

NORTH SLAVE MÉTIS ALLIANCE

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March 19, 2013

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Dear Mr. Hubert:

Re: NSMA Closing Comments – EA1011-001
Avalon Rare Metals Inc. proposed Thor Lake Rare Earth Elements Project

The North Slave Métis Alliance, as an impacted Aboriginal party to the Thor Lake Rare Earth Elements Project, wishes to state, for the record, that it unequivocally supports the development of the aforementioned project. The NSMA, however, has recommendations it wishes to make to the Board for its consideration, as set out in the attached Closing Comments.

The North Slave Métis Alliance (NSMA) recognizes the high standard of consultation and leadership in Aboriginal engagement that Avalon Rare Metals Inc. has demonstrated since the inception of their Nechalacho Project in 2007. In 2009, Avalon hired NSMA members to participate in the collection and analysis of environmental information regarding the project. Avalon has subsequently continued to proactively engage with the NSMA.

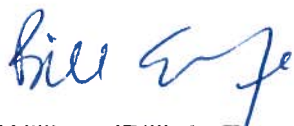
From the comments and evidence that emerged during the review process, the NSMA understands that the project will have positive social and economic impacts, and that Avalon has planned to minimize and mitigate any identified or emergent environmental impacts during the operation of the mine. Furthermore, the NSMA has Avalon's assurance that it:

- will continue to meet the NSMA's expectations to reasonably mitigate environmental impacts of the Nechalacho Project;
- will use reasonable efforts to conclude an Accommodation Agreement/IBA with NSMA on an expeditious basis.

With regard to the monitoring of environmental impacts, the NSMA recognizes the opportunity to significantly increase the effectiveness and efficiency of achieving the desirable outcomes of useful monitoring while substantially reducing both costs and duplication. The NSMA strongly encourages the parties and the Board to develop approaches to monitoring where emphasis is placed on integrated, efficient, cost effect solutions that avoid duplication.

We look forward to reviewing the Board's decision on the proposed Thor Lake project. We wish the Board well in its deliberations. Please do not hesitate to contact me or my staff with any inquiries.

