



Mackenzie Valley Environmental Impact Review Board

July 26th, 2007

Ms. Zoe Raemer
A/Regional Director General
Northwest Territories Region
Indian and Northern Affairs Canada
Yellowknife, NT

Dear Ms. Raemer:

RE: Hunter Bay Resources Land Use Permit S07C-004

As you are aware, the Sahtu Land and Water Board (SLWB) issued the captioned land use permit (LUP) to Hunter Bay Resources Ltd. (Hunter Bay) on July 4th, 2007. This action by the SLWB was taken notwithstanding written notification by the Mackenzie Valley Environmental Impact Review Board (Review Board), delivered June 28th, 2007, that it was reviewing the file in order to make a determination of whether to exercise its discretion pursuant to subsection 126(3) of the *Mackenzie Valley Resource Management Act* (MVRMA).

Subsection 126(3) of the MVRMA gives the Review Board the authority to order an Environmental Assessment notwithstanding any determination made by the SLWB on a preliminary screening. The discretion granted to the Review Board by this subsection is clear and was further clarified by recent amendments to the Act to implement the Tlicho Agreement.

Therefore the SLWB knew before it issued the Hunter Bay LUP that the Review Board was still engaged in the exercise of its statutory authority under part 5 of the MVRMA. In our view this action raises serious questions about the effect of section 118 of the Act on the LUP. Further, as was recently held by the Federal Court of Canada in *Chief Lloyd Chicot et al. v. Canada and Paramount Resources Ltd.* 2007 FC 763, a failure to completely satisfy the requirements of

part 5 of the MVRMA before the issuance of a land use permit also violates section 62 of the Act.

For the moment, our point is simply that there are important legal questions unanswered about the permit issued by the SLWB. In the meanwhile, your staff have informed the Review Board that activity is underway under the LUP and that Hunter Bay may have already begun diamond drilling. This raises enforcement questions since the company may be operating without a valid permit. We urge you and your inspection staff to review these facts and to take appropriate action to ensure that this land use activity takes place in a manner consistent with the MVRMA.

Yours truly,



Vern Christensen
Executive Director

cc. Larry Wallace,
Chair SLWB

George Govier
Executive Director SLWB

Wally Kushner
Hunter Bay Resources Ltd.

