Chamber of Mines News Briefs – February 8 - 11, 2013

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NUNAVUT NEWS

SSI Micro scoffs at Northwestel's modernization plan

"Northwestel's proposed modernization plan is neither modern nor holistic"

February 08, 2013 - 11:46 am

NUNATSIAQ NEWS

The SSI Group, a telecommunications firm that serves Nunavut and the Northwest Territories through the Qiniq and Airware brands, wants the CRTC to reject a $233 million modernization plan that Northwestel submitted this past January.

"As proposed, it would work to the detriment of new competition, new investment, consumer choice and innovation," SSI said in a news release.

In the plan, a revised version of a scheme the CRTC had earlier rejected, Northwestel proposes to offer 3G wireless phone service in 67 northern communities.

They also promised to double internet speeds in at least 58 northern communities, but not in satellite-dependent Nunavut, and in all 96 communities it serves they propose "enhanced calling features" such as call display.

This June, the CRTC will hold public hearings in Inuvik and Whitehorse to seek opinions from the public about Northwestel's modernization plan, local service subsidies and the entire system for regulating telecommunications in northern Canada.

This followed a CRTC policy announcement in 2011, when the national telecom watchdog found Northwestel failed to make the investments required to improve services in remote northern communities.

But SSI told the CRTC in its Feb. 6 submission that Northwestel's proposed new modernization plan won't fix those shortcomings.

"Unfortunately, Northwestel's proposed modernization plan is neither modern nor holistic," SSI said.

That's because Northwestel's plan contains many gaps, the SSI submission said.

SSI said those gaps include:

• no proposals on how to create “sustainably affordable backbone connectivity,” a reference to the big data pipes that connect northern Canada to the South;

• a lack of commitment to new investment;

• Northwestel not dealing with how northern Canada can meet the CRTC’s service objective of 5 Mbps for all Canadians;

• Northwestel’s failure to propose a “holistic and sustainable path” towards modernized telecommunications in the North;

• Northwestel’s creation of an illusion that it’s doing more than it actually will do – for example, advanced calling features tied to replacements of aging switching equipment that “should be replaced anyway in the normal course of business.”

And to keep the northern telecommunications system from continuing to fall behind the rest of the world, SSI Micro said the CRTC must create a “utility backbone” approach.

(The “backbone” in Yukon and much of the Northwest Territories consists of a land-based system controlled by Northwestel. In Nunavut, the backbone consists of Telesat satellites.)

This, SSI said, means that all players must enjoy equal access to the backbone, especially in the western Arctic, where they accuse Northwestel of charging exorbitant prices to those who wish to offer competing local phone services.

“SSI believes that there is a need to develop long-term solutions for affordable backbone connectivity in the North, and that within a dynamically competitive local telecoms sector,” the company said.

And SSI also believes the CRTC should look at reforming the annual contribution that Northwestel receives from the rest of the industry to help pay for an earlier service improvement plan and the high cost of local telephone service in small remote communities.

Right now, through a high-cost serving area fund created by a charge on the national telecommunications industry, Northwestel receives roughly $20 million in a year.

About $10 million of that is to help with an old service improvement plan and the other $10 million is to help the company offer residential phone service in small communities.

“The current regulatory framework continues to provide an exclusive contribution subsidy for Northwestel to deliver local phone service, yet even the president of Northwestel recognizes that ‘The home phone is becoming a bit of a way of the past,’” SSI told the CRTC.

So reforming that subsidy system means that broadband must be recognized as an essential service for the North and that the subsidy must be offered to all service providers.

“In other words, parties that can offer a competitive alternative to Northwestel should also be eligible to receive subsidies,” SSI said.

Meanwhile, on Feb. 8, SSI announced two new internet products that it’s offering to all 25 Nunavut communities through Qiniq.

Atii Plus offers a 2 Mbps service, with a 15 GB montly cap, for $129.95 a month. Atii Pro offers a 2.5 Mbps service, with a 30 GB monthly cap, for $369.95 per month.

Meanwhile, as the regulatory battle continues, Northwestel, in a letter from company president Paul Flaherty, urges its customers to send letters of support to the CRTC.

Qiniq announces higher-speed internet across Nunavut

SSI responds to Northwestel’s broadband gambit

Nunatsiaq News - February 08, 2013

SAMANTHA DAWSON

The Qiniq internet service in Nunavut, operated by the SSI Group, announced the addition of two new higher-speed internet plans Feb. 7.

The two new packages, branded as “Atii Plus” and “Atii Pro,” are offered within all 25 communities in Nunavut and “not just the three largest centers targeted by our competitor’s new DSL plans,” a Qiniq news release said.

The Atii Pro plan, which costs $369.95 a month for Nunavut residents, offers download speeds that burst up to 2.5 Mbps, with a 30 GB usage cap.

The Atii Plus plan, which costs $129.95 a month, offers download speeds that burst up to 2 Mbps, with a 15 GB monthly cap.

That’s the plan Qiniq expects most customers will likely upgrade to.

William Ingarfield, manager of internet services for the company, said the more expensive Atii Pro plan is tailored more to small businesses or hamlet offices than to individual customers.

But overall, the increase in bandwidth is a good thing, he said.

“It’s going to provide people with a little more usage and speed, it’s just a little bit more of everything, really,” he said.

The most important aspect of Qiniq’s new services is that they’re offered to all Nunavut residents, not just residents of Iqaluit, Cambridge Bay and Rankin Inlet, Ingarfield said.

The company said that “in a satellite-served market where ‘broadband for all’ is our top priority, we can only hope that our competitors eventually take the same all-inclusive approach and offer all their services in every community, instead of targeting only the largest and leaving the smallest out in the cold.”

“We’re definitely offering the same package all across the North here for everyone,” Ingarfield said.

