

Serving the North's Number One Industry



NWT & NUNAVUT
CHAMBER OF MINES

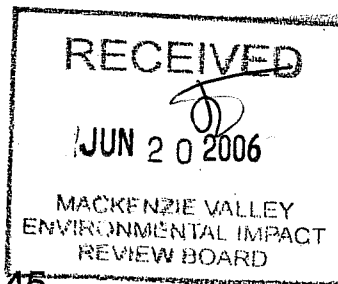
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FAX COVER SHEET

To: HON. JIM PRENTICE Fax #: (819) 953 4941
From: **Mike Vaydik, General Manager**
Date: 20 JUNE 2006
Number of pages (incl. cover): 13

Comments:

COPIES TO:

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MS. G. MACKENZIE-SCOTT

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**NWT & NUNAVUT
CHAMBER OF MINES**

June 20, 2006

Honourable Jim Prentice
Minister
Indian Affairs and Northern Development
Terrasses de la Chaudiere, North Tower, Suite 2100
10 Wellington Street
Gatineau, Quebec K1A 0H4

Dear Mr. Prentice:

Re: MVEIRB Referral of Gahcho Kue Project to Environmental Review

We believe that the Gahcho Kue mining project in the Northwest Territories has been unnecessarily referred to a costly and time-consuming panel review by the Mackenzie Valley Environmental Impact Review Board.

While this project is a major one for the NWT, it is a medium sized mining project at best and one in which all the necessary environmental background data about diamond mining in the north are already known to the Mackenzie Valley Environmental Impact Review Board and the people of the Northwest Territories.

The NWT has had three similar diamond mining projects reviewed under different environmental processes over the past 10 years. These are BHP Billiton's Ekati mine, the Diavik mine and De Beers Snap Lake mine. In addition, one similar project has been reviewed and licensed in Nunavut, Tahera's Jericho mine. All data gathered during the licensing of these projects is a matter of public record and available to the general public and the Board. There is little new information, if any, to be gained from a costly and time-consuming panel review of all aspects of the Gahcho Kue project. We believe that a much more focussed review of certain aspects of the Gahcho Kue project would be sufficient to ensure NWT residents that this project would be beneficial to them and that the environmental and social effects could be mitigated.

The NWT & Nunavut Chamber of Mines has expressed this opinion to the MVEIRB at the outset of the scoping process for this project. The Chamber also expressed its concern that MVEIRB processes may not be sufficiently balanced to encourage meaningful input into the proceedings from the business sector and the centre of population of the Northwest Territories:

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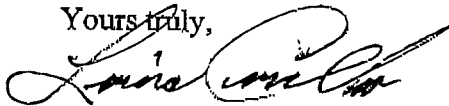
Yellowknife. At this time, we do not believe that our concerns have been given sufficient consideration by the Board. Relevant correspondence is attached.

We are concerned that small communities are being led to believe that the only way they can be heard during the Board processes is to force projects to a full environmental review. This is costly to the proponents as well as the taxpayer and we believe that it is unnecessary.

We are further concerned that referrals of this nature, in addition to referrals of low impact grassroots exploration projects to environmental assessment, will send a signal to markets, investors and others in the mining and exploration industry that the NWT is not a trustworthy place to invest.

We believe that it is within your authority to cause the Board to reconsider its decision and to order an assessment of the project more in line with its likely impact. We urge you to do so.

Yours truly,



Lou Covello
President

- c Hon. Brendan Bell, Minister, Industry Tourism and Investment, GNWT
- Ms. Gabrielle Mackenzie-Scott, Chair, Mackenzie Valley Environmental Impact Review Board
- Mr. Sean MacGillivray, President, NWT Chamber of Commerce
- Mr. Stephen Meister, President, Yellowknife Chamber of Commerce
- Mr. Robert Doherty, President, NWT Construction Association

attachments



Mackenzie Valley Environmental Impact Review Board

June 13, 2006

The Honourable Jim Prentice
Minister, Indian Affairs and Northern Development
10 Wellington St. North Tower
Hull, P.Q. K1A 0H4

Dear Minister Prentice:

Re: MVEIRB Environmental Assessment Decision on the Proposed DeBeers Canada Gahcho Kue Diamond Mine

I am pleased, on behalf of the Mackenzie Valley Environmental Impact Review Board (MVEIRB), to convey our decision in the Environmental Assessment (EA) of the DeBeers Canada Gahcho Kue project.

The MVEIRB held technical and community scoping workshops in Yellowknife, Dettah, Lutsel K'e, Fort Resolution and Behchoko, as well as technical and community scoping hearings in Yellowknife in order to form its opinion in this matter. We heard from a wide spectrum of residents of the Mackenzie Valley including aboriginal leaders and elders, and representatives from various government agencies. Based on the information gathered at the workshops and hearings, as well as written submissions, the MVEIRB concluded that the proposed Gahcho Kue diamond mine is likely to be cause of significant public concern.

