

Staff Report

Applicant: North American Tungsten Corporation Ltd.	
Location: Cantung Mine, NT	Application: MV2015L2-0003
Date Prepared: April 28, 2016	Meeting Date: May 12, 2016
Subject: Engagement Work Plan and Engagement Plan Deferral Request	

1. Purpose/Report Summary

The purpose of this Report is to present to the Mackenzie Valley Land and Water Board (MVLWB/the Board):

- a) An Engagement Work Plan submitted by North American Tungsten Corporation Ltd. (NATCL) as required by Part B, item 13 of Water Licence MV2015L2-0003 (the Licence); and
- b) A request to defer submittal of the Engagement Plan required by Part B, item 14 of the Licence.

2. Background

- January 28, 2016 – Licence MV2015L2-0003 (renewal of MV2002L2-0019) issued to NATCL;
- January 29, 2016 – Request to defer submission dates for plans required under the Licence received;
- March 15, 2016 – Engagement Work Plan received;
- March 29, 2016 – Engagement Work Plan distributed for review;
- March 31, 2016 – Board deferred decision on whether to defer the requirement for submittal of an Engagement Plan until the Engagement Work Plan was brought to the Board for decision;
- April 19, 2016 – Reviewer comments received;
- April 26, 2016 – Proponent response received; and
- **May 12, 2016 – Engagement Work Plan and Engagement Plan deferral request presented to the Board for decision.**

3. Discussion

On January 29, 2016, the day following issuance of the Licence, NATCL submitted a request to the Board to defer submittal dates of a number of plans and reports required under the Licence, due to the fact that the mine is currently in care and maintenance status. During renewal proceedings for the Licence, NATCL went into receivership, and subsequently, the mine was placed into care and maintenance, as it currently remains.

On March 31, 2016, the Board issued its decision (attached) on the majority of plans included in the deferral request, but chose not to issue a decision on the request to defer submission of the Engagement Plan, as NATCL had suggested that the Engagement Work Plan (attached), which they had recently submitted, could be accepted as an interim Engagement Plan while the mine is in care and maintenance. Part B, item 14 of the Licence currently requires an Engagement Plan to be submitted within 90 days following Board approval of the Engagement Work Plan.

4. Comments

When the Licence was issued, the Board required an Engagement Work Plan be submitted within 30 days of issuance of the Licence (Part B, item 13), to inform the Board and stakeholders of NATCL's plan for developing an Engagement Plan. Board staff have reviewed the Engagement Work Plan and are of the opinion that it provides an adequate framework for development of an Engagement Plan. It does not, however, adhere to the *Board's Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*. Therefore, Board staff is of the opinion that it would not be adequate to serve as an "interim" Engagement Plan in its current format.

5. Reviewer Comments

Comments and recommendations on the Engagement Work Plan were received from the following reviewers:

- Dehcho First Nations (DFN); and
- Government of the Northwest Territories, Environment and Natural Resources (ENR).

The reviewer comment summary table (attached) presents the concerns identified through the review of the Engagement Work Plan. ENR submitted a comment stating they had no comments or recommendations. DFN submitted a letter stating they had consulted with member First Nations, who are of the opinion that impact and benefit agreements should be negotiated between themselves and NATCL. They further note that while these negotiations are ongoing, "Clarity on the expected level of engagement triggered by proposed activities would enable better communication between the parties". DFN also

included a table detailing when they would like to be engaged on NATCL's activities.

In their response to the letter submitted by DFN, NATCL notes that discussions and meetings are planned with stakeholders regarding development of an Engagement Plan, including site visits in late June/July 2016. NATCL suggests deferring the requirement for submittal of the Engagement Plan "Until at least October 2016 when engagement planning with First Nations has been completed and the future of the Cantung Mine may be more clear". NATCL did not acknowledge the table put forward by DFN.

6. Security

Security in the amount of \$27,950,000 is currently required by the Licence, with subsequent amounts of \$1.1M and \$1.9M due following specific construction triggers, for a total of \$30,950,000. Security will not be affected by the Board's decision on the Engagement Work Plan or deferral of the Engagement Plan.

