



# PREPARING FOR THE FUTURE

**OF QUÉBEC'S  
MINERAL SECTOR**

Consultation paper on the  
Québec Mineral Strategy

Québec 



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## A WORD FROM THE MINISTER OF NATURAL RESOURCES AND WILDLIFE

By late 2007, Québec will have its very first comprehensive mineral sector strategy.

This sector has been thriving for the past few years. Consequently, our government wishes to use the current window of opportunity to its best possible advantage in order to prepare for the future. In particular, we want to ensure the sustainable development of Québec's mineral resources.

We must take steps now to anticipate challenges and find solutions that will enable the mineral sector to maximize its development in order to create more jobs and wealth in our regions.

### **A QUÉBEC-WIDE STRATEGY**

The Québec Mineral Strategy will directly support the development of many regions where the mineral sector plays a crucial role.

Our government is convinced we can build on what is working in order to do even better, be more competitive, and diversify our production and activities while preparing for the future.

### **A STRATEGY FOR THE FUTURE**

Despite the mineral sector's current vigor, we must remember that we are facing a certain number of challenges.

In particular, we must be able to adapt to the sector's cyclical nature and begin preparing now for a possible market slowdown. We must also seize current development opportunities and factor in foreseeable changes.

Future development will depend on new discoveries and technological innovations—the only way to rebuild reserves and maximize mineral exploration and mining activities.

It will also hinge on environmental protection, harmonious land management, and the successful coexistence of various uses in order that all may thrive.

### **AN EXCITING VISION**

The future *Québec Mineral Strategy* will cover all these aspects.

Because the government recognizes the importance of the mineral industry to the Québec economy, it will set out an exciting vision for Québec's mineral sector and its development potential, and discuss how we can ensure growth and economic benefits in order to create jobs and wealth.

### **CONSULTATION**

To develop this strategy, the government is inviting all interested individuals, groups, and businesses to take part in the consultation now underway. This consultation will be open and transparent, and it will breathe new life into the mineral industry.

This paper was designed to spur thinking and comments that the government will use to develop its directions and action plan.

I urge each of you to take part in this important group effort that will harness all the future potential of the mineral sector to make the industry a driving force for all regions of Québec, a source of pride for Quebecers everywhere, and an example to the world.

*Claude Bécharde*

## THE CONSULTATION PROCESS

By late 2007, the Government of Québec will announce its mineral strategy setting out its objectives for the mineral sector and how it intends to achieve them.

To guide the development of this strategy, the government is conducting a consultation with all interested individuals and organizations.

This paper suggests points to consider that will help spur open dialog with the public.

Individuals, groups, and businesses who so desire are invited to submit their comments, proposals, and courses of action no later than **October 20, 2007**, via the consultation portal on the Ministère des Ressources naturelles et de la Faune (MRNF) website.

During this period, there will also be a consultation of regional representatives, mining associations, native nations, Inuit communities, and other groups concerned by various aspects of mining activities.

### **To take part in this consultation, you can send your comments**

#### **VIA THE MRNF WEBSITE:**

[consultation-minerale.gouv.qc.ca](http://consultation-minerale.gouv.qc.ca)

#### **VIA EMAIL:**

[consultation-minerale@mrnf.gouv.qc.ca](mailto:consultation-minerale@mrnf.gouv.qc.ca)

**VIA FAX:** 418 643-8337

#### **VIA MAIL:**

Consultation on the Québec Mineral Strategy

#### **Ministère des Ressources naturelles et de la Faune**

5700, 4<sup>e</sup> Avenue Ouest, A 405  
Québec (Québec) G1H 6R1

You can comment on one or more challenges or proposed solutions. If you are interested in the future mineral strategy but do not wish to comment on it, we invite you to read the comments that will be posted daily on the abovementioned website.

If you have questions regarding the consultation process, you can call the following number:

**1-866-248-6936**



## IN THIS CONSULTATION PAPER, THE MINERAL INDUSTRY INCLUDES

→ Mineral exploration and extraction

→ The primary processing of mineral substances extracted in Québec

## A THRIVING SECTOR

Since 2003, the Québec mineral sector has seen significant growth.

■ In three years, the value of Québec mineral production has increased 33%, from \$3.6 billion to \$4.8 billion.

■ In 2006, Québec mineral exploration turned out its best performance of the past 20 years, with more than \$260 million in investments. Between 2001 and 2005, the number of exploration businesses increased 65%, from 78 to 129. A majority are “junior” exploration businesses.

■ Since 2003, some dozen mineral development projects have been completed or launched, for a total investment of over \$1.5 billion. They have helped create or maintain 4,300 permanent jobs. In addition, new projects currently underway could attract \$1.2 billion in additional investment in the coming years.

This growth and vigor is a result of improving world market conditions and government policies that support and encourage mineral sector development.

Since 2003, metal prices have hit record highs on the world market.

■ The price of gold has nearly doubled in the past four years and copper has nearly tripled, while zinc has increased more than threefold and nickel more than fourfold.

■ In 2006 alone, gold prices rose 37%, nickel prices rose 70%, copper 80%, and zinc 150%.

**This spectacular increase had a number of causes.**

■ The past decade has been marked by weak investment in exploration.

■ World demand for mine products is largely tied to the needs of emerging countries.

■ World demand is also driven upward by the growth of various industrial sectors.

