



**Secretariat**

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

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

**Proceedings****Meetings**

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

**Quorum**

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

**Conflict of Interest**

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

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

**Board Procedures**

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

**Public Access**

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

**Yukon Minerals Advisory Board • January 2005****MEMBERS**

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## Appendix B: Terms of reference of Yukon Minerals Advisory Board

### **Terms of Reference — Yukon Minerals Advisory Board Organization**

#### **Authority**

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

#### **Mandate of the Board**

The Board shall:

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

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

#### **Objectives of the Board**

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

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

#### **Duration of Mandate**

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

#### **Makeup of the Board**

The Board consists of the following representatives:

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

The Board will consist of no more than 10 members.

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

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

*The Board's primary objective is to help mold and encourage policy to ensure environmentally and socially responsible development of Yukon's superior mineral endowment*

*Cover photo: Geologist Mike Schulz prospecting in South Yukon. Photo courtesy: Scott Casselman*

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

M.O. 1999/06  
ECONOMIC DEVELOPMENT ACT

### ECONOMIC DEVELOPMENT ACT

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

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

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

Minister of Economic Development

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

### LOI SUR LE DÉVELOPPEMENT ÉCONOMIQUE

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

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

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

Ministre de l'Expansion économique

## Foreword

The Yukon Minerals Advisory Board [the Board] provides advice to Yukon Government on a variety of mineral resource related questions under the mandate outlined in Order in Council 1996/06 (Appendix A). The Board's primary objective is to help mold and encourage policy to ensure environmentally and socially responsible development of Yukon's superior mineral endowment. With this second Annual Report tabled in the Yukon legislature, the Board herein recognizes and appreciates the actions of the government in response to key recommendations made by this body in its report tabled in May 2004.

The exploration and mining community has seen a steady improvement in its capital markets over the course of the last two years; indeed nearly \$2 billion (check PDAC numbers) has been raised by public companies in the mining sector in Canada during this period. In the Yukon annual exploration related expenditures improved approximately 70% to an estimated \$22 million in 2004, but this amount remains far short of the necessary annual investment required to ensure competitive discovery rates and ultimately, development of a sustainable industry. That such mineral wealth exists in the Yukon is not in dispute, it is merely a question of creating a business environment that enables and encourages increased exploration investment as well as responsible development of new discoveries.

Yukon Government has made encouraging strides to improve the administration of its permitting process. The implementation in 2004 of an integrated permitting management process, with Deputy Ministers directly accountable for major projects (including the assignment of professional coordinators and technical experts) is an unprecedented and constructive step forward. Both government and industry agree that further challenges are in front, especially in the face of further changes (implementation of the Yukon Environmental and Socioeconomic Assessment Act), and emerging difficulties due to the complex authorization processes. Within the mining community the Yukon is considered a costly, potentially difficult jurisdiction for investors due to the complexity and uncertainty of obtaining the requisite permits and licenses to advance a mineral discovery to development and production in a timely manner. The Board is encouraged by initial changes to offset this uncertainty but notes that success will only be achieved when the Yukon enjoys improved industry investment and a higher ranking competitive position in Canada as a preferred place for the mining industry to do business. Such ranking comes with the development of new mines in a timely and efficient manner.

As developing projects emerge in the Yukon it will become more important for Yukon Government to expand its focus to infrastructure and workforce related issues. The Yukon currently lacks unfettered access to a deep water port capable of meeting the requirements of a developing mining industry. The rapidly developing markets for Canadian products in

Asia and especially China require that Yukon Government redouble its efforts to establish access to port facilities capable of handling ore concentrates and supplies from and for the Yukon.

Similarly, the Yukon Government needs to urgently turn its attention to improved coordination and support of mining related workforce training facilities in the Yukon. With existing projects under review, many jobs may be created with continued successful development of mining related projects and the Yukon is poorly prepared to meet this demand. The opportunities for First Nations communities to benefit from training programs and an improving outlook for the industry should not be overlooked in this respect.

Yukon Government in 2004 took deliberate steps to constructively deal with numerous challenges related to historic (Type II) mining sites within its jurisdiction. The determination of the Yukon Government to work with the Federal Government to begin mitigating community as well as industry concerns related to these sites is a very encouraging step. Indeed with this progress, public perception of historic Type II sites has changed from that of a potential environmental threat to that of remediation opportunity, no doubt helped by a combined industry and regulatory community more focused on appropriate management practices and technologies in the reclamation phase of the business.

Finally mineral wealth is still identified by a lot of hard work including geological and geophysical reconnaissance, mapping, sampling and interpretation of the resulting data. The Yukon Geological Survey (YGS) excels at this challenge and publishes an array of sophisticated geological, geochemical and geophysical reports, widely accessed by the mining industry. The

excellence of product delivered by the YGS and associated programs deserves high accolades and the Yukon Government is encouraged to continue its support of this valuable service. Recent upgrading in the technology and programs to access data and utilize digital databases compiled by YGS has allowed greater access by the public and will result in improved efficiency for academics, prospectors, and explorers. Continued focus in this area is anticipated and encouraged.

The Yukon Minerals Advisory Board wishes to thank the Yukon Government for their continuing support of this Board. We respectfully submit this document and remain ready to assist the Government in all mineral resource related matters as appropriate.

*Clynt Nauman, Chair*

## References

Burke, M., 2004. Yukon Mining, Development and Exploration Overview, 2003. In: Yukon Exploration and Geology 2003, D.S. Emond and L.L. Lewis (eds.), Yukon Geological Survey, p. 2-26

Yukon Energy Corporation (2001); 2000 Annual Report

Yukon Energy, Mines and Resources and Indian and Northern Affairs Canada (2003); Type II Mine Sites under the Devolution Transfer Agreement

Yukon Energy, Mines and Resources website: [www.emr.gov.yk](http://www.emr.gov.yk)

## Glossary of Terms

- AIDEA — Alaska Industrial Development & Export Agency
- CYFN — Council of Yukon First Nations
- DIAND — Department of Indian and Northern Affairs – Canadian Federal Government
- ECO — Executive Council Office
- EMR — Energy, Mines and Resources- Department of the Yukon Government
- ENV — Environment Department - Yukon Government
- IRM — Integrated Resource Management (Yukon Government working philosophy and subsequently approved strategy)
- ISC — Implementation Steering Committee
- KPMA — Klondike Placer Miners' Association
- PDAC — Prospectors and Developers Association of Canada
- UFA — Umbrella Final Agreement – Developed for Yukon First Nations
- WC — Working Committee
- YEAA — Yukon Environmental Assessment Act
- YEC — Yukon Electrical Company
- YESAA — *Yukon Environmental and Socioeconomic Assessment Act*
- YESAAB — Yukon Environmental and Socioeconomic Assessment Act Board
- YGS — Yukon Geological Survey
- YLUPC — Yukon Land Use Planning Council
- YMAB — Yukon Minerals Advisory Board
- YMETC — Yukon Mineral Exploration Tax Credit
- YMIP — Yukon Mining Incentives Program

## 6. Public Education Initiatives

### “Mineral industry support begins at home”

As markets demand more mineral and energy resources, economic pressure is on the minerals industry to develop those resources. At the same time, our citizens demand an environment that is appropriate for other uses, such as subsistence and recreation. Long-term support of a responsible mineral industry by the public can be encouraged through balanced and effective education in all levels of primary and secondary schooling in Yukon as well as balanced public education.