7. Conclusion

Board staff is of the opinion that in its current format, the Engagement Work Plan provides an adequate framework for development of an engagement plan, but does not meet the requirements to serve as an Engagement Plan itself. DFN has suggested that NATCL incorporate the table submitted with their comments into the Engagement Work Plan, to better inform stakeholders about engagement activities currently, while an Engagement Plan is being developed. Board staff is of the opinion NATCL should strive to adhere to the recommendations in the table, to ensure clarity for stakeholders as to what engagement activities will take place during the time the Engagement Plan is being developed. Draft wording to this effect has been included in the draft decision letter for the Board's consideration.

NATCL has requested that the Engagement Plan submittal requirement be deferred until "at least October 2016". Considering NATCL's planned engagement activities over the summer, which will facilitate development of an engagement plan, Board staff are of the opinion this is a reasonable request.

A draft decision letter, and draft revised wording for Part B, item 14 of the Licence is attached for the Board's consideration.

8. Recommendation

Board staff recommends the Board:

- a) Approve the Engagement Work Plan as submitted; and
- b) Approve NATCL's request to defer submittal of the Engagement Plan, and change the requirement for submittal in the Licence from, "Within 90 days following Board approval of the Engagement Work Plan" to, "Submit an Engagement Plan to the Board for approval by October 4, 2016".

9. Attachments

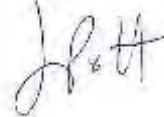
- [March 31, 2016 Board Decision on NATCL's Management Plan Deferral Request, with attached Reasons for Decision](#)
- [Engagement Work Plan](#)
- Reviewer Comment Summary Table
- Water Licence Cover Page
- Draft Water Licence Conditions
- Draft Decision Letter from the Board

Respectfully submitted,



Julian Morse
Regulatory Officer

Reviewed by,



Jen Potten
Regulatory and Office Manager

Review Comment Table

Board:	MVLWB
Review Item:	NATCL - Engagement Work Plan (MV2015L2-0003)
File(s):	MV2015L2-0003
Proponent:	North American Tungsten
Document(s):	MV2015L2-0003 - NATCL - Engagement Work Plan (406KB)
Item For Review Distributed On:	Mar 29 at 13:39 Distribution List Apr 4 at 15:23 Distribution List
Reviewer Comments Due By:	Apr 19, 2016
Proponent Responses Due By:	Apr 26, 2016
Item Description:	<p>NATCL has submitted an Engagement Work Plan, in accordance with Part B, Item 13 of Water Licence MV2015L2-0003 (the Licence).</p> <p>On January 29, 2016, NATCL requested to defer submittal of an Engagement Plan, as required by Part B, Item 14 of the Licence. During review of this request, it was suggested by NATCL that the Engagement Work Plan could potentially serve as an interim Engagement Plan while the mine remains in care and maintenance.</p> <p>On March 31, 2016, the Board decided to defer making a decision on NATCL's request until the Engagement Work Plan is brought to the Board for decision. The Board is seeking comments from reviewers as to whether the Engagement Work Plan sufficiently addresses engagement requirements while the mine is in care & maintenance, and whether deferral of the Engagement Plan is acceptable at this time.</p> <p>Please submit comments using the online review system by April 19, 2016.</p> <p>If you have any questions about this item for review or using the Online Review System, please contact Julian Morse at jmorse@mvlwb.com or 867-766-7453.</p>
Contact Information:	Jen Potten 867-766-7468 Julian Morse 867-766-7453

Comment Summary

Dehcho First Nations: Carrie Breneman				
ID	Topic	Reviewer Comment/Recommendation	Proponent Response	Board Decision
1	DFN's letter regarding NATCL's Engagement Workplan	Comment (doc) See attached letter. Recommendation See attached letter.	Apr 27: (doc) See Attached Letter	NATCL did not acknowledge the table DFN put forward for NATCL's consideration. The Board noted in the decision letter that NATCL should liaise with DFN and strive to adhere to the engagement triggers recommended in the table until an engagement plan is approved by the Board.
2	DFN's response to NATCL's Engagement Work Plan	Comment (doc) See attached table. Recommendation See attached table.		See above.
GNWT - ENR: Central Email GNWT				
ID	Topic	Reviewer Comment/Recommendation	Proponent Response	Board Decision
1	General File	Comment (doc) ENR Letter - No Comments or Recommendations at this time Recommendation		Noted.



DEHCHO FIRST NATIONS

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Jen Potten
Mackenzie Valley Land and Water Board
PO Box 2130, Yellowknife, NT, X1A 2P6

April 20, 2016

RE: North American Tungsten Corporation Ltd's (NATCL) Engagement Plan

NATCL has submitted an Engagement Work Plan, in accordance with Part B, Item 13 of Water License MV2015L2-0003 (the License).

