

Chamber of Mines News Briefs – January 24 - 28, 2013

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

Arctic Sovereignty and Security News 1
 [China Dips Toes in Arctic Waters](#) 1
NWT News..... 3
 [Cellphone service expands](#)..... 3
 [Surface Rights Hearing Held in YK](#)..... 4
Resource Development and Energy News 4
 [Mining News Nuggets](#) 4
 [Baffinland sees silver lining in scaling back Mary River project](#)..... 7

ARCTIC SOVEREIGNTY AND SECURITY NEWS

China Dips Toes in Arctic Waters

Spiegel Online – January 25, 2013

Christoph Seidler

China is hungry for natural resources, and the Arctic is home to a wealth of them. Growing alarm about its ambitions has led Beijing to take a softer approach, stressing exploration and research over exploitation.

You didn't hear much Chinese spoken on the Mackenzie River until the summer of 1999. But then excitement swept through the sleepy Tuktoyaktuk settlement in Canada's Northwest Territories, when a vast ship with a crew from the Asia-Pacific unexpectedly docked in the port. Local authorities were caught off-guard by the arrival of the research icebreaker Xue Long, which means "snow dragon." The vessel -- 170 meters (550 feet) long and weighing 21,000 metric tons -- had in fact informed faraway Ottawa of its intention to sail into Canada's arctic waters, but the message hadn't been passed on.

Today, such an incident probably wouldn't happen. States around the North Pole keep careful and regular watch on visitors from China. Its "growing interest in the region raises concern -- even alarm -- in the international community," the Stockholm International Peace Research Institute (SIPRI) recently wrote. And this despite the fact that "the Arctic is not a foreign policy priority" for Beijing.

The equation seems simple. China is hungry for natural resources, and the Arctic is rich in natural resources. What could be more straightforward? But Beijing insists that its interest in the region is first and foremost for research purposes, that the Arctic can help shed light on climate change, that it offers useful shipping routes, and so on and so forth.

Indeed, for now, the Chinese government has no official Arctic strategy. And it doesn't say much at all about natural resources in the region, especially because the economic superpower can -- for the time being, at least -- get what it needs elsewhere, such as in Africa.

But this is also because it has realized that it needs to be subtle about its interest in the polar North and not upset Arctic nations any more than it already has. "Currently, China has not carried out any exploration activities in the Arctic," said Zhao Yun, Beijing's ambassador to Norway, on Monday at the Arctic Frontiers Conference in Tromsø. China is more interested in joining forces with other states to study "trans-regional issues," he stressed.

Demonstrating great diplomatic finesse, Zhao insisted that Beijing was keen to communicate and cooperate with all relevant parties, including, of course, the indigenous population. It would also welcome a chance to be granted observer status on the Arctic Council. So far, so friendly.

A Careful Message

Even though China is trying to avoid being overbearing, it can't hide its growing interest in the region. "They are extremely careful about what message they send," says Leiv Lunde, director of the Fridtjof Nansen Institute, and independent foundation concerned with environmental, energy and resource-management policies based in Lysaker, Norway. Lunde recently returned from a trip to China, where he had delivered a 90-minute speech at the Beijing Energy Club. Afterwards, he spent over two hours fielding questions from government officials, researchers and executives from raw-material companies.

Still, Lunde believes that Chinese companies have understood that although oil and gas from the Arctic could make a long-term contribution to the country's energy supply, it won't come cheap. China will have to "play by the rules of capitalism," Lunde says. Right now, for example, the China National Offshore Oil Corporation (CNOOC) wants to acquire its Canadian competitor Nexen, but the deal first has to be approved by US authorities.

Beijing's raw-materials managers are also eyeing Greenland. Just outside the capital, Nuuk, a British company has teamed up with Chinese financiers to develop a giant iron ore mine. Over 2,300 Chinese workers will be employed here, boosting the island's population by 4 percent. The total investment will be around €1.7 billion.

Greenland needs it -- at least if it is ever to make its dream of independence come true. Sara Olsvig is a member of the Danish parliament who represents a separatist party in Greenland. She points out that, as of 2040, Greenland's state coffers will be seeing a shortfall of some €134 million a year. "We are interested in securing additional income," she says. "And where should we look for that if not in the fastest-growing nations of the world?"

