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GRAYS BAY ROAD AND PORT
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Kitikmeot Inuit Association's Grays Bay Road & Port Project

A Presentation to:



April 2019

GBRP.CA

Purpose of Presentation

- To summarize the Grays Bay Road & Port project (GBRP) and provide a brief update of our status and progress
- To address a number of misconceptions raised in the public domain surrounding this project



Grays Bay Road and Port
Tuluqtaqvi Khanga Hava Takhat

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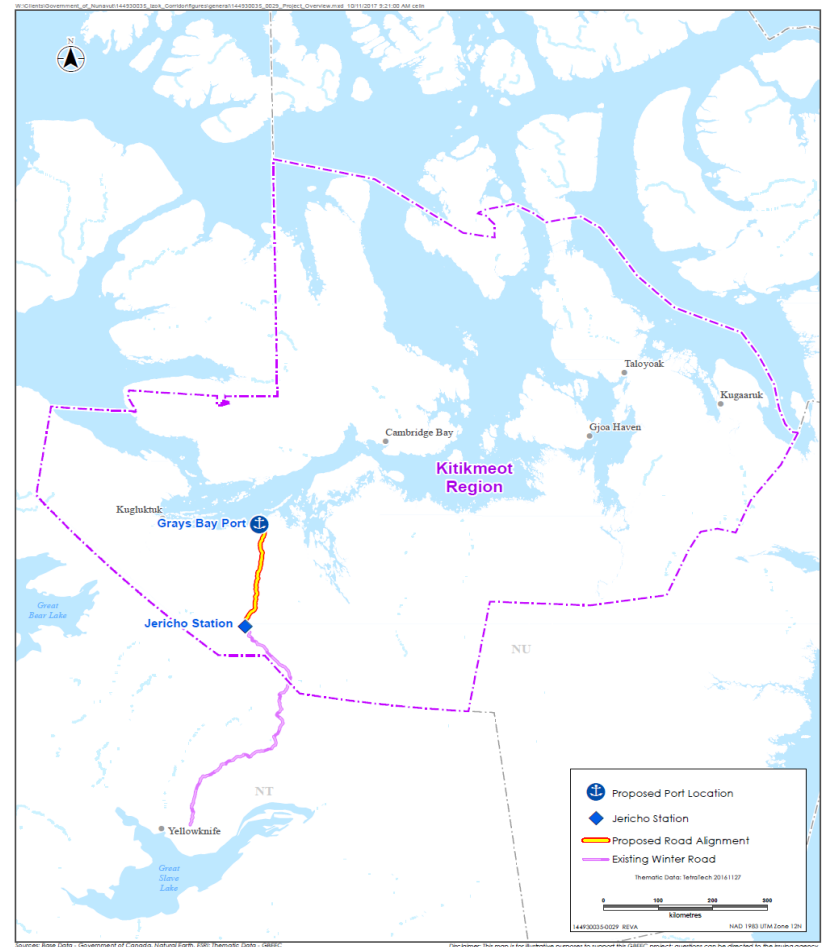
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Overview of the Grays Bay Road & Port Project

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Project Description: Trunk Road

- Project will consist of a 230 km all-weather trunk road from a Port at Grays Bay to the Jericho Mine site (yellow line)
- Jericho Mine site is at northern end of an existing ice road from Yellowknife via the NWT diamond mines
- Trucking through the corridor from Yellowknife during the winter and from the port during the summer



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Project Description: Deep Water Port



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Project Description: Deep Water Port

Multiple strategic benefits:

- The only deep water port on the NW passage to (seasonally) connect to the national highway system
- Location is ideal given existing depth, rock shoreline, sheltering islands, relatively early ice free season
- Would serve and protect an arctic transportation corridor that is 'opening up' due to climate change and seeing more marine traffic
- Could serve as regional hub for community, exploration projects and mine re-supply
- Ideal location as a Port of Call/Base of Operations for Arctic defence, Coast Guard patrols, and Search & Rescue missions



