

THE GOSSAN

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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

I am pleased to once again have this opportunity to update you, our employees, contractors and project stakeholders on the development of the Voisey's Bay project.

Thanks to the hard work of many individuals we were able to recently announce that we have the opportunity to take about 6 months off the project schedule. Thus we could see commissioning of our facilities in Labrador beginning in August 2005 and first concentrate being shipped from Voisey's Bay in November 2005 at which time the hydromet demonstration facility in Argentina will be ready.

While there are many reasons for the optimism we have on achieving these schedule targets, the major contributing factor has been the effort that the entire Voisey's Bay team has made to the project.

The progress that has been made at both the mine and concentrator site at Voisey's Bay and the hydromet demonstration plant site at Argentina is a testament to the dedicated workforce we have assembled to move this project forward safely and

with due consideration to the environment. At the Labrador site, for example, we have had great productivity from our workforce and I am proud that since construction began this year over 90% of the individuals building the mine and concentrator are from Newfoundland and Labrador.

We have been able to achieve the results that we have achieved by working together with our stakeholders. We still have a vigorous work program ahead as this project gets closer to operations and I have every confidence that we will continue to work in unison to make Voisey's Bay a reality.

Our success to date shows that we are well on our way to achieving our vision of creating shareholder value by becoming the world's premier nickel producer, while caring for the environment and our people.



Phil du Toit

VBNC Ahead of Project Schedule

VBNC recently announced that the project schedule for the development of the project will likely be advanced by six months, meaning that commissioning of facilities in Labrador and Argentina could begin as early as August 2005.

VBNC's Managing Director, Phil du Toit says acceleration of the project schedule is largely due to the hard work of the construction workforce.

"We've had great productivity from our workforce in Labrador and on the Island which is the primary reason for our optimistic schedule targets. We also made a major effort to get equipment and materials to site in late 2003 before winter moved in and as a result we were able to get our 2004 construction campaign going sooner," says du Toit.

On the Research & Development side Inco's mini-pilot program has proved to be a technical success earlier than expected and researchers are

feeling very confident about advancing the schedule by six months.

"We originally anticipated that the mini-pilot plant would operate between 9 and 12 continuous testing campaigns that would continue until mid 2005. However, by the end of June this year, the mini-pilot plant team had already completed eight campaigns and had achieved essentially all of the program's major objectives. There is one more campaign scheduled for this September, after which time we will have all the necessary information to complete the demonstration plant design and construction so it will be ready by November 2005," says Don Stevens, Operations Manager for the hydromet demonstration plant.

"I think the early success of the mini-pilot plant reflects both the quality of the people involved as well as the process. I am looking forward to the same type of success in Argentina." ■



Isabella Pain, Inuit Affairs Officer, congratulates Janelle Barbour, one of this year's scholarship recipients

Hats Off!

...to this year's scholarship recipients. VBNC has announced this year's recipients of the Impacts and Benefits Agreement Scholarships. The scholarship programs are part of VBNC's commitments as outlined in Impacts and Benefits Agreements with Innu Nation and Labrador Inuit Association.

Recipient of \$4,000 Inuit Scholarship...

Jillian Mitchell - John Christian Erhardt Memorial, Makkovik

Recipient of \$4,000 Innu Scholarship...

Ann Hurley - Peenamini Mackenzie, Sheshatshiu

Recipients of \$1,000 Scholarships...

Janelle Barbour - Jens Haven Memorial School, Nain

Chantelle Anderson - John Christian Erhardt Memorial, Makkovik

Claude Sheppard - BL Morrison, Postville

Stephanie Nochasak - Northern Lights Academy, Rigolet ■

Scott Hand Visits Newfoundland and Labrador

Inco's Chairman and CEO Scott Hand, was in Newfoundland and Labrador in August to meet with VBNC staff and take part in special events. Mr. Hand's visit included a tour of the Inco Innovation Centre at Memorial University, a tour of the Labrador Health Centre in Happy Valley-Goose Bay and the unveiling of a sculpture at the St. John's International Airport (see page 4). Mr. Hand was unable to visit the mine and concentrator construction site in Labrador due to weather conditions, but plans to return in the fall to visit both Voisey's Bay and Argentiia. ■



(Above) Tom Paddon, Manager of Labrador and Aboriginal Affairs, and Scott Hand admire a Labradorite fountain under construction at the Labrador Health Centre in Happy Valley-Goose Bay. VBNC contributed \$15 million toward the construction of the Health Centre.

