



Northern Mining News

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NWT Mineral Industry at a Cross Roads

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MINING STATS NWT/NU 2008:

- Three diamond mines in operation and one tungsten mine
- Value of mineral production (2007) \$1,525,300,000
- Value of mineral exploration (2007) \$500,700,000

The mining industry in the NWT has been a **major contributor** to development beyond the mine gates.

Port Radium uranium mine led to the development of the **barge system** on the Mackenzie River. Yellowknife's gold mines spurred development of early **hydro dams** and **highways** in the area. Silver mines in the Great Bear Lake area saw the pioneering use of **ice roads** by highway transport trucks. Pine Point contributed to the development of the only NWT **railway link** and the Taltson hydro development that supplies clean energy to the communities south of Great Slave Lake. All of these mines are gone now but their legacy of infrastructure lives on to benefit the next generations.

Why is mining important today? It provides about half our economic output. Virtually every business in the north depends on mining; particularly construction, transportation and suppliers of all kinds of goods and services. Our mines operate to the highest international environmental and safety standards. They offer thousands of highly paid full-time jobs for northerners.

Here are some of the problems we face today:

1. **High costs.** International exchange rates are a challenge

along with rising fuel costs, transportation costs and the cost of living for mine employees.

2. **Regulatory inefficiency** continues to slow down or even stop exploration projects. Grassroots, low-impact projects are now routinely referred to costly and time consuming environmental assessment for other than environmental reasons. This means that the mineral reserves being mined today are not being replaced. Every day mining continues without identifying new ore means that the industry is in decline. In spite of a worldwide commodities boom, the NWT is losing its share of exploration investment.

3. Too much land base is being proposed for parks and **protected areas**. Current proposals will mean 29% of the land alienated will be from exploration and mineral and petroleum development. The next highest jurisdiction in Canada proposes 10.4% for such protection. While the industry needs a lot of room to look for ore bodies, only about 3/1000th of 1% of NWT land is now or has ever been mined.

New mines must be discovered if the current prosperity is to continue. Exploration companies need room to explore without

unreasonable regulatory roadblocks. Land base needs to be kept open for future mines to be discovered. Governments (federal, territorial and aboriginal) and industry need to work together to develop the transportation and power generation infrastructure that will help deal with rising costs.

The diamond mines have been a great boon to the economy and lifestyle but we should heed the warning signs. Mine production is scheduled to peak about 2015 (maybe sooner as fuel prices surge). It takes about ten years to prove and license a new mine. There have not been any significant new discoveries since the early 1990s. That means that we're already behind the curve.

There are some good prospects; Fortune's NICO, Avalon's Thor Lake, Tyhee's Yellowknife Gold, Peregrine diamonds, Tamerlane's Pine Point, Canadian Zinc's Prairie Creek.

We encourage you to find out about them and support their development the next time you talk to your Chief, your MLA or your MP. Government needs to hear that you support the industry that supports you.

Mike Vaydik

General Manager, NWT & Nunavut Chamber of Mines

Thanks to our Mining Week Sponsors: and Donors

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Special thanks to all the volunteers who made it possible!

MINING WEEK 2008

Another great Mining Week was held in Yellowknife June 9-14, 2008, an annual celebration of the industry's importance to the city and the north as a whole. The week began with the grand opening of a new diamond exhibit at the Visitor's Centre. Training simulator tours at Aurora College and Sandvik Mining were made available during the week. On the 11th the Mining Museum society hosted a BBQ as part of their Annual General Meeting at Giant Mine, and on Saturday the Miner's Picnic and Mine Rescue Competition was held. These pictures, taken by Chamber staff, highlight some of the activities during the week.



News from the Industry

Canadian Zinc Permits:

After over thirty years of planning, the Prairie Creek Mine could be just two years away from production. In June the owners, Canadian Zinc, applied for a Class A Water License to bring the mine on stream. The company is committed to operating the lead/zinc mine, which is located in the middle of the Nahanni eco zone, in an environmentally responsible manner. Permanent disposal of tailings will be through a backfilling method rather than surface disposal. The mill will use a dense-media separation technique

which requires no hazardous chemicals. With a resource of over five million tonnes grading 11% lead and 11% zinc, the mine could last at least fourteen years.

Field Season is Upon Us:

There is general excitement in the north this summer as exploration season gets underway. This year nearly \$450 million in exploration expenditures is predicted for the NWT and Nunavut. Most of these projects are taking place in Nunavut. Baffinland Iron Mines is definitely a leader with the Mary River iron mine preparing a large bulk sample, and Agnico-Eagle's

Meadowbank gold mine preparing for production. The NWT is definitely lagging behind compared to its neighbor with only 30% of the total being spent in that jurisdiction.

Mike Ballantyne Passes:

We regret the news that Mike Ballantyne, former MLA, Yellowknife City Mayor, and official with Aber Diamond Corporation, passed away in June at the age of 63. As vice president of exploration in the NWT for Aber (now Harry Winston), Ballantyne oversaw the early challenges of building the Diavik diamond mine. He will be missed.

Miners = Huge Taxpayers

The Canadian mineral industry is a significant contributor to government, paying nearly \$11 billion in taxes in 2006, according to a study recently released by the Mining Association of Canada. Numerous statistics have been released that show the importance of mining to the country and government coffers. There were 180 producing mines and 38 non-ferrous smelters, directly employing over 180,000 people.