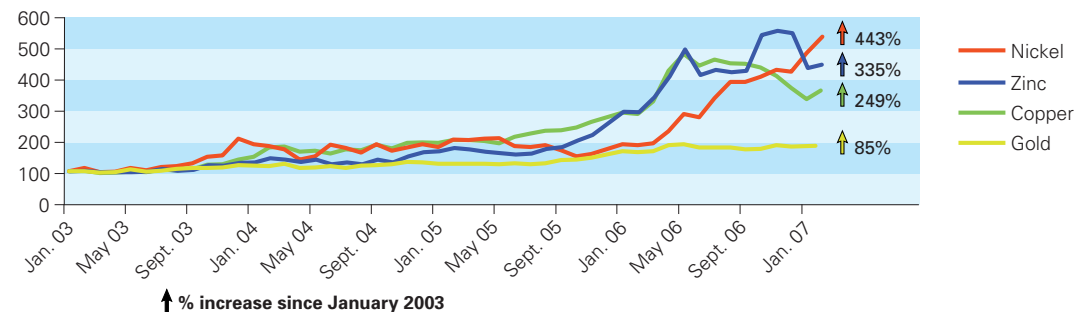
**In addition to benefiting from favorable world market conditions, Québec’s mineral sector is thriving thanks to:**

■ The significant potential of our subsurface geology;

■ A workforce known worldwide for its quality;

■ Government policies such as maintenance of the flow-through shares system and credit on duties refundable for losses.

**CHANGES IN THE ZINC, COPPER, NICKEL, AND GOLD PRICE INDEX, JANUARY 2003 = 100**



SOURCE: LONDON METALS EXCHANGE (COPPER, NICKEL, ZINC) AND NYMEX, COMEX GOLD

## A MAJOR PLAYER IN CANADA AND WORLDWIDE

Québec is now among the world's top producers of iron, zinc, nickel, silver, and gold.

In Canada, Québec ranks third for mineral production after Ontario and British Columbia.

## A STRATEGIC SECTOR

Québec produces a number of metals and minerals of strategic importance because of how they are used.

■ These include nickel and zinc, which are used in the aerospace industry for their resistance to corrosion. Nickel is also a component of stainless steel and zinc of galvanized steel — two materials found in a wide range of commonly used products.

■ Apart from its use in jewelry and value as an inflation hedge, gold is used in the manufacture of electronic components. It is the metal that best conducts electricity.

■ Copper is used in the manufacture of many industrial products due to its high conductivity and low cost.

■ Niobium is used to manufacture alloys, super-alloys, optical glass, and ceramic capacitors.

■ Many commonly used materials like cement, sand, gravel, and cut stone are essential to the construction of our roads, civil engineering structures, and buildings.



# A MAJOR SECTOR IN A NUMBER OF QUÉBEC REGIONS

**In 2006, a total of 22 active mines in Québec produced some 30 metals and minerals in 3 categories:**

- Base metals (primarily iron, copper, niobium, zinc, and nickel)
- Gold and other precious metals
- Industrial minerals such as chrysotile, ilmenite, and silica

Diamonds will soon be added to this list, as diamond exploration shows great promise.

In addition, mine production includes the extraction of a variety of construction materials such as lime, cement, cut stone, sand, and gravel.

In 2006, the Québec mineral sector provided nearly 14,900 jobs—the equivalent of the pharmaceutical sector. Three-quarters of these jobs were in exploration and one-quarter in primary processing.

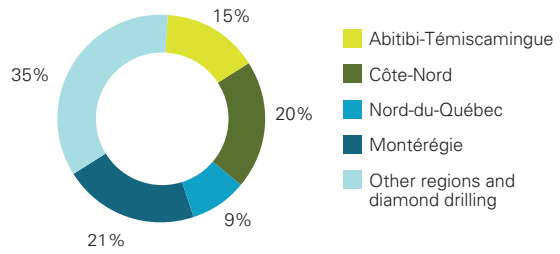
- Over 40% of direct mining jobs in Québec are located in the Côte-Nord, Abitibi-Témiscamingue, and Nord-du-Québec regions.

■ Québec boasts four smelters/refineries for the primary processing of substances extracted in the province: Horne (Rouyn-Noranda), CEZ-inc (Salaberry-de-Valleyfield), QIT-Fer et Titane Inc. (Sorel-Tracy), and CCR (Montréal-Est). In 2006, deliveries from primary processing totaled \$1.5 billion.

■ The Côte-Nord region boasts Québec's only iron mine as well as two pellet plants and three iron ore transport/shipping facilities.

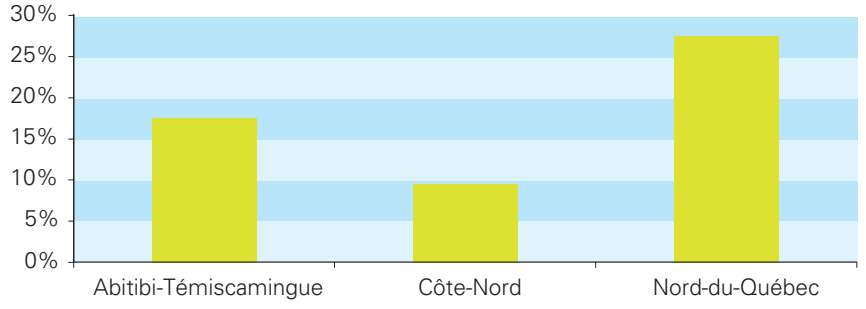
■ Construction materials are found in all Québec regions.