*Rock On Yukon* is an educational unit that was developed between the Yukon Chamber of Mines and interested teachers. Activities within the unit are written in a format which can be followed as a self directed activity card or centre by the older primary student, or followed as a class for the younger primary student.

The *Rocking-in-Yukon* educational publication, which is updated each year, provides general interest information about the mineral industry to teachers in the school system or any interested Yukon resident.

Yukon Geological Survey staff regularly provides materials, presentations and field trips for students as requested. “Mining Week” is planned for May. This is an annual weeklong series of events

that focus on public education and awareness of the mineral industry.

Yukon Government Mineral Development has recently entered into a cooperative agreement with the Klondike Placer Miners Association to create and publish a regular series of articles in cooperation with the Yukon Geological Survey designed to provide factual information to the public about the mineral industry.

#### The Board Finds and Recommends That:

##### Board Opinion:

1. Long-term support of a responsible mineral industry by the public can be encouraged through balanced and effective public education.

##### Recommendations:

1. Continue financial support for the Rock On Yukon and Rocking-in-Yukon programs and publications.
2. Continue to support and develop additional public awareness campaigns through the various Yukon media.

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(PDAC) in association with the MAC, CAMA, INAC, and NRCAN, is developing an Information Toolkit for Aboriginal Communities. The BC & Yukon Chamber of Mines has just released a draft Mining and Aboriginal Community Engagement: A Guidebook for Minerals Exploration and Mining. Both of these initiatives can be used by industry teams during community visits.

**The Board Finds and Recommends That:**

*Board Opinion:*

1. Industry/First Nation partnerships are a commonly supported business practice in the mining industry. Industry is aware of and proactive on First Nation issues and is striving for greater understanding and mutual cooperation.
2. Cross-cultural understanding is required for successful partnerships, benefit agreements and other commercial arrangements.

*Recommendations:*

1. First Nations can be encouraged to become better informed and involved in mineral exploration and development activities.
2. EMR should support Industry team visits to communities.
3. Recognize that partnership agreements between Industry and First Nations are best negotiated as bilateral agreements,

**b) Exploration Training**

A proposal for a training program was completed but not implemented in 2003 primarily due to time constraints. In January 2004, the Department of Energy and Mines and Resources confirmed that it would fund the 'Resource Exploration Training Course' in the amount of \$100,000 to help train skilled workers for the 2004 exploration season. The funds were transferred to the Yukon Mining Exploration Training Trust Fund who administered the course delivery.

The 'Resource Exploration Training Course' consisted of classroom and field training. Classroom sessions were scheduled in Whitehorse, Dawson City, Haines Junction and

Ross River, between mid April and early June.

A total of 82 individuals registered for the course and attended all or part of the lectures. A total of 42 individuals successfully passed the classroom portion of the course and 21 of these attended the field school which was held in the Wheaton River valley at the Tagish Lake Gold Corp.'s exploration camp.

A total of 20 individuals obtained work for all or part of the summer with exploration companies active in the Yukon. One First Nation student who completed the course and worked all summer in the exploration industry has decided to follow a science-geology degree program. The course was very successful.

**The Board Finds and Recommends That:**

*Board Opinion:*

1. The 'Resource Exploration Training Course' delivered in 2004 was effective in providing employment for up to 20 course participants in the exploration sector. The training course was well received by participants and industry feedback was positive.
2. The Board is of the opinion that additional training is required to meet additional staffing shortages in all sectors of the industry including diamond drillers and underground miners.

*Recommendations:*

1. Continue to support training opportunities and greater local employment /labor force development in the mining sector within the Yukon.
2. Graduates of the training program be considered "qualified" prospectors for the purpose of Yukon Mining Incentive Program.
3. Yukon needs to develop medium and longer term strategic plans to improve training and develop skill pools and capacity in communities.

**Pipelines**

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

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

In the late 1970s several gas pipeline proposals underwent regulatory review in Canada and the U.S. to transport natural gas from Alaska's North Slope and the Mackenzie Delta/Beaufort Sea region to southern markets. Following numerous public hearings and inquiries, approval was given by both countries in 1977 to proceed with the Alaska Highway Pipeline Project. On the Canadian portion, Foothills Pipe Lines Ltd was issued the required certificates under the Northern Pipeline Act. Foothills completed the environmental and socio-economic impacts assessments and commenced pre-construction planning, however, with a downturn in the North American economy in the early 1980s the project was never completed.

The Yukon Government supports both the Alaska Highway pipeline project as well as the Mackenzie Valley pipeline project.

**The Board Finds and Recommends That:**

*Board Opinion:*

1. Uncertain access to a deepwater port and infrastructure is a serious impediment for future base metal, coal and iron ore mineral development in the Yukon.
2. Construction of an energy related pipeline system will benefit resource development in Yukon.

*Recommendations:*

1. The Board recommends the formal establishment of a Government-Industry task force to consider access and infrastructure issues and to provide strategic direction on these critical components of Yukon development.
2. Yukon Government should provide the Board with a briefing on the findings of the recently completed Charles River Associates report on the Yukon rail initiative, and continue to lobby the Federal Government for support of the initiative.
3. Explore the idea of using an alternate site in Skagway to open up the corridor

**5. Participation by Yukon Residents in Mining Sector**

**a) First Nation Industry Involvement or Opportunities Initiative**

The Yukon has nearly completed its aboriginal land claims settlement process. As other Canadian jurisdictions enter into a potentially protracted period of uncertainty with respect to land ownership arising from assertion of aboriginal land claims, the Yukon is emerging with a positive relationship with First Nations as a result of bringing the Yukon Indian Land Claim to a satisfactory conclusion.

First Nations Mineral Exploration and Development Symposia held in Whitehorse in March 2003, and March 30-31, 2004. Discussions

focused on three main themes: Building Industry and First Nations partnerships, education, training and employment opportunities, as well as current evolving regulatory frameworks in a post-devolution and post land claims environment. Recommendations included the suggestion to host another forum in the upcoming year from which to gather information, in addition to the need to continue communicating partnership success stories in order to encourage the creation of further capacity.