On January 29, 2016, NATCL requested to defer submittal of an Engagement Plan, as required by Part B, Item 14 of the License. During review of this request, it was suggested by NATCL that the Engagement Work Plan could potentially serve as an interim Engagement Plan while the mine remains in care and maintenance. On March 31, 2016, the Board decided to defer making a decision on NATCL's request until the Engagement Work Plan is brought to the Board for decision. The Board is seeking comments from reviewers as to whether the Engagement Work Plan sufficiently addresses engagement requirements while the mine is in care & maintenance, and whether deferral of the Engagement Plan is acceptable at this time.

Dehcho First Nations (DFN) has been in contact with Nahanni Butte Dene Band (NBDB) on the proposed Engagement Work Plan. It is DFN's understanding that NBDB's community position on the Engagement Work Plan is that all engagement plans concerning NBDB would have to be developed within the context of an IBA. It is the position of NBDB that an IBA is required, and that the IBA would outline how proper engagement with their community can occur. DFN is supportive of NBDB's position that an IBA would provide the proper solution to their engagement needs.

DFN has also reviewed the proposed Engagement Work Plan with Liidlil Kue First Nations (LKFN). LKFN maintains that an IBA between their community and NATCL is also outstanding. However, during the interim while IBA discussions remain outstanding, DFN and LKFN agree that clarity on the expected level of engagement triggered by proposed activities would enable better communication between the parties.

DFN proposes that Table 1 (next page) outlines engagement triggers during this phase associated with the Interim Care and Maintenance and management by third party and should be incorporated into NATCL's Engagement Work Plan. These engagement triggers should be reviewed and updated if necessary should the mine site move towards full closure and reclamation; or should the mine site be sold and move towards full mining operation again.

DFN strongly agrees with NATCL that a site visit to the Cantung mine site is necessary. A site visit by affected communities is so far outstanding, and DFN would encourage that a site visit for communities be prioritized.

Finally, as DFN is the regional organization, we support any letters or comments from Dehcho member communities, particularly Nahæâ Dehé Dene Band (NDDDB) and Liidlli Kue First Nation (LKFN), with regards to NATCL's proposed Engagement Work Plan.

Thank you for the opportunity to voice our comments. If you have any questions regarding this letter, please contact Dahti Tsetso at 867-695-2355 or dahti_tsetso@dehcho.org.

Mahsi cho,



Carrie Breneman

Environmental Consultant for Dehcho First Nations

Table 1. Draft Table Outlining Engagement Triggers and NATCL’s Response for NATCL’s Cantung Mine during Care and Maintenance

When will you be engaging?	What is the purpose of engaging?	Who will be engaged at this stage?	Action	How will you engage?
Annual Update	Inform, provide mechanism for feedback/concern	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	Distribute plain language report on the status of Care and Maintenance at Cantung including environmental monitoring results; spill reports and any construction or work completed at site.	Written notification, report and conference call, if required.
New Land use permit	Inform, provide mechanism for feedback/concern	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate material information regarding the project to affected parties and will submit the permit to MVLWB.	Written notification, and conference call and/or in-person/community meeting, if required.
New Water License	Inform, provide mechanism for feedback/concern	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate material information regarding the project to affected parties and will submit the license to MVLWB.	Written notification, and conference call and/or in-person meeting, if required.
Occurrence of a spill	Inform communities	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will report spills to potentially affected communities; target to notify within 48 hours of spill	Telephone call and email communication, site visits by affected communities as requested.
Discovery of a suspected	Inform communities	Dehcho First Nations, Liidlii	NATCL will suspend operations and notify should it discover a	Telephone call and email communication, site visit by affected

