

**SUBMISSION TO THE HOUSE OF COMMONS STANDING  
COMMITTEE ON ABORIGINAL AFFAIRS AND  
NORTHERN DEVELOPMENT**

**Advancing the Economic Prosperity of Nunavut**

**The Development of a Nunavut Resources Corporation to  
Promote Inuit Ownership and Equity Participation in  
Resource Developments in Nunavut**

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**December, 2009**

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## Executive Summary

The Kitikmeot Inuit Association (KIA) was incorporated in 1976 to represent the interests of Kitikmeot Inuit and achieved many of its initial goals with the signing of the *Nunavut Land Claims Agreement* in 1993.

KIA is the landowner of 103,360 square kilometers (39,910 square miles) of Inuit Owned Lands in the Kitikmeot Region of Nunavut, surface lands which are held in trust for all Kitikmeot Inuit beneficiaries. The *Nunavut Land Claims Agreement* is the largest aboriginal land claim settlement in Canadian history. It provides financial compensation and title to the Nunavut Inuit and establishes clear rules of ownership and control over lands and resources of Nunavut, an area one-fifth the surface area of Canada. KIA acts as a Designated Inuit Organization (DIO) under the terms and conditions of the *Nunavut Land Claims Agreement*. The Kitikmeot Inuit Association (KIA) has been assigned responsibility for the management of Inuit owned lands, for negotiations of Inuit Impact and Benefit Agreements (IIBA's), with the oversight of water quality on Inuit-owned lands under Article 20. KIA also participates actively in working with Nunavut Tunngavik Inc. and other Regional Inuit Association's (RIA's) in Nunavut.

In early 2009, the KIA initiated studies and evaluations directed at the formation, and incorporation, of a Nunavut Resources Corporation. The intent of forming such a Corporation was to provide opportunities for the Inuit of Nunavut, in association with the Regional Inuit Associations of Nunavut, to achieve meaningful equity participation in major resource developments in Nunavut. Initial seed funding by the KIA has been additionally supported by the Government of Nunavut, Indian and Northern Affairs Canada Major Resource and Energy Development (MRED) program and NTI.

Expected to be formally incorporated in early 2010, the Nunavut Resources Corporation will provide a unique, much needed, avenue for the Inuit of Nunavut to achieve equity, ownership participation in major mining and oil and gas developments located on, or near, Inuit-Owned Lands. In the past decade, the Government of Canada has provided material support for such initiatives in the Western Arctic, such as the Aboriginal Pipeline Group associated with the proposed Mackenzie Valley Gas Pipeline along with funding promised to offset significant socio-economic impacts associated with project(s) in that region. No such programs have been designed or implemented in Nunavut.

It is argued here that Canada, in light of its stated commitments to northern development and to the necessary assertion of sovereignty in the region of Nunavut, should support the concept and initiation of the Nunavut Resources Corporation. Much recent policy effort has been expended by Canada on the development of public-sector resources in the Canadian North. The Nunavut Resources Corporation will provide a viable, unique, Inuit-owned opportunity for private sector participation in future resources developments. It will have a viable potential for future Public-Private Sector-Partnerships (PPP) and provide enhanced opportunities for Inuit training and jobs, while achieving Inuit ownership and control of their resource base by participating actively and jointly with private corporations concerned with northern economic and resource development.

## **1.0 Introduction**

A current objective of the Kitikmeot Inuit Association (KIA), with the support and co-operation of the Government of Nunavut, the NTI and the Federal Government, is to properly research, and then establish, a Nunavut Resources Corporation (NRC).

The strategic aim of the NRC would be to facilitate the direct equity participation of Nunavut Inuit residents in major non-renewable resource projects proposed for, or presently under development or construction, in Nunavut, especially those developments proposed on Inuit-Owned Lands (IOL). The intent of such direct, or indirect, equity participation in resource developments would be to enhance the capital position and economic situation for Inuit peoples of Nunavut, to provide Inuit with the opportunity to play a role in managing the corporations that will exploit and develop the natural resources of Nunavut and to help secure a more stable economic future through expanded employment and training opportunities for the growing population base in Nunavut.

### **1.1 Background to the Kitikmeot Inuit Association (KIA), the Nunavut Land Claim Agreement and Northern Resource Development**

KIA owns the Kitikmeot Corporation (KC), a birthright corporation with extensive, successful business interests in the Kitikmeot Region of Nunavut. Through KC the KIA has significant experience with businesses that provide goods and services in Nunavut ranging from heavy equipment leasing and construction through to consumer goods, medical supplies and travel.