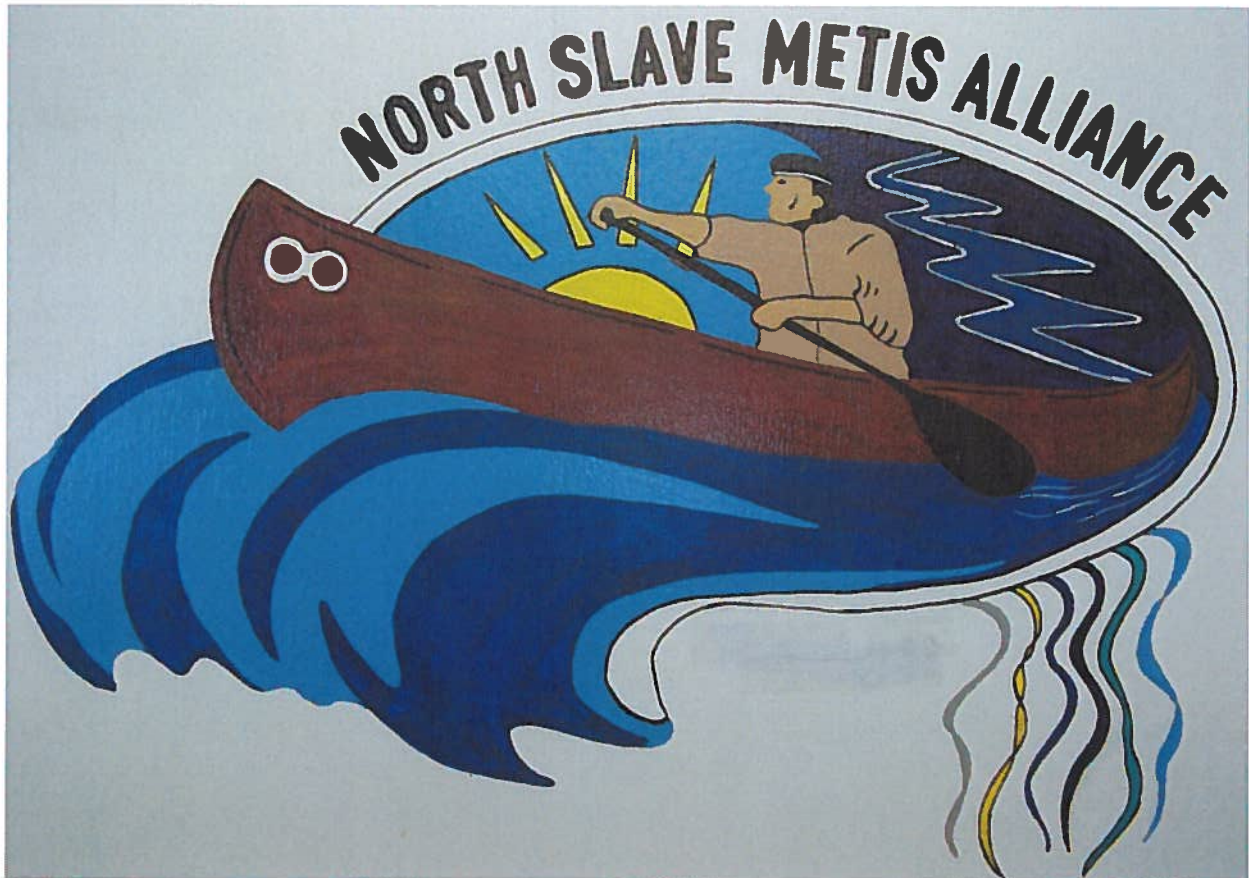
Yours sincerely,



William (Bill) A. Enge
President

E-mail: billenge@nsma.net

North Slave Métis Alliance
Closing Comments
Avalon Rare Metals Inc.
Proposed Thor Lake Rare Earth Elements Project



Submitted to the Mackenzie Valley Environmental Impact Review Board
EA1011-001
March 19, 2013

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Introduction

The North Slave Métis Alliance (NSMA) represents the Aboriginal rights-bearing Métis people of the Great Slave Lake, NT area, who primarily exercise their Aboriginal rights north and east of Great Slave Lake.

The NSMA’s mandate includes:

- ∞ The assertion, protection, and implementation of the Aboriginal rights of the North Slave Métis People;
- ∞ The exercise of Métis responsibility to protect the environment and to promote and enhance Métis education, economic, social, and cultural development.

The NSMA is vitally concerned with the protection, preservation, and sustainable use of its traditional lands and resources. With that in mind, the NSMA is committed to principles of economic sustainability, environmental stewardship, and self-determination in respect of its traditional lands and resources. In addition, the NSMA wishes to establish a co-operative and respectful long-term relationship with Avalon Rare Earth Metals (Avalon) in keeping with these principles. The NSMA’s goal is to ensure that its members obtain the maximum benefit possible from Avalon’s Thor Lake/Nechalacho Mine Project (Thor Lake), while partnering in the monitoring and mitigation of any negative impacts to the biophysical or human environment.

The NSMA recommended a number of mitigation measures to the Mackenzie Valley Environmental Impact Review Board (Board) in its presentation to the Board on Tuesday, February 19, 2013. These measures stem from the NSMA’s Thor Lake Traditional Land Use, Occupancy, and Knowledge Report. After considering the evidence presented during the public hearings, the NSMA wishes to make the following recommendations:

North Slave Métis Alliance Recommended Measures

1. Impact on traditional water and fishery: barge incidents

Context: Avalon committed during the Board hearings, that in the event of a barge incident, the company and its subcontractors would salvage the lost barges and ore concentrate within one year of the incident.

NSMA rationale: As pointed out in our NSMA's Thor Lake Traditional Land Use, Occupancy, and Knowledge Report, our members see the Great Slave Lake as a world class fishery. Consequently, we would like to ensure that the fishery on Great Slave Lake is preserved for future generations of Aboriginal and non-Aboriginal northerners. Avalon and its subcontractors should not be permitted to leave any items on the bottom of Great Slave Lake that are considered a contaminate by the impacted Aboriginal parties.

