



Northwest Territories mi

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MEETING EDE 17-20-24

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT  
AND ENVIRONMENT**

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**TUESDAY, JUNE 25, 2024  
EAGLE ROOM, LEGISLATIVE ASSEMBLY / ZOOM  
1:30 PM**

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**AGENDA**

1. Prayer
2. Review and Adoption of Agenda
3. Declarations of Conflict of Interest
4. Public Matters: Briefing on Regulatory Framework from NWT/NU Chamber of Mines
5. In Camera Matters:
  - a) Debrief
  - b) Work Plan
6. New Business
  - a)
7. Date and Time of Next Meetings:
  - a) Wednesday, June 26, 2024 10:00 a.m. – Committee Business
  - b) Wednesday, June 26, 2024 1:00 p.m. – Public Ministerial Briefing on Low Water Levels, Minister of Infrastructure
  - c) Wednesday, July 10, 2024 1:30 p.m. – Public Briefing on Regulatory Framework, Mackenzie Valley Land and Water Board
  - d) Thursday, July 11, 2024 1:30 p.m. – Public Briefing on Regulatory Framework, CIRNAC
8. Adjournment



# Addressing Land and Water use Permitting under the MVRMA and its Operational Effectiveness

To: Standing Committee on Economic Development & Environment  
June 2024

# Re: Your Directions

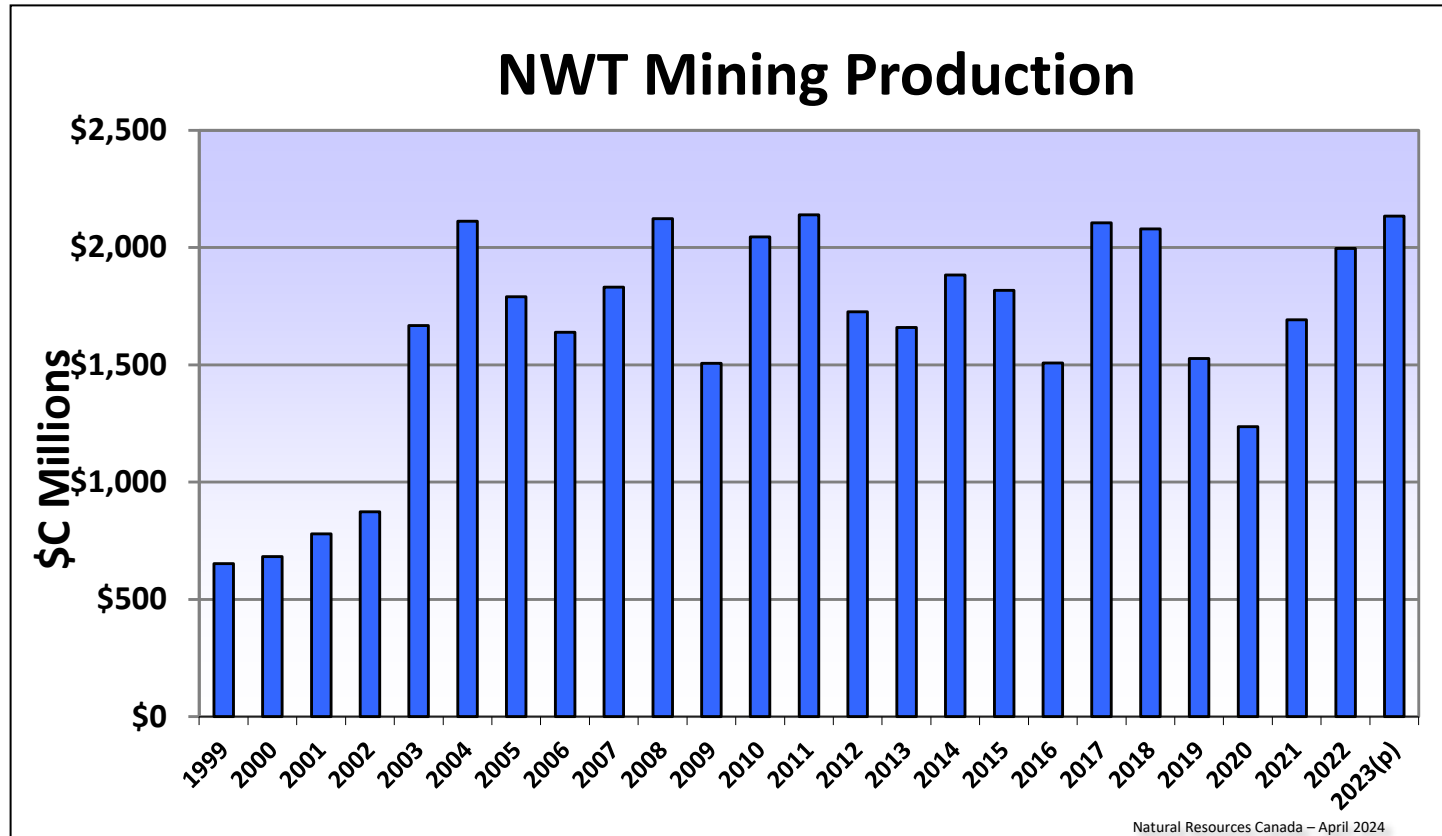
- Your directions to us:
  - *Committee would like to hear from the NWT & NU Chamber of Mines on its perspective and experience with the effectiveness and efficiency of the current regulatory framework for land and water use permitting, including which challenges or gaps may exist, capacity constraints for stakeholders and IGs, and areas of opportunity to inform Committee's review.*
- We also recommend you read the [NWT Environmental Audit 2020](#) and its [Technical Report](#)
  - Under MVRMA: Clause 148(3)(c) *An environmental audit shall include ... a review of the effectiveness of the regulation of uses of land and water ...*
  - Also, the freshly launched 2025 Audit is also tasked to review *c) the effectiveness of the regulatory system*

