Chamber of Mines News Briefs – September 16 - 17, 2012

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

NUNAVUT NEWS

Atco buys Resolute Bay's South Camp Inn, expands Nunavut presence

Aziz Kheraj's business assets change ownership

Nunatsiaq News - September 14, 2012

Atco Structures and Logistics, an Alberta-based firm that builds and manages accommodations in remote locations around the world, has acquired the majority of assets of Resolute Bay's 953731 NWT Ltd., the company said Sept. 13.

The assets of 953731 NWT Ltd., a firm managed by Aziz Kheraj, also known by the name "South Camp Enterprises," includes a fleet of construction equipment as well as the South Camp Inn and the Airport Hotel.

It's listed on the Government of Nunavut's NNI directory as a company with 10 employees and at least 51 per cent beneficial ownership by Nunavut residents, offering a long list of trades and services that include construction, accommodations, catering, auto rental, salvage and many others.

Nine employees associated with the operation of the company's assets will move over to Atco, the news release said.

"This acquisition helps us to build upon our reputation as a premier service provider in the North," said Harry Wilmot, Atco's president and chief operating officer, in a news release. "Purchasing these assets provides us the additional capacity to support the growing demand for operational support services in northern Canada."

The 953731 NWT Ltd. firm has operated in Resolute Bay for 17 years.

The news release said the acquisition will complement Atco's presence in the High Arctic, and will be used as "a foundation to support resource projects as well as Arctic sovereignty and infrastructure initiatives undertaken by the Canadian Forces and other federal organizations in the region."

Atco Structures and Logistics has also been operating in Resolute Bay since 1970.

The company set up a remote camp for Operation Nanook in 2010 and 2011, runs the Narwhal Hotel near the airport, and provides logistical services for the Polar Continental Shelf Project.

Atco Structures and Logistics is part of the Atco Group of Companies, which boasts more than 8,800 employees around the world and assets of approximately $13 billion.

NWT NEWS

N.W.T. premier on China trade mission

Territory's focus includes resource development, tourism and furs

CBC News – September 14, 2012

N.W.T. Premier Bob McLeod wrapped up his first day of meetings in Beijing on Thursday, along with other premiers and hundreds of delegates from across Canada who are trying to improve trade relations with China.

The focus for the N.W.T. team includes raising awareness about tourism, resource development and luxury products.

"The fur industry today is about a $14 billion industry," said Francois Rossouw, who markets fur for the Department of Industry, Tourism and Investment.

"China basically represents 80 per cent of that. That is the industry. A good part of our furs do go into China, so having the premier on the ground, it's one more ace is the hole for us."

During the eight-day Council of the Federation trade mission, delegates will also meet with Chinese business leaders and politicians to raise awareness of the territory's tourism and resource riches. The group will be in Beijing until Sept. 16, and then travels to Shanghai Sept. 17-18, and Hong Kong Sept. 19-20.

Energy analyst Doug Matthews says Canadian commodities such as oil and gas are a bargain compared to what China is currently paying.

"We now find ourselves in North America with a ton of natural gas, so they have gone from competitors to customers," he said.

The cost of the trip is $68,000. The territory hopes the investment will buy it a share of the $14 billion in goods and services Canada sells to China each year.

RESOURCE DEVELOPMENT AND ENERGY NEWS

Multibillion-dollar iron mine approved for Baffin Island

Nunavut board's decision comes with close to 200 terms and conditions

CBC News – September 15, 2012

The Nunavut Impact Review Board issued its final report Friday night allowing Baffinland's Mary River iron project to proceed, with conditions.

The board's decision is the culmination of a four-year assessment of the project, in which Baffinland Iron Mines Corporation plans to build a massive open-pit mine at its Mary River site about 160 kilometres south of Pond Inlet, Nunavut, along with a railway and port that would allow icebreakers to ship the ore through Arctic waters year-round.

The 17,000-hectare mine will cost about $4 billion to build.

"Obviously NIRB recommended in the direction we were hoping they would," said Baffinland spokesperson Greg Missal. "Now we have to spend a number of days looking at the document and looking at the terms and conditions."

The decision comes with close to 200 terms and conditions, most of them focused on monitoring and minimizing some of the possible negative environmental and social effects of the development.

A wide range of concerns on the project were raised during the final public hearings this summer. They included the mine's potential impact on the North Baffin caribou herd and on archeological sites, the possibility of oil spills in the shipping lane and disruptions to marine wildlife, the availability of training and jobs for Inuit, and the possible social problems that could result from an influx of money into nearby communities.

