

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. ▼

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MANAGING DIRECTOR'S MESSAGE

In recent weeks, we have achieved two significant milestones in the life of this project.

The mine and concentrator is now operational and producing nickel concentrate. The first commercial shipment is scheduled to leave the facility in early November.

On October 20, the hydromet demonstration plant became operational and the final phase of our hydromet R&D program got underway.

Both the mine and concentrator and the demonstration plant were completed more than eight months ahead of the original project schedule, with an exemplary safety record.

Recruitment for operations at both locations is almost complete, and we have exceeded our targets for aboriginal involvement in Labrador and local hiring in Argentina.

These are remarkable achievements in which we can all take pride. At this, the close of the first phase of the Voisey's Bay project, I want to thank all of our stakeholders for the support shown to the project. In particular, I want to congratulate all of the construction trades, contractors and suppliers who have worked with boundless energy and untiring commitment in a safe and environmentally responsible way. They have risen to the challenge and done their part to distinguish this project as one of the most successful industrial developments in the province. ▼

Phil du Toit

OPERATIONS BEGIN IN LABRADOR AND ARGENTIA

Voisey's Bay Nickel Company Limited (VBNC) recently marked two significant project milestones as the mine and concentrator in Voisey's Bay and the hydromet demonstration plant in Argentina both became operational.

These milestones were achieved ahead of schedule, with strong local benefits and with a strong safety record.

In Labrador, the mine and concentrator became operational on August 20, with the first blast of nickel ore from the ovoid deposit. The concentrator began processing ore on September 12, and the first shipment of concentrate is expected to leave Voisey's Bay in early November. The Labrador operations have



Mill site, Voisey's Bay, Labrador

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OPERATIONS BEGIN IN LABRADOR AND ARGENTIA

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come onstream a full eight months ahead of project schedule.

Construction of the hydromet demonstration plant in Argentina finished on October 8, almost nine months ahead of the original project schedule. With the arrival of the first shipment of nickel concentrate from Labrador on October 13, the final phase of the hydromet R&D program was ready to begin in Argentina.

In Labrador, the VBNC operations team at the mine and concentrator site have worked almost 400,000 person hours without a disabling injury, since the start of mining this spring. In Argentina, the project exceeded 500 days and 230,000 person hours without a disabling injury.

Since 2002, more than 4,500 people supported construction of the mine and concentrator in Labrador. Of those, almost 25% were aboriginals and 92% were from Newfoundland and Labrador. At peak construction, nearly 500 aboriginals worked at the construction site, surpassing all expectations. Of the \$820 million invested in construction in Labrador, \$515 million was expended on aboriginal companies.

At the hydromet demonstration plant, between 40 - 50% of the construction workforce hailed from the local Placentia area and almost all workers were from Newfoundland and Labrador. As well, almost 80% of the \$70 million in construction contracts and procurement were awarded to companies in Newfoundland and Labrador.

Many factors can delay large construction projects and it is rare to finish on time, let alone ahead of schedule. These accomplishments are due to several factors.

In Labrador, strong progress was made on concrete, earth moving and structural steel erection work in late 2003, clearing the way for mechanical work to advance in 2004. Strong local logistical support also played a role, evidenced by the movement of 112,000 tonnes of equipment and materials to the Labrador site in the short July to November transportation seasons.

In Argentina, time was saved by conducting the feasibility study and basic engineering simultaneously with the test work at the mini-plant in Ontario. Other



Aerial view of the hydromet demonstration plant

factors included the early procurement of equipment, a productive workforce, meticulous attention to detail and seamless integration between Inco/VBNC, the engineering contractor, the fabricators (mainly local) and the construction contractors.

The safety record at both locations is also an achievement, and would not have been possible without a strong safety culture and the diligence of workers in both Labrador and Argentina. ▼

INCO INNOVATION CENTRE OFFICIALLY OPENED

The Inco Innovation Centre was officially opened on September 20, heralding a new era of research and innovation at Memorial University.

Containing some 9,000 square metres, the Inco Innovation Centre houses a wide range of research, business support and educational facilities on three floors. It will focus on developing leading edge technologies to support advanced exploration techniques, and serve as a centre of excellence for applied environmental studies and for the development of mineral processing technologies based upon hydrometallurgical techniques.

