

# THE GOSSAN

A VOISEY'S BAY NICKEL COMPANY PUBLICATION

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## WHAT'S A GOSSAN?

A gossan is a rust-coloured outcrop that can indicate sulphide deposits buried beneath the earth's surface. In 1993, prospectors exploring northern Labrador for diamonds spotted a gossan atop a hill near Voisey's Bay. Subsequent exploration revealed a number of nickel-bearing ore bodies in the area, ore bodies that are the foundation of the Voisey's Bay project. ▼

## MANAGING DIRECTOR'S MESSAGE

As the first development phase of the Voisey's Bay project approaches its end and we step into the starting blocks for operations, I am delighted to have this opportunity to update our stakeholders on our most rewarding construction season yet.

At Argentia, construction of the hydromet demonstration plant is almost 70% complete and commissioning is underway. In Labrador, our progressive handover of the mine and concentrator site began in March and we have now assumed control of most of the site. Everything is progressing as planned and we are on schedule for a fall start-up of operations.

Everyone involved in the Voisey's Bay development should be very proud of what we have accomplished

since construction began in 2002. We have had excellent support from our contractors, employees, suppliers, community leaders and other stakeholders, which has been critical in getting us to where we are today.

The next few months will be just as challenging as the last few, but our team is up to the challenge. The future holds great promise for VBNC, for Inco and for all of the stakeholders involved in this project. ▼



Phil du Toit

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## PROGRESSIVE HANDOVER OF VOISEY'S BAY SITE CONTINUING

The progressive handover of the Voisey's Bay site began in March when Mine Operations took control of the open pit. Since then, VBNC has assumed control of the power plant, accommodations complex, warehouse, south sedimentation pond and explosives plant. Also, on July 1st VBNC took over the majority of site services, including equipment, the office area and the permanent maintenance shops.

A milestone was reached on June 22nd when VBNC Mine Operations hauled its 10,000th load of overburden and rock. Mine Operations has shot eight blasts within the quarry to date, the biggest and most recent containing over 20,000 kg of explosives and over 40,000 tonnes of rock. Visiting consultants also

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*New cafeteria*

## PREPARATIONS UNDERWAY FOR ENVIRONMENTAL ASSESSMENT OF COMMERCIAL PROCESSING PLANT



*Environmental baseline data collection (file photo)*

An integral part of the Voisey's Bay Development Agreement between Inco and the Government of Newfoundland and Labrador will see construction of a commercial processing facility in the province. Construction of the facility is expected to begin in 2009, pending release of the project from the environmental assessment process of both the federal and provincial governments.

An environmental assessment (EA) is a regulatory requirement whose purpose is to determine how a project will interact with its biophysical and socio-economic environment. VBNC has been conducting baseline studies in preparation for the environmental assessment of the proposed commercial hydrometallurgical processing facility. The project will be registered for environmental assessment by the end of 2005.

"One of the key things that will happen around the registration are consultations with both government and the general public," says Les Hulett, Inco's Director of Environmental Affairs. "The consultations give us the opportunity to ensure that stakeholders understand the project. It also gives stakeholders the opportunity to voice any concerns they may have. From there we will scope the work that needs to be done to address these concerns."

Based on that scoping, baseline studies will be completed and an environmental impact statement (EIS) will be prepared. An EIS identifies the positive and negative effects of the project and supports project design and planning. Once complete, the EIS is submitted to government and made available for public comment. Using the information from the EA, measures to mitigate adverse effects and preserve

positive outcomes of the project are put in place by the company for all phases of development.

The EIS that VBNC will prepare will be somewhat unique in that it will actually address two projects rather than one. Inco's agreement with the provincial government includes a guarantee that in the unlikely event the planned commercial nickel concentrate processing plant proves technically or economically unfeasible, a commercial hydrometallurgical nickel-matte processing facility or other similar facility will be constructed in its place. This commitment means that VBNC must prepare an EIS that also covers two processing options. Given that both processing options use hydrometallurgical technology to produce a finished nickel product, there will be many similarities in the projects' environmental assessment. However, since they are distinct facilities, VBNC must ensure that the potential biophysical and socio-economic effects of both developments are addressed in the EIS.

VBNC hopes to receive regulatory approval for the commercial processing plant in 2007. This will allow sufficient time for VBNC to complete a technical, environmental and economic feasibility study to determine which processing technology will be used in the commercial processing plant. ▼

## PROGRESSIVE HANDOVER OF VOISEY'S BAY SITE CONTINUING

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reviewed and approved of suggested improvements for VBNC's Overburden Dump in June allowing for significant cost savings.

A primary focus over the last few months has been training employees to develop increased operating flexibility. This training initiative has been successful allowing Mine Operations to increase its production capability while developing multi-skilled employees.

