

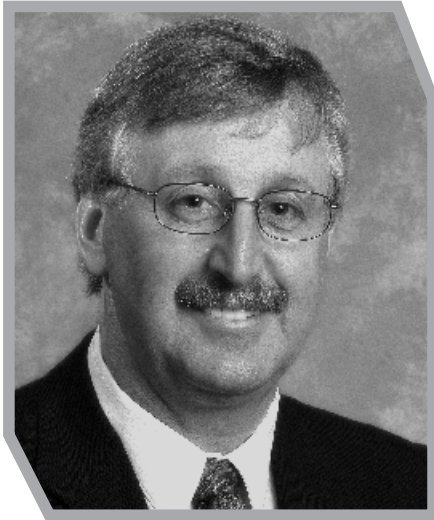
THE GOSSAN

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MESSAGE FROM THE PRESIDENT



Bob Cooper
President

We continue to make progress on a number of fronts, as we transition toward a fully integrated mine, concentrator and commercial processing operation in this province.

One of our highest priorities is safety of our people and the environment and we continue to pursue opportunities to improve our safety performance. We are reviewing and enhancing our systems and approaches to enable improvement in this area across the Company. True success will be achieved when safety is an integral part of our culture and part of the ongoing conversation in all areas of our operations.

Work is progressing at the Mine and Concentrator and the Demonstration Plant. Since we began operations in Labrador, we have focused a great deal of attention on improving our product and I am pleased to say that our customers are telling us that they are very pleased with the consistency of our product quality.

In Argentia, where our R&D and engineering teams are working 24/7 identifying problems, developing solutions and verifying them through testing. It should be noted that the highly accomplished team of about 200 people supporting

this work represents a centre of excellence for hydromet technology for sulphides that is foremost in the world.

Progress is also being made on the Environmental Assessment of the Commercial Plant in Long Harbour. We anticipate submitting the Environmental Impact Statement for the commercial plant to the provincial and federal governments shortly and we will continue to engage our stakeholders about this development in the coming months.

Last month I had the opportunity to visit Brazil and to meet with some of my counterparts who work with CVRD, our owner company. It was clear from the site visits I made that CVRD's commitment to environmental protection, its people and growth is strong. As the integration of our companies moves forward, we can look forward to developing good working relationships on many fronts.

Speaking of relationships, this edition of The Gossan draws attention to various initiatives we are involved with in Labrador and on the Island. Even though these activities fall outside the normal realm of day-to-day operations, they are an important part of our community involvement. ▼

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WINTER SHIPPING: A WORK IN PROGRESS

A key concern that emerged during impact assessments for Labrador operations was the issue of winter shipping. In order to move nickel concentrate out and supplies in during winter, it is necessary for the ship to cut a track through the frozen ice of Anaktalak Bay; ice that is also used as a crossing point by the Innu and Inuit for hunting, fishing and other purposes.

A Winter Shipping Program was put in place last year to safely mitigate the effects of the ship's track through ice. It includes a signage system to clearly mark the ships' track, and the creation (by natural refreezing) of several points that are confirmed safe crossings. The program is supported by comprehensive

communications to ensure that snowmobilers in the area are aware of ship traffic and the status of the safe crossing areas.

The track monitoring and marking work is performed by Sikumiut Environmental. Sikumiut employees meet the incoming ship on snowmobiles; one on the south side and one on the north. They follow the vessel in, placing reflective warning markers at 250 metre intervals. Lights and signage are placed at designated points when the ice has refrozen and is safe to cross, and they monitor the signage carefully to ensure that it is still standing and not obscured by snow.

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Winter Shipping continued from page 1

The first winter shipping season was shorter, with just two transits through ice. This year we had a normal winter season and there were four transits.

"We used those first two transits to monitor how the program was working," said Isabella Pain, Superintendent of Aboriginal Affairs. "We also listened closely to the Innu and Inuit people who use the ice crossing. And there were important lessons learned last year which have been incorporated into this year's program."

