

Power supply needed before mine can proceed

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PROPOSAL | Galore Creek proponents are sitting on one of the most promising copper-gold projects in northwest B.C., but they can't move to build a \$1-billion mine until the provincial government finds a way to get them connected to the province's electrical grid.

NovaGold estimates that the property contains 13.7 million ounces of gold and 12 billion pounds of copper, and they've recently struck a deal worth more than \$20 million to secure the support of local aboriginals.

The accord with the Tahltan Central Council is one of the most important developments in recent years for the province's mining industry, which is scrambling to bring on-line new metal and mineral projects amid one of the hottest commodity markets on record.

"Relationships with first nations communities can be developed that bring certainty to those communities and the business community. I think that's going to be a great news story for British Columbia and Canada," says Dan Jepsen, president and CEO of the Association for Mineral Exploration B.C.

"We think it's a landmark decision," added Chief Jerry Asp of the Tahltan Band, who said benefits to his band and Iksut First Nation include annual \$1-million payments to the Tahltan Heritage Trust Fund over an estimated 20-year mine, commitments on mining jobs and job training, and contract opportunities including road construction and catering.

"We also think it's going to set the benchmark for how other resource developers will deal with the Tahltan not only on an economic basis but also on the environmental side," Asp added.

However, despite numerous expressions of interest in the project from well-financed attendees at this week's international prospectors conference in Toronto, NovaGold has to bide its time.

That's because the province and the Tahltan council remain enmeshed in discussions about the costs and environmental impact that a high-voltage powerline along the Highway 37 corridor would have upon the aboriginals' traditional, and largely undeveloped, territory.

The transmission line bears an estimated \$200-million price tag and is vigorously supported by mining proponents in the northwest who say rising fossil fuel prices make diesel-fired electrical generation too costly to serve as an alternative energy source for new mines.

In NovaGold's case, the Galore Creek mine's 80-megawatt electricity requirement is simply too

large to be sustained by diesel fuel.

A Highway 37 powerline would open up the northwest for a whole slew of promising mining projects.

Access to comparatively cheap electrical power isn't just a challenge for northwest B.C.

At the B.C. Mineral Exploration Roundup conference in January, Falconbridge Ltd. president Aaron Regent told an international gathering of delegates that rising energy and electricity costs are "a major concern" for the industry across the globe.

"It has also become one of the key parameters in evaluating the viability and location of new mining and processing facilities," Regent said.

On a more encouraging note for B.C., Regent added that growth in future demand for copper and other base metals will remain steady.

Minister of State for Mining Bill Bennett can only say that the government is engaged in "an internal process" regarding the power line.

"I think that's the way it should be. There are a lot of company share prices that are going to be impacted by the announcement of a power line. I can tell you that we are making steady progress," Bennett said.

"We don't yet have an agreement with the Tahltan people. They are concerned about the kind of access to the land that the powerline could mean to them so we have some work to do with the Tahltan people on this project.

"We have also some work to do with BC Transmission Corporation. But we are getting there."

NovaGold president and CEO Rick Van Nieuwenhuysse notes that his company expects to file for an environmental approval later this month, and pending approval, could commence construction on the project "by this time next year."

His company's accord with the Tahltan was a key development, he added.

"We are very excited about being able to enter the EA process with the Tahltan on our side," Van Nieuwenhuysse said, adding that his company is determined to maintain control even if it means turning down offers from international companies willing to take it over.

Asp notes that the Tahltan are already in agreement with extending the existing power grid at Meziaden to Galore Creek, but a line running deeper into their territory is another matter.

"We understand that a powerline is needed but you also have to understand that if the line ran from Terrace to Dease Lake, a 287 kilovolt line, it will change the face of the Tahltan Nation forever because it will dictate the pace of development in our traditional territory. Rest assured that Tahltans are taking a very serious look at all aspects of that line," Asp said.

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