

Canada's Territories

Exploring the mining landscape in Canada's North

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Cover photo: Aerial view of the Eagle Gold project located within the 100% company owned Dublin Gulch property in central Yukon, courtesy of Victoria Gold Corp.



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Canada's North

Committed to growth despite a global mining turndown

Canada's Territories bear witness to very different historical backgrounds; from the Klondike Gold Rush in 1896 that led to the establishment of Yukon in 1898, to Nunavut that only became a Territory in its own right as recently as 1999. Extreme weather conditions are however, a unifying factor, with temperatures dropping to as low as -50°C with only a few hours of daylight in the winter, to summers where the sun hardly sets on the vast landscape. Over the last few years, the cyclical nature of the mining industry in Canada's North has been as extreme as the seasons. In 2008, the North, especially Yukon, the most developed of the three Territories, experienced what seemed to be a second gold rush, with the exploration industry booming.

However, since 2013, there has been a halt in exploration and a general contraction in the industry. "Mining business in the North is vibrant, however, for early-stage projects that are being conceptualized or under exploration, junior companies are experiencing difficulty in securing investment to forward their projects," said Brent Thompson, president, mining and minerals for Tetra Tech.

Just as the population of Canada's Territories is resilient during the cold winter months, the mining industry remains buoyant despite the downturn. "The development of the global mining industry continues to be suffering for reasons that range from capital cost blowouts to project viability. As a consequence financiers are concerned, and there are not as many projects moving forward to production as they might have done during better financial times. Regardless, the industry is busy preparing itself for a resurgence and there remains a huge interest in northern Canadian prospects including Yukon, the Northwest Territories and Nunavut," said Jay Collins, president of Merit Consultants International.

This report will examine each of Canada's three unique Territories and their exploration and mining sectors, each of which displays its own characteristics and individual challenges.



Drilling at Wellgreen PGM-Ni-Cu project. Photo courtesy of Wellgreen Platinum.

Yukon is the most developed of Canada's Territories and has a rich mining heritage and an efficient regulatory framework. While 2013 has been a tough year, with GDP growth at 1.3% down from 3.3% in 2012, the mining sector continued to perform well and mining, quarrying, and oil and gas extraction rose by 8%.

Mineral Wealth

With a population of just over 36,000 in a land area of 482,443 km², Yukon boasts a wide variety of mineral wealth. John McConnell from Yukon Mining Alliance (YMA) said: "Historically, Yukon has been renowned as a gold district, in large part because of the Klondike Gold Rush of 1898, but the Territory also hosts large deposits of silver and base metals such as copper, lead, zinc and tungsten. Yukon's mining sector is vital to the province's economic development accounting for 18.8% of the Territory's GDP in 2012." The importance of the success of individual projects is also

evident as one big project can have a great effect on the wider economy. As Paul West-Sells president and COO of Western Copper and Gold said of its Casino mine: "It will likely increase the province's GDP by 15% to 20% and over the life-of-mine will add \$10 billion to Canada's GDP."

While gold has been at the forefront of the mining industry in Yukon, there is renewed interest in other mineral potential. One interesting example is the Wellgreen project, a platinum group metals (PGM) resource being explored by Wellgreen Platinum. "There are very few major PGM resources outside of southern Africa or Russia and the sheer size of the resource at Wellgreen makes it a world-class PGM deposit. The resource also contains significant nickel and copper, which will factor in favorably to the overall economics," said Greg Johnson, president and CEO of Wellgreen Platinum.

The presence of Tungsten, as much for its global rarity as for its specialized application, further makes the case for Yukon's



Hon. Currie Dixon, Minister of environment and economic development, Yukon.



Hon. Scott Kent, Minister of energy, mines and resources, Yukon.

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Greg Johnson, president and CEO of Wellgreen Platinum.



John McConnell, director, president and CEO of Victoria Gold Corp.

mineral wealth. "Tungsten is a rare commodity and there is a shortage; we can sell all we produce and more. The biggest users of tungsten are the expanding aerospace and automotive industries," said Allan Krasnick of North American Tungsten Corp.