In Igloolik, one of the closest communities to the proposed mine site, acting mayor Peter Ivalu said the mine will mean jobs but his community is still divided.

"It's about 50-50," he said. "There's still some opposition to the project going ahead."

The board's report now goes to the federal minister of Aboriginal Affairs and Northern Development for the final OK, and Baffinland will decide whether it can proceed with the imposed conditions.

Mining investment to grow ever more complex, costly, industry leaders fear - Baker & McKenzie

"Mining jurisdictions must consider their competitiveness to mining investment or risk that investment being deployed elsewhere" said David Ryan of Baker & McKenzie, Australia.

Mineweb – September 18, 2012

Dorothy Kosich

RENO (MINEWEB) - A survey of 300 mining industry leaders released Monday by the Baker & McKenzie, Australia, Global Mining Group found the common theme across all jurisdictions surveyed is that "investing in mining is becoming more difficult and less certain."

Key themes from the study include the complexity of the legal and regulatory environment, political stability, increase in resource nationalism, and the need for access to infrastructure and skilled labor.

One theme that all jurisdictions seemed to have is common is that a majority of respondents said they believe that mining sector investment will continue to be more complicated in the future.

Baker & McKenzie surveyed more than 300 senior mining industry leaders across six key mining jurisdictions-Australia, Brazil, Canada, Indonesia and South Africa-for the report Mining investment-local challenges, global implications.

When asked about their nation's mining outlook for the future, Brazilian respondents were the most optimistic. "Those commenting on Australia were the least optimistic about the future with 66% agreeing that the investment climate will be more complicated in the future," said the report. Sixty-three percent in China, 58% in South Africa, 52% in Indonesia, and 54% in Canada are also pessimistic.

POLITICAL STABILITY

"The mining community sees Canada as the most politically stable country of those our research covers, with 88% believing this factor encourages investment.

However, 55% of the respondents considered political stability a discouraging factor in South Africa, due to concerns about the policy positions of the governing African National Congress party.

Seventy-one percent of those surveyed considered Canadian government and support for subsidies for exploration or mining operations encourages investment. In China, this figure was 53% and in Australia 51%

"In South African, 53% believed the level of government intervention discouraged investment in their mining sector. Indonesia and Brazil fared only marginally better with 43% and 40% respectively."

The survey found that in South Africa, 78% of the respondents considered that "corruption, bribery and crime issues discourage investment." The figures were also very high in Brazil (60%), China (63%) and Indonesia (75%).

RESOURCE NATIONALISM

Baker & McKenzie's research found that globally, 78% of those responding believe that protectionism and resource nationalism for mining will increase over the next 20 years.

"Taxation and royalty regimes seem to be a discouraging factor in most of the jurisdictions. Only in Canada did a majority of the respondents (61%) consider that taxation and royalty regime encouraged investment," said the report.

Brazil fared the worst, with 65% believing taxation and royalties discourage mining investment, while the taxation and royalty regime in Australia concerned 61% of the respondents.

INFRASTRUCTURE AND WORKFORCE

While the availability of rail, port and other infrastructure can be a major concern in developing economies, some development economies are having challenges maintaining investment in infrastructure without adding to a budgetary crisis.

Eighty-nine percent of the survey respondents who invest in Canada believe its infrastructure encourages investment, 82% in Australia, 73% in China, and 60% in South Africa. However, 51% in Brazil and Indonesia said the state of infrastructure on those countries discourage mining investment.

"In order to finance infrastructure needs, some respondents suggested that governments should launch their own sovereign wealth funds to invest the earnings from mining activity," the report observed.

Compared to other issues, survey respondents did not view skills shortages as a dissuading factor for mining investment. Nevertheless, "Australian respondents in particular bemoaned how the cost of their workforce was affecting project economics and calling for greater use of migrant labor.

AUSTRALIA

While Australia is the world's largest coal exporter, second largest gold and nickel producer, and the largest exporter of uranium, the nation's mining industry also accounted for one quarter of foreign direct mining investment in 2010.

Australia's strong record of enforcing mining company contractual rights encouraged 86% of respondents to invest in the nation's mining industry. Solid Australian infrastructure was also a major attraction for 82% of the investors.

