

NIRB File No. 11EN040
KIA File No.: KVL311C02
AAND File No.: N2011C0023
NWB File No.: 2BE-SIP

August 23, 2011

Everett Makela
Vale Exploration Canada Ltd.
Highway 17 West
Copper Cliff, ON P0M 1N0

Via email: Everett.Makela@vale.com

Re: Notice of Part 4 Screening for Vale Exploration Canada Ltd.'s "Southampton Island Nickel Exploration" project proposal

Dear Everett Makela:

On July 5, 2011 the Nunavut Impact Review Board (NIRB or Board) received the Vale Exploration Canada Ltd. (Vale) “Southampton Island Nickel Exploration” project proposal from the Kivalliq Inuit Association (KIA). On July 13, 2011 the NIRB received a positive conformity determination (Keewatin Regional Land Use Plan) from the Nunavut Planning Commission. The NIRB requested additional information¹ regarding the referenced application in correspondence to the Proponent on July 5, 2011, on July 19, 2011, and again on August 19, 2011. The NIRB received the requested information on August 22, 2011. The NIRB has assigned this project proposal file number **11EN040** - please reference this file number in related future correspondence.

The project is located in the Kivalliq region on Southampton Island approximately 65 kilometres (km) northeast of the hamlet of Coral Harbour. The program intends to assess potential nickel deposits on Crown and Inuit Owned Land for 3 weeks in 2011, with plans to continue seasonally in 2012 depending on the results of the 2011 assessment.

The project activities include:

- 2011 exploration activities:
 - On site for 2-3 weeks in the fall;
 - Conduct geophysical surveying;
 - Potentially conduct exploration drilling using 1 diamond drill;
 - Cache up to 19 drums of diesel fuel onsite;

¹*NIRB Part 1 Summary Application Form in English*

- Daily transport of crew by helicopter to and from Coral Harbour each day, with additional use of helicopter to move the drill rig as required;
- Crew accommodations in Coral Harbour;
- Waste oil shipped in sealed containers to Coral Harbour for disposal;
- 2012 exploration activities:
 - Exploration using 1 diamond drill transported by helicopter;
 - Potentially construct a temporary camp for approximately 10 people in the summer or fall to be used seasonally;
 - Use of helicopter to move drill equipment, and Twin Otter or equivalent aircraft to deliver camp equipment;
 - Camp sewage contained using incinerating Pacto toilet or equivalent units, with the resulting ash and grey water deposited in a natural depression or sump at a minimum of 30 metres from the high water mark of any water body.

All documents received and pertaining to this project proposal can be obtained from the NIRB's ftp site at <http://ftp.nirb.ca/01-SCREENINGS/ACTIVE%20SCREENINGS/11EN040-Vale%20Exploration%20Canada%20Inc.-Southampton%20Island%20Project/01-APPLICATION/> including:

- *NIRB Part 1 Form*
- *Kivalliq Inuit Association Application Form;*
- *Aboriginal Affairs and Northern Development Application;*
- *Maps;*
- *Non technical Project Proposal summary in English;*
- *Non technical Project Proposal summary in Inuktitut;*
- *NPC Conformity Determination and Questionnaire;*
- *Project Plans in the Appendices of Proponent Cover Letter and Additional Information to AAND:*
 - *Spill Contingency Plan;*
 - *Closure and Restoration Plan;*
 - *Vale Value Statement.*

Pursuant to Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA), the NIRB shall proceed to screen this project proposal. The NIRB may request additional information at any time during the process. The NIRB will copy you on screening process related correspondence and upload related documents to the above ftp site for public access.

Be advised that the NIRB is copying parties and municipalities potentially affected by this project proposal. Interested parties are encouraged to comment directly to the NIRB by **September 6, 2011.**

The NIRB would like parties to provide comments regarding:

- Whether the project proposal is likely to arouse significant public concern; and if so, why;
- Whether the project proposal is likely to cause significant adverse eco-systemic and socio-economic effects; and if so, why;

- Whether the project is of a type where the potential adverse effects are highly predictable and mitigable with known technology, (please provide any recommended mitigation measures); and
- Any matter of importance to the Party related to the project proposal.

Please note that proposed project-specific terms and conditions, should the project proceed, have been attached for consideration and comment (**Appendix A**).

Please send your comments to the NIRB at info@nirb.ca or via fax at **(867) 983-2594**.

If you have any questions or concerns, feel free to contact me directly at 867-983-4611 or tarko@nirb.ca.

Sincerely,



Tara Arko
Technical Advisor
Nunavut Impact Review Board

cc: Distribution List
Sarah Gagne, Golder Associates (sarah_gagne@golder.com)
Danielle Leger, Vale Exploration Canada Ltd. (Danielle.Leger@vale.com)
Barrett Elliot, Vale Exploration Canada Ltd. (Barrett.Elliott@vale.com)
Michelle Plouffe, Vale Exploration Canada Ltd. (Michelle.Plouffe@vale.com)

Attachments: Appendix A – *Proposed Project Specific Terms and Conditions*

Enclosures (2): Comment Forms (English and Inuktitut)

Appendix A

Proposed Project Specific Terms and Conditions

The following is a list of project-specific terms and conditions which, should the project proceed, may be recommended to be attached to any approval.

