

Mackenzie Valley

Environmental Impact Review Board

2003-2004 Annual Report





The MVEIRB's vision is:

Excellence in Environmental Impact Assessment that reflects the values of our residents, for a sustainable Mackenzie Valley.

The MVEIRB's mission is:

To conduct quality Environmental Impact Assessments that protect the environment and the social, economic, and cultural well-being of residents of the Mackenzie Valley and all Canadians.

The MVEIRB has also established the following statement of values:

We value:

- 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.

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Photo: Roland Semjanovs, MVEIRB



Ingraham Trail, Yellowknife

Photo: Roland Semjanovs, MVEIRB



East Arm, Great Slave Lake

Message from Chair

The Review Board has just come through one of its busiest years since the MVRMA came into effect in 1998. We completed seven environmental assessments, which is the most EAs the board has undertaken in one year. This included our largest assessment to date - the De Beers Canada Mining Ltd. Snap Lake Diamond Project. We also delivered on our commitments under the Cooperation Plan for the Environmental Impact Review of a Northern Gas Pipeline Project. At year's end, the Review Board members were busy holding regional public scoping sessions in Norman Wells, Inuvik and Fort Simpson.

During 2003-04, the Board said goodbye to three Board members and welcomed an additional four newcomers into our organization. I would like to acknowledge the hard work of our former members and thank them for the long hours

Photo: Roland Semjanovs, MVEIRB



Nahanni Butte

they dedicated to Board business. I would also like to thank the new members for their enthusiasm and commitment to the very important work that they have undertaken by accepting appointments to the Board.

We have seen some of our valued staff move on to new opportunities. The Board would like to thank each of them for their hard work and wish them success in their future endeavors. New staff have brought with them renewed vigor and fresh ideas. They are a welcome addition to our growing organization.

Over the past year the Board has managed to dispel the majority of perceived issues that previously haunted the environmental impact assessment process in the north through increased communication, the release of guiding documents, and, co-operative initiatives with outside parties. The Mackenzie Valley Environmental Impact Review Board continues to strive for the highest quality and efficiency in the environmental impact assessment process in the Mackenzie Valley.

The Review Board is committed to providing the vehicle for the people of the Mackenzie Valley, Aboriginal groups, industry and all Canadians to participate in an open and fair process that will ensure the benefits of development are shared by all in a socially and environmentally acceptable manner.

Membership

The Review Board underwent significant changes to its membership this fiscal year. Ms. Gabrielle Mackenzie Scott replaced Ms. Bertha Rabesca as the nominee of the Dogrib Treaty 11 Tribal Council in November 2003.

Ms. Bernadette Stewart replaced Mr. Gordon Wray as the federal member in November 2003. Mr. Jerry Loomis replaced Mr. Frank Pope on March 15, 2004 at the nomination of the territorial government.

The Minister of INAC appointed Mr. Percy Hardisty of Fort Simpson on the nomination of the Deh Cho First Nations in November 2003. Mr. John Ondrack of Yellowknife, as a nomination of the GNWT, was appointed to the Board in March 2004.

As of March 31, 2004, the Review Board had a complement of nine members. This marks the first time that the Board has had a full complement of board members, which incorporated additions as a result of the Deh Cho Interim Agreement.



*Jerry Loomis
– Norman Wells*

Staffing

The Review Board added several new employees over the past year. Ms. Camillia Zoe Chocolate was hired as an environmental assessment officer trainee and Ms. Therese Charlo was hired as an assistant administration officer. The new board office secretary is Ms. Linda Piwowar. Ms. Kimberley Cliffe Phillips is the new environmental assessment officer.



*Todd Burlingame
– Chair, Yellowknife*



*John Ondrack
– Yellowknife*



*Charlie Snowshoe
– Fort McPherson*



*Danny Bayha
– Deline*



*John Stevenson
– Yellowknife*



*Gabrielle Mackenzie
Scott – Yellowknife*



*Bernadette Stewart
– Yellowknife*



*Percy Hardisty
– Fort Simpson*

Preliminary Screenings

In the period from April 1, 2003 to March 31, 2004, the Review Board received 162 notifications of Preliminary Screenings. This is up from the 151 screenings received in 02/03 and down from the 220 received in 2001/02 and 186 screenings received in fiscal year 2000-2001. Please refer to the accompanying document for a summary list of this year's Preliminary Screenings.