The Yukon Minerals Advisory Board has decided that industry team visits to First Nation communities to meet with Chief and Council, Development Corporations as well as community members in general are a forum worth exploring. The Prospectors and Developers Association of Canada

**Executive Summary**

**2004 Accomplishments and Key Recommendations for 2005**

**2004 Accomplishments**

The Board is encouraged by the accomplishments of the Yukon Government with respect to the implementation of the Yukon Minerals Advisory Board 2004 recommendations. In particular the Board is appreciative of the improved support for exploration and mining related initiatives (and policies) which will enhance the environmentally and socially sound development of the Yukon's superior mineral wealth. In this regard the Board recognizes the following significant developments during 2004.

- Encouraging first steps to adopt progressive administrative and policy procedures and changes surrounding the current regulatory regime, especially related to the modification of

YESAA thresholds for small projects and the adoption of the new management concepts for larger projects. Continued Yukon Government support of these changes will enhance success which if achieved, may help change industry perception of permitting risk in the Yukon.

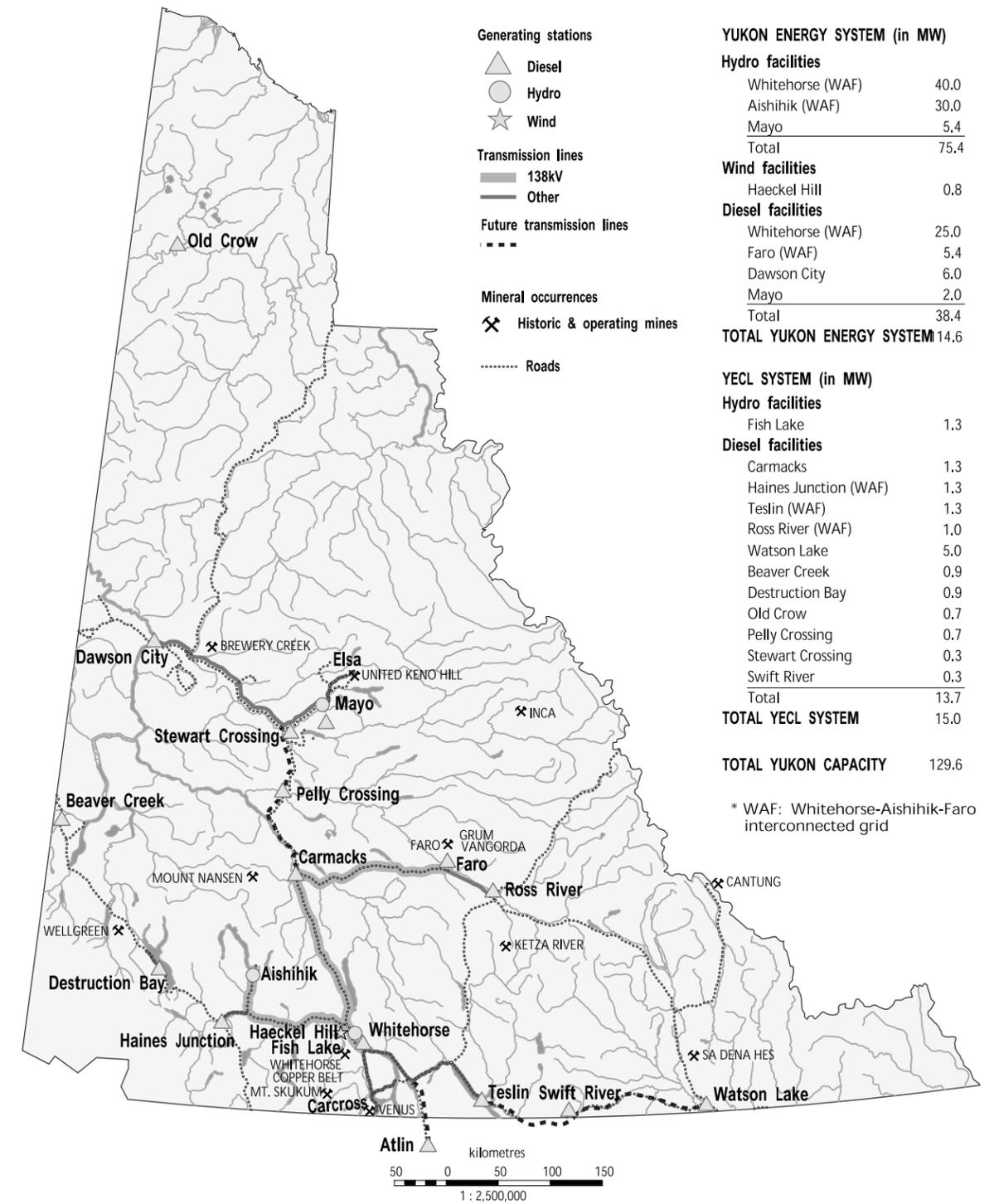
- Introduction of 'Integrated Resource Management', coordinated with proponents and accountable to Deputy Ministers in EM&R, ENV., and ECO, and including participation by mutually agreed independent professionals to resolve difficult permitting issues should significantly enhance environmental assessment efficiency for major projects.
- Generous support for the First Nations Mineral Exploration and Development Symposium, which has set the stage for improved communication and business

environment for resource development in the Yukon.

- Initial development of a new reclamation policy framework.
- Solid progress at several Type II sites, ranging from the potential development of a government-commercial partnership at Keno Hill, to ongoing reclamation, closure and studies at other sites. The Board observes that public perception with respect to these sites has changed and improved over the last twelve months.
- Continued focused support with respect to the development of the new Placer Authorization.

