



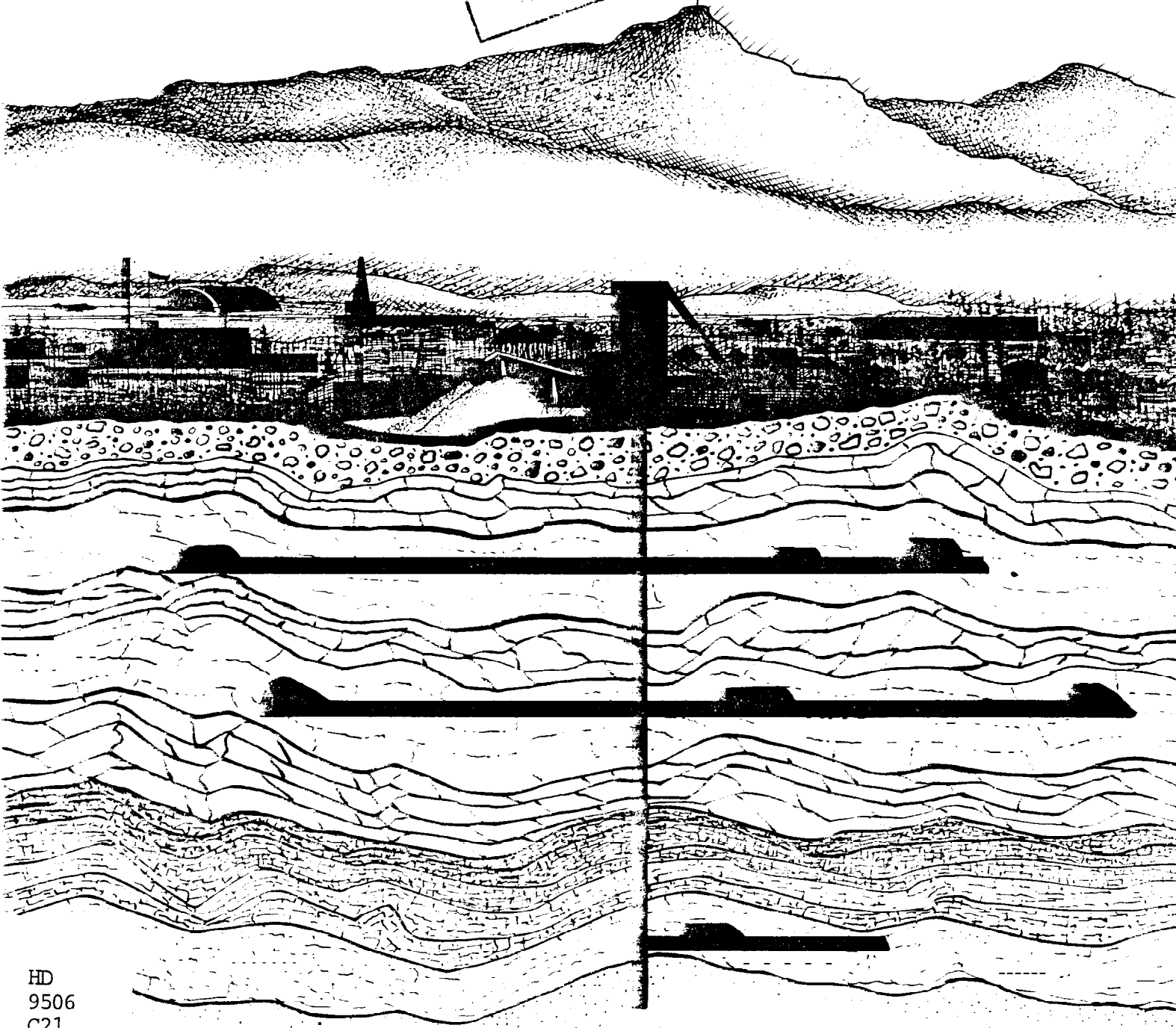
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Northern Mineral Policy
Date of Report: 1986
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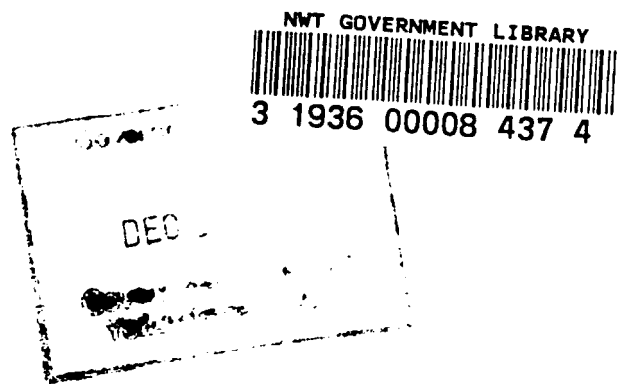
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NORTHERN MINERAL POLICY



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The Northern Mineral Policy

Prepared by:
Mining Management and Infrastructure Directorate
Natural Resources and Economic Development Branch

December, 1986

A Message from the Minister

Canada has important, extensive and enduring interests in the North. Its geo-strategic location, significant resources, unique ecology and perhaps most important its aboriginal citizens all guarantee that the federal government will always have a special role north of 60°.

The mining industry is the leading non-government sector in the north and accordingly is an essential component of the territorial economies.

Since the turn of the century, the mineral sector has provided a basis for northern economic development through the establishment of major communities and the extension of transportation, communication and social infrastructures.

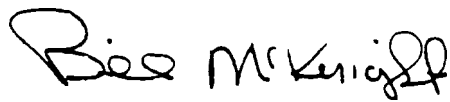
The story of northern mining is more than industrial development per se. It is also the story of those individuals who through hard work, risk-taking and vision, develop viable mines and, in turn, contribute to the creation of new economic activities. In the past, this process has been helped by sound practical mining legislation, an advanced royal regime and a sustained demand for metals and mineral commodities.

In 1982, the severe downturn in the mineral and metal markets signalled a turning point in the world mineral industry. The industry has responded by adjusting its international trade arrangements, improving productivity and reducing operating costs. In addition, as a result of higher gold prices, there has been a shift to gold exploration.

Following extensive consultation with industry, territorial governments and the public, the Government of Canada is now moving forward with the Northern Mineral Policy. I am issuing this policy to provide a framework within which both levels of government can facilitate private-sector mineral exploration and development in the territories.

I view this Policy as government's recognition of the mineral sector's significant contribution to the economic and social development of the Yukon and North West Territories.

By creating an atmosphere of certainty, improving government services and by providing for a better dialogue on northern mineral issues, I believe this Policy will strengthen the economy in each territory.



Bill McKnight
Minister of Indian Affairs and Northern Development
OTTAWA, Ontario
K1A 0H4

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Introduction

In Canada, the Yukon Territory and Northwest Territories are unique areas where the federal government has a dual role – that of the federal government as well as that of a quasi-provincial government. In respect to mineral development, the provincial mandate, or at least that portion that has not been transferred to the territorial governments, resides with the Department of Indian Affairs and Northern Development (DIAND) pursuant to the Department of Indian Affairs and Northern Development Act. Within this provincial mandate, DIAND is responsible for policy development, regulating the mining industry, developing legislation, collecting royalties and issuing leases and licences.

In recent years, both territorial governments have been gradually assuming many of the provincial-level responsibilities from DIAND. This ongoing process, and the public debate as to what administrative body will be responsible for the various government functions in both territories, has caused the private sector some concern about the impact future changes may have on the investment climate and industry viability.

Since all Canadians have a stake in ensuring that these concerns are addressed, last year DIAND issued *The Northern Mineral Sector: A Framework for Discussion*. This permitted public participation in the wide-ranging consultation process undertaken as part of the (Development of this Northern Mineral Policy.

The policy is based on the premise that mining has been good for the territories and, given supportive government actions and some stability in world metal prices, mineral development should continue to be one of the cornerstones of the territorial economies.

