



Yukon Resource Gateway Project

Application for National Infrastructure Component Funding

Addendum

August 2016

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I. Introduction

In January 2016, the Yukon Government (YG) submitted the Yukon Resource Gateway Project (YRGP) proposal (the Proposal) to Infrastructure Canada under the National Infrastructure Component (NIC) of the New Building Canada Fund.

The YRGP was conceived as a long-term vision for the future of Yukon, but one with short-term and very immediate benefits as well.

Ultimately, the YRGP is about:

- fulfilling Yukon's economic and export potential;
- significantly increasing the productivity of Yukon's mining sector;
- generating long-term economic opportunities for Yukon communities and First Nations;
- improving road safety for all users; and
- setting Yukon on a path to economic self-sufficiency.

The federal government's priorities are perfectly aligned with Yukon's desire to advance its economy by investing in transportation infrastructure in order to maximize future development. Specifically, the Yukon Resource Gateway Project will help to accomplish the following objectives:

- build a strong economy by building a strong middle class;
- create opportunities for young Canadians;
- invest now in projects which our country needs;
- strengthen communities;
- provide skills and employment training;
- invest in Canada's north to help northern economies grow;
- foster a renewed relationship with indigenous peoples; and
- expand exports and opportunities for Canadians and getting Canadian goods to market.

In addition, the project clearly meets all four criteria of the NIC:

- generating positive economic activity, with projections of over \$30 billion added to Canada's GDP resulting in a 10:1 return for public investment;
- reducing potential economic disruptions or foregone economic activity by opening up the potential of what has consistently been ranked as one of the most attractive jurisdictions in the world for mining;
- generating productivity gains for the Canadian economy, with major improvements to the operating efficiency of current and planned mining operations; and
- providing benefits that extend beyond the Yukon, as detailed later in our proposal, with thousands of jobs and billions in economic activity for the rest of Canada if Yukon's mining potential can be accessed with an improved road network.

When the federal government speaks of the importance of "strategic and trade enabling infrastructure" to Canada's future, one need look no further than the YRGP.

Purpose of this Addendum

The business case for the YRGP, submitted in January 2016, focused on the economic aspects of the project. This addendum provides additional information to augment the business case and expand on key aspects of the Proposal.

The addendum will address several aspects both from an immediate road construction and long term development perspective, including:

- environmental assessment processes;
- climate change and green house gas emissions;
- trade corridors and supply chains;
- community benefits;
- First Nations' participation;
- inter-jurisdictional benefits; and
- schedule and cost estimates.



II. Environmental Assessment Processes

The *Yukon Environmental and Socio-Economic Assessment Act* (YESAA) was proclaimed under federal legislation in 2003. The assessment process is managed by the Yukon Environmental and Socio-Economic Assessment Board (YESAB), an arms-length body independent of government. YESAB is responsible for the administration of the environmental assessment process and for providing project-specific recommendations for each project reviewed under the legislation.

The YESAA dictates the thresholds and criteria for projects to require a review, determines the methodologies of those reviews, mandates the solicitation of public input, and establishes the timelines to which reviews must adhere.

The YESAA also establishes obligations for proponents to meet in order for their applications to be considered and approved, specifically:

- Section 50(2) of YESAA requires a proponent to consider alternatives to the project or alternative ways of undertaking the project during the proposal stages. Consideration of alternatives and relative impacts facilitates the minimization of significant adverse environmental or socio-economic impacts. Section 42(1)(e) of YESAA directs the Executive Committee to make similar considerations in assessment.
- Section 50(3) outlines the proponent's responsibility to consult stakeholders such as First Nations and residents whose location will cause them to incur environmental or socio-economic impacts. Consultation shall be conducted by providing: notice of the matter in sufficient form and detail to allow the party to prepare its views on the matter, a time period reasonable for the preparation and organization of views, as well as an opportunity to present the views of the affected party. Following the presentation of views they must all be considered fully and fairly by the proponent.

The YESAA establishes Decision Bodies to make final determination on projects, based on YESAB recommendations, depending on where the project is taking place. In some cases, Yukon and First Nations are the sole Decision Body, in others they may be joint Decision Bodies.

Following a successful YESAA assessment and the completion of a Decision Document signed off by the applicable Decision Bodies, projects then enter a permitting stage. Depending on the scale and complexity of the project, this may involve any number of permits governing water and land use, as well as permits specific to industry, such as timber permits, quarry permits and mining related licences. Each of these permits has its own application and review process and all the major permits provide an additional opportunity for public input and comment.

Scope of Assessment

Depending on the proposed project activities, a YESAA assessment can take place at the following three levels. Regardless of where a project enters the process, there are opportunities for it to be moved to a higher level assessment should there be significant potential environmental impacts or if there are significant public concerns associated with it.

1. Designated Office evaluations are conducted in the six community-based Designated Offices located in Dawson City, Haines Junction, Mayo, Teslin, Watson Lake and Whitehorse.
2. As an Executive Committee Screening the Executive Committee of the Board will assess larger projects that are submitted to it directly or are referred by a Designated Office.
3. A Panel of the Board may be established to assess projects which have potential significant adverse effects, are likely to cause significant public concern, or involve the use of controversial technology.¹

Each of these processes has timelines established in regulation, each with associated process rules. Each assessment process also provides formal opportunity for First Nation and government input, as well as public input at various points in the review process.

The scope of any assessment is established by YESAB and varies depending on the complexity of the proposal.

As part of the application process, proponents are obligated to identify all associated activities, project alternatives, project location, existing environmental and socio-economic conditions, potential effects of the project and any proposed mitigative measures.

Potential environmental and socio-economic impacts that are assessed vary with each project but generally include fish and wildlife, vegetation, hydrology, water quality, air quality, traditional use, archaeological, and community.

¹ <http://www.yesab.ca/the-assessment-process/how-does-yukons-assessment-process-work/>

Timelines

Timelines for each level of assessment are specified within the YESAA. In all levels of assessment, once an application is submitted the process is as follows:

Adequacy Stage

- Adequacy review – insures information submitted is adequate to allow a full assessment.
- Information request – YESAB can request additional information it deems necessary to complete the review for adequacy.

Evaluation Stage

- Seeking Views and Information – Once a project application is deemed adequate YESAB seeks official input from First nations, governments, and public.
- Additional Information – where the seeking views stage identifies additional information required the proponent is asked to provide such.
- Additional Seeking Views and Information – additional information inputs require additional time for public comment.

Recommendation Stage

- Prepare Recommendation or Referral – If the project evaluation is deemed complete a recommendation(s) is issued to the Decision Body. If the body reviewing the proposal is unable to make a recommendation they have the option of referring the project to the next level of assessment.
- Issue recommendation or Referral – Final recommendations issued to Decision Body or Referral to next level of assessment made.

Decision Body Stage

- Final Determination – The Decision body has the authority to accept, reject, or vary (with explanation) recommendations made by YESAB.
- Issue Decision Document – Decision Document forms the final assessment of the project and includes terms and conditions for the project to proceed. Decision Document can also dictate that a project not be allowed to proceed.

Statistics from YESAB indicate the average District Office evaluation takes approximately 63 days not including statutory holidays or weekends. Executive Committee Screenings vary considerably in length and are directly influenced by the number or complexity of information requests either during the adequacy or evaluation stages.²

² <http://www.yesab.ca/about-yesab/timeline-statistics-for-project-assessments/>



Road Construction

All road construction projects undertaken by the Government of Yukon since 2003 have been assessed at the District Office level. For the most part, the roads and corridors are existing routes, and while the upgrades change the spatial impact associated with the road footprint, the upgrades themselves have not been seen as significant enough to trigger a higher level screening.

Given past experience and precedent, the Government of Yukon anticipates individual components of the YRGP could be assessed at a District Office level. However, there may be a desire on the part of YESAB to assess the broader project at an Executive Committee level. Regardless of which assessment portal is finally determined, the Government of Yukon will be obligated to follow the assessment process and reach a favorable decision from the assessment before any activity can begin.

Road construction on both the Indian River/Coffee and the Casino Road components of the project will be assessed as part of the assessment of the Kaminak Gold Corporation and Casino Mining Corporation proposals for their respective mine developments. The Government of Yukon will coordinate the assessments for the remaining portions of the YRGP.

Potential Mine Development

In the January 2016 YRGP application, YG identified three potential mine development projects as examples of economic growth that could follow completion of the YRGP. These included the Casino Mining Corporation - Casino Project, the Kaminak Gold Corporation - Coffee Gold Project, and the Selwyn Chihong Mining - Howard's Pass Project.

Each of these projects is at a different stage of development. The Casino Project is currently in the environmental assessment process, the Kaminak Project anticipates submission to YESAB in the fall of 2016, and the Selwyn Chihong Project is developing the YESAB application with a potential submission date in 2017.



The Casino Mine Project has been referred to a Panel Review by the YESAB Executive Committee, the highest level of assessment carried out by YESAB. Panel Review requires the submission of an Environmental and Socio-Economic Effects (ESE) Statement by the proponent. The ESE Statement contains details on the potential impacts of the Project on the environment (e.g., wildlife, water, fish, air quality, etc.) and on the community (e.g., employment and economic development, community services, wellbeing and vitality, human health, heritage and land use), with an opportunity for the proponent to detail accommodations and mitigations to minimize those potential impacts. The guidelines for the ESE Statement are reviewed by the public, including potentially affected First Nations and territorial and federal governments. The Panel Review process includes public hearings on the Project, held in communities of interest.

Kaminak Gold Corporation will be submitting its application to YESAB as an Executive Committee Screening based on the size and scope of the proposed operation. As noted earlier there is the potential for the project to be elevated to a higher level screening as was the case for the Casino Project. However, given the scale and complexity of the Kaminak Project, the expectation is that it will be assessed at the Executive Committee Screening level.

The Selwyn Chihong Mining proposal is under development. Depending on the final scale of the project, it will either enter the YESAA assessment as an Executive Committee Screening or as a Panel Review. The company believes the project is likely able to be assessed at an Executive Committee Screening level. In addition, since portions of the project, mainly the access road, are located in the Northwest Territories (NWT), Selwyn Chihong Mining will also be subject to an environmental assessment under the Mackenzie Valley Environmental Impact Review Board, for which an application has been filed and deemed adequate for assessment.



III. Climate Change and Greenhouse Gas Emissions

Climate Change Action Plan

Yukon has experienced the effects of climate change for a number of years. Changing weather patterns, impacted permafrost, and invasive species have all been indicators that our environment is changing.

The Government of Yukon's Climate Change Action Plan³ (the Plan) was released in 2009. The Plan identified four key goals where Yukon will focus efforts over the coming years. Within each of these goals are several priority actions and targets:

- Goal #1 – Enhance knowledge and understanding of climate change.
- Goal #2 – Adapt to climate change.
- Goal #3 – Reduce our greenhouse Gas (GHG) emissions.
- Goal #4 – Lead Yukon action in response to climate change.

The Government of Yukon subsequently released progress reports on the Plan in 2012 and 2015.

Climate Change Adaptation

While it is important, reducing GHG emissions in Yukon will not stop the impact of climate change on the territory. Yukon's overall contribution to GHG emissions in Canada, and the world, is disproportionate to the impacts being experienced. For Yukon, adaptation is critical, as evidenced by its inclusion as a goal of the Climate Change Action Plan.

Over the past several years, Yukon's Department of Highways and Public Works (HPW) has been at the forefront of research related to permafrost degradation in relation to highway infrastructure. HPW has partnered with Transport Canada and academia to establish the Beaver Creek Permafrost Test Site. This collaborative effort is testing various mitigation

³ <http://www.env.gov.yk.ca/air-water-waste/ccactionplan.php>



methodologies aimed at preserving permafrost in situ within the road prism and right-of-way. This multi-year project has shown the effectiveness, and ineffectiveness, of various approaches and is producing ground-tested solutions that are being applied in other applications throughout Yukon.

In addition, HPW participates in the Network of Expertise on Permafrost, a research body established and funded by Canada, to further assess permafrost across the north and develop methodologies to minimize impacts to the permafrost from climate change.

The Yukon Research Center, established under Yukon College, supports northern research across several broad themes and includes bodies dedicated to climate and climate change research, such as the Cold Climate Innovation Center and the Northern Climate Exchange.

Together, all of the current research and pilot projects being undertaken are leading to alternative construction techniques that can, and will, be built into the design for the YRGP roads. Innovation in this field will continue to enhance Yukon's response to the challenges associated with climate change.

Greenhouse Gas Emissions Current Status

Part of the challenge Yukon faces is in access to and collection of accurate data, particularly on GHG emissions. The Government of Yukon is working with local and federal partners to achieve an accurate and consistent emissions profile for Yukon. This profile is necessary to support the effective policy development for minimizing growth in Yukon's overall GHG emissions. To date, two data sets are available to support an understanding of Yukon's overall GHG emissions from 2013, the latest data available:

- Emissions estimates by Environment and Climate Change Canada for Yukon (Canada's Greenhouse Gas Inventory)⁴, found in the National Inventory Report 1990-2013: Greenhouse Gas Sources and Sinks in Canada; and
- Re-calculated emissions based on Taggart and Pearson's (2015)⁴ methodology. Yukon Greenhouse Gas Emissions: The transportation sector updated 2015 report found that total emission levels across all sectors, not just transportation, are higher than what is reported by Environment and Climate Change Canada in its annual National Inventory Report.

⁴ <http://www.env.gov.yk.ca/publications-maps/report-air-ghg-levels.php>

The Government of Yukon is continuing its work with the federal departments of Environment and Climate Change Canada, as well as Statistics Canada, to improve accuracy in their data collection and reporting. Until federal data better reflects Yukon's overall GHG emissions, the Government of Yukon considers locally-derived data from Yukon Bureau of Statistics and Department of Finance as reported in Taggart and Pearson's report (2015), as the most accurate.

Summary points from that report include the following:

- Yukon's overall greenhouse gas emission levels have been decreasing since 2011.
- Yukon's total GHG emissions for 2013 were 0.586 megatonnes (586 kilotonnes) of CO₂e. This represents a 7.51 per cent decrease in emissions from 2010.
- Reductions in Yukon GHGs since 1990 (National Inventory Report) are mainly due to changes in the nature and extent of industrial activity. The cyclical nature of Yukon's resource economy is reflected in the territory's greenhouse gas emission levels.
- Transportation accounts for the largest share of greenhouse gas emissions in Yukon-56 per cent of the total in 2013:
- On-road gasoline and on-road diesel contribute equally to transportation emissions, at approximately 40 per cent each.
- This means that passenger vehicles are a significant source of emissions in the territory.
- After transportation, space heating from fuel oil and propane is the next highest source of GHG emissions in Yukon.

Based on Environment and Climate Change Canada estimates, Yukon accounts for approximately 0.04% of the Canadian total GHG emissions⁵. However, per Taggart and Pearson, Yukon's share of Canadian GHG emissions is approximately 0.08%.

Future Emissions

The trend in Yukon GHG emissions is downward. With the Climate Change Action Plan, changes in technology, and alternative fuel availability, it is anticipated this trend can continue.

However, increased economic activity, particularly in road construction or mineral development, will increase localized GHG emissions and impact Yukon's overall numbers. Yukon does not believe it is a matter of trade-offs between economic development and GHG emission reductions, but rather that they need to be looked at together to determine where opportunities to enhance each may exist.

The companies driving the potential mine developments used as examples in the Proposal are looking for opportunities to reduce their emissions going forward. As technologies improve and alternative sources of fuel become available, the potential for significant reductions will increase. Using LNG for power generation instead of diesel alone can make significant impacts on emissions. In addition, bringing LNG into the Yukon through mineral development opens up opportunities for communities currently generating power by diesel to switch to LNG. LNG itself is likely not the end fuel but rather a bridge to future cleaner fuels or energy generation methodologies.

⁵ Environment and Climate Change Canada (2016) Canadian Environmental Sustainability Indicators: Greenhouse Gas Emissions. <https://www.ec.gc.ca/indicateurs-indicators/default.asp?lang=en&n=18F3BB9C-1>



Other opportunities for reduction in GHG emissions currently under assessment by mine development proponents include:

- Operation of mine haul vehicles on LNG rather than diesel;
- Operation of mine haul vehicles on electric trolley assist;
- Potential energy recovery from tailings slurry transport systems; and
- Use of alternative energy sources such as solar systems to offset a portion of overall power requirements.

Whatever the final picture looks like, a combination of mitigative measures will be required to achieve overall GHG emission reduction goals for the Yukon.

Furthermore, Yukon continues to assess opportunities for bringing additional renewable energy sources on-stream, including hydro and wind generation. First Nations in Yukon are also assessing, and in some cases developing, alternative energy sources for specific community applications.

