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March 17, 2023

File: MV2022C0021
MV2022L8-0008
MV2022L8-0009

Mark Cliffe-Phillips
Mackenzie Valley Review Board
200 Scotia Centre
Box 938, 5102-50th Avenue
Yellowknife NT X1A 2N7

Sent by email

Dear Mark Cliffe-Phillips,

Re: Yellowknife Lithium Project – Notice of Preliminary Screening Determination – Amendment Applications for Land Use Permit and Water Licences – Mining Exploration – Yellowknife, NT

The Mackenzie Valley Land and Water Board (Board) met on May 11, 2023 and considered the Amendment Application Packages from EREX International Ltd. (EREX) for Land Use Permit (Permit) MV2022C0021, Water Licence MV2022L8-0008, and Water Licence MV2022L8-0009 for the Yellowknife Lithium Project in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA).

The Board conducted a preliminary screening based on the public record for the proceeding. Based on the evidence provided, the Board is satisfied the screening has been completed according to section 125 of the MVRMA and has decided **not to refer** the changes to the Project to environmental assessment. The Board's Preliminary Screening Determination and Reasons for Decision, as required by section 121 of the MVRMA, is attached.

If the Board does not receive notice of referral to environmental assessment, it can proceed with issuance of the Amendment for Permit MV2022C0021, Licence MV2022L8-0008, and Licence MV2022L8-0009 on **May 29, 2023**.

The Board and staff look forward to continued communications throughout the pause period. Please contact Kathy Racher via [email](#) or at (867) 766-7457 with any questions or concerns regarding this letter.

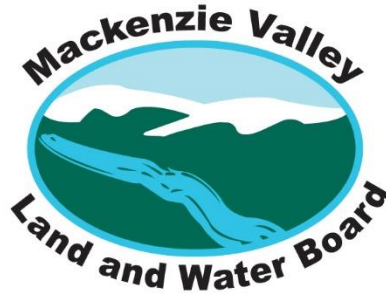
Yours sincerely,

A handwritten signature in blue ink that reads "Tanya MacIntosh". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Tanya MacIntosh
Chair, Mackenzie Valley Land and Water Board

BCC'd to: Akaitcho Distribution List
Carl Verley, EREX International Ltd.
Denise Lockett, EREX International Ltd.

Attached: Preliminary Screening Determination and Reasons for Decision



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Preliminary Screening Determination and Reasons for Decision

Water Licence and Land Use Permit Amendment Applications	
File Number	MV2022L8-0008 MV2022L8-0009 MV2022C0021
Company	EREX International Ltd.
Project	Yellowknife Lithium Project
Location	Yellowknife, NT
Activity	Mineral Exploration
Date of Decision	May 11, 2023

1.0 Decision

In accordance with subsection 124(1) of the *Mackenzie Valley Resource Management Act* (MVRMA), the Mackenzie Valley Land and Water Board (MLWB or Board) met on May 11, 2023 to make a preliminary screening determination on the Amendment Applications from EREX International Ltd. (Applicant) for Land Use Permit MV2022C0021 (Permit)¹, Water Licence MV2022L8-0008², and Water Licence MV2022L8-0009³ for the Yellowknife Lithium Project (Project).⁴

The Board has determined that some Project activities and areas are exempt from preliminary screening because they were previously screened. The Applicant has proposed new Project activities and areas, however, and the Board has decided not to refer the proposed changes to the Project to the Mackenzie

¹ See MVLWB Online Registry www.mvlwb.com for [EREX – Amendment Application – Cover Letter – Mar 6 23](#).

² See MVLWB Online Registry for [EREX – Amendment Application – Licence Application Form \(non-federal\) – Mar 3 23](#).

³ See MVLWB Online Registry for [EREX – Amendment Application – Licence Application Form \(federal\) – Mar 3 23](#).

⁴ The Project is the Yellowknife Lithium Project, which is the proposed development, where “development” is defined in Part 5 of the MVRMA as:

“any undertaking, or any part or extension of an undertaking, that is carried out on land or water and includes an acquisition of lands pursuant to the *Historic Sites and Monuments Act* and measures carried out by a department or agency of government leading to the establishment of a park subject to the *Canada National Parks Act* or the establishment of a park under a territorial law.”

