

Yukon Conservation Society

Presentation to the Yukon Mineral Development Strategy

May 1st, 2020 - online presentation



Yukon Conservation Society



About YCS

- Established in 1968 – because of the concerns raised by the impacts of the 1960s mining boom
- Mission: To pursue ecosystem well-being throughout the Yukon and beyond, recognizing that human well-being is ultimately dependent upon fully functioning healthy ecosystems.
- That mining in the Yukon occurs only in places where such activities are ecologically and culturally acceptable.
- All mining projects should conform to “Our Clean Future: A Yukon strategy for Climate Change, Energy and a Green Economy”. There must be a shift to reducing greenhouse gas emissions and moving towards a circular economy.

Who We Are



YCS Staff And Volunteers are involved in this YMDS presentation

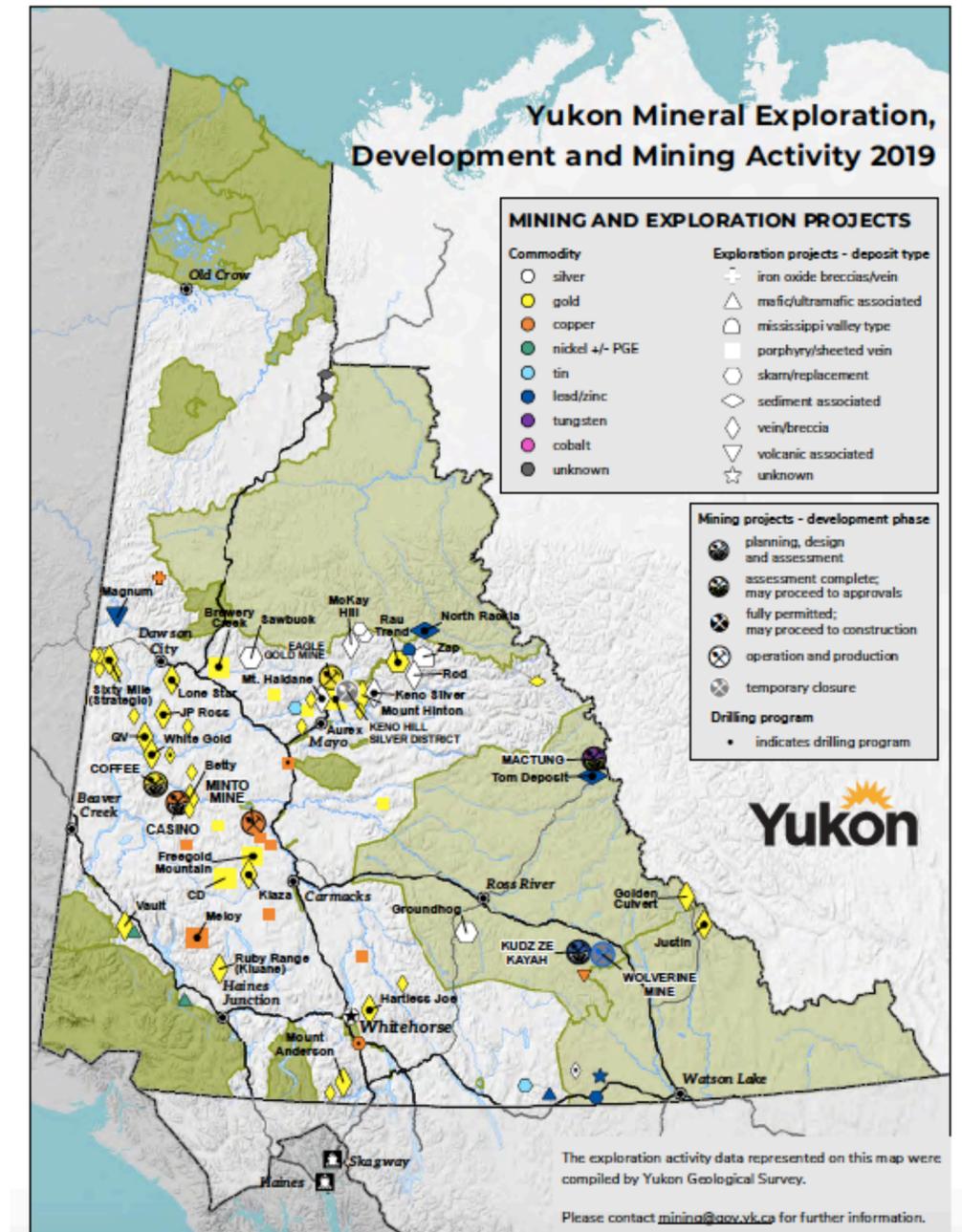
- Davon Callander - Executive Director
- Lewis Rifkind - Mining Analyst
- Sebastian Jones - Placer Mine Reviewer
- Skeeter Wright - past YCS President
- YCS mining activities are guided and supported by the YCS volunteer Mining Committee. This are individuals who are knowledgable about Yukon mining issues and environmental concerns.

