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April 26, 2002

Mr. Philippe di Pizzo
Executive Director
Nunavut Water Board
Box 119,
Gjoa Haven, NU X0B 1J0

Nunavut Water Board

Box 119,

Gjoa Haven, NU X0B 1J0

Dear Mr. di Pizzo:

Re: Bathurst Inlet Port and Road Project (BIRAP)

Thank you for your letter, received by fax yesterday.

I have communicated your letter and recommendations to the Nunavut Impact Review Board (Board), and they have made a preliminary decision under the Nunavut Land Claims Agreement (NLCA), which is the subject of this letter.

For reasons that follow, the Board has decided that it may indeed be proper to send the matter to a review. The Board was particularly persuaded by the NWB's reasoning that the reason to send a project back through the Minister for clarification was to help the Board decide *if* the project would be the subject of a public hearing. In this case, BIRAP has already asked the Board to go to a public hearing, and in the meantime, both Boards could work on guidelines for whatever environmental impact statement (EIS) was appropriate for the review (Part 5 or 6) ordered by the Minister. And, the proponent could seek clarification for us on the primary purpose of the project, i.e. is the project mainly aimed at re-supply of mining operations, or, is it purely a community re-supply. Additionally, the proponent can continue to gather data during the formation of the review panel process and work with regulators to supply them with application information.

Accordingly, the Board proposes, subject to a comment period to expire **May 10, 2002**, that the Board send the matter to a review under section 12.4.4(b) of the NLCA. Following the comment period, the Board will make its *final* decision and communicate it to all parties. In proposing this procedural route, the Board reminds all parties that there are four screening options outlined below, and that the Board is only making a proposal at this point.

Accordingly, we are copying this letter to the Distribution List (see attached) and we would like all parties to review the BIRAP proposal and see if you agree with the proposal of the Nunavut Water Board to send the matter to a review so that the Boards can begin working on guidelines

(see letter to NIRB attached, dated April 20, 2002) At this time, NIRB agrees with the NWB proposal.

For your information, BIRAP's "Executive Summary" is attached, but if you would like the complete package and do not yet have it, please contact BIRAP. Following your review of the NWB's letter to us, and the BIRAP materials, please advise the NIRB in writing on the four possible outcomes of BIRAP's application **on or before May 10, 2002.** Again, under section 12.4.4 of the NLCA, the four possible decision-making options to NIRB's screening process are that:

- (a) the proposal may be processed without a review under Part 5 of Part 6 (12.4.4(a));
- (b) the proposal requires a review under Article 12, Part 5 or Part 6 (12.4.4(b));
- (c) the proposal is insufficiently developed to permit proper screening and should be returned through the Minister's office for clarification (12.4.4(c)); or
- (d) the potential adverse impacts are unacceptable and the project should be modified or abandoned (12.4.4(d)).

If you have any questions, please do not hesitate to call me.

Yours truly,



Stephanie Briscoe
Executive Director

cc: Board and to Distribution List w/ Enclosures

EXECUTIVE SUMMARY

Bathurst Inlet Port and Road Project Description

This Project Description describes the construction and operation of the Project and the interactions of the Project with the environment.

The Project consists of a port on Bathurst Inlet connected to the Izok mineral deposit by a 211 km all weather road to Contwoyto Lake, the existing winter ice road and a summer barge system to Lupin Mine, and a 79 km all weather road from Lupin to Izok.

The Project lies entirely within the Kitikmeot region of Nunavut. This Project Description is submitted to the Kitikmeot Inuit Association and the Department of Indian and Northern Affairs, as the landowners in the Project area, for an environmental review under the Nunavut Land Claims Agreement, Article 12 Part 5.

The Project proponents are the Kitikmeot Corporation and Nuna Logistics Limited, both Inuit owned companies, who will form a Joint Venture corporation to build and operate the Project. As a shareholder in Nuna Logistics, the Kitikmeot Corporation will own 62.75% of the Project.

Project Construction

The Project requires the use of Federal Crown Lands and Inuit Owned Lands. The port is located on Crown Land and requires 150 hectares of space and 700,000 cubic meters of quarried materials for construction. The port site will include:

- a wharf to serve 50,000 tonne ice class vessels delivering fuel and bulk cargo and shipping out base metal concentrates from Izok;
- a dock to handle barges serving the Kitikmeot communities of Kugluktuk, Bathurst Inlet, Cambridge Bay, Umingmaktok, Gjoa Haven and Taloyoak;
- a 200 person camp and services;
- a 220 million litre diesel fuel tank farm;
- a truck and trailer maintenance shop;
- a 1,200 meter airstrip.

Port construction will begin in September 2004 and be completed on September 2006.

