



July 3, 2015

The Honourable Bernard Valcourt
Minister of Aboriginal Affairs and Northern Development
10 Wellington, 21 Floor
Gatineau, Quebec K1A 0H4

Dear Mr. Valcourt:

Re: Final Hearing Report from the Nunavut Impact Review Board Regarding the Kiggavik Uranium Mine Project (NIRB File No. 09MN003) dated May 8, 2015 (the Report)

The final hearing for AREVA Resources Canada Inc.'s (AREVA) proposed Kiggavik Uranium Mine Project (the Project or Kiggavik Project) took place in Baker Lake, Nunavut from March 3 to March 14, 2015 following over eight years of intensive community consultation, technical studies and environmental review. On May 8, 2015 the Nunavut Impact Review Board (NIRB or Board) issued the Final Hearing Report for the Project to the Minister of Aboriginal Affairs and Northern Development Canada (Minister) pursuant to Section 12.5.6 of the *Nunavut Land Claims Agreement* (NLCA). The Board recommended that the proposed Kiggavik Project should not proceed at this time. I am writing on behalf of AREVA and its partners in the Project, JCU (Canada) Exploration Company and DAEWOO Corporation, to express our disappointment in the Board's recommendation and suggest that the Minister not accept the Report and recommendation as written.

Pursuant to Section 12.5.7 of the NLCA the Minister must decide to accept the report (12.5.7(a)), reject the report (12.5.7(d)), or find the report deficient and refer it back to the NIRB (12.5.7(e)). We believe the Minister should reject the Report pursuant to Section 12.5.7(d) of the NLCA and return the Report to the NIRB to consider the inclusion of appropriate terms and conditions to a project approval. We assert that the Minister has grounds to support this determination as the detailed and transparent environmental assessment (EA) which strongly demonstrates that the proposed Project both meets the requirements for development in Nunavut and is in the regional interest. It is our view that in making its recommendation to the Minister the Board did not use the EA process in the NLCA as a planning tool nor did it utilize existing and available remedies to address the Project's lack of firm project start date. To deny the Project approval in the absence of significant, unresolvable issues is inconsistent with current economic strategies and development policies that speak to responsible resource development that can contribute to self-reliance and improved quality of life.

AREVA Resources Canada Inc.

P.O. Box 9204 — 817 - 45th Street West — Saskatoon, SK S7K 3X5 — CANADA
Tel: 1 (306) 343-4500 — Fax: 1 (306) 653-3883 — Web Site: www.avevaresources.ca

Project is Absent of Unresolvable Issues and is in the Regional Interest

It is our view that the Kiggavik Project, demonstrated through the NLCA Part 5 review, is absent of unresolvable project-specific issues. This is supported by the concluding statements of all federal participating departments: Aboriginal Affairs and Northern Development Canada (AANDC), Canadian Nuclear Safety Commission (CNSC), Environment Canada, Fisheries and Oceans Canada, Natural Resources Canada, and Transport Canada, all who concluded that there are no outstanding or unresolvable issues within their mandates that would prevent the proposed Kiggavik Project from receiving approval. In addition, the Government of Nunavut, while highlighting the need for adaptive management, information sharing, and the growing collective understanding of caribou, acknowledged the importance of the Project to the region and Nunavut and recommended terms and conditions to be attached to a project approval that would address their remaining concerns. Lastly, the Kivalliq Inuit Association (KIA) expressed their active engagement in the review and concluded that remaining issues could be adequately addressed as terms and conditions in a Project Certificate.

The NLCA mandates the NIRB not only protect but also promote future well-being. Specifically, Section 12.2.5 states: "In carrying out its functions, the primary objectives of NIRB shall be at all times to protect and promote the existing and future well-being of the residents and communities of the Nunavut Settlement Area, and to protect the ecosystemic integrity of the Nunavut Settlement Area." In the Report the NIRB emphasized potential short-term negative socio-economic effects from the Project, such as short-term inflation and labor force adjustments but conversely did not fully take into consideration and acknowledge that these effects are accompanied by overall, positive, long-term benefits associated with greater opportunity to participate in the wage-economy. As presented in the Project Final Environmental Impact Statement, the Kiggavik Project would directly employ approximately 750 people during construction and 550 people during operations. In addition to indirect benefits to the region, there would also be benefits negotiated through the Inuit Impact Benefit Agreement with the KIA plus approximately \$1 billion of taxes and royalties paid through the life of the Project.

