

## Chamber of Mines News Briefs – December 28, 2012

[**Note:** News headlines are hyperlinked to their stories in this document.]

ABORIGINAL NEWS .....	1
No end to the stupidity bred by hunger strikes .....	1
Idle No More mimics Occupy rhetoric .....	3
Aboriginals' biggest problem is their leaders.....	3
What's at stake for First Nations communities involved in the Idle No More movement .....	5
Prime Minister Stephen Harper should meet Chief Theresa Spence .....	6
Aglukkaq says Spence should end hunger strike, meet with Duncan.....	8
Indian Affairs Minister Duncan tries again to meet with Chief Theresa Spence .....	10
NUNAVUT NEWS.....	10
Nunavut plane crash that killed baby the result of hard landing: report .....	10
NWT NEWS.....	11
Hawkins, Ramsay go Head-To-Head Over Mine Employment.....	11
Alcohol tax has 'certain logic' – mayor.....	12
RESOURCE DEVELOPMENT AND ENERGY NEWS .....	13
Cabinet mulls huge Arctic project proposed by Chinese state firm.....	13
Yukon's free entry mineral staking rules in jeopardy .....	15
Lutsel K'e First Nation voices concerns over Gahcho Kué mine .....	15
The 30-Year-Old Virgin Mine.....	16
The Revenge of Supply and Demand .....	19
Mining News Nuggets .....	21
MAC releases 2012 sustainable mining report .....	22
Oilsands, Aboriginal relations challenges for 2013.....	22
ENVIRONMENT NEWS.....	24
Canadians lack trust in some scientists, poll suggests .....	24

### ABORIGINAL NEWS

#### **No end to the stupidity bred by hunger strikes**

##### *Sideshow simplifies serious issues*

Postmedia – December 28, 2012

Christie Blatchford

The last Canada heard of Attawapiskat Chief Theresa Spence and her beleaguered reserve in Northern Ontario, it was in relation to the appalling conditions on the First Nation, specifically the state of the alleged houses, which in too many cases were overcrowded dilapidated shacks and tents wholly unsuitable for a James Bay winter.

That was about a year ago.

Now, of course, Chief Spence has parked herself on an island in the Ottawa River, is on Day 17 of a hunger strike, and all around her, the inevitable cycle of hideous puffery and horse manure that usually accompanies native protests swirls.

Already, there is much talk of smudging ceremonies, tobacco offerings, the inherent aboriginal love for and superior understanding of the land, and treaties that were expected to be in place "as long as the sun shines, the grass grows and the river flows."

The chief's own perceived difficulties - when she was just a deputy chief, her life partner Clayton Kennedy was hired as the Attawapiskat co-manager - and the band council's role in the misunderstanding that led to the reserve being taken over by a third-party manager, a decision later found to have been unreasonable by a Federal Court judge, have all but disappeared from public consciousness.

(She claims she absented herself from all discussions about Kennedy's hiring, and that everyone knew they were lovers, anyway, and that she was elected chief by informed voters. But the story illustrates, if nothing else, the old native adage that "the chief's driveway is always paved.")

Chief Spence is demanding a nation-to-nation meeting with Prime Minister Stephen Harper and Gov.

Gen. David Johnston - she has also invited Lauren Harper to pop by - to discuss treaty obligations and the Canada/First Nations relationship, and has even attempted to dictate the terms of that meeting, telling The Globe and Mail that it must last "at least a week or two weeks."

The 49-year-old also has become the face of the Idle No More movement - it advocates "a revolution which honours and fulfils Indigenous sovereignty," and is behind the blockades, flash mobs and protests of recent weeks - and is regularly visited by celebrities, journalists and candidates for the leadership of the federal Liberal party such as Marc Garneau ("You cannot ignore this request") and Justin Trudeau (who tweeted that it was "deeply moving" to meet the chief).

Certainly, no one could argue the status quo is any-thing other than an embarrassing, frustrating failure for everyone involved.

The bureaucracies, federal and provincial, which purport to serve First Nations often make a mess of it. The Indian Act clearly breeds dependence and learned helplessness both, and infantilizes native people.

The millions that flow every year to First Nations - Attawapiskat alone, the prime minister said last year at the time of the housing emergency, has received \$90 million in transfer payments since the Conservatives were elected in 2006 - seem to do nothing to raise the aboriginal standard of living. First Nations governance itself often offers a less than pretty picture.

And by almost any measure - poverty, unemployment, substance abuse, rates of children taken into care, even freedom of speech and expression on reserves where the only media are band-owned and operated - aboriginal Canadians live in near-Third World conditions.

Conditions on all reserves are not as despair-inducing and soul-destroying as they are at Attawapiskat, but neither is Attawapiskat unique. On too many First Nations, sexual abuse, profound dysfunction and physical violence are the stuff of daily life.

So, while Chief Spence, and others, may long for "nation-to-nation" discussions, there is I think a genuine question as to whether there's enough of aboriginal culture that has survived to even dream of that lofty status, or if the culture isn't irreparably damaged already. Smudging, drumming and the like do not a nation make.

But hunger strikes have a way of reducing complex issues to the most simple elements: Natives are suffering, and Chief Spence, as she has said repeatedly, is prepared to starve herself to death until and unless she gets that meeting with the PM.

It is tempting to see the action as one of intimidation, if not terrorism: She is, after all, holding the state hostage to vaguely articulated demands. But if she were to die on Harper's watch, it would not only be tragic, but also disastrous.

I covered the last days of the IRA hunger striker Bobby Sands, who died on May 5, 1981, in the British prison where he was serving time on a weapons charge.

He too was seen as a hero; he too was used as a political pawn.

I remember interviewing his mother and another relative, as they were about to visit him or had just visited him for the last time (I am operating on memory here) and asking if they would be begging or had begged him to stop.

I just assumed they would have done.

They would do no such thing, they said.

Why, they believed in what he was doing. They loved him, but pleading with him to save himself was not in the cards, no ma'am.

There is no end to the stupidity bred by hunger strikes when even friends and family argue that death becomes the person starving.

### **Idle No More mimics Occupy rhetoric**

Calgary Herald – December 27, 2012

Milada Rysan

Re: "Aboriginals' biggest problem is their leaders," Susan Martinuk, Opinion, Dec. 21.

Kudos to Susan Martinuk for her courage to revisit the truth about the appalling situation on the Attawapiskat First Nation. It was exposed about a year ago how the band's leadership grossly mismanaged the millions of dollars they got from the taxpayers. Most media conveniently forgot this - no mention of Chief Theresa Spence's pivotal role in the abject poverty on the reserve.

I am tired of the rhetoric of the Idle No More movement. It started when one woman on a remote reserve saw a comment on Facebook, and, without knowing anything about it, sent copious e-mails and then it went viral.

There were consultations announced prior the vote on Bill C-45, but most natives did not bother to attend. So whose fault is this? How many read the bill?

But it is convenient to fabricate issues when the truth is different. It reminds me of the Occupy movement more than a year ago - the same meaningless slogans, unjustified accusations, impossible demands and empty rhetoric.

Aren't there any thinking people in the native communities who see issues in a real light and point out the brainwashing of the masses of predominantly young people? Isn't there anybody to say "wait a minute, what exactly are we asking for?" Confrontation and threat of militant action will only be a dangerous step backward, and negate all positive developments. This is not the way civilized societies deal with problems in the 21st century.

### **Aboriginals' biggest problem is their leaders**

Calgary Herald – December 20, 2012

Susan Martinuk

Christmas is days away and many Canadians are singularly focused on getting to the mall for that last-minute rush; as far as the eye can see, the mall is filled with ever-more spectacular Christmas decorations and that familiar refrain of The Little Drummer Boy keeps pounding in your head.

"Pa rum pum pum pum."

But that drumming refrain has taken on a very different beat and meaning this year. Flash mobs of drumming natives are the new native protests, and they are apparently occurring in malls across

Canada. Natives claim they are gaining support, but I'm not convinced the sudden takeover of a mall filled with frantic Christmas shoppers is going to win many supporters.

It's a novel idea for a protest, but you know what they say — in life, timing is everything.

Idle No More is a grassroots movement to raise awareness of native issues across Canada. It's gone high-tech, and is using Twitter and Facebook to generate crowds for rallies, blockades of major highways and to bring the public's attention to one woman's hunger strike.

Last week alone, there were 13 rallies across Canada and a major rally is planned for today in Ottawa. Of course, the politicians have all left and it's hard to imagine workers will notice any rally on their last day of work before Christmas. So what can be gained?

The hunger strike is probably most likely to gain sympathy at this time of year. That is, until people become familiar with the underlying facts.