The 290 km all-weather road passes over 148 km of Inuit Owned Land and 140 km of Crown Land. Road construction materials will be obtained from quarries adjacent to the roadway. Fifty-one quarries are proposed, 29 on Inuit Owned Land and 22 on Crown Land.

Road construction will occur in three phases; at the port it will begin in October 2004 and work toward Contwoyto Lake, at Contwoyto Lake it will begin in February 2005 and work toward the port. Lupin to Izok road construction will begin in February 2006 from Lupin and work toward the Izok Project. Road construction will be complete in October 2006.

Two barge terminals will be constructed on Contwoyto Lake. The terminal at kilometer 211 on the southeast shore of the lake will include a 20 person camp, a small maintenance shop and a truck parking area. The other terminal will be located at Lupin Mine on the northwest shore of the lake.

Project Operations

The Project's annual operating schedule will reflect the seasons of the arctic environment. Marine shipping will be completed between mid-July and late October. In the period, from six to ten round trips by 50,000 tonne ships will bring in approximately 225,000 tonnes of fuel and supplies for operating mines served by the Project and remove 300,000 to 470,000 tonnes of lead/zinc/copper concentrate from the Izok Project. Ice breaker support may be required as with other arctic projects, however, this shipping schedule can be accomplished without ice breaking to extend the normal open water season. Marine operations will also supply diesel fuel and general cargo to the Kitikmeot communities with three round trips by tug and barge from the port during the summer shipping season.

Road operations will also follow the arctic seasons. Winter road operations will run from January through April and connect with the existing Lupin winter road from Yellowknife to haul 185,000 tonnes of fuel and supplies to Ekati and Diavik Diamond Mines in the NWT. Accommodation and meals for drivers will be provided by the camp at the port. Operating the barge on Contwoyto Lake will permit hauling to Lupin and Izok in winter and summer. Fuel and supplies from the port to Lupin and Izok combined are 45,000 tonnes per year. The concentrate from Izok will range from 300,000-470,000 tonnes per year in the first ten years of Project operations. Summer barge operations will occur for 90 days in the mid-July to mid-October ice-free period. No hauling will occur during spring break-up from the end of April to mid-July and fall freeze-up from the end of October to January.

Project Interactions with the Environment

Project construction will require disturbance to approximately 670 hectares of terrestrial habitat, 2.3 hectares of marine habitat at the port, and 0.3 hectares of lake bottom in Contwoyto Lake for summer barge terminals. The road will cross 119 streambeds; 82 are intermittent streams (with no fish) that will be crossed with arched culverts or single span bridges that will not affect the normal stream channel. Support for the bridges will encroach into the stream channel at only three crossings. The effect of road construction on fish habitat will be negligible. On the land, animals will always have the right of way over traffic on the road. The most common animal in the Project area is caribou of the Bathurst caribou herd. During spring migration almost all of the animals in the herd could move through the Project area. No heavy hauling will be done in May and June so there will not be any significant interaction between traffic on the road and caribou during spring migration. The number of caribou along the road will be much less during the summer and winter hauling seasons. If hauling encounters periods of heavy caribou migration, hauling will be suspended until the migration has passed. Hunting by Project workers along the road or at the port will not be permitted. Recreational fishing by workers will be governed by the terms of the West Kitikmeot Land Use Plan.

The Project will be built and will operate in safe and clean ways that protect the animals and environment. The Project will also develop effective plans to protect the environment and animals from the effects of accidents that might occur at the port and along the road.

Economic Effects of the Project in the Kitikmeot Region

Project construction will occur over a 26 month period and create 3,600 man-months of employment and a payroll of \$34.5 million. Project operations will create 800 man-months of employment every year (300 in summer and 500 in winter) and produce a payroll of approximately \$3.5 million. The services of contracted truck drivers will add an additional payroll of \$9 million per year. Much of the new employment opportunities can go to the workforce resident in the Kitikmeot Region; with aggressive training for the employment needs of the Project, most of the payroll money can stay in the region.

At current world fuel prices, the cost of fuel landed in Cambridge Bay from the port in Bathurst Inlet could be reduced by up to 35% of the 2002 price of fuel from Hay River. The cost of freight from the south by truck to the port on winter road and barge to Cambridge Bay would be competitive with freight costs via Hay River but the goods could arrive in the community three to five weeks earlier. The freight cost of the same goods shipped to Cambridge Bay from eastern Canada or Europe via the port would be less expensive by up to 70%.

These savings show the potential for the Project to reduce the cost of fuel and supplies for any commercial venture in the Kitikmeot communities, especially a mine in the Project area. It is expected that the Project will stimulate new mineral exploration and production in the Kitikmeot Region of Nunavut and so create many new employment and business opportunities for the residents and businesses of the region.



