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August 4, 2005

Mr. Vern Christensen
Executive Director
Mackenzie Valley Environmental Impact Review Board
P.O. Box 938 YELLOWKNIFE, NT X1A 2N7

Fax: 867-766-7074

Dear Mr. Christensen:

RE: TYHEE NWT CORP'S YELLOWKNIFE GOLD PROJECT - ENVIRONMENT ASSESSMENT, DRAFT TERMS OF REFERENCE, COMMENTS FROM INDIAN AND NORTHERN AFFAIRS CANADA

Indian and Northern Affairs Canada (INAC) is pleased to submit the attached comments on the Draft Terms of Reference and Work Plan for the Environmental Assessment of Tyhee NWT Corp's Yellowknife Gold Project.

If you have any questions or concerns regarding these recommended changes to the Terms of Reference, please contact Lionel Marcinkoski, at 669-2591 or Fraser Fairman at 669-2587.

Sincerely

David Livingstone
Director
Renewable Resources and Environment

cc: Annex 1

Canada

ANNEX 1

INAC's comments on the Draft Terms of Reference and Work Plan for the Environmental Assessment of Tyhee NWT Corp's Yellowknife Gold Project.

INAC recommends the following;

2. Scope of Development:

Support/Ancillary Facilities and Activities
Add: Impacts planned for the Discovery Mine Site.

Closure and Reclamation Activities
Add: Reclamation of the airstrip, roads, tailings caps, and quarries.

4. Terms of Reference:

4.2 Specific Items

B. Developer INAC suggests that Sections a., b., and c., be replaced with the same or similar wording used in the Terms of Reference for the Deh Cho Bridge Environmental Assessment. "It is suggested that clarification be provided on the corporate stability (with particular emphasis upon the relationship between Tyhee NWT Corp and Tyhee Development Corp.), specifically with regards to providing security for government liability in the event of bankruptcy or other unforseen failure of the company to complete the project. Suggested details include the company structure, history and financial status (i.e. the financial ability of the project proponents to respond to accidents and malfunctions during construction over the project life should also be considered). The proponent should clearly identify who is ultimately liable for the project."

C. Description of the Existing Environment

General Comment: In the preamble, the Review Board needs to clarify the level of detail that is required. It is unclear what is meant by "...a clear description of the baseline environmental conditions..." and yet "...provide a brief and clear textual and graphic depiction of the existing environment." Specifically, how valid are baseline studies on a site that has already been disturbed?

VII Clarification of the term "social services infrastructure for the potentially impacted communities;".

Revise **X** to read: "Archeological, cultural, heritage, spiritual, and traditional resources."

D. Development Description

I. Modify: All existing or proposed access roads in the project area, "that Tyhee requires or anticipates will be necessary for the Ormsby and Nicholas Lake development, plus its winter road requirements".

II. Add: "and predicted ARD potential." To the end of the sentence.

VII. Add: Both the Ormsby site and Nicholas Lake should be included in the Development Description.

VIII. Add at the end of sentence: " include a plan of location of pipelines, and other related infrastructure".

IX. Replace with: "Identify exact locations and provide descriptions for operating any existing airstrip, or construction and operation for an alternate airstrip suitable to support the mine".

H. Human Environment

General Comment: INAC recommends that the Review Board examine the requests and requirements in this section with the awareness of the scope and scale of Tyhee's proposed YGP development. Scoping must consider the size of the project, in this case a gold mine, using standard approved technology, as well as the small scale and magnitude of the anticipated physical and economic impacts. A number of parties including, but not limited to; the federal, territorial and local governments, aboriginal groups and other stakeholders, have mandates and responsibilities in these areas and many have this type of information available. An example of this would be the Mine Training Society, which could provide the information sought in *H-1 Direct Employment (V) and Business Development (III)*. Additionally, it should be noted in regard to *H-7, Human Environment Monitoring*, that there is currently no legislative requirement to have in place an impact benefits agreement or a socio-economic agreement. It is INAC's concern that the requirements of this section do not put the proponent in a position of collecting information which is redundant, indirect to the project, of limited use in determining impacts or are to onerous to collect, relative to the value this information adds to the Review Board's final recommendations.

I. Biophysical Environment

Water Resources- The Ormsby development should be added to all references that begin with: "the proposed TCA, Ormsby development, and Nicholas Lake Development.....".

I. Delete **I.** and replace with: " A listing of all applicable water

resources permits, licences, and authorizations that will be required from federal, territorial and settlement area regulatory authorities".

II. Delete **II.** and replace with: "Discussion of any metals and other water quality parameters, not listed under Schedule 4 of the MMER, which may be of concern for effluent discharged into the receiving environment."

IV. Delete section IV. The proponent should not be required to present an overview on the MMER and a description of Environmental Effects Monitoring (EEM) programs. This information is available from Environment Canada (eg. via the Environment Canada website).

VII.(a) Add "ammonium and nitrates "after 'nutrients'.

XIV. Remove the last sentence: "The possible establishment of remote water quality monitoring points shall be addressed in this discussion." It is the MVLWB's responsibility to locate and address sampling standards and protocols.

I-2 Aquatic Habitat

VIII. Please clarify what is meant by "the potential impacts that underground blasting may have on aquatic organisms and habitat".

I-5 Terrain

Add a Section after **IV:** "Request/discussion on details identifying Tyhee's liabilities for the TCA, airstrip, quarries, and the Discovery project areas for remediated infrastructure at these sites."

I-6 Air Quality and Climate

III. c - Remove "smelter", or clarify why this term is included.

IV. - Please clarify details of acidic precipitation and add: "what are the anticipated sources?"

J- Abandonment and Restoration

General Comment: INAC notes that it is the regulators mandated responsibility to review and approve closure and reclamation plans and environmental monitoring activities. For example, regulatory authorities such as the Mackenzie Valley Land and Water Board, are responsible for setting the terms and conditions under which a development activity may proceed. This typically includes direction regarding requirements for environmental monitoring and the submission and approval of various plans, programs and reports.

This includes a Closure and Reclamation Plan and the regulatory requirements for collecting, reporting and monitoring information.

INAC recommends that the term abandonment and restoration (A & R) should be amended to Closure and Reclamation (C & R) to be consistent with current usage.

INAC considers Sections **IV, V** and **VI**, to be included as components of a C & R Plan, as requested in II a.

K. Cumulative Impacts

Preamble - Bullet Number 3 is unclear and requires clarification.

L. Accidents and Malfunctions

II. Replace "(A) conceptual emergency response plan" with "Discuss emergency response measures, that shall include, but not be limited to the following:".