Valley Environmental Impact Review Board (the Review Board) for Environmental Assessment because, based on the evidence, it is the Board's opinion that the proposed changes to the Project will not have a significant adverse impact on the environment or be a cause of public concern.

The Board's determinations, including reasons for its decisions, are detailed in sections [2.0](#) and [3.0](#).

2.0 Background and Scope of Screening

On January 3, 2023 the Board issued a type A Permit and two type B Licences to EREX to conduct mineral exploration activities to estimate lithium resources in pegmatite dykes on 13 mineral leases east of Yellowknife, known as the Yellowknife Lithium Project (the Project). Licence MV2022L8-0008 is for the non-federal areas of the Project, and Licence MV2022L8-0009 is for the federal areas. The Board conducted a preliminary screening for the Yellowknife Lithium Project Applications on December 22, 2022.⁵

Activities authorized under the Permits and Licences include diamond core and reverse circulation drilling, saw-cut channel sampling, trenching, and use of explosives. EREX is authorized to open and maintain the existing Thompson-Lundmark winter access road north of Hidden Lake and use a camp previously used for reclamation work at Hidden Lake Gold Mine as the main Project camp for a drilling program on mineral leases north of Hidden Lake. EREX obtained an access agreement for the Hidden Lake camp site with Crown Indigenous Relations and Northern Affairs Canada (CIRNAC). Finally, the Project includes two smaller drill programs; one in the Bighill Lake area near the Ingraham Trail, and another located approximately 110 km east of Yellowknife near Tanco Lake.

On March 3, 2023 EREX applied to amend the Licences and Permit to add water sources to the Licences, update the equipment list, update the maximum fuel volume for the Project, and include additional mineral leases under the Permit and Licences.

An Engagement Plan and Record were included in the Application.⁶ EREX noted they engaged with the following Parties:

- Tłıchǫ Government (TG)
- Akaitcho Dene First Nation (IMA Screening Board)
- Yellowknives Dene First Nation (YKDFN)
- Denínu Kúé First Nation (DKFN)
- Łutselk'e First Nation (LKFN)
- North Slave Métis Alliance (NSMA)
- NWT Métis Nation (NWTMN)
- Fort Resolution Métis Government (FRMG)
- Pontoon Lake/Ingraham Trail Cabin Owners

⁵ See MVLWB Online Registry for [EREX – Notification – Preliminary Screening Determination – Dec22 22](#).

⁶ See MVLWB Online Registry for [EREX – Amendment Application – Engagement Plan and Updated Record – Version 2 – Mar 17 23](#).

As evidenced through the Engagement Log, EREX began engaging with Parties about the Amendment Applications on February 23, 2023 outlining the Applications; follow-up with Parties occurred as required until March 9. The Engagement Log also included a summary of in-person meetings with NSMA, YKDFN, and the Ingraham Trail Cabin Owners from February 7-10, that included discussion about the upcoming Amendment Applications.

The Board did not identify outstanding engagement concerns in the Engagement Plan and Record.

The Applications includes proposed changes to the Project. Under Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the MVRMA, project areas and activities that have already been subject to Part 5 of the MVRMA are exempt from preliminary screening. The new Project activities and areas require screening by the Board in accordance with subsection 124(1) of the MVRMA.

In accordance with paragraph 125(1)(a) of the MVRMA, the Board must conduct a preliminary screening of the proposed changes to the Project to determine and report to the Review Board whether, in its opinion, the proposed changes to the Project might have a significant adverse impact on the environment or might be a cause of public concern. The details of the Board's analysis are set out in section [3.0](#) below.

2.1 Scope of Screening:

Previously Screened or Assessed Areas and Activities:

For the Permit and Licences Applications, the area impacted by the Project is shown in Figure 1 of the Updated Project Description (Map outlining the Yellowknife Project area and EREX's leases).⁷

Activities that the Board understands to have been previously considered for this area to be impacted by the Project,⁸ and which therefore do not require preliminary screening at this time, are listed below.

- Drilling, including diamond core and reverse circulation drilling;
- Saw-cut channel sampling;
- Trenching;
- Use of explosives;
- Use of equipment, vehicles, and machines;
- Use and storage of fuel;
- Construction, operation, and maintenance of winter roads;
- Construction, operation, and maintenance of camps;
- Withdrawal of water for drilling and camp consumption;
- Depositing of drill cuttings and Sewage into Sumps; and
- Progressive Reclamation and associated closure and reclamation activities.