P.O. Box 119

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NUNAVUT WATER BOARD

NUNAVUT IMALIRIYIN KATIMAYINGI

April 20, 2002

Via Telecopier and Electronic Mail

Ms. Stephanie Briscoe
Executive Director
Nunavut Impact Review Board
Cambridge Bay, NU
X0B 0C0

Subject: Bathurst Inlet Port and Road Project

Dear Ms. Briscoe:

The Nunavut Water Board (NWB) has received the application for a water license for the Bathurst Inlet Port and Road Project from Mr. Tony Keen on behalf of the Bathurst Inlet Port and Road Group, a partnership between the Kitikmeot Corporation (KC) and Nuna Logistics Limited (NUNA). Applications have also been filed simultaneously with the Kitikmeot Inuit Association (KIA) and the Department of Indian and Northern Affairs (DIAND) for land use permits or leases, and the Department of Fisheries and Oceans (DFO) for *Fisheries Act* authorizations.

Hearing Request

In their submission, the Proponent has conceded that this project go to a public review as per section 12.4.4(b) of the Nunavut Land Claims Agreement (NLCA). In reaching this conclusion, the Proponent stated:

"The Project lies entirely within Nunavut and so we expect that it will be examined by the Nunavut Impact Review Board (NIRB) in the manner set out in the Nunavut Land Claim Agreement (NLCA). It is expected that on examination of the Project Description by NIRB, it will be found to pose "significant impact potential" under NLCA section 12.4.2. It is expected that NIRB will find that the Project should undergo a formal review pursuant to NLCA section 12.4.4 (b) and also provide guidelines for preparing an impact statement as set out in NLCA section 12.5.2."¹

Outstanding Information

At the same time, the Proponent admits certain information deficiencies at this stage of the process. For example, in its letter to Mr. Kaniak of KIA, the Proponent states:

"We are assembling further information on the streams and rivers crossed by the proposed road alignment. On completion, this information will be filed as a supplement to the Project Description setting out the known details of each water crossing along the road alignment. Approximately half of the road alignment is located on land owned by the Kitikmeot Inuit Association. Likewise a significant volume of construction materials

from KIA lands are applied for.”²

Nature of the Project

As you already know, this project may have significant impact potential,³ again, a point conceded by the proponent. This potential for significant impacts comes from the nature and description of the project. For example, the following summary⁴ captures a brief look at the project, its construction and operations:

- The Project consists of a port on Bathurst Inlet connected to the Izok mineral deposit by a 211-km all-weather road to Contwoyto Lake, the existing winter ice road and a summer barge system to Lupin Mine, and a 79-km all-weather road from Lupin to Izok.
- The Project requires the use of Federal Crown Lands and Inuit Owned Lands. The port is located on Crown Land and requires 150 hectares of space and 700,000 cubic meters of quarried materials for construction. The port site will include:
 - a wharf to serve 50,000-tonne ice class vessels delivering fuel and bulk cargo and shipping out base metal concentrates from Izok;
 - a dock to handle barges serving the Kitikmeot communities of Kugluktuk, Bathurst Inlet, Cambridge Bay, Umingmaktok, Gjoa Haven and Taloyoak;
 - a 200-person camp and services;
 - a 220 million-litre diesel fuel tank farm;
 - a truck and trailer maintenance shop;
 - a 1,200-meter airstrip.
- The 290-km all-weather road passes over 148 km of Inuit Owned Land and 140 km of Crown Land. Road construction materials will be obtained from quarries adjacent to the roadway. Fifty-one quarries are proposed, 29 on Inuit Owned Land and 22 on Crown Land.
- Two barge terminals will be constructed on Contwoyto Lake. The terminal at kilometre 211 on the southeast shore of the lake will include a 20-person camp, a small maintenance shop and a truck parking area. The other terminal will be located at Lupin Mine on the northwest shore of the lake.
- The Project's annual operating schedule will reflect the seasons of the arctic environment. Marine shipping will be completed between mid-July and late October. In the period, from six to ten round trips by 50,000-tonne ships will bring in approximately 225,000 tonnes of fuel and supplies for operating mines served by the Project and remove 300,000 to 470,000 tonnes of lead/zinc/copper concentrate from the Izok Project.
- Road operations will also follow the arctic seasons. Winter road operations will run from January through April and connect with the existing Lupin winter road from Yellowknife to haul 185,000 tonnes of fuel and supplies to Ekati and Diavik Diamond Mines in the NWT and Tahera in Nunavut. Accommodation and meals for drivers will be provided by the camp at the port. Operating the barge on Contwoyto Lake will permit hauling to Lupin and Izok in winter and summer. Fuel and supplies from the port to Lupin and Izok combined are 45,000 tonnes per year. The concentrate from Izok will range from 300,000-470,000 tonnes per year in the first ten years of Project operations. Summer barge operations will occur for 90 days in the mid-July to mid-October ice-free period.

