

Northern Mining News

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In this issue:

INAC issues Prospecting Permits	2
Carrying a message to the NWT Boards	2
Nunavut Regulatory: NUPPAA Update	3
Working with communities.....	3
Devonian Metals Inc.	3
Darnley Bay Resources & Paulatuk.....	3
Canadian Zinc signs first Dehcho IBA.....	4
Concerns with NWT Wildlife Bill	4
Banner Year for Geoscience Forum	5
3 rd Party Support for Mining in North.....	5
North has 10 of Top 100 Exploration Projects in Canada	5
Northern Prosperity Report.....	6
Nunavut Minister Supports Mining	6
Gahcho Kué Mine EIS Submitted	6
Welcome new members!.....	7
Nunavut's <i>draft</i> Community Consultation Guide for the Mining Sector	7
Diavik releases SEMA Report	7
Interested in Advertising?.....	8

From the Exec Director ...

Welcome to our first newsletter of 2011. If you've been an avid reader of the Chamber's Bulletin, you'll notice some differences with this issue, in content length and in format. We added more stories in order to "up our game" as the athletes say, to deliver more information, more often on developments in and around our industry that will be of interest to you, our readers. Since we distribute this newsletter free of charge to anyone who asks for it, we have a very diverse readership. With the increased content, we suspect there will be something there of interest for everyone. Of course, if you would like to share your ideas on other stories to include, please don't hesitate to contact me.

You'll note a change to format too, and I'll ask that you bear with me. Ryan Silke our analyst and desktop publisher left us last month, and so I'm doing it on my own. As I'm not an expert publisher, I'm hoping you'll forgive my simple formatting until we can make a final design change. Happy reading!

... Tom Hoefer, Executive Director

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

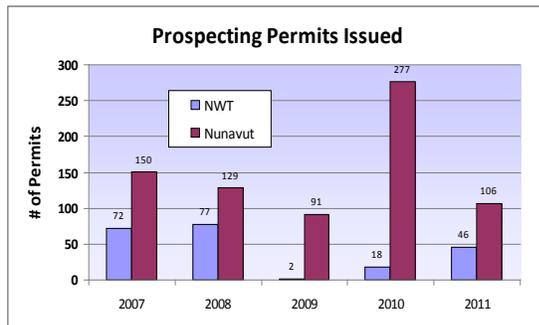
INAC issues Prospecting Permits

On February 1, the Federal Department of Indian Affairs & Northern Development released information on the prospecting permits that have been issued in the NWT and Nunavut (see chart below).

In Nunavut, 106 permits were issued to the following: Keiran Prashad, Vale Canada Limited, Diamonds North Resources, William E. Brereton, Altius Resources Inc., Reginald A. Olson, Uranium North Resources, George E. Nicholson, and Northquest Ltd.

In the Northwest Territories, 46 permits were issued to: Eagle Plains Resources, Rio Tinto Exploration and George Nicholson.

Prospecting permits allow the holder to prospect in a large area without competition for a period of three or five years, and gives the holder the exclusive rights to stake a mineral claim within that area.



Carrying a message to the NWT Boards

Regulatory improvement is not only taking place formally through legislative approaches. The various NWT Boards are also taking a “continuous improvement” approach and examining the way they work with proponents. At the invitation of the representative Board Forum, the Chamber of Mines joined with its industry partners, MAC, PDAC and CAPP in December to address the Board’s question: “Working with the Boards – What’s working for industry and what’s not?”

To prepare, the Chamber surveyed mineral companies who have worked in the NWT in the past few years, asking a number of key questions. Of the 34 companies polled, eleven responded.

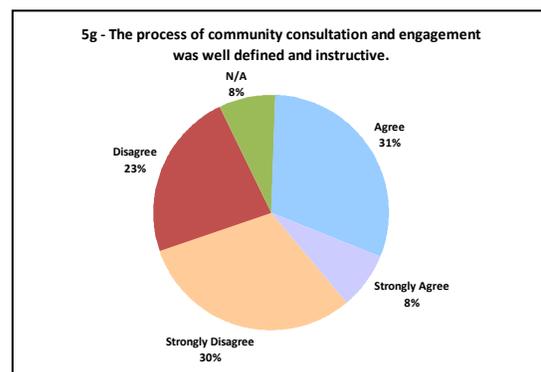
The key issues and concerns we raised included:

- Capacity constraints
- Government support
- Consultation requirements
- Lack of timelines
- Lack of community capacity
- Clear mandate and responsibilities of each regulatory agency
- Scalability of the assessment process
- Definition of “public concern”
- Land claims, capacity of First Nations

During a round table discussion, members of the Board Forum identified actions they could take to improve things for industry. It was agreed to ask Board Forum Goal 3 team to explore the issue and pursue concrete actions to start addressing the issue of community engagement. The Board Forum can be the foundation and vehicle for some real progress.

