



Northern Mining News

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MINING STATS NWT/NU

Three diamond, one gold, and one tungsten mine in operation

**Value of mineral production (2009)
\$1.5 billion**

**Value of mineral exploration (2009)
\$232 million**

New Challenges, New Opportunities Message from the New Executive Director

It was with great pleasure that I took on the job of Executive Director in early September. While I managed the Chamber from 1990-96, much has changed since that time.

The division of the NWT has led to new legislative complexity, new diamond and gold mines are producing world class results, and exploration is on the upswing. Aboriginal participation in our northern minerals industry is reaching new and wonderful highs, and I believe it's fair to say that the NWT and Nunavut are growing to be some of the most progressive jurisdictions for Aboriginal participation in mining in the world.

Some things haven't changed, and that's not necessarily bad. For example, our rich geological diversity means the minerals industry continues to be the backbone of both territories' economies. We continue to have many young people entering the job market looking for opportunities that our industry can provide.

On the other hand, we have increasing regulatory complexity, our infrastructure is

underdeveloped, and for a variety of reasons, access to land in many areas is quite difficult. And there are still not enough people who know how to take advantage of the significant opportunities possible in our industry.

Needless to say, we have our work cut out for us, but I'm a firm believer in the art of the possible, and I have some tools at hand. Upon my arrival I was given marching orders to earnestly implement our strategic plan.

The five areas for focus are: Regulatory Improvement & Land Access, Aboriginal Relations & Engagement, Infrastructure Development, Communication & Public Relations, and Chamber Membership & Operations (see our January newsletter for more detail).

I'm very much looking forward to working with our members, with industry, with various governments, and with communities to find success in all these areas. I'll welcome your ideas and your participation. With your help and desire to look at what's possible, I expect to be able to



Tom Hoefler photo

Tom joined us as executive director in September

report new initiatives and new successes through this newsletter. Have a look through this issue, which highlights some interesting Aboriginal success stories.

These are challenging and exciting times for the north and for our great industry. It's a time of change, it's a time of opportunity, and it's a time to work together to strengthen the minerals industry.

I look forward to you joining us to make it happen!

Tom Hoefler,
Executive Director



Howard's Pass Fact Sheet:

Owner/Operator:

Selwyn Chihong
Mining Ltd.

Location:

NWT/Yukon border

Resource:

154 million tonnes
indicated (5.3% Zn,
1.8% Pb)

234 million tonnes
inferred (4.5% Zn,
1.4% Pb)

Status:

Underground
exploration program
planned 2011, bulk
sampling and
metallurgical tests.



**Great Slave
Helicopters has
made a joint-
venture deal with
Colville Lake**

Land Corps Sign Deal with Selwyn

There is more great news coming out of the Sahtu this summer at the Howard's Pass zinc/lead project, owned by one of the Chamber's members, Selwyn Resources. This fall, Selwyn finalized its 50/50 joint-venture with Chinese corporation, Yunnan Chihong Zinc & Germanium Co. in exchange for a \$100 million investment by Yunnan Chihong in the project's feasibility.

Howard's Pass is the world's largest undeveloped zinc deposit, and is a rising star in the northern mining scene. NWT communities within the project area are taking notice. In May, Selwyn announced it had signed a cooperation agreement with the Tulita and Norman Well's Land Corporation in the Sahtu.

The agreement provides a basis for participation by all beneficiaries in the exploration and development at Selwyn and in all matters pertaining to the environmental, social and economic planning and permitting of the project activities within the Sahtu. New business contracts will be negotiated between Selwyn and the Land Corps to provide opportunities for employment, training, and service.

The agreement also establishes a project committee to deal with all matters relating to the project and provided funding for education and training initiatives. Selwyn also made a payment of \$300,000 to the Tulita District Benefits Corporation to purchase 1.5 million shares of Selwyn Resources at a price of \$0.19 per share. The agreement is ground breaking news in the Sahtu and may be the first example of direct Aboriginal ownership in a mining project in that region.

Congratulations to Selwyn, Sahtu beneficiaries, and all their partners!



**Selwyn signs a deal with Sahtu
delegates**

Selwyn Resources Ltd.

JV's Promote Aboriginal Business

The north's record in support of Aboriginal business is already quite remarkable, and added to that now is the recent announcement that Stantec, a mining services company specializing in project engineering, modeling and feasibility, has formed a joint-venture with the Yellowknives Dene business arm, Det'on Cho Corporation.

According to a joint press release, this joint venture will allow the Yellowknives Dene to develop a better working relationship with mineral industry partners and will offer more members of the Yellowknives Dene skilled positions in the north. It will also foster the growth of Stantec in the north where it has been in business for many years.

Important JV deals were also signed this year between Great Slave Helicopters and Colville Lake for business opportunities, and with Kitikmeot Helicopters in Nunavut which was awarded a two-year contract with Newmont Mining.

Trinity Helicopters, another Yellowknives Dene partnership, has also signed deals with Cambridge Bay based Qillaq Innovations for business contracts in the Kitikmeot.

There are over 500 Aboriginal-owned businesses in the NWT and Nunavut and in ten years they have accrued business contracts worth over \$4 billion from mining. This is a significant achievement!

Mines Excel with Northern Employment

In planning their mines, the NWT's three diamond producers evaluated the labor market in the NWT, assessed skills available, identified other employment opportunities that would compete for the labor force and then committed to hire northern and aboriginal residents and to undertake training programs to help achieve those targets. Each mine made commitments reflecting the different size and complexity of operations, based on labor market assessments at the time the projects were evaluated. For example,

BHP Billiton's EKATI Diamond Mine was the first to come into production and the company worked closely with northern communities to recruit for the many new jobs that were available. BHP Billiton's socio-economic agreement in 1996 set a target of 62% northern jobs, of which 50% would be for Aboriginal NWT residents.