Theresa Spence is chief of the Attawapiskat First Nation in northern Ontario. It gained national attention last year for its deplorable living conditions and lack of housing. Now, their chief has situated herself on an island in the middle of the Ottawa River, where there is plenty of access to media and is forsaking all food until her demands are met for a meeting with Prime Minister Harper and Gov. Gen. David Johnston.

She says she wants to talk about treaty rights that are being ignored by the Harper government, and is "willing to die for my people because the pain is too much."

She may be willing to die for her people. But the paperwork shows she is not willing to sacrifice her hefty paycheque (in relation to poverty on the reserve) for their benefit.

The band's high-profile housing crisis of one year ago resulted in the government appointing third-party management to find out what happened to all the money. CBC News also asked a forensic accountant to examine the band's financial statements. She found that the band council had not produced a budget in years, and had a \$2.3-million surplus for housing that may or may not have been spent or allocated elsewhere. The band had maxed out a \$2.5-million line of credit and was paying 10 per cent interest on long-term loans. Too much money was being spent on administration instead of programs.

In short, the band's finances were a mess. Yet, according to online audited financial statements, Spence received a salary of \$69,575 in 2010–11. The band manager collected \$74,806, while the acting band manager over a period of two months managed to claim \$68,397 in travel expenses. All of this while the other 2,800 residents lived in abject poverty, huddled in shacks without heat or running water.

You can see why Spence has some credibility issues. A \$70,000 income may be justified when the band is flourishing, but it becomes outrageous when the median household income for families on reserve is \$11,229.

It's not Harper and the federal government that is denying the natives; it's the native leaders who are denying their own people the opportunity for education, housing, health care and employment through greed.

For most natives, the only way out is some kind of connection with the outside world. They cannot flourish if isolated on a reserve where there are no economic prospects or work. For too long, aboriginals have been fed a myth by their leaders — that any assimilation into the white man's world will forever destroy a distinct native culture. But the Jews have kept a vibrant culture alive over 5,000 years — without a homeland and while dispersed around the world. Surely aboriginals can maintain a high degree of cultural significance in a country renowned for its respect for multiculturalism.

It's time for natives to join in with the rest of Canadians in a productive economy and a functional society. Frankly, it's the only way out of poverty and despair.

## **What's at stake for First Nations communities involved in the Idle No More movement**

Global News – December 27, 2012

Statements from concerned politicians, a series of road blockades and hunger strikes are sweeping the country as the national Idle No More movement crosses Canada.

Attawapiskat Chief Theresa Spence has been on a hunger strike near Parliament Hill since Dec. 11 to draw attention to aboriginal issues.

These protesters -- who are part of the national Idle No More movement -- are denouncing the Harper government's omnibus Bill C-45, which they claim eliminates treaty and aboriginal rights set out in the Constitution.

Take a look at what's at stake for First Nations communities and why they're protesting.

Breaking down Bill C-45 & Idle No More

### ***The Indian Act***

Idle No More spokesperson Eriel Deranger says the bill includes changing the procedures that lead up to the removal of land. Basically, she says, the amendments makes federal removal of land easier. In the past, she explains, referendums were required for land removal proposals, and the referendums had to include all members of a First Nation. Now, she says, either a meeting or a referendum must be called, and the majority vote at that meeting decides the result, no matter how few people are at the meeting. In addition, says Deranger, the Minister can call a meeting himself for the removal of land.

### ***The Navigable Waters Protection Act***

The Navigable Waters Protection Act would become the Navigation Protection Act. Changes to the law would see thousands of lakes and streams removed from federal protection. Critics say that move takes away environmental oversight of the waterways.

"Important lakes and rivers in my region are being stripped of protection," NDP MP Glen Thibeault has said. Thibeault represents the Sudbury, Ontario riding.

The Harper government said the changes would streamline regulation and reduce red tape that was holding up projects along waterways. Transportation Minister Denis Lebel added many waterways will still be covered by environmental protection under other laws.

However, Idle No More supports fear the changes to the Navigable Waters Protection Act remove protection of more than 99.9 per cent of lakes and rivers in Canada, says Deranger.

"It's a direct violation of treaty rights," she adds. "Lakes and rivers are often the centre and focal point of communities."

### ***The Environmental Assessment Act***

Deranger says the Environmental Assessment Act has been weakened under the new bill. She says now, certain projects don't have to go through a significant review process, including those that involve natural resource extraction.

"The Idle No More movement came about because [the bill] had drastic impacts on aboriginal rights," she explains, "but not only our rights, but on Canadian democracy."

The changes in Bill C-45 would also eliminate the Hazardous Materials Information Review Commission, which is an independent body responsible for making science-based decisions to protect Canadians from toxic chemicals and hazardous materials in the workplace.

### ***The Fisheries Act***

Critics say the Fisheries Act and the Hazardous Materials Information Review Act were critical laws that were used to support environmental stewardship, clean water and healthy oceans for all Canadians. They say the changes included in the omnibus bill would further weaken Canada's environmental laws, remove critical federal safeguards, and reduce the amount of public consultation and input on projects that impact the environment and ecosystem. Critics argue the changes to the Fisheries Act would give industry the option of asking that their existing commitments to protect fish habitat be changed or cancelled, or that they no longer be responsible for providing compensation for lost or damaged habitat. Deranger says the biggest concern with changes to this law is that "aboriginal fishing rights" were added to the Fisheries Act. However, she says, those same rights are already included in Section 35 of the Canadian Constitution. Idle No More supporters worry that this addition means the Conservative government could be considering removing Section 35 from the Constitution.

"The concern is that if the government is able to push this bill through... it could completely erode our democratic rights in our country," adds Deranger.

### ***More on Idle No More***

The Idle No More campaign was started by four women from Saskatchewan against a number of bills before Parliament. They are particularly critical of Bill C-45, which they say weakens environmental laws. "We started discussing that and felt that we need to bring attention to this legislation," said Jessica Gordon, who lives in Saskatoon.

Jan O'Driscoll, a spokeswoman for Aboriginal Affairs Minister John Duncan, said the department has made efforts to consult with aboriginal leaders. He said they continue work on pressing issues on reserves like education, clean drinking water and housing.

"While we've made significant strides, there is still work to be done," O'Driscoll said in an email.

"We'll continue to partner with First Nations to create the conditions for healthier, more self-sufficient communities."

### ***What the politicians are saying***

On Wednesday, Liberal MP Justin Trudeau visited Spence in a teepee on an island in the Ottawa River that many aboriginals consider to be sacred land.

Trudeau tweeted afterwards that it was "deeply moving" to meet Spence. He said the chief is "willing to sacrifice everything for her people" and that "she shouldn't have to."

In a letter posted on his website, Liberal leadership candidate Marc Garneau calls on Prime Minister Stephen Harper to meet with Spence.

"You cannot continue to ignore this request," wrote Garneau. "This is not a question of not wanting to set a precedent."

On Tuesday, Aboriginal Affairs Minister John Duncan expressed concern for Spence's health and urged her to end her protest.

Spence is seeking a meeting with the prime minister, the governor general and First Nations leaders to discuss the government's relationship with First Nations.

### **Prime Minister Stephen Harper should meet Chief Theresa Spence**

Toronto Star – December 27, 2012

Basic human concern for a person in extreme distress would compel some leaders into action. But not Prime Minister Stephen Harper.

Recognition of the historic injustice committed against native peoples could move some to reach out. And shame over the dire conditions that prevail on so many reserves might push other leaders to bend. Not Harper.

None of those factors have been reason enough for him to stir from Parliament Hill and take a short walk to Victoria Island, in the middle of the Ottawa River. That's where Chief Theresa Spence, of hard-pressed Attawapiskat, has been on a hunger strike that started Dec. 11 over the plight of aboriginal communities.

She's demanding to see Harper face-to-face to express her concerns, and says she's willing to die to make her point. Her hunger strike has dove-tailed with the Idle No More movement protesting unfair and unilateral actions by the Harper government, including a watering down of environmental protections and new rules forcing greater financial disclosure on reserves and their leaders.

Thousands have demonstrated in communities across Canada deploying a variety of tactics, including holding flash mob dances and blocking rail lines. None have been more compelling than Spence, consuming only water, fish broth and tea as she waits for the leader of this country to hear her plea.

This has gone far beyond a matter of aboriginal policy and is a concern for Canadians at large. Liberal leadership candidate Justin Trudeau visited Spence on Wednesday, describing the encounter as "deeply moving." And rival candidate Marc Garneau issued an open letter urging Harper to meet Spence and affirm the new relationship with native peoples that he promised four years ago when he apologized for the wrongs of the residential schools system.

