



I want to thank the organizers of the Nunavut Mining Symposium for inviting me to Iqaluit, and for providing me with this opportunity to speak to you. The theme of this year's mining symposium is "Building a Resourceful Future". I really appreciate this choice of words, because I can't overstate how important I believe the mining sector is for Nunavut's current and future prosperity. While we must acknowledge that there are huge challenges we face in advancing the industry, in my opinion, it is the sector of our northern economy that holds the most promise.

When I was invited to speak here, I was specifically asked by the organizers to touch on the reasons why the Kitikmeot Inuit Association came to create the Nunavut Resources Corporation, and how it went about doing that. I certainly intend to respond to that request. I also want to discuss the opportunities the NRC is currently pursuing, and the challenges our corporation faces in achieving those goals.

I would first like to take this opportunity to offer an Inuit perspective on mineral resource development and why Inuit birthright organizations such as the KIA have adopted the positions that they have regarding our engagement with the industry and where we would like to go.

What first needs to be understood when we talk about having a "resourceful future" is the importance of land to Inuit. When you get down to it, for us Inuit, our land is all we have – it is our birthright, our legacy from the ancestors who struggled so hard to occupy it and pass it on to us. Years ago when it became my generation's job to protect our inheritance, we spent many years in hard



negotiations to ensure that the *Nunavut Land Claims Agreement* reflected our deep interest and connection to our homeland. In exchange for recognizing the sovereignty of Canada over our traditional territory, we selected certain valuable parcels of land that were important to us for cultural and economic reasons. These parcels became collectively known as Inuit-Owned Land, or IOL; this is property that is to be controlled and wisely used by the Inuit of Nunavut through their representative organizations; those being Nunavut Tunngavik Incorporated and the three regional Inuit associations.

Compared to other Canadians, we are not wealthy people – but there is great resource wealth in our territory, and particularly within our Inuit-Owned Land. The mineral wealth residing in our lands is fundamental to our economic future. I don't need to tell anyone here that economic development in Nunavut is very challenging given our isolation from markets, the current labour force constraints and the very high cost of running businesses here. It's also pretty obvious that we are not going to build an economy here based on growing broccoli, manufacturing car parts, or designing computer games. Instead, we must play to our strengths, and in my opinion, our greatest economic strength is our land. For this reason, it is essential that Inuit maximize the economic value that can be extracted from the use of our land. This requires being fair but tough in our negotiations with developers. But everyone must know that we can't afford to have our land used in a way that does not provide meaningful long-lasting benefits to Inuit. Like I said before – *it is all we have*.

I now want to talk about why the KIA decided to create the Nunavut Resources Corporation. We have to go back a few years to the mid-part of the last decade.



At that time, we in the Kitikmeot Region were feeling pretty good about our accomplishments. We had successfully negotiated Inuit Impact Benefit Agreements with a number of companies, including one with Miramar for the Doris North Project – which is located in the Hope Bay belt and mainly situated on Inuit-Owned Land. Agreements had also been negotiated with the diamond mines operating in the NWT to compensate for their impacts to our traditional lands. These Agreements were resulting in more of our people finding work at these mine sites, and also helping them to receive on-site training opportunities to make them more employable. Our Lands Department was actively negotiating land tenure arrangements with mineral exploration and mining companies and this was generating revenues for KIA in the form of rent and fees. Inuit-owned companies were securing valuable contracts with regional resource developers. In fact, our companies were not only operating in the Kitikmeot, but beyond our region, most notably at the diamond mines in the Northwest Territories.

By any objective measure, for any Aboriginal group in Canada, but especially for those who call the north home, it was an impressive record and we rightfully felt proud. But then came October 9th, 2007 – and we woke up.

October 9th, 2007 was the day that Newmont Mining Corporation announced it was to acquire Miramar for \$1.5 billion dollars; a sum that was worth almost 30% over Miramar's total stock valuation on the TSX. On that day the Hope Bay belt, Miramar's core asset, traded hands for an enormous sum of money, and generated fortunes worth hundreds of millions of dollars for Miramar's shareholders. And what benefits, you might ask, did the Inuit of the Kitikmeot Region receive as a



direct consequence of this impressive business transaction? Well – unless they happened to hold Miramar stock – the answer is not much at all.

Let me be clear, I don't want to give the impression that I am resentful of companies making money from developing properties in Nunavut. After all, Miramar earned its reward through risk-taking, hard work and clever thinking. This is *not* about sour grapes. But it was a wake-up call for Inuit. In the months after that transaction, I felt that we really had to take stock of the economic opportunities available to use and begin to change our approach to regional economic development.

The sale of Hope Bay woke us up to the fact that some of the greatest benefits that can be achieved in the mining sector do not necessarily come from employment or securing service contracts, or even from collecting royalties, rent and fees from those companies who use our land; even though all these benefits are extremely important. We learned that one of the greatest benefits comes from direct *ownership* of the resource, and its subsequent development or sale. The NRC was born out of this desire for Inuit to become resource owners in order to participate more fully in the upside of mineral *development*, not just mineral *production*. We believe that if successful, we could help significantly advance our dream of achieving greater economic autonomy and prosperity.

With this vision in mind, in 2009, KIA pooled its own money with contribution funding generously provided by Aboriginal Affairs Canada, CanNor, the Government of Nunavut and NTI. We established a team of experts to thoroughly research the resource opportunities in the Kitikmeot Region, and elsewhere in the



north. Our research teams also examined financing vehicles and tax law as a mean of encouraging a favourable environment for regional investment. We consulted with regional developers to investigate possibilities for co-participation in resource projects. Finally, we established a Board of Directors and incorporated the NRC as a corporation in 2010.

