

DAVE HUER

Practical wisdom & Profitable Thinking

EXECUTIVE SUMMARY

Update March 2014 – 2Page Summary

1-Apr-14

Sacred Priorities ESC Data Mapping Protocol ("Sacred Priorities Protocol")



Image: Kemess South copper mine

OPPORTUNITY:

Mitigate Exploration & Development Risk: The changing relationship between First Nations', local communities and industry creates moving 'goal posts'. Worldwide, it is explicitly clear that certain lands and waters are not open for industrial use for cultural, archaeological and natural reasons—and courts and review panels increasingly agree. When these cost-benefit issues are ignored, projects fail. This new reality makes hinterland resource management¹ a high-risk business.

Industry works with what we are given. Our challenge in BC is simultaneously racial and legislative: colonial-era statutes are a century behind the curve; structured around the claim that the Provincial Crown existed before First Nations people ever arrived 8-12,000 year ago. There are moves to change this legislation but the political consultation process can take years. Now is the time for change.

The challenge is that no one can proceed to assess SPP impact if there is no accepted scale of assigned Environmental, Social and Cultural (ESC) values. SPP creates the scale of values. With ESC values in use, companies using SPP assessment get competitive advantage over companies that play the discredited old way.

LEADERSHIP

First Nations and Industry are Leading the Way

In 2011, Northgate was acquired by AuRico Gold Corp. AuRico has filed a new (2014) application for Kemess North that recognizes First Nations' concerns: "It was obvious that to get social licence [for the project], we had to do a far better job of explaining and engaging with First Nations," said Chris Rockingham, who was formerly with Northgate and is now vice-president of business development with AuRico. "To get a discussion going, we made a commitment that we would not consider using Amazay Lake for any purpose related to mining."²

COMPETITIVE ADVANTAGE

A Sacred Priorities Protocol means we do not have to muddle through

Competitive Advantage comes from true partnerships of good faith and goodwill that demonstrate respect for ESC Values. When First Nations, local community Chambers of Commerce, Boards of Trade, and industry partners work together, quantifying the value of "soft/intangible" ESC resources near proposed industrial sites (ex. ore bodies, pipeline routes, oil drilling sites, dam sites), as a scientific and technical measure before exploration and project assessment—all sides win with the minimized danger and cost of denied permit and lost partnership win-wins.

IMPACT

Prudent Economic Development

- Removes volatility and uncertainty from this value-driver of BC economy
- Reduces risk of write-offs, higher investor risk, higher insurance, investor flight, and international sanction
- Maximizes the likelihood that a project will pass provincial and federal assessment review
- Removes the "black eye" effect that arises from imprudent use of state security muscle
- Creates technical and land-use expertise that is exportable for use worldwide

http://www.dominionpaper.ca/articles/2252 Kemess South image from this article.

² http://www.theglobeandmail.com/news/british-columbia/kemess-mine-back-with-underground-plan/article17391189/



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PROCESS—MOVING AHEAD

Framework - Getting ahead of the curve

Most resource exploration produces significant complementary resources for local communities. A self-supporting public-private database resource managed by technical colleges³ is a key feature. Here, initial data-gathering costs are donated by industrial associations and local data providers who, as joint data holders obtain tax credits on each donation. All data gathering costs already fit in tax codes as expensible. Data is leased to depositories for re-sale to public, society, and private entities engaged in tourism, planning, environmental projects, and resource extraction.

Define the Go/No-Go Value of Assessed ESC Resources

- ESC values may be assigned to waterbodies, cultural landmarks, archaeology sites, rare species, etc.
- Stakeholders will assign weighted values for resources. ex. "Sacred No-Go" = 100.000
- Details of 100% No-Go Sites can be isolated from an open database if desired

Start with one project—Conceivably the revised AuRico Gold/Kemess North Project

- Create IT/Technical Field Tools for ESC Resource Joint Stakeholder Mapping
- Use standard field-collection tools for immediate work, and to develop hand-held data capture tool framework
- Use this early work to design data gathering procedures, data-gathering mobile apps, database framework

APPENDIX "A" - ECONOMIC IMPACT

Direct Outcomes for First Nations and Local Communities

- Improved transparency—good faith and good will
- Publicizing and monetizing valuations of ESC markers helps attract ESC-driven investment
- Mitigate future cost of local regulatory assessment, lays groundwork for revised statutes and regulations

Direct Outcomes for Investors, Shareholders, Management, and Government

- Lowered consulting costs by having tools that directly locate ESC markers relative to resource
- Maximize opportunity to create innovative harm-minimizing engineering solutions
- Reduce risk of write-offs, higher investor risk, higher insurance and investor flight
- Positive positioning for BC as a place to engage in trustworthy business

Direct Outcomes for Resource Industry

- Significant uncertainty and risk/uncertainty removed from the process
- ESC markers enable BC companies to leverage resource that is extractable using current technology
- "Zero Waste" Target (100% pollution prevention of extractable resource) becomes a value-added activity

Spin-offs for supporting industries

Infrastructure Technologies & Expertise for Export

- Digital, Radio, & Microsensing technology
- Survey Drilling technology that can be finely located
- Better Orebody mapping & Rock Mining techniques
- Computing Infrastructure & Emerging technologies
- Satellite/Environmental mapping technology
- Nanotechnology & Waste treatment technology

Stable Market will attract spin-off activity

- Global benchmarking & Feasibility studies
- Procurement, Supply-chain design & risk analysis
- Real Estate, Tenure, Site & Geotechnical engineering
- Earthworks, drainage & stormwater management
- Industrial & commercial building construction
- Site Planning, Construction & Post Construction

³ Proposed Database Depositories: Northwestern BC (Northwest Community College, Smithers), Northeastern BC (Northern Lights Community College, Ft. Nelson), Vancouver Island (North Island College, Campbell River), Central BC (College of New Calendonia, Prince George), South Central BC (Okanagan College, Kelowna), Lower Mainland (Central Database, BCIT Downtown Campus).