

Earning a Social License to Operate in the Kivalliq Region of Nunavut

Graeme Dargo¹ and Larry Connell²

¹Agnico-Eagle Mines Ltd, Toronto, On CANADA, Graeme.dargo@agnico-eagle.com

²Agnico-Eagle Mines Ltd, Toronto, On CANADA, Larry.connell@agnico-eagle.com

Abstract

Nunavut -- "our land" in the Inuktitut language -- has been home to Inuit for millennia. The Inuit culture, traditions and way of life have always been closely tied to the land, environment and wildlife. Inuit have welcomed Agnico-Eagle Mines Ltd (AEM) to develop the first operating gold mine on Inuit Owned Land in Nunavut on the condition that there are social and economic benefits to Inuit and that the land, environment and wildlife are cared for. Achieving these conditions has meant dealing with a wide range of agencies, boards, communities and individuals that have cumulated towards earning our Social License.

Earning a Social License is in fact a complex maze of both formal and informal approvals that must ensure participation and buy in from a range of stakeholders impacted by our projects. Essentially our Social License is comprised of legal approvals bound together with community buy-in. There is one essential element that holds our Social License together...communications, communications and communications.

AEM's Board and executive management team have embraced the concept of earning a Social License and have set the stage by developing a vision and establishing guidance that provide a clear framework for our development activities, wherever in the world we go to explore or mine.

AEM understands that a Social License is earned and not given. A Social License has no term and must be earned every day. Earning a license consists of an overlapping set of legal, cultural and business concepts. Some basic principles:

1. AEM will always operate in compliance with all laws and statutory requirements applicable to our activities;
2. The company will always comply with all conditions that are set out in the license/permits/authorizations and operating lease agreements applicable to our operations and activities;
3. AEM's personnel are required to operate and act within the company's values and principles that include commitments to:
 - act with transparency;
 - maintain open and on-going communication with regional and community stakeholders;
 - always employ the best industry practices to ensure minimal impacts on the land, environment and wildlife;
 - engage and develop in a range of activities that will maximize employment, training and business opportunities for the local people of the region (for the Inuit in the case of the Meadowbank Mine);

AEM's course of action to earn and maintain a Social License is built on fundamental principles that guide our activities in a range of areas. Implementation requires a combination of understanding, flexibility and patience and two-way communications and dialogue.

1. THE CONTEXT

Nunavut is the largest federal territory of Canada, coming into existence on April 01, 1999. It was created through the division of the former Northwest Territories to create the new Nunavut and Northwest Territory and came about following the settlement of a land claim agreement between the Inuit of Nunavut and the Government of Canada (The Nunavut Land Claim Agreement signed in 1993) (see Figure 1). This division created the new Government of Nunavut and allowed for the Inuit to take control over their own governance, although still as a territory under federal jurisdiction. It also transferred title to large tracts of land to the Inuit making them the largest private land owner in Canada. The Inuit have both surface and mineral rights over a large proportion of these lands. Nunavut comprises a major portion of Northern Canada, and most of the Canadian Arctic Archipelago, making it the fifth-largest country subdivision in the world. Nunavut is both the least populous and the largest in geography of the provinces and territories of Canada. Nunavut features one of the most remote, sparsely settled regions in the world spread over an area the size of Western Europe at 1,932,254 km².



Figure 1: The Geographic Boundaries for Nunavut

The population of Nunavut is approximately 30,000 of which 84% are Inuit. Nunavut has a fast growing, young population, with the majority being less than 25 years in age; a growth rate well above the Canadian average. Prior to the large-scale movement of Inuit to permanent settlements in the 1950s, Inuit society existed much as it had for centuries. Inuit life in the pre-settlement era focused upon a cycle of nomadic activities depending on living off the land.

Inuit have faced dramatic changes over the past 60 years. Whereas Inuit in pre-settlement days were always fully employed in the day-to-day business of survival, the modern unemployment rate in some communities can now exceed 60 per cent. Almost 50% of households in the Kivalliq Region of Nunavut are receiving social assistance from Government. The acquisition by Inuit of southern education standards and skills has been making steady but slow progress, but remains well under Canadian norms of educational achievement.

