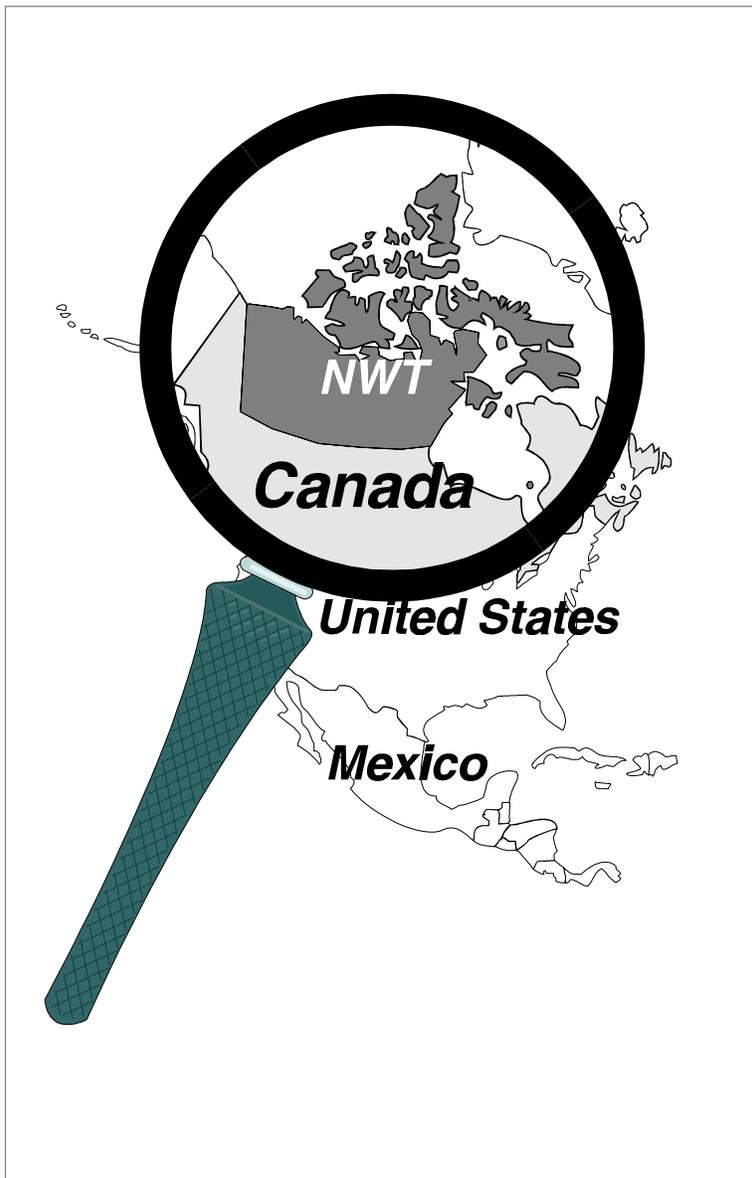


opportunities in the NWT are closely tied to the land and its resources ... Even while mineral exploration sets Canadian records, the NWT is so large and sparsely populated that many areas have never been explored. The overall size of the NWT is about 3.4 million square kilometers or 1.3 million square miles. This represents a vast percentage of North America; by comparison, this area represents about 1/3 of Canada, 40% of the land area of the continental United States, and is twice the size of Alaska.

THE NWT ... 1/3 OF CANADA



A LAND OF OPPORTUNITY...

Many investment opportunities exist in the NWT simply because of its size and geography. Canada has 17 distinct geological areas, each with its own unique mineralization. Eight of these geological areas or zones are within the NWT. As a result, the NWT has a varied inventory of mineral resources, ranging from vast deposits of oil and gas through to lead, gold, zinc and diamonds.

Aside from mineral resources, 20% of the NWT is forested land. This represents about 15% of Canada's total inventory. Of this amount, 23% or about 143,000 square kilometers is considered to have commercial potential.

Both marine and freshwater fish resources are also significant. Freshwater species like whitefish, pike and inconnu are sold world-wide. The marine fishery, mainly off Baffin Island, includes turbot, Arctic char, shrimp and scallops.