A major lesson we learned quite early on is that it is one thing to say that you intend to become equity owners in major resource development projects; it is quite another thing to actually achieve it. Northern resource projects, as we have seen very recently with Newmont and Agnico-Eagle's operations, do have considerable risk associated with them; financial lenders and mining investors are very aware of this and are accordingly cautious, especially with a new entity like the NRC.

Given these difficulties, we have had to strategize other means to build up our own capital base. Out of our planning processes, two main strategies have been advanced, each existing as a separate business subsidiary of the NRC. They focus on two critical components of the non-renewable resource economy related to the development phase of the mining investment cycle: the first, NRC-Infrastructure or "NRC-I", is focused on mine-related infrastructure; and the second, NRC-Exploration or "NRC-X", is focused on mineral exploration.

NRC-I's mandate is to participate in the development of essential mine-related infrastructure on behalf of Inuit for the benefit of Inuit. In southern Canada, the model for building and developing essential infrastructure rests with the governments, either through direct procurement by the relevant departments or ministries, or more recently, through public-private partnerships - also known as a



P3. In either case the relevant government is ultimately responsible for covering the cost of the infrastructure, either during construction leading up to its completion or, in the case of a P3, over the course of a long period under the terms of a contract.

There are significant challenges for governments in the north to finance infrastructure. Here In the north, we are generally not blessed with tax bases large enough for governments, other than the federal government, to cover the extensive cost of infrastructure that is desperately needed to promote regional economic development.

NRC-I has set out a model for infrastructure development that we believe can work in the north. While there are no direct precedents for our proposed model, there are a number of similar examples that can be drawn upon to provide a level of comfort that we can get the job done. Our approach depends on the willingness of major mining companies to give up “ownership” and hence a measure of control over the infrastructure they need for their mine to be developed in exchange for a reduced requirement of upfront investment. NRC-I intends to raise the necessary financing and the mines will pay NRC-I for their use of the infrastructure. Our analysis shows that this approach can improve a mine’s feasibility by improving returns to the mine’s owners as much as 6% ... PER YEAR!

NRC-I’s biggest challenge is finding funding to cover its investment in the ownership of the assets. We are very grateful for having received three million dollars from Aboriginal Affairs and Northern Development Canada for the exclusive purposes of investing in infrastructure. While this will help NRC



NRC-X has no mineral exploration technical expertise and consequently, we sought out an exploration partner to actually do the work. In this regard, we recently announced a strategic alliance with HTX Minerals. HTX Minerals is based in Sudbury and has world-class exploration expertise. NRC's strategic alliance with HTX calls for NRC-X to fund the cost of executing a 5-year exploration program. The program will focus initially on Inuit Owned Land in the Kitikmeot Region, as well as the Article 41 Land parcel located in the NWT, which is wholly owned by the Kitikmeot Inuit Association. We have already identified almost a dozen areas of interest across the Kitikmeot and continue to accumulate data to focus our efforts for the upcoming exploration season.

At the same time, we are seeking the necessary funding from commercial sources to fulfill our side of the bargain and fund the exploration program. While our preference is to find a significant mining partner to fund this program, we can also access the Flow-Through Share market to fund the majority of our 5 year commitment.

These are exciting times for the NRC and for both our business subsidiaries. The recent receipt of three million dollars from Aboriginal Affairs Canada provides an excellent foundation upon which we can build a sustainable business; and our strategic alliance with HTX positions NRC and the Kitikmeot Inuit to fully participate in mineral exploration and significantly benefit from discoveries that may come about from this exploration.



As the original inhabitants of the Canadian Arctic, the Inuit of Nunavut desire and deserve a greater share of the potential benefits that can come from mineral resource development on our lands. Inuit want a “Hand In”, not a “Hand Out”. Long before Canada came into being, Inuit were a self-reliant people. Through the Nunavut Land Claims Agreement, we struggled to regain some of that autonomy, and we set in motion some of the necessary conditions that can help foster greater economic independence. If we are successful; if we can benefit directly from ownership and development of non-renewable resources, then we intend to build up wealth that can be deployed to improve our economic, social and cultural conditions. For this we look to the global examples, such as the shining city-states of the United Arab Emirates, which have been greatly successful in transforming non-renewable oil and gas wealth into long-term, sustainable economic development through strategic investments in business development, health and education. I believe that a more modest but comparable vision for the Inuit of Nunavut is possible.

Through vehicles like the NRC, Inuit seek the ability to participate as full partners in all parts of the mineral development cycle; fully recognizing that greater participation often entails greater risk, particularly in the early stages of the cycle. However, our commitment is clear, and amply demonstrated by the fact that although we have been generously supported by others along the way in establishing the NRC, Inuit, through the KIA, have dedicated significant amounts of their own resources to seeing this initiative succeed.



There is another aspect where Inuit can help entities like the NRC succeed and that is by fostering a more welcoming environment for investment. As President of KIA, and as a Board Member of NTI, one of the concerns I hear from industry is that there is a lack of certainty with respect to land tenure on Inuit Owned Lands – that the land use process is a “black box” where policies guiding access of Inuit-Owned Land are unclear or improvised. As someone who wants to see mineral development occur on Inuit owned lands, I sympathize with those who want more clear, predictable and transparent rules for using land. For this reason, KIA will be working closely with industry, and with NTI and the other Regional Inuit Associates, to improve and clarify IOL tenure policies across the territory. If we can achieve this, those parties wanting to explore and develop this land will know what to expect going forward. As part of this very important initiative, I will be participating in the Nunavut Investment Forum later this week, which is being organized by the NWT and Nunavut Chamber of Mines. I look forward to the opportunity to address these concerns head on, and to help set out a way forward where Inuit and Industry can pursue resource development in a way that is mutually beneficial.

I thank you for listening to me today and I hope you enjoy the rest of the week and wish you a safe and speedy return to your respective homes.

Koana.