Further, the Boards recognized that each of the parties need to be accountable for the part of the process for which they are responsible. MVEIRB for example, indicated it will be contracting an external review of its process and timelines as there is some frustration with the existing process.

We look forward to the Board Forum’s work to contribute to positive changes and thank them for inviting industry to share its concerns.



Nunavut Regulatory: NUPPAA Update

A major piece of Federal legislation for Nunavut is in legislative motion in Ottawa. Called the Nunavut Planning and Project Assessment Act, it is Nunavut's comparable legislation to the MVRMA in the NWT. As it will be key in helping develop a healthy Nunavut minerals industry, Chamber members have invested much effort into helping the government understand our thoughts on how to build legislation that provides investment certainty and will help Nunavut grow a sustainable mining industry for the benefit of Nunavummiut and Canadians.

The bill is coming closer to reality, and was in second reading at the time of writing. In our November submission to the Federal Minister of Indian Affairs & Northern Development, industry alerted him to the principal areas of concern for which we would like amendments made. These include:

- clarity around the definition of a "project";
- realistic timelines for a project to undergo environmental review, so that project reviews will not take an unduly long period of time to complete;
- 5-year review of the legislation to seek improvements; and
- questionable offences under land use plans.

We are hopeful that changes will be made.

Working with communities

The minerals industry is a powerful tool to provide jobs and business opportunities for communities. The NWT's diamond mines and Nunavut's new gold mine are good Canadian examples of how mining can contribute.

Communities too are expressing increasing interest in finding opportunities from the minerals industry.

Throughout the year, we will highlight some of the community work being done by our member companies. In this issue, Devonian

Metals with the community of Wrigley; Darnley Bay Resources with Paulatuk; and Canadian Zinc with Nahanni Butte. If you have any such stories you wish to share, please let us know.

Devonian Metals Inc.

Devonian Metals is exploring for lead/zinc just west of Wrigley, NWT. In its 2007 drilling program, the company spent an estimated \$300,000 in benefits to the community, including \$100,000 to improve the local hotel and \$100,000 in local wages.

This past November, Devonian announced the completion of a traditional knowledge video in partnership with the Pehdzeh Ki First Nation. Vice president of Devonian Metals, Tom Gerke, shared the following update on their community engagement programs:

"When Devonian Metals Inc. first arrived in the area to begin its exploration program, we realized that to be in the 'backyard' of the community also meant to be part of the community. It was important that we try to understand the community's aspirations, and contribute to the community in some meaningful way. The Kid's Traditional Knowledge Camp is an example of this philosophy in action. This program was initiated from within the community and organized by it. Much of the community took part one way or another. The Kid's Camp represented the entire school curriculum for that week. Our involvement was to budget for all the costs and encourage the program onward."

Devonian Metals also sponsored a traditional knowledge video which was entirely chosen and directed by community members. While still in touch with their roots, the Pehdzeh Ki First Nation share a real concern for their youth and thus look to the future as well. Devonian Metals Inc. is proud to have played a small part in bringing their message forward."

Darnley Bay Resources & Paulatuk

Darnley Bay Resources with the assistance of their contractor, Aurora GeoSciences worked closely with the community of Paulatuk to help

them identify an opportunity to create a new camp business to support grass-roots exploration. With financial support from CanNor, the new northern economic development agency, the community was able to purchase a portable 15 to 20-person exploration camp that is being leased to Darnley Bay Resources Limited and other mining companies. The camp can also be used for on-the-land community and tourism activities and will employ up to 34 Paulatuk residents during the mineral exploration season.

This unique approach with the local community is helping to create local jobs and training opportunities, and to provide a direct benefit to other businesses in the region. It is making Paulatuk part of the exciting exploration industry.

Canadian Zinc signs first Dehcho IBA

On January 21, 2011 – Company President John Kearney of Canadian Zinc Corporation announced the company's signing of an Impact Benefit Agreement with the Nahanni Butte Dene Band with respect to the development and operation of the Company's Prairie Creek Mine in the Northwest Territories.

The *Nah?A Dehe Dene Prairie Creek Agreement* provides for an ongoing working relationship between Canadian Zinc Corporation and the Nah?a Dehe Dene Band (Nahanni Butte Dene Band) that respects the goals and aspirations of each party and will enable the Nahanni community members to participate in the opportunities and benefits offered by the Prairie Creek Project and confirms their support for the Prairie Creek Mine.