So far, Olsvig says, no decisions have been made, but Chinese investment in Greenland's mining sector would be as welcome as investment from any other country. "China is all over the world. It is no surprise that they are also interested in Greenland's resources," she says. The iron ore mine project is, however, not uncontroversial in Greenland. Among other things, critics are unhappy about the prospect of China bringing low-cost labor to the island.

Long-Term Planning

Traditionally, China has upheld the principle of non-intervention. Accordingly, at the conference in Tromsø, the Chinese ambassador to Norway resorted to a linguistic slight of hand to justify his country's focus on the Arctic region: Northeastern China, Zhao explained, stretches almost to 50 degrees north latitude, making his country what he called "a near-Arctic state." According to that logic, the German island of Sylt, which lies at 54 degrees north latitude, could also be described as "near-Arctic" -- but no one would.

"China's arctic research is still at the starting stage," Zhao said. In 2004, China -- like many other countries, including Germany -- set up a research station on the Norwegian island of Spitsbergen. Meanwhile, the Polar Research Institute in Shanghai trains scientists specialized in the region, while another 120-meter-long icebreaker is currently being built with Finnish help.

The Xue Long has now made five trips to the Arctic. The last was in the summer of 2012, when it traveled from Iceland via the North Pole to the Bering Strait. As it entered the waters off Spitsbergen, the Norwegian coast guard was there in an instant -- in stark contrast to Canada's casual response back in 1999.

"China spends much more on research in the Antarctic than the Arctic," cautions Lunde, from the Fridtjof Nansen Institute. For now, using Antarctica's natural resources is prohibited by the Antarctic Treaty System. But that ban might be lifted in the decades to come. "Maybe they are just preparing themselves," says Lunde. "China is very good at long-term thinking."

NWT NEWS

Cellphone service expands

Deh Cho Drum – January 24, 2013

NorthwesTel rolling out 3G across the territory Roxanna Thompson Within the next two years, six communities in the Deh Cho will be getting cellphone service for the first time.

Infrastructure Canada, NorthwesTel and Falcon Communications have partnered on an initiative that will bring 3G mobile Internet services to 25 communities in the territory.

In the Deh Cho the communities include Trout Lake, Jean Marie River, Nahanni Butte, Wrigley, Kakisa and Fort Providence, which currently don't have cellphone service.

The federal government is contributing up to \$14.8 million through the Canada Strategic Infrastructure Fund to the initiative, which will also support and enhance broadband Internet service for 31 communities. NorthwesTel's contribution is expected to be more than \$15 million. Falcon Communications has acted as the federal government's community champion for the NWT Broadband Project since 2005.

"This is a perfect partnership to support this initiative for NWT residents," said Emily Younker, the corporate communications manager at NorthwesTel.

Without partnerships like this it's not always economically feasible to bring new and upgraded services to small communities, she said.

With 3G services people will be able to use the latest wireless devices, tablets and smartphones, she said.

They will also be able to use all of these devices' features including mobile Internet, music and video streaming, e-mail and cellular calling.

Although people generally associate 3G with faster data transmission speeds, Younker said access to mobile Internet will also provide economic benefits such as allowing small businesses to promote themselves more effectively and improve access to distance education.

Younker was unable to provide the exact dates when each community will receive the service. The initiative is scheduled to be completed by the end of 2014.

In Fort Providence, MLA Michael Nadli said he was thrilled with the news that the community will be getting cellular service.

"I think it's about time," he said.

Last July, Nadli started a petition in the hamlet asking the territorial government to encourage telecommunications companies to establish cellphone service in Fort Providence. The safety of people travelling on the highways is a big concern and cellphone service would improve access to emergency services, he said.

Having cellphone service also needs to be part of the broader initiative to increase tourism to the NWT, said Nadli. Communities need to provide at least baseline services to travellers and cellphone service is one of them.

Tourists take for granted that they will be able to use their cellphones because they can across the rest of Canada, he said.

Nadli also expects cellphone service to assist those businesses that have been trying to establish themselves in the community, he said.

Nadli said he hopes that Fort Providence will be one of the first communities on the list to receive 3G services.

Surface Rights Hearing Held in YK

CJCD Radio – January 25, 2013

Yellowknife, NWT - Surface Rights Board meetings have now wrapped up in Yellowknife.

The board falls under control of the Standing Committee on Aboriginal Affairs and Northern Development.

It's mandate is to resolve conflicts over land rights and usage.

Western Arctic M-P Dennis Bevington was among those taking part.

