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FAX: ERIC VAN (HWT)

NOV 1 - 1995

WITHOUT PREJUDICE

Mr. Robert Kuptana
Chairman
Inuvialuit Regional Corporation
P.O. Box 2120
INUVIK NT X0E 0T0

Dear Sir,

Issuance of Mineral Prospecting Permits and Licences in the Inuvialuit Settlement Region

Over the past 5 months DIAND officials have been involved in negotiations with the Inuvialuit. In July of 1995, DIAND officials, mining industry representatives and Inuvialuit representatives met in Yellowknife to discuss a potential settlement of the dispute regarding the issuance of mineral prospectors licences and prospecting permits within the Inuvialuit Settlement Region (ISR). The meeting was very productive and significant progress towards a settlement was achieved. The initial proposals have been refined in subsequent meetings and discussions. In an effort to resolve the differences between the Inuvialuit and DIAND, we propose the following measures for the settlement of this dispute.

The process outlined here allows for the review by Environmental Impact Screening Committee of the consultation process and the Environmental Sensitivity Maps prepared by DIAND. Following the consultation process and preparation of the Environmental Sensitivity Maps, DIAND would submit the results to the Environmental Impact Screening Committee in each year. Based on the screening, DIAND would revise the Environmental Sensitivity Maps or the directions to the permit and licence holders as appropriate. This approach expedites the screening and permitting process, establishes basic environmental and benefit guidelines across projects, while allowing for special requirements where they are necessary, such as with environmentally sensitive areas.

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1. The parties agree to the administrative arrangements outlined in this letter respecting the issuance of prospecting permits within the ISR and prospectors licences. Acceptance of these arrangements will be without prejudice to the respective rights of the parties. DIAND and the Inuvialuit acknowledge that any agreement is without prejudice to the rights asserted by either party at the date of this letter and in particular:

- i) does not represent the agreement of either party to any particular interpretation of the Inuvialuit Final Agreement (IFA);
- ii) the parties do not intend to enter into legal relations which are enforceable in any proceeding taken by either party;
- iii) does not prevent either party from bringing a new arbitration before the Arbitration Board under the Inuvialuit Final Agreement, on those issues which are the subject of the Notice of Arbitration issued by the Inuvialuit Regional Corporation and the Inuvialuit Land Corporation dated January 16, 1995;
- iv) may be terminated by either party on notice to the other;
- v) does not affect the requirement that all activities on Crown lands must be conducted pursuant to the *Territorial Lands Act* (TLA) and the IFA; and
- iv) does not affect the requirement that all applications to DIAND for land use permits for activities in or relating to the ISR be screened by the Environmental Impact Screening Committee.

2. DIAND will carry out consultations with the Inuvialuit Game Council (IGC) and individual Hunters and Trappers Committees (HTC) (together referred to as "Inuvialuit Organizations") to determine areas of environmental sensitivity and identify effects associated with mineral prospecting activities. As part of the consultation with these organizations, DIAND will provide them with background information in its possession and available expertise indicating some of the effects that could be associated with mineral prospecting activities.

3. DIAND will prepare an Environmental Sensitivity Map which will be based initially on the community wildlife management and conservation plans, existing oil and gas sensitivity maps, information gathered in consultations with Inuvialuit organizations, and other relevant and current data.

4. DIAND will consult with Inuvialuit Organizations annually to review the Environmental Sensitivity Maps.

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5. DIAND will enclose (send) a covering letter containing the following, to all holders of existing prospectors licences and prospecting permits and with the issuance of every new prospectors licence and prospecting permit which apply without exception to all prospecting activities in the ISR:

- i) Notification to the licence or permit holder of their general obligations under the IFA and specifically under section 7, 10, 11 and 16 of the IFA, including notification to the licence or permit holder that the Inuvialuit retain the right under subsection 11(1)(c) of the IFA to request screening of any development activities in the ISR;
- ii) Directing the licence or permit holder to use the Environmental Sensitivity Map in planning any prospecting, staking or exploration program.

