

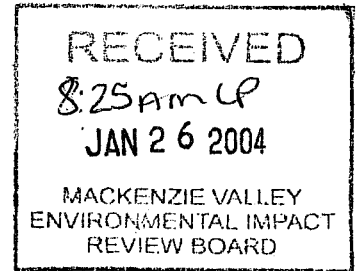


Andrew Gamble & Associates
14 Mitchell Drive, Yellowknife, NT, Canada X1A 2H5

Kim

By Fax (5 pages)

John McConnell, President
NWT & Nunavut Chamber of Mines
Fax: (867) 766-7348



24 January, 2004

Dear Mr. McConnell;

Deh Cho Bridge Environmental Assessment

In May of 2003 the Deh Cho Bridge Corporation (DCBC) submitted its application for environmental screening under the MVRMA, to the Mackenzie Valley Land and Water Board (MVLWB).

You may be aware that there have been no serious concerns expressed about the potential environmental impacts of this project by any affected community or other interested party. On the contrary, most reviewers appear satisfied that the project promises a net environmental benefit.

The DCBC was aware of the concern expressed by the Chamber of Mines about the potential economic impacts of this project and we were probably remiss in not making better efforts to respond directly.

However, we were also aware that you had expressed similar concern to the Minister of Transportation and that he had responded directly to you. We had met with your infrastructure committee and had offered to meet again with the Chamber. Finally, we were aware that neither the Chamber nor any of its members had made representations to the Legislative Committee in public hearings on the Deh Cho Bridge Act. It was our mistaken view that this latter process would serve as a forum for discussion of economic concerns, while the MVLWB screening would focus more on the environmental aspects.

Nevertheless, your letter of September 6th of 2003 to the MVLWB has been cited by The Department of Fisheries and Oceans (DFO) as the sole reason for their decision to refer this to the Mackenzie Valley Environmental Review Board (MVEIRB) for environmental assessment.

In speaking with Mr. Vaydik on January 8th of this year, I was encouraged to hear him assert that the Chamber would make its best efforts to ensure an expeditious review. You will soon have an opportunity to comment on the draft requirements and schedule, now being prepared by the MVEIRB. We trust that you will support our goal of an efficient and timely review.

I will respond to the concerns raised in the letter, hoping that this will allay some of your concerns and allow us to focus on those you may still have:

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1. You assert that the toll will add about \$1.5 million to annual operating costs for existing and proposed mines.

We believe that this overstates the cost and understates the benefit. Forecasts prepared for the GNWT estimate that the mine component of the commercial traffic will account for about 40% of total commercial traffic using this bridge. Our pro forma projections estimate total tolls of about \$3 million per year. Mine traffic would account for about 40% or \$1.2 million. Our discussions with carriers indicate that the bridge will save them money due to shorter trip times, fewer delays and improved scheduling and fleet utilization. In a competitive environment, we estimate that not more than half of the toll paid by truckers would be passed on to customers. This would suggest a net trucking cost increase to mine customers in the range of \$600,000. This does not consider any benefit to be derived from more timely and reliable access to the region.

Mine traffic, while accounting for about 40% of the commercial traffic on this route, would be contributing about 15% to the cost.

We recognize that the benefits may vary with the specific circumstances of users. We also recognize the seasonal nature of mine resupply operations. However, we believe there is some benefit to mines and other Chamber members. For example, we are aware that some oversize loads cannot be accommodated on the ferry and must wait for the ice bridge to reach full capacity. The bridge will also be of benefit to Chamber members with employees and operations based in Yellowknife.

We would be very interested in seeing the basis on which you estimate a \$1.5 million cost as well as any analysis you may have on potential benefits – not just for the operating mines, but for all Chamber members.

2. You suggest that this toll will discourage exploration.

It is difficult to imagine that the proposed toll will have a substantial impact. The bridge is expected to lower the cost of living in the region. In the worst case, it could increase the delivered cost of a litre of fuel by ¼ cent. At our presentation to the Chamber, largely attended by members in mining support service businesses, the reaction was quite positive.

3. You suggest that this will add \$6/tonne to virtually everything we eat, build and burn.

As noted above, our analysis suggests that the bridge will lower the overall cost of living in the region. This is also the conclusion of independent analysis undertaken on behalf of the GNWT. The Yellowknife Direct Charge Co-op has stated that a bridge would save this one business (and its members) an estimated \$300,000 per year, even if they paid the full toll on all their freight (including fuel, groceries and dry goods), which they won't.

4. Lower than expected tolls

The DCBC and GNWT are aware of and have factored in the traffic risks, including a downturn in mine traffic. These risks will not be passed on through increased tolls.

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5. Construction Cost Overruns

Again, the DCBC and its lenders, TD Securities, are conducting due diligence and have a solid risk management plan. The risk of cost overrun is being minimized and will be borne by these parties, not users.

6. The proponent has no track record.

I have attached for your information a list of firms providing support to the DCBC and due diligence review on behalf of the GNWT and TD Securities. Please advise us of any specific concerns you may have on the competence of this team.

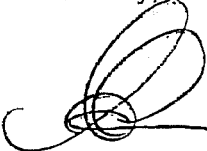
7. Fairness of Tolls

The DCBC and GNWT considered and rejected a toll on light vehicles. It was felt that the cost of collecting any reasonable toll from light vehicles would exceed the amounts collected.

While we may disagree on the potential risks and benefits, the Chamber and the DCBC appear to agree that the environmental review process should be fair and expeditious. To this end, we would be happy to discuss with the Chamber of Mines the data, assumptions and analysis that each of us has used to arrive at different conclusions.