Most changes are the kind of refinements one would expect whenever theory is put into practice. For example, safe crossing points were marked last year with signs containing comprehensive information that was updated with each crossing. "The feedback was that these signs contained too much information," Pain said. "People sometimes came by in a hurry, perhaps while chasing caribou, and all they wanted to know was, is it safe or not. So we changed all the signs to minimize the time it takes to read them."

The same would apply to the 1-800 broadcast, which travelers access through a pager supplied by Voisey's Bay Nickel. "Again, people said it contained a lot of information that they didn't need. So we've minimized the recorded message to say the time of the update, where the ship is, when it will come through and whether or not there are any safe crossings in place."

Monitoring since last year has shown that the ice sometimes takes longer than expected to refreeze. "So this year we are trying a couple of different things," Pain explained. "At planned crossing points, the captain is stopping the ship and using the



The Umiak 1 in ice approaching Anaktalak Bay (May 2007)

backwash of its propellers to compact the ice and slush together. It freezes more quickly that way. We are also experimenting with a portable floating dock structure, which would provide instant access without becoming frozen into the ice. However, this is still in the prototype stage."

Last year, red reflective signs were placed along the north and south edge of the track. To further enhance safety, the colours have been changed this year, with red markers on the north side and green on the south. As well, the markers were angled in the same direction last

year, which may have made it difficult to see them when approaching from certain angles. This year, the markers are placed at a variety of angles.

"The Winter Shipping Program is a constant evolution," Pain said. "We are monitoring carefully, listening to what people are saying and always looking for ways to improve what we do. The company has really been listening to what people are saying, and we are doing everything we can to minimize the impact of winter shipping." ▼

COMMUNITY ASSESSMENT UNDERWAY ON NORTH COAST

What impact has the Voisey's Bay development had on the people of Labrador's North Coast, especially the Innu and Inuit? Has quality of life improved? Are there any educational, social or health impacts? Have people stayed in their communities, or moved closer to the work site?

These are just some of the questions that may be addressed in a major socioeconomic assessment now underway in Labrador. It is actually a follow-up to environmental and social impact assessments that were carried out between 1997 and 1999, in the project planning phase.

The assessment process uses extensive research

to make predictions about the effects of a project, after which mitigation measures are put in place to enhance positive impacts and minimize negative ones. At the time, Voisey's Bay Nickel Company Limited (VBNC) made a commitment to ongoing measurement of any social, cultural or economic impacts.

"Now that we are more than a year into operations at the mine and concentrator site, this latest study will monitor those impacts," said Isabella Pain, Superintendent of Aboriginal Affairs, adding that there are two aspects to the review. "One will be a review of whatever impacts may have resulted from the construction phase. The second is the establishment of an

ongoing monitoring process, to collect reliable information about the effects that may occur in communities as a result of operations at the mine and concentrator."

Awarded in the fall of 2006, the contract for the assessment work is being performed by Sikumiut Environmental Management Ltd. The research will focus mainly on communities on the north coast, including Rigolet, Makkovik, Postville, Hopedale, Natuashish, Nain and Sheshatshiu.

Bevin Ledrew of Sikumiut says the research will be gathered through face-to-face interaction. "We will be going into the towns and talking to people

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Community Assessment Underway continued from page 2

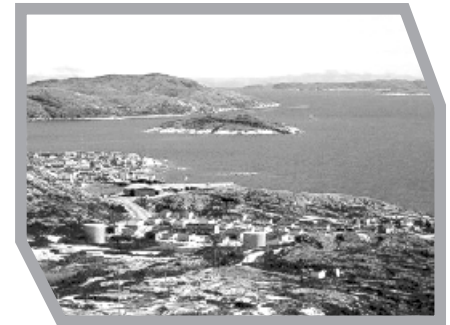
where they live. VBNC has approached the Nunatsiavut Government and the Innu Nation and, with their concurrence, will set up a small steering committee in each community. What we're doing is spending time to identify the important issues in each community, and the most effective way of gathering information about those issues. We are trying to customize a program that addresses the priority effects that people see. There will be differences depending on the nature of each community and its proximity to the mine and mill, and various other factors. Our lead researcher, Charlotte Wolfrey, is a resident of the North Coast and hence very familiar with the communities and their issues and concerns."

