

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 577-18(3)/582-18(3): MACTUNG PROPERTY SALE

February 20, 2019

MR. O'REILLY: Merci, Monsieur le President. Earlier today I reviewed the history of our government's acquisition and management of a Mactung property. We accepted it as financial security against the shaky Cantung Mine and have spent money cleaning up the site, compiling geological reports, and so on, in the hope of finally trying to sell it. Can the Minister of Industry, Tourism and Investment tell us how much has been spent to assess and clean up the site, compile geological reports, hire a consultant to file Yukon government applications, and now market it? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Industry, Tourism and Investment.

HON. WALLY SCHUMANN: Thank you, Mr. Speaker. This is a detailed question, and I have to commend the Member for giving me the questions ahead of time, because we had to compile a lot of information on this set of questions. So I'll go through the Member's list. The government has spent \$126,025 removing hazardous and other materials from the site. There has been no assessment of full remediation costs, as this is not work that we are intending to undertake. We have completed Mactung site visits, one by Lands, another resulting in two geological reports on the mine sites and surrounding area, but no formal site assessment has been completed.

This work was completed by the Northwest Territories Geological Survey at a cost of approximately \$30,000 and was aided by helicopter support from the federal government's Polar Continental Shelf Program. The Government of the Northwest Territories has spent \$16,304 for the preparation and submission of the Class 4 quartz-mining land-use permit application and has engaged Tetra Tech as our consultant for this renewal. A local company was engaged in the renewal of licences, and we are currently working on a budget for the sale process. Those numbers have not been yet finalized.

MR. O'REILLY: I want to thank the Minister for that detailed response. I will certainly check Hansard to review that. It is not clear why the Minister is marketing the Mactung property in conjunction with the federal government efforts under way to sell Cantung. These two properties are 140 kilometres away from each other by air and 700 kilometres by road. Can the Minister explain why we are marketing these properties together, and, if they are for sale separately, what is the asking price for Mactung?

HON. WALLY SCHUMANN: Mr. Speaker, selling the Mactung deposit together with the Cantung mine will increase the potential viability of the renewed mining operations. That said, we are looking to get more than just the cash payment or a return on the baseline. We are looking to capitalize on the rise of the tungsten prices to translate these world-class resources into good-paying jobs. We believe there is an opportunity for these two projects to create a future Northwest Territories tungsten industry. Selling them together will give us the best possible option and the shortest time frame to converting these assets into a working project that will deliver benefits to the residents and businesses of

the Northwest Territories. We also don't want these two assets to compete against each other in what is a relatively small global market of producers and buyers.

MR. O'REILLY: I would like to thank the Minister again for that answer, but he didn't answer one of my questions, which was: how much is the price for the Mactung property? Can the Minister tell us that?

HON. WALLY SCHUMANN: Mr. Speaker, this is early in the process. We don't have a specific price for this. We want to sell these properties together. It will be an open bidding process with an evaluation that brings the best benefits to the residents of the Northwest Territories.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. Thanks to the Minister for that. The Minister has hired a Vancouver consultant to help hype the Mactung property by applying for 10-year Government of Yukon quartz mining land use approval. Such an authorization is supposed to be for an actual exploration program, although it is my understanding that there is no exploration to be undertaken by our government, so the application seems to be an unusual attempt, at best, to inflate the value of the property.

Can the Minister tell us whether there are any precedents in the Yukon for such a speculative land-use application and whether he has any legal advice on the validity of such an application?

HON. WALLY SCHUMANN: Mr. Speaker, that would be a lead story, but the Member is mischaracterizing what is going on here. The Government of Northwest Territories is required to renew the mining land use permit on the Yukon site of this property in order to keep the property in good standing. If we don't renew the permit, it is likely that a full site remediation would be ordered and all the potential benefits would be lost. In addition, the potential purchaser requires the ability to conduct exploration work as part of its due-diligence process. This is how a buyer confirms a mineral resource, and it is also a consideration of arranging purchase and financing. Thank you, Mr. Speaker.

QUESTION 582-18(3): MACTUNG PROPERTY SALE

MR. O'REILLY: Merci, Monsieur le President. I would like to follow up with the Minister of Industry, Tourism and Investment. I think I heard him say earlier today in response to one of my questions that our government has simply applied to the Yukon government for a renewal of a land-use approval that is already in existence. I did check the land-use approval that we had with the Government of the Yukon. It is LQ00253B. It ran from February 4, 2016 to December 21, 2018, so it has actually expired. Can the Minister tell us again: has our government actually applied for a renewal or a new permit for the work that is to take place at the Mactung site? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister Industry, Tourism and Investment.

HON. WALLY SCHUMANN: Thank you, Mr. Speaker. I assume the Member is talking about the quartz-mining land-use approval process in the Yukon. If I am correct, that

has been in place for a long time. That exact permit has been in place since 2014, Mr. Speaker. Before that, it has been in place since 2009.

As I said, this renewal is required for the Government of the Northwest Territories to maintain the site and have access to the claims and the leases for any type of activity. This is important for us to renew this thing. Also, from a buyer's perspective, there needs to be this in place so they can go on the ground and do their due diligence if they are interested in buying this piece of property, and to help support any potential purchaser financing needs. Thank you, Mr. Speaker.

MR. O'REILLY: I want to thank the Minister for that. I did check the Yukon quartz-mining land-use approval application that was submitted on behalf of our government by Tetra Tech. There is a box in there that says that it is actually a new permit that is being applied for. I will share that with the Minister. I want to quote from the supporting package. It says, "There is currently no formal plan to carry out the activities proposed. The GNWT is seeking a quartz-mining land-use approval in part as a means of increasing the appeal of the Mactung property to prospective buyers."

Can the Minister tell us: is it the intention of our government to actually carry out any exploration, or is this really a play to try to hype up the value of the property?

MR. SPEAKER: I would like to remind Members that that information is not readily available for the Minister to view. If you can, reiterate your question to the Minister, Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I would like to know from the Minister: is it the intention of our government to actually carry out any exploration work at the Mactung property?

HON. WALLY SCHUMANN: Mr. Speaker, as I've said, this renewal is required by our government to maintain the site. We have to have access to our claims and our leases for any type of activity there. The permit includes approvals for more than just exploration. It covers monitoring activities, remediation, ongoing clean-up, like the work that we did last year at site, and the value is needed for us to keep this permit in place.

MR. O'REILLY: It is my understanding through media reports that the Yukon Conservation Society has raised concerns about the speculative nature of this land-use approval application. Can the Minister confirm whether this is being done to increase the value of the property?

HON. WALLY SCHUMANN: As I have clearly said in this House already a number of times today, this is clearly a necessity for us to be able to continue with our permitting process for this property, and, if we do not renew this quartz-mining land-use approval, the Yukon Government can tell us to remediate this site. That is not going to add value to us trying to sell this site and do what we are trying to do for residents in the Northwest Territories, is try to bring another mine on-stream for residents of the NWT so we have jobs, revenue, and the best potential of this site, being non-competitive with the Cantung property if they were separate.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister again for that. Presumably, if we were able to sell this site and the new owner were to take it over, why wouldn't the new owner apply for a quartz-mining land-use approval? Why are we doing it now?

HON. WALLY SCHUMANN: We are the owners of this property right now, and, if we want to continue on activities of this site, we have to renew this permit. We don't know how long this process is going to take place. We have engaged with the federal government. We have agreed to look at selling these two pieces of property together to get the best potential from both sites by doing them at once. We will continue to work towards that, and we think that this is in the best interest of the residents of the Northwest Territories. Thank you, Mr. Speaker.