



5019 – 52nd Street
Yellowknife, NT X1A 1T5

November 6, 2013

VIA EMAIL

Garry Bailey, President
NWT Métis Nation
PO Box 720
Fort Smith, NT X0E 0P0

RE: ***Report of Environmental Assessment and Reasons for Decision:***
Avalon Rare Metals Inc. – Nechalacho Rare Earth Element Project (EA1011-001)

Dear Mr. Bailey:

As you are aware, on November 4, 2013, the Minister of Aboriginal Affairs and Northern Development, on his own behalf as federal Minister and on behalf of the other responsible ministers (the “Ministers”) with jurisdiction in relation to the above project (the Ministers of Environment, Transport, as well as the Government of the Northwest Territories), conveyed the Ministers’ decision to adopt the Mackenzie Valley Environmental Impact Review Board’s (the “Review Board”) recommendation that the Project be approved subject to the implementation of the mitigation measures and developer commitments contained in the Report.

On behalf of the Ministers, I am responding to your letter of August 27, 2013, and other related communications, to outline some of the considerations taken by the Ministers in reaching their decision on the project. Full and fair consideration was given to all the views expressed in the responses from Aboriginal groups with regard to the Review Board’s findings, including those outlined in your letter.

With regard to your concern that the time provided for response was unreasonable, it is important to note that the Report was a culmination of several months of public engagement on the Project and its potential impacts. As noted in my August 2, 2013, letter to you, the Ministers rely on the Review Board’s environmental assessment process to gather information on potential adverse impacts of the Project on asserted or established Aboriginal or treaty rights. Throughout this process, the Northwest Territory Métis Nation (“NWTMN”) was provided with various opportunities to meaningfully participate and present their views on potential impacts and proposed mitigations, including at public hearings and other meetings.

The Ministers note that the NWTMN has received funding assistance for resource management activities through the Interim Resource Management Program (“IRMA”) administered by Aboriginal Affairs and Northern Development Canada. The Ministers also note that the NWTMN reported and/or proposed activities under the IRMA that included dialogue on the Project, among other resource management activities.

In this context, the Ministers are satisfied that the NWTMN had sufficient opportunities to provide its considerations and comments on the Project.

The Ministers take the position that in addition to the measures outlined in the Review Board recommendation, the Project approval is also subject to the implementation of the Developer’s commitments that were made during the course of the Project’s environmental assessment. The Project, as assessed and approved, therefore includes the implementation of all such commitments.

With regard to your concerns pertaining to the impact of the Project on the environment, including caribou and fish as well as socio-economic impacts, the Ministers note that the Review Board recommended measures related to water quality, wildlife and socio-economics.

The Ministers are satisfied with the Review Board’s conclusion that implementation of the measures and developer commitments included in the Report will ensure that potential adverse impacts are no longer significant.

Additionally, while government is not privy to the negotiation of private contractual agreements between a developer and Aboriginal groups such as impact benefit agreements, it is nevertheless anticipated that Aboriginal groups may be utilizing these negotiations as a mechanism to meet their specific needs.

The Ministers want to assure you that NWTMN views are important and that they look forward to your continued participation in the regulatory phase of the Project where there will be additional opportunities for input, and that Crown consultation is an ongoing process which will continue through to the regulatory phase.

Thank you for taking the time to provide your views.

Sincerely,



Matthew Spence
Director General
Northern Projects Management Office

c.c.:

Ray Case, Assistant Deputy Minister, Corporate & Strategic Planning,
Department of Environment and Natural Resources, Government of the
Northwest Territories

Marc D'lorio, Director General, Environmental Protection Operations,
Environment Canada

Michele Taylor, Regional Director General, Prairie and Northern Region,
Transport Canada

Alec Simpson, Acting Director General, Stewardship and Sustainable
Transportation Programs, Transport Canada

Paula Isaak, Director General, Natural Resources and Environment Branch,
Aboriginal Affairs & Northern Development Canada

Kathryn Bruce, Regional Director General, Northwest Territories Region,
Northern Affairs, Aboriginal Affairs and Northern Development Canada

Vern Christensen, Executive Director, Mackenzie Valley Environmental Impact
Review Board

Willard Hagen, Chair and CEO, Mackenzie Valley Land and Water Board

Cathie Bolstad, Director, External and Corporate Affairs, DeBeers Canada