



October 29, 2012

Mr. Robert Hawkins
MLA Yellowknife Center
Legislative Assembly
Yellowknife

Dear Mr. Hawkins:

**RE: Avalon Rare Metals Inc. (Avalon)
Environmental Assessment Process EA1011-001**

Thank you for your letter of October 18, 2012 addressed to the Mackenzie Valley Environmental Impact Review Board (the Review Board or MVEIRB) in relation to the above Environmental Assessment (EA). Be assured that the MVEIRB is committed to timely completion of the Avalon EA proceeding.

This proceeding includes fourteen Parties and follows a detailed work plan which has been in place since 2011 (updated as required). A number of steps remain to be completed before the Review Board can conduct its hearings and produce a final recommendation in a Report of EA for the Minister of Aboriginal Affairs and Northern Development Canada.

At this stage in the process, there are still outstanding technical questions to be addressed by Avalon. We anticipate, however, that answers to these questions will be provided in the near future. The Parties to the proceeding will then be able to analyze the evidence on the record and file technical submissions, setting out their formal positions on the project. Avalon will reply and then the public hearings may proceed. There is a lot of technical information to be considered by the Parties. This is a legal process and it must be conducted fairly. A systematic and measured pace is required.

The Review Board gave careful consideration to Avalon's request to advance the hearing dates to December and has decided to maintain the current hearing dates in mid-February. The MVEIRB's decision was made with full consideration of the evidence on the record, the number and capacity of the Parties to the proceeding and the requirements of fairness. The current hearing dates represent the Review Board's best judgment of what can be achieved in a timely fashion without increasing legal risk or compromising the quality of the EA process.

We are aware that Avalon has indicated an intention to begin construction in early 2013. Should the outcome of the environmental assessment process be a recommendation for the proposed development to proceed to licensing; it will still be necessary for the



Minister of AANDC and other responsible Ministers to consider and approve the Review Board's decision. Again, assuming Ministerial approval, Avalon will require a Type "A" water licence from the Mackenzie Valley Land and Water Board before it can begin construction of its project. Given the time required to satisfy these latter two processes; it does not appear realistic to assume that such a licence could be issued before the spring of 2013, regardless of the timing of Review Board hearings.

We thank you for your interest in the Review Board's Avalon proceeding. As an independent administrative tribunal and made up of northern residents; the MVEIRB is very sensitive to the concerns which you have raised. Please be assured that the Review Board is determined to complete its hearings and to produce a Report of EA in a timely fashion as required by the *Mackenzie Valley Resource Management Act*.

If you have further questions please do not hesitate to contact me. If you wish we can also make arrangements for you to communicate any concerns you have directly to the Review Board by registering to speak at the upcoming public hearings.

Sincerely,

Vern Christensen
Executive Director

cc: Avalon Rare Metals Inc.
Parties to EA1011-001
Regional Director General AANDC
Director General NPMO
Mackenzie Valley Land and Water Board

October 18, 2012

Mr. Richard Edjericon
Chair, MVEIRB
200 Scotia Centre
Box 93, 5102-50th Avenue
Yellowknife, NT X1A 2N7

RE: Avalon Rare Earth Metals – Environmental Assessment delays in process

I am writing to you with some optimism that through your leadership you will consider reengaging the environmental assessment process for the Avalon Rare Earth Metals' Nechalacho project in a timely way.

As I'm sure you fully understand, any unnecessary delays in a project of this size has serious effect on the proponent's ability to provide employment, develop partnerships and to raise capital. At the same time, it also lends further pressures to a very fragile northern economy that is trying it's best to stay on the rails. With my experience here at the Legislative Assembly, I can express first-hand experience that many northerners are struggling for any employment opportunities as well as many small aboriginal businesses are in need of meaningful partnerships like this especially since the challenges we have faced since the last setback in our economy a few short years ago.

As an MLA and as a person who has spent his life here, I feel I have extensive northern and small community experience that can attest to the fact that any avoidable delay will have negative effects on our small communities and their ability for employment which as you know then trickles down to their ability to keep their families housed and feed. It is also my experience with projects like this, the sooner we can get through some of these challenges by working together, the sooner we can help tackle some of our 70 plus percent of unemployment in our small communities. And to further highlight these concerns, if we miss the permitting window before us, there most likely will be a seasonal delay which could push the project back a further year.

I fully understand you have to balance timing and the interest of the public however I recently had the opportunity to meet with Avalon and it's important to note that as I understand it, they



are a corporation this is more than willing to do their part to meet community expectations as well as to address all concerns raised by the MVIERB.

In closing I want to say it is my hope that under your leadership MVEIRB can work to expedite the review process quickly. At the same time I'm confident that your team has the ability to restart the process prior to Christmas in a way so that northerners can have their say, our environment is protected and industry can help do their part by providing much needed employment for our people in our small communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Hawkins". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Hawkins".

Robert Hawkins

Cc: Hon. Premier Bob C. McLeod
DKFN Council
NWT Treaty 8 Tribal Corporation
Tom Beaulieu, MLA – Tu Nedhe
Avalon Rare Metals Inc.
MacKenzie Valley Land and Water Board