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Costing

The total current cost of GBRP project is \$554 million

- Current estimates suggest that 25-35% of the funding of the capital cost will come from third-party debt paid back by commercial user fees
 - Road tolls are expected to be based on the cost of third party use of the NWT winter road
 - Port fees based on moorage specs and tonnage throughput
- We are ultimately seeking funding from the Federal Government for funding for a portion of the cost of construction of the first terrestrial connection between Nunavut and Canada:
- **Short term objective is to access federal funds to make the project shovel-ready**



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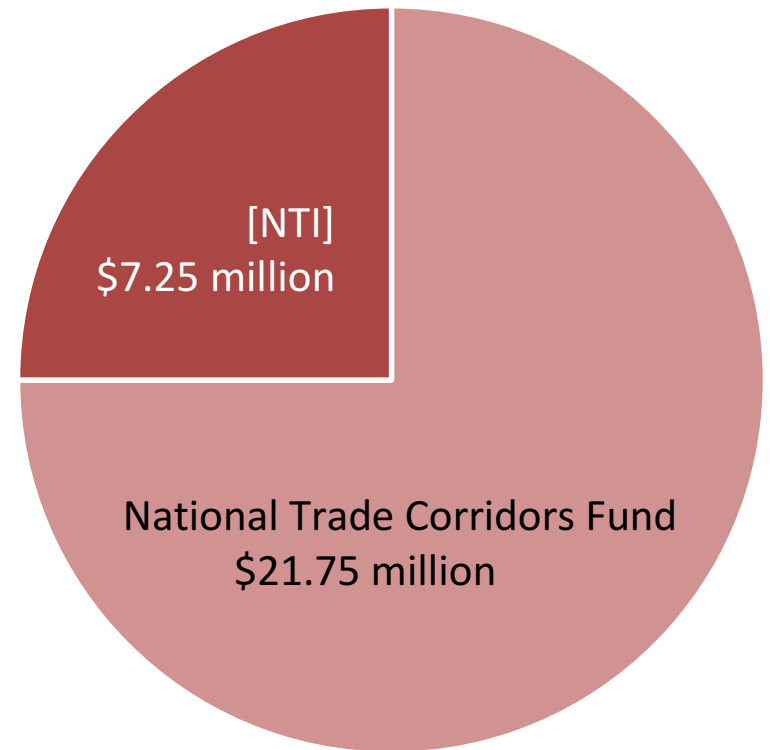
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Approach to Funding: Be “shovel ready” by 2020

- Current plan is to apply for 75% of the total via current call for applications from Transport Canada’s National Trade Corridors Fund (\$21.75 million)
- Final 25% (\$8.1 million) is mostly committed by Nunavut Tunngavik Inc.
 - Will continue to seek sources of funding that won’t constrain KIA’s / NTI’s financial resources



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Kitikmeot Chamber of Commerce Initiative

- Kitikmeot Chamber of Commerce led an initiative with the Canadian Chamber of Commerce
 - Had a resolution passed by 312 delegates at the recent annual general meeting of the Canadian Chamber of Commerce held in Thunder Bay in September
 - Resolution:

“That the federal government support the social and economic strengthening of Canada and its territorial communities by funding the Grays Bay Road and Port Project by recognizing the national importance of the project and providing federal support for the remaining \$529 million in capital costs. Sources could include the Canada Infrastructure Bank, existing infrastructure programs or one-time contributions.”
 - **Passed with 98.9% support**
- Evidence of widespread national support for the project from the Parliament of Business



