



AVALON
RARE METALS INC.



**CANADIAN EXPERIENCE WITH INDIGENOUS PEOPLE:
DEVELOPING RELATIONS AND PARTNERSHIPS WITH
ABORIGINAL PEOPLES**
Nechalacho, Thor Lake Project, Northwest Territories

**Bill Mercer, P.Geo.,
Past-President, PDAC
VP - Exploration, Avalon Rare Metals Inc**
SIMEXMIN, Ouro Preto, 11:30am, 25 May 2010

...advancing green technology



INDIGENOUS PEOPLE IN CANADA



- Population (2006 census)
 - Indian/First Nations: 698,000
 - Inuit: 50,480
 - Metis: 389,785
- Indian people:
 - about 50% live in urban centres
 - about 50% under the age of 25
- Land treaties settled in some areas, not in others
 - Complex legal situation
 - Relations with aboriginal people not simply governed by legal status of land claims



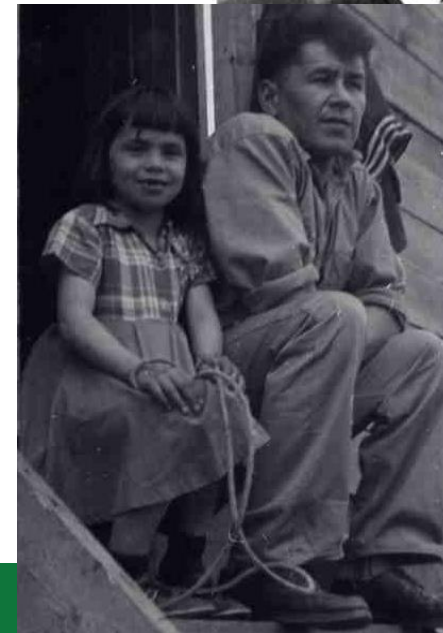
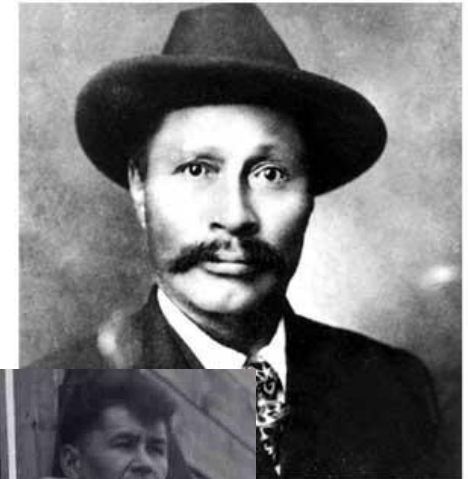
MIHR COUNCIL (Dave Brosha, Photographer)