Background

Since the Klondike gold rush of 1898, mining has been the mainstay of market-oriented, economic activity in the territories. In this vast area of Canada, trends in value of mineral production and population, sparse as it is, have been closely correlated (Graph 1). Mining activities have provided the stimulus for the construction of roads and both railway lines into the territories, have justified the construction of hydroelectric generating facilities, have spawned the creation of numerous communities, have been the incentive for the development of innovative technologies and have created thousands of direct and indirect jobs. This has all been accomplished in spite of the harsh climate, vast distances to markets, small population, and limited infrastructure and geoscientific support services.

Since the turn of the century gold has been produced continuously. Other metals have been produced for varying periods given a profitable combination of ore grades, prices and market availability (Graph 2). Currently, there are 12 mines (10 year-round) operating in both territories. They produce zinc, lead, gold, silver and coal. In addition, in the Yukon, some 150 seasonal placer mines produce gold. The attached map shows the location of all past and present mines in the territories.

Until the late 1970's, the mineral industry accounted for about one third of territorial GDP. In 1985, the value of metals produced by northern mines was \$710 million. A comparison of the constant dollar value of mineral production (Graph 3) clearly shows the effects of the Yukon gold rush followed by many years of relative inactivity.

Although gold continued to be a major contributor to the value of mineral production throughout this century, new base metal mines have diversified mineral production in both territories and added a new dimension to the territorial economies. In 1964, the impetus to construct the Great Slave Lake Railway came from the commitment to develop the newly-discovered, lead-zinc deposits at Pine Point. Another lead-zinc deposit at Faro provided the justification for extending the Yukon roads network. The direct and spinoff employment created by

these projects, and the subsequent development of other major base metal mines, fundamentally changed the face of mining and the economic base of the territories.

Another indicator of the increasing importance of territorial lead-zinc mines was government royalty revenue (Graph 4). Aside from placer gold and coal, which pay minimal fixed rate royalties, all minerals are subject to a profit-based royalty. Prior to 1964, the royalty collected from mineral production in the territories was minimal, usually less than the fees paid by the mining industry to government. The rise in royalty income from 1973 to 1982 reflects the high metal prices and profitable operations of the period. Metal price decreases since then have led to a corresponding decrease in royalty returns.

Traditionally, mining has been the largest private sector employer in the territories. Over the years, mining employment has remained relatively stable, at about 11 per cent of the labour force (Graph 5) while accounting for up to 25 per cent of wages and salaries (Graph 6). This, in spite of the increasing productivity of the mines and the broadening economic base of both territorial economies, is an indication of the outstanding contribution mining has made. In addition, mining creates a significant number of indirect jobs in the territories as well as in the rest of Canada.

There are, however, some rather disturbing indications that the long-term outlook for mining may be less optimistic than might otherwise be expected. The continuing weakness in metal prices has reduced the aggregate net income and cash flow of the producing mines. Some mines have had to close while others have had to struggle to survive. Fees, lease rentals, export taxes, forfeitures and other nonroyalty revenues collected by government, after years of steady growth, peaked in fiscal year 1980-81 and have declined since. Added to this, the exploration expenditure by the industry directed to the discovery of new ore deposits began a downward trend in 1980 which has yet to be reversed (Graph 7). Overall, these indications of problems facing the mineral exploration and development sector are of concern to both levels of government.

Recognizing the vital role mineral development has played, and will continue to play, in the economic development of the territories, **it is a goal of the government to establish the environment necessary for this industry to maintain and expand its significant contribution to the well-being of the territorial economies and northern residents.** By issuing the Northern Mineral Policy, the federal government expects to put in place the framework for achieving this.

The next step in this process will be multilateral negotiations with each territorial government, industry and public interest groups to develop implementation programs that take full account of the specific circumstances of each territory.

Policy Objectives

In developing this policy, the government recognizes that the markets for mineral production are international in scope, and that continuous technological change in both the means of production and the uses of minerals will determine the type and pace of mineral development as well as dictate which mines will maintain their financial viability.

In the territories, additional factors such as land claims, division, program transfers from Ottawa to the territories and access to land come into play. These factors are contributing to fundamental realignments in the social and political structures in the territories. As these changes continue, federal government actions will be guided by the following principles:

- cooperation with the territorial governments;
- separate treatment for each territory; and
- consultation with all interested parties.

Within the climate of uncertainty created by continuous change, promoting economic development remains a prime concern of both levels of government. This Northern Mineral Policy outlines the framework within which mineral exploration and development will be encouraged, thereby contributing to the expansion of the territorial and Canadian economies.

The objectives of this policy are to improve the climate for investing in, and the competitive position of, the mineral sector in the territories by:

- providing the industry with an atmosphere of **certainty** as to the federal government's intentions;
- increasing industry **competitiveness** by providing improved geoscientific services and by minimizing federal government-imposed costs; and
- encouraging a **dialogue** among the mining industry, the public and both levels of government.

Certainty

The Northern Mineral Policy is designed to provide the mining industry with the atmosphere of stability and certainty it requires with regard to government initiatives impacting the operating environment of the industry. The government recognizes that the industry must know the rules of the game and, because of its lengthy planning horizons, must be assured that these will not change over long periods of time. The federal government is determined to continue its encouragement of mineral activity in the Yukon Territory and the Northwest Territories and, therefore, will provide the certainty that is a prerequisite to the investment required to support exploration and mineral development.

Mining Legislation

Mining legislation establishes the basic conditions under which the Crown grants and renews mineral rights and provides for administrative facilities to register title to the rights so granted. Consistent with creating an atmosphere of certainty and fairness, mining legislation must be straightforward and stable. This is the case with respect to the mining legislation applicable to the Northwest Territories and the Yukon Territory which traditionally has met specific northern needs while avoiding frequent change. This will continue.

The authority to regulate Crown mineral rights in the Northwest Territories is set out in the Territorial Lands Act: an Act which contains general provisions to promulgate regulations for disposing of mineral rights and to impose royalties on mineral production. These necessary and detailed regulations are set out in the Canada Mining Regulations. Modern legislative practice however, questions the propriety of using general enabling legislation to support a complex regulatory system. Further, the use of regulations to determine royalty rates in the Northwest Territories has been criticized. Pending transfer of responsibilities, **a North west Territories Mining Act will be proposed to provide a firm basis for regulations and to establish the royalty regime by Parliament.**

In the interim, the federal government is amending the 'Canada Mining Regulations to improve staking rules and to facilitate modern exploration practices. This initiative, as part of the broader review of all regulations that this government now has in progress will encourage mining investment in the NWT.

The Yukon mining legislation dates from the early decades of this century and has undergone few changes since. This is a tribute to the skills of the drafters who incorporated sound principles in the original statutes. However, they could not foresee the needs of the modern mining industry and did not provide for subordinate legislation to deal with administrative aspects. Therefore, in cooperation with industry, **the Yukon Quartz Mining Act and the Yukon Placer Mining Act will be reviewed with the objective of providing a more efficient process for the acquisition and retention of mineral rights.**

With the increased number of severed estates in the territories arising through economic and political development, and land claims settlement, legislation is needed to regulate the relationship among the separate owners. **A law of general application setting out the respective rights and responsibilities of the owners of the severed estates in land will be proposed.**

Although the above legislative provisions can best be accommodated in laws of general application, mining-specific matters should be dealt with under the mining legislation. **In consultation with the territorial governments, other federal departments and the mining industry, regulatory standards consistent with good mining practices such as mine site rehabilitation, will be reviewed and incorporated under mining legislation.**

In the Yukon, achieving a balance between placer mining and environmental management continues to be a problem. To operate, placer miners currently receive authority from the Yukon Water Board, pursuant to the Northern Inland Waters Act. Although operating in compliance with that authority they may nevertheless be contravening

another federal act, the Fisheries Act, as the regulatory regime required by this act has never been put in place. This contradictory situation of overlapping authority is not acceptable. All parties agree that a permanent solution must be found to replace the present standoff.

