

# Northern Mining News

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## From the Executive Director ...

Welcome to our second newsletter of 2011. Hope you like the variety this month. I was very heartened to read recent comments by Nunavut Premier Aariak in the January issue of *up here business*. Her very positive comments (see her quotes in this newsletter) in support of the mining industry, of devolution and the importance of education to name just a few, are very inspiring. How fitting to capture such a strong leadership voice in support of business and our industry in the North’s business magazine. The Premier’s words will do much to promote investor confidence in Nunavut. Check out the story in this issue and get your copy of *up here business*.

It’s also encouraging to read the Conference Board of Canada’s conclusion that it will be the mining industry that drives growth in the three northern territories this year.

... Tom Hoefer, Executive Director

***Our Mission:*** To be the leading advocate for responsible and sustainable mineral exploration and development in the NWT and Nunavut.

## MINING INDUSTRY TO DRIVE GROWTH IN CANADA'S TERRITORIES

The booming Northern mining industry will power economic growth in all three Canadian territories this year, according to The Conference Board of Canada's *Territorial Outlook-February 2011*.

"Thanks to growing demand for raw materials, the territories have forged ahead and managed to avoid the difficulties marking most provincial economies," said Marie-Christine Bernard, Associate Director. "The mining industry in each of the territories is expected to post double-digit growth this year."

A recovery in global demand for diamonds was instrumental to the Northwest Territories' (NWT) rebound in 2010 and will continue to drive economic growth this year. Real gross domestic product (GDP) is forecast to increase by 5.6 per cent in 2011. *However, NWT's economy is expected to contract in 2012, due mainly to the completion of open-pit mining at Diavik. As the mine transitions into an entirely underground operation, output in non-metal mining and sectors that rely on the diamond industry are expected to decline in 2012.* With building activity at the Diavik and Snap Lake mines ending in 2010 and public infrastructure spending expected to ease, output in the construction sector is not expected to grow over the next two years.

The opening of Agnico-Eagle's Meadowbank gold mine helped Nunavut's economy bounce back in 2010. Production at the mine is set to increase to 400,000 ounces this year, resulting in a 24.4 per cent increase in metal mining output. Nunavut's booming mining industry will boost real GDP by 3.3 per cent in 2011, despite the moderate growth of 1.9 per cent forecast for the public sector, which makes up over 40 per cent of the economy. Economic growth is expected to ease starting in 2012, until the construction of the Meliadine West mine gets underway in 2014.

Yukon is displaying resilience to global economic fluctuations. With three hard rock mines in operation, the mining industry is expected to expand by 26.4 per cent over the next two years. The Mayo B hydro expansion will provide a boost to the construction sector in 2011. Improved employment prospects will support growth in the wholesale and retail sectors. Overall, real GDP in Yukon is forecast to grow 3.9 per cent in 2011, with similar growth expected in 2012.

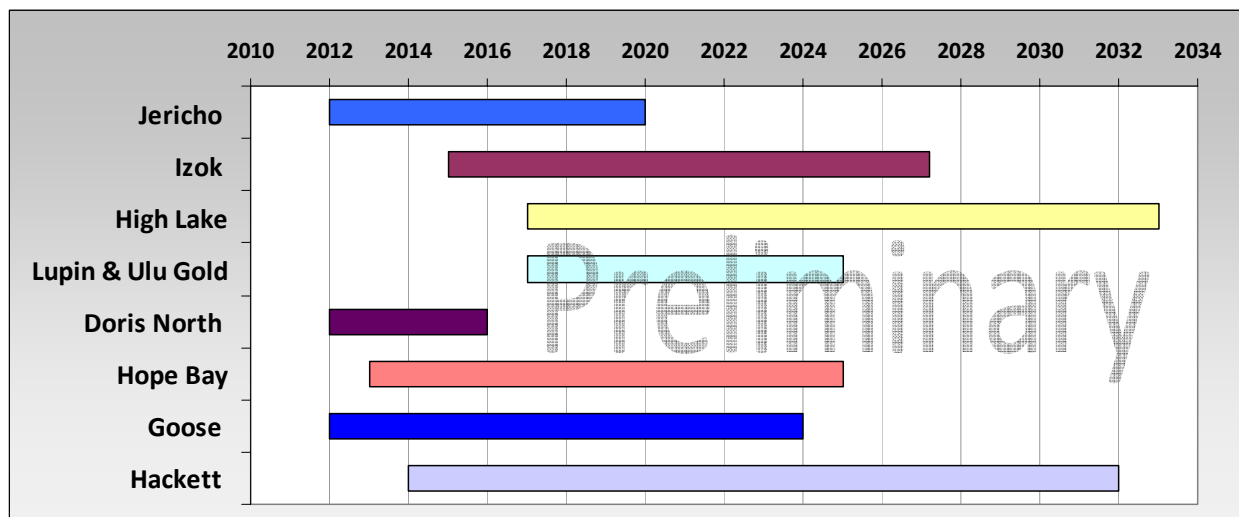
This forecast is produced as part of the Conference Board's Centre for the North. Its main purpose is to work with Aboriginal leaders, businesses, governments, communities, educational institutions, and other organizations to provide insights into how sustainable prosperity can be achieved in the North. Over its five-year mandate, the Centre for the North will define strategies, policies and practices needed to transform that vision into reality. See:

[http://www.conferenceboard.ca/press/newsrelease/11-02-24/Mining\\_Industry\\_To\\_Drive\\_Growth\\_In\\_Canada\\_s\\_Territories.aspx](http://www.conferenceboard.ca/press/newsrelease/11-02-24/Mining_Industry_To_Drive_Growth_In_Canada_s_Territories.aspx)

## “Best Case” Kitikmeot Potential

At a presentation at the Kitikmeot Trade Show in February, the Chamber shared the following projections for future development in the Kitikmeot region. Chamber members with advanced projects in the region provided their “best case” projections for development of their projects, “best case” meaning they had nothing but success in exploration, development, permitting, and construction along with sustained strong markets.

The projections paint a very exciting picture, as all of this development comes with significant employment and business opportunities. The Chamber observed that, while there will be challenges, if companies, government and Inuit organizations work together, and if all the planets aligned, the Kitikmeot Region could become a powerhouse contributor to the Nunavut economy, perhaps similar to what diamonds have done for the NWT. Keep your eyes on this region.



## Uranium Forum for Nunavut

The Government of Nunavut is planning public forums on Uranium Mining in Nunavut, as part of the process to create formal policy on this issue. The Chamber and industry members will participate in the 2-day sessions scheduled for Iqaluit March 16-17, Baker Lake March 30-31 and Cambridge Bay April 12-13. Day 1 of each forum is to be an informational Open House, and Day 2 will comprise presentations by panellists, with the public having the ability to ask questions through a facilitator.

## Energy sources: did you know?

Countries still rely on coal for a great deal of power. In China, coal provides 80% of their power; 71% in India and 50% in the United States. Canada relies on coal for only 17% of its energy.

Nuclear is growing fast. Today there are 442 nuclear reactors in 31 countries, with 63 under construction (26 of them in China), and 156 reactors planned. As James Lovelock, well-known creator of the Gaia theory that the earth behaves as a self regulating system says: "Nuclear power is the only green solution."

## Magnificent EKATI Spirit diamond

BHP Billiton recently announced the most significant gem quality diamond to be discovered at its EKATI Diamond Mine in the Northwest Territories, the 78 carat *EKATI Spirit*, will be presented for auction in Antwerp, Belgium, on Valentine's Day. The diamond is a breathtaking example of the stunning gem-quality diamonds produced at EKATI and potentially the most valuable stone in the mine's 13-year history.

In late 2010, BHP Billiton offered employees and contractor employees a chance to be part of EKATI's proud legacy by helping name the diamond, which measures approximately 21mm x 18mm x 13mm. Terry Marshall, a Warehouse Technician from the EKATI Truck Shop, won the naming competition with his suggestion of EKATI Spirit.

The large, "flawless" diamond sold in February for more than \$2.8 million at an auction in Belgium, setting a Canadian record for a single chunk of the world's most precious mineral.

The name represents the people of the North, the communities in which we operate, and those who have helped define our distinguished history; but most of all it represents EKATI.