"I stood that day, as a citizen of Canada, in solidarity behind that message," Garneau wrote. "I ask you to take the next step to building the 'renewed understanding' we promised."

If simple human concern, a determination to right historic injustices, and a goal of making life better on reserves aren't enough to move Harper, here's a reason he'll likely understand: meeting Spence would be politically expedient. More than that, it might just avert disaster.

If she were to die, or suffer serious harm, the protests seen thus far would be merely a gentle rain compared to the hurricane of anger to follow. By meeting Spence, Harper would spare all Canadians, including native people, from a dangerous and frightening escalation of bitterness. He should do so as soon as possible.

### **Harper may be in danger if Chief Spence dies, says Dene national chief**

#### ***Bill Erasmus says e-mail about prime minister's safety just a warning***

James McCarthy

Northern News Services – December 27, 2012

Dene National Chief Bill Erasmus said he wasn't making a personal threat against Prime Minister Stephen Harper when he questioned the safety of the country's top politician should something happen to Chief Theresa Spence, the Ontario chief currently on a hunger strike.

In an e-mail to the Assembly of First Nations forwarded to News/North on Thursday morning, Erasmus stated he was concerned about the health of Spence but in the same e-mail, Erasmus suggested the prime minister may be in danger should Spence die. Erasmus sits on the Assembly of First Nations executive as the regional chief representing the NWT.

"With one million indigenous people in Canada and 450 million indigenous people in the world, it may not be safe for the prime minister," Erasmus stated in the e-mail.

Erasmus told News/North later in the day that the statement was not intended as a personal threat against Harper, but more of a warning due to frustration from aboriginal people in Canada and around the world.

"People can read that a whole lot of different ways and what I'm saying is it doesn't take much," he said. He also warned the prime minister's refusal to meet with Spence could lead to an Oka-like crisis when the Canadian Forces and members of the Mohawk nation engaged in a violent conflict in 1990, which lasted more than two months in Quebec.

"All she's asking for is a meeting," he said. "Just a commitment to meet in the future and (Harper is) watching her die. Essentially, that's how some people are viewing it. People have died in the past and there are still people today who are saying that's where their mindset is. The prime minister needs to realize that Chief Spence means it."

Spence, chief of the Attawapiskat First Nation in northern Ontario, has been on a hunger strike since Dec. 11 in support of the "Idle No More" movement, the ongoing protests taking place across the country and in some other parts of the world. She's been living in a teepee on Victoria Island on the Ottawa River, where a historic indigenous centre of First Nations people is located, since her protest began. The Department of Aboriginal Affairs and Northern Development has made overtures to Spence to meet but Spence has been steadfast in her demand for a meeting involving First Nations, the prime minister and a representative from the Crown, possibly Governor-General David Johnston.

Erasmus said he has not yet spoken to Spence but he has spoken to her chief spokesperson and she's apparently in good spirits and in relatively good health and is prepared for whatever happens to her.

"In our discussions, it was with the full executive of the AFN," he said. "What her spokesperson said was that she talked to her family and they've all come to terms that she's prepared to go," he said.

Calls to the Assembly of First Nations' head office in Ottawa were not returned as of press time and a spokesperson from the Prime Minister's Office, Stephen Lecce, said there is generally no comment made when it comes to matters of the prime minister's security.

The e-mail was sent before the "Honk Around The World" protest, which was scheduled to happen at 3 p.m. this past Thursday in Yellowknife and several other communities around the NWT. The event was the latest action in support of Spence's protest.

Erasmus said the protests are going to continue for as long as it takes to get the message across.

"They'll continue throughout the winter, into the warmer months until people get what they want," he said. "The country has changed and we have to come to terms with it. We're concerned about Chief Spence but we're also concerned about the safety of the prime minister."

### **Aglukkaq says Spence should end hunger strike, meet with Duncan**

Stephanie Levitz

Canadian Press – December 28, 2012

One of the two aboriginal MPs in the Conservative cabinet has called on Chief Theresa Spence to abandon her fast aimed at securing a meeting with Prime Minister Stephen Harper.

Federal Health Minister Leona Aglukkaq joined other federal officials in asking Spence to accept a meeting with Aboriginal Affairs Minister John Duncan and end the campaign that has seen the chief go more than two weeks without solid food.

"I would encourage her to stop and meet with Minister Duncan and that's the best way to address her issues," Aglukkaq said Friday.

Duncan is the one responsible for the portfolio and that's why he's the right person to meet, Aglukkaq said.



Spence rejected Aglukkaq's recommendation because she believes Duncan isn't the one who should be speaking on a nation-to-nation basis.

"When our ancestors made treaties with the British Crown to allow the Queen's subjects to live in our territories, it was for as long as the sun shines, the waters flow and the grass grows," Spence said in a statement.

"The Crown's only legal access to our lands is contingent upon the fulfillment of the promises made in the negotiations of treaty."

Spence, who is the chief of a remote reserve in Northern Ontario, stopped eating solid food on Dec. 11 in an effort to secure a meeting between First Nations leaders, the prime minister and Governor General over the treaty relationship.

Duncan has offered several times to speak with her and to form a working group, but the minister has been rebuffed at every turn.

The government points to a meeting it held last January with First Nations leaders as proof it is serious about improving the relationship and note they have spent millions on aboriginal health, housing and education.

But aboriginal leaders say they are being left out of the discussion the Harper government is having about how best to develop Canada's lucrative natural resources.

A series of protests over the last two weeks under the banner of Idle No More were in part spurred by the recent budget bill which removed federal oversight over waterways without consulting aboriginal groups who depend on them for water and food.

Meanwhile, bands are concerned that a lack of training and education will see them shut out of resource development projects that could provide economic stimulus to many struggling communities.

In the statement released Friday, Spence said she remains hopeful that Harper or Governor General David Johnston will accept her request.

"Canada is considered a first world country and our peoples are living in extreme poverty and substandard living conditions," she said.

"As Nations, we held up our end of the treaty, yet Canada continues to only pay lip service to our relationship."

Spence has taken up residence on an island in the Ottawa River considered by the Anishinabe as traditional territory.

Since she began her fast, she's ingested only soup, tea and water while welcoming a steady stream of visitors.

Liberal MP and leadership hopeful Justin Trudeau stopped in earlier this week, as did aboriginal actor Adam Beach. NDP MP Charlie Angus was expected to drop by later Friday.

Angus helped catapult the situation on Spence's reserve of Attawapiskat into the international spotlight last year when he wrote about the dire economic and social conditions it faced.

At least one Conservative has visited the island in the hopes of seeing Spence but was turned away. Tory Senator Patrick Brazeau attempted to meet Spence earlier this week.

Duncan has expressed disappointment that Spence will meet with other politicians and not with him, telling her he is concerned about her health.

He is not alone.

A B.C. First Nation's leader said Friday that Spence's point has been made.

“When you look at what she is really standing for there are a number issues that are near and dear to many First Nations across Canada that I don’t think are going to go away in the distant future,” Tk’emlups Chief Shane Gottfriedson told CHNL radio in Kamloops, B.C.

“So I think developing a dialogue with Canada is the next step.”

Green Party Leader Elizabeth May went on a 17-day hunger strike of her own outside Parliament Hill in 2002 demanding families be moved away from the Cape Breton tar ponds.

Her strike ended when the government agreed to act.

In a blog post Friday, May wrote that Spence’s cause cries out for leadership.

“Ending her hunger strike is only the first step,” May said.

“Once that is done, we need a meaningful engagement on the wide range of critical issues being raised from coast to coast to coast. For that we need leadership, and right now, that leadership is coming from flash-mobs of drummers and blockaders, aboriginal women and youth. It is coming from Chief Spence. Can we not hope that leadership might come from 24 Sussex Drive in response?”

### **Indian Affairs Minister Duncan tries again to meet with Chief Theresa Spence**

Sun Media – December 27, 2012

BRIGITTE PELLERIN

OTTAWA - Since she agreed to meet with Liberal leadership hopeful Justin Trudeau, Indian Affairs Minister John Duncan is hoping hunger-striking Attawapiskat Chief Theresa Spence will reconsider his offer to meet with him.

Duncan's first offer on Christmas was instead met with silence. A day later, Spence welcomed Trudeau to her Victoria Island teepee for a 45-minute meeting.

This prompted Duncan to write another letter to Spence.

"It is my understanding that you met today with a member of Parliament," he wrote. "Given your willingness to accept meetings now I am hoping that you will reconsider my offer, as minister of the Crown, to meet or speak with you by phone to discuss the issues you have raised publicly."

