

Thank you for the opportunity to speak to the Yukon Mineral Development Strategy today.

As you may know I am the President and CEO of CMC Metals. CMC is exploring three properties in Yukon.

The first is Logjam, a polymetallic deposit located in the traditional territory of the Teslin Tlingit Council approximately 70 km east of Teslin. Exploration at that site has been sporadic since the 1980's when two portals were driven into the mountain with exploration focussed primarily on searching for gold and silver. The deposit contains a variety of other elements including lead, zinc, bismuth antimony and minor tungsten. That project is currently in permitting and we hope to reopen access to the property this year and begin exploring in earnest next year.

The other two properties, Silver Hart and Blue Heaven are adjacent to each other and are located in the Rancheria area and within the traditional territory of the Liard First Nation. Both properties offer the potential to host high grade silver-lead-zinc deposits and CMC is working on advancing Silver Hart to small scale mine development in the foreseeable future. We just optioned Blue Heaven from Strategic Metals Ltd. and plan to initiate an exploration permit this summer and start to explore that property in earnest next year.

My presentation today is going to focus on some of the challenges CMC has experienced operating in Yukon and also some of my own personal experiences in managing exploration operations for the past decade or more. I will send a copy of this presentation in to the panel after this meeting today.

My first topic of concern is permitting. Permitting processes and timelines in Yukon compared to most provinces are very challenging and permits take far too long to get issued. In most jurisdictions in Canada, with the exception of North of 60 Territories, exploration permits are issued in weeks not months. Last year my permit for Silver Hart took 212 days from the time I submitted it to YESAB until the date of the permit issuance. This was not a complicated permit...we requested standard exploration activities including trail building, trenching and some drilling. This is also of special concern to CMC and other industry players due to the shortness of the exploration season in Yukon...basically 100-120 days at most otherwise you deal with a lot of snow. Our permit was subjected to every possible extension possible within the YESAB system and then Yukon consultation process was also quite lengthy. As a proponent we turned information requests around typically within a day and at the most three days so we were not the cause of the delay. There are some possible time cutting measures that should be considered as follows:

#### YESAB

- The period to accept or reject an application should be shortened to a maximum of 5 working days
- Extensions on timelines granted should not be more than 10 working days instead of the current 30 day extension periods that are frequently granted with little or no justification
- Recommendation reports should be shortened. Most of the reports from Designated Offices are between 35-60 pages long. They repeat a lot of the information in proposals and present a lot of unnecessary information. They should be focussed more on the recommendations and be completed in a maximum of 5 working days after the Seeking Views and Information Period is closed

- YESAB continues to accept comments after the end of the Seeking Views and Information Period. The only group that should be allowed to comment after the closing of this period is the proponent simply because governments and others have gotten into the habit of submitting their comments on the last day of the period and therefore if the proponent has a comment they should be given a day or two to respond to any comment submitted.
- YESAB should not readily accept comments from governments if they are not supported by evidence or reports. I will discuss this a bit more in a later discussion on heritage resource impact assessments.

#### Yukon Consultation Process

- Yukon now consults with First Nations on the exploration application after the issuance of the YESAB Recommendation report. We propose that the process should be concurrent with the YESAB process.
- This process is not transparent nor accountable with the proponent. We are not informed of what is being the topics in consultation, or when and how it is happening. We are not informed if there are any issues nor are we asked to clarify issues that might arise.
- This consultation period should be shortened to a maximum of 10 working days if it cannot be concurrent with the YESAB process as all parties have had ample time to familiarize themselves with the project application. It should only be extended for another 5 working days in the instance only where a significant issue has arisen that may affect the granting of the permit.
- The Decision document should be then issued in a maximum of five working days after the completion of the Consultation Period.

#### First Nations

- First Nations often express concerns over capacity when dealing with exploration permits. They should be provided with independent expertise from persons experienced in exploration activities that they can utilize to clarify possible concerns or ask questions to better understand common industry practices and/or to gain a further understanding as to the proposed activities especially if they are not typical. I feel this would help them understand industry practices and the effectiveness or lack thereof of proposed mitigations related to issues arising from the project

My second issues is district scale permitting. Alexco has been faced with this issue in the keno belt from the outset and CMC is projecting that we may also get subjected to the same possible issue within the Rancheria silver district. District scale permitting should be permissible as in most cases in different deposits within the same district being managed by the same owner the issues from one deposit to another are virtually the same and if they are slightly different all efforts should be taken to manage the issue through an amendment rather than being subjected to a full scale assessment by YESAB and the Water Board.

The YESAAB and Water Board processes should be concurrent and the required changes to the Waters Act should be made to ensure this becomes possible. To a large degree the assessments require most of the same information and because of that it should be even possible to have a shared hearing process in the case of major mine permits. This would significantly reduce timelines and costs to proponents in hearing processes, document preparation, legal fees etc.,

My fourth issue is regulatory creep. The number of regulatory issues industry is now having to deal with has escalated considerably in the past decade. Most of these present significant barriers to projects and are now a major deterrent to exploration investment in Yukon. Best management practices are an excellent tool and PDAC has developed an excellent set of guidelines that could be relied upon versus further regulation.