### Status of Progress on Selected YMAB Recommendations

Function of the Minerals Advisory Board (pursuant to the Economic Development Act)	YMAB Recommendation 2004	YMAB comment on progress to date 1st Quarter 2005
Permitting Efficiency	<ol style="list-style-type: none"> <li>Energy, Mines &amp; Resources (EMR), Executive Council Office (ECO) and Dept. of Environment (DOE) immediately form a technically competent group to partner with industry to internally coordinate, manage and champion projects through the Yukon permitting/licensing process.</li> <li>EMR, ECO and DOE correct systemic problems existing in the administration of the permitting system and urgently develop a plan to redirect and reorient the process to improve efficiency.</li> <li>EMR, ECO and DOE implement a regulatory paradigm shift away from the current prescriptive process-driven permitting process and toward a performance driven (standards and criteria) best management practices approach.</li> <li>Ensure uninterrupted processing of project through <i>Yukon Environmental Assessment Act (YEAA)</i> until YESAA Board and offices can effectively assess projects, regardless of implementation date.</li> </ol> <p>Develop process for adaptive review of YESAA during implementation.</p>	<p>Satisfactory process achieved in laying the groundwork to improve in each of these areas. Much more needs to be done. Implementation of proposed changes is key. Introduction of 'Integrated Resource Management', coordinated with Deputy Ministers in EM&amp;R, ENV &amp; ECO should significantly enhance environmental assessment efficiency for major projects.</p>
Development of a New Regime to Manage Placer Mining in Yukon	<ol style="list-style-type: none"> <li>Continue to provide full support to the ISC/WC.</li> <li>Commit to a phase-in to meet the 2007 implementation date.</li> </ol>	<p>Good progress has been made on the development of the new regime. Yukon Government has provided direct support to the process and has also provided external support when this has been required.</p>
Access & Infrastructure	<ol style="list-style-type: none"> <li>Pursue bilateral agreements with Alaska for deepwater port access.</li> <li>Lobby Ottawa for support of the rail line.</li> </ol>	<p>Yukon Government progress and efforts to ensure access to a deepwater port is unsatisfactory. Urgent attention to this issue is required.</p>



Electric Power Facilities in the Yukon (used with permission of YEC)

**Highway Infrastructure**

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

**Rail Infrastructure**

A narrow gauge rail from Skagway, Alaska, connects Whitehorse to year round ice-free port facilities. The system has not been used commercially within Yukon in over 15 years and now serves only as a tourist railway from Skagway to Canada Customs at Fraser, B.C. and occasionally to Carcross, YT.

Recent U.S. political support for the construction of a route through the Yukon has resulted in the passage by the U.S. Congress of the *Rails to Resources Act (2002)*, and discussions between Canada and the U.S. have begun with respect to possibly convening a Joint Commission to study the feasibility of the rail connection. The Commission has not yet been established, so route options have not yet been identified.

Yukon continued its efforts towards strengthening the business case for a feasibility study. In late 2004, Yukon Government commissioned railway economics consultants Charles River Associates Incorporated, of Boston, Massachusetts, USA, to conduct an assessment of the Yukon rail initiative. It is expected that the findings of this report will be released early in 2005.

**Port Infrastructure**

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

The Territory has long counted year round access to deepwater ocean ports among its most important attractants for investment in the mining industry. During the recent downturn in Yukon's mining industry, developments to accommodate additional cruise ship docking at Skagway may threaten that competitive edge. For example, although the foundation, ore-loading conveyor and support buildings remain on site, the facility has been removed.

While the Alaska Industrial Development & Export Agency (AIDEA) owns the ore-storage facility in Skagway, Yukon Government has signed a Memorandum of Understanding between the town of Skagway and the Government of Yukon in September 2001, which provides local political support for the continued retention of ore handling capabilities in Skagway. Although the true future effectiveness and value of this agreement is difficult to determine, it is apparently still in effect. Yukon Government had secured options to buy properties located in Skagway and in Haines for the future development of Port Access for the Yukon, which have both since lapsed.

In 1999, Yukon Government's Department of Economic Development commissioned Tait & Tait Consultants of Calgary, Alberta,

to undertake a study of the port access issue. Their report, entitled *Yukon Economic Infrastructure, Selected Issue Analysis* was issued in December 1999. The Board understands that Yukon Government intends to commission an update of this study.

**Electrical Transmission Lines**

Yukon's electric power generation, transmission and distribution systems are relatively undeveloped (approximately 130 MW total capacity) and are not connected to the North American power grid (Yukon Energy Corporation, 2001). Yukon's main transmission grid (138 kV) connects power generation facilities at Whitehorse and Aishihik with communities in Yukon between Whitehorse and Faro. A sub-transmission line (34 kV) extends south from Whitehorse to Carcross and Teslin. A new 69 kV line has recently been completed connecting Dawson to the Mayo hydroelectric facility. A potential line to connect the two grids (Carmacks to Stewart Crossing) is currently being assessed.

The potential for new sources of electrical power generation in Yukon, including hydroelectric, wind, natural gas and possibly coal, is considered to be favorable. Factors influencing expansion of Yukon's grid and the development of new sources of electrical power would primarily be driven by industrial expansion in the Yukon. The following map, which provides summary information about the capacity and the location of Yukon's power generation and distribution systems, is reproduced with the permission of the Yukon Energy Corporation.

Function of the Minerals Advisory Board (pursuant to the Economic Development Act)	YMAB Recommendation 2004	YMAB comment on progress to date 1st Quarter 2005
Geological, Geophysical & Geochemical Programs	<ol style="list-style-type: none"> <li>1. Minister of Energy, Mines and Resources in Yukon maintain a high profile for requests for funding from the federal government for geological, geochemical and geophysical programs in Yukon.</li> <li>2. Continue through the Technical Liaison Committee and other venues to review the effectiveness and delivery of the Yukon Geology Program.</li> </ol>	Continued excellent product and service.
Efficiency/Organizational Structure of Government	The Board review the efficiency of the post-devolution government reorganization.	The Board continues to review government efficiency. Clear communication difficulties still exists between internal government departments.
Reclamation Bonding	<ol style="list-style-type: none"> <li>1. Investigate alternative methods and facilities/instruments to secure reclamation liabilities.</li> <li>2. Develop framework for annual project review of reclamation and closure liabilities.</li> <li>3. Develop reclamation security release structure.</li> </ol>	Encouraging improvement shown especially in areas of key concern. Proposed changes not yet implemented.
A Note on Type II Sites	<ol style="list-style-type: none"> <li>1. Yukon Government move forward with federal government to initiate the abandonment process for appropriate type II sites in the Yukon.</li> <li>2. Exercise fiscal restraint by moving more expeditiously from care and maintenance to remediation and closure activities.</li> </ol>	Encouraging progress. Improvement in community perception, but some sites remain cost challenged.
Administration of <i>Yukon Quartz Mining Act</i> and <i>Yukon Placer Mining Act</i>	Ensure consistent administration of the acts and review them post devolution.	Mineral rights task force was successful at addressing many of these issues, follow-up required per recommendations.

