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October 22, 2013

VIA EMAIL

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Re: ***Report of Environmental Impact Review and Reasons for Decision:
De Beers Canada Inc. - Gahcho Kué Diamond Mine Project (EIR 0607-001)***

Dear Chiefs:

As you are aware, on October 22, 2013, the Minister of Aboriginal Affairs and Northern Development, on his own behalf as federal Minister and on behalf of the other responsible ministers (the "Ministers") with jurisdiction in relation to the project (the Ministers of Natural Resources, Fisheries and Oceans, and Transport as well as the Government of the Northwest Territories), conveyed the Ministers' decision to adopt the Gahcho Kué Review Panel's (the "Panel") recommendation that the project be approved subject to the implementation of the measures, follow-up programs and developer commitments contained in the Report.

On behalf of the Ministers, I am responding to your letters of August 20, 2013, to outline some of the considerations taken by the Ministers in reaching their decision on the project. Full and fair consideration was given to all the views expressed in the responses from Aboriginal groups with regard to the Panel's findings, including those outlined in the attachment to your letters. In particular, the concerns cited regarding water quality and fish habitat, caribou, monitoring and oversight, cultural impacts and socio-economic impacts were assessed in view of the Panel's proceedings, analysis and findings. Consideration was also given to the developer's letter of September 23, 2013, which is posted on the Mackenzie Valley Environmental Impact Review Board's public registry.

Additional considerations informed the review of the Report and analysis of the issues you raised in your letters.

First, the Ministers noted that Section 134 (2) of the *Mackenzie Valley Resource Management Act* allows for a Panel Review to include both mitigative measures and a “follow up program”—to provide for the monitoring of effects as well as adaptive management. The Ministers consider the follow up program to be *as equally binding as the mitigative measures*. The Ministers therefore gave full consideration to both the recommended measures and components of the follow up program.

Second, the Ministers are of the view, as recognized by the Panel, that developer commitments form part of the scope of the project as assessed by the Panel in reaching the conclusion that no significant adverse impacts to the environment would result from the project. The Ministers take the position that as the Panel’s recommendation is subject to the implementation of the developer’s commitments, the project, as assessed and approved, therefore includes the implementation of all such commitments. Notably, these include the development of various management plans (including wildlife management and habitat protection plans and plans related to water quality/quantity) as well as the negotiation of an agreement for and implementation of Ni Hadi Yati or a similar oversight body. The developer’s letter of September 23, 2013, confirms its commitments in this regard. As well, the developer has signed a socio-economic agreement with the Government of the Northwest Territories which formalizes commitments made by the developer with respect to employment, training, business opportunities and other related benefits for NWT residents. The agreement also includes measures to monitor socio-economic impacts stemming from the Project.

Third, the terms and conditions of regulatory authorisations are an important aspect of managing potential impacts resulting from the project. The public processes that accompany the regulatory authorisations for the Project, such as the issuance of the water licence, include the holding of public hearings and are important forums for ensuring Aboriginal groups will have additional opportunities to provide input into the implementation of the measures and follow up program.

Fourth, the programs and policies of government may serve to inform project-specific adaptive management programs through input of research and technical expertise, if required and available. The Cumulative Impact Monitoring Program administered by Aboriginal Affairs and Northern Development Canada (and subsequent to devolution, by the Government of the Northwest Territories) is one program that includes Aboriginal representation on its committees. The Government of the Northwest Territories is also taking a lead role in coordinating collaborative cumulative effects programs for multiple species, including the Bathurst caribou herd. The Government of the Northwest Territories recognizes that developing and implementing a cumulative effects program is a shared responsibility among governments, co-management partners, land users and other wildlife users. The consideration of Traditional Knowledge, in conjunction with scientific considerations, is an important aspect of these programs. Furthermore, government regulators will provide technical expertise

appropriate to their mandates through various programs and initiatives that relate to cumulative impact monitoring in the regulation of this project.

Lastly, while government is not privy to the negotiation of private contractual agreements between the developer and Aboriginal groups, such as Impact Benefit Agreements, it is nevertheless expected that Aboriginal groups will be utilizing these negotiations as a mechanism to meet their specific needs.

The Ministers want to assure you that your views are important and that they look forward to your continued participation in the regulatory phase of the project where there will be additional opportunities for input, and that Crown consultation is an ongoing process which will continue through to the regulatory phase. Thank you for taking the time to provide your views.

Sincerely,



Matthew Spence
Director General
Northern Projects Management Office

c.c.:

Ray Case, Assistant Deputy Minister, Corporate & Strategic Planning, Department of Environment and Natural Resources, Government of the Northwest Territories

Stuart Niven, Senior Fisheries Protection Biologist, Central and Arctic Region, Fisheries and Oceans Canada

David McNaab, Acting Director General, Minerals, Metals and Materials Policy Branch, Natural Resources Canada

Michele Taylor, Regional Director General, Prairie and Northern Region, Transport Canada

Alec Simpson, Acting Director General, Stewardship and Sustainable Transportation Programs, Transport Canada

Paula Isaak, Director General, Natural Resources and Environment Branch, Aboriginal Affairs and Northern Development Canada

Kathryn Bruce, Regional Director General, Northwest Territories Region, Northern Affairs, Aboriginal Affairs and Northern Development Canada

Vern Christensen, Executive Director, Mackenzie Valley Environmental Impact Review Board

Willard Hagen, Chair and CEO, Mackenzie Valley Land and Water Board

Cathie Bolstad, Director, External and Corporate Affairs, De Beers Canada Inc.