

Nechalacho Rare Earth Element Project – EA1011-001

Community Scoping Session – Lutsel K'e

September 7-8, 2010

The following issues were identified from discussions during the scoping session as well as from comment cards at the session. The Review Board will consider these points when developing the Terms of Reference and in deciding what issues to consider in this environmental assessment.

While this meeting report is as comprehensive as Review Board staff could make it, this is not a verbatim document. It is based on notes by Review Board staff. Unlike the official statements made at Review Board hearings toward the end of the environmental assessment process, scoping sessions are less formal dialogues.

Review Board staff has organized the points, questions, comments and concerns and grouped them under general headings as follows:

Water

- What will be the magnitude and extent of potential aquatic effects?
- Water is a global concern
- How will Avalon treat mine water?
- What are impacts on water from the project?
- What kind of an impact will blasting residue have on water?
- What would happen to water quality in Great Slave Lake if a barge overturns and concentrate sinks?
- What will happen to water quality as a result of tailings discharge and from project discharge draining into rivers and streams?
- What impacts will the mine and project have on underground water sources? Will there be any monitoring of effects to underground water quality?
- What type of impacts will rare earth elements have on water?
- Will there be radiation associated with the project?
- What kind of substances may leak from tailings pond?

- How will the tailings ponds for the project impact water quality?
- Main concern is we do not want Great Slave Lake to be contaminated from the project
- Tailings are a major concern at the mine. Thor Lake is very close to Great Slave Lake. 18 years is a long time; we need to have clean water.
- Why is Great Slave Lake & Hearne Channel not in study area?
- How will Avalon treat sewage?
- Will Avalon be modeling water quality?
- Community would like more details regarding uranium and thorium
- May not have asked correct questions? Do you know direction that water flows?
Effects of climate change?
- What are project effects on permafrost?
- What are project effects on aquifers and underground water flow? Rare earth element waste may go there. Are there any studies on that?
- What are the potential impacts to the environment from Avalon's use of coal – including to air quality?
- What chemicals/substances will be in the tailings pond at Thor Lake and Pine Point?
- What are the acid-rock-drainage qualities of the rock that will be exposed to weather?
- We want to know if tailings pond water is dangerous
- Need a better understanding of the composition of paste backfill

Wildlife

- How will the mine affect barren ground caribou?
- What kind of furbearer studies has Avalon conducted?
- How will mine components affect waterfowl?
- How will Avalon mitigate effects to wildlife from industrial noise?
- What mitigations has Avalon suggested for impacts to wildlife?
- What impacts will the mine have on birds
- What are the impacts from tailings on furbearers?
- How does noise from mining operation affect wildlife?
- What are the effects of Avalon's fossil fuel emissions on vegetation? This effect on vegetation also effects wildlife.
- How will caribou interact with tailings? What will the toxicity of the tailings be for them?

Social Impacts

- There is high unemployment in this community
- There is a homeless problem in this community
- People with criminal records have a hard time finding employment. How will Avalon deal with this situation?
- How will Avalon deal with language barriers to employment for people from the communities?
- What types of social impacts does Avalon predict coming from this mine and what mitigations do they offer to prevent negative effects?
- Will the project increase social problems in the communities?
- There is currently a lack of housing in Lutsel K'e; this leads to other addictions.
- Community wellness is a concern. Is there a way funding could be provided for training? Need life skills for people first. Life skills need to be in place before training begins
- Can the developer provide funding for community wellness?
- Social impacts occur in the community, younger men make lots of money and then have two weeks off and problems or troubles result. Is there anything that the company can do for this social problem?
- It seems like there is an assumption that community members will be employed. In reality, companies promise jobs but only a few actually work there. When mitigating socio-economic impacts, a person from Avalon should work with community to prepare it for sustainable development.
- This community has been subject to community wellness surveys ten years ago. New survey this summer could be useful to show trends.
- Could the company build housing like at Pine Point to deal with high housing prices in Lutsel K'e? If people had own housing built by company then people could stay employed. Retain employment through housing incentive. Could Avalon look at this?
- Company could help out with treatment in the communities

Economic Impacts

- What are the Northern benefits targets for the developer?
- Will this environmental assessment examine socio-economic issues? We need to know about social issues and impacts, not just the biophysical.