During its meeting of June 8, 2006 the MVEIRB exercised its statutory authority under paragraph 128(1)(c) of the Mackenzie Valley Resource Management Act and issued an order for an Environmental Impact Review of the Gahcho Kue diamond mine project. The order is attached to this letter. The MVEIRB's reasons for decision and report of environmental assessment will follow shortly under separate cover.

Yours truly,

A handwritten signature in black ink that reads "Gabrielle Mackenzie-Scott".

Gabrielle Mackenzie-Scott

Chairperson

Encl.



**Mackenzie Valley
Environmental Impact
Review Board**

- In the Matter of:** **A Land Use Permit Application MV2005C0032 and a type A Water Licence Application MV2005L2-0015 made by DeBeers Canada in support of the proposed Gahcho Kue development;**
- And in the Matter of:** **An Environmental Assessment conducted in relation to these applications and the proposed Gahcho Kue development;**
- And in the Matter of:** **A decision made under section 128(1)(c) of the *Mackenzie Valley Resource Management Act*.**

ORDER

The Mackenzie Valley Environmental Impact Review Board, pursuant to its authority under section 128(1)(c) of the *Mackenzie Valley Resource Management Act*, having formed the opinion that the Gahcho Kue development is likely to be a cause of significant public concern hereby orders that an environmental impact review be conducted of the proposed Gahcho Kue development.

For the Mackenzie Valley Environmental Impact Review Board:


Gabrielle Mackenzie Scott, Chairperson

Dated: the 12th of June, 2006.



Mackenzie Valley Environmental Impact Review Board

RECEIVED MAY 10 2006

May 8, 2006

Mike Vaydik
Executive Director
NWT Chamber of Mines
P.O. Box 2818
Yellowknife, NT X1A 2R1

Dear Mr. Vaydik;

Re: Community Scoping Workshops and Hearing for Gahcho Kue Diamond Mine

This letter is in response to your letter of April 28, 2006. It also makes reference to your letter of February 17, 2006 and your phone conversation with Mr. Martin Haefele on April 26, 2006.

The MVEIRB's environmental assessment process is designed to be a transparent and public process as you know. All events that have taken place in the assessment to date have been open to the public, including business organizations.

The commencement of the Gahcho Kue Diamond Mine environmental assessment (EA) was advertised in the NewsNorth newspaper in January 2006. The current distribution list is comprised of organizations and individuals who have expressed their interest in being on the list to the MVEIRB. None of the organizations you mention in your letter have expressed such an interest. To be added to the distribution list an organization or individual should contact Mr. Martin Haefele at 766-7053 or mhaefele@mveirb.nt.ca.

As you probably are aware, in previous environmental assessments the public participation in scoping and developing a terms of reference was limited to commenting on draft terms of reference. For this assessment the MVEIRB decided to increase the level of public participation substantially by conducting workshops and hearings in advance of developing a draft terms of reference. This intention was communicated through the Board's work plan issued on February 22, 2006. The work plan, which included input from several organizations, including the developer, was circulated to the distribution list and posted on our online registry the same day.

Page 1 of 3

Box 938, 5102-50th Avenue Yellowknife, NT X1A 2N7, Phone: 867-766-7050 Fax: 867-766-7074 Web Site: www.mveirb.nt.ca

The scoping exercise held through March and April was to identify the environmental issues to focus on during the environmental assessment of the proposed diamond mine. The scoping exercise was in no way intended to make any decisions regarding approval of the project, to determine likelihood or significance of impacts, or to design any mitigation measures. In particular it was not intended as a forum to discuss support or opposition to the project; nor did it serve as such.

The Review Board originally planned one technical workshop in Yellowknife and a total of three community workshops, one in the Akaitcho region, one in the T'licho, and one in the Yellowknife area. It chose Lutsel K'e, Behchoko, and Dettah respectively as the location for the community workshops. A fourth community workshop was later added in Fort Resolution to better cover the area south of Great Slave Lake where travel distances are considerably greater.

The assessment of the Diavik diamond mine provides a successful example of public meetings in Dettah that involved Yellowknife residents as well. More recently Yellowknife residents participated in a scoping session for the Tyhee Yellowknife Gold Project held in Dettah. In the current assessment several Yellowknife residents participated in the workshop in Behchoko. Similarly, residents of Fort Smith and Hay River participated in the workshop in Fort Resolution. Many of the concerns brought forward during the scoping exercise by government representatives, the developer itself, Metis and First Nations people are the same, regardless of where they reside. The Review Board is therefore confident that the scoping exercise was successful in identifying the main issues to be addressed in the environmental assessment of the proposed Gahcho Kue diamond mine.