BACKGROUND - INDIGENOUS PEOPLE AND THE MINING INDUSTRY IN CANADA

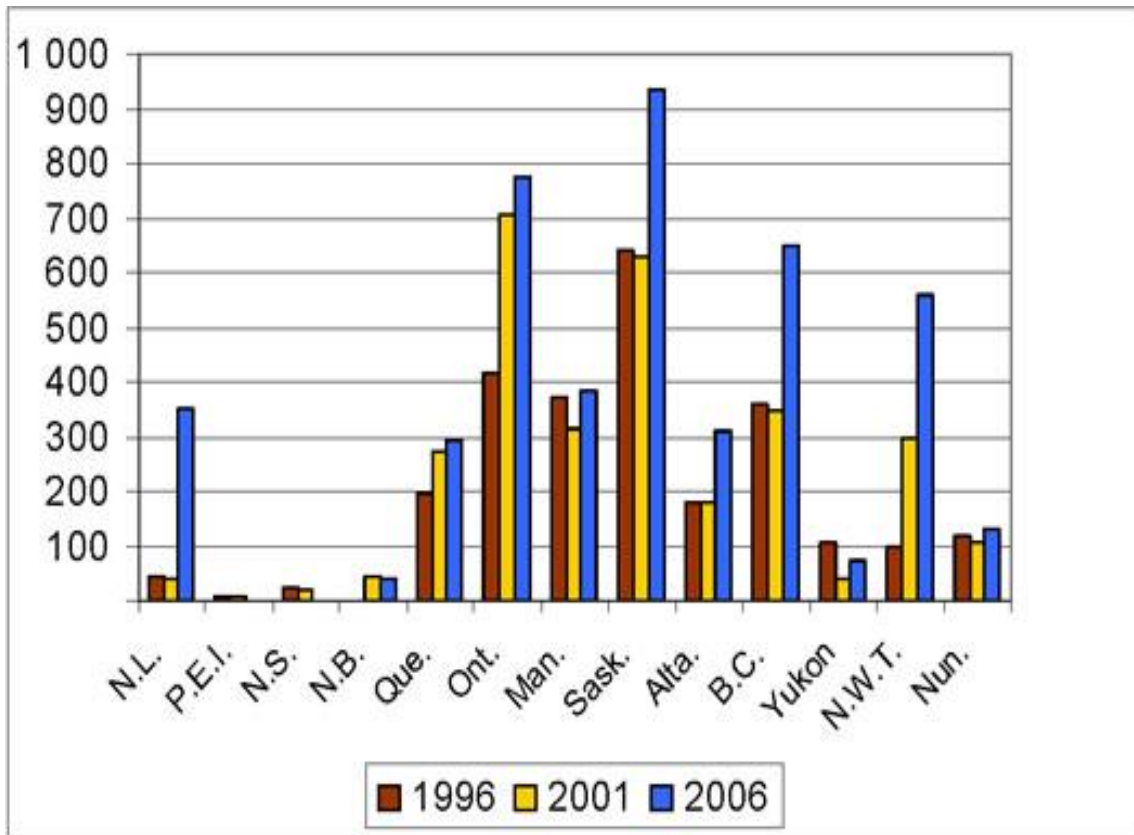


- Land claims cover up to 30% of land area, especially in north
- Long tradition of working with industry:
 - Prospectors, claim stakers, guides
 - Miners
 - Mining is single largest employer of Indigenous people
 - Mining companies: ~\$1B into Aboriginal owned businesses
- Also history of conflict:
 - Historic lack of benefits from mining
 - Land conflict
 - Pollution especially tailings
 - Occupational illness





ABORIGINAL EMPLOYMENT IN MINING



Source: Statistics Canada, Census 1996, 2001, and 2006.

- 4,500 employed in mining
- 1,200 Aboriginal communities near mining projects
- 120 agreements signed Mining-Aboriginal



THE PRESENT STATUS MINING AND ABORIGINAL PEOPLE



- Wide range of situations
 - Open conflict, including destroyed camps, lawsuits
 - Close cooperation including business partnerships
- Individual situation depends on:
 - Attitude of company, especially executive(s)
 - Experience and attitude of aboriginal people especially leaders
 - Situation between local aboriginal groups
- For companies: emerging sense of what is “best practice”
- Probably looks confusing to non Canadian





CANADIAN GOVERNMENT ACTION PLAN



THE CHALLENGE

WHAT HAS BEEN DONE

THE PLAN

THE ROLLOUT

WHAT THEY'RE SAYING

FRANÇAIS



CANADA'S ECONOMIC ACTION PLAN

Search

Go

Action Plan > Government or Aboriginal Community > Aboriginal Community > Aboriginal Skills and Employment Partnership

ABORIGINAL SKILLS AND EMPLOYMENT PARTNERSHIP





PDAC ACTION PLAN



- **Aboriginal Affairs Committee**
 - Aboriginal Mining Toolkit
 - Memorandum of Understanding with Assembly of First Nations
 - Skookum Jim Award
- **Operation**
 - Three First Nations members of board
 - One First Nations staff member
- **Corporate Social Responsibility**
 - Launch of E3 Plus





PDAC e3 Plus BEST PRACTICE GUIDANCE



PRINCIPLES FOR RESPONSIBLE EXPLORATION

- Adopt responsible governance and management
- Apply ethical business practices
- Respect human rights
- Commit to project due diligence and risk assessment
- Engage host communities and other affected and interested parties
- Contribute to community development and well being
- Protect the environment
- Safeguard the health and safety of workers and the local population





AVALON'S APPROACH TO COMMUNITY ENGAGEMENT



- Engage early and often
- Continue engaging as the project progresses
- Gain a thorough understanding of community needs, create opportunities for community to benefit
- Adoption of E3 Plus





Avalon's Corporate Social Responsibility



- Open, honest and regular dialogue with local communities
- Minimizing impacts on the land
- Sustainability... beginning at the early stage and continuing through mine closure
- The environment and workplace health and safety
- Hiring local people & promoting training
- Partnerships to provide lasting benefits



