Resource Revenue Sharing, contains provisions respecting mineral resource revenue sharing with Yukon First Nations for both crown and Yukon First Nation lands. As the Yukon Government is responsible for management of Yukon mineral resources, it has the authority to receive, levy and collect royalties in respect of the production of a mineral resource. Specific provisions within the UFA outline Yukon government's annual financial obligations for royalty sharing of the resource with Yukon First Nations.

In addition, industry may work directly with Yukon First Nations and may negotiate directly with a Yukon First Nation to reach an agreement to provide opportunities for cooperation, benefits and participation respecting development of a mineral property.

Board Recommendation
YG should continue to work with First Nations to ensure their obligations are fulfilled in respect of royalty sharing with First Nations.

## Yukon Mineral Exploration Tax Credit (YMETC)

The Yukon Government introduced the YMETC in 1999 as an incentive to help stimulate the mineral exploration sector. YMETC is a refundable corporate and personal income tax credit of 25% of eligible mineral exploration expenditures claimed by eligible individuals and corporations conducting off-mine-site exploration in the Yukon between April 1, 2001 and March 31, 2007.

The Board is disappointed to report that YMETC was allowed to expire on March 31, 2007, despite the Board's recommendation in its 2005 report that it be maintained.

In the alternative, the Board recommends YG consider replacing YMETC with a funding mechanism to support First Nations participation in reviews of projects under QMA and YESAA by allocating a certain amount of funding, perhaps calculated in a similar manner to YMETC.

Board Recommendation
1. YG should monitor exploration expenditures in Yukon to ensure no adverse effect is experienced due to YMETC's expiry.
2. YG should consider alternative programs, in particular those that encourage development, as in the Alaskan model.
3. YG should consider establishing a fund, funded by YG, to support First Nation participation in project reviews required under QMA or YESAA.

## Yukon Mining Incentives Program (YMIP)

The Yukon Mining Incentives Program (YMIP) is designed to promote and enhance mineral prospecting, exploration and development activities in Yukon. The program's function is to provide a portion of the risk capital required to locate and explore mineral deposits. The annual program is discretionary and reviewed each year in the government's budget. It is open and available to all prospectors and exploration companies interested in exploration in Yukon.

In 2006, the Yukon Mining Incentives Program (YMIP) received 62 applications for funding by the March 1, 2006 submission deadline. Contribution agreements totaling \$880,600 were subsequently issued to 53 successful applicants. Proposals approved for funding included 5 under the Grassroots-Prospecting module, 17 under the Focused Regional module and 31 under the Target Evaluation module.

In 2006, gold continued to be the main commodity of exploration interest and was the focus of 34 of the projects which received approval for YMIP funding. Projects targeting copper and zinc-lead accounted for 9 and 6 projects, respectively, while 4 other applicants explored for gemstones (2), molybdenum (1) and uranium (1). 2006 saw an increase in approved applicants proposing placer-related projects, with over 25% of the successful applicants undertaking placer exploration and testing programs.

Feedback, requested during 2006 in the form of a survey, revealed that almost half of those responding would not have undertaken many of the exploration projects carried out in the Yukon in the past five years had YMIP funding not been available. Most of this group of respondents are local private companies and/or aggressive and experienced prospectors who are currently attracting significant amounts of junior exploration capital to the territory.

The program is achieving its goal of stimulating grassroots exploration, which is critical in maintaining a supply of projects with potential for new discoveries and advanced exploration. In fact, half of the 140 active projects in Yukon in 2006 were either receiving YMIP funding or were projects that were optioned off to listed junior companies following their initial discovery through past YMIP-funded projects.

In the process of stimulating exploration for new grassroots targets, programs such as the Yukon Mining Incentives Program continue to encourage new mining industry spending and contribute to activities that may lead to the development of new mines. Widely acclaimed by prospectors and industry alike, these programs are the cornerstones of healthy mining industries in jurisdictions which promote and support their existence through continued and stable levels of funding.

In 2006, funding for YMIP was reduced by \$100,000. The Board had hoped to see an increase in 2006 due to the end of the YMETC program.

<b>Board Recommendation</b>
At minimum, YMIP should be maintained in its current form and with its current budget allocation. Ideally, the Board would encourage increases in YMIP funding.

## **Strategic Direction, Promotion and Marketing**

YG EMR and Economic Development play similar roles in attracting national and international investment in Yukon mineral resources.