Nonetheless, the Review Board recognizes that this process differed significantly from previous processes, that changes to dates and locations were made on short notice, and that although the environmental assessment itself was advertised and the distribution list was kept informed, individual events may not have been advertised as widely as they could have been. While the Review Board supports your statement that the environmental assessment process should be expeditious, it may have to re-evaluate the speed with which it proceeds in order to avoid situations similar to this one.

Please also accept our apologies for not posting your February 17 letter on our online registry. Our office had no knowledge of the letter until your April 26 conversation with Mr. Martin Haefele and no record of it until you re-submitted it on May 2, 2006. We are currently investigating how our mail log system could have missed this correspondence.

We are at the beginning of this environmental assessment and there are many future opportunities to provide comments to the Review Board. The Chamber of Mines, as well as any of the groups listed in your April 28 letter, are welcome to participate. Any organization wishing to actively participate in the assessment should request party status.

The appropriate form is attached to this letter.



The Mackenzie Valley Environmental Impact Review Board is looking forward to working with the Chamber of Mines throughout the environmental assessment process.

Sincerely



Vern Christensen
Executive Director

CC: Bob Overvold, RDG
INAC NWT Region

John Clark, Executive Director
NWT Chamber of Commerce

Don Worrall, Executive Director
NWT Construction Association

Marino Casebeer, Executive Director
Yellowknife Chamber of Commerce

Attachment:



Identification of Environmental Assessment Roles Gahcho Kue Diamond Mine - EA0506-008

Please complete the form and e-mail or fax to the MVEIRB attention Martin Haefele. E-mail: mhaefele@mveirb.nt.ca Fax: (867) 766-7074 Please call (867) 766-7053 if you have any questions regarding the EA process.

Status Requested

- Directly Affected Party
- Intervener
- Member of the Public (anybody not wanting to play a formal role, but remain on distribution list; no reasons need to be given below)

Please refer to the MVEIRB's Rules of Procedures for definitions of the different types of parties. The document is available at www.mveirb.nt.ca/MVGuides/MVProcedureRules.pdf or from our office.

Government Classification

- Regulatory Authority or Designated Regulatory Agency in accordance with MVRMA s. 111. *Please list the licences, permits or other authorizations required from your department below under "Reasons".*
- Responsible Minister in accordance with MVRMA s. 111. *Please describe your jurisdiction in relation to the proposed development below under "Reasons".*

Reasons

Please describe your reasons for requesting the status you indicated above:

Participation

Please describe how you intend to participate in this EA, e.g. what information you anticipate to submit:

Contact Information

Please confirm your contact information



**NWT & NUNAVUT
CHAMBER OF MINES**

April 28, 2006

Ms. Gabrielle Mackenzie-Scott
Chair
Mackenzie Valley Environmental Impact Review Board
Yellowknife

Gachho Kue Scoping Sessions

I am writing to express our concern about the badly flawed process underway in addressing the scoping of the environmental assessment of the Gachho Kue project.

This is the NWT's fourth diamond mine. This is a major northern project, by any standard, and yet we find that business organizations have not been invited to participate. Specifically, the Yellowknife Chamber of Commerce (that contains about half the NWT's population and a high proportion of its businesses), the NWT Construction Association (representing the largest private sector employer in the NWT) and the NWT Chamber of Commerce (representing business interests in all communities of the NWT) have not been invited to participate in the review. I confirmed this with the above mentioned groups yesterday.

On Wednesday, when I first became aware that there was a hearing scheduled in Yellowknife, I confirmed with Mr. Haefele of your office that my organization, composed of over 800 members and representing mining and exploration interests in the NWT & Nunavut, was not on the distribution list for information regarding this major mining project.

I asked Mr. Haefele if my previous letter to you concerning scoping of this project was on the public registry. He indicated that it was not.

I explained to Mr. Haefele that the MVEIRB website was not helpful in determining when hearings were scheduled as one had to know in advance when a hearing is scheduled to find details of the hearing. I noted that, according to the information on the website, there would be no opportunity to participate for anyone who had not been at the previous community workshops. It is interesting to note that none of these previous workshops was held in Yellowknife, where half of the NWT population resides. Mr. Haefele assured me this was not the case, as there was time set aside on the agenda for presentations from the public. That is not what the website says. Mr. Haefele subsequently sent me a copy of the hearing agenda that indicates that there is an opportunity for public presentations.

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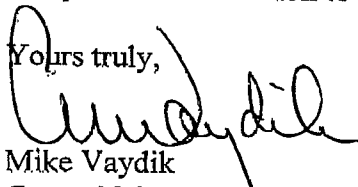
So, in summary, if you know there's a hearing, and you know the date, and you know that the website information is incorrect, then you can show up and be heard. This is not good procedure for a public process and points to major flaws in the MVEIRB process concerning this project and we believe that they must be addressed.