The regions and communities of Nunavut have never enjoyed active participation in Canadian mainstream economic activity due to sparse population, remote geographic location, an extreme climate, lack of infrastructure and transportation linkages that are limited to air and annual resupply by sea. The economy of Nunavut is dependent on federal transfer payments and government spending. Building and operating a gold mine in this environment therefore presented a series of unique challenges.

AEM has constructed the first major industrial facility in this region since the creation of Nunavut in 1999. Given the significant and rapid changes brought about by such development, one of the real challenges is to establish and maintain good relations with Inuit organizations and communities.

Relationships are influenced by numerous factors, including the fact that Inuit organizations and communities have had no previous experience with major mine development projects and various social, environmental, political and governmental processes since taking responsibility for their own governance.

Establishing and maintaining relations is an important component of AEM's business. Inuit organizations and communities need to be convinced that the benefits of the company's mining operations outweigh any negative impacts. Such benefits include caring for wildlife and the environment and providing for training, employment, business and community development initiatives.

On-going communications, relationship building and continued effort to demonstrate benefits are important, which in turn provide AEM its social license to operate in Nunavut.

1.1 INTRODUCTION

AEM is a long established gold producer, headquartered in Canada. Operations are located in Canada, Finland and Mexico. The Meadowbank mine (figure 2 and 3) is located in the Kivalliq region of Nunavut. The Kivalliq Region is one of Nunavut's three Regions and its area includes mainland to the west of Hudson Bay together with Southampton Island and Coats Island. The population (2006 Census) is 8,348 in an area of 445,109 square kilometers. The regional capital is Rankin Inlet. Other communities include Arviat, Baker Lake, Chesterfield Inlet, Coral Harbour, Repulse Bay and Whale Cove. The Kivalliq Inuit Association (KIA) represents the interests of all Inuit living in the Kivalliq Region. Management of Inuit Owned land in Kivalliq is the responsibility of the KIA.

The Meadowbank Mine is about 2,600 kilometers northwest of Toronto. It is 300 kilometers west of Hudson Bay and 70 kilometers north of Baker Lake, the nearest community. Meadowbank depends on the annual, summer sealift by barge from Hudson Bay to Baker Lake for transportation of bulk supplies and equipment. A 110-kilometre all-weather road links Baker Lake to the site. An on-site airstrip is used for shipping food and goods and for transporting employees who work on a fly-in, fly-out basis.



Figure 2: Location of the Meadowbank Gold Mine

The Meadowbank Mine is one of Agnico-Eagle's largest mines. At the end of 2011 it has 2.2 million ounces of gold in reserves, with potential for more. Mine commissioning and first gold production began in early 2010. The mine is expected to produce 295,000 ounces of gold in 2012 (3.1 million tonnes of ore at an average grade of 3.2 g/t).

The Meadowbank operation consists of surface mining from a series of three pits all within 7 kilometers of the processing plant. Water retention dykes are being built to allow for mining beneath shallow lakes, using a unique in-water dyke construction method.



Figure 3: The Meadowbank Gold Mine – summer of 2011

The mine works year-round, using conventional drilling, blasting, truck and shovel methods. The blast holes are loaded with emulsion explosives produced at an on-site plant. Each blast breaks up about 100,000 tonnes of ore or waste, three or four times per week. Hydraulic excavators scoop the broken rock into 100- or 150-tonne haul trucks. The trucks dump the ore into a gyratory crusher next to the processing plant.

In 2010, AEM fully acquired the interests of Comaplex Mineral Corp in two gold properties at the Meliadine project. The Meliadine project is also located within the Kivalliq Region of Nunavut; located 25 km north of Rankin Inlet. The project is in advanced stages of exploration and is currently undergoing environmental assessment. If AEM is successful in developing this Project it will become the second operating gold mine in Nunavut with mine operations hopefully starting in 2017.

