

## Chamber of Mines News Briefs – August 27 - 28, 2015

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### NUNAVUT NEWS

#### **Qikiqtaaluk Wildlife Board promises 30 caribou for most communities**

***Recommendation must be approved by Nunavut government before tags are issued***

CBC News - Aug 28, 2015

James Qillaq, chair of the Qikiqtaaluk Wildlife Board, says most Baffin communities will get at least 30 caribou tags out of the 250 total allowable harvest for the island.

Igloolik, Qillaq said in Inuktitut, is an exception, "because they can get some of theirs from the mainland, so we gave most communities 30 tags and less for Igloolik."

The Nunavut government announced a limited caribou harvest earlier this week after having placed an emergency moratorium on hunting on the island as surveys showed caribou numbers had plummeted.

The Qikiqtaaluk Wildlife Board met with representatives of all the hunters and trappers organizations around Baffin Island on Thursday to discuss division of the tags.

Qillaq said hunters at Thursday's meeting had a lot to say about how tags should be distributed.

The board's recommendation still has to be approved by the Nunavut government before tags are issued.

### NWT NEWS

#### **Barge grounds at Rabbitskin River**

***Small amount of fuel spilled into waterway; incident report not filed on time by company***

News Services - Thursday, August 27, 2015

April Hudson

A Northern Transportation Company Ltd. (NTCL) barge grounded at mile 186 of the Rabbitskin River on July 27, releasing a small amount of fuel into the water.

Cargo is loaded onto a Northern Transportation Company Ltd. (NTCL) ship. A grounded barge spilled a small amount of fuel into the Rabbitskin River on July 27, according to reports. Dr. Peter Boronowski says he is saddened to leave Inuvik and other communities in the Beaufort Delta, where he lived for a decade. No estimates of the amount of fuel have been provided.

"A limited amount of fuel is understood to have been released resulting in some non-recoverable sheening which later evaporated," said Dan Bate, the Canadian Coast Guard's regional spokesperson.

Bate said the CCG Environmental Response became aware of the incident on Aug. 5, nine days after the incident took place.

But federal legislation requires incidents be reported immediately to Transport Canada with a written report sent within 24 hours or as soon as possible.

"The limited volume of non-recoverable fuel had evaporated by the time the incident was reported; therefore, no environmental response action took place," said Bate. "CCG environmental response has met with MTCL company officials to remind them of appropriate reporting procedures for marine pollution incidents."

NTCL filed an internal incident report form with details of the incident, but neither the CCG nor Transport Canada could provide a copy to Deh Cho Drum.

Transport Canada's regional spokesperson Amber Wonko said the document would need to be obtained through an information request to ensure the department met requirements under the Privacy Act and the Access to Information Act.

Wonko said NTCL reported a "slight sheen on the water and a minimal amount of gasoline, if any, in the water."

Wonko confirmed Transport Canada became aware of the incident on Aug. 5, and said the written report was received Aug. 16.

"Transport Canada has notified NTCL that we will conduct a compliance inspection as a result of this incident," she said.

Transport Canada oversees safety in relation to the construction and operation of marine vessels and transportation of dangerous goods by marine vessels.

"If Transport Canada identifies noncompliance with the (Canada Shipping Act) or the Arctic Waters Pollution Prevention Act, we will take the appropriate action," Wonko said.

"As the matter is ongoing, it would be inappropriate to comment further."

NTCL could not be reached for comment by press time.

According to the NTCL website, the company operates 69 barges that service the North.

Despite historic low water levels in the Mackenzie River, barges are making runs to Tulita, Norman Wells and Kasho Got'ine until the shipping season ends the week of Sept. 9.

## **Con Mine Discharge Gets Green Light**

### ***Owner doubts treated water will reach Great Slave Lake due to dry conditions in tailings ponds***

Northern News Services - Wednesday, August 26, 2015

Meagan Leonard

SOMBA K'E/YELLOWKNIFE - Owners of defunct Con Mine are ready to release a flood of treated groundwater from underneath the mine into Great Slave Lake but are doubtful it will reach it this year as the tailings ponds leading to the lake have almost completely dried up.

Until now only surface water has been discharged from the site every four years. With completion of a new water treatment plant in July, the once contaminated groundwater can now be released. The groundwater filling up the old underground mine chambers will need to be drained every four years to keep the mine from flooding.

Treated water from the mine site drains into a small channel and then flows through the Meg/Keg/Peg lake system before emptying into Great Slave Lake. However, much of the system has dried up due to limited precipitation this summer.