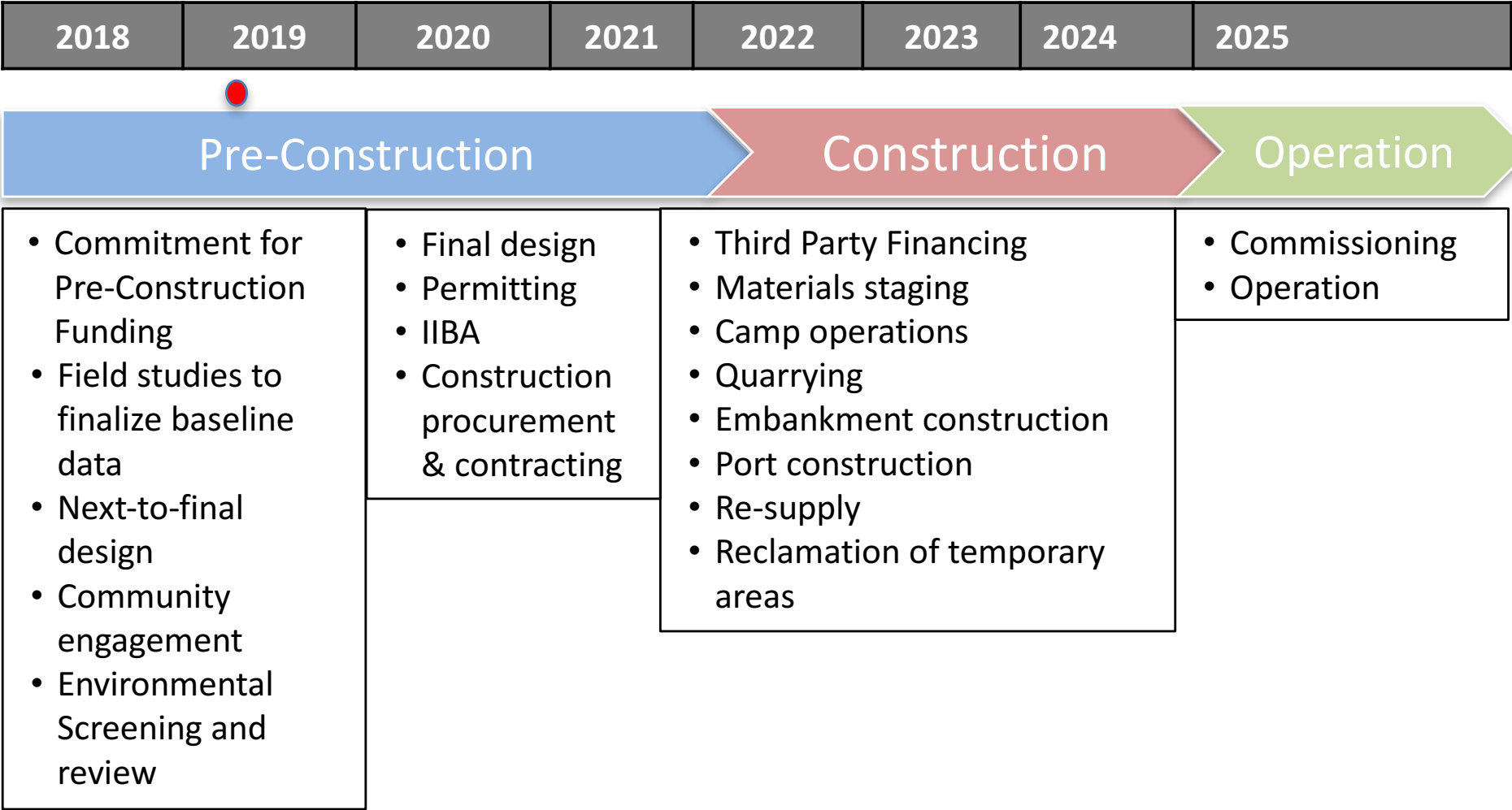
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Proposed Project Timeline



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Grays Bay Road & Port Project: Addressing the Misconceptions

