

# OPPORTUNITIES NORTH

NORTHWEST TERRITORIES  
**news/north**  
nunavut news/north  
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North's combined domestic product

# \$4.5 billion

New spending estimated at

# \$2.9 billion

*Northerners continue to seek and prepare for new opportunities; the search for the North's riches carries on as gold and diamonds production hums along*

### Nunavut by the numbers:

**\$752 million** – 2010 public and private construction spending  
**\$1.41 billion** – early estimate of 2011 public and private construction spending  
**\$263.8 million** – 2010 mineral exploration spending  
**\$322.8 million** – early estimate of 2011 mineral exploration spending  
**\$1.067 billion** – 2009 gross domestic product  
**\$1.225 billion** – 2010 gross domestic product  
**33,303** – population as of January 2011  
**14,500** – total labour force  
**\$864.41** – average weekly earnings  
**55.7%** – employment rate  
**15.0%** – unemployment rate  
**2 million** – land area, in square kilometres

### NWT by the numbers:

**\$1.42 billion** – 2010 public and private construction spending (preliminary actuals)  
**\$1.18 billion** – early estimate of 2011 public and private construction spending  
**\$84.7 million** – 2010 mineral exploration spending  
**\$83 million** – early estimate of 2011 mineral exploration spending  
**\$3.094 billion** – 2009 gross domestic product  
**\$3.274 billion** – 2010 gross domestic product  
**43,554** – population as of January 2011  
**23,200** – total labour force  
**\$1,191** – average weekly earnings, including overtime  
**66.6%** – employment rate  
**7.3%** – unemployment rate  
**1.2 million** – land area, in square kilometres

by Guy Quenneville  
Northern News Services  
NWT/Nunavut

Both the NWT and Nunavut bounced back last year from the economic recession that reached its apex in 2009.

The strength of the mining industry and the security of government employment helped both territories stave off further losses beyond those seen in 2009, when the Diavik and Snap Lake diamond mines closed for six weeks due to reduced worldwide demand for diamonds and both the NWT and Nunavut saw spending by mineral exploration companies take a hit.

In Nunavut, the opening of Agnico-Eagle's Meadowbank gold mine in March 2010 heralded Nunavut's return to the mining stage, after the Jericho Diamond Mine closed in early 2008.

As a result, the territory's gross domestic product rose year-over-year by 15 per cent to \$1.2 billion in 2010.

Meadowbank has brought a lot of money to the Kivalliq region, particularly Baker Lake, which, at least as long as the mine keeps churning out gold, will enjoy the stability of a wage-based economy.

From the start of construction in 2007 to the end of 2010, Meadowbank has generated \$1.3 billion in expenditures.

Out of that, \$519 million went to suppliers based in the Yukon, the NWT and Nunavut. Baker Lake alone saw \$108 million of that.

#### Exploration expenditures up

Agnico-Eagle is also a major driver of the territory's bustling mineral exploration sector, which will see total expenditures of \$322.8 million this year – not as high as the \$432.6

million spent in 2008, but still a 22 per cent increase over spending in 2010.

As the Conference Board of Canada put it, Nunavut's exploration industry "is not expected to slow down any time soon."

Overall, an expanding mining industry is expected to propel total GDP growth in Nunavut to 3.3 per cent in 2011.

While construction activity will likely lag until Meliadine and other projects (Areva Resources' Kiggavik gold project, Baffinland Iron Mines' Mary River iron ore project) reach the shovel-ready stage, once those projects kick into high gear and enter production, the economic impact will be substantial.

The conference board predicts that Nunavut's GDP per capita is expected to reach a high of \$42,900 in 2019, up substantially from \$35,900 in 2010.

The challenge remains placing enough Inuit people in government jobs and in the mining and industry sector.

"The majority of the skilled workforce is still coming from southern Canada," Lawrence Connell, director of sustainable development for Agnico-Eagle, told a parliamentary committee that released a report on Northern economic development late last year. "This trend needs to be reversed for the North to become economically sustainable."

#### NWT

The NWT emerged relatively unscathed after the economic recession in 2010, with its gross domestic product growing by six per cent to \$3.3 billion.

While some smaller businesses cited the recession as the reason for their scaling back, the NWT's three diamond mines had a normal

year in 2010 compared to 2009, when two of them shut down for six weeks over the summer.

Demand for diamonds worldwide have reached pre-recession levels, and in terms of carats, production was up at Diavik and Snap Lake and remained pretty steady at Ekati.

At Rio Tinto's Diavik Diamond Mine, activity is especially heightened due to the fact that the mine is undergoing both open-pit and underground mining.

This period, which is seeing Diavik's on-site staff reach robust levels, is only expected to last until some time next year, by which point the Diavik will become a solely underground mine and employment levels will decrease as the mine reaches the latter half of its life.

In all, real GDP is forecast to grow 5.6 per cent in 2011.

#### New mines on horizon

The concern over Diavik and Ekati's dwindling mine lives is being countered with cautious optimism by those observing the development of new mines in the territory.

De Beers Canada, which owns Snap Lake, has entered the environmental impact review stage for a second diamond mine, Gahcho Kue, which will have a minimum mine life of 11 years.

Canadian Zinc's Prairie Creek mine, Avalon Rare Metals' Nechalacho project and Fortune Mineral's gold-cobalt-bismuth NICO project are also at various stages of environmental assessment.

These and other projects represent more than \$2 billion in new investment, according to the GNWT.

Exploration activity, which declined sharp-

ly in 2009, doubled in 2010 to \$84.7 million, and early estimates this year show spending staying on par with last year.

Easily dwarfing the combined economic impact of those future mines is the Mackenzie Gas Project.

The conference board estimates that with development of the \$16.9 billion gas line, the GDP of the Northwest Territories will climb to \$9.6 billion by 2020, almost twice its current level. This predicted increase in investment, mainly associated with the MGP, will create over 9,000 new jobs.

#### Pipeline approval

The National Energy Board (NEB) gave its seal of approval to the Mackenzie Gas Project in December.

The bad news is, a glut of natural gas continues to render the pipeline – at least currently – an economic proposition.

Lead proponent Imperial Oil must decide whether to proceed with construction of the project by the end of 2013, as mandated by the energy board.

For its part, the conference board is predicting that the pipeline will begin production before the end of the decade.

But interest in the NWT's oil and gas potential is not limited to onshore discoveries.

Imperial Oil and BP Canada have bid many millions of dollars on offshore parcels in the Beaufort Sea.

While the NEB's ongoing review of Arctic offshore drilling practices is currently precluding any active exploration work, it's hoped that once the field opens up again, those projects will provide the Mackenzie Delta/Beaufort Sea region with much needed economic stimulus.



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The Meadowbank gold mine opened 70 km north of Baker Lake in March 2010.



photo courtesy of Diavik Diamond Mine Inc.

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In a large freezer, Kitikmeot Foods employees load a cart with six-to-eight-pound Arctic char.

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