### **1.2 Goals and Strategies of KIA**

The KIA has published a series of goals and strategies as part of its mandate, one of which is to achieve increased benefits and managed risk, through programs. The concept and drive to establish the Nunavut Resources Corporation derives from a major KIA goal to encourage resource development, to seek increased benefits for Inuit from developments and to enhance education, training and economic opportunities for Inuit.

## **2.0 The Importance of the Nunavut Mineral Region to Canada**

The *Nunavut Land Claims Agreement* is the largest aboriginal land claim settlement in Canadian history. It provided financial compensation to Nunavut Inuit and title to large areas of Nunavut Inuit land. It also established clear rules of ownership and control over all lands and the resources of Nunavut.

KIA owns outright all Inuit-owned surface lands in the Kitikmeot region and is responsible for their management. Many such lands have been, and currently are, the subject of intense non-renewable resource exploration activities in Nunavut.

The recent international economic downturn has had a material, and negative, impact on capital investment in Canada, indeed throughout the world (Appendix 1.1). Major resource exploration and development projects in the north, chiefly major diamond and iron ore mines, have been recently impacted by a falling global demand for their product. This has resulted in several operating projects being subjected to a curtailment, or to temporary suspensions, in their operations. However, mining development and exploration activities in some commodities, such

as gold and silver, have remained strong throughout the global economic recession. These events have encouraged some corporations to continue their exploration and investment activities. Agnico-Eagle Mines Limited, for example, has continued the construction of its Meadowbank Gold project north of Baker Lake. Moreover, the decline in the market values of certain major corporations may present opportunities for potential equity investors. In some cases, equity investments that may have been prohibitively expensive in the past may now much more attractive.

Nunavut contains some of the most prospective mineral deposits and formations in the world and there are numerous mining development activities under way (Appendix 1.2). These geological and economic prospects have been recognized by the Canada-Nunavut Geosciences Office. The NRCAN Geo Mapping for Energy and Minerals (GEM) Project has been allocated \$100 million over five years to assess the highly prospective Archean Greenstone Belts of the Precambrian Shield and also to survey certain the oil and gas fields on Southampton and Melville Islands.

Indeed, the proven, but undeveloped oil and gas deposits of the Sverdrup Basin of the Canadian Arctic Archipelago, partially within Nunavut, remain as some of the largest undeveloped hydrocarbon finds in Canada (Appendix 1.3). On November 27, 2009 the Honourable Ministers Strahl and Raitt announced additional funding from Canada to assist the Inuvialuit to conduct legal surveys on Melville Island to be administered by Natural Resources Canada's Surveyor General Branch.

### **3.0 Policies for Northern Economic Development**

The furtherance of Aboriginal equity ownership is consistent with long-held policy objectives of Canada and these policies are strongly supported in principle by the KIA. Also, several Federal and Territorial government policies are consistent with the basic economic development principles behind the proposed NRC initiative. Recent examples include:

*“This new Framework represents a fundamental change in Aboriginal economic development ... it reflects the significant, real and growing opportunities for Aboriginal people to take an unprecedented step toward becoming full participants in the economy –as entrepreneurs, employers and employees.”* The Honourable Chuck Strahl Minister of INAC announcing a new \$200 million ‘*Framework for Aboriginal Development*’, June 2009.

*“We have a clear vision for Canada’s North and are working to ensure it achieves its true promise as a healthy, prosperous region within a strong and sovereign nation. This is not an exercise in promise-making.”* The Honourable Chuck Strahl announcing ‘*Canada’s Northern Strategy*’ (July 2009) in which the promotion of northern social and economic development was considered to be a major ‘pillar’

*“Northern governments must have the necessary tools to ensure that our residents are the primary beneficiaries of development; that we have a say in the decisions affecting us; and that development is undertaken in a socially and environmentally sustainable manner.... The vision we share is of a prosperous and sustainable North that will benefit Northerners, and all Canadians, today, tomorrow and for years to*

*come...Northern governments must have the necessary tools to ensure that our residents are the primary beneficiaries of development; that we have a say in the decisions affecting us.” Cited from ‘A Northern Vision: A Stronger North and a Better Canada’ (2007).*

*“Our Government will bring forward an integrated Northern Strategy focussed on strengthening Canada’s sovereignty... promoting economic and social development and improving and devolving governance so that northerners have greater control over their destinies.” Cited from the Speech from the Throne (October 16, 2007)*

#### **4.0 The Concept of a Nunavut Resources Corporation**

The overall intent of NRC is to assist Inuit peoples to achieve direct participation in resource development and to enhance the capital position and economic situation for Inuit:

- To provide Inuit an opportunity to play a material future role in managing the corporations that will exploit and develop the natural resources of Nunavut.
- To result in a more stable local and territorial economic future through the development of an investment base that facilitates expansion of Inuit capital investment.
- To enhance employment and training opportunities for Nunavummiut.

