

Resource Expo - Aboriginal Energy & Resource Development Minister Archie Lang

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Hyatt Regency Hotel, Vancouver BC

Check against delivery

- Ladies and Gentleman, I would like to thank our hosts for the invitation to speak to you today.
- I'm here today to talk to you about *New Directions in Yukon Resource Development*, and let me tell you the new direction we are heading is a positive one.
- Our economy is on the upswing. We are creating certainty for investors through partnerships with First Nations and by taking an integrated approach to land resource management. And new investors are taking a serious look at what we have to offer.
- This morning I would like to the opportunity to showcase the work we are doing in the Yukon to form unique partnerships with Yukon First Nations and others to develop our resource industry. I will also update you on new developments in our resource sector and our progress with Yukon land claims.

Partnerships

- It is through partnerships with Yukon First Nations that the Yukon is seeing positive economic change.
- The Yukon government is actively working with First Nations to make them full partners in the economic development of the territory and to promote resource development within First Nation traditional territories for the benefit of all Yukoners.
- One of yesterday's sessions was titled *Perspectives on How Aboriginal Relationships Add Value*. I can tell you that these relationships, based on mutual respect and cooperation, open the door to many opportunities, and that without them, the Yukon would not be able to advance economically.
- A good example of this is the common oil and gas regime working group. Through this group, the Yukon government and First Nations have established the *Yukon Oil and Gas Act*, the Disposition and Transfer Regulations, and more recently the License Administration, Geoscience Exploration, and Drilling and Production Regulations.

- Another group that is contributing to the positive economic climate in the Yukon is the Alaska Highway Aboriginal Pipeline Coalition. This group – comprised of eight First Nations from the Yukon and British Columbia – acts as the coordinating body that will address First Nation interests during the planning and development stages of the Alaska Highway Pipeline.
- The Yukon government has provided financial and political support to this group to help them establish an office, and to secure federal support for their efforts. I will be travelling to Ottawa in the near future to continue discussions on the funding question. Ottawa must come to the plate and help Yukon First Nations prepare for a pipeline project, just as they have done with First Nations in the N.W.T.

Neighbouring Jurisdictions

- As well, we are strengthening ties with our neighbours in NWT, Nunavut, BC, Alberta, and Alaska.
- Last winter, Governor Murkowski and our Premier Dennis Fentie signed an Alaska-Yukon Intergovernmental Accord to work cooperatively on issues of mutual interest including the Alaska Highway Pipeline.
- Through this agreement we will be able to co-operate on the Alaska Highway pipeline project and explore other projects that could bring significant economic benefits on both sides of the border.

In NWT

- Through our Intergovernmental Accord and the Northern Oil and Gas sub-agreement with NWT we have agreed to work with the NWT to support future oil and gas development in the Yukon and NWT.
- The sub-agreement will give Yukoners access to employment, training and business opportunities with both pipelines and help to gain access to the proposed Mackenzie Valley pipeline for north Yukon's oil and gas resources.
- Working to reach agreements like this demonstrates our government's strong preference to work cooperatively with our northern neighbours to support northern oil and gas and pipeline development.

In BC

- In July we signed an agreement to work with British Columbia to promote cooperation on matters of joint concern and mutual interest.
- BC and Yukon recently agreed to work together to streamline the exchange of timber across the BC/Yukon border to improve economic opportunities for southern Yukon and Northern BC communities.

- We also have some shared interests in Oil and Gas and Yukon has much to learn from experienced players like BC and Albert.

In Alberta

- This past June, we welcomed a visit from Alberta Premier Ralph Klein in Whitehorse.
- Premier Klein lent his support to the Yukon on a number of oil and gas matters, including full support for the plan, design and construction of **both** northern gas lines.

New Developments

- As I mentioned earlier, there have been a few developments that are positively influencing the direction of the Yukon's resource economy.

Pipeline

- There are new developments with the two northern pipelines everyday. The Mackenzie Valley Pipeline development took a huge step forward recently with the filing of Imperial's application for regulatory approval. This is a significant development that will benefit the Yukon as well through employment, contracts, and the potential access it provides for tapping into North Yukon's natural gas resources.
- There has also been significant news on the Alaska Highway Pipeline front. A couple of weeks ago the U.S. Senate and house passed two bills with four important Alaska pipeline provisions. These have now received Presidential approval.
 - Loan guarantees of up to \$18 billion;
 - Accelerated depreciation of pipeline which equates to savings up to \$441 million over 10 years;
 - Tax credits for the north slope conditioning plant which is worth \$295 million over 10 years;
 - A streamlined regulatory process in the U.S.
- The North Slope producers have indicated that the project is not economic without these provisions. With these now in place, the likelihood of the project proceeding has improved drastically. The outstanding issue in Canada from the producers' perspective is regulatory certainty. The Yukon government is committed to working with all parties to clearly define the regulatory roadmap in the Yukon.

- We are all very aware of the increased oil prices and the effect it has on our pocket book. The demand for natural gas is increasing. Now more than ever the need for two northern pipelines is a reality.
- And for new resources for our northern pipelines we are working with First Nations and other jurisdictions to pave the way for opening up new areas for exploration and development, and to facilitate the construction of the necessary pipeline infrastructure.