² April 2, 2002 letter to KIA, page 1.

³ Id.

⁴ Take from BIRAP Executive Summary, pp. I-iii.

- Project construction will require disturbance to approximately 670 hectares of terrestrial habitat, 2.3 hectares of marine habitat at the port, and 0.3 hectares of lake bottom in Contwoyto Lake for summer barge terminals. The road will cross 119 streambeds; 82 are intermittent streams.
- The most common animal in the Project area is caribou of the Bathurst caribou herd. During spring migration almost all of the animals in the herd could move through the Project area.
- Project construction will occur over a 26-month period and create 3,600 man-months of employment and a payroll of \$34.5 million. Project operations will create 800 man-months of employment every year (300 in summer and 500 in winter) and produce a payroll of approximately \$3.5 million. The services of contracted truck drivers will add an additional payroll of \$9 million per year.

Review Process Proposed by NWB

Obviously, several issues and facts need to be better developed and clarified as your screening and ours takes place; in particular, you will see that the Proponent's studies are not completed. Thus, the NWB and even NIRB could send the project back to the Proponent for completion of the studies, clarification of data, etc. Our initial review of the application concludes that it is incomplete *and that it should normally* be sent back to the proponent for re-submission with detailed information as required under 13.8.1 of the NLCA, for example. That is one option, though not our preferred option.

Another option is to accept the application and forward it to NIRB for screening, despite its incompleteness. While the procedural decision would then be up to NIRB, it seems to the NWB that one of the reasons why you would send the project back through the Minister's office (for clarification) would be to reach whatever decision is proper as it relates to the initial question of "should a public hearing occur". (See NLCA section 12.4.2(a)). However, in the case before us, the Proponent has *already* conceded this point.

All things considered, our Board opts for the second option, that is, to accept the application and to forward it to your Board for consideration, acknowledging the benefits of an immediate section 12.4.4(b) decision, in other words, referring this project to an Article 12, Part 5 or Part 6 review. (While this decision is clearly the prerogative of the Minister of DIAND, you will see that the proponent prefers a Part 5 Review but recognizes the potential for Part 6—see Project Description, March 2002, p. 5).

While the NWB does not in *any* way want to impose upon NIRB's screening discretion, we simply point out that both Boards must coordinate (e.g. NLCA 13.5.2 and 13.6.1) in the review of projects where no approved land use plan is in effect (the case with this Project). And, *if* NIRB and the Minister agree on the referral to a hearing panel, whatever type it is, then the NWB and NIRB could begin developing joint guidelines under Articles 12 and 13 in anticipation of whatever decision and guidance the Minister ultimately provides on the hearing process.

In summary, we are forwarding this application to you and look forward to whatever decision you eventually take: (12.4.4 (a), or (b), or (c), or (d)). In making your decision, please feel free to send this letter to your distribution list and/or to contact me if you have any questions.

Yours truly,

ORIGINAL SIGNED BY:

Philippe di Pizzo
Executive Director

c.c. Distribution List

Date: April 26, 2002**Project Name: Closure and Reclamation (A & R) Plan for Nanisivik Mine****Distribution List**# of Pages 4

	Contact Name:	Phone #:	Fax #:
Nanisivik Mine	Steven Keenan	867-436-7401	867-436-7435
NTI	Stefan Lopatka	983-2517	983-2723
NWB	Rita Becker	867-360-6338	867-360-6369
QIA	Lands and Resources Manager	867-979-5391	867-979-1643
NPC	Brian Aglukark	867-857-2242	867-857-2243
NWMB	Josee Galipeau	867-979-6962	867-979-7785
QWB	Chairperson	867-979-1560	867-979-1491
Inuit Heritage Trust	Archie Angnakak	867-979-0731	867-979-6700
DIAND - Nunavut	Michael Immaroitok	867-975-4280	867-979-6445
	Janice Traynor	867-975-4554	867-979-4560
DIAND- Water	Paul Smith	867-975-4550	867-975-4560
DFO	Jordan DeGroot	867-979-8007	867-979-8039
EC	Paula Pacholek	867-669-4743	867-873-8185
CCG	Rick McLean	519-383-1862	519-383-1989
Sustainable Dev.	Paul Partridge	867-975-5911	867-975-5990
	Neil Willoughby	867-982-7282	867-982-3701
HSS	Dr. Roberts	867-975-5743	867-975-5705
CGT	Timoon Toonoo	867-897-3601	867-897-3633
CLEY	Dr. Douglas Stenton	867-975-5500	867-975-5504
Arctic Bay:			
Hamlet	SAO	867-439-9917	867-439-8767
HTO	Chairperson	867-439-8483	867-439-8916