Adoption of PDAC E3 Plus Principles in project implementation



Thor Lake: Project Location

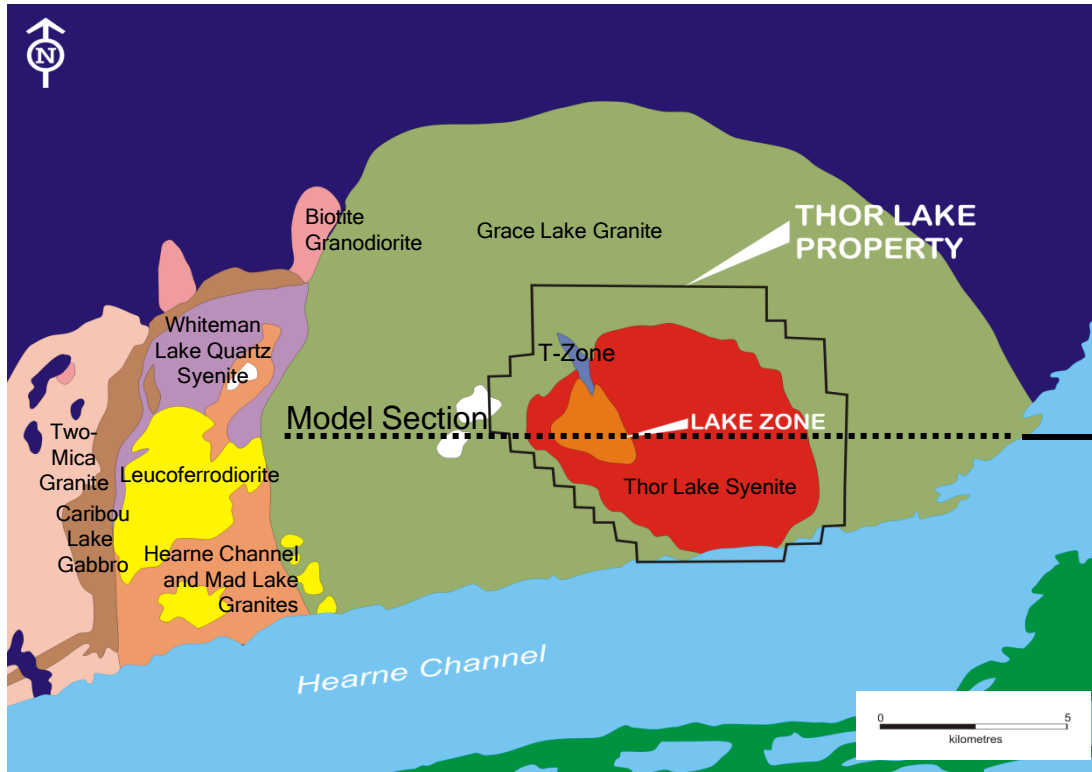
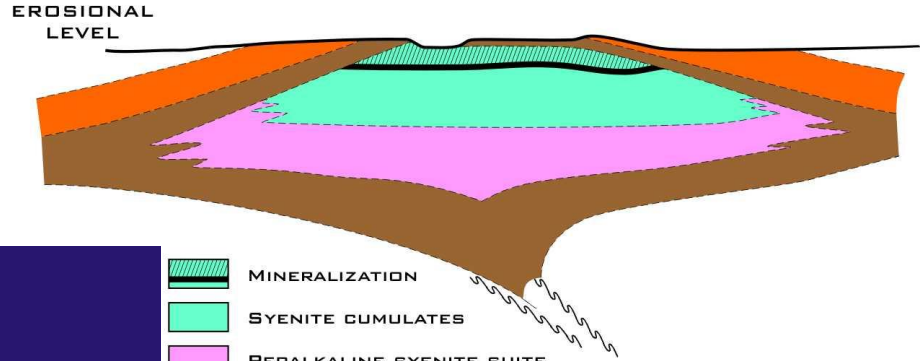




Nechalacho Rare Metal Deposit



Blachford Lake Peralkaline Intrusive Complex, NWT



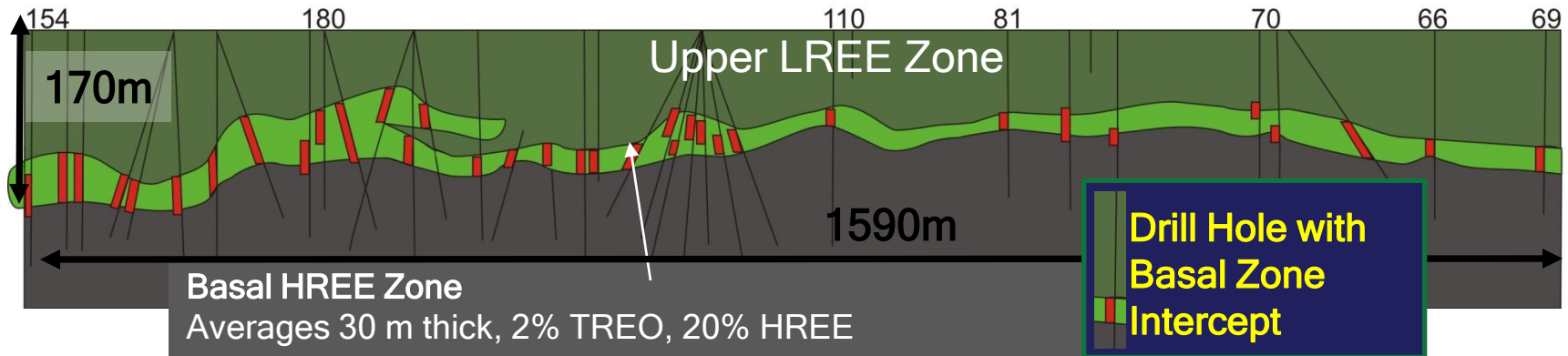
-  MINERALIZATION
-  SYENITE CUMULATES
-  PERALKALINE SYENITE SUITE
-  SYENITE / GRANITE
-  METASEDIMENTARY ROCKS

Interpreted Geometry in Cross Section

A unique example of a layered Peralkaline intrusive complex, with the upper, rare metal-rich part of the system readily accessible for mining.