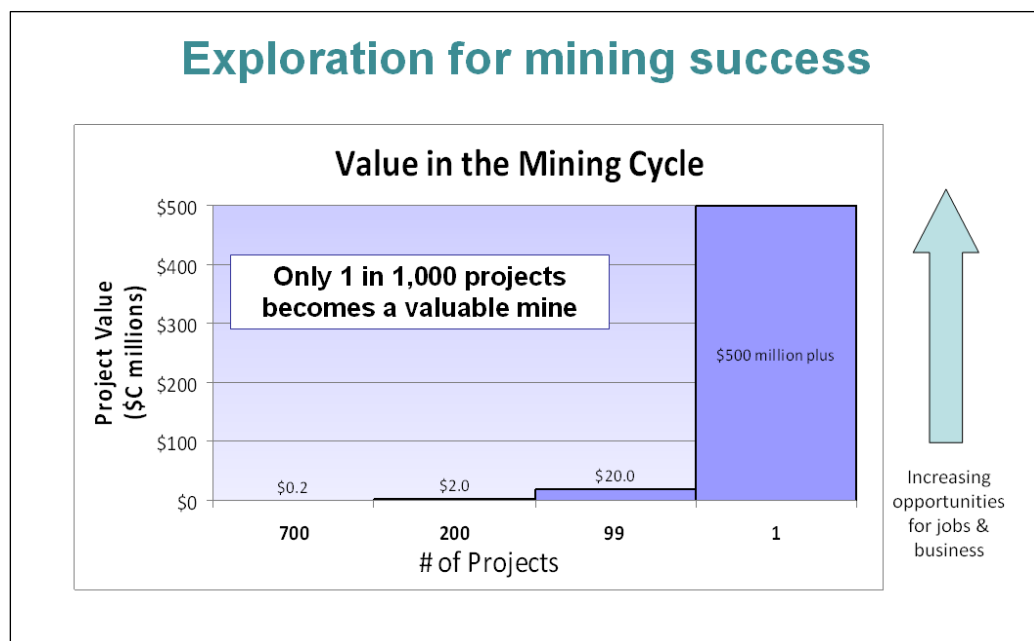
## Grassroots exploration – Mining’s Lifeblood

Grassroots exploration – that small, early stage work when prospectors are trying to find a mineral deposit – has been called the lifeblood of the mining industry. Without steady, ongoing exploration, mining grinds to a halt.

The reason becomes apparent when you look at the history of exploration success.

It’s only 1 in 1,000 exploration projects that ever becomes a mine, which means the odds of success are strongly against us. (No wonder prospectors are such optimists – they have to be to survive.) But there is a way to improve success, one that northern Bingo players certainly know. Check out the experienced players – they’re the ones that are playing 10 or 15 cards at one time, playing many cards to increase their chances of beating the tough odds.

To improve the odds of mineral discovery, we must also “play more cards” by encouraging lots of exploration, in many different areas. The more exploration projects we have, the greater the odds of finding a mine. And the more mines we have, the more jobs we create, the more training programs and businesses we support, and the more taxes we provide to government for schools, health care, etc.



How do we make sure exploration is healthy? Both NWT and NU are expensive places to explore, so we must work a little harder to attract the southern exploration money. We must “put out the Welcome Mat” to invite investors in. Our Welcome Mat should include clear and predictable rules to safeguard companies’ investments, meaningful support from government and land claim groups, clear access to land, and even tax incentives. And we should make sure we are competitive, since many countries and provinces are following this same recipe.

## Export Canada CSR Workshop

Export Development Canada (EDC) is organizing a Corporate Social Responsibility (CSR) workshop for March 6 at PDAC2011, **The Bankers Get Social: Managing Social and Human Rights Issues**. Members are welcome to attend free of charge but you need to register via the website link.

See: [http://www.edc.ca/promotions/events/english/20831\\_20837.htm](http://www.edc.ca/promotions/events/english/20831_20837.htm).

## Porcupine Caribou herd rebounding

In recent years, government biologists have been flagging significant declines in a number of caribou herds across the north. However, recent news from Alaska is showing a reversal in one herd's population.