“We’re just excited that we’re able to upgrade things here for everyone. We know everyone is always looking for an increase in bandwidth and speed,” he said.

The new plans are upgrades from the Atiigiallak plan, which cost $80 a month, and offered download speeds that burst up to 1.5 Mbps and upload speeds of up to 384 Kbps.

The new plans are comparable to Northwestel’s Nunavut Pro, which offers 2.5 Mbps with a “free data transfer” of 20 GB, for 129.95 a month.

Northwestel’s Nunavut Ultra offers 5 Mbps with a data cap of 30 GB, for 179.95 a month.

In June, 2012, SSI announced the Qiniq network was installing significant upgrades across the territory.

At that time, they introduced the Atiigiallak plan, with tripled usage caps and download speeds up to four times faster.

In the past eight months, SSI has significantly improved the broadband service available to Nunavut residents,” Jeff Philipp, the CEO of the SSI Group.

“Speeds and caps for the average consumer are five times what they were this time last year with a minimal price increase,” he said.

RESOURCE DEVELOPMENT AND ENERGY NEWS

Mining News Nuggets

Mining News North of 60 – February 8, 2013

Northwest Territories

DIAMONDS – Kennady Diamonds Inc. Feb. 4 reported that plans for a winter drill program at the Kennady North project in Northwest Territories have reached an advanced stage. Kennady North comprises 13 leases and claims located to the west and north of the four leases controlled by the Gahcho Kué Joint Venture between De Beers Canada Ltd. (51 percent) and Mountain Province Diamonds Inc. (49 percent). Since the completion of the 2012 summer drill program, the company's geological and geophysical consultant, Aurora Geosciences Ltd., has completed a comprehensive review and analysis of the exploration data for the 123-square-kilometer (47.5 square miles) property.

The results of the review have guided preparations for the company's planned 5,000-meter winter drill program, which is scheduled to begin next month. Mobilization to a satellite exploration camp at Kennady North will start this week to complete further ground gravity and horizontal-loop electromagnetic surveys over the Kelvin - Faraday kimberlite corridor.

This program is expected to take about four weeks, and data from these surveys will assist the company in selecting final drill targets. Following completion of the surveys, supplies will be mobilized to the main exploration camp at Kennady North in preparation for the commencement of drilling at the Kelvin-Faraday corridor. The Kelvin - Faraday drill program will comprise both infill drilling at the known kimberlites as well as testing of newly identified kimberlite targets within the corridor that are in close proximity to the known kimberlites.

Following the commencement of drilling at Kelvin-Faraday, ground gravity and HLEM surveys will be completed over 15 newly identified kimberlite targets outside and to the west of the corridor. Drilling of these targets is expected to commence at the beginning of April and should be completed by mid-May. Kennady Diamonds President and CEO Patrick Evans said, "Diamond recovery results from the Kelvin-Faraday kimberlite cluster confirm the potential to host a high-grade diamond resource. Besides the high diamond count, approximately 70 percent of the recovered diamonds are classified as white and transparent. A further 5 percent of the diamonds are classified as yellow and transparent.

Almost all the diamonds have either no inclusions or only minor inclusions. Together with grade, these characteristics are key value drivers. Our goal is to identify an initial resource along the Kelvin-Faraday kimberlite cluster of at least 5 million metric tons and then to add to that with new kimberlite discoveries at Kennady North."

DIAMONDS – Harry Winston Diamond Corp. Feb. 4 reported that it has been served with a formal notice of discontinuance of the court action brought by C. Fipke Holdings Ltd. against BHP Billiton Canada Ltd., Harry Winston, Stuart Blusson, Archon Minerals and various associated companies. The court action related to Harry Winston's proposed purchase of BHP Billiton's interests in the Ekati diamond mine located 300 kilometers (186 miles) north of Yellowknife, Northwest Territories.

Harry Winston has been advised by BHP Billiton that all of its joint venture partners have agreed to waive their rights of first refusal in respect of the sale by BHP Billiton to Harry Winston pursuant to their existing purchase agreements. The discontinuance of the action and waivers of the rights of first refusal permit the transactions between Harry Winston and BHP Billiton to proceed, subject to satisfaction of closing conditions, including regulatory approvals.

Harry Winston supplies rough diamonds to the global market from its 40 percent ownership interest in the nearby Diavik Diamond Mine. The Company's luxury brand segment is a premier diamond jeweler and luxury timepiece retailer with salons in key locations, including New York, Paris, London, Beijing, Tokyo, Hong Kong and Beverly Hills.

ZINC/SILVER – Tamerlane Ventures Inc. Feb. said it has entered into an amendment to the option agreement with Panarc Resources Ltd. for the acquisition of the Indian Mountain Lake property in Northwest Territories. The amendment provides for the deferral of C$300,000 in exploration expenditures for two years, to Jan.31, 2015, in exchange for the issuance to Panarc of an additional 150,000 shares by the company. Issuance of the additional shares is subject to TSX Venture Exchange approval. During 2012, Tamerlane spent about C$220,000 in exploration expenditures at the Indian Mountain Lake property, including engineering, geological and administrative costs.

A total of five company personnel and consultants were on site at the property for about a month. Accomplishments during 2012 were focused on the BB Lake deposit and included a site assessment and review of previous exploration activities; location and mapping of existing drill-hole collars; and securing, re-logging and transportation of most of the core to Yellowknife for assaying.

Despite its age, the old core was intact and in good condition. Further activities included locating a significant amount of historic data and procuring the data from other parties. The BB Lake deposit is open at depth with the deepest hole drilled to date intersecting 23 meters of 16.7 percent zinc and 4.5 ounces per ton silver at a depth of 335 meters with a true width of 15 meters. Planned activities for 2013 at the BB Lake deposit include completing the transportation of the core to Yellowknife and the assaying of the core.