Spence is now in the third week of her protest, which includes restricting her food intake to tea and fish broth. On Christmas Eve, Conservative Senator Patrick Brazeau, himself an Aboriginal, tried to pay a visit to Chief Spence but was turned down.

Asked why she'd agree to meet with Trudeau but not with Duncan or Brazeau, Chief Spence said: "Trudeau is a person who's there for the youth, and he's seen by the youth as a leader today." She said she was not asking for a private meeting with the prime minister. "I want the [First Nations] leaders to sit at a table with the prime minister, and the Crown, both levels of government," she told QMI Agency in an exclusive interview after her meeting with Trudeau.

### **NUNAVUT NEWS**

#### **Nunavut plane crash that killed baby the result of hard landing: report**

Canadian Press – December 28, 2012

SANIKILUAQ, Nunavut

An initial report into the deadly crash of a passenger plane in Nunavut suggests the aircraft overran the runway on its second attempt at landing.

The crash happened at the airport in Sanikiluaq (SANNY-kill-uh-ack) last Saturday evening.

Six-month-old Isaac Appaqaq was killed, while the two pilots and six other passengers were injured.

The Transport Canada occurrence report from the crash says the plane, en route from Winnipeg, touched down hard on its second approach and came to rest between 150 and 200 meters past the end of the runway.

“The aircraft touched down hard and a runway overrun ensued,” reads the report, posted online. “The aircraft came to a stop approximately 150 to 200 metres past the end of the intended runway surface.” The report notes that the information is preliminary and subject to change as the investigation continues.

The Transportation Safety Board has said there was some blowing snow at the time of the crash, but has not said whether it played a role. The Transport Canada report does not mention anything about the weather conditions.

Nunavut’s coroner, Padma Suramala, has told media in the North that the baby was sitting in his mother’s lap rather than up on her shoulder as recommended by airlines.

However, Suramala says she doesn’t think that would have made any difference in this crash.

Airlines recommend children be held on the shoulder rather than on the lap during landings, but Suramala said she didn’t think that would have made any difference in this crash.

Sanikiluaq is a community of 800 located on the Belcher Islands in the southeastern corner of Hudson Bay. As in all Nunavut communities, flying is the only way in and out.

The flight was chartered for Keewatin Air, which schedules three trips a week between Winnipeg and Sanikiluaq. The aircraft belonged to Winnipeg-based Perimeter Aviation.

Some of the passengers on board were in Winnipeg for medical appointments and were on their way home.

## **NWT NEWS**

### **Hawkins, Ramsay go Head-To-Head Over Mine Employment**

CJCD News – December 27, 2012

Yellowknife, N.W.T. - Robert Hawkins said the Minister of Industry, Tourism and Investment must do more to make sure NWT diamond mines live up to already-agreed-upon employment targets.

The Yellowknife Centre MLA said David Ramsay needs to do more to help the outrageously high unemployment rates in the Territory's more remote communities.

"When you go to small Northern communities, we have 60% to 70% unemployment rates. And that's devastating. So any job option or opportunity that people can get is quite significant. So when you consider places like the Sahtu, when you only have four people working at the mine, or you consider maybe Inuvik that only has two people working at the mine, I mean that tells me that we are not working hard enough to create employment opportunities."

Ramsay had this reply to Hawkins' allegations.

"I'm not the first minister that's had that responsibility. It's one that I've had for about a year now, and I take very seriously my role as minister and do the job to the best of my ability and I'm going to continue to do that. The employment levels at the diamond mines are a two way street. I'm not defending any of the mines. I'm just saying we need to work on things together."

Ramsay said he'll continue to work with the mines on employment opportunities.

He looks forward to speaking with all MLA's on the issue when the Legislative Assembly sits again in early February.

## **Alcohol tax has 'certain logic' – mayor**

### ***Funds could help pay for downtown core policing, says Heyck***

Yellowknife – December 27, 2012

Simon Whitehouse

Mayor Mark Heyck says a recent proposal by a town councillor from Swan River, Man. to impose a municipal tax on all alcohol sold within town limits makes sense.

The Globe and Mail reported last month that Jason Delaurier, a councillor in the town of 3,900 people, wanted to introduce a bylaw that would see a three per cent surcharge on all alcohol sold to pay for community policing.

Heyck, who has said one of his objectives in the new year is to find a way to hire more RCMP officers to police the downtown core, said Delaurier's concept demonstrates the overall effort by Canadian municipalities to find ways to pay for the services they need.

“One of the challenges that municipalities face, and Yellowknife is no different, is the over-dependence on property taxes,” he said.

“There is a need for municipalities to diversify their revenue streams. Legislatively (an alcohol tax) is not something we can do right now, but I think this conversation is happening in communities across Canada and it is something I think we should be discussing here as well.”

Heyck said the territorial government would have to make changes to the NWT Liquor Act to allow the city to collect a portion of taxes collected on alcohol. He added the costs of alcohol-related crimes in the downtown core have a huge impact on the community.

“When you think about the impacts of something like alcohol on the downtown core and how we try to address those and how we try to come up with the resources to address those, there is a certain logic in saying maybe (an alcohol tax) is a possibility that we could look at,” said Heyck.

“But again it would require some legislative changes at the territorial level so that's a conversation I think council needs to have as we go forward.”

Perry Smith, owner of the Liquor Shop at Stanton Plaza, said adding a tax on alcohol sales would lead to the illegal importation of alcohol to the city – or what he calls “leakage to the south” - and hurt local sales. Instead of looking at additional tax revenue, Smith said the city should simply cut expenditures.

“As a businessman, I'm always skeptical when politicians are looking for new sources of revenue,” said Smith. “Any entity, whether it is a public or private entity has to work within its means.”

Yellowknife RCMP detachment commander Staff Sgt. Colin White said he had seen the Swan River story in the news and although he has worked in a number of municipalities in Alberta during his career, it was the first time he had heard of the idea. He pointed out that it is important to consider the difference in how NWT municipalities contract their policing services versus how communities in other jurisdictions provide their services. It may be more difficult for Yellowknife to have such a policy than Swan River, he said.

“In the Northwest Territories all of the policing is paid for by the GNWT so no city or town pays up here pays for their own policing,” said White.

Jamie Koe, director of policy and planning with the GNWT's Department of Finance, said the NWT Liquor Commission applies uniform liquor markups across the territory which go into general revenues. That money is then appropriated by the legislative assembly for programs that benefit all NWT residents.

The liquor commission reported sales of \$46.3 million for the fiscal year ending March 31, 2012, with \$24.5 million going into GNWT coffers.

“So there is no set pot for certain towns,” said Koe. “It goes into the pot and the legislative assembly decides how to divvy up that pot. There is no set process or policy for a community liquor tax. If the town were to approach the NWT, there would be quite ample discussions.”

## **RESOURCE DEVELOPMENT AND ENERGY NEWS**

### **Cabinet mulls huge Arctic project proposed by Chinese state firm**

#### ***Eight mines, processing plant planned***

Canadian Press – December 28, 2012

Bob Weber

Another massive Chinese-owned resource project is before Prime Minister Stephen Harper's cabinet. Some time in the new year, four federal ministers are to decide how to conduct an environmental review for the Izok Corridor proposal. It could bring many billions of dollars into the Arctic but would also see development of open-pit mines, roads, ports and other facilities in the centre of calving grounds for the fragile Bathurst caribou herd.

"This is going to be the biggest issue," said Sally Fox, a spokeswoman for proponent MMG Minerals, a subsidiary of the Chinese state-owned Minmetals Resources Ltd.

It would be hard to exaggerate the proposal's scope. Centred at Izok Lake, about 260 kilometres southeast of Kugluktuk, the project would stretch throughout a vast swath of western Nunavut.

Izok Lake would have five separate underground and open-pit mines producing lead, zinc and copper. Another site at High Lake, 300 kilometres to the northeast, would have another three mines.

MMG also wants a processing plant that could handle 6,000 tonnes of ore a day, tank farms for 35 million litres of diesel, two permanent camps totalling 1,000 beds, airstrips and a 350-kilometre all-weather road with 70 bridges that would stretch from Izok Lake to Grays Bay on the central Arctic coast.

MMG plans a port there that could accommodate ships of up to 50,000 tonnes that would make 16 round trips a year - both east and west - through the Northwest Passage.

Izok Lake would be drained, the water dammed and diverted to a nearby lake. Three smaller lakes at High Lake would also be drained. Grays Bay would be substantially filled in.

The result would be a project producing 180,000 tonnes of zinc and another 50,000 tonnes of copper a year.

