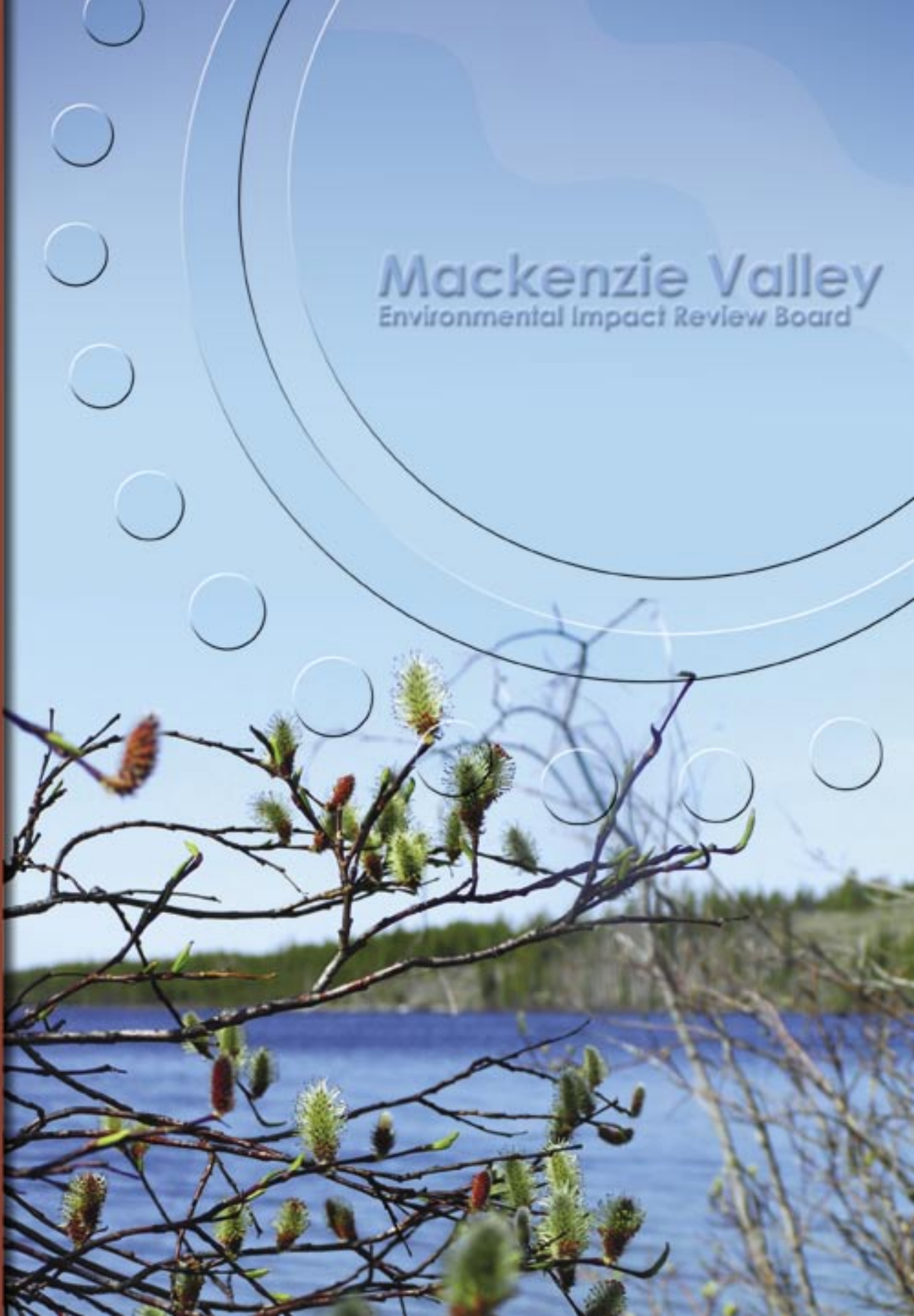


2005 - 2006 Annual Report

Mackenzie Valley

Environmental Impact Review Board



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Springtime willows on Reid Lake, N.W.T.

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Our Vision

Excellence in environmental impact assessment that reflects the values of our residents for a sustainable Mackenzie Valley.

Our Mission

To conduct quality environmental impact assessments that protect the environment and the social, economic and cultural well-being of the residents of the Mackenzie Valley and all Canadians.

Our Values

- ▶ Relationships based on mutual respect, trust and honesty
 - ▶ Acting with integrity, objectivity and fairness
 - ▶ Accountability, quality and efficiency in our work
 - ▶ Consensus decision-making
- ▶ Transparency, accessibility and openness in our processes
 - ▶ The diversity of the Mackenzie Valley

Our Goals

Leadership in environmental impact assessment

Increasing participation in the environmental assessment process

Building our capacity

MESSAGE FROM THE CHAIRPERSON

I am pleased to present the Mackenzie Valley Environmental Impact Review Board's Annual Report for the 2005-06 fiscal year.

Anticipating spring after a long dark winter makes us northerners joyful. During spring, my sister and I were visiting in the early morning. I remember listening to the sounds of birds in the background – filling the air with life and making the world come so alive. Life is rich with promise in the spring. Watching these promises come true is exhilarating. We experience similar feelings when we see people realizing their potential, and discovering their unique talents and abilities.

The Mackenzie Valley Environmental Impact Review Board (Review Board) is growing and realizing its potential as a leader in environmental impact assessment (EIA). As a team, our Board members and staff are achieving our strategic plan's three key goals.

Leadership in Environment Impact Assessment

The Review Board was busy this year. We met twice with our resource-management-board counterparts at the N.W.T. Board Forum. The N.W.T Board Forum is a place for N.W.T. resource-management-boards to network, liaise and collaborate on common issues. We shared the Board's corporate experience and best strategic-and business-planning practices with our Forum colleagues.

In order to improve the EIA process, and clarify the Review Board's expectations of development proponents, the Board researched and published the benchmark *Guidelines for Incorporating Traditional Knowledge in Environmental Impact Assessment*. The *Guidelines* are a first in Canada, and, quite possibly, the world.