The Agreement provides a framework such that training, employment and business contracts are made available to Nahanni to ensure maximization of benefits from opportunities arising from the Prairie Creek Project in a manner that will be to the mutual benefit of both parties.

The formal signing of the Agreement took place at a ceremony in Nahanni Butte on January 20, 2011 and was attended by the Chief and Band Council of the Nahanni Butte Dene Band; the Hon Bob McLeod, Minister of Industry, Tourism and Investment of the Government of the Northwest Territories; Kevin Menicoche, Member of the Legislative Assembly for Nahendeh; the Canadian Northern Economic Development Agency (CanNor); and other government and aboriginal representatives.

Concerns with NWT Wildlife Bill

In December, the NWT Government asked us for a quick turnaround with comments on freshly issued text of an NWT Wildlife Bill. Apparently it is the government's wish to table the bill in March to try and expedite its passage into law. However, despite the short month (over Christmas) that we had to review the bill, we identified several concerns which we believe need to be addressed:

- The bill proposes the creation of another type of Protected Area, called a Conservation Area. To grow and sustain a healthy resource industry, we need to provide access to land. The NWT is already under pressure from some of the highest percentages of protected areas proposed in the country, and GNWT themselves have expressed concern over how much potentially productive land is being lost to their future economy. GNWT staff has already indicated that one of the first Conservation Areas they will propose will be in the heart of the North America's richest diamond fields, adjacent to the Ekati mine claim block. If access is restricted, this does not bode well for future economic development in the Lac de Gras diamond region.
- The Bill says that Crown lands should be used first for conservation areas, and not Aboriginal lands. Wildlife will not recognize those man-made boundaries.
- The Bill has the largest number of references to regulations that our legal

advisor has ever seen. Since these regulations have not yet been created, there is a huge amount of detail missing. The devil is in the details, and so we recommend that the regulations be developed before the Bill goes further to allow us to understand its consequences on our industry more fully.

Our members are also firm believers in protecting wildlife. But rather than an “either/or” approach, we believe in looking at how to protect wildlife AND have economic development. This is the philosophy of “sustainable development” in which recognition is given to balancing conservation with development. The bill would also be strengthened acknowledging this balance.

Banner Year for Geoscience Forum

Geoscience Forum 2010 was a great success from its opening ceremony with the YK Dene Drummers to its record attendance to its pilot program with students and teacher. Our thanks go to the great support we received from our community volunteers, members and sponsors.

Highlights included:

- 791 registered delegates, up from 750 in 2009
- A sold-out tradeshow with 108 booths exhibiting, including more resource companies
- 96 presentations and 34 poster sessions in the technical program.

A pilot project saw over 300 Yellowknife and Behchoko students and teachers gain “hands on” geoscience experience and knowledge about career opportunities in the minerals and petroleum sectors. Thanks are due to the GNWT Department of Education, Culture and Employment, the NWT Teachers’ Association and the NWT Geoscience Office. With an overwhelmingly positive response from conference attendees and organizers, we hope to make it part of Geoscience Forum next year.

3rd Party Support for Mining in North

On December 17, the Conference Board of Canada’s Centre for the North released its report *Mapping the Economic Potential of Canada’s North*. The report states:

“The natural resources sector – and the industries that support it – provides the strongest potential for Northern Canada’s future economic development.”



“The economic potential of Northern Canada is highly dependent on its mining and oil and gas resources. These primary industries also drive growth in other sectors of Northern economies, including communication, electricity and transportation infrastructure, and commercial services. They can contribute to the prosperity of northern communities by providing jobs and supporting local businesses.”

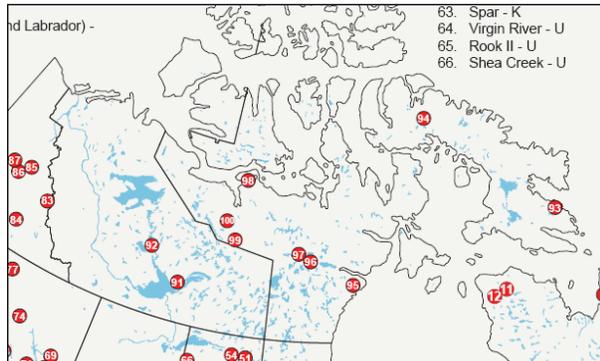
The report can be downloaded for free here: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=3948>

North has 10 of Top 100 Exploration Projects in Canada

The Conference Board of Canada’s recent report *Mapping the Economic Potential of Canada’s North* stated: “With 8 of the 100 top exploration projects in Canada, Nunavut’s future looks even brighter”.