Nevertheless, Baker & McKenzie's research found 79% consider Australian mining investment more expensive; 75% find it more complicated; 70% more time consuming; and 51% believe it has grown riskier.

Unnecessary delays or duplication among government approval offices were also cited as a major concern with the Queensland process viewed as particularly complex.

"The level of Commonwealth and State Government involvement in the Australian mining industry is also causing concern to investors, with 61% of respondents believing the government is too involved in the industry, and 72% believing that sovereign risk is on the increase," said the report.

"Australia's recent Mineral Resources Rent Tax and Carbon Pricing Mechanism were viewed as discouraging investment by 76% and 70% of the respondents, respectively."

"Getting a project across the line in this country is now harder than it should be," observed Baker & McKenzie Global Head of Mining, David Ryan. He called for a clearer process for project approvals and a more uniform approach to mining regulations across Australian states and territories.

CANADA

Canada stood out from the six jurisdictions surveyed for its competitive tax structure, stable political structure and well-developed capital markets, said the report. "The Canadian Government's belief that ‘resource development has vast power to change the way a nation lives' underlines the importance of the mining industry to Canada's economic, political and social landscape."

Seventy-three percent of those surveyed said there is about the right amount of government involvement in Canadian mining. Eighty-eight percent of those surveyed viewed Canada as the most politically stable country with 64% stating they were greatly encouraged to invest in the nation's mining industry.

"The Canadian Government, it seems has found the right balance between protecting the interest of the mining industry in addition to respecting and upholding the rights of wider stakeholders," said the report.

SOUTH AFRICA

Crime (83%) and corruption (78%) are the two largest discouragements to investment in mining in South Africa, Baker & McKenzie found.

Respondents said the South African mining sector is getting costlier (92%) and riskier to invest in (75%). However, South Africa's ability to enforce contractual rights is the number one factor encouraging investment.

A majority of the mining community with an interest in South Africa also worry that investment will become more complicated over the next decade.

Nevertheless, Baker & McKenzie advised, "The continent of Africa is regarded as the bread basket of the world's mineral resource wealth, and South Africa remains a jurisdiction that offers significant mining opportunities to global investment."

South Africa's official alliances with the BRIC group of nation "confirms that the world's most resource hungry players cannot afford to ignore South Africa and foreign direct investment will continue to flow," the report concluded.

Nunavut board says yes to Mary River, with conditions

“Many Nunavummiut feel caught between two worlds”

Nunatsiaq News - September 14, 2012 The Mary River iron project, proposed by the Baffinland Iron Mines Corp., a subsidiary of Arcelor Mittal, would involve a railway, a port at Steensby Inlet and numerous transits each year made by huge ore-carrying vessels from Steensby Port to ports in western Europe.

The Nunavut Impact Review Board said yes to the massive Mary River iron mine project, subject to 184 terms and conditions set out in a 356-page final hearing report made public at around 7:45 p.m. eastern time Sept. 14.

That report, with its recommendations, will now go to the minister of Aboriginal Affairs and Northern Development Canada, John Duncan, for approval.

In the NIRB hearing report's executive summary, the acting chair of the board, Elizabeth Copeland, said that in the face of the massive Mary River project, "many Nunavummiut feel caught between two worlds…"

She described that as a conflict between hopes for lasting economic benefits, and fears for the mine's effects on air, land, water, fish, wildlife, marine mammals, traditional areas, traditional ways and communities.

The Mary River project's proponent is Baffinland Iron Mines Corp., a subsidiary of the global steel giant Arcelor Mittal. Baffinland proposes the extraction of 21 million tonnes of iron ore a year over 21 years from the Mary River site.

The multi-billion-dollar project would see huge quantities of iron shipped to a port at Steensby Inlet along the first railway ever built north of the treeline in the Canadian Arctic.

From Steensby Inlet, massive 320-metre icebreaking ore vessels would move 12 months of the year through Foxe Basin and Hudson Strait to ports in Europe. Baffinland hopes to begin construction some time in 2013.

In a news release, the board said its key recommendations for the Mary River iron mine project include:

• the establishment of working groups to help monitor the marine environment, the terrestrial environment, and the creation of new duties for the existing Qikiqtaaluk Socio-Economic Monitoring Committee;

• ensuring communities affected by the project are consulted continuously through the life of the project on the best ways of preventing or limiting negative effects from the mine;

• a requirement that access to project information be centralized, including monitoring and regulatory information; and,

• imposing limits on the total number of ships travelling the shipping route during the open water season: no more than 20 ore carrier transits to Steensby Port per month during the open water season and 242 transits per year in total.

