



DEC 5 2017

Ms. Elizabeth Copland
Chairperson
Nunavut Impact Review Board
PO Box 1360
CAMBRIDGE BAY NU X0B 0C0

Via e-mail: ecopland@nirb.ca; info@nirb.ca; rbarry@nirb.ca

Dear Ms. Copland:

I would like to thank Phillip (Omingmakyok) Kadlun, Chairperson of the Back River Gold Mine Project Proposal Panel, and the Nunavut Impact Review Board (Board) for their letter of July 18, 2017, and the enclosed Revised Final Hearing Report for Sabina Gold and Silver Corporation's proposed Back River Gold Mine Project, as well as the subsequent errata that I received on November 28, 2017. I appreciate the Board's diligence in this matter.

The Ministers of Environment and Climate Change; Fisheries, Oceans and the Canadian Coast Guard; Natural Resources; and Transport and I have the regulatory jurisdiction for authorizing the Project to proceed and therefore must make a decision on the basis of this Revised Final Hearing Report as the responsible Ministers under the Nunavut Agreement.

In the Board's original Final Hearing Report on this project in 2016, the Board concluded that the project should not proceed because the Board considered there was an unacceptably high degree of uncertainty around some issues and too much potential for significant adverse ecosystemic and socio-economic effects. More specifically, the Board had determined that there was the potential for adverse effects on caribou and other terrestrial wildlife, fish, and freshwater and marine environments, and that there would be adverse socioeconomic effects associated with these ecosystemic effects.

After reviewing the 2016 Report and inviting comments from appropriate organizations, the responsible Ministers determined that it was premature to conclude that the Project would lead to unacceptable or unmanageable ecosystemic or socioeconomic impacts and that further assessment could reduce uncertainty and provide the Board with

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improved confidence that any potential adverse effects could be managed and mitigated to an acceptable level. For those reasons, the responsible Ministers referred the 2016 Final Hearing Report back to the Board for further consideration under Article 12, section 12.5.7(e) of the Nunavut Agreement.

As a result, the Board conducted further assessment of the project including Sabina's submission of an Addendum to the Final Environmental Impact Statement, further written submissions by intervenors, a technical meeting, and a Supplemental Final Hearing held in Cambridge Bay, Nunavut, from May 31 to June 3, 2017. The submission of the Revised Final Hearing Report completed the process, with the Board determining that the project should proceed subject to the imposition of 94 terms and conditions.

The responsible Ministers have reviewed the Revised Final Hearing Report and have concluded that it contains a thorough assessment of potential ecosystemic and socioeconomic impacts and has thoroughly addressed the five key issues noted in my January 12, 2017 letter. The Board's further review addressed critical information gaps, reduced uncertainty, addressed outstanding concerns, and increased overall confidence that the potential for effects of the project can be limited, mitigated, and managed effectively. The key issues that were addressed during the supplemental assessment and articulated in the Board's Revised Report are as follows:

Caribou and Terrestrial Wildlife

Caribou are a vital component of the northern environment both from an ecosystemic perspective and as an essential component of the Métis, First Nation, and Inuit way of life. Their importance to Indigenous Peoples cannot be understated as they serve, in the simplest sense, as a source of nutrition and more profoundly as a vector for maintaining cultural identity. As such, the examination of the potential impacts of the proposed project on the barren ground caribou populations that might interact with the project constituted the most significant challenge faced by the Board during the assessment of the proposed project.

Reflecting upon the significant declines in barren ground caribou populations in the project area and the cumulative influences that development, climate change, harvesting pressures, predation, and natural population variability have on wildlife, the Board adopted a very rigorous and stringent precautionary stance in its 2016 determination that the project should not proceed. The Board cited a high degree of uncertainty regarding both the ability to predict the effect of the proposed project on barren ground caribou and the effectiveness of the wildlife monitoring, mitigation, and adaptive management measures proposed to mitigate potential effects on adjacent

populations. It was this uncertainty and the precarious nature of adjacent barren ground caribou populations that led, in part, to the Board's determination that the project should not proceed.

Following further review of the proposed project – which included new material presented by the proponent in the Addendum to the Final Environmental Impact Supplemental Hearing process – the Board has concluded that the significant improvements to proposed adaptive management and monitoring, as outlined in the updated Wildlife Mitigation and Monitoring Plan, have greatly reduced the previous uncertainty related to potential impacts to terrestrial wildlife, particularly barren ground caribou, from the project. Furthermore, the Board is confident that if all proposed mitigation and monitoring measures are fully implemented through the proponent's full compliance with the terrestrial wildlife related terms and conditions then potential effects to barren ground caribou and other terrestrial wildlife can be appropriately mitigated.

