



Socio-economic Monitoring Program: Minto Mine

2014 ANNUAL REPORT

Executive Summary



Prepared in collaboration by Selkirk First Nation, Government of Yukon, and Minto Explorations Ltd.

November 2016

Front cover: View of Pelly Crossing. Photo: Government of Yukon. Inset: Worker at Minto Mine. Photo: Minto Explorations Ltd.

Back cover: Minto Mine. Photo: Minto Explorations Ltd.

Preface

Minto Explorations Ltd. (Minto), the Government of Yukon (YG) and Selkirk First Nation (SFN) — the “Parties” — have worked collaboratively to develop the Minto Mine Socio-economic Monitoring Program, the first program of its kind in Yukon. The Parties developed the program in recognition of their respective roles in protecting and promoting the economic, social and cultural well-being of peoples and communities affected by the development of the Minto Mine. A Letter of Agreement signed by all Parties in summer 2014 formalized the commitment to establish this program. The commitment arose out of YG and SFN *Yukon Environmental and Socio-economic Assessment Act* (YESAA) Decision Documents associated with expansion of the Minto Mine.

The program includes monitoring of community socio-economic conditions that could be affected by Minto Mine. Through the mine’s operation and closure phases, the program will evaluate the effectiveness of mitigation and enhancement measures to manage socio-economic effects of the mine and, where warranted, will identify alternative management actions. The Minto Mine Socio-economic Monitoring Program: Components, Information and Program Requirements (www.emr.gov.yk.ca/mining/pdf/mml_minto_socioeconomic_monitoring_program.pdf), created collaboratively by the Parties, outlines specific program components and data requirements.

Data in this first annual report has been contributed by Minto, YG and SFN. Although the 2014 Annual Report is limited in content due to data constraints, the Parties agreed that starting the annual reporting cycle and building on it in subsequent reports would lead to a better understanding of community conditions and to more accurately assessing the effects of the Minto Mine.

In order to understand and effectively monitor the socio-economic effects of the Minto Mine, knowledge of the people and community most affected by the mine is required. In recognition of this need, the Parties supported a community-level survey led by Selkirk First Nation of SFN households and of citizens residing in Pelly Crossing and elsewhere in Yukon. The first SFN household survey was completed in spring 2015; additional surveys will be undertaken every five years.

The 2014 Annual Report is the first of a series of annual reports that will be released as part of the Minto Mine Socio-economic Monitoring Program. The results of the first household survey will be incorporated into the 2015 report. The success of the program to date has been due to collaboration among the Parties; this collaboration will continue to ensure that future milestones are achieved. The Parties expect that this program may serve as a blueprint for effects-monitoring programs in other communities across Yukon.

Given this report is the first of its kind, requiring input from several different parties, the review and approval process has been necessarily lengthy and therefore resulted in the delayed publication in November 2016.

Please note that all monetary amounts are in Canadian dollars.

Disclaimer:

This report is for information purposes only and is made available to you for your lawful and non-commercial use only. Each of Capstone Mining Corp (“Capstone”), Minto, YG and SFN will not accept any liability for your use of this report. Your use of this report is at your own risk. This annual report was published in 2016 with data current to 2014. Considerable changes have occurred at the Minto Mine since the data collection in 2014 and those changes are not reflected in this report. Nothing in this report shall be used as a substitute for independent research or investigations.

Introduction

The purpose of this report is to determine if, and how, the activities of the Minto Mine may be affecting Yukon, the citizens of the Selkirk First Nation (SFN) and residents of Pelly Crossing. The report examines a number of socio-economic conditions and considers whether or not they have changed since the Minto Mine first became operational in 2007 and through to 2014. A Tri-Partite Working Group (TPWG) — with representatives from SFN, Government of Yukon (YG) and Minto Explorations Ltd. (Minto), a subsidiary of Capstone Mining Corp. — worked collaboratively to design the monitoring program.

Setting

The Minto Mine is an open pit and underground copper mine that started construction in 2005 and has been in commercial production since 2007. It is located approximately 240 km northwest of Whitehorse, in central Yukon. The mine lies within SFN Category A Settlement Lands (SFN R-6A), on the west side of the Yukon River.

SFN citizens are Northern Tutchone people, who in turn are part of the Athapaskan culture. The First Nation's traditional territory lies in central Yukon, and Pelly Crossing is the community where the majority of SFN's Yukon-based citizens reside. In 2014 the total population of SFN citizens residing in and outside Yukon was 672. According to the Yukon Bureau of Statistics (YBS), Pelly Crossing had a population of 397 in 2014.

On July 21, 1997, SFN signed the Selkirk First Nation Final Agreement and Selkirk First Nation Self Government Agreement with the Governments of Canada and Yukon. SFN has ownership and control of 4,740 square kilometres of land, including Category A and B Settlement Land and a small amount of land in the form of site-specific parcels. The legislative powers of the SFN government include the power to make select laws and provide specific programs.