**2005 Recommendations:**

The Board encourages the Minister and the Legislature to act on all the recommendations in this 2005 report, with special consideration being given to the following key recommendations:

- Continued focus on increasing the efficiency of the permitting/licensing process by 1) continuing to clarify the process for the implementation of YESAA, and 2) initiating a discussion with communities of interest with regard to the necessary restructuring of the administrative and policy framework to accommodate the requirements of YESAA, and continued focus on improving coordination between regulatory groups responsible for environmental assessment.
- Foster and encourage partnerships to support training opportunities and programs to increase the number of locally trained Yukoners to ensure greater employment of local people in the mining sector.
- Yukon Government should urgently and deliberately pursue further cross-jurisdictional discussions with respect to port access as well as a rail line to support industrial development requirements for the Yukon.
- Continue support for strengthening of relationships between government, industry interests and First Nations.
- Consult with industry and others to finalize the new reclamation and closure policy.
- Monitor developments in other jurisdictions with regard to map staking and consult with

industry to ensure that the sanctity of mineral title and the integrity of the free entry system is maintained.

- The Yukon government should continue to seek innovative ways to incorporate industry perspective in the reactivation, reclamation, and remediation of Type II sites.
- Continue to assist in the timely and full implementation of the new Placer regime.

**Industry Overview**

According to government sources, mineral exploration in Yukon increased dramatically in 2004 with estimated total expenditures of \$22 million, compared to approximately \$13 million spent in 2003. Approximately 60% of exploration expenditures were invested in gold exploration, 25% in base metal (mainly Zn, Cu, and Pb) exploration and 15% in the search for gemstones.

The total Yukon placer gold production in 2004 to the end of November, 2004 was 98,185 crude ounces, including approximately 20,000 ounces carried over from 2003 production. Approximately 500 people were directly employed at 163 placer mines in 2004. Most of the placer operations are small and family-run, with an average of 3 or 4 employees.

Over 90% of the Yukon's placer gold was produced in the Dawson Mining District. (KPMA pers com) By applying new placer exploration techniques, it is anticipated that additional placer gold reserves may be found in non-traditional, more complex geological settings in this and other districts. Application of contemporary geology/geomorphology models to

the discovery of new placer resources is vital for the long-term health of the Yukon's placer mining industry.

Hardrock gold exploration continued to be led by the search for intrusion-related gold deposits mainly related to mid-Cretaceous plutons in the Tombstone Gold Belt portion of the Tintina Gold Province.

Base metal exploration also mounted a significant comeback in 2004. The Finlayson Lake Volcanogenic Massive Sulphide District was the focus of renewed exploration after a lull of several years. The largest program in the district was conducted by Expatriate Resources (now Yukon Zinc Corporation) on their Wolverine Lake deposit. Exploration for colored gemstones, mainly emeralds, continued at significant levels in 2004.

The Yukon Minerals Advisory Board, in partnership with the Council of Yukon First Nations and the Yukon government, hosted the 2004 Yukon First Nations Mineral Exploration & Development Symposium on March 30 & April 1st, 2004. The Board considers this event as a crucial stepping stone towards engaging participation of First Nations in the mineral industry. The Board views the next focus to be community outreach to enhance awareness and to create more specific support for cooperation with our industry.

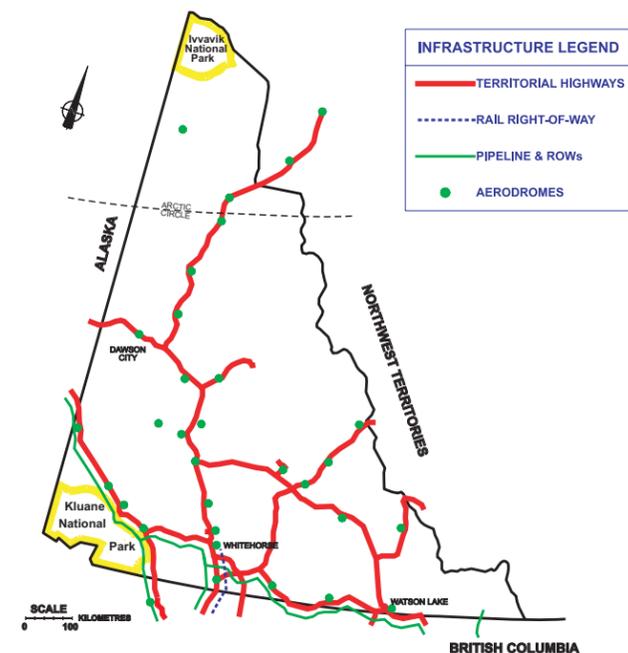
The Yukon Chamber of Mines hosted the 31st annual Geoscience Forum, and conducted a further review of the proposed YESAA regulations.

Yukon Mineral Exploration Tax Credit — Historical Uptake							
Revised Nov. 29, 2004 by EMR Mineral Development (Based on Figures provided by Finance Canada)							
Calendar Year YMETC Recognized	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Forecast 2003	Preliminary 2003	Forecast 2004
Eligible credit rate in calendar year:	22%	22%	March/April 22/25%	25%	25%		25%
T1-Personal Tax	95,898	104,473	86,374	113,278	125,000		200,000
T2-Corporate Tax	1,180,568	1,737,476	1,863,830	1,533,421	3,300,000		5,300,000
<b>TOTAL YMETC</b>	<b>1,276,466</b>	<b>1,841,949</b>	<b>1,950,204</b>	<b>1,646,699</b>	<b>3,425,000</b>	<b>2,562,000</b>	<b>5,500,000</b>
Estimated amounts claimed on Personal Tax Returns	435,901	474,878	356,180	453,112	500,000		800,000
Estimated amounts claimed on Corporate Tax Returns	5,366,216	7,897,617	7,685,897	6,133,684	13,200,000		21,200,000
<b>TOTAL ESTIMATED ELIGIBLE MINERAL EXPENDITURE</b>	<b>5,802,117</b>	<b>8,372,495</b>	<b>8,042,077</b>	<b>6,586,796</b>	<b>13,700,000</b>	<b>10,000,000</b>	<b>22,000,000</b>

**4. Improving the Potential for Producing Mines to Remain Viable**

**a) Access & Infrastructure**

Status of Infrastructure in Yukon  
Source: Government of Yukon, Transportation Engineering



### 3. *Ensuring Capital Investment Attractiveness for the Exploration and Development of New Mines*

#### a) *Enhanced Northern Credit*

The Board in 2004 investigated an enhanced Northern Credit to increase the attractiveness of exploration in the Yukon. The proposal of a Northern Credit is in response to balance and offset the added provincial tax credits provided by several of the Provinces to their residents. The Yukon and other Territories in Northern Canada are disadvantaged in this regard due to their small population. The Board reviewed correspondence on the issue from previous Mines Ministers Conferences and engaged in discussions with representatives of Prospectors and Developers Association and taxation persons within the Yukon Government.

