

Yukon mining approaches 'critical mass', says minister

The exploration and mining industry is one of the most significant contributors to the economy of Canada's Yukon Territory, and its mines minister is bullish on attracting more scarce capital.



The Yukon Territory's mining minister Ranj Pillai says the territory is ready for investment

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Despite the current lull from Minto's closure last year, Victoria Gold's Eagle is set to fly soon and Newmont Goldcorp's Coffee is on the immediate horizon. A new investment in Minto could also see the copper producer restart by year-end.

Comments

On top of that, the US\$2.5-billion Casino mine could be under construction by the middle of the next decade.

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"We're approaching critical mass," said Yukon mines minister Ranj Pillai.

He told *Mining Journal* he was encouraged by the amount of exploration and mine development investment flowing into the territory now. "It confirms we are on the right path," he said.

He characterised mining as the major private-sector driver in the territory. "It is a big part of the social fabric of the Yukon. It touches almost every person, from direct employment to the spin-off economic impact the industry has on the

region."

Pillai said he was excited about the imminent start-up of Victoria's Eagle mine; set to be the largest ever in the Yukon and the most significant new gold mine in Canada for a few years.

The minister emphasised in the 2.5 years since the Yukon Liberal party formed government, they had created a strong ecosystem that supported mining, from explorers through developers and producers pumping cash into the sector.

Mining is the seventh largest contributor to the Yukon economy, accounting for US\$103 million (C\$134.4 million) of the gross domestic product in 2018.

"We constantly have projects moving through the development pipeline. The Yukon government has budgeted C\$26 million in the 2018/19 budget in support of its mining agenda," he said.

Government has also taken steps to enhance the investment appeal of the territory.

"We've reduced the small business tax and the general tax rate. For instance, the value of this alone resulted in a marked increase for Victoria's Eagle mine's net present value."

Image issues

Pillai said the region had a "phenomenal mineral endowment" but it remained difficult to convince people the Yukon was a viable business and mining jurisdiction.

"Despite our significant spending on infrastructure, the biggest challenge remains a tepid perception towards our territory's economic potential. How many people know the Yukon has the closest Canadian deep-water port to Asia?"

The Yukon government is currently spending C\$500 million on the Yukon Resource Gateway project through which it will connect the Dawson and Nahanni ranges by replacing 650km of roads, bridges, culverts and stream crossings.

"We have the First Nation agreements in place now to proceed with the Coffee road, electricity and distribution network expansion, as well as regional aerodrome upgrades. We're gaining momentum on our infrastructure initiatives."

Pillay further underscored the importance of government regularly interfacing with the 11 self-governing First Nations out of 14 that have had their land claims settled.

"We have created a one-window shop for anyone interested in doing business in the Yukon. This can only happen with a strong relationship with all stakeholders at the table.

"This breeds trust and certainty for investment to flourish. Government to government relationships have in recent years been strengthened with the signing of the First Nation agreements, which closed a significant gap in our relationship," he said.

Land claims and self-government agreements came into effect for 11 self-governing Yukon First Nations between 1995 and 2006.

The minister reiterated the importance of mineral revenue sharing with Aboriginal groups, which became enshrined in the treaties after "lots of stalemate for some time". "We have concluded agreements on thresholds for impact benefit agreements, which continues to build that multilateral trust."

He said First Nations sat on about C\$750 million in capital they could use to support exploration and mining. "They are looking to invest."

The minister added as the territory's mineral resource wealth was systematically developed it was imperative to work with other jurisdictions to share best practice in mine plan design and execution. "We have learnt the lessons from Mount Polley. We are not going to let that happen here."

Cutting red tape

The Yukon government is proactive in generating geological datasets and maps that help stimulate project generation at the grassroots level. Its data, produced by the Yukon Geological Survey, holds information on 2,700 mineral occurrences in the Yukon.

Pillai said half the major projects currently making development progress were a result of this leading initiative.

The territory's bustling 70,000oz/y placer gold mining industry also continued to attest to the region's continued prospectivity and harked back to the heyday of the Klondike Gold Rush of the late 1800s.

Pillai lamented the territory's ageing labour force as impacting the Yukon's ability to respond to an upticking exploration and mining sector.

"We want to build capacity on a local level. This is something Victoria has managed to execute very well in building the Eagle project."

At only about 36,000 residents, the Yukon is Canada's least-populated province. It has also reported the lowest unemployment rate in the country for the past four years. "The Yukon's unemployment rate will continue to drop. For Yukoners, finding a job will become easier, but for businesses, it will become more and more difficult to fill open positions," he said.

However, the territory is working to enhance the quality of its tertiary education, with the Yukon College set to become a full-fledged university next year.

Government is also working to streamline the water board and permitting process, which currently spans three tiers of government. "We are reducing red tape by eliminating a separate evaluation process through each of the federal, territorial/provincial and municipal levels," he said.

However, private UK-based concern BMC Minerals disagrees. It shelved its summer exploration plans earlier this year in favour of analysing samples and data from last year's field season. It is developing the Kudz Ze Kayah project, in south-east Yukon, but it said the regulatory burden had become too onerous. It is something the Yukon Chamber of Mines has also spoken out against.

The project has been languishing in the Yukon Environmental and Socio-economic Assessment Board process for several years. Production is tentatively scheduled for 2021.

The project could provide the same economic spin-offs too, since a 2017 prefeasibility study outlined at least a decade of mining producing high-grade zinc, copper and lead concentrates with significant gold and silver credits.

"We are very excited that we are among the top 10 jurisdictions in terms of investment attractiveness. The royalty revenue the mining industry generates for all levels of government and aboriginal groups is paramount as we work to position the Yukon as one of the best places to do business globally," Pillai said.



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