We're proud of two other unique documents that we published this year: the *Glossary of Terms* and the "Reference Bulletin: Operational Interpretation of Key Terminology on Part Five of the *Mackenzie Valley Resource Management Act*." The *Glossary* is an invaluable resource for interpreting and translating technical terminology from English into

"We want every child and grandchild to live in a healthy, sustainable world."

Review Board Chairperson
Gabrielle Mackenzie-Scott



Chairperson Gabrielle Mackenzie-Scott

most of the N.W.T.'s Aboriginal languages. The Review Board uses the "Reference Bulletin" to explain how the Board interprets key terms in the *Mackenzie Valley Resource Management Act* (MVRMA).

Improving the quality and timeliness of our EIA process is a high priority for the Board. Upon completing our environmental assessments (EA), we conduct regular "lessons learned" exercises. We also host and facilitate the annual "Environmental Assessment Practitioners' Workshop."

Increasing Participation in the Environmental Assessment Process

Review Board members and staff visited 13 communities in 2005-06. We met residents and hosted community workshops to gather information for our forthcoming *Socio-economic Impact Assessment Guidelines*. Board members also attended annual assemblies and conferences.

Members of the public – especially those living in the smaller N.W.T. communities – tell us at the Review Board that they lack the resources to participate effectively and meaningfully in the EIA process. They tell us that they feel pressured and unable to cope with the demands of addressing the issues brought about by proposed resource developments.

We heard that message clearly. The Review Board addressed that issue in its business plan and submitted a funding proposal to the Minister of Indian and Northern Affairs Canada (INAC) for consideration.

Building Our Capacity

We're pleased to welcome Tlicho Government nominee Nora Doig to the Board. The Minister appointed Ms. Doig in November 2005. Her appointment makes it easier to achieve quorum and conduct the Board's business promptly.

The Board member position reserved for a Dehcho First Nations nominee remains vacant. Currently, the Board has eight members including the Chairperson.

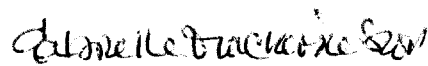
The Board managed 12 environmental assessments during 2005-06. Having the staff, expertise and the resources to complete this work is essential.

We continued emphasizing areas for future improvements – including the need for adequate resources to do its work – during a series of meetings with INAC officials this year. The Board and INAC also discussed Board operations and mandate issues.

The international community now looks to the MVRMA and its boards as models because they involve Aboriginal peoples, organizations and governments fully and equitably.

Implementing the MVRMA is challenging but it's beneficial *and* worthwhile. Our EIA process compares favourably with any similar process in Canada or elsewhere.

We're striving to serve the best interests of every northerner and every Canadian. We want every child and grandchild to live in a healthy, sustainable world.



OUR ROLE AND RESPONSIBILITIES

About the Review Board

The Review Board is an independent administrative tribunal established when the MVRMA came into effect in 1998. The Board conducts environmental assessments (EAs) and environmental impact reviews (EIRs) in the Mackenzie Valley of the N.W.T. (This excludes the Inuvialuit Settlement Region in the Mackenzie-Beaufort Delta region.) The Board is responsible for ensuring that environmental impacts, and the concerns of Aboriginal people and other members of the public, are considered carefully during the environmental impact assessment (EIA) of proposed developments. *Environment includes the biophysical, social, economic and cultural features that a proposed development may impact.*

Membership

The Review Board has eight regular members and a Chairperson.

The Gwich'in Tribal Council, the Sahtu Secretariat, the Dehcho First Nations, and the Tlicho, territorial and federal governments nominate potential Review Board members. The Minister of INAC reviews these nominees before appointing them to the Board.

As a co-management board, half the Board's regular membership must be people nominated by land-claimant organizations. The other half must include territorial and federal government nominees. Typically, the Minister appoints the Chairperson from a list of nominees submitted by the Board.

- During 2005-06, the Minister appointed John Stevenson of Yellowknife to a second three-year term. Mr. Stevenson began this appointment August 23, 2005. Mr. Stevenson is the Board's Vice-Chairperson.



Top: Autumn geese on Great Slave Lake
Bottom: Fort Resolution's blaze of colour

- The Minister appointed Nora Doig of Behchoko to the Board for a three-year term beginning November 14, 2005. A Tlicho Government nominee, Ms. Doig filled Gabrielle Mackenzie-Scott's vacancy after the Minister appointed Ms. Mackenzie-Scott as the Chairperson March 29, 2005.

Currently, there's one Review Board vacancy. The Minister appointed Board member Percy Hardisty to the Joint Review Panel (JRP). This panel is conducting the EIR of the proposed Mackenzie Gas Project. The Review Board has asked the Minister to appoint an alternate member to fill Mr. Hardisty's vacancy during Mr. Hardisty's term with the JRP.

The Review Board is continuing to work with INAC to assist the Minister in filling Board vacancies in a timely manner. Vacancies can delay the Review Board's business because vacancies affect the Board's ability to achieve quorum.

Review Board Members and Staff

Below: Review Board members and staff Back Row: Therese Charlo, Roland Semjanovs, Alan Ehrlich, Martin Haeefele, Alistair MacDonald, Patrick Duxbury, Wendy Ondrack, Mary Tapsell Middle Row: John Stevenson, Renita Schuh, Vern Christensen, John Donihee Front Row: Danny Bayha, Bernadette Stewart, Gabrielle Mackenzie-Scott, Charlie Snowshoe, John Ondrack, Jerry Loomis



BOARD MEMBERS



Gabrielle Mackenzie-Scott Chairperson
John Stevenson Vice-Chairperson



Danny Bayha Board Member
Nora Doig Board Member



Jerry Loomis Board Member
John Ondrack Board Member



Charlie Snowshoe Board Member
Bernadette Stewart Board Member

Below: Summer's glory in Lutsel Ke



Staff Movements

Farewell

This past November, the Review Board bid a fond farewell to Manager of Communications Roland Semjanovs. Before his departure, Mr. Semjanovs was the last remaining employee who had been with the Board since its December 1998 inception.