The primary objectives for KIA and its partners are to complete the following components in the development of the Nunavut Resources Corporation by March 31, 2010:

- Establish the Nunavut Resources Corporation as an incorporated, northern business entity.
- Establish a credible, highly capable Board of Directors and executive management team with national credentials in areas such as resource geology, financial systems and asset management.
- Complete first-stage business assessments and evaluations for non-renewable resource investment opportunities in Nunavut.
- Complete comprehensive review and assessment of private sector financing opportunities for NRC.
- Initiate corporate negotiations for potential resource equity participation and capital participation in selected project developments, and
- Develop long-term investment strategies for capital management to facilitate continued long-term Inuit ownership and stable non-renewable resource developments.

## 5.0 The Nunavut Resources Corporation and the Future of Nunavut

Inuit equity participation offers the potential for Inuit peoples to participate, in a meaningful way, in major resource and energy developments planned for Nunavut. Many such projects presently offer tremendous economic development opportunities not just for Nunavut, but for Canada as a nation. Such initiatives also advance the securing and re-affirmation of Canadian Arctic sovereign interests.

There are existing, strong precedents and models for aboriginal equity participation and ownership in Canada. The aboriginal leadership of Kitikmeot Inuit Association has a demonstrated successful business history and, through the creation of the Nunavut Resources Corporation seeks to secure direct equity participation in major northern resource development projects. Several communities within Nunavut, such as Cambridge Bay and Baker Lake, are located close to several, current advanced exploration and development activities. There is a significant potential to develop Inuit training programs with a local base of capable workers located so close to these major developments.

Moreover, several Canadian private sector mining, energy resource and financial companies have stated that they are actively seeking aboriginal, northern partners. Federal, territorial and provincial governments have also announced their support for aboriginal investments to be made for timely, responsible developments in the national interests of Canada.

## 6.0 The Current Northern Investment Climate and Major Developments

It has been proposed that 2010 be declared the “Year of the Inuit”. At a time when Canadian northern sovereignty has been the focus of attention in the House of Commons, an issue not solely restricted to matters affecting the use and nomenclature of the Northwest Passage, we suggest that a strong Inuit economic presence in the north is in the Canadian national interest.

Commitments made to the North in the 2008 Speech from the Throne were reaffirmed with Canada’s Economic Action Plan with the announcement of the creation of a stand-alone regional development agency called the Canadian Northern Economic Development Agency, or CanNor. In announcing the agency, the Prime Minister noted: “*CanNor is a tangible acknowledgement that the federal government places the North higher on its agenda than ever before, and it will be a fundamental component of the Government’s Northern Strategy going forward.*” (Release from the Prime Minister’s Office by Rt. Honourable Stephen Harper. August 18, 2009).

The Rt. Honourable Stephen Harper also went on to state that: “*We are very concerned that as development occurs here in the Territory local people don’t just share in the wealth generated from the development, but that they (also) share in the development itself. To be frank, there’s not enough of that happening.*” (A statement of the Prime Minister made in Pangnirtung, Nunavut. August 20, 2009).

In announcing the Standing Committee on Aboriginal and Northern Affairs, the Honourable Mr. Bruce Stanton noted that: “*It is increasingly important that advancing the economic prosperity of the North and of Northerners is of enormous significance for the future of Canada as a whole. We want to play a part in ensuring that the needs of the North and of Northerners in the area of economic development are given a full hearing.*” (Yellowknife, NT November 27, 2009).

We strongly agree with, and support, these observations and applaud the bold northern vision that the statements imply.

Here, it is suggested that what is *missing* from the Northern policy agenda is a possible recognition of the value of, and need for, direct equity participation by Inuit peoples in major resource developments in Nunavut through private sector investment vehicles.

Through the promotion and formation of a Nunavut Resources Corporation, the potential for Inuit corporate partnerships with major Canadian resource development and financial interests would be significantly enhanced. Using such an economic development model, the Inuit could work through their own *corporate entities* to secure and enable their own economic and social security on Inuit Owned Lands. These lands are already secured through the *Nunavut Land Claim*.

Nunavut, indeed Canada, requires external capital investment to help develop the resource potential already known to exist in the Territory. Inuit wish to work constructively with developers to attain local employment and economic security while, at the same time, demonstrating our capacity to manage and protect our environment.

The Nunavut Resources Corporation could provide Northerners with another valuable economic development tool to work constructively with northern developers, investors and related national and international financial houses to secure these resources and to provide a more stable economic future for Northerners. In addition to project development, the Corporation could provide Northerners with accelerated opportunities for training in both project and corporate management and could be a vehicle to build a capital base for continued economic development and capital accumulation in the North.