The issue of the current ban on staking is of a major concern to us. This has been a greater issue to us than many as most of the Rancheria District has been subjected to a longer period of the staking ban with no possible sight in end. We were not consulted on the last extension of the staking ban. Nor were we invited to the table with government and First Nations on any related discussion on these matters. The impact of such a huge area of land being subjected to staking ban within Yukon is both striking and alarming. We doubt many understand the true impact this is having on the exploration attractiveness of Yukon as it has tied up many significant areas of prospectivity. Staking bans must end and be no longer extended. If there are issues industry should be allowed to be a full participant at the table and individual proponents should be allowed to address their own individual concerns with this current directive. We should have the same consultation rights as is granted to others. But at the same time I feel there is a need for First Nations to better understand the resource potential of their land and on how to formulate exploration and/or development agreements with industry that are reasonable and mutually beneficial to both parties. Independent advisory services should be made available to the if desired by a qualified independent person or agency. Only with a better understanding of the value of their lands and standards industry practices and agreements will Yukon First Nations be better equipped to understand where development is most likely to happen and better understand the needs of industry to achieve a better balance.

YMEP needs some minor amendments and should have greater government support. As currently designed YMEP has shut the basic prospector out of its program. The evaluation scheme is too challenging for them to achieve the marks competing against junior companies or experienced explorationists. The simple solution to this is that funding for grassroots projects should be divided into two separate pools, one for prospectors where the application and evaluation scheme is much simpler and the other pool then continue as is for companies and geologists. The second amendment is that for the target evaluation mode greater emphasis in the evaluation marking should be placed on the economic potential of the project. It should be equally ranked with the proposal content and the geological potential of the project. And finally the program should also ensure that no single party or company or related parties gets more than one project funded per year. Analysis of grants being funded in the past 6 years has shown that many of the same parties and/or individuals are funded year after year and other new or different companies applying to the fund are not being approved for funding. Funding limits for various activities, equipment rentals etc, should be updated at a minimum every two years to ensure they are consistent with current costs. Finally YMEP has one of the greatest payback returns in economic generation of any government funding program. This is poorly understood by politicians but should be evaluated and documented so that they will then be more willing to provide greater financial support in the coming years.

There is a need for policy development on the application of financial security on exploration projects, especially advanced exploration projects and with security for placer operations. The reclamation and closure policy in place is only for mines though as one of the primary authors of that policy many of its principles would be a good fit for the implementation of security on exploration projects and placer

operations. I have heard of difficulties with the recent developed security calculator that EMR is trying to use. The current application of security requirements is being implemented in a highly inconsistent fashion and determinations of security amounts from one project to another are not on a level playing field. That is evident for the publicly stated amounts of security held for exploration projects on the EMR website. CMC has a security of \$146,070 yet there are numerous projects with little or no security requirements imposed on them. We feel our security amount is excessive, but we also stress that security amounts should not impose a financial difficulty on companies and/or deter reclamation in the instance where a company is signalling a clear intent and has filed a plan to undertake progressive reclamation. We are also anxious about the level of training Mines Inspectors have been given to properly identify the site inputs into the security calculator and their understanding of progressive reclamation, how reclamation is undertaken and the achievement of closure. This should really only be done by a person or agency with considerable experience in the field of reclamation and closure as it requires specialized knowledge well beyond the current capabilities and experience of the Mines Inspection group. Furthermore, for explorationists and placer operators, if it comes to a choice of a security being filed versus a progressive reclamation activity being able to proceed the latter should prevail within the policy. Many of us cannot afford to place a security and then reclaim what is often legacy issues on our properties left from previous operators. Sound reclamation and closure policy is critical to attracting exploration investment into Yukon.

The exploration industry is currently ineligible to access funding through the Community Development Fund administered by Yukon Economic Development. Having access to a small portion of this funding would help industry facilitate a relationship with communities and First Nations Governments who then can access the funding to help continue their participation in the process. Industry needs help to identify willing participants in Yukon communities and to help start the ball rolling so to speak in establishing dialogue and consultation processes with Yukon First Nations affected by their project. This limited pool of funding should be only available to projects that are demonstrating a clear commitment to advancing development of their projects.

Lastly I want to close with a short discussion on the need for a greater reliance on industry self-policing through the use of best management practices rather than imposing recommendations that impose significant costs and time delays on projects. An example is the current recommendation by the archeology branch of Tourism and Culture to require a heritage resource impact assessment for every project. In my case both of my projects have been subjected to this recommendation. Yet both projects both the affected First Nation and the archeology branch have stated that there are no known cultural or heritage sites within our property area. In the case of Silver Hart we have already had the project area evaluated for potential sites and none were identified. Yet we are being asked to complete another survey of a part of the property immediately adjacent to the area previously evaluated. A best management practice for the possible encounter of artifacts and/or cultural sites was relied upon successfully for many years. Yet now industry are being asked to complete an HRIA on areas that clearly have very low potential. Archeologists are very expensive and difficult to find, most will have to be flown in, and then reports have to be prepared and so further time delays. I will emphasize our season is short and HRIA's will likely take a minimum of 2-4 weeks to prepare and at costs greater than \$20,000 in areas with very little to no potential for heritage artifacts and/or cultural sites. We are in the business of exploring. We are not and should not be expected to be in the business of generating the heritage inventory for Yukon. Industry has a demonstrated commitment to corporate and responsible

exploration. Like all industry we have a few bad apples but they are not difficult to identify and be further restricted because of their behaviours. Therefore best management practices should be related upon wherever practicable and possible.

I again thank the Panel for this opportunity to present today and if you have any questions I will do my best to answer them at this time.