2. APPROACHES TO EARNING A SOCIAL LICENSE.

AEM's efforts to earn a social license can be broken into three phases:

1. Setting the stage (consultation and engagement)
2. Meeting Regulatory requirements
3. Negotiating an impact benefit agreement

2.1. Setting the stage

AEM's first step towards earning a social license was when executive management, led by the company president, made initial contact with various stakeholders and communities.

The president and executive management team decided on an approach that would introduce the company and explain the project, while at the same time they would learn from stakeholders about their communities and gather their initial concerns, issues and requirements for support. The program was extensive and included a series of round table meetings in each Kivalliq community with hamlet mayors and councils, Elder's groups, hunters and trappers organizations, businesses organizations and the general public. The program also included meetings with regional organizations such as the Kivalliq Inuit Association, regional chamber of commerce and wildlife organizations.

An important message that AEM consistently provided was the corporate vision and commitment of how the company does business;

No matter where in the world AEM operates the company approach is to commit to creating economic prosperity for stakeholders in a safe, socially and environmentally responsible manner. The company defines sustainability through activities in four core values:

- *Operate safely*
- *Protect the environment*
- *Treat people and communities well*
- *Make a profit*

The company strives to invest in host communities to create economic benefits and opportunities that will outlive mining activities and contribute to them achieving economic, social and environmental sustainability.

The corporate commitment, along with descriptions of the project and benefits was well received by all stakeholders. The company learned about how governance works, about the role of organizations and the socio-economic conditions in the region. Importantly, AEM gained knowledge and sensitivity to the bond

that Inuit maintain with the land, wildlife and culture and the requirement for a balanced approach to development.

The initial efforts to set the stage resulted in the establishment of a two-way communication path and building of relationships that are fundamental in the on-going effort of AEM to earn a social license.

2.2. Regulatory requirements

AEM was required to participate in a number of regulatory steps with Federal, Territorial and Inuit organizations to obtain the permits, licenses and approvals that are required to operate the Meadowbank Mine. For the purposes of this paper we will focus on two major pieces of the regulatory jigsaw, the project certificate issued by the Nunavut Impact Review Board and the Inuit Impact Benefit Agreement negotiated with the Kivalliq Inuit Association.

AEM participated in an environmental impact assessment (EIA) process with the Nunavut Impact Review Board (NIRB) to identify, evaluate, mitigate and measure the potential adverse environmental and socio-economic effects of the Meadowbank Mine. The NIRB depends on studies, comments, concerns and approvals of other regulatory agencies in their deliberation to issue a certificate. The NIRB is an institution of public government created by the *Nunavut Land Claims Agreement* to assess the potential impacts of development in the Nunavut Settlement Area. It is important to note that NIRB uses both traditional Inuit knowledge and recognized scientific methods to assess and monitor the biophysical and socio-economic impacts of the Meadowbank gold mine project.

The company embraced the EIA process, and the associated requirements, as an important opportunity and tool to communicate on how AEM planned to avoid, reduce and mitigate potential adverse impacts on natural and cultural resources and on the community “wellness” of the region.

The EIS required numerous consultations with a range of community residents and community-based regional and territorial organizations. With an understanding that many community residents and organizations were new to descriptions of mining projects, the EIS process and mining industry/environmental terminologies, AEM invested in translated materials to ensure that Inuit speakers had an opportunity to understand the process. AEM arranged for a series of round tables for local hunters and trappers organizations, Elders groups and public sessions and provided presentations and materials in both English and Inuktitut.

The regulatory process required a range of studies to be completed, from the identification of Inuit cultural and heritage sites, Inuit Traditional Knowledge, to fish habitat studies, to water sampling, to caribou migration studies, transportation studies and socio-economic assessments. Throughout these various studies AEM placed considerable emphasis on ensuring that traditional Inuit knowledge was linked to scientific methods. This was achieved by including Inuit organizations in the design, collection and report of each study area. The end result was confidence by residents, community and regional organizations in AEM’s plans to reduce impacts on natural and cultural resources. This confidence and buy-in was recognized by the NIRB and other authorities when considering permit and certificate approvals allowing for the project to proceed.

