

GAHCHO KUE ENVIRONMENTAL IMPACT REVIEW PANEL

In the Matter of: **An Environmental Impact Review of the proposed De Beers Canada Inc. Gahcho Kue Diamond Mine: EIR 0607-001;**

And In the Matter of: **A Decision to Adjourn the Proceeding *sine die* until the Proponent is prepared to file the Environmental Impact Statement.**

REASONS FOR DECISION

BACKGROUND:

An Environmental Impact Review (EIR) of the proposed De Beers Canada Inc. (De Beers) Gahcho Kue Diamond Mine was ordered by the Mackenzie Valley Environmental Impact Review Board (the Review Board) on June 12th, 2006. The final terms of reference for the Environmental Impact Statement (EIS) were approved by the Review Board on October 5, 2007. DeBeers began the work of developing the EIS shortly thereafter.

The Review Board negotiated funding and other arrangements with the federal Minister in order to complete the EIR and appointed a Panel to conduct the Gahcho Kue EIR in accordance with the *Mackenzie Valley Resource Management Act* (the Act). Section 115 of the Act requires that the processes established by part 5 be carried out “in a timely and expeditious manner”.

De Beers’ initial plan was for the filing of an EIS by June of 2008. In May 2008, however, DeBeers wrote to the Panel deferring the filing of the EIS because an internal re-evaluation of the project was under way. Then in the latter part of 2008, worldwide markets entered into a significant downturn and these economic changes had further effect on De Beers’ plans for the project.

In December 2008, DeBeers wrote the Panel advising that in light of economic circumstances the evaluation of the project was continuing and that an update would be made to the panel in late 2009. In July 2009 De Beers and its joint venture partners agreed to commission a new feasibility study for the Gahcho Kue project. This work is ongoing. Meanwhile, work on the EIS is still being done with field work continuing through the summer of 2010.

The Panel is informed that the new feasibility study may be completed in late 2010 and that filing of the EIS could take place in the third or fourth quarter of this year.

THE ISSUE:

Although the Panel has limited its activities in order to minimize expenditures on the EIR, it has now been over three years since the Panel was struck. Although understandable in the larger economic context, De Beers' failure to produce an EIS has raised questions about the prudence of further Panel activity over the short term.

The Panel has reviewed its activities and plans in light of available funding and the requirements of s.115 of the MVRMA.

DECISION:

The Panel decided, on its own motion, to adjourn the EIR proceeding *sine die*. No further meetings will be undertaken and administrative activities will be minimized by the Panel until it is notified by De Beers that the filing of an EIS is imminent.

De Beers is instructed to give the Panel written notice 45 days before the filing of an EIS for the Gahcho Kue project.

REASONS:

It has been almost three years since the EIS terms of reference were released. The Panel has progressively cut back on its operations and expenditures over that period. However, the Panel is concerned that continuing expenditures may not be warranted and that any further delay by the proponent may threaten its capacity to meet the timeliness requirements of section 115 of the MVRMA.

There is no doubt that some of the reasons for the delay were completely beyond the proponent's control, but the Panel must also manage the public resources upon which it depends responsibly.

There is no intention that this decision should adversely affect De Beers or the project. By minimizing Panel operations until an EIS is imminent the Gahcho Kue proceeding can still be re-initiated. At the same time, only limited public resources will be expended

Thus the Gahcho Kue Panel proceeding is adjourned until further notice from De Beers as set out in these reasons for decision.

Gabriele Backeisen, Sohn

Dated: The 26th of May, 2010