Economic Development and EMR have supported and encouraged cooperation with Chinese mining and trading companies to attract investment in the Yukon. These efforts have included trade missions to China and Yukon, with participation from companies exploring and developing in the Yukon. These initiatives are seen as important and having potential long-term benefits for the Yukon. The initiatives to date have been largely led by Economic Development with secondary participation by representatives of EMR. Some companies have taken advantage of these initiatives; however, many companies are not aware of the opportunities for participation. The emphasis on China needs to be balanced; given the size and stage of development of Yukon's properties, the sheer number of Canadian mining and exploration companies, and the availability of flow-through funding, a marketing program with an emphasis on targeting Canadian investment in the Yukon should be developed.

EMR, in partnership with Economic Development and the Yukon Prospectors Association, also provided support to assist prospectors to attend Roundup 2006 in Vancouver to promote properties for option. EMR and Economic Development have also worked in close partnership to organize promotional events at the Mineral Exploration Roundup, PDAC, Yukon Geoscience Forum, Alaska Mining Association meetings and other events.

The 2005 YMAB Annual Report recommended that the two departments develop a coordinated comprehensive strategy which could guide the efforts of both departments in attracting mineral investment. The Board has seen noticeable improvements in coordination of both departments' efforts. YG should continue to build upon this. The Board understands EMR and EcDev have retained a consultant to prepare a coordinated marketing strategy, scheduled for completion in April 2008.

### Board Recommendation

1. A coordinated strategy for attracting mineral investment needs to be finalized between Economic Development and EMR, with participation from the mining industry.
2. There should be renewed emphasis on attracting investment by Canadian mining companies in Yukon.

## Technical and Policy

### Geological, Geophysical & Geochemical Programs

The Yukon Geological Survey's mandate is to build, maintain and communicate the geoscience and technical information base required to enable stewardship and sustainable development of Yukon's energy, mineral and land resources. The Survey contributes significantly to the geoscience knowledge base by collecting, compiling and distributing scientific and technical information on the geology and mineral deposits of the Yukon.

Most of the survey's publications and databases are available for download, free of charge, over the Internet. Comprehensive, up-to-date databases include regional geology, regional stream geochemistry, mineral deposits, placer deposits, and mineral claims. These datasets can also be viewed on-line in the Map Gallery, the Survey's interactive map server.

In 2007, YG also introduced a new web-based gateway to major mine licensing documents. It provides access to key YG licenses and authorizations granted for major mine developments, as well as important background reports.