The federal government is committed to ensuring legal certainty for placer miners and, at the same time, provide a management regime that would offer fisheries and environmental protection.

Access to Land

The mining industry, if it is to flourish, requires access to land for exploration and development. In the Yukon Territory and the Northwest Territories there is a clear right of access to the vast majority of the land area. In both territories, land has been withdrawn from staking to create national parks and park reserves, for conservation purposes, for land claims purposes, as a result of a land claim settlement and for nonmining industrial users. Currently, about 6.1 per cent of the combined land area in the Yukon Territory and the Northwest Territories has been withdrawn. This represents 4.6 per cent of the Northwest Territories and 16.5 per cent of the Yukon Territory.

This situation has resulted from a continuing series of incremental land withdrawals occurring over a number of years. These ongoing withdrawals have led to the presumption that additional land will be withdrawn in the future. In view of this, the federal government recognizes that it is not sufficient simply to state that mineral exploration and development is permitted on the majority of territorial lands. Government's goal must be to assure industry that exploration programs will not be disrupted through future changes in land status and that transportation corridors will be protected. To achieve this, the federal government is committed to enhancing the level of certainty with regard to access to land in three areas:

- native land claims settlement;
- conservation initiatives; and
- northern land use planning.

Mineral Development and Native Land Claims

One of the major contributions the federal government can make toward enhancing certainty of access to land in the territories is the settlement of native land claims. The federal government has thus committed itself to this goal. One such claim, that of the Inuvialuit, has already been resolved while three — the Dene/Metis, the Tungavik Federation of Nunavut and the Council for Yukon Indians — remain outstanding. Although each of the final settlements will have different characteristics, they will all establish, in law, ground rules for development and for protection of interests in lands. Clear title to lands will be secured. Processes for negotiating access rights and for arbitration of disputes will be established. Where necessary, new administrative regimes, such as the Inuvialuit Lands Administration, will be established for settlement lands.

Without diminishing the importance of finalizing the native claims process, the federal government recognizes that economic activities cannot be held in abeyance awaiting its resolution. **Therefore, there will be no further ban on mineral staking activities outside those areas already set aside as part of the native claims process. Properly registered claims in lands subsequently withdrawn as part of the native claims process will remain valid even if the ownership of the land is transferred. Aboriginal interests will continue to be protected while claims are being negotiated through existing mechanisms such as the land use and water permit approval processes.** Beyond this, it is important that claim owners become more aware of developments in the claims process. Claims negotiations between the federal government and the native organizations must remain confidential; the process itself will be made more open. To this end, the federal government, in consultation with the native organizations, will make appropriate information available to claim owners and will establish a process whereby their views can be brought to its attention.

The resolution of native land claims is of paramount importance to all those who live and work in the territories. It will provide

native people with the lands, rights, and institutions they have been seeking and a greater stake in the economy. It will also enable economic development, including mineral exploration and production, to proceed in an atmosphere of certainty, clarity and confidence.

Mineral Development and Conservation Initiatives

Conservation initiatives can spring from governments, native groups, national federations and in response to Canada's membership in international organizations. Thus, the possibility exists for overlap in both the objectives of the various conservation groups and their requests for land withdrawals.

The creation of new national parks has been a major contributor to land withdrawals. Decisions on the withdrawal of lands for national parks are taken only after careful consideration of the need, the significance of the natural environment, and the other potential land uses, after full consultation with the public and interest holders, and after the completion of mineral and energy resource appraisals. Federal parks policy is to set aside a representative sample of each natural region of Canada for national parks while, where possible, limiting land withdrawals in any one province or territory to five per cent or less of the land mass.

Mineral exploration and development activities are restricted in bird sanctuaries throughout the territories. Two of these bird sanctuaries were purposely established with large buffer zones to ensure adequate protection. The restriction of mineral exploration and development activities in those tracts of land, including large buffer zones for conservation purposes, raises the cost of exploration activities in these areas. **The federal government will review the boundaries of the bird sanctuaries to ensure that the lands they contain are necessary to achieve the conservation objectives for which they were established.**

The federal government has established a number of wildlife preserves in the territories to guarantee the survival of a sufficiently large animal population to ensure the survival of all species in the north. As the objective of these preserves is the protection of wildlife, hunting is normally the only banned activity. The Thelon Game Sanctuary, with its exclusion on nonrenewable resource development, is the exception. **In consultation with aboriginal associations, the federal and territorial governments will review resource utilization in the Thelon Game Sanctuary with the objective of ensuring the widest range of activities compatible with the original goal of muskox protection.**

In the 1960's, the federal government identified some 160 potential International Biological Program (IBP) sites. Some are included in conservation areas since established; others, with one exception, have been evaluated without determining a final disposition. The uncertainty created by the indeterminate nature of the remaining sites discourages mineral exploration activities in these areas. **The federal government will clarify the disposition of potential IBP sites within the next two years to remove the uncertainties related to the current situation.**

To provide the certainty necessary to facilitate the long-term commitments associated with both economic development and conservation, the Northern Land Use Planning (NLUP) process has been developed. NLUP is not a zoning process nor does it supercede the authority of the Minister to withdraw lands. Rather, it is a proactive, forward-looking process which reviews all the resources in a given area, determines the degree of protection to be offered any unique features and establishes the parameters within which various activities may take place. In this manner, it provides assurance to the industry as to the terms and conditions that will guide future land development.

The federal government is committed to maximizing the land area available for mineral exploration and development while ensuring that unique and representative natural features of the land, cultural and wildlife resources are protected.

Program Transfers

The process of devolving provincial-type programs from the federal government to the territories has been evolutionary and desirable.

The Department of Indian Affairs and Northern Development's mining responsibilities are of a provincial nature and are, therefore, appropriate for future transfer. Some of the groundwork has already commenced. For instance, the responsibility for mine safety has been shifted to the Government of the Northwest Territories. Further progress on the transfer depends upon the wishes of the territorial governments. Of course, as with the previous transfers, this will be done so as to avoid overlapping regulation, legislation or reporting requirements while protecting existing interests. Also, native groups will be consulted, so as not to prejudice the native claims process. In advance of and during the transfers, the federal government will provide assistance with establishing mine departments and developing programs to support mineral development; if requested to do so by the territorial governments. The transfer of responsibility for mining to the territorial governments will further advance the goal of 'made-in-the-territories' decisions. By consolidating responsibilities in one level of government, the regulatory regime will be clarified and the number of agencies involved will be reduced. In short, the process will be orderly and cooperative.

Competitiveness

A major challenge in the territories is to keep the mineral industry competitive in world markets. The industry is doing its part by increasing productivity and reducing production costs. Government can contribute by streamlining the regulatory systems and thereby reducing the associated cost to industry; by using its limited resources in the most effective manner; and by updating the mining royalty regime.

In the territories, much of the exploration activity is initiated by smaller companies. These corporations are not normally in a taxable position and have been at a financial disadvantage vis-à-vis larger corporations

capable of realizing the tax saving associated with exploration activities. To alleviate this disadvantage, the federal government introduced the flow-through share. **Government support of the flow-through share financing facility was further demonstrated by 1983 and 1985 revisions to these provisions thereby enhancing their attractiveness.**

Mining" Royalties

In the territories, in addition to taxes and other payments applicable to all industries, the federal government, as part of its quasi-provincial mandate, collects three types of direct revenues from mineral activities: fees, rentals and royalties. Fees and rentals are paid by mining companies for the registration and retention of claims and leases and the granting of licences. They constitute payment for services provided by the federal government. A mining royalty produces a revenue to the Crown in exchange for the removal of a Crown asset from the ground. In the territories, the royalty is calculated either as a fixed charge on production or as an incremental tax on the adjusted value of mine output.