Economic Highlights ... Although the territorial economy is subject to cycles, average incomes have consistently remained the highest in Canada, at around 117% of Alberta's and 142% of Saskatchewan. Most of this income originates with mineral development and public sector employment. Currently there are 6 producing gold mines, 2 lead/zinc mines and 3 producing oil/gas fields. Overall the NWT ranks 9th among world zinc producers.

ECONOMIC SNAPSHOT...

Over the next 5 years renewed interest in the NWT's mineral resources will once again drive the economy rapidly forward. Already the NWT has witnessed the largest staking rush in Canadian history. Significant interest has also been shown in the Territories' oil and gas reserves in the southwestern corner of the NWT.

Overall, a relatively conservative estimate points to significant growth over the next five years. As shown in the table, we can expect the Territorial GDP to increase by about 4% annually with the development of a single diamond mine. In the first year of production, mine operations are expected to increase the GDP by about 6%.

PERSONAL INCOMES HIGHEST IN CANADA...

The NWT continues to have the highest average level of personal income in Canada. Part of this is offset by higher living costs, but purchasing power is significant for a small population.



ECONOMIC PROJECTIONS TO THE YEAR 2000

With the development of Canada's first diamond mine expected by 1996/97.

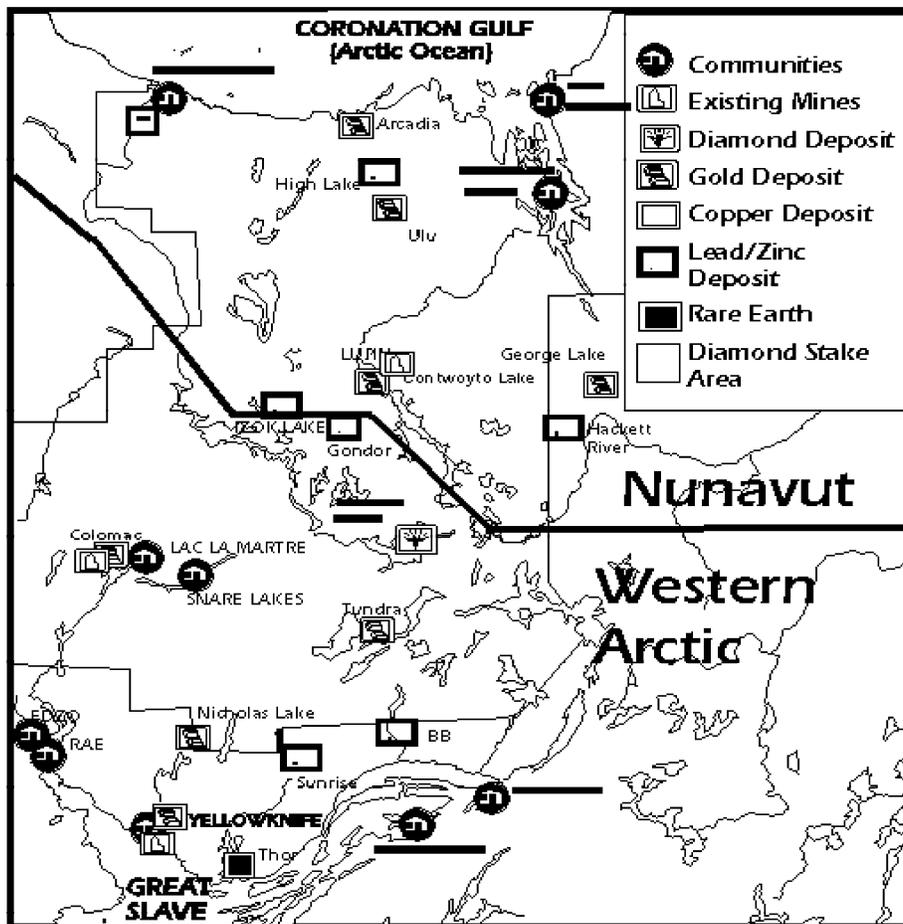
Nominal Dollars	1994	1995	1996	1997	1998	1999	2000
<i>Gross Domestic Product (Millions of Dollars)</i>	1,959	2,043	2,121	2,280	2,368	2,567	2,611
		4%	4%	8%	4%	8%	2%
<i>Final Domestic Demand (Millions of Dollars)</i>	2,429	2,520	2,587	2,967	3,000	2,958	2,822
		4%	3%	15%	1%	-1%	-5%
<i>Personal Expenditures (Millions of Dollars)</i>	846	876	912	987	1,008	1,032	1,032
		4%	4%	8%	2%	2%	0%
<i>Government Expenditure (Millions of Dollars)</i>	1,142	1,181	1,187	1,246	1,257	1,275	1,261
		3%	0%	5%	1%	1%	-1%
<i>Fixed Capital Investment (Millions of Dollars)</i>	441	464	489	734	735	651	528
		5%	5%	50%	0%	-11%	-19%