If you have a dispute over access to land, say traditional lands owned by First Nations or controlled by First Nations, you go to Surface Rights Board. If negotiations fail between those that hold the sub-surface rights this board will grant access. It may set conditions, you may have to pay compensation."

Bevington says it'll take some time before we learn how the board's decisions are being received.

"Say in Alberta where the Surface Rights Board is very active with very many cases of people concerned with access on their land from developers, this is actually a very controversial board and does a lot of decision making. How it's going to play out in the Northwest Territories, that remains to be seen."

Among others who took part in the meetings were representatives from the Territorial government, Aboriginal reps and the NWT and Nunavut Chamber of Mines.

RESOURCE DEVELOPMENT AND ENERGY NEWS

Mining News Nuggets

Mining News North of 60 – January 24, 2013

Northwest Territories

SHARE CONSOLIDATION – North Arrow Minerals Inc. Jan. 21 said it will ask shareholders to approve a consolidation of its issued and outstanding common shares at a ratio of 10 old shares for one new share at a shareholders meeting scheduled for Feb. 13, 2013.

After the issuance of the debt settlement shares referred to below, the company will have 74,397,854 common shares issued and outstanding. Further, the North Arrow has received from the TSX Venture Exchange conditional approval of the agreement to acquire Springbok Holdings' interests in the Lac de Gras diamond project in exchange for 10 million pre-consolidation shares of the company.

If the share consolidation is undertaken at the ratio of 10 to one and the company receives final approval of the Springbok transaction, the issued and outstanding common shares would total about 8,439,785. North Arrow does not intend to change its name in concert with the consolidation.

The company is asking shareholders to approve the share consolidation to better position it to finance its exploration and development activities. In particular, in light of current market conditions, the company believes it will be beneficial to current shareholders to have the issued share capital made more attractive to future investors. If the consolidation is approved, the directors of the company will have the authority to implement the consolidation at the ratio of 10 to one at any time.

On the date hereof, the directors intend to implement the consolidation as soon as practicable following the approval of the consolidation by the shareholders and the TSX Venture Exchange. In addition, notwithstanding approval of the consolidation by the shareholders, the company's directors, in their sole discretion, may revoke the special resolution and abandon the consolidation without further approval or action by, or prior notice to, shareholders.

North Arrow also said it has received the required approvals for a debt settlement agreement between the company and Anglo Celtic Exploration Inc., which was reported in October. Under the agreement, North Arrow and Anglo Celtic will settle an outstanding debt in the amount of C\$1 million, plus unpaid interest accrued thereon in exchange for 21,639,477 shares of North Arrow issued at a price of C5 cents per share.

North Arrow expected to issue the shares and close the debt settlement by Jan. 25. The company also said it will not proceed with the private placement financing that it announced Oct.25. In addition, North Arrow reported that Gordon Clarke has resigned as vice president, exploration of the company to pursue a new opportunity.

Nunavut

GOLD – Northquest Ltd. Jan. 22 provided an update on its planned accelerated and expanded drill program at the Pistol Bay gold project. The project consists of 675 square kilometers (261 square miles) of mineral rights covering a 50-kilometer (31 miles) strike length of the Pistol Bay Corridor, a west-trending lineament which contains numerous gold occurrences.

Since field operations began in 2011, Northquest has completed two airborne geophysical surveys and 7,097 meters of diamond drilling in 39 drill holes and has obtained economically interesting drilling intersections at three targets – Vickers, Sako and Bazooka – over a 20-kilometer- (12.4 miles) long segment of the Pistol Bay corridor within 20 months of drilling with expenditures of less than C\$5 million.

The best drilling intersection obtained to date on the property is 156.48 meters grading 8.23 grams-per-metric-ton gold in drill hole PB-12-22 on the Vickers target. Northquest said it plans to increase the rate of drilling and improve the continuity of news flow from the Pistol Bay project, which has had two relatively short field seasons in 2011 and 2012.

Accordingly, in April 2013, the explorer intends to complete the construction of an all-weather camp facility on the site of the current summer camp, with the goal of commencing drilling operations May 1. The objective is to conduct drilling operations at the project a minimum of eight months per year, which should be feasible given infrastructure that includes an all-season gravel road through the center of the property, the Arctic Ocean coastline within the property boundary, and an air strip with daily flights from Winnipeg located one kilometer from the property boundary.

