



Kátlódeeche First Nation

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October 28, 2010

Paul Mercredi Environmental Assessment Officer
Mackenzie Valley Review Board
200 Scotia Centre
P.O. Box 938
Yellowknife, NT
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Dear Mr. Mercredi:

Re: Avalon Rare Earth Elements, Thor Lake Project-Scoping Comments

Please find attached the Katlodeeche First Nation (KFN) scoping comments and questions regarding the Thor Lake Project and Pine Point Hydrometallurgical Plant.

The KFN recommends that the Developers Assessment Report (DAR) for the Thor Lake Project and Pine Point Hydrometallurgical Plant include, but not be limited to, the following:

Socio Economic:

Katlodeeche First Nation is to be considered in all aspects of the socio-economic assessments as it relates to activities on the South side of the Great Slave Lake.

Cultural:

Katlodeeche First Nation is to be considered in all aspects of the cultural assessment as it relates to activities on the South side of the Great Slave Lake.

Environmental Concerns:

Water/ Tailings Management Facility:

- More information is required of the withdraw of water in Pine Point. Will the withdraws from the pit lake be subject to DFO withdraw limits? Will this water need to be treated

prior to its use as portable water or process water? Is the pit lake the only water source to be used in the Pine Point area?

- What is to be done with the water that is used to clean the concentrate containers before they are barged back to Thor Lake? Will it be collected and treated?
- What will be done if the volume of contained water overflows from the lined area holding the coal? Can or will it be collected or pumped to the tailing area or to some other water treatment prior to discharge to the environment?
- Tailing water discharge flow and chemical composition needs to be based on water quality objectives for the Pine Point area. Will a treatment plant be constructed if necessary to treat water from the tailing pond at Pine Point?
- In case of a breach of the tailings facility, what will be the implications to Katlodeeche First Nations drinking water?
- It appears that there will be a tailing management facility at the Hydrometallurgical Plant site at the Pine Point. Considering that Thorium and Uranium are radioactive, what is the level of radioactivity that will remain in the tailings if Avalon is not taking the Thorium and Uranium south?
- Is there enough capacity in the current facility to accept the new tailing waste?
- Will there be any chemical reactions between the Tech Cominco tailings and the new Avalon Tailings?

Spills:

- What are the spill response procedures for both human health and safety and environmental protection at the hydrometallurgical plant?
- What are the worst case scenario accidents for the transportation of regents along the railway and along the highway from Pine Point Mine to Hay River? What spill response procedures will be in place?
- The Great Slave Lake is the drinking water source for almost every community in the NWT. The process of barging the radioactive concentrate across the Great Slave Lake creates a huge environmental concern. In the case of accidental spillage or contamination, the health effects associated with contaminated drinking water sources may be devastating to all communities on the Great Slave Lake and the Mackenzie River.

Transportation:

- Is there any upgrades needed for the railway system?
- How will dust be minimized in all phases of the project such as from the tailing ponds or during concentrate transport?
- What is the trucking method? Will the trucks be closed off, or will they be open to the environment?
- The process of trucking the concentrate to Hay River opens up a huge exposure pathway to the public. What are the health implications of expose to the products to be shipped to Hay River?

Barging:

- Will fuel be transported in double hulled barges?
- Will fuel be stored on the barges either in water or on ice?

Safety:

- Given the reagents to be used, will there be extensive safety training provided in keeping with the risks?
- It is emphasized several times in the Project Description that the end product will be very valuable. What measures and protocols will be in place to protect the safety and security of the workers and the final product?
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Cumulative Effects:

- There needs to be a clear analysis of how the Avalon and Tamerlane projects could interact or interfere with each other and the potential cumulative impacts of both projects.

Climate Change:

- There needs to be a clear analysis on how Climate Change can influence this project.

Other Questions:

- What issues are being negotiated with the federal and territorial government to make this project more feasible? Provide specifics.
- What was the outcome of the summer 2010 limestone investigation?

Duty to Consult:

- To date there has been no consultation by the crown on the following proposed hydrometallurgical processing plant in the Pine Point area. Canada owes KFN a constitutional duty on meaningful consultation with the intention of developing accommodation measures to address KFN's concerns regarding the impacts or potential impacts of the project on KFN's Treaty and Aboriginal Rights.

In closing the socio-economic, cultural and environmental interests of Katlodeeche First Nation, its members and its land need to be respected and assessed in all aspects of the Developers Assessment Report as it relates to project activities on the south side of the Great Slave Lake.

Thank you,

Chief Roy Fabian
Katlodeeche First Nation