In a letter to Environment Canada, Con Mine owner Miramar Northern Mining Ltd. stated water levels in the Keg/Meg/Peg lake water system were much lower than previous years and as a result it will be impossible to take samples from the planned monitoring location.

Originally, the plan was to collect samples from the Meg Lake exposure area but testing will now be done at Keg Lake.

"As of July this year, Meg Lake appears to be completely dry. This appears to be a natural phenomenon as regional water levels are very low," wrote environment manager Dwight Grabke. "(Miramar) could attempt to sample Meg Lake in August 2015 once effluent discharge commences; it is anticipated, however, that dry water conditions will persist and no water will be present."

He said it is unlikely the water will leave the system and reach Great Slave Lake this year.

"Keg Lake has low water levels and substantial portions of its shoreline are dry. Peg Lake contains some water although it is not flowing into Jackfish Bay (Great Slave Lake)," he said.

"Thus, residual water and/or treated effluent from the Meg/Keg/Peg chain of lakes is not currently flowing into Great Slave Lake."

Environment Canada spokesperson Danny Kingsberry stated in an e-mail standards ensure the release will be safe regardless of water levels.

"Lower water levels limit the availability of the effluent to be diluted by the receiving water body," he said.

"That is the reason why the effluent standards are set to be as protective of the receiving water as technically achievable."

He said there is no limit on how much water the mine can release, only the percentage of toxic contents. Yellowknifer couldn't determine by press time whether the water discharged from Con Mine is treated enough to be drinkable.

Previous studies found the ninespine stickleback developed larger organs, including larger gonads, during periods of discharge from the mine.

Kingsberry said he could not comment on whether this is still a concern.

"It is not possible to predict the results of the biological monitoring study beforehand," he said, adding information on the effect of effluent on fish, fish habitat and fish use will be collected.

Some are not so sure the release will be completely harmless.

Weledeh MLA Bob Bromley, whose background is in biology, told Yellowknifer current environmental monitoring methods should be updated to account for the effects of climate change.

"These things were set up under completely different conditions than what we face today," he said.

He said although the water is treated, with no receiving body to dilute the contents, nutrients could become a hazard to wildlife.

"The contaminants could end up stranded on the surface and available to wildlife which of course are going to forage on the exposed lake bottom," he said.

Zabey Nevitt, executive director of the Mackenzie Valley Land and Water Board, said the board takes low water levels into consideration when determining its criteria for discharge quality.

The board is responsible for issuing the water licence to the company, which in this case, it did.

"Overall low water levels may mean less dilution in the receiving environment," he said.

"However, (criteria) are set conservatively to be protective and take into account the range of possible water levels, including low water levels."

Nevitt said although it's not anticipated, if abnormal data was returned during an environmental effects study, criteria could be changed.

"If the board saw impacts that were not expected, then the option would be available to change (criteria) if necessary," he explained.

Beginning operation in 1938, Con Mine is the city's oldest gold producing site. Production concluded in 2003 and treatment of water from tailings ponds is expected to continue for up to 25 years.

## **RESOURCE DEVELOPMENT AND ENERGY NEWS**

### **Sightholders React to Price Cuts at \$250M Sight**

Rapaport - Aug 27, 2015

Avi Krawitz

RAPAPORT... De Beers sightholders had mixed reactions to the price cuts at this week's sight, which had an estimate value of \$250 million before any additional supply was offered. The company dropped its rough diamond prices by an average of 8 percent to 10 percent, which spurred demand for additional goods during the week. Sightholders at press time were waiting to hear whether their requests would be granted.

"People asked for more goods when they saw the prices and it is an opportunity for De Beers to sell a few extra hundred million dollars' worth of rough," said an Antwerp-based sightholder. "It's just not clear if they want to."

Another sightholder suggested that De Beers gave a clear message that it intends to limit supply for the rest of the year in effort to support these new price levels. Rapaport News spoke with five sightholders for this story.

Paul Rowley, De Beers head of global sightholder services, told Rapaport News that the company's strategy has been to limit supply as there has been an overhang of inventory in the market from 2014. He declined to comment on prices at the sight but noted that De Beers gradually reduced prices in 2015 with the company's price index down 8 percent in the first half of the year.

#### ***Not Enough***

Sightholders, meanwhile, said they don't expect the company to reduce prices again this year, even if they felt the drop was not far reaching enough.