It is well known that consistent and clear regulatory requirements and expectations contribute to investment certainty for project proponents and attract investment. Given that there are no project-specific issues that cannot be addressed in Project Certificate terms and conditions, AREVA believes that a positive EA decision would demonstrate a stable and predictable regulatory process and therefore support Nunavut and Canadian international competitiveness, attracting potential resource development while at all times remaining protective of the biophysical and socio-economic environments. Attracting and advancing responsible resource development that respects the balance of environment, socio-economics, and economics is in the regional interest.

Environmental Assessment is a Planning Tool

It is AREVA's position that the NIRB Report fails to recognize the legislative intent of EAs across Canadian jurisdictions, and confirmed by the 2010 Supreme Court of Canada decision, *Mining Watch Canada v. Canada (Fisheries and Oceans)*, 2010 SCC 2, that EAs are intended to be a planning tool. The NIRB also describes EAs as "... a tool used by the NIRB to evaluate the potential environmental and socioeconomic impacts of a project proposal to ensure the integrated planning of development proposals... prior to major decisions and commitments being made..." (NIRB Guide 7, 2006) and it is stated in the Report that estimated start dates are helpful in improving prediction confidence but are not a necessity. Yet it is clear

that uncertainty of start date, transparently communicated by AREVA, was the primary influence in the NIRB recommendation to not approve the Project.

Having start date uncertainty is not unique to the Kiggavik Project. Resource developments across Canada and in other mining jurisdictions routinely advance on timelines different than those originally proposed within EAs. Two relevant recent examples of reviews advancing with start date uncertainty are the Hope Bay Gold Project in the Kitikmeot region of Nunavut and the Kintyre Uranium Mining Project in Western Australia. In 2012 the proponent of the Hope Bay Gold Project transitioned the project into care and maintenance during a NIRB review and, in response to a request for guidance, AANDC advised the Board that the establishment of certain project start dates is difficult and that reviews should continue as long as proponents are actively engaged and information requests can be met (Correspondence dated May 29, 2012 from Honorable J. Duncan to Ms. Copland). In April 2015, the Kintyre Uranium Mining Project in Western Australia was approved by the Australian Federal Minister for the Environment in the absence of a firm project start date. Similar to the Kiggavik Project, the proponent for the Kintyre Uranium Mining Project cited unfavorable market conditions for a lack of a commencement date for the project. It is a standard expectation for proponents to advance projects through regulatory steps as influenced by predicted future markets and internal decisions regarding investment planning. Since the initial 2008 submission of the Kiggavik Project to commence the NCLA review, market conditions have changed substantially. However, AREVA and its partners continued with the EA process as a prudent step to enable a positive development decision when favorable market conditions return.

Further, we note that the legislative intent of EA as a planning tool is evidenced and supported by the numerous post-EA regulatory requirements such as the stringent licensing requirements under the *Nuclear Safety Control Act* and under the *Nunavut Waters and Nunavut Surface Rights Act*. The Report indicates that the NIRB believes the CNSC will provide regulatory oversight that will satisfactorily avoid or mitigate almost all ecosystem effects and the CNSC committed during the final hearing to validate the EA predications to ensure it reflects environmental conditions at the time of licensing (CNSC, Final Hearing Transcript Page 2337). Given that in addition the NLCA and associated legislation directs regulatory bodies, including the NIRB, to fulfill their functions in a manner that is cooperative, integrated and avoids duplication, AREVA believes that by using an uncertain start date to deny an EA approval the NIRB has expanded their oversight beyond the intent of EA and prevented the objective of planning from being achieved.