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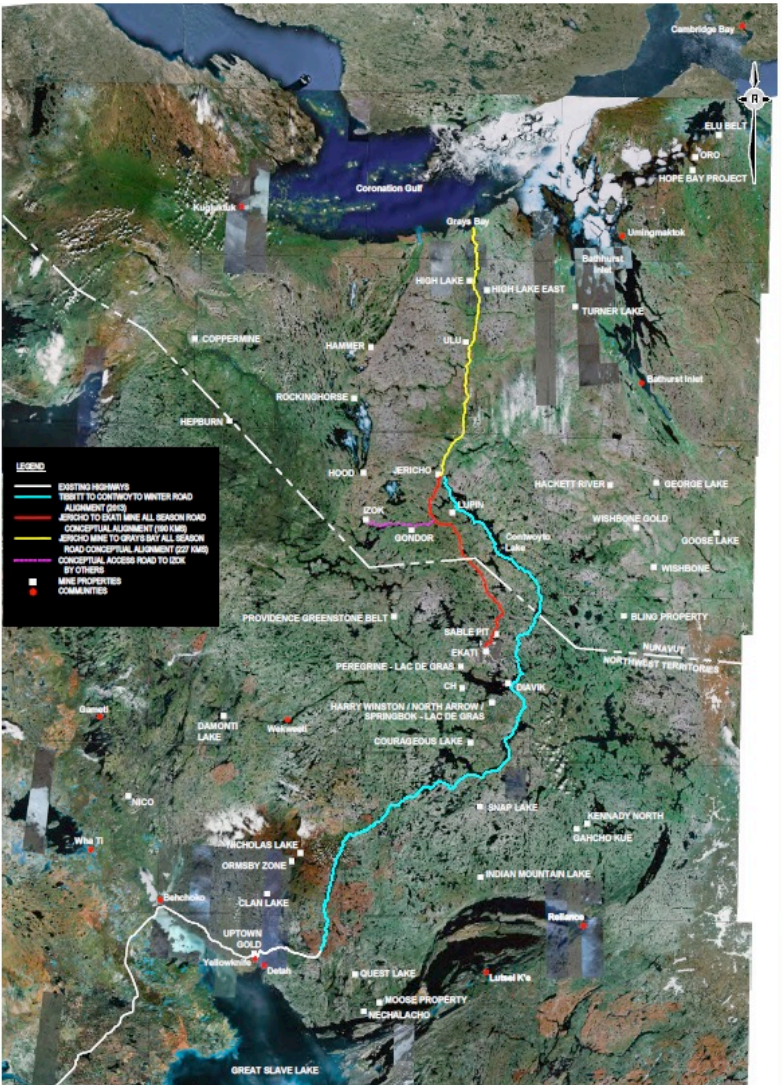
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Misconception #1: This is a Road to Nowhere

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Connection to the TCWR at Jericho Mine Site

- Grays Bay Road will connect to the Tibbett Contwoyto Winter Road (TCWR)
- First surface transportation connection between Nunavut and the rest of Canada
- Offers multiple opportunities:
 - Community re-supply of goods:
 - ◆ Up TCWR to port for staging; barged upon ice-out or perishables flown in the winter
 - Lower cost re-supply to NWT mines:
 - ◆ Goods brought into port; trucked down road to Jericho; staged until TCWR opens



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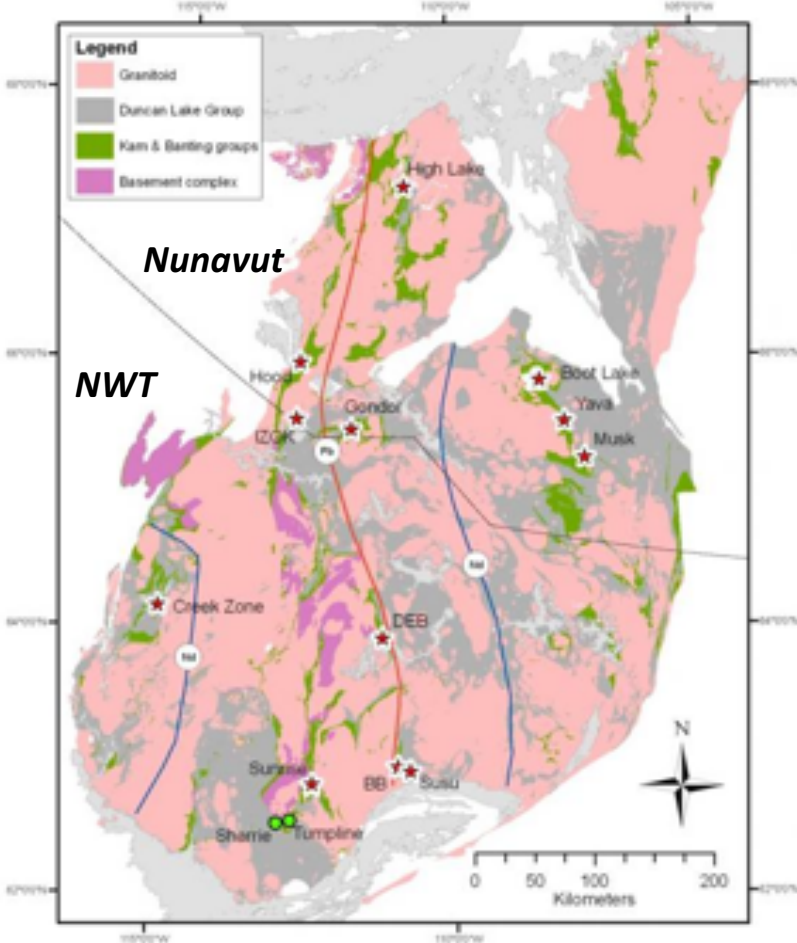
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Basis for the Alignment: Slave Geological Province