The company plans to commence a drilling program in the fall to confirm the BB Lake high-grade zone, test continuity of the orebody and examine whether the orebody is open at depth. Tamerlane also intends to complete an NI 43-101 resource report on the BB Lake deposit by the end of 2013. On-site assessment of the additional deposits and claims to locate, document and confirm previous work and to update mapping of mineralized showings, also is planned. Tamerlane, which has advanced base metal development projects in Canada and Peru, is focused on bringing its Pine Point Project in Northwest Territories to production.

The company is currently in the financing phase and expects to commence construction at Pine Point following financing. Tamerlane plans to sell the well-known Pine Point concentrates to various smelting facilities around the world. The company is also reviewing strategic alternatives for its Los Pinos heap-leach copper project in Peru.

INCENTIVES – Tyhee Gold Corp. Feb. 1 said has granted incentive stock options or share purchase warrants to purchase in aggregate up to 5,850,000 common shares to its directors, officers and employees pursuant to its incentive stock option plan. The options are exercisable on or before Feb. 1, 2018 at a price of C10 cents per share. Tyhee is focused on developing a mine on its flagship Yellowknife gold project in the Northwest Territories. The project is located in the same Archaen Greenstone Belt as the renowned world-class “Con-Giant” deposit, which produced a combined 14 million ounces of gold. Tyhee is committed to aggressively advancing a permitting and development path targeted to enable mine construction to begin in 2014.

An independent feasibility study has been completed, which estimated that, at a base-case gold price of US$1,400 per ounce and a projected 4,000 metric tons-per-day processing plant comprised of a conventional gravity-flotation-cyanide process and incorporating open-pit and underground mining methods on the Ormsby, Bruce Lake, Clan Lake and Nicholas Lake deposits, the YGP is estimated to return a pre-tax net present value at a 5 percent discount rate of about C$216 million (post-tax $115 million) and an internal rate of return of 20 percent (post-tax 15 percent) based on initial estimated capital cost of C$193 million (including a 10 percent contingency.)

The study also estimated proven and probable mineral reserves for the project at 20.43 million metric tons at an average grade of 2.03 g/t gold, containing 1.33 million oz of gold, resulting in a mine-life of about 15 years. Tyhee’s technical team has identified six separate gold deposits in the YGP, including Ormsby, Bruce Lake, Clan Lake, Nicholas Lake and Goodwin Lake. These areas have a combined measured and indicated resource estimated to total 1.72 million oz gold contained in 27.12 metric tons at an average grade of 1.97 g/t, and inferred resources of 487,000 oz of gold contained in 5.77 million metric tons grading 2.62 g/t.

FINANCE/MANAGEMENT – Darnley Bay Resources Ltd. Feb. 1 said it intends to complete a non-brokered private placement of up to 13 million units at a price of C5 cents per unit, for proceeds of up to C$650,000. Each unit will consist of one common share in the capital of the company plus one warrant. Each warrant will entitle the holder thereof to purchase one common share for a period of three years from the date of issuance of the warrants at an exercise price of C10 cents per common share. The private placement is being made on a best-efforts basis and is subject to regulatory approval. Darnley Bay also said its board of directors has appointed Jamie Levy as president, CEO and a director of the company. Levy has been involved in finance over a 20-year career, beginning as a financial advisor and more recently as vice-president of Pinetree Capital, an investment and venture capital firm focused on investing in early stage micro and small-cap resource companies.

The company further reported that Kerry Knoll, a director of the company since 2009, has been appointed to the position of non-executive chairman of the board of directors. Darnley Bay said Knoll is well known in the mining industry and is currently non-executive chairman of Canada Lithium Corp. which is completing construction of Canada's only lithium mine near Val d'Or, Quebec. He is also non-executive co-chairman of Stonegate Agricom Ltd., which is advancing a phosphate project in Idaho into production. Previously, Knoll was co-founder of a number of successful mining companies, including Wheaton River Minerals Ltd., Thompson Creek Metals Co. Inc. and Glencairn Gold Corp.

The funds from the private placement will be used to make the final payment (with interest) to the Inuvialuit Regional Corp. under the mineral concession agreement signed Dec.22, 2009, as well as property access fees and for general working capital. Once the payment has been made, the company must incur C$242,000 in exploration expenditures in 2013 on the property and a further C$1 million per year thereafter, until a total of C$13 million has been spent. A total of C$6,758,000 has been spent under the 2009 agreement.

The company said the Darnley Bay property hosts North America's strongest isolated gravity anomaly which has been favorably compared by the Geological Survey of Canada to other prominent gravity anomalies such as those at the prolific mining camps of Noril'sk in Russia and Sudbury Basin in Ontario. It is located near Paulatuk, NT on the Arctic Coast. The Darnley Bay anomaly is larger and stronger than any of these comparatives by a wide margin, measuring100 kilometers long north to south and about 80 kilometers wide. The GSC discovered the anomaly in 1969 and its source has never been explained. Darnley Bay also said it issued 2.5 million options to purchase common shares at a price of C5 cents each, expiring Jan. 30, 2018, to its directors.

GOLD – Nighthawk Gold Corp. Jan. 31 reports assay results from the final seven of 20 holes drilled by Royal Oak in 1997 on Nighthawk's Colomac gold property in the Northwest Territories. The 20 historic holes (7,470 meters) are now eligible to be included in an updated resource estimate. These results have collectively confirmed the higher grade character of Zone 3.5, verified its continuity to depth, and suggested the existence of similar mineralization in Zone 3.0 located along strike to the north.