The letter to be sent to recipients of prospecting permits within the Inuvialuit Settlement Region shall be in the form of Attachment "A". The letter to be sent to recipients of prospectors licences within the Northwest Territories shall be in the form of Attachment "B".

6. DIAND will direct all prospecting permit holders and prospectors licence holders with appropriate notice to the HTC to carry out consultations with the HTC in the areas where their exploration program is to be carried out, on the following:

- i) the timing of the activity;
- ii) the nature of the activity to be undertaken;
- iii) the number of workers to be involved;
- iv) the types and quantities of equipment to be used;
- v) location of camps;
- vi) any local environmental sensitivities; and
- vii) the effect of the activities in relation to the Environmental Sensitivity Map.

7. DIAND will direct prospecting permit holders and prospectors licence holders to conform to the benefit guidelines as required under section 16(11) of the IFA. The benefit guidelines are attached hereto as Schedule I and form part of this agreement.

8. DIAND will notify the Joint Secretariat and ILA of the issue of all new prospectors licences on a quarterly basis. DIAND will also notify the Joint Secretariat and ILA of the issue of all new prospecting permits issued for the Inuvialuit Settlement Region within 30 days of date of issue.

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9. DIAND will participate in an annual review of its permitting/licensing process by the Environmental Impact Screening Committee. DIAND will submit to the screening committee, the results of the consultation process and Environmental Sensitivity Maps conducted and prepared in accordance with this agreement. The review by the screening committee will include:

- i) assessment of the potential effects of mineral exploration activities below the Land Use Permit threshold;
- ii) the cumulative effects of the prospecting and exploration activities;
- iii) past performance of developers, a general review;
- iv) the preparation of an environmental sensitivity map;
- v) the results of consultations conducted with IGC and HTC's and a description of the consultation process;
- vi) generic mitigation practices; and
- vii) the environmental implications of the results of monitoring by DIAND of exploration and prospecting activities within the ISR.

10. This agreement does not affect Inuvialuit rights to request screening under subsection 11(1)(c) of the IFA.

The success of any agreement, resulting from the acceptance of these proposals, will depend upon the willingness of all three parties to establish a working relationship, based upon the respect of each, for the interests of the others. In focusing on our shared interests rather than our differences we suggest that we agree to set aside the arbitration and proceed with the proposed arrangements.

If this approach is acceptable to you, we ask that you sign the enclosed copy of this letter to indicate your acceptance of the agreement.

Yours sincerely,

Original Signed by
J. S. RAYNER
à signé l'original

John S. Rayner
Assistant Deputy Minister
Northern Affairs Program

Encl.

Attachment "A"

Recipient of Prospecting Permit within the Inuvialuit Settlement Region

Dear Recipient;

Re: Prospecting for Minerals within the Inuvialuit Settlement Region

As a result of a letter of agreement signed on November 1, 1995, between the Inuvialuit Regional Corporation and the Department of Indian Affairs and Northern Development (DIAND), DIAND has modified its administrative procedures with respect to the issuance of prospecting permits.

For its part, DIAND will undertake, on a continuing basis, consultations with the Inuvialuit Game Council and the Hunters and Trappers Committees (HTCs) in the Inuvialuit Settlement Region to determine areas of environmental sensitivity. Based on the information gained from the HTCs, DIAND will produce an Environmental Sensitivity Map. This map will show those areas within the Inuvialuit Settlement Region in which mineral activities are encouraged; those with enhanced environmental sensitivities where, due to these special sensitivities, mineral activities would face slightly more rigorous environmental scrutiny, and those areas of extreme environmental sensitivity which will be designated as off-limits to all mineral activity. The Environmental Sensitivity Map, which will be available at DIAND District Offices, will be revised annually.

YOU, AS A PROSPECTING PERMIT HOLDER, WILL BE DIRECTED TO REFER TO THE ENVIRONMENTAL SENSITIVITY MAP WHEN YOU ARE PLANNING TO PROSPECT FOR MINERALS WITHIN THE INUVIALUIT SETTLEMENT REGION (SEE ATTACHED MAP). THE INUVIALUIT SETTLEMENT REGION IS SHOWN IN ANNEX A AND DESCRIBED IN ANNEX A-1 OF THE INUVIALUIT FINAL AGREEMENT.