"That's not insignificant," Fox deadpanned.

The deposits are an old story. Izok was discovered in the late 1970s and High Lake dates back to the 1950s. They'd been owned by a half-dozen different companies before they were acquired by Minmetals in 2009.

"They're very much about our future confidence in zinc," she said from Melbourne, Australia, where MMG is headquartered. "We see in the next few years a number of major zinc mines will be coming off-line."

One of those is MMG's own Century mine, which produces 500,000 tonnes of zinc annually.

"Between the Izok Corridor project in Canada and our other project in Australia, we would be hoping that they would replace the zinc production of our Century mine," Fox said.

MMG estimates the Izok project would create about 1,100 jobs during construction and 710 permanent jobs. The mine life is estimated at 12 years, but Fox said exploration is likely to expand that.

But more than 400 individuals, organizations, aboriginal groups and governments registered concerns about the project with the Nunavut Impact Review Board.

"Both the Izok Lake mine site and the High Lake mine site, as well as the route of the Izok corridor all-weather road, occur either near to or on the Bathurst calving ground," wrote the government of the Northwest Territories.

"The proposed project may cause significant adverse effects on the ecosystem and wildlife habitat," wrote Environment Canada.

"We are concerned that our hunting and harvesting rights will be in jeopardy if the project is allowed to proceed as is," added the Lutsel K'e Dene.

Many pointed out that the Bathurst herd has only recently stabilized after a 90 per cent drop in the 1980s to today's 32,000 animals. That drop was steep and sustained enough for aboriginal groups to stop hunting the herd and many are leery of anything that could impede its recovery.

"The project may also cause some adverse socio-economic effects such as possible reductions and disruptions in harvesting opportunities," wrote the Kitikmeot Inuit Association, despite acknowledging its members are most likely to benefit from mining jobs.

The board also expressed concern about the growing industrial footprint in western Nunavut. There are now nine mines either operating or under review in the region.

On Dec. 14, the board recommended Northern Development Minister John Duncan call full public hearings on the project.

Duncan and the three other ministries involved - Transport, Natural Resources and Fisheries and Oceans - have three choices. They can send the project back to MMG and ask for changes, they can choose to let the board run hearings itself or they can decide the project's effects would be broad enough to require the involvement of other governments in hearings.

There's no difference in length, who is able to appear or in intervener funding between the two types of hearings, said board chairman Ryan Barry.

Fox said MMG is aware of the centrality of caribou to residents in the area.

"They're absolutely essential to the local Inuit."

MMG has designed the road to make it as easy as possible for caribou to cross, she said, and the company is conducting field studies on how to further reduce the project's potential impact.

Fox said MMG is also aware of other potential stumbling blocks, such as Canadian sensitivity to major resource projects being owned by foreign governments. She said Minmet has left its Australian subsidiary to operate as it sees fit, despite the fact half of MMG's board is from Minmet.

"We're a bit of a different model for Chinese investment," said Fox. "We really run day-to-day quite separately."

MMG doesn't expect the Harper government's recent policy changes on investment by state-owned enterprises to affect Izok. The prime minister announced changes at the same time Ottawa approved takeovers of Nexen by China National Offshore Oil Co. and Progress Energy Resources Corp. by Malaysia's Petronas.

"We're not acquiring and operating assets that are producing," she said. "We're in there as a long-term investor in a project that has been seen as quite marginal by others."

"The Harper government has noted the importance of mineral investment in this region and the importance of that to unlock benefits for the local communities. We certainly see that we're very aligned in our strategy with that."

However Ottawa decides to tackle the questions over Izok, mine production is a long way off.

MMG plans to ask for permission to start preliminary work on-site before the regulatory process is over, but even that wouldn't be until late 2014. The earliest the mines could be producing would be 2018.

Duncan has no deadline to respond to the board's request for a review. But, as the board notes in its letter to him, the ball is now in his court.

"The (board) looks forward to receiving your decision and will respond in a timely and efficient manner to your direction once received."

## **Yukon's free entry mineral staking rules in jeopardy**

### ***Court of Appeal says mining claims can have serious impacts on aboriginal title***

CBC News – December 28, 2012

Yukon's free entry mineral staking rules are in jeopardy after a ruling from the Yukon Court of Appeal.

The court says mining claims can have serious impacts on aboriginal title and government must use discretion before registering those claims.

The lawsuit by the Ross River Dena challenges the free entry staking system in the territory and the government's right to register mining claims without consulting affected First Nations.

Yukon courts recently ruled that government only has to give notice after new mining claims have been registered.

But this week's ruling from the Court of Appeal says simply giving notice is not enough.

It says under the existing rules prospectors and miners have the potential to do serious, long-term damage to First Nation claimed lands.

The court says government has the discretion to refuse mining claims in sensitive areas and it must use that discretion where First Nation rights are at risk.

Ken Coates is a Canadian historian with expertise on Yukon land claim issues.

"This may be one of those court decisions, if it's held up by the Supreme Court down the line, that really changes the way we approach resource development in Canada." said Coates.

The court says Yukon mining legislation will have to be amended to reflect its constitutional duties to affected First Nations.

It's given the government one year to comply.

## **Lutsel K'e First Nation voices concerns over Gahcho Kué mine**

### ***First Nation says De Beers has bad track record of spills***

CBC News – December 28, 2012

The community closest to the proposed Gahcho Kué Diamond Mine is reinforcing its opposition to the project.

In its final remarks for the environmental impact review of the project, the Lutsel k'e Dene First Nation says De Beers has a bad track record of spills at its Snap Lake mine, 220 kilometres northeast of Yellowknife.

It also says the community hasn't seen any real benefits from mining.

Other aboriginal groups, such as the Yellowknives Dene and North Slave Metis Alliance, say the negative impacts of a mine can be mitigated.

Earlier this week, the Lutsel k'e Dene First Nation submitted a confidential traditional knowledge report to the panel.

De Beers' proposed Gahcho Kué mine is located about 280 kilometres northeast of Yellowknife. If approved, the mine could be in operation by 2014.

The site is expected to cover 1,200 hectares.

### **The 30-Year-Old Virgin Mine**

Guy Quenneville

Up Here Business – November 2012

May, 1982. Outside the shrine of the Virgin Mary in Fatima, Portugal, a Spanish priest wielding a bayonet was stopped by security guards in his attempted attack on Pope John Paul II. In North America, moviegoers were getting their first real look at Arnold Schwarzenegger, vanquishing his opponents by sword in Conan the Barbarian. And in the Northwest Territories, at the base of the Mackenzie Mountains, near Butte, a different sort of slashing was going on.

The Prairie Creek silver mine, then known as the Cadillac property, was just a paint job removed from commercial production. Three years earlier, with silver peaking at US\$50 an ounce, the project's owner, Cadillac Explorations – largely bankrolled by Texas oil billionaires and brothers Nelson Bunker and Herbert William Hunt – got the green light to begin construction at the remote Northern mine. But one fateful May morning, after Cadillac had spent about US\$147 million (in today's dollars) to build the mine, a funny thing happened on the way to production: The price of silver collapsed, putting an immediate halt to construction, hurtling Cadillac into bankruptcy and tying up the fully-permitted project – one of the richest, highest-grade deposits of silver, zinc and lead in the world – in litigation limbo for the rest of the 1980s.

Now, more than 20 years later, the mine still hasn't opened, though not through a lack of trying. This is the story of how it's taken nearly a quarter of a century to bring Prairie Creek back from the grave; of how, in the process, it became an unfortunate poster child for the NWT's beleaguered regulatory system; and how, even now, after a recent milestone in the project's development, the man looking to press the "Restart" button is remaining guardedly optimistic about his chances.

John F. Kearney remembers where he was when the Hunt brothers' silver winning streak ran out. The Toronto-based mine developer, whose identical initials and similar hairdo have garnered him the nickname "JFK," was running Northgate Exploration Limited. The company was operating two gold-copper mines in Chibougamau, Quebec, and its recent experience was not unlike that of the Hunt brothers and Cadillac Exploration: Northgate had just shut down one of its silver mines, back in Kearney's Irish homeland, due to low prices.

Kearney first heard about Prairie Creek in the mid-1990s. At that point, the project had been picked up by San Andreas Resources Corporation, since renamed Canadian Zinc Corporation. San Andreas/Canadian Zinc advanced Prairie Creek in two important ways: Through extensive exploration in the mid-to-late 90s, it proved the project was host to enough zinc to make it a zinc-lead-silver mine, not just a silver mine; and it significantly beefed up the resource, upping it from an original 1982 estimate of two million tonnes to about 11 million tonnes today, making for an operation with a starting life of 11 years.