The board said there is still much uncertainty over the adverse affects that the Mary River project could inflict on the environment, but they said they applied the cautionary principle whenever possible.

To that end the board recommended the continued gathering of baseline data and the continued use of adaptive measures.

The NIRB also acknowledged submissions from numerous proponents who said they are worried about the capacity of government to enforce environmental regulations.

"Through the course of the hearing thus far, parties have raised concerns rather consistently about the extent to which this project, should it proceed, might result in challenges to regulatory capacities," the board said.

The Government of Nunavut issued a statement Sept. 14 shortly after the NIRB's news release.

"The GN will be diligent in completing a review of the recommendations made by NIRB to the Government of Canada and will be able to comment in more detail once that is complete," Premier Eva Aariak said. "We look forward to a timely decision from the Federal Minister of Aboriginal Affairs and Northern Development Canada."

As for Baffinland, Greg Missal, the company's vice-president of corporate affairs, told Nunatsiaq News late Sept. 14 that the company is pleased with the NIRB's decision.

But he said Baffinland looks at the NIRB recommendations as "a step in the process," because even if the project gets a go-ahead from the federal minister, the company will, among other things, seek water licenses for the project.

“We still have lots of work to do,” said Missal, adding that it will take several days for Baffinland to fully evaluate the many conditions set out by the NIRB.

Readers who use an FTP client may find the final hearing report at:

ftp://ftp.nirb.ca/02-REVIEWS/ACTIVE%20REVIEWS/08MN053-BAFFINLAND%20MARY%20RIVER/2-REVIEW/10-FINAL%20HEARING%20DECISION/

That URL can also be opened with a web browser.

Baffinland must meet 184 terms and conditions on Mary River to proceed: NIRB

"Issues related to the marine environment are some of the most important issues that the Project will need to address"

Nunatsiaq News - September 15, 2012

JANE GEORGE

If the Mary River iron mine project on northern Baffin Island moves ahead, the mine and its transportation system will be subject to stringent controls on every aspect of its operations, on land, sea and in the air.

Its owner, Baffinland Iron Mines Corp., will also be obliged to collaborate with people in local communities, regional organizations, and every level of government through committees like the Qikiqtaaluk Socio-Economic Monitoring Committee. That’s to ensure that collaboration and communication continue throughout the mine’s 21-year lifespan.

If the mine project proceeds, and the suggested mitigation and monitoring measures work, the result could be an Arctic mine that’s a model of co-operation and clean industrial development.

The Nunavut Impact Review Board, in its 354-page final hearing report, released Sept. 14 set out 184 terms and conditions that Baffinland must observe.

That NIRB report also includes an executive summary, in English, Inuktitut and French, which summarizes its recommendation to John Duncan, the federal minister of Aboriginal Affairs and Northern Development, that the project proceed with conditions.

Baffinland, which saw the hearing report’s terms and conditions for the first time Sept. 14, is now evaluating what these mean for the company.

That large list of terms and conditions is not excessive for a large mining project, said Greg Missal, the company’s vice-president of corporate affairs, although in a Sept. 14 interview, shortly after seeing the hearing report, he was not prepared to offer more comment.

The Mary River project includes an open pit iron ore mine on northern Baffin Island, with infrastructure such as a tote road between Milne Inlet and a mine site at Mary River, ports at Milne Inlet and Steensby Inlet and a railway connecting the mine to the Steensby port.

Iron ore will be transported from the mine site on the railway to the port at Steensby Inlet, with year-round shipping of ore through Foxe Basin and Hudson Strait to markets in Europe using huge custom-designed ore carriers — for at least 20 years.

The NIRB report lists the terms and conditions that Baffinland will have to meet if it plans to proceed with the huge project.

Baffinland will have to produce plans to mitigate — and then monitor — the mine’s impacts on the land, air, water, people, animals and birds, the NIRB said, in its hearing report that followed years of assessments and hearings, including a series of final hearings this past July in Iqaluit, Igloolik and Pond Inlet.

“The board views the issues related to the marine environment as some of the most important issues that the Project will need to address moving forward,” said the hearing report.

The NIRB supported recommendations from groups like the Department of Fisheries and Oceans on the need for more sea ice and ship wake modelling. The NIRB said it also wants to see additional assessment of activities such as dredging and blasting.

