

Northern Mining News

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From the Exec Director ...

This past month has seen information flow on the health of our northern mining and exploration industries and investment climates. The first news appeared with the Conference Board of Canada's Northern Outlook, followed by the Annual Fraser Institute Survey of Mining Companies, and then Natural Resources Canada's March release of its exploration spending projections for 2011.

The information confirmed what our members have been telling us. Nunavut exploration is expected to increase by \$60 million, the Yukon will see an increase of a whopping \$100 million, while the NWT is expected to see a drop of \$2 million in exploration investment.

Hot commodity markets like this don't come all that often. We must reinforce with governments, Aboriginal groups, and the public that now is the time to take advantage of the hot global investment climate. We must strike while the iron is hot, before the global markets cycle downwards again.

... Tom Hoefler, Executive Director

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

New Chamber Analyst Hired

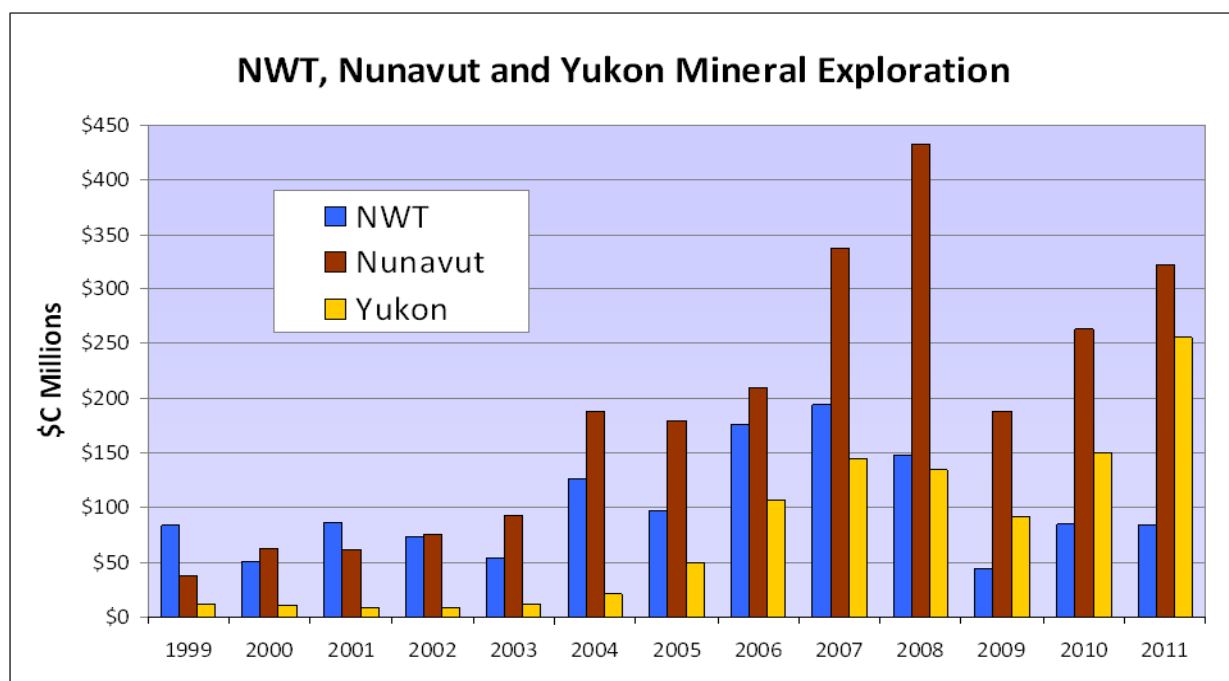
Adam Vivian has accepted the position of Analyst with the NWT & Nunavut Chamber of Mines, beginning in April. Adam Vivian grew up in Yellowknife and has a Bachelor of Arts in History from the University of Lethbridge as well as a Bachelor of Laws from the University of Leicester in England. During his summers as a student, he worked for Aurora Geosciences as a field assistant throughout the north. He has spent the previous two years working with the Department of Environment and Natural Resources on the development of the new NWT Wildlife Act. In his spare time, Adam enjoys various sports such as hockey, rugby and football. With his solid background and experience, we know Adam will be a welcome addition to the Chamber.