The Board found that there is support for such an initiative by Mines Ministers of Yukon, Northwest Territories and Nunavut, with each seeking a common basis for such an enhanced northern credit for all three jurisdictions. Discussions with Department of Finance indicates that the process will be long and complicated requiring approval of both mines ministers and finance ministers; initially from the Territories and then the Federal and Provincial ministers. It was recognized that the Provincial Ministers may see the Northern Credit as predatory taxation and use the Tax Collection Agreement to block such an initiative. With the 15% Federal Investment Tax Credit coming to an end shortly, the likelihood of the Federal government in supporting a Northern Credit is diminished. The Board has determined that its efforts are better targeted at other initiatives.

#### The Board Finds and Recommends That:

##### Board Opinion:

1. The working group established by the Board has concluded that further work on this initiative is not warranted.
2. To the extent that Yukon government continues to press the federal government for further accommodation on other tax and investment related incentives, this Board stands ready to assist as appropriate.

#### b) *Yukon Mineral Exploration Tax Credit (YMETC)*

The Yukon government introduced the YMETC in 1999 as an incentive to help stimulate the mining exploration sector. The YMETC is a refundable corporate and personal income tax credit of 25% of eligible mineral exploration expenditures claimed by eligible individuals and corporations conducting off-mine-site exploration in the Yukon.

In early 2004, the Yukon Government extended the YMETC until April 1, 2007. One factor in this decision is the strong indication by companies that the YMETC positively influences their decision to invest in exploration in the Yukon. In addition, an extension beyond the usual one year provides the industry with better stability for planning and also allows for strategic marketing of this credit to attract future investment.

#### The Board Finds and Recommends That:

##### Board Opinion:

1. The majority of funds returned to applicants are reinvested in Yukon.
2. During periods of scarce exploration funding, the program has been successful in keeping companies in Yukon.
3. The "residency" issue, which is fundamental to qualification for the program, is confusing to companies.

##### Recommendations:

1. As noted in the 2004 report, the Yukon Government needs to clarify the "residency" issue.

## Recommendations related to functions of the Yukon Mineral Advisory Board

### 1. *Reducing Constraints on the Responsible Development of Minerals and Mines*

#### a) *Permitting Efficiency*

The Board supports sound environmental standards for the Yukon. The permitting process that has evolved to administer the statutory requirements for environmental protection must be made more efficient. The Board recognizes and applauds the Yukon Governments' effort to address the problem areas identified in last years' report. The Board acknowledges that Yukon Government has endorsed an Integrated Resource Management (IRM) philosophy as policy, and the Board embraces this procedure wholeheartedly. The Board is confident that an understanding of the IRM concept will be promoted at all levels of government.

In recent years, the Yukon has been considered a costly and potentially difficult jurisdiction for investors within the mining community due to the complexity and uncertainty of obtaining the requisite permits and licenses to advance a mineral discovery to development and production in a timely manner. It is critical that positive policy initiatives such as IRM succeed in improving this situation.

The Board remains concerned that the administrative processes associated with the introduction of the *Yukon Environmental and Socioeconomic Assessment Act (YESAA)* need to be meshed with timely development of appropriate regulatory administrative procedures between the various regulatory bodies. Yukon Government has been actively working with the new YESAA Board (YESAB) on

transition from YEAA. The Board applauds these efforts and urges YTG to continue to liaise with both industry and YESAB. The Board believes that it is now important for Yukon Government to turn its attention to its own internal regulatory

administrative processes which will be required to accommodate YESAA. It is imperative that government be clear and direct with respect to regulatory requirements, especially as projects progress from exploration and development through to production.

#### The Board Finds and Recommends That:

##### Board Opinion:

1. The smooth implementation of administrative processes related to the implementation of the *Yukon Environmental and Socioeconomic Assessment Act (YESAA)* is of paramount importance. The Board applauds recent progress but cautions that continued focus and attention is critically important.
2. Although progress is being made, the Yukon is not yet competitive relative to other jurisdictions with respect to the permitting process.
3. The IRM process, which introduces project champions and independent technical advisors to assist project proponents with the Yukon permitting process, is a significant step forward. The process for which the DM's of EM&R, ENV., and ECO are responsible and accountable is a significant step forward and needs to be supported and continued at all levels of government.

##### Recommendations:

1. EMR, ECO and ENV coordinate actions to shape the administrative procedures within their own departments to support the requirements of YESAA. Yukon Government needs to develop and implement a coordinated process for adaptive review of regulatory implementation of YESAA recommendations.
2. Ensure that required standards recommended through YESAA or the Water Board are not revisited under other required regulatory instruments or authorizations.
3. EMR, ECO and ENV continue to promote a regulatory paradigm shift away from the current prescriptive process-driven permitting process and toward a performance driven (standards and criteria) best management practices approach.
4. Ensure uninterrupted processing of projects through *Yukon Environmental Assessment Act (YEAA)* until YESAA Board and offices can effectively assess projects, regardless of implementation date.

**b) Reclamation Bonding**

Based on recommendations by the YMAB, the Yukon Government committed to adopting a revised reclamation and closure bonding policy before the end of 2004. Based on initial drafts, the Board views the revised policy to be more competitive and encourages work to continue in order to implement a policy that will provide increased certainty to the industry. The Board is confident that proposed security requirements will be more competitive and encourages further movement in this direction.

**The Board Finds and Recommends That:****Board Opinion:**

1. The Board recognizes that the issues of form and amount of security are being reviewed, and encourages further consideration in this respect. Posting of 100% cash collateral for bonding is a disincentive to investment and exploration in Yukon.

**Recommendations:**

1. Continue development and work diligently towards the implementation of new policies and procedures. Consult with Industry and others to finalize policy.
2. Pursuant to the 2004 recommendation by YMAB, a reclamation security release process is still required.
3. Investigate the implementation of a certificate of closure under the Yukon Waters Act.

**c) Abandoned Type II Sites**

The remediation of abandoned Type II sites was an identified concern of YMAB in the 2004 Annual Report. The Board would like to reiterate the importance of industry input to the development of remediation plans for abandoned Type II sites. Industry can be, and wishes to be, a part of the solution and in some cases can readily identify opportunities related to some sites. The Board continues to encourage the Yukon government to return Type II sites to active status.

**The Board Finds and Recommends That:****Board Opinion:**

1. The Yukon Government has moved significantly forward on issues surrounding Type II sites.
2. Yukon Government continues to have an ideal opportunity to set in motion a process to clean up environmental problems at selected Type II sites, and stem the long-term flow of maintenance dollars.
3. Protracted maintenance and closure activities at selected Type II sites continues to cast a negative image on industry.
4. Expedient remediation of selected sites may very well unlock asset values and renew investment by the mining industry in these important mineral districts.
5. Recognize that appropriate technical remediation and environmental stabilization expertise exists within the mineral sector.