Some of other 184 terms and conditions touch on:

• shipping, which will see quantity and routes of ore carriers strictly regulated and directed to avoid marine wildlife. The report states there can be no more than 20 ore carrier transits to Steensby Port per month during the open water season and 242 transits per year in total. “When marine mammals appear to be trapped or disturbed by vessel movements, the vessel will implement appropriate measures to mitigate disturbance, including stoppage of movement until wildlife have moved away from the immediate area,” the NIRB said.

• wildlife, with calls for intensive monitoring and mitigation measures to protect wildlife, like caribou, wolves and birds. There must be “steps taken to prevent caribou mortality and injury as a result of train and vehicular traffic, including operational measures meant to maximize the potential for safe traffic relative to operations on the railway, Milne Inlet tote road and associated access roads.”

• training, including the development of manpower and training plans, particularly with respect to how the mine will accommodate women and achieve gender equality in the workplace. Baffinland did not give “adequate consideration to how it will source the labour (both skilled and unskilled) at levels it has estimated will be required for the project’s development, including the construction, operation, and closure phases,” the NIRB said.

• business incentives, so local businesses can take advantage of contracts in connection with the mine’s construction and operation. Baffinland and the Qikiqtani Inuit Association are “strongly encouraged to evaluate the effectiveness of any provisions within the Inuit Impact and Benefit Agreement which require that larger contracts be broken down into smaller contracts more accessible to local businesses,” the NIRB said.

• health and well-being, because the NIRB “feels that the Mary River project has the potential to have significant positive and negative impacts.” The NIRB wants to see a Human Health Working Group and the hiring of elders and mental health professionals to “provide counseling to Inuit and non-Inuit employees in order to positively contribute toward employee health and well-being. “

• communication with Makivik Corp., so that “regardless of whether Makivik Corporation participates as a member of the Marine Environment Working Group, the Marine Environment Working Group will provide Makivik Corporation with regular updates regarding the Group’s activities throughout the Project life cycle;”

• collaboration with the Government of Nunavut, because the NIRB said it recognizes that the project “may place increased demand upon existing services and infrastructure” provided by the GN and other service providers, such as health professionals and police. The NIRB said the GN will “,as soon as practical following the issuance of the Project Certificate, enter into discussions to negotiate a Development Partnership Agreement.”

In addition to the 184 terms and conditions spelled out in the NIRB report, Baffinland will also have to meet the other commitments it made during the final hearings, the NIRB said.

Readers who use an FTP client may find the final hearing report at:

ftp://ftp.nirb.ca/02-REVIEWS/ACTIVE%20REVIEWS/08MN053-BAFFINLAND%20MARY%20RIVER/2-REVIEW/10-FINAL%20HEARING%20DECISION/

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Boom in store for Nunavut

Conference Board of Canada predicts high growth in its Territorial Outlook

Northern News Services – September 15, 2012

Thandiwe Vela

Nunavut is in line for a boom of NWT diamond mine proportions in the coming years, a biannual publication on the economic outlook of the territories is predicting.

Both the economies of the Northwest Territories and Nunavut are poised to grow faster than the rest of the country this year, according to the Conference Board of Canada's summer 2012 Territorial Outlook, mostly due to the strength of the North's mining industry.

"There's a lot of uncertainty right now with the situation in Europe and possibly the slowdown in China, but if we look longer term, the outlook is actually quite positive for global demand for metals," said Marie-Christine Bernard, a conference board associate director. "So it should benefit the mining sector and since it's a dominant industry in the North, that's why we have favourable forecast for the North."

Real Gross Domestic Product (GDP) in the Northwest Territories will increase five per cent in 2012, outpacing Nunavut's GDP growth of just 0.2 per cent this year, due to the shuttering of the Kitikmeot region's Hope Bay mine site and GN fiscal restraint.

However, Nunavut is forecast to see 17 per cent growth in 2013 and 14.2 per cent growth in 2014, as construction begins on Baffinland Iron Mines Corp.'s Mary River iron project and Agnico-Eagle's Meliadine gold project, according to the conference board, which is the foremost independent, not-for-profit research organization in Canada.

"For Nunavut, if we look at the economy in the next few years, the forecast is actually quite positive because there will be some new mines that will be under development, so the investment related to the mining projects and also to develop the infrastructure that will be necessary to make those mines operational, will create jobs and will help greatly the economy," Bernard said.

