

36th Annual Yukon Geoscience Forum

November 24, 2008, Whitehorse
Premier Dennis Fentie

On behalf of the Yukon government, I am pleased to welcome all of you to the 36th Annual Geoscience Forum. I would like to begin by thanking the Yukon Chamber of Mines for doing such a great job organizing this event each year.

I would also like to recognize the staff at Energy Mines and Resources for all of their hard work supporting this event as well.

I would like to discuss several topics with you this morning: the current state of the Yukon mining industry; the outlook for the mining industry; and the measures that our government is taking to encourage and maintain a positive investment climate.

Yukon Exploration and Development Activity

Our strong commitment to the Yukon mineral industry and the Yukon economy is evident in the considerable growth we have experienced.

In the past seven years, total exploration spending in Yukon has increased more than tenfold from \$8 million in 2000 to \$140 million in 2007. Spending on mine development, which was non-existent in 2000, reached \$72 million in 2007, bringing total investment by the industry in Yukon to over \$200 million last year.

Mineral exploration in Yukon in 2008 remained strong with exploration expenditures estimated at \$90 million and mine development spending estimated at \$10 million.

It is amazing to consider, that after more than a century of active placer mining in Yukon, the industry continues to contribute over \$50 million each year to the territory's economy.

As Sherwood Copper continues to expand their processing facilities, companies such as Western Copper Corporation, Alexco Resources and Yukon Zinc are in the final stages of permitting and making production decisions, while many other companies are determining the economics of their projects.

While development proceeds, exploration companies continue to make new hard rock discoveries in Yukon. This year alone, there have been at least two significant gold and two significant base metal discoveries made by companies drilling in the Yukon.

Check Against Delivery

The grassroots exploration done by prospectors and mineral exploration companies is the backbone of the industry. It generates new projects that lead to the discoveries that will ensure the future of Yukon's mining industry.

Outlook

While we have enjoyed a vibrant and growing mining industry over the last several years, the immediate future is a little less certain due to the turmoil in global financial markets.

These are real concerns. These events have driven down the price of base metals, impacted the share prices of many companies and made access to capital much more difficult. This could have an effect on Yukon's mineral industry.

The good news is that Yukon's mineral endowment is varied - different base metals, as well as precious metals. The market may not treat them the same. For example, falling prices for copper, may not be the same for tungsten. And, economic uncertainty tends to create opportunities for gold and silver.

It also means the uncertainty could be short lived. As supply goes down from lower prices and cancelled or abandoned projects, it may not be long before demand, once again, outstrips supply and prices rise.

Yukon is also on the map as a favoured place for mineral investment. This reputation will help through uncertain times, but we need to recognize that we are in a global competition for that investment. I believe, as do others, that even in uncertain times, good projects will be supported.

Investment Climate

We are continuing our mandate of promoting resource development and working with industry, First Nations and the federal government to ensure that access to our resources is clear, certain and competitive.

We have followed through on a commitment we made to review the *Quartz Mining Act* to make it more competitive. We have tabled in the Legislative Assembly, amendments to the claim administration and royalty sections of the existing *Quartz Mining Act*.

These amendments will lower exploration costs and encourage mineral development by providing a capped and competitive royalty rate on par with other Canadian mining jurisdictions.

We have also brought forward amendments to the *Miners Lien Act*. These amendments will modernize the legislation and provide clarity and certainty for suppliers, the mining industry and lenders that provide debt capital for mine development.

Check Against Delivery

We appreciate all of the input that we received from industry, the public and others when determining the amendments to these Acts.

We are also working to strengthen our relationship with industry and First Nations through partnerships such as the Yukon Minerals Advisory Board and the Yukon Mine Training Association.

In 2008, a total of \$774,500 was committed to the Yukon Mining Incentive Program and funding was offered to 45 projects. This program provides financial and technical assistance to prospectors and junior mining companies for mineral prospecting and exploration activities in Yukon.

Additionally, the Department of Economic Development continues to provide support to projects that have the potential for broad-based economic benefits. Since 2004, the Strategic Industries Development Fund has contributed more than \$3.8 million for 65 projects across the territory.

The Yukon government recognizes the importance of continued investment in Yukon's infrastructure to strengthen and grow Yukon's economy. Examples include: \$31 million for improvements and upgrades on the southern Robert Campbell Highway and \$10 million towards the Carmacks to Stewart Crossing transmission line.

We have approved \$500,000 towards the Resource Access Roads Program to address the increasing demand for upgrading and improving public roads, specifically those used to access valuable natural resources.

The Yukon Geological Survey also makes a significant contribution to our mining industry.

Exploration decision-making depends on up-to-date, quality information and I am pleased to say that we have one of the best geoscience information bases in Canada.

Over the past four years, the Yukon Geological Survey has been undertaking new geophysical and geochemical surveys with funds from Indian and Northern Affairs' Strategic Investments in Northern Economic Development program. Much of this new data is now in the public domain.

Since the announcement in the last federal budget of new funding for geomapping in Canada's North, we have been pursuing discussions with the Geological Survey of Canada to co-deliver on a number of geoscience projects identified as priorities for Yukon.

I would like to take this time to thank the staff of the Yukon Geological Survey for the excellent work that they do in support of managing and developing our mineral and oil and gas resources. I would also like to thank the YGS staff for all their hard work in organizing the technical presentations of the Forum. I hope that you will enjoy the talks.

Concluding Remarks

To conclude, the mineral industry has provided immense opportunities for Yukoners historically, and that continues today. In the last two years, Yukon mining investment has exceeded \$300 million.

This creates jobs and other opportunities across Yukon. Currently, we have one of the lowest unemployment rates in the country, but there may be challenging times ahead.

The good news is that we have a diverse mineral endowment, with a range of base and precious metals, that financial and metal markets may not treat the same, or for the same length of time.

Our investment climate needs to create opportunities in both good times and uncertain times. We need realistic expectations and to continue to work together on our shared interests and goals to make that happen.

Enjoy this year's Geoscience Forum.

Thank you