**REGIONAL DISTRIBUTION OF MINING JOBS, 2006**



SOURCE: ISQ (MINING SURVEY)

**SHARE OF MINING INVESTMENT IN MAIN MINING REGIONS, 2006**



SOURCE: ISQ (MINING SURVEY FOR MINING INVESTMENT AND PROVINCIAL ACCOUNTS FOR PRIVATE AND PUBLIC REGIONAL INVESTMENT)

## PREPARING FOR THE FUTURE

In a sector known for its cyclical variations, Québec is well positioned to benefit from strong demand for minerals and metals on the world market.

This high demand drives exploration and promotes mining of previously identified deposits.

However, we must tackle certain challenges to prepare for the future of the mineral sector.

## FIVE CHALLENGES

The government has identified five challenges we must tackle in preparing for the future of the mineral sector and positioning Québec in a market where competition is global:

- 1** We must **DISCOVER NEW DEPOSITS**
- 2** We must **STRENGTHEN INDUSTRY COMPETITIVENESS** and **MAXIMIZE THE SPINOFFS** of mining activities for Québec
- 3** We must meet the **INDUSTRY'S GROWING NEED FOR QUALIFIED LABOR**
- 4** We must **PROTECT THE ENVIRONMENT** and **ENSURE THE HARMONIOUS INTEGRATION OF MINING ACTIVITIES**
- 5** We must **ENSURE THAT THE REGIONS, NATIVE NATIONS, AND INUIT COMMUNITIES ARE MORE ACTIVELY INVOLVED** in current and future developments



## PREPARING FOR THE FUTURE OF QUÉBEC'S MINERAL SECTOR

# DISCOVER NEW DEPOSITS

Québec's exceptional mineral potential makes the province one of the best places in the world for discovering new deposits. Recent exploration projects have provided solid indicators that Québec's geology is highly conducive to new discoveries. In order to take full advantage of this potential, the Government of Québec will be supporting mining development.



## DISCOVER NEW DEPOSITS

### **THE RIGHT GEOLOGY**

#### **Québec's geology is conducive to the presence of mineral deposits.**

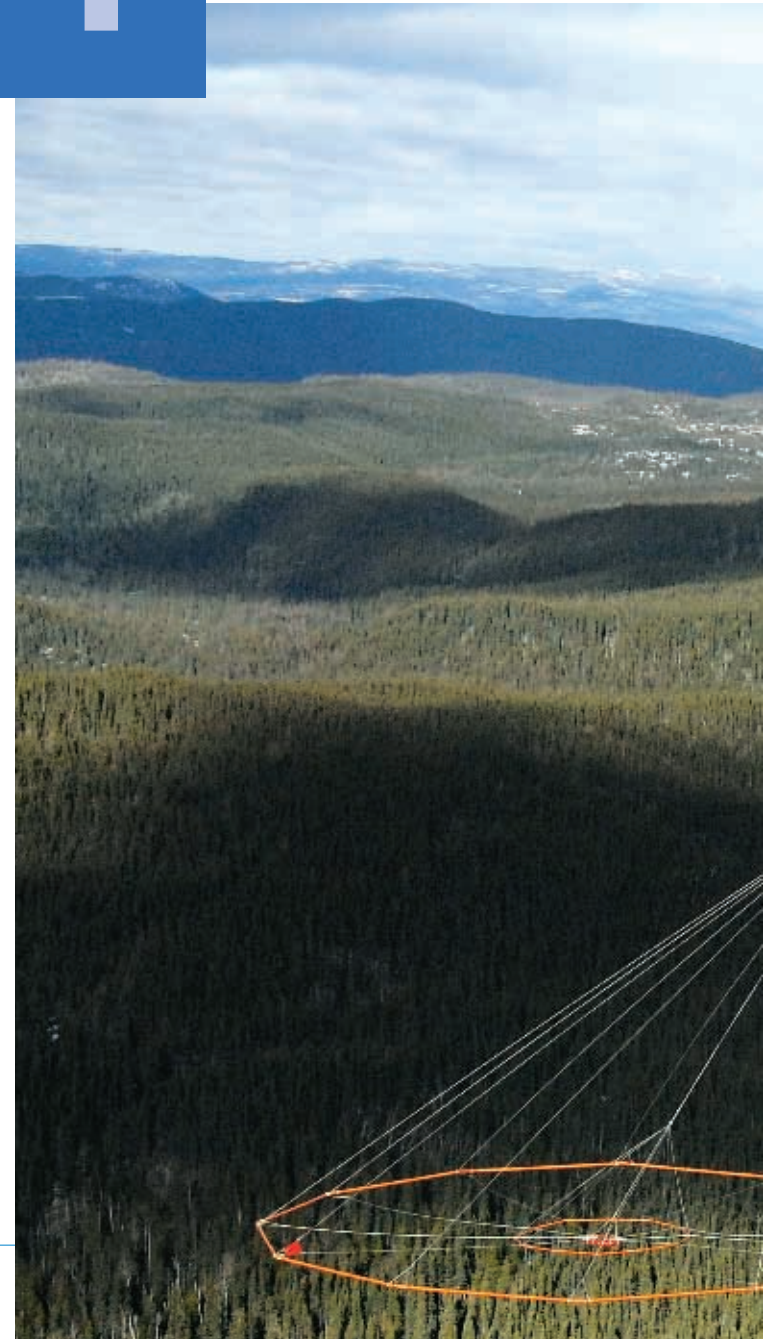
- A full 90% of Québec's subsurface consists of Precambrian rock in the Canadian Shield, known worldwide for its gold, copper, zinc, nickel, iron, and titanium deposits.
- Recent discoveries point to the presence of diamond and uranium deposits in Québec's subsurface.
- New land is available for mineral exploration and mining in the Nord-du-Québec region, particularly in Nunavik and James Bay.
- According to a Fraser Institute survey, international mining firm managers consider Québec first in Canada and second in the world for its mineral potential.