Oil and Gas

- Industry is continuing to demonstrate an interest in Yukon's oil and gas prospects. We are seeing more oil and gas activity in the Yukon this year than in previous years.
- The Yukon recently issued its first drilling licence in more than 20 years to Devon Canada. Yukon, including First Nations and their companies, will benefit from this \$20 million drilling program.
- As well – indications are that there will be seismic and drilling programs in north Yukon this winter. We are actively working to negotiate a Benefits Agreement with these companies and the affected First Nations.
- Devon has identified a drilling target on one of its Permits in North Yukon based on recently acquired seismic data. They are actively preparing their license application.
- And Hunt Oil is also preparing a licence application for a seismic program on its permit area in North Yukon.
- We recognize that interest in developing these areas may be somewhat limited until a northern pipeline is developed that will allow access to North Yukon gas
- But recent news out of Alaska suggests interest in Yukon oil and gas reserves will grow as the Alaska Highway Pipeline. Planning is now underway for the next Yukon oil and gas rights disposition.

Minerals

- The continued strengthening of gold, silver and base metal prices, recent mineral discoveries and positive results from current exploration programs all indicate that Yukon is poised for a return to healthier spending exploration levels.
- We presently have several advanced projects which could result in as much as \$400 million in new capital investment in the next few years.
- We are working hard to support these important projects.

- For example, Yukon government has been working collaboratively with Expatriate Resources Ltd. in issuing appropriate permits for exploration activity and in preparing for regulatory review of the Wolverine project. This is one of the world's richest massive sulphide deposits. We commend Expatriate for their significant work with the Kaska to conclude a socio-economic participation agreement.
- Just before I left Whitehorse Expatriate's President and CEO Harlan Meade said the company expects to begin construction of the mine in a little over a year, with production beginning in the fall of 2007.
- Officials from two Yukon government departments are working cooperatively to identify options that may assist North American Tungsten to reach a decision to reopen the mine, including proposals to secure federal aboriginal funding for mine training and a scoping study for the development of tungsten properties at Cantung and Mactung.
- Yukon's Minister of Economic Development - Jim Kenyon recently returned from a trip to China in which he met with some high level officials and investors interested in the Yukon and Canada.
- And we have welcomed a number of visits in recent months by Chinese investors looking at mining properties with the intention to invest in or purchase them.
- The Yukon government is also continuing to encourage and strengthen exploration, investment and partnership in our resources. This includes increased funding towards the Yukon Mining Incentives Program, extending the Yukon Mineral Exploration Tax Credit until 2007 and initiating the resource exploration training course.
- Again, we are working with First Nations to make them full partners in the development of the Yukon's mineral resources. Earlier this year we reached an agreement with Kaska Minerals Corporation and Tech Cominco for exploration in southeast Yukon. The Yukon government issued permits authorizing exploration activity on land selected by the Kaska and I understand preliminary work began over the summer.
- We are also taking some very proactive steps to ensure we have a healthy and sustainable mining industry in the Yukon.
- One example is our work in developing a reclamation and closure policy for new mines based on consultation with First Nations, industry, other stakeholders and the communities. An approved reclamation and closure policy and guidelines are targeted to be announced at the 2005 Cordilleran Roundup.

- Another is the very successful exploration training project launched this past spring. Forty-one Yukoners –many of which were First Nations, were trained for entry level positions in the exploration sector. 70 per cent of those who completed the training were working in mineral exploration this year.

Forestry

- Under recommendation of the Kaska Forest Stewardship Council the Yukon government issued the first timber permits in southeast Yukon since taking over management of our forests in 2003.
- We were able to offer this interim wood supply by establishing an economic partnership with the Kaska First Nation.
- The Department of Energy, Mines and Resources is building on the foundation established when we signed an Agreement in Principle with the Kaska in regards to forestry. When complete, it will establish a “Forest Authority” that will be assigned the entire annual allowable cut in the southeast Yukon on public lands and in the future, for Kaska Settlement Lands. Establishing the Authority will result in more certainty for industry and lead to sustained benefits for Yukoners.
- As well, the Alsek Strategic Forest Management Plan for the Champagne and Aishihik Traditional Territory is almost complete - the first of its kind since modern land-claims in the Yukon.
- A key recommendation of the Forest Management Plan is to address the areas affected by spruce bark beetle. By addressing this issue we hope to reduce the fire hazard while generating some economic opportunities and returning the area to a healthy forest.
- Implementation planning is now underway and some community protection initiatives will begin this winter.

Yukon Land Claims

- The direction we are taking and the progress we have made in Resource Development in the Yukon would not be possible without the partnerships we have established with Yukon First Nations.
- By working with them we have ensured that we can continue to develop our economic opportunities, while working together to settle land claims.
- We have made good progress to date in settling Yukon land claims. Of the 14 Yukon First Nations, we have reached final agreements with nine, three are at the ratification stage, and two are not presently at the negotiating table.

- A high priority for the Yukon is the settlement of these remaining land claims, including the Kaska and the Deh Cho trans-boundary claims which overlap the boundary in southeast Yukon, the NWT and Northeast B.C.
- The Yukon and NWT governments and the Chiefs of the Kaska Tribal Council and the Acho Dene Koe First Nation are working toward an interim oil and gas agreement that will expedite the opening up of economic opportunities in the Liard Area of Southeast Yukon and neighbouring traditional territory of the Acho Dene Koe.
- This is an important step in the right direction towards making the First Nations full partners in the economic development of the territory.

Closing

- So as you can see our collaborative approach to developing Yukon's resource industry is beginning to bear fruit.
- To this end we will continue to work with First Nations, industry and regional partners so that we may realize the full potential of Yukon's natural resources.
- Before closing I want to invite you to put the Yukon on your list of places to visit, and take a moment to highlight another important partnership we have with Nunavut and the Northwest Territories to deliver a Pan-Northern approach to hosting the Canada Winter Games in Whitehorse in 2007.
- This is an exceptional opportunity for us to host the south. It will allow all three territories to join hands in showcasing our culture, our people, our communities, and our economic opportunities.
- I invite you to come and investigate for yourself what the Yukon has to offer and to become a partner in one of the many promising opportunities of the north.

Thank You