Environmental Assessment Trainee Camilla Zoe-Chocolate left the Review Board staff in August 2005. Although Ms. Zoe-Chocolate is no longer pursuing an environmental assessment studies program, she is pursuing an undergraduate degree at the University of Northern British Columbia in Prince George.

Welcome

The Review Board appointed Environmental Assessment Officer Alistair MacDonald to a two-year term in March 2006. His skills and knowledge increase the Board's capacity to address the large workload associated with conducting the EA of the proposed De Beers Gahcho Kué Diamond Mine project.

Lastly, the Review Board appointed Tawanis Testart to a one-year term as the Environmental Assessment Assistant in March 2006. Ms. Testart is assisting the Board's EA team during a staff member's parental leave in 2006-07. Digitizing the Review Board's public registry documents is one of Ms. Testart's main responsibilities.

Preliminary Screenings

The Review Board received 79 preliminary screening notifications in 2005-2006, compared to 99 the previous year, and an all-time high of 220 in 2001-02.

Land and water boards conducted most of the preliminary screenings – the Mackenzie Valley Land and Water Board conducted 60 per cent of these. The new Wekeezhii Land and Water Board, responsible for the Tlicho area, conducted two preliminary screenings.

Preliminary Screening by Screener

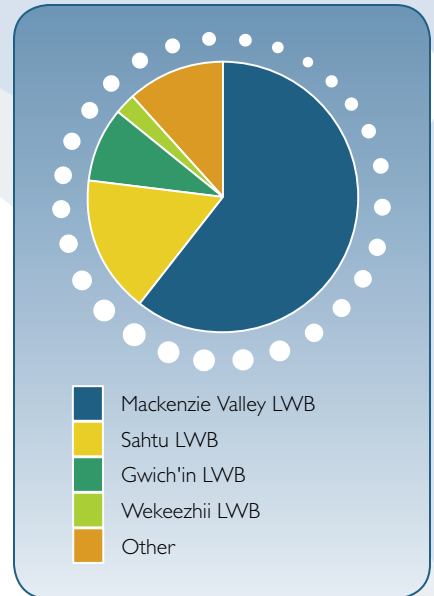
Mackenzie Valley LWB	48
Sahtu LWB	13
Gwich'in LWB	7
Wekeezhii LWB	2
Other	9

As in previous years, the mineral-exploration and mining sector was the most active with 31 developments, followed by the oil-and-gas sector with 12 related developments.

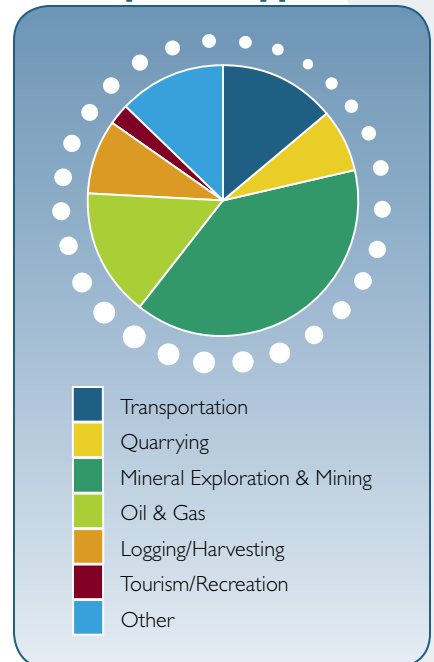
Preliminary Screening by Development

Transportation	11
Quarrying	6
Mineral exploration & mining	31
Oil & gas	12
Logging/harvesting	7
Tourism/recreation	2
Other	10

Screener



Development Type



Environmental Assessments

During 2005-06, the Review Board managed 12 EAs. Of these EAs:

- ▶ Eight were new EA referrals
 - ➔ Three files closed when the developers withdrew their development applications
 - ➔ The Review Board carried five EAs into the 2006-07 fiscal year
- ▶ Four were EAs carried forward from the previous year
 - ➔ Federal and responsible Ministers approved two completed EAs
 - ➔ Final Ministerial approvals for the other two EAs are pending – the Review Board is carrying these EAs into the 2006-07 fiscal year

Environmental Assessments in Progress

EA0506-004: Tyhee N.W.T. Corporation – Yellowknife Gold Project

The Mackenzie Valley Land and Water Board (MVLWB) referred this development to the Review Board for an EA on May 4, 2005.

The MVLWB determined that the development might have a significant adverse impact on the environment.

The developer wants to establish a 1500 tonne/day underground gold mine with an operating life of eight years.

Review Board staff hosted two issue-scoping sessions in Yellowknife and Dettah, respectively, before issuing the final Terms of Reference in August 2005. Tyhee N.W.T. Corporation informed the Review Board, in writing, that they won't complete their Developer's Assessment Report until the mid-to-late third quarter of 2006.

Board members and staff visited the proposed Tyhee site in August 2005.

EA0506-005: Consolidated Goldwin Ventures – Drybones Bay Exploratory Drilling

Noting evidence of public concern, the Review Board ordered an EA of this proposed diamond-exploration development in September 2005. The Board issued a Work Plan in September 2005 and Information Requests in October 2005.

On two occasions, the Board decided that the developer's replies to its Information Requests were inadequate. As of March 31, 2006, the Board was still waiting for adequate Information Request replies before continuing its assessment of the proposed development.

Below: Review Board Executive Director Vern Christensen, Legal Counsel John Donihee and Manager of Environmental Assessment Mary Tapsell at a hearing in Yellowknife



EA0506-006: Sidon International Resources Corporation – Exploratory Drilling at Defeat Lake

Noting evidence of public concern, the Review Board ordered an EA of this proposed diamond-exploration development in September 2005. The Board issued a Work Plan in September 2005 and Information Requests in October 2005.

On two occasions, the Board decided that the developer's replies to the Information Requests were inadequate. As of March 31, 2006, the Board was still waiting for adequate Information Request replies before continuing to assess the proposed development.