Among the results: Hole Z3.5-97-03 intersected 73.15 meters of 1.72 grams per metric ton gold, including 3.05 meters of 18.02 g/t gold; hole Z3.5-97-21 intersected 19.50 meters of 4.57 g/t gold, including 2.44 meters of 27.76 g/t gold; hole Z3.0-97-17 intersected 3.66 meters of 4.55 g/t gold, including 1.22 meters of 12.86 g/t gold; and hole Z3.0-97-15 intersected 6.10 meters of 2.49 g/t gold, including 1.22 meters of 7.34 g/t gold. Assay results from the central high-grade shoot of Zone 3.5 and its southern extension for the other 13 historic holes were previously reported. The results reported in this news release, representing 2,110 meters, tested the northern extension of Zone 3.5 and beneath Zone 3.0 — located 300 meters north of Zone 3.5 along the Colomac sill.

Historical holes drilled in Zone 3.5 and Nighthawk's sub-vertical hole, C12-15 — drilled from the sill's top to base intersecting 203.40 meters of 2.49 g/t gold, including 25.75 meters of 7.78 g/t gold, have collectively confirmed the existence of a well-constrained, steeply plunging high-grade gold shoot to a minimum vertical depth of 950 meters. Contoured gold assays from Zone 3.5 shown in the section through the high-grade gold shoot clearly outline the geometry and continuity of a 50-meter-wide body of gold mineralization. Moreover, at least five additional shoots have been identified over a 3.0-kilometer (two miles) strike length between Zones 3.5 and 2.0, the true widths of which range from 50 meters (Zone 3.5) to 110 meters (Zone 2.0). Shoot identification is based on previous shallow drilling; however, additional drilling to depth is required for further delineation. "The potential to expand the gold resource at these and other prospective areas of the Colomac Gold Project remains high. We will continue advancing the project in 2013 and are looking forward to our next stage of drilling," said Nighthawk President and CEO David Wiley. Z3.0-97-17, the northern-most drill hole of the three reported from Zone 3.0, intersected 3.66 meters of 4.55 g/t gold, including 1.22 meters of 12.86 g/t gold.

Although drilled off section, this intersection seems to coincide with high-grade intervals previously reported in drill-hole C12-12B – 1.95 meters of 54.64 g/t gold (September 19, 2012 news release) and C12-14C – 1.10 meters of 80.13 g/t gold. These intersections indicate continuous high-grade mineralization at depth below Zone 3.0; however, Nighthawk plans to conduct further drilling in the zone to better define its extents.

Nunavut

URANIUM – Kivalliq Energy Corp. Feb. 5 said it is planning to conduct a two-phase 2013 exploration program at its 137,596-hectare (340,000 acres) Angilak property in Nunavut. The plan for 2013 will build upon the Lac 50 Trend inferred resource, currently at 2.83 million metric tons grading 0.69 percent U3O8 and totaling 43.3 million pounds U3O8 at a 0.2 percent cut-off grade. Drilling will expand the current resource, advance additional high-priority uranium targets within the Lac 50 Trend, and test select property-wide targets. Kivalliq intends to drill 25,000 meters of NQ core with three diamond drill rigs and 3,000 meters of reverse circulation drilling on exploration targets with a lightweight reverse circulations fly rig.

Extensive ground based geophysical surveying, prospecting, and soil sampling campaigns are also planned. The following summarizes both the first and second phases of the proposed 2013 exploration campaign: 25,000 meters of diamond drill core focused on expanding the Lac 50 Trend resource, testing new zones along strike and parallel to the resource and investigating the high priority Dipole and VGR targets; 3,000 meters of RC drilling to advance multiple untested conductors along strike and parallel to the Lac 50 Trend resource; ground geophysical surveys consisting of magnetics, electromagnetics, radiometrics and gravity; continued mapping and prospecting to advance priority target areas defined by the 2012 program and identify new targets on a property-wide scale; ongoing geological modeling, metallurgical testing, and environmental studies; continued emphasis on community consultation; engineering studies focused on camp and infrastructure expansion to optimize project logistics; update the current Lac 50 Trend inferred resource estimate by the end of the first quarter of 2014; and initiate a preliminary economic assessment scheduled to be completed in 2014.

"Based on the positive momentum from the 2012 season, and a 300 percent increase to the Lac 50 Trend resource over the past two seasons, Kivalliq's board of directors has approved an aggressive exploration strategy at the Angilak Property in 2013," said Kivalliq CEO Jim Paterson. "While maintaining our high standards of environmental stewardship and cost effective exploration, our 2013 exploration goals are clearly defined as follows: increase the inferred resource base in the Lac 50 Trend by drilling high priority and untested conductors near the current inferred resource; demonstrate Angilak's district scale potential by testing unconformity style targets elsewhere on the property; and initiate a preliminary economic assessment scheduled for completion in 2014."

Kivalliq's board of directors has approved a two-phased, C$15.5 million exploration program at Angilak for the 2013 season. The first phase, budgeted at C$8 million, will commence on Feb. 21 with the mobilization of crews and equipment to the existing Nutaaq camp. The company plans to drill from April to June using two diamond drill rigs and one RC rig. Ground geophysical surveying will run concurrently with the drill program until break-up sometime in June. Pending results and market conditions, the company will commence the second phase of the proposed exploration program at Angilak in June, with continued core and RC drilling and geophysical, geological, geochemical and engineering surveys in the field.

GOLD – TMAC Resources Inc. Jan. 28 reported signing a definitive acquisition agreement with Hope Bay Mining Ltd., a subsidiary of Newmont Mining Corp. to acquire 100 percent of Newmont's Hope Bay Property located in northern Nunavut. The closing of the transaction is subject to certain conditions, including the completion of a private placement of TMAC equities and the receipt of all required regulatory and third-party approvals.

The company has initiated the financing and will be meeting with potential investors over the next several weeks. TMAC is a privately held exploration and development company lead by former senior executives of FNX Mining Company Inc.