As mining continues to grow and develop in Yukon, so does the tension between those who wish to get the wealth out of the ground and those who want to keep the Northern American pristine landscape and unique cultural heritage in place. This has led to the development of a very unique regulatory landscape, which strives to please both sides of the spectrum.

Regulation

Since the Territory's devolution that commenced in 1993 with the signing of the Umbrella Final Agreement between the Canadian government and the Council of Yukon First Nations, Yukon has been leading the Northern Territories in the development of a social-sensitive regulatory regime. "Yukon is starting from a strong position; it has devolution and land claims in place and a different system of government compared to other jurisdictions in the North," Yukon's minister of Environment and Economic Development, Hon. Currie Dixon said.

With 14 different Yukon First Nations and people of aboriginal descent representing 25% of the province's population, Yukon is home to a number of unique traditions and regulations. Yukon has set the standard for establishing land claim agreements that enable First Nations' self-governance and formally recognizes their legal rights to their lands.

For any mining operation to take off there have to be unique agreements with First Nation governments and the mining company involved. North American Tungsten Corp. has firsthand experience in setting up such tailored agreements. "The environmental co-management agreement is unique, and

it incorporates the concept of an environmental license as an important document issued by the First Nation. Our deeper planning will include important contributions and involvement of the Kaska. Our company has had a long-standing three-generation relationship with the Kaska Dena First Nation and we wish to maintain the goodwill between both parties," said director Allan Krasnick.

Developmental corporations have been established by and for First Nations that encourage collaboration between First Nation communities and mining companies, ensuring sustainable and responsible use of labor and mineral resources through legislation such as the Yukon Environmental and Socio-economic Assessment Act. The government of Yukon has established one board, YESAB, to assess the impact of projects and activities on the Territory.

Recognizing the importance of the mining sector, the Yukon government spends more per capita on direct financial incentives for mining exploration than any other Canadian jurisdiction. The Yukon Mining Incentives Program, that provides a portion of the risk capital required for prospectors to explore, has been allocated funds of almost C\$800,000. However, exploration incentives are not the only matter of concern as mining operations in the isolated North still tend to face more significant costs than elsewhere.

Infrastructure: Roads and Power

Infrastructure in the North still remains the biggest challenge for the mining sector, as operations are costly and the development of road, rail, and power, a lengthy process.

This government spending will go mostly to the development of the Three Gold road and Nahanni Range road leading to Kaminak Gold's Coffee Gold project, Western Copper and Gold's Casino project and Selwyn Resources' Chihong lead-zinc project, as well



Photo courtesy of North American Tungsten Corp.

as to the upgrading of the existing Klondike Highway. This is welcome news for miners who have become used to bearing expensive transportation costs. "Trucking and shipping in the North remains Castle Rock's single biggest cost. In 2014, we have seen lower prices from the construction industry and it will be interesting to see for how long that line of pricing will be sustainable. High transportation costs have to be incorporated into pricing, otherwise a business cannot remain viable," said Ted Danyluk, vice president of Castle Rock Enterprises, a Whitehorse-based construction company.

Yukon is situated near deep-water ports; Skagway and Haines, Alaska, allowing for easy access to key shipping routes. Grid connectivity and access to roads is a game changer for mines in the North that are already drumming up high exploration and operation costs and project viability is more often than not more closely correlated to the access to infrastructure than to the value of the asset

itself. John McConnell, director, president and CEO of Victoria Gold Corp., and its Eagle Gold project in Yukon explained: "Some parts of Yukon, Nunavut and the Northwest Territories are isolated, but Dublin Gulch (where the Eagle Gold project is located) enjoys good infrastructure. The benefit to Eagle in terms of lower capital and lower operating costs are very attractive and affords a significant competitive advantage. This, in part, enables Eagle to compete on an attractive return basis with several comparable more southern projects currently in production."

While powering the mines remains a costly challenge, Yukon is powered by clean hydro, with diesel generation serving as emergency backup and to meet peak demand during the coldest months of the year. However, following the temporary shutdown of Alexco Resources' Bellekeno mine, Capstone Mining's Minto mine is currently the only mine in Yukon connected to the grid. Similarly to the rest of the North, Liquefied Natural Gas (LNG) is becoming increasingly attractive as a short to medium-term replacement for diesel generation at mining sites.

