



Aboriginal Affairs and
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Affaires autochtones et
Développement du Nord Canada

File: EA0809-004

May 10, 2012

Mr. Hubert:

Re: Environmental Assessment EA0809-004 - Fortune Minerals - AANDC
Response to YKDFN Information Request 3.1 – Security Bond

Aboriginal Affairs and Northern Development Canada (AANDC) is pleased to provide the following response to Information request 3.1 from the Yellowknives Dene First Nation (YKDFN).

The YKDFN specifically requested that AANDC:

“discuss why the full amount of security would not be required for this project, given the current lack of financial flexibility.”

AANDC's position on reclamation security of mineral developments in the Northwest Territories is outlined within its 2002 “Mine Site Reclamation Policy for the Northwest Territories.” The Policy was established in response to public and government concern regarding insolvencies and abandoned mine properties, and associated environmental liabilities. Unfortunately, these concerns are not unfounded. Mining operations such as Giant, Colomac, Discovery, Tundra, and Silverbear mine are all examples of properties in the NWT where financial and administrative burden has been placed on government with respect to closure and reclamation.

Accordingly, the Policy identifies a number of principles for mine site reclamation to avoid such occurrences in the future, including:

- Mine site reclamation should reflect the collective desire and commitment to operate under the principles of sustainable development, including the “polluter pays” principle;
- Every new mining operation should be able to support the cost of reclamation. Existing mining operations will also be held accountable for their reclamation liabilities;

- Adequate security should be provided to ensure the cost of reclamation, including shutdown, closure and post-closure, is born by the operator of the mine rather than the Crown;
- Financial security requirements related to reclamation should be clearly set out in water licences, land lease and other regulatory instruments, though there may be circumstances where security requirements may be more appropriately dealt with through an agreement.

Since the inception of the Policy (2002), there are no specific examples of mining operations in the NWT where reclamation security was posted and the Crown has been required to undertake closure and reclamation of the site.

In regards to the Fortune Minerals – NICO project, the Department will provide a recommendation on land and water related reclamation security to the Mackenzie Valley Land and Water Board during the licensing phase. It is the Board's responsibility to "set" the amount of land and water related reclamation security within water licences and land use permits granted under the *Mackenzie Valley Resource Management Act*.

As per the Policy, there may be circumstances where additional security under an environmental agreement is also necessary. Should this be deemed appropriate, it is important that it be done in a coordinated fashion with security held under various regulatory instruments (e.g. water licence, land use permit, land lease, or fisheries authorization).

Over the life of the project, the level of detail in regards to closure and reclamation will increase through the development and submission of interim closure and reclamation plans, and ultimately a final closure and reclamation plan. The reclamation security held against the project will adjust accordingly.

If the closure and reclamation plan(s) include uncertainties, such as the potential for post-closure water treatment, this will also have to be considered and included in the determination of an appropriate reclamation security amount to be held against the project.

I thank you for the opportunity to respond to this information request.

Sincerely,



Teresa Joudrie
Director – Renewable Resources and Environment, AANDC