Environmental Assessments

This has been a particularly busy year for the Review Board. It worked on 11 environmental assessments and completed seven; a twelfth was discontinued for lack of response on the part of the company and another referral to environmental assessment was taken to judicial review after the Board refused to accept it. The four current environmental assessments are scheduled for completion in the new fiscal year.

In Progress

EA03-009: Imperial Oil Ventures Ltd. Deh Cho Geotechnical Program

The Review Board called up on its own motion the Imperial Oil Ventures Ltd. (Imperial) Deh Cho

Geotechnical survey on February 26, 2004. The Board made the decision on the basis of public concern in response to letters received from several Deh Cho communities. This environmental assessment will consider the impacts from activities proposed by Imperial to investigate subsurface conditions in the Deh Cho Region in preparation for the Mackenzie Valley Pipeline. The proposed geotechnical work will include the use of heavy equipment and drills, creation of new access, and the construction of two portable 65-person camps.

Related issues include the potential effects on boreal caribou, social impacts on communities near temporary camps, impacts on

Photo: MVEIRB



EAO Marten Haefele, Inuvik hearings on the Mackenzie Gas Project



heritage and archaeological sites, and impacts on proposed protected areas and places of concern to communities. This EA will be completed in the fall of 2004.

EA03-008: Deh Cho Bridge Corporation - Mackenzie River Bridge Project

The Deh Cho Bridge Corporation has proposed to build a bridge over the Mackenzie River near Fort Providence. The proposed steel and concrete bridge would be 1,045 metres long and supported by eight piers in the Mackenzie River. This would be the largest bridge in northern Canada. The Department of Fisheries and Oceans referred this project to Environmental Assessment in January 2004.

Photo: Roland Semjanovs, MVEIRB



Traditional Knowledge Coordinator Karen MacArthur at GeoScience in Yellowknife

The environmental assessment is considering issues including possible accidents and malfunctions, effects on ice movements during river break-up, effects on river users, economic impacts on Fort Providence and other communities, socio-cultural impacts of all-weather access across the Mackenzie, and impacts on fish and wildlife. This environmental assessment is expected to be completed in the fall of this year.

EA03-007: Mackenzie Gas Project, Mackenzie Valley Gas Pipeline

The Mackenzie Gas Project - consisting of Imperial Oil, the Aboriginal Pipeline Group, Conoco Phillips, Shell Canada, and ExxonMobil - filed a Land Use Permit and Water Licence application with the Mackenzie Valley Land and Water Board for a barge landing and staging site at Camsell Bend in July 2003. This was to be the “trigger” application that would initiate the environmental assessment of the Mackenzie Valley gas pipeline project. The Mackenzie Valley Land and Water Board referred the development to the Review Board for environmental assessment in December of 2003.

The Review Board scheduled scoping sessions for Norman Wells, Inuvik and Fort Simpson during March and April 2004. At fiscal year end, the Fort Simpson public session remained to be completed.

Photo: Roland Semjanovs, MVEIRB



Board members Bernadette Stewart and Danny Bayha in Deline

EA03-005: Paramount Resources, Cameron Hills Extension

Paramount Resources operates an oil and gas gathering system in the Cameron Hills area south of Hay River. In April 2003 Paramount applied to the Mackenzie Valley Land and Water Board to amend existing Land Use Permits and Water Licences to allow drilling of an additional five wells. The Land and Water Board concluded that the development required an Environmental Assessment to address the cumulative effects of adding these and possibly other wells at a later date.

The MVEIRB initiated an Environmental Assessment in June 2003. Paramount

Resources submitted a development description that included developing up to 48 additional wells and associated flow lines. The Board held hearings in Kakisa and Hay River in February 2004 and found that people were concerned about air quality, caribou, cumulative effects and economic benefits. At the end of the reporting

period the public record had been closed and the Review Board had entered into its deliberations prior to developing its Report of Environmental Assessment.

Completed Environmental Assessments

The Review Board completed seven environmental assessments during this fiscal year. Of these, three Reports of Environmental Assessment and Reasons for Decision submitted to the Minister of INAC have been approved. Four other completed environmental assessments are waiting upon ministerial decision.

EA01-004: De Beers Canada Mining Ltd. Snap Lake Diamond Mine

In May 2001, De Beers Canada Mining Inc. applied for a land use permit to construct a 3,000 tonne/day diamond mine, with an operating life of 22 years, to be located on the tundra 220 km northeast of Yellowknife. This includes a camp for 350 people, an airstrip, permanent and winter roads, mine-related buildings including a process plant, a water treatment plant, and a waste disposal system. This will also include a large waste rock pile and settling ponds.

