



Aboriginal Affairs and
Northern Development Canada
PO BOX 1500
YELLOWKNIFE NT X1A 2R3

Affaires autochtones et
Développement du Nord Canada

GENERAL

NT257

MVEIRB File Number: EA0809-004

February 29, 2012

Mr. Chuck Hubert
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
PO BOX 938
YELLOWKNIFE NT X1A 2N7

Dear Mr. Hubert:

Aboriginal Affairs and Northern Development Canada participated in the Fortune Minerals NICO Project technical sessions held in Yellowknife, February 7-9, 2012. Aboriginal Affairs and Northern Development Canada appreciates the efforts of the Mackenzie Valley Environmental Impact Review Board staff to coordinate and facilitate this session, providing an opportunity for us to discuss technical concerns directly with the developer. Aboriginal Affairs and Northern Development Canada also appreciates the developer's efforts to address concerns as well as their commitments and scheduled undertakings that are to provide additional technical information to reviewers.

Information on the proposed effluent treatment system and downstream water quality impacts contained in the Developer's Assessment Report are based on the use of an ion exchange system at the site. The Developer has updated the treatment plan and is now proposing to use a reverse osmosis system for effluent treatment. At this time, no design information has been provided on the proposed reverse osmosis system. Initial indications are that effluent concentrations for a number of parameters will be affected, with some being higher than predicted in the Developer's Assessment Report. Changes in effluent concentrations will have a corresponding impact on the concentrations of discharged parameters in the downstream receiving environment.

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Parameters of note that will potentially increase in effluent from the reverse osmosis system include:

- Nutrients;
- Mercury;
- Arsenic; and
- Aluminum.

The potential implications of increasing concentration of parameters in the effluent include:

- Impacts on the efficacy of wetland treatment;
- Ability to meet environmental objectives in the downstream receiving environment;
- Magnitude of deviation from natural background; and
- Possible changes to predictions regarding effects on aquatic biota in the local and regional study area.

The Developer has undertaken to provide design information on the proposed reverse osmosis system as well as to update the modelled predictions of downstream water and sediment quality using the new effluent concentrations. Aboriginal Affairs and Northern Development Canada believes that a thorough review of this information is required as part of this Environmental Assessment.

In addition, the Developer has identified that an ecological risk assessment is being completed for the project. Aboriginal Affairs and Northern Development Canada understands that a number of fundamental questions are being considered by the ecological risk assessment including:

- Potential synergistic effects of contaminants;
- Entrainment of contaminants in food chains creating potential additional, as yet unconsidered, exposure pathways; and
- Use of toxicity reference values mentioned as assessment criteria for Burke Lake and the Marian River.

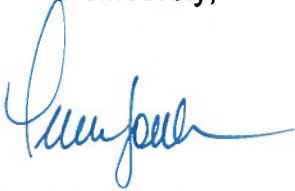
The outcome of the ecological risk assessment will provide critical information for evaluating the potential environmental impacts of the project on the aquatic environment, and will need to be thoroughly reviewed before Aboriginal Affairs and Northern Development Canada can prepare a complete technical report.

Review of the additional information described above will likely result in questions and/or requests for clarification. Aboriginal Affairs and Northern Development Canada believes that a second round of Information Requests would provide a fair opportunity for all interested parties to review and provide feedback on the additional information provided, and may resolve outstanding concerns in advance of technical report submissions and the public hearing.

AANDC notes that an adequate review and question period, including multiple rounds of information requests, before parties formalize their technical reports has been an effective component of previous Review Board Environmental Assessments. The current work plan for the Fortune Mineral NICO project environmental assessment includes provision for a second round of information requests if necessary, and AANDC believes that a second round is warranted for this project.

Aboriginal Affairs and Northern Development Canada looks forward to the Board's decision on this matter. If you have any questions about this request, please contact Lionel Marcinkoski at 669-2591 or via email at lionel.marcinkoski@aandc.gc.ca.

Yours sincerely,



Teresa Joudrie
Director, Renewable Resources and Environment