

July 26, 2013

The Honourable Bernard Valcourt
Minister, Aboriginal Affairs and Northern Development Canada
EXECUTIVE OFFICES
10 Wellington Street
Gatineau, Quebec K1A 0H4

Dear Minister Valcourt,

Re: Reasons for Decision and Report of Environmental Assessment on the Nechalacho Rare Earth Element Project

The Mackenzie Valley Environmental Impact Review Board is pleased to submit the attached *Report of Environmental Assessment* on the Avalon Rare Earth Element Project.

It is the Review Board's opinion that the proposed development is likely to have significant adverse impacts on the environment. The Review Board therefore recommends, pursuant to sub-paragraph 128(1)(b)(ii) of the *Mackenzie Valley Resource Management Act*, that this development be allowed to proceed subject to implementation of the measures described in this Report which are necessary to prevent predicted significant impacts on the environment.

If you have any questions regarding this report please feel free to contact our office.

Sincerely,



Richard Edjericon

Chairperson

cc. Mr. Willard Hagen, Chair, Mackenzie Valley Land and Water Board