- What sort of employment opportunities can Avalon offer local youth?
- Will Avalon be recruiting from local communities?
- What sort of contract arrangements will Avalon work out with local communities?
- What kind of training can the company offer to help the community capture employment opportunities?
- How does Avalon make contracting decisions?
- Who gets picked for businesses?
- Airstrip contract could be done by Lutsel'ke. Can do gravel work, cutting trees, driving
- What does Avalon offer with regards to socio-economic and cultural mitigation measures?
- The community looks forward to the socio-economic discussions with developer
- Past socio-economic agreements have not been fruitful
- Developers are taking resources, how does Lutsel K'e benefit? Where are Akaitcho's royalties? In return for having the mining industry on our lands (like diamonds) we have nothing to show for it. Developers need to deal with Lutsel K'e government on an equal basis like with other governments.
- How can the developer help Northern entrepreneurs from the communities prosper from this development?
- How will Avalon deal with this community regarding jobs and benefits?
- Could Avalon send people out for training?
- Avalon could be training helpers for camp setup.
- Is it possible for us to get a road maintenance contract? Also catering, cooking.
- How will Avalon help to employ the younger generation?
- Community would like a list of jobs early on
- Need to help people get a job – not just winter labour jobs.
- Will Avalon sign impact-benefit agreements with all communities?
- How will Avalon ensure local employment long term?

Cultural Impacts

- People lose old culture by working in mines but cannot enter new culture because they cannot get and/or keep these mining jobs. Then they cannot go back or forward. Would like to develop sustainable community here in Lutsel K'e. Make solar panels or wind mills that are from the rare earth elements that come from our territory.
- How is Traditional Knowledge work going to be done?

- Traditional Knowledge collection should consist of more than a site flyover with elders. Avalon should reconsider how they do Traditional Knowledge studies.
- Certain vegetation is important to us and should be protected: plants, roots, berries, Labrador tea, spruce gum – these are our medicine.
- Are there any spiritual or archaeological sites near either of the project sites?
- Will this development lead to a loss of language for the next generation of children?
- How will the project and employment at the mine lead to a loss of culture and way of life?
- Do not want traditional medicines to be contaminated along travel route on north side of lake

Alternatives

- Why is Avalon not using clean technology like hydro-resources? On our land we want to use clean energy.
- Why can excess of Taltson power not be used at Pine Point rather than coal?
- Has Avalon considered connecting the mine site to the Ingraham Trail?
- Will Avalon consider an ice road for concentrate transport?
- Has Avalon considered using the Ingraham Trail for access to the mine?
- How likely is a winter road to the mine site or between the mine site and Pine Point?
- The road, though, could be a benefit to this community. Were there ever discussions on how an all-season Ingraham Trail road-access could benefit Lutsel 'Ke?
- Has Avalon made an offer to Deze to buy power?
- Has Avalon considered an all weather road to the mine site?

Accidents and malfunctions

- What if the barge hits a reef? What contingencies does Avalon have regarding accidents on Great Slave Lake? Need answer to these questions.
- How many barge trips in one summer? What happens when things go wrong? Accident, what do you do to prevent spills in water? The water level going down every year. How many tonnes on each barge? Is it safe to transport on a lake when water is low? How dangerous are rare earth elements?
- What are Avalon's contingencies for barge loading accidents?
- How will Avalon prevent spilling of ammonium nitrate on site and also during transport?

Scope of Assessment and Development

- Will the developer include the Hearne channel in their geographic scope of development?

Monitoring

- What kind of monitoring will occur at Avalon's site? Monitoring is important for Lutsel K'e

Closure and Post-Closure

- What are Avalon's reclamation plans for their project?
- What is the cost for reclamation?

Cumulative Effects

- What studies on cumulative effects will the developer be conducting?

Fish

- What possible ways could rare earth elements damage lake and fish?
- The community has concerns with barging across the lake and possible effects to fish and water
- What are the impacts from tailings on fish?
- Do fish travel to the supposed non-fish bearing lakes at the Thor Lake site?
- How will the tailings ponds for the project impact fish?
- What sort of fisheries work has Avalon conducted with respect to spawning areas?
- Area is a travel route in winter and summer. Community members use the north shore for fishing. That area is our main route. Fish go into warmer waters, maybe toxic water will go there and harm fish. Need to monitor water, fish and wildlife will be affected.

Air Quality

- What are Avalon's suggested mitigations for noise pollution from Thor Lake?
- Adequacy of air quality – only looks at how it impacts humans, not animals. We live on land, need to have air quality look at animals as well. Standards set for air are southern standards. Will standards here be of a different standard? There should be a higher standard for air here.