The royalty regimes applicable to hard rock mines in the Yukon Territory and the Northwest Territories are among the lowest in Canada. **The federal government does not propose to change principles underlying these royalty regimes.** Some of their provisions however, are anachronistic. Consequently, minor amendments will be made to improve and modernize the legislation and the royalty regimes. For example, the open-ended incremental royalty rate and the eligible deductions in the Yukon Territory will be revised to reflect current mining practices. In this way, the current, basically sound regime can be improved.

Regulatory Systems

The initial set of government regulations affecting mining companies were those designed to ensure proper registration of mineral claims. The introduction of environmental controls ushered in an entirely new era of government control over the mineral development sector.

Lacking a comprehensive policy on protection of the environment on which to base protection initiatives, regulations have been implemented on a single-sector basis. That is, water has been administered separately and without reference to lands, forests or wildlife. This separation of regulation on a sector basis, reflecting departmental authorities, fails to take account of a basic consideration; that regulation aimed at one sector of the resource base, be it water, forests, lands or wildlife, may impact other areas. It also perpetuates the reliance upon a regulatory system that tends to be restrictive, narrow and reactive rather than encouraging a cooperative, forward-looking approach to resource management.

Unique industry compliance requirements and approval processes have been established by each single-sector regulator. This profusion of regulation has led to mining industry claims that the regulatory process is now overly burdensome, punitive and counterproductive. Although these regulators have attempted to use the prudent-man concept in requesting industry compliance, and despite the fact that some studies **on** this subject concluded that the systems in place in both territories have not proved to be unduly burdensome, there is no question that the potential exists for overregulation and serious project delay. The federal government recognizes this and will ensure that regulatory bodies will be more responsive to industry's requirement for prompt decisions and that comprehensive cost/benefit tests will precede all regulatory initiatives. Information explaining the details of regulatory processes will be available. Sanctions and enforcement powers will correspond to the seriousness of violations.

To help existing and potential investors to understand who does what and under what legal authority, A Compendium of the Northern Regulatory Regime has been published. It will be periodically updated.

By improving the regulatory system and by providing effective information on it, the federal government will minimize the cost to industry and contribute to industry's competitiveness.

Geoscience and Exploration

Mines, by their very nature, have a finite life. If new, efficient mines are to be developed in the territories, new mineral deposits must be found. Basic to this search for additional mineral deposits is a comprehensive geoscience data base. Largely paid for by the provincial governments, the systematic acquisition of geoscientific information, to support public policy purposes, occurs in all regions of Canada. As shown in Table 1, the level of expenditures for provincial and territorial (DIAND) geological services varies substantially among the regions of Canada.

To develop this geoscientific information, DIAND provides geological services in the territories similar to those provided by pro-

vincial geological surveys. These services include the production of geological maps, reports on mineral exploration and development activities, and the compilation of data on known resources.

In addition, as in the rest of Canada, the Geological Survey of Canada (GSC) has programs in the territories resulting in the production of maps, reports, special bulletins, research papers, compilations of resource assessments and regional syntheses of the geoscientific data base. For example, the GSC will be spending approximately \$20 million (in both territories and offshore) during 1986/87 on these programs.

Table 1
Comparison of Resource Allocation by
Geological Surveys – 1983/84

Survey and Region	Area Per Person Year (Km ² /PY)	Expenditures Per Km ² (\$/Km ²)	Mineral Production * Value Per Person Year (\$ millions/PY)
DIAND: NWT	270,532	0.31	61.5
DIAND: Yukon	59,754	1.46	8.8
British Columbia	16,044	3.33	41.9
Alberta	4,957	13.97	10.2
Saskatchewan	13,262	3.68	33.9
Manitoba	16,132	3.65	18.9
Ontario	4,204	19.75	20.9
Quebec	7,455	11.72	11.9
New Brunswick	2,575	20.81	21.9
Nova Scotia	720	102.20	4.2
Newfoundland	3,742	7.83	9.9

Sources: Based on Provincial Geologists Journal, Vol. 2, 19X4; Canadian Mining Journal, February, 1986

* Metals, coal, industrial minerals and construction materials.

The federal government recognizes that mineral exploration in the territories can be encouraged by providing the industry with improved geoscientific information. However, under present economic circumstances, the federal government's ability to increase expenditures for geoscientific information is limited. **Every effort will be made to ensure that existing resources and new funds, that may become available from such sources as Economic Development Agreements, are employed in ways that promote the growth of the mining industry.**

To this end, both levels of government will consult with industry to ensure that maximum benefit is received from expenditures under the Yukon and the proposed NWT Economic Development Agreements particularly as they relate to geological mapping and geochemical surveys.

To establish priority for geoscientific activities, DIAND, EMR, and the territorial governments will, in consultation with the industry, cooperate to determine the geoscientific data requirements for selected areas of high mineral potential.

By taking these initiatives, the federal government hopes to provide the northern mineral industry with more and better geoscientific information.

Infrastructure for Mining

Because of the size of the territories, the small population base and the climate, the provision of transportation infrastructure is not, nor is it ever likely to be, as complete as in southern Canada. High costs prohibit the construction of a road system to provide access to all parts of the territories, particularly in the Northwest Territories. However, recognizing that local transportation infrastructure is of crucial importance to individual mining projects, and that existing grant programs no longer fully meet industry needs, the federal government will modify its program to improve infrastructure assistance to the mining industry.

Existing policies will be reviewed to permit more efficient and effective response to the needs of the mineral industry for transportation infrastructure. Programs such as a special loan fund for infrastructure assistance will be introduced so that smaller companies will not be adversely affected by their inability to raise funds necessary to provide suitable access to their sites. The principal and interest of the loan would be repayable over the production life of the project; the amount of assistance and terms would depend upon the circumstances of each case. Because infrastructure requires a significant "up-front" capital investment that is often beyond the capability of smaller mining companies (miners), such a fund will be particularly important to them. The fund will be administered with flexibility so as to provide the maximum benefit to the economy with priority given to regions where mineral potential is highest. Loans would be funded from existing resources.

The responsibility for road maintenance and intraterritorial road reconstruction has been already transferred from DIAND to the territorial governments. The responsibility for road construction will also be transferred over the coming years. **Until such time as the mining program is transferred, close cooperation between both levels of government and industry will be required to ensure that both the development of transportation infrastructure and mineral activities are well coordinated.**

Communication

While, in the context of this policy, certainty and competitiveness are the obvious significant themes, communication is no less important for both governments and industry. It promotes understanding of differing positions, provides for the exchange of information and contributes to consensus-building. The end result can be a community of interests which in itself will promote certainty and contribute to a positive climate for investment.

The federal government maintains a computerized bibliographic data base of all mineral assessment reports and mining publications. This is available to industry. Annual publications on mineral activities, geological maps and information brochures are provided to keep industry abreast of mineral potential in the territories. To ensure that industry is aware of these sources of information, federal officials frequently attend and speak at industry association meetings and other public functions.

For communication to be effective, opportunities must be provided for industry to discuss problems directly with all levels of government. To this end, regular meetings between the Minister of DIAND and senior representatives of the mining industry will be held. Such meetings will permit the Minister to outline his policies and approaches to issues, and permit industry to present its positions, objectives and options.

Another opportunity to improve the dialogue on mineral-related issues will be provided by organizing an annual meeting of Northern Mines Ministers. It is anticipated that the industry and other interested groups, as appropriate, will contribute.

To ensure that the industry is fully informed, on an ongoing basis, about DIAND's initiatives, policies and activities and that the federal government is kept up-to-date on the industry's position on various issues, semi-annual consultations between northern chambers of mines and DIAND senior staff will be introduced.