(Left) Scott Hand gets a progress report on the Inco Innovation Centre from Dr. Axel Meisen, President of Memorial University. VBNC contributed \$20 million to the construction and operation of the Centre.

Supplier Profile: Labrador Catering

Preparing over 80,000 meals and washing over 80,000 pounds of linen per month may sound like a daunting task, but the management and staff of Labrador Catering make it all look like a piece of cake. No pun intended.

Labrador Catering Limited Partnership first signed on to provide housekeeping and catering services for the Voisey's Bay project in 1997. Since that time the workforce at site has grown considerably and today Labrador Catering provides services to over 900 people at any given time.

It's a contract that some may look at as a logistical nightmare, but Labrador Catering's management are veterans of working with remote sites.

The company currently provides catering and housekeeping services on the Sir Robert Bond and the Northern Ranger. It also has contracts with other mining and construction companies working in Labrador. One of Labrador Catering's partners, East Coast Catering, has been providing services to offshore drilling rigs since 1984 and currently has operations in Manitoba, Ontario, Nova Scotia, Ireland and

Newfoundland and Labrador.

At Voisey's Bay, Labrador Catering's 130 employees provide three meals per day, janitorial and housekeeping services to site residents. Due to the remoteness of the site, the bulk of the food and other consumables are purchased from Labrador wholesalers but transported by barge from Montreal. The Voisey's Bay project is the largest project Labrador Catering has handled.

Jackie Ashini, Human Resources Manager for Labrador Catering, says the company has made a major effort to ensure that it abides by VBNC's commitments to government and aboriginal communities.

"The Board of Directors of Labrador Catering and its staff have ensured all of the adjacency and impact benefits agreements have been adhered to. Over 90 per cent of our employees are Innu and Inuit and approximately 60 per cent are female," says Ashini.

Labrador Catering is a partnership between East Coast Catering and Innu Economic Development Corporation. Both organizations have representatives on the Labrador Catering Board of Directors. ■



Nick Obed has been an employee of Labrador Catering since June 1997

Did you know?

- The average person at camp eats about 12-13 pounds of food per day
- There can be up to 20 different kinds of fresh fruit on site at any given time
- Approximately 81,000 meals are prepared per month
- A full buffet breakfast is served every morning
- Up to 12 desserts are served each and everyday
- Everything is cooked on site
- Up to twice a week local delicacies such as Arctic Char and Caribou are featured
- Bagged lunches are prepared daily for the workers
- Each person uses up to three pounds of linen per day; that's 81,000 pounds of linen per month to accommodate the 900 individuals at site.

VBNC and Inco Sponsor Sculpture at St. John's International Airport



Spectators admire The Embrace

Representatives of VBNC and Inco participated in the unveiling of a sculpture in August that commemorates the support shown by Newfoundlanders and Labradorians to thousands of stranded passengers from around the world on September 11, 2001. Inco and VBNC sponsored the sculpture, titled *The Embrace*, which is situated in the Atrium, Level 1 of the terminal building at the St. John's International Airport.

"I think you will all agree that the support and sense of community shown in this province in the weeks after September 11 is encapsulated in *The Embrace*," said Scott Hand, during the unveiling. "We are proud to be able to help recognize the selfless actions of Newfoundlanders and Labradorians following these events."

Bill Mahoney, Chairman of the St. John's International Airport Authority said "The sculpture is a beautiful addition to the airport terminal building and is a very generous gift from Inco Limited and Voisey's Bay Nickel Company to all

citizens of the province."

On September 11, 2001, 81 planes with over 13,000 passengers landed at four airports in Newfoundland and Labrador when airways were closed due to terrorist attacks in the US. Newfoundlanders and Labradorians opened their hearts and their homes to tired, frightened passengers from all over the world.

