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Nunavut rewarded with exploration resurgence

Vancouver - Ten years ago, when Nunavut was created, the area was witnessing the end of a productive mining era. The zinc mines at Polaris and Nanisivik and the Lupin gold mine had reached the ends of their lives and exploration activity in the territory stood at a modest \$37 million annually.

How times have changed. Over the past ten years exploration activity has grown more rapidly in Nunavut than anywhere else in the country; annual exploration expenditures now average \$300 million. And in that time a healthy number of projects moved from exploration to development. **Agnico-Eagle Mines'** (AEM-T, AEM-N) Meadowbank mine is almost complete and expects to produce its first gold in early 2010. And Paris-listed **Areva's** Kiggavik uranium project, **Baffinland Iron Mines'** (BIM-T) Mary River iron ore project, and **Newmont Mining's** (NMC-T, NEM-N) Hope Bay gold project are at feasibility stage and poised to start construction.

So what happened to create such interest in a cold, expensive place to work? Two speakers at a recent Nunavut symposium in Vancouver outlined three concrete reasons. The territory's deputy premier Peter Taptuna, who is also its minister of mines, took the stage first, followed by Hard Rock Analyst co-founder Dave Coffin.

Both told the same story: the Nunavut government, recognizing that settled land claims and mineral potential gave it a golden opportunity, worked hard and fast to create regulations around exploration and development and to deepen the geologic understanding of their land. And the effort worked.

"They implemented a complete regulatory framework in ten years," said Coffin. "That is an achievement that should not be dismissed - the reality that the territory has been able to achieve as much as it has in ten years is impressive."

Nunavut's mineral regulations were developed from the Nunavut Land Claims Agreement (NLCA), which gave Inuit title to 356,000 sq. km of land or 18% of the territory. Of that, Inuit hold surface title 16% of the territory; in those areas the government of Canada retains mineral rights. In a further 2% of the territory Inuit hold surface and sub-surface rights. In the NLCA negotiations, the Inuit chose their sub-surface rights areas based on mineral prospectivity.

Surface rights are held by one of the three Regional Inuit Associations while Inuit subsurface rights are held and administered by Nunavut Tunngavik Incorporated (NTI). NTI issues rights to explore and mine its lands through its own mineral tenure regime while the Crown administers its 98% of Nunavut's subsurface rights through Indian and Northern Affairs Canada, which bases its decisions on the Northwest Territories and Nunavut Mining Regulations.

While the arrangement sounds complicated, in fact Nunavut offers arguably the most straightforward land tenure systems in the country. And since ownership is settled, there are no concerns about land claims arising further down the road. Furthermore, in mid-2008 the interested parties developed an amendment to the NLCA to avoid duplication in the environmental assessment process for Nunavut projects - unlike others parts of the country, wherein projects have to pass provincial and federal environmental processes, Nunavut offers a single review process.

So the regulations are straightforward and land ownership is clear. None of that would matter, though, if the territory did not also offer serious exploration potential.

Nunavut offers geologists that perfect combination of qualities: it is large, home to prospective rocks, and underexplored. A previous surge of interest in the 1970s led to several significant discoveries but when the oil and gas companies driving that surge retracted from mineral exploration in the 1980s the area was left alone.

But it wasn't left without potential. Nunavut offers 2 mill sq. km of highly prospective geology. Much of the territory is underlain by Archean aged rocks, offering base and precious metal potential; the Thelon Basin is a copy of the uranium-rich Athabasca Basin in Saskatchewan; and other areas hold potential for iron ore. As Coffin put it: "Nunavut offers one of the best opportunities in the world as an emerging mineral district."

A lack of geological information, however, had left that potential largely unnoticed and difficult to assess. In 1999 the public database of geological information for Nunavut was totally inadequate, containing far less info than could be found in databases for other parts of the country. Realizing that gap and working to rectify it is another of the Nunavut government's laudable achievements - within a few years the government founded the Canada-Nunavut Geosciences Office, which is mandated to create an understanding of Nunavut's geology that is comparable to other Canadian jurisdictions.

The Canada-Nunavut Geosciences Office has to date accomplished a tremendous amount and continues to work on numerous projects. One that warrants mention is the Geomapping for Energy and Minerals Initiative: over the next five years the federal government is investing \$75 million into new geoscience mapping north of 60 degrees, including several major mapping projects across Nunavut.

Now, with a stable government, a regulatory framework, and a constantly growing database of mineral information, exploration in Nunavut is on the rise. And companies are not staking small areas, they are staking swaths of land in the hopes of making big discoveries.


"Would you invest in a company that held the exploration rights to the entire Kirkland Lake or Timmins greenstone belt?" asked Taptuna. And his question makes sense - several companies, such as **Commander Resources** (CMD-V) and **CBR Gold** (CBG-V), have indeed staked entire greenstone belts.

Gold is by no means the only prospect. Coffin claimed Nunavut had serious potential for new diamond and uranium discoveries.

"The evolution of the diamond play in Canada is reaching a new threshold," Coffin said. "In Nunavut there are a number of projects with significant potential that could move to the diamond mining stage. And I think that could re-ignite interest in the balance of the play in Canada.

"And the uranium in Nunavut is old - there was a phase of exploration in the 1970s - and new in that a lot of ground has been picked up lately. There is strong reason to believe that a uranium industry is about to blossom in the territory."

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