In short, it is our vision to take Inuit involvement in Northern economic and resource development in Nunavut to a new level through a Nunavut Resources Corporation. In so doing we aspire to develop a different economic vehicle for the North, one which works for the benefit of the Inuit people and of Canada as a whole.

It has been a decade since the creation of Nunavut and many are advocating that 2010 be declared the “Year of the Inuit.” The Inuit people want to join with Canadians as viable economic partners in the sound development of our northern lands. The Nunavut Resources Corporation presents a material opportunity for Canada and Nunavut as a viable private sector engine of northern economic growth.

We respectfully request the support of the Standing Committee to encourage Canada to assist the Kitikmeot Inuit Association and Nunavut to realize this goal.



## **7.0 Recommendations to the House of Commons Standing Committee (the “Committee”)**

1. It is recommended that the potential of the Nunavut Resources Corporation to enhance Northern economic and resource development activities be recognized by the Committee and that it make specific recommendations to Government to support this initiative in principle.
2. It is recommended that the Committee consider and recommend to Governments that innovative financial support mechanisms be defined to allow the Nunavut Resources Corporation to achieve its initial aims to participate and achieve an equity interest in certain major resource developments in Nunavut.
3. It is recommended that the Committee acknowledge, indeed emphasize, the importance of Inuit people to achieve more direct control of, and participation in, future major resource developments in Nunavut through equity participation in those projects.

## **8.0 Conclusion**

The Kitikmeot Inuit Association is grateful for the opportunity to make this presentation and we are sincere in wishing the House of Commons Standing Committee every success in your deliberations.

Respectfully submitted by:

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December, 2009.

## **APPENDIX 1**

### **THE NON-RENEWABLE RESOURCE MARKET IN NUNAVUT**

#### **1.1 Statistics on Northern Mining Activities**

On November 2, 2009, Natural Resources Canada (NRCan) released up-to-date statistics on the amount of money mineral exploration companies spent in both the NWT and Nunavut in 2008 - 2009. While initial projections, released in March, for the NWT were very close to the revised figures, slightly more was spent in Nunavut than originally expected. Nonetheless, due to the effects of the global recession, overall year-to-year figures were sharply lower.

The figures for Nunavut and the Northwest Territories are summarized below:

##### **Nunavut mineral exploration spending (2008)**

Original estimate: \$273.6 million

Revised figure: \$432.6 million

##### **Nunavut mineral exploration spending (2009)**

Original estimate: \$168.2 million

Revised figure: \$175.6 million

##### **NWT mineral exploration spending (2008)**

Original estimate: \$133.1 million

Revised figure: \$147.7 million

##### **NWT mineral exploration spending (2009)**

Original estimate: \$28.4 million

Revised figure: \$28.7 million

#### **1.2 Current and Projected Mining Projects in Nunavut**

- Arctic Star Diamond (CVE:ADD)
- Diamonds North (CVE:DDN)
- Indicator Minerals (CVE:IME)
- Peregrine Diamonds (TSE:PGD)
- Shear Minerals (CVE:SRM)
- Stornoway Diamond (TSE:SWY)
  
- CBR Gold Corp (CVE:CBG) [Formerly Committee Bay Resources Ltd] (CDNX:CBR.V)
- Commander Resources (CVE:CMD)
- Comaplex Meliadine (CMF-T)
  
- Bayswater Uranium (CVE:BA)
- Forum Uranium (CVE: FDC)

- Kivalliq Energy (CVE:KIV)
- Uranium North (CVE:UNR)
- Areva Kiggavik (Paris)
- Starfield (Platinum) (TSE:SRU)
- OZ Minerals (ASX:OZL)
- Sabina Silver Corporation (TSX-V: SBB)
  
- Baffinland Iron Mines (BIM-T) Mary River
  - \$400 million expended to date on a \$4.1 billion project.
  - Mine life projected to be 20 years.
  - 2009 project expenditure \$30 million.
  - Searching for equity joint venture partner
  
- Newmont Mining (NMC-T; NEM-N) Hope Bay Project
  - \$1.2 billion expended for mineral resource
  - \$82 million in site preparation and engineering
  
- Agnico-Eagle Meadowbank Project (AEM-T, AEM-N)
  - Major gold producer project currently under construction and nearing production

### **1.3 Future Geological and Resource Development Prospects**

- Melville Island Drake Point: Material oil and gas deposits already developed. Formerly an experimental producing property in the Sverdrup Basin in the Canadian Arctic Archipelago the formations contain material oil and gas resources.
  
- Northern Uranium prospects and Greenstone Belts under exploration throughout Nunavut. Nunavut constitutes one of the most significant undeveloped geological provinces in the world.
  
- Greenland: NunaMinerals searching for partners.