Summary

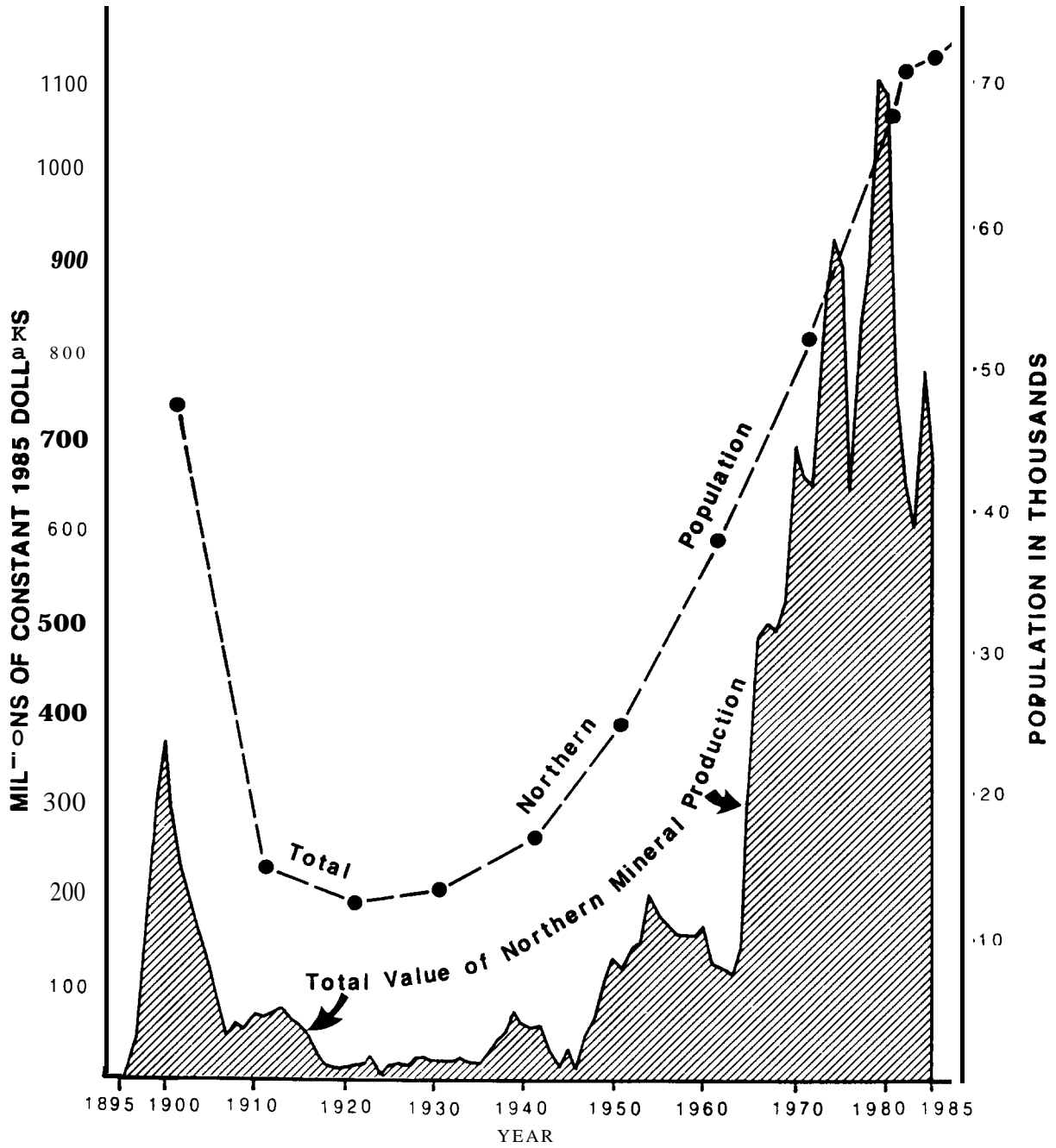
The federal government recognizes that mineral exploration and development have made, and will continue to make, a fundamental contribution to the economic development of the territories. The Northern Mineral Policy enunciates the principles guiding federal government actions that have been designed to ensure that the industry is provided with an opportunity to enhance its strategic importance to the territorial economies. The policy is characterized by reliance on private sector initiative backed by a federal government commitment to encourage and support exploration and development. This commitment takes the form of: improved geoscientific, infrastructure and other services; modernizing the legislative base; maintenance of existing royalty regimes; protection of third-party interests in the context of claims; program transfers and conservation; a more open and efficient regulatory system; and better communications among governments, industry and Northerners.

Mining is important to the future of the Yukon Territory and the Northwest Territories. It stimulates investment, creates jobs and a demand for services that is felt throughout the territories as well as in other parts of Canada. The federal government will work with industry and northern residents to establish an atmosphere of certainty, a competitive climate for mineral development and improved communications. With these goals, the Northern Mineral Policy charts a course toward a dynamic mining sector and a strengthened northern economy.

Graphs and Maps

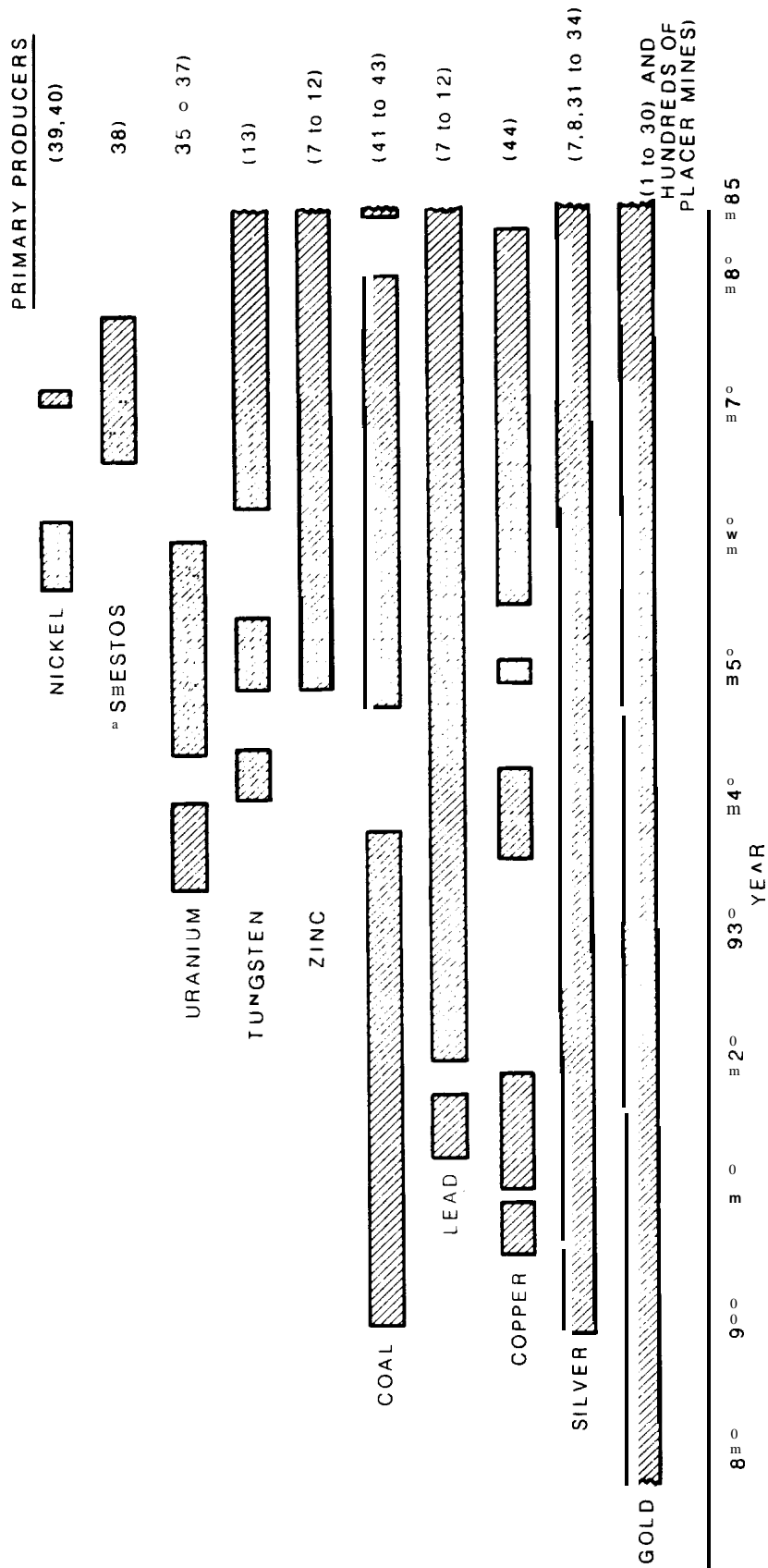
GRAPH 1

Total Value of Mineral Production Compared with Total Population (NWT and YUKON)