Terry MacGibbon, former CEO and chairman of FNX and co-founder and chairman of Torex Gold Resources Inc., is the company's founder and executive chairman. Terms of the acquisition agreement include: Completion of the private placement of at least US$30 million of TMAC equities; the company's ownership prior to the completion of the private placement will be Newmont – 80 percent and TMAC management – 20 percent; after TMAC's initial public offering which is planned for mid-2013, TMAC management's ownership in excess of 6.3 percent will be held in escrow until one of several performance milestones are met. These include achieving commercial production, making a new significant discovery or TMAC's IPO capital market capitalization is doubled. Also, Newmont will retain a 1 percent net smelter royalty on future production from the Hope Bay Property but will not receive any upfront cash payments; $300 million of tax attributes will be retained by TMAC for application against future mining production revenues generated from the Hope Bay Property; TMAC's board will have a majority of independent directors.

Newmont has the right to nominate two directors, subject to a 20 percent minimum ownership threshold; and TMAC management and Newmont are subject to an 18-month lock-up after completion of the planned IPO. The company has initiated a targeted US$50 million private placement of TMAC common shares with CIBC acting as agent. Proceeds of the financing will be used to: open the Hope Bay camps; build ice landing strips; fly in underground and surface drills; initiate underground and surface drill exploration programs; transport the mill and associated equipment currently located in Durban, South Africa, Pennsylvania, USA and Lachine, Quebec to the Hope Bay site; complete a pre-feasibility study to support putting the Doris gold deposit into production and for general corporate purposes.

"We are pleased to have concluded the acquisition agreement as we believe that TMAC is the right partner to improve prospects for near-term development of the Hope Bay Project," said Newmont Executive Vice President, Strategic Development Randy Engel. "TMAC's management team has a proven track record of developing projects with similar characteristics, both profitably and responsibly, while maximizing value for shareholders and other stakeholders. We look forward to developing a strong, long-term partnership as a significant shareholder of TMAC."

TMAC's MacGibbon, said, "I am very excited to be working with Newmont and our Inuit partners to develop the full potential of the highly prospective Hope Bay Project. I am also very excited about reuniting and working with many of the former FNX executive team who helped make that venture such a success, including TMAC's CEO, Catharine Farrow. By applying best practices and leveraging the TMAC team's proven entrepreneurial approach to profitable, low-cost, staged mine development supported by geoscience-driven exploration, we believe the 80-kilometer-by-20-kilometer (50 miles by 12.4 miles) Hope Bay Belt has great potential to be Canada's next major gold mining camp. Our objective is to become a long-term, profitable and environmentally responsible gold producer for the benefit of all stakeholders." Closing of the transaction is anticipated in the first quarter of 2013; however, TMAC said there can be no assurance that the transaction will be completed.

GOLD – Agnico-Eagle Mines Ltd. Jan. 25 submitted a draft environmental impact statement for the high-grade Meliadine gold project to the Nunavut Impact Review Board. Meliadine has 2.9 million ounces of gold in probable reserves (12.5 million metric tons at 7.2 g/t) and a large mineral resource. The reserves are mainly in the Tiriganiaq deposit, and the resources are in Tiriganiaq, plus another five nearby deposits within a large land package that is nearly 80 kilometers (50 miles) long.

The property is located near the western shore of Hudson Bay in the Kivalliq region of Nunavut, about 25 kilometers (16 miles) northwest of the hamlet of Rankin Inlet and 290 kilometers (180 miles) southeast of Agnico-Eagle's Meadowbank mine.

The company proposes to operate a gold mine with a 13-year mine life on the Meliadine property based on current reserves and resources that would be connected to Rankin Inlet by a 24-kilometer (15 miles) all-weather road. Agnico-Eagle plans to extract gold from a series of open pits and mine at least one deposit using an underground shaft. An on-site mill will break ore into small particles so it can be rinsed with cyanide to remove the gold, which will be refined into gold bars.

Targeting 2017 for the start of production, the company estimates it will need 1,000 workers during a three-year construction period for the mine and about 700 workers during operations, with about 350 workers on site at any given time. The review board's staff will screen the draft statement to determine if it meets guidelines that the board issued to Agnico-Eagle in February 2012. If the review board accepts the proposal, it will give public notice of a technical review. Other government agencies would then review the draft statement to determine if it adequately addresses all issues and concerns.

Northwest Territories, Harry Winston Discuss Rough Allocation

Jeff Miller

Rapaport – February 8, 2013

RAPAPORT... The Northwest Territories of Canada is negotiating a diamond allocation agreement with Harry Winston Diamond Corp. in support of local processing. Building the diamond manufacturing sector is one of the ways the government is working to achieve a diversified economy, it stated. These agreements with rough producers are intended to allow area diamond manufacturers to purchase diamonds from a percentage of the value of producers' mine production, helping to support the sector.

Harry Winston's chairman, Robert Gannicott, said, "We are pleased to see the diamond polishing industry rise to the challenge of marketing Canadian polished diamonds in a manner that can sustain a premium capable of supporting a Northwest Territories-based polishing industry."

Territory minister David Ramsay added, "The Northwest Territories' diamond industry continues to bring substantial training, employment and business benefits. We welcome Harry Winston's continued commitment to supporting diamond manufacturing in the Northwest Territories, ensuring we are able to realize even more value from this important sector of the economy."

Harry Winston expects to close on its $500 million purchase of the Ekati diamond mine from BHP Billiton by the second quarter, and complete the sale of its retail division to the Swatch Group for $1 billion by midyear at which time it would change its name to the Dominion Diamond Corp.

Canada’s northern mining opportunity will test us

Mining in Canada’s north is expected to grow at a compound annual growth rate of 7.5 per cent. The challenge is to develop those riches without sacrificing the environment.