Exploration company Wellgreen Platinum is typical of many Yukon miners that are currently examining their options. "Our site is 100 km distant from existing hydropower, and one favored option is to build a power line and connect to the grid. The Yukon government is actively exploring options for expanding the grid and we may be in a position to benefit from decisions in this regard. The most likely option, at least in the nearer term, is LNG, which is definitely coming to Yukon. We have signed MOUs with groups developing neighboring LNG facilities as well as with General Electric for the supply of LNG power infrastructure and systems. It is likely that LNG will be the base case for our next study. Arguably, LNG trucked in will be our initial power source, and as the project develops, it is likely we will connect to the grid," said Johnson of Wellgreen.

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The Northwest Territories

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Field logging of RC till sample. Kennady Diamonds program. Photo courtesy of Aurora Geosciences.

Despite the tough times that juniors are currently experiencing, mining has been the economic backbone of the Northwest Territories for almost 80 years and its legacy continues as the industry contributes to over 25% of the GDP directly and is the largest private sector employer. Mining employs more than 2,000 people, including a substantial number of aboriginals. In 2013, GDP grew 1.9% in the Northwest Territories, which is equal to the growth the Territory saw in 2012.

Diamonds

Known for its diamond reserves, mining and production of this pre-

cious stone increased 6% in the Northwest Territories in 2013. “In terms of resource potential the Northwest Territories has always featured prominently in the top few jurisdictions. The Northwest Territories currently produces close to 15% of the world’s diamonds by value,” said the Northwest Territories’ government minister of Industry, Tourism and Investment, Hon. David Ramsay. Its reserves are of top quality, as explained by Patrick Evans, president and CEO of Kennady Diamonds, who operates the Kennady North project close to Mountain Province Diamonds and De Beers’ joint venture Gahcho Kué diamond mine: “The highest grade can be found in Russia (8 carats/mt). There



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Mike Power, CEO of Proxima Diamonds.



Winter geophysical exploration camp on the Barren Lands. Photo courtesy of Aurora Geosciences.

are also similarities between Kennady North and Gahcho Kué in terms of the quality of the diamonds that have been recovered. However, Kennady North has a higher grade and better quality."

In this same area, Proxima Diamonds is also encouraged by data obtained by preliminary studies. "The company's assets consist of 16 claim blocks covering 178,000 acres in an area extending from the Ekati mine in the north to the Gahcho Kué deposit," said Mike Power, CEO of Proxima Diamonds. "We believe that the greatest value in diamond exploration is realized when the discovery of a diamond bearing kimberlite is made. Our strategy is to concentrate on this phase of the business by capitalizing on our database to generate exploration targets, and by using our experience and expertise to define and test drill targets."

Over the last 16 years, diamond mines in the Northwest Territories have generated close to \$10 billion in business contracts, of which over \$4 billion have benefitted aboriginal-owned businesses. As Gary Vivian, president of Aurora Geosciences, said: "Diamonds are one of the few commodities that is still generating positive market sentiments."

Although diamonds are the backbone of mining industry, the Northwest Territories' mining potential also includes precious and base metals, rare earth elements and more. There are exciting advanced exploration projects that may lead to mines in the near future. Minister Ramsay said: "In the mining sector, the Northwest Territories has significant opportunities other than diamonds and we want to try and diversify our portfolio. The Northwest Territories is very interested in seeing new mines open. There is significant exploration for gold in and around Yellowknife. The Northwest Territories has a mining heritage and the resources, and all that we needed was a strategy to help us attract more investment into the Northwest Territories."

Devolution

First Nations regulations in the Northwest Territories differ from those of Yukon. On April 1 2014, land and resource management responsibilities in the Northwest Territories were devolved to the government of the Northwest Territories, mirroring federal regulations but in a system that better meets current administrative, industry and legal requirements.