Why not 100%? The reality is that not all the skills needed are actually available in the North and not all skilled workers want to move here, despite significant salary and benefits, coupled with relocation packages offered by the mines. The mines, in cooperation with government and communities, are continuing their efforts to maximize northern and Aboriginal employment. The chart

below shows how each mine is faring with its operations workforce. It shows that collectively, the three diamond mines have excelled at hiring northerners compared to their collective predictions originally. The North is doing far better in terms of northern employment at the diamond industry than was ever predicted. For example, before BHP Billiton built its mine, it predicted it would have a workforce of 926. BHP Billiton's actual employment at year-end 2009 was much higher at 1,457. It predicted 574 northern resident jobs, and the actual number is now 773. For over a decade BHP Billiton has exceeded its predictions for northern and Aboriginal employment, an operation that is both surface and underground mining.

Diavik predicted an operations workforce of 400 and it was actually employing double that number in 2009. With Diavik's predictions of 264 northern workers, it was actually exceeding northern employment predictions with 528 northerners employed. The impact this has on De Beers Snap Lake Mine, a completely underground operation which opened in 2008 is that it must find a highly skilled workforce while facing the success of its predecessors in tapping the northern labor market. This has been a challenge for De Beers, and although its workforce

was significantly smaller than they predicted it would be due to the economic situation in 2009, De Beers added to the collective success of the industry by employing 162 northern residents in 2009.

In 2009, after ten years of diamond mining in the NWT, the diamond industry has employed 325 more northerners than originally forecast was possible. Not bad, considering 2009 was one of the most difficult years the industry has ever faced globally. With over half (53%) of the northern jobs being filled by Aboriginal Northerners in 2009, it is clearly a success story the diamond industry and the North should be proud of. Many partners including the GNWT, Aurora College, the Mine Training Society and Aboriginal communities have worked together with the diamond producers to create this success. The Chamber of Mines congratulates these partners for their dedication towards sustainable development.

Can the mining industry do better? Absolutely, but it can't do it alone. With a continued focus on partnerships that train and develop northern workers and with governments addressing the high cost of living in the NWT to attract and keep skilled workers here, things can only get better!

Diamond Mine Operations Workforce (December 2009)						
	Total Jobs Predicted	Actual Jobs	Predicted Northern Jobs	Actual Northern Jobs (% of total)	Aboriginal Jobs (% of Northern)	Actual Northern Jobs vs Predictions
Ekati	926	1457	574	773 (53%)	53%	+199
Diavik	400	810	264	528 (65%)	51%	+264
Snap Lake	500	431	300	162 (38%)	56%	-138
Totals	1826	2698	1138	1463 (54%)	53%	+325



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Chamber Vision: A vibrant and sustainable exploration and mining industry in the NWT and Nunavut which has the support of the people of the north.

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Prospects North Conference

As part of the Chamber's work in support of Aboriginal relations and engagement, Executive Director Tom Hoefer chaired a panel session on Aboriginal "Consultation, Engagement and Negotiations" at this year's *Prospects North* Conference held October 4-6 in Yellowknife.

To help frame the discussion, Tom emphasized the critical importance of Aboriginal consultation and engagement. There are at least three reasons for taking positive action and include: legal reasons through Aboriginal land claim requirements, companies' commitments to corporate social responsibility, and because it makes good business sense.

Rewards of engagement can be great, just witness the NWT's diamond mining industry. In its relatively short 12 years of production, it has produced over 16,000 person years of Aboriginal and northern employment and \$8 billion in Aboriginal and northern business.

Three panelists provided thoughts on the issue. Lawyer Jack Williams

provided advice on how to negotiate Aboriginal impact and participation agreements and Past President of Nabors Canada, Duane Mather spoke of the company's work on the Shehtah Nabors drilling partnership. Darrell Beaulieu, President and CEO of Denendeh Investments provided examples of that firm's many business ventures and an informative historical background of land claims and agreement making in the Northwest Territories.

Darrell revealed an interesting fact that over the last 10 years the NWT has seen phenomenal growth with over 500 northern Aboriginal corporations in business today. Clearly, a new era for business has dawned in northern Canada and it is industry's hope that these benefits can be sustained into the future.

Discussion of Aboriginal issues continued at the *Geoscience Forum* November 16-18. It hosted a session on community outreach to highlight some of the successes in creating Aboriginal and northern benefits in the industry. For info to follow next issue.

Sahtu Land Use

The most recent draft of the Sahtu Land Use Plan was released in June and the Chamber provided detailed comments to address the following concerns:

- 1) Initiatives being removed from the Protected Area Strategy and being zoned as conservation zones, and the need for proper mineral assessments in those zones.
- 2) Lands removed from the final boundary of the Naats'ihch'oh National Park should be zoned as Special Management Zones rather than Conservation Zones.
- 3) Restriction of land use activities within 500 metres of a 'known or suspected' archaeological, historic, and burial site.
- 4) Ability of a regulator to stop a proposed activity in a watershed as it could affect a community drinking water source.
- 5) Security bonding and the need for a system that fairly rates the amount of reclamation security.

Public consultations on the Sahtu Land Use Plan have been delayed at this time due to community concerns, and further discussion between all parties will take place in Tulita in January 2010.

Upcoming Mineral Industry Events

Mark your calendars now for these industry events and functions:

- **Mining Day on the Hill ... November 24, 2010 ... Ottawa, ON**
- **Mineral Exploration Round Up ... January 24-27, 2011 ... Vancouver, BC**
- **Construction North of 60 Conference ... February 2-3, 2011 ... Yellowknife, NT**
- **Prospectors and Developers Conference March 6-9, 2011 ... Toronto, ON**

For more events: www.miningnorth.com/events/