The Porcupine Caribou Management Board is reporting that, although Alaskan biologists have not yet finished counting all the photos, the number of caribou they have counted so far already indicates that the herd size will be "significantly greater" than 123,000 caribou as estimated in the last census. The herd ranges between Alaska and northern Canada.

Caribou populations fluctuate naturally and have for millennia. But the reasons for this are not entirely clear to scientists.

## Nunavut Premier Supports Mining

Recently *up here business* interviewed Nunavut Premier Aariak who shared some very positive comments in support of the mining industry. The Premier's words will do much to promote investor confidence in Nunavut. Following are just a few quotes and I promised Mike Ganley that in thanks for use of his story, I'd steer you to his *up here business* magazine to read the rest.

### **On why devolution would be good for Nunavut and for Canada:**

*Premier: I know, I just don't think, but I know Nunavut deserves to receive the royalties and tax revenues from the resource development that takes place in the lands and seabeds of Nunavut. Nunavummiut would be less dependent on southern Canada. We would be more self-reliant and actually able to be responsible for local management over lands and resources. I am a strong believer in self-reliance. I think we need to foster it in any which way we can, so we have strong communities and a strong territory.*

### **On how Nunavut's only operating mine, Agnico-Eagle's Meadowbank gold mine near Baker Lake, has launched the regional economy:**

*Premier: It has had a significant impact on our economy. Within the first partial year of operation, it will contribute between 20% and 25% of Nunavut's annual GDP. That's very significant. Meadowbank has also employed many our Nunavummiut individuals and those members are increasing. One-third of the workforce is from Nunavut communities. The more people receive training and skills development, the more that number will increase.*

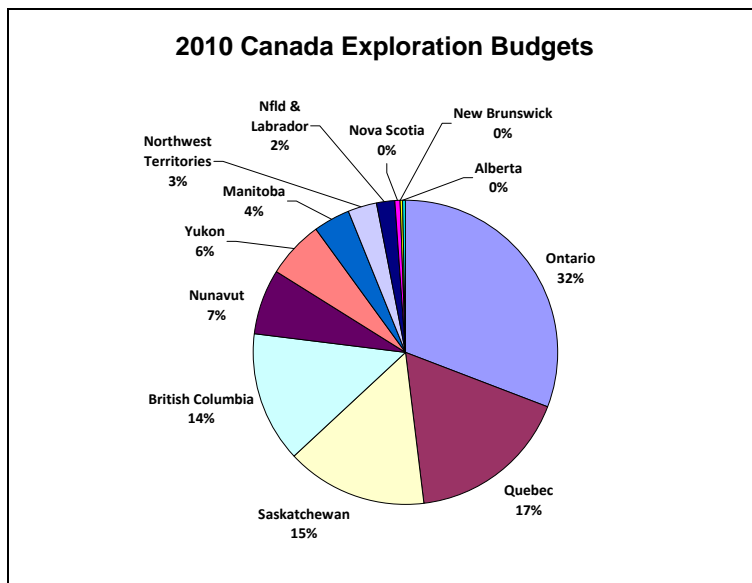
**On how the Nunavut government will court continued mining and exploration:**

*Premier: The trade school that recently opened in Rankin Inlet will have a big impact on that, in term of ensuring more skilled people are coming out of school here. That in turn increases the potential for employees at all levels of mining companies. We will continue to improve legislation and regulation relating to exploration. And, you know we will continue to make sure that tax incentives that are appropriate to our circumstances are in place, such as the fuel tax rebate and so on. We have a lot of discovered deposits in Nunavut and there is continual effort to see movement that would benefit both the companies and the people of Nunavut. We see exploration in Nunavut as driving the North's economy, really.*

Thank you Premier Aariak for your support for the mining industry!

**Canada #2 Globally**

Canada maintained the regional number-two spot for planned exploration spending in 2010, attracting 19% of worldwide nonferrous exploration allocations. According to Metals Economics Group's Corporate Exploration Strategies (CES), Canada has held second place for nine years since overtaking Australia in 2002. (Metals Economics Group's study covers expenditures for precious and base metals, diamonds, uranium, and some industrial minerals; it specifically excludes iron ore, aluminum, coal, and oil and gas.)