To spur development of this considerable potential, Québec has created Géologie Québec, an organization tasked with gathering and promoting knowledge of Québec's subsurface potential. Géologie Québec and its partners contribute to SIGÉOM, a geoscientific database known as the best information system of its kind in Canada.

### **CHANGES IN PRODUCTION**

While these advantages are irrefutable, a number of troubling signs are visible in mine production.

- Although Québec has the right geology, deposits are increasingly difficult to discover as they become more remote or deeper.
- Since the early 1990s, Québec has seen a decline in the volume of its production and reserves for certain key minerals. The increase in value of Québec production indicated above is actually the result of an increase in international prices, which more than offset the decrease in mineral production.





## DISCOVER NEW DEPOSITS

■ For certain minerals such as copper, declining production is weakening processing activities in Québec. For example, a smelter that uses recycled copper must supplement its supply with copper concentrate at the lowest possible cost. The discovery of new deposits will help.

■ Québec mineral production is also still largely limited to a relatively small number of metals and minerals. Lack of diversification makes the sector more vulnerable to variations in world market prices.

The government therefore believes we must first focus on increasing exploration in order to promote the discovery of new deposits. To this end, it is imperative that Géologie Québec continue to actively gather geological data for the exploration industry.

We must take advantage of high international market prices. Strong demand for mine products is a powerful incentive for exploration.

The overall challenge for Québec is to take full advantage of market conditions in order to attract the investment needed for further subsurface exploration—and thus the discovery of new deposits.

We must also promote Québec's mineral potential internationally in order to attract investment in mineral exploration and, subsequently, mining.

### THE COPPER PLAN

*In 2005, the government put in place a copper plan in response to the ongoing decline in Québec reserves.*

→ *The Copper Plan is aimed at the acquisition of geo-scientific knowledge that will spur the identification and mining of new copper deposits in Québec.*

→ *By implementing the Copper Plan, the government seeks to support industry efforts to increase reserves, with one objective being to ensure a lasting supply of copper concentrate for the Horne smelter.*

*In the 2006–2007 Budget Speech, the government announced \$3 million in funding over two years for the Copper Plan. This amount will be used to complete geological inventories as well as a variety of geological studies on new high potential sectors in northwest Québec. Seventy-one new exploration targets were announced in November 2006 at the Québec Exploration convention.*

## DISCOVER NEW DEPOSITS

### COURSES OF ACTION

To tackle this first challenge, the government suggests the following **four courses of action**:

#### 1 STRENGTHEN GÉOLOGIE QUÉBEC ACTIVITIES IN THE FIELD by

- Increasing geoscientific knowledge of Québec's subsurface
- Suggesting exploration targets to businesses

#### 2 MAKE BETTER USE OF ALREADY EXPLORED LAND

- particularly by emphasizing the search for new copper deposits as part of the Copper Plan

#### 3 OPEN NEW LAND AND SEEK MINERAL SUBSTANCES NOT YET MINED IN QUÉBEC, particularly in James Bay and Nunavik

#### 4 SPUR EXPLORATION in TRADITIONAL and NEW MINING AREAS by

- Promoting the circulation of information
- Encouraging the resumption of exploration activities on deeded land that currently appears inactive
- Spurring the development of new exploration technology

- Promoting the development of more efficient mining techniques adapted to known deposits that have not been mined

### OPENING NEW LAND FOR MINERAL EXPLORATION: NUNAVIK AND JAMES BAY

*Opening new land to exploration is a key to the future of the Québec mineral sector.*

*Opening new land means the government takes certain preliminary steps in order to encourage businesses to invest in the subsurface of little-explored regions. For a number of years, the Québec government has provided substantial funding for geoscientific inventories that have helped promote the potential of new areas like Nunavik and James Bay.*

*Work completed by Géologie Québec in the 1990s led to the discovery of the Raglan Mine and to the Éléonore Project.*

*→ Raglan Mine is located in the Nord-du-Québec region. Operation of this nickel and copper mine has created 500 jobs to date. A mine expansion project involving a \$550 million investment was announced several months ago.*

*→ The Éléonore Project is to operate a gold mine in the James Bay region. Currently, some 100 workers are involved in mine development, with 20% of jobs filled by the Cree under an agreement with the Wemindji native community. This project could lead to a \$450 million investment and create 450 jobs.*

### QUÉBEC: A DIAMOND PRODUCER?

*Northern Québec could very well contain diamond deposits. In addition, a diamond cutting and polishing center is currently operating in Matane.*

*→ Promising indicators discovered in northern Québec have justified continued exploration. In 2006, \$30 million was invested in the search for diamond deposits in Québec.*

*→ In 2004, the Québec government adopted the Strategy for Developing Québec's Diamond Industry Potential. As a complement to the National Diamond Strategy, it includes a wide variety of initiatives ranging from support for exploration to cutting, polishing, and jewelry-making activities.*

*→ Diarough Canada—the diamond cutting and polishing plant located in Matane—opened in February 2005. The plant currently employs 36 workers and hopes to increase its workforce to some 60 employees. Cégep de Matane offers a vocational development program in diamond cutting in order to help meet Diarough Canada's labor requirements.*

**PREPARING FOR THE  
FUTURE OF QUÉBEC'S  
MINERAL SECTOR**

## STRENGTHEN SECTOR COMPETITIVENESS AND MAXIMIZE SPINOFFS

Strong demand for minerals on the world market has placed industry businesses in a favorable position. As high prices help increase the profitability of mineral exploration and mining, known deposits that were previously too expensive to mine can now be brought into production.