The NIRB’s approval included a range of requirements for on-going measurement and monitoring of potentially impacted areas. AEM continues to ensure active participation by Inuit, in particular residents and organizations that are located in Baker Lake, the closest community to the Meadowbank Mine. The company has involved local Inuit in areas such as water sampling, hazardous waste management and wildlife monitoring. AEM continues to reach out to local residents and communities to communicate on environmental impacts on an on-going and frequent basis.

As an example, through the EIS process community elders and leaders in Baker Lake learned about the requirements and actions by AEM to manage solid and contaminated waste materials at the Meadowbank Mine. During EIS round table discussions the subject of the state of the community solid waste facility was discussed and questions asked why the community was not managing solid waste in the same manner as AEM at Meadowbank. AEM offered the services of their environmental team to inspect the Baker Lake facility and come back with ideas and recommendations. The waste facility had not been effectively managed and solid hazardous waste materials and contaminated fluids had never been removed from the community. AEM offered to provide expertise and resources and to work with the community to remediate the situation, which was well received by community members.

In 2010 AEM's hazardous waste team prepared for the disposal of the waste that included filling 25 - 20 foot long shipping containers with 880 drums of used oil, antifreeze, contaminated soil, 598 empty oil/fuel drums, 20 tonnes of old vehicle batteries and 526 tonnes of scrap steel. These containers were shipped to licensed waste recycling/disposal facilities in southern Canada on AEM's sealift in 2011 as there are no such facilities within Nunavut. The costs of remediation and transportation were donated by AEM.

The Baker Lake solid waste facility is 120 kilometers from the Meadowbank Mine site and AEM was under no obligation to provide these services, or incur such costs to do so. However, the effort showed AEM's expertise in waste management, demonstrated the process to manage waste and contaminated materials at the Meadowbank site, created goodwill and trust at the community level, and met the company vision of helping a community to become more sustainable. It was also an initiative of value to the community, in other words it is important for AEM to work on programs/initiatives that are brought to us by the community rather than AEM telling the community where we think we should help. Our role is to support local initiatives not tell the community what they need.

The company is required to apply to various regulatory agencies for permits to operate and to provide associated reports on an on going basis to maintain those permits. The company values these requirements as good processes to protect the environment. What the company has excelled at is in building on the regulatory processes as a vehicle to communicate with communities and residents on the actual practices and it is AEM's view that is the difference between complying with regulatory requirements and earning a social license.

2.3. Impact Benefit agreement.

Article 26 of the Nunavut Land Claims Agreement requires that an Inuit Impact and Benefit Agreement (IIBA) be finalized before any major development project may commence. The objective is to ensure that Inuit will materially benefit from any major project developed within Nunavut. Benefits include preferential access to employment opportunities, access to skills training opportunities to allow more Inuit to participate in employment opportunities, preferential access to business opportunities, measures to protect Inuit tradition, culture and language, career development mentoring, measures to help Inuit families adjust to a wage based economy, etc.

An IIBA for the Meadowbank Mine was successfully negotiated with the Kivalliq Inuit Association (KIA) very early in the mine development process. The KIA are the designated Inuit organization under the land claim agreement to represent the interest of Inuit who reside in the Kivalliq Region. The agreement was negotiated between the KIA and Cumberland Resources Ltd and was signed in late 2006. Cumberland Resources was the junior mine development company that found the Meadowbank deposit. AEM purchased Cumberland Resources in mid-2007 accepting all responsibility under the negotiated IIBA. AEM then developed the Meadowbank Mine bringing into production in early 2010. In 2011 AEM and the KIA conducted an extensive review of the IIBA which led to modifications mutually agreed to by both sides designed to improve how the agreement works in practice and to learn from the experience gained in the first four years of implementation. The new agreement was signed in October of 2011 and will be again reviewed at three year intervals. The IIBA included sections on training, employment, work

conditions, conservation of archaeological sites, access to facilities, compensation schemes and business contracts. The IIBA is regional in nature, and considers the benefits to Inuit residing in the seven communities that comprise the Kivalliq Region.