2011 Exploration Spending Projections Released

Natural Resources Canada has released exploration spending projections for Canada in 2011 that will see exploration spending in Canada increase from \$2.625 billion in 2010 to \$3.188 billion in 2011. (See: <http://mmsd.mms.nrcan.gc.ca/stat-stat/expl-expl/1-eng.aspx>)

According to NRCan, “Company spending intentions for 2011 indicate that the Canadian mineral exploration sector is confident that minerals and metals markets will remain supportive of strong exploration and deposit appraisal efforts. At \$3.2 billion, total 2011 spending intentions will bring the exploration effort back to the record-setting trend that prevailed prior to the economic downturn. Another indicator of strong performance for 2011 is that capital investment for the exploration and deposit appraisal work phases, as well as all-inclusive mine complex development expenditures, are expected to attain record levels in 2011.” (see: <http://www.nrcan-nrcan.gc.ca/mms-smm/pubr-pubr/exp-11-eng.htm>)

Exploration is up in virtually all Canadian jurisdictions reinforcing the general trend seen last year as Canada and the world emerged from the recession of 2008-09. The only exceptions to the trend are Manitoba and the Northwest Territories.



Specifically to Northern Canada (see chart):

- In Nunavut, spending is expected to increase by nearly \$60 million from \$264 to \$323 million;
- Yukon investment is expected to increase by \$105 million from \$150 million to \$256 million;
- However, NWT exploration investment is expected to fall from \$85 million to \$83 million.

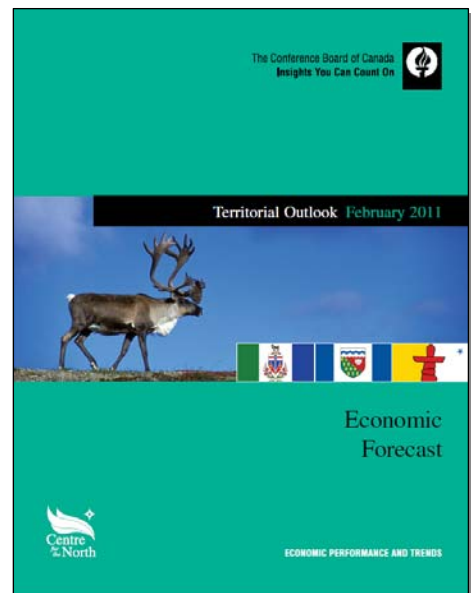
Since healthy exploration investment is the key to building and maintaining a strong mining industry, continued investment and interest in Nunavut is very encouraging. It reflects the very positive approach that Nunavut is taking in signalling that it is open for business and will help lead Nunavut in rebuilding its mining industry, virtually lost 10 years ago when its three mines closed.

The decline projected for the Northwest Territories this year is more troubling, and given the NWT's economy is so dependant on mining, it is important that we turn this around quickly and protect the NWT's future economy. Now is the time to take advantage of strong global mineral demand to see us through future downturns. In the coming weeks and months, the Chamber of Mines will actively work with government and community stakeholders to help improve the situation.

Conference Board Territorial Outlook

The economic outlook for Canada's territories is generally positive. Strong resource sector exploration and development will contribute to economic growth. Thanks to their relatively healthy fiscal situations, territorial governments will not have to cut back to the same extent as many other governments in Canada (and elsewhere).

A recovery in global demand for diamonds was instrumental to the Northwest Territories' (N.W.T.) 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, N.W.T.'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 the 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. See:

<http://www.newswire.ca/en/releases/archive/February2011/24/c5726.html>

Annual Fraser Institute Mining Survey Released

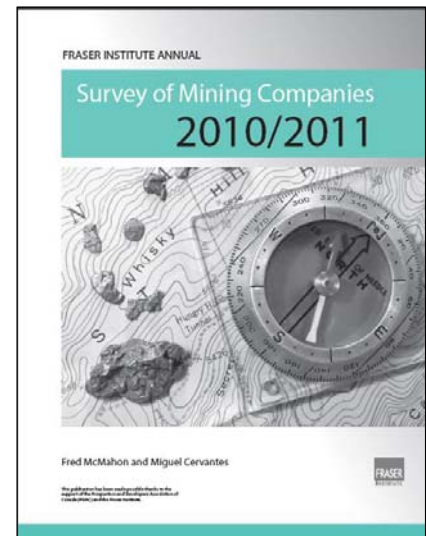
On March 3, 2011 the Fraser Institute released its annual *Survey of Mining Companies: 2010/2011*.