Source : Statistics Canada

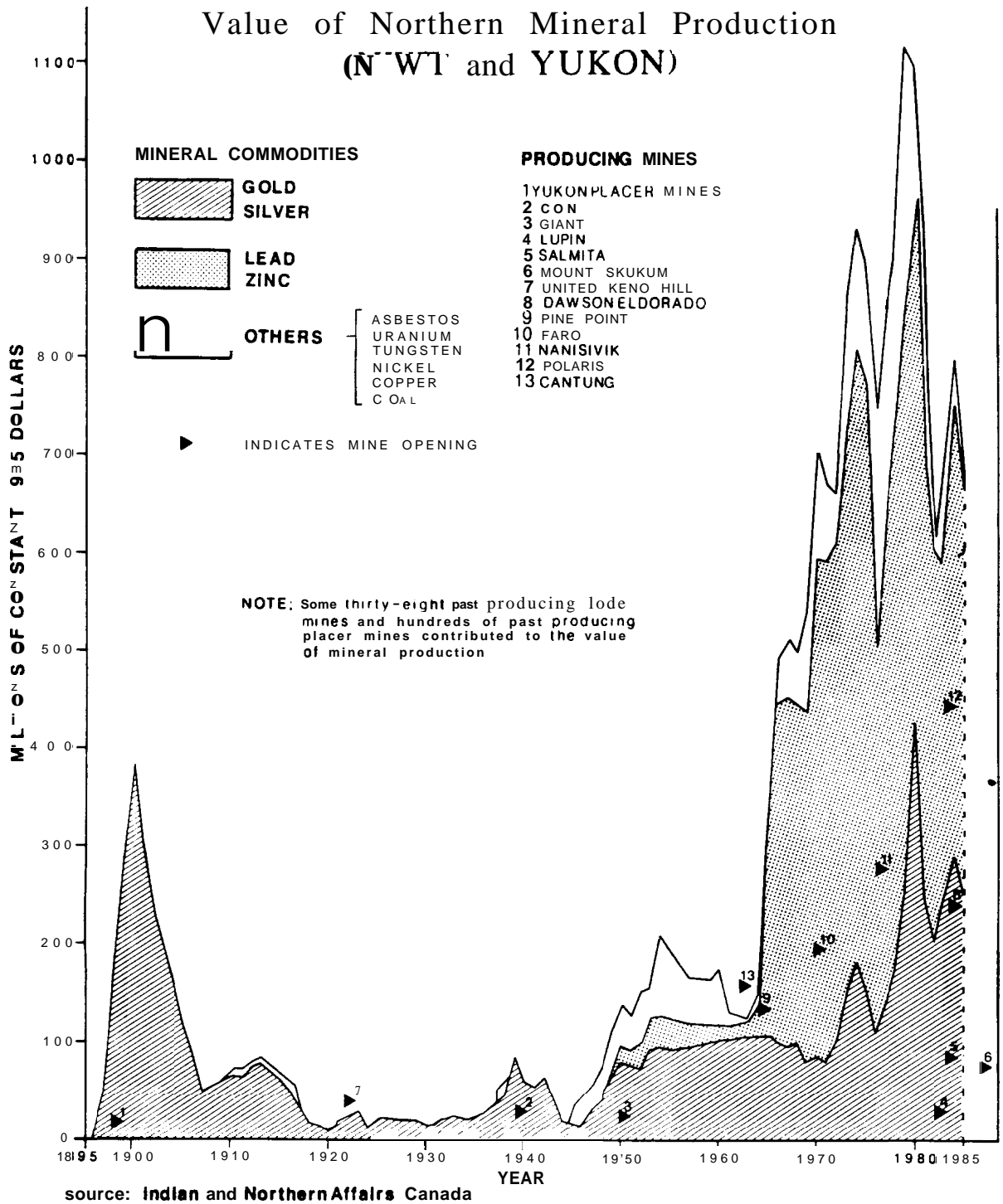
GRAPH 2
**Mineral Commodities Produced
 (NWT and YUKON)**



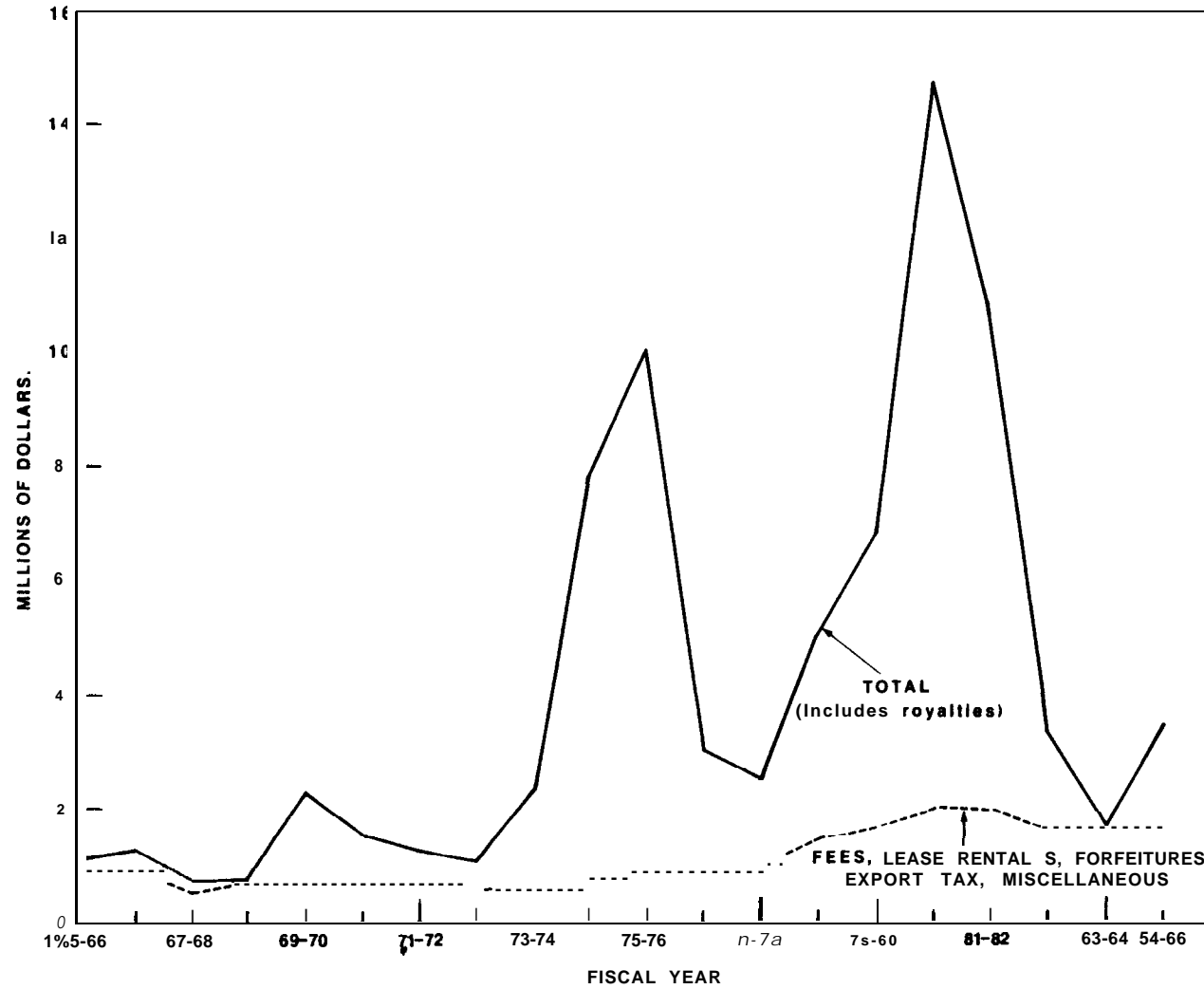
Source : Indian and Northern Affairs Canada