However, there will also be some common themes in the research objectives. For example, VBNC invested some effort in making it practical for workers to continue living in their home communities.

"Have we been successful in that?" said Isabella Pain. "Has there been a migration of people because of the project, or have they generally stayed at home?"

Another objective is to measure whatever impacts may have resulted from the introduction of steady, well-paying jobs to families and communities. "What kind of beneficial or negative effects has this had?" Pain said. "VBNC has in place a fairly comprehensive employee assistance program and has expanded it to include families of employees. We would like to get a sense of the

nature of calls that are coming in, as this will give some indication of what's going on in the community." ▼



Hopedale, Labrador

STUDENTS VISIT MINE AND CONCENTRATOR OPERATIONS

High school students from schools along the north coast of Labrador are experiencing firsthand the realities and opportunities of mining operations, thanks to a series of tours that are being presented by VBNC.

And these are not your typical two-hour tours. Students who sign up for this visit are looking at three days of exposure to the full range of VBNC's operations at Voisey's Bay.

Training Superintendent Dave Cluney said the visits are intended to open students' eyes to the possibility of working with VBNC, and to reinforce the importance of staying in school if they wish to pursue this or any challenging career.

"I guess you could describe it as an early recruitment process," Cluney said. "We are trying to make young people aware of the many career opportunities there are here, and help them realize that there is more, much more, to a mining operation than heavy equipment or housekeeping. We want to get these students thinking outside the box and considering a greater range of non-traditional work roles."

The program began last year, with the participation of schools in Nain, Natuashish and Hopedale, and continues this year with visits by students from Sheshatshiu and Rigolet during March. Schools in Makkovik and Postville will also participate. For logistical reasons, the number of students is limited to four from each school, with the participants selected by their teachers.

"The teachers make their decision based on the students' performance in school, attendance records and their interest in pursuing a real career," Cluney said.

The tour begins on a Monday with a safety briefing, followed by a familiarization tour of the site. "They are up the next morning bright and early at 6:30 am," Cluney said. "I drop them off with the mine trainer, who takes them down to the morning toolbox crew meeting, after which they spend some quality time at the mine, job shadowing the workers on various pieces of equipment and really seeing how things work. They see the whole mine from inside a piece of heavy equipment, which is a pretty astounding experience for anybody. Then in the afternoon we'll take them back to the mill where one of the trainers will give them a good tour of the mill area, control rooms, maintenance shops and so on. Next day they are up early again for a tour of the chemistry lab, where they take part in some fun science experiments that usually get their attention. By the time they

fly out of here on Wednesday, the students clearly understand that there is more to a mining operation than they might have expected."

Cluney said he is impressed with the calibre of young people who have gone through the program. "They are great kids - open minded, and eyes wide open when they come in here."

Cluney recounted the story of a student who learned that the mine manager had been promoted to another role, creating a high-level vacancy. "The student said, 'Oh! What do I have to do to become mine manager?' I told him the first thing he should do is finish high school, then go to university. But it didn't seem to fizz on him...his teacher tells me that he is still talking about it. That's what we like to see. And I hope he does come back." ▼



B.L. Morrison School students visit Voisey's Bay site (March 2007)

RARE INNU COATS FIND A PERMANENT HOME

Two extremely rare Innu coats that were in danger of being sold to a private collector in the U.S., have found a permanent home at The Rooms, Provincial Museum, thanks in part to a donation by VBNC.

According to Penny Houlden, Director of The Rooms Provincial Museum, the two coats are "extraordinary."

"Very few of these coats exist and most of them are in private hands," Houlden said. "It's really a privilege to have such a significant aspect of traditional Innu culture like this to share with the people."

The coats have important spiritual as well as historical significance for the Innu, Houlden said. "They were a really important part of the caribou hunt which was, of course, critical to the survival of the Innu. And when you see them you realize as well that they are extraordinary works of art, and a real testimony to the skill of the women who would have made them."