The Review Board's assessment looked at impacts on water and aquatic life, impacts on wildlife, including carnivores and the Bathurst caribou herd, economic impacts on the NWT and communities, social impacts on communities, cumulative effects and other issues.

The Review Board held a week of hearings in April 2003 with Aboriginal groups, the developer,

Photo: John Stevenson



Board member Bernadette Stewart, Communications Officer Roland Semjanovs and Board member Percy Hardisty at Cordillera

government and NGOs. In July 2003, it produced a Report of Environmental Assessment, suggesting that the development be approved only with a range of recommended mitigation measures. These focused on water quality, wildlife, completion of a Socio-Economic Agreement, and regional cumulative effects monitoring. The Minister accepted the Board's report on October 10, 2003.

EA03-001: Northrock Resources, Summit Creek Exploratory Well

The Northrock Resources Summit Creek exploratory oil and gas well was initially referred on March 21, 2003. This environmental assessment was the first referred out of the Sahtu by the Sahtu Land and Water Board. A public hearing was held in Norman Wells in October.

In September 2002 Northrock Resources Ltd. applied to the Sahtu Land and Water Board (SLWB) for a Land Use Permit and a Water Licence to construct approximately 75 kilometers of temporary winter access road and to drill a 3,000-meter deep exploratory oil or gas well. The SLWB's Preliminary Screening Report concluded that there might be significant public concern in the nearby community of Tulita and the development should be subjected to an Environmental Assessment.

The MVEIRB initiated an Environmental Assessment in March 21, 2003 focusing on three issues

that were raised by Tulita. These were: that part of the proposed access route was different from what had been used in previous years; there would be impacts on traditional land use, particularly on harvesting of wildlife; and, there would be impacts on culturally important areas.

The MVEIRB recommended in its report that the development be approved provided that the developer uses the shorter access route and has it and the well site surveyed by a qualified archeologist prior to any work, and, that the developer identify and pay compensation to those people who traditionally hunted in the area in accordance with the Sahtu Dene and Métis Comprehensive Land Claim Agreement. The report was issued in August 8, 2003 and accepted on September 5, 2003.

EA03-002: Consolidated Goldwin Ventures Ltd. Drybones Bay exploratory drilling program

Consolidated Goldwin Ventures Ltd. Drybones Bay exploratory drilling program was initially referred on June 30, 2003. The report was submitted on February 11, 2004 and accepted on March 26, 2004. The Review Board held a joint public hearing in December 2003

Photo: Alan Ehrlich, MVEIRB



Drybones Bay on Great Slave Lake

Photo: Roland Semjanovs, MVEIRB



Translators Workshop participants

where New Shoshoni Ventures and North American General Resources projects were also reviewed. As part of this joint assessment, the Review Board contracted a cumulative effects study of the Wool Bay and Drybones Bay areas to bring information before the Board.

Completed Environmental Assessments Waiting for Ministerial Approval

There are four Reports of Environmental Assessment waiting for the approval of the Minister of Indian and Northern Affairs as of fiscal year end. Some have gone to a “consult-to-modify” process where the department has sought clarification from the Review Board on its recommendations.

EA02-002: WesternGeco Ltd. River Seismic Survey

WesternGeco Ltd., proposed to conduct a river seismic survey 1,500 km down the Mackenzie and

Liard Rivers. The company would use air guns firing into the water and floating microphones to pick up the vibrations from below the river bottom. The National Energy Board and Department of Fisheries Oceans referred the development to the Review Board on June 26, 2002 because information gaps about the impacts of air guns led them to conclude that the project might cause significant adverse environmental impacts. The EA was put on hold at the request of the company in order to complete a test program and then was reinstated in December 2002.

WesternGeco conducted research on what the noise will do in the river, the physical effects of air guns on fish, the effects of air guns on fish movements, and the effects of air guns on wildlife. The company’s acoustic studies have helped to clarify how sound from the air guns will behave in the river, but were insufficient to determine whether or not the air guns will harm fish.

This environmental assessment also dealt with compensation for damaged fishing equipment or reduced fishing catch, impacts to the spiritual well being of the Dene and Métis people of the Deh Cho region, and impacts on wildlife in the river.