Though devolution in the Northwest Territories has taken place relatively peacefully, there are some ripples in the devolutionary pool. One point of contention has been the creation of the new Mackenzie Valley Land and Water Superboard, which requires the inputs of four land and water boards that administer the Gwich'in, Sahtu, Wek'eezhii and Mackenzie Valley jurisdictions. As Gary Vivian, president of Aurora Geosciences, said: "Industry is worried how communi-

ties react due to the new Mackenzie Valley Land and Water Superboard that will be based in Yellowknife. This Superboard will now determine the issuance of permits in areas where permits used to go through the Sahtu or Wek'eezhii land and water boards. Devolutions have been peaceful overall, but some aboriginal groups have tried to take the federal government to court over the Superboard."

The devolution of power from the federal government to the territorial government aims to provide new opportunities for Northerners to work together to manage the Northwest Territories' land, water and natural resources. In this framework, resource revenues will be shared according to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement. These coincide with Impact and Benefits Agreements between developers and the impacted aboriginal community and stipulate the terms of employment and economic benefit throughout the mining operations. While devolution has been

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Moving core samples at Avalon Rare Metals' Nechalacho camp at Thor Lake, Northwest Territories. Photo courtesy of Avalon Rare Metals Inc.



Donald Bubar, president and CEO of Avalon Rare Metals Inc.

peaceful, the fact that the Northwest Territories is still in a development phase as far as governance is concerned, it is likely that there will be a few "trial-and-error" agreements in the future. This may slow down the pace of the development of the mining sector in the short-term, but as these problems are ironed out, mining in the Northwest Territories holds undoubted potential.

Infrastructure and Investment

In the coming years, the Northwest Territories will need major investments in infrastructure if it is to keep up with Yukon, its western neighbor. "Nearly all areas of the Northwest Territories have infrastructure challenges," said Donald Bubar, president and CEO of Avalon Rare Metals Inc. This is the case throughout the Territories and, the government of the Northwest Territories plans to spend \$600 million over the next decade to improve the Territory's all-season roads,

highways and bridges as well as its marine and airport infrastructure.

As far as the Territory's energy infrastructure is concerned, hydropower generation could be a game changer in the region enabling operating mines in the region to move away from diesel generators to renewables. "The Government of the Northwest Territories has a strategy to invest in expanding hydropower generation capacity and the transmission grid in the North to provide lower cost energy to consumers north of Great Slave Lake," said Bubar.

Fortunately, the transition to low cost and environmentally friendly energy generation will not be limited to consumers north of Great Slave Lake. As mapped out by the government of the Northwest Territories, an Energy Action Plan is to be rolled out over the next three years, which represents investments of over \$31 million. Apart from hydropower, the development of solar, wind and biomass energy facilities will be central to this action plan.

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Nunavut

Canada's newest territory brims with potential



Aerial view of North Country Gold's 100 person Hayes Camp. Photo courtesy of North Country Gold.

While the Northwest Territories often claim the title of "Canada's last frontier," Nunavut is truly the lesser explored of all three Canadian territories. With limited accessibility, a sparse population and with extreme temperatures that often drop below -50°C during the winter months, mining in Nunavut is certainly an adventure only undertaken by the brave.

Growing Pains

As the new kid on the block, having only become a Territory as recently as 1999, Nunavut has faced difficult economic times. Initially, money was poured into the newly established Territory by institutions of public government. However, the Territory stood in icy shock as it saw all three of its first operating mines close, with no prospective private players lining up to take over and take the lead in the industry.

In 2013, Nunavut's GDP grew by 10.5%, which is almost 10% more than growth in 2012. Mining, quarrying, and oil and gas extraction, including support activities, rose by 16%, contributing greatly to the Territory's impressive growth, albeit from a lower base. Nunavut has a population of about 35,000 people and remains one of the world's most sparsely populated regions, however since 2009 population growth has exceeded the 2% mark.