Vancouver Declaration

In the spring of 2016, Yukon participated in the First Ministers' meeting in Vancouver to discuss a path forward for Canada to meet the commitments of the Paris Agreement. The goal of the meeting was to start development of a concrete pan-Canadian framework for clean growth and climate change while leveraging technology and innovation to allow Canada to become a global leader in the global clean growth economy.

Coming out of the Vancouver meeting, several working groups were established to continue the momentum generated in Paris, and to identify immediate short-term and long-term actions that can be taken at a local, territorial/provincial, and national level. The preliminary reports from each working group are scheduled to be delivered in September 2016.

Yukon is participating fully in the working groups and brings a unique northern perspective to the table. As a jurisdiction that has been dealing with climate change for several years, but that has a very limited contribution to overall GHG emissions, we believe our experience with adaptation and the potential for future work here will be beneficial across Canada and the circumpolar world.



IV. Trade Corridors

“Gateway and corridor strategies are integrated packages of long-term investment and policy measures that advance the development and exploration of gateways and corridors for national benefit”⁶. The Gateway concept is well developed in Canada and Yukon has watched the development of the various Canadian Gateways with interest. At this stage, Yukon is not part of any official Canadian “Gateway”, although the Asia Pacific Gateway and the investments made there lie tantalizingly close just south of the 60th parallel.

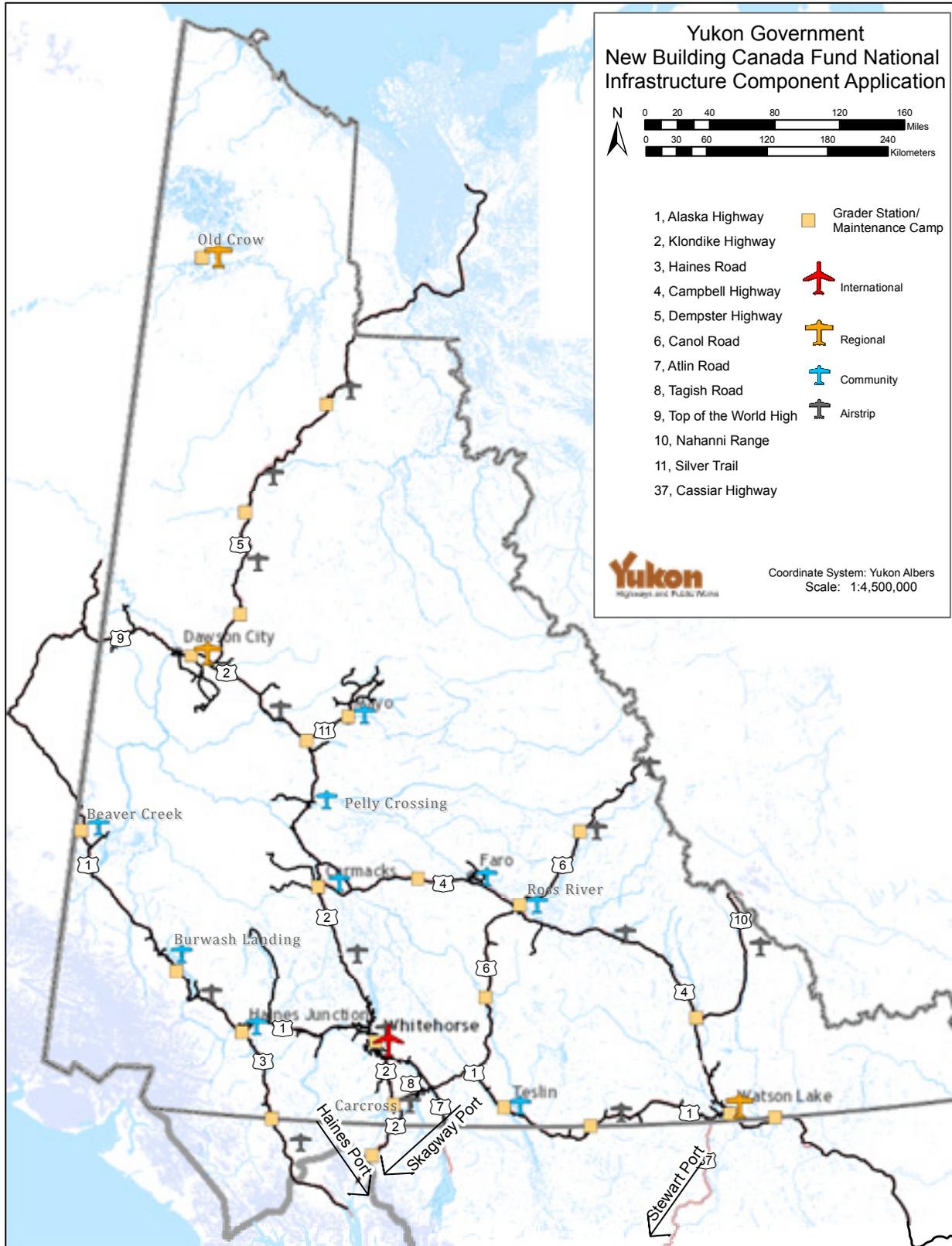
However, considering Gateways are about connecting to opportunities through an integrated and efficient transportation network while leveraging partnerships to improve the competitiveness of the supply chain, then maybe Yukon is closer than one might think.

The YRGP fits this definition of gateway or trade corridor exactly. Port access in Skagway, Alaska and Stewart, B.C. provides direct routes to international markets, allowing Yukon to focus on the upstream needs of the supply chain. By building partnerships with First Nations and industry to facilitate improvements to the extreme upstream portions of the chain while continuing improvements we have already started on the downstream segments, Yukon can fully develop an efficient and effective export system for natural resources that will benefit all Canadians.

The YRGP does not stand alone however, and Yukon has committed significant resources in the past and plans on additional investments in the future to continue upgrading key trade corridors within the territory.

⁶ National Policy Framework for Strategic Gateways and Trade Corridors
<http://www.canadagateways.gc.ca/nationalpolicy.html>

Figure 1: Yukon Transportation Network



Source: Yukon Transportation Engineering Branch

Yukon Corridors

For the purposes of the YRGP, two significant trade corridors are of particular importance in terms of export capacity: the Klondike Corridor and the Campbell/Cassiar Corridor. From a re-supply and import perspective, both of these corridors, as well as the Alaska Highway Corridor, are critical.

These corridors also provide key international and inter-jurisdictional connections. The Klondike and Alaska Highway Corridors facilitate trade through the movement of goods and people to the Alaskan Southeast and Interior. The Alaska Highway corridor also provides connection to B.C. and Alberta. The Klondike Corridor connects to the Dempster Highway, which is a critical transportation route to the Mackenzie Delta and Beaufort Sea area of the Northwest Territories and is the only all-season highway in Canada to cross the Arctic Circle.

Klondike Corridor

Starting at the Port of Skagway in Alaska, the Klondike Corridor runs north to its terminus at Dawson City, a distance of 716 kms, of which 21.4 kms are in Alaska, 56.2 kms are in B.C. and the remaining 635.7 kms are in Yukon. The Klondike Corridor is comprised of the Klondike Highway and the Alaska Highway through Whitehorse. All highways are hard surfaced, either with asphalt pavement or Bituminous Surface Treatment (BST).

The Erik Nielsen Whitehorse International Airport and the Dawson City Airport are the main air nodes in the corridor, providing scheduled air service as well as seasonal international charter service. Small community airstrips are located in Carcross, Carmacks, and Pelly Crossing.

Within the corridor, seasonal train service aimed at the tourism segment operates between Skagway and the Yukon community of Carcross.

Infrastructure Upgrades in the Klondike Corridor

The Alaska Department of Transportation is proposing replacement of a critical piece of infrastructure on the Klondike Highway, the Captain William Henry Moore Bridge, starting in 2017/18. This replacement will improve geometric alignment at the current bridge location, improve capacity of the crossing for heavy loads and improve safety for all users. Also in Alaska, the Port of Skagway is planning approximately \$80 million (US) in port infrastructure improvements over the next several years to enhance ore shipping capacity.

Over the past few years, Yukon has upgraded several pieces of critical transportation infrastructure in the Klondike Corridor, including bridge upgrades and replacements, resurfacing projects, highway safety improvements, and runway resurfacing.

In 2015, HPW completed a Klondike Highway Functional Plan which details short and long-term upgrades required to the highway system to improve safety, efficiency, and asset life. HPW is prioritizing projects identified in the plan and will begin implementation of the plan in the 2016/17 fiscal year.

Immediate priorities include replacement of the Nares River Bridge in Carcross and pavement rehabilitation north of Whitehorse, both of which will start in 2016. The Nares River Bridge replacement will enhance pedestrian safety, allow overweight permitted loads, and provide an opportunity for future technology enhancements on the corridor surrounding weigh in motion for commercial truck traffic.

HPW has also completed preliminary design and public consultation on needed upgrades to the Alaska Highway within the Whitehorse corridor area and plans to begin reconstruction with a small project in 2016 and major reconstruction in following years. The corridor improvements will increase safety and traffic flow throughout the corridor, particularly for through traffic, and will increase the efficiency of the route for the transportation of people and goods.

On the aviation side, HPW is beginning functional planning for the Dawson Airport which will see significant improvements to that facility, including runway improvements, apron and taxiway improvements, and air terminal building upgrades to increase passenger capacity as well as diversifying the aircraft usage at the site.

Planned improvements to the Erik Nielsen Whitehorse International Airport over the next several years include instrument landing system upgrades, parallel runway extension and resurfacing, main runway resurfacing, lighting improvements, and air terminal building improvements.

Campbell/Cassiar Corridor

The Campbell/Cassiar Corridor combines major highway systems in B.C. and Yukon to provide road access through an incredibly resource rich area.

The Stewart Cassiar Highway in B.C. starts at a Junction with the Yellowhead Highway at the B.C. community of Kitwanga. The Yellowhead Highway provides further access west to the Port of Prince Rupert or east to Alberta.

From Kitwanga, the Stewart Cassiar Highway runs approximately 725 kms north to the Yukon border and the Alaska Highway, at a point approximately 22 kms west of the Yukon community of Watson Lake. At Km 156 a second highway runs 65 kms into the town of Stewart, B.C. where port facilities are located. All portions of the Stewart Cassiar highway are hard surfaced either with asphalt pavement or BST.

The Campbell Highway begins at Watson Lake and runs north then west to its terminus with the Klondike Highway at the community of Carmacks, a total distance of 582 kms. The Nahanni Range Road junction is at km 107 of the Campbell Highway. The Campbell highway is hard surfaced with a combination of 10 kms asphalt pavement in the vicinity of the community of Watson Lake, approximately 218 kms of BST, mainly on the western end of the highway, and 354 kms of gravel.

Certified regional airports are located in Terrace, B.C. and Watson Lake, Yukon. Additional community airstrips are located in the B.C. communities of Kitwanga, Stewart, Bob Quinn Lake, Iskut, Dease Lake, and the Yukon communities of Ross River, Faro, and Carmacks.

Part of the B.C. Rail system leased to CN runs northwest from Prince George to a terminus at Dease River near the Stewart Cassiar Highway. The line is not active.

Infrastructure Upgrades in the Cassiar Campbell Corridor

Over the past several years the B.C. government has engaged in significant highway upgrade projects on the Stewart Cassiar Highway, mainly in the area south of Dease Lake. The upgrades have focused on widening and geometrical improvements to increase safety and efficiency, as well as extensive resurfacing to a combination of asphalt pavement and BST. In 2015 the B.C. government released “B.C. On the Move – A-Ten Year Transportation Plan”⁷. This strategic planning document identified further priority improvements for the Stewart Cassiar Highway, focusing on improving safety and efficiency of the system over the next decade.

Over the past seven years, the Government of Yukon has invested approximately \$65 million in upgrades to the Campbell Highway north of the community of Watson Lake. The current construction program will see continued investments over the next two years to complete reconstruction to the Nahanni Range Road junction. This work has included widening and geometric improvements, bridge and culvert upgrades and hard surfacing with BST. The work has improved the safety of the corridor as well as increased capacity and efficiency.

In addition to public infrastructure upgrades in the corridor significant private sector upgrades of key import/export infrastructure have been made and are planned for the future. Private sector investments of approximately \$60 million have been made by the World Port of Stewart to develop break bulk capacity at Stewart, B.C. and to provide for future bulk expansion.

Selwyn Chihong Mining Limited (SCML) has also entered into an agreement with Stewart Bulk Terminals to finance upgrades of their bulk facility for shipment of product from SCML’s Howard’s Pass project. The bulk terminal expansion project is expected to cost approximately \$40-\$50 million and will be financed by SCML.

Alaska Highway Corridor

The Alaska Highway Corridor traverses the Yukon northwesterly from the community of Watson Lake through to the Canada/U.S. border just west of Beaver Creek, Yukon. This significant trade route is identified as a Core Route under the Canadian National Highway System. The interconnectivity of the Campbell/Cassiar and Klondike corridors underpins the Alaska Highway’s importance to the overall well-being of Yukon.

Over the past two decades Yukon has reconstructed significant sections of the Alaska Highway between Watson Lake and Whitehorse, bringing the entire section to an upgraded standard. In addition, significant work has been carried out on the northern portions of the route under the Shakwak Project, an American funded reconstruction effort. In the future, Yukon plans significant upgrades through the Whitehorse corridor to enhance safety and efficiency along the route.

⁷ B.C. On the move – A 10-Year Transportation Plan
<http://www2.gov.bc.ca/gov/content/governments/about-the-B.C.-government/B.C.-on-the-move>

Supply Chain

Goods entering and exports leaving Yukon do so mainly by road. Trade corridors for mineral export are dominated by the Klondike and Campbell/Cassiar corridors describe above. There are no commercial freight railways operating in the territory and in the foreseeable future this will remain the case.

Materials for major mine construction will enter Yukon through the ports of Skagway or Stewart, then to a mine site via the Klondike or Campbell/Cassiar corridors and the upgraded roads of the YRGP. Additional materials will be hauled from the rail head at Fort Nelson, B.C. on the Alaska Highway or via the Alaska Highway from point of origin.

Re-supply of operating mines will generally be from local community suppliers in Whitehorse, Watson Lake, Carmacks, or Dawson City. It is anticipated Liquefied Natural Gas (LNG) will be shipped directly to the mine sites from Fort Nelson, B.C. via the Alaska Highway.



V. Community Benefits

Several communities in Yukon will see direct benefits from road reconstruction activities associated with the YRGP. The greater long-term benefits will come from potential resource developments that are enabled by the road development. For the purposes of this addendum YG will use the same three examples of potential mining developments as were used in the Proposal. It must be noted that while these three developments are the examples used, they are not the only potential developments that could benefit communities.

With any major mine development, pressures will be exerted on communities. As part of the YESAA review for the major projects, potential impacts are assessed and mitigation is proposed. In most cases the responses will involve a collaborative approach between territorial, First Nation and community governments, as well as industry.

Community Profiles

Yukon has a small population spread over a large geographical area. In terms of the YRGP, it is likely that impacts from road reconstruction will be felt in some way in numerous Yukon communities, either through expenditures on supplies during construction, contractor involvement in reconstruction, or direct community member employment in reconstruction activity. For the purposes of this addendum, YG will focus on the communities where the benefits will likely be the greatest due to their proximity to both the YRGP and potential mine developments. These communities include Watson Lake, Ross River, Whitehorse, Carmacks, Pelly Crossing, Mayo and Dawson City. However, given a reasonably mobile work force and contractor pool in Yukon, these may not be the only communities where some benefit flows from the road reconstruction activity.

Watson Lake is located at Km 980 of the Alaska Highway at its junction with Km 0 of the Campbell Highway. The community is the administrative base for the Liard First Nation, which is part of the Kaska First Nations of north central B.C. and southwest Yukon. The Town of Watson Lake is a key transportation, communication and distribution center for mining, tourism, outfitting, trapping, and logging activities in southern Yukon, northern British Columbia and a portion of the Northwest Territories. It also serves as a major service area for tourism and is the site of the Regional Territorial Government administration services.

Ross River is located at Km 226 of the Canol Road approximately six kms north of its junction with the Campbell Highway at Km 362. The community is home to the Ross River Dena Council, part of the Kaska First Nations. The current economic activity of Ross River includes government services from the Federal, Territorial, and First Nation governments. The surrounding area is spectacular wilderness well suited to development of tourism-related businesses. As well, the community is strategically located in a mineral-rich area and could become a hub for exploration and development activity again in the future.

Whitehorse, located at Km 1425 of the Alaska Highway, is the capital of Yukon and the main administrative and business center for the territory. The economy of the community is heavily weighted to government services, reflecting its role as the administrative center for the territory, as well as a strong service sector for industrial and tourist based businesses. The community also serves as a retail base for the surrounding area. The Kwanlin Dün and Ta'an Kwach'an First Nations are both based in the Whitehorse area.