"Sightholders appreciated the adjustments but in many areas it wasn't enough," said a market observer. "There's still no profit so while they are happy De Beers is finally doing something, it doesn't help them in the short term."

Still, the message that sightholders conveyed was that De Beers will be more focused on limiting supply than price in the coming months.

While improved margins may have increased their appetite for more rough, a Surat-based sightholder noted that manufacturers are not yet ready to raise polished production, which is currently estimated at around 40 percent to 50 percent of capacity.

Some expressed concern that manufacturers might be buying into the rough market at the new price levels even though polished demand is lacking. "Some boxes fell 10 percent to 20 percent so people requested more of those goods even though I don't see profit there," said a sightholder. "We all know

how overpriced the goods were to begin with and we're not seeing the pull through from the polished yet."

Polished prices might decline further on the back of the rough price correction, ultimately downplaying the extent of the reductions. "Let's call it an adjustment rather than a reduction," pleaded a sightholder. "We shouldn't expose the correction widely because it effects polished prices and sentiment."

### ***Polished Effect***

Another sightholder agreed noting that his clients have already said they read on Bloomberg News that rough prices fell 9 percent and now expect polished prices to follow suit. "Of course it doesn't work that way because the market is inefficient," he explained. "But it doesn't help me when I sell my polished or when a retailer sells his jewelry."

Still, the mood at the sight improved from the previous month as sightholders saw the adjustment as an opportunity to improve their margins on new manufacturing. They also expect the De Beers price cuts will affect other sources, particularly as ALROSA held its prices steady in August.

The Russian miner limited its supply at its August sale, which preceded the De Beers sight by one week, allowing clients to forego their full supply. ALROSA Alliance clients told Rapaport News that prices were relatively stable at the sale but now expect a similar decrease to De Beers in September.

### ***Accepting Low Demand***

Unlike De Beers, which has cut its production plan for the year to align with its weak sales, ALROSA has so far maintained its production guidance. Clients noted that the company has the option to sell any excess goods to the Russian treasury – Gokhran. ALROSA spokespersons did not reply to Rapaport's questions whether it has taken up that option yet. Analysts at VTB Capital expect the Russian company will downgrade its sales volume guidance for 2015 by about 2 million carats due to weak rough sales in the past few months. ALROSA is scheduled to publish its second quarter results on Friday.

For sightholders, the reduction may have shifted the conversation away from price to demand as they also accept that rough volume will remain low for the rest of the year.

"Both De Beers and the Russians have made it clear they don't want to sell more, as they want to dry the market of inventory in the coming month," a sightholder said. "We expect that the new generic marketing campaign that they're doing and the Forevermark campaign will boost demand very strongly in the U.S. and in China."

### **Looking to Lac de Gras**

#### ***World diamond production drops but Canadians compete to make up the shortfall***

Resource Clips - August 28, 2015

Greg Klein

An almost 4% increase in global diamond production by value last year coincided with an almost 4% drop in volume. Numbers released August 25 by the Kimberley Process Certification Scheme indicate higher prices kept revenue growing despite lower output. But, should December's optimistic forecasts hold, demand will call for new sources. Among the most promising locations is Canada, which the Kimberley Process says held its third place spot for global production by value even as Russia pushed Botswana into second place. In fact Canada owes its status to just one region of the Northwest Territories, Lac de Gras, which hosts three current mines, a soon-to-be fourth and an encouraging exploration play.

The region's most recent entry is Zimtu Capital TSXV:ZC, which on August 25 announced exploration had begun on the Munn Lake project held by the company and a staking partner. Despite about \$5.7 million of work between 1996 and 2007 that found two diamondiferous kimberlites, the 14,000-hectare property has yet to undergo modern exploration.

World diamond production drops but Canadians compete to make up the shortfall

Yet a previous 581-kilogram sample from the project's Yuryi kimberlite showed 226 diamonds, among them 62 macro-diamonds above 0.5 millimetres in diameter. A 42-kilo sample from the Munn Lake kimberlite yielded two macros and 12 micro-diamonds. Over 2,500 samples revealed at least five distinct kimberlite indicator mineral (KIM) trains lining the property.

Zimtu now has a crew sampling KIMs to validate historic sampling and "provide additional insight into the diamondiferous potential of each area."

Earlier this month Arctic Star Exploration TSXV:ADD announced plans to explore its 54,000-hectare T-Rex property in Lac de Gras. Historic work found over a dozen kimberlites, most of them diamondiferous, the company stated. Historic, non-43-101 results of a 436-kilo bulk sample from the Jack Pine kimberlite reported 572 micro-diamonds.