Natural Resources Canada has identified the top 100 projects based on expenditures that include: field work, associated overhead costs, engineering, feasibility and economic studies, environment, and land access costs, as well as investments in non-residential construction and machinery and equipment, where applicable. NRCan has posted a map on their website here: <http://mmsd.mms.nrcan.gc.ca/stat-stat/expl->

expl/pdf/100Explo-eng.pdf and reproduced in part below.



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Northern Prosperity Report

In mid-December, the Federal Standing Committee on Aboriginal Affairs and Northern Development released its report titled: *Northerners' Perspectives For Prosperity*.

Compiled over the past year, from 26 meetings and input from 96 witnesses (Chamber members too), the study sets out a comprehensive vision for the federal government to pursue so that the governments, businesses, and peoples of the northern territories can be better equipped to overcome the obstacles that inhibit economic development. Working in collaboration with northerners, the Committee believes that the solutions presented in this report—that of a supportive infrastructure, a capable labour force, healthy citizens and improved living standards, and empowered governments—will help realize the full economic potential of the North, and the corresponding benefits to northerners.

Download the report here:

<http://www2.parl.gc.ca/content/hoc/Committee/403/AANO/Reports/RP4826989/aanorp03/aanorp03-e.pdf>

Nunavut Minister Supports Mining

At the inaugural Kivalliq Trade Show in Rankin Inlet in November, the Honourable Peter Taptuna, Nunavut Minister of Economic

Development & Transportation reinforced his government's support for mining. In his Welcome address, the Minister stated two reasons for Nunavut's growth are the \$100 million the Meadowbank Gold Mine is expected to contribute to Nunavut's economy this year, and the remarkable recovery in mineral exploration which is expected to reach \$280 million.

The Minister reinforced the power of industry to help communities. "Currently an estimated 400 Nunavummiut are employed at the Meadowbank mine and in businesses serving the mine. In the next decade we could see five or more new mines open in Nunavut. To realize Nunavut's economic potential, we must continue to make investments in our human capital. With an increasingly skilled local workforce, five new mines will mean hundreds of new jobs for our residents." He concluded by asking attendees to encourage young people to join the private sector, in order "to build an economy that is less dependent on government."

Minister Taptuna has a first-hand understanding of how resource development can benefit individuals and communities having earned his trades ticket in heavy equipment mechanics at the now closed Lupin gold mine.

Gahcho Kué Mine EIS Submitted

Just in time for Christmas, De Beers Canada and Mountain Province Diamonds submitted to the Mackenzie Valley Environmental Impact Review Board the Environmental Impact Statement (EIS) for the proposed Gahcho Kué Mine.

The EIS provides details on the construction and operation of the proposed mine, located 280 km east northeast of Yellowknife and 85 km southeast of De Beers' Snap Lake Diamond Mine. According to Patrick Evans, CEO of Mountain Province Diamonds, "Gahcho Kué will be the fourth diamond mine permitted in the NWT and the third Canadian diamond mine permitted by De Beers. The EIS has been prepared to the highest standard which we

expect will facilitate a fair and expeditious environmental review."

The next step in the regulatory process will be for the Panel to review the Project's EIS submission and to confirm that the EIS conforms to the Terms of Reference, and then to begin the public Environmental Impact Review process to analyze it. The Gahcho Kué Project is a joint venture project of De Beers Canada Inc. (51%) and Mountain Province Diamonds Inc. (49%), and will be the second diamond mine in the Northwest Territories for De Beers when permitted. De Beers Canada Inc. is the operator of the Project.

Welcome new members!

The Chamber welcomes the following new members:

- **Borden Ladner Gervais** a Canadian law firm focusing on business law, commercial litigation and intellectual property solutions. Their new Team North is headed up by Neil McCrank, most recently the Special Advisor to the Minister of INAC on regulatory reform. Website: www.blg.com
- **Bullmoose Mines Ltd.**, the new owner of the property by the same name, is hoping to re-open the old Bullmoose mine 65 air kilometres east south-east of Yellowknife. Website: <http://bullmoosemines.com/>
- **ION Print Solutions** is a leading, environmentally sustainable printer. It has received 15 awards of excellence and offers a new state of the art 10-color quality offset and digital print. Website: www.ionprintsolutions.com

Nunavut's Community Consultation Guide for the Mining Sector

This is a friendly reminder to those that still wish to review and provide comment on the Government of Nunavut's *draft* Community Consultation Guide for the Mining Sector. If

you plan to provide comment, please let me know as soon as possible, and we can arrange a deadline for this (as the original deadline was today).