Carmacks is located at Km 356 of the Klondike Highway and is also the western terminus for the Campbell Highway. In addition, Carmacks is at Km 0 of the Freegold Road which is part of the YRGP. The community is home to the Little Salmon/Carmacks First Nation. The present economy of Carmacks includes government services from the federal, territorial, First Nation and municipal governments. The private sector provides employment in the construction, mining, service industry, and tourism fields. Carmacks is strategically located on major highways, resource-based roads and the Yukon River, and could play a significant role in future developments as a hub for services and transportation for the mining and tourism sectors.

Pelly Crossing is located at Km 463 of the Klondike Highway and is home to the Selkirk First Nation. Tourism plays a large part in the local economy as does the Selkirk First Nation's working relationship with the Capstone Minto Mine located west of the community entirely on Selkirk First Nation settlement land.

Mayo is located at Km 50 of the Silver Trail which connects to the Klondike Highway at Km 535. The community is home to the First Nation of Nacho Nyak Dun. Mayo's present economy includes government services from the federal, territorial, First Nation and municipal governments; mining; construction; transportation; energy; and service sectors. Mining activity in the region contributes to a greater demand for labour and services, which also provides additional opportunities for the community and local businesses. Recently, Yukon Energy invested in new hydro energy infrastructure linked to the Yukon grid, which contributes to Yukon's energy needs, and provides additional opportunities for skilled labour in the energy field sector.

Dawson City is located at the terminus of the Klondike Highway at Km 716. The community is home to the Trondëk Hwëch'in First Nation. The community and surrounding area is a significant tourism destination in relation to its history as the epicenter of the Klondike Gold Rush. The community is also the base for a thriving placer gold mining industry, with over 100 placer mining operations in the immediate area. Dawson City is also the base for the northern portion of the YRGP Goldfields component.

Table 1 Community Profiles⁸

Table 1 Community Profiles				
Community	Population	First Nation	Labour Force	Unemployment
Watson Lake	1050	450 (43%)	630	90 (14.3%)
Ross River	355	290 (82%)	280	65 (30.2%)
Whitehorse	23,280	3,770 (16%)	14,895	1,130 (7.6%)
Carmacks	500	341* (68%)	NA	NA
Pelly Crossing	335	305 (91%)	185	85 (34.5%)
Mayo	460	274 (60%)	NA	NA
Dawson City	1,320	435 (33%)	960	105 (10.9%)

- *2011 NHS data not available. Estimate from Yukon Bureau of Statistics based on estimates from various data sources.
- NA – Data not available through 2011 NHS
- Table includes basic population, demographic, and labour force data for these communities.
- Figures are based on the 2011 Census National Household Survey.

⁸ Government of Yukon Socio-Economic Web Portal <http://www.sewp.gov.yk.ca/home>

YRGP Road Construction

The overall economic impacts associated with road construction envisioned as part of the YRGP were detailed in the Proposal.

The main benefits to communities from the road construction associated with the YRGP will be in the form of local employment and provision of goods and services. Large Yukon civil works contractors, generally based in Whitehorse, establish temporary camps on the construction site or in nearby communities. They normally bring a core component of key employees with them to the job site and hire available auxiliary personnel from the communities as needed.

A typical road construction spread on a major highway contract will employ between 40-60 people working directly on construction. On a project the size of the YRGP there will be multiple construction spreads under way at any given time, especially during the peak construction years. Additional manpower is employed in survey, inspection and quality control.

Local businesses can also provide services to the construction site in the form of parts, food, fuel, catering, safety/emergency, or traffic control.

The type of construction envisioned under the YRGP also lends itself to the use of smaller local contractors to act as either sub-contractors to major civil contractors, or to do smaller sized contracts using their own forces. All of the key communities have smaller sized local contractors who would be able to work on the projects adjacent to their communities.

One direct benefit from the YRGP for the community of Carmacks is the construction of a bypass route to take industrial traffic around the community. The creation of a secondary route around the community will open up additional land for development in the community as well as provide possible commercial opportunities at the bypass junction with the Klondike Highway. When the start of the environmental assessment for the bypass was announced the Mayor of Carmacks noted “The bypass project will help ensure the safety of our residents by redirecting industrial traffic out of residential neighborhoods, and will also support the development of projects in our area. It also has the bonus of opening up new areas in Carmacks for community land planning and development.”⁹

A secondary long-term community benefit lies in YG’s desire to contract road maintenance for the YRGP roads to local First Nations after construction. Road maintenance will provide stable jobs in local communities over the long term and will provide an opportunity for First Nations to develop businesses around road maintenance activities which can be applied elsewhere in the resource sector.

Lastly, the YRGP will serve as an enabler for future development in and around the communities. Whether the activity is in exploration, mine development or other industries such as tourism, further opportunities at a local level will be generated.

⁹ Government of Yukon News Release April 19, 2016 <http://www.gov.yk.ca/news/16-146.html#.V3fwJNNzVt8>

Future Mineral Development

Long-term sustainable community benefits will accrue through continued economic growth. As noted in the Proposal, in Yukon a main driver of economic growth is the resource sector, particularly mining exploration and development.

In the Proposal, Yukon identified three potential mine development projects as examples of economic growth that could follow completion of the YRGP. These included the Casino Mining Corporation – Casino Project, the Kaminak Gold Corporation - Coffee Gold Project, and the Selwyn Chihong Mining– Howard’s Pass Project. While these are not the only potential mineral developments in Yukon, they all require improved road access for their projects and all are directly impacted by upgrades envisioned in the YRGP.

Casino Mining Corporation – Casino Project

The Casino Mining Corporation (CMC) has been working at a community level since 2007 to bring the Casino project to development. The main communities impacted by the proposed development include Pelly Crossing, Carmacks, and Whitehorse, although all communities in Yukon are likely to see some degree of benefit through direct employment or business opportunities.

Following completion of baseline environmental and socio-economic studies, the company entered the Yukon Environmental and Socio-Economic Assessment Act (YESAA) review process in 2014. In 2016 the project was referred to a Panel review, the highest level of assessment in Yukon. As part of this process, CMC has submitted detailed a detailed economic analysis¹⁰ as well as detailed environmental and socio-economic analysis¹¹. The following summary is taken from these documents and was provided by CMC.

At its peak, construction labour is estimated to total approximately 980 people. Initial capital costs associated with construction of the mine (including items such as an electricity generation plant, mine facilities and engineering activities) are estimated at \$2.5 billion.

The life of the Casino Mine is expected to be 22 years, during which time significant amounts of operations labour will be required. Annual operations labour requirements are expected to total approximately 600 to 700 permanent mining personnel and 100 to 200 contracting support staff, with annual operating costs expected to average \$447 million.

In addition to direct employment opportunities, the operations of the Casino Mine are expected to impact Yukon’s economy through expenditures on goods and services. Roughly 69% of operational spending will occur in Yukon. Therefore, the operation of the mine would support an additional 313 full-time equivalents (FTEs) of indirect and induced annual employment. In total, operations of the mine would create annual employment of 855 FTEs and generate \$43 million in annual wages and salaries in Yukon.

Companies in the region are expected to supply \$565.9 million in goods and supplies over the construction period. Over the 22-year life of the mine (LOM), sustaining capital expenditures of \$361.7 million are anticipated. This spending will be distributed between numerous construction, contracting, supply, and service companies, mostly from Whitehorse and among First Nations.

¹⁰ Casino mining Corporation Economic Impacts of the Casino Project
<http://casinomining.com/project/economics/>

¹¹ Casino Mining Corporation Casino Project Proposal – YESAB Submission
<http://casinomining.com/project/yesab-proposal/>

The construction and operation of the Casino Mine is predicted to increase housing requirements through the arrival of up to 248 families or 645 people, estimated to be distributed as 619 to Whitehorse, 16 to Carmacks, and 11 to Pelly Crossing. The influx of people from outside the region due to employment opportunities at the Casino Mine is expected to be gradual and will begin during the construction phase.

Whitehorse is anticipated to receive the majority of migrants (96% of total migrants) due to its wider range of services and facilities and broader housing supply than any other community in the region. The city offers a full range of urban amenities and is the centre for health, education, transportation, shopping, and business in Yukon. It is estimated that up to 619 individuals (or 238 families) would relocate to Whitehorse. This would represent 2.0% of its projected population.

Pelly Crossing is anticipated to receive 1.7% of migrants or 11 individuals, which represents 2.9% of its projected population, while Carmacks would receive 2.4% of migrants (or 16 individuals), which represents 2.6% of its projected population.

The Casino Mine will strengthen economic development performance by creating new opportunities for contractors and companies supplying goods and services to construction contractors and the mine when it is in operation¹². In absolute terms, Whitehorse will be the largest beneficiary because it is the service centre region, and its supplier and contractor base is best equipped to serve the mine. Companies in rural communities within the region do not have the capacity to bid for major service contracts with the Casino Mine but, with support in the structure of procurement processes and policies, could service size-appropriate contracts that, given the small populations of these communities, would have a larger relative impact for local residents.

The extent to which business opportunities translate into economic development benefits depends on general economic conditions, the investment climate, and the competitiveness of local suppliers. Where possible, expenditures will be met by local purchasing through local businesses.

During operations, total operating expenditures spent in the region are estimated to be \$306.6 million annually. The most likely candidates for local content include:

- trucking and other transportation;
- air transportation;
- consulting services;
- hospitality and travel services;
- medical services;
- services to employees;
- road and tire services;
- equipment supplies and maintenance;
- communications; and
- human resource and employment services.

¹² Supplementary Information Casino Mining Corporation

Potential Casino Mine effects on business opportunities in the region may include expansion of existing businesses, the creation of new businesses or the attraction of outside businesses into the region. CMC is currently projecting a 22-year mine life for the Casino project. As such, potential benefits and business opportunities will be available in the long term.

Staffing requirements at the Casino Mine will require a mixture of high- and low-skilled employees resident in the region. Some of these workers will be drawn from workers trained by CMC for their positions. The largest areas of training and recruitment of new workers are low-skilled support positions, heavy equipment operators, machine operators, generalized mine workers (e.g., welders, mechanics, helpers), industrial electricians, and heavy-duty equipment mechanics. Most of these roles require specialized training and certification.

The number of workers receiving direct training from the Casino Mine is estimated at 208 or 1.0% of the current labour force for Yukon. This includes worker funding training, either directly through CMC or independently, in order to take advantage of the opportunities the Casino Mine offers. It also includes worker training in order to advance in positions or to gain an initial position in the Casino Mine workforce. Training through the Casino Mine will include the following training opportunities during mine construction and operation:

- on-the-job training to assist local and regional workers to develop mining-specific skills;
- training and education for potential employees from Yukon and in particular the rural communities within the region;
- partnerships with First Nation communities to access additional funding for training;
- support for non-mining training and entrepreneurial initiatives;
- implementation of career training and development opportunities for employees once hired; and
- continuous on-the-job safety training.

The Casino Mine would also encourage secondary effects in employability. Expenditures from the construction and operation of the Casino Mine would encourage demand for labour through the direct, indirect, and induced economic activity in the region. Economic activity will create potential business opportunities for a range of regional businesses that will in turn require workers with a variety of skill levels. Although some of that skilled labour would be met by the migration of workers to Yukon, most of it would need to be met by private (corporate and individual) investment in capacity development, training, and education.



Kaminak/Goldcorp – Coffee Gold Project

Since the Proposal was submitted in January 2016, there have been changes in the circumstances for Kaminak Gold Corporation (KGC). In May 2016, KGC announced an offer for the purchase of the company by Goldcorp. Goldcorp officially took over the company July 19, 2016.

Goldcorp has not formally indicated how it will be proceeding with the Coffee Gold Project. However, CEO David Garofalo noted: “We are committed to responsible, sustainable mining and will ensure this project is built to create lasting positive benefits for local First Nations and communities.”¹³ The types of community benefits that will flow from the Coffee Gold development are similar regardless of which company develops the property. For the purposes of this addendum we have assumed Goldcorp will keep the same general development plan as KGC had proposed and will accept Goldcorp’s stated desire to create lasting positive benefits in local First Nations and communities.

KGC has determined the most economical approach to the Coffee development is with a northern access through the Goldfields south of the community of Dawson City and as such Dawson will be the most directly affected community. Community and First Nations engagement in Dawson City has been underway since 2009 as advanced exploration on the Coffee property began.

KGC estimates a pre-production capital expenditure of approximately \$304.8 million with a sustaining capital cost of \$145.5 million over the projected 12-year life of the mine for a total capital expenditure (CAPEX) of \$450.3 million¹⁴. The company estimates approximately 450 people will be employed during the construction of the mine.



¹³ Goldcorp News Release may 12, 2016 <http://www.goldcorp.com/English/Investor-Resources/News/News-Details/2016/Goldcorp-Announces-Acquisition-of-Kaminak-Gold-Corporation/default.aspx>

¹⁴ Preliminary Economic Assessment technical Report Coffee Project Yukon Territory Canada – Kaminak Gold Corporation http://www.kaminak.com/_resources/reports/pea_2014.pdf

During operation approximately 126 people will be employed directly at the mine site. This number does not include sub-contractors providing services and support or administration staff that may be located offsite. The annual Operations and Maintenance expenditures for the mine are estimated to be approximately \$96 million annually including wages, materials and services.

KGC will focus on hiring locally to the extent possible in order to provide a stable workforce and reduce overall transportation costs associated with a non-resident workforce. As well, KGC is committed to sourcing materials and supplies locally to the extent possible. There are established businesses in the City of Dawson that supply the placer mining industry and would be in a position to supply the KGC operation as well.

Selwyn Chihong Mining Limited – Howard’s Pass Project

The potential economic impacts of the Howard’s Pass project were detailed in the Proposal. As the project moves further into planning and permitting, those estimates will be refined and revisited. However, under the current scope of the project, it is anticipated that overall economic impacts will increase. The company will provide an updated and detailed economic impact analysis as part of their YESAA assessment.

Selwyn Chihong Mining Limited (SCML) has not yet entered the YESAA process in Yukon although the company has been meeting with YESAB and regulators on a regular basis over the past few years as it prepares to submit its project proposal. The company has entered the environmental assessment process in the NWT in relation to components of the proposed project situated entirely in that jurisdiction.

One component of the Howard’s Pass Project that is not considered a part of the YRGP will be the proposed construction of a bypass road in the community of Watson Lake. This new route would take industrial traffic related to the mine out of the community core while opening up additional land for development along the bypass route. Construction of the bypass also forms part of the SCML commitment to First Nation participation and training.

Another unique feature of the SCML proposal is the portion of the access route the company will construct that is within the NWT. The Howard’s Pass Access Road (HPAR) is an 80-km route, almost entirely within the NWT, that connects the mine site to the Nahanni Range Road.

During construction of the HPAR there will be the same type of local benefits for the communities of Watson Lake and Ross River as were described in the YRGP Road Construction section. This includes direct employment, contracting and sub-contracting opportunities, and provision of goods and services. Those potential benefits will also extend to communities in the Sahtu and Decho regions of the NWT as detailed section VI.

While SCML has not yet entered the YESAA process, the company has been very active on the community engagement and First Nation negotiation front. SCML has stated a clear commitment to maximizing benefits and operations to the extent possible within the communities of Watson Lake and Ross River. The following information was provided by SCML as a high-level overview of their current planning and thinking around the project¹⁵.

¹⁵ Supplementary Information Selwyn Chihong Mining Limited

The value of the remaining work on the HPAR is expected to be in the \$66 million range. This includes road upgrades to a standard to allow construction materials to be transported to the mine site as well as continued upgrades to bring the road to a standard suitable for continued mine operations.

SCML is also committed to developing a Trucking Logistics Centre in Watson Lake associated with the proposed bypass route. The cost of this portion of the project is estimated to be

\$40 million and would include the by-pass as well as a transportation hub consisting of a marshaling yard, maintenance facilities, employee accommodation and transfer facilities.

SCML has also agreed to the establishment of an Environmental Center in the community of Ross River as a partnership with Kaska First Nations. The purpose of the Environment Centre will be to provide direct participation in environmental management of the project. The concept is further explored in section VI - First Nation Participation.

During construction and operation of the mine there would continue to be direct employment for residents of Watson Lake as well as other communities in Yukon. It is anticipated approximately 750 employees would be needed during mine operations. In addition to the direct employment at the mine site, the trucking and logistics operations are anticipated to employ another 262 people primarily based out of Watson Lake (215) for the trucking and in Stewart, B.C. (47) for the port operations.

SMCL has stated a commitment to maximizing residential employment opportunities in the community of Watson Lake. To this end the company is considering strategies to encourage home ownership in the community for permanent employees. The goal of the company is to have the entire trucking and logistics center staff living in the community. Adding 215 potential jobs and residents to the Watson Lake region would be a significant economic generator for the community.