The report notes that the worldwide economic turnaround has created optimism in the mining industry, with more than three quarters of respondents saying they expect to increase their exploration budgets this year. “In order to attract investment and compete globally, governments must offer sensible, stable mining policies which, above all, uphold the rule of law and respect negotiated contracts and property rights,” McMahon said. “Royalty increases and convoluted regulatory schemes create uncertainty in mining, which will only drive mining investment away.”

This year, Canadian provinces claimed four of the top 10 spots, with Alberta jumping to first from fourth, Saskatchewan climbing to third from sixth, Quebec falling to fourth from first, and Manitoba holding steady at ninth. The other provinces and territories generally fared well, with Newfoundland and Labrador placing 13th, the Yukon 15th, Ontario 18th, Nova Scotia 19th, New Brunswick 23rd, British Columbia 36th, Nunavut 44th, and Northwest Territories 52nd.

The survey is based on the opinions of mining executives representing 494 mineral exploration and development companies on the investment climate of 79 jurisdictions around the world. The companies participating in the survey reported exploration spending of US\$2.43 billion in 2010 and US\$1.86 billion in 2009.

The full report can be downloaded here: <http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/mining-survey-2010-2011.pdf>



Meadowbank Haul Truck Training Program

The 777 Haul Truck Program that is actually in place is an initiative from Meadowbank, since there was an important workforce need for Haul Truck Operators in our mine department. After much research in different training schools across Canada, OTEIO (Operating Engineers Training Institute of Ontario) at Morrisburg had the most potential for the Kivalliq residents. Since then, a program adapted to Meadowbank’s specific needs has been created. The program content involves: Intensive and complete 6 weeks training in Morrisburg; the successful students then complete their training directly at Meadowbank site on a seven day, twelve hours per day in house training, given by one of our heavy equipment trainer.

It is with pride that we can confirm the success rate of our students of 93%! Along the past six months, we have also put in place a system of internal posting which gives the opportunity to our formal Meadowbank employees to apply on the training program. All six employees who got selected to go were successful and achieved a



higher position as a Haul Truck Operator. To name some of them, the previous job of these employees were dishwasher, housekeeper, laborer, process plant helper and receptionist. Also, the future is promising for an Inuk Haul Truck trainer position.

Up and coming, our program will continue again this year with currently thirty more positions in our future and proud to say, all from the Kivalliq Region. 64 people have now been through this program.

NWT Wildlife Act passes 2nd Reading

The proposed NWT Wildlife Act received Second Reading and proceeded to Standing Committee on March 10, for subsequent public comment. The Chamber submitted its concerns over aspects of the Bill in January, which include:

- The Act proposes to create another type of Protected Area, called Conservation Areas which could affect exploration access to land. The NWT already has some of the highest levels of access limitations, which will affect industry's ability to generate wealth for the NWT.
- On that note, there is no recognition of sustainable development in the Act, and that there will be efforts made to acknowledge balance between protection and development.
- This Bill has the biggest number of references to regulations that we have ever seen. The devil is often in such details, and thus much of the future power of the Act is largely unknown. Regulations are also passed in separate, less public processes.

The Chamber will continue to work with the GNWT to ensure industry's concerns and interests are concerned as the Bill goes forward.

GNWT Draft Caribou Strategy Released

In late February, the NWT Minister of Environment and Natural Resources tabled a draft Caribou Management Strategy for public review. Deadline for comments is April 15.

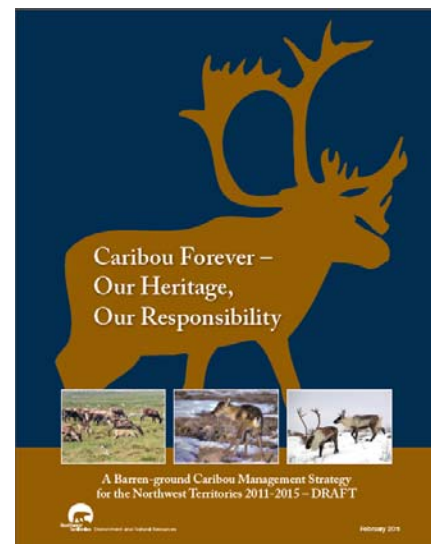
According to the Minister, "This draft new strategy builds on the 2006-2010 strategy and previous management planning initiatives recommended by co-management boards, Aboriginal governments, caribou management boards and NWT communities. It does not replace herd-specific management planning. It provides a unifying framework for those plans."

