

ANNUAL REPORT

2011

Yukon Minerals Advisory Board



Overview

The Yukon Minerals Advisory Board (YMAB) 2011 Annual Report outlines the collective recommendations of YMAB regarding the challenges and opportunities facing the territory's mining industry today.

YMAB is firmly committed to its advisory role to provide Yukon Government with sound recommendations to help the industry achieve competitiveness and sustainability that enhances the well being of all Yukon residents and extends across all economic sectors.

Yukon metals, minerals and mining expertise continue to make a significant contribution to the social betterment and economic foundation of the territory.

It is the board's view that our traditional economic paradigm of 'boom and bust' no longer need be the reality. As global demand for resources and technological expertise grows, the potential exists to elevate our territory's mining industry to that of world leader.

In 2011, exploration expenditures surpassed a record high \$300 million and mineral production expenditures reached \$485 million compared to \$46 million in 2006.

In addition, the Yukon's three producing hard rock mines directly employed 930 at their mine sites alone and the associated professional, technical and service and supply sectors supporting the industry employed thousands.

YMAB is encouraged by the positive developments in the territory's mining and exploration industry over the past year and commends Yukon Government on its support of the industry.

The mining and exploration industry continues to face a number of challenges however. In this report, YMAB has chosen to re-emphasize **five key concerns** that have the potential to diminish the territory's mining and exploration investment climate, which enables and encourages the responsible and sustainable development of the Yukon's mineral resources.

Those issues are:

- 1. Regulatory Uncertainty**
- 2. Access to Land**
- 3. Resource Revenue Sharing**
- 4. Access to Energy and Infrastructure**
- 5. Availability of a Skilled Workforce and Access to Housing**

These five key issues will be familiar to Yukon Government, as they have been highlighted in the past three YMAB Annual Reports. With this year's submission, access to land is once again of particular concern to YMAB as it affects all other aspects of the industry.

YMAB appreciates this opportunity to provide Yukon Government with input and looks forward to working with both Yukon Government and communities in the coming year.

Regulatory Uncertainty

YMAB is encouraged that the first phase of the Licensing Process Improvement Initiative (LLPI) to address industry's concerns regarding regulatory challenges is complete and that Yukon Government has begun to prioritize and implement process improvements to help harmonize and streamline the regulatory process.

YMAB will continue to provide input to this process.

The continuation of the Major Mine Coordinating Committee to provide strategic direction on the management and administration of active mine licenses is also viewed as positive.

YMAB firmly recommends that Yukon Government continue its work to mitigate uncertainty and clarify the roles and jurisdictions of the Yukon Water Board (YWB), the Yukon Environmental and Socio-economic Assessment Board (YESAB) and Energy, Mines and Resources' Quartz Mining Licenses (QML).

YMAB is encouraged by some of the progress made in the coordination and harmonization efforts to date. However, it is imperative that Yukon Government continue to assist companies facing cumbersome regulatory processes when expanding or modifying existing operations or facing reassessments for projects that have already been permitted.

Additional work is required with YWB, YESAB and QML to harmonize their activities to meet the increasing demand for project assessment and licensing. The board recommends that additional, more experienced staff will lead to better defined timelines and guidelines for project review.

The Yukon Government should continue to work to ensure that the Yukon continues to be favorably ranked as a preferred investment destination for mineral exploration and development. It is key that industry has access to the investment capital required to advance new discoveries. Large investment funds continue to express concern regarding timelines for advancing projects through the environmental assessment and regulatory phases of permitting in the Yukon.

YMAB recognizes that there is significant pressure on First Nation governments regarding their participation in the Yukon Environmental and Socio-economic Assessment Act (YESAA) process. YMAB encourages Yukon Government to support Yukon First Nations in their requests for financial support from the federal government so that they may effectively participate in YESAA reviews.

Canada's Budget 2012 proposed a Responsible Development Plan for all of Canada with a 'one project, one review' system with clear timelines and process consistency, while protecting the environment and strengthening government consultation with Aboriginal peoples.

This 'plan' appears to emulate the YESAA model – the innovative, Yukon-made 'one-window' approach to the development assessment process.

It is crucial that the signatories to the Umbrella Final Agreement (UFA) – Canada, Yukon and the Council of Yukon First Nations – uphold the intent and objectives of YESAA.

Failure to ensure regulatory certainty will rapidly erode confidence and subsequently investment in the Yukon's mining and exploration industry as the investment community is highly sensitive to project delays and other permitting difficulties.

Access to Land

YMAB is highly encouraged by Yukon Government's position regarding the *Final Recommended Peel Watershed Regional Land Use Plan* and commends the government in its efforts to achieve a final plan that accommodates a variety of sectors and land uses in the region – including mining exploration and development.

YMAB supports Yukon Government in its efforts to modify the recommended plan and appreciates its recognition of industry's socio-economic contributions to the territory, which were inadequately reflected in the Peel Watershed Planning Commission's process and plan.

YMAB supports and encourages industry's participation in the public consultation process anticipated for the spring of 2012 and encourages Yukon Government to provide support for industry representatives to participate in a direct dialogue with the parties to the plan.

In addition, YMAB acknowledges the government's response to last year's board recommendation to extend the withdrawal from new staking for lands within the Peel Region to September 4 of this year and the relief of assessment work of existing mining claims for one full year, providing claim holders some respite while critical issues in the recommended plan are addressed.