- The Slave Geological Province straddles the Nunavut-NWT border
- Geologically rich region that compares favourably to Abitibi GP
 - Abitibi GP straddles Ontario - Quebec border
 - Produced more than 100 mines over 100+ years since discovery
- Known ore bodies and reserves in SGP remain underexplored because of high cost of access



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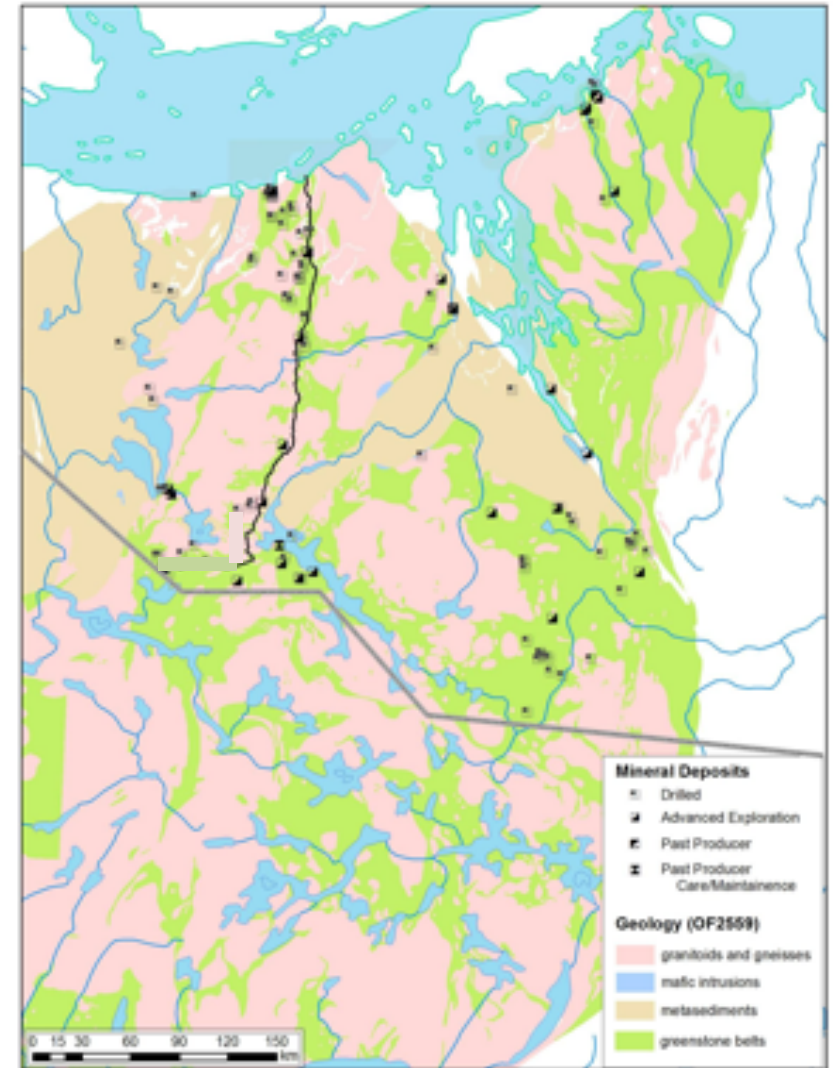
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Basis for Alignment: Realizing Economic Potential