A hindering factor in all three Territories, but especially in this last mining frontier, is a lack of geological data available for potential investors. Gary Vivian from Aurora Geosciences draws a comparison amongst the three Territories: "I would say that Yukon in general is fairly well mapped, the Northwest Territories are pretty poorly mapped and Nunavut is very poorly mapped. There is a

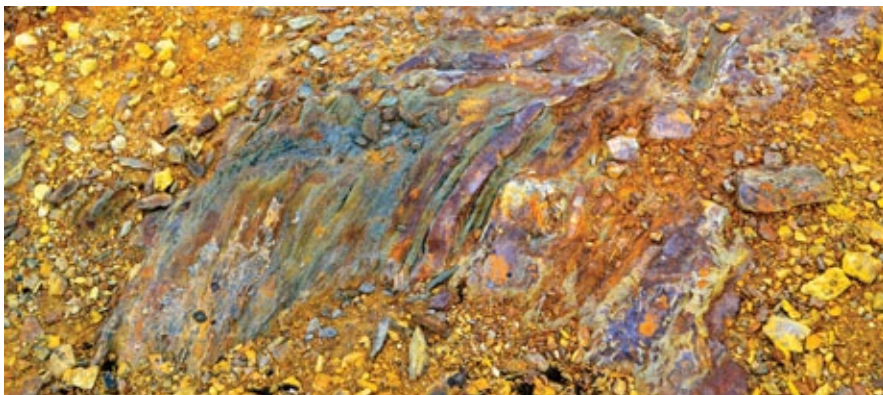
significant onus on the governments to make sure that more geological data in the North is available to investors. The Geological Survey of Canada (GSC) and the government of the Northwest Territories have tried to keep up their mandate of building up the geological database but funds are terribly lacking. We have been very clear with the governments that it is not their responsibility to find deposits, but it is their responsibility to have a

map and data well documented. The Northwest Territories and Nunavut are not well enough documented."

Today, however, there are many silver linings as the past decade of investment is finally starting to pay off. Two mines are currently operating in Nunavut; the Meadowbank gold mine and the Mary River iron project. There are also positive signs of returning explorers through juniors like North Country Gold with

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Gossanous gold bearing iron formation at Three Bluffs Discovery outcrop. Photo courtesy of North Country Gold.

its vast gold potential on the greenstone belt at Three Bluffs, as well as Sabina Gold and Silver's Back River gold project.

The Mary River iron ore mine, is a good example of Nunavut's unique experience with accelerated growth alongside downside risk associated with softening commodity prices and an overall global mining slump. Owned 50% by ArcelorMittal and 50% by Nunavut Iron Ore, Mary River finally started production this year after 50 years of talks. However, the project has been scaled back significantly from a planned C\$4 billion rail and port project to a C\$740 million expenditure. This meant cutting out the development and construction of a railway and the inlet port and producing less iron ore, but cutting down on the timeline of starting up operations.

Another challenge will be structuring impact benefit agreements with the Inuit population of Nunavut. There is however positive signs on this front as the Mary River project brought benefits of C\$20 million to the Qikiqtani Inuit Association (QIA) over the last year, mostly from land leases and royalties.

Being at such an early stage of development, the Territory has a lot of catching up to do in terms of socio-economic performance if it is to afford the Nunavummiut the same level of well being as the majority of Canadians enjoy. Housing for the local Inuit community remains a challenge that the other two territories do not struggle with to such an extent. Increased benefits from the two current operating mines and potential mines in the future will aid greatly in solving this problem. The mining sector will again play a pivotal role and, with a number of projects moving closer to development, it has the potential to create a large number of jobs in the near future.

Gold Exploration

Increased exploration activity is much needed for Nunavut to pull through and vie for

investment attention from its western neighbors. "The resource endowment, fully settled land claims and clear permitting regime all speak to Nunavut's jurisdictional attractiveness. It is certainly a pro-development Territorial government; they want responsible development in the Territory. This is backed by the federal government's prioritization of resource development as well. It is clear that mining is a high priority in Canada's North," said Rob Pease, president and CEO of Sabina Gold and Silver, owners of the Back River gold project. "Located in Nunavut, Back River has evolved from a curious gold occurrence to one of the more interesting gold deposits in Canada, if not globally. Back River now stands at 7 million oz. of gold discovered across all categories, but perhaps more significantly, 5.2 million oz. of those 7 million oz. are now measured and indicated," he added.