General

1. Vale Exploration Canada Ltd. (the Proponent) shall maintain a copy of the Project Terms and Conditions at the site of operation at all times.
2. The Proponent shall forward copies of all permits obtained and required for this project to the Nunavut Impact Review Board (NIRB) prior to the commencement of the project.
3. The Proponent shall operate in accordance with all commitments stated in correspondence provided to the NIRB and other agencies:
 - a. *Kivalliq Inuit Association Application Form, signed May 12, 2011;*
 - b. *Maps, July 5, 2011;*
 - c. *Project Proposal and Non-technical Summaries, July 5, 2011;*
 - d. *NPC Conformity Determination and Questionnaire, July 13, 2011;*
 - e. *Proponent Cover Letter and Additional Info to INAC, July 5, 2011 which includes the Spill Contingency Plan, Closure and Restoration Plan and Vale Value Statement.*
4. The Proponent shall operate the site in accordance with all applicable Acts, Regulations and Guidelines.

Water

5. The Proponent shall not extract water from any fish-bearing waterbody unless the water intake hose is equipped with a screen of appropriate mesh size to ensure that there is no entrapment of fish. Small lakes or streams shall not be used for water withdrawal.
6. The Proponent shall not use water, including constructing or disturbing any stream, lakebed or the banks of any definable water course unless approved by the Nunavut Water Board.

Waste

7. The Proponent shall incinerate all combustible wastes daily, and remove the ash from incineration activities and non-combustible wastes from the project site to an approved facility for disposal.
8. The Proponent shall ensure that no waste oil/grease is incinerated on site.

Fuel and Chemical Storage

9. The Proponent shall locate all fuel and other hazardous materials a minimum of thirty-one (31) metres away from the high water mark of any water body and in such a manner as to prevent their release into the environment.
10. The Proponent shall store all chemicals in such a manner that they are inaccessible to wildlife.
11. The Proponent shall use adequate secondary containment or a surface liner (e.g. self-supporting insta-berms and fold-a-tanks) when storing barreled fuel and chemicals at all

locations. Appropriate spill response equipment and clean-up materials (e.g., shovels, pumps, barrels, drip pans, and absorbents) must be readily available during any transfer of fuel or hazardous substances, as well as at fuel caches, vehicle-maintenance areas and drill sites.

12. The Proponent shall inspect and document the condition of all fuel caches on a weekly basis. All fuel and chemical storage containers must be clearly marked with the Proponent's name and examined for leaks immediately upon delivery.
13. The Proponent shall remove and treat hydrocarbon contaminated soils on site or transport them to an approved disposal site for treatment.
14. The Proponent shall ensure that all personnel are properly trained in fuel and hazardous waste handling procedures, as well as spill response procedures. All spills of fuel or other deleterious materials of any amount must be reported immediately to the 24 hour Spill Line at (867) 920-8130.

Drilling on Land

15. The Proponent shall not conduct any land based drilling or mechanized clearing within thirty-one (31) metres of the normal high water mark of a water body.
16. The Proponent shall not allow any drilling wastes to spread to the surrounding lands or water bodies.
17. If an artesian flow is encountered, the Proponent shall ensure the drill hole is immediately plugged and permanently sealed.
18. The Proponent shall ensure that all drill areas are constructed to facilitate minimizing the environmental footprint of the project area. Drill areas should be kept orderly with garbage removed daily to an approved disposal site.
19. The Proponent shall ensure that all sump/depression capacities are sufficient to accommodate the volume of waste water and any fines that are produced. The sumps shall only be used for inert drilling fluids, and not any other materials or substances.
20. The Proponent shall not locate any sump within thirty-one (31) metres of the normal high water mark of any water body. Sumps and areas designated for waste disposal shall be sufficiently bermed or otherwise contained to ensure that substances do not enter a waterway unless otherwise authorized.
21. The Proponent shall ensure all drill holes are backfilled or capped prior to the end of each field season. All sumps must be backfilled and restored to original or stable profile prior to the end of each field season.

Wildlife

22. The Proponent shall ensure that there is no damage to wildlife habitat in conducting this operation.
23. The Proponent shall not harass wildlife. This includes persistently worrying or chasing animals, or disturbing large groups of animals. The Proponent shall not hunt or fish, unless proper Nunavut authorizations have been acquired.

24. The Proponent shall restrict aircraft/helicopter activity related to the project to a minimum altitude of 610 metres above ground level unless there is a specific requirement for low-level flying, which does not disturb wildlife and migratory birds.
25. The Proponent shall ensure that aircraft maintain a vertical distance of 1000 metres and a horizontal distance of 1500 metres from any observed groups (colonies) of migratory birds.
26. The Proponent shall ensure that aircraft/helicopter do not, unless for emergency, touch-down in areas where wildlife are present.
27. The Proponent shall not disturb or destroy the nests or eggs of any birds. If active nests of any birds are discovered (i.e. with eggs or young), the Proponent shall avoid these areas until nesting is complete and the young have left the nest.
28. The Proponent shall ensure all project staff are trained in appropriate bear/carnivore detection and deterrent techniques.

Camp

29. The Proponent shall ensure that all camps are located on gravel, sand or other durable land.
30. The Proponent shall not erect camps or store material on the surface ice of lakes or streams.

Restoration

31. The Proponent shall remove all garbage, fuel and equipment upon abandonment.
32. The Proponent shall complete all clean-up and restoration of the lands used prior to the expiry date of the permit.

Other

33. The Proponent should, to the extent possible, hire local people and consult with local residents regarding their activities in the region.
34. Any activity related to this application, and outside the original scope of the project as described in the application, will be considered a new project and should be submitted to the NIRB for Screening.