Mary River, Meliadine, in addition to a number of other mining projects being developed in the territory including the Izok Corridor, Sabina Gold and Silver Corp.'s Back River gold project, and the already operating Meadowbank gold mine, make up a wave in the near term for Nunavut like the impact by the diamond mines on the NWT, said Tom Hoefer, the executive director of the NWT and Nunavut Chamber of Mines.

"It's the same kind of order of magnitude," Hoefer said, comparing the $4-billion capital costs of the Ekati, Diavik and Snap Lake diamond mines to the capital costs of Baffinland and Meliadine, and the 3,200-strong labour force of the diamond mines to at least what the major projects being proposed in Nunavut would require.

"You need to make sure you put the training into place, make sure there's business capacity too, and try to help the projects moving forward, because if something happens and they get stopped, then we were just dreaming," Hoefer added.

As diamond production decreases from the NWT's diamond mines over the years, the opening of the new Gahcho Kue mine will not be enough to offset the production that will be lost when the Diavik and Ekati mines shut down, according to the conference board, which forecast the economy of the NWT will shrink in 2013 and 2014, due to declining diamond production.

In addition to Gahcho Kue, five more projects will also offset the decline of diamond production even before the diamond mines are expected to close, Hoefer noted, including Pine Point, Tyhee's Yellowknife gold project, Avalon's rare earths project, Canadian Zinc, and Fortune Minerals Ltd.'s NICO project being proposed.

"This is a good thing, and we are hopeful they will all advance as all of their manpower (1,400) would be just enough to offset the Ekati manpower (1,400)," Hoefer said.

The chamber has been calling for improvement to the investment climate in the NWT to attract more grassroots exploration to replace the diamond mines if their lives are not extended.

Oil and gas exploration activity in the NWT was not factored into the conference board's report because it is still in the early stages, Bernard said.

Even as Nunavut's GDP is forecast to nearly double in the next 15 years, from $1.28 billion in 2011, it is not expected to catch up to the Northwest Territories' GDP, the largest economy of the three territories, which was was $3.279 million in 2009 and is forecast to grow about 1.2 per cent by 2016.

Seabridge discovers high-grade gold at Courageous Lake

Mining News North of 60 – September 14, 2012

Seabridge Gold reported Sept. 10 that its summer's exploration drilling on the Courageous Lake Project in Northwest Territories has uncovered a promising high-grade gold occurrence at Walsh Lake. The discovery appears to be the southern extension of the historical Tundra Gold Mine, a high-grade gold producer that was abandoned in 1999.

The Walsh Lake target area, which stretches about 1.5 kilometers (1 mile) to the south from the former mine, is about 10 kilometers (6 miles) south of the FAT deposit where Seabridge has developed a 6.5-million-ounce proven and probable gold reserve.

Walsh Lake drilling started about 1.4 kilometers (0.87 mile) south of the Tundra Mine and moved towards the north at 200-meter spacing, targeting a stratigraphic contact traced by geophysical surveys. Four of the holes appear to have been located too far to the south. Grades improved as the drilling progressed north towards the former producer.

Assay results from five holes totaling 2,028 meters and covering 800 meters of strike have been received to date.

The most northern hole drilled, CL-210, returned three excellent intercepts, including 21.2 meters averaging 8.16 grams per metric ton gold, 5.6 meters grading 5.93 g/t gold and a further 4.9 meters of 10.49 g/t gold. The 21.2-meter interval encompassed two intercepts averaging more than one ounce per metric ton gold, the same grade reportedly exploited in the Tundra Mine.

The highest grade gold intersection in the remaining three holes averaged 1.97 g/t gold over 3.9 meters starting at 130.1 meters depth in hole CL-209, which also intercepted a 10.2-meter interval averaging 1.30 g/t gold starting at 18.0 meters depth, and a 6.7-meter interval averaging 0.86 g/t gold, starting at 71.3 meters depth.

Hole CL-211 returned four separate intervals of gold mineralization over 534 meters, of which an 11.2-meter intercept averaged 1.60 g/t gold starting at 478.8 meters depth.

The drill holes were designed to intersect mineralized zones perpendicular to their strike. Therefore, the intervals reported are believed to represent true widths of mineralization.

Seabridge Gold CEO Rudi Fronk noted that the key objective in 2012 at Courageous Lake was to find a sizeable new deposit to extend mine life after the company had completed a preliminary feasibility study on the FAT deposit in July.