NECHALACHO REE-Nb-Ta-Zr DEPOSIT



Zone	Millions tonnes	% TREO	% HREO	HREO/TREO
INDICATED MINERAL RESOURCES				
Basal Zone	9.00	1.86	0.43	23%
INFERRED MINERAL RESOURCES				
Upper Zone	22.44	2.00	0.16	8%
Basal Zone	37.56	1.94	0.40	21%
Total	60.00	1.96	0.31	16%



CSR AND DEVELOPMENT PROGRESS



- 2005: Property acquisition
- 2007: Scoping study, Land Use permit, drilling
- 2008: 43-101 resource, drilling
- 2009: Start of Prefeasibility study, metallurgical testing, drilling
- 2010: Begin EA, MOU, engineering, drilling
- 2014-2015: Production

- 2005: Start of community visits
- 2007: First Aboriginal employees; community site visits
- 2008: First Aid First responder training; environmental cleanup at site
- 2009: Drill helper training; installation of wind test tower; project renaming; MOU discussions
- 2010: Major contracts to FN business

Nechalacho Renaming Ceremony





DENE NATIONS



The Dene include five main groups:

- **Chipewyan (Denesoline), living east of Great Slave Lake**
- Tlicho (Dogrib), living between Great Slave and Great Bear Lakes
- **Yellowknives (T'atsaot'ine), formerly living north of Great Slave Lake, and now absorbed into the Chipewyan**
- Slavey (Deh Gah Got'ine or Deh Cho), living along the Mackenzie River (Deh Cho) southwest of Great Slave Lake
- Sahtu (Sahtúot'ine), including the Locheux, Nahanni, and Bear Lake peoples, in the central NWT.



DENE NATIONS



The word "Dene" is broken down into two words, "De" meaning flow and "Ne" meaning Mother Earth. Thus the Dene view that they flow from Mother Earth and we are a people of the Creator and Creation.



AKAITCHO DENE NATIONS



- *Akaitcho (ca. 1786-1838) was a Copper Indian, and Chief of the Yellowknives:*
- *His name means "Big-Foot" or "Big-Feet"; meaning: "like a wolf with big paws, he can travel long distances over snow"*





METIS



- Northwest Territory Metis Nation
 - Hay River Metis Council
 - Fort Resolution Metis Council
 - Fort Smith Metis Council
- North Slave Metis Alliance
 - Yellowknife