The other responsible Ministers and I agree with the Board's assessment and conclusions, as does the Kitikmeot Inuit Association. However, we recognize that the Metis and First Nation groups in the Northwest Territories may continue to have concern about the impacts of the project on barren ground caribou populations. While recognizing the significance of caribou to northern Indigenous communities, we have confidence that impacts can be minimized through an updated Wildlife Mitigation and Monitoring Plan and the very stringent measures put forth by the Board. Some of the key features of the proposed Wildlife Mitigation and Monitoring Plan include the timely implementation of wildlife monitoring and management protocols; monitoring to track, assess, and adaptively manage the interactions between wildlife and the project; the use of skilled wildlife monitors; and the role of the Inuit Environmental Advisory Committee and the Caribou Technical Advisory Group in data collection, analysis, and consideration in the ongoing assessment and refinement of the project's environmental management measures.

Freshwater Aquatic Environment

In the 2016 Final Hearing Report, the Board expressed a lack of confidence in the mitigation measures being proposed to reduce significant adverse impacts to the freshwater environment. The Board's concern centred on what it considered to be a limited consideration of Inuit Qaujimaningit principles in the project design regarding the planned fish-out and dewatering of lakes, limited data presented on the lakes that would be disrupted due to water extraction associated with the preparation of winter ice roads, a lack of assurance that the Bernard Harbour offsetting plan would be sufficient to offset all anticipated serious harm to fish, and concern that there may be cumulative impacts to fish and freshwater biota due to effects of the project in combination with impacts related to climate change.

Following further review of the proposed project, which included new information presented by the proponent in the Addendum to the Final Environmental Impact Statement and updated views from several of the interested parties through the supplemental hearing process, the Board has determined that the relevant issues have been addressed. The Board's increased confidence in the proposal stems from additional information provided by the proponent regarding the fish-out plan, fish offsetting plan, and the fish passage and winter ice road withdrawal memos. The Board is confident that the proponent will work with Fisheries, Oceans and the Canadian Coast Guard Canada to establish fish habitat offsetting for any lost aquatic habitat and that these offsetting plans, in particular the Bernard Harbour offsetting plan, are well supported by parties. The Board has also taken note of a commitment by the proponent to work with local communities and the Kitikmeot Inuit Association to develop an appropriate fish-out plan that details the relocation or use of affected fish.

The responsible Ministers agree with the Board's assessment of the new material provided by the proponent and interested parties as well as the Board's determination that the potential for significant impacts to fish and the freshwater environment can be managed and mitigated. We are reassured that the potential impacts of the project can be properly managed and mitigated by the application of the nine terms and conditions articulated in the Revised Final Hearing Report and make particular note of the requirement for the maintenance and execution of an aquatic effects monitoring plan.

Marine Environment

The Board concluded in the 2016 Final Hearing Report that there was considerable uncertainty in relation to the effects predicted for the proposed saline water discharge at the marine laydown area and expressed concerns about the adequacy of emergency preparedness and response capacity for the shipping of bulk fuel into Bathurst Inlet. At the conclusion of the reconsideration process, the Board determined that the relevant issues have been addressed. The Board's concerns related to the saline water discharge have been resolved by assurances that regulatory oversight of the saline water discharge can be provided through the Department's responsibilities under the *Arctic Waters Pollution Prevention Act* and the *Territorial Lands Act*. As well, further confidence that marine related impacts can be mitigated was provided by Sabina's commitment to Environment and Climate Change Canada to develop a stand-alone marine monitoring plan and commitments relating to emergency preparedness and response capacity for shipping of bulk fuel into Bathurst Inlet.

The responsible Ministers agree with the Board's assessment of the new material provided by the proponent and interested parties as well as the Board's determination that the potential for significant impacts to marine water quality can be managed and mitigated. We encourage the proponent to continue to work closely with officials from

this Department as well as from Environment and Climate Change Canada through the regulatory process and the development of the project to ensure that the Board's original concerns are fully addressed.

Water Quality (ground and surface)

In the 2016 Final Hearing Report, the Board expressed considerable uncertainty in relation to the effects predicted for ground and surface water quality due to the limited development of the Aquatic Effects Management Plan and the disagreement on the criteria for setting and assessing water quality objectives for arsenic.

Following further review of the proposed project, the Board has determined that the relevant issues have been addressed. The Board has made note of the additional information provided in the Aquatic Effects Monitoring Plan and agreement between parties with regard to the development of water quality objectives. The Board has identified two terms and conditions to ensure that water is monitored and managed in a way that ensures significant impacts to water quality do not occur during the construction, operation, and closure of the proposed project.

The responsible Ministers agree with the Board's assessment of information provided by the proponent and interested parties as well as the Board's determination that the potential for significant impacts to water quality can be managed and mitigated.

Climate and Meteorology

In the 2016 Final Hearing Report, the Board expressed uncertainty regarding the effectiveness of the proposed tailings storage facility in the context of climate change. During the 2016 assessment, there was concern that a warming climate may result in incomplete thermal encapsulation of tailings resulting in a potential source of contaminant loading to the aquatic environment. Following further review of the proposed project, which included new material presented by the proponent in the Addendum to the Final Environmental Impact Statement and updated views from several of the interested parties through the supplemental hearing process, the Board has determined that the relevant issues have been addressed. The updated information includes a new adaptive management plan contained within the climate change memo that outlines proposed triggers for adaptive management and explains how monitoring would be conducted. The alternative mitigation measures proposed increase the proponent's ability to manage, detect, and mitigate any potential effects of climate change on project facilities. The proponent has also committed to continually update thermal modelling in response to new monitoring data and new climate change predictions, conduct regular, independent geotechnical inspections, and monitor the waste rock and tailings storage facilities for at least 21 years.