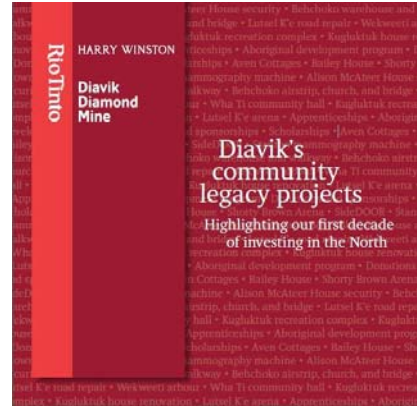
Four provinces—Ontario, Quebec, Saskatchewan, and British Columbia—accounted for more than three-quarters of the \$2.2 billion in planned Canadian nonferrous exploration spending in 2010. Nunavut came next in 5<sup>th</sup> place and NWT came up on 8<sup>th</sup> place. (Story courtesy Metals Economics Group)

See: [http://www.metalseconomics.com/pdf/Roundup\\_2011\\_Press\\_Release%20Canadian\\_Explo.pdf](http://www.metalseconomics.com/pdf/Roundup_2011_Press_Release%20Canadian_Explo.pdf)

## New Diavik Communities Publication

Diavik Diamond Mines Inc., operator of the Diavik Diamond Mine, has released a new publication which highlights their first decade of investing in northern communities. Titled **Diavik's community legacy projects**, it features their work with local communities. View it on their website here:

[http://www.diavik.com/documents/Diavik\\_community\\_legacy\\_projects.pdf](http://www.diavik.com/documents/Diavik_community_legacy_projects.pdf)



## Industry supporters: help is needed – Tax Incentives

The Mineral Exploration Tax Credit (METC) program is due to expire on March 31, 2011 and we are advocating for the METC's extension in the 2011 federal budget. This is critical to the success of our mineral industry in Canada, as it helps increase exploration financing by providing an incentive for Canadians to invest in exploration. This tax program is an important Canadian advantage for companies in need of capital. With the federal budget expected in March, we urge you to tell the federal government about the importance of the METC to your company and to the north.

Please send your letters of support to Finance Minister Flaherty and to your local Member of Parliament. Their addresses are:

The Honourable James M. Flaherty  
Minister of Finance  
House of Commons  
Parliament Buildings  
Ottawa, Ontario K1A 0A6  
Email: [jflaherty@fin.gc.ca](mailto:jflaherty@fin.gc.ca)

Ms. Leonna Aglukkak  
Member of Parliament, Nunavut  
House of Commons  
Parliament Buildings  
Ottawa, Ontario K1A 0A6  
Email: [Aglukkaq.L@parl.gc.ca](mailto:Aglukkaq.L@parl.gc.ca)

Mr. Dennis Bevington  
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Parliament Buildings  
Ottawa, Ontario K1A 0A6  
Email: [Bevington.D@parl.gc.ca](mailto:Bevington.D@parl.gc.ca)

Please feel free to make use of the materials supplied by PDAC here:  
<http://www.pdac.ca/pdac/advocacy/financial/index.html> and also here:  
<http://www.pdac.ca/pdac/advocacy/pdf/pdac-submission-finance-ctte-pre-budget-consultations-2010.pdf>

**LET GOVERNMENT KNOW THAT THE MINERAL EXPLORATION TAX CREDIT MATTERS TO YOU!**



## **And even more help needed – Aboriginal Training**

Similarly, we are asking all interested parties to register their support for a successor strategy to the highly successful Aboriginal Skills and Employment Partnerships (ASEP) program.

Since it was formed in 2003, the ASEP program has worked successfully to increase Aboriginal participation in the Canadian workforce. Aided by a significant investment by members of the mining industry and Aboriginal partners, the NWT Mine Training Society partnership has used millions of matching dollars from the ASEP program to assess, train and facilitate Aboriginal employment in the northern mining industry.

Not only is this contributing to better lifestyles in the north, newly trained workers are helping make mining the largest contributor to the NWT's economy. Their success is also helping demonstrate the Northern mining industry as one of Canada's leaders in Aboriginal success.