Diamond Exploration and Development ... Interest and investment in developing Canada's first diamond mine remains high. *"We are witnessing the beginning of a new mining industry in Canada"* were the words used by Aber President Grenville Thomas to describe recent developments in the NWT. The direct and indirect impacts of this single mine on the territorial economy will be significant; around 800 direct and indirect jobs during construction alone.

THE DIAMOND EXPLORATION AREA...

The map shows the major areas of diamond exploration and development in the NWT. Other major mineral sites are also shown.

Mineral Potential in the Slave Geological Province



DIAMOND MINING ...

Gem-bearing diamond pipes are so rare that only 15 major diamond mines have been started world wide, all of them in Africa, Siberia or Australia ... none in North America. Since the initial discovery of diamonds at Point Lake in the fall of 1991, BHP has discovered 44 kimberlite pipes on their property, five of these are considered economically viable. Pending approval by government agencies, development of North America's first diamond mine is one the verge of reality.

OTHER MINERALS ...

The Department of Indian Affairs has identified over 15 promising mineral sites in the central Arctic region of the NWT, north of Yellowknife; the most promising sites are shown on the map.

Mining and the NWT ... Mining has a long history in the NWT. Even prior to European contact, aboriginal people used native copper, soapstone and flint to manufacture tools and art. Today the mining industry is responsible for the majority of territorial exports; 1994 mineral exports should exceed \$700 million dollars. The industry directly employs over 2,000 people, accounting for about 10% of total employment. These workers are among the highest paid in Canada.

FALLING ZINC PRICES ...

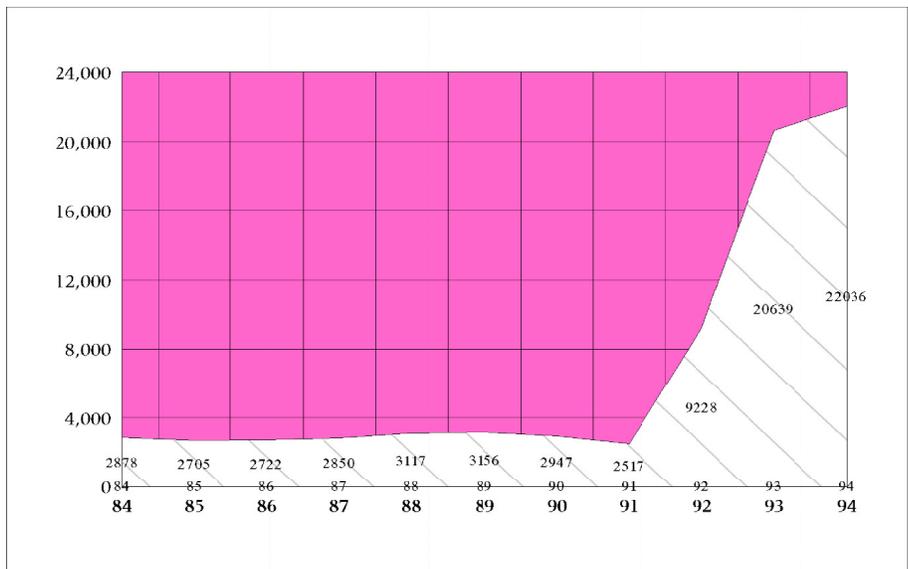
Declining Zinc prices have had a significant impact on NWT mineral sales. Prices for Zinc have fallen from around \$1,700 per tonne to under \$1,000 per tonne. This has had a dramatic impact on NWT sales, and gold has now displaced zinc as the NWT's number 1 mineral export.