General Observations



Is mineral extraction the highest and best use of land?

- The Yukon's Quartz Mining Act and Placer Mining Act are premised on the view that mineral extraction is the highest and best use of land.
- YESAA provides for an assessment of Quartz Mining Act based activities and constraints on the activities, but due to provisions of the Act mine development cannot be denied.
- It would seem that the Quartz Mining Act and the Placer Mining Act limit the role of governments, and ensure the rights of the mining community are paramount.



Free Entry



Why is mining the first and best possible use of land?

- The free entry system for staking claims under the Quartz Mining Act and Placer Mining Act mineral allows staking in all but limited areas of the Yukon.
- The rationale for the free entry system, to provide incentives and reward interest in the Yukon, was a by-product of a colonial perspective of northern Canada.
- Many Canadian jurisdictions provide a non-free entry mineral development system.
- Claims should be subject to an assessment as to the socio-economic and environmental matters related to a prospective major exploration or mine development.
- Mining legislation should include provisions stipulating staked claims shall not be used for access to other staked areas unless the access is assessed via YESAA as a road.

Impact Benefit Agreements



The entire community must benefit

- Since the resource belongs to the public at large, there is no need to restrict the agreement to the local First Nation.
- A requirement for a community benefits agreement should be included in the new Yukon mineral legislation.
- The community cost of mining is high, benefit agreements can provide an offset to it.



Faro Mine valley no longer suitable for harvesting
- pic courtesy Gerry Whitley/LightHawk

Royalties



The Yukon Is Giving The Stuff Away

- Royalty: the amount paid by a mining company to the Yukon government (public) to secure ownership of the mineral obtained via a mining operation
- Yukon Placer Act gold royalty was set in 1922 when gold sold for \$15 an ounce . The 37.5 cents ounce royalty no longer reflects the approximately \$1,500 ounce price of today.
- Quartz Mining Act royalty regime should be calculated on the market price of the resource (a net smelter royalty, not a net profit royalty).

Royalties? Placer Royalties...



Mining Lands Monthly Activity Report - April 2019 to March 2020

YUKON STATISTICS

Quartz claims staked	2,199	Royalties (troy oz.)	78,052.600
Placer claims staked	1,420	Royalties (dollars)	\$ 29,271.02
Prospecting leases staked	153		

Fiscal Revenue to date:
\$ 1,592,829.04

REVENUE SUMMARY	Quartz	Coal	Placer	Dredging	MLU	Other	Total
Dawson	\$ 308,181.25	\$ -	\$ 231,553.16	\$ 230.00	\$ 3,900.00	\$ 1,575.61	\$ 545,440.02
Mayo	\$ 254,418.60	\$ -	\$ 56,021.35	\$ -	\$ 1,550.00	\$ 268.80	\$ 312,258.75
Watson Lake	\$ 58,853.80	\$ -	\$ 50.00	\$ -	\$ 900.00	\$ 231.00	\$ 60,034.80
Whitehorse	\$ 604,975.65	\$ 5,784.00	\$ 62,917.10	\$ -	\$ 400.00	\$ 1,018.71	\$ 675,095.46
Total Revenue	\$1,226,429.30	\$5,784.00	\$ 350,541.62	\$230.00	\$ 6,750.00	\$3,094.12	\$ 1,592,829.04

ACTIVE DISPOSITIONS	Quartz Claims	Quartz Leases	Placer Claims	Placer Leases	Dredging	Coal Leases	Coal Permits	Coal Licenses	Iron & Mica	Total Dispos.
Dawson	45,159	93	18,613	106	3	0	0	0	0	63,974
Mayo	61,131	843	3,816	64	0	0	0	5	525	66,384
Watson Lake	23,314	231	35	0	0	0	0	0	0	23,580
Whitehorse	44,438	312	5,469	53	0	8	0	6	0	50,286
Totals	174,042	1,479	27,933	223	3	8	0	11	525	204,224

PLACER	Dawson	Mayo	Watson	Whse	Total
Claims Lapsed/Refused	459	48	0	335	842
Renewals (Claim Years)	17,731	4,650	1	4,163	26,545
Claims Staked	880	238	0	302	1,420
Total Claims Staked to Date (Fiscal)	880	238	0	302	1,420

