



NIRB File No.: 07EN017
INAC File No.: N2007C0012

May 5, 2009

Honourable Minister Chuck Strahl
Minister of Indian and Northern Affairs Canada
c/o Spencer Dewar
Manager Land Administrator
Indian and Northern Affairs Canada
Iqaluit, NU

Via email: spencer.dewar@inac-ainc.gc.ca

Re: Application Exempt from Screening under Section 12.4.3: Silvermet Corporation's MacGregor Lake Area Exploration project

Dear Spencer Dewar:

On April 24, 2009 the Nunavut Impact Review Board (NIRB) received an application from Indian and Northern Affairs Canada (INAC) for Silvermet Corporation's *MacGregor Lake Area Exploration* project proposal. The application is for an extension to the Proponent's Land Use Permit (INAC File No. N2007C0012).

Please be advised that the original project proposal (NIRB File No.: 07EN017) was received by the NIRB from INAC on March 23, 2007. The proposal was screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On April 25, 2007 the NIRB issued a 12.4.4(a) screening decision to INAC and to the Kitikmeot Inuit Association allowing the proposed project to proceed subject to project-specific recommended terms and conditions.

The INAC application, the original NIRB screening file and Screening Decision, 07EN017, are available from the NIRB's ftp site at the following link:

http://ftp.nirb.ca/SCREENINGS/COMPLETED%20SCREENINGS/ARCHIVE/2007_SCREENINGS/07EN017-Silvermet_Corporation/1-SCREENING/

Please note that Section 12.4.3 of the NLCA states that:

"Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project."

After completing a review of the information provided, the NIRB is of the understanding that the application received from INAC does not change the general scope of the original project activities. Therefore, this application is exempted from screening as per Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original April 25, 2007 Screening Decision Report (attached).

If you have any questions or concerns, feel free to contact NIRB's Technical Advisor, Sophia Granchinho at 867-983-4607 or sgranchinho@nirb.ca.

Best regards,



Jeff Rusk
Director, Technical Services

For:

Stephanie Autut
Executive Director

cc: Rein Lehari, Silvermet Inc.
Gary Vivian, Silvermet Inc.

Attachment: NIRB Screening Report Decision, File No.: 07EN017 (April 25, 2007)

- c) the proposal is insufficiently developed to permit proper screening, and should be returned to the proponent for clarification; or
- d) the potential adverse impacts of the proposal are so unacceptable that it should be modified or abandoned.

NIRB Assessment and Decision

After a thorough assessment of all material provided to the Board (please see Appendix A), the decision of the Board as per section 12.4.4 of the NLCA is:

12.4.4 (a): the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5

The Board's decision was made based on specific considerations that reflect the primary objectives of the Land Claims Agreement and includes the following:

- The Proponent will require a NWB licence for their project activities, and this licence will address many issues related to the water use and waste disposal. This Screening Decision will be forwarded to the NWB and they may incorporate some of NIRB's conditions in to the forthcoming license.
- The INAC Land Use Permit to be issued typically addresses many mitigation measures designed to reduce environmental impact.
- The KIA has the authority to issue conditions designed to mitigate environmental impacts.

The Proponent will be advised that the following legislations will apply to the project:

1. The Proponent shall ensure compliance with Section 36(3) of the *Fisheries Act* (<http://laws.justice.gc.ca/en/showtdm/cs/F-14///en>) which states that no person shall deposit or permit the deposit of a deleterious substance in any type in water frequented by fish or in any place under any conditions where the deleterious substance may enter such a water body.
2. The Proponent shall ensure compliance with the *Migratory Birds Convention Act* (<http://laws.justice.gc.ca/en/showtdm/cs/M-7.01>) which states that no person disturb or destroy the nests or eggs of migratory birds. If nests containing eggs or young are encountered, the Proponent shall avoid these areas until nesting is complete and the young have left the nest.
3. The Proponent shall ensure compliance with the *Species at Risk Act* (<http://laws.justice.gc.ca/en/showtdm/cs/S-15.3>). Attached in Appendix B is a list of Species at Risk in Nunavut. The Proponent should consult the Species at Risk Public Registry (<http://www.sararegistry.gc.ca/>) to identify any Species at Risk within the project location. Further, the Proponent shall develop monitoring plans for each relevant Species at Risk in accordance with any applicable status reports, recovery strategies, action plans, and management plans posted on the Species at Risk Public Registry and in consultation with the Government Organization with Primary Management Responsibility. Monitoring plans should record the locations and frequency of observing species of special concern and note any actions taken to avoid contact or cause disturbance to the species, its residence, or its critical habitat.
4. The Proponent shall ensure compliance with the *Nunavut Act* (<http://laws.justice.gc.ca/en/showtdm/cs/N-28.6>) which requires that no person alter or disturb any

palaeontological site in Nunavut unless permission is first granted through the permitting process. If any archaeological or palaeontological sites are found they should remain undisturbed and their location should be reported to the Government of Nunavut Department of Culture, Language, Elders and Youth. The Proponent must comply with the proposed terms and conditions listed in the attached Appendix C.