"These results indicate that Walsh Lake has the potential to enable us to meet our objective. The grades and widths are very promising, and we have about a kilometer of historically untested strike to explore before we reach the old mine workings," Fronk said. "While we are still at an early stage of discovery, we have been working in the area for more than 10 years, and we have accumulated a great deal of information about its geology and past production, both of which strengthen our confidence that Walsh

Lake can make an important economic contribution to our Courageous Lake Project. We are in the process of drilling another 17 to 20 holes this year with the aim of being able to report a preliminary resource estimate, if all goes well."

The Walsh Lake area has undergone several generations of exploration, including some past drilling campaigns that intersected narrow and discontinuous gold occurrences south of Seabridge's discovery.

Seabridge recently completed airborne magnetic and electromagnetic surveys that showed that these gold occurrences were located on a stratigraphic contact with significant strike potential. Drilling on this contact consistently encounters silica alteration with gold-bearing intervals up to 20 meters above the contact in a siltstone package and up to 60 meters below the contact in mixed felsic and mafic volcanic rocks. Gold is concentrated in arsenopyrite-bearing silica-altered rocks. Drill holes contain multiple intervals of the arsenopyrite-bearing silica-altered rocks in zones with true widths from one meter to 12 meters wide. The characteristics of this target are similar to descriptions of the high grade ore zones in the Tundra Gold Mine.

Mining News Nuggets

Mining News North of 60 – September 14, 2012

Northwest Territories

DIAMONDS – Harry Winston Diamond Corp. Sept. 5 reported its second quarter fiscal 2013 results for the quarter ending July 31. Consolidated sales decreased 20 percent to US$176.9 million for the second quarter compared with US$222.4 million for the comparable quarter of fiscal 2012. Operating profit was US$16.4 million compared with US$23.1 million in the comparable quarter of the prior year. EBITDA decreased 24 percent to US$33.4 million compared with US$43.8 million in the comparable quarter of the prior year. For the mining segment, rough diamond sales for the quarter decreased 31 percent to US$61.5 million, versus US$89.6 million in the comparable quarter of FY '12. The decrease in sales resulted from a combination of a 24 percent decrease in volume of carats sold during the quarter and a 10 percent decrease in achieved rough diamond prices. The 24 percent decrease in the quantity of carats sold was primarily the result of the company's decision to hold some inventory until stability returns to the rough diamond market. Had the company sold only the last production shipped for the second quarter, the estimated achieved price would have been approximately US$104 per carat based on the prices achieved in the March/April 2012 sale adjusted down by 14 percent to reflect current market conditions. Harry Winston sold about 430,000 carats for an average price of US$142 per carat compared with some 570,000 carats for an average price per carat of US$157 a year earlier. The 10 percent decrease in the company's achieved average rough diamond prices in the second quarter resulted from a decrease in the market price for rough diamonds from the peak achieved in July 2011, partially offset by the sale of the higher priced goods held back by the company in the first quarter of fiscal 2013 due to an observed imbalance in the rough and polished diamond prices for these goods during that period. The company had 700,000 carats of rough diamond inventory with an estimated current market value of about US$90 million at July 31, of which some US$65 million represents inventory available for sale. Rough diamond production from the company's 40 percent interest in the Diavik Mine in Northwest Territories for the quarter ended July 31, was 720,000 carats, which was consistent with the comparable period of the prior year. Consolidated net profit attributable to shareholders for the second quarter was US$4.8 million, or C6 cents per share, compared with net profit attributable to shareholders of US$10.0 million, or C12 cents per share in the same period of FY '12. "This quarter has seen transaction numbers and margins grow in our luxury goods segment, even as we have withheld rough diamonds, from a soft diamond market, rather than sell at depressed prices," said Harry Winston Chairman and CEO Robert Gannicott. Though luxury brand segment sales decreased 13 percent (11 percent at constant exchange rates) to US$115.4 million compared with US$132.8 million in the comparable quarter of the previous year, Harry Winston's sales in this category increased 25 percent during the period over results in the prior year and operating profit for the luxury brand segment rose 16 percent to US$8.0 million in the second quarter compared with US$6.9 million in the second quarter a year ago. The increase in operating profit was primarily driven by positive product mix and a greater portion of high-value transactions in Q2 FY'13 that generated lower-than-average gross margins.