The Review Board proposed certain measures to reduce impacts. These included a program for monitoring, evaluation and management, designed cooperatively with, and supervised by, the Department of Fisheries and

Oceans. The Report of EA was submitted on June 30, 2003 and discussions have concluded with the National Energy Board as to how the parties will proceed on the consultation of this report before it is accepted.

Diamond Exploration in the Wool and Drybones Bay Areas by

EA03-003: North American General Resources Corp. (NAGRC),

EA03-004: New Shoshoni Ventures Ltd. (NSV) and

EA03-006: Snowfield Development Corp. (SDC)

Public concern about development in Drybones Bay and Wool Bay, which are areas of cultural, spiritual and environmental importance, lead to a series of referrals between April and June 2003. The four proposed diamond exploration projects were:

- Consolidated GoldWin Ventures Ltd. Drybones Bay exploratory drilling program (April 10, 2003);
- North American General Resources Corporation Wool Bay exploratory drilling (April 21, 2003);
- New Shoshoni Ventures Drybones Bay exploratory drilling project (May 28, 2003); and,
- Snowfield Development Corporation's Drybones Bay exploration development (June 30, 2003).

Consolidated GoldWin Ventures and North American General Resources proposed a three-to-five-hole

program, mainly on ice, over one to two years during the winter. New Shoshoni Ventures proposed to drill up to ten exploratory holes, mainly on ice, with potential line cutting to prepare for future work, supported by an eight-person camp over a period of five years. Snowfield Development Corporation proposed a five-year program that included drilling 98 holes, bulk sampling, road construction, and a semi-permanent camp with sumps and a storage area.

Aboriginal parties were concerned about the potential for cumulative impacts from increasing mineral exploration and other land use in the vicinity of Yellowknife. Unresolved land ownership and the absence of a land use plan elevated the public concern. These concerns, along with the closeness of the proposed projects, prompted the Review Board to contract a cumulative effects study of the Wool Bay and Drybones Bay areas to gain a regional perspective.

The Review Board held a joint public hearing in November 2003 where Consolidated GoldWin Ventures, North American General Resources, and New Shoshoni Ventures projects

Photo: Roland Semjanovs, MVEIRB



Board members and legal counsel in Deline

Activities 2003 - 2004

Photo: Roland Semjanovs, MVEIRB



Tibbet to Contwoyto winter road at portage 34

were reviewed. The public hearing for the Snowfield Development Corporation's project followed in Yellowknife on January 13, 2004.

The evidence presented showed a level of concern disproportionate to the size and physical impacts of the proposed exploration projects. The importance of the Drybones Bay and Wool Bay areas to the culture of the Akaitcho and Métis peoples near Yellowknife elevated the level of concern. Much of the evidence highlighted the vulnerability of largely undocumented archaeological, burial and cultural resources in an important traditional use area.

The Review Board found that the Consolidated GoldWin Ventures, North American

General Resources and Snowfield Development Corporation projects would or could result in significant negative impacts to archaeological or burial sites. Recommendations were made to provide additional protection for heritage resources. New Shoshoni Ventures exploration project was found to be in an area so culturally sensitive

that the adverse effects of the project would be so substantial that the project was not warranted. The New Shoshoni Ventures project has the distinction of being the first that the Review Board has proposed to reject.

The reports for Consolidated GoldWin Ventures, North American General Resources, and New Shoshoni Ventures were submitted on February 11, 2004. The report for Snowfield Development Corporation followed on February 26, 2004. CGV was accepted on March 26, 2004. The Minister's response to the remaining reports will be out this fiscal year.

Photo: Roland Semjanovs, MVEIRB



Along the Dempster Highway south of Fort McPherson

Other Developments

EA02-001: Northern Rivers Survey Ltd. Seismic Survey

Northern Rivers Survey Ltd. seismic survey of the Liard and South Nahanni Rivers was initially referred on April 08, 2002. The assessment was put on hold at the company's request on November 4, 2002 and finally terminated by the Review Board on January 5, 2004 due to non-responses from the company for renewing the assessment.

BD03-002: Con Miramar Abandonment and Restoration Plan

Con Miramar Abandonment and Restoration Plan was referred to environmental assessment by the City of Yellowknife. The Review Board held a paper hearing to determine whether it could accept the referral. The Board, in a written decision, decided that it could not because of several legal issues. The City of Yellowknife subsequently appealed this decision to the Supreme Court of the NWT. A court date was set for April 21, 2004 to hear the issues surrounding this referral but was later deferred to June.