But it wasn't until 2000 that Kearney joined Canadian Zinc. He helped raise cash in Europe, even throwing in some of his money. Altogether, he's personally raised \$50 million for the company. "I was intrigued by the assets that were sitting there on the ground, waiting for somebody to move them forward," he recalls of his first impression of Prairie Creek. "The mineralization is what we call 'polymetallic.' It's got the three materials; they all go together."

When Kearney joined Canadian Zinc, Prairie Creek was entering its permitting phase. It wasn't the first time: Back in the late 1970s, in the days of Pierre Trudeau, the Cadillac project underwent a full



environmental assessment under the Territorial Land Use Regulations and the Northern Inland Waters Act.

But in the years between when the project went belly up and the proponents scurried away, the permits needed to operate the mine had lapsed. “Therefore, when Canadian Zinc got involved in the 1990s, it had to start again,” Kearny says. “It was a very unfortunate circumstance. Had those permits been kept in place, the mine could have started a long time ago. It set it back a decade.”

And when Prairie Creek did dip its toes into regulatory waters again, it was under the newly-created Mackenzie Valley Resource Management Act (MVRMA). From where Kearney sat, the new act didn’t quite know what to do with a “hybrid project” like Prairie Creek. “If there was a mine in operation when the new act came into force, it continued under its permits,” he says. “If it was a brand new discovered project, it started from scratch, from the new act. But we were a hybrid. Here was a mine already built, but with its permit expired. Now it had to be re-permitted under the new legislation, which frankly wasn’t anticipated or provided for in the new legislation.” Kearney, a former president of the NWT & Nunavut Chamber of Mines, has been tireless in harrumphing that the system set out in the MVRMA – with its multiple boards operating in different regions of the valley – is deeply flawed. “Frankly,” he says, “it’s unworkable.”

What’s further complicated Prairie Creek’s path to production is its location near Nahanni National Park, which was created in 1972 by Trudeau and designated one of the first UNESCO world heritage sites in 1978. That, in combination with concerns about the possible contamination of streams feeding into the Nahanni River, has touched off severe concerns about the project’s environmental impact among members of the Dehcho First Nations (DFN) and other groups. To make matters even more complicated, the DFN has been hesitant to embrace resource extraction while its land claim with the federal government, not to mention a land use plan, remain unfinished.

For Canadian Zinc, it’s all made for moments when the prospect of getting that zinc out of the ground seemed dicey indeed. That was never more the case than the years leading up to the park’s expansion by 25,000 square kilometres, says Kearney. That move, finalized in 2009 and renewed earlier this year, basically resulted in Prairie Creek’s being encircled by the world-famous park, with an access road also cutting through the park.

It’s not an entire unheard-of scenario; the Myra Falls zinc-copper-lead mine has been operating within Strathcona Provincial Park on Vancouver Island for 20 years. But before the Nahanni expansion, Prairie Creek’s future was very much in doubt. The parks community “was concerned that the existence of the mine prejudiced the existence of the park and would somehow prevent the park from being expanded,” Kearney says. “So it was pushing for the park to be expanded even if it meant that the mine didn’t go ahead.” When Prairie Creek survived the expansion, the company breathed a tremendous sign of relief. Still, the project’s environmental assessment, conducted by the Mackenzie Valley Environmental Impact Review Board, dragged on. And Canadian Zinc was not afraid to sound some alarm bells. Last year, as the environmental assessment (EA) entered its final legs, Kearney grumbled that “it takes the patience of a saint” to get through the process – and that was the kindest of his remarks, all of them given an extra tinge of righteous indignation courtesy of his strong Irish accent.

The lengthy assessment, combined with the project’s long shelf life and a concurrent drop in territory-wide mineral exploration, resulted in Prairie Creek’s becoming a poster child for perpetually-delayed NWT mining projects. Consider: The project entered its EA process in 2008, the same year exploration spending plummeted by 24% in the NWT. That decline was largely due to the economic meltdown, but the growing perception that the NWT’s regulatory system was driving way investors stuck, as evidenced by the calamitous drop to a mere \$44 million in spending the next year. “I think the downturn in exploration is significantly contributed to by the permitting process,” says Kearney, “particularly for

junior companies and prospectors who are no longer able to, on a very simple basis, do their exploration. It's killing the industry." As for Prairie Creek's role in the affair, Kearney says, "I think it's an example of the system, but Prairie Creek suffered extra because of its sensitive location in proximity to the river and in proximity to the park."

Seven years ago, it would have been unthinkable: Herb Norwegian, Grand Chief of the Dehcho First Nations, hamming it up in a core shack at the Prairie Creek site, happy to accommodate a photographer's request to show off a small slab of shiny, zinc-silver-lead ore mounted on a ring on his middle finger.

Granted, this was hardly Norwegian's first time at Prairie Creek. As Dehcho grand chief from 2003 to 2008, and again as of early this year, "I think I've had about two different owners come to me and try to get support," he says. But for a man who dubbed Prairie Creek "a ticking time bomb" in 2005 and told Northern News Services in the same interview that "there is no room for mines in a pristine environment like the Nahanni National Park," Norwegian's behavior during the August 8 site visit was a shock to some. "I couldn't believe it," said Chris Reeves, Canadian Zinc's general manager, shortly after the trip.

Yes, things have changed a great deal in the years since the DFN launched a federal court challenge against the project in the mid-2000s. In the last two years, Canadian Zinc has signed impact and benefit agreements (IBAs) with First Nations in two nearby communities, Nahanni Butte and Fort Simpson. These agreements provide for jobs (the mine will employ a total of 220 people once production starts), local business opportunities, contributions to infrastructure and local monitoring of the project, Canadian Zinc administered a massive round of training this season to potential future employees of the mine, covering everything from camp cooking to underground mining. The funds for it, totaling \$4.5 million, came largely from the federal government, but Canadian Zinc also pitched in, as did the GNWT and local aboriginal groups. "Some of our people are out there helping out, trying to clean up and trying to get ready," says Norwegian. "So yeah, it's come a long way."

Still, at times Norwegian gives off a faint hint of resignation, of having reluctantly bowed to popular sentiment. His time away from office – from 2008, when the project entered the EA process, to earlier this year, by which time the assessment had wrapped up – has dictated his current position more than anything else. "I've been away from this stuff for almost five years. The positions of the local leaders have either changed or else have taken a different approach to this kind of development. Either that, or it wasn't given any kind of attention at all. As a result of that lack of attention, the mine continued to develop and continued to move forward."

Now, with the two IBAs signed, Norwegian sees no reason to rock the boat. "I think the only way to approach this is not so much to try to take the candles off the cake, so to speak, but rather to, I guess, try to muster up all the support I can to the communities that want something like this to unfold." His musings about the Canadian Zinc aboriginal trainees he saw during the site visit betrays a similar tension, underscoring what he sees as his other responsibility: making sure his people remain stewards of the land. "I think they maybe felt a little bit awkward that they were brought to this kind of place knowing that it's their land and they're going to be extracting resources for somebody else."

Regardless of any lingering doubts, Prairie Creek is as close to production as it's ever been since that fateful May morning 30 years ago, when workers up and left the site en masse, leaving their coffee cups in the cafeteria to be swallowed up by cobwebs.

Earlier this year, Aboriginal Affairs and Northern Development minister John Duncan signed off on the review board's environmental assessment of Prairie Creek. "That was a really significant event in the history of this project," says Canadian Zinc's Kearney. "...Lots of people were worried about it. It was all based on misunderstanding and misconceptions. But the review board said it's not likely to have any

adverse impacts.” (It’s worth noting, however, that they Nahanni Butte Dene Band and the Dehcho First Nations have sent letters to the feds expressing their disappointment that Prairie Creek wasn’t kicked up to an environmental impact review, a much more vigorous form of review than an environmental assessment.)

Following on the heels of endless debate about the effectiveness of the regulatory system and its impact on the mineral exploration scene, Prairie Creek’s approval suddenly made it very different kind of poster child. As Dave Ramsay, the GNWT’s minister of industry, trade and investment, puts it, “Nothing says you’re open for business more than getting a mine into production.” The level of infrastructure on the ground, combined with “how close that mine is to getting into production – it’s very encouraging,” adds the minister. Now the project’s unfortunate original story is now a plus: Since most of the mine was already built in the 1980s, Canadian Zinc only has to spend \$200 million on modernization upgrades and some new facilities, instead of roughly \$500 million on a brand new mine.