# Our Approach Today

- Context on why this work is important; how we got to Eyes Wide Open
- Details of our Land & Water Permitting Experiences
- Some considerations going forward
- The Critical Minerals Opportunity
- Discussion

# Why Sustaining your Industry is Important

## *NWT: World-class Diamond Production and Benefits*



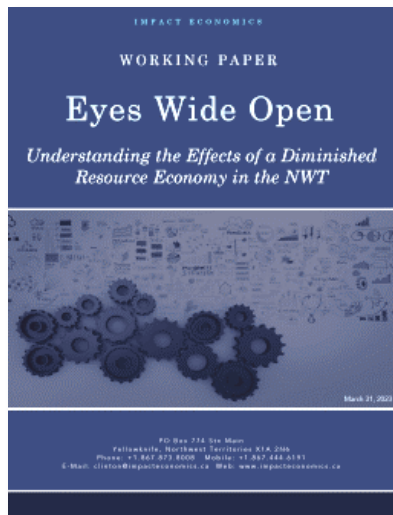
### SIGNIFICANT BENEFITS

- 33,613 PY's Employment for NWT residents
- \$8.16 Billion NWT Indigenous Business
- \$10.14 Billion Other NWT Business
- \$7.95 Billion Southern business
- **TOTAL: \$26.26 Billion business**

*NWT is the world's 3<sup>rd</sup> largest global diamond producer and 4<sup>th</sup> most valuable*

# Why Sustaining your Industry is Important: Averting this “The nature of the NWT economy is about to change in a profound way”

- Maturing diamond mining and O&G
  - The economy will be smaller
  - There will be fewer jobs
  - There will be less disposable income
  - Government will have less revenue
  - There will be fewer people



[Impact Economics, 2024](#)

- Significant Economic Losses

## Yellowknife

- 1,305 jobs
- \$173 million labour income
- 13.4% of income

## Rest of NWT

- 575 jobs
- \$73 million labour income
- 7.9% of income

**Quote: Anyone who considers themselves a leader, whether an elected leader or a leader through action, needs the information presented in this paper. This is a conversation that should have started the day Ekati mine produced its first diamond almost 25 years ago, but having not done so then is not reason to avoid it now.**