Hearing update: During the hearings, Transport Canada was confident that Avalon, and its subcontractors, have a systematic and integrated safety management plan that is suitable for identifying all possible operational risks associated with barging across Great Slave Lake.¹ Transport Canada also intimated that the Department of Fisheries and Oceans and the Canadian Coast Guard must ensure that there is an adequate post-incident response to a spill.²

NSMA conclusion: Avalon, in cooperation with its barge subcontractors, should fund, develop, and establish a mitigative Barge Incident Response plan that ensures salvaging of any and all items that are considered a contaminant by Aboriginal parties. The response plan should be designed and created by an expert barge review panel. The Barge Incident Response Plan should incorporate the regulatory requirements of the Coast Guard, Transport Canada, and Department of Fisheries and Oceans.

NSMA Measure 1: The NSMA requests that the Board require the Developer (and subcontractors) to develop, establish, and implement a Barge Incident Response Plan that includes mandatory salvaging of materials that are considered contaminants by Aboriginal parties.

¹ Transport Canada (2013). Mackenzie Valley Environmental Impact Review Board. Avalon Rare Metals Inc. Tree of Peace, Yellowknife, NT. (02-18-2013). Day 1 of 4. Craig Miller, page 179, lines 13-24.

² Transport Canada (2013). Mackenzie Valley Environmental Impact Review Board. Avalon Rare Metals Inc. Tree of Peace, Yellowknife, NT. (02-18-2013). Day 1 of 4. Craig Miller, page 187, lines 5-19.

2. Impact on traditional caribou harvest: cumulative effects

Context: The Thor Lake Project falls within the Bathurst barren-ground caribou herd range. Avalon stated that the cumulative effects on the Bathurst barren-ground caribou herd will be negligible. The Government of the Northwest Territories (GNWT) is concerned about the impact that the Thor Lake Project may have on the Bathurst barren-ground caribou herd and suggests Avalon develop a Wildlife Effects Monitoring Plan (WEMP).

NSMA rationale: As pointed out in NSMA's Thor Lake Traditional Land Use, Occupancy, and Knowledge Report, the North Slave Métis have harvested caribou around Thor Lake for over 200 years. The NSMA needs to ensure that the Bathurst barren-ground caribou herd will survive not only for future generations of its members, but for all Aboriginal and non-Aboriginal people of the Northwest Territories.

Hearing update: The GNWT was unable to determine whether the impacts of the Thor Lake Project on the Bathurst barren-ground caribou herd will be significant. They nonetheless stated that should Avalon follow their proposed development of the Thor Lake Project, the Bathurst barren-ground caribou herd could be effected.

NSMA conclusion: Avalon should establish a working group to develop a response framework for managing and mitigating the cumulative impacts of the Thor Lake Project on the Bathurst barren-ground caribou herd. This response framework will complement the Bathurst Caribou Management Plan, the Government of the Northwest Territories Barren ground Caribou Management Strategy, and the Bathurst caribou cumulative effects modeling project. Participants in this working group would include Avalon, regulatory agencies, and the impacted Aboriginal parties.

NSMA Measure 2: The NSMA requests that the Board require the Developer to establish a caribou working group to, among other things, develop a response framework for managing and mitigating the cumulative impacts of the Thor Lake Project on the Bathurst caribou herd.

NSMA Measure 3: The NSMA requests that the Board require the Developer to establish a WEMP.

NSMA Measure 4: The NSMA requests that the Board require the Developer to collaborate with the NSMA with a view to incorporate Métis Traditional Knowledge (MTK) into the response framework and WEMP.

3. Impact on traditional land: stack emission testing

Context: Avalon has committed to developing an Air Quality Monitoring and Management Plan (AQMMP) that includes an incineration management plan.

NSMA rationale: The NSMA has experience with other mining developments and is dealing with waste incineration challenges on an ongoing basis.³ The NSMA wishes to see waste incineration stack emission testing be incorporated into the Thor Lake Project incineration management plan.

Hearing update: The GNWT recommended that Avalon be required to undertake waste incineration stack emission testing. They stated that a number of waste incinerators in the Northwest Territories have recently been shut down due to violations of air quality regulatory requirements. Evidence at the hearing suggests that even small operating waste incinerators could significantly impact the surrounding environment.^{4,5}

NSMA conclusion: Avalon's AQMMP should incorporate waste incineration stack emission testing to ensure compliance with the *Canada-wide Standards for Dioxins and Furans*⁶ and the *Canada-wide Standards for Mercury Emissions*.⁷

NSMA Measure 5: The NSMA requests that the Board require the Developer to incorporate waste incineration stack emission testing into the waste incineration management plan.