Toronto Star – February 8, 2013

Tyler Hamilton

These days, the “North” is talked about more as a bank account full of easy money than as a beautiful and biologically diverse part of Canadian geography that should be cherished and protected.

The challenge is to make it both.

No question, the riches are there. A recent report from the Conference Board of Canada touts how mining in the North is expected to nearly double by 2020, both in terms of the value of minerals and metals we retrieve and the number of jobs created.

Mining in the North is expected to grow at a compound annual growth rate of 7.5 per cent, compared to an average of just 2.2 per cent annually for the Canadian economy as a whole.

But Scott Vaughan, federal commissioner of the environment and sustainable development, is worried about what will be sacrificed in the rush to make withdrawals. Environmental oversight is sorely lacking, he concluded in a report tabled this week to Parliament. There are also big information and infrastructure gaps.

“We know that there’s a boom in natural resources,” he said. “I think what we need now, given the gaps, given the problems we found, is a boom in environmental protection.”

In the North, real mining gross domestic product (2002 dollars) was $4.4 billion in 2011, and is expected to grow to $8.5 billion by 2020, according to the conference board.

It’s an impressive figure, but like all values attached to GDP, it’s also misleading. It accounts only for the one-way flow of minerals out of the ground and into marketplace. It ignores any of the health or environmental costs incurred over the next seven years, or the long-term economic implications of emptying yet another resource-filled bank account.

As Natural Capitalism author Paul Hawken said during a speech this week in Toronto, “Our current economic system steals from the future, sells it in the present, and calls it GDP.”

Many of Canada’s major mining companies are, to be fair, making an effort to reduce their environmental footprints. They’ve seen the writing on the wall for more than a decade. With social media acting as a kind of global watchdog, ducking responsibility is becoming riskier business. Organizations and programs have sprouted up to support efforts, including the Mining Association of Canada’s Toward Sustainable Mining initiative, which established principles for environmental performance, and the Green Mining Initiative, which has a similar mandate but is led by Natural Resources Canada.

Then there's the relatively new Clean Mining Alliance, which was founded to promote and share information about new clean technologies that can help mining companies operate more efficiently, make less of a mess, and more effectively clean up the messes they do make.

"Notoriously conservative mining companies and their shareholders are starting to realize that the capital expenses of new clean technologies can be offset by reduced operating costs and the potential for new revenues," according to Dallas Kachan, managing partner of Kachan & Co. and executive director of the alliance.

In his start-of-year outlook for 2013, Kachan predicted there would be a much higher adoption of clean technologies in the mining sector, particularly in areas such as water purification, remediation of tailings, advanced mineral separation and products that reduce the use of water and power.

Of course, simply using renewable energy such as geothermal or storage-backed wind can help lower pollution and carbon emissions at mining sites, which are often so remote that renewables become a more cost-effective option than, say, running dirty diesel generators. It helps, and we need much more of it, but it's not nearly enough.

What's also needed, Hawken said during his talk, is a "whole different pallet" of technologies that don't just reduce the impacts of industrial operations, but fundamentally change how industries operate.

He pointed to the amazing advancements taking place in a new discipline known as biological mining. The idea here is that there are molecules and bacteria found in nature – including the human body – that are designed to selectively grab specific minerals, heavy metals and other toxins.

Hawken described a time when we'll use these molecules and bacteria to "mine" and concentrate the residual but highly demanded minerals from, for example, the tailing ponds of old mining sites. Instead of digging up new stuff, we can find it in the pollution we've already left behind.

The approach offers remediation and revenue-generation at the same time. Toronto-based BacTech Environmental is an example of a company playing in this emerging space.

"We can now run the industrial age backwards by doing what nature does," said Hawken, adding later, "The breakthroughs are ubiquitous and they're coming at us fast."

Can they reach us fast enough, and at a cost low enough to motivate? Will the federal government and mining sector – which prefers to stay clear of risk – wake up and realize that leadership on this front is becoming an issue of long-term survival?

We may be on the path to doubling mining GDP in the North. But we're also emptying the bank account, and incurring charges we don't yet recognize but, sooner or later, will have to pay.

Leaders out of their mines

Sun Media – February 9, 2013

With little else to do in Attawapiskat, and with no leadership worth noting, it is no surprise that a bunch of residents from that frozen ghetto would bite the hand that feeds them with a blockade of the ice road to the De Beers diamond mine.

It is just one more example in a long list of why unmanageable and unsustainable reserves like Attawapiskat should be shut down.

After all, De Beers has only deposited around $300 million into the band council's coffers over five years – that's $60 million per annum, or $50,000 per resident per year - so there's no sense letting that good deed go unpunished, now is there?

So block the road.

And who cares if 100 of the 500 employees at that mine are actually Cree workers from Attawapiskat?

Let them eat frozen cake.

And, most of all, why allow them to be examples to others when the federal government, via the taxpayer, will continue pumping in the cash to all and sundry with disappointing results.

And, while we're at it, why not give a big raise to whatever lawyer the band hired to make its deal with De Beers?

Why? Because De Beers purportedly signed what amounts to a non-disclosure clause with Chief Theresa Spence's crew to not reveal what any of that $300 million is for, or how it is spent.

That's one humdinger of a rider.

But look who was behind the since-suspended blockade at De Beers. It was none other than Danny Metatawabin, the media spokesman who figuratively spoon-fed Spence her surprisingly nutritious fish soup while she was in Ottawa conning the media with a "hunger strike" routine.

According to reports, he's the band's co-ordinator of the Attawapiskat Impact Benefit Agreement (IBA) with De Beers, and chose the week of Spence's return as the moment to complain about certain layoffs and hiring practices at the mine.

So they bit the hand that any First Nations band in the country would love to have stroking its back.