**Recommendations:**

1. Strive to exercise fiscal restraint by moving expeditiously from care and maintenance to remediation and closure activities.
2. Yukon Government publish timelines and goals for all Type II projects.

The Board notes that during 2004, the Yukon government moved deliberately and significantly forward on the challenges related to Type II sites. It is a positive signal to the Board that First Nations now want to become involved in Type II remediation projects. It should also be noted that industry is implementing new technology and demonstrating that environmental stability can be achieved to not only safely close historic mine sites but also ensure that similar occurrences are avoided in the future.

**c) Mining Recorder Claim Database and Map Information Services**

Recently the Yukon Mining Recorders posted the NMRS claim database on their website along with an Interactive Claim Map in web-based GIS format and a link to the Yukon Spacial Data Clearinghouse. The database provides information on Coal Leases, licenses and Permits, Quartz and Placer claims. It is searchable by Mining District, Claim Name, Grant Number, Claim Owner, or Lapsing dates. The Interactive Claim Map will allow clients to view

claim data spacially and extract claim information. The Spacial Data Clearinghouse allows clients to obtain data and map shape files free of charge for incorporation in their GIS systems.

These web-based services are very useful tools for mining clients allowing instant access from the computer terminals. Having these services available via the internet will lessen the burden on Mining Recorders. The government is encouraged to provide more of these services on-line.

**The Board Finds and Recommends That:****Board Opinion:**

1. The Yukon is making good progress at providing online services and availability to geo-science data.
2. These services are useful to clients and lessen the burden on Mining recorder staff.
3. Some more work needs to be done to the website to make it easier to use and more stable.

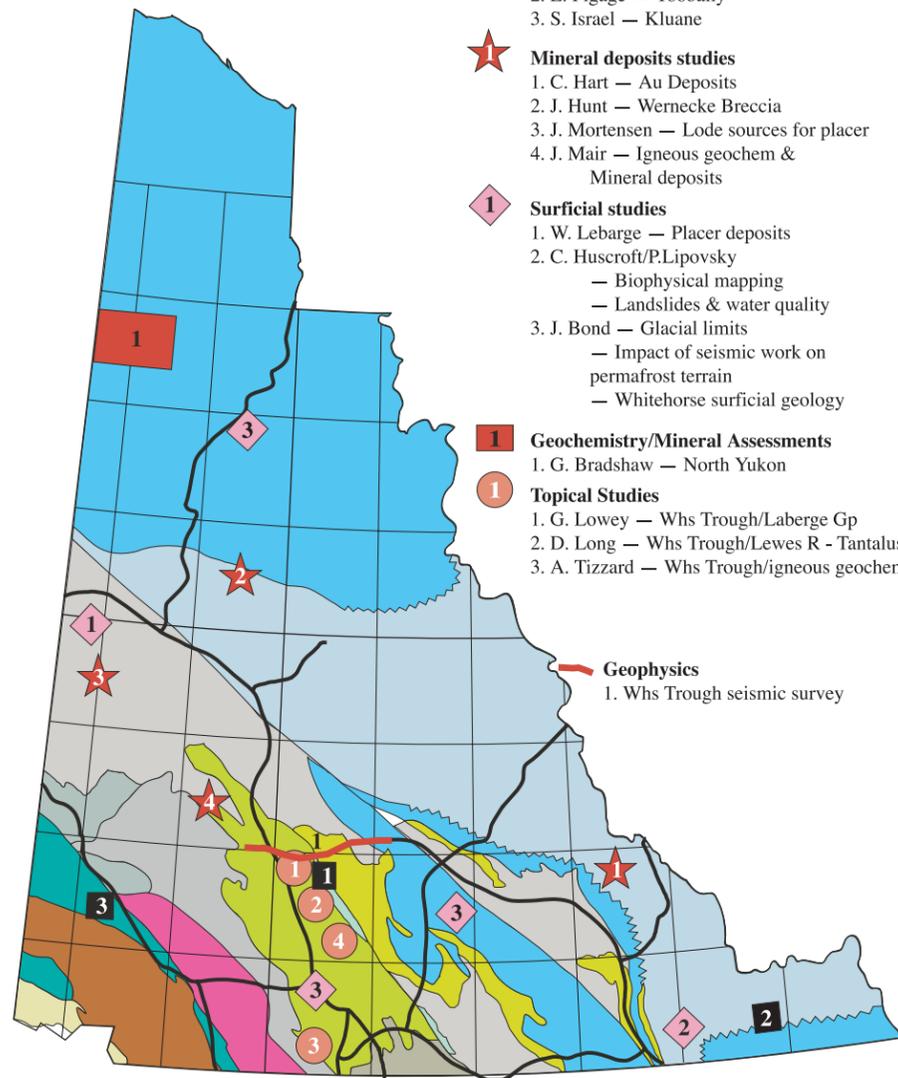
**Recommendations:**

1. The Yukon Government continue to look at ways to provide services via the internet, and to make these services more user friendly amongst First Nations.

**d) Industry Awareness of Yukon Opportunities**

The Board observes that several initiatives generated and supported by EM&R have been successful in increasing awareness of Yukon opportunities within the industry. Most interesting of these was a familiarization tour for analysts and other industry supporters in mid summer, as well as financial support to enhance the ability of prospectors to meet directly with potential investors at various trade shows. In addition, Yukon government was well supported at PDAC and has been pursuing new marketing opportunities both at home and abroad. This new proactive marketing perspective by Yukon government is encouraging and the Board hopes to see continued coordinated effort in this area in 2005

## 2004 Field Projects



**The Board Finds and Recommends That:**

*Board Opinion:*

1. Excellence of Yukon database is widely recognized.
2. Upgrading in Technology and Programs required to access data and utilize databases is being developed and this should continue.

*Recommendations:*

1. Continue through the Technical Liaison Committee and other venues to review the effectiveness and delivery of Yukon Geology Program.

**d) Administration of Yukon Quartz Mining Act and Yukon Placer Mining Act**

As per our recommendations in the 2004 Annual Report, a working group was struck to make recommendations for improved administration of the Acts. While the Board is encouraged by the work to date, industry needs to remain involved in any implementation of changes.

Industry recognizes that the positioning of R-Blocks on top of existing claims will have a negative effect on the mining industry. The Board encourages communication between all government departments with respect to this issue, particularly between ECO (Land Claims) and EMR (Mining Land Use Regulations).

**The Board Finds and Recommends That:**

*Board Opinion:*

1. Yukon Government has been much more responsive than DIAND on this issue.
2. Yukon Government has worked hard to eliminate inconsistent application of the Acts.