NSMA Measure 6: The NSMA requests that the Board require the Developer to collaborate with the NSMA with a view to incorporate Métis Traditional Knowledge (MTK) into the design of the AQMMP.

³ W2012L2-0001 - BHP - WL Renewal - EC and DFO Joint Presentation - Jan 21_13.pdf

⁴ GNWT. Mackenzie Valley Environmental Impact Review Board. Avalon Rare Metals Inc. Tree of Peace, Yellowknife, NT. (02-20-2013). Day 3 of 4. Aileen Stevens, page 20, Lines 2-25.

⁵ W2012L2-0001 - BHP - WL Renewal - EC and DFO Intervention and Supporting Information - Jan 17_13.pdf

⁶ Canadian Council of Ministers to the Environment (CCME), *Canada-wide Standards for Dioxins and Furans*, 2001.

⁷ Canadian Council of Ministers to the Environment (CCME), *Canada-wide Standards for Mercury Emissions*, 2000.

4. Integrated oversight

Context: The Thor Lake Project should have an oversight body.

NSMA Rationale: The NSMA wishes to see an integrated approach to the monitoring of the Thor Lake Project. This is a model now being contemplated at a new proposed mine in the North Slave Region.

Hearing update: During the Thor Lake public hearings, the presenting Aboriginal parties stated that it would be important that an independent oversight body be created to assist with capacity issues and technical aspects of the licensing and permitting process.^{8,9,10} Four impacted Aboriginal groups requested or suggested some sort of oversight body be established. They are as follows:

1. North Slave Métis Alliance
2. Yellowknives Dene
3. Lutsel K'e Dene
4. Akaitcho Treaty 8 Tribal Corporation

NSMA conclusion: The NSMA requests that the Board require Avalon to work with the impacted Aboriginal parties to create an efficient oversight body, one in which the terms and conditions would be determined collaboratively.

NSMA Measure 7: The NSMA requests that the Board require the Developer to develop and fund a collaborative and efficient oversight body with the impacted Aboriginal parties.

⁸ YKDFN. Mackenzie Valley Environmental Impact Review Board. Avalon Rare Metals Inc. Tree of Peace, Yellowknife, NT. (02-19-2013). Day 2 of 4. Todd Slack, page 172-173, Lines 22-23

⁹ LKDFN. Mackenzie Valley Environmental Impact Review Board. Avalon Rare Metals Inc. Tree of Peace, Yellowknife, NT. (02-19-2013). Day 2 of 4. Michael Tollis, page 231-232, Lines 13-3.

¹⁰ AKT8T. Mackenzie Valley Environmental Impact Review Board. Avalon Rare Metals Inc. Tree of Peace, Yellowknife, NT. (02-20-2013). Day 3 of 4. Stephen Ellis, page 208.

Summary of NSMA's Recommended Measures

- NSMA Measure 1:** The NSMA requests that the Board require the Developer (and subcontractors) to develop, establish, and implement a Barge Incident Response Plan that includes mandatory salvaging of materials that are considered contaminants by Aboriginal parties.
- NSMA Measure 2:** The NSMA requests that the Board require the Developer to establish a caribou working group to, among other things, develop a response framework for managing and mitigating the cumulative impacts of the Thor Lake Project on the Bathurst caribou herd.
- NSMA Measure 3:** The NSMA requests that the Board require the Developer to establish a WEMP.
- NSMA Measure 4:** The NSMA requests that the Board require the Developer to collaborate with the NSMA with a view to incorporate Métis Traditional Knowledge (MTK) into the response framework and WEMP.
- NSMA Measure 5:** The NSMA requests that the Board require the Developer to incorporate waste incineration stack emission testing into the waste incineration management plan.
- NSMA Measure 6:** The NSMA requests that the Board require the Developer to collaborate with the NSMA with a view to incorporate Métis Traditional Knowledge (MTK) into the design of the AQMMP.
- NSMA Measure 7:** The NSMA requests that the Board require the Developer to develop and fund a collaborative and efficient oversight body with the impacted Aboriginal parties.