The original IIBA did not contain targets of economic benefit and there was limited direction or guidance on how the company was to implement the agreement, issues that were addressed in the revised IIBA. The IIBA is between the designated Inuit Organization and AEM, as defined by the land claim agreement and does not fully consider how AEM can and will support the community of Baker Lake, a community that is the most impacted by development of the Meadowbank Mine. Consequently AEM has developed other tools for more fully engaging with the Community of Baker Lake, such as a Community Liaison Committee and regular exchanges with the Hamlet Council

From AEM's view the IIBA has provided an important tool to build on the company vision to create economic opportunities.

3. Agnico-Eagle Inuit Employment Initiative

The company recognizes and acknowledges that an important economic opportunity for local Inuit is in increased access to training and employment. This is a key component of leaving behind a sustainable legacy for the local Inuit. In cooperation with the region AEM has developed and implemented an Inuit Employment Initiative that includes:

- Periodic visits by key mine HR staff to the local communities to hold job information fairs and collect resumes;
- Periodic visits by key mine HR staff to the local schools in all seven Kivalliq communities to promote careers with AEM and to explain opportunities in the mining industry;
- Employee charter flights to and from most home communities direct to the mine site.
- The design and implementation of cross-cultural training for AEM management, supervisors, Inuit staff and non-Inuit staff;
- The design and implementation of training plans that facilitates advancement from entry level to semi-skilled job opportunities for all Inuit employees;
- Investment in on-site training staff and facilities (including a \$1 Million simulator) to train employees to operate and become certified on heavy-duty equipment as Heavy Equipment Operators;
- Traditional country foods (caribou, char prepared in Inuit fashion) on the menu at the mine kitchen;
- Employment of Inuit counselors as key parts of the on-site AEM HR team to facilitate communications with employees in Inuktitut and with an understanding of Inuit culture and mind set;
- Frequent meetings between management and Inuit employee groups to discuss issues, concerns and to jointly find resolution to grievances.

To date the Inuit Employment Initiative results are encouraging.

- As of October 2011, 40% of the AEM workforce at Meadowbank are Inuit (~300 people);
- Approximately 50% of AEM's Inuit staff is from Baker Lake with the reminder coming from the other 6 Kivalliq communities;
- The total annual payroll for Inuit employees is approximately \$22 million per year. This is new cash inflow into job-starved communities.
- The majority of AEM's Inuit employees fill entry level and semi-skilled positions. The segment of the Inuit labour force that is interested in this type of work had not previously enjoyed full time employment opportunity and the vast majority would have been dependent on government support programs.
- AEM's training program has been a great success and it is not unusual to see an Inuit employee who has risen from dishwasher to haul truck operator.

AEM's Inuit Employment Initiative has directly benefitted over 300 Inuit families through employment, income and training opportunities in a welcoming workplace environment that appreciates and values Inuit culture. When the AEM president and senior management travel to communities it is not unusual for grandparents or parents to express their gratitude for the company hiring their grandchildren, daughters or sons. AEM's Employment Initiative is an important pillar in achieving our social license.

4. Agnico-Eagle Business Opportunities Initiative

In setting the stage, the AEM management team committed to developing strong partnerships and relationships with Kivalliq communities and stimulating long-term sustainable development throughout the region. There was considerable interest by the business community in how to gain business supply and service contracting opportunities with AEM at Meadowbank.

The IIBA section on business contracting commits AEM to provide Inuit companies with opportunities and incentives to provide AEM with good and supplies. The IIBA did not provide specific guidance on how the company would achieve its obligations.