Over the next couple of months, Mine Operations will be focusing on removing additional overburden and exposing deeper parts of the Ovoid deposit. First ore to the mill is scheduled for August and Mine Operations is on track to meet this schedule. ▼



*Power plant handover*



*Overburden removal*

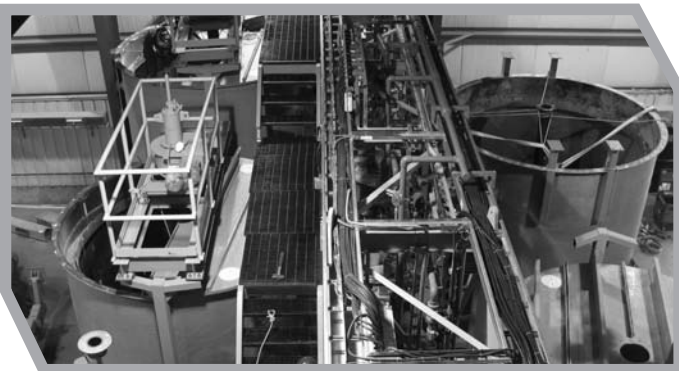
## PHOTO GALLERY



*Coarse ore storage building (foreground) and concentrator building*



*Concentrator flotation area*



*CCD module, hydromet demonstration plant*



*Electrowinning area, hydromet demonstration plant*

## VBNC AND LIA SIGN SHIPPING AGREEMENT

After 16 months of negotiations, VBNC and the Labrador Inuit Association (LIA) signed a shipping agreement in March that addresses all aspects of marine transportation into and out of Anaktalak Bay. The development of the agreement was a key commitment in our Impact and Benefits Agreement with the LIA.

The agreement addresses concerns of the Inuit with respect to winter shipping and establishes rules and procedures that consider the concerns of the LIA and respect VBNC's reasonable needs for shipping. In order to get supplies and materials into Voisey's Bay, VBNC has to ship into and out of Anaktalak Bay, an area that has significant use by the Inuit of Nain for hunting, recreation, and traveling.

Tom Paddon, Manager of Aboriginal Affairs and Labrador Human Resources says the negotiations are an excellent example of partnership. "VBNC worked very hard to explain why shipping through Anaktalak Bay

was absolutely essential to our operation and to understand the extent of the concerns of the Inuit, and they likewise worked hard to understand our needs. Over a period of time we each came to a conclusion. LIA accepted we have to have winter shipping and VBNC accepted that we have to put a plan in place to mitigate

any impact our shipping activity in Anaktalak Bay may have on Inuit harvesting, recreation and travel."

A Marine Transportation Management Plan has also been developed in compliance with the Shipping Agreement. ▼



*VBNC monitors observe MV Arctic during February ice probe on Anaktalak Bay*

## SUPPLIER PROFILE: METAL WORLD

It's been 15 years since Metal World opened its first fabrication shop— a modest 8,000 sq. foot shop located in the West End of St. John's. Today, Metal World's two fabrication shops, in Argentia and



One of the process modules being assembled at Metal World's Argentia facility

St. John's, occupy more than 85,000 square feet and provide services to the pulp and paper, offshore oil, and mining industries. Metal World has grown significantly and last year was its best year ever. With more than 260 employees at peak, Metal World reached its highest level of sales in the company's history. Ivan Butler, President of Metal World, says this is largely due to the work the company is doing for the Voisey's Bay Project. Metal World fabricated more than 5,000 tonnes of steel in a period of 7-8 months last year for VBNC, an accomplishment Butler says the company is very proud of. "It was a project where volume and schedule tested capacity both administratively and physically. It allowed us, as a company, to demonstrate what we can do and what we are capable of producing." Metal World has been involved in several projects for VBNC including the fabrication and partial assembly of panels for the concentrate storage building and structural steel for the concentrator and grinding area. This year, Metal World is involved in the fabrication of ten of the modules for the hydromet demonstration plant. ▼

## 2005 MILESTONES

### Voisey's Bay

- ✓ Begin mining operations – May
- ✓ Commence concentrator commissioning – July
- Complete tailings dams – August
- Complete MEPIC and permanent infrastructure for concentrator – August
- Process first ore – August
- Complete MEPIC and permanent infrastructure for port – September
- Ship first concentrate – November

### Argentia

- ✓ Begin grinding circuit commissioning – July
- Construct change house and assay laboratory – August
- Complete and install process skids – September
- Complete residue ponds – September
- Begin testing concentrate – late-October

## CONTRACTOR DEMOBILIZATION UNDERWAY AT VOISEY'S BAY

As construction of the Voisey's Bay mine and concentrator begins to wind down, preparing the site for commissioning and future operations is a top priority for VBNC and SNC-Lavalin, the project's Engineering, Procurement and Construction Manager (EPCM). Demobilization is an important part of this process.

As contractors wrap up activities at the Voisey's Bay site, the EPCM and members of the commissioning and operations teams inspect the work that each contractor has done. If its work has been completed satisfactorily, a contractor then removes its personnel, equipment and unused materials from Voisey's Bay. Once this is completed, the contractor is considered demobilized.

Already two loads of contractors' equipment and materials have been packed and shipped from site aboard the MV Astron, with another shipment expected before the end of July. The process will continue throughout the summer, with most contractors expected to have vacated the site by September. Demobilization is scheduled to be completed by November 2005. ▼

## ON THE JOB:

### LELA EVANS – ENVIRONMENT, HEALTH AND SAFETY

Lela Evans has been a Coordinator of Environment, Health and Safety for Voisey's Bay Nickel Company since 2002, when construction first began at the company's mine and concentrator site in Labrador. In this role, Lela has monitored site activities to ensure compliance with the environmental regulations at Voisey's Bay.

Born and raised in Makkovik, Labrador, Lela is a proud member of the Labrador Inuit Association. Lela feels a sense of accomplishment for her contribution to protecting the environment and minimizing the effects of VBNC's mine and concentrator operations. Currently, her efforts include the development of the integrated Health, Safety and Environment Management System for the operations phase of the mine and concentrator.

Prior to joining VBNC, Lela worked with ATCOFrontec as an Environmental Specialist in Ottawa and also with the Labrador Inuit Association. ▼



Lela Evans with Bob Cooper, General Manager, Mine and Concentrator