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April 6, 2011

Honourable Shawn Skinner  
Minister Natural Resources  
Government of Newfoundland and Labrador  
Confederation Building, West Block  
PO Box 8700  
St. John's NL A1B 4J6

Dear Minister Skinner,

Aurora Energy welcomes the opportunity to provide input to the Mineral Strategy for Newfoundland and Labrador. We would like to congratulate you on taking the initiative to create the first-ever mineral strategy for the province.

Aurora Energy has been active in the Labrador Central Mineral Belt for more than 8 years and currently possesses 91,500 ha of mineral claims in both Labrador Inuit Lands (LIL) and Labrador Inuit Settlement Area. Aurora Energy was purchased by Paladin Energy of Perth, Australia earlier this year. Paladin is a proven uranium mining company which has operations in Namibia and Malawi, and a large pipeline of potential uranium mining opportunities world wide.

Aurora has identified a significant resource in six deposits – Michelin, Jacques Lake, Rainbow, Inda, Nash and Gear. These assets contain approximately 137 million pounds of uranium. It is Aurora's objective to develop the Michelin Project (Michelin and Jacques Lake deposits) using the best mining techniques and environmental standards. We also believe that Aurora's claim area is highly prospective and remains open for expansion which could result in some 300 million pounds of uranium.

We have reviewed the Minerals Strategy with interest and are pleased to submit the following response.

#### **1. Land Access**

We would suggest that land access for exploration and development is critical for the success of the mining industry in Newfoundland and Labrador. The mining industry is vital to the economic well being of the province (it contributes approximately 12% to NL's GDP) and if its impact is to continue and grow, exploration and mining companies will require increased access to land. Finding significant sized deposits can be challenging using both scientific and intuitive methods. Companies will require cooperation from governments and regulators if more economically viable deposits are to be found.



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As it stands there is approximately 82% of Labrador available for staking. However, the Minerals Strategy indicates that there may be more protected areas proposed for the region. We suggest that the area for staking should not be further reduced and that government should limit any further protected areas which would impede exploration. We fully support the protection of our environment, but limiting access to lands in Labrador will hinder development. Opening up the region for exploration and development will enhance the discovery rates for mineral deposits.

## **2. Infrastructure**

For the mining industry to grow and flourish in Newfoundland and Labrador, we suggest the provincial government should show strong support by making commitments to infrastructure such as wharves, roads, and electrical power. The area in which we operate, Labrador's Central Mineral Belt, has tremendous potential to spur additional uranium and other mineral discoveries, broadening opportunities for large mine developments. The region currently has very limited wharf capacity and does not have grid power or road access. Working with the federal government, road access would open up remote parts of Labrador and stimulate development which could result in savings to government in the provision of community services such as health care, justice and education.

The communities of northern Labrador currently use diesel power generation. The power requirements in this region are also due to increase when Voisey's Bay begins underground mining. As you know diesel power generation can be very costly and creates green house gas emissions. Clean hydro electric power is a powerful incentive for companies considering doing business in the region, as well as providing clean, reliable power to the community members living in the nearby area.

## **3. Human Resources**

It is widely known that all major projects in Newfoundland and Labrador face a serious skilled labour shortage. We commend the provincial government for the proactive work it is doing to enhance the province's skilled labour capacity through the Skills Task Force. We are particularly supportive of the work that the Labrador Aboriginal Training Partnership is doing to encourage and contribute to the training of aboriginals for upcoming major project employment opportunities in Labrador. We strongly encourage the government to continue the support in this area. As the Michelin Project gets closer to development we will be looking to work cooperatively towards enhancing the 'training to employment' prospects for Labradorians, especially youth and aboriginals.

## **4. Environment and Regulatory**

The mining industry believes strongly in ensuring that mineral development and extraction proceeds in an environmentally responsible manner. The industry's expanding and improving relationships with aboriginal communities ensure that these communities are involved from the start of the process and are compensated for the use of their land. Importantly, ever improving decommissioning requirements and practices are ensuring that mining activity on the land leaves as small a foot print as is possible. Working hand in hand with the industry, government can ensure continued progress in these areas.



The province is to be commended for the timelines that exist in the current provincial environmental assessment process. To ensure that environmental assessments continue to be as effective and as timely as possible we suggest the government should:

- Without losing the current timeline provisions, harmonize and streamline the process during the upcoming review of the Canadian Environmental Assessment Act,
- Take steps to ensure that lessons from past and nearby assessments are effectively incorporated into those required for new mines, and
- Work proactively with the Nunatsiavut Government and other aboriginal governments to ensure processes are clear and do not overlap.

In particular, government agencies should ensure that the procedures required of the government and proponents are closely followed thereby ensuring no scope for subsequent court challenges. These measures would shorten the timelines for assessments and aid developers in matching the opening and production life of the mine with the proper phase of the commodity price cycle.

In the area of climate change, the provincial government should resist the temptation to implement provincial carbon taxes or trading schemes on the provincial level as these programs are likely to be more effective if implemented on a larger, national or international scale. To adapt to the physical environmental changes expected as a result of climate change, the government should increase climate data gathering and climate modeling to assist mining and other companies in designing the necessary components to reduce and withstand climate change impacts.

## **5. Public perception**

Public perception of the mining industry is influenced by a number of factors, the media amongst them. Media caricatures of the industry do not reflect the industry's economic contribution, commitment to sustainable development, alignment with communities, or good practice. We would support the provincial government in developing and implementing a communication program in support of properly managed exploration and mining projects.

Our industry impacts everyone in Newfoundland and Labrador as it is part of our everyday world; however, most people do not know this. Members of the mining sector would be happy to work with government in reaching out to students, community and business leaders and other stakeholders to enhance the understanding and appreciation of the mining industry.

## **6. Economic benefits**

The mining industry makes a significant contribution to Newfoundland and Labrador. It is a major employer (with more than 5,000 person years in 2010), contributing an average of \$200 million in mining tax each year to the provincial government, with indirect revenues including corporate tax, sales tax, income tax estimated to be four times this number.

Since we began exploring in 2003, Aurora has made a significant contribution to the Labrador and Nunatsiavut economies where we have employed more than 100 local people during some drill seasons and spent more than \$100 million, of which \$25 million was spent locally. Once in



production, the Michelin Project would be a significant contributor to the Labrador economy, employing more than 700 people directly during the construction phase and 400 people directly during the operations phase, many of whom would be from the Nunatsiavut region. These high paying jobs would contribute more than \$400 million to Nunatsiavut residents in income, \$200 million to the Nunatsiavut Government in tax revenue and \$1.6 billion to the Government of Newfoundland and Labrador during the 17 years of operations.

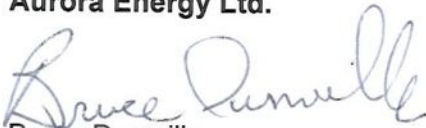
It is our opinion that the Province receives ample benefits from the mining industry through the existing tax structure. The people of the province would be best served if the government made efforts to support the development of the industry through land access and infrastructure support. This would entice exploration and development companies to the province, creating new mines, providing more taxes to governments, and offering new jobs to the people of the area.

The suggestions above are made in a spirit of constructive improvement to the Mineral Strategy, in the interest of a robust exploration and mining sector in Newfoundland and Labrador. We would be pleased to provide additional clarification, if required.

Once again we thank you for the opportunity to participate in this important process.

Sincerely,

**Aurora Energy Ltd.**



Bruce Dumville,  
President and CEO

Cc: Mr. Richard Wardle, Deputy Minister, Natural Resources