In April 2010, AEM prepared an "Inuit Business Opportunities" initiative to guide how the company would inform, promote and engage Inuit businesses throughout the Kivalliq region on developing business opportunities with AEM. The initiative committed to:

- Implement and support the initiative over a multi-year period
- Identify all outsourcing opportunities by type and estimated annual value
- Hold community based workshops to inform Inuit companies on outsourcing opportunities
- Invite expressions of interest from Inuit companies from the Kivalliq region who have an interest to provide goods and services to AEM
- Develop a registry of qualified Inuit companies and capacity database
- Invite qualified Inuit companies to submit proposals
- Publicly advertise contracts
- Require all bidders to provide Inuit Content Plans with their proposals
- Facilitate joint venture discussions between non-Inuit suppliers and Inuit companies and to monitor all Joint Venture Partnerships and their Inuit Content plans
- Identify and evaluate businesses that have potential to provide services, and facilitate any development support required from regional economic development agencies
- Engage economic development agencies in order to attract their programs and services to help small businesses acquire business support services and financing

The results to date are encouraging. The following chart (Table 1) shows the total value of expenditures since AEM acquired the project in mid-2007 through August 2011.

Table 1: Total Value of Expenditures between mid-2007 thru August 2011

Meadowbank Project Expenditures	Project to Date (Q2-2007 thru Q3-2011)	% of Total Project Expenditures
Total Project Expenditures - All Suppliers	\$ 1,532,567,120	100.0%
Expenditures to NTI Registered Companies	\$ 358,716,624	23.4%
Expenditures to Nunavut Based Suppliers	\$ 479,123,583	31.3%
Expenditures to Northern Based Suppliers (NU, NT,)	\$ 664,737,968	43.4%
Expenditures to Baker Lake Based Suppliers	\$ 159,036,721	10.4%

NTI registered companies are Inuit companies that decided to register with Nunavut Tunngavik Inc as an Inuit company. To register with NTI these firms have to meet certain ownership requirements to certify as an Inuit Firm; Nunavut based suppliers are business that operate in Nunavut. Northern-based suppliers are companies that operate in either Nunavut or Northwest Territories. Expenditures to Baker Lake suppliers are Inuit companies based in Baker Lake.

The following chart (Table 2) shows the total value of expenditures from January 1, 2011 to August 31, 2011. Of note is the increase in percentage of awards to Inuit companies, which is a result of the Inuit Business Opportunities initiative. This trend is expected to continue as the company continues to apply the initiative.

Table 2: Total Value of Expenditures between January 01st and August 31st, 2011

Meadowbank Project Expenditures	2011 (Jan 01 thru Aug 31, 2011)	% of 2011 Project Expenditures
Total Project Expenditures - All Suppliers	\$ 118,397,731	100.0%
Expenditures to NTI Registered Companies	\$ 50,153,411	42.4%
Expenditures to Nunavut Based Suppliers	\$ 61,764,217	52.2%
Expenditures to Northern Based Suppliers (NU, NT)	\$ 62,544,447	52.8%
Expenditures to Baker Lake Based Suppliers	\$ 23,513,456	19.9%

The mining industry is new to the Kivalliq region and the majority of Inuit companies do not currently possess the experience or capacity to provide the type and level of technical expertise for the services required, nor access to the volume of goods required. To assist Inuit companies build capacity and experience, AEM introduced southern-based suppliers to Inuit companies to consider joint ventures. Southern-based companies bring the level of expertise needed to provide service levels required and Inuit companies bring access to a local labour force and the know how of operating in Nunavut. Southern companies were attracted to such joint ventures by bid adjustment incentives for Inuit participation (an Inuit Firm preference point system is contained within the IIBA).

Since the launch of the initiative there have been 35 new joint ventures formed between southern and Inuit companies. Joint venture companies are awarded contracts based on three criteria, cost, capacity to perform the services and Inuit content. Inuit content is based on level of Inuit ownership and Inuit labour involved in the project.