# Healthy, Successful Exploration is key to mining sustainability

## But exploration is risky

- Not every project becomes a mine
- The odds are very much against exploration success, generally only 1:1,000 means 999 failures – most explorers will not be successful
- The Secret:
- Seek/support/incent strong exploration investment



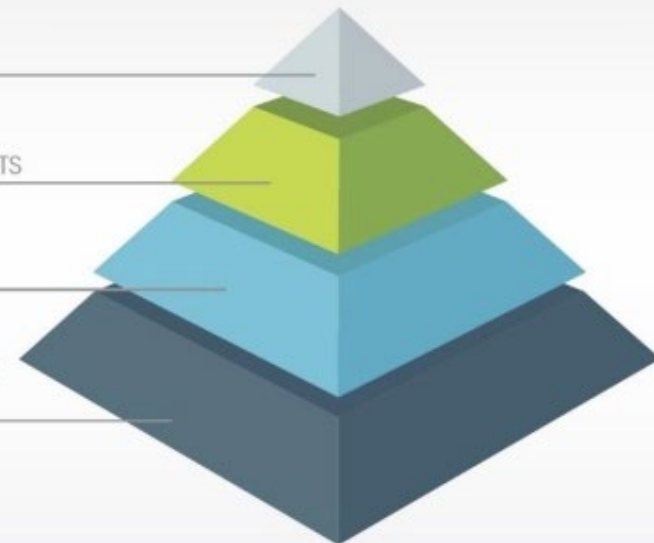
**Only 1 in 1,000 exploration projects becomes a mine**

ONE PRODUCING MINE

10 DEVELOPMENT PROJECTS

100 TARGETS FOR  
ADVANCED EXPLORATION

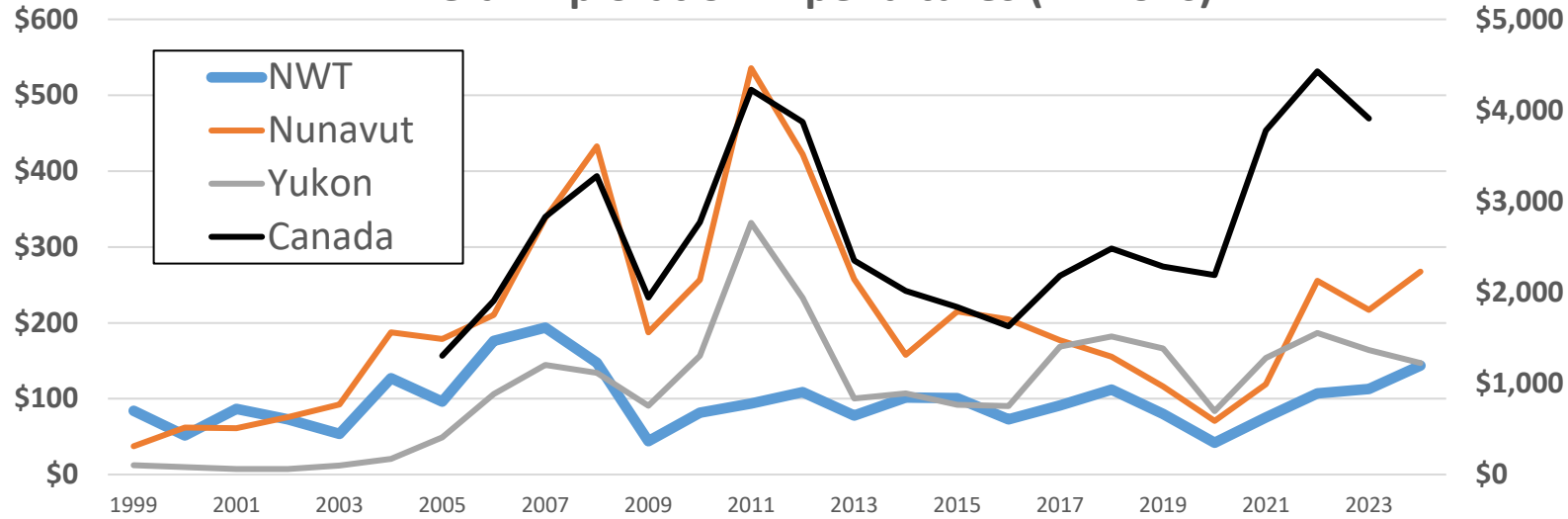
FROM 500 - 1000 GRASS  
ROOTS EXPLORATIONS