Such results help attract attention to the Territory. North Country Gold (NCG) might also have found the golden ticket with their Three Bluffs project. Brian Budd, president and director of North Country Gold elaborated: "Since the discovery of the 300 km greenstone belt in Nunavut 18 years ago, the work we have done on the large land package indicates that the Three Bluffs gold deposit holds excellent mineral potential. Three Bluffs remains North Country Gold's main focus and currently hosts a combined open pit and underground resource of 4.30 million mt at 4.91 g/mt gold for 683,000 oz gold (indicated) and 5.52 million mt at 5.43 g/mt gold for 965,000 oz gold (inferred). To date, Three Bluffs has been drill tested along a strike length of 4.1 km to depths of 500 m below surface with gold mineralization persisting to depth where the company has identified additional mineral potential comprising 4.5 to 7.5 million mt grading between 3.8 g/mt and 7.3 g/mt gold."

The fact that Nunavut has a vast mineral potential is undisputed, but the wounds of

the recent downturn are still fresh for exploration companies as well as investors. "Risk capital had all but completely left our industry," said Budd.

NCG was one of the few explorers in Nunavut that managed to ride out the storm by taking a different approach and managing their costs by managing the project scale. "Looking at mining projects in the Canadian North, they all start out with spending millions of dollars on exploration and defining millions of ounces. After all that time and effort has been spent they reduce back to what is economic. The Canadian exploration finance strategy has become all about how exploration companies can get the most ounces on board to make the company so that the evaluations of these companies get to their upper level," said John Williamson, chairman, CEO and director of NCG.

NCG's approach is different: "At Three Bluffs we could spend millions of dollars drilling off the resource and potentially growing it to a significantly larger size than at present, but it will actually cost more than it costs to theoretically put a smaller scale project into production while remaining viable. Key to our strategy is the right sizing of the project to make money for our shareholders. Grade is what conquers everything. By switching our focus to the grade and how many ounces at the grade that you need to make the project economic, we can find a way to get to a potential production decision at the lowest capital cost and to generate a payback on capital in the shortest number of years," continued Williamson.

Nunavut has a steep hill to climb if it is to catch up with its mining neighbors. While regulation is evolving in this young Territory, its framework is similar to that of the Northwest Territories and the devolution that it has undergone. Processes in some cases tend to be lengthy, but should not encumber the serious investor.



Brian Budd, president and director of North Country Gold.

Services in Canada's North

Overcoming obstacles to serve Canada's North



Hillcrest Water Main project. Photo courtesy of Castle Rock Enterprises.

There is a plethora of mining service companies that have an active presence in the Northern Territories and are equipped to deal with the harsh terrain. In such an empty land, recruiting agencies have to be especially innovative when it comes to supplying the industry with the right skills. Mining and other service companies have achieved remarkable feats to be able to serve the sector in these unique and remote locations.

Multinational and Local Service Providers in Canada's Territories

The mining downturn since 2010 has forced service providers to reconsider their options and diversify. "To compensate for the downturn in mining activity, BBE has continued to diversify; for example, in November 2013, we acquired a procurement

company adding another layer of supply chain integration. Demand in other markets such as oil and gas and construction have mitigated the impact of the mineral exploration lull," said Heather Stewart, president of Braden Burry Expediting (BBE) based in Yellowknife in the Northwest Territories.

Most players are taking a long term view of their operations in this distant and underdeveloped part of the world. "Canada's

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Hydrology baseline studies, Nunavut. Photo courtesy of Knight Piésold.

North generally still represents a huge amount of potential for mineral development and therefore for Knight Piésold as we continue to focus on mineral development. Each Territory goes through its own cycle. In the last five to ten years, Nunavut tended to get the most dollars in terms of exploration, while exploration has grown in Yukon and has dropped off a fair bit in the Northwest Territories. Knight Piésold has been fortunate to work on projects throughout all three Territories, and this diversification will allow us to continue to ride out the ups and downs," said Richard Cook, senior scientist/EA specialist at Knight Piésold.

While it is to be expected that multinational, listed companies have this "ride-it-out" approach to the industry in the circumpolar region, smaller local companies have demonstrated remarkable loyalty and resilience. Evolving legislation can open opportunities. Michael P. Meade, general manager of ETP Energy Technology Products said: "We are seeing more emphasis on emissions, whereas in the past, keeping equipment working was the main concern. Local governments have definitely had a role to play in this shift."