Recommendations and Recommended Conditions

Following review of all the material provided to the Board regarding this project proposal, the Nunavut Impact Review Board is making the recommendation that the following or similar project-specific terms and conditions be imposed upon the Proponent through all relevant legislation:

1. Indian and Northern Affairs Canada (INAC) impose strict mitigation measures, conditions and monitoring requirements pursuant to the Federal Land Use Permit, which require Silvermet Corporation (the Proponent) to respect the sensitivities and importance of the area. These mitigation measures, conditions and monitoring requirements should be in regard to:
 - a. Location and Area
 - b. Time
 - c. Equipment
 - d. Methods and Techniques
 - e. Control or Prevention of Flooding, Erosion and Subsidence of Land
 - f. Use, Storage, Handling and Disposal of Chemical or Toxic Material
 - g. Wildlife and Fisheries Habitat
 - h. Objects and Places of Recreational, Scenic and Ecological Value
 - i. Petroleum Fuel Storage
 - j. Matters Not Consistent with the Regulations
2. INAC should consider the importance of conducting regular Land Use Inspections, pursuant to the authority of the Federal Land Use Permit, while the project is in operation. The Land Use Inspections should be focused on ensuring the Proponent is in compliance with the conditions imposed through the Federal Land Use Permit.
3. The Kitikmeot Inuit Association (KIA) impose strict mitigation measures and/or Environment Terms and Conditions pursuant to the Inuit Owned Lands License in regard to:
 - a. General Standards
 - b. Fuel and Chemical Storage
 - c. Drilling
 - d. Campsites
 - e. Ground Disturbance
 - f. Wildlife
4. The Proponent must obtain a licence from the Nunavut Water Board (NWB) prior to commencement of activities.
5. Silvermet Corporation Inc (the Proponent) shall maintain a copy of the Project Terms and Conditions at the site of operation at all times.
6. The Proponent shall forward copies of all permits obtained and required for this project prior to the commencement of the project to the Nunavut Impact Review Board (NIRB).

7. The Proponent shall operate the project in accordance with commitments and mitigation measures stated in all correspondence and documents provided to the NIRB, INAC, and KIA.
8. On or before May 15, 2007, the Proponent shall submit a revised Spill Contingency Plan to NIRB, INAC, KIA and GN-DOE, which must address the following:
 - a. Provide a 24-hour point of contact for the persons responsible for activating the contingency plan;
 - b. Provide a central location for Material Safety Data Sheets (MSDS);
 - c. Detailed containment and clean-up techniques that would apply in different environments, including spills on land, on snow, on ice and on water;
 - d. Description of training program for employees during and emergency situation; and
 - e. Include Jim Noble, Environment Canada's Enforcement Officer as contact (867-975-4644); and,
 - f. Update Northwest Territories-Nunavut spill report form.
9. On or before May 15, 2007, the Proponent shall submit a Waste Management Plan to NIRB, EC and GN-DOE, which must include the following:
 - a. Storage of hazardous waste such that no material is discharge to the natural environment;
 - b. On-site diversion and segregation programs (i.e. the separation of non-food waste items suitable for storage and subsequent transport and disposal or recycling);
 - c. If incineration is required, ensure diligent operation and maintenance of incineration device and ensure appropriate training is provided to personnel operating and maintaining the incinerator; and
 - d. Waste management strategy that is designed to reduce and control the volumes of wastes produces, transported and disposed of.
10. The Proponent shall submit a comprehensive annual report with copies provided to the NIRB, INAC, the KIA and GN-DOE by January 31st of each year following the calendar year reported. Annual reports will be provided until the project has been completed. The report must contain, but not be limited to, the following information:
 - a. A summary of activities undertaken for the year;
 - b. A work plan for the following year;
 - c. The results of environmental studies undertaken and plans for future studies;
 - d. Description of any wildlife encounters and actions/mitigation taken;
 - e. A summary of local hires and initiatives;
 - f. A summary of community consultations undertaken and follow-up actions required to resolve any concerns expressed about the project proposal (if relevant);
 - g. A summary of site-visits by Land Use inspectors with results and follow-up actions;
 - h. A summary of site-visits with community members (if conducted);
 - i. Site photos and updated site maps;
 - j. Progressive reclamation work undertaken;
 - k. Efforts made to achieve compliance with the *Canadian Wide Standards for Dioxins and Furans*, and the *Canadian Wide Standards for Mercury*; and
 - l. A summary of how the Proponent has complied with NIRB conditions contained within the Screening Decision, and the conditions associated with all authorizations for the project proposal.

