



**Klondike Placer Miners' Association**  
PO Box 1749 Dawson City, Yukon Y0B 1G0  
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Yukon Mineral Development Strategy Panel  
Box 372  
108 Elliott Street  
Whitehorse, YT, Y1A 6C4

Dear Panel members of the Yukon Mineral Development Strategy;

Thank you for the opportunity to provide our feedback and comments on what we would like to see in Yukon's mineral resource industry; our comments will relate specifically to placer mining and placer exploration; although many themes will carry through into other types of mineral work.

The KPMA understands that in order to be progressive and modern miners, we have to evolve and improve our mining methods where possible. To this end we need good communication ensuring any change made is reasonable, and for the various governing bodies to understand the impact of administrative and legislative changes on the ground. Recommendations are being made to the Panel from all levels. What we ask the Panel, Governments and Interveners above all is that when it comes time to implement recommendations industry will be forced to bear, we *must* be at the table to help craft these changes to ensure we can implement them successfully and with an adequate transition period. Including industry is a win-win for all concerned parties.

### **Who we are**

Founded in 1974, the Klondike Placer Miners' Association (KPMA) was established to promote and protect the interests of the placer mining industry. Our mission is to be a voice for all Yukon's placer miners providing leadership and advocating for responsible and sustainable placer mining, with technological and ethical advances to the benefit of all operators, our environment, and enriching the communities we are a part of. Our vision of responsible and progressive placer mining for future generations of miners can be realized by working with our community partners. We value family, community, environmental stewardship, historical and scientific contributions, ingenuity and hard work.

This season the KPMA has been visiting miners in the field, gathering information about the industry. The results of this work will be processed by the Yukon Bureau of Statistics later this fall, but early figures tell us some things. One is that almost every operation, regardless of size, is family run. Another is motivation. Whether they are 4<sup>th</sup> generation miners or newer to the industry, being outside, being in nature, working with family, and the "challenges" of placer mining is the motivations behind the people. We believe your recommendations that effect our industry should consider WHY there are placer miners, and how to encourage these motivations while limiting the red tape and simplifying regulatory structures. An incredibly difficult task, but one we believe is possible.

### **Assessment and Regulatory Systems**

There must be a way to consider positive cumulative effects both socially, economically and scientifically. There is a lack of accountability in decision making – with so many inputs considered there must be one body responsible for granting or not granting a permit or license. Co-governance has the potential to dilute accountability and increase strain on a system that isn't working already. Instead, co-management and more collaboration and support on the ground ensuring miners have the resources they need to do good work could be a win-win.



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Simplifying the permitting and licensing process is necessary. Duplication should be avoided and timelines must be met by all governing bodies to allow for businesses to plan, invest and work.

### **Assessor's Roles**

Assessors and regulators from all governments who are making recommendations and decisions affecting mineral development projects must understand mining businesses and the industry better, including the effect of delays in the assessment process on an individuals' right to mine their claims. We support tours of placer projects to encourage a better understanding of what exists on the ground, what a proponent may be asking in an application, and support miners to better understand why assessors ask certain questions.

Adding capacity to regulators is making Yukon more top-heavy by adding more regulations to proponents. We need to support proponents in doing good work while they are working, not by limiting their right to mine. Enforcement of current legislation is not happening even close to the same level that the application process is going through. Rather than promote more capacity in assessors, promote capacity in training of both enforcement personnel AS WELL AS proponents in the field. This would, given time, increase the compliance from a proponent and encourage a stronger economy based on industry dollars and not federal handouts. We cannot afford to build more government. The industry, Territory and conservation goals for "responsible mining" will be more easily met if focus can shift to operational excellence through positive reinforcement.

Outcome based targets vs prescribed licenses are the only way to improve existing methods while allowing a miner the scope they need to be able to remain financially sustainable.

### **Renewals**

Renewal criteria for 10 year class 4 licenses should be easier and faster than new applications, as long as proponents can prove through past inspection reports that any issues were dealt with promptly and responsibly. If inspections are going well during the life of a water licenses and the proponent is working within the terms and conditions of that license, the renewal process for that proponent should be smooth, simple, and occur within a reasonable time period.

### **Compliance Inspections**

Inspections are a key part of ensuring legislated requirements set out in water licenses are being followed. Bad actors must be held accountable for their actions, however a focus on positive reinforcement (encouraging, educating and promoting good work) would go a long way to improving practices across the industry, rather than negative reinforcement. First Nation collaboration or co-management in inspections may also help promote better understanding from all Yukoners about what occurs at a well run placer mine, and how historical mining deeply affects newer modern miners in historically mined areas.

Inspectors need better hands on training; many NROs come into mining from other educational backgrounds (ex forestry) and may need some on the ground training in collaboration with experienced inspectors and specialists (Yukon Geological Survey staff for example) to discuss realities of a mine site. Better communication with miners is essential to success, and good communication and follow up is imperative.