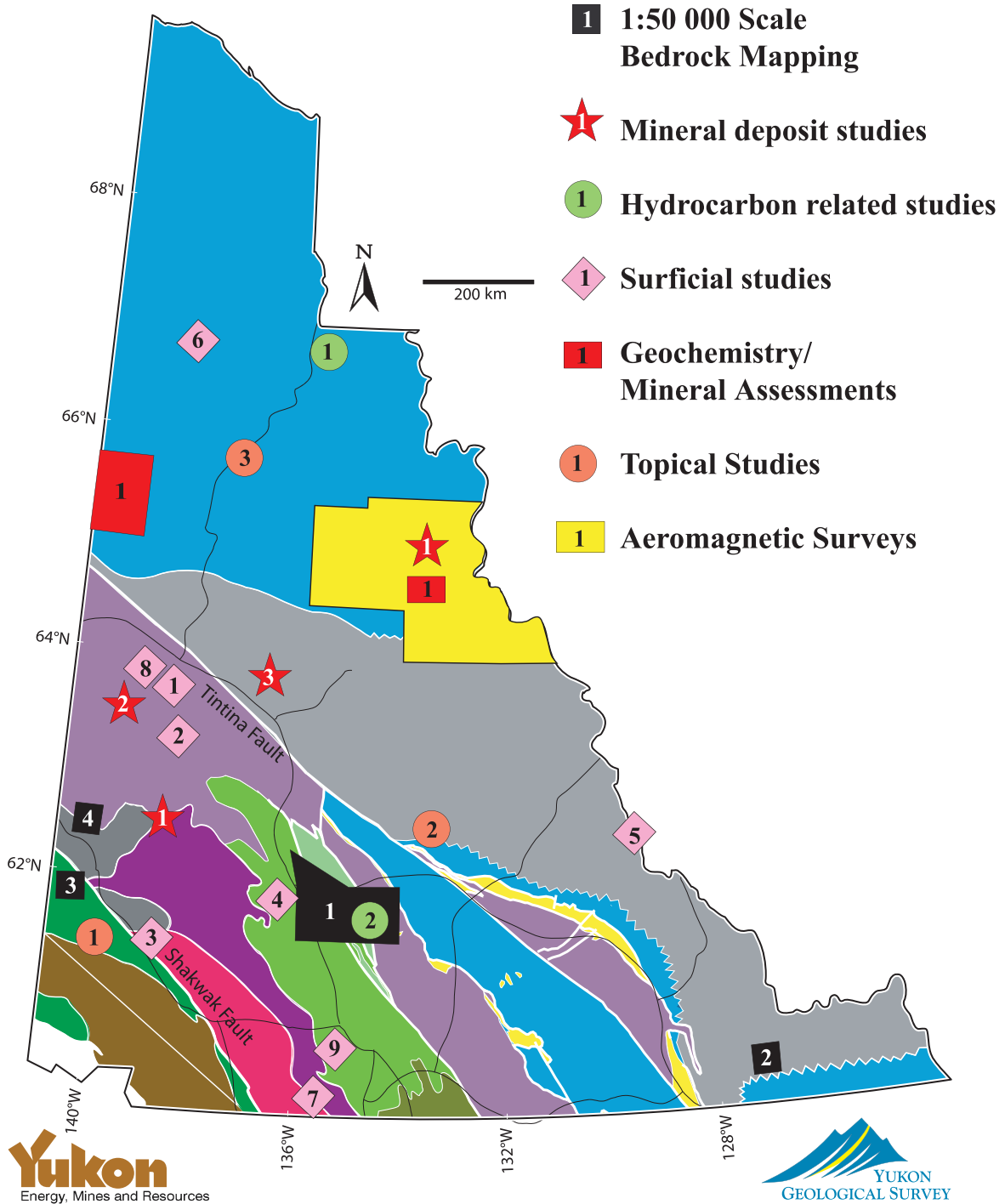
The Board recognizes the importance of continuing public education and the excellence of Yukon's database is widely recognized. The Board acknowledges that YG continues to make improvements to web-based materials over time.

However, the Board notes the potential danger of diminishing the effectiveness of this program through staff shortages.

### Board Recommendation

1. YG should continue through the Technical Liaison Committee and other venues to review the effectiveness and delivery of the Yukon Geology Program.
2. YG should continue to develop and promote Yukon's mineral endowment through education initiatives such as Mining Week.
3. Upgrades in technology and programs required to access data and utilize databases are being developed and this should continue.

# 2006 Field Projects



2006 Yukon Geological Survey Field Projects  
 Source: Government of Yukon, Energy, Mines and Resources

## Mining Legislation

In order to provide a competitive investment environment for the development of mining projects, urgent attention is needed in several areas. Based on the recent resurgence of mine development activities, with several projects in or near the development phase, a number of historic regulatory issues have come to the fore again.

### ***Miner's Lien Act (MLA)***

The *Miners Lien Act* is an old piece of legislation intended to provide security to contractors and workers providing services to mining projects. However, several aspects of the *Act* do not measure up to modern standards for such legislation. Among other things, these aspects include:

- i. an automatic pre-emption of banking security regardless of the nature and timing of the services provided;
- ii. no provision for a legally enforceable contracting out of lien rights by sophisticated larger contractors;
- iii. the inability to determine the existence of lien rights in a search.

The structure of the *Miners Lien Act* in its current form results in uncertainty and represents a serious impediment to companies seeking project financing for the development of new mines or the expansion of existing mines.

The Board understands YG has retained outside consultants to assist in a review of the *Miners Lien Act*. A group of Yukon active producers, potential developers, suppliers and contractors have also retained outside counsel to provide their collective perspective of issues related to the *MLA*.

Board Recommendation
YG should expeditiously complete its review of the <i>Miners Lien Act</i> with the objective of implementing changes to reflect modern standards in the near term, while preserving the reasonable rights of service providers.

### ***Quartz Mining Act (QMA)***

The *Quartz Mining Act* is another piece of antiquated legislation that needs substantial reform to ensure Yukon has a competitive, workable and clear legislative environment supportive of mining development.

The Board notes that YG has formally commenced a two phase review of the *QMA*, with Phase 1 focused on staking procedures and Phase 2 focusing on royalty amendments. The Phase 1 process is relatively advanced, with a survey on the proposed amendments sent out to stakeholders for comment on the proposed changes. The Board notes that the changes proposed are relatively modest and suggests this should just be a step toward the eventual replacement of the staking regime in its entirety.