MINERAL EXPLORATION...

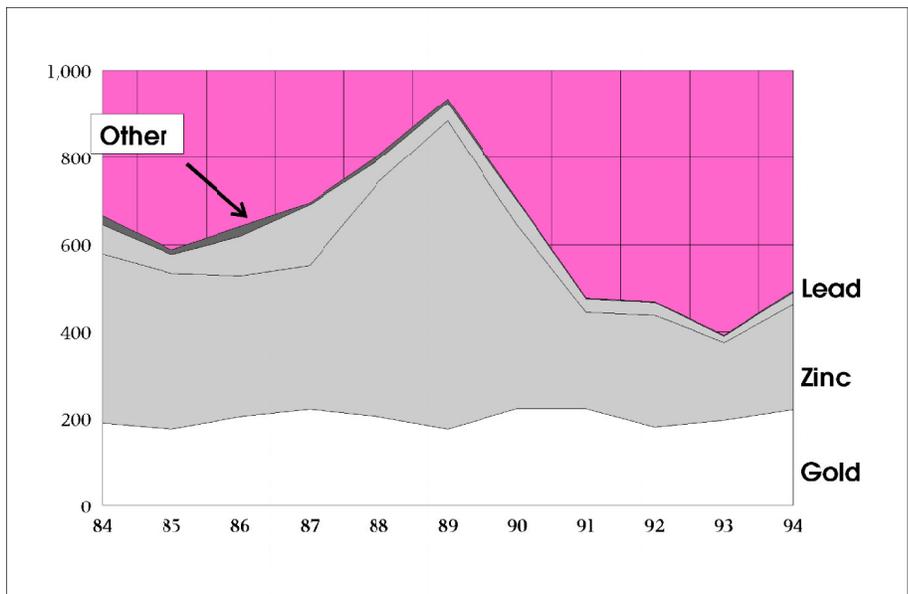
While mineral exploration remained depressed across Canada during the early 1990's, the discovery of diamonds at Lac de Gras in 1991 sparked the biggest staking rush in Canadian mining history. By the end of 1993 11.8 million hectares had been staked for exploration; this represents an area larger than the combined size of New Brunswick and Nova Scotia.

There continues to be about 150 companies involved in diamond exploration in the NWT, three of which are major international mining companies.

CLAIMS IN GOOD STANDING ('000 HA.)...



VALUE OF MINERAL SHIPMENTS (\$ MILLIONS)...



Tourism in the NWT is a relatively new, but growing industry, to the NWT. Nonresident visitation is forecast to increase from 62,073 in 1994 to 73,377 by 1999; this represents an 18% growth. Total tourist expenditures in the NWT are expected to exceed \$65 million. One new, high growth market, is the Japanese winter or Aurora tours.

The industry's potential has stirred international investor interest, with money being invested from as far as Taiwan and Korea.

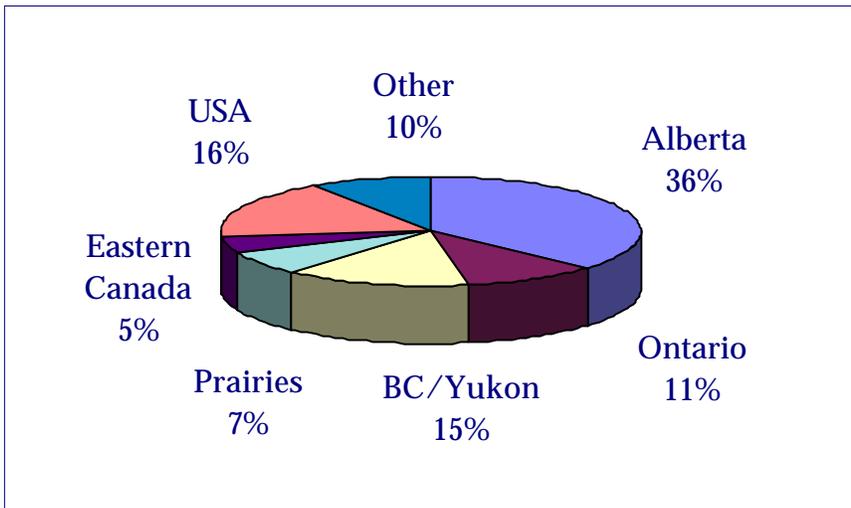
EXPECTED GROWTH IN VISITATION AND EXPENDITURE...