The Program

The goal of this monitoring program is to compare the socio-economic effects of the Minto Mine with pre-existing socio-economic conditions, and to compare actual to predicted socio-economic effects. Over time, the program will evaluate the effectiveness of mitigation and enhancement measures to manage the socio-economic effects of the mine and where warranted, will identify alternative management actions. The *Minto Mine Socio-economic Monitoring Program: Components, Information and Program Requirements* outlines specific program components and data requirements.¹

Sixty-nine indicators have been identified to measure the relative state of these valued conditions as they may be affected by the Minto Mine's operation and closure. Initial analysis of select indicators forms the core of the annual report.

1. Selkirk First Nation, Government of Yukon and Capstone Mining. September 10, 2013. Minto Mine Socio-economic Monitoring Program: Components, Information and Program Requirements. www.emr.gov.yk.ca/mining/pdf/mml_minto_socioeconomic_monitoring_program.pdf.

Table 1. Living Conditions and Valued Conditions

Living Conditions	Valued Conditions
Population and Health	Community Stability and Well-being
	Family Stability and Well-being
	Health
	Housing
Material Well-being	Income and Income Distribution
	Employment
	Business
	SFN Traditional Economy
Capacity, Training and Education	Employment and Workforce Development
	Education and Training
Cultural Well-being	Connection to Land and Water
	Cultural Vitality
	Social Cohesion
Sustainability and Legacy	Fate Control and Preparedness
	Boom/Bust Management
	Costs and Benefits for Future Generations

The 2014 Annual Report is limited in content due to data constraints that have proved to be a major obstacle to socio-economic effects assessment in Yukon. This program and this report are important steps in addressing this longstanding problem. Weaknesses in the data and data gaps are identified throughout the report.

In order to understand and properly monitor effects on socio-economic conditions of the Minto Mine, knowledge of the people and community most affected by the mine is required. In recognition of this need, the Parties supported a SFN-led community-level survey of SFN households and citizens residing in Pelly Crossing and elsewhere in Yukon. The first survey was completed in spring 2015 and will contribute important information to the 2015 Annual Report. Additional surveys will be completed at five-year intervals.

Key Observations

Information was available from existing sources on 39 of 69 indicators that are addressed in the report. The annual report compares observed trends in select conditions in Pelly Crossing and the rest of Yukon to trends and conditions predicted by Minto in their Phase IV and Phase V/VI assessments of the socio-economic effects of their Minto Mine expansion project proposal. This information is limited by the absence of sufficient data to establish trends for many socio-economic conditions and should be read with caution. Over time, as more data is collected, trends may be more easily observed. Further, it is important to note that trends, positive or negative, are not necessarily directly connected to the operation of the Minto Mine. Other factors may have a contributing or overriding influence on certain socio-economic conditions described in the report.

The data in the 2014 report documents some noteworthy changes in material well-being in both Pelly Crossing and in the rest of Yukon. Some key observations are described below.

- Average employment income for Minto employees in Pelly Crossing appears to be trending upward, but there is no clear trend for the rest of Yukon. SFN employment with Minto shows modest growth from 2012 on, from a very low base. Non-First Nation Yukon employee numbers have grown somewhat more, but the number of workers from outside Yukon have grown the most. Approximately 35% to 40% of Minto employees live in Yukon. Pelly Crossing residents make up approximately 4.1% to 8.6% of the company's employees. Whitehorse residents have varied between 21% and 28% of the company's employees.
- SFN citizens have made up between 2% and 14% of the surface mining contractor's employees at the Minto Mine over the past seven years, with 8% being the average. Overall, First Nation employees have made up 32% of the company's workforce on average from 2008–2014. Yukon residents have made up 75% of the company's employees on average. In 2014 a total of 20 SFN citizens living in any location were employed by Minto. From 75% to 91% of the underground contractor's employees live outside Yukon.
- SFN new hires increased sharply from late 2011 through to early 2013 before declining again. Non-First Nation new hires have shown a general upward trend. On average, more than 80% of the camp contractor's employees have been Yukon residents over the past five years. Yukon First Nations citizens have consistently made up the largest percentage of the camp contractor's employees.
- Capital expenditures fell in 2014 after the initial high equipment costs of underground development, such as ventilation and mining equipment, were incurred.
- Property tax payments show an upward trend from 2010 through 2013.

Recommendations

Based on analysis of the information presented in this report, the TPWG recommends several actions to achieve the following:

1. enhance the overall management of positive and negative socio-economic effects that may result from the mine; and
2. improve the collection of information to enhance the monitoring program and the achievement of its purposes.