Site visits

Two members of the Board visited a TransCanada Pipelines pipeline installation development outside of Calgary in April. Members visited the Drybones Bay and Wool Bay areas for the environmental assessments of four projects in that area in September. Members did an overflight of the Paramount Resources Ltd. Cameron Hills expansion program in October.

Board Activities

Board members participated in 18 board meetings and 15 teleconferences during the fiscal year. The meetings were held to discuss the full schedule of environmental assessments that the Review Board had to deal with. Several of the Board meetings were held in conjunction with public hearings, which the Board held over the course of the year. The Review Board held its March meeting in Deline and hosted a community open house in conjunction with this meeting.

Photo: Roland Semjanovs, MVEIRB



Translators and transcribers at Norman Wells public hearings on MGP

Photo: Roland Semjanovs, MVEIRB



Contu Lake

Photo: MVEIRB



Along the Liard Highway

Strategic Planning

The Review Board prepares a business plan each year, which outlines expenditure and policy priorities for the coming three years. The Board has identified five broad categories under which it proposes initiatives to meet these goals. These are: provide leadership in environmental management; develop and implement effective EIA processes and procedures; enhance Board communications; enhance effective working relationships and partnerships; and, secure resources and develop capacity.

Photo: MVEIRB



Traditional Knowledge Coordinator Karen MacArthur, Administration Officer Bridgette Laroque and Vice-Chair Gabrielle Mackenzie Scott redefining relationships in Ottawa

Review Board Budget

The Business Plan is submitted to the Minister of INAC each year along with an expenditure plan and budget. The budget for fiscal year 2003-2004 was \$2,378,315. This was supplemented by an additional \$700,000 from INAC Northern Region to address capacity issues in preparation for the anticipated assessment of the Mackenzie Valley gas pipeline. Detailed financial accounts accompany this report.

Governance Committee

The Review Board established a Governance Committee to guide members and the Board into developing the appropriate accountability mechanisms for members' responsibility. The Committee will be developing job descriptions for the Chair, Vice-Chair, Committee Chairs, Executive Director and Members. The Governance Committee will also be developing appropriate policies and guidelines for the Board. Ms. Bernadette Stewart is the Chair of the Governance Committee. Members are: Ms. Gabrielle Mackenzie Scott, Mr. Percy Hardisty and Mr. John Ondrack.

Consequential Amendments arising out of the Tlicho Land Claim

As a result of the Tlicho land claim and self-government agreement signed in August 2003, there will be amendments made to the Mackenzie Valley Resource Management Act. These consequential amendments are made to incorporate the unique self-government structures created under the Tlicho claim to interact with the MVRMA. The Review Board reviewed and commented on the proposed amendments to the MVRMA.

Lessons Learned

The Review Board conducted a lessons-learned workshop on the Snap Lake environmental assessment during its Deline Board meeting. The results of this workshop will feed back into providing guidance for future Board EAs.

Environmental Assessment Guidelines

The Guidelines for Environmental Impact Assessment in the Mackenzie Valley was completed this fiscal year after several rounds of consultation and was put out for public comment.

The Board's Draft Reference Bulletin for Seismic Operations in the Mackenzie Valley was released for public comment this year. As a result of comments received, the document is being revised and will be issued early in the new fiscal year.

The various documents referenced here are available on the Review Board's web site at www.mveirb.nt.ca.

Photo: Martin Haefele, MVEIRB



Board Members, legal counsel and executive director at Tulita airport

Photo: Roland Semjanovs, MVEIRB



Board Chair Todd Burlingame

Northern Pipeline Environmental Impact Assessment and Regulatory Chairs' Committee

The Chairs' Committee dissolved itself to be replaced by an Executive Committee. This group will provide the ongoing direction to the Northern Gas Pipeline Secretariat office, which was opened in Yellowknife in September.

Traditional Knowledge

The Review Board organized a three-day translators workshop in November to develop terms and phrases in the Mackenzie Valley Aboriginal languages for words frequently used in environmental impact assessment. The Board plans to continue this initiative in the coming fiscal years. This was the second of such workshops held.

The Draft Guidelines incorporating traditional knowledge in the Environmental Impact Assessment Process were finalized and are being put out for public comment in the new fiscal year.