Specifically:

1. Correspondence to you concerning this project is not on the public registry.
2. Business organizations, and possibly others, are not placed on the distribution list for information about a project of this size.
3. Your website is not helpful to the general public in finding out about your processes. In fact, it was inaccurate in this case.
4. A community with half the NWT's population has been effectively left in the dark about the review of the project to date.

One wonders about the balance, fairness and effectiveness of a process that sees workshops held in smaller communities surrounding Yellowknife yet effectively excludes Yellowknife. We trust that you will take action to bring fairness to this public process.

Yours truly,



Mike Vaydik
General Manager

- c. Bob Overvold, Regional Director General, DIAND, Yellowknife
John Clark, Executive Director, NWT Chamber of Commerce
Don Worrall, Executive Director, NWT Construction Association
Marino Casebeer, Executive Director, Yellowknife Chamber of Commerce



**NWT & NUNAVUT
CHAMBER OF MINES**

February 17, 2006

Ms. Gabrielle Scott
Chair

Mackenzie Valley Environmental Impact Review Board
Box 938
Yellowknife NT X1A 2N7

Gahcho Kue Diamond Project

The NWT & Nunavut Chamber of Mines wishes to express its support for an expeditious environmental assessment of the Gahcho Kue diamond project.

We believe that much has been learned about the technology, terminology, techniques and effects of diamond mining over the past ten years and the three major environmental reviews of diamond projects. We further believe that little new knowledge will result from an exhaustive and extremely detailed review of the fourth diamond project in a decade.

The NWT & Nunavut Chamber of Mines represents members engaged in mining and exploration in Canada's north and the many businesses and individuals who make their living from the mining industry.

Mining is the north's number one industry and, in 2004, diamond mining activity contributed over 42% of the NWT's Gross Domestic Product. In the same year, diamond mining and related construction provided approximately 2200 person years of employment, about 61 % of this number were NWT residents. Since the start of construction of the Ekati diamond mine in 1997, mining and mine construction have contributed almost \$ 7billion to the NWT GDP. The diamond mines have paid over \$50 million in property and fuel taxes to the Government of the Northwest Territories since 1998.

By any measure, diamond mining has made a significant contribution to the well-being of the people of the NWT and to Canada as a whole. This activity has provided jobs, business and training opportunities, reduced social assistance payments, reduced the requirement for some federal transfer payments, and has provided tax revenues to governments. The NWT now boasts the lowest unemployment rate in Canada.

Diamond mines have also supported many worthwhile community initiatives. The mining companies have shown financial and other support for development of community infrastructure

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and recreation facilities, education and training programs and facilities and sponsor many cultural events.

Diamond mining has also changed the way in which aboriginal people have participated in the northern mining industry. Prior to the establishment of Ekati, about 10% of the mining industry workforce was aboriginal. Currently, it is estimated that over 31% of persons employed in the mines and related industries are aboriginal northerners. With continued training programs, we have every expectation that this number can be increased over time.

Diamond mines have demonstrated an unprecedented degree of environmental concern, operating to internationally recognised standards, and have shown a new degree of social and community concern and have monitoring agencies and financial bonding in place to ensure continued compliance with agreements and eventual reclamation.

Because of the positive contribution to the NWT's economy and lifestyle made by diamond mining and because it has been proved that diamond mines can operate in an environmentally sensitive and socially acceptable manner, we recommend that the Mackenzie Valley Environmental Impact Review Board conduct an environmental assessment at a much smaller scale than that carried out on the three previous diamond mines. We believe that another full-fledged review at this time will tend to ignore lessons already learned and simply be repetitious and represent an unnecessary cost to the tax payer and an unnecessary delay to the developer.

Yours truly,

ORIGINAL SIGNED BY

Lou Covello
President

Attachment:

NWT Diamonds: The Economic Impact of the Diamond Industry on the Economy of the NWT
1991-2004

Sustainable Economies: Aboriginal Participation in the Northwest Territories Mining Industry
1990-2004

- c Hon. Jim Prentice, Minister, Indian Affairs and Northern Development
- Hon. Rona Ambrose, Minister of the Environment,
- Hon. Brendan Bell, Minister, Industry, Tourism and Investment, GNWT
- Hon. Michael Miltenberger, Minister, Environment and Natural Resources, GNWT
- President, NWT Chamber of Commerce
- President, NWT Construction Association
- President, Yellowknife Chamber of Commerce
- Mayor, City of Yellowknife
- President, Mining Association of Canada
- President, Prospectors & Developers Association of Canada