

Passage

**Keynote Speech for the Nunavut Mining Symposium
Iqaluit, Nunavut
April 10, 2008**

**By
Gordon (Gord) A. McCreary
President and CEO
Baffinland Iron Mines Corporation**

Good Evening, Uunukut. Thank you for your kind introduction.

Honourable members of the Cabinet and Legislative Assembly of Nunavut, Paul Kaludjuak, NTI President, and other distinguished guests, territorial and federal regulators, fellow mining company representatives and symposium organizers, thank you for the honour and opportunity to speak to you.

The title that I settled on for my address tonight is a simple one word title: “Passage”. To some this may seem a strange title for a keynote speech for the Nunavut Mining Symposium, so as an introduction, let me explain how I arrived at such a title. When I was asked to be your speaker, the only advice I got from the symposium organizers was that my speech was “not to be a commercial for Baffinland”. I respected that comment and I responded that I wanted to “speak from the heart” as a Canadian from the south that has been “seriously bitten by the northern bug” ... like so many people in this room tonight. When “speaking from the heart”, I run the risk that some of my comments may be somewhat controversial. I hope, in fact, that they will complement the overall theme of this symposium: “Let’s talk”.

The title “Passage” does not only represent the physical passage from one place to another, as in the Northwest Passage. It also represents the transition from one mindset to another or one situation to another. So the title “Passage” is meant to refer to physical passage but also to the likes of cultural, spiritual, emotional, educational and economic passage. Obviously, these various passages and the time taken for these passages to occur are inter-related.

The Nunavut Land Claims agreement of 1993 was the culmination of many years of negotiation that resulted in the formation of Nunavut on July 9, 1999 as a public, territorial government. These events were part of a passage for the Inuit to, what is effectively, a form of aboriginal self-government that we had not seen in Canada before and as such, it represented a passage for all Canadians.

“Speaking from the heart” as a fifth generation white, Anglo-Saxon, protestant, I, like many thinking Canadians, carry feelings of guilt about the way the aboriginal peoples of the Americas were treated for centuries. Specifically, in the case of the Inuit, this guilt is about how you were forced

from your proud nomadic roots into communities so that our new nation of Canada could attempt to govern the vast territory of the north. We inadvertently infected your ancestors with new diseases for which they had no natural immunity. Our not-so distant predecessors made you more reliant on us by constraining your traditional mobility. The “Truth Commission” organized by the Qikiqtani Inuit Association is seeking answers to questions that relate to some historic events that forced a reluctant passage on the Inuit. While we cannot go back and change history, we can learn from it in order to collectively make better decisions in the future.

I would like to convey a story told to me recently by an Inuk, George from Igloolik, that really drives home some of the differences that exist between the Inuit and non-Inuit from the south. Shortly after 1967, when Canada was celebrating its 100th birthday, George’s grandfather asked him a very poignant question: “What is this Canada?” For most of us this would be a shocking question for someone to ask after Canada’s centennial year! However, George explained to me that until that time, long before television became so prevalent, the outside influences in Igloolik were mainly from the British Anglican ministry, Scottish people working for the Hudson Bay Company, Belgian school teachers and of course the American presence at the DEW line site at Hall Beach. It’s actually easy to appreciate how his grandfather could ask such a question. I sense we have come a long way since 1967 but we still have a long way to go.

As some people here may know, I have had a northern bias to my mining career dating from the early 1970’s and not just in Canada but also in Russia and the United States. I have always viewed the challenges of the north as opportunities that under the right circumstances could bring economic prosperity. If handled properly, the result would be improved quality of life for the people of the north.

As a southern Canadian and perhaps even as a mining engineer, I tend to look for ways to categorize things. I find myself simplifying my relations with the Inuit community based on three current generations:-

- the elders
- the middle aged children of the elders or as I refer to them, the transitional generation
- the grandchildren of the elders - the future of Nunavut.

Non-Inuit from the south could learn a lot from the way the Inuit respect their elders. I believe that any of us who have the privilege to come to know the north are in total awe of how the elders and your ancestors thrived for millennia in such a hostile environment without the so-called assistance of modern technology. Frankly, the more that a southerner gets exposed to the harsh realities of life in the Arctic the more we must ask: “how the hell did you survive up here?” Your ancestral survival is a testament to Inuit traditional knowledge (commonly known as “IQ”), your ingenuity and your patience. In June of 2007, we were reminded of the versatility and resourcefulness passed down through traditional knowledge when Enoki Kunuk, an 81 year old Inuit elder from Igloodik, spent 29 days alone out on the land, to be found after the official search had been called off.

From my limited contact with Inuit elders I have developed a perception that many elders understand implicitly that there is no road back to the nomadic lifestyle of their ancestors for their children and grandchildren. As long as economic development is done to high global standards considering the environment, the land, and of course, taking into account IQ, the elders I have met appear to generally endorse sustainable economic development. That does not mean that the traditional activities such as hunting, fishing and the consumption of country foods and making of traditional clothing are lost ... quite the contrary. It is even more important to work hard at preserving these traditional activities and knowledge. But today’s intruding reality is that the transitional generation is in passage to a new situation that will bring a new economic reality with it. If this brave new territory and government known as Nunavut is to be sustainable, it must have a strong economic underpinning.