In the Report the Board cites diminishing confidence over time related to the predictability of effects of the Project due to the lack of a firm start date. AREVA asserts that the precautionary principle was followed throughout the EA and its onus of proof regarding the acceptability of the project was met. We believe that the Board erred by failing to consider existing and available remedies to address the concerns associated with lack of firm project start date. As stated by AANDC representatives at the NIRB final hearing, "Should NIRB recommend to our minister that the project move forward and a Project Certificate be issued, the Department is confident that Section 12.8 of the Nunavut Land Claim Agreement can adequately manage any potential future changes to the project" (AANDC, Final Hearing Transcript Page 2338). AREVA strongly agrees with AANDC and points to Article 12, Parts 7 to 10 of the NLCA as ensuring that there is an adequate system of monitoring and adapting to ensure the Project has no significant adverse environmental effect throughout its project life.

A number of remedies to address uncertainty with respect to the project start date were presented to NIRB for consideration; however, the Report is unclear on whether any of the remedies were considered prior to their rejection by the NIRB. The Report presents the Board's unsupported view that Project Certificate flexibility described in Section 12.8 of the NLCA "is not a solution to all issues that may arise in relation to the absence of definite start date for the project". The Report provides no evidence that the Project cannot be approved (i) under terms and conditions in a Project Certificate relating to timelines for future review and considerations under NLCA Section 12.8.2, or (ii) with timelines respecting the term (time period) of the Project Certificate.

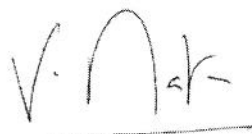
Summary

The territory of Nunavut has experienced, and well recognizes, the volatility of the mining industry. With few other sources of economic development on the horizon, the mining industry forms a cornerstone of the North's economic and social development plans with an emphasis on performance and planning. Use of EA as a planning tool and use of available remedies to address uncertainty with project start date can allow for reasonable project and regulatory advancement despite unfavorable markets to mitigate this volatility without compromise to environmental protection.

It is AREVA's strong view that the Report should be rejected by the Minister pursuant to Section 12.5.7(d) of the NLCA and return the Report to the NIRB to consider the inclusion of appropriate terms and conditions that should be attached to a project approval. However, in the absence of a Section 12.5.7(d) determination by the Minister, it is our position that the Report should be referred back to the NIRB pursuant to Section 12.5.7(e) of the NLCA on the basis that the Report contents are deficient, primarily with respect to issues outlined in this letter but also numerous deficiencies including: (i) absence of conclusions from responsible regulatory organizations regarding the adequacy of the environmental impact statement, (ii) absence of full dispositions of motions at the final hearing, and (iii) clarification from the NIRB on how the extensive list of regional capacity issues in Nunavut listed in the Report (e.g. lack of educational achievement, delayed land use planning, and limited regional information base for caribou) has influenced the negative EA recommendation. Should the Minister proceed with the Section 12.5.7(e) referral, we would be pleased to share the detailed review that we have performed, including an evaluation of the views and conclusions presented in the NIRB Report against regulatory submissions and the transcripts recorded during the final hearing.

Should the Minister or his staff have any questions or concerns regarding this submission please do not hesitate to contact myself at (306) 343-4518 or by email at vincent.martin@areva.com or Tammy Van Lambalgen, Vice President Regulatory, CSR & Legal, at (306) 343-4569 or by email at tammy.vanlambalgen@areva.com.

Yours truly,



Vincent Martin
President and C.E.O.

cc:

The Honourable Gail Shea, Minister of Fisheries and Oceans, Government of Canada
The Honourable Greg Rickford, Minister of Natural Resources, Government of Canada
The Honourable Lisa Raitt, Minister of Transport, Government of Canada
The Honourable Leona Aglukkaq, Member of Parliament for Nunavut
Dr. Michael Binder, President, Canadian Nuclear Safety Commission
The Honourable Peter Taptuna, Premier, Nunavut
The Honourable Johnny Mike, Minister of Community and Government Services and Environment, Nunavut
The Honourable Monica Ell, Minister of Economic Development and Transportation and Energy, Nunavut
Cathy Towtongie, President, Nunavut Tunngavik Incorporated
David Ningeongan, President, Kivalliq Inuit Association
Elizabeth Copland, Chairperson Nunavut Impact Review Board