VI. First Nation Participation

Government of Yukon

The YRGP was envisioned as more than simply a road construction project. The commitment from the beginning of the project was to see short and long term benefits maximized for Yukon First Nations and communities. The nature of the project lends itself well to an inclusive economic growth strategy for Yukon.

Key to this strategy is the full participation of Yukon First Nations. YG is committed to fully exploring and maximizing opportunities associated with road construction with First Nations as part of the YRGP. YG has entered into discussions with all directly affected First Nations with the goal of having Project Agreements in place with all First Nations before a final Funding Agreement is signed with Canada. Further, YG has informed the directly affected First Nations that without these agreements in place the, YG will not sign any final Funding Agreement with Canada.

The final content of the Project Agreements will be determined in partnership with First Nations. However, it is envisioned that at a minimum they will include agreements on issues such as environmental assessment participation, training and capacity development, contracting and direct employment opportunities, business opportunities, and environmental monitoring. As stated in the Proposal, YG is also committed to working with affected First Nations to develop a governance structure for the long-term operation of the roads under the YRGP particularly as it relates to Dawson Range access.

In addition, YG is committed to working with First Nations to develop a business model that would see First Nations take over maintenance of the YRGP roads in the long term following construction.

Leveraging the opportunities that exist within individual company agreements with First Nations will also be important. YG is committed to working with industry partners and First Nations to identify areas for further collaboration and cooperation outside of any YG specific Project Agreements.

Industry

All of the example companies cited in the Proposal have engaged extensively with First Nations and all are working towards project specific agreements with those First Nations. This work has been ongoing for several years and speaks to the commitment of both the First Nations and the individual companies. Other resource sector companies active in the YRGP project area will negotiate their own agreements with individual First Nations.

While all companies are committed to negotiations with First Nations in regards to their projects, the details of those negotiations are confidential to the First Nation and the company, and are not available to YG. The following information has been provided by the example companies.

Casino Mining Corporation

CMC has signed Cooperation Agreements with Little Salmon/Carmacks First Nation (LSCFN) and Tr'ondëk Hwëch'in First Nation (THFN), which ensures First Nations have the opportunity and capacity to effectively review and participate in discussions regarding the Casino Mine proposal. CMC has had a Cooperation Agreement with Selkirk First Nation in the past and is currently in negotiations for additional funding arrangements.

CMC intends to have detailed Impact Benefit Agreements (IBAs) negotiated with directly affected First Nations in advance of a final decision being made to advance their project to construction.

Kaminak Gold Corporation

In 2013, KGC and the THFN signed an Exploration Communication and Cooperation Agreement (ECA) which sets out a framework in which the two agree to work together in a spirit of partnership to build a positive and mutually beneficial working relationship¹⁶. Since the signing of the agreement, KGC and THFN have worked together on environmental and socio-economic baseline information gathering and have developed the framework for an IBA to be negotiated and signed before mine development begins.

The IBA has not been finalized and with the sale to Goldcorp, will require additional review and negotiation. However, IBAs of these types normally include agreements to cover employment opportunities, business opportunities, training and capacity development, and monitoring agreements. The final format and content of any IBA will be a product of negotiation between KGC and THFN.

Selwyn Chihong Mining Limited

SCML has been very active since the late 2000's in the negotiation of cooperation and benefits agreements not only in Yukon with Kaska, but also in the NWT with First Nations of the Sahtu and De Cho regions. SCML has instituted a series of agreements with First Nations, including Cooperation Agreements, Interim Measures Agreements (IMA), and Socio- Economic Participation Agreements (SEPA). The following description of these efforts is based on information provided by the company¹⁷.

Agreements with the Kaska, Deh Cho and Sahtu First Nations peoples which cover mining exploration activity include the following:

- Interim Measures Agreement with the Ross River Dene Council and the Liard First Nation on behalf of all Kaska communities (2012);
- Cooperation Agreement with the Naha Dehe Dene Band (2013); and
- Cooperation Agreement with the Tulita Land Corporation, Fort Norman Metis Land Corporation and the Norman Wells Land Corporation (2010).

¹⁶ Kaminak Gold Corporation <http://www.kaminak.com/responsible-exploration/partnerships/>

¹⁷ Supplementary Information Selwyn Chihong Mining Limited

The cooperation agreements in the NWT commit the parties to work together to achieve the permitting and operation of the Howard's Pass Access Road. This includes commitments by SCML to promote the use of First Nation businesses for supply of goods and materials as well as development of a model to encourage successful First Nation bidding for construction contracts. The cooperation agreements also include commitments on the part of SCML to establish training and education funds which can be accessed by First Nations.

SCML also committed to providing funding for participation in project planning to incorporate traditional knowledge as well as environmental monitoring during construction and operation. The agreements also specify communities in the Sahtu and De Cho as home communities for the purpose of SCML hiring policies.

SCML negotiated the agreements with Sahtu and Dehcho First Nations in 2010. SCML has begun a process that will see these agreements updated to reflect the realities of 2016 and to bring them in line with the recent Socio-Economic Participation Agreement (SEPA) negotiated with the Kaska First Nations.

The Kaska Interim Measures Agreement (IMA) commits the parties to work cooperatively throughout the exploration phase of the project. The IMA lays out commitments by SCML to maximize social, economic and cultural benefits during exploration and the mine planning activities and provides the framework for the negotiation of a comprehensive Socio Economic Participation Agreement.

SCML and Kaska have recently signed a negotiator's Socio Economic Participation Agreement 2015 (SEPA) to supercede the Interim Measures Agreement and cover the entire relationship between the parties for the 'life of mine'. The SEPA builds on the commitments of the IMA and further defines the SCML/Kaska relationship and commitments of both parties in relation to project approvals, training, business opportunities, and employment.

SCML and Kaska have also agreed to establish large joint-venture businesses to provide key mine services. These include the hauling of ore and supplies between the Port of Stewart and the Selwyn project site, the provision and supply of LNG for electrical generation for mine operations, and the construction and operation of camp facilities for the mine workforce. Each of these business ventures will involve Kaska participation on the board of directors and a commitment to transfer SCML equity in the businesses to the Kaska over the life of mine. The purpose of the agreement is to incubate large business ventures during the mine life and transfer them to the Kaska as going concerns to continue to operate in perpetuity¹⁸.

Through the SEPA, SCML has also committed to significant pre-employment and continuing employment training programs with their First Nation partners.

¹⁸ Supplementary Information Selwyn Chihong Mining Limited



VII. Inter-Jurisdictional Benefits

As detailed in the Proposal, substantial and lasting benefits to jurisdictions beyond Yukon could follow from both the YRGP and potential mineral developments.

Yukon has a robust and capable road building industry. There are numerous small contractors in communities with suitable equipment and skills to participate in road construction activities. It is anticipated that First Nations will develop further capacity in this sector as the project progresses.

Despite this capacity, during the peak years of construction it is likely that there will be road contractors from outside of Yukon, likely northern B.C., who will also successfully bid on some of the contracts associated with the YRGP.

The inter-jurisdictional benefits from potential mineral development following the YRGP were also highlighted in the Proposal. The most immediate benefits are employment and supply of large construction components. However other benefits will also flow to neighboring jurisdictions.

Both CMC and SCML plan to generate power for their operations from LNG. Currently LNG is trucked to Yukon from a facility in Richmond B.C. for use by Yukon Energy Corporation for back-up power generation. Given the volume of LNG that will be required to provide adequate power for both these mines, the construction and operation of an LNG liquefaction facility at Fort Nelson B.C. is feasible. Both companies have had discussions with natural gas producers in the Fort Nelson region and report the discussions have been positive.

Establishing a facility in Fort Nelson would not only enhance industry growth in that region, but would also reduce transport costs for LNG to other areas of Yukon and into the Beaufort Region of the NWT. This in turn could provide further opportunities for communities along the Alaska Highway and Klondike/Dempster corridors to switch from diesel generation to LNG for either primary or back-up power supply.

SCML has also committed to investing in upgrades to the Stewart Bulk Terminal facility. This private sector investment would see approximately \$50 million invested to replace loading equipment and increase storage capacity for shipment of concentrates to China. The company also plans to construct overnight accommodations in Stewart for truck drivers who reside in Watson Lake and are required to overnight in Stewart.

As part of SCML's agreements with the Sahtu and De Cho First Nations in the NWT, direct employment and business opportunities will also flow to that jurisdiction.

VIII. Schedule and Cost Estimates

The Proposal provided detailed timelines and cash flow analysis for the various components of the YRGP. Pending project agreements with First Nations, the schedule is still valid.

YG still anticipates starting construction on the Goldfields section of the YRGP in 2017, then progressing to the other components in 2018 and beyond. On the sections of the YRGP where YG is partnered with industry, the schedule is still valid at the submission of this addendum.

As CMC progresses through the YESAA Panel review, the start date for construction on the Casino Road may vary. However, pending successful assessment and permitting, at this point the company anticipates starting mine construction in 2020, meaning the 2019 date for road construction to start is still valid.

KGC/Goldcorp is scheduled to enter YESAA by the fall of 2016. Again, pending successful assessment and permitting, major road construction on the Indian River component could begin in 2019 as detailed in the Proposal.

YG has started environmental assessment work on the Carmacks Bypass and anticipates beginning work on the assessment for km 0 - 82 in early 2017. The scheduled start of construction detailed in the Proposal saw work beginning in 2018 and this is still achievable.

Likewise the environmental assessment work for the Nahanni Range Road will begin in early 2017 and the scheduled construction start date in 2018 is still valid.

The overall construction schedule is ambitious and is based on the end date for the NIC of the Building Canada Fund. If the end date were able to be amended, YG believes there could be benefits from a capacity and overall cost perspective. YG would like to discuss this option further should the YRGP reach the Approval in Principle stage with Infrastructure Canada.

In the Proposal, YG also included inflated cash flow analysis and identified that some consideration for increased costs over a long-term project such as this would need to be built in to the final funding arrangement with Canada. YG is still of that opinion and draws IFC's attention to Appendix D - Table 8 of the Proposal.

IX. Conclusion

Pathways: Connecting Canada's Transportation System to the World, the 2015 report of the Panel of the Canada Transportation Act Review, paid special attention to the infrastructure needs of the north. The Panel noted the following:

Infrastructure needs in the North are so significant that the most practical approach would be to focus on two or three long-term, nation-building projects that would serve to attract more investment in resource development projects in proximity to the infrastructure. Additionally, immediate projects should be developed to attract further private sector capital and to address immediate needs. Government investment in transportation infrastructure would yield significant long-term revenue and economic benefits for all of Canada. Investments in corridors could bring local benefits that would effectively multiply the impact of investments several times over.

This is exactly what the Yukon Resource Gateway Project is intended to deliver.

Yukon is not asking for a contribution from Canada. Rather, Yukon is inviting an investment from Canada, an investment that will provide a positive return for Canada, Yukon, Yukon First Nations and Yukon communities.





X. Appendices

Appendix A – Supplementary Information Casino Mining Corporation

Appendix B – Supplementary Information Selwyn Chihong Mining Limited

Appendix C – Letters of Support

**Yukon Resource Gateway Project
National Infrastructure Component Application
Supplementary Information Casino Mining Corporation**

Environmental

EA process for Mine Development. General description of YESAA and permitting regime. Detail types of community impact issues dealt with in EA process.

Mine developments, specifically those with production capacity exceeding 300 t/day, are subject to assessment under the *Yukon Environmental and Socio-economic Assessment Act* (YESAA). The YESAA legislation creates the basis for assessment in all Yukon, federal, territorial, and First Nation lands in the territory. Outlining responsibilities, requirements, and procedures for environmental and socio-economic assessment, YESAA provides guidance to the assessment process. YESAA is regulated and administered by the Yukon Environmental and Socio-economic Assessment Board.

YESAA requirements include the following:

- Section 47(2) of YESAA requires the proponent to gain approval through authorization or a grant of an interest in land by a government agency, independent regulatory agency, municipal government, or first nations group for any activity undertaken in the Yukon Territories.
- Section 50(2) of YESAA requires a proponent to consider alternatives to the project or alternative ways of undertaking the project during the proposal stages. Consideration of alternatives and relative impacts facilitates the minimization of significant adverse environmental or socio-economic impacts. Section 42(1)(e) of YESAA directs the Executive Committee to make similar considerations in assessment.
- Section 50(3) outlines the proponent's responsibility to consult stakeholders such as First Nations and residents whose location will cause them to incur environmental or socio-economic impacts. Consultation shall be conducted by providing: notice of the matter in sufficient form and detail to allow the party to prepare its views on the matter, a time period reasonable for the preparation and organization of views, as well as an opportunity to present the views of the affected party. Following the presentation of views they must all be considered fully and fairly by the proponent.

The Casino Mine Project has been referred to a Panel Review by the YESAB Executive Committee. Panel Review is the highest level of assessment carried out by YESAB. Panel Review requires the submission of an Environmental and Socio-Economic Effects (ESE) Statement by the proponent. The ESE Statement contains details on the potential impacts of the Project on the environment (e.g., wildlife, water, fish, air quality, etc.) and on the community (e.g., employment and economic development, community services, wellbeing and vitality, human health, heritage and land use), with an opportunity for the proponent to detail accommodations and mitigations to minimize those potential impacts. The guidelines for the ESE Statement are reviewed by the public, including potentially affected First Nations and territorial and federal governments. The Panel Review process includes public hearings on the Project, held in communities of interest.

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GHG Emissions from three mine developments used as examples of potential development in the YGRP – estimate potential emissions during construction/operation. Detail any mitigation strategies that may exist over the long term (i.e. alternative fuel usage for power and transport?). Opportunities for innovation?

The Casino Mine Project is a 120,000 t/d copper and gold open pit mine. The Project includes a sulphide ore processing facility to produce copper and molybdenum mineral concentrates using conventional flotation technology, and an oxide ore processing facility to produce gold and silver doré bars via heap leaching and carbon adsorption technology. Tailings and waste rock are stored in a tailings management facility. The Project electrical load will typically be in the order of 130 MW. Electrical power will be generated in a combined cycle generation facility fuel by natural gas (LNG). Mining equipment is assumed to use diesel. Greenhouse gas (GHG) emissions (CO₂ equivalent) are estimated to be on average 550 kt per year during operations and to peak at about 150 kt per year during the construction and pre-production phases.

Opportunities for reduction of GHG emissions may include:

- Operating mine haul vehicles on LNG rather than diesel, to reduce the amount of CO₂ produced.
- Operation of mine haul vehicles on electrical trolley assist, which would reduce the amount of diesel fuel consumption.
- Potential energy recovery from tailing slurry transport system.
- Opportunities for alternative energy sources, such as solar systems, to offset a portion of the power requirements.

Corridor

Supply chain for mine construction and re-supply.

Traffic on the Freegold Road Extension and Freegold Road Upgrade during the construction phase of the Project will include both heavy construction equipment and light vehicular traffic, and will average 24 trucks per day. During operations, there will be approximately 68 vehicles per day.

Daily heavy traffic includes:

- 11 shipments of LNG from Fort Nelson B.C. to Casino Mine;
- 4 shipments of diesel and lubricants from Whitehorse to Casino Mine;
- 22 shipments of copper concentrate from Casino Mine to Skagway;
- 4 shipments of molybdenum concentrate from Casino Mine to Skagway; and
- 5 shipments of mine supplies to Casino Mine from various locations, including:
 - camp supplies;
 - production supplies for concentrator or heap leach operation; or
 - replacement parts.

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Average daily light traffic includes buses, vans, delivery trucks (light), pickup trucks, etc., from various locations within the Yukon.

Community

Labor force profile in communities.

The communities closest to the Casino Mine are Pelly Crossing, Carmacks, and further down the road, Whitehorse. The following labour force characteristics were provided in the Casino Mine Socio-economic Baseline Report, provided to the Yukon Environmental and Socio-economic Assessment Board (YESAB) in support of the Casino Mine Proposal for the Casino Mine¹. Data is derived from the 2011 National Household Survey (NHS)², Statistics Canada 2006 Community Profiles³ and the Yukon Bureau of Statistics⁴.

Pelly Crossing/Selkirk First Nation

The workforce in Pelly Crossing in 2011 was 185 (i.e., people who were either working or were actively seeking work). The labour force participation rate (i.e., the portion of the population 15 years of age and over who were employed or seeking work) was 67% for males and 60% for females. The average participation rate for the community was 64%, which was significantly lower than the territorial average (77.3%) and the participation rate in 2006 (77%).

In 2011, there were 85 unemployed people in Pelly Crossing, representing an unemployment rate of 46% (50% for males and 40% for females). This was almost double the unemployment rate in 2006 (24%) and represented the highest unemployment rate in Yukon.

The employment rate refers to the number of persons employed in a week expressed as a percentage of the total population 15 years of age and over. Males had an employment rate of 33%, while females had a rate of 36%. These rates are almost half the average employment rates for Yukon (70.3% for males and 69% for females).