The Nunavut portion of the SGP is extremely mineral rich

- broad range of mineral opportunities:
 - Base Metals: Zinc, Copper, Lead, Nickel, etc.
 - Precious Metals: Gold, Silver, Diamonds
- Grays Bay Road seeks to optimize access to greenstone belts in Nunavut and to SGP in NWT from the north
 - Geology with high occurrences of mineralization
 - Highest concentration of ore bodies, reserves, projects and past mines
 - Connects to TCWR / SGPC at Jericho



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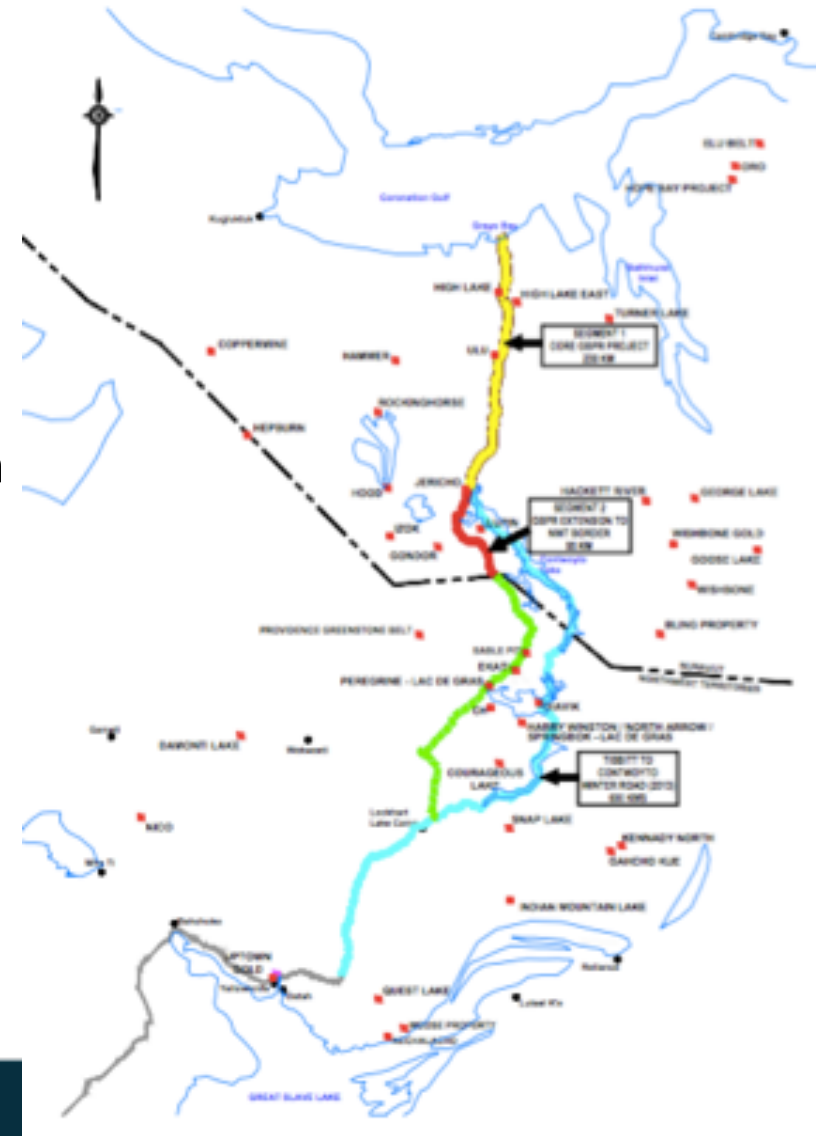
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Canadian Arctic Infrastructure Corridor

- GNWT is pursuing the same vision via its Slave Geological Province Corridor project
- With GBRP, forms Canadian Arctic Infrastructure Corridor which includes:
 - an new NWT all-weather road alignment to replace the TCWR plus the red portion to GBRP to access southern SGP
 - Transmission lines from Taltson and Snare River dams to provide green energy to mine industry (and beyond)
 - Fibre optic telecom connected to Yellowknife
- Mines would be responsible for spurs



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Misconception #2: This is a Road and Port for a Chinese Mining Company