11. During the period of May 15th to July 15th, if caribou are observed calving in the project area, the Proponent must suspend all project activity (i.e. blasting, low-altitude flights, use of ATV's and snowmobiles, and the movement of equipment) until the caribou and calves have moved one (1) kilometre (km) away from project area. Furthermore, if caribou are observed within 1 km of the project area, prior to May 15th or after July 15th, then drilling activities will be suspended until caribou leave the area.
12. The Proponent shall cease activities such as airborne geophysics surveys or movement of equipment that may interfere with caribou migration.
13. The Proponent must ensure that all aircraft maintain a flight altitude of at least 610 metres (m) during horizontal (point to point) flights at all times, particularly in bird nesting areas and when there are observed groups of caribou, and maintain a vertical distance of 1000 m and minimum horizontal of 1500 m from any observed concentrations of birds.
14. The Proponent shall ensure that there is no damage to wildlife habitat in conducting this operation. Deliberate feeding of any wildlife is absolutely prohibited. The Proponent shall ensure that there is not hunting or fishing, unless proper Nunavut authorizations have been acquired.
15. The Proponent shall not conduct any project activities within 1 km of either side of the Coppermine River.
16. The Proponent shall comply with *Transportation of Dangerous Goods Regulations* and the Part 3.6 of the *Guideline for the General Management of Hazardous Waste in Nunavut* when handling, storing, and managing hazardous wastes, fuel and contaminated material. A waste manifest must accompany all movements of hazardous waste. The Proponent must register with GN-DOE by contacting Robert Eno at 867-975-7748 or reno@gov.nu.ca.
17. The Proponent shall be advised that calcium chloride (CaCl) is listed as a toxic substance under the *Canadian Environmental Protection Act* and the Proponent shall ensure that if CaCl is used as a drill additive; all sumps containing CaCl are properly constructed and located to ensure that the contents will not enter any water body.
18. The Proponent shall ensure that disposal of combustible wastes comply with the *Canada-wide Standards for Dioxins and Furans* and the *Canada-wide Standard for Mercury*. Efforts made to achieve compliance shall be reported to the NIRB as part of the annual report.
19. The Proponent shall consult with community residents of the Kitikmeot region, conduct regular information meetings to ensure that residents are kept aware of the activities and progress of the project and its phases.

The Proponent shall confirm to EC's, INAC's, KIA's and GN-DOE's satisfaction that the entire site has been reclaimed, as much as possible, to its previous condition during the abandonment and restoration stage of the project. Depending on the results of confirmation sampling, the need for post closure monitoring will be re-evaluated.

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

Dated April 25, 2007 at Cambridge Bay, NU.

A handwritten signature in black ink, appearing to read 'Lucassie Arragutainaq', written over a horizontal line.

Lucassie Arragutainaq, Acting Chairperson

APPENDIX A – FILE HISTORY

On January 8, 2007, the Nunavut Impact Review Board (NIRB or Board) received Silvermet Corporation's (Silvermet) Assignment to IOL, MacGregor Lake Area Project Proposal from the Kitikmeot Inuit Association (KIA). After a pre-screening of the project proposal it was determined that NIRB required additional information in order to commence the Part 4 Screening.

On March 1, 2007, NIRB requested an extension from the Minister of Indian and Northern Affairs Canada (INAC) as the proponent advised that the additional information required would be provided by March 9, 2007.

On March 15, 2007, the NIRB received the additional information necessary, and commenced the Part 4 Screening.

This project is located in the Kitikmeot region approximately 18 km north of the Coppermine River and 90 km south of Kugluktuk.