GRAPH 3

Value of Northern Mineral Production
(N.W.T. and YUKON)



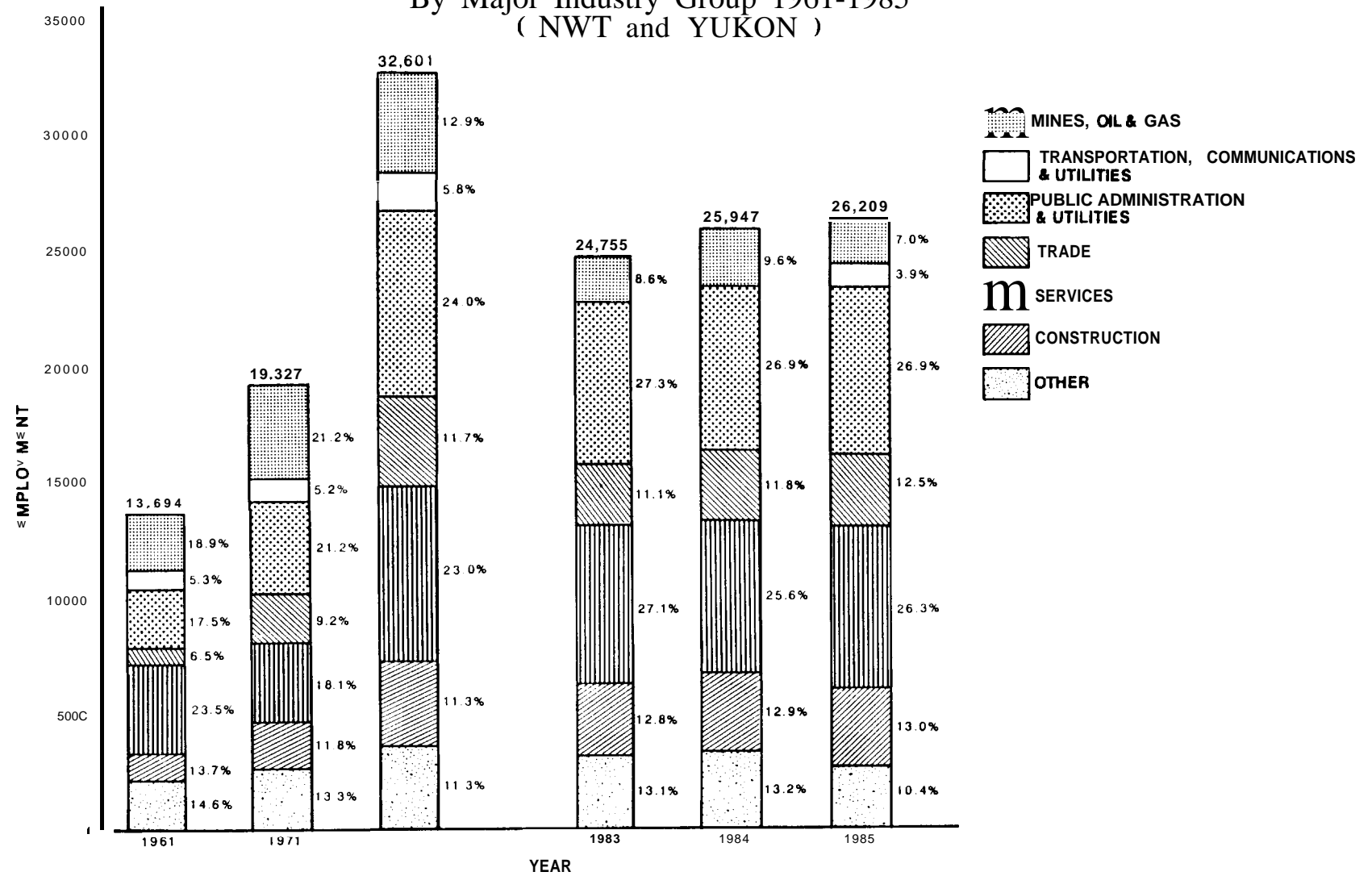
GRAPH 4
Mining Revenue
(NWT and YUKON)
(Fiscal Year Received)



Source : Indian and Northern Affairs Canada.

GRAPH 5

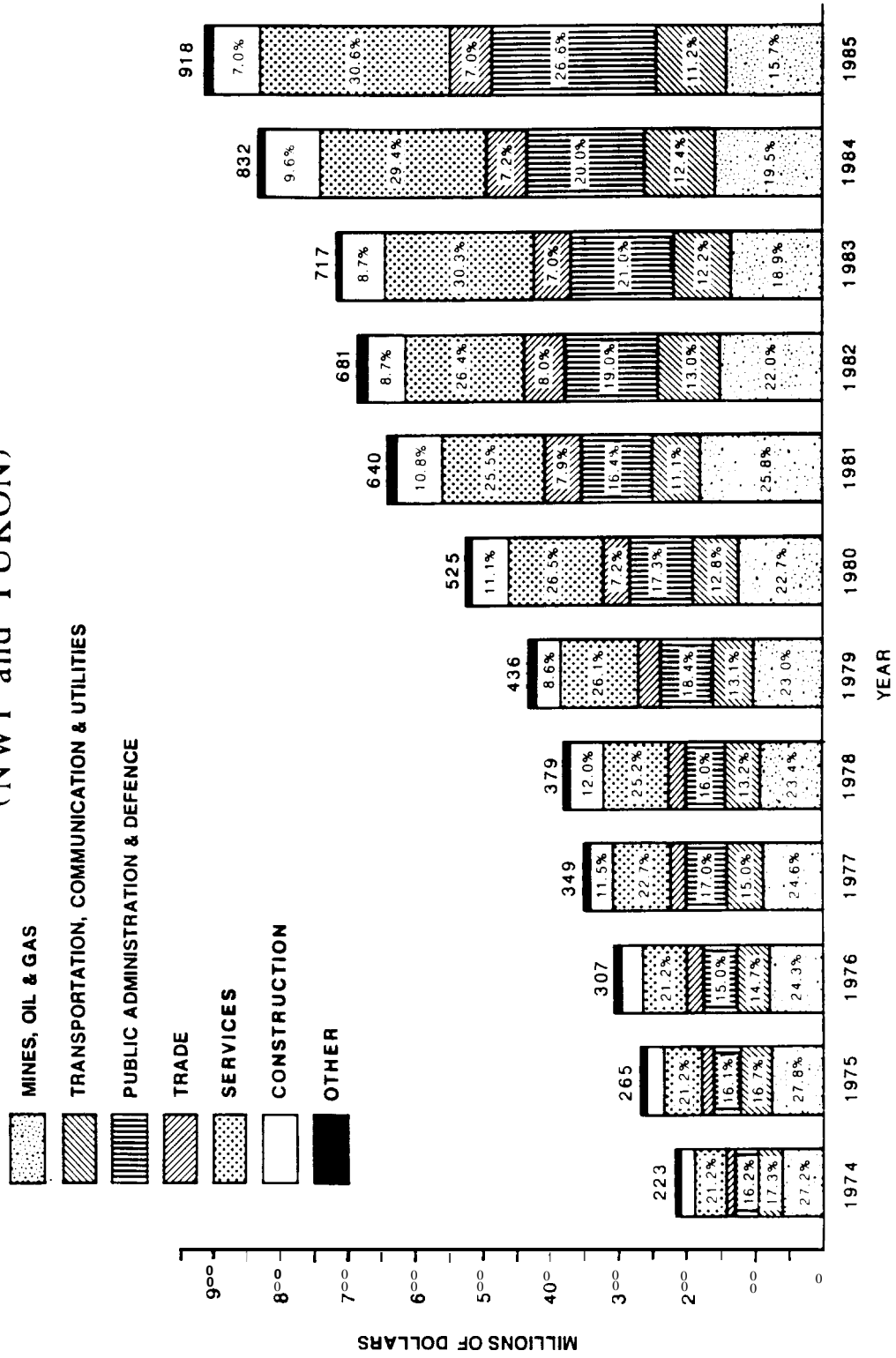
Territorial Labour Force Distribution
By Major Industry Group 1961-1985
(NWT and YUKON)