The initiative provides AEM with competitive rates while also meeting the obligations in the IIBA and the commitment by the company to provide economic opportunity. AEM's Business Opportunities Initiative has been well received by the Inuit business community. The round table discussion in each community during the design of the initiative provided communications on how the procurement process works at AEM. Importantly, the round table events provided AEM a clear understanding of where the companies were located and their respective interests, and provided the contacts to facilitate joint venture introductions and on-going information. Communications between AEM and the business community remain strong and the relationship continues to grow. AEM's Business Opportunities Initiative is an important pillar in achieving a social license.

5. Future Activities.

Achieving a social license to operate is an on-going effort for AEM. The company will continue to utilize regulatory requirements as a process to communicate and inform stakeholders. It will continue to

demonstrate environmental practices to re-enforce the company commitment to sustainable practices and build confidence in AEM's ability to perform.

AEM has recently reviewed the IIBA with the KIA and the parties have agreed to a new IIBA. The company is currently developing an IIBA implementation plan that will continue to advance its Inuit Employment Initiatives and Inuit Business Opportunities Initiatives to further employment, training and economic benefits to Inuit people, communities and businesses.

The company is in the process of developing a Community Donations policy that will guide donations investments in social activities that will provide benefit communities. This policy is intended to further AEM's goodwill in communities and is part of the commitment to achieve a social license.

The company has launched a new web site www.aemnunavut.ca specific to the Kivalliq region and available in both English and Inuktitut. The web site provides a range of information, from where to apply for a job to copies of reports, license, authorizations, etc. This tool will provide a communications reference as the company continues to work towards achieving and maintaining its social license in Nunavut.

6. Conclusion

AEM has had a significant positive impact in the Kivalliq Region of Nunavut. In their August 2011 Territorial Outlook, the Conference Board of Canada estimated that in 2010 the commencement of production at the Meadowbank Mine increased the GDP for Nunavut by 15%.

The remote geographic location, harsh climate, limited access to transportation and lack of infrastructure have limited the ability of Nunavut to develop an economy. Unemployment and poverty rates are amongst the highest in Canada. High school drop-outs are high and education graduation rates are low. Nunavut's economy has been largely dependent on government spending and transfers. Mining offers a much brighter future.

AEM has constructed the first major industrial facility since the creation of Nunavut and now operates one of the largest open pit gold mines in the Arctic. The mine requires access to a sizable labour force of 700 to operate. The Meadowbank Mine produces gold that is exported from Nunavut and sold to a global market. In essence the Kivalliq is now participating in Canadian mainstream activity for the first time. This is a major change for the communities, residents and businesses in the region. This change has been welcomed by most, although with many concerns on the social impacts that a major development brings. The concerns include stresses on families by employees working away from home for two week work rotations, of incomes being used to bring heightened levels of misuse of alcohol and drugs to communities and the educational capacity and interest of youth to pursue a career in a mining related trades and professional occupations. There is no quick fix to these issues and beyond the abilities of AEM to independently address them. The company is working with community leaders and employees to gain a better understanding of these concerns and working with them to engage government agencies in partnerships towards solutions.

AEM is committed to continuously work towards attaining and maintaining its social license to operate in Nunavut and has made good progress in addressing concerns and ensuring positive impacts. The process that AEM employs to earn and maintain its social license includes:

1. Having a clear company vision and commitment towards sustainable development.
2. Having the company president, executive and senior management personally meeting with a range of stakeholders in the region on a frequent basis to explain the company vision and commit to putting the vision into practice.

3. Utilizing the regulatory processes as a communication tool at the community level to educate and inform at a level that is understood by people who will be affected most by any impacts on the environment, wildlife and land.
4. Demonstrating through projects and practices the capability of the company to manage its environmental responsibilities, and thereby build confidence and trust.
5. Developing and implementing employment and business opportunities initiatives that at minimum comply with IIBA requirements, but aims to exceed them.
6. Ensuring frequent communications with a range of stakeholders to promote understanding and provide opportunities for two way discussion, input and feedback.
7. Listening to concerns related to social impacts of development and working with community leaders and appropriate government agencies on partnership approaches towards solutions.