The responsible Ministers agree with the Board's assessment of the new material provided by the proponent and interested parties as well as the Board's determination that the potential for significant impacts to the project area from the interaction of project facilities in the context of climate change can be managed and mitigated. We would like to make note of Term and Condition No. 7 and the importance of maintaining a Mine Closure and Reclamation Plan that ensures that mine components remain physically and chemically stable and will not require long-term active care after closure.

Conclusion

In furtherance of our role under the Nunavut Agreement section 12.5.7, and on the basis of the supplemental assessment process conducted by the Board, our review of the Revised Hearing Report as well as submissions to us in response to the request by the Northern Projects Management Office, the responsible Ministers accept the Board's determination that the proposal should proceed, subject to the terms and conditions identified by the Board. It is evident that the Board met its primary objectives under section 12.2.5 of the Nunavut Agreement, which are to protect and promote the existing and future well-being of the residents and communities of the Nunavut Settlement Area, to protect the ecosystemic integrity of the Nunavut Settlement Area, and to take into account the well-being of residents of Canada outside of the Nunavut Settlement Area.

This decision is also consistent with the Government of Canada's January 2016 announcement of five interim principles to guide environmental assessment decision making. The Board's review accords with those principles in that it is based on science, Inuit Qaujimaningit, and other relevant evidence; provided for meaningful consultations of the Inuit and other Indigenous Peoples; and allowed for due consideration of the views of affected communities.

In order to further the Government of Canada's commitment to meaningful consultation, the Northern Projects Management Office encouraged several Indigenous groups to participate in the Board's process as a means of consultation. As part of the responsible Ministers' assessment of the Revised Final Hearing Report, on July 24, 2017, the Northern Projects Management Office also sought direct feedback from the following potentially affected Indigenous groups: the Kitikmeot Inuit Association, the North Slave Métis Alliance, Łutsel K'e Dene First Nation, Yellowknives Dene First Nation, and the Tłı̨chǫ Government. Specifically, the Northern Projects Management Office requested the groups' views on the Revised Final Hearing Report. None of these organizations expressed any outstanding concerns with either their ability to engage in the assessment process or with the determination of the Board. The Kitikmeot Inuit

Association did indicate in their response that their concerns have been satisfactorily resolved. As a result, and in particular on the basis of the Board's attention and effective responses to the issues raised by the Indigenous participants in its process, the other responsible Ministers and I are satisfied that there has been adequate and meaningful consultation with affected Indigenous groups.

My colleagues and I look forward to the issuance of the Project Certificate, and appreciate the Board's commitment to work with the parties throughout the development of the proposed mine to ensure that all of the associated terms and conditions can be fully and accurately implemented and incorporated according to the applicable regulatory instruments.

In closing, my colleagues and I would like to acknowledge the continued hard work and dedication exhibited by the Board throughout the assessment of the project. We also appreciate Sabina's significant efforts to address the Board's earlier concerns during the reconsideration phase. The initial assessment coupled with further review and a supplemental public hearing have yielded significant improvements to the proposed project, including some of the most stringent caribou protection measures ever developed for a mine development in the Arctic.

I would also like to recognize the full engagement and participation of the Kitikmeot Inuit Association, the North Slave Métis Alliance, Łutsel K'e Dene First Nation, Yellowknives Dene First Nation, and the Tłıchǫ Government during this assessment. The successful conclusion of this rigorous environmental review of the project illustrates the results that can be achieved through positive working relationships that are the fundamental underpinnings of this northern co-management process. As well, I would like to thank the Government of Nunavut and the Government of the Northwest Territories for their commitment and dedication through all stages of this review and their continued interest and involvement as we move forward into the regulatory phase.

Sabina can now proceed to the regulatory phase of project development. The mining industry plays a key role in the development of Canada's North: helping with the transition to a wage economy, strengthening the capacity of northern people to participate in the mining sector, and contributing to community and infrastructure development. The growing prosperity of northern Canada is reliant upon vibrant and sustainable resource development and Sabina is now poised to play a significant contributing role in the Kitikmeot. The other responsible Ministers and I look forward to

working closely with Sabina while ensuring that environmental protections are implemented and that the socioeconomic benefits of the project are fully realized.

Sincerely,

A handwritten signature in cursive script, reading "Carolyn Bennett". The signature is written in black ink on a white background.

Hon. Carolyn Bennett, M.D., P.C., M.P.

c.c.: The Honourable Catherine McKenna, P.C., M.P.
The Honourable Dominic LeBlanc, P.C., M.P.
The Honourable James Carr, O.M., P.C., M.P.
The Honourable Marc Garneau, P.C., M.P.
The Honourable Hunter Tootoo, P.C., M.P.
The Honourable Paul Quassa, M.L.A.