Kurt Bulmer, NSMA,
Environmental Baseline Work at Nechalacho

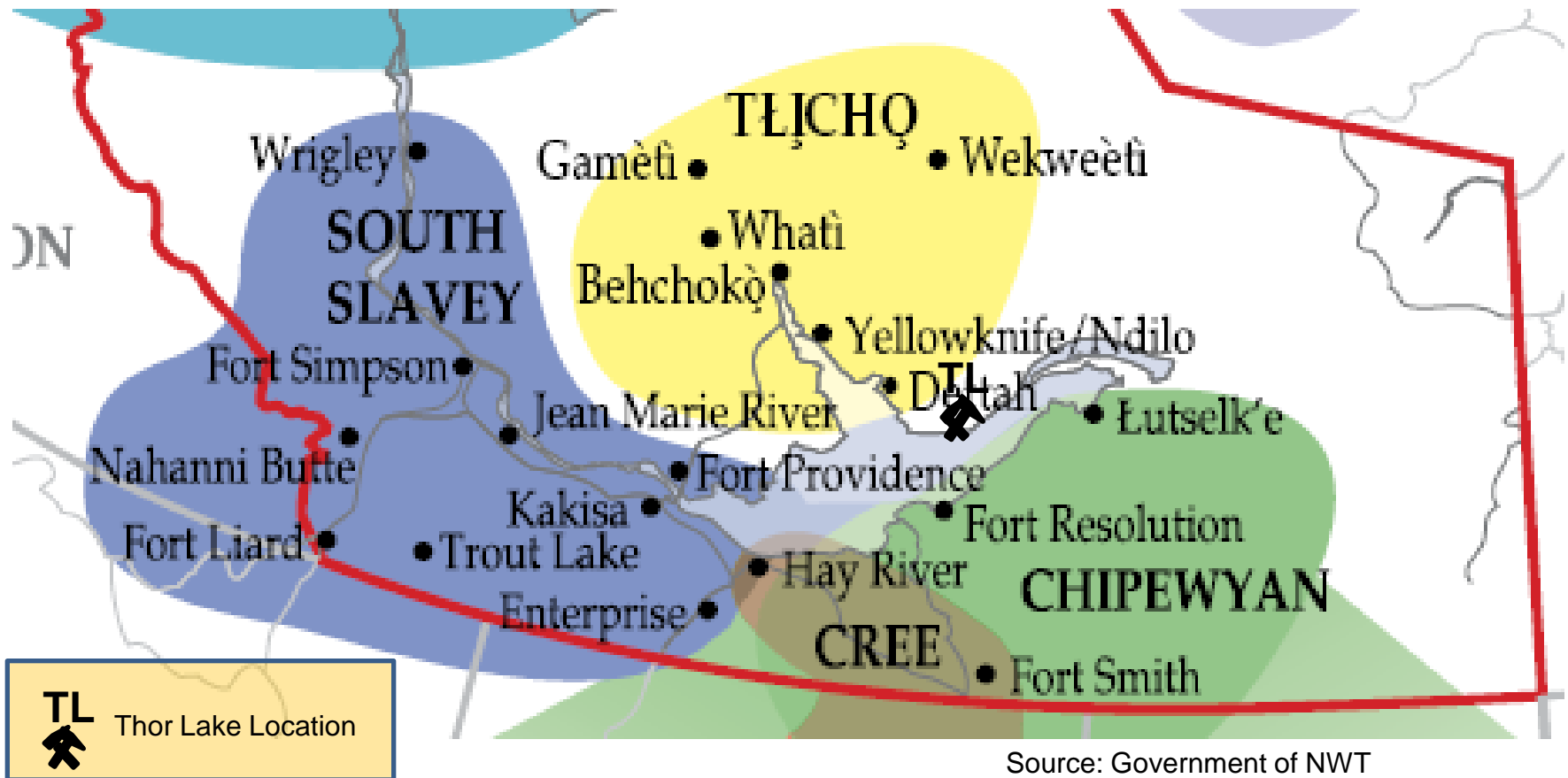


First Nations Communities around Nechalacho, Thor Lake Project





FIRST NATIONS LANGUAGES





HISTORIC TREATIES

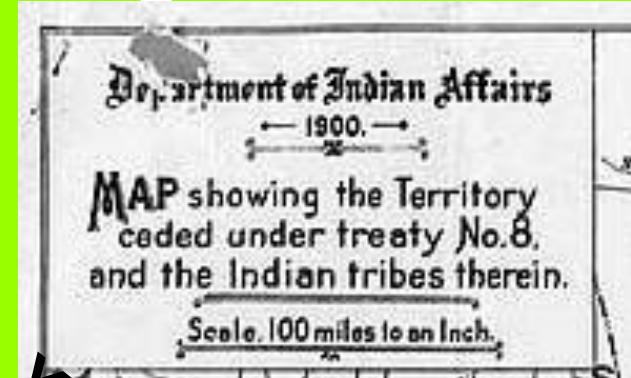
Source: Department of Indian Affairs, 1900