In respect of royalties, the Board understands (i) that YG has gone through a review process involving Sherwood Copper/Minto Explorations and Selkirk First Nation in order to clarify the mechanics of the *QMA* royalty calculation process as they will affect the new Minto mine and (ii) that YG has issued a series of interpretive bulletins in the spring of 2007 to publicize the conclusions from this process.

While this process is appreciated, it does not address the principal issue, which is that the *QMA* royalty regime is out-of-date and out-of-step with other regimes in Canada. In particular, the royalty rate is open-ended and could, in certain circumstances, result in a mine paying 100% of its operating profits in taxes and royalties. Furthermore, the *QMA* tends to severely penalize high-capital operations with a long life expectancy and a high cash flow, which are exactly the type of project that Yukon should want to encourage, rather than discourage. As a result, the existing *QMA* royalty regime is an impediment to the development of mining projects in Yukon and needs to be revised to make it competitive with other mining jurisdictions in Canada.

The Board is supportive of YG's review of the royalty regime under the *QMA*, which is to be addressed in Phase 2 of the *QMA* review. The main issues identified for resolution include:

- The lack of a cap on the royalty, which could make the overall royalty burden punitive;
- Ensuring clarity of language and interpretation, building off the interpretive bulletins;
- Moving the royalty provisions in the *QMA* to regulations;
- Dealing with royalties payable on Category A land.

The Board strongly encourages YG to accelerate this process and have amendments delivered in a timely manner, since there are several advanced projects, the development of which may be directly affected by these amendments.

<b>Board Recommendation</b>
1. YG should expedite its review of the royalty structure under the <i>QMA</i> in order to provide a competitive and balanced regime that encourages mining development in Yukon.
2. YG should complete its proposed modest amendments to the staking regime under the <i>QMA</i> , but should treat this as an intermediate step to a wholesale replacement of the staking regime.

## Water Rights

The current legislative regime does not allow for exclusive water rights through a licensing regime, as is the case in British Columbia, without considerable risk and expense before there is any certainty of the rights being granted to an applicant. This acts as a serious impediment to the development of private generating capacity, whether it be for sole use of a mine or for feeding into the grid. The Board strongly encourages YG to adopt a regime that provides for a competitive water rights regime, and suggests looking at British Columbia's as a model of success.

<b>Board Recommendation</b>
YG needs to establish a competitive legislative regime for the granting of exclusive water rights to applicants.

## Acknowledgements

The Board thanks numerous staff within the Yukon Government's Department of Energy Mines & Resources for contributing information which summarizes mineral exploration and development activities in Yukon during 2006 and 2007, as well as the activities of the Yukon Placer Secretariat, the Yukon Mine Training Association and the Yukon Mining Incentives Program.

Information was also obtained from the Yukon Government's Department of Economic Development and from the following websites:

[www.emr.gov.yk.ca](http://www.emr.gov.yk.ca)

[www.yesab.ca](http://www.yesab.ca)

[www.yukonminetraining.com](http://www.yukonminetraining.com)

## Glossary of Terms

AIDEA.....	Alaska Industrial Development & Export Agency
CEAA.....	<i>Canadian Environmental Assessment Act</i>
CYFN.....	Council of Yukon First Nations
DIAND.....	Department of Indian Affairs and Northern Development — Canada
ECO.....	Executive Council Office
EMR.....	Energy, Mines and Resources - Department of the Yukon Government
ENV.....	Environment — Department of the Yukon Government
IRM.....	Integrated Resource Management (Yukon Government working philosophy and subsequently approved strategy)
ISC.....	Implementation Steering Committee
KPMA.....	Klondike Placer Miners' Association
MLUR.....	Mining Land Use Regulations
NMRS.....	Northern Mineral Records System
PDAC.....	Prospectors and Developers Association of Canada
UFA.....	Umbrella Final Agreement
WC.....	Working Committee
YEAA.....	<i>Yukon Environmental Assessment Act</i>
YEC.....	Yukon Energy Corporation
YESAA.....	<i>Yukon Environmental and Socio-economic Assessment Act</i>
YESAB.....	Yukon Environmental and Socio-economic Assessment Board
YG.....	Yukon Government
YGS.....	Yukon Geological Survey
YLUPC.....	Yukon Land Use Planning Council
YMAB.....	Yukon Minerals Advisory Board
YMETC.....	Yukon Mineral Exploration Tax Credit
YMIP.....	Yukon Mining Incentives Program
YMSRCP.....	Yukon Mine Site Reclamation and Closure Policy
YWB.....	Yukon Water Board

