



April 9, 2015

Simon Toogood
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
200 Scotia Centre, 5102-50th Avenue
Yellowknife, NT X1A 2N7

Re: Husky Chedabucto Sand Project

Please accept this letter in support of Husky's Chedabucto early stage sand exploration project on behalf of the over 300 NWT & Nunavut Chamber of Mines members who are involved in and supportive of responsible mineral exploration and mining in the NWT.

The Chedabucto project is a small, early stage grassroots exploration project for sand. It is our position that small projects like this should never be referred for environmental assessment, and we continue to urge government to make appropriate changes to address what we believe are unwarranted referrals of such small projects. Grassroots exploration projects like Chedabucto have small footprints, and they are essentially reconnaissance projects to determine if there is anything significant in the area to focus more detailed exploration on. Referring an early stage exploration project to an environmental assessment adds unnecessary costs to the proponent, the Board, government departments and to all intervenors. Most seriously, referrals of early stage exploration projects run the risk of discouraging new investment away by creating regulatory uncertainty, not only by imposing unexpected additional costs for an environmental assessment on the proponent, but also through project delay – in this case at least a year for Husky – which could result in the loss of project financing and kill the project.

The NWT relies on mining for its private sector economy. Since mines don't last forever, to sustain mining requires significant active mineral exploration. This is a very risky and time consuming activity. Statistics indicate only one in 1,000 exploration projects result in a mine and a process of 10 or more years just to find a new deposit (let alone develop it) is not uncommon. This means that we need to have many, many exploration projects underway over a significant length of time if we are to successfully discover new economic deposits to replace our mines when they are exhausted.

Unfortunately, the uncertain regulatory environment, combined with unsettled land claims, and the infrastructure deficit has helped steadily drive investment away from the Northwest Territories. Over the last seven years, we have witnessed a significant decline in mineral

exploration as investors departed to more predictable jurisdictions like Yukon and Nunavut. The most recent projections from Natural Resources Canada for 2015 are very alarming, projecting a drop of 54% from last year's already low exploration spending. We have lost our strong competitive position in Canada and decisions like this to refer a small early stage project like Husky's for EA will make it harder to compete in the future. If we want to attract risk capital to invest in the NWT, we have to make it feel welcome. (Note that charts for northern Canada's historical and projected performance are attached as a ***Backgrounder*** to this submission).

All that being said, we acknowledge that this small project is now in the environmental assessment process. We strongly encourage the MVEIRB to recognize this project's small size and effects, and provide this EA with a proportionally smaller, expedited process than that required for the larger projects the Board most often deals with.

While the project area held under mineral tenure is very large, covering 300 square kilometres, the area impacted by the actual exploration work is minuscule. The reverse circulation drilling samples will be a couple of 20 litre pails per hole. The diamond drilling will produce samples that are less than 2 inches in diameter from a core hole that may be drilled up to 150 metres into the ground. The mini-bulk sample which Husky proposes to collect from "out-house sized pits" are very small indeed. There is no camp involved, a rubber tracked vehicle would be used, and work would be done in winter when the ground is frozen and more resistant to damage. The small sampling program in such a large area will provide opportunity to the proponent to narrow their focus to the best targets for more detailed future studies and investigations.

For such a small, low-impact project, Husky has also invested significantly in archaeological studies and provided site visits for Aboriginal community leaders and Elders. From our perspective, it has only been because of the company's large size and strong commitment to corporate social responsibility that they have been able to justify this. Candidly, we are hopeful that they have not set the bar too high now for regulators. The fact is that most of our exploration members are junior companies with less than a handful of employees and with very limited financial resources to conduct such comprehensive community engagement at the early stage. Past history has seen some of these small companies leave if their project was referred, due largely to their lack of capacity. We believe the community engagement approach taken by Husky for such an early stage grassroots exploration project has been exemplary.

An issue raised by intervenors is the fact that there is a candidate protected area near the northern boundary of the Chedabucto claim block. The Chedabucto claims predate the drawing of lines on the map for the extended candidate protected area. The Chedabucto claims are grandfathered in relation to the protected area. In addition, we believe the location of the candidate area boundary is misrepresented on the map.

We also assert that the Chedabucto process has revealed a major shortcoming in the Wek'eezhii Land & Water Board's process as the WLWB did not ask the Land Use Inspector, who recommended the terms and conditions for the Chedabucto land use permit, to appear before them and explain his rationale. The inspectors are the most qualified and experienced staff to speak to what is required and what is being asked of proponents in specific land use permits. While this is a shortcoming we hope to see addressed at the land and water board

level in future, we would recommend that the MVEIRB also involve the land use inspector so as to get a fully informed assessment of what is being proposed and its effects, or lack thereof.

Finally, we see an enormous inconsistency in the criteria applied in the Mackenzie Valley when comparing the small Chedabucto Project which has been referred to EA, to the kilometres of all-weather road that were constructed and two petroleum flow test exploratory wells drilled in the Sahtu which weren't referred to EA. We expect MVEIRB will see this project as we do, a proportionally small, early stage exploration project with virtually no environmental footprint. As such, we recommend that you provide Chedabucto a speedy approvals process.