Taking partial ownership of projects has also helped contractors and consultants adapt to the new environment and adopt strategies to support exploration activity in the North. "It has been the perfect storm, as a financial crisis combined with a huge increase in project and operating costs as well as global political and regulatory changes. This has created a really unnerving time for financial organizations in particular. There are a substantial number of companies out there that are project-ready but cannot secure financing. However, there is light on the horizon. We are starting to see a new wave rippling through the industry where

participants of the projects are taking ownership of the project. This takes the risk away from solely the financiers and puts it in the hands of the people who are really doing the work. Financiers would like to see executives' skin on the table and not just their own," said Jay Collins, of Merit Consultants International.

In picturesque Yukon, Whitehorse stands out for the number of service companies that have established there through the boom and bust. Carl Schulze, owner of All-Terrane, a contract mining exploration company based in Whitehorse, said: "In the early 1990s major companies were doing most of their own exploration, but by the early 2000s the juniors entered that space. Many juniors did not have enough capital to afford their own entire exploration programs. Instead of hiring a lot of staff for fairly short projects, they could call on All-Terrane to do it for them on a contractual basis. It worked really well through one of the best-built markets we have ever had in the mining industry. The deep bear market of 2009 did not affect the junior mining sector as much as other sectors."



Jay Collins, president, Merit Consultants International.



Amir Marciano, managing partner of Rakia Recruiting.

Remediation and Reclamation

The downturn has brought new opportunities in remediation and reclamation services. Castle Rock Enterprises has recently branched out their construction services into the mining sector as part a diversification strategy. "As a result of the harsh winters, Yukon basically has six to seven months of construction time per year. Moving into mine remediation and construction would push us into the winter months for road construction and reduce our seasonality. Another reason for this drive is that mine remediation in Yukon represents great new opportunities for Castle Rock over the next 15 years, with seven mines that currently need to be remediated," said Ted Danyluk, vice president of Castle Rock Enterprises.

The belief that mining remediation and reclamation represent growing opportunities while the sector awaits a new upswing is repeated by KBL Environmental, based in Yellowknife in the Northwest Territories. "There has been a significant shift by KBL to remediation work. However, our mining clients have remained the same and our business with operating mines is consistent, although exploration-related work has reduced. In Yukon, the exploration downturn has affected us more, with mines going into care-maintenance; this has resulted in KBL turning to remediation type work," said John Oldfield, general manager.

Skills Recruiting and Retention

While Canada's North boasts some of the world's most pristine landscapes, the sparseness of the population does not offer a wealth of skilled labor. Amir Marciano, managing partner of Rakia Recruiting said: "The government and Rakia's figures for the mining sector show that over the next 10 years there will be a shortfall of 20,000 workers in Canada's mining industry.... the solution is foreign workers." The fact that foreign labor is not as adverse to the idea



Michael Meade, general manager, ETP Energy Technology Products.

of relocating to the North for the right positions certainly strengthens the case for this possible solution. "It is difficult to persuade Canadians to sacrifice their urban lifestyle and leave their families to work in remote locations. This is not an issue for immigrant workers amongst whom it is common to leave home to earn good wages and also further a career," said Marciano.

Another partial solution to the labor shortage problem is the up skilling and education of the local populations, especially aboriginals, and to make sure that they are aware of the opportunities in the mining sector, as well as equipped with the right skills to contribute to it. For this we see bodies such as the Northwest Territories Mine Training Society (MTS) play a prominent role. "The MTS runs a program that involves and is supported by both levels of government, federal and territorial, as well as the mines and aboriginal organizations. The MTS has a board of directors, which is comprised of mining companies as well as aboriginal and government representatives. They develop programs that are specifically targeted for jobs in the mining sector. Aurora College also develops and delivers a number of very good mining and mining related programs. These programs tie in neatly with what NorthWays aims to do which is to get unskilled workers trained up and into the workplace," said Allan Twissell principal/lead consultant of NorthWays Consulting based in Yellowknife.

Conclusion

While opportunity in Canada's Northern Territories abounds, there is no doubt that it will take some time for the mining industry to hit its stride again. For juniors and producers alike, now is the time to rethink strategy and embrace innovation both in terms of cost management and in dealings with communities and regulatory authorities.

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