TL
Thor Lake Location

Treaty 11 Lands

**Treaty 11 Area
NWT 1921-22**

Treaty 8 Lands



**Yellowknives
Chipewyan
Treaty 8 Area
1900**

Caribou Eaters

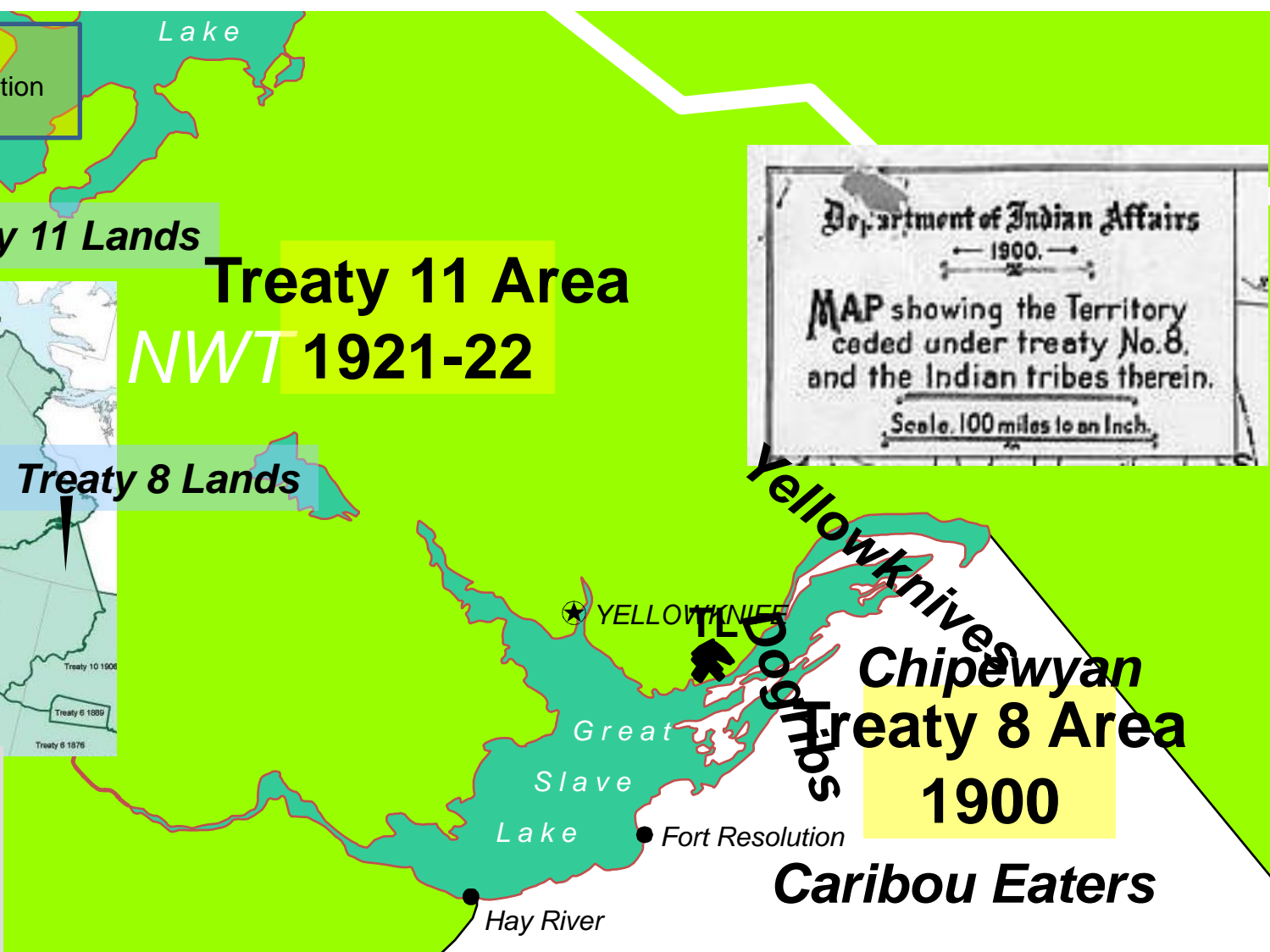


Indian and Northern Affairs / Affaires indiennes et du Nord Canada

Historical Treaties of Canada

Lambert Conformal Conic Projection, Standard Parallels 49°N and 77°N

NOTE: This map is not to be used for defining boundaries.
Map Produced by Indian and Northern Affairs Canada, Lands Directorate.
Information Sources: 88-000000, Indian Resources Canada, Legal Survey Division.
Historical Treaties, Natural Resources Canada, Legal Survey Division.
Territorial Boundaries, Natural Resources Canada, Legal Survey Division.
Geographic Base Information: Natural Atlas of Canada.



TL Thor Lake Location

TliCho Mowhi Area

Bathurst Inlet

NUNAVUT

**Northwest
Territory
Metis**

**Akaiicho Dene
Traditional Territory**

**Drygeese/Mowhi
"Shared primary use area"**

NWTT

**Chief Drygeese
Territory**

**Aboriginal
Lands Around
Nechalacho**

Recognised/not recognised
Negotiated/Under negotiation
Claimed traditional territory