Northquest intends to complete induced polarization/resistivity surveys, a frequency domain EM survey and/or follow-up drilling on the three promising targets at Pistol Bay in 2013. The Mauser Group of gold occurrences in the western part of the property, which were acquired in 2012, also will be evaluated to determine whether initial drilling is warranted in 2013. In addition, other new targets that are defined in the company's most recent airborne survey will be evaluated and drilled in 2013, if warranted.

MANAGEMENT – North Country Gold Corp. Jan. 22 reported the appointment of Toby Pierce, BSc., MBA as an independent director of North Country Gold Corp. "This appointment comes at an exciting time as we advance the Three Bluffs high-grade gold deposit located in Nunavut, Canada," said North Country President and CEO John Williamson.

Pierce brings 17 years of geological and financial understanding within the resource sector as well as corporate development and general corporate affairs. He was most recently a partner and senior equity

analyst with GMP Securities in London, England from 2009 through 2012 and covered a broad range of international oil equities for the group. This role required extensive interaction with the natural resources investment community in the UK, Europe, and North America and the provision of strategic and investment advice to both companies and institutional equity providers.

“With Mr. Pierce being based out of London, UK, this will enable North Country to broaden its capital markets reach significantly,” said Williamson. Prior to GMP, Pierce served as director, institutional equity research at Tristone Capital in London, England from 2005 through to 2009. Over his eight years in the finance industry he has built up extensive experience in mergers and acquisitions, initial public offerings, fund raisings, equity and asset valuations and investment advice.

Previous engagements include the successful formation, operation and sale of a company that provided well-site geological services for numerous publicly traded oil and gas companies across the Western Canadian Sedimentary Basin. In addition, he has worked for four years across North and Latin America as a geologist in the mining and exploration industry for Hunter Dickinson Inc., Kennecott Canada, and the Geological Survey of Canada. Pierce holds a Masters in Business Administration from the Rotman School of Business and a Bachelors of Science in Earth Sciences from the University of Victoria. Further, Pierce is a director of Crest Petroleum, Jordan Energy and Mining Ltd. and Redtail Metals.

GOLD/SILVER/COPPER – Aura Silver Resources Inc. Jan. 21 reported outlining a high-quality gold target referred to as the Dingo prospect and an adjacent copper prospect through a comprehensive interpretation of geochemical data at its wholly-owned Greyhound property in Nunavut.

Aura said these new discoveries add to the potential of the property where previous results identified one gold and two silver targets located to the east and south-east of Aura Lake, as well as an untested silver target on the Greyhound north-east claims.

These latest results complete Aura Silver’s extensive geochemical interpretation where six drill-ready targets have been clearly identified along an Archean greenstone belt stretching over 25 kilometers from the southwest to the northeast. Aura Silver CEO and President Robert Boaz said, “During the past year, we have concentrated our efforts on isolating the sources of high-grade surface samples of gold, silver and base metals at Greyhound. We now believe that Greyhound likely represents the most exciting exploration property for gold, silver, copper and zinc of any other property in Nunavut, or for that matter likely northern Canada, especially given the high-quality infrastructure currently in place. It is most unusual to explore this far north and to have such excellent logistics.”

The Dingo Prospect lies 5.5 kilometers (3.4 miles) north-northeast of Greyhound’s Aura Lake area and only 30 kilometers (19 miles) north of Baker Lake, NU with access via the all-weather road leading to Agnico Eagle Mines Ltd.’s Meadowbank mine. The prospect is a discontinuous north-south striking quartz-vein system traced over 1.7 kilometers (of strike at the margin of a major felsic sub-volcanic intrusion and mafic volcanics with a possible east-west trending shear zone structure; a classic gold environment. The vein system has been traced by outcrop and a discontinuous, but linear, gold-in soil anomaly with values in excess of 2,000 parts-per-billion gold. Sampling was conducted at 50-meter intervals along lines spaced at 100-meters.

Grab samples from exposed outcrop assayed from trace up to 9.1 grams per metric ton gold and from trace up to 96.6 g/t silver. A significant gossan development lies near the quartz-vein system near the south end of Dingo and bordering the east-west shear zone structure and measures 5 meters by 150 meters. Mineralization consists of pyrite, chalcopyrite and trace arsenopyrite as a sulfide vein stringer zone. Precious metals associated with this copper stringer zone are low but one sample reported a copper value of >10,000 parts per million (greater than 1 percent copper).

