



Northern Mining News

VOLUME 2, ISSUE 1

JANUARY 2009

Let's Help the Economy Fix the Regulatory System

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MINING STATS NWT/NU 2008:

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

The Joint Review Panel's announcement that its report on the Mackenzie Valley Natural Gas Pipeline will be delayed by a further year is no surprise to the northern mining and exploration industry.

The Chamber sees this development as further evidence of the urgent need for government to address the environmental and socio-economic assessment process in the NWT: the Mackenzie Valley Resource Management Act.. The Northern Regulatory Improvement Initiative first announced by Minister of Indian Affairs and Northern Development Chuck Strahl in November, 2007, is stuck somewhere in the Ottawa quagmire. Neil McCrank's report was filed in May 2008, after

consultation with a wide range of northerners. So far, there has been no action from Ottawa.

Many mining industry recommendations could be enacted without new legislation or undue delay. These are aimed at clarifying key terms in the legislation, introducing predictable timelines, issuing guidelines for the duration of water licenses, developing water quality and effluent standards, clarifying the requirements for Aboriginal consultation and ensuring that the regulatory boards have adequate resources to carry out their work. Of 18 recommendations made by the industry, only five would require legislative amendment. Nowhere in industry's submission did it envision re-opening land claims or relaxing environmental standards.

Check our website for the submission.

Northerners are beginning to see the flaws in our environmental and socio-economic regulatory system and are ready to grapple with the issues. Business groups are united in their calls for improvement to the regulations. Mr. Strahl needs to show us the leadership to get northerners together to hammer out the details and move forward.

Our residents and our communities need a solid regulatory framework if we are to build a territory where there is full employment, a highly-educated population and we have companies that are prospering at being the best in the world at developing mineral and petroleum resources in a cold climate.

Tom Hoefler - 18 Years of Service

Tom Hoefler has resigned as a Director of the Chamber of Mines after 18 years of dedicated service. He has left Rio Tinto as Diavik's spokesperson to take on new challenges with INAC's Mineral & Petroleum Resources Directorate.

Born and raised in Yellowknife, his father was an assayer at Con Mine. Tom studied geology and came back to work in the mineral exploration industry. In 1990, he accepted position of General Manager for the Chamber of Mines. Back then, the gold mining industry was suffering under a market

recession similar to what we are seeing today, but within a few months diamonds were discovered and exploration boomed. The challenges to mining were many. Land claims settlement and the push for conservation of land in the north were the big issues.

He left Yellowknife briefly to work on a copper project in BC, returning to work with Diavik in 1998 and again joined the Chamber of Mines as a director. Tom's insight and expertise has been a wonderful asset to Chamber business. We wish him the best in his new position as



Courtesy Rio-Tinto

Director of Minerals & Petroleum Resources for INAC. He will be missed but we can look forward to a strong working relationship in his new role.

Prairie Creek - A Delayed Resource

This past summer, Canadian Zinc Corporation's (CZN) application for a Type A water license and related land use permits for its proposed Prairie Creek Mine were referred to environmental assessment (EA), initiating a long process that has become all too common in the N.W.T.

The Chamber of Mines believes that mining in the 21st century can be accomplished in a way that is sustainable, community friendly, and safe to the environment. CZN has demonstrated a willingness to be a good steward of the land surrounding its project. In our opinion, the Review Board should not assess components of the project that have already been approved under grandfathered permits.

The Prairie Creek operation is a unique application in that most of the proposed infrastructure for operations is already built and the environmental footprint is already there. The mine was fully licensed to operate before 1984 and this included operation of a winter road to the site. We understand this winter road permit was declared exempt from the EA process by the NWT Supreme Court in 2005. It is recommended that this be acknowledged and respected by the Board. There is a general misconception that CZN is trying to avoid environmental study by applying grandfathered applications, and this is far from the truth since the grandfathering aspects have already been through an EA type process.

In addition to this CZN had already undergone numerous EAs on various mine aspects and has indicated that they are always open to discuss any aspect of the project and be willing to consider alternatives as the development moves towards operations. The decision to construct a winter road rather than an all-weather road is an example. All aspects of this operation will have to adhere to all of today's environmental rules and regulations whether grandfathered or not. The focus of the EA should be on project changes,

including the transfer facilities, water storage ponds, and underground backfilling of pasted tailings.