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Role of MMG Canada

- This road and port will be made available to any paying commercial users and non-paying community members
 - Community members will be able to use the road at no cost
- MMG Canada will initially be the primary user and beneficiary
 - They will pay for their use
 - Will give project additional support during the early years of operation and after their project has closed down
- MMG Canada still has to build a 130+km spur road to their primary deposit from the Grays Bay Road
 - More than 20kms longer than the Meadowbank mine road
 - Part of additional infrastructure package including power, telecom, air strips, water/waste water that GBRP can absorb if we want it



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Role of MMG Canada : Economic Development

- Employment from stimulated development
 - eg. MMG’s mine development (38,200 direct, indirect and induced Full Time Equivalent Jobs over 11 year mine life with 14,900 FTEs in Nunavut)
 - 5.2 direct FTE jobs created in Nunavut for every \$1.0 million spent on exploration activities
- \$665,400,000 in estimated tax revenues more than covers cost of construction
- \$7.55 billion in total GDP during 11 years of operation
- All infrastructure will promote mineral exploration activities
 - Benefits to Inuit landowners (rent, Impact & Benefit Agreement’s, etc.)
 - Builds a pool of wealth capital for Inuit to re-invest in new regional infrastructure



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GBRP Value Proposition – Value for Canada

- Grays Bay Road & Port project presents a major opportunity to:
 - Connect increasingly accessible arctic shipping lanes to the national highway system
 - Adapt to climate change
 - Helps to address longer shipping seasons and shorter winter road seasons to extend re-supply season to NWT diamond mines
 - Address employment, food security and cost of living issues in western Nunavut
 - Support Canada’s sovereign claim over its Arctic region and its ability to manage emergency situations
 - Boost regional, territorial, and national GDP via mineral development in The Slave Geological Province



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Two recent Kitikmeot reasons to build the Grays Bay Road and Port Project



Late or missed Sealift



Grounded Cruise Ship



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Misconception #3: MMG Should be able
to Afford Its own Infrastructure since
Meadowbank and Baffinland Can

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Economics of Mine Development

- Assertion of equal ability to cover cost of infrastructure pre-supposes a number of assumptions incl.:
 1. All ore bodies are the same in terms of, among other things:
 1. Value of mineral reserve
 2. concentration of mineral to waste rock
 3. Access to ore
 4. Cost of transportation of supplies to site and ore to markets
 2. Assumptions on price for ore is the same across all companies
 3. The cost of capital for all mine developments is the same
 1. Targeted rates of return are the same
 2. Access to capital is the same



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Economics of Mine Development

MMG's project is impacted by a number of issues incl.:

- The high quality Izok Lake Zinc deposit is small
 - Known ore body will be mined out within 10 years
- Life of all identified mineable ore bodies is short: < 15 years
- It is a base metals deposit
 - \$ value / tonne of processed ore is much lower than for precious metals
 - deposits generally rely on high volumes of processed rock to produce required project cash flow
- The deposit is a far from high volume modes of transport

MMG will cover the cost of other infrastructure including a spur road, air strips, high speed broadband, power gensets at multiple mine sites



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Kitikmeot Inuit Association: Mandate

- The mandate of KIA is to “*manage Kitikmeot Inuit lands and resources, to protect and promote the social, cultural, political, environmental and **economic** well-being of Kitikmeot Inuit*”
 - KIA is directly responsible for the management of surface rights associated with 106,360 km² of Inuit Owned Lands (IOL) in the Kitikmeot region
 - **IOL’s are the only means through which KIA can generate large-scale economic well-being for its beneficiaries**



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Fulfilling the Vision of Inuit Negotiators of NA

Mining and mine development was a key part of the vision of the Inuit negotiators of the *Nunavut Agreement*:

- Inuit-owned Lands with mineral rights (green) were selected by negotiators on the basis of known geology
 - These lands were selected solely to be developed for mining purposes to promote Inuit self-sufficiency
- Not seeking to develop these lands is a repudiation of the intent of Inuit negotiators