Pelly Crossing had 30 Employment Insurance Total Income Beneficiaries in February of 2012, which represents approximately 10% of the total Pelly Crossing population.

Little Salmon/Carmacks First Nation and Village of Carmacks

Overall, the community had a workforce of approximately 240 people in 2006. The labour force participation rate (the portion of the population 15 years of age and over who were employed or seeking work) was 75.8% for males and 79.3% for females. The average rate for Carmacks was 76.2%, which was slightly lower than the 78.1% participation rate for Yukon as a whole (79.9% for males and 76.2% for females).

At the time of the 2006 census, the overall community unemployment rate was 18.8%. Males in the community experienced a higher unemployment rate of 24.0% compared to 13.0% for

¹ casinomining.com/_resources/YESAA_Project_Proposal/Volume4/13A_Socio-ec_Baseline_Report.pdf

² <http://www12.statcan.gc.ca/censusrecensement/2011/dp-pd/prof/index.cfm?Lang=E>

³ <http://www12.statcan.gc.ca/censusrecensement/2006/dp-pd/prof/92-591/index.cfm?Lang=E>

⁴ <http://www.eco.gov.yk.ca/stats/monthlyreview.html>

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females. The unemployment rate for males in Carmacks was more than twice as high as the territorial average of 11.0% (7.8% for females). Males had an employment rate of 60.6% in Carmacks while females had a rate of 65.5%. These rates were lower than the average employment rates for Yukon (71.1% for males and 70.3% for females).

Carmacks had 50 Employment Insurance Total Income Beneficiaries in February of 2012, which represents approximately 10% of the total population⁴.

Whitehorse

As of 2011, Whitehorse had a workforce of approximately 14,900 people and a labour force participation rate of 80%, which was slightly higher than the participation rate of 78.9% in 2006. During this same period, the unemployment rate in Whitehorse was 7.6% (8.1% for males and 7% for females), which is lower than the territorial rate of 9.8%.

Males and females had similar employment levels in 2011, with 6,880 males employed and 6,885 females employed, indicating employment rates of 74.9% for males and 72.9% for females.

Community benefits from road construction including bypasses

Road construction has the potential to facilitate future projects with noticeable effects on the regional economy. Road construction could reduce the capital costs associated with the development of the numerous mineral claim blocks staked proximate to the road. Even with reduced exploration budgets, activities in advanced exploration (defined as having more than \$1 million in expenditures), within 100 km of the road included the Boulevard, Coffee, Mariposa, and Betty gold projects. In addition, several early stage exploration projects were carried out and many claims exist that are explored in the region.

Improved access may increase use for a range of local use. The existing road already services exploration and placer mining activities and improvements to the road would benefit those users. There may be additional business opportunities related to exploration activities and potential for development of other major mine projects.

Community benefits from mine development (plans for labor, re-supply, housing, business opportunities, community based training programs?)

Community benefits of the Casino Mine Casino Mine are detailed in the *Casino Mining Corporation Economic Impacts of the Casino Mine Project*⁵, and the YESAB Project Proposal⁶, summarized below.

Labour

At its peak, construction labour is estimated to total approximately 980 people. Initial capital costs associated with construction of the mine (including items such as an electricity generation plant, mine facilities and engineering activities) are estimated at \$2.5 billion.

⁵ casinomining.com/_resources/pdfs/mnp_report.pdf

⁶ casinomining.com/_resources/YESAA_Project_Proposal

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The life of the Casino Mine is expected to be 22 years, during which time significant amounts of operations labour will be required. Annual operations labour requirements are expected to total of approximately 600 to 700 permanent mining personnel and 100 to 200 contracting support staff, with annual operating costs expected to average \$447 million.

In addition to direct employment opportunities, the operations of the Casino Mine are expected to impact Yukon's economy through expenditures on goods and services. Roughly 69% of operational spending will occur in Yukon. Therefore, the operation of the mine would support an additional 313 full-time equivalents (FTEs) of indirect and induced annual employment. In total, operations of the mine would create annual employment of 855 FTEs and generate \$43 million in annual wages and salaries in Yukon.

Re-Supply

Companies in the region are expected to supply \$565.9 million in goods and supplies over the construction period. Over the 22-year LOM, sustaining capital expenditures of \$361.7 million are anticipated. This spending will be distributed between numerous construction, contracting, supply, and service companies, mostly from Whitehorse and among First Nations.

Housing

The construction and operation of the Casino Mine is predicted to increase housing requirements through the arrival of up to 248 families or 645 people, estimated to be distributed as 619 to Whitehorse, 16 to Carmacks, and 11 to Pelly Crossing. The influx of people from outside the region due to employment opportunities at the Casino Mine is expected to be gradual and will begin during the construction phase.

Whitehorse is anticipated to receive the majority of migrants (96 of total migrants) due to its wider range of services and facilities and broader housing supply than any other community in the region. The city offers a full range of urban amenities and is the centre for health, education, transportation, shopping, and business in Yukon. It is estimated that up to 619 individuals (or 238 families) would relocate to Whitehorse. This would represent 2.0% of its projected population.

Pelly Crossing is anticipated to receive 1.7% of migrants or 11 individuals, which represents 2.9% of its projected population, while Carmacks would receive 2.4% of migrants (or 16 individuals), which represents 2.6% of its projected population.

Business Opportunities

The Casino Mine is expected to require a total of \$2.5 billion in capital expenditures, including \$332 million in infrastructure costs and \$1,566 million in direct costs. Over the 22-year LOM, sustaining capital expenditures of \$361.7 million are anticipated. The Casino Mine will strengthen economic development performance by creating new opportunities for contractors and companies supplying goods and services to construction contractors and the mine when it is in operation. In absolute terms, Whitehorse will be the largest beneficiary because it is the service centre region, and its supplier and contractor base is best equipped to serve the mine. Companies in rural communities within the region do not have the capacity to bid for major service contracts with the Casino Mine but, with support in the structure of procurement

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processes and policies, could service size-appropriate contracts that, given the small populations of these communities, would have a larger relative impact for local residents.

The extent to which business opportunities translates into economic development benefits depends on general economic conditions, the investment climate, and the competitiveness of local suppliers. Where possible expenditures will be met by local purchasing through local businesses. Companies in the region are expected to supply \$565.9 million in goods and supplies over the 4-year construction period to the Casino Mine. This spending will be distributed between numerous construction, contracting, supply, and service companies, mostly from Whitehorse and among First Nations.

During operations, total operating expenditures spent in the region are estimated to be \$306.6 million annually. The most likely candidates for local content include:

- Trucking and other transportation;
- Air transportation;
- Consulting services;
- Hospitality and travel services;
- Medical services;
- Services to employees;
- Road and tire services;
- Equipment supplies and maintenance;
- Communications; and
- Human resource and employment services.

Potential Casino Mine effects on business opportunities in the region can result from the expansion of existing businesses, the creation of new businesses or the attraction of outside businesses into the region.

Training Programs

Staffing requirements at the Casino Mine will require a mixture of high- and low-skilled employees resident in the region. Some of these workers will be drawn from workers trained by CMC for their positions. The largest areas of training and recruitment of new workers are low-skilled support positions, heavy equipment operators, machine operators, generalized mine workers (e.g., welders, mechanics, helpers), industrial electricians, and heavy-duty equipment mechanics. Most of these roles require specialized training and certification.

The number of workers receiving direct training from the Casino Mine is estimated at 208 or 1.0% of the current labour force for Yukon. This includes worker funding training either directly through CMC or independently in order to take advantage of the opportunities the Casino Mine offers. It also includes worker training in order to advance in positions or to gain an initial

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position in the Casino Mine workforce. Training through the Casino Mine will include the following training opportunities during mine construction and operation:

- On-the-job training to assist local and regional workers to develop mining-specific skills;
- Training and education for potential employees from Yukon and in particular the rural communities within the region;
- Partnerships with First Nation communities to access additional funding for training;
- Support for non-mining training and entrepreneurial initiatives;
- Implementation of career training and development opportunities for employees once hired; and
- Continuous, on the job safety training.

The Casino Mine would also encourage secondary effects in employability. Expenditures from the construction and operation of the Casino Mine would encourage demand for labour through the direct, indirect, and induced economic activity in the region. Economic activity will create potential business opportunities for a range of regional businesses that will in turn require workers with a variety of skill levels. Although some of that skilled labour would be met by the migration of workers to Yukon, most of it would need to be met by private (corporate and individual) investment in capacity development, training, and education.

Description of proposed engagement process to address community concerns in regards to mine development.

CMC has been sharing information and consulting with First Nations, local communities, Yukon government and federal agencies, non-government organizations (NGOs), and individuals since 2008. CMC consultations included all First Nations that identified an interest, or that were identified by government agencies as having potential interests in the Casino Mine or most likely to be potentially affected.

CMC's consultation program included a range of techniques to identify concerns and methods to address those concerns. Techniques used by CMC to consult included: one-on-one, group and community meetings, Open Houses, presentations, field trips, general and Casino Mine Proposal meetings, interviews and questionnaires, as well as phone calls, e-mails, and letters.

Through consultation and information-sharing, CMC identified issues and concerns and, in response, identified accommodation, through mitigation or adjustments to the Casino Mine to address concerns.

The issues raised were registered by CMC, who considered and responded in a wide range of ways, including:

- Providing additional information and answering questions or providing information;
- Arranging additional engagement opportunities such as Open Houses and site visits;

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- Changing Casino Mine design, such as moving from coal as a source of energy to liquefied natural gas;
- Developing monitoring, mitigation and management plans;
- Conducting numerous socio-economic interviews with First Nations and stakeholders; and
- Arranging and facilitating Casino Mine Proposal meetings to provide a forum for detailed consultations on technical topics.

This engagement process continues throughout the environmental assessment process, both through the company, and more formally, through the Panel review process, which includes various opportunities for community involvement, including a series of public hearings held in each community of interest.

First Nation

Company specific FN Agreements. General description of intent and what they cover.

Casino Mining Corporation has Cooperation Agreements with Little Salmon/Carmacks First Nation, and Tr'ondëk Hwëch'in which ensures that those First Nations have the opportunity and capacity to effectively review and fully participate in discussion about the Casino Mine project. Casino Mining Corporation has had a Cooperation Agreement with Selkirk First Nation in the past, and is currently in negotiations for additional funding arrangements.

Jurisdictional

Long term benefits from potential mine development (re-supply, port expansion/fees, employment)

The Proposal determined that the potential effects of the Project on employment and income are beneficial, as the Project would employ approximately 5.6% of Yukon's workforce and would increase average incomes by 6.9%. These beneficial effects are anticipated to reduce unemployment, increase participation, and increase the rate of migration into Yukon.

During the 4-year construction phase, the Project is expected to require a total of \$2.5 billion in capital expenditures, including \$332 million in infrastructure costs (power plant, access road, and airstrip) and \$1,566 million in direct costs. Included in these infrastructure costs is the cost of extending the Freegold Road, estimated at \$99 million. Over the 22-year LOM, sustaining capital expenditures of \$361.7 million are anticipated. The operations of the Project are expected to affect Yukon's economy through expenditures on goods and services and the creation of employment opportunities. Revenue from the sale of minerals from the Project is forecasted at \$25.1 billion over 22 years at a cash production cost of \$11.4 billion (M3, 2013).

The proposed Casino mine will offer considerable economic benefits and opportunities to Yukon, including:

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- Revenues to governments in taxes and royalties including revenue sharing opportunities for First Nation governments.
- Business opportunities for product and service supplier contracts, as well as through joint ventures and other partnerships during the construction and operation phases.
- Employment opportunities.
- Trades apprenticeship opportunities.
- Career development opportunities for skilled, trades, professional, and entrepreneurial businesses.
- Capacity support for community infrastructure, organizations and initiatives.

According to a 2013 Economic Impacts Report⁵, Casino has the potential to generate substantial benefits for the Yukon economy. The total projected impacts of construction and operation to Yukon is \$6.4 billion to its Gross Domestic Product (GDP), \$1.8 billion in tax and royalty revenues, and approximately 600 full-time jobs annually during its proposed 22-years of operations. Total projected impacts are shown in the table below.

Total Projected Economic Impacts from Casino Mine							
	Output (million)	GDP (million)	Employment (FTEs)	Wages & Salaries (million)	Federal Tax (million)	Yukon Tax & Royalties & Provincial Tax (million)	Other Tax (million)
Total Yukon Impacts	\$6,208	\$6,402	23,893	\$1,131	\$494	\$1,810	\$30
Rest of Canada	\$7,268	\$3,275	27,493	\$1,336	\$472	\$309	\$10
All of Canada Total	\$13,476	\$9,677	51,373	\$2,467	\$966	\$2,119	\$40

As the Casino Mine has a projected life of 22+ years, commercial operations will create or expand service industries to support the mine operations. Likely benefits might include:

- Storage and shipping depots and logistics for items such as food, camp supplies.
- Increased and upgraded fuel and lubricant storage facilities, improvements to supply infrastructure into the Yukon.
- Large fleet commercial transport services for fuels, LNG, copper concentrate, logistical supplies and production supplies.
- Large fleet vehicle sales, service and maintenance. A centralized truck repair facility will need to be constructed and supplied.
- Personnel transport into the Yukon. As many of the workers will be arriving to the Yukon from outside of the Yukon there will be an increase in the need for commercial air service into Whitehorse.
- Charter aircraft and bussing services to serve the Casino Mine within the Yukon.
- Opportunities for enterprise building.
- Opportunities for personnel resource developments via trade schools, college and university.

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- Increase in service sector jobs, logistical supply personnel, heavy equipment operators, trained maintenance workers and small business owners.

Skagway is planning a major expansion / improvement to their port facilities. These improvements include larger concentrate storage and handling services, port facilities to handle concentrate ships, increased cruise ship volume and larger class vessels. The increase in shipments through the port of Skagway will result in increased revenue in fees and taxes imposed for their use.

LNG potential. Leveraging effect in Yukon

Casino Mine's LNG consumption (1,000 m³/day) will supply the power generation plant to create approximately 130MW for operations. Casino Mine has had constructive meetings with natural gas production companies in the Fort Nelson region of B.C. regarding the construction and operation of a LNG liquefaction facility. The production requirements for Casino in addition to the development plans of other mining operations in the Yukon would justify the creation of a new LNG supply location near Fort Nelson. Once established this resource and its supply chain could provide LNG and natural gas for the Yukon.

Schedules

Updated and detailed schedules in regards to EA, construction, operation (understanding nothing is set in stone). Will need detail for the final cash flow discussions with IFC.

Estimated schedule:

- Environmental Assessment – complete by 2018
- Permitting – complete by 2019
- Construction starts – 2020
- Commencement of milling - 2024

IFC Request

How do the road upgrades affect the viability of the individual projects used as examples in the YGRP. What would be the consequence to individual projects if road upgrades are not undertaken?

The construction of the Freegold upgrade and the Freegold extension are essential to the development and operation of the Casino Mine. Without this access road the Casino Mine project cannot be developed.



YUKON RESOURCE GATEWAY PROJECT

Selwyn Project Update

Selwyn Project Update

Executive Summary

The Nahanni Range Road upgrade is an important component of the Yukon Resource Gateway Project. And securing federal government investment in upgrading the 180 km of the Nahanni Range Road (NRR) in Yukon is key to the Selwyn Chihong Mining Corporation (SCML) mine project. Without this upgrade, access to this area for other mining projects and tourism will be limited. Selwyn Chihong Mining Corporation has already invested in upgrades to the Howard's Pass Access Road (HPAR) and will invest an additional \$40m to widen 80 km of road in the NWT. The Company is also investing \$50m in upgrades to the port of Stewart. In its Yukon Resource Gateway Project proposal, the Yukon government has applied to Infrastructure Canada for \$100m to upgrade the NRR and SCML fully supports Yukon's request.

The SCML project will be a 35,000 tonnes per day (tpd) open pit lead-zinc mine with a conventional floating and grinding mill. The proposed mine is located in the Howard's Pass area of Yukon, 165 km miles east of Ross River. The Company will mine product on site and ship concentrate to Stewart BC. Mine life is currently expected to be 11 years but SCM is working diligently to extend this to 20-plus-years before starting mine construction.

With respect to the project itself, SCML has filed an environmental permitting application with the Mackenzie Valley Land and Water Board and is developing applications for a Yukon Environmental and Socio-Economic Assessment Board (YESAB) environmental assessment and a Yukon

Water Board permit. Successful applications will result in a mine opening in approximately three years' time.