The sculpture, created by local artist Luben Boykov, features a spiraling column that ascends and divides into two separate birds. The two birds are in a relationship of "supporting" and being "supported" as one bird is gently raising the other. The details of the spiraling column are reminiscent of a variety of features of the Newfoundland landscape, from rock formations to twisted tree trunks. The double helix of the column is also suggestive of the tight bond that developed between the people of Newfoundland and Labrador and all those who were stranded in the province on September 11, 2001. ■

Trading in the Ore for an Oar

If you had been at Quidi Vidi Lake on May 14, when VBNC's women's rowing crew first took to the pond, you would have seen a group of very nervous first-time rowers anxiously waiting to step into the boat.

"We thought we were going to tip the boat over. Some of us even asked for lifejackets!" recalls Donna Marie Humphries.

How far they came with just over three months of practice.

By early August, in time for Regatta Day in St. John's, the crew had transformed itself into a team of confident and capable rowers and put off a great show for spectators, many of whom were fellow VBNC employees.

"We had a lot of support. I remember when we were coming into the dock after our race at the St. John's Regatta. We didn't win - we had a decent time but we came fourth - yet you couldn't get past the railing because there were so many supporters on the dock. It took me 15

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VBNC's women's rowing crew

Trading in the Ore for an Oar

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minutes! My parents said that when we pulled into our dock you could hear the cheers from our supporters. It was as if we'd broken a record," says Susan Hynes.

And the buzz went well beyond the office. VBNC's crews generated media attention throughout the province, particularly because of the unique nature of the crews. It is rare for a company to sponsor crews in both the women's and men's events, and even more rare for teams to be entirely composed of employees of the sponsor.

"VBNC was a fabulous sponsor for us, not only because of the financial support, but also because of the moral support," says Hynes. "From a team building perspective it affected the whole company because everyone, employees and spouses, all rallied behind us. The whole week before the Regatta there

was a buzz in the office. Everyone was asking if we were ready and showing their support."

This was VBNC's first showing at both the St. John's and Placentia Regattas but it won't be the last. Humphries says both the men's and women's crews had a great time getting ready for the events despite the work involved. Starting out the women's crew practiced once a day, six days a week and increased practices to twice a day six days a week as time trials approached. Crew members also did cardio exercise off the pond.

The women's crew is already thinking about next year, and will continue with their off season workout routine throughout the year to prepare for next year's events. "We're going back to win next year!" says Humphries. ■

Meet the Newest Members of the Mini-Pilot Plant Team...

Kenny Richardson, originally from Freshwater, Placentia, has recently joined the mini-pilot plant team as a hydrometallurgical operator. Kenny works on the autoclave circuit, assisting senior operators with preparing samples, maintenance and recording data. Kenny is a graduate of the Electrical Engineering

Technology program at College of the North Atlantic. His prior work experience includes positions as a construction electrician, marine electrician and engineering technologist.

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(Left to Right) Jennifer Quilty, Rod Hynes and Kenny Richardson

Investment Analysts Tour Mine & Concentrator Site



Heather White, Mine Manager, provides an overview of the development of the void to analysts

On August 19 Inco provided a tour of the Voisey's Bay mine and concentrator construction site for the investment community. Innu Nation president Peter Penashue, and Labrador Inuit Association president William Andersen, joined the group and spoke of the relationship that has evolved between Inco and the aboriginal community. Mr. Penashue said that, "the project has given our young people a future," and that Voisey's Bay provided, "possibly one of the best aboriginal training programs in the country." "Things are looking very positive," added Mr. Andersen. ■

Meet the Newest Members of the Mini-Pilot Plant Team...

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Jennifer Quilty, originally from Conception Bay South, NL, is a recent graduate of the Electronics Engineering Technology Instrumentation program at College of the North Atlantic. Jennifer joined the mini-pilot team as a hydrometallurgical operator in July. Her responsibilities include operating procedures, troubleshooting, and chemical sample analysis for the electro-winning circuit, which is the final stage of the nickel refining process.

Rod Hynes, a resident of Jerseyside, NL, has recently joined the mini-pilot plant team as a mini-plant operator assigned to Solvent Extraction (SX) processes. Rod's responsibilities include assisting in the planning, construction, maintenance and operation of SX modules in the mini-plant. Rod has a Bachelor of Technology from Memorial University and a Diploma of Engineering Technology (Electronics) from Marine Institute. His prior work experience includes positions with Rutter Technologies Inc. and Guigné International Ltd. ■

Gearing Up for Operations

With the operations phase of the Voisey's Bay project set to begin late 2005, the VBNC operations/transition team has a busy schedule ahead.