"The Inco Innovation Centre is a beautiful new facility, but the true value of the new building will come from the innovations that the centre will foster at Memorial," said Dr. Axel Meisen, President of Memorial University. "Thanks to the generosity and vision of Inco and the Government of Canada, the Voisey's Bay deposit will not only provide the jobs and economic growth one would typically expect, but will also pay other critically important dividends for the people of Newfoundland and Labrador by making Memorial University a stronger, more research intensive and innovative institution."

Inco committed \$13 million toward the capital cost of the facility and \$7 million for operations and

maintenance. The Government of Canada is investing more than \$23 million in support of ongoing research and development in the centre.



Inco Innovation Centre, Memorial University of Newfoundland

"The Voisey's Bay project has demanded some of the most innovative partnerships this country has ever seen among private industry, government, aboriginal peoples and leading educational institutions," said Scott Hand, CEO of Inco. "We believe that this centre will help to foster and promote the kind of innovation that has made Voisey's Bay possible. Not just technical innovation, but social, political and economic innovation as well." ▼

The Inco Innovation Centre will create about 55 new research positions, and the introduction of leading-edge research equipment valued at roughly \$20 million.

Memorial University is confident that the work performed at the Inco Innovation Centre will make an impressive contribution to innovation in the mining sector. Investments in the Centre are expected to create new products, processes and services of value to the mining industry and beyond. New hardware and software tools and methodology will lead to cost effective seismic data acquisition and interpretation in exploration for ore deposits. State-of-the-art analytical geochemical systems will lead to an improved understanding of mineral systems and support more efficient extractive metallurgical technology.

The Inco Innovation Centre will be the core of Memorial's planned new undergraduate and graduate programs in process engineering. This new discipline stream in the Faculty of Engineering and Applied Science will position Memorial at the forefront of North American universities in the education of process engineers. The Centre will be home to the new research in process hydrometallurgy, process simulation and controls, and risk and environmental engineering. ▼

RECRUITMENT TARGETS EXCEEDED FOR OPERATIONS PHASE

VBNC has met and exceeded its recruitment targets for operations in both Labrador and Argentina.

Of the 400 operations employees at the mine and concentrator in Labrador, approximately 50% are aboriginal. As well, 80% of the workers are from Labrador, and 98% from the province.

"We're quite pleased about that," says Tom Paddon, Manager of Aboriginal Affairs and Labrador Human Resources. "We have actually exceeded our recruitment targets, and are very confident that our aboriginal and Labrador employees have the skill sets, training and ability to do the work required."

In Argentina, priority was placed on hiring people from the local area, as well as raising the profile of women in non-traditional roles. Again, both targets were surpassed. With recruitment at the hydromet demonstration plant just about complete, 55% of employees are from the local area and 90% are from Newfoundland and Labrador.

VBNC is also committed to hiring, promoting and encouraging the participation of women in all facets of the project. "We have been very successful in this regard, with women making up 32% of the hydromet demonstration plant workforce," said Wayne Scott, Manager of Human Resources. "This is much higher than the industry average for women in scientific and engineering work roles. As examples, 30% of our process operators and 60% of our laboratory staff are women."

VBNC's success in hiring 50% aboriginals was the result of "foresight and forethought", Paddon says. A joint venture was created between VBNC, Government of Canada, Innu Nation, Labrador Inuit Association and Labrador Metis Nation to address training needs. The Labrador Skills Inventory database was developed to



Sybella Daniels, Mine Operations Group, Voisey's Bay site

track prospective aboriginal and Labrador employees. As well, two aboriginal employment coordinators were hired to gather information about potential workers in the aboriginal communities.

"If we could find an aboriginal person who we believe might be able to do the job, we looked very hard at that person," Paddon says, adding that a range of training supports were provided to promising candidates who lacked knowledge or experience. For example, all 14 Mill Operator positions are aboriginal, recruited and trained for the entry level positions.

"After an introductory Mill Operations training course, we actually took them to Sudbury and gave them a week or so in the mill, to experience the work hands-on and decide whether or not they liked it before pursuing it further. We also trained 10 Innu in Sheshatshui as millwright apprentices. They are now accredited, certified first-year apprentices. There is a national shortage of millwrights, and we know that

in the near future, competition for employees like these will be fierce, so it makes sense to train local people given that they are less likely to pursue job opportunities elsewhere. While we do have



Commissioning of the hydromet demonstration plant crushing and grinding area

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PREPARATION FOR COMMERCIAL PLANT ENVIRONMENTAL ASSESSMENT PROGRESSING

Work is continuing on the Environmental Assessment (EA) process for the proposed commercial hydromet processing plant. The next milestone in the EA process will be registration of the project with the federal and provincial government which we plan to do before the end of 2005.