⁷ See MVLWB Online Registry for [EREX – Permit and Licence Application – Updated Project Description – Nov 17 22](#).

⁸ See MVLWB Online Registry for [EREX – Notification – Preliminary Screening Determination – Dec22 22](#).

New Areas and Activities:

Through an option agreement⁹, EREX can now work on mineral leases owned by Perlis Enterprises Ltd., as shown on Figure 1 of the Amendment Application Project Description (Map outlining Yellowknife Lithium Project area (red rectangle), EREX's (solid red rectangles) & Perlis's leases (yellow)).¹⁰ EREX will conduct mineral exploration work on the new leases, including the activities that were previously screened by the Board for the original leases.

EREX's Amendment Application included additional water sources to be used mainly used for winter road construction and maintenance, as identified in the table titled "Water Sources List" in EREX's Amendment Application Cover Letter.¹¹ Further, EREX applied for the water use at Hidden Lake to increase so it may be used in winter operation for winter road construction, and possibly for drilling. Additional equipment was included in EREX's Amendment Applications, as identified in the table titled "List of Additional Equipment" in the Cover Letter.¹²

2.2 Public Record and Regulatory Proceeding

To assist the Board in its preliminary screening determination for the Project, the Board distributed the Applications and a draft Licence and Permit for public review on March 9, 2023, inviting reviewers to provide comments and recommendations on the Applications and the preliminary screening (e.g., on impacts and mitigation measures) using the Online Review System (ORS). Following an Extension Request received and approved by the Board on March 28, 2023, from the Yellowknives Dene First Nation (YKDFN)¹³, comments were due April 14, with responses from the Applicant due April 21. The Board received comments and recommendations from the CIRNAC Inspector, Government of the Northwest Territories (GNWT) Department of Environment and Climate Change (ECC), CIRNAC (Yellowknife), YKDFN, Department of Fisheries and Oceans Canada (DFO), and a member of the public (attached).¹⁴ Board staff also submitted comments and questions for the purposes of clarification.

The Board is satisfied that a reasonable period of notice was given to affected communities and First Nations, as required by subsection 63(2) of the MVRMA.

Pursuant to Schedule 4.1 of the Northwest Territory Métis Nation (NWTMN) Interim Measures Agreement, the Board determined that written notice was given to the NWTMN and that a reasonable period of time was allowed for NWTMN to make representations with respect to the Applications.

Pursuant to subsection 1.6, paragraphs (a) and (b) of the Akaitcho Territory Dene First Nations (ATDFN) Interim Measures Agreement, the Board determined that written notice was given to the ATDFN and that

⁹ See MVLWB Online Registry for [EREX – Amendment Application – Proof of Eligibility – Mar 3 23](#).

¹⁰ See MVLWB Online Registry for [EREX – Amendment Application – Project Description – Mar 3 23](#).

¹¹ See MVLWB Online Registry for [EREX – Amendment Application – Cover Letter – Mar 6 23](#).

¹² Ibid.

¹³ See MVLWB Online Registry for [EREX – Amendment Applications – Review Comment Extension Request – Mar 28 23](#).

¹⁴ See MVLWB Online Registry for [Yellowknife Lithium Project – Type B Water Licences and Type A Permit Amendment Applications – Review Summary Table – April 21 23](#).

a reasonable period of time was allowed for ATDFN to make representations with respect to the Applications.

3.0 Potential Impacts and Proposed Mitigations

Table 1 below summarizes:

- the potential impacts of the proposed Project changes;
- the concerns that were identified during the regulatory proceeding and how the Applicant addressed those concerns;
- the proposed and potential mitigations for the potential impacts; and
- the Board's analysis of the potential impacts and proposed mitigations.