The coat was purchased from William Jamieson, a private dealer in Ontario, who purchased the artifact from the Yale family at an auction in 2004. According to the Yales, the coat was acquired from Iroquois Indians between 1783 and 1805 by Theophilus Yale while he lived at Saint Andre-Est, on the Ottawa River in Quebec. Saint Andre-Est is not far from Oka, the residence of the Iroquois with whom Mr. Yale had a friendly

connection. The Iroquois friends of Mr. Yale, however, did not make this particular coat. They acquired it from northern Quebec, presumably through regional fur trade.

Tom Paddon, General Manager of Labrador Operations, said the coats are tremendously important. "Unfortunately, a lot of examples of traditional Innu culture in physical form have been lost. As a result, the Innu do not have a great deal of their physical history left, and although they still have a very strong oral and spiritual culture, acquiring these coats is significant indeed."

Paddon said he first became aware of the coats through a radio news broadcast. "I heard a story about these rare coats that were going to be sold to a collector in the U.S.," he explained. "I called the Innu Nation to see if they were aware of the matter and suggested that we work to keep the coats from falling into private hands. They were interested, so we called Penny Houlden at The Rooms. They were able to access more than \$100,000 in federal funding, as well as contributions from the Innu Nation, provincial museum, along with \$38,000 from VBNC. And now the coats are safe in Canada for the future."

Houlden said The Rooms, Provincial Museum, is currently working on plans to put the coats on public



Photo by Shane Kelly

The Yale Coat

display. "We really look forward to having people see them. The intention will be to show them here at The Rooms, Provincial Museum, and in Labrador, but beginning with the Labrador Interpretation Centre." ▼

SEVERAL PROJECTS UNDERWAY AT INNOVATION CENTRE

It's been just over a year since the official opening of the Inco Innovation Centre at Memorial University, but a number of research projects are already humming along nicely.

The Inco Innovation Centre enables Memorial's scientists, engineers and senior students to develop leading-edge technologies to support advanced ore body exploration techniques. It also serves as a centre of excellence for applied environmental studies and for the development of mineral processing technologies based on hydrometallurgical techniques.

"Our overall goal is to establish a world class research centre in all aspects of economic mineral exploration, exploitation and processing," said Dr. Jim Wright of the Inco Innovation Centre. "At first we were preoccupied with building the building, then hiring the people and getting the equipment up and running. We're not fully up to speed yet but we're approaching it."

Dr. Wright offered some examples of leading edge scientific research already underway at the centre. "In the geochemistry section, Dr. Paul Sylvester and his team have some new techniques and methods



Inco Innovation Centre

developed in terms of mineral liberation that are really turning out to be valuable on both the geology side and the metallurgy side," he said. "They are working with extractive metallurgy as it relates to hydromet, which could have useful applications as we go forward."

As well, Dr. Sylvester is working with Dr. Graham Layne, using "top of the line geochemical facilities for analyzing very small amounts of trace elements in the structure in the rock."

A team led by Dr. Faisal Khan and Dr. Kelly Hawboldt are making progress on research into process engineering with risk safety and environmental applications. "Dr. Hawboldt is doing some work on environmental aspects, both at the Demonstration Plant and more recently at the mine site. In particular, she is looking at a kind of byproduct called thiosalts. Dr. Khan has been working on a new computer model for evaluating and quantifying risk in engineered systems. The people at the Demonstration Plant are quite interested in the work that he is doing."

Dr. Wright said the Inco Innovation Centre recently hired a hydrometallurgist, Dr. Shafiq Alam, who already has considerable experience researching hydrometallurgical processes. "We're really pleased that he could join our team," he said.

There are two major research divisions at the Inco Innovation Centre - one in the earth sciences and the other in process engineering - which result in a nice confluence of ideas and research, Dr. Wright said. "The synergies really happen in the metallurgical side because that is of great interest to both the geologists and the engineers. It's a shared meeting point for them." ▼