EA0506-007: Paramount Resources Ltd. – SDL 8/2-D Geophysical Program

Paramount's proposed geophysical-exploration program for oil and gas would happen between Cameron Hills and Highway 1, north of the N.W.T./Alberta border. The Ka'a' Gee Tu First Nation wrote

INAC requesting that INAC refer this proposed development to an EA.

The First Nation believes the geophysical program would impact the environment of the Ka'a' Gee Tu First Nation's traditional territory adversely.

INAC referred the proposed development to the Review Board for an EA November 23, 2005. The Board issued a draft Work Plan in December 2005 and in February 2006 the Board held an issues-scoping hearing in Hay River.

The Board used information collected from this hearing to finalize the Work Plan and Terms of Reference, both of which the Board issued in early April 2006.

EA0506-008: De Beers Canada Mining Ltd. – Gahcho Kué Diamond Mine

Environment Canada referred this proposed development's land-use permit and water-license application to the Review Board for an EA in December 2005. The proposed development is a large open-pit diamond mine located approximately 180 km northeast of Yellowknife.

The Board issued a draft Work Plan in January 2006. Two months later, in March 2006, the Board held a technical-scoping workshop in Yellowknife. As of fiscal year-end, this EA remained in the issues-scoping stage.

The Board scheduled a technical-scoping hearing, community-scoping workshops and a community-scoping hearing for the first month of the 2006-07 fiscal year.

Completed Environmental Assessments

EA0405-002: Canadian Zinc Corporation – Prairie Creek Phase III Exploration Drilling

The MVLWB referred this proposed development to the Review Board for an EA on June 1, 2004 due to public concern about cumulative effects on the South Nahanni River watershed.

Canadian Zinc is proposing to drill at 60 sites on its mineral claims.

Canadian Zinc submitted the project description to the Review Board in January 2005. Subsequently, the Board held issues-scoping sessions in Yellowknife, Wrigley and Fort Simpson. The Board hosted a public hearing in Fort Simpson on October 6, 2005.

The Board completed its Report of Environmental Assessment (REA) December 23, 2005. The federal and responsible Ministers accepted the Board's REA on February 3, 2006.

EA 03-003: North American General Resources Corporation – Wool Bay Exploration Drilling

The MVLWB referred this proposed development to the Review Board for an EA on April 21, 2003. The Review Board held a public hearing in Yellowknife

regarding this project, and two other proposed developments in the same geographical vicinity, in November 2003.

The Review Board submitted its REA to the federal Minister on February 11, 2004 and concluded the consult-to-modify process December 16, 2004. The federal and responsible Ministers accepted the final revisions April 14, 2005.

Completed Environmental Assessments Awaiting Ministerial Approval

EA03-004: New Shoshoni Ventures – Drybones Bay Mineral Exploration [2003]

The MVLWB referred this proposed development to the Review Board for an EA on May 28, 2003. Public concern about development around Drybones Bay – an area of cultural, spiritual and environmental importance to the Yellowknives Dene – prompted a series of referrals April-June 2003.

In November 2003, the Review Board held a joint public hearing for the following proposed developments: Consolidated Goldwin Ventures, North American General Resources and New Shoshoni Ventures.

The Review Board learned that the area of the proposed New Shoshoni Ventures exploration project

was too sensitive culturally; therefore, the project's adverse effects would be substantial. Consequently, the Board recommended that the Minister of INAC reject this development.

The Review Board submitted its REA to the INAC Minister on February 11, 2004. (The Minister accepted the Board's REA on April 10, 2006.)

EA03-009: Imperial Oil Ventures Ltd. – Dehcho Geotechnical Investigation

The Review Board called up this proposed development for an EA on February 26, 2004. The Board based its decision on public concern expressed in letters from several Dehcho communities.

The EA considered the impacts of Imperial Oil's proposed activities. These activities include investigating the Dehcho region's subsurface conditions in preparation for the proposed Mackenzie Valley Pipeline; geotechnical work using heavy equipment and drills; creating new access corridors; and, constructing two portable 65-person camps.

In December 2005, the Review Board held community hearings in Samba K'e and Pehdzeh Ki, and a public hearing in Fort Simpson. The Board submitted its REA to the Minister of INAC on February 18, 2005.

Federal and responsible Ministers initiated consultation with the Review Board on June 17, 2005. This consultation may result in modifying certain measures recommended in the REA. As of fiscal year end, the consult-to-modify process continued.



Cancelled Environmental Assessments

EA0506-001: Alberta Star – Uranium Exploration, MacInnis Lake

The MVLWB referred this proposed development to the Review Board for an EA May 3, 2005 due to public concern.

The Review Board cancelled this EA when the company withdrew its permit application on May 15, 2005.

EA0506-002: Wyn Developments – Mineral Exploration (north of Sachowia Point)

The MVLWB referred this proposed development to the Review Board for an EA May 3, 2005 due to public concern.

The Review Board cancelled this EA when the company withdrew its permit application on May 13, 2005.

EA0506-003: Ur Energy – Uranium Exploration Thelon Basin (Screech Lake)

Due to public concern, the MVLWB referred this proposed development to the Review Board for an EA May 3, 2005. The Review Board issued a draft Work Plan May 19, 2005.

The Review Board cancelled this EA when the company withdrew its permit application on June 22, 2005.

Environmental Impact Reviews

Proposed Mackenzie Gas Project – Joint Review Process

The Review Board established the Joint Review Panel (JRP) – in cooperation with the federal Minister of Environment and the Inuvialuit Game Council of the Inuvialuit Settlement Region – to review the proposed Mackenzie Gas Project (MGP). The JRP began its formal review in 2005-06.

JRP hearings and deliberations are continuing for much of 2006-07. The Review Board is paying for one-third of the JRP budget. Environment Canada's Canadian Environmental Assessment Agency recovers the remaining two-thirds from the project proponent, Imperial Oil Resources Ventures Ltd.