Investments by federal and territorial governments in the Nahanni Range Road portion of the Gateway Project will trigger the SCML and will contribute to national and regional economic and social development in the following ways:

1. Significant tax and royalty revenues to the Federal, Territorial and First Nation's Governments
 - Tax revenues to the federal and territorial governments are estimated to be \$195m and \$32m respectively during construction. Annual revenue for the federal government is estimated to be \$96.5m and \$24m for the territorial government. Royalties will be \$127m.
2. Strong partnerships with private sector, government and First Nations
 - SCML has developed strong partnerships with, Parks Canada, Stewart Bulk Terminals as well as Kaska, Deh Cho and Sahtu FNs.
3. Important investments by SCML in First Nation's education, social and economic infrastructure through negotiated agreements.

Agreements with the Kaska, Deh Cho and Sahtu First Nations that cover mining exploration activity include:

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- An Interim Measures Agreement with the Ross River Dene Council and the Liard First Nation on behalf of all Kaska communities (2012);
 - A groundbreaking Socio-Economic Participation Agreement (SEPA) that the Kaska are now preparing to vote on in the communities;
 - A Cooperation Agreement with the Naha Dehe Dene Band (2013), a Cooperation Agreement with the Tulita Land Corporation, Fort Norman Metis Land Corporation and the Norman Wells Land Corporation (2010).
4. Socio-Economic Impacts of the Selwyn Project Transportation Corridor
- Yukon - With a \$2b SCML investment during construction, Yukon's GDP of \$2.6b (2012) is expected to rise by 13% during each year of construction. Creation of a trucking hub in Watson Lake and construction of houses for mine workers and truck drivers will create jobs and contribute significantly to the Watson Lake community.
 - British Columbia - The British Columbia economy will benefit from the nearly \$50m upgrades to the Port of Stewart. In addition, SCML and Western Copper and Gold will build a Liquefied Natural Gas (LNG) plant in Fort Nelson to power their mines. Excess LNG will be available to communities along the route.
 - The NWT will also benefit from the SCML project. The HPAR upgrade will see an approximately \$40m investment

in the NWT economy.

5. Rigorous Environmental Stewardship

Not only does SCML support a thorough and rigorous environmental assessment of its project but will also

- Meet and, where possible, exceed existing environmental standards. SCML takes a pro-active approach to environmental assessment and is working at the application stage with First Nations to develop an application that FNs support as it moves through the approval processes.
- Using LNG rather than diesel to power the mine means the project will leave less of an environmental footprint. In addition, communities will be able to access excess LNG, thereby reducing and possibly eliminating diesel as a source of energy in communities.

Clearly, these new investments in the transportation and port infrastructure corridor by governments and the Selwyn Project will open an important corridor in the gateway to Asia from Canada's north.

Project Overview

The discovery of a considerable deposit of zinc-lead in the Howard's Pass area on the Yukon-NWT border and its development into an operating mine is an important component of the Yukon Resource Gateway Project.

The following discussion will outline the current status of the Selwyn Chihong Mining Limited (SCML) project, describe the Gateway transportation corridor and show how the Company's investment, and that of

Selwyn Project Update

Canada and the Yukon government, will trigger a number of important developments of national and regional import, including:

1. Significant tax and royalty revenues to the federal, territorial and First Nation's governments;
2. Partnerships and Agreements with private sector and agencies
3. Important investments by SCML in First Nation's education, social and economic infrastructure through negotiated agreements;
4. Socio-Economic Impacts of the Selwyn Project Transportation Corridor
5. Rigorous Environmental Stewardship

The Mine Project as an important component of the Yukon Resource Gateway Project

Selwyn Chihong Mining Ltd. is currently developing a 35,000-tpd open pit lead-zinc mine with a conventional floating and grinding mill. The mine will be located in the Howard's Pass area of the Yukon, 165km east of Ross River. The Company will mine product at site and ship concentrate for export as well as goods and services to and from the port of Stewart, B.C. Critical to the mine opening is the development of a viable transportation corridor. The present corridor requires significant upgrades: 180 km of the Nahanni Range Road in Yukon, 80 km of the Howards Pass Access Road. (HPAR) in the NWT, as well as Stewart port

facilities. Without the required upgrades to the NRR, the HPAR and the Port, the project will not be viable.

SCML has developed a detailed transportation strategy to maximize efficiency for the transport of concentrate between the mine and the Port of Stewart, B.C. The current plan calls for approximately 180 truck trips per day between the mine and the Port of Stewart, including concentrate and mine supplies. LNG will be trucked to the mine from Fort Nelson, B.C. The transportation hub will be located in Watson Lake where SCML will construct a Trucking Logistics Centre.

The transportation plan has two primary legs. One leg will have a truck leaving Stewart and travelling 650 km to Watson Lake where the driver will complete the trip and stay overnight at the Truck Center. The second leg will have a driver leave Watson Lake and travel 370 km to the mine to pick up a load and return to Watson Lake. A driver will then transport the concentrate to Stewart Bulk Terminals (SBT) for shipping via Handymax size vessels to customers in China.

The Port of Stewart is the shipping hub for the project. SCML has an agreement with Stewart Bulk Terminals and will spend \$40-\$50m to upgrade the current terminal with new loading equipment, dredging and storage buildings to accommodate the shipment of SCML concentrate to China and the import of goods from suppliers. SBT has obtained the permits it requires to undertake the work and will proceed once SCML makes a decision to mine.

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Figure 1 - Map of the Gateway Transportation Route



National & Territorial Benefits of the Selwyn Project

2. Significant tax and royalty revenues to the Federal, Territorial and First Nation's Governments

The capital expenditure (capex) for construction of the project is currently estimated at \$2b with sustaining capital in the area of \$47.4m per annum. Operating costs are estimated to be \$958m per year. SCML estimates there will be 750 people employed at the mine when it is in

production. During construction, the project will provide 1,300 person years of employment. Based on the following tax and royalty revenues, the money invested by governments in upgrading the Nahanni Range Road will be recovered many times over. Figure 2 below reveals that federal and territorial tax revenue for one year alone will cover the entire investment in the NRR and provide governments with substantial ongoing revenues that can be used to fund new or existing programs and services.

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Figure 2 - Tax Revenues to Governments

Federal taxes during construction	\$195m
Federal taxes annually	\$95.5m
Territorial taxes during construction	\$32m
Territorial tax revenue annually	\$24m
Royalties	\$127m

Additionally, benefits outlined in the economic model indicate that Canada wide the project will add over \$2b in GDP to the national economy and more than 12,000 jobs.

These data are significant in their own right and provide an economic stimulus that will benefit other provinces as well as the Yukon and NWT, as demonstrated in Figures 3-5 below.

(\$1.9 billion Capex spread over 3 years)

Figure 3 – Economic Impact of Selwyn Chihong Mine Construction in the Rest of Canada

Rest of Canada	Direct Effects	Indirect Effects	Induced Effects	Total Impact
GDP	\$205,361,899	\$443,912,283	\$472,504,650	\$1,121,778,841
Employment (FTE)	2,262	4,508	6,141	12,911
Gross Output (Sales)	\$458,683,677	\$961,657,666	\$882,713,747	\$2,303,055,090
Wages/Salary/Supp. Income	\$139,321,036	\$276,212,021	\$233,592,972	\$649,126,025
Tax Revenue	\$48,967,888	\$126,054,952	\$134,396,704	\$309,419,552
International Imports	\$38,323,908	\$105,742,236	\$64,036,461	\$208,102,604
Region-to-Region Imports	\$103,085	\$134,140	\$129,229	\$366,454

Selwyn Project Update

Figure 4 - Economic Impact of Selwyn Chihong Mine Construction in Yukon

Yukon	Direct Effects	Indirect Effects	Induced Effects	Total Impact
GDP	\$742,909,271	\$164,365,997	\$138,024,520	\$1,045,299,785
Employment (FTE)	8,560	1,695	1,775	12,030
Gross Output (Sales)	\$1,440,108,776	\$333,246,274	\$216,019,028	\$1,989,374,086
Wages/Salary/Supp. Income	\$380,416,679	\$114,718,626	\$53,605,760	\$548,741,063
Tax Revenue	\$109,513,872	\$54,071,064	\$33,422,326	\$197,007,264
International Imports	\$140,831,973	\$31,210,778	\$8,907,326	\$180,950,076
Region-to-Region Imports	\$738,500,284	\$63,277,497	\$29,980,801	\$831,758,584

Figure 5 – Canada Wide Economic Impact of Selwyn Chihong Mine Construction

Canada-wide	Direct Effects	Indirect Effects	Induced Effects	Total Impact
GDP	\$948,271,169	\$608,278,280	\$610,529,170	\$2,167,078,626
Employment (FTE)	10,821	6,203	7,916	24,941
Gross Output (Sales)	\$1,898,792,454	\$1,294,903,940	\$1,098,732,775	\$4,292,429,177
Wages/Salaries/Supp. Income	\$519,737,715	\$390,930,647	\$287,198,732	\$1,197,867,088
Tax Revenue	\$158,481,760	\$180,126,016	\$167,819,030	\$506,426,816
International Imports	\$179,155,881	\$136,953,014	\$72,943,787	\$389,052,681
Region-to-Region Imports	\$738,603,369	\$63,411,637	\$30,110,030	\$832,125,038

By the end of 2015, SCML will have invested in excess of \$200m developing the Selwyn mine project. These funds have been advanced from the company's parent. The project will require further significant funding prior to the Company making a mine approval decision. Selwyn currently expects ongoing funding to come directly from its parent and related sister

companies, including the full amount of the mine capex. In the future some of the capex investment may come from financial markets.

The investment by SCML is significant. Canada has clearly expressed its desire to improve trade with China and to build a Pacific Gateway. The Selwyn project will be

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one part of an overall investment in the Yukon Resource Gateway Project, linking the north to the Pacific Gateway. SCML is making a major investment and will be selling Yukon lead-zinc to customers in China, thus opening new trade relationships. The Port of Stewart improvements being financed by SCML will add additional access to the Pacific Gateway.

3. Strong Partnerships with private sector, government and First Nations

SCML has developed strong partnerships with Parks Canada, Kaska, Deh Cho and Sahtu First Nations, as well as LNG providers, and the Stewart Bulk Terminals.

In addition to agreements with 9 First Nations, SCML has entered into an MOU with Parks Canada in regard to the upgrade and operation of the Howards Pass Access Road (HPAR) where it passes through Nahanni and Naats'ihch'oh National Park Reserves. Upgrading the HPAR road, which lies wholly within the NWT, will cost approximately \$80m and be financed entirely by SCML.

In Stewart, SCML has finalized an agreement with Stewart Bulk Terminals to undertake the work necessary to ship zinc and lead concentrates to customers in China via their facilities in Stewart. This will involve a major expansion and upgrade to the existing Stewart Bulk Terminals and the Port of Stewart. The port expansion project will cost \$40m - \$50m and will be paid for by SCML. The permits for the port expansion and redevelopment work have already been approved.

The company is also working closely with the District of Stewart to ensure optimal conditions are in place for trucking lead-zinc via the Town and on to the Port. There is currently no expectation that highways within B.C. will need any upgrades in order to facilitate trucking ore to the Port.

4. Important investments by SCML in First Nations' education, social and economic infrastructure through negotiated agreements

The project, and particularly the Socio-Economic Participation Agreements with the Kaska, Sahtu and Deh Cho First Nations, will greatly improve the lives of the First Nations in the region and individuals in First Nation communities.

While the majority of the project benefits will accrue to Kaska First Nations at the outset, the Sahtu and Dehcho First Nations and their communities will also benefit significantly. The project agreements that NWT First Nations have signed will provide direct benefits to them and to the NWT. The HPAR road will be upgraded in co-operation with these First Nations. The jobs and training available for HPAR road construction will go directly to the Sahtu and Deh Cho where employees are available. The benefits from the economic agreements will provide revenues that can be used to improve communities and build capacity and create new economic opportunities.

Just as mine construction and operation jobs will be available for Kaska First Nations, so too will opportunities be available to both Deh Cho and Sahtu. These communities will be considered home communities for mine hire and

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transportation to the site. The provision of new jobs through road construction and mine operation will bring income to communities that often struggle to find employment. The infusion of these new salaries will boost the economic and social development of communities in a measurable way.

The mine project and the partnerships with Kaska in the trucking operations and LNG project will provide jobs, training, capacity building, business opportunities, housing, community infrastructure and rejuvenation for Kaska communities and members. The jobs will be varied and numerous. In advance of the project and during the project, Selwyn will implement extensive training programs that will ensure First Nations are ready and available to fill the jobs during upgrades to the HPAR and NRR and the construction of the mine. All of this will be accomplished in concert with Kaska, Sahtu and Deh Cho and governments. The training plan will enable First Nation candidates to develop new skills, gain employment and contribute to their communities. Selwyn will be developing plans to maximize local employment. To date, with the work completed on mine development, 80% of Selwyn employees come from the local workforce. The plan going forward is to meet this same goal when the mine is operating. Hiring policies and provision of local training are the cornerstones of this objective.

With steady and well-paying jobs, local communities can build and maintain affordable housing, expand social services and establish the commercial services associated with a prosperous economy. Employees will be able to contribute to a growing economy that will, with time,

create its own momentum. The standard of living of all residents of communities in the area, including Watson Lake and Lower Post, will be greatly improved, especially that of First Nations.

The Kaska SEPA agreement calls for partnerships between Kaska and SCML on the trucking operation, the LNG plant and the Camp operation. It is expected that these businesses will eventually be operated and fully owned by Kaska companies. In the interim, First Nation members will receive on-the-job and off-site training programs, which will teach them how to run these companies, from the shop floor to senior management. The long-term objective is for these companies to serve not only Selwyn but also a wide range of customers. SCML will provide the seed capital and Kaska will invest over time to develop the businesses to provide jobs and economic returns to their communities. Prosperous Kaska communities are the objective, and business opportunities and jobs will be the vehicles. The SEPA with Kaska is one of the best of its kind. No other First Nation agreement provides the opportunities and benefits afforded to Kaska. The underlying objective is to provide Kaska communities with a path forward, a way to change the lives of their citizens and the economies of their communities. The combination of business partnerships, program funding, jobs, and training is powerful. It provides the best opportunity for First Nations to transform their communities and build sustainable futures.

The mine itself is situated within the traditional territory of the Kaska Dena First Nation in the Yukon and the Sahtu and Deh Cho First Nations in the NWT. SCML

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believes strongly that working in partnership with First Nations is fundamental to the successful development of the project.

Socio-Economic Participation Agreements have already been completed with the Tulita District in the Sahtu and Naha Dehe Dene Band in the De Cho. The Company negotiated these agreements with Sahtu and Deh Cho First Nations in 2010. However, these agreements are in need of updating and SCML has begun a process to update them to reflect the realities of 2016 and to bring them in line with the recent Socio-Economic Participation Agreement (SEPA) negotiated with the Kaska First Nation. In the meantime, it is important to note that the present agreements provide a strong foundation for the continuing cordial relationship between SCML and NWT First Nations.

Selwyn Chihong Mining Corporation (SCML) has methodically built relationships and signed agreements with each First Nation in whose traditional territory it intends to operate. These include agreements covering the land upon which the mining will take place as well as the lands through which the access corridor is expected to pass.

Agreements with the Kaska, Deh Cho and Sahtu First Nations peoples covering mining exploration activity include the:

- Interim Measures Agreement with the Ross River Dene Council and the Liard First Nation on behalf of all Kaska communities (2012);
- Cooperation Agreement with the Naha Dehe Dene Band (2013);

- Cooperation Agreement with the Tulita Land Corporation, Fort Norman Metis Land Corporation and the Norman Wells Land Corporation (2010).

The Kaska Interim Measures Agreement (IMA) commits the parties (SCML and Kaska Nation) to work cooperatively throughout the exploration phase of the project. It acknowledges their shared interest in avoiding and minimizing potential adverse impacts and infringements to Kaska Aboriginal rights, title and interests. It further recognizes the value of Traditional Knowledge held by the Kaska and the need to incorporate this into project planning.

The IMA commits SCML to maximizing social, economic and cultural benefits during exploration and mine planning activities and provides the framework for the negotiation of a comprehensive Socio-Economic Participation Agreement. In return for the commitments laid out in the IMA, the Kaska agree that SCML may access project lands without interference to undertake exploration activities.

Specifically, the commitments include the following features:

- SCML will: plan and conduct its operations in an environmentally responsible way; minimize the disturbance to the natural environment and archaeologically and culturally significant sites; consult the Kaska on its plans and incorporate suggestions where possible in permit applications; develop and enforce appropriate measures respecting fish and wildlife management and protection; carry out reclamation on lands disturbed by the project; and ensure that the Kaska are

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properly resourced to participate fully in meeting their obligations, including the internal requirement to consult extensively with community members.