Bob Cooper, general manager of the mine and concentrator, is responsible for coordinating the transition from construction to operations, a task he says his team has been preparing for since the early stages of the project.

"Operations input started during the design phase. We had the operations people involved as part of the design team which makes sense since the construction team is building the mine and concentrator for the operations team," says Cooper.

The transition is essentially a hand over between the construction team and the operations team. The



Bob Cooper examines a piece of the ovoid during a recent site visit

visible changes you will see at the mine and concentrator site include people being hired and trained to operate the site, as well as VBNC buying materials such as equipment and consumables, that previously have been supplied by contractors. "It's almost like a small town up there and we have to sustain that little operation. There will be a flurry of activity, especially on the people side of the business," says Cooper, referring to the major training and development efforts that are ongoing in preparation for operations.

Ensuring that the right people have been hired and trained to operate the site is one of three factors

that VBNC will be monitoring closely to ensure a successful transition. The other factors are ensuring the infrastructure/equipment is in place to be able to do the job and having systems in place, such as business systems, maintenance systems, and safety and environment systems, to manage the job.

For Cooper, he will ensure the success of the transition from construction to operations by keeping a close watch on safety and environmental results, which he deems the top priority. He says VBNC will also measure the rate at which they are able to produce a quality product and how much it costs to

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Project Update

Construction activity at the mine and concentrator site in Labrador and the hydromet demonstration plant site in Argentina is progressing on schedule.

At the mine and concentrator construction site in Labrador rock excavation of the port site is ongoing and contractors are continuing with construction of settlement ponds and the permanent dock. Steel erection for the concentrator building and the port site is continuing, as is the setting of major equipment and tanks. Contractors are continuing to remove overburden from the orebody.

On the hydromet research and development program, eight continuous mini-pilot campaigns have been completed to date at Inco's research and development centre in Sheridan Park, all using a feed of Voisey's Bay nickel concentrate. Currently, twenty-five per cent of the mini-pilot plant workforce are from Newfoundland and Labrador.

At Argentina the process building major structural steel is complete and the installation of siding is seventy per cent complete. McNamara Construction has



Hydromet demonstration plant at Argentina (August 2004)



Building the permanent accommodations complex at Voisey's Bay (August 2004)



Concentrator building (August 2004)

started major work on site infrastructure and a security contract was recently awarded to Spectrum Security.

In St. John's, construction of the Inco Innovation Centre at Memorial University is progressing according to plan. Construction and installation of architectural, mechanical and electrical systems, including interior fit-up, is underway and scheduled to reach substantial completion in January 2005. The last contract package for millwork and site restoration will be tendered later this month and is scheduled to be completed during the first quarter of 2005 along with building commissioning. Tenants will begin to occupy the new facility by the end of the first quarter 2005. ■



Inco Innovation Centre (August 2004)

Gearing Up for Operations

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produce the product. This must be done in the context of living up to commitments made in Impacts and Benefits Agreements and the Industrial Employment Benefits Agreement.

"One of the things we're looking for is predictability. In this field everyday is different. You want to get to a point where you can control your environment and the variables," says Cooper.

Due to the acceleration of the project schedule which was recently announced, Cooper and his team will be assuming control of the mine and concentrator site sooner than expected, but he is confident that the team is ready for the transition.

"One of the things we do when getting ready for operations is preparing contingencies. We ask ourselves what will happen if things go better or if things go worse? When things go better you have to

be ready to take advantage and react to that. If things go better and you're not ready for that you've lost an opportunity," says Cooper. "You've got to be ready and that's the way we've been working."

It is expected that the operations team will assume full control of the project site in late 2005 and be running at a rate of full production by Spring 2006. ■

Photo Gallery



Bob Wade, offloading equipment at Voisey's Bay



James Michel is a construction worker at Voisey's Bay



Environmental Health and Safety Audit Team at Argentia hydromet demonstration plant construction site



Jessie Wolfrey is a construction worker at Voisey's Bay