Imagine: $300 million, with no questions asked, and a 100 well-paying jobs to boot.

Yet they throw up a blockade.

Mining industry, feds set sights on the North

Industry has big plans for resource development in the territories, but Environment Commissioner says 'significant gaps' in oversight of northern mining.

Hill Times – February 11, 2013

CHRIS PLECASH

The Mining Association of Canada predicts that its industry will bring more than $8-billion in investment in the North over the next decade, but the outgoing federal environment commissioner's latest report raises serious questions about the federal government's ability to monitor resource development in the territories.

According to MAC's annual industry report, mining exploration and production contributed $35.6-billion to Canada's GDP and directly employed more than 320,000 people across the country last year. The total value of mineral production in Canada has increased by 257 per cent in the last decade, and 21 per cent over the past year.

"We've been breaking records lately, and that speaks to what's happening in the commodities market globally," MAC president and CEO Pierre Gratton told the House Aboriginal Affairs and Northern Development Committee last week.

Buoyed by high commodity prices, the industry lobby predicts $140-billion in mining investment across Canada in the next decade, with the northern territories seeing $8-billion in investment and 4,500 in new jobs.

Mr. Gratton appeared before the committee to testify on Bill C-47, the federal government's Northern Jobs and Growth Act, which harmonizes the regulatory process for natural resource projects across the territories and provides the Northwest Territories and Nunavut governments with greater control of resource development in their respective jurisdictions.

“We are certainly hopeful that this new legislation will help increase these opportunities, and turn these opportunities into reality,” Mr. Gratton told the committee. “To ensure that the mining industry’s contribution to our economy remains robust, a competitive and predictable investment and regulatory environment is crucial.”

N.W.T. Premier Bob McLeod was recently in Ottawa to talk to several Cabinet ministers and top officials to expand the powers of the Northwest Territories to near provincial standards by April 2014, allowing it to have responsibility for public land, water and resources.

Arctic resource development and the devolution of power to the territories are central to the federal government’s Northern Strategy, which aims to strengthen Canada’s sovereignty over its Arctic territory. Canada plans to promote this agenda when Leona Aglukkaq (Nunavut) begins her two-year chairmanship of the eight-member international Arctic Council in May.

Briefing notes prepared for Ms. Aglukkaq and obtained by The Hill Times emphasize that the federal government is committed to giving territorial governments greater economic and political power in the coming years.

“This commitment includes advancing the devolution of land and resource management responsibilities in both the Northwest Territories and Nunavut,” the briefing states.

“The tabling of Bill C-47 is timely with the announcement that Canada will be leading the Arctic Council for the next two years,” Mr. Gratton told the Aboriginal Affairs Committee. “Canada can help demonstrate the positive economic contributions that natural resource projects can bring to the circumpolar region, and the importance of having effective legislation in place that allows for responsible development to take place for the benefit of northern peoples.”

Representatives of the Nunavut Planning Commission were also in attendance at the committee hearings. Paul Quassa, commission chair, praised the legislation for empowering the territory and bringing certainty to the regulatory process, but went on to tell the committee that the commission does not have the funding to hire more staff or establish the multi-lingual online public registry that the bill requires.

“The act creates significant new legal obligations for the commission. These obligations require organizational changes which will have financial, human resources, and technological implications that need to be addressed to support the commission’s transition,” Mr. Quassa told the committee. “At present, the commission is constrained by its existing human and financial resources, and is not currently able to take steps required to prepare for implementation of the act.”

Sharon Ehaloak, executive director of the Nunavut Planning Commission agreed that the commission would be unable to meet its new obligations under Bill C-47 without additional funding, and warned that the organization could be sued by project proponents if it were unable to meet new review timelines.

“Government has told us it’s moving forward as cost neutral—that’s been unacceptable. We will not be able to fulfill the obligations with the legislation moving forward without the funding,” she told the committee.

While MAC and the planning commission were briefing the committee on the impact that Bill C-47 would have on resource development in the North, Environment Commissioner Scott Vaughan tabled his latest report to Parliament, which found “significant gaps” in Aboriginal Affairs and Northern Development Canada’s enforcement of required mining inspections.

“[G]iven the expected increase in activity in the natural resource sector, we found that Aboriginal Affairs and Northern Development Canada, the department responsible for resource development in the North, were not conducting the required inspections that are essential for ensuring that the terms and conditions of project approvals are being met,” the report states.

The commissioner’s report found that AANDC failed to conduct follow-up inspections on mining permits in the North in 70 per cent of reviewed cases. Mr. Vaughan said that the federal government had clear jurisdiction over conducting inspections on mining permits in the territories.

“The inspections required are a clear mandate of the federal government,” Mr. Vaughan said following the report’s release. “70 per cent those inspections—which are required by the federal regulations, so it wasn’t an ambiguity related to jurisdictions—70 per cent were not done.”

Jan O’Driscoll, press secretary to Aboriginal Affairs and Northern Development Minister John Duncan (Vancouver Island North, B.C.), said that the department monitors northern resource projects in “a careful and considered manner.”

“While some operations require monthly inspections, lower risk operations require less frequent inspections,” Mr. O’Driscoll stated in an email. “Inspectors assess each file based on possible impacts on people, property, and the environment.”

Conservative MP Greg Rickford (Kenora, Ont.), Parliamentary secretary to Minister Duncan, told The Hill Times that the government was taking additional funding for territorial review panels into account, adding that it was inappropriate to include the commission’s funding in Bill C-47.

“It would not be appropriate for it to be part of this piece of legislation, because the funding agreements occur [between] the Nunavut Planning Commission, the Government of Nunavut, and the federal government,” Mr. Rickford said.