At best, we would hope to convince the Chamber that this project is worthwhile. At the very least, we would hope that the Board will have timely and factual information on which to base their decision.

Yours truly,



Andrew Gamble, Project Manager
Deh Cho Bridge Corporation

Attachment

- C Kimberley Cliffe-Phillips, Environmental Assessment Officer, MVEIRB
Fax: 766-7074
- Russell Neudorf, A/DM, Department of Transportation, GNWT
Fax: 873-0363
- Albert Lafferty, COO, Deh Cho Bridge Corporation
Fax: (867) 699- 4899
- Mike Vaydik, General Manager, NWT & Nunavut Chamber of Mines
Fax: 920-2145

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Deh Cho Bridge Corporation

Ownership

The Deh Cho Bridge Corporation Limited was incorporated in Yellowknife on November 28th, 2002. The Deh Cho Bridge Corporation currently has two shareholders; the Deh Gah Got'ie Dene Band and the Fort Providence Metis Council.

Corporate Structure

Board - There is a six member Board of Directors, consisting of three nominees of each of the two shareholders. All are Aboriginal residents of Ft. Providence. Current Board Members are:

Michael Vandell - President
Susan Christie - Secretary/ Treasurer
Clifford McLeod - Director
Wayne Vandell - Director
Irene Lafferty - Director
Berna Landry - Director

Chief Operating Officer - A Chief Operating Officer (COO) has been hired as the sole employee of the Corporation (on a one year secondment from the Hamlet):

Albert Lafferty (President Ft. Providence Metis Council and Senior Administrative Officer, Hamlet of Ft. Providence.)

Project Support Team

The following consultants are providing support to the Corporation:

Project Manager - provides overall coordination for the project and supports Board and Chief Operating Officer through advice and recommendations planning, strategies, public relations, negotiations and financial analysis.

✓ *Andrew Gamble, Andrew Gamble & Associates (Yellowknife)*

Design Engineers - the design team provides designs, estimates, construction logistics and schedule, tender documents and advice on contractor selection.

✓ *Jivko Jivkov, Jivko Engineering (Yellowknife)*

✓ *John Spronken, J.R. Spronken & Associates Ltd. (Calgary)*

Other Engineering Specialists - work has been supported by specialist consultants in surveys, geotechnical investigations, hydrology, ice engineering and navigation:

✓ *Trillium Engineering and Hydraulics Inc. (Edmonton)* - hydrology and ice engineering.

✓ *AMEC (Vancouver)*- navigation considerations

✓ *EBA Engineering Consultants Ltd. (Yellowknife)* – soils investigation, field and laboratory testing and analysis

✓ *Alan G. Davenport Wind Engineering Group, University of Western Ontario, Faculty of Engineering* – Wind testing and analysis.

✓ *KJ Technical Services (Yellowknife)* - topographic and ice surveys, earthworks and granular quantities, autocad.

✓ *Dewinton Consulting Services (Okotoks AB)* – Cost Estimation

Environmental Consultant - initial environmental scoping and studies required in support of the permit applications. Additional environmental support will be required for construction and post construction planning, monitoring and mitigation.

✓ *Golder Associates (Yellowknife)*

Financial Management - provides the Deh Cho Bridge Corporation with professional advice and management assistance in the areas of financial administration, banking, and board policies.

✓ *Dargo & Associates Ltd. (Yellowknife)*

Legal Counsel – provides general legal counsel to the Deh Cho Bridge Corporation.

✓ *Charles Thompson, Petersen Stang & Malakoe (Yellowknife)*

Legal Counsel (Structuring) - to provide expert advice and support to the primary legal counsel in structuring agreements for public-private partnerships

✓ *Thomas Barlow, Fasken Martineau, Barristers and Solicitors (Toronto)*

Structuring and Finance - to provide the Project Manager with support and advice in overall project structuring, negotiating agreements, identifying and instructing the lead financial institution and construction contractor(s).

✓ *Michael Cautillo, Deloitte and Touche Structured Finance Inc. (Toronto)*

Economic Consultant – benefit/Cost analysis for GNWT, Aboriginal Benefits analysis for the Deh Cho Bridge Corporation.

✓ *Nichols Applied Management (Edmonton)*

Traffic Analysis - The GNWT retained consultant to undertake an analysis and forecast of commercial traffic, as the basis for agreements

✓ *PROLOG Canada Inc. (Calgary)*

Lead Financing Agency – to provide recommendations on and arrange for debt placement.

✓ *TD Securities (Toronto)*

Tax Advisor - to provide specialty advice to the DCBC on taxation, GST, corporate structure tax implications, capital cost allowance and Tax Credit programs.

✓ *Deloitte and Touche LLP (Edmonton)*

Auditor - selected to meet corporate reporting requirements and the needs of the GNWT and lenders

✓ *KPMG (Edmonton)*

Insurance/Risk Management - to provide advice in \ insurance and risk management.

✓ *INTECH Risk Management Inc. (Toronto)* advice to DCBC in all areas of insurance and risk management.

✓ *Helyar & Associates (Toronto)* – Due diligence review on behalf of TD Securities

Independent Engineer - The GNWT has retained a qualified engineering firm to undertake an independent review of all design documents. This peer review will be made available to the DCBC, lenders and others as required for performing due diligence review of the project.

✓ *BP TEC Engineering Group Ltd. (Edmonton)*

✓ *Buckland & Taylor Ltd. (Vancouver)*

Construction Contractor – The general contractor (to be selected through a competitive process) will be subject to strict pre qualification criteria by DCBC, GNWT and TD Securities and will be required to meet stringent security requirements.