Strategic Plan Initiatives

I. Leadership in Environmental Impact Assessment

Confirming the Board's Mandate

Issuing Reference Bulletins

For the benefit of EIA participants and other members of the public, the Review Board drafted the "Reference Bulletin: Operational Interpretation of Key Terminology in Part Five of the *Mackenzie Valley Resource Management Act*" to clarify the Board's interpretation of key terms such as "public concern," "adverse," "likely," "might" and "significance." (The Board develops Reference Bulletins about the Board's various processes regularly.)

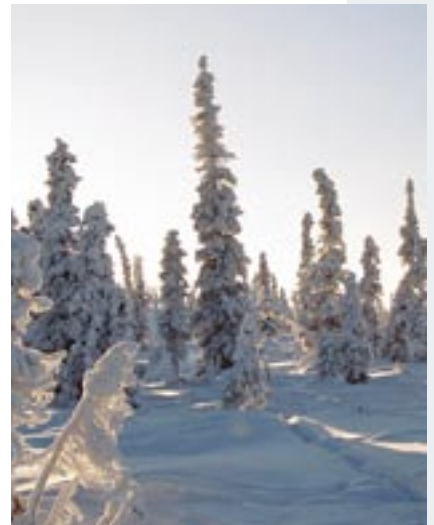
The Board solicited feedback about those terms from interested parties, including the public.

The Board is planning to finalize the terminology Reference Bulletin in early 2006-07.

Clarifying the *Mackenzie Valley Resource Management Act*

The Review Board provided recommendations to INAC's Joint Examination Project; the Government of the N.W.T. and Aboriginal land-claimant organizations to address ambiguities, and inconsistencies between the *Mackenzie Valley Resource Management Act* (MVRMA) and respective Aboriginal land-claim agreements.

The Board recommended that those governments and organizations clarify, and improve the certainty and consistency of certain MVRMA provisions related to the Board's mandate.



Top: Winter on Yellowknife Bay photo by Mary Tapsell

Bottom: Frosted trees along the winter road

Improving EIA Processes, Procedures and Reporting

EIA Process Protocols

Stakeholders told the Review Board that the Board's processes should consider a project's physical magnitude more carefully. For example, does an exploration project warrant the same level of EA as a full-time mine?

During recent EAs, the Board has been more sensitive to those concerns. However, the Board maintains that the magnitude of public concern about a proposed development rather than the proposed development's physical size and scope must inform and guide the assessment process.

During 2005-06, the Board developed a more detailed preliminary approach to scoping issues about proposed developments. The Board uses this approach during the early stages of an EA.

Promoting EIA Best Practices

Review Board staff shared and promoted "lessons learned" about their EA practices at numerous venues for a variety of audiences. This includes presentations at the International Association of Impact Assessment Annual Conference in Boston, Massachusetts in May 2005; workshops at an oil-and-gas symposium in Anchorage, Alaska; and other events in Calgary, Edmonton and Yellowknife.

Best Practice Guidelines

The Review Board published *Guidelines for Incorporating Traditional Knowledge in Environmental*



Impact Assessment during 2005-06. The *Guidelines* are the first of their kind in Canada.

The Board is also developing *Socio-economic Impact Assessment Guidelines for Environmental Impact Assessment in the Mackenzie Valley*. Review Board staff consulted with N.W.T. residents and other stakeholders extensively to identify approaches and tools that would help EIA practitioners and developers during the EIA process. The Board is completing this document in 2006-07.

Revised Rules of Procedure

The Review Board revised the Rules of Procedure that govern its EA proceedings. The Board made these revisions based on the Board's corporate experience since it last revised the rules in 2001-02.



Quality Assurance and Control

In order to continue improving the EIA process and better serve the public interest, the Review Board must know whether the mitigation measures it includes in every REA are effective and useful. Evaluating the effectiveness of mitigation measures requires timely follow-up and feedback from government departments, regulatory authorities, and other agencies that are responsible for implementing mitigation measures.

The Board met with the relevant regulatory and enforcement organizations to address that important need. Consequently, the Board and these organizations are now developing an “EA Measures Follow-up Framework.”

Improving MVRMA Implementation

Participating in the Five-year MVRMA Audit

The Review Board provided comments and recommendations to the auditors who undertook the five-year environmental audit of the MVRMA. This audit is a Part Five requirement of the MVRMA.

The auditors analyzed the effectiveness of regulations, organizations and methods used to address the environmental impact of proposed developments in the Mackenzie Valley.

The content of the Board’s submission reflected the Board’s experience in implementing Part Five of the MVRMA, and the submission provided valuable

Below Right: Chairperson Gabrielle Mackenzie-Scott (centre) signing an MOC with Liz Snider (left) of the Inuvialuit Settlement Region's Environmental Impact Review Board and Bill Klassen (right) of the ISR's Environmental Impact Screening Committee.

insight and constructive recommendations to the auditors. The Board's recommendations address:

1. improving the clarity and certainty of EIA processes prescribed by the MVRMA
2. establishing a process to monitor, evaluate and report about the implementation of mitigation measures that the Review Board recommends – and the federal Minister accepts – from the Board's REA
3. providing Aboriginal organizations and other stakeholders with the necessary capacity to participate in the Review Board's EIA process in an effective and timely manner

Report of the Auditor General of Canada

The Review Board reviewed and responded to concerns Canada's Auditor General raised in "Chapter 6: Indian and Northern Affairs Canada-Development of Non-Renewable Resources in the Northwest Territories" of the *April 2005 Report of the Auditor General of Canada*. Some concerns in the Report relate to the Board's roles and responsibilities.

The Board suggested to INAC ways in which the Board could participate in developing and implementing action plans to address the Auditor General's recommendations.

Strengthening Relationships with Stakeholders

Working with Other MVRMA Boards

Through its participation in the N.W.T. Board Forum,

the Review Board continued to promote improving communication between northern resource-management boards.

During 2005-06, the N.W.T. Board Forum met twice for formal meetings and a series of smaller workshops about matters such as Strategic Planning, and Board Member Orientation and Training. The Review Board shared its recently completed *Orientation and Training Manual* with members of the N.W.T. Board Forum.

