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A.15 – ECONOMIC DEVELOPMENT AND BUSINESS SECTOR

A.15.1 INTRODUCTION

The Proposal defines Economic Development and Business Sector as economic growth, government revenues, and business opportunities in the Yukon economy. Economic development and the business sector was assessed as a Valued Component (VC) in the Proposal because the Casino Project (the Project) would generate employment, income and business opportunities throughout Yukon.

The construction of the Project is expected to require capital expenditures that will have direct, indirect, and induced effects on the regional economy. Direct effects on Yukon's GDP include direct anticipated expenditures of \$261 million, leading to a projected \$363 million increase in Yukon's GDP over a 4-year period. Casino Mining Corporation estimates that approximately 69% of operational spending will occur in Yukon. Indirect effects are related to the purchase of goods and services needed to construct and operate the Project, while induced effects result from expenditures of direct and indirect labour income on consumer goods and services.

The Proposal identified socio-economic enhancement measures including cultural awareness training for employees and contractors; partnering with First Nation communities and their development corporations to access additional funding for training; providing support for non-mining training and entrepreneurial initiatives; and monitoring socio-economic effects of the Project and implementing adaptive management measures where required.

The Proposal concluded that the potential effects of the Project on economic development and the business sector, as a result of the procurement of labour, goods and services are beneficial.

On January 27, 2015, the Executive Committee requested that Casino Mining Corporation (CMC) provide supplementary information to the Casino Project (YESAB Project No. 2014-0002) to enable the Executive Committee to commence Screening. The Executive Committee considered comments from various First Nations, Decision Bodies and regulators on the adequacy of the Project Proposal in the preparation of the Adequacy Review Report (ARR). Casino Mining Corporation is providing this Supplementary Information Report (SIR) to comply with the Executive Committee's Adequacy Review Report; CMC anticipates that the information in the SIR and Proposal, when considered together, is adequate to commence Screening.

The Executive Committee has six requests related to information presented in Section 15 Economic Development and Business Sector of the Project Proposal submitted on January 3, 2014. These requests are outlined in Table A.15.1-1. Some responses require detailed technical information, data, and figures. Where necessary, this additional supporting information is provided as appendices to the SIR.

Table A.15.1-1 Requests for Supplementary Information Related to Economic Development and Business Sector

Request #	Request for Supplementary Information	Response
R375	Discussion and rationale on the Proponent's position that the boom and bust cycle to be either minimal or acceptable within the context of Yukon. Consideration should be given to the contribution of annual taxes, royalties and GDP to the Yukon economic base and the scale of the Project.	Section A.15.2.1.1 Appendix A.13A Economic Impacts of the Casino Mine Project
R376	A description of what measures will be put in place to reduce	Section A.15.2.1.2

	the effects of boom and bust cycles.	
R377	Identify specific conditions and scenarios where the Project might operate on a reduced scale.	Section A.15.2.1.3
R378	Details regarding any specific methods that the Proponent intends to use to enable local and Yukon businesses to supply or service the Project.	Section A.15.3.1.1 Appendix A.22F Socio-Economic Management Plan
R379	Details regarding any specific methods that the Proponent intends to use to enable First Nation businesses to supply or service the Project.	Section A.15.3.1.2 Appendix A.22F Socio-Economic Management Plan
R380	A detailed plan on how the proponent intends to monitor and manage socio-economic effects. This plan should include: a. objectives, indicators, and monitoring methods; b. thresholds and triggers for action; and c. adaptive management strategies.	Section A.15.4.1.1 Appendix A.22F Socio-Economic Management Plan

Notes:

1. Request # refers to the assigned identification number in the YESAB Adequacy Review Report January 27, 2015 prepared by the Executive Committee of the Yukon Environmental and Socio-economic Assessment Board.
2. Response refers to the location of CMC's response to the YESAB request for supplementary information.

A.15.2 BOOM AND BUST CYCLES

A.15.2.1.1 R375

R375. Discussion and rationale on the Proponent's position that the boom and bust cycle to be either minimal or acceptable within the context of Yukon. Consideration should be given to the contribution of annual taxes, royalties and GDP to the Yukon economic base and the scale of the Project.