Over the next 5 years non-resident visitation is forecast to increase by an estimated 3.4% per year, with matched growth in visitor expenditures.

Year	No. Visitors	Visitor Expenditures
1994	62,073	\$ 64,559,384
1995	64,141	\$ 66,865,249
1996	66,409	\$ 69,206,909
1997	68,698	\$ 71,520,040
1998	71,017	\$ 73,793,123
1999	73,377	\$ 76,151,999

PRIMARY TOURIST ORIGIN MARKETS FOR THE NWT...

Canadian travellers account for over 73% of visitation to the Northwest Territories.



VISITATION ESTIMATES...

The Visitor Exit Survey conducted by the Economic Planning Section of Economic Development and Tourism in 1994 provided a snapshot of non-resident visitation to the Northwest Territories. The Exit Survey, as well as other supporting studies, represent baseline information for estimating changing market conditions.

Forecasts of visitations were obtained using the NWT Tourism Econometric Demand Model (TEDM) developed by the Economic Planning Section. The model predicts visitation to the NWT based on economic conditions in primary tourism markets - important points of visitor origin. The model operates on the assumption that changes in economic conditions in primary tourism supply markets affect visitation to the NWT.

R

etail trade in the Northwest Territories has shown consistently increasing growth over the past several years. Yellowknife in particular has recently seen an inflow of several national retail outlets and other franchise operations, from food, to shoes and automobiles. Territorial retail sales are likely to continue this upward trend due to expanding markets and a trend towards import substitution - territorial residents shopping in the North as opposed to going South, particularly as the retail sector in Yellowknife expands.

SO FAR IN 1995...

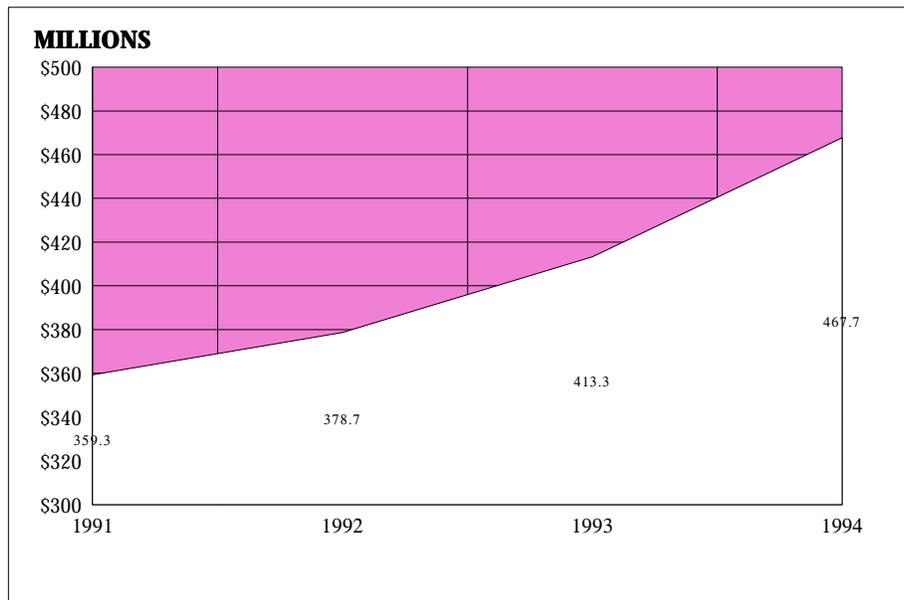
The cumulative value of total retail sales for the first six months of 1995 (Jan-June) amounted to \$237 million, showing an increase of 7.7% over the same period in 1994. Supermarket and grocery store sales led the way, with combined first and second quarter results showing an increase of \$6.3 million or 11% over the same period last year. Semi-durable goods and motor vehicle sales also showed increases of 24% and 10% respectively over this period, while sales of gasoline and household furniture and appliances decreased by 6% and 18% respectively. Overall, for the first two quarters of 1995 retail sales were up \$5.1 million, or 5% over the same period last year and up 26% from 1993. So far, 1995 is looking to continue the trend of the past several years.