## STRENGTHEN SECTOR COMPETITIVENESS AND MAXIMIZE SPINOFFS

■ We must use this window of opportunity to improve our competitiveness by investing in innovation and seeking opportunities for becoming more efficient.

In a sector where competition is global, it is crucial that Québec offer operating costs and conditions that are competitive with the rest of the world. This will help us create more wealth while also preparing us for cyclical variations in metal prices.

■ We must also take a broad look at Québec's economic spinoffs in the mineral sector in order to ensure they will be maximized, particularly for Québec's regions.

### **BOOST COMPETITIVENESS**

Changes could be made to our methods in a number of areas in order to improve sector competitiveness.

■ Québec mineral sector production costs are high compared to those of our primary international competitors.

By investing in innovation and new processes, we could develop Québec's mineral resources even more efficiently and productively.

■ Our tax system is among the most generous in the world. Keeping the flow-through shares system has strengthened our position as a leader in this regard.

However, we must consider adapting our tax system, particularly in order to reduce administrative costs, both for businesses and the government.

### **INCREASE ECONOMIC SPINOFFS**

We must increase the economic spinoffs of mining activities.

■ Efforts must be made to step up processing operations for minerals extracted from our subsurface.

■ Successive mineral sector acquisitions and mergers can move decision-making centers away from Québec and Canada and affect economic spinoffs from our mineral potential. This issue requires careful consideration.



## STRENGTHEN SECTOR COMPETITIVENESS AND MAXIMIZE SPINOFFS

### COURSES OF ACTION

The government has identified the following **six courses of action** aimed at making the mineral industry more competitive and maximizing its economic spinoffs:

- 1 SUPPORT INNOVATION, RESEARCH, AND DEVELOPMENT EFFORTS** aimed at exploration, mining, and processing activities
- 2 EXPLORE THE POSSIBILITY OF SIMPLIFYING TAX RULES** in consultation with the industry and the communities concerned
- 3 BETTER ADAPT THE TAX SYSTEM TO SECTOR ACTIVITY CYCLES**
- 4 PROMOTE PROCESSING ACTIVITIES** in cooperation with the regions
- 5 MONITOR THE IMPACT OF ACQUISITIONS AND MERGERS** on the **LOCATION OF DECISION-MAKING CENTERS** and on **ECONOMIC SPINOFFS** in Québec
- 6 ENCOURAGE THE EXPORT OF KNOW-HOW AND TECHNOLOGY DEVELOPED IN QUÉBEC**

### MINERAL SECTOR INNOVATION: COREM, CONSOREM, AND SOREDEM

*COREM (Consortium de recherche minérale) is a pre-competitive research consortium specializing in the processing and transformation of mineral substances. COREM has the largest staff in Canada devoted entirely to mineral processing and transformation R&D (90 employees, including 35 researchers and 30 technicians), as well as full experimental facilities and certified laboratories located in Québec City.*

*CONSOREM (Consortium de recherche en exploration minérale) was created by Université du Québec à Chicoutimi and brings together industry, government, and university partners. Its goals are to provide training, develop mineral exploration technology and knowledge, develop new exploration models, and ensure knowledge transfer to the industry.*

*SOREDEM (Société de recherche et développement minier) seeks to promote the emergence of new technologies in Québec's underground mines in order to increase the competitiveness of mining businesses and ensure safer workplace conditions. SOREDEM coordinates a variety of projects, which are then completed by researchers at a number of research institutions and agencies.*



## STRENGTHEN SECTOR COMPETITIVENESS AND MAXIMIZE SPINOFFS

# 2

### TAXES AND DUTIES IN THE MINERAL SECTOR

*In Québec, mineral sector taxation is governed by the Taxation Act, the Mining Duties Act, and the Mining Act.*

*The **mining duties** system is aimed at compensating the community for the extraction of mineral resources in Québec by charging operators a 12% duty on their annual profit. Royalties are also levied on construction materials based on volume or weight (sand, gravel, stone, etc.). In addition, income taxes are collected from related businesses and workers.*

*A number of tax provisions have been put in place to promote mineral exploration and mining activities.*

→ *In order to finance surface exploration, the **Québec flow-through shares system** grants individuals a deduction of up to 150% of the cost of shares issued by corporations carrying out exploration activities. In 2004, the government made the tax benefits under this program permanent.*

→ *The **tax credit for resources** provides direct tax assistance to businesses that incur exploration expenditures.*

→ *The **credit on duties refundable for losses** applies to operators that incur a loss and carry on exploration, mineral deposit evaluation and mine development works.*



## PREPARING FOR THE FUTURE OF QUÉBEC'S MINERAL SECTOR

# ATTRACT AND TRAIN QUALIFIED LABOR

The Québec mineral sector owes its development to a skilled and qualified workforce.

The sector is now facing challenges in attracting new talent and ensuring growth as demographic conditions become increasingly strained: it must both replace retiring personnel and plan for the labor requirements of projects now on the drawing board.



## ATTRACT AND TRAIN QUALIFIED LABOR

### A SKILLED AND MUCH-VALUED WORKFORCE

The Québec workforce employed in the mineral sector is known worldwide for its know-how and excellence. Many workers in the sector have also been involved in the development of mining activities abroad over the past 20 years.

