





P.O. Box 360  
Kugluktuk, NU X0B 0E0  
Telephone: (867) 982-3310  
Fax: (867) 982-3311  
www.kitia.ca

On September 30, 2011, Elgin's legal counsel Jay King replied by email to the NWB in response to the AANDC request. Mr. King indicated that the two month extension was acceptable to Elgin.

The KIA also agreed with the AANDC extension request so that KIA would have time to work with both Elgin and AANDC to develop a C&R estimate which protects KIA's interests as both the landowner of the Inuit Owned Land (IOL) upon which the Ulu site is located (including the beds and banks of water bodies) and the Designated Inuit Organization for Article 20 of the Nunavut Land Claims Agreement (NLCA) for the Kitikmeot Region. The KIA support for this extension was based on the understanding, confirmed by AANDC, they would consult the KIA at an early stage during the Ulu security assessment process since the Ulu Project is located entirely on Inuit Owned Land (IOL).

On November 25, 2011 the NWB granted another 3 week extension to this review in response to an AANDC request. The NWB made December 30, 2011 the new deadline for comment on the Ulu C&R costs estimate. At the time of the second extension request, AANDC's consultant Brodie Consulting Ltd. was still working on a new estimate and no discussion of that work with KIA had yet taken place.

For the reasons set out above, the KIA is both an interested party and directly affected by both the 2011 Elgin C&R costs estimate and the AANDC December 2011 estimate.

### **Elgin's 2011 Reclamation Cost Estimate**

The KIA has several comments on Elgin's 2011 C&R costs estimate for Ulu. The KIA's position is that the security for the Ulu water licence should not be held by the Crown, as such an arrangement would not adequately protect IOL. The KIA submits that the NWB must address both of the following questions to resolve this matter. First, what is the appropriate amount of security for the Ulu site? Second, which organization is best placed to hold that security?

In the KIA's analysis, the total security for Ulu set out in Elgin's 2011 C&R costs estimate is not sufficient to properly clean up the site. The estimate of \$1.861M is low based on today's costs. Elgin's currently estimated 2011 C&R costs are stated to be \$1.618M. This amount then has a 15% contingency added to it for a total of \$1.861M. This total is approximately 10% higher than the current security amount held for Ulu, \$1.685M, an amount which has not changed since the Echo Bay Mines water licence renewal in 2000.

Before adding the 15% contingency amount, Elgin's 2011 C&R costs estimate is less than the amount the NWB required as security for the Ulu site in 2000. Since that time, there have been significant increases in the costs of goods, services and transportation



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and substantial increases in the cost of fuel as well as inflation. It is hard to see how these increased costs have been factored in to the Elgin estimate.

In fact, there is very little detail for KIA to review in Elgin's 2011 estimate. Elgin did not set out the methodology used to derive its 2011 estimate.

At the present time, the KIA cannot support Elgin's 2011 C&R costs estimate.

**AANDC 2011 Ulu Reclamation Estimate (DRAFT dated DEC 14 /11)**

Before AANDC provided its draft reclamation estimate to the KIA on December 14, 2011, we advised AANDC of KIA's concerns about the splitting of land and water related security in the preparation of an estimate for Ulu. AANDC and KIA agreed that they would work together on this estimate, before presenting it to the NWB.

The KIA's position is that there is little if any water-related reclamation required at the Ulu site. Almost all of the facilities are located on land. In the case of Ulu, splitting security into land and water components could cause problems as neither AANDC nor KIA may have enough money to clean up what they are responsible for on their own.

In the draft AANDC estimate, the total estimated C&R security is \$3.148M. This, in KIA's view, is a significant increase which could affect Elgin operations on the site and which warrants careful review by affected parties and the Board. AANDC through Brodie Consulting Ltd. has divided this total security amount between land and water components. Their estimate suggests that that 55% of the reclamation security is required for water-related components (\$1.74M) and 45% is land-related (\$1.423M).

The rationale for this split seems to be based almost entirely on Mr. Brodie's professional judgment. Further, given the timing of the receipt of the AANDC estimate, KIA will not be able to review it with either Elgin or AANDC before the Board's December 30<sup>th</sup> deadline.

## **KIA Recommendation to the NWB**

KIA suggests that Elgin and the interested parties should have the opportunity to meet and attempt to work through their differences before final submissions on the issue are made to the Board. We suggest that approach is preferable to having the parties dump this problem in the Board's lap. In KIA's case, we suggest that it is important for the landowner to have an opportunity to work with Elgin and AANDC before the NWB decides the amount of security required for Inuit land.

KIA recommends that the NWB direct the interested parties to meet at an early date in the New Year and to explore and hopefully resolve these issues. Each party should



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then report to the Board on the agreements (if any) reached in this meeting. Final submissions to the NWB should follow in short order after this meeting.

KIA submits that taking the time to ensure that the parties work these issues through is in the public interest and that the short additional delay will have no effect on the environment. There is no activity at the Ulu site and none planned over the next several months. This matter can still be resolved and a NWB decision on updated security requirements made before any activity takes place on the land.

KIA respectfully requests that the Board direct that such a process take place.

Sincerely,

A handwritten signature in black ink, appearing to read "Luigi Torretti".

Luigi Torretti  
Senior Environment Officer  
Kitikmeot Inuit Association

cc. Paul Emingak, Geoff Clark, Stanley Anablak, KIA  
KIA Counsel  
Elgin Mining Inc.  
AANDC