Yours truly,

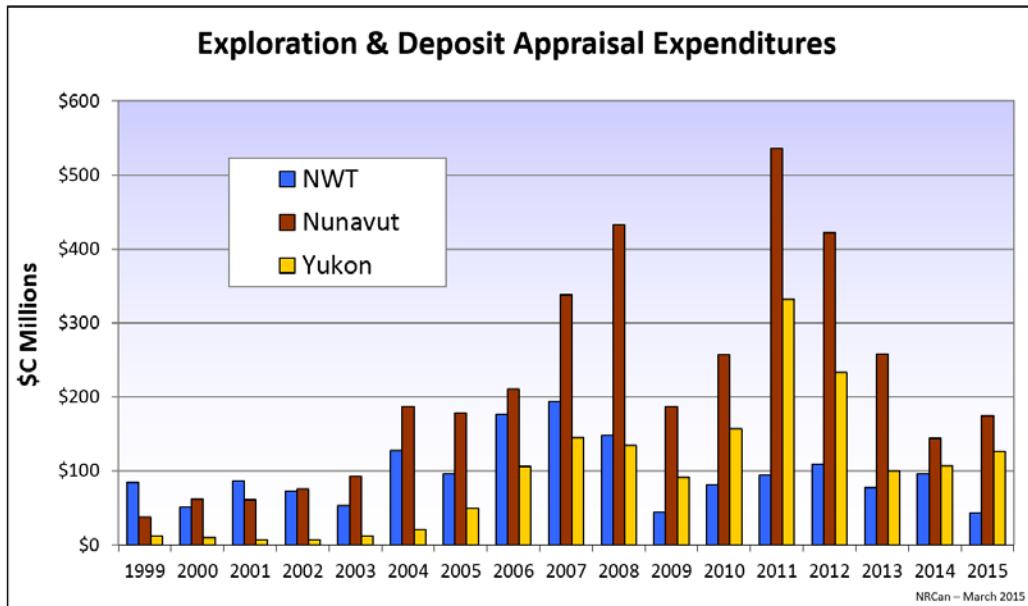
NWT & NUNAVUT CHAMBER OF MINES



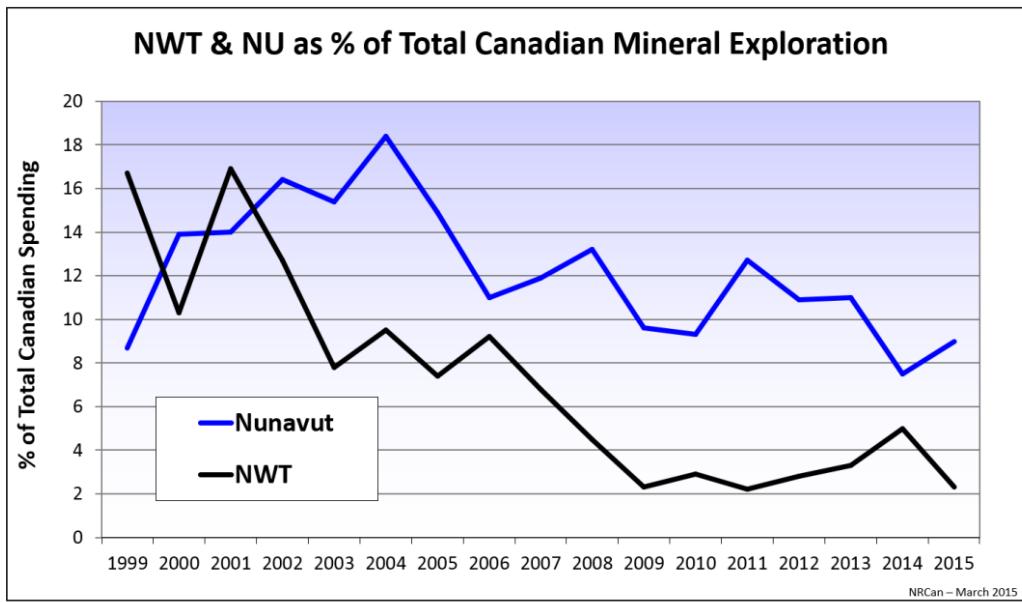
Tom Hoefer
Executive Director

BACKGROUNDER

Northern Canada Mineral Exploration March 2015



Nunavut & NWT Exploration Share



Note: Expenditures reported include on-mine-site and off-mine-site activities, field work, overhead costs, engineering, economic and pre- or production feasibility studies, environment, and land access costs. 2014 figures are revised spending intentions as of September 2014.

Source: Natural Resources Canada, from the federal-provincial-territorial Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development Expenditures. Exploration and deposit appraisal activities include only the search for and appraisal of deposits and do not include work for extensions of known reserves. Natural Resources Canada's data can be downloaded by clicking [here](#).