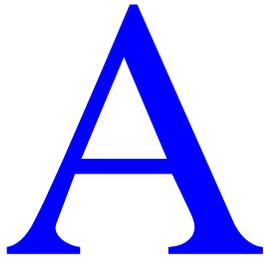
BEYOND 1995...

If the first diamond mine in North America becomes a reality, it is estimated that an annual \$57.3 million of associated expenditures on goods and services will accrue to the NWT. This would certainly support continuing rapid growth.

RETAIL SALES (\$MILLIONS)...

Retail sales in the NWT over the previous four years have shown steadily increasing growth. Total sales increased by 5.4% in 1992, 9.1% in 1993 and 13.2% in 1994. Relative to other jurisdictions this growth trend is impressive. Over the same period growth in retail sales in the NWT out-paced Yukon, Alberta and Canada as a whole

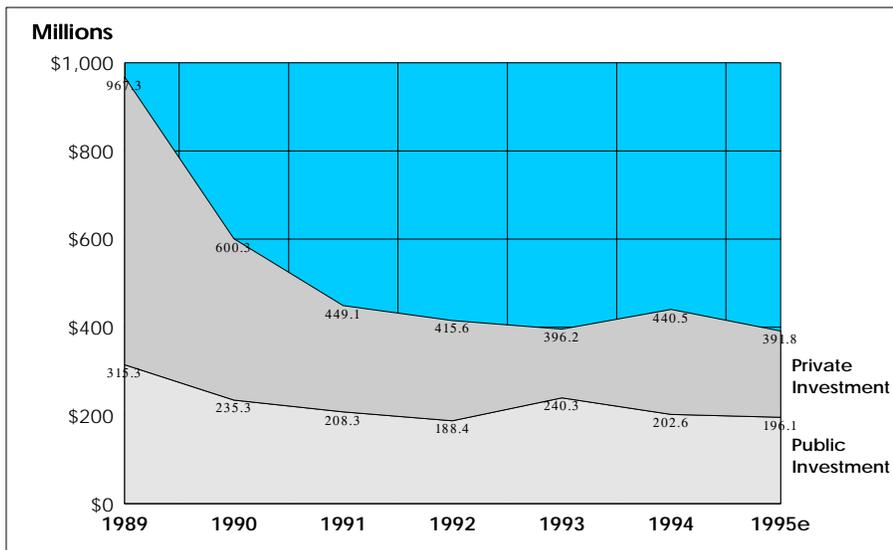




Additional indicators which provide a barometer of the NWT economy include capital investment expenditures by government and business, the value of building permits issued, and the consumer price index. In most provinces, private sector investment expenditures and building permits provide an indication of investor confidence in the economy. In the NWT, the economy is so small that a single large investment, such as a new mine, can have a significant impact on overall investment levels.

CAPITAL INVESTMENT INTENTIONS...

Although capital investment by the public sector has remained relatively stable (in nominal terms) over the past four years, private sector investment has declined from the peak associated with the development of the Colomac gold mine.



BUILDING PERMITS...

Confidence is up in the building industry. Compared to last year, the value of building permits is up 12%. Compared to 1993, this year's investment is up 38%. With respect to quarterly results, the total value of first quarter building permits was up 201% over 1994, due primarily to a surge in non-residential construction activity. Second quarter results however, were down 31% from the previous year. The second quarter value of permits issued in 1995 was up 167% from the first quarter. The value of both residential and non-residential construction increased over this period, with residential accounting for 74% of the increased value.

CONSUMER PRICES...

Overall consumer prices in the NWT have shadowed modest increases in the Canadian CPI. Over the past three years the CPI for Yellowknife has averaged increases of between 1.5 and 2.0 percent. Over the first two quarters of 1995 the Yellowknife CPI rose by 1.9 percent with the Canadian rate rising 1.1 percent.

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