Casino Mining Corporation acknowledges in the Proposal that boom and bust cycles do occur in the Yukon, and that "Yukon businesses are familiar with the cyclical nature of the mining industry" (Section 15.4.4.1 of the Proposal). The Proposal presented community population data and average individual incomes by community and gender for the period of 2002 to 2012 which show the effects of boom and bust cycles in the Yukon on population and income. The data was sourced from the Yukon Bureau Statistics, National Household Survey and Statistics Canada.

The potential effects of Project commencement and closure on employment and income, in relation to Yukon's existing economy and resource sector, may contribute to community population and average individual incomes. These potential changes may resemble boom and bust cycles; though the magnitude of these changes in the context of Yukon are difficult to predict given the large variability in potential scenarios. Furthermore, the potential effects of un-planned temporary closure or a reduced workforce scenario will affect employment, business opportunities and the economy; however, are difficult to predict due to the large variability in potential scenarios.

Casino Mining Corporation understands when considering the size and magnitude of the Project in relation to other proposed and operating mines in the Yukon, the Project will trigger a boom economy both at the micro (LSA) and macro (RSA) levels. However, the Project will also contribute proportionally large share of royalties and taxes. Over the total operations phase of the Project, it is projected that total government revenue from the

Project will be in the order of \$219 million annually (PP 15-12). This includes an average of \$88 million annually in royalties. Please see table 15.4-6 in the Proposal for more detail. According to Yukon Government data, royalties paid to date in the Yukon reached a peak in 2009 at \$5.9 million dollars (YG 2015). Under the Umbrella Final Agreement (UFA) a proportion of that royalty is shared with self-governing First Nations. According to the MNP report the Project will increase Yukon's GDP by \$363 million over the 4-year construction period and by \$274 million annually during operations (Appendix A.13A Economic Impacts of the Casino Mine Project). That is equivalent to approximately 10% of the Yukon's 2011 GDP.

Casino Mining Corporation has committed to applying mitigation measures that are under its influence and that are related to the Project to minimize adverse boom and bust effects. These relate to the transition of workers in temporary closure or post closure phases of the Project. However the real ability to manage boom and bust is dependent on the diversification of the economy, specifically into non-mining activities. Boom and bust can also be mitigated by government investments in other sectors of the economy (e.g. tourism), as well as investments in education, health and social services so that communities are better able to adapt and buffer from effects of temporary and permanent Project closure and market volatility. Thus the underlying responsibility for forecasting and managing boom bust events does not rest with CMC.

Casino Mining Corporation anticipates that governments will explore opportunities to ensure that tax and royalty revenues generated from the Project will be appropriately managed and specifically directed by governments to social programs and services that will be directly and indirectly affected by the Project, including potentially allocating a proportion of the revenue for closure and post-closure programming and support at a macro and micro economic level.

A.15.2.1.2 R376

R376. A description of what measures will be put in place to reduce the effects of boom and bust cycles.

Casino Mining Corporation will put in place measures to mitigate for the potential adverse socio-economic effects of the Project, particularly at Project commencement and closure. The company has developed a preliminary Socio-Economic Management Plan (SEMP) to mitigate for potential adverse residual socio-economic effects and to enhance potentially beneficial residual socio-economic effects (Appendix A.22F Socio-economic Management Plan).

Potential Strategies to Mitigate for Adverse Effects of Construction and Operations

The Project is expected to be an important employer in Yukon but this has the potential to adversely affect other sectors that may have difficulty keeping workers. Mining companies including CMC will be actively recruiting workers in an environment where there is limited availability.

Casino Mining Corporation is committed to reducing the potential adverse effects of the Project on other sectors drawing from the existing mining workforce when recruiting for mine commencement, wherever possible. Casino Mining Corporation would work with mining companies within Yukon to attract local workers set to be laid-off as these mines reach their end-of-life. Casino Mining Corporation will use reasonable best efforts to draw workers from the existing unemployed or underemployed regional labour pool or from residents from outside Yukon if required.