"Strategies have been identified for the following five key components – engaging partners in the management of barren-ground herds; ensuring information is available for sound herd management; managing impacts of key factors on caribou herds; public education and compliance; and, maximizing benefits."

Our success over the next five years rests with all residents. I encourage everyone to review this draft new five-year strategy and provide their comments and feedback on the actions proposed in it. By continuing to work cooperatively to manage these herds, we can ensure our caribou populations remain plentiful to benefit current and future generations.

A copy of the strategy can be downloaded here:

http://www.enr.gov.nt.ca/live/documents/content/2011-2015_Barren-ground_Caribou_Management_Strategy.pdf



NTI Invites Comments on Uranium Policy

The Nunavut Tunngavik Inc. Board of Directors unanimously approved and adopted a *Policy Concerning Uranium Mining in Nunavut* in September, 2007.

The *Policy Concerning Uranium Mining in Nunavut* remains in effect unless amended by the NTI Board of Directors.

However, the policy provides for periodic review and NTI will review the policy to ensure it continues to meet the needs of Inuit in Nunavut. NTI fully understands that uranium development must have the full support of Inuit, especially in communities close to uranium development. NTI will review its uranium policy after the Government of Nunavut concludes its uranium consultations. During the review, NTI will take into account existing legal obligations.

NTI invites Inuit, government and industry to write to us about your thoughts on our current uranium policy.

At the invitation of NTI Vice President James Eetoolook, letters in support of the uranium policy can be addressed to: Mr. Carson Gillis Director, Lands and Resources Nunavut Tunngavik Inc. Box 1269 Cambridge Bay, NU X0E 0C0.

Respected Inuit Elder and former miner passes

Nunavut has lost a respected Elder. Celestine Irkidjuk passed away Wednesday afternoon at the Qikiqtani Hospital in Iqaluit. He was a respected and informed elder, former miner, storyteller, and drum dancer. At the recent public uranium forum in Iqaluit, Celestine spoke in favour of mining, citing his history of working at the Rankin Nickel Mine and being asked to go to northern Quebec to mine.

In addressing the public at the uranium forum, two statements that Celestine made stood out for me, “Anything is possible if you commit to something” and “We all know there is some kind of risk involved.”

Celestine Irkidjuk was born in 1930 and was 81 years old.



Newmont Official Portal Opening

On March 23, Newmont officially opened their underground portal for the Doris North Gold Project. The portal is important because it provides ramp access to the high grade Doris North deposit, and also allows for future underground exploration of extensions of the Doris deposit lower and to the south.

On hand for the ceremony were MLAs Peter Taptuna and Keith Peterson representing the Kitikmeot Region (and both Ministers in the Nunavut Government) and Jennie Ugyuk, the MLA for Natilik (Gjoa Haven and Taloyoak), Vice President James Eetoolook and Director of Lands Carson Gillis from Nunavut Tunngavik Incorporated on whose Inuit land the project is located.

In addition, there was a delegation from the Kitikmeot Inuit Association and Kitikmeot Corporation led by Charlie Evalik, and a number of Kitikmeot Mayors who could attend including Ernie Bernhardt, Allen Aglukkak and Makabe Nartok.



Newmont Portal Opening Ceremony: Charlie Evalik detonates blast with KCMD mining representative

A highlight of the opening ceremony was a dedication to St. Barbara, the patron saint of miners, made by Pastor Keith Lear of Cambridge Bay. Tom Kerr, Newmont's North American Vice-President of Operations and a number of his staff from Nevada also participated in the event.

Looking for a French business partner in the NWT?

If your company is looking for a new supplier or business partner, CDÉTNO will soon offer the only one-stop shop system in the NWT that specializes in French markets.

In 2010, CDÉTNO (Conseil de développement économique des Territoires du Nord-Ouest) designed a strategy to attract investments and businesses to the NWT from French speaking markets. This strategy aims to contribute to overall development of the Northwest Territories economy while offering a series of proactive measures to attract and retain capital and entrepreneurs.

Under CDÉTNO's strategy, francophone regions in Canada and around the world (like France) are being targeted for potential opportunities in seven NWT economic sectors: mining, oil and gas (services), transportation, telecommunications, construction, energy (traditional and renewable), tourism and cold weather testing. If you are interested, contact CDÉTNO by email at conomie@cdetno.com or by telephone at (867) 873-5962. To learn more about CDÉTNO services visit: www.cdetno.com.