- Québec boasts topnotch educational institutions that train personnel for various mineral exploration and mining activities. Vocational education centers, colleges, and universities known for their outstanding curricula are located in a number of Québec regions.

- Businesses in the sector offer attractive employment conditions including generous salaries, diversified occupations, and opportunities for highly technical work.

### MANY JOBS TO FILL NOW AND IN THE FUTURE

Despite its appeal, the Québec mineral sector is struggling to fill current vacancies.

- It is estimated that in ten years, the mineral sector will have 4,000 jobs to fill. One-quarter of these jobs are tied to expanded operations and new projects, while the remaining three-quarters are positions whose current occupants will soon be retiring.

- A recent increase in enrollment has been observed at various training institutions, but current and foreseeable needs are considerable, and enrollment levels are not high enough to meet them. We should determine whether sufficient educational opportunities exist in the regions.

The following target groups should be interested in mineral sector employment opportunities:

- Youth in resource regions who wish to find well-paid work in their home communities
- Native workers who often live in regions with mining operations
- Workers having trouble finding jobs in certain sectors, i.e., the forest sector
- Immigrants interested in working in the regions



## ATTRACT AND TRAIN QUALIFIED LABOR

### COURSES OF ACTION

In order to attract and train the workforce crucial to mineral sector development, the government suggests the following **five courses of action**:

- 1 PROMOTE EMPLOYMENT OPPORTUNITIES WITH TARGET CLIENTELES** in cooperation with the industry, public employment services, and education network partners
- 2 STRENGTHEN TRAINING PROGRAMS**, in cooperation with the industry and educational institutions
- 3 FACILITATE THE ADAPTATION OF WORKERS** facing difficulties **IN OTHER SECTORS**, such as the forest sector
- 4 MAKE TRAINING MORE ACCESSIBLE TO NATIVE COMMUNITIES** and recruit in these communities
- 5 TARGET IMMIGRANTS IN RECRUITING EFFORTS**

### SUCCESS STORY: THE RAGLAN AGREEMENT AND THE MAKIVIK CORPORATION

→ *Xstrata, the owner of the Raglan nickel mine, signed an agreement in February 1995 with the Makivik Corporation and local Inuit communities. The Raglan Agreement is aimed at smoothing relations and creating opportunities for the mining company and local residents, particularly with respect to training and employment.*

→ *Among other things, this collaboration enables the communities to take advantage of economic and job development opportunities provided by the mine's presence on their land. Through its expenditures, the mine also contributes to the region's economic vitality.*



## PREPARING FOR THE FUTURE OF QUÉBEC'S MINERAL SECTOR

# PROTECT THE ENVIRONMENT AND ENSURE HARMONIOUS INTEGRATION

Québec has taken a clear stand in favor of sustainable development. The last budget contained significant initiatives aimed at better protecting the environment during mineral resource development activities. However, we can go further.

Apart from environmental protection, the use of certain land for mining activities raises the issue of the harmonious integration into host communities.

As regards these two points, the government wishes to consult businesses and individuals concerning new measures it could take under the future *Québec Mineral Strategy*.

## PROTECT THE ENVIRONMENT AND ENSURE HARMONIOUS INTEGRATION

### **ENVIRONMENTAL PROTECTION**

Adoption of the *Sustainable Development Act* in April 2006 marked Quebec's desire to ensure that development respects the needs of future generations.

The government believed quick action was needed. Immediate steps were taken in the mineral sector to address the issue of abandoned mine sites under government responsibility and identify satisfactory solutions.

■ In the *2007–2008 Budget Speech*, the finance minister announced a ten-year plan to restore abandoned mine sites. A total estimated cost of \$203 million was posted as an “environmental liability” on the financial statements.

■ In the future, we must prevent Quebecers from having to bear the financial burden created by poor behavior by certain businesses in their mining operations. While legal obligations were tightened in 1995, certain problems remain. We should therefore work with the industry to go further in ensuring environmental protection.

■ The same environmental concern should be applied to exploration activities, for which the industry itself has developed a guide to good practices.

### **ACCESS TO THE LAND**

Businesses that explore and develop mineral resources must have access to the land. But such access may conflict with other uses: the proximity of inhabited areas, for example, is a source of difficulty due to the inconveniences local residents may face.

It is imperative that we develop an approach and adopt methods to help balance various uses of the land.

■ Rules must be clear and predictable so that businesses know where they can explore and possibly develop mineral resources as well as which conditions apply to the land.

■ At the same time, we must ensure that the legitimate concerns and requests of citizens are considered.



## PROTECT THE ENVIRONMENT AND ENSURE HARMONIOUS INTEGRATION

### COURSES OF ACTION

The government has identified the following **four courses of action** in order to protect the environment while ensuring that mining activities can be harmoniously integrated:

**1 STRENGTHEN REGULATIONS ON MINE SITE DEVELOPMENT**, particularly the management of mine tailing accumulation areas

**2 EXPLORE THE POSSIBILITY OF INTEGRATING INTO THE CURRENT RULES THE GOOD PRACTICES** outlined in Environmental Excellence in Exploration, a guide from the Prospectors & Developers Association of Canada (PDAC)

**3 WORK WITH THE INDUSTRY TO DEVELOP PRACTICES** aimed at reducing the impact of mining activities on the landscape

**4 AMEND THE *MINING ACT*** in consultation with the industry and local/regional authorities in order to maintain clear, transparent, and predictable rules for land access and shared use

### MINING AND ENVIRONMENTAL PROTECTION

*Like any other industry in Québec, the mineral industry is subject to the provisions of the Environment Quality Act.*