Casino Mining Corporation will collaborate with YG, Yukon College and Yukon Mine Training Association (YMTA) to provide education and skills training to increase the number of apprenticeships offered. Apprentices, where reasonable, will be hired by CMC upon successful completion of apprenticeships. Education and skills training programs will focus on:

- Providing pre-employment opportunities for training in accordance with the hiring priorities;
- Enabling Yukoners to gain access to jobs;
- Giving special emphasis on training opportunities in the communities of Pelly Crossing and Carmacks;
- Facilitating employment advancement for Yukoners;
- Enabling Yukoners to fill apprenticeships, technical, technological, supervisory, managerial, and professional occupations;
- Requiring all Contractors to adhere to the goal of maximizing the employment of Yukoners; and
- Collaboration with Yukon Government in the development of pre-employment preparation, skill development training, on-the-job training, and re-training programs to better enable Yukoners to take advantage of employment opportunities from the Project.

Potential Strategies to Mitigate for Effects of Closure

At closure, the loss of operational employment by the Project would result in a large net decrease in local and regional employment. The overall effect of closure on employment and income will be negative and unavoidable, though CMC is committed to minimizing the overall adverse effects to the extent possible.

Given that the mine will operate for 29 years (this includes construction, operation, and active decommissioning and closure), it is not meaningful or appropriate to develop specific mitigation actions at this time without engagement of stakeholders and a better understanding of the context in Yukon at the time of closure; mitigation measures need to be responsive to the context in Yukon to ultimately be effective. Casino Mining Corporation is committed to ongoing investment in workers to enhance employability and to help workers find new employment after closure. A part of this commitment, CMC will work with the affected communities and YG to develop a mine closure plan that includes a strategy for minimizing to the extent possible and buffering the adverse effects of closure on employment and income. Casino Mining Corporation also commits to developing this plan within reasonable advance timing of mine closure (i.e. approximately 5 years before closure). Typical elements of these types of closure plan include such things as:

- Offering on the job training and skills upgrading to workers to provide them with increased capacity to find other jobs;
- Assisting in the development of new economic development opportunities such as by providing seed funding for local contractors to diversify into other sectors; and
- Help identify new career opportunities and out-placement services such as working with other regional employers to find new jobs for mine employees.

Casino Mining Corporation will work with the affected communities and YG to develop a mine closure plan that includes a strategy for minimizing to the extent possible and buffering the adverse effects of closure.

A.15.2.1.3 R377

R377. Identify specific conditions and scenarios where the Project might operate on a reduced scale.

The Project that is being proposed by Casino Mining Corporation is intended to operate based on the life-of-mine production schedule that has been strategically optimized for the Project. The life-of-mine production schedule determines the order of extraction of materials and their destination over the mine-life. For mining projects, any deviations from optimal life-of-mine production schedule will result in financial losses, future financial liabilities,

delayed reclamation, and resource sterilization. So it is not in the interest of CMC to operate at a reduced scale for any prolonged periods of time.

Examples of unforeseen conditions and scenarios outside CMC's and the Project's control that may cause the Project to operate at a reduced scale for temporary period of time include:

- Low commodity prices (potentially from global high levels of production causing supply to outstrip global demand). Larger projects with lower production costs are more resilient to these conditions.
- Labour disputes;
- Equipment breakdown; and
- Safety reasons.

A.15.3 BUSINESS OPPORTUNITY

A.15.3.1.1 R378

R378. Details regarding any specific methods that the Proponent intends to use to enable local and Yukon businesses to supply or service the Project.

Casino Mining Corporation has developed a preliminary Socio-Economic Management Plan (SEMP) to mitigate for potential adverse residual socio-economic effects of the Project and to enhance potentially beneficial residual socio-economic effects (Appendix A.22F). The preliminary SEMP has been developed to be consistent with the Mining Association of Canada's Guiding Principles of "Towards Sustainable Mining" (MAC 2014).

At this time, the preliminary SEMP describes commitments and policies that CMC will undertake to improve the quality of life and well-being of Yukon residents. Prior to construction and throughout the life of the Project, the SEMP will be updated to include details and actions to monitor Project-specific socio-economic effects, the effectiveness of the mitigation measures, and an adaptive management framework for responding to unpredicted adverse effects. The SEMP is not intended to be a static document nor was it intended to be developed in isolation by CMC. The SEMP will be informed by suggestions and recommendations received through consultations with stakeholders during the YESAB review and in subsequent mine permitting processes; it will also be regularly updated throughout the implementation of the plan through consultations with stakeholders.