archaeological, historic or burial site		Kue First Nation and Naha Dehe Dene Band	suspected archaeological, historic or burial site.	communities as requested.
Monthly SNP Report	Inform communities	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate monthly SNP reports to communities.	Email communication
Submission of Environmental Effects Monitoring	Inform communities	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate EEM report to communities. Plain language summary on the findings of the EEM.	Email communication
Change of owner or responsible authority for the Cantung	Inform stakeholders to changes in the responsible authority of Cantung	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate any upcoming change in the responsible authority of Cantung.	Email notification and phone call, Webex conference meeting and/or in-person meeting if required.
Change in operations or workplan	Inform stakeholders of changes to planned activities that were previously communicated	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate any upcoming change in the responsible authority of Cantung.	Email notification and phone call/ Webex conference meeting, if required.
Development of the Interim Closure and Reclamation Plan	Inform and engage stakeholders on the development of the interim closure and reclamation plan.	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	NATCL will communicate with and receive input from member communities regarding the development of the interim closure and reclamation plan	Email notification and phone call/ Webex conference meeting and/or in-person meeting, if required.
Transition from care and maintenance to	Inform stakeholders of changes to planned activities	Dehcho First Nations, Liidlii Kue First Nation	NATCL will communicate any the transition from care and maintenance to closure and	Email notification and phone call/ Webex conference meeting and/or in-person meeting, if required.

closure and reclamation	that were previously communicated	and Naha Dehe Dene Band	reclamation.	
Prior to the submission of revised management plans.	Inform communities	Dehcho First Nations, Liidlii Kue First Nation and Naha Dehe Dene Band	Submit draft management plans to communities for review and input in advance of submission to MVLWB for review.	Email notification and phone call/ Webex conference meeting if required.



Northwest
Territories Environment and Natural Resources

April 19, 2016

Julian Morse
Regulatory Officer
Mackenzie Valley Land and Water Board
7th Floor – 4910 50th Avenue
P.O. Box 2130
Yellowknife, NT
X1A 2P6

Dear Mr. Morse,

**Re: North American Tungsten Corp. Ltd.
Water Licence - MV2015L2-0003
Engagement Work Plan
Request for Comment**

The Department of Environment and Natural Resources, Government of the Northwest Territories has reviewed the request at reference based on its mandated responsibilities under the *Environmental Protection Act*, the *Forest Management Act*, the *Forest Protection Act*, *Waters Act* and the *Wildlife Act* and has no comments or recommendations for the consideration of the Board at this time.

Should you have any questions or concerns, please do not hesitate to contact Patrick Clancy, Environmental Regulatory Analyst at (867) 767-9233 Ext: 53096 or email patrick_clancy@gov.nt.ca.

Sincerely,

Patrick Clancy
Environmental Regulatory Analyst
Environmental Impact Assessment Section
Conservation, Assessment and Monitoring Division
Department of Environment and Natural Resources
Government of the Northwest Territories

April 26, 2016

Mackenzie Valley Land and Water Board,
7th Floor, 4922 48th St. PO Box 2130
Yellowknife, NT X1A 2P6

By email to permits@mvlwb.com and jmorse@mvlwb.com

Attention: Mr. Julian Morse, Regulatory Officer

Dear Sir

**Re: Water Licence MV2015L2-0003 (“Water Licence”) — Engagement Work Plan Deferral
Response to Reviewer’s Comments**

On January 29, 2016, NATCL requested to defer the submission of an Engagement Plan, as required by Part B, Item 14 of the Water Licence. NATCL suggested that the Engagement Work Plan submitted on March 15, 2016 could potentially serve as an interim Engagement Plan while the mine remains in care and maintenance. On March 31, 2016, the Board decided to defer making a decision on NATCL's request until the Engagement Work Plan was brought to the Board for decision.

NATCL has reviewed the comments received from the Government of Northwest Territories and the Deh Cho First Nations (“DFN”). NATCL aims to work with INAC and the First Nations during the next coming months to develop a longer term engagement plan that will ensure an appropriate level of engagement. The first stage of which will include site visits and presentations with First Nations Groups in late June/July 2016. NATCL will shortly be contacting DFN and the Kaska First Nation to set up the site visits and meetings.

NATCL looks forward to receiving the Board’s approval to defer the engagement plan until at least October 2016 when engagement planning with First Nations has been completed and the future of the Cantung Mine may be more clear. NATCL appreciates MVLWB’s consideration of its deferral request for the engagement plan.

Should you have any questions on the above please contact the undersigned or Mr. Callum Beveridge at Alvarez & Marsal Canada Inc. on 604.638.7447.

Yours very truly,
North American Tungsten Corporation
by its Monitor, Alvarez & Marsal Canada Inc.
acting in its capacity as Monitor and not
in its personal capacity



Todd M. Martin
Senior Vice President

CC: B. Delaney, S. Sherwood, Cantung Enviro, INAC