



# Canada: Yukon's Growing Mining Industry

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## Summary

The mining industry in the Yukon Territories is flourishing as investors flood into the Yukon to explore the area. American companies can benefit by providing goods and services to the expanding Yukon mining market.

In 2006, total expenditures were \$97.4 million, \$60.9 million in exploration and \$36.4 million in development. The Yukon has one of the world's largest iron ore deposits with significant amounts of gold, copper, zinc, coal, silver, sulfur and tungsten. In addition, Selwyn Basin is one of the world's largest undeveloped lead-zinc areas. In only 3.6% of the area of land, 2700 mineral occurrences have been claimed. Currently, there are 80 established mining reserves. A worthy note is that geologists think that the Wernecke Mountains in the Yukon is the same geological formation as Southern Australia, which contains the largest Uranium deposit in the world!

## Government Incentives

The Yukon government spends more per capita on incentives for exploration than any other Canadian territory or province.

- 1.) The Yukon Mining Incentive Program (YMIP) provides funding for locating and exploration of mineral deposits. The YMIP considers funding for mining and exploration companies based on four modules: grassroots-prospecting, grassroots-grubstake, focused-regional, and target evaluation.
- 2.) The Yukon Mineral Exploration Tax Credit is a 25% refundable tax credit for mineral expenditure exploration.
- 3.) Fuel purchases are tax-exempt for off-road exploration and mining.

## Land Rights and First Nations (Canadian Indians) Involvement

The Yukon mining industry is growing because of some of the recent political developments.

- 1.) Umbrella Act in 1995 has allowed the First Nations and the Yukon government to move towards a more stable and positive relationship. The Umbrella Act finalizes the ownership of the land and resources. The legislation provides for surface rights and entails mechanisms for disputes.
- 2.) The Yukon Self Government Act allows the First Nations to govern their own constitution. Therefore, mining companies operating in the Yukon now face less obstacles and confusion over access rights.
- 3.) The Yukon Environmental Assessment and Socio-economic Assessment Act is a body of decision makers who consider the projects and plans which may affect the Yukon settlements, or the economic and social conditions. Therefore, this group considers the implications and advantages of mining and exploration companies within the region. Since the First Nations community is looking for economic and social development, the Yukon government encourages partnerships of companies with the community. Thus, First Nations in the Yukon are now looking for long-term agreements with exploration companies for development.

## Opportunities for U.S. firms

As exploration and mining companies partner with First Nation groups for the development of the mining sector, American companies can provide needed products and services to the Yukon, such as bulldozers, drills, explosives, trucks, drill rigs, and trams. Mining companies that the Commercial Service contacted, who have projects in the Yukon, suggested the essential need for diamond drilling contractors and people that perform geological, geochemical and geophysical surveying. Another company suggested that equipment involved in bulk sampling would be necessary, such as a processing plant, small aircraft, fuel supplies and geological supplies like sample bags.

American companies that can provide goods and services that address erosion, formation of sinkholes, loss of biodiversity, and contamination of groundwaters and surface water by chemicals from the mining process and products, that may minimize the harm towards the environment, will also have opportunities in the Yukon.

## For More Information

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