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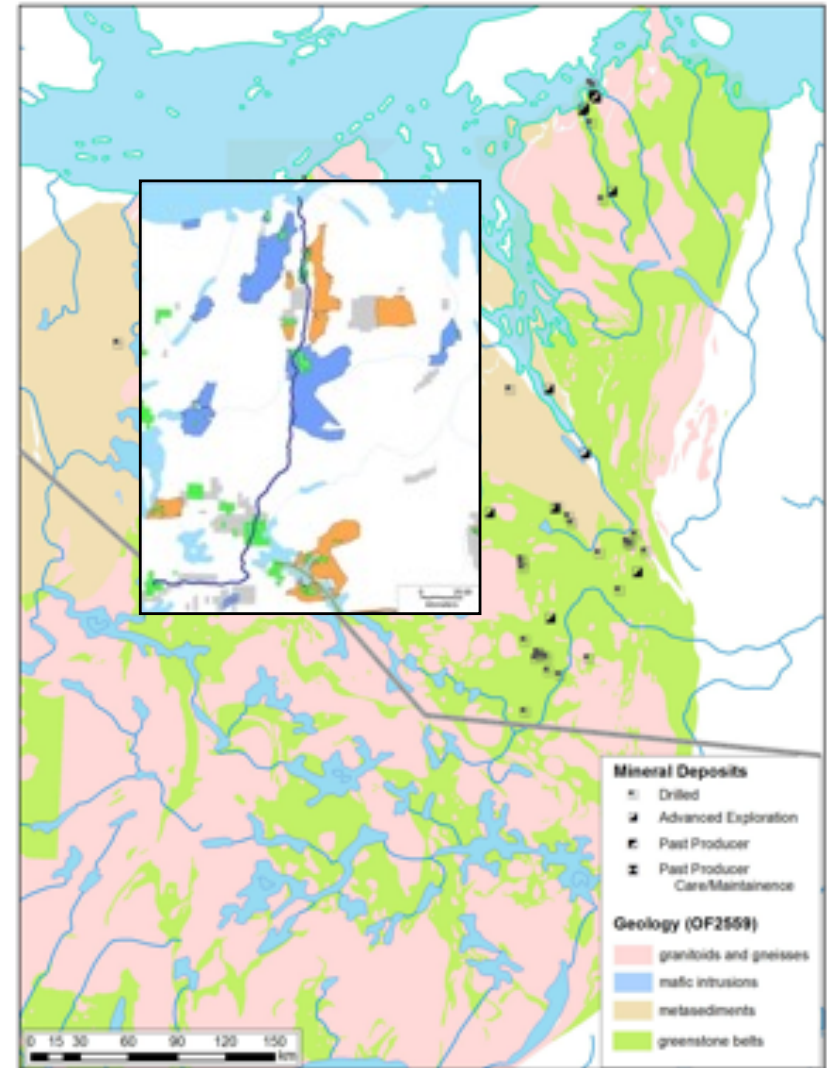
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Fulfilling the Vision of Inuit Negotiators of NA

- IOL's along the corridor are solely on greenstone belts
 - Most attractive IOL's with mineral rights in the region
- **Development of these IOL's can only happen with lower cost-access**
 - Alignment of Grays Bay Road & Port optimizes access to most attractive IOL's with mineral rights



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Fulfilling the Vision of Inuit Negotiators of NA

KIA's efforts on GBRP are consistent with the pursuit of the vision of the Inuit negotiators of the *Nunavut Agreement*

- The Grays Bay Road & Project is the short term means to achieve the end envisioned by Inuit negotiators: *Inuit Self Sufficiency through mine development*
- Any success Inuit have in achieving self-sufficiency will bring Nunavut along

Resources are the road.. to self -sufficiency



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Summary and Conclusion

- The Grays Bay Road & Port project is the most advanced Trade Corridor project in the north
- KIA continues to advance the project to promote responsible economic development for the benefit of Inuit
- The EA process and design work are approximately 1/3rd complete
- We have just applied for funding from the federal government to make the project shovel-ready
- KIA Leadership has done the homework necessary to position GBRP to be a success.



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GRAYS BAY
ROAD AND
PORT

QURLUQTUARYUNGMI
APQUTIKHANGA
TULUQTAQVIKHANGA HAVAKTAKHAT

ROUTE ET
PORT À
GRAYS BAY



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GRAYS BAY ROAD AND PORT

QURLUQTUARYUNGMI
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ROUTE ET PORT À GRAYS BAY

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