Another 299 micro-diamonds turned up in 360 kilos of Jack Pine kimberlite drilled in 2005, according to 43-101-compliant results.

Last June Arctic Star reported an update from North Arrow Minerals TSXV:NAR on Redemption, their Lac de Gras joint venture. Initial interpretation of ground geophysics indicates a number of targets for a potential 2016 winter drill program, Arctic Star stated. Its partner also has the property's surficial geology under analysis to better define and interpret the region's South Coppermine KIM train.

With about 97,220 hectares of Lac de Gras turf, Canterra Minerals TSXV:CTM said in June it's identified several areas "that warrant further detailed exploration, including drilling," along with other areas that could undergo till sampling and geophysics.

Last month Margaret Lake Diamonds TSXV:DIA announced an agreement, subject to TSXV approval, to acquire the remaining 40% interest in the Margaret Lake property, giving the company sole ownership. The company anticipates a winter drill program to test targets identified by last year's airborne gravity survey. The 19,716-hectare property lies contiguous to the north and west of Kennady Diamonds' (TSXV:KDI) Kennady North project, the region's most advanced project other than the Gahcho Kué mine-to-be, which Kennady surrounds on three sides.

With four kimberlites under assessment at the 61,000-hectare property, Kennady reported results of a 443-tonne bulk sample from the Kelvin pipe on August 26. Of 16,247 diamonds recovered from four zones of Kelvin's "more diluted" southeast lobe, 35 weighed over one carat. The zones averaged 2.02 carats per tonne for diamonds larger than 0.85 millimetres.

The lab described the five largest as follows:

- 4.22-carat white/colourless, transparent macle with no inclusions
- 3.95-carat brown, transparent aggregate with inclusions
- 2.79-carat light brown, transparent aggregate with minor inclusions
- 2.63-carat white/colourless, transparent octahedral with inclusions
- 2.59-carat white/colourless, transparent dodecahedron with no inclusions

The project's winter agenda calls for another bulk sample from Kelvin's north lobe, where a 19-tonne mini-bulk sample last year averaged 2.59 carats per tonne. Kennady has Kelvin slated for a maiden resource by year-end. The company also has exploration drilling underway at the project's MZ kimberlite and further infill drilling planned for the Faraday 1 and 2 pipes.

Kennady closed a \$4-million private placement earlier this month.

### ***In operation or under development: Canada's diamond mines***

Canada's in the forefront of countries trying to make up the diamond supply shortfall, with new mines coming online as others face depletion. Besides the NWT's three operations and De Beers' Victor mine in Ontario, two others are in development.

Of the three Lac de Gras mines, Dominion Diamond's (TSX:DDC) majority-held Ekati has about five years left to its life expectancy, although development of the Jay deposit could potentially add another 11 years.

Diavik, a Rio Tinto NYE:RIO/Dominion 60/40 JV, would last to 2023 with the addition of a fourth pipe.

De Beers' Snap Lake could last to 2028, although with declining output. In March the global giant said an amended water licence might be necessary to avert a much earlier shutdown. In June the Mackenzie Valley Land and Water Board recommended the NWT government approve the application.

Ontario's only diamond mine, De Beers' Victor, faces depletion in 2018. The company hopes to postpone its doom by developing the Tango kimberlite, a smaller, lower-grade deposit seven kilometres northwest.

### ***World diamond production drops but Canadians compete to make up the shortfall***

Now building Quebec's first diamond mine, Stornoway Diamond TSX:SWY has operations scheduled to begin at Renard late next year and commercial production slated for Q2 2017. Although potential resource expansion continues, the company estimates Renard would supply 1.6 million carats annually for 11 years, providing about 2% of global supply.

A fourth Lac de Gras operation, destined to become "the world's largest and richest new diamond mine," remains on track for H2 2016 production. Mountain Province Diamonds TSX:MPV and joint venture partner De Beers expect Gahcho Kué to produce an annual average 4.5 million carats over a dozen years.

In Saskatchewan's Fort à la Corne region, Shore Gold's (TSX:SGF) majority-held Star-Orion South underwent a spring drill program to update the Orion South kimberlite's resource. Although the project reached feasibility in 2011 and passed a federal environmental review in December, Shore now plans a revised feasibility to reduce capex.

In addition to regions around existing and future mines, Nunavut and Saskatchewan's Pikoo region also draw significant diamond exploration.