In terms of supplying or servicing anticipated Project requirements, the Proposal concluded that Whitehorse will be the largest beneficiary of Project spending, since its supplier and contractor base is best equipped to meet the Project's needs. Casino Mining Corporation anticipates that companies in local communities will not have the capacity to bid for major service contracts for the Project, but could service size-appropriate contracts. Given the small populations of local communities, even smaller contracts would have a large relative impact for local residents.

The Project has the potential to provide significant wealth in job creation and employment opportunities to both local and Yukon businesses. Casino Mining Corporation will take all reasonable steps to meet the objectives outlined in the preliminary SEMP. An overview of the objectives, commitments and measures CMC intends to implement to promote local and Yukon businesses to supply or provide services to the Project are outlined below, for additional information please refer to the preliminary SEMP (Appendix A.22F).

Purchasing of Goods and Services

Casino Mining Corporation will establish policies and practices in the SEMP to maximize the purchase of goods and services from local and Yukon businesses during the construction phase and operations phase of the Project.

Procurement Process

Casino Mining Corporation will implement a procurement process in the SEMP that gives priority to suppliers from local communities and Yukon, in particular rural communities closest to the mine site. Priority will be given to qualified businesses for procurement bids and opportunities in the following order:

1. First Nation businesses;
2. Yukon businesses; and
3. Other businesses outside the territory.

Where economically practical, CMC will give priority to contractors who hire local/Yukon residents to the greatest extent practical. If possible, CMC will manage contract components to match the capabilities of businesses in the local communities. As well, CMC will encourage joint ventures between Aboriginal businesses and other regional businesses in the procurement process.

The criteria that CMC will use for evaluating and awarding contracts for the Project could include considerations which are intended to promote contracting opportunities for local and Yukon businesses, such as the number of Yukon and First Nation staff and degree of participation by both groups.

Local Communities

Special emphasis will be placed on developing business opportunities within the communities of Pelly Crossing, Carmacks and Whitehorse, and other communities where there is an expression of interest. The SEMP will outline how CMC can provide information relating to CMC's procurement needs. Casino Mining Corporation will work closely with local communities to create long-term business and employment opportunities and increase business capacity.

Yukon

To maximize Project related business opportunities for all Yukon businesses, CMC will work closely with Yukon Government (YG) to identify goods and services that will present the best opportunities for supply by Yukon businesses. As part of that discussion, CMC would like to work with YG to identify available economic development programs and match Project related business opportunities with new entrepreneurs and existing business capabilities.

At this time, the SEMP is preliminary because it is CMC's intention to work with local and Yukon businesses, local communities, YG and First Nations to develop details regarding any specific measures that the Project will implement to meet the Project objectives and commitments. In addition, any specific mitigation that will be recommended by the Executive Committee and reflected in a Decision Document will also be incorporated into the SEMP and require implementation details. CMC expects that the SEMP will be iterative and will evolve over the course of the YESAB review, permitting applications and throughout the life of the Project.

A.15.3.1.2 R379

R379. Details regarding any specific methods that the Proponent intends to use to enable First Nation businesses to supply or service the Project.

This response builds on CMC's response for R378. The preliminary SEMP also outlines commitments and policies that CMC will undertake to promote First Nations businesses to supply or provide services to the Project (Appendix A.22F). Keeping in mind that at this time, the SEMP is preliminary and will be informed by suggestions and recommendations received through consultations with stakeholders during the YESAB review and in the subsequent mine permitting processes, CMC's objectives include:

- Working closely with First Nations businesses to plan for and maximize the participation of First Nations in the procurement process;
- Facilitating subcontracting opportunities for First Nation businesses; and
- Encouraging joint ventures between Aboriginal businesses and other regional businesses in the procurement process.

Through collaboration with First Nation businesses and the YG, CMC will develop details regarding any specific measures the Project will implement to meet its objectives and commitments towards promoting First Nation businesses to supply or provide services to the Project. The SEMP will evolve over the course of the YESAB review to include additional details on the implementation of these enhancement measures.

A.15.4 ECONOMIC EFFECTS MONITORING

A.15.4.1.1 R380

R380. A detailed plan on how the proponent intends to monitor and manage socio-economic effects. This plan should include:

- a. objectives, indicators, and monitoring methods;**
- b. thresholds and triggers for action; and**
- c. adaptive management strategies.**

A preliminary SEMP has been developed by CMC to mitigate for and monitor potential adverse residual socio-economic effects of the Project and to enhance potentially beneficial residual socio-economic effects (Appendix A.22F). Casino Mining Corporation is willing to work with local communities, First Nations and YG to further develop this plan for managing and monitoring potential socio-economic effects of the Project.