Ms. Karen MacArthur, the Review Board's Traditional Knowledge Coordinator for the past two and a half years, left to pursue other career opportunities in the private sector.

Public Information

Members and staff attended or made presentations at the following venues over the year:

- April Minister of Indian and Northern Affairs, Robert Nault in Yellowknife
- Cumulative Environmental Assessment Management Framework workshop, Inuvik
- May Information visits to Deh Cho communities of Fort Simpson, Nahanni Butte, Fort Liard and Trout Lake.
- MACA School of Community Government, Inuvik
- North Slave Region Program Partners Forum, Yellowknife
- Canadian Institute of Administrative Justice workshop, Yellowknife
- June Oil and Gas Symposium, Inuvik
- August Gwich'in Tribal Council Annual General Assembly, Tsiigehtchic
- October Federal departments' consultation initiative meeting, Fort Smith
- November Geoscience Forum, Yellowknife

Translators workshop,
Yellowknife

MACA School of
Community Government
workshop, Hay River

Working with the Media
workshop, Yellowknife

December Petroleum Industry
Training workshop,
Yellowknife

January Exploration Roundup
Mining Conference,
Vancouver

Great Bear Lake
Management workshop,
Deline

March Prospectors and
Developers Association
of Canada Conference,
Toronto

Arctic Gas Symposium,
Calgary

Open House, Deline,
in conjunction with a
regular Board meeting

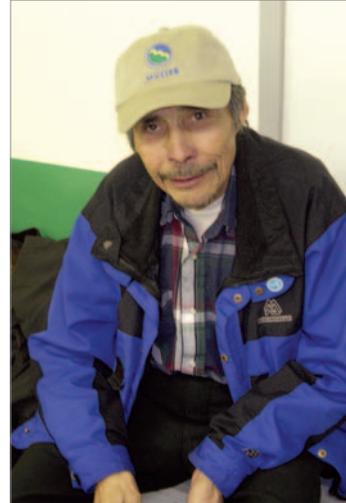
The Next 12 Months

The MVEIRB will be completing its scoping report on the Mackenzie Gas Project. This report will go to the federal Minister of INAC with a request to enter into negotiations with the federal Minister of The Environment to establish a joint panel with the Canadian Environmental Assessment Agency to undertake the review of the Mackenzie Gas Project.

The Review Board will be finalizing the Environmental Impact Statement Terms of Reference for the Joint Review Panel. The Board will be selecting three members of the seven-member joint review panel. This panel will be tasked with doing an environmental impact review of the Mackenzie Valley Gas Pipeline Project.

The two ongoing projects carrying over into the new fiscal year are the Mackenzie River Bridge project and the Deh Cho Geotechnical Survey. These are scheduled to be completed before the end of the new fiscal year. The Mackenzie Gas Project environmental assessment is scheduled for completion in May of 2004.

Photo: Roland Semjanovs, MVEIRB



at Deline



Along the Tulita to Norman Wells winter road

Financial Statements

March 31, 2004

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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 The Mackenzie Valley Environmental Impact Review Board as at March 31, 2004 and the statement of operating fund operations, and the statement of 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, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

The audit report dated June 21, 2004 has been withdrawn and that the financial statements have been revised. The revision was from the revision of the accounts receivable and contribution revenue.

*MacKay LLP
Yellowknife, Northwest Territories
Chartered Accountants
June 21, 2004
August 24, 2004*

Photo: Martin Haeefe, MVEIRB



Public Hearing on Northrock Summit Creek exploration well in Tulita

Statement of Operating Fund Operations

For the year ended March 31,	Budget 2004	Actual 2004	Actual 2003
Revenue			
Indian and Northern Affairs Canada Core (Note 3)	\$ 2,495,031	\$ 2,495,031	\$ 3,020,700
Indian and Northern Affairs Canada Oil and Gas (Note 3)	700,000	700,000	-
Other reimbursement	-	57,398	214,765
Repayment to Indian and Northern Affairs Canada of disallowed expenses	-	-	(23,000)
Deferred contribution from prior year	-	351,959	29,734
	3,195,031	3,604,388	3,242,199
Expenses			
Administration	158,734	213,110	105,108
Contract services	1,001,597	960,204	1,004,037
Honoraria	402,000	445,125	383,500
Office rent	145,660	140,665	121,313
Professional fees	184,467	310,829	132,889
Public awareness	141,600	109,020	142,049
Salaries, wages and benefits	1,030,779	1,008,939	653,063
Training	36,000	4,213	3,230
Travel board	301,595	179,509	149,532
Travel staff	136,963	69,246	57,211
	3,539,395	3,440,860	2,751,932
Excess of revenue (expenses) before transfer	(344,364)	163,528	490,267
Transfer to property and equipment fund (Note 4)	(30,000)	(34,244)	(138,308)
Excess of revenue over expenses	(374,364)	129,284	351,959
Transfer (to) from deferred contributions (Note 7)	374,364	(129,284)	(351,959)
Surplus	\$ -	\$ -	\$ -