Report on Impact Benefit Agreements

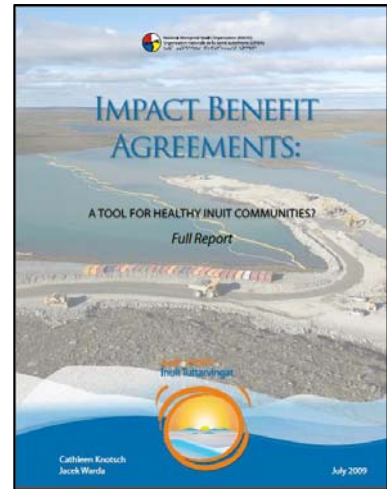
A paper recently brought to my attention that might be of interest to industry members is titled: *Impact Benefit Agreements: A Tool for Healthy Inuit Communities?*

Produced by the National Aboriginal Health Organization, this paper provides a general overview of the nature of Impact Benefit Agreements (IBAs) currently in place in the Arctic regions of Canada, and provides examples of similar agreements with Indigenous populations in other countries, in particular Australia. Special attention is devoted to learning processes and good practices in negotiating, developing and implementing IBAs, including the success stories and lessons learned.

The paper discusses IBAs from the perspectives of negotiators for Indigenous organizations, industry negotiators and government. In Canada, IBAs began to be negotiated in the mid 1970s, usually as agreements between the federal or provincial government and industry. Since then, land claim settlements enabled Inuit and First Nations to negotiate and influence the content of IBAs directly. Today, the Inuit community's goal is to negotiate the proper use of its land, reduce expected and unexpected damages and ensure the greatest economic benefit to the community.

You'll find the Exec Summary here:

http://www.naho.ca/documents/inuit/english/documents/2009-03_IBAExecSummary_ENG.pdf



Help Needed: Lobby for METC

As a result of the March 22 budget not being passed, the Mineral Exploration Tax Credit (METC) program expired on March 31, 2011. We are encouraging PDAC members to become active in the federal campaign to help raise awareness among candidates of the importance of Canada's mineral exploration and mining industry. We will be writing directly to the campaign teams; however, our respective members can be very effective at raising industry issues (METC and others) when they encounter candidates on the doorstep or at debates as questions that are asked will be circulated back through the campaigns.

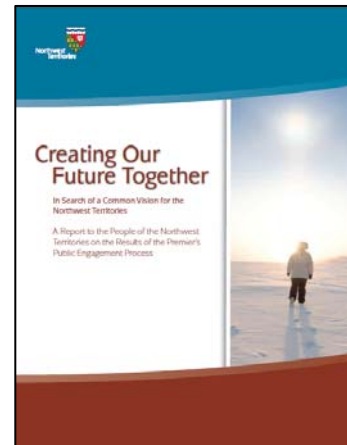
We have posted a brief METC / mineral industry backgrounder as well as a link to Elections Canada on our main advocacy page: <http://www.pdac.ca/pdac/advocacy/index.html>

Please feel free to make use of this in your work. It would be good to see additional background information that offers details on regions, provinces and territories. I would be happy to work with you on this and to post your materials to our site.

NWT Visioning Exercise Concludes

“Creating Our Future Together” a public engagement process driven by the Premier of the Northwest Territories has now concluded. Among the top priorities for the coming decades, people of the NWT would like to see:

- A business climate conducive to investment
- Settled land claims
- An improved regulatory regime
- A lower cost of living
- Shortened timelines for development while at the same time ensuring that proposed developments take into account all environmental and socio-economic factors.



One overarching message coming out of the consultations is that Northerners are committed to achieving harmony and balance – celebrating our diversity and ensuring that all that is good about the people, the land and our northern lifestyle is preserved and protected, while also preparing for and capitalizing on the potential of the future. In this respect, it is clear that Northerners have the same aspirations; we share a common vision.

A sample of some of the comments said: *“The NWT will be using the strength of its resources and people to be self-sustaining – a ‘have’ region of Canada where northern and Aboriginal people will be gainfully employed and proudly contributing to themselves, their families, the North and Canada.”*

The full report can be downloaded here: http://www.creatingourfuture.ca/wp-content/uploads/2011/03/COFT_Summary.pdf

Quietly reclaiming Con Mine

The media is pre-disposed to report on contentious issues, and as a result, we get regular reports on the bankruptcy-driven reclamation work being proposed by government at the Giant Mine.