A team of experts continues to gather baseline data in the field and put the finishing

touches on the registration document, which is required under the Canadian Environmental Assessment Act as well as provincial legislation.

At VBNC's office in St. John's, a team is working on the EA registration documentation, with considerable support from Inco. A number of contractors are doing field studies, gathering baseline data in the Argentina area, including

the freshwater, marine and terrestrial environments.

Construction of the commercial processing facility is expected to begin in 2009, pending release of the project from the environmental assessment process. ▼

SKILLS ALLOWANCE A NECESSITY IN LABRADOR

For the operations phase of the mine and concentrator in Labrador, Voisey's Bay Nickel Company (VBNC) has introduced a skills allowance for those employees who live outside of Labrador, who must pay for their travel to any of the company's nine pick-up points in Labrador.

According to Bob Cooper, General Manager of the mine and concentrator, this policy reflects the extremely competitive national labour market for skilled trades as well as technical and supervisory personnel.

"The demand for skilled workers in the mining industry is at its highest peak in decades, both

nationally and globally," Cooper says. "VBNC has encountered a skills gap in Labrador, particularly in the areas of skilled supervisory positions as well as certain trades."

Where qualified, Labradorians were given first consideration for these positions. "However, in some instances people either did not apply, did not accept job offers or did not have the skills and experience we require."

The skills allowance was instituted to help offset some of the costs that some of the people working at the mine and concentrator are incurring when traveling to pick-up points in Labrador. It is

necessary to retain experienced workers who are essential to the operation, in a labour market that is highly competitive. This does represent a change from VBNC's original policy, put in place in March when the operations workforce began regular shift rotations at the mine and concentrator site.

"However, VBNC has honoured all of the commitments made in the development agreement with the Government of Newfoundland and Labrador," Cooper explains. "Our efforts to train and recruit aboriginal workers have been very successful, and we have actually exceeded our targets. Our commitment to Labrador remains strong, and we will continue to make a significant contribution to this region." ▼

RECRUITMENT TARGETS EXCEEDED FOR OPERATIONS PHASE

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commitments to the Innu and Inuit through our Impacts and Benefits Agreements, it makes good business sense as well."

VBNC's successes in hiring from the local area and exceeding targets in hiring women are due in part to the flexible and responsive programs of the College of the North Atlantic. In particular, the process operator course delivered at the College's campus in Placentia has been instrumental in training local area residents, including many women, for the technical needs of this operation. In fact, VBNC has hired a large number of engineering technology graduates from the College's campuses across the province.

"We respond to local needs as they arise," says Darrell Clarke, Campus Administrator at the College of the North Atlantic in Placentia. "We're quite flexible and can move quickly when conditions make it necessary. For the last couple of years, we've been looking at VBNC's specific training needs for the hydromet plant. The college offers technical programs such as instrumentation and manufacturing technology at our other campuses, but we didn't offer anything in Placentia. So we met with VBNC, identified what skill sets and knowledge they wanted to see in graduates, and developed a curriculum that suited their needs."

VBNC also made maximum use of on-the-job training opportunities, attempting to retain as many employees as possible throughout the hydromet R&D program. "We used the mini plant as a training environment for the demo plant, and will use the demo plant as training for the commercial plant," says Wayne Scott. "Our challenge is to keep these individuals excited about the opportunity, retain them for the life of the demo plant and then employ them at the commercial plant. Some will have worked at all three phases of the operation. And of course many will assume more senior leadership roles as things evolve, because they have that added knowledge behind them." ▼

INCO BOARD VISITS PROVINCE

The Inco Board of Directors visited Newfoundland and Labrador on September 19 and 20, on a tightly paced itinerary that included tours of the mine and concentrator site in Labrador and the hydromet demonstration plant in Argentina. During the visit they met with the leadership of the Labrador Inuit Association, the Innu Nation, senior government representatives and the local business community. Board members also participated in the official opening of the Inco Innovation Centre (see page 3). The board members were impressed with the efforts of the VBNC team in achieving some key project milestones, on budget and ahead of schedule. ▼



L-R: Ben Michel, President, Innu Nation; Inco President Peter Jones; Inco CEO Scott Hand; William Anderson III, President, Labrador Inuit Association



L-R: Inco Director John Mayberry speaking with Bob Cooper, General Manager, mine and concentrator