Major layoffs at review board

Staff halved after loss of federal funding

NWT News/North – February 11, 2013

Thandiwe Vela

Six employees have been laid off at the Mackenzie Valley Environmental Impact Review Board, cutting the environmental management body's staff in half.

The news came down late last week that the board had decided major cuts would be made to address an operational shortfall, partly due to the loss of funding from the federal government.

"In terms of morale, it's been a very difficult two days for staff," said executive director Vern Christensen, confirming the layoffs on Saturday. "Staff are still processing this information and dealing with the loss of their colleagues and considering how we will be needing to adjust to carry on the board's work."

Over the course of the last three years, the board's operational funding has dropped to $2.7 million from $3.3 million.

Aboriginal Affairs and Northern Development Canada had reduced and now has completely cut its supplementary funding, which was provided to help the board address unpredictable changes in workload.

The board's base funding comes from the Gwich'in Comprehensive Land Claim Agreement implementation plan

Meanwhile, the board's costs have escalated in the last year with a number of large environmental assessments including the Fortune Minerals Inc. NICO copper-gold-bismuth-cobalt project; the Tyhee Gold Corp. Yellowknife gold project; Avalon Rare Metals Inc.'s Nechalacho project; and the Giant Mine remediation project.

"We've gone through a pretty intense year in terms of environmental assessments," Christensen said.

All but the Tyhee gold project are scheduled to conclude early in the new fiscal year, he added, as the board forecasts a much less intensive year for 2013-14.

In addition to cuts to staff, Christensen said reductions being made to the board's fixed overhead costs include consolidating its office space on the second floor of the Scotia Centre in Yellowknife, reductions in board and staff travel and less professional development training.

Nobody's home at Jericho

Shear Diamonds abandons open-pit diamond mine in Nunavut

Nunavut News/North – February 11, 2013

Lyndsay Herman

Trouble is mounting for the Jericho diamond mine since its current owner appears to have fled the project.

"The proponent has been asked to respond to our last correspondence within 60 days, which passed," said Ryan Barry, executive director of the Nunavut Impact Review Board.

"The next step for us is to continue to try and contact the proponent and in the meantime follow up with Aboriginal Affairs and Northern Development Canada and the Kitikmeot Corporation and ask about their contact with the proponent."

The Alberta Securities Commission issued a cease trade order on Nov. 1 against Shear Diamonds Ltd. for failing to file interim audited financial statements, interim management's discussion and analysis, and certification of interim filings by the required date of Aug. 31.

The Investment Industry Regulatory Organization of Canada issued a cease trade order on Nov. 2.

Shear Diamonds was last listed on the Toronto Stock Exchange Nov. 1 and shares closed at 0.045 that day.

E-mails by News/North to Julie Lassonde, president and chief executive officer of Shear Diamonds, went unanswered, the company's telephone lines are disconnected and its website is down. Shear bought the Jericho mine, located about 350 km southwest of Cambridge Bay, its diamond processing plant, and other surface facilities in August 2010 for $38 million.

The company announced last September it would halt production of Jericho diamond stockpiles "as a result of continuing weak world diamond prices."

On Nov. 15, Shear Diamonds announced the resignation of chief financial officer, Greg Powell, and directors Pamela Strand and David Prince.

Pamela Strand had resigned as president of Shear Diamonds Ltd. last March in order to commit more time to her new role as president of the NWT and Nunavut Chamber of Mines.

The mine's previous owners, Tahera Diamond Corp., closed Jericho in early 2008 due to high operating costs and low revenue.

Jericho is Nunavut's first diamond mine and produced 780,000 carats of diamonds during operations between 2006 and 2008.

The repeated failures at Jericho are likely due to the type of ore at the site, stated Tom Hoefer, executive director for the NWT and Nunavut Chamber of Commerce, in an e-mail to News/North.

"Given that there have been two attempts, it suggests to me that it comes down to ore body quality," he stated. "Not all ore bodies are created equal ... and if one is hugely rich and its processing is straightforward then there is assurance that sales of diamonds will exceed costs to mine them ... This deposit must be presenting difficulties making a profit, or somebody would have (done so) the first time."

Lawsuit blocking Ekati purchase dropped

BHP enters into settlement agreements with joint venture partners

NWT News/North – February 11, 2013

Lyndsay Herman

The court action stalling the proposed purchase of the Ekati diamond mine was discontinued after settlement agreements were struck between BHP Billiton and its joint venture partners.

Harry Winston Diamond Corp. announced Feb. 4 the court action stalling its purchase of BHP's 80 per cent stake in the mine, located approximately 310 km northeast of Yellowknife, was discontinued.

The action had been filed by C. Fipke Holdings Ltd., one of the Ekati joint venture partners, on Jan. 16 in the Ontario Superior Court of Justice against BHP Billiton Canada Inc., Harry Winston Diamond Corp., geologist Stewart Blusson, Archon Minerals Ltd., and associated companies.

Fipke Holdings, owned by geologist Chuck Fipke, alleged that BHP did not comply with Fipke's pre-emptive rights under the joint venture agreement and requested the court prohibit the sale until Fipke Holdings was provided with "revised offers."

The court action was discontinued after BHP entered into a settlement agreement with Fipke, Blusson, and Archon Minerals.

All joint venture partners have now agreed to waive their rights of first refusal in respect of the sale, according to the release issued by Harry Winston.

Deana Twissell, superintendent of community and external affairs for BHP Billiton, said terms of the settlement are confidential and could not be released.

She said the sale transaction is on track for completion in the first half of this calendar year, subject to closing conditions, including regulatory approvals.

The $500-million proposed purchase agreement includes BHP's 80 per cent interest in Ekati, operations at the mine, as well as diamond sorting and sales facilities in Yellowknife and Antwerp, Belgium.

Blusson and Fipke co-discovered Ekati and each own a 10 per cent interest in the mine.