Memorandums of Cooperation

The Review Board renewed and signed a Memorandum of Cooperation with the National Energy Board (NEB) and received approval from the N.W.T. Board Forum to include the NEB in future Forum meetings.

The Review Board signed a Cooperation Protocol with the Government of Yukon and initiated discussions with the Yukon Environmental and Socio-economic Assessment Board (YESAB) about a similar Cooperation Agreement. YESAB began operating during the autumn of 2005.



Below: Chairperson Gabrielle Mackenzie-Scott and Northwest Territories Premier Joe Handley.

Lastly, the Review Board signed a Memorandum of Cooperation with the Inuvialuit Settlement Region's Environmental Impact Review Board, and the ISR's Environmental Impact Screening Committee.

Strengthening Relationships with Government Agencies

The Review Board met numerous times with government officials about a variety of topics such as the Board's strategic plans, operations, finances, clarification of mandates, and roles and responsibilities. This included meetings with INAC senior officials, the NEB, the Government of the Northwest Territories Standing Committee on Accountability and Oversight, and the Canadian Environmental Assessment Agency.

The objective of the Board is to communicate with stakeholders in a timely and informative manner and to continuously take stock of what is working well and not so well. The Board is particularly interested

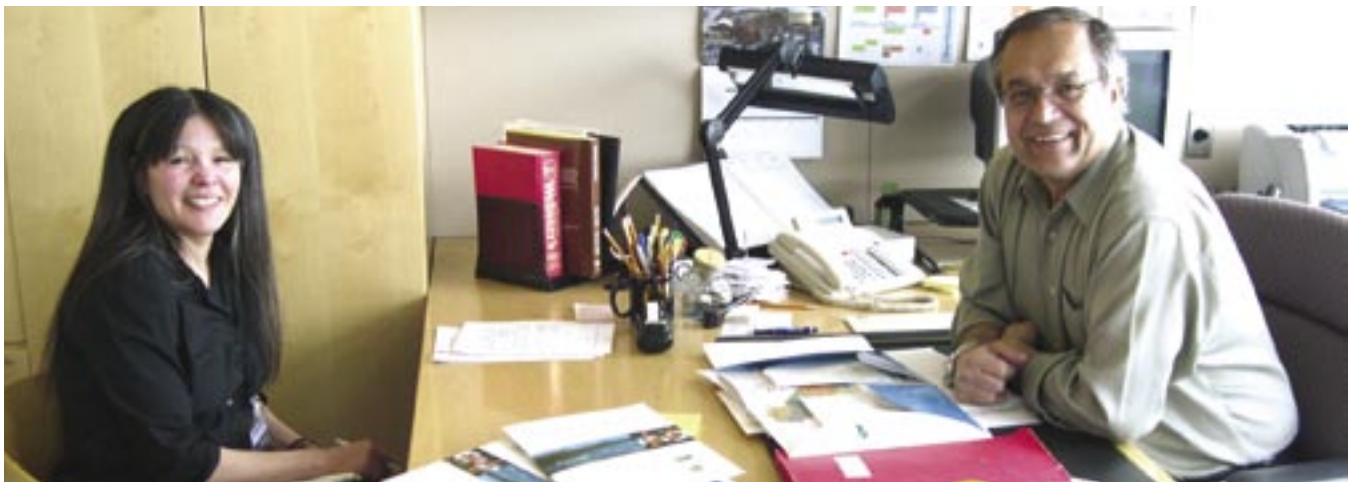
in improving its EIA processes, and strengthening its relationships with stakeholders.

Strengthening Relationships with First Nations and Other Organizations

In addition to attending annual First Nations Assemblies, Review Board members and staff met with Aboriginal leaders and residents in 13 communities to improve relationships and the public's understanding of Board operations. The Board visited Behchoko, Deline, Fort Good Hope, Fort McPherson, Fort Resolution, Fort Simpson, Hay River, Inuvik, Kakisa, Lutsel K'e, Norman Wells, Tulita and Yellowknife.

The Board held those public education and awareness discussions in concert with community meetings about assessing the social and economic impacts of proposed developments.

Board staff also met the Yellowknives Dene First Nation to review the results of the Drybones/Wool Bay EA.



Below left: Two Tlicho boys in Behchoko.

Below right: Review Board member Danny Bayha (left) chats with Denina Kué First Nation's Environmental Coordinator Patrick Simon in Yellowknife.

2. Increasing Participation in the Environmental Assessment Process

Building Awareness and Understanding

Developing and Implementing Broad-based Public Education and Awareness Programs

Board staff delivered eight educational presentations to school and government organizations in Yellowknife, Fort Smith, Behchoko and Fort Simpson. Board staff also initiated discussions with the territorial Department of Education, Culture and Employment to examine how the northern studies curriculum could include information about EIA.



Building Awareness through Annual Aboriginal Assemblies, Gatherings and Conferences

Board representatives attended:

- the Gwich'in Tribal Council's Annual General Assembly in Inuvik
- the Dene National Assembly in Deline
- the Assembly of First Nations Annual General Meeting in Yellowknife
- the Tlicho Annual Gathering in Behchoko

The Board also sent representatives to the following industry events to provide information:

- the Inuvik Petroleum Show
- the Far North Oil & Gas Forum in Calgary
- the Geoscience Forum in Yellowknife
- Exploration Roundup Mining Conference in Vancouver
- Prospectors and Developers Association of Canada conference in Toronto



Below left: Tlicho interpreter/translator Violet Mackenzie at the Board's Interpreter/Translator Workshop.

Below right: Young child at feast in Lutsel K'e.