However, the company speculates that this zone may be associated genetically with the high-grade surface samples transported to the north end of Aura Lake, which assayed 9.2 percent copper and 18.5

percent zinc. Aura Silver also said it is in ongoing discussions with potential strategic partners focused on both of our properties in Mexico and Nunavut which have the potential to add value for shareholders.

“Difficult market conditions have led us to seek out partners who can provide sufficient capital to make further progress on our Taviche/Alma Delia property in Mexico as well as our Greyhound property in Nunavut. We anticipate that further updates will become available over the course of the next few months,” Boaz added.

COPPER/ZINC – Commander Resources Ltd. Jan. 18 reported that Aston Bay Ventures Ltd., which optioned Commander’s wholly-owned Storm property in 2011, is making progress in obtaining a public listing, which is one of the requirements of the option and earn-in agreement that the two companies signed in November 2011.

Aston Bay recently announced concluding an arrangement agreement with Escudo Capital Corp. whereby each issued and outstanding share of Aston Bay will be acquired by Escudo in exchange for one common share of Escudo. Commander received 3 million shares of Aston Bay under the terms of the option agreement and will therefore hold 3 million shares of Escudo if the arrangement agreement is approved by the Toronto Stock Exchange.

Concurrent with the closing of the acquisition of Aston Bay, Escudo plans on completing a best-efforts private placement financing with the proceeds to be used for exploration on the Storm property (which includes the Storm Copper area and the Seal Zinc area).

Additionally, Aston Bay executed an agreement with Teck Metals Ltd. for a license to Teck’s historical technical database on the Storm property, which documents early exploration work, including drilling conducted by Teck from 1996 to 2001.

This database will significantly advance Aston Bay’s technical knowledge of the property and will place Teck as a key shareholder in Aston Bay. In 2012, Aston Bay completed an exploration program which included staking of about 30,000 hectares (75,000 acres), rock sampling of the property’s main copper showings, geological mapping and regional prospecting.

Historical drill core was examined and selectively re-sampled over extensive, previously un-sampled intersections. A condition of the option agreement is that work programs be conducted on the property in 2013 and 2014.

Baffinland sees silver lining in scaling back Mary River project

Globe and Mail – January 25, 2013

PAV JORDAN - MINING REPORTER

Plans to scale back the massive Mary River iron ore project in Canada’s northern Arctic may have a silver lining.

Baffinland Iron Mines Corp. says the deposit could now be in production as early as 2014, and ship its first iron ore in 2015, or two years sooner than it would have under a mine plan that was recently shelved due to financing concerns.

“The way we described it to the folks in Nunavut, is that we’re taking two smaller steps instead of one big step,” said Baffinland spokesman Greg Missal, who recently returned from community visits in the region of the mine site on Baffin Island.

Owned by global steel giant ArcelorMittal and Iron Ore Holdings LP, a private equity concern, Baffinland earlier this month radically reduced the size of the mine plan at Mary River, saying the \$4-billion development cost was too much to shoulder in an uncertain demand outlook for commodities.

The new plan will cost just \$740-million and will be carried out in such a way as to be compatible with the larger plan at some later date.

Mary River was just the latest victim of the economic slowdown that began with the 2008/09 global crisis and has hit the world's miners especially hard over the past year as China's thundering growth slowed, and markets in Europe and the United States failed to gain traction.

Mary River, one of the world's richest and largest undeveloped iron ore deposits, was to start shipping some 18 million tonnes of the key steel component in 2017. The plan was to build a dedicated rail line and port and then transport the ore to European markets year-round on ice-breaking ships.

Under the revised plan announced on Jan. 11, Baffinland Mary River will now produce just 3.5 million tonnes of iron ore per year. Instead of a rail line, Baffinland will use trucks to move the ore to a smaller port on the north of the island, where it will be stockpiled for most of the year and then shipped during the 75-95 days a year when waters are ice-free, from late July to October.

The company expects to start awarding contracts to build the mine in coming months, with heavy equipment and other supplies shipped to the site in the summer. Construction will likely go through 2013 and 2014.

"This is a way of moving forward with the project despite the difficult capital markets out there," said Mr. Missal, adding that a final hearing on Mary River's water licence, which will allow it to move ore and materials by ship, was expected soon.

Mary River will likely target European markets – some 5,000 nautical miles away from Baffin Island - for its iron ore once in production. China's market would be some 15,000 nautical miles away, taking into account the need to travel around the tip of South America.