# Appendix A: Order in Council Creating the Yukon Minerals Advisory Board

M.O. 1999/06  
ECONOMIC DEVELOPMENT ACT

## ECONOMIC DEVELOPMENT ACT

Pursuant to section 9 of the *Economic Development Act*, the Minister of Economic Development orders as follows:

**1.** The annexed Yukon Minerals Advisory Board Order is hereby made.

Dated at Whitehorse, in the Yukon Territory, this 7 day of June, 1999.

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Minister of Economic Development

A.M. 1999/06  
LOI SUR LE DÉVELOPPEMENT ÉCONOMIQUE

## LOI SUR LE DÉVELOPPEMENT ÉCONOMIQUE

Le ministre de l'Expansion économique, conformément à l'article 9 de la *Loi sur le développement économique*, décrète ce qui suit :

**1.** Le Décret créant le Conseil consultatif sur l'exploitation minière au Yukon est établi.

Fait à Whitehorse, dans le territoire du Yukon, ce 7 juin 1999.

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Ministre de l'Expansion économique

# Terms of Reference of Yukon Minerals Advisory Board

## Organization

### *Authority*

The Board is established under the *Economic Development Act* to advise the Minister of Energy, Mines and Resources on mineral development matters in accordance with these terms of reference.

### *Mandate of the Board*

The Board shall:

- Make recommendations on specific matters referred to it from time to time, by the Minister;
- Undertake other initiatives, such as conferences and public workshops on mineral development matters, as requested by the Minister; and
- Make recommendations to the Minister to fulfill the objectives of the Board.

The Board shall table with the Legislature an annual report for the previous calendar year by May 1st. Matters to be addressed in this report include activities of the Board and, on the request of the Minister, recommendations on matters referred to it in the previous year.

### *Objectives of the Board*

The Board shall recommend to the Minister measures, including government actions to:

- increase the potential for mineral exploration and development in Yukon;
- attract capital for the exploration and development of new mines;
- ensure that mines can be developed feasibly and in a timely fashion;
- improve the potential for producing mines to remain viable;
- enhance Yukon participation in mining;
- reduce constraints, including government constraints, on the development of minerals in Yukon; and
- outreach with first nations to explore the opportunities and benefits of mineral exploration and development in Yukon.

### *Duration of Mandate*

The Yukon Minerals Advisory Board will be subject to review after five years, in 2005, to determine its continuance, according to policy objectives and priorities at that time.

### *Makeup of the Board*

The Board consists of the following representatives:

- Member of the Yukon Chamber of Mines;
- Member of the Klondike Placer Miners Association;
- CEO or senior managers of companies with Yukon mineral exploration projects and/or mines;
- CEO or senior managers of junior mining sector;
- Representatives of national mining associations;
- Other individuals who have at least five years experience in various aspects of the minerals industries.

The Board will consist of no more than 10 members.

Members will be appointed by the Minister of Energy, Mines and Resources. Appointments shall have a duration of up to 2 years, and terms can be renewed by the Minister.

The Minister shall appoint one member of the Board to serve as chair, for a period of two years. Such terms can be renewed by the Minister.

#### *Secretariat*

Secretariat services and other support as required, will be provided by Department of Energy, Mines and Resources. The secretariat will provide certain analytical, technical and administrative services necessary for the effective operation of the Board. Direction of the secretariat will normally be provided by the Chair.

Independent recording and minute-taking services will be provided for by the Department of Energy, Mines and Resources.

### **Proceedings**

#### *Meetings*

The Board will meet, at minimum, once a year.

#### *Quorum*

A majority of the Board, including the Chair, constitutes a quorum.

#### *Conflict of Interest*

A member of the Board will not be considered to have a material conflict of interest if:

- The member has a financial interest in a mining company operating in the Yukon;
- The member has an interest in a mining company receiving financial assistance from government in association with a mineral exploration or development project;
- The member receives financial assistance from government in association with a mineral exploration or development project;
- The member has an interest in a mining company or property with regulatory applications and authorizations under consideration by the Yukon government.

#### *Board Procedures*

The Board may establish procedures and rules governing the conduct of its business.

#### *Public Access*

The minutes or other form of record of Board meetings shall be available to the public.



