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August 31, 2007

Your file - Votre référence

MVEIRB File Number: EA0607-002

Our file - Notre référence

Alistair MacDonald
Environmental Assessment officer
Mackenzie Valley Environmental Impact Review Board
P.O. Box 938
YELLOWKNIFE NT, X1A 2N7

By FAX: 766-7074

**Re: Second Round of Information Requests for the Tamerlane Ventures
Pine Point Project Environment Assessment.**

Indian and Northern Affairs Canada (INAC) is pleased to respond to the above noted Information Request.

Please find attached INAC's response to IR0607-002-42, concerning Closure and Reclamation Policy in the Northwest Territories. If you have any questions about this response please contact Lionel Marcinkoski by phone at 669-2591 or Catherine Mallet at 669-2402.

Yours sincerely,

David Livingstone
Director, Renewable Resources and Environment

Attachment

cc. INAC EA Working Group

**Second Round of Information Requests
Tamerlane Ventures Inc.
Pine Point Pilot Project
EA0607-002
Indian and Northern Affairs Canada response**

IR Number : IR0607-002-42

Source : MVEIRB

To : Indian and Northern Affairs Canada

DAR Section: 1.4 – Corporate Governance
9.0 – Closure and Reclamation

Terms of Reference Section: N/A- Closure and Reclamation Policy in the Northwest Territories

Preamble

Previous failures of mines in the Northwest Territories have created a legacy of public concern related to questions of who is responsible for care, maintenance, closure and reclamation in the case of unforeseen closure.

Request

1. *Identify provisions in the current reclamation bonding policy that protect the people of the Mackenzie Valley from cases where a sudden and unforeseen closure occurs (whether that be due to lower ore values, economic or technical failure of a mine, or fiscal insolvency of the parent corporation).*

INAC is the Crown land manager in the Northwest Territories. As part of its responsibilities as Crown land manager, INAC developed the Northwest Territories Mine Site Reclamation Policy in 2002 to enhance sustainable and responsible resource development in the Northwest Territories.

The objectives of the Mine Site Reclamation Policy are to:

- Ensure the impact of mining on the environment and human health and safety is minimized;
- Reduce the environmental liability that falls to government to the greatest extent possible;
- Provide industry and the public with a clear signal of the government's expectations; and

- Build positive and supportive relationships with the new regulatory authorities coming into operation in the North.

The NWT Mine Site Reclamation Policy identifies several principles respecting mine site reclamation (NWT Mine Site Reclamation Policy, pp.5-6). In particular, the policy states that:

- Mine site reclamation should reflect the collective desire and commitment to operate under principles of sustainable development, including the 'polluter pays' principle.
- Every new mining operation should be able to support the cost of reclamation.
- Adequate security should be provided to ensure the cost of reclamation, including shutdown, closure and post-closure, is born by the operator of the mine rather than the Crown.
- Estimates of reclamation costs, for the purposes of financial security should be based on the cost of having the necessary reclamation work done by a third party contractor if the operator defaults. The estimates should also include contingency factors appropriate to the particular work to be undertaken.

Please note that the above is a partial list of the principles in the Policy; refer to the Policy (pp. 5-6) for a complete list.

As part of the implementation of the Mine Site Reclamation Policy, the Minister of Indian and Affairs and Northern Development provided a copy of the approved Policy to the Board in July 2002, and requested that the Board consider the principles and intent of the policies in the issuance of licences. The Policy guides the Ministers in his consideration of Type A water licences submitted by Land and Water Boards for his approval.

In the Northwest Territories, INAC has developed the NWT Mine Site Reclamation Guidelines (2007 version), which provide greater detail than the Mine Site Reclamation Policy with respect to closure and reclamation.

If the Tamerlane Pine Point Pilot Project proceeds to the licencing phase, INAC will calculate estimates of the reclamation costs for the project in accordance with the Mine Site Reclamation Policy and the Mine Site Reclamation Guidelines. INAC will provide these estimates to the Mackenzie Valley Land and Water Board. The Board will then determine the size of security deposit to be posted by the developer and will include the appropriate conditions in the land use permit and water licence.

Copies of the Mine Site Reclamation Policy and the Mine Site Reclamation Guidelines are available from INAC on request.