As the Dawson Land Use Planning Commission has commenced its work and five more land use plans in the territory have yet to begin the process, **YMAB recommends that Yukon Government consider developing a territory-wide policy for land use planning that would clearly identify the objectives for socio-economic development and set thresholds for the conservation and protection of Yukon lands.**

YMAB encourages Yukon Government to re-examine the mandate, direction and parameters of land use planning commissions to ensure a balanced approach that recognizes and respects all economic sectors and all land users and takes into account environmental, cultural,

social and economic considerations. YMAB notes that the Dawson Region is a historic and significant mining district and recent discoveries in the region are leading to increased exploration with potential mine development.

It is imperative that the contributions of mineral exploration are recognized and that the perspective of industry is 'heard' by the Dawson Land Use Planning Commission so that a balanced approach to mine development and land access be presented in the plan from its outset – one that does not create divisiveness within our community and strain industry and Yukon First Nations relationships.

Resource Revenue Sharing

YMAB commends Yukon Government for its work last summer to amend the resource revenue sharing agreement with Canada and negotiate a new, increased cap for royalty funds that are available for resource revenue sharing.

As resource development increases in the territory, the improved net fiscal benefit will increase the Yukon's own source revenue and the revenue it can share with Yukon First Nations.

YMAB also recognizes Yukon Government's participation with the Council of Yukon First Nations and Yukon First Nations in this past April's Yukon Forum – the first to be held since September 2009.

YMAB recommends that Yukon Government continue to work with Yukon First Nations to address the issues and concerns they share as governments and to support them in their financial and implementation discussions with Canada.

YMAB looks forward to the progress report that Yukon Government will provide to the Council of Yukon First Nations and Yukon First Nations at the next Yukon Forum planned for the summer of 2012.

Access to Energy and Infrastructure

YMAB re-emphasizes its previous recommendation that Yukon Government find a long-term solution to the territory's limited available energy by pursuing options to connect the Yukon's power grid to BC and Alaska.

YMAB also awaits progress regarding the development of Eagle Plains natural gas fields and the review of options around Liquefied Natural Gas (LNG) to help remove the burden on the Yukon's existing electrical grid and allow existing and future mining development projects to become reality.

The current instability of the territory's electrical grid affects all sectors of the economy and continues to diminish the Yukon's competitiveness on the national and international stage.

YMAB recognizes the work Yukon Government has completed regarding the Independent Power Production (IPP) Policy and Net Metering Policy and looks forward to reviewing and commenting upon the draft policies. YMAB recommends that these policies be provided for comment and be implemented expeditiously to allow for the growth and stability of the Yukon's energy capacity and subsequently, for the growth and stability of the Yukon's mineral development industry.

Regarding other infrastructure needs, the Yukon was once a leader in connectivity and the provision of broadband access in both

Whitehorse and the communities. In recent years, this infrastructure has not progressed at a relevant pace with the rest of Canada and the world's emerging economies.

The mining industry is increasingly reliant on technology as it continually reduces its 'footprint' and impacts on the environment. The lack of connectivity in rural Yukon – where most mining exploration and development takes place - is continually diminishing the industry's global competitiveness and ability to use innovation and technology in its activities.

YMAB firmly recommends that Yukon Government work to improve the Yukon's communications infrastructure so that the mining industry can better utilize the industry's constantly developing technological innovations.

The board recognizes Yukon Government's continued upgrades to the Robert Campbell Highway, upgrades to the North Canol Road, continued work on the Atlin Road, improvements to rural aerodromes and continued funding for the Resource Access Roads program.

YMAB also commends Yukon Government on its work on the Resource Access Roads policy and looks forward to the announcement of a clear policy outlining procedures that support the industry through road development, upgrades and maintenance.

Availability of a Skilled Work Force and Access to Housing

In order for the territory to be adaptable and sustain its growth for the benefit of all Yukon residents and communities, **YMAB firmly recommends that a coordinated, collaborative approach be adopted by Yukon Government regarding mine training and technology development in the Yukon** – one that includes industry, governments, Yukon College and its proposed *Centre for Northern Innovation in Mining (CNIM)*, the Yukon Mine Training Association and communities.

YMAB recommends that Yukon Government support a long term and stable funding solution for mine training and technology development that:

- Trains Yukon residents to be able to access skilled and well-paid industry employment opportunities and help them transfer within the workforce from entry-level and service positions to more highly skilled jobs.
- Attracts workers that are already educated, yet not trained with the skills industry requires.
- Provides Yukon-based, mining-specific trades and programs that are relevant to the industry (vs. the construction trades).
- Expands programming so that students can complete their industry-related training and education in the territory.

- Links industry employment opportunities with trained students and training opportunities.
- Coordinates industry, related training organizations and communities.
- Provides support to the Yukon Research Centre for industry applied research and technology development to maintain and enhance industry's competitiveness and help reduce its footprint.

A major impediment in the attraction of skilled workers to the Yukon is the lack of available housing in the territory. YMAB recommends that Yukon Government examine housing options that involve the private sector, municipalities and Yukon First Nation governments.

YMAB supports the work Yukon Government is undertaking with the City of Whitehorse in addressing the needs for accessible housing.

In addition, YMAB eagerly awaits the Yukon Government's 'needs analysis report' anticipated this summer. This report outlining available land and housing stock throughout the territory is of critical importance and YMAB looks forward to action and strategic investments by Yukon Government to address housing needs in the Yukon's growing economy.

Yukon Minerals Advisory Board

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*The Bellekeno East Decline Development
Photo Courtesy of Alexco Resource Corp.*