The industry collectively paid \$2.3 billion in royalties, \$3.9 billion in corporate income tax, and \$1.86 billion in personal income tax in 2006. When indirect jobs attributed to the fabricated metal manufacturing sector are included, another \$2.5 billion is added to the revenue potential. The study focused on

income taxes and royalty payments, but the industry also contributes a considerable sum to governments in the form of municipal taxes, fuel taxes, payroll taxes, and goods and services, from which the industry deals with over 2,400 supplier companies in Canada. Many of these are engineering and environmental firms that deal heavily with mining projects.

These numbers are predicted to increase as mining activity rises in the next few years and we can only hope that governments will invest this money wisely. It will be very important, especially here in the Northwest Territories and Nunavut, to sustain these kind of trends.

- from *Canadian Mining Journal*

Full report: www.mining.ca

Mine Rescue Winners:

Congratulations to the winners of the mine rescue competition on June 14; BHP Billiton, Ekati diamond mine. The veteran team has won the event four years in a row, but it was a close win for the other teams, Diavik and Snap Lake. Team members were: Troy Oslanski (captain), Graham Simms, Pete Devolder, Chris Koebel, Phil McPhail, Murray Wick, and Thomas Smith.



Aboriginal Consultation Workshops

In partnership with the Prospectors & Developers Association of Canada, the Mining Association of Canada, and corporate interests, the Chamber of Mines is developing a strategy for regular workshop sessions between the mineral and exploration industry and NWT aboriginal groups.

Industry and aboriginal groups have

encouraged the idea of developing a joint 'forum' that would address issues of mutual concern. There is a great need to strengthen this relationship to mitigate the impacts of industry activity on their traditional lands and enhance opportunities for community participation in the mining industry.

A series of one-on-one meetings between

industry and various aboriginal leaders was held in May 2008. They were very productive and the response from leaders has been positive and supportive with a clear indication that they recognize the importance of the mining industry to their future livelihood.

More meetings are planned for this fall and it is hoped that a forum-type meeting can be organized at least twice a year.



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Box 2818

Yellowknife, NWT

X1A-2R1

Phone: 867-873-5281

Fax: 867-920-2145

E-mail: nwtmines@ssimicro.com

www.miningnorth.com

Staff:

Mike Vaydik: General Manager

Ryan Silke: Analyst

Cheryl Wourms: Office Manager

KNOW YOUR METAL - Platinum

What is it? The Platinum Group Metals or PGM refer to a group of six rare elements: platinum, palladium, rhodium, ruthenium, osmium, and iridium.

Where did they come from? PGMs came from igneous rocks originating deep in the planet's mantle. Four billion years ago, magma intruded into the existing layers of rock and crystallized slowly kilometers beneath what was then the surface of the planet. Temperature and pressure in these underground magma chambers resulted in the precipitation of PGMs in thin layers.

Where are PGMs mined? Platinum has a world supply of 7.6 million ounces per year. The major source is South Africa. North America produces about 5% of world production. World production is 9.3 million ounces per year.

What are PGMs used for? Platinum, palladium, and rhodium are used in automobile catalytic converters and are essential for reducing toxic emissions in combustion engines. There are no substitutes for PGMs in the catalytic converter and demand is increasing 8% per annum as emerging Asian countries upgrade their standards for auto emissions. Ruthenium is used by the electronics industry to produce high-density computer disk drives and plasma screen TVs. Osmium is used as an alloying element to increase hardness of a metal, and is used in the tips of fountain pens and electrical contacts. Iridium is an alloying element to improve corrosion resistance.

What is the mineral potential in the NWT and Nunavut? Several deposits have PGMs but more work is needed before they can be economically mined. *Adriana Resources Ltd.* has a copper-nickel-PGM deposit known as the 'Muscox Intrusion' in Nunavut. *Starfield Resources Ltd.*'s Fergusson Lake project has rich platinum, palladium, and rhodium assays on its base metal project.

Mineral Production Statistics for 2007

The value of mineral production in the NWT & Nunavut totaled \$1,525,300,000 during 2007 according to recently obtained statistics from corporate and government sources. The Northwest Territories produced diamonds and tungsten concentrates during 2007 at a value of \$1,412,230,000 and \$17,875,000 respectively. Nunavut territory and its single diamond mine produced at a value of \$32,431,000. Quarry production for both the NWT and Nunavut was valued at \$4,440,000 for sand and gravel production of 567,000 tonnes and \$4,339,000 for stone production of 499,000 tonnes.

A total of three diamond mines and one tungsten mine were in production in the Northwest Territories, and production is reported as follows:

Ekati Diamond Mine (BHP Billiton Plc)

Ore Processed: 4,329,000 metric tonnes

Diamonds Recovered: 4,581,100 carats

Diavik Diamond Mine (Rio Tinto Plc / Harry Winston)

Ore Processed: 2,400,000 metric tonnes

Diamonds Recovered: 11,910,000 carats

Snap Lake Diamond Mine (De Beers Canada Inc)

Ore Processed: 113,000 short tons

Diamonds Recovered: 81,000 carats

Cantung Mine (North American Tungsten Corp Ltd)

Ore Processed: 370,514 short tons

Tungsten Concentrates: 290,744 metric tonne units

One diamond mine was in production in Nunavut Territory in 2007 at the Jericho Diamond Mine, but ceased operations early in 2008 when the owners, Tahera Diamond Corporation, filed for bankruptcy protection.

Jericho Diamond Mine (Tahera Diamond Corp Ltd.)

Ore Processed: 549,000 metric tonnes

Diamonds Recovered: 370,300 carats

Upcoming Mineral Industry Events

Book your calendars now for these important industry events and functions:

- **Nunavut Exploration and Mining Week ... September 14-20, Nunavut**
- **NWT & Nunavut Geoscience Forum ... November 18-20, Yellowknife**