*The mineral industry must also respect certain special provisions of the Mining Act. Before mining can begin, future operators must submit a restoration plan for the land affected by mining activities, as well as an outline of the related financial guarantee, which corresponds to 70% of the cost of restoring mine tailing accumulation areas.*

### A NEW APPROACH TO SITE DECONTAMINATION: MANITOU SITE REHABILITATION

*The Government of Québec and Agnico-Eagle Mines Ltd. (AEM) negotiated a unique agreement regarding an innovative rehabilitation project for Parc Manitou near Val-d'Or, whose estimated rehabilitation cost was \$47 million. In particular, this agreement provided that rehabilitation work would be entrusted to AEM, who would use tailings from the new Goldex Mine in Val-d'Or to restore the Manitou site. This agreement enabled the rehabilitation of a site that had been contaminated for 50 years while disposing of the tailings of a new mine operating within the limits of Val-d'Or.*

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## PREPARING FOR THE FUTURE OF QUÉBEC'S MINERAL SECTOR

# INVOLVE THE REGIONS

For years, the regions have been demanding a bigger role in the development of their natural wealth, including mineral resources.

Native nations and Inuit communities also want to be more involved in developing the wealth that lies beneath the surface. In particular, they would like a share in the economic benefits of new projects.



## INVOLVE THE REGIONS

### STEPS ALREADY TAKEN

To ensure the regions have a hand in natural resource development, the government undertook a process that it accelerated in the last budget.

■ In May 2006, the government announced the creation of regional commissions on natural resources and land. One of their main tasks is to develop regional integrated development plans for resources. A total of \$13 million in funding was allocated for this purpose.

■ In the 2007–2008 Budget Speech, the government announced an additional \$45 million in funding over the next five fiscal years in order to support the regional commissions and their integrated resource and land development plans.

A number of targeted initiatives have also been undertaken with native communities in order to increase the economic benefits they receive from certain projects.

One such initiative is the Éléonore Project, which gave rise to an agreement on jobs between the mining developer and the Wemindji Cree community in the James Bay region.

### INCREASING THE REGIONS' ROLE IN THE MINERAL SECTOR

*To illustrate its determination to promote the participation of regional communities in mineral sector administration, the government made a number of concrete decisions:*

→ *In early 2006, the government created Bureau de l'exploration géologique du Québec in Val-d'Or.*

→ *In December 2006, the government relocated Géologie Québec headquarters to Val-d'Or.*

→ *Société québécoise d'exploration minière (SQQUEM) was transferred from Québec City to Val-d'Or. Like Géologie Québec, it has a Québec-wide mission, but its proximity to intense exploration activities promotes synergy with other actors in the sector.*

### ACCORD PROJECTS IN THE ABITIBI-TÉMISCAMINGUE, CÔTE-NORD, AND SAGUENAY/LAC-SAINT-JEAN REGIONS

*The ACCORD initiative (concerted action for regional development cooperation) is aimed at developing areas of excellence that will help each region position itself in North America and worldwide based on special strengths and assets it believes can set it apart economically.*

*Three Québec regions have targeted mining as an area of excellence under the ACCORD initiative:*

- *Underground technomines (Abitibi-Témiscamingue)*
- *Industrial process engineering, mining and metallurgy (Côte-Nord)*
- *Industrial minerals (Saguenay/Lac-Saint-Jean)*



## INVOLVE THE REGIONS

### COURSES OF ACTION

In order to ensure that the regions and native communities play a bigger role in current and future developments, the government suggests the following **four courses of action**:

- 1 INVOLVE THE REGIONS IN THE LAND ALLOCATION AND MINERAL RESOURCE DEVELOPMENT PROCESS** by putting in place regional commissions on natural resources and land in order to draw up integrated natural resource and land development plans, among other tasks
- 2 CONSULT THE REGIONS** when Géologie Québec research programs are developed and promote the formation of partnerships for geoscientific activities
- 3 DISCUSS DELEGATION OF THE MANAGEMENT OF SAND AND GRAVEL PITS ON PUBLIC LAND WITH THE COMMUNITIES CONCERNED**
- 4 SET OUT MEASURES AIMED AT PROMOTING SKILL BUILDING, EMPLOYABILITY, AND NATIVE-RUN MINING STARTUPS** in partnership with native communities, the industry, and government

### REGIONAL COMMISSIONS ON NATURAL RESOURCES AND LAND

*On May 17, 2006, the government endorsed the program to set up regional commissions on natural resources and land.*

*By creating these commissions, the government seeks to provide citizens in the regions with an institution that can help rally all regional communities concerned around sustainable resource development objectives.*

*→ The main task of the commissions is to develop and implement regional integrated development plans for resources and land.*

*→ The commissions will complement the regional country municipalities by assuming responsibility for planning, cooperation, and promotion of sustainable development in the regions with respect to natural resources and land.*

*→ These commissions can therefore cooperate in identifying initiatives and opportunities for developing and protecting the land and resources.*

*→ They can also identify opportunities to create wealth and work with the government to develop strategies for this purpose.*

## A STRATEGY TO BENEFIT MORE FROM OUR RESOURCES

The mineral sector is currently experiencing a period of growth.

Intense international demand for metals and minerals is attracting significant investment and renewed activity in both mineral exploration and mining.

Québec is directly benefiting from these favorable conditions. Former mines are reopening. New land is being opened for exploration. Major mining projects in the works will create many jobs and generate intense activity in the regions concerned.