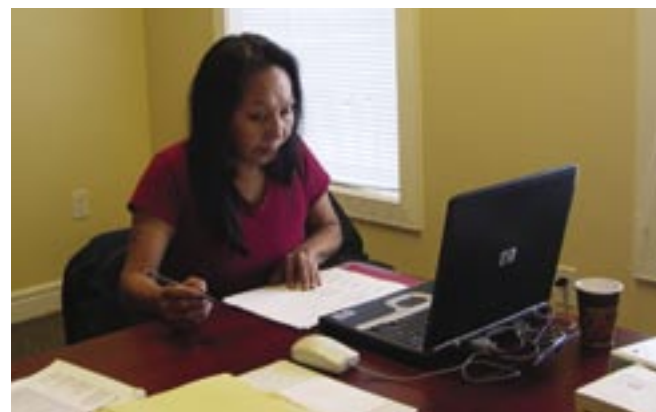
Talking the Talk

The Board recognizes that Mackenzie Valley residents speak many languages. To ensure that the Board is communicating effectively with Aboriginal-language speakers, the Board conducted four Interpreter/Translator Workshops over the past several years.

The workshops focus on translating technical terminology from English into the Dene languages of the N.W.T. The terminology is associated with the following:

- the oil-and-gas industry
- the mining industry
- the EIA process
- scientific research and study
- conservation

The Review Board produced the *Glossary of Terms Manual* in February 2006. The *Glossary* is a broad collection of the terms translated from English into the majority of the N.W.T.'s Aboriginal languages at the Board's Interpreter/Translator Workshops.



Enhancing Communication and Visibility in Mackenzie Valley Communities

Review Board members and staff began an extensive two-month community tour in September 2005 to discuss socio-economic impact assessment. More than 50 meetings with approximately 550 people happened in 13 communities.

Meeting with front-line workers – those dealing daily with social, economic and cultural impacts of development – was the tour's focus.

The Board summarized what it heard during the tour in a brief report. This report includes valuable information about communities in the Mackenzie Valley. This information is vital to drafting the *Socio-Economic Impact Assessment Guidelines* that the Board is planning to release in 2006-07.





Valley Talk Newsletter

The Review Board produces a monthly newsletter *Valley Talk*. Board staff post the newsletter on the Board's website mveirb.nt.ca, and sends electronic copies to people on an electronic distribution list. *Valley Talk* informs interested parties and individuals about recent Board activities and decisions, and the status of active EAs.

A New Look – Surfin' the Web

As part of its commitment to an open and transparent process, the Review Board overhauled its website.

The Board launched the new site in January 2006. Eventually, the site's public registry will contain information about every EA the Board has conducted. The new website is more user-friendly than the previous site, and has an improved search function.



Information Video

The Review Board produced a four-minute public awareness video to increase public understanding of the Board's mandate and responsibilities. CBC North Television broadcasts the video periodically. The video is available for viewing on the Board's new website. The Board also uses the video at conferences, tradeshows and other public events.

Promoting Community Participation

Informing Stakeholders of Board Processes and Requirements

Following an inclusive public-consultation process in July 2005, the Board released its *Guidelines for*

Incorporating Traditional Knowledge in Environmental Impact Assessment. This document outlines for stakeholders how they should include traditional knowledge in each phase of the EIA process: preliminary screening, EA and EIR.

Prior to Board hearings, Board staff met with stakeholders to ensure that stakeholders understood the process requirements and expectations.

The Review Board produced posters to increase public awareness in the communities. The Board is also developing plain-language brochures that describe the EA steps.

Board staff held focus-group meetings about the draft *Social-Economic Impact Assessment Guidelines* for stakeholders. More than 30 representatives from industry, government, Aboriginal and non-governmental organizations participated in these meetings.

3. Building Our Capacity

Keeping Pace with Workload Demands

Maintaining Capacity to Conduct Environmental Assessments and Support Board Activities

The Review Board is continuing to recruit qualified staff. These people help the Board maintain and improve the Board's daily operations. Anticipating additional workloads in 2006-07, the Board hired an environmental assessment assistant for a one-year term.

The Board is also supporting northern students interested in pursuing a career in EIA. The Board gives northern students summer employment opportunities.

The Board completed a comprehensive EIA "How To Manual" to orient new staff about the EIA process and practices of the Board. This manual also helps the Board ensure that staff are following standard EIA processes and practices consistently.

A Comprehensive Records-Management System

The Review Board implemented a comprehensive and modern records-management system for filing electronic, paper and other documents. Implementing this system is almost complete. The system is already improving the Review Board's ability to access, retrieve and track important Board documents.

Outside Service Providers

The Board maintains standing-offer agreements with key service providers including legal advisors, computer technicians, and communications consultants and designers.

Securing Long-Term Funding

Strategic and Business Planning

The Review Board continues updating its Strategic and Business Plans systematically to forecast and identify human resource and financial needs. Board members and staff meet INAC's Claims Implementation Branch representatives regularly to review the Board's resource requirements and shortfalls.

Below: Canoes landed on Behchoko shores during the Tlicho celebrating the Tlicho's new land-claim and self-government agreement August 2005.

Participant Funding

Based on the Board's experience conducting EAs, the Board has concluded that reliable participant funding is desirable in order to facilitate timely, effective and organized public participation in the Board's EA process.

The Review Board presented that rationale to the Minister of INAC in the Board's 2006-07 budget submission. The Board requested INAC increase its funding of the Board to support an on-going participant-funding program. INAC replied that it is reviewing this request.

Maintaining a Quality Work Environment

Comprehensive Policies

The Board reviews and updates its policies and by-laws periodically. During 2005-06, the Review Board evaluated its operational policies and by-laws.



