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October 16, 2009

CIDM 339641

Chuck Hubert
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
#200 Scotia Centre
5102-50th Avenue
Yellowknife, NT X1A 2N7
chubert@reviewboard.ca

Dear Mr. Hubert:

RE: Draft Terms of Reference for EA0809-004 of Fortune Minerals Ltd's NICO Project

In response to your request for comments on the Draft Terms of Reference for Fortune Minerals Ltd.'s (Fortune's) NICO Project, Indian and Northern Affairs Canada (INAC) is pleased to provide the following comments:

Section 3

- Subsection 3.2.4 – For greater clarity, INAC recommends adding the presence of permafrost, geology, physical and chemical composition of soils, and landscape to the list of indicators describing the biophysical environment.
- Subsection 3.3.3 – INAC recommends including the website address <http://www.ainc-inac.gc.ca/ai/scr/nt/ntr/pubs/MSR-eng.asp> after the mention of INAC's Mine Site Reclamation Guidelines.
- Subsection 3.3.3, first bullet – INAC recommends modifying this requirement to read "Describe to what overall standard Fortune plans to reclaim the site. Include in this description any recommended closure criteria and/ or a process for defining closure criteria."
- INAC notes that subsections 3.3.5 - 3.3.9 require the developer to describe mitigation measures. INAC requests that the Review Board add a similar requirement to 3.3.2 (Water Quality) and 3.3.4 (Water Quantity). Although Appendix C, item 2.d. requires a description of water quality mitigation measures, for greater certainty this requirement should be included in the main document as well.

- Subsection 3.6, third bullet – should read “Assess the likelihood, duration and magnitude of the combined effect of these human activities on the identified valued components.”
- Subsection 3.6, fourth bullet – rather than a list of remaining impacts, INAC would like Fortune to provide an assessment of the significance of residual cumulative impacts.

Appendix A: Existing Environment

- Number 4 – INAC requests a clarification of the difference between “shallow subsurface water” and “groundwater.”
- Number 10 - INAC would like Fortune to include information on ground temperatures and ground ice. INAC would also like to include the phrase “including acid rock drainage (ARD) potential” at the end of the second bullet.

Appendix B: Development Description

- INAC would like to see specific mention of fuel storage containers, including a justification for the type(s) of container to be used.
- Number 2 - INAC would like Fortune to demonstrate that efforts will be made to reduce the direct physical footprint of the NICO mine site wherever possible.
- Number 10 - INAC would like Fortune to demonstrate that overburden and organic topsoil will be stored separately so as to maintain the integrity of the topsoil and facilitate reclamation.
- Number 10 - INAC would like Fortune to demonstrate that all storage facilities will be designed to minimize the surface area required.

Appendix C: Water Quality

- Number 9.b. – INAC recommends adding the following: “Proposed site-specific water quality objectives *for all stressors of potential concern....*”

Appendix D: Closure and Reclamation

- INAC would like to see specific mention of the airstrip as another facility requiring reclamation.

Appendix G: Terrain

- Number 1 – INAC recommends including a clarification that this description refers to *existing* geotechnical stability.

Appendix I: Vegetation

- INAC notes that Appendices C, E, F, G, H, J, and K include requirements to describe monitoring plans. INAC requests that the Review Board add a similar requirement to Appendix I: Vegetation. Also, INAC requests that all of the noted Appendices include descriptions of how project-specific monitoring can contribute to and be compatible with regional monitoring programs such as the NWT Cumulative Impact Monitoring Program. The website address <http://www.nwtcimp.ca> can be added for reference.

Appendix J: Human Environment

- Section J2, number 2 – INAC suggests changing “boom and bust” to “normal business cycle” economic fluctuations.
- Section J2, number 3 – Part a) should refer to Fortune employees only. In part b) and c), INAC suggests that “impacts” be clarified as “project specific incremental impacts.”
- Section J3, number 1 – INAC recommends deleting the list of specific indicators and focusing the discussion on company employees: “Potential impacts associated with the development on community wellness and population health issues, particularly in reference to company employees and their families.”
- Section J4b, number 2 – INAC suggests including a reference to where Fortune may find baseline information on which to base its prediction, such as the GNWT renewable resource economy statistics.

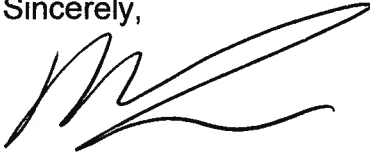
Appendix K: Cumulative Effects

- Number 1.c.iii. – INAC suggests including a differentiation between the construction and operational phases of the Mackenzie Gas Project.
- Number 1d – INAC recommends that the potential impacts to vegetation, terrain, air quality, and water quality be predicted, in addition to the potential impacts on fish and wildlife.

INAC recognizes that the proposed NICO Project is of great interest for Aboriginal people in the Tlicho region. As you are aware, INAC’s approach to Crown consultation builds upon procedural aspects of consultation that have already occurred, which in this case includes the environmental assessment process. We look forward to working with the Mackenzie Valley Environmental Impact Review Board by assessing the information that comes to light during the course of this environmental assessment, as part of INAC’s Crown consultation activities. It should be noted that INAC will also take into account any engagement activities undertaken by Fortune Minerals when assessing the extent of consultation in this case.

If you have any questions about these comments, please contact Erica Bonhomme at 867-669-2893 or myself at 867-669-2648.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a horizontal line and a small flourish.A small, handwritten signature in black ink, appearing to be 'TJ'.

Teresa Joudrie
Director, Renewable Resources and Environment