At this time, the preliminary SEMP describes commitments and policies that CMC will undertake to promote positive socio-economic benefits to improve quality of life and well-being for those that live in neighbouring communities. Prior to construction and throughout the life of the Project, the SEMP will be updated to include details and actions to monitor Project-specific socio-economic effects, the effectiveness of the mitigation measures, and a framework to adaptively manage unpredicted adverse effects. The SEMP is not a static document, but will be informed by suggestions and recommendations received through consultations with stakeholders throughout the YESAB review and subsequent mine permitting processes, and also regularly throughout the implementation of the plan for the life of the Project.

CMC has confirmed to Selkirk First Nation that it will adopt the scope, methodology, VC's and indicators of the *Minto Mine Socio-economic Monitoring Program* for the Casino Project (subject to any site or Project specific nuances) and is interested in participating in a regional socio-economic monitoring framework if invited to join. Casino Mining Corporation is willing to work collaboratively with LSCFN to develop a similar monitoring program that reflects the VCs and indicators that arise as a result of their two recent community driven processes for community readiness planning and development of community well-being indicators.

Ideally, CMC would like to see each monitoring program as similar as possible to increase efficiencies in data sharing, and reduce redundancies and overlap. Casino Mining Corporation anticipates that YESAB and YG will play a leadership role in ensuring that any regional cumulative effects monitoring programs are well framed. The federal and territorial governments also have the responsibility and ability to resource First Nations governments that need to participate in such a framework and do not have the capacity to do so at this time.

Part a.

The Executive Committee has requested supplementary information on objectives, indicators and monitoring methods for the SEMP. It is CMC's intention to work collaboratively with First Nations, local communities and YG to determine appropriate and meaningful objectives, indicators and monitoring methods that will form part of the SEMP.

Potential objectives for socio-economic management and monitoring include:

- Document changes over time to socio-economic VCs;
- Test the predicted effects from the Proposal;
- Identify unforeseen socio-economic effects of the Project;
- Evaluate the effectiveness of mitigation measures in managing socio-economic effects;
- Revise and where appropriate, developing new mitigation measures to adaptively manage unforeseen socio-economic effects; and
- Confirm compliance with regulatory requirements including the terms and conditions from the YESAB review.

The indicators used for socio-economic effects monitoring will also be established in collaboration with the relevant agencies, First Nations and local communities to ensure the information collected is of greatest use in the understanding and management of socio-economic effects. This may include selecting indicators that are consistent with existing monitoring and management measures of other agencies or proponents (e.g. Minto Monitoring Framework).

The methods will be determined through discussions with agencies, First Nations and local communities. Typically, monitoring methods for the SEMP need to consider:

1. **Timing:** Monitoring may commence at the start of the Project activity (in the construction phase) and continue for the life of the monitoring program.
2. **Frequency:** Frequency of monitoring will be established in consultation with First Nations, YG and local communities.
3. **Extent:** Establish geographic area(s) that will be monitored specific to each potential effect.

Part b.

It is CMC's intention to work collaboratively with First Nations, local communities and YG to determine community specific, appropriate and meaningful triggers for action. This information will be included in the SEMP.

Part c.

The National Research Council defines adaptive management as flexible decision making that can be adjusted in the face of uncertainties as outcomes from management actions and other events become better understood. Careful monitoring of these outcomes both advances scientific understanding and helps adjust policies or operations as part of an iterative learning process (Natural Research Council 2004). Casino Mining Corporation intends to adopt an adaptive management framework for socio-economic effects. The details of specific adaptive management strategies will be informed through consultations with First Nations, local communities and YG.

The setup phase involves framing of the problem and includes:

- Engaging the appropriate stakeholders to ensure their involvement in the process;

- Establishing clear, measurable, and agreed-upon objectives at the outset, to guide decision making and assess progress in achieving success;
- Monitoring to allow comparison of predictions against observed responses;
- Selecting adaptive management actions; and
- Comparing and contrasting actions in terms of their costs, benefits, and consequences.

The iterative phase involves selecting an action based on improved understanding, monitoring to allow for comparison against predicted results and evaluation.