Table 1: Potential Impacts and Proposed Mitigations for the Proposed Project

Potential Impact	Activity	Proposed Mitigations <i>Description of measures to reduce potential impacts, including consideration of cumulative impacts and climate change.</i>	Board Analysis and Determination
Contamination of groundwater and waterbodies	Fuel storage	<ul style="list-style-type: none"> • The Applicant proposed the following mitigations: <ul style="list-style-type: none"> ○ A member of the public raised concern about large amounts of fuel being stored in an area that has had wildlife activity in the past, noting that it could be a source for potential wildlife and risk to waterways that lead to populated areas.¹⁵ The Applicant has reviewed its fuel requirements for drilling on the BIG lease and will minimize diesel fuel on site to what is required for two days of drilling (i.e., 4 drums). The drums will be located at each of the drill sites where they can be monitored daily by drillers for leakage. If leakage occurs drillers will take prompt remedial action. • The Board has standard permit conditions that are typically used to mitigate the identified potential impacts. These standard conditions include: <ul style="list-style-type: none"> ○ FUEL STORAGE SETBACK ○ FUEL CACHE SECONDARY CONTAINMENT ○ SECONDARY CONTAINMENT – REFUELING ○ FUEL CONTAINMENT ○ FUEL ON LAND ○ MARK FUEL LOCATION ○ SPILL CONTINGENCY PLAN ○ SPILL RESPONSE ○ DRIP TRAYS ○ CLEAN UP SPILLS 	<p>Based on the described mitigations, it is the Board’s opinion that the proposed activities will not have a significant adverse impact on the environment and will not be a cause of public concern.</p> <p>The Board’s opinion is based on the size of the fuel storage infrastructure. The reliability of the proposed mitigations and conditions were also considered by the Board for this opinion.</p>

¹⁵ See MVLWB Online Registry for [Yellowknife Lithium Project – Type B Water Licences and Type A Permit Amendment Applications – Review Summary Table – April 21 23](#); A Member of the Public, comment 1.

Potential Impact	Activity	Proposed Mitigations <i>Description of measures to reduce potential impacts, including consideration of cumulative impacts and climate change.</i>	Board Analysis and Determination
		<ul style="list-style-type: none"> ○ REPORT SPILLS • The Board has standard licence conditions that are typically used to mitigate the identified potential impacts. These standard conditions include: <ul style="list-style-type: none"> ○ SPILL CONTINGENCY PLAN ○ SPILL PREVENTION AND RESPONSE EQUIPMENT ○ CLEAN UP SPILLS 	

3.1 Consideration of Potential Impacts

Based on the potential impacts and proposed mitigations identified above in Table 1, the Board considered whether the changes to the Project might have a significant adverse impact on the environment. In general, impacts of the changes to the Project on the environment can be mitigated through the use of permit and licence conditions of two general types:

1. conditions in the existing Permit and Licences, including requirements for management and monitoring plans, with revisions where necessary; and
2. new or unique conditions that may be needed to mitigate potential impacts of the changes to the Project that may not be addressed by the conditions in the existing Permit and Licences, and which may be from the Board's standard conditions list or established by the Board as per the LWB [Standard Process for Creating New Conditions](#).

These conditions may include requirements for management and monitoring plans that provide detailed information regarding the implementation of mitigation measures and the evaluation of their effectiveness.

3.2 Consideration of Public Concern

In addition to considering the potential impacts of the changes to the Project, the Board considered whether the changes to the Project might be a cause of public concern.

Based on the evidence provided during the regulatory proceeding, the Board did not identify any comments or issues that indicate that the Project is a cause of public concern.

4.0 Conclusion

The Board completed a preliminary screening of the Project on December 22, 2022;¹⁶ however, the Applications includes proposed changes to the Project. Accordingly, the Board has determined that Project activities that have already been subject to Part 5 of the MVRMA are exempt from preliminary screening under Part 1, Schedule 1, section 2.1 of the Exemption List Regulations to the MVRMA. The Board has conducted a preliminary screening of the proposed changes to the Project.

The Board has reviewed all the evidence received during the regulatory process with respect to the Preliminary Screening of the proposed changes to the Project. Based on the evidence, it is the Board's opinion that the proposed changes to the Project will not have a significant adverse impact on the environment or be a cause of public concern, as set out in paragraph 125(1)(a) of the MVRMA. The Board has therefore decided not to refer the proposed changes to the Project to Environmental Assessment.

¹⁶ See MVLWB Online Registry for [EREX – Notification – Preliminary Screening Determination – Dec22_22](#).

If the Board does not receive a notice of referral to environmental assessment by Friday May 26, 2023, the Board can issue the Permit and Licences on Monday May 29, 2023.

SIGNATURE



May 17, 2023

Tanya MacIntosh, Chair
Mackenzie Valley Land and Water Board

Date