And that is what the 2008 Nunavut Mining Symposium is truly about. There are now hundreds of millions of dollars being spent each year in Nunavut on mineral exploration. Ultimately that will yield mineral developments that will provide that sustained economic underpinning for Nunavut. What I like to say about Baffinland is that we are not ‘the’ solution to the difficult issues of Nunavut but we are determined to be part of the solution. Collectively the mining companies represented in this room tonight have the potential to become the economic foundation of Nunavut that can break the cycle of economic despair and hopelessness that contributes to some of the most tragic events in society, such as suicides. I believe we have an obligation to create an environment of economic opportunity that enhances self esteem and provides hope that one’s dreams can be realized.

Since reactivating iron ore exploration and development activities at Mary River, I have given away many copies of a book entitled “Dreams of Iron and Steel”. It tells us about seven wonders of the modern era ranging from the construction of the Bell Rock Lighthouse in Scotland to the building of the Panama Canal and the transcontinental railroads in North America. It is a book about the tremendous effort and dedication that it takes to accomplish truly important things that have lasting benefit for society. I have had a dream for over 30 years that one day the conditions would be right for the development of the world class deposits that make up our Mary River Project. I truly believe that this is the time.

I want to turn now to something we must talk about if change for the better is to be made. It is somewhat controversial but it is something I feel is very important to mention in this forum. That is the need to break the welfare cycle that is all-too pervasive in Nunavut. It has been seen elsewhere that when people have not specifically worked hard for the things they receive they do not retain a sense of reward for effort that is the backbone of the work ethic in all societies. I am not suggesting the elimination of the social support network that is a hallmark of a benevolent Canada. And we all know there are many hard working people in Nunavut. What I am suggesting is that the opportunity must be provided to earn rewards that will be commensurate with the effort, taking into account the level of risk involved. When rewards have a limited relationship with regard to the effort, the value of the reward is diminished and over time it is taken for granted and a welfare cycle is created.

We at Baffinland are fortunate that we have what we expect will be a multi-generational project, that will allow us to take a long term view of things such as training and education. We look forward to working with the various levels of government and Inuit organizations to maximize training and educational funding. This will allow us the opportunity and indeed the obligation to reach into the school system to assist children during their formative years.

As high-paying jobs become increasingly available in Nunavut it will also be important that more people become familiar with basic money management skills. Increases in disposable income can result in wasteful spending and increased alcohol and drug use unless the time is also taken to teach – and learn - skills to manage that new-found wealth. We in this room all need to

find a way to play a role in providing that training, perhaps by sponsoring courses or providing them in-house.

I will spend a few moments to talk about Baffinland's Mary River Project to set the stage for my concluding remarks. Our Mary River Project was recently described to me as the Mackenzie Valley Pipeline of the eastern Canadian Arctic. This comparison was made with the thought of items such as the size, longevity and economic impact of the project. However, to many in the financial community those are "scary words" because of course the Mackenzie Valley Pipeline has yet to be built after many decades of trying. I agree that the Nunavut Mining Symposium theme of "Let's Talk" is mandatory but these discussions must be done in the context of getting on with the job or "Let's Do It". One significant difference between our project and some such as the Mackenzie Valley Pipeline, is the land claims status. We are very fortunate to have the Nunavut Land Claims Agreement that provides the framework that governs so much of our activities and is the roadmap to such items as an Inuit Impact and Benefits Agreement, or as we all call it, the "IIBA". A key and potentially contentious issue in all IIBA negotiations is financial participation. Our Definitive Feasibility Study estimates that the pre-tax cash flow for the known reserves of our Mary River Project is expected to be about \$18 billion, while the after-tax cash flow is about \$11 billion. That means \$7 billion of taxes are to be paid via corporate income taxes and the Nunavut Mining Royalty. That is what I call financial participation. And even as we speak, Nunavut, quite rightly, is striving for devolution to gain direct control over its financial affairs to better use those monies where they best see fit.

For our federal guests here today, I want to mention two items that I believe should be high on the Canadian federal government agenda: Aboriginal Issues and Canadian Arctic Sovereignty. These two issues merge here in Nunavut in several key areas. We can look to specific programs that deserve support from the federal government, but also from corporate Canada. For instance, there is the important work of the Ranger program that we at Baffinland consider as deserving of our active corporate support. And everyone here in this room is dedicated to improving the economic underpinning needed to validate the economic model of Nunavut. I hope that the representatives of the federal government will take back the message that urgent attention is needed to make continued improvements in Aboriginal issues and Canadian Arctic Sovereignty an even higher priority.

To quote Prime Minister Harper concerning Canadian Arctic Sovereignty: “Use it or lose it”. As Canadians working at Baffinland we plan on using it for the benefit of the people of Nunavut and of Canada. I think of the work that we in the mining industry are doing in Nunavut as contributing to nation building for our future just as the transcontinental railroad was about nation building for our ancestors. Our Mary River Project is building on the lessons learned from projects that went before us, like Nanisivik, Polaris, Lupin, Ekati and Diavik. I sincerely hope many other projects will build on the contributions of our project to continue and grow sustainable development for the benefit of Nunavut and Canada.

This symposium allows us to work together, to talk together, so that we can face the challenges that working in the north present. We in the mining community must recognize that there are challenges for the generations of Inuit who are impacted by our presence. Our activities here mean we must also accept our obligations to the people and the land of the north. I am sure the mining community can rise to meet these obligations, particularly if we make the effort to learn from the people who have survived here, while at the same time bringing new opportunities for a thriving future.

Thank you, Qujanamiik – and “Let’s Talk”.