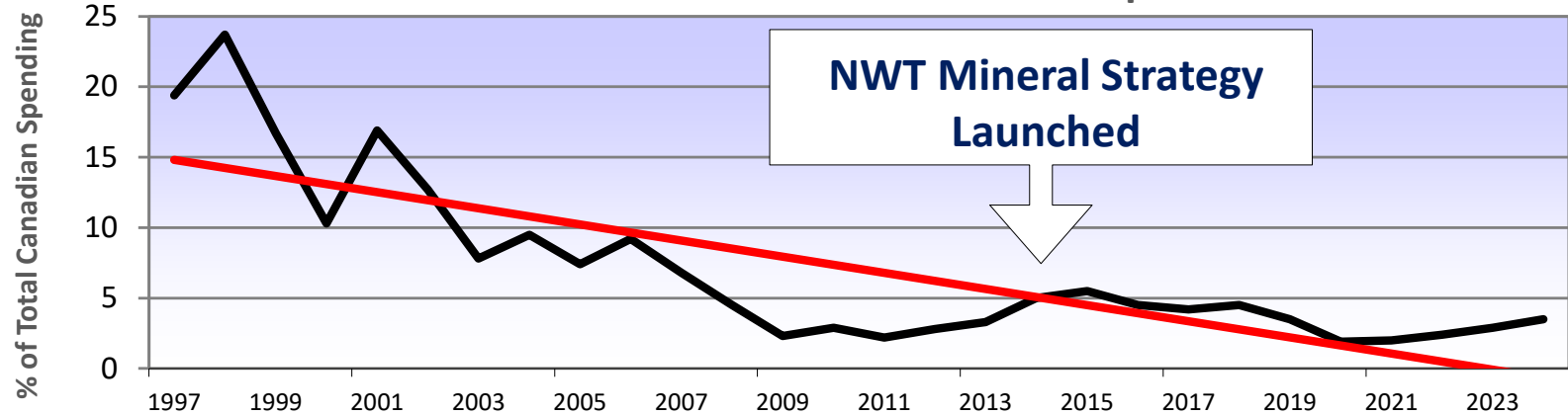
•Graphic courtesy Fraser Institute

# Challenge: Exploration to sustain mining continues to underperform

Mineral Exploration Expenditures (millions)