We congratulate our elected members of the NWT Legislature who gave their unanimous support for ASEP renewal in the Legislature recently.

Send your letters of support for a successor strategy to:

Hon. Diane Finley, M.P., P.C.  
Minister, Humans Resources and Skills Development  
House of Commons  
Ottawa, Ontario K1A 0A6

## **Devolution in the NWT**

Work to advance devolution in the NWT is proceeding albeit with a fair bit of contention between a number of Aboriginal groups and the NWT Government. If you have an interest in learning more about Devolution, the NWT Government has established a website here:

<http://www.executive.gov.nt.ca/initiatives/Devolution/>

## **New DIAND ADM**

The Federal Department of Indian Affairs and Northern Development has appointed Dr. Janet King as Assistant Deputy Minister, Northern Affairs Organization, effective February 2nd, 2011. In her role, she oversees DIAND in both the NWT and Nunavut. Janet has a history working in the North, originally as a geologist with the Geological Survey of Canada. Dr. King comes to DIAND from the Department of Western Economic Diversification Canada, a sister organization to the newly created CanNor in the North. We are pleased to welcome Janet back to a northern role.

## New Mining Sector Performance Report

Natural Resources Canada has posted the [Mining Sector Performance Report 1998-2008](#), which was approved by Mines Ministers in September, 2010. Mandated by federal, provincial and territorial Mines Ministers at the annual Energy and Mines Ministers Conference in 2009, this collaborative, multi-stakeholder research project resulted in a credible, balanced and evidence-based report that assesses the economic, environmental and social performance of Canada's mining sector. It documents improvements and identifies areas where further progress is still required. Some highlights include:

### ***On Economic Performance:***

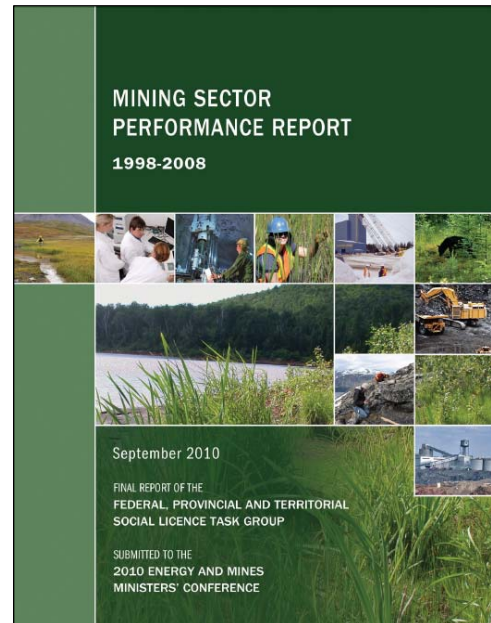
As one of the world's largest mining nations, Canada's mining sector continues to contribute to the economic prosperity of the country. From 1998 to 2008, the minerals and metals sector increased production, exploration, and research and development (R&D) expenditures, exports, and government revenues through taxes and royalties. The industry consistently employed over 350,000 persons, most in high-skilled, high-paying jobs. In 2008 there were about 200 mines operating across Canada, excluding clay, peat, stone, and gravel quarries.

### ***On Environmental Performance:***

The Canadian mining industry has faced a number of difficult environmental issues in the past, particularly in relation to acid rock drainage from tailings and waste rock, abandoned mines, and air emissions. These issues led federal, provincial and territorial governments to tighten their environmental regulations and to launch initiatives to improve the performance of the sector. As a result of these efforts, the industry has met environmental standards for water effluent and acid rock drainage, reduced its energy intensity, reduced greenhouse gas (GHG) emissions per unit of production, and significantly reduced releases of air pollutants, mainly NO<sub>x</sub>, SO<sub>x</sub>, and particulate matter. The sector has also begun to address legacy issues concerning orphaned and abandoned mines through the multi-stakeholder National Orphaned/Abandoned Mines Initiative, direct expenditures for contaminated sites, reclamation and decommissioning, and the requirement for closure plans (including financial surety) at the mine development stage. Today, the management of tailings impoundment areas and land use remain the most challenging environmental issues facing the Canadian mining industry.