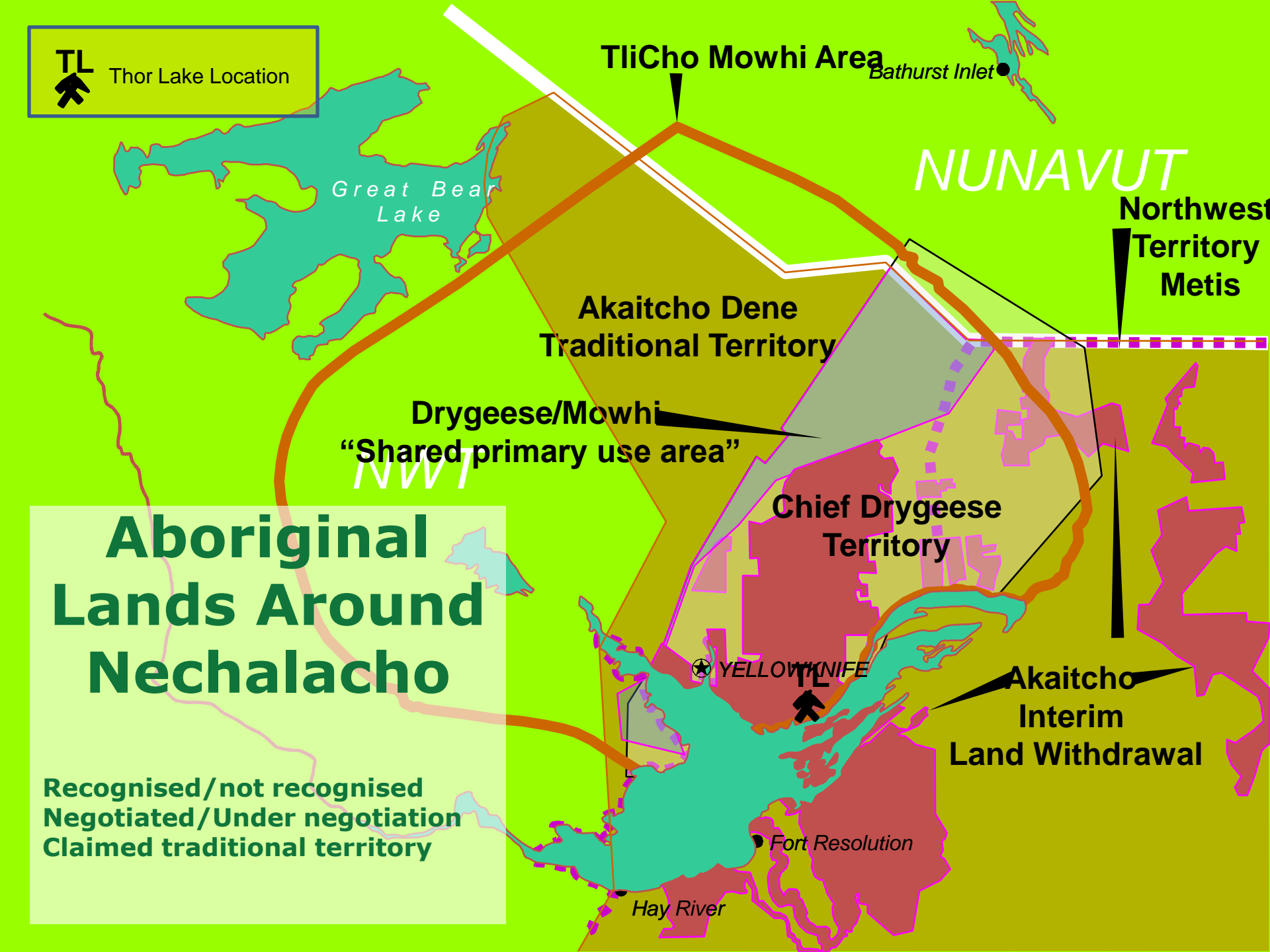
★ YELLOWKNIFE



**Akaiicho
Interim
Land Withdrawal**

Fort Resolution

Hay River





ABORIGINAL PEOPLE AND THEIR CONCERNS



- The balance of traditional life and modern economy
 - Keeping their culture
 - Economic development
- The environment
 - Key element at the moment being caribou
 - Concerns about pollution and threat to harvesting
- Education for children, youth
 - School dropout rates
 - Skills development
 - Advanced education
- Social problems in communities
 - Substance abuse

*The challenge for industry:
Ensuring that mining benefits communities*



COMMUNITY ENGAGEMENT ACTIVITIES



- Renaming ceremony
- Community meetings
- Site visits
- First Nations Training
 - First Aid
 - Driller Helper
- Employment at site
 - 40% of individuals employed at site of Aboriginal origin



- Business development
 - Major contractors with Aboriginal ownership
 - Contracts for ice road haulage, airstrip
 - Wind power evaluation with YKDFN



SKILLS AND JOB TRAINING ISSUES



- First Nations youth often do not have necessary skills for higher paying jobs
- Not exposed to workplace conventions
 - No bank account
 - Not used to rigid working hours
 - Not used to safety conventions in workplace
 - Negative influences in communities to overcome: substance abuse
- Mineral companies need help from professionals in the specific training area
- Exploration companies can help by giving a hand-up not a hand-out!