- SCML and its contractors will: provide job orientation and on-the-job training, as well as health and safety and mining common core training for all employees; provide priority for employment and identify barriers, including ways to overcome barriers to employment for Kaska citizens and; ensure that all employees undertake employment orientation with a strong cross cultural component.
- SCML and its contractors will: ensure that Kaska can maximize its direct and indirect business participation in the project, including encouraging the use of Kaska businesses to supply goods and services; use contracting procedures that identify Kaska businesses to prepare and bid for project related work; and give advance notice of business opportunities.
- SCML will provide: compensation to the Kaska for any disturbance of their traditional lands; resources to develop a business plan to maximize Kaska participation in the project; and funding to compensate Kaska representatives to participate in joint consultation activities including SEPA negotiations.

The Cooperation Agreement with the Naha Dehe Dene Band (NDDDB) commits the parties to work together and mutually support one another to: achieve the successful permitting and operation of the Howard's Pass Access Road (HPAR); minimize cumulative adverse mutual

interest including the limiting of public access to the HPAR and; maximize the direct economic benefits from the HPAR project by promoting the use of NDDDB businesses whenever reasonably possible when SCML is purchasing goods and services in relation to the HPAR project. SCML will also employ a model of preferential bidding to identify and encourage NDDDB businesses to prepare and bid for project work.

Other features of the Cooperation Agreement with the Naha Dehe Band include the following:

- SCML will provide an education fund to the Naha Dehe Band every year the HPAR is in operation;
- Training will be provided to Naha Dehe Band members to gain or upgrade their skills to take advantage of any work on the HPAR or the Selwyn project itself and SCML will establish a Training Opportunities Fund to put this commitment in effect;
- SCML will make commercially reasonable efforts to hire NDDDB members on the HPAR/Selwyn projects;
- SCML will: try to minimize the impact of the HPAR project on the environment; comply with all environmental laws and permits related to the project; inform the NDDDB of all material environmental incidents related to the project and how the SCML plans to mitigate them; provide NDDDB with funds to monitor the project and; incorporate Traditional Knowledge as much as possible in project planning and operations.

The Cooperation Agreement with the Tulita Land Corporation, Fort Norman Metis Land Corporation and the Norman Wells Land

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Corporation commits the parties to terms similar to the Cooperation Agreement with the Naha Dehe Band.

SCML has recently signed a negotiator's Socio Economic Participation Agreement 2015 (SEPA) with the Kaska Nation to supercede the Interim Measures Agreement and cover the entire relationship between the parties for the 'life of [the] mine'. This agreement very specifically secures aboriginal consent to operate the mine within certain parameters and with clearly defined compensation for the Kaska, including commitments to minimize disruption and, to mitigate, where possible, adverse impacts. It has been agreed that the SEPA will define the relationship between the mine operator and the Kaska. The negotiator's agreement will go to referendum in the Kaska communities of Liard First Nation and the Ross River Dena Council. The Kaska Nation leadership has agreed to be bound by the outcome of the vote and SCML has agreed that it will not develop a mine without the consent of the Kaska.

Specifically, the negotiator's SEPA identifies the following objectives, which are to:

- Define what Kaska consent is for the Project and the Project Activities;
- Engage in collaborative assessment and, where practicable, mitigate the direct impacts of the Project and the Project Activities on Kaska Aboriginal rights, title and interests protected by Section 35 of the Constitution Act, 1982 and environmental impacts on the Kaska Nation of the Project;
- Build the capacity of Kaska communities and Kaska citizens and Kaska businesses

to participate meaningfully in the project activities;

- Maximize the social, economic and cultural benefits that the Kaska communities will access through this SEPA;
- Contribute to the maintenance and development of healthy, unified and sustainable Kaska communities whose Kaska citizens actively participate in the decision-making process for the Selwyn Project in accordance with this SEPA;
- Support a process whereby the Selwyn Project is a model for the integration of environmental, social, economic, and cultural values; and
- Provide a safe, healthy, welcoming and respectful workplace at the Selwyn Project for Kaska citizens.

In addition to ensuring that Kaska businesses benefit from preferential contracting opportunities, SCML and Kaska have agreed to establish large joint venture businesses to provide key mine services. These include the hauling of ore and supplies between the Port of Stewart and the Selwyn project site; the provision and supply of LNG for electrical generation for mine operations; and the construction and operation of camp facilities for the mine workforce. Each of these business ventures will involve Kaska participation on the board of directors and a commitment to transfer SCML equity in the businesses to the Kaska over the life of mine. The purpose of the agreement is to incubate large business ventures during the mine life and transfer them to the Kaska as going concerns to continue to operate beyond the life of the mine.

The SEPA also provides for preferential hiring of Kaska community citizens for the

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project, as well as for ancillary operations. This includes a commitment to employment readiness training and job counselling, along with on-the-job training for employment advancement while in the workforce. SCML anticipates securing much of its workforce from within Kaska traditional territory and the Mackenzie Valley. It has committed to establishing a training corporation, co-governed by the Kaska and SCML, which will engage in skills development and employment counselling. Serious consideration will be given to moderating employment qualifications if such qualifications can be attained through on-the-job training.

As noted earlier in this document, SCML has agreed to initiate negotiations to update the Cooperation Agreements with the Deh Cho and the Sahtu First Nations. SCML is committed to ensuring that these First Nations benefit from the mine's presence to secure employment and business opportunities while ensuring, to the greatest extent possible, that their interests as stewards of the land are not compromised. While the Company's prime point of contact with First Nations' peoples is with the Kaska, it is essential SCML plans cooperatively with all First Nations to address all relevant issues and interests.

5. Socio-Economic Impacts of the Selwyn Project Transportation Corridor

The following provides a summary assessment of expected socio-economic impacts in Yukon, North-West Territories (NWT) and northern British Columbia (BC) communities from the development and operation of the road transportation

corridor required for the zinc-lead mine (the Selwyn Project).

The socio-economic impact analysis is based on the currently available information and publicly available socio-economic information on the relevant communities and First Nations that would be most directly affected by the Selwyn Project. Socio-economic impacts from the Selwyn Project Transportation Corridor (the "Corridor") are assessed based on (a) construction phase improvements to Corridor facilities required by the Selwyn Project and (b) operation phase Corridor traffic and related activities facilitated by the Selwyn Project.

The summary includes the following sections:

- Economic Impacts along the Corridor during the Construction Phase
- Economic Impacts along the Corridor during the Operations Phase

Selwyn Project Transportation Corridor

As noted earlier, the proposed Selwyn Project Transportation Corridor will connect the proposed mine to a Trucking Logistics Centre in the community of Watson Lake, Yukon via a 370 km route over the Howard's Pass Access Road in the Northwest Territories, the Nahanni Range Road in Yukon, and the southern portion of the Roberta Campbell Highway in Yukon. This Corridor will then extend from its transportation hub at Watson Lake to two key communities in northern BC (see Figure These communities are:

- The Port of Stewart (about 650 km from Watson Lake), for shipment of concentrate from the mine for export to

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China and for inbound shipment of goods and services to the mine from Stewart or other locations via BC Highway 37; and

- Fort Nelson (about 510 km from Watson Lake), for shipment of liquefied natural gas (LNG) from Fort Nelson to the mine for on-site generation of electricity and other fuel uses (as well as for inbound shipment of any other goods and services coming to the mine through BC via the Alaska Highway).

A. Economic Impacts of the Corridor during the Construction Phase

Existing highway segments are available today covering the full Transportation Corridor. However, in order to proceed, the Selwyn Project will require significant construction phase work to improve the following Transportation Corridor segments (all costs in 2015 dollars):

- HPAR segment: SCML will fund an estimated \$80 million for HPAR upgrades, of which about \$66 million remain to be carried out (about \$14 million of upgrades have already been done by SCML). Phase I of this work is needed for the HPAR to be ready to support mine site construction. Phase II upgrades prior to mine operation will bring the road to a higher standard for the safe and efficient transport of SCML's concentrates, supplies and fuel.
- NRR segment: An estimated \$100 million in investments by governments are needed for the NRR to: provide an 8.5m road width to allow safe truck passing; and major upgrades to three bridges to facilitate high volume heavy

truck traffic. Upgrades will then allow truck speeds of 70 km/hr. and be wide enough to accommodate two lanes of traffic. Bridge upgrades are needed to permit passage of heavy equipment and truck loads necessary for mine construction.

- Watson Lake By-Pass and Trucking Logistics Centre segment: SCML will spend an estimated \$40 million to develop a Watson Lake by-pass as well as a transportation hub and a Trucking Logistics Centre in Watson Lake consisting of a marshaling yard, maintenance facilities, employee accommodation and transfer facilities.
- Port of Stewart: SCML will also spend an estimated \$50 million to upgrade the current terminal at the Port of Stewart, replacing loading equipment and adding dredging and storage buildings to: accommodate the shipment of SCML concentrates to China, the import of goods from suppliers, and the provision of limited temporary accommodation for drivers residing in Watson Lake who are required to overnight in Stewart.

Figures 6, 7 & 8 Analysis

(1) Figure 6 provides a summary assessment of the overall construction phase economic impacts from the above \$270 million of Corridor capital cost improvements required for the Selwyn Project. This assessment excludes the broader economic impacts from the balance of the approximate \$2 billion construction costs required to develop the overall project (the mine and mill site facilities), including related taxes paid to governments

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estimated to be about \$227 million over the construction phase.

(2) Figure 7 highlights the direct economic impact on communities through enhanced job and business opportunities, including: Watson Lake; Stewart; the Kaska, Deh Cho and Sahtu First Nations; and Ross River. Highway road upgrades typically offer opportunities for local construction labour and businesses.

(3) Finally, Figure 8 estimates 1,164 total person years of direct impact employment in Yukon, NWT and BC from these Corridor improvements during construction, plus added employment from indirect and induced impacts. Without attempting at this early stage to assess specific potential local impacts for individual communities, opportunities for such impacts will be

Figure 8 also uses available input-output models for Yukon and BC to provide an indication of overall economic impacts on

Yukon, BC and Canada from these Corridor improvement construction activities. The Yukon model is assumed for the HPAR works, even though these will occur in NWT, reflecting the extent to which the HPAR in practice is connected to Yukon access via the balance of the Corridor. The BC model does not provide for estimates of induced economic impacts - and this needs to be noted when comparing the Stewart area improvement impacts with the economic impacts from works in Yukon. No attempt is made to assess economic impacts on NWT based on the available information and models.

The economic impacts from Corridor constructions are focused solely on job and spending impacts related to the assumed works. The potential economic impacts from having the improved facilities (including economic impacts from Selwyn Project operations) are addressed below under the operation phase impact

Figure 6 - Investments in the Corridor

Corridor Section & Port Investments	Howard’s Pass Access Road 80 k	Nahanni Range Road 180 k	Watson Lake By-Pass & Trucking Centre	Port of Stewart	Total
Investment	\$80K	\$100K	\$40K	\$50K	\$270M

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Figure 7 – Direct Impact on Communities of Investments¹

Impact of Investment on	Howard's Pass Access Road 80 k	Nahanni Range Road 180 k	Watson Lake By-Pass & Trucking Centre	Port of Stewart
Watson Lake			✓	
Ross River			✓	
Stewart				✓
Kaska FN		✓	✓	
Deh Cho FN	✓			
Sahtu FN	✓			

Figure 8 – Economic Impact on Yukon² and BC³ economies of investments

Investment Impact	Howard's Pass Access Road 80 k	Nahanni Range Road 180 k	Watson Lake By-Pass & Trucking Centre	Port of Stewart	Total
Direct Impact					
GDP basic prices	\$34,357	\$42,946	\$17,178	\$18,832	\$113,313
Labour Income	\$18,303	\$22,879	\$9,152	\$12,971	\$63,305
Jobs	350	437	175	202	1,164
International imports	\$4,667	\$5,833	\$2,333	\$0	\$12,833
Direct plus indirect					
GDP basic prices	\$34,357	\$52,864	\$21,146	\$34,064	\$142,430
Labour income	\$23,770	\$29,713	\$11,885	\$24,091	\$89,459
Jobs	440	550	220	392	1,602
International imports	\$5,144	\$6,430	\$2,572	\$6,822	\$20,968
Direct, indirect & induced					
GDP basic prices	\$48,455	\$60,694	\$24,278	\$34,064	\$167,491
Labour income	\$25,713	\$32,141	\$12,856	\$24,091	\$94,801
Jobs	478	597	239	392	1,706
International imports	\$6,961	\$8,701	\$3,480	\$6,822	\$25,964
Impact on Canada (direct, indirect and induced)					
GDP basic prices	\$87,310	\$109,138	\$43,655	\$41,171	\$281,274
Labour income	\$47,487	\$59,358	\$23,743	\$28,712	\$159,301
Jobs	828	1,035	414	470	2,747
International imports	\$14,340	\$17,925	\$7,170	\$8,448	\$47,882

¹ The investments reflect agreements between SCML and Deh Cho and Sahtu FNs, including maximizing the direct economic benefits from the HPAR project, preference in hiring and purchasing goods and services in relation to the HPAR project as well as training of members and other related activities. The major portion of the corridor is located within Kaska Dena traditional territory and provides opportunity for Kaska to participate in the construction process as employees, providers of supplies and services and trainees. Watson Lake would benefit from employment and the provision of services. Stewart would benefit from employment as well as business opportunities.

² Data for the economic impact on Yukon comes from the Yukon input-output model (Stats-Can multipliers).

³ Data for BC is drawn from the input-output multipliers for BC (Stats-Can 2007).

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B. Economic Impacts of the Corridor during the Operations Phase

Trucking volumes and Corridor employees are the primary drivers of economic impacts during the operations phase of the Selwyn Project.

SCML estimates that 200 heavy trucks per day (loaded and empty) will travel the Corridor, including about 70 loads per day of concentrate shipped from the mine site to Stewart, and about 15 loads per day of LNG trucked from Fort Nelson to the mine site, including shipments of parts, equipment, and supplies to the mine site. The transportation hub will be Watson Lake for concentrate haul from the mine to the port of Stewart.

Drivers, resident in Watson Lake, will make the 370 km leg trip between the mine site and Watson Lake (going from and returning to Watson Lake each day). Another set of drivers, resident in Watson Lake and Stewart, will make the 650 km leg trip between Watson Lake and Stewart (each trip requiring one day and thus the need to stay overnight before doing the return trip because truck drivers are limited to a 15hr. workday).

About 262 employees will be engaged in Corridor activities (including port related activities) with an average estimated annual salary of about \$90,000 per employee (2015 dollars).

About 25 drivers and 10 maintenance staff will be located in Stewart, BC, plus a further approximately 12 employees involved in port-related activities.

About 215 drivers and truck centre employees will be located in Watson Lake.

Figures 9 and 10 provide a summary assessment of overall operations-phase economic impacts from the above Corridor-related operations employment (262 total positions) required for the Selwyn Project and related annual salary costs of about \$23.6 million. This assessment excludes the broader economic impacts from the balance of the approximate 750 employees required to operate the overall project (including the mine and mill site facilities). It also excludes: the economic impacts from non-employee operations costs within the approximate \$960 million per year total operations costs; the annual sustaining capital expenditure of about \$50 million; and the annual tax revenues paid to governments, estimated at about \$120 million, and royalties paid to governments.

Figures 9 and 10 also highlight the communities expected to receive direct economic impacts through enhanced job and business opportunities and spending related to Selwyn Project employees and other activities, including: Watson Lake; District of Stewart; the Kaska, Dehcho and Sahtu First Nations; and Ross River. The Figures also provide an indication of potential average annual spending related to the estimated overall employment incomes.

The principal communities for direct employment and other spending impacts will be Watson Lake (assumed location for about 215 employees) and Stewart (assumed location for about 47 employees). Given current socio-economic baseline conditions in these communities the impact of additional employment will have a very significant impact on each one:

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- Watson Lake – Its total population in 2015 was 1,455, reflecting a slight decline from the previous decade. In 2011, the population aged 15 years and over was 510, and employment approximated 270. Adding 215 employees to this community, plus other related Corridor spending, will clearly have a very large ongoing positive economic impact during the life of the Selwyn Project, which is likely to exceed a minimum of 20 years.
- Stewart - Its total population in 2011 was 494, reflecting almost no change from 2006. Specifics on the population aged 15 years and over as well as labour force information in 2011 are not available from Statistics Canada. However, in a community, which has experienced significant declines in mining and forestry over the last 15 years, it is apparent that adding 47 employees, plus other related Corridor spending, will clearly have a very large ongoing positive economic impact during the life of the Selwyn Project.

Economic impacts on Watson Lake and other Yukon communities will be accentuated to the extent that employees working on the Corridor and/or at the mine site are persons who move to live in Yukon in response to the SLMC innovative housing plan for employees. Economic impacts opportunities in Yukon and NWT communities will also be enhanced by agreements, as noted, that SCML has with the Kaska, Deh Cho and Sahtu First Nations, which provide preferential hiring, training and business opportunities related to Corridor and overall mine site operation activities.