General Questions/Comments

- How could rare earth elements damage lake and fish? We have a concern with transportation of rare earth elements across Great Slave Lake. Lots of barge transport issues – concern with monitoring.
- Why was Highwood not cleaned up?
- Is beryllium present on site?
- Who are Avalon's main customers?
- Will beryllium be mined and exposed? If yes how will it be treated?
- Based on the possible military uses for rare earth elements, has Avalon reached an agreement with US military?
- All regulations need to respect treaty rights in unsettled areas. However, this is an opportunity for us to have first choice in joint ventures and other benefits. The land provides a way of life for us; used to go hunting in that area. Development happening fast and we need to somehow control it. Establish a working relationship; the company can become a role model.
- Community would like a better visual indication for what the mine site will look like
- Where are Avalon's investors?
- What kind of chemicals will you use? Why are they dangerous?
- Where would any possible roads be found?
- This community would like workshops to better understand these elements as well as the need and purpose for them
- Would like more information on the nature of the radioactive material that will be coming from this mine
- Community is concerned about smell, dust and tremors from blasting from this mine. How are these dealt with?
- This community wants to make informed decisions on this project and to participate in this process. To do so this community needs intervenor funding.

- People trapped, fished and hunted and were raised near the project site. We request funding to participate in process.
- Avalon should help us in the community in a good way
- We want workshops. Need to have workshops so that a socio-economic strategy or plan can be developed for those who want to work at this mine.
- We do not want the same contamination as past development at Pine Point
- Dene people ended up suffering from the damage from mines. Used to survive on the land. Future mines we need to watch out for our environment.
- There was a terminology workshop held in Dettah in March 2010. The community requests a similar workshop in Lutsel K'e.
- MVRMA based on other land claims. MVRMA not recognized by Akaitcho.
- Timelines sometimes inappropriate for Mackenzie Valley Land and Water Board. Not enough lead time (42 days). This is why Lutsel K'e is always asking for more time.
- Avalon should hire a community liaison person. If you want the project to go ahead you need someone in the community. This would be more than just consultation.
- Can Avalon guarantee that their rare earth products will not be used for military purposes? This community does not support war or anything that might support war.
- REEs are used for many things but what do these do to people?
- What are mitigation measures for rare earth elements?
- Elder: All the mines surrounding Lutsel K'e may affect us in the future and may cause problems. We did not want Pine Point to happen and it went ahead anyway. As long as it stays clean it may be better. We do not want the land to be spoiled for younger generations.
- Beryllium is in the claim block, is Avalon planning to retain that claim?
- What happens if you consume a rare earth element? What is the toxicity?
- Should have person from Lutsel K'e on the Review Board.
- Elder: One section of land between here and N'Dilo there are houses and burial sites. That is the piece of land we want to protect. The caribou appear to be gone but they are not. The caribou cannot handle so many mines.
- What will the actual production rate be when the mine is in operation?
- What kind of mandate does the Review Board have to make socio-economic mitigation measures?
- Elder: There are no more birds – this is due to all the mines developing on the land. The mine at Pine Point had dead wildlife and birds. They never cleaned up Pine Point mine. Need to monitor wildlife health in the future. We are facing more problems, wildlife is suffering.
- Will Avalon have a community liaison from Lutsel K'e?

- What sort of research will be conducted to study effects after the mine is in operation?
- What authority does the Review Board have for mitigation after project approval?
- What are the plane types that Avalon will need for operation?
- How will Avalon be transporting ammonium nitrate and other components for explosives?
- How will Avalon be handling hazardous waste?
- What will Avalon do with waste oil and antifreeze?
- Elder: We trapped a good deal in that area. The land will not be the same even after reclamation. The land gets spoiled until it cannot be used. What happens after the tailings goes into the water? If you help us now we and grandchildren will be better off
- Statement: Mother of 5 kids under 19. Need to consider Treaty 8, also our aboriginal treaty rights. We want free, prior, informed consent about the project. Your project and this environmental assessment are not finalized. The Developer's Assessment Report should be final. Not allowed to change project after project approval. Free, prior informed consent means project should not change. Will not allow destruction of ourselves for money. We expect answers not sideways talk. If we do not say it now can we speak after [September] 27th? I question everything.
- Will there be two tailings ponds releasing two different kinds of chemicals?
- Can Nor should provide money to educate Lutsel K'e residents on rare earth elements