But in what’s become a common refrain for Prairie Creek, “It’s not over yet,” says Kearney. Construction won’t begin until Canadian Zinc receives its final permits from the Mackenzie Land and Water Board, a crucial final step that’s already been marred by delays. “We had hoped that we might have got the permitting finished with the water board in 2012; that will not happen now,” he said in September. Instead, the company is hoping to get the permits in the first half of 2013, with production starting in the back end of 2014. “Everything under the Mackenzie Valley process takes a long time,” says Kearney, “because every step of the way goes out for consultation from the public, for review from government agencies, and time just passes.”

And then there’s the price of zinc, which has been soft in the last six months, due to the worldwide economic uncertainty. But, says Kearney, “The outlook for zinc, particularly over the next couple of years, is quite positive.”

With the Dehcho region in “desperate need of those jobs” and two of the territory’s diamond mines clearly over the hump, the NWT needs Prairie Creek to happen, says Ramsay. “I see it as us advancing mining potential in the territory, and diversifying our portfolio when it comes to mines,” he says. The NWT’s recent mining history has been dominated by diamonds, he adds, while “new mines just have not emerged here.”

“This will signal, I believe, the start of a new era in mining in the NWT.”

## **The Revenge of Supply and Demand**

Keith Halliday

Up Here Business – November 2012

“It’s all about supply and command,” one Yukon politician used to say. He meant “supply and demand,” but he was onto something.

Supply and demand are, of course, the drivers of a phenomenon we know all too well in the North: boom and bust. When global demand for commodities surges unexpectedly, it takes time for mines, farms and oil companies to build new production capacity. When demand tumbles, resource managers are stuck with huge investments sunk in the ground, new investment dries up instantly and operating outfits sack surplus staff and slash costs to the bone.

To hear people talk recently, however, you’d think the laws of supply and demand had been repealed. Metal prices have been high for years. After spending much of the previous decade under \$2,000 per tonne, copper has been bounding around \$7,000 since 2006 (except for a scary moment during the Lehman Brothers crisis). In October, it was trading over \$8,000. (All prices cited here are in US dollars.)

Gold is the same. After spending much of the 1990 under \$400 per ounce, it has been over \$600 since 2006. It cracked \$1,000 in 2009 and now trades over \$1,700.

Oil is down from its peak and is fluctuating around \$100 per barrel, but remember that, as recently as 2004, it was less than \$40. Surging demand and high prices attract entrepreneurs and investment.

Natural gas is a classic example. Prices stayed around the very healthy level of \$6 per million BTUs, or went even higher, from late 2004 to 2009. Exploration boomed, drilling in conventional fields surged and gas companies invested heavily in new technologies to extract previously uneconomic shale gas. Some people even worked on the idea of building a \$16-billion pipeline up the NWT's Mackenzie River to gas fields in the Inuvik region.

The effect of all this investment and new supply? Gas prices went under \$2 per unit earlier this year, although they have now rallied to a bit north of \$3. The bright spots for gas are now China, Japan and Korea, where prices are still around \$15 per unit. Everyone is now talking about liquefying North American gas and shipping it to the power plants of Asia.

So what does this mean for the North? Of course, if we knew where copper, gold and gas prices were going, we could make billions in the markets, surround ourselves with new snowmobiles and 4x4 pickups and not have to worry.

But we do have to worry. We still have a lot of early-stage projects in the North compared to producing mines or gas wells. It is now Year 6 since copper hit \$7,000 and gold went over \$600. We at Up Here Business magazine are not the only people who've noticed Asia's titanic demand for natural gas.

Korea Gas executives may have visited Inuvik to talk about shipping Delta gas to Seoul, but they and their Chinese and Japanese counterparts have been racking up the frequent flyer miles looking for other sources of supply.

Australia is working on the Gorgon and other liquefied natural gas projects. These projects make Fort McMurray's oil sands industry look puny. I didn't even know we were competing with the country of Turkmenistan, but it turns out they, too, want to ship natural gas to China. According to the Wall Street Journal, Turkmen President Gurbanguly Berdymukhamedov (he has such a great name, I had to include it) inked a deal with China to ramp up gas sales to China to 65 billion cubic metres a year, from 40 billion. Japan and Korea are negotiating with gas exporters from Qatar to Perth, and China is building other pipelines to Burma.

Mines from Chile to Zambia are ramping up copper and gold production too.

So supply is surging. Meanwhile, the global economy wobbles. The Eurozone crisis is slowing growth, even in powerhouse Germany. China's economy is slowing, with Bloomberg reporting expert forecasts that China's demand for copper will fall in 2013 after growing steadily since 2008. Apparently, Chinese copper stockpiles are estimated to be so big that they represent double the country's total copper imports in 2011.

Maybe copper, gold and Asian natural gas prices will somehow stay high in the long run. Perhaps Asian economic growth will keep demand outpacing new supply coming onto the market. But if not, there are some pretty clear implications for Canada's three territories.

First, any bottlenecks delaying current projects need to be swept out of the way. Environmental regulations must always be respected, but each territorial cabinet should be asking for a weekly update on how their top five projects are working through the regulatory pipeline. A regulatory process does not have to be slow to be good.

Secondly, resource executives and territorial officials need to work together on how to keep costs low in the North. It is easier to stay in business if you are not facing elevated costs for energy, labour and other essential things. Energy is a big one here, where all three territorial power companies should be working

harder to supply the resource industry (and the rest of us) with cheaper power. We need to learn from the Norwegians on this front, with their abundant and cheap hydro.

Territorial governments also have to keep pushing on training and education. It is expensive to fly your workers up from Vancouver every two weeks. Plus, if more reasonably priced housing was available, you wouldn't have to pay your workers so much to get them live in the North.

To lose a big pipeline project to delay is embarrassing. To lose a dozen other projects across the North would be a crime.

## **Mining News Nuggets**

Mining News North of 60 – December 27, 2012

### ***Northwest Territories***

ECONOMIC DEVELOPMENT – Ministers from the Government of the Northwest Territories and senior officials from the three NWT diamond mines met Dec. 17 to discuss the contribution the diamond industry has made to the NWT, the GNWT's programs and services aimed at supporting the successful participation of NWT residents in the industry, as well as collective efforts and future plans to grow participation in the diamond industry so benefits can be realized for residents and mining companies alike. Representatives from all of the NWT diamond mines including BHP Billiton Canada Inc., Diavik Diamond Mines Inc., and De Beers Canada Inc., were in attendance as well as Ministers from three GNWT departments – Industry, Tourism and Investment; Health and Social Services; and Education, Culture and Employment. Plans were identified in moving forward to support economic development and improving social programming in communities. Among the group's top priorities is ensuring that federal funding continues for mine training in the Northwest Territories through a pan Northern training approach. "This meeting is another great example of the success we have had over the years collaborating on various social issues. Continuing to work together will ensure that the mines function at their best and also ensure the long-term sustainability of Northwest Territories communities. As a government we are fully aware of the many contributions made by the three diamond mines and they have continuously shown their commitment to providing meaningful, sustainable contributions to the communities in which they work. I know that we are committed to doing all we can to meet our goals, because now, more than ever, we have a pressing need to achieve results for the North," said Minister of Industry, Tourism and Investment David Ramsay, who chaired the meeting. Glen Koropchuk, chief operating officer of De Beers Canada Inc., said, "The success that each of our respective mines have had in providing opportunities for NWT resident participation in and benefits from our mining operations has been significant," Koropchuk attended the meeting along with Giles Hellyer, Asset President of BHP Billiton's EKATI Diamond Mine, and Niels Kristensen, president and COO of Diavik Diamond Mines Inc. "While each of us has played an important role individually, when we focus our efforts on understanding and meeting the needs of communities in which we work, our collective success is something we all share pride in." The mines and the GNWT have reiterated their commitment to coming together regularly in 2013 as leaders in the diamond industry with leaders in GNWT to ensure the health and sustainability of the communities in which they live and work through ongoing dialogue.

### ***Nunavut***

IRON – Advanced Explorations Inc. Dec. 21 said that in follow-up to a Feb.18 statement and recent discussions with its board of directors and XinXing Ductile Iron Pipes Group Co. Ltd., it plans to transfer its Roche Bay iron ore assets into a holding company that will be 100 percent held by Advanced Explorations Inc. The company has reserved "Savik Iron Mines Ltd." as the name for the holding company, which will act as the operating and funding vehicle for Roche Bay. "Savik" is the Inuktitut word

for “knife” derived from “savirajak,” the word for metal. The company anticipates utilizing Savik and/or similar structures for the management of its other iron ore assets, and further believes this restructuring will provide added corporate flexibility in the management and direct funding of its various iron ore projects. The intent is to form an independent management team with the appropriate skills sets and experience related to the go-forward requirements (construction/operation) of the Roche Bay Project. The company awaits final direction from its partner XDIP as to how its potential interest in Savik is to be structured.