### ***On Social Performance:***

Over the past 10 years, there has been a growing focus on the impact the sector can have on the economic and social well-being of communities. While performance indicators in this area are difficult to track, social performance is growing in importance. Mining companies have

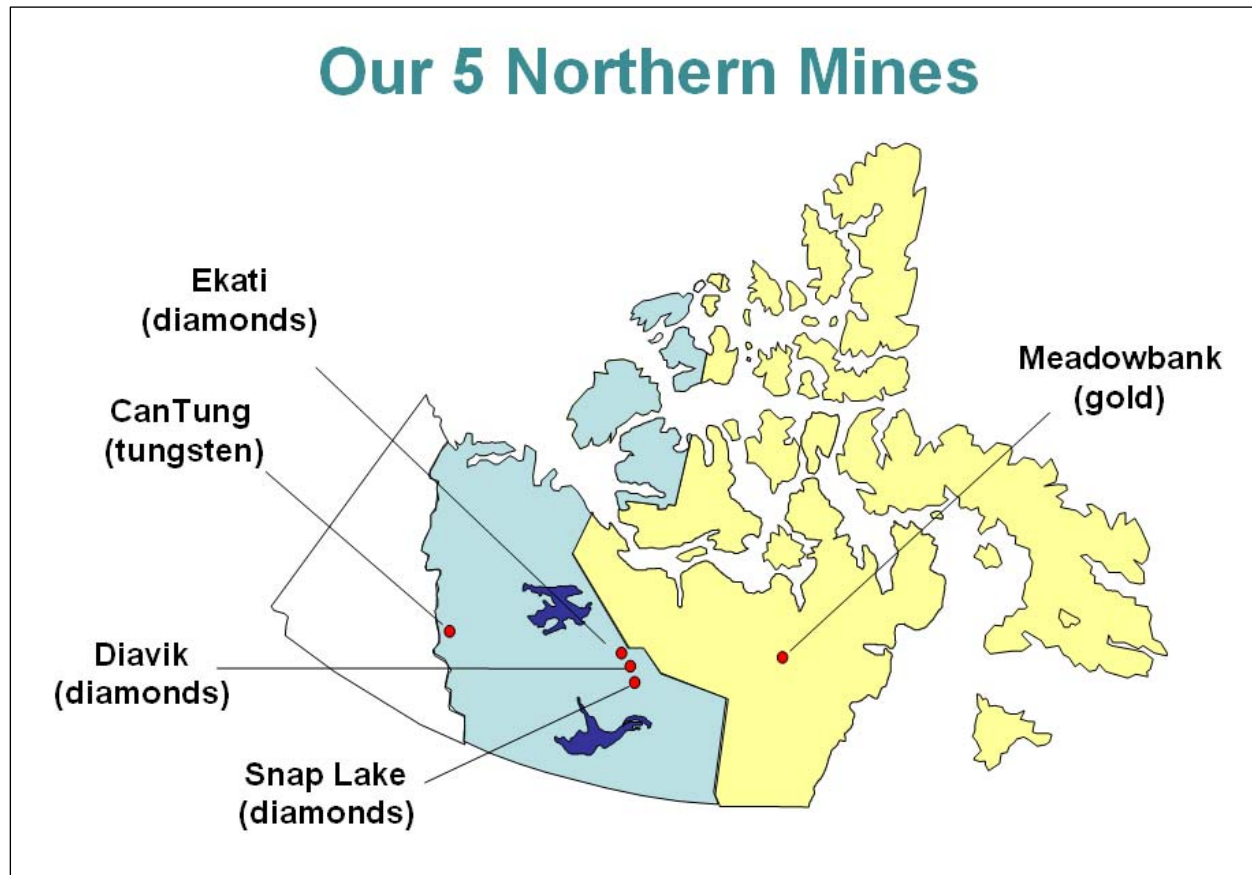


become Canada’s largest private sector Aboriginal employer, more projects benefit local communities, worker health and safety is among the best of all industries in Canada, and the duration and impact of strikes and lockouts have diminished. Despite these improvements, lack of engagement at early stages can result in opposition to development, and an income gap exists for women and Aboriginal workers. Furthermore, capacity challenges exist in communities to adequately engage in consultation, and no accepted roles, responsibilities, and procedures exist to fulfill the Crown’s duty to consult Aboriginal groups.