This will be the first mining project to provide full opportunities for the Dehcho and the economic importance of the proposed development is substantial. The mine will annually employ over 220 people for at least 15 years, perhaps more if exploration of the deposit reveals additional economic ore. According to the draft Dehcho Land Use Plan, unemployment in the region is about 20%, and most jobs are with government. We believe now is the time to bring industry to the Dehcho.

Recent endorsements of the project by the Fort Simpson and Nahanni Butte Bands is an indication that the region wants to move ahead. The transition to this type of life style may come with challenges, but we believe that is necessary if regional residents are to be full participants in the modern economy. There seems to be considerable interest in building the mine and taking advantage of economic opportunities.

We understand there is a process involved and that it will take time.

There are many important issues at stake. But we question exactly what else can be learned about the project through these proceedings that has not already been extensively documented and addressed. CZN has undergone six permitting reviews since it began its program. Significant documentation of environmental issues, including waste management, wildlife surveys, and contingency plans have already been developed.

We encourage the Board to refrain from demanding that this work be redone if it has already been approved under previous permits. Further in depth study may not necessarily be warranted. New elements to the project have been proposed, and these changes are significantly better for the environment.

CZN is committed to maintain ecological integrity of the Nahanni watershed and have gone out of their way to accommodate concerns. We support this project and hope that the Board will recognize the importance of this development to the N.W.T.

- condensed from a letter sent to the Mackenzie Valley Environmental Impact Review Board, November 2008.



The Prairie Creek Mine has considerable potential, but is now bogged down in the Environmental Review process.

News from the Industry

The state of the global economy in the past four months is having a visible impact on mining and exploration in the Territories. Here is the latest:

The **Snap Lake** diamond mine announced the layoff of 105 Procon miners in November 2008, and is also planning shutdowns for a total of 10 weeks this coming year to help conserve cash.

Diavik, in the middle of an underground construction program, has cut back some its plans and laid off a few contractors. One of its future plans was to construct a plant to recover very small diamonds, which normally get discharged as waste. This has been postponed.

BHP reports its **Ekati** diamond mine is in a healthy state, because of their attempts in

the past two years to cut operating expenses. It is currently mining diamonds at a cost of \$70 per tonne. Its goal is to further reduce cost to \$50 per tonne by 2012.

Newmont has delayed construction of the Hope Bay gold project, and **OZ Minerals** will not be proceeding with exploration in Nunavut this summer. OZ is suffering considerably because of the global meltdown.

This summer, the north will probably see a drastic reduction in mineral exploration programs. It will be felt here in Yellowknife, where many service companies such as charter airlines, camp crews, diamond drillers, and geophysicists are based. We all hope for improvements soon.