### **MAC releases 2012 sustainable mining report**

Mining News North of 60 – December 27, 2012

The Mining Association of Canada has released its eighth annual “Towards Sustainable Mining Progress Report.” The 2012 report takes a detailed look at MAC members’ 2011 performance in the areas of communities and people, environmental footprint, and energy efficiency.

“Through TSM, MAC members showcase their commitment to responsible resource development by publicly reporting their facility-level performance in critical environmental and social areas,” said Pierre Gratton, MAC’s president and CEO. “Over the last eight years, we have seen notable progress in the way our members engage with communities and manage their environmental risks as they work to meet society’s needs for minerals and metals.”

Participation in the TSM program is mandatory for all MAC members. The 2012 TSM Progress Report describes their efforts in minimizing their operations’ environmental impact and the initiatives companies have undertaken to positively contribute to the communities where they operate. The report includes facility-level results for 20 member companies and externally-verified results for five companies.

The eighth annual report shows steady improvement in company results, including such highlights as:

- Over 90 percent of facilities have strong engagement practices within their communities.
- The number of facilities with a comprehensive reporting system for energy use has increased by 20 percent over the last year to 64 percent.
- Over 80 percent of facilities have assigned accountability and responsibility for tailings management to the company’s chief executive officer or chief operating officer. This demonstrates a commitment to best practices in tailings management at the highest levels of the organization.

TSM is an industry-wide, performance-based program that was developed by MAC to help mining companies evaluate and manage their environmental and social responsibilities. The program’s main objective is to enable mining companies to meet society’s needs for minerals, metals and energy products in the most socially, economically and environmentally responsible way. In essence, TSM ensures companies are operating in a way that aligns with evolving societal priorities and expectations as they relate to community engagement, safety and health, energy use and the environment.

### **Oilsands, Aboriginal relations challenges for 2013**

Vincent McDermott

Fortmcmurraytoday.com – December 26, 2012

This year was definitely one of the most eventful for the oilsands and aboriginals relations in Wood Buffalo, said Fort McMurray-Wood Buffalo MLA Mike Allen, and 2013 will probably top this one.

“There’s been a lot of focus and attention to this area, a lot more this year than in years past, both good and bad,” Allen told the Today shortly before Christmas. “But it has been established and is widely

recognized that this is the economic engine of Canada and the legislature is very supportive of this region and its resources.”

Allen, who made the jump to provincial politics after serving on municipal council for nearly five years, said he has been amazed that Fort McMurray has dodged the harsh economic realities facing other parts of Canada and continues to attract new businesses and workers.

“When there’s a significant amount of energy development, we are very careful to ensure that we are doing it right,” he said. “I’m very confident in our energy sector’s ability to continue to provide jobs to Canadians and minimize its environmental impacts in the area.”

However, the oilsands has still faced its share of challenges in 2012. The region entered a national debate about the future of energy last spring, when NDP leader Thomas Mulcair argued Canada was suffering from Dutch Disease – an economic theory that high prices for natural resources attract capital and labour away from the manufacturing sector, such as the struggling manufacturing sectors in Ontario and Quebec.

A public row between Alberta premier Alison Redford and British Columbia premier Christy Clark has also earned environmental scorn from many Canadians. The source of the tension? Royalty payments and environmental compensation from the proposed Northern Gateway pipeline.

Combined with the White House’s decision to reject the proposed Keystone XL pipeline in January, the failure to construct – or at least approve – new large-scale pipelines in 2012 has been a major setback to Canada’s economy, says Wildrose opposition leader Danielle Smith.

“It’s storm clouds on the horizon. With pipeline capacity filling up and no new pipelines approved or in the works, that is clearly going to have an impact on the economy of Alberta and the rest of Canada,” she said.

While the Keystone rejection was an American decision rather than an Albertan one, Smith says she is annoyed at the developmental pace of an eastern pipeline.

“I think eastern Canada is realizing the benefits of a pipeline,” she said, calling a pipeline to eastern Canada a “triple win.”

“We can continue to develop our resources in a responsible way here, we can ween Canada off foreign oil,” said Smith. “We can use existing refineries for our resource and create local jobs in the struggling economies of Quebec and Ontario.”

Allen says pipelines will certainly help the Canadian economy and said oilsands development must reach all Canadians, particularly Aboriginals. Recently, Aboriginals across Canada have been protesting the federal government’s consultation policies after the recent budget stripped environmental protection laws and made changes to the Indian Act.

Relations between industry, both levels of government and indigenous communities in the oilsands are one of the key issues in these protests.

“I would say it’s sometimes subjective when you examine that relationship and some would say the relationship could be improved,” said Allen. “We’re always looking at ways we can improve things and we are continually consulting with the First Nations.”

Smith, who also serves as Aboriginal Affairs critic, agreed. However, she said the PC party has been alienating itself from aboriginal communities since former premier Ralph Klein left politics in 2006.

“Under Klein, it was an incredible relationship the province had with many First Nations communities,” said Smith. “That trust went a long way, especially when it came to resource development. At the negotiating table, talks were fruitful because there was a level of respect and trust there.”

Both parties feel that many aboriginal communities are adopting an entrepreneurial spirit – both Smith and Allen cited the relationship between industry and Fort McKay’s aboriginal communities as success stories worthy of emulation.

“Many of the MLAs in this province have Reserves in their constituencies and we’re listening,” said Allen.

Under the current Tory government, however, Smith feels the government has dodged treaty and legal responsibilities by passing consultation duties to corporations and industry groups.

“Saying to industry, ‘go and solve these problems’ is irresponsible,” said Smith. “The province will have to become greater advocates for Aboriginals, especially when federal issues arise, whether it be infrastructure, healthcare or education issues.”

## **ENVIRONMENT NEWS**

### **Canadians lack trust in some scientists, poll suggests**

CBC News – December 28, 2012

A significant number of Canadians have trust issues with researchers in certain areas of science, including climate change, a new poll suggests.

An online survey of 1,000 people conducted by Nanos Research and released to CBC News asked respondents how much they trusted scientists quoted in the news on four scientific topics.

When it came to new energy technologies and medicines, a sizable majority of those surveyed said they trusted or somewhat trusted scientists. But respondents were less certain when it came to climate change and genetically modified crops.

The poll, conducted on Dec. 3 and 4, found that trust was highest on the issue of new energies (78 per cent trusted or somewhat trusted scientists) and that 71 per cent felt the same on the issue of medicines.

While nearly two-thirds (65 per cent) trusted or somewhat trusted scientists on the issue of climate change, a sizable number, nearly one-third (28 per cent), said they somewhat distrusted or distrusted researchers on that issue.

However, Canadians seemed to mistrust scientists the most on the issue of genetically modified crops, with nearly half (45 per cent) saying they trust researchers but 44 per cent saying they don't.

#### ***Government-sponsored scientists questioned***

The survey also found that 42 per cent of Canadians believe that government-employed scientists should speak out on political issues that touch their area of expertise, while 32 per cent said they should stay out of politics. (Sixteen per cent were unsure.)

Gordon McBean, chair of the Canadian Climate Forum, and Andrew Weaver, a Canada research chair at the School of Earth and Ocean Science at the University of Victoria, said they're concerned about the role of government-sponsored scientists when it comes to climate change.

They said those scientists need the freedom to voice their findings, even if their research runs counter to current government policy. The Conservative government has been accused of muzzling scientists.

Weaver also expressed some frustration over the results of the survey in respect to those who still don't trust scientists when it comes to climate change research.

"The basic physics is as certain as you can get. The physics of global warming is basically the same as gravity, it's just basic physics," he said.



### ***Some info confusing to consumers***

McBean accused oil, coal and other special interest groups of having confused people with false information, while scientists have done a poor job fighting back.

"We need to have that kind of information better conveyed to Canadians so they make better informed decisions. I think Canadians are unfortunately not receiving the information they need on a whole range of issues."

Other findings of the poll included:

- One in two want spending on basic scientific research kept at the same levels.
- Research into medicines seen as the highest priority, research into genetically modified crops the lowest.
- Nearly half of Canadians believe research into climate change is a high priority.

The online survey was not assigned a margin of error because respondents were not randomly sampled.

The results were weighted using the latest Statistics Canada data to be representative of the opinions of Canadians, Nikita James Nanos, president and CEO of Nanos Research, said in an email.