NWT as % of Total Canadian Mineral Exploration



Natural Resources Canada – February 2024

## Money is a Coward

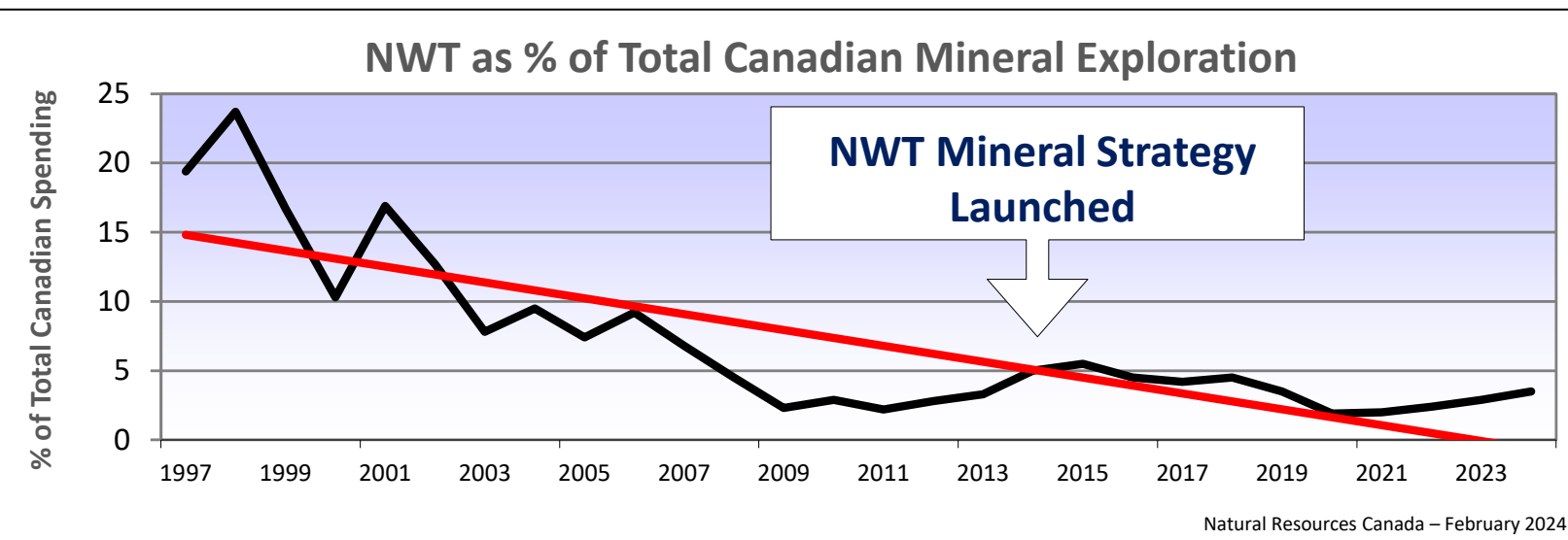
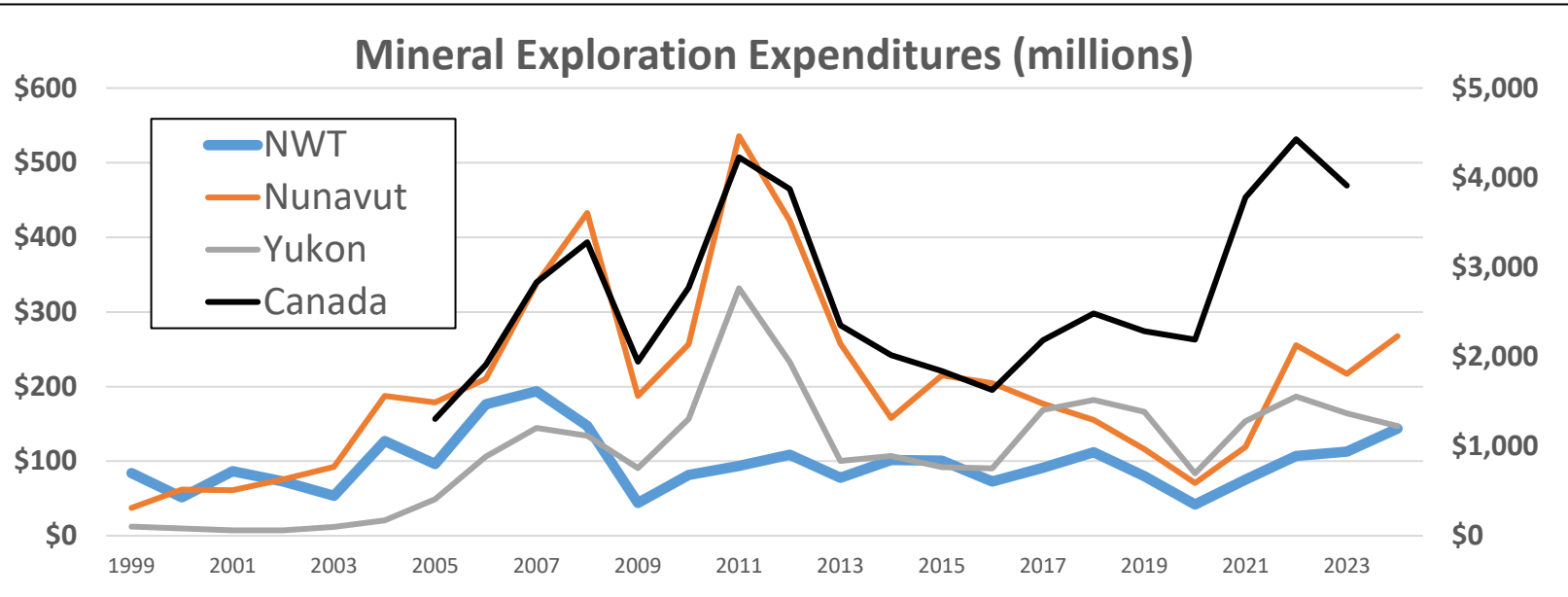
- Investment goes to less risky, less expensive, less complex, more attractive jurisdictions