### **A SIGNIFICANT WINDOW OF OPPORTUNITY**

We must take advantage of current prices and growth in demand to strengthen our mineral sector and prepare for its future.

To this end, we must improve our competitiveness, create more added value from our natural resources, and discover new deposits.

At the same time, we must adopt methods to better protect the environment, balance mining activities with other land uses, and ensure that the regions and native communities fully benefit from current developments.

### **MAJOR INITIATIVES**

This is the government's overall goal in holding a consultation on the *Québec Mineral Strategy*.

This consultation must help in drawing up a mineral strategy in line with our needs and interests. It will lead to a set of major initiatives for today and for the future of our mineral sector.

### **A STRATEGY FOR TODAY AND TOMORROW**

The future *Québec Mineral Strategy* will be a new tool developed and implemented to generate further wealth and jobs in a sector that is crucial to many Québec regions.

To achieve this goal, the government invites interested individuals, businesses, and groups to contribute to this discussion.



**PHOTOS:**

Cambior (cover 1)

Iron Ore Company of Canada (p. 11 & 14)

Québec Cartier Mining Company (p. 4, 16, 17 & 24)

Geotech (p. 8 & 9)

J. F. Potvin (p. 21)

Luc Corriveau (p. 7)

Marc-André Grenier (cover 1 & 2, p. 6, 15 & 18)

Ministère des Ressources naturelles et de la Faune (p. 19 & 20)

Noranda (cover 1)

Aur Resources Inc. (p. 12 & 13)

Roch Thérioux (p. 2)

Xstrata Nickel – Raglan Mine (p. 23)

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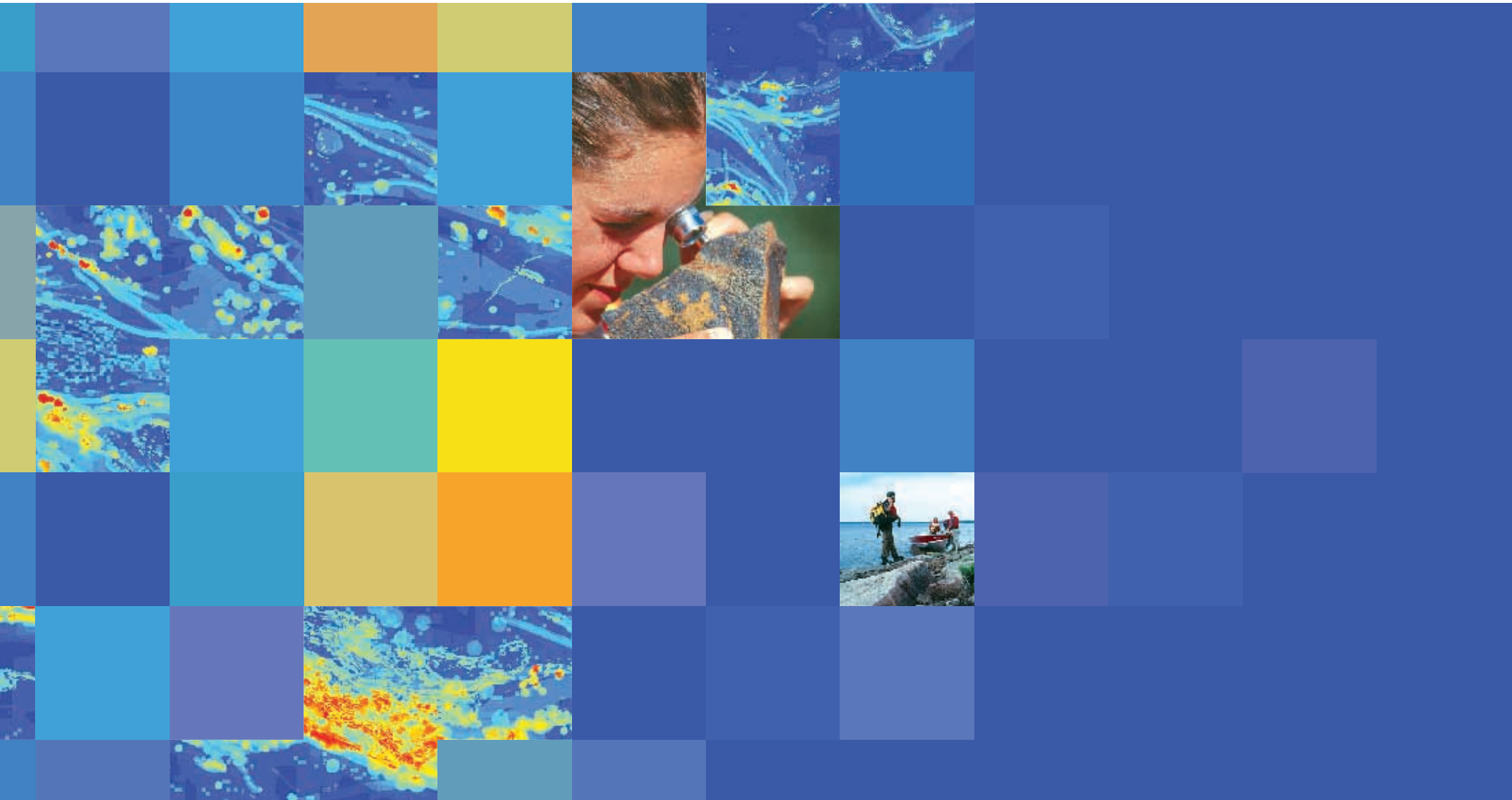
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