Source :1961,1971,1981 Statistics Canada
1983-1985, Statistics Canada

GRAPH 6

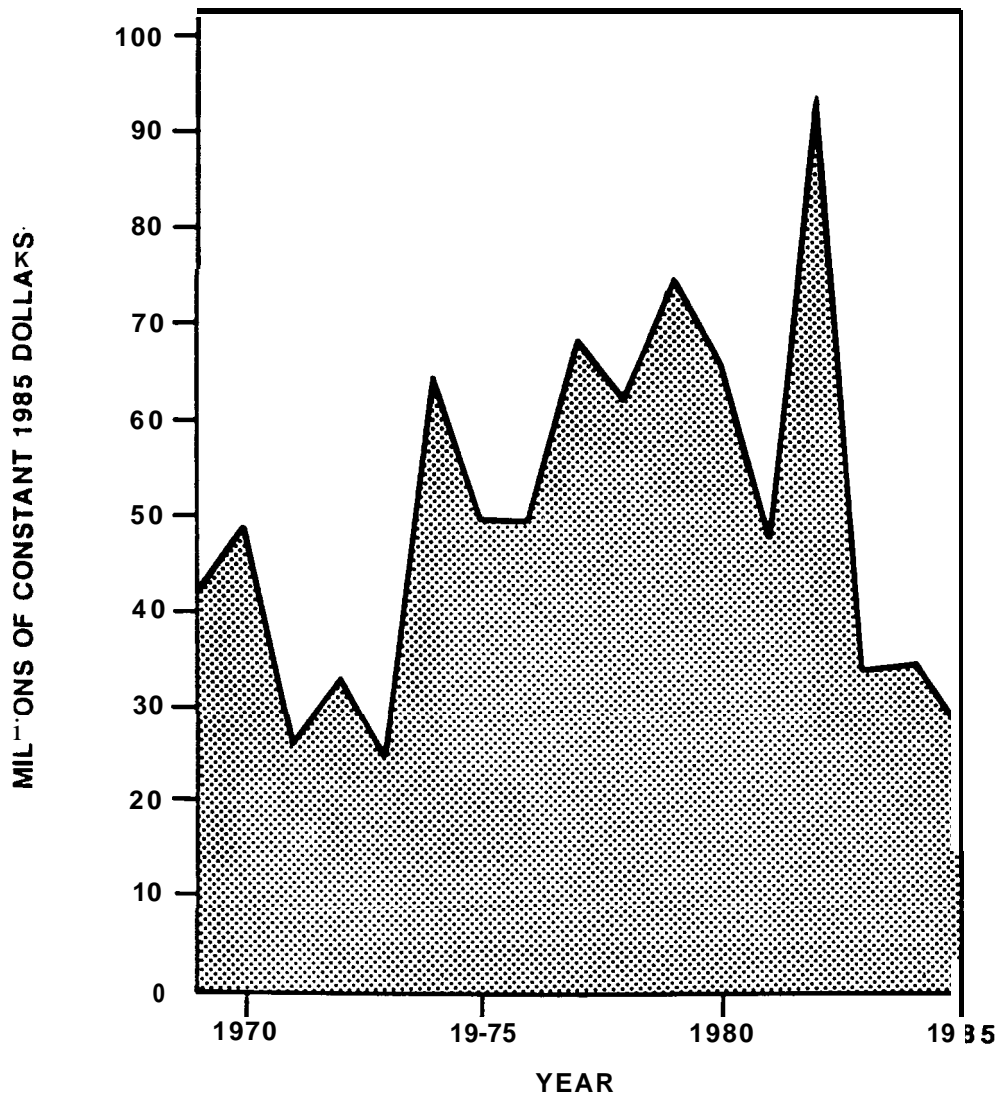
Annual Wages and Salaries by Major Industry Group
(NWT and YUKON)



Source: Statistics Canada

GRAPH 7

General Mineral Exploration Expenditures (NWT and YUKON)



Source : Statistics Canada

General mineral exploration is directed to discovery of new ore deposits as distinct from exploration on properties being mined.

LEGEND FOR THE MAP PAST AND PRESENT MINES IN THE NWT AND YUKON¹

Producing Mines

Gold

- 1) Yukon placer mines 1896-
- 2) Con. 193ti-
- 3) Giant, 1948-
- 4) Echo Bay (Lupin), 1982-
- 5) Salmita, 1983-
- 6) Mount Skukum, 1986-

Silver

- 7) United Keno Hill, 1946
- x) Dawson Eldorado 1983-

Zinc and Lead

- 7) (United Keno Hill, 1946-
- 9) Pine Point, 1964-
- 10) Faro, 1969-19*2, 1985-
- 11) Nanisivik, 1976-
- 12) Polaris, 1976-

Past Producing Mines

Gold

- 15) Lone Star, 1901-1914, 1929-1931
- 16) Venus, 1910-1911, 1968-1969
- 17) Pensive, 1939
- 18) TA, 1940-1941
- 19) Ptarmigan, 1941-1942
- 20) Outpost Island, 1941-1942
- 21) Thompson-Lundmark, 1941-1943, 1947-1949
- 22) Ruth, 1942, 1959
- 23) DAF, 1947-1948
- 24) Discovery, 1949-1968
- 25) Camlaren, 1962-1963, 1979-1981
- 26) Tundra, 1964-1968
- 27) Nose, 1967
- 28) Mt. Nansen, 1968-1969
- 29) Arctic Caribou, 1968-1969
- 30) Cullaton Lake, 1981-1985

Silver

- 31) Eldorado (Echo Bay), 1939-1940, 1942-1960, 1972-1982
- 32) Terra, 1969-1985
- 33) Northrim, 1971-1972, 1976-1979
- 34) Hope Bay, 1973-1975

¹Numbers of the mines are used in Graphs 2 and 3 and the accompanying map.

Producing Mines

Coal

- 14) Lapie River, 1976-

Past Producing Mines

Tungsten

- 13) Cantung, 1962-1986

Uranium

- 35) Eldorado, 1931-1940, 1942-1960
- 36) Hottah Lake, 1934
- 37) Rayrock, 1957-1959

Asbestos

- 38) Clinton Creek, 1967-1978

Nickel

- 39) Rankin Nickel, 1957-1962
- 40) Wellgreen, 1972-1973

Coal

- 41) Five Fingers, 1904, 1907-1908
- 42) Tantalus, 1905-1922, 1969-1982
- 43) Sourdough Mine, 1899-1913, 1939-1940

Copper

- 44) Whitehorse Copper, 1967-1982

¹Numbers of the mines are used in Graphs 2 and 3 and the accompanying map.