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Capacity is heavy in assessments and permitting rather than compliance inspections, making current inspections inconsistent and unable to offer any support to a miner to do a better job, only focusing on the things that may be wrong (if the NRO knows what that is). If we want to see improvement in the industry, we need to work together to help each other up. We do not recommend a lack of enforcement or special treatment, rather positive reinforcement so a miner knows when they are doing a poor job, a good job or a great job; and, in order for NROs to be empowered to know this, they must have adequate hands on training.

Planned inspections are not bad, as they encourage a proponent to ensure everything is in place in advance to an inspection – which achieves the same result as fixing corrective actions. A mix of planned and surprise visits would help maintain compliance at a high level, with a focus on positive feedback and reinforcement when possible. Planned inspections also allow the proponent to ensure they are on site and physically available to meet with the inspector, which in turn fosters more meaningful inspections and allows for discussion about the plans for the site.

Outcome based targets vs prescribed licenses are the best way to improve existing methods while allowing a miner the scope and flexibility they need to be able to remain financially sustainable and giving regulatory bodies the ability to make decisions based on achievable metrics.

### **Consultation**

Consultation timelines are challenging all around. Consultation is necessary but there should be focus on first time projects not multi-decade renewals or licenses being requested by known proponents in areas that have been heavily accessed since the 1890s.

We believe in consultation and the right for First Nation governments to consult with proponents on Category A and B settlement lands, and in placer we hope a more collaborative mining process will put focus on responsible operations rather than only the permitting side. This could free up some of the capacity issues in responding to applications and reinforce modern and responsible mining throughout the life of a project and not only in initial paperwork.

### **Land Use Planning and Land Access**

Few exploration projects turn into active mines, removing vast tracts of land from exploration will significantly hinder the industry (and mining investment) in the future. Yukon has already lost over 50% of explorable land to bans. If land is removed from tenure either through land use planning processes or by regulatory agencies, then fair and equitable compensation is required.

Compensation for removed mineral tenure should be fair and a compensation framework must be developed with industry at the table.

It should be noted that the first round of the Dawson Region Land Use Planning process proved a staking ban or withdrawal is not needed or warranted, as it went throughout the multi-year process there was no evidence of an increase in staking or any nuisance staking.



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## **Financial Security**

Financial security could be a solution for mining operators with a record of significant compliance infractions, however, it would limit smaller operators from being able to work, and evaluation of completed work is subjective and highly problematic when it comes to releasing bonds.

Prior to considering financial security, a clear system understandable to miners and government on how completed work would be approved and bonds released would need to occur to remove subjectivity and other problems. Generally, we do not support a blanket bonding policy at this time.

## **Reclamation**

Modern placer mining reclaims mined land back to a productive habitat. There is room to improve on reclamation requirements through a combination of proactive training and field work, as well as using the *existing* regulatory framework to enforce the law when practices need to be improved and are not being done through inspections.

There needs to be a focus on HOW to reclaim placer workings and implement the Best Management Practices (BMPs) in the field. This could be done with support from trained and educated inspectors who understand what components make up a productive ecological habitat that would constitute a reclaimed site.

Progressive reclamation needs to have metrics associated (like BMPs) but those metrics must be initiated and enforced through compliance, monitoring and inspections. With a focus on promoting good work there will be innovation and clear deliverables to be met. A good example of this is what has taken place with placer reclamation in Alaska.

There should only be one body to approve reclamation plans to ensure consistency across the industry. This body must be competent, qualified and empowered to approve or suggest improvements to reclamation plans based on legislation.

## **Legislation**

KPMA has previously worked with the various governments to develop fair rules, communicated them and allowed time for miners to prepare and adapt to them as they are phased in. This is the way to implement change without hurting an industry or the families and businesses that are a vital part of the Yukon economy and community.

Whatever legislative change occurs, industry MUST be considered as the primary directly affected party, whose income and businesses are directly affected and therefore must have a strong voice when it comes to deciding what change may occur, why, and remain involved in the implementation strategy. An appeal process for any legislation is a must to ensure the voices of all partners can be considered.

There must be accountability and oversight in governance. Group structures and non-government boards have proved ineffective when making decisions. There are ways to include various voices in the management of a permit or license once an operation is in business, but liability and accountability for making a decision must rest with one body with appeal processes built in.



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## Government Revenues

Royalties, which have not changed in many years, are paid to YG; we suggest sharing part of these royalties with the communities the minerals are extracted from. Some reasons we are not in favour in changing royalties have been summed up in a 2017 KPMA report written by Past President, Mike McDougall:

“Yukon placer mines are not corporate, they are largely family based; even our largest operators are operated much as a “family” with the principal an integral part of the operation. Publicly traded corporations have tried and failed to operate in the Yukon placer field, they cannot reliably maintain the required profit margins.

“The Yukon placer field requires a unique set of skills of its operators and the creeks have seen those who possess some but not all of these skills try and fail. Placer mining is very capital and operating cost intensive, and because of the tight profit margins we have limited access to conventional finance sources (banks). Typically, a banker will say to a placer miner who is otherwise doing fine “your ratios are out of whack and our risk department won’t approve you”. For that reason, we are largely self-financed.

“Placer Mining is a primary resource industry and wealth created by primary resource industries play a critical role in delivering jobs, growth and prosperity for Canadians. Responsible public governments encourage and support primary resource industries such as placer gold mining because they are reliable and robust (productive) wealth generators in any economy. Wealth created by placer mining is new wealth injected directly into the economy of Dawson, Mayo, the Yukon and Canada. An example; when my employee cashes their cheque, and buys a meal at the Eldo in Dawson or a beer at the Pit that new money is on its way, it is in the economy and starts moving. The placer industry is good at getting our money “moving”, ours is a high cost, high capital game.

“Our placer gold royalty is an “accounting” royalty to account for placer gold production in Yukon and the small cost attached to it is to help offset the cost of the service not as a revenue source for government. Historically the two and one-half percent (2.5%) placer royalty on raw gold was the only revenue source for government from the placer industry. That all changed during the first World War when the Canadian government introduced first a business income tax in 1916 and later in 1917 a personal income tax. These corporate and personal income taxes were introduced as a short-term war-only means to raise funds for a government strapped for cash due to the great demands of fighting the war. As is usual with public government the war expedient became a long-term reality as the reliable income stream flowed into their coffers.

“Yukon placer gold varies widely in the amount of gold contained in each raw ounce; some creeks can have as little as 65% gold while some others may run to 90% gold, as well each raw ounce may contain other impurities left in the concentrates from the upgrading process or deposits adhering to the outside of the gold grains, these impurities are carried away in the initial smelting process and form the “melt loss” these facts were understood when the original gold royalty was set up, \$15 is not an arbitrary figure, it is some 72.6% of the fine ounce price to reflect this.”

Mining costs have gone up exponentially since the development of royalty structures. With payroll, fuel, parts, shipping, groceries etc, the amount of financial resource that goes into finding an ounce of mineral resource is often breakeven. This must be taken into account when considering royalty rates.

Placer investment into the economy has never been clearer since the 2020 season during Covid. Despite many fears from communities that local businesses would fail without tourism dollars, many businesses have seen success thanks to the mining community. Dawson City, home to a significant number of the placer community, is a good example of showing mineral expenses spent locally allow for consistency in local economies.



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Rather than enacting benefit agreements that lack transparency and procedural fairness, tax breaks could be used as incentives for mining businesses to provide certain levels of community paid expenses and payroll. This would create a positive influence in the community, encourage community-based businesses to remain competitive, and ensure finances enter Yukon's economy through industrial work in the communities and not through governments.

### **Infrastructure**

Internet and cell service is of significant concern with the announced loss of Xplornet satellite services at the end of December to Yukoners, particularly to most of the placer industry in Yukon who will lose communications for their businesses, families and employees. While the satellite has a few more years of life left, the service provider has made the business decision to drop all its Yukon customers. Government assistance through lobbying CRTC or financial aid to keep this service open until an alternative is available is paramount. Longer term solutions could include increased cell service in popular areas (King Solomon's Dome, Clear Creek) which would be a more feasible and useable solution if the infrastructure is available. Governments have invested in broadband internet and recognize how important it is for businesses, families and particularly during the pandemic. It is time to make this a priority to have reliable internet for Yukon communities, people living remotely, and the placer industry.

We support the ability of a proponent to be able to limit public access and gate an access road or deconstruct roads after mining activities have been completed and during reclamation. This is currently not allowed under all Yukon legislations.

### **Yukon Placer Mining Environmental Restoration Fund**

We whole heartedly support the concept of a Placer Mining Restoration Fund administered through the Yukon Geological Survey. This type of fund could be similarly structured to the successful YMEP program, and would encourage innovation and development of new techniques that are proven to benefit local environment as well as improve cost efficiencies. Having industry adequately consulted during the planning process of creating this fund would ensure the resources and abilities of miners are considered in order to maximize environmental benefits.

Yukon's placer industry has come a long way since the Gold Rush, and we look forward to hearing your plans and being engaged on the next steps of responsible, progressive and modern placer operations for generations to come.

The MDS panel process has brought forward a huge variety of ideas, and it is hard for us to know which ones the panel would benefit from our input. We encourage you to reach out to us to discuss specifically how various initiatives would impact us or might be implemented, as any changes directly impact the families and their businesses that we represent. We are open to discussing new ideas and solutions in a collaborative manner.

Sincerely,

Will Fellers  
*President*  
Klondike Placer Miners' Association