FINANCIAL STATEMENTS

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Auditors' Report

To the Board of Directors of Mackenzie Valley Environmental Impact Review Board

We have audited the balance sheet of Mackenzie Valley Environmental Impact Review Board as at March 31, 2006 and the statements of operations - operating fund, and changes in property and equipment fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Yellowknife, Northwest Territories
May 5, 2006

Mackay LLP

Chartered Accountants

Statement of Operations – Operating Fund

For the year ended March 31,	Budget 2006	Actual 2006	Actual 2005
Revenue			
Department of Indian Affairs and Northern Development – Core	\$ 2,398,324	\$ 2,398,324	\$ 2,378,315
Department of Indian Affairs and Northern Development – Oil and Gas	-	-	725,000
Department of Indian Affairs and Northern Development – Joint Review Panel	1,721,744	1,721,744	900,000
Department of Indian Affairs and Northern Development – Extraordinary	525,000	525,000	-
Other	-	-	79,117
Deferred contribution from prior year	331,219	331,219	129,284
	4,976,287	4,976,287	4,211,716
Repayable surplus contribution	-	(666,399)	(226,781)
	4,976,287	4,309,888	3,984,935
Expenses			
Administration	165,377	112,499	144,662
Communications	101,695	110,380	76,989
Canadian Environmental Assessment Agency – 1/3 share of Joint Review Panel costs	1,721,744	1,055,345	673,219
Honoraria	652,931	459,328	521,028
Office rent	150,000	150,897	141,350
Professional fees	458,858	345,441	552,504
Salaries, wages and benefits	1,210,793	1,263,482	1,109,236
Travel - board	382,564	303,928	274,562
Travel - staff	102,325	110,356	104,640
	4,946,287	3,911,656	3,598,190
Excess of revenue over expenses before transfer	30,000	398,232	386,745
Transfer to property and equipment fund (Note 3)	(30,000)	(21,217)	(55,526)
Excess of revenue over expenses	-	377,015	331,219
Transfer (to) deferred contributions (Note 6)	-	(377,015)	(331,219)
Surplus	\$ -	\$ -	\$ -

Statement of Changes in Property and Equipment Fund

For the year ended March 31,	2006	2005
Balance, opening	\$ 164,588	\$ 151,306
Transfer from operating fund (Note 3)	21,217	55,526
Amortization	(53,263)	(52,081)
Repayment of financing agreements	5,785	9,837
Balance, closing	\$ 138,327	\$ 164,588

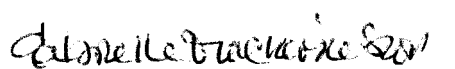
Balance Sheet

As at March 31,	2006	2005
Assets		
Current		
Cash	\$ 1,047,723	\$ 1,062,248
Accounts receivable (Note 4)	235,240	146,799
Prepaid expenses	6,958	-
	1,289,921	1,209,047
Property and equipment (Note 5)	138,327	170,372
	\$ 1,428,248	\$ 1,379,419
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 77,803	\$ 186,741
Contributions repayable	168,704	226,781
Joint Review Panel payable	666,399	464,306
Deferred contributions (Note 6)	377,015	331,219
Current portion of financing agreements	-	5,784
	1,289,921	1,214,831
Net Assets		
Property and equipment fund	138,327	164,588
	\$ 1,428,248	\$ 1,379,419

Approved on behalf of the Board



Director - John Stevenson:



Director - Gabrielle Mackenzie-Scott:

Notes to Financial Statements

For the year ended March 31, 2005

1. Organization and Jurisdiction

The Mackenzie Valley Environmental Impact Review Board (the “Board”) was established under the Mackenzie Valley Resource Management Act with a mandate to perform environmental assessments in the Mackenzie Valley of the Northwest Territories.

The Board is exempt from income tax under section 149(1) of the Income Tax Act.

2. Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Fund accounting

The Board uses fund accounting to segregate transactions between its operating fund and property and equipment fund.

(b) Property and equipment

Purchased property and equipment are recorded in the property and equipment fund at cost. Amortization is recorded in the property and equipment fund using the declining balance method at the annual rates set out in Note 5.

(c) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Board are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair value of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

(d) Recognition of contributions

The Board follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

3. Interfund Transfers

Amounts of **\$21,217** (2005 - \$55,526) were transferred from the Operating Fund to the Property and Equipment Fund for the acquisition of assets.

4. Accounts Receivable

	2006	2005
Goods and Services Tax	\$ 19,770	\$ 26,633
Travel Advance Receivable	3,968	-
Other	211,502	120,166
	\$ 235,240	\$ 146,799

5. Property and Equipment

				2006	2005
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	20%	\$ 102,072	\$ 78,447	\$ 23,625	\$ 29,530
Leasehold improvements	20%	92,475	59,982	32,493	40,617
Computer hardware	30%	246,300	169,153	77,148	96,737
Computer software	100%	17,098	12,037	5,061	3,488
		\$ 457,945	\$ 319,619	\$ 138,327	\$ 170,372

6. Deferred Contributions

Under Canadian Generally Accepted Accounting Principles for not-for-profit organizations, funding received for restricted purposes that has not been expended is required to be deferred. The amount of the contribution deferred for the year just ended was \$377,015 (2005 - \$331,219). The commitments of the Board under the funding agreement have been met; any remaining balance will be applied towards the planning and carrying out of duties and responsibilities assigned to the Board under the Gwich'in Comprehensive Land Claim Agreements, Implementation Plan, and related Act(s) of Parliament.

7. Statement of Cash Flows

A statement of cash flows has not been prepared as, in the opinion of management, it would not provide additional meaningful information.

8. Commitments

The Board has entered into a lease agreement for its premises. The office lease expires in September 2010 with minimum lease payments of \$87,760 per annum up to September 2007 and of \$100,924 per year for the remaining term of the lease.

9. Related Party Transactions

During the year, honoraria and travel expenditures were paid to a member of the Board of Directors who is an immediate family member of one of the Board's managers. These expenditures were in the normal course of business.

10. Budget

The budget presented is unaudited, and are those approved by the Board.

11. Economic Dependence

The Board is dependant upon funding in the form of contributions from the Department of Indian Affairs and Northern Development. Management is of the opinion that if the funding was reduced or altered, operations would be significantly affected.

12. Financial Instruments

Financial instruments consist of recorded amounts of accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, Joint Review Panel payable, and deferred contributions which will result in future cash outlays.

The Board is exposed to the following risks in respect of certain of the financial instruments held;

(a) Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Board is exposed to credit risk from one customer.

(b) Fair value

The Board's carrying value of cash, accounts receivable, accounts payable and accrued liabilities, Joint Review Panel payable, and deferred contributions approximates its fair value due to the immediate or short-term nature of these instruments.



Mackenzie Valley
Environmental Impact Review Board

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