Silvermet is proposing to conduct a base metal exploration project. Exploration activities are expected to commence in early spring of 2007 and continue through 2010. The proposed major activities for the exploration program involve the following components:

- Fuel transportation and storage
- Chemical storage of hydraulic oil, rod grease, Poly-drill fluids and calcium chloride
- Equipment transportation supported by helicopter
- Geochemical soil sampling
- Ground geophysics surveys
- Exploration drilling
- Use of ski and/or float aircrafts for transportation to and from existing camp
- Consumption of water for drilling purposes and generation of waste
- Clearing of surface ice for temporary airstrip on lake to accommodate aircraft landings

The application was distributed to Kugluktuk Hamlet, Kugluktuk HTO and interested Federal and Territorial Agencies. NIRB requested that interested Parties review the application and provide NIRB with appropriate comments related to the drilling and exploration activities occurring on Inuit Owned Land. The camp site was not originally part of the screening as it was located on federal lands and the Proponent had a class B Land Use Permit for the camp (N2006C0025)

However, on March 23, 2007, Silvermet applied for a Class A Land Use Permit for the camp usage at the MacGregor Lake area from INAC. The application was forwarded to Parties for review and included as part of the screening for this project.

Additional project activities for the camp usage include the following:

- Mobilization/demobilization of equipment, materials/wastes and personnel
- Delivery of equipment, fuel and supplies required for program
- Establishment of fuel cache at campsite with no more than 50 drums
- Generation of waste and wastewater
- Set up of temporary camping facilities on federal lands for 11 to 13 people
- Consumption of water

- Incineration of garbage and sewage
- Daily transportation of crew via helicopter to and from camp

NIRB requested Parties provide comments by April 10, 2007 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.

On or before April 10, 2007, NIRB received comments from the following interested Parties:

- Nunavut Tunngavik Inc.
- Environment Canada
- The Government of Nunavut Department of Environment
- The Government of Nunavut, Department of Culture, Language, Elders and Youth

The following is a *summary* of the main concerns:

- Lack of Waste Management Plan
- Use of calcium chloride (CaCl) as a drill additive and proper disposal in sumps
- Access to fuel storage containers and removal of containers in the event of leaks or spills
- Lack of information in the Spill Contingency Plan, such as training of employees during an emergency, contact information, clean-up techniques in different environments
- Potential for impacts to air quality related to incineration of wastes
- Hazardous waste storage, disposal and transportation
- Waste tracking or waste manifesting
- Potential impacts on migratory birds
- Potential impacts to caribou from disruptive activities, such as blasting, low-altitude over flights by aircraft, and the use of snowmobiles and ATV's outside camp vicinity
- Potential impacts to caribou during calving season
- Potential human-wildlife encounters resulting in injury or death to either
- Potential impacts to wildlife
- Potential impacts to raptor nesting areas
- Proximity of the project proposal to the Coppermine River (nominated as a Canadian Heritage River)

EC recommends several conditions that the Proponents should abide by throughout all stages of the project. NTI supports the project and recommends that the proponent comply with NIRB's terms and conditions. NTI provided general recommendations for the project proposal, including community consultation, hiring local residents, stopping work during caribou calving or crossing.

GN-CLEY recommends approval of the project proposal as the proponent's proposed activities do not constitute a threat to known archaeological resources. GN-DOE believes the project will not result in significant adverse effects on the environment although the potential for negative environmental impacts exist.

APPENDIX B
SPECIES AT RISK IN NUNAVUT

This list includes species listed on one of the Schedules of SARA (*Species at Risk Act*) and under consideration for listing on Schedule 1 of SARA. These species have been designated as at risk by COSEWIC (Committee on the Status of Endangered Wildlife in Canada). This list may not include all species identified as at risk by the Territorial Government.

- Schedule 1 is the official legal list of Species at Risk for SARA. SARA applies to all species on Schedule 1. The term “listed” species refers to species on Schedule 1.
- Schedule 2 and 3 of SARA identify species that were designated at risk by the COSEWIC prior to October 1999 and must be reassessed using revised criteria before they can be considered for addition to Schedule 1.
- Some species identified at risk by COSEWIC are “pending” addition to Schedule 1 of SARA. These species are under consideration for addition to Schedule 1, subject to further consultation or assessment.

Schedules of SARA are amended on a regular basis so it is important to periodically check the SARA registry (www.sararegistry.gc.ca) to get the current status of a species.

Updated: October 17, 2006

Species at Risk	Category of Concern	Schedule of SARA	Government Organization with Primary Management Responsibility ¹
Peregrine Falcon (subspecies tundrius)	Special Concern	Schedule 3	Government of Nunavut
Short-eared Owl	Special Concern	Schedule 3	Government of Nunavut
Grizzly Bear	Special Concern	Pending	Government of Nunavut
Wolverine (Western Population)	Special Concern	Pending	Government of Nunavut

¹ Environment Canada is the competent Minister under SARA for terrestrial species and as such, has a national role in the conservation and recovery of these species in Canada. However, day to day management of terrestrial species except migratory birds is primarily under the responsibility of the Territorial Government. Populations that exist in National Parks are also managed under the authority of the Parks Canada Agency.