The next report will be completed in 2013. If you have any questions or comments please contact us at (613) 947-6580 or [info-mms@nrcan-rncan.gc.ca](mailto:info-mms@nrcan-rncan.gc.ca).

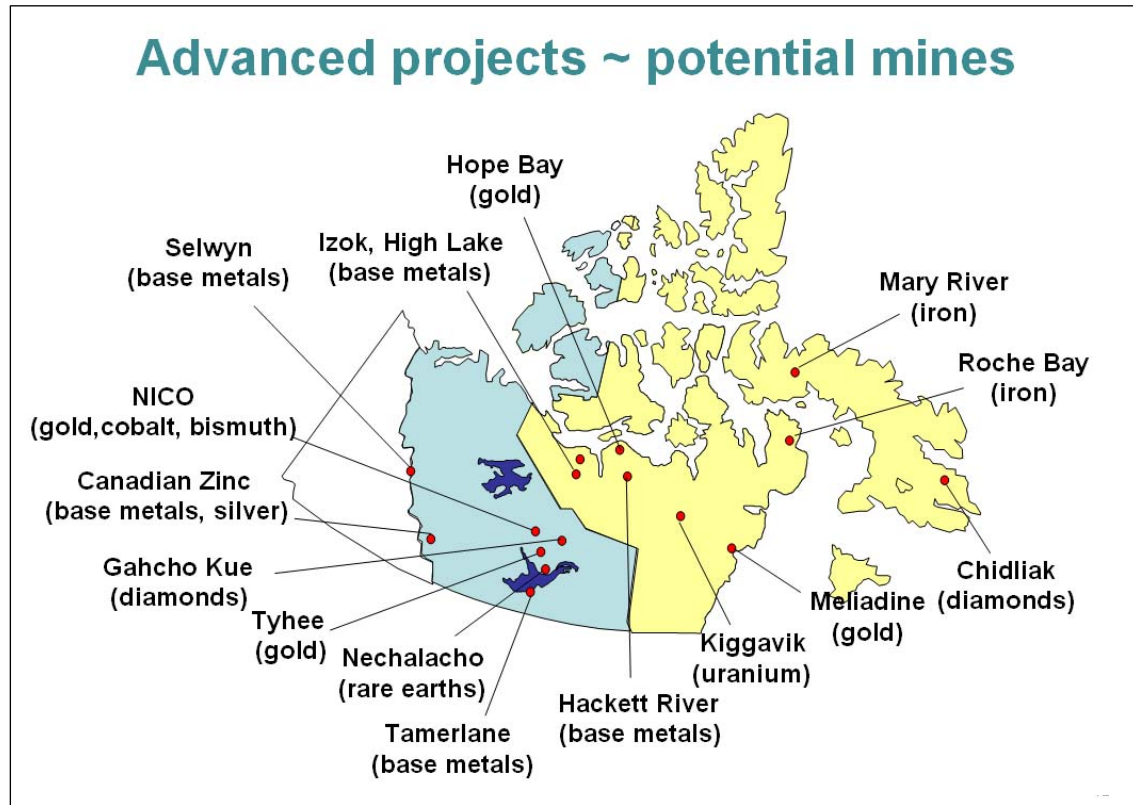
## Maps: Our Northern Minerals Industry

Our mining industry is relatively small for such large jurisdictions, with only 5 mines operating in both territories (see map below).




## Maps: Our Northern Exploration Industry

There are a number of advanced exploration projects across the NWT and Nunavut that are advancing closer to hopefully becoming mines (see map below).



## Interested in Advertising?

We are in the process of reviewing our newsletter from format to publishing schedule to content. We're also considering paid advertising to help members and others get their messages out to our readers. If you are interested in this, please contact Cheryl Wourms our office manager at: [nwtmines@ssimicro.com](mailto:nwtmines@ssimicro.com) or Tom Hoefler at: [chamberminesed@ssimicro.com](mailto:chamberminesed@ssimicro.com).



**NWT & NUNAVUT  
CHAMBER OF MINES**

*Established 1967*

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