## Why NWT underperforms

- Weaker government tax incentives than provinces
- **Higher NWT costs due to overly complex regulatory processes**
- Shrinking access to mineral rich lands (conservation, unsettled land claims, etc.)
- Higher costs due to having Canada's largest and significant infrastructure deficit
- Aviation regulations now inflating costs, reducing results



# Challenge: Exploration to sustain mining continues to underperform



- NWT investment was out of step with Nunavut, Yukon, Canada, and the world
- Given our mineral potential is equally high, and we operated in the same marketplace, this means the NWT created this problem itself, internally.
- As a result, compared to Yukon & NU investment, **NWT missed out on \$1.4 Billion in exploration investment**

# Unfortunately, it's not getting better

## Fraser Institute Survey of Mining Companies 2023 (May 14, 2024)

- NWT continues to languish in exploration attractiveness, quote:
  - *Some Canadian jurisdictions fail to capitalize on their strong mineral potential due to a lack of a solid policy environment. ... the NWT, despite being among the top ten most attractive jurisdictions for mineral endowment, rank 45th, when considering policy factors alone.*
    - NWT's mineral potential index ranks it very high at 5<sup>th</sup> in World but ...
    - scores second lowest in Canada in terms of policy factors, at 45 out of 86
- NWT's policy environment is damaging is Investment Attractiveness (#24)
  - *The governments in NWT, alongside the federal government, impose regulatory challenges and high costs, prompting companies to explore mining opportunities in jurisdictions beyond Canada.*  
... A consulting company, Senior management



# Some actions that made the NWT less attractive

- These events increased investment uncertainty, reduced land access, added costs
  - **2000 – ?**: Unsettled land claims affect land access, create uncertainty
  - **2000-2014**: NWT Protected Areas Strategy – \$25 million campaign withdraws 60,000 sq.km.
  - **2007**: Akaitcho “interim” withdrawal land claim: **62,000 km<sup>2</sup>**
  - **2007**: Thaidene Nene interim land withdrawal: **33,690 km<sup>2</sup>**
  - **2007**: Akaitcho blocks **18,000 km<sup>2</sup>** Upper Thelon exploration, companies lost \$25 million – leave
  - **2008**: Akaitcho demand unrealistic/illegal requirement for onerous Exploration Agreements
  - **2009**: Akaitcho challenges approval of North Arrow Minerals grassroots Li-project – cancelled
  - **2010**: Akaitcho ‘public concern’ triggers EA for TNR Gold grassroots project – they leave
  - **2015**: ‘Public concern’ triggers EA for minuscule grassroots sand exploration – halted
  - **2016**: UNESCO biosphere reserve removes over **93,000 km<sup>2</sup>** around Great Bear Lake
  - **2014-2024**: Policy creep through regulatory boards – bathymetry, water use, Type A requirements for Type B work, inspector powers, etc.
  - **2020**: NWT Environmental Audit confirms regulatory/policy issues

# A key finding of the NWT Environmental Audit 2020

- A key quote in the *NWT Environmental Audit 2020* recognized Industry concerns:
  - *“Despite the efforts of LWBs, small exploration companies continue both to struggle with the application process and to meet its requirements. If allowed to persist, this disconnect between industry and regulators will continue to affect the level of exploration activity in the territory which, in turn, will affect the NWT’s socio-economic environment.”*
- In essence, the LWB’s have negatively affected NWT’s socio-economic environment
- This contributed to the “Eyes Wide Open’s” negative economic situation