APPENDIX C
Archaeological and Palaeontological Resources Terms and Conditions for Land Use Permit Holders



BACKGROUND: Archaeology

As stated in Article 33 of the Nunavut Land Claims Agreement:

The archaeological record of the Inuit of Nunavut is a record of Inuit use and occupancy of lands and resources through time. The evidence associated with their use and occupancy represents a cultural, historical and ethnographic heritage of Inuit society and, as such, Government recognizes that Inuit have a special relationship with such evidence, which shall be expressed in terms of special rights and responsibilities. [33.2.1]

The archaeological record of Nunavut is of spiritual, cultural, religious and educational importance to Inuit. Accordingly, the identification, protection and conservation of archaeological sites and specimens and the interpretation of the archaeological record is of primary importance to Inuit and their involvement is both desirable and necessary. [33.2.2]

In recognition of the cultural, spiritual and religious importance of certain areas in Nunavut to Inuit, Inuit have special rights and interests in these areas as defined by Article 33 of the Nunavut Land Claims Agreement. [33.2.5]

BACKGROUND: Palaeontology

Under the Nunavut Act¹, the federal Government can make regulations for the protection, care and preservation of palaeontological sites and specimens in Nunavut. Under the *Nunavut Archaeological and Palaeontological Sites Regulations*², it is illegal to alter or disturb any palaeontological site in Nunavut unless permission is first granted through the permitting process.

Definitions

¹ s. 51(1)

² P.C. 2001-1111 14 June, 2001

As defined in the *Nunavut Archaeological and Palaeontological Sites Regulations*, the following definitions apply:

“archaeological site” means a place where an archaeological artifact is found.

“archaeological artifact” means any tangible evidence of human activity that is more than 50 years old and in respect of which an unbroken chain of possession or regular pattern of usage cannot be demonstrated, and includes a Denesuline archaeological specimen referred to in section 40.4.9 of the Nunavut Land Claims Agreement.

“palaeontological site” means a site where a fossil is found.

“fossil” includes:

- (a) natural casts
- (b) preserved tracks, coprolites and plant remains; and
- (c) the preserved shells and exoskeletons of invertebrates and the eggs, teeth and bones of vertebrates.

Terms and Conditions

- 1) The permittee shall not operate any vehicle over a known or suspected archaeological or palaeontological site.
- 2) The permittee shall not remove, disturb, or displace any archaeological artifact or site, or any fossil or palaeontological site.
- 3) The permittee shall immediately contact the Department of Culture, Language, Elders and Youth (867) 934-2046 or (867) 975-5500 or 1 (866) 934-2035 should an archaeological site or specimen, or a palaeontological site or fossil be encountered or disturbed by any land use activity.
- 4) The permittee shall immediately cease any activity that disturbs an archaeological or palaeontological site encountered during the course of a land use operation, until permitted to proceed with the authorization of the Department of Culture, Language, Elders and Youth, Government of Nunavut.
- 5) The permittee shall follow the direction of the Department of Culture, Language, Elders and Youth and DIAND in restoring disturbed archaeological or palaeontological sites to an acceptable condition.
- 6) The permittee shall provide all information requested by the Department of Culture, Language, Elders and Youth concerning all archaeological sites or artifacts and all palaeontological sites and fossils encountered in the course of any land use activity.
- 7) The permittee shall make best efforts to ensure that all persons working under authority of the permit are aware of these conditions concerning archaeological sites and artifacts, and palaeontological sites and fossils.
- 8) The permittee shall avoid the known archaeological and/or palaeontological sites listed in Attachment 1.

9) The permittee shall have an archaeologist or palaeontologist perform the following functions, as required by the Department of Culture, Language, Elders and Youth:

- a. survey
- b. inventory and documentation of the archaeological or palaeontological resources of the land use area
- c. assessment of potential for damage to archaeological or palaeontological sites
- d. mitigation
- e. marking boundaries of archaeological or palaeontological sites
- f. site restoration

The Department of Culture, Language, Elders and Youth shall authorize by way of a Nunavut Archaeologist Permit or a Nunavut Palaeontologist Permit, all procedures subsumed under the above operations.