*Recommendations:*

1. The Board should continue to provide recommendations to Yukon Government to ensure that the system continues to be increasingly consistent and client friendly.
2. Yukon Government should generate a policy to ensure that R-Blocks are not placed over pre-existing mineral claims in good standing.

**e) Development of a New Regime to Manage Placer Mining in Yukon**

A "Record of Agreement" was signed in summer 2003 between the Department of Fisheries and Oceans, Yukon Government and Council of Yukon First Nations that establishes a process for developing a new regime to regulate placer mining.

Two committees were established to undertake this work: an Implementation Steering Committee (ISC) led by Senator Ione Christiansen; and a Working Committee (WC) directed by the Steering Committee. The new framework is to ensure that the important fishery values in Yukon remain protected while allowing the important economic activity of the placer industry to continue. It will also ensure that the interests and concerns of the First Nations are considered in the formation of the framework. The committees, which include Klondike Placer Miners Association, submitted an outline of the new regime framework to the

Minister of Fisheries and Oceans, the Honorable Geoff Regan in April 2004. The Minister agreed to the concepts, time frames and immediate consultations proposed in the outline and work progressed through 2004.

A presentation was made by the Working Committee to the Implementation Steering Committee in November 2004 to detail the progress over 2004 on the "New Regime" and at that time was instructed to move forward to a conclusion using the concepts presented.

The contribution of Yukon Government by its Ministers and staff cannot be understated, there has been a very strong commitment to see a fair and defensible regime created and there has been a consistent and high level of activity by Yukon Government on the project. Of particular use and effect have been Yukon Government staff who have added this task to an already full work load.

**The Board Finds and Recommends That:**

*Board Opinion:*

1. The Yukon Placer Industry is an important and integral part of the Yukon social and economic landscape.
2. The level of uncertainty in the Placer Industry is reduced by the work to date on the New Regime, however new investment is still lagging.

*Recommendations:*

1. Continue to support the ISC/WC at the highest levels of staff and funding to have the regime design completed and implementation begun by April 2007
2. Create a secretariat to support the implementation of and provide for the long term management of the regime.

**f) Background and Status of Regional Land Use Planning**

The process for undertaking regional land use planning in the Yukon is set out in Chapter 11 of Yukon First Nation Umbrella Final Agreement. It is a multi-party process involving the Yukon Land Use Planning Council (YLUPC), the Yukon Government, affected Yukon First Nations, and Regional Land Use Planning Commissions.

Of the 8 planning regions that have been identified by the YLUPC, three are in the midst of planning (North Yukon, Teslin and Peel Watershed). The North Yukon Planning Commission is scheduled to have a plan produced by the spring of 2006. The Teslin Regional Planning Commission is currently in the process of having new members appointed. The Peel Watershed Planning Commission has only recently been created and is working on development of a work plan, with a land use plan scheduled for completion in three years. The Yukon Government has also committed to proceeding with a fourth priority region (Northern Tutchone Council region), once a suitable planning boundary has been identified by the affected First Nations, recommended by the YLUPC and approved by all Parties.

As part of the nine-year review of the Implementation Plan for the Umbrella Final Agreement, YLUPC recently outlined its strategy for completing regional plans for the remaining areas of the Yukon over the next 10 year implementation period. Essentially, once the current four priority regions are planned (estimated by April 2009), they are suggesting that the next regions to be planned would be Dawson, the Whitehorse periphery, Kluane and the Kaska region (in that order).

**The Board Finds and Recommends That:**

**Board Opinion:**

1. There has been relatively little reported progress with respect to land use planning process since the 2004 report.
2. Uncertainty continues with respect to how the Land Use Planning process will affect or restrict mineral exploration.

**2. Increasing Mineral Exploration and Development in the Yukon**

- a) Yukon Mining Incentives Program (YMIP)

The Yukon Mining Incentives Program (YMIP) is designed to promote and enhance mineral prospecting, exploration and development activities in the Yukon. In the last 10 years this program has resulted in at least 10 significant discoveries, including new occurrences of beryl, gold and base metals. The program's function is to provide a portion of the risk capital required to locate and explore mineral deposits. The annual program is discretionary and reviewed each year in the government's budget. The program is open and available to all prospectors and exploration companies interested in exploring in Yukon.

The program contains four modules:

1. **Grassroots — Prospecting**  
Qualified prospectors may apply for a contribution of up to \$10,000 per year to cover basic operating expenses while searching for new mineral occurrences in the Yukon. 100% of approved expenses are reimbursed.
2. **Grassroots — Grubstake**  
Companies or individuals providing prospectors with a grubstake (basic operating expenses while searching for new mineral discoveries in the Yukon) may apply for a contribution of up to \$10,000 per prospector, per year. 75% of approved expenses are reimbursed.
3. **Focused — Regional**  
Individuals, partnerships or junior companies undertaking basic exploration work directed at appraising the potential of an under explored area may apply for a contribution of up to \$15,000 per year. 75% of approved expenses are reimbursed.
4. **Target Evaluation**  
Individuals, partnerships or junior companies undertaking basic exploration work directed at appraising the potential of an unevaluated occurrence or target may apply for a contribution of up to \$20,000 per year. The intent of this funding is to allow prospectors to evaluate new occurrences following discovery and to prepare them for option or sale. 50% of approved expenses are reimbursed.

Applications for YMIP grants are submitted annually (usually due March 1<sup>st</sup>) and evaluated by qualified personnel in the Mineral Development Branch of Energy, Mines and Resources. Strong competition for the grants has resulted in a substantial increase in the quality of the applications received in recent years. A comprehensive report on each grant program is a condition of receiving the grant. These reports become public after a period of two years.

The 2004/05 budget for contributions is \$828,000. 47 projects were approved for a total value of \$1,046,500 in contributions. However each year a certain percentage of applicants either withdraw or do not complete their projects. Based on recent years' expenditures, we are forecasting that expenditures will actually total around \$769,500. This total is at least \$40,000 greater than last years' expenditures.

**b) Geological, Geophysical & Geochemical Programs**

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

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

In this past year, public computer workstations have been installed in each Mining recorders' office as well as in each public library in the Yukon. In addition, YGS offers periodic public seminars describing the use and application of the Map Gallery interactive map server.

**The Board Finds and Recommends That:**

**Board Opinion:**

1. The program continues to be successful in stimulating prospecting and exploration activities in Yukon.
2. Due to competition for grants, the quality of applications and proposed projects has improved.
3. First Nations are underrepresented as recipients of YMIP grants.

**Recommendations:**

1. Continue to fund the YMIP in the amount of at least \$700,000 annually.
2. Monitor and adjust the balance between the various categories offered within the program based upon industry conditions.
3. The Yukon government should increase awareness of YMIP funding amongst First Nations.