## Result: *Mackenzie Valley Operational Dialogue* created

- MVOD created in 2020 in response to concerns raised by industry but with a mandate to only seek operational improvements
  - Parties meet (outside of specific projects) to provide updates on regulatory initiatives, share knowledge, discuss challenges, and collaborate on work plans
  - Focuses on shared objectives and goals of all participants using a dialogue-first approach to develop solutions together to better serve all
  - Goal: Maintain a regulatory regime in the Mackenzie Valley that is understood, trusted, effective, and efficient for all involved
- In 2023, under umbrella of Canada's Critical Minerals Strategy, MVOD was sanctioned to seek regulatory improvements too

## Some of Industry's concerns

- Board / Government Policy creep over many years
  - Grassroots exploration treated as Advanced Exploration
  - Water use definition overkill (Circulating water, ice pads, ice roads)
  - Type B water licenses treated as Type A – unnecessary cost and time
  - Advanced exploration project treated as mining & milling (eg, KDI)
  - Inspectors' powers diminished – Created bathymetry consequence

# Early-stage, “grassroots” exploration is NOT Advanced

- Exploration Goal: To find a mineral deposit (not a mine, yet)
  - Very small footprint, over large area
  - Small camps, perhaps ~10-30 workers
  - Mapping; Sampling by prospecting, channel sampling, trenching
  - Geophysical and Geochemical surveys
  - Diamond drilling (note diamond drilling is not just for diamonds 😊)
  - Low water use



# Advanced Exploration

- Exploration goal: to determine shape, size, tonnage, quality of the mineral deposit(s) discovered in early-stage exploration
  - Larger camps for larger workforce (~50-200)
  - More intensive work: more/larger drilling, perhaps even underground mining to remove tonnages of rock samples, more equipment
  - Smaller footprint but larger water use





# Advanced Exploration is not Mining



- Example Kennady Diamonds

# Water Use

- Interpretation that recirculation from a water source was a 'use' came around 2018, with the first issuance of the water use bulletin from the LWBs.
- Consequence: it pushed some projects to either get a Type B Water License or reduce drilling (down to as little as one drill to stay under <math><100\text{ m}^3</math>).
  - Note: one drill only uses about 30-40 m<sup>3</sup> of water. The remainder of use went to recirculation
- Type A licenses vs Type B – much more costly, comprehensive, time consuming
  - Overkill to require a Type A where Type B is necessary

## Action required

- In May 2024, the Land and Water Boards of the Mackenzie Valley collectively recommended to GNWT and CIRNAC/Northern Affairs Ministers:
  - The Regulations are outdated and a source of uncertainty in the regulatory process
  - Focused amendments to the Regulations should be prioritized over updates to the Waters Act
  - Many proponents and some co-management partners support focused amendments to the Regulations
  - A discussion between co-management partners needs to be reinitiated
- **The Chamber of Mines has agreed with these recommendations**

# Considerations Moving Forward

- Regulators need to pay more attention to socio-economic effects
  - The MVRMA is unique legislation requiring not just a focus on biophysical effects but on economic well-being.
  - Economic benefits and well-being of residents seem to have been lost
- Listen to industry – we are here at governments' request to help
  - We flagged concerns 10+ years ago – action was far too slow
- Move more quickly on Audits
  - The 2025 Audit is now underway, yet recommendations of the previous Audit are still outstanding

# The Critical Minerals Opportunity

- Critically important globally to address climate change
- We are facing the biggest transition since the horse to automobile
- Demand for minerals critical to this transition are significant
- China has established a concerning dominance
- Canada and its allies have created strategies and are committed to significantly boosting critical mineral exploration, development, production and use
- The NWT, with its significant untapped mineral potential, has unprecedented opportunities available to it
- Your work can help seize these opportunities

# Discussion

- Open for discussion