QUARTZ	Dawson	Mayo	Watson	Whse	Total
Claims Lapsed/Refused	2,629	4,359	220	1,200	8,408
Renewals (Claim Years)	48,009	34,523	5,612	33,379	121,522.25
Claims Staked	592	875	10	722	2,199
Total Claims Staked to Date (Fiscal)	592	875	10	722	2,199

OTHER	Dawson	Mayo	Watson	Whse	Total
Prospecting Leases Staked	79	32	0	42	153
Dredging Lease Applic.	0	0	0	0	0

ROYALTIES	Troy Oz	\$
Dawson	69,364.42	\$ 26,011.66
Mayo	594.01	\$ 222.75
Watson	0.00	\$ -
Whitehorse	8,094.17	\$ 3,036.60
Total	78,052.60	\$ 29,271.02
Total - YTD	78,052.60	\$ 29,271.02

ROYALTIES	Troy Oz	\$
Dawson	69,364.42	\$ 26,011.66
Mayo	594.01	\$ 222.75
Watson	0.00	\$ -
Whitehorse	8,094.17	\$ 3,036.60
Total	78,052.60	\$ 29,271.02
Total - YTD	78,052.60	\$ 29,271.02

78,052 Troy Oz of gold is approximately \$95 million dollars

The Yukon received \$29,271.02 royalties

Royalties? Hard Rock Royalties.....



Yukon Conservation Society

Bellekeno Mine operated by Alexco Resources

Year	Royalties paid
2010	\$0
2011	\$351,525
2012	\$372,588
2013	\$0
Total	\$724,113

Wolverine Mine operated by Yukon Zinc

Year	Royalties paid
2012	\$0
2013	\$0
Total	\$0

Minto Mine operated by Capstone Mining Corporation

Year	Royalties paid
2007	\$0
2008	\$1,503,491
2009	\$5,917,904
2010	\$3,965,522
2011	\$1,390,535
2012	\$225,940
2013	\$113,018.14
2014	\$1,437,266
2015	\$135,773.55
2016	\$14,367,764
2017	\$4,367,057.98
Total	\$33,342,271.67

Mine Closure



Privatizing Profits, Socializing Risks

- Yukon hard rock mines that have ceased to operate have never been truly closed.
- Closure cost estimates for each mine must be audited by an independent third-party, and available for public review.
- Any mineral development proposal that does not include a full and final closure plan with full financial security should not be allowed to proceed.
- An independent body of knowledgeable people established to oversee the funds and operations of a mine closure plan (as has been done in the NWT).

Mine Closure Costs



Type II Mines

- Keno
 - **\$111.5 million** to be spent (1)
- Clinton Creek
 - About **\$3 million** spent to date, anywhere from **\$20-\$80 million** to remediate (YCS estimate)
- Mt Nansen
 - About **\$20 to \$25 million** to monitor and control the site since 2004. Will probably take **\$70-\$90 million** to clean up (2)
- Faro Mine
 - Have spent **\$350 million** so far and cleanup estimated to cost another **\$500 million** (3)
- Ketzka River Mine
 - Spent **\$3.1 million** (as of 2015). No other cost estimates available (4)

Future Considerations



YCS anticipates submitting further information to the YMDS

- YCS will submit this presentation and an associated report to the Panel following this discussion.
- As the YMDS Panel posts further questionnaires and documentation on its website YCS will provide responses.
- YCS considers the work of the YMDS Panel important and timely. We wish you success in your endeavours.

Conclusion



It's time to change the mining regime in the Yukon...

For follow up questions and information:

Lewis Rifkind, Mining Analyst

Yukon Conservation Society

867-668-5678

mining@yukonconservation.org

www.yukonconservation.org

Mine Closure Cost References

Sources for figures mentioned on page 11



- (1) Keno
 - **\$111.5 million** to be spent <https://yesabregistry.ca/wfm/Project/nulljr9rut0p660>
- Clinton Creek
 - About **\$3 million** spent to date, anywhere from **\$20-\$80 million** to remediate (YCS estimate)
- (2) Mt Nansen
 - About **\$20 to \$25 million** to monitor and control the site since 2004 <https://www.cbc.ca/news/canada/north/mount-nansen-mine-remediation-byg-yukon-judge-1.3940051>. Will probably take **\$70-\$90 million** to clean up
- (3) Faro Mine
 - Have spent **\$350 million** so far and cleanup estimated to cost another **\$500 million**. <https://www.cbc.ca/news/canada/north/faro-mine-remediation-1.4179016>
- (4) Ketz River Mine
 - Spent **\$3.1 million** (as of 2015). No other cost estimates available <https://www.cbc.ca/news/canada/north/yukon-s-ketza-mine-abandoned-by-veris-gold-1.3041984>