Additional Corridor-related operation economic impacts include:

- Enhancement of Corridor economic capabilities, including upgrades to the NRR and HPAR facilities that will benefit other users (including enhanced opportunities for other mine and resource development in these areas, as well as improved Park access and benefits for recreational users such as hunters and tourists), enhanced port facilities at Stewart, and a truck by-pass and other facilities at Watson Lake.
- Economic benefits to Fort Nelson BC during the construction and operation of the LNG plant. A closer and therefore cheaper LNG will benefit other businesses and mining activities in Yukon and NWT, including electricity utilities using LNG for thermal generation (Yukon Energy Corporation, Northwest Territories Power Corporation, and planned use by ATCO Electric Yukon). It will also allow communities along the Corridor to shift from diesel to LNG.
- Large joint venture business opportunities to be established by SCML with Kaska First Nations to provide key mine services, including: the hauling of ore and supplies between Stewart and the Selwyn Project site; provision and supply of LNG for mine operations; and the construction and operation of camp facilities for the mine workforce. Each of these business ventures will involve Kaska participation on the board of directors and a commitment to transfer SCML equity in the businesses to the Kaska over the life of the mine and beyond.

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SCML has agreed, as part of the Socio-Economic Participation Agreement (SEPA) with the Kaska Nation, to develop a Ross River Environmental Centre as a partnership. Through this Centre Kaska will participate directly in the environmental management of their traditional territory. Funding for the Centre will be provided as part of the SEPA financial package. Elements of the Kaska Environmental and Land Stewardship Centre include:

- The overarching objective of supporting Kaska land stewardship and Community capacity building;
- Assisting SCML in meeting its environmental management goals, including responsibility for all environmental monitoring required in relation to the Selwyn Project. The following key components will assist SCML in meeting its obligations:
 - An RRDC Traditional Knowledge centre to assist Kaska with education and land planning;
 - A fish habitat management centre focused on fish population monitoring and habitat enhancement;
 - A community water monitoring program with an initial focus on monitoring and supporting the standards set for the Selwyn Project;
 - A caribou-monitoring program with an initial focus on the Selwyn Project.
- Staffing the Centre with professionally qualified personnel and appropriately qualified staff capable of leading and engaging meaningfully and professionally in the outlined activities.
- A stand-alone Centre, using the Selwyn Project as a base to create a long-term successful operating company that eventually will have the ability to undertake environmental work for other clients in addition to SCML

Figure 9 - Economic Impacts of Corridor during the Operations Phase

Communities	Employment	Salaries	Training	Business Opportunities
Watson Lake	About 215 drivers and truck centre employees located in Watson Lake. Employment opportunities for other communities and FN. Preferential opportunities for Kaska in hauling ore and LNT supplies.	Average salary of \$90 K	Training opportunities for all FNs and Communities	Business opportunities are available to FNs and communities in the following sectors: supplies, services, retail, sales, restaurants et al
Ross River				
Kaska FN				
Deh Cho FN				
Sahtu FN				
District of Stewart	25 drivers and 10 maintenance staff located in Stewart BC, plus approximately 12 additional employees in port-related activities.			

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Figure 10 - Annual added household spending from Selwyn Project: Salary and Wages \$000

Expenditures ⁴	Percent of Total	Yukon	BC
Food	10	\$1,944	\$425
Shelter	21	\$4,113	\$899
Household operations	5	\$1,053	\$230
Household furnishings & Equipment	3	\$ 495	\$108
Clothing & accessories	4	\$ 840	\$184
Transportation	15	\$2,850	\$623
Health care	3	\$ 540	\$118
Personal care	1	\$ 289	\$ 63
Recreation	5	\$ 921	\$201
Education	2	\$ 360	\$ 79
Reading materials & other print	0	\$ 35	\$ 8
Tobacco products & alcoholic beverages	2	\$ 293	\$ 64
Games of chance	0	\$ 37	\$ 8
Miscellaneous expenditures	2	\$ 385	\$ 84
Income taxes	18	\$3,564	\$779
Personal insurance & pension contributions	6	\$1,168	\$255
Gifts, support payments & charitable donations	2	\$ 464	\$101
Total annually		\$19,350	\$4,230

⁴ This assumes that a total of 215 employees earning \$90K average salary would add \$19.350 m / year to the Yukon economy & 47 employees would add \$4.23 million/ year to the BC economy. It also assumes that all income is spent. Source Stats Can CANSIM Table 203-0021 – SHS 2014.

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Yukon's economy has been impacted by the downturn in the global economy and its GDP has declined for the past 3 years. Unemployment will have nearly doubled from 2015 to 2016.

Yukon's nominal GDP was \$2.6 billion in 2012. Based on current capex of nearly \$2B, Selwyn mine construction would increase the Yukon's GDP by more than 13% each year of construction, assuming that the construction costs are evenly distributed over three years.

The Yukon Government will see significant revenue increases and, as a result, will be able to increase its own source income and be less reliant on the federal government for funding. This is an indirect but important benefit of the Selwyn Project. Helping Yukon become self-reliant is an important outcome. The mine will provide an increase of 13% to annual GDP during construction and similar and if not greater annual operational contributions.

The Selwyn mine and the project's transportation corridor are in areas that have seen very little economic prosperity. The communities of Ross River, Watson Lake, and Lower Post have a very small economic base. Ross River has an extremely high level of unemployment and no operating grocery store or gas station. Watson Lake and Lower Post have seen a small degree of economic activity due to the North American Tungsten Mine but activity at the mine has been intermittent and subject to several closures over the years. These communities have no private sector economy other than small tourism and transport industries.

The new mine will be a game changer when it comes to economic development and it will provide something that the affected communities have not seen in recent times, full time jobs located in the communities. SCM is also committed to ensuring a majority of the mine site employees are resident in Yukon communities. Watson Lake will get 250 full-time Truck Centre jobs and Ross River residents will be employed at the Environmental Centre and the mine. 750 full-time permanent jobs alone will be a major employment boost for Yukon residents. Long-term steady employment income will also generate a significant economic multiplier effect, which will provide substantial economic benefits for a number of Yukon communities.

5. Rigorous Environmental Stewardship

Selwyn supports a thorough and rigorous environmental assessment of its project. The Company will meet and, where possible, exceed existing environmental standards. It will work with First Nations and local communities to ensure that the environmental plan meets community expectations. SCML is taking a proactive approach to environmental assessment and is working with First Nations to ensure that its application for environmental permitting will be supported as it moves through the approval processes.

SCML filed its environmental permitting application with the Mackenzie Valley Land and Water Board (MVLWB) for the HPAR upgrades in 2015. This application is currently under review and is expected to take 2 years. During the review process,

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SCML is holding regular meetings with MVLWB staff to discuss issues and progress.

SCML has been developing its application for a Yukon Environmental and Socio-Economic Assessment Board (YESAB) environmental assessment and Yukon Water Board (YWB) permit application for the mine project over the past two years. Once the YESAB application is submitted, it is anticipated that the process will take approximately 2 years to complete. Another 6 months to a year is necessary to acquire a Water License from the Yukon Water Board. A considerable amount of environmental baseline study work has been completed and work is ongoing. SCML has been working hand in hand with the of Yukon local Kaska communities to determine areas of study and mitigation options. Kaska members have worked and continue to work with SCML on field studies and advise the company on work programs and in the preparation of the YESAB and Water Board applications.

As noted earlier, SCML has agreed, as part of the SEPA with Kaska, to develop an Environmental Centre in Ross River. Funding for the Centre will be provided as part of the SEPA financial package. The overarching purpose of the Center is the environmental stewardship of Kaska lands. It will be responsible for all environmental monitoring required in relation to the project.

The Environmental and Land Stewardship Centre is designed to be a partnership, giving First Nations direct participation in environmental management in their traditional territory. This is an innovative approach that SCML is certain will create a new level of environmental stewardship

and will certainly be a departure from the typical resource development approach regarding the management of environmental standards.

The Environmental Centre will eventually have the ability to undertake environmental work for other clients in addition to SCML. It is meant to be a stand-alone Centre, using the Selwyn project as the basis for a long-term, successful operating entity.

Elements of Kaska Environmental and Land Stewardship Centre include:

- The overarching objective of supporting Kaska land stewardship and Community capacity building;
- Assisting SCML in meeting its environmental management goals by incorporating the following key components:
 - An RRDC Traditional Knowledge center to assist Kaska with education and land planning;
 - A fish habitat management center focused on fish population monitoring and habitat enhancement;
 - A community water monitoring program with an initial focus on monitoring and supporting the standards set for the Selwyn Project;
 - A caribou-monitoring program with an initial focus on the Selwyn Project.

The Kaska Environment and Land Stewardship Centre will be staffed with professionally qualified personnel and appropriately qualified staff capable of leading and engaging meaningfully and professionally in the activities outlined. It will most importantly be a resource for the

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Kaska First Nation to establish a new era of environmental Stewardship in their traditional territory.

SCML filed its environmental application for the HPAR upgrades with the Mackenzie Land and Water Board in 2015. This application has now met the adequacy requirements and is making its way through the rest of the detailed and lengthy process.

The environmental application for the mine itself has been underway for the past two years. This process has involved base line studies related to mine design & operation and covers the full range of YESAB and Yukon Water Board requirements. SCML has met with the Yukon government, Water Board and YESAB officials on a number of occasions to ensure a full understanding of expectations and standards that both the assessment agencies and regulators will need to conduct a comprehensive review of the project. SCML supports a detailed and thorough review and understands the need to meet a very high standard when it comes to environmental assessment.

And importantly and previously noted, SCML has negotiated a Socio-Economic Participation Agreement with Kaska that clearly creates a high standard for environmental assessment and ongoing environmental monitoring. SCML has been working with the Kaska First Nations since the beginning of the project to ensure that the entire project meets a standard that Kaska can support. Kaska communities and members have participated in numerous discussions to assist SCML to develop environmental study parameters, provide traditional knowledge and conduct field studies as part of gathering baseline environmental data. SCML has engaged

community members and elders to better understand how Kaska have utilized the land in the area of the mine and what they want to see regarding environmental management.

And, as noted earlier, discussions with Kaska communities have resulted in an agreement between Selwyn and the Kaska to develop the Ross River Environmental Center. This is a first in Yukon and perhaps across Canada. The Environmental Centre, , provides the Kaska membership with an innovative way to ensure that environmental standards meet their expectations as well as those of regulators. The Centre is a legacy project providing the First Nations with a long-term ability to be environmental decision makers in their traditional territories. The Centre will provide a mix of scientific studies and traditional knowledge giving resource companies and the First Nation a new vehicle to discuss environmental standards and a new approach to meeting the environmental requirements of the local residents on whose traditional territory this activity will take place.

The Centre will help the local First Nations build much needed capacity in dealing with development in their traditional territory. Today the process is *ad hoc*. First Nations hire experts to help them negotiate development projects with companies and governments. In the future these same First Nation communities will be able to look to their own resources and generate their own standards for Environmental Stewardship.

Because SCML has a SEPA with Kaska, the Agreement ensures that they participate thoroughly in Environmental Assessment processes. In fact, Selwyn supports an open

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assessment process and is planning to work with First Nation communities to ensure its application to YESAB and the Yukon Water Board can be supported by the Kaska.

Finally, the construction of a liquefied natural gas (LNG) plant at Fort Nelson will, besides its economic benefits, also make an important contribution to the reduction and possible elimination of diesel as a source of energy in communities.

Conclusion

Selwyn Chihong Mining Limited looks forward to working with First Nations and

federal, provincial and territorial governments to complete a project that will bring immediate and long-term benefits to governments and to First Nations and communities in British Columbia, Northwest Territories and Yukon.

The Company has invested in infrastructure and in people and in communities and anticipates a favourable response from the federal government to the Yukon government's request for investment in the Yukon Gateway Resource Project. An investment in the Project will assist in developing a northern gateway that will pay dividends to governments and Canadian communities for years to come



July 8, 2016

Allan Nixon
Assistant Deputy Minister, Transportation, Highways, and Public Works
Yukon Government

VIA EMAIL

Dear Mr. Nixon,

This letter is written in full support of the National Infrastructure Component (NIC) funding application for the Yukon Resource Gateway Project (YRGP). The YRGP will expand the transportation network in Yukon, and provide access for mining companies, such as Casino Mining Corporation and many others, to valuable resources.

Through improved access via the YRGP, the proposed Casino mine will provide considerable economic benefits and opportunities to Yukon, including:

- Revenues to governments in taxes and royalties including revenue sharing opportunities for First Nation governments.
- Business opportunities for product and service supplier contracts, as well as through joint ventures and other partnerships during the construction and operation phases.
- Employment opportunities.
- Trades apprenticeship opportunities.
- Career development opportunities for skilled, trades, professional, and entrepreneurial businesses.
- Capacity support for community infrastructure, organizations and initiatives.

Casino Mining Corporation is pleased to offer the attached information for use in the submission of an addendum to the January 2016 YRGP application to Infrastructure Canada. We look forward to following this project closely and to working towards improving economic opportunities for Yukoners, First Nations and Canadians.

Sincerely,

A handwritten signature in blue ink, which appears to read "Paul West-Sells".

Paul West-Sells
President & Chief Executive Officer, Casino Mining Corporation

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**SELWYN CHIHONG
MINING LTD.**

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Honourable Amarjeet Sohi
Minister of Infrastructure and Communities
House of Commons
Ottawa, Ontario
Canada
K1A 0A6

July 25, 2016,

Dear Minister Sohi:

Selwyn Chihong Mining Limited is pleased to support the Yukon government's application for investment in the Yukon Resources Gateway Project. As recent reports have demonstrated, the Canadian North has critical infrastructure needs that require addressing before territories like Yukon are able to become net contributors to the Canadian economy.

Like the completion of the national railroad, let another great investment in Canada be the North as Canada's next great national venture.

Selwyn Chihong has demonstrated its commitment to Yukon and the north by investing heavily in northern infrastructure and people and looks forward to investments by the federal government in this critical Resources Gateway Project.

Sincerely,

Richard (Shilin) Li
CEO, Selwyn Chihong Mining Limited



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June 20th, 2016

Allan Nixon, Assistant Deputy Minister
Highways and Public Works
Government of Yukon,
PO Box 2703,
Whitehorse, YT Y1A 5Y5

RE: Support for Yukon Resource Gateway Project

Thank you for the opportunity to provide feedback as part of your Government's consultations. We would like to add our organization's support, representing over 400 businesses and individuals in Yukon, on strategic infrastructure as identified in the Yukon Resource Gateway Project that synergizes with the needs of communities in Yukon and the needs of industry through grass roots exploration.

By way of history, the Yukon Chamber of Mines provided its feedback on the Government of Canada's pre-budget consultations supporting investments into the Yukon Resource Gateway Project. The letter, dated January 20th of this year notes the strategic importance of such an investment crossing over all sectors of Yukon's economy and orders of government.

For the purposes of this letter, we would like to draw your attention to the strategic importance of exploration and how investments in road infrastructure have the potential to unlock significant deposits that have the potential to support Yukon and Canada's economies for generations to come.

Extension of Dawson Goldfields Road

The improved access south of Dawson will give road accessibility to the majority of the newly discovered White Gold District. The first major discovery in the area was made in 2008 and the majority of exploration has been supported by aircraft. The cost of exploration has been expensive but the area has produced several discoveries that have outlined gold resources (including the Coffee project which is subject to an acquisition by Goldcorp) in this newly emerging district. Improved access will greatly reduce the cost of exploration into this emerging district and will no doubt directly contribute to additional discoveries.

Extension of Freegold Road

The extension of the road north from Carmacks. This area is referred to as the Dawson Range Mining district. It has a long history of significant mineral discoveries the most significant of course being Casino. The Dawson Range has a high mineral potential for both base metal (copper) and gold. The southernmost part of the Dawson Range is accessible by narrow seasonal roads but the bulk of the district is accessible only by aircraft. The cost of exploration is very high in the district due to the access however many projects are at a fairly advanced stage of exploration. Improved access and the resulting



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decrease in exploration costs would lead to a significant increase in activity in this highly prospective district.

Extension of Nahanni Range Road

Nahanni Range Road. This area also has a long history of exploration that was triggered with the initial construction of this road into the CanTung deposit. Recent exploration work since 2009 has led to several significant gold discoveries which can be accessed from the unmaintained portion of the road. Improved access into this area would again reduce exploration costs and likely increase the amount of work in this region.

Thank you for the opportunity to build upon the work that your department has diligently undertaken with industry in the development of the Yukon Resource Gateway Project which is under consideration by Infrastructure Canada officials. We trust this submission will assist in the Government of Canada's deliberation of shovel ready infrastructure projects that provide social and economic benefits to rural communities and Canadians.

Sincerely,

A handwritten signature in black ink that reads "Mike Burke".

Mike Burke
President