Financial Statements

Statement of Changes in Property and Equipment Fund

For the year ended March 31,	2004	2003
Balance, opening	\$ 181,228	\$ 79,319
Transfer from operating fund (Note 4)	34,244	138,308
Amortization	(48,544)	(36,399)
Financing agreements related to capital assets	(18,205)	-
Repayment of financing agreements	2,583	-
Balance, closing	\$ 151,306	\$ 181,228

Balance Sheet

As at March 31,	2004	2003
Assets		
Current		
Cash	\$ 4,728	\$ 324,494
Accounts receivable (Note 5)	301,349	222,960
	306,077	547,454
Property and equipment (Note 6)	166,927	181,228
	<u>\$ 473,004</u>	<u>\$ 728,682</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 176,793	\$ 177,290
Deferred contributions (Note 7)	129,284	351,959
Current portion of financing agreements	15,621	2,584
	321,698	531,833
Financing agreements (Note 8)	-	15,621
	<u>321,698</u>	<u>547,454</u>
Net Assets		
Property and equipment fund	151,306	181,228
	<u>\$ 473,004</u>	<u>\$ 728,682</u>

Approved on behalf of the Board

T. Barkham Director

Gabrielle Mackenzie Scott Director

I. Organization and Jurisdiction

The Mackenzie Valley Environmental Impact Review Board (“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, except for leasehold improvements which use the straight line method, at the annual rates set out in Note 6.

(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.

(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. Budgeted Revenue

The Board receives funding from Indian and Northern Affairs Canada for their core activities as well as for various other projects. The allocation of current year revenue is as follows:

	2004
Core funding	\$ 2,495,031
Oil and Gas Capacity	700,000
Total funding received	\$ 3,195,031

4. Interfund Transfers

Amounts of \$34,244 (2003 \$138,308) were transferred from the Operating Fund to the Property and Equipment Fund for the acquisition of assets.

5. Accounts Receivable

	2004	2003
Goods and Services Tax	\$ 68,411	\$ 59,871
Other	232,938	163,089
	\$ 301,349	\$ 222,960

6. Property and Equipment

			2004	2003	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	20%	\$ 102,071	\$ 65,158	\$ 36,913	\$ 46,143
Leasehold improvements	20%	92,475	41,704	50,771	63,463
Computer equipment	30%	186,655	107,412	79,243	71,622
		\$ 381,201	\$ 214,274	\$ 166,927	\$ 181,228

7. 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 of \$129,284. 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.

Notes to Financial Statements

8. Financing Agreements

	2004	2003
Dell Financial Services Canada, repayable in monthly instalments of \$320 including interest at 28% due April 2007. Property with a net book value of \$7,301 has been provided as collateral.	\$ 7,460	\$ 8,590
Dell Financial Services Canada, repayable in monthly instalments of \$363 including interest at 28% due February 2007. Property with a net book value of \$8,259 has been provided as collateral.	8,161	9,615
	15,621	18,205
Less current portion	15,621	2,584
	\$ -	\$ 15,621

9. 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.

10. Commitments

The Board has entered into a lease agreement for its premises. The office lease expires in September 2005 with minimum lease payments of \$77,119 per annum and estimated operating costs of \$63,546 per annum. The Board has entered into a lease agreement for office equipment. The office equipment lease is for \$1,245 monthly and expires in October 2005.

11. Budget

The budget presented is unaudited, and are those approved by the Board. Budget figures do not include revenues and expenses of special projects funded by Indian and Northern Affairs Canada.

12. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

13. Economic Dependence

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

14. Subsequent Events

Subsequent to year end the Board paid off their financing agreements in full. As a result of this activity, the remaining balance of the financing agreements has been classified as current in the financial statements.





Mackenzie Valley
Environmental Impact Review Board

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