If you wish to provide feedback please contact: Dianne Lapierre, Manager, Environmental Assessment and Regulation with Economic Development and Transportation, Government of Nunavut. Phone: 867-975-7803, email: dlapierre1@gov.nu.ca.

Diavik releases SEMA Report

On February 6, 2011, Diavik Diamond Mines Inc. (Diavik) released its 2010 Socio-Economic Monitoring Agreement Report, which provides a detailed summary of the mine's annual training, employment, and business initiatives, as well as information about their investments in local communities.

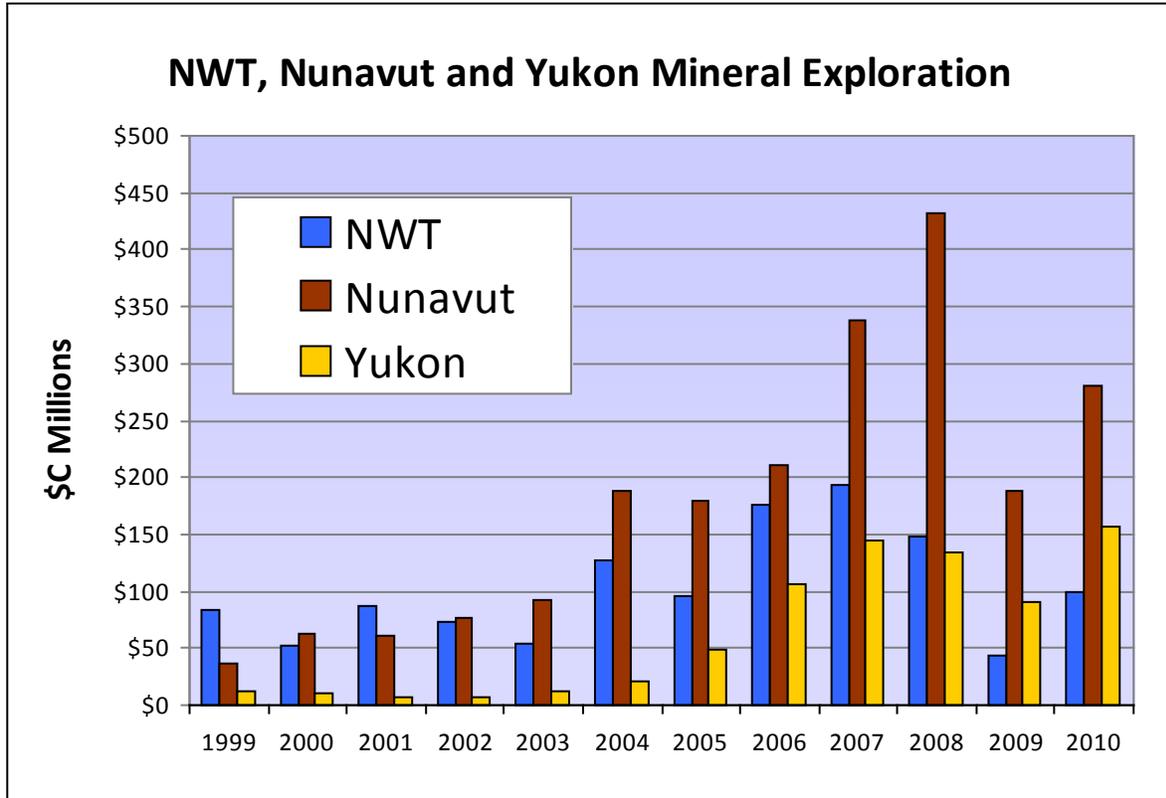
Highlights include:

- **Training:** At year-end, Diavik and its contractors employed 13 apprentices (their commitment is 8-18 apprentices) of whom 12 are northerners. In 2010, six northerners successfully completed their apprenticeships bringing the total number of Diavik apprentices to have achieved journey person certification to 24. Over the next decade, Diavik plans to hire 86 new apprentices.
- **Employment:** In 2010, Diavik's northern workforce averaged 561 people, 297 above the mine's original plan. Aboriginal employment averaged 269 people, 109 more than the original plan.
- **Business:** Diavik's spending with northern business totalled \$260 million, or 71 per cent. Of this \$112.5 million was with Aboriginal business. Diavik's cumulative spending with northern businesses since 2000 is now \$3.5 billion, or 73 per cent of the mine's total spending.

The full report can be downloaded here: http://www.diavik.com/documents/2010_Socio_Economic_Monitoring_Report.pdf

A Northern Exploration Comparison

For comparison purposes, following is a chart showing exploration expenditures in the three northern Territories.



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 or Tom Hoefler at: chamberminesed@ssimicro.com.



**NWT & NUNAVUT
CHAMBER OF MINES**
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