IN CHOOSING TO PROSPECT FOR MINERALS WITHIN THE INUVIALUIT SETTLEMENT REGION, THERE ARE CERTAIN GENERAL OBLIGATIONS UNDER THE INUVIALUIT FINAL AGREEMENT TO WHICH YOU MUST ADHERE. ADDITIONALLY, THERE ARE SPECIFIC OBLIGATIONS SET OUT UNDER SECTIONS 7, 10 AND 11 OF THE INUVIALUIT FINAL AGREEMENT.

These obligations are not new but have been in existence since the signing of the Inuvialuit Final Agreement in 1984. Copies of the Inuvialuit Final Agreement are available in the DIAND District Offices.

WHEN YOU CHOOSE TO PROSECT FOR MINERALS WITHIN THE INUVIALUIT SETTLEMENT REGION, YOU ARE DIRECTED TO CONSULT WITH THE HUNTERS AND TRAPPERS COMMITTEES IN THE AREA WHERE YOU PLAN TO PROSECT. CONSULTATIONS WILL COVER THE FOLLOWING ISSUES:

- i. the timing of the activity;
- ii. the nature of the activity to be undertaken;
- iii. the number of workers involved;
- iv. the types and quantities of equipment to be used;
- v. locations of camps;
- vi. any local environmental sensitivities, and
- vii. the effect of the activities in relation to the Environmental Sensitivity Map, once it is available.

Hunters and Trappers Committees are located in all communities within the Inuvialuit Settlement Region. Names and addresses of the contact person of the appropriate Hunters and Trappers Committees are available at the DIAND District Offices.

YOU ARE FURTHER DIRECTED TO CONFORM TO THE ATTACHED BENEFIT GUIDELINES (SCHEDULE D), AS REQUIRED UNDER SECTION 16 (11) OF THE INUVIALUIT FINAL AGREEMENT.

NOTE: IF YOU ARE ENTERING ON LAND IN THE INUVIALUIT SETTLEMENT REGION WITHOUT A LAND USE PERMIT, TO CARRY ON ACTIVITY LEVELS BELOW THE LAND USE PERMIT THRESHOLD, ALL THE REQUIREMENTS NOTED ABOVE APPLY.

Attachment "B"

Recipient of N.W.T. Prospectors Licence

Dear Recipient;

Re: Prospecting for Minerals within the Inuvialuit Settlement Region

As a result of a letter of agreement signed on November 1, 1995, between the Inuvialuit Regional Corporation and the Department of Indian Affairs and Northern Development (DIAND), DIAND has modified its administrative procedures with respect to the issuance of prospectors licences.

For its part, DIAND will undertake, on a continuing basis, consultations with the Inuvialuit Game Council and the Hunters and Trappers Committees (HTCs) in the Inuvialuit Settlement Region to determine areas of environmental sensitivity. Based on the information gained from the HTCs, DIAND will produce an Environmental Sensitivity Map. This map will show those areas within the Inuvialuit Settlement Region in which mineral activities are encouraged; those with enhanced environmental sensitivities where, due to these special sensitivities, mineral activities would face slightly more rigorous environmental scrutiny, and those areas of extreme environmental sensitivity which will be designated as off-limits to all mineral activity. The Environmental Sensitivity Map, which will be available at DIAND District Offices, will be revised annually.

YOU, AS A LICENSE HOLDER, WILL BE DIRECTED TO REFER TO THE ENVIRONMENTAL SENSITIVITY MAP WHEN YOU ARE PLANNING TO PROSPECT FOR MINERALS WITHIN THE INUVIALUIT SETTLEMENT REGION (SEE ATTACHED MAP). THE INUVIALUIT SETTLEMENT REGION IS SHOWN IN ANNEX A AND DESCRIBED IN ANNEX A-1 OF THE INUVIALUIT FINAL