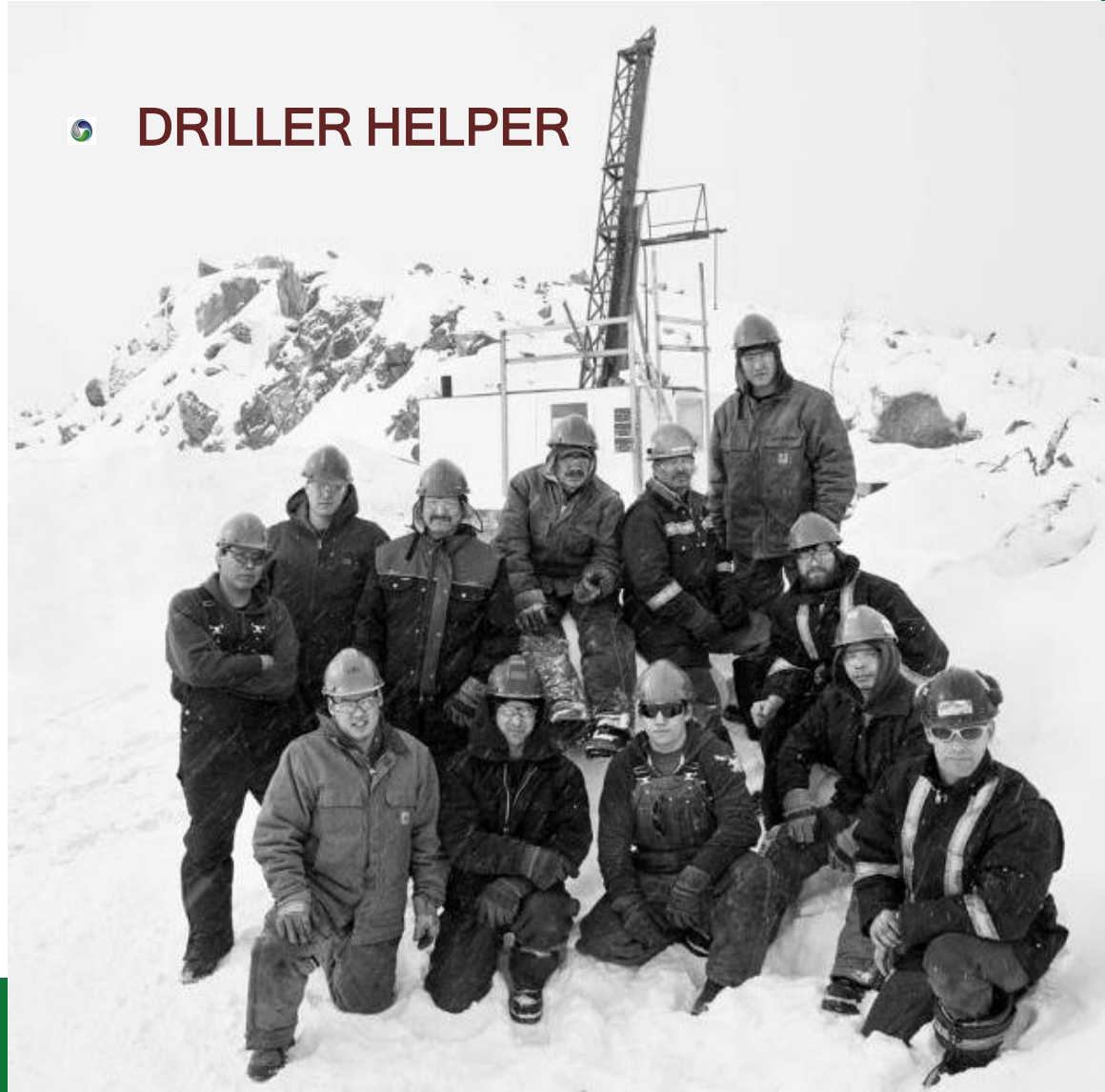


TRAINING FIRST AID AND DRILLER HELPER



• FIRST AID
RESPONDER

• DRILLER HELPER





EMPLOYMENT



Direct

- Labour at camp
- Environmental cleanup
- Driller helpers



Indirect

- Aboriginal owned businesses





DIRECT EMPLOYMENT IN EXPLORATION PROGRAM



- Average of 40% of employees have been Aboriginal
- Hired through band council and through I&D Management (Aboriginal owned HR company)



Approximately \$500,000 in salaries paid over three years from 2007 to 2009



BUSINESSES WITH FIRST NATIONS PARTICIPATION



- Aircraft charter
 - Air Tindi - Aboriginal owned,
 - 20+ Aboriginal employees
- Expediting
 - Discovery Mining Services - JV with Denesoline (Lutsel K'e FN corporation),
 - 8 Aboriginal employees



Discovery Mining Services Aboriginal Employees

Avalon has spent approximately CND\$1M 2007-2009 on businesses that are wholly or partially Aboriginal owned



CREATE OPPORTUNITIES WITH SUPPLIERS



- Opportunities to create new economic activity for Aboriginal groups through contractors:
 - Drilling contract - Foraco
 - Environmental Baseline studies contract - Stantec





COMMUNITY ENGAGEMENT



Meetings

- Commonly meeting Chief, Council, Environment Committee and Elders
- Presentation followed by question and answer
- Chance for community to air grievances about historical relations between them and companies

Site visits

- Chance for company to demonstrate responsible exploration





ENGAGEMENT WITH YOUTH



- Open up children's minds to opportunity
- Present alternatives to them





INVOLVEMENT IN REGIONAL EVENTS



- Dene National Assembly



WELCOME TO THE
DENE NATIONAL ASSEMBLY





RENAMING CEREMONY

- Asked Chiefs of Yellowknives Dene for Dene name for project
- “Nechalacho”
- Dene ceremony for renaming





CANADA: MINING AND INDIGENOUS PEOPLE



- Aboriginal people and the Canadian mining industry have made huge strides in understanding and cooperation in past ten years
- Aboriginal participation in minerals industry is accelerating
- Mining can advance the economic development of Aboriginal communities
- Aboriginal leaders, companies, associations and governments are all contributing to this advance
- A key is mining conducted in a responsible respectful manner





Nechalacho 21 September 2009