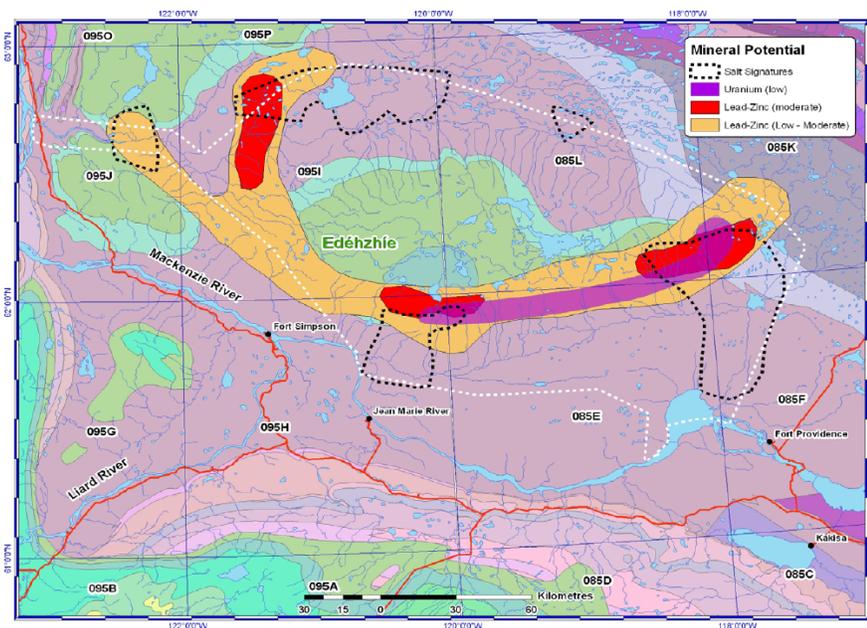
Edehzhie: The Latest

Ten years ago, the Protected Areas Strategy was created by a number of government departments, organizations, and communities to identify and eventually protect land in the N.W.T. from development. Perhaps the first protected area to emerge from this initiative will be the Edehzhie, or Horn Plateau, the well-known landmark north of Fort Providence.

Eight months ago, the Chamber attended a meeting about Edehzhie so that Dehcho communities could begin deciding a future boundary. It was obvious that the complete 25,000 km² withdrawn area could not be protected, so now discussions have begun to find a reasonable boundary. As of yet, no decision has been made.

The resource potential in the area is very good, so any boundary will have to consider a proper balance between protection and development. According to the geology reports, there is moderate lead/zinc and uranium values along the south slope of the Plateau. An actual diamond stone was recovered from stream sediment samples in the area, and geologists believe it came from a nearby source. Olivut Resources has encountered kimberlite in some of their diamond drilling in the region. Could there be a rich diamond deposit under the horn Plateau?

These are among the things that the communities will have to consider this year. The Chamber believes protection of the Horn Plateau is a good initiative, but worries that removing it all from mineral exploration could be a mistake.



2008 Resource Assessment Report of the Edehzhie "Horn Plateau" area shows high mineral potential

Come Watch a Mining Video!

For many years the Chamber of Mines has been collecting an assortment of videos documenting and promoting mining projects in the north. Our library includes DVDs, VHS, even some old BETA tapes. Go back in time to 1954 and the glory days of the Giant Mine in

Yellowknife, learn about how diamonds were found in the barren lands, or explore the unique challenges of building and operating the Polaris lead zinc mine in the high arctic.

We recently obtained a copy of Starfield Resources Inc's video on its Ferguson Lake

project, which includes computer animation on the proposed mining, mill, and transportation facilities for this Nunavut platinum mine.

If you are interested in seeing our video collection, feel free to visit our office and we can set them up for you!



Published by the NWT & Nunavut
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Our board sits as representatives from an array of mining, mineral exploration, and service companies in both territories.

Geoscience Results

The 2008 Geoscience Forum is over for another year. Even with the recent economic downturn, we were pleased with attendance and delegate enthusiasm. We had 840 delegates register for the conference this year, down only slightly from last year. The talks were well attended and everybody, from speakers, delegates, organizers, and exhibitors, were in good spirits.

Organizing the biggest conference North of 60 is not without challenges, especially with events divided between two venues, but our volunteers pulled it off, and we extend a great thanks to the committee that continues to put on a great show. It would not be possible without our many sponsors as well and we appreciate their help through in-kind services, donation of auction items, or direct funding. Over 90% of the cost of hosting the conference was paid

directly to Yellowknife businesses. Over \$150,000 went for advertising, printing, catering, facility and equipment rental, transportation and other services. It paid over \$10,000 to local non-profits, including St. Pat's Students Against Drunk Driving, Yellowknife Seniors Society, and others. The Geoscience Gala charity auction raised about \$15,000 for the NWT Mining Heritage Society and the Northern Youth Abroad program. The NWT Geoscience Office staff organized a very diverse technical program. Sessions included mineral exploration updates, energy, environment, outreach education, diamonds, and remediation.

Dr. Mark Hannington of the University of Ottawa gave a special talk on ocean-floor volcanoes and mineral potential in hydrothermal vents. Geology students and summer field programs were also given the opportunity to showcase their research through poster displays during the technical program. Planning for next year's event is already underway and we hope you will be encouraged to join us yet again!

Upcoming Mineral Industry Events

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

- **PDAC Conference ... March 1-4, 2009 ... Toronto, Ontario**
- **Nunavut Mining Symposium ... March 31 - April 2, 2009 ... Iqaluit, Nunavut**



January 2009