But on the other side of Yellowknife, industry is quietly going about its business reclaiming at its own costs the older Con Mine.

Now owned by Newmont Mining Corporation under Miramar Northern Mining Ltd., the “Con” gold mine ceased underground production in September 2003. It continued to process ore from the Giant Mine until July 2004, at which time Giant Mine ceased production. All operations ceased at the Con Mine in October 2007.

Progressive reclamation at Con Mine commenced in 2004 and continued until the final Closure and Reclamation Plan was approved by the MVLWB on April 27, 2007. Effective June 01, 2007, MNML commenced the final closure and reclamation phase of the life of Con Mine.



The old Con Mine headframe has already been torn down as part of mine cleanup.

Visitors driving by will no longer recognize the place, as buildings disappear, cleanup proceeds, and the land is re-contoured and re-vegetated by the mining company. This is as it will and should be in future at all northern mining operations, with new reclamation requirements now in place in the NWT.

Add your voice to Responsible Exploration Survey

In September 2010, the Prospectors and Developers Association of Canada (PDAC) initiated the development of a reporting system for *e3 Plus: A Framework for Responsible Exploration*.

Developed as a guideline to help exploration teams continuously improve their social, environmental, and health and safety performance, *e3 Plus* also supports companies in comprehensively integrating these three aspects into all of their exploration programs around the world. Phase I of the *e3 Plus* development process, referred to as the *knowledge section*, was launched in March 2009. It led to the development of eight principles and guidance notes, as well as three toolkits on social responsibility, environmental stewardship, and health and safety. Phase II, the *accountability section*, is currently underway and includes the generation of performance indicators, a reporting system, and a verification process.

As part of the development of the reporting system, the PDAC has hosted three consultation sessions to date, in Vancouver, Toronto, and Montreal. These sessions have been very productive, with participation from industry, academia, government, Aboriginal groups, and the non-profit sector. The PDAC has also developed a short online survey to extend the consultation process and ensure all stakeholders' views are represented.

The survey will close April 28, 2011. Please take a few minutes to complete the survey, found here: <https://www.surveymonkey.com/s/M2WBYPG>. Your participation will help ensure the reporting system is effective and practical, and meets all stakeholders' needs and expectations.

For further information about *e3 Plus*, please visit <http://www.pdac.ca/e3plus/>, and on the survey, contact Emily Nunn, Corporate Social Responsibility Coordinator at the PDAC at enunn@pdac.ca.

Nunavut Resources Corporation


In April 2010, the Nunavut Resources Corporation (NRC) was created. Owned by Inuit organizations, including the Kitikmeot Inuit Association, the Kivalliq Inuit Association and Nunavut Tunngavik Incorporated, NRC will provide Inuit with an opportunity to become more fully involved in the North's resource development activities and will help to ensure that the people of Nunavut get more from their resources.

On February 14, Shear Diamonds Ltd. Announced the first signing of a Mutual Co-Operation Agreement with the NRC, which sets out as its initial priority specific provisions for mutual cooperation in the examination of infrastructure and other development opportunities associated with the potential re-development of the Jericho Diamond Mine, which Shear acquired in August 2010.

Now a month later, on March 23 Sabina Gold & Silver Corp. announced that it too has entered into a Memorandum of Understanding ("MOU") with the NRC, pursuant to which they agree to co-operate and work together to investigate infrastructure development opportunities in the Kitikmeot Region of Nunavut. . Under the MOU, Sabina's Board of Directors has approved a contribution of up to \$2 million to provide seed funding to develop a work plan to be established to investigate proposed joint infrastructure projects in the Kitikmeot.

Charlie Evalik, Chairman of the NRC and President of the Kitikmeot Inuit Association expressed his gratitude to Sabina for its vote of confidence in NRC's ambitions. "This NRC-Sabina MOU is an important precedent in the Kitikmeot that sets the stage for future co-development initiatives involving infrastructure development and potential joint investments by the NRC, with Nunavut's resource companies. We consider this to be an important step forward for the economic development of the Kitikmeot Region and Nunavut and it confirms our belief that the NRC can act jointly with investors to achieve mutual benefits in furthering environmentally and economically sound regional developments with the active participation of Inuit."

The whole approach to creating the NRC, and their progressive actions to create opportunities, benefits and partnerships with industry bode well for Nunavut mineral development.



**NWT & NUNAVUT
CHAMBER OF MINES**

Established 1967

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