A low level of confidence in the 2011 National Household Survey data for Pelly Crossing has seriously compromised the analysis of positive and negative trends for a number of local social and economic conditions. It is anticipated that this shortcoming will be addressed with the federal government's announcement to reinstate the mandatory long-form census in 2016.

6.1 Recommendations: Mine Management

The recommendations that follow address initiatives to enhance the overall management of positive and negative socio-economic effects that result from or may result from the mine's operations.

1. Round-table Discussions – As identified in the socio-economic monitoring framework, outlined in the *Minto Mine Socio-economic Monitoring Program: Components, Information and Program Requirements*, round-table discussions (such as focus groups) are a mechanism for addressing Valued Conditions where data do not exist or were deficient, causal factors and findings were inconclusive or further dialogue is needed to understand certain positive or negative effects. Depending on the area of discussion, round-tables may be SFN-specific or joint discussions amongst the Parties.

The 2014 Annual Report suggests several areas where round-table discussions could prove helpful in directly influencing management approaches in a timely manner. The results of round-table discussions would be included in future reports. It should also be noted that the 2015 SFN household survey may also give rise to future round-table discussions.

It is recommended that the TPWG or SFN develop terms of reference for round-tables, with outcomes identified in future reports:

- a. *SFN to convene a round-table discussion on housing during 2016; and*
- b. *SFN to convene a round-table discussion on barriers to employment for SFN citizens wanting to work at the Minto Mine.*

For future consideration, round-tables could also be convened on the following topics:

- Sustainability and legacy round-tables related to:
 - i. resilience of households to manage stresses arising from the Minto Mine and legacy benefits; and
 - ii. preparedness of the Parties to manage project socio-economic:
 - commitments, impacts and risks, and
 - effects of closure.

- Review of key sections in the report to analyze Pelly Crossing data.
 - Income, education and employment conditions and trends.
 - Matters associated with reclamation and closure planning.
2. Yukon Labour Force Participation – Data in the 2014 Annual Report indicates a heavy reliance on the employment of Outside workers for underground mining operations. This is in marked contrast to the employment of Yukon-based workers for above-ground operations.

It is recommended that YG, working with the appropriate partners, identify measures that would enhance the participation of Yukon's resident workforce in underground mining operations at the Minto Mine. Lead: YG

6.2 Recommendations: Technical Program

The recommendations that follow address areas of improvement for the collection of information that could enhance the overall monitoring program and the achievement of its purposes.

1. Standardized reporting — Operations of the Minto Mine have clearly made a major contribution to Yukon's economy, such as employment opportunities, the service sector (through direct and indirect expenditures) and both Yukon's and SFN's wealth since mine start-up in 2007. Consistent with the Minto Mine Socio-economic Effects Monitoring Framework, efforts should be made in the next year to improve Minto-related data reporting to better capture the distribution of economic benefits and related impacts. Comparability of employment, income and expenditure data; for example, by Minto and its major subcontractors, should give special attention to employment and income by group: aboriginal (SFN; other Yukon FNs; non-Yukon FNs), Yukon non-aboriginal, total Yukon, other Canadian, total); geographic location and residency (e.g., Pelly/Whitehorse/other Yukon/other Canada).

It is recommended that Minto identify requirements for data reporting by existing and new major contractors and communicate these accordingly so that 2015 data and any historical data can be reported appropriately and are available for the 2015 Annual Report. Lead: Minto

2. Training — Training is central to building the capacity and skills of those interested in mine-related employment opportunities. Evaluating the participation of SFN citizens and other Yukoners in training programs that can enhance Minto Mine-related employment can contribute to improvements in program delivery and participation.

It is recommended that Minto attempt to obtain training information and related data undertaken by SFN citizens associated with direct or indirect mine-related work and Yukon data for others working at the Minto Mine since 2007 from available sources such as YG, Yukon College, Yukon Mine Training Association, SFN and any other known partners and incorporated into the 2015 Annual Report. Lead: Minto

It is recommended that SFN contribute any summaries of skills-related inventories, relevant training or education completed/in progress or job readiness surveys since 2007. Lead: SFN

3. Population Health — The 2015 Annual Report will include information on the health status of SFN citizens that is derived from the 2015 SFN community household survey.

It is recommended that SFN provide descriptions of existing health and well-being initiatives to supplement health status information in the 2015 Annual Report. Lead: SFN

4. Mine Benefits — There are mine benefits that flow to SFN that are not documented in the 2014 Annual Report as a result of information that is unavailable for reasons of commercial or contractual confidentiality between Minto and SFN. For example, information about summary values and the types of services associated with vendor contracts with SFN firms could contribute to a more complete benefits picture.

It is recommended that Minto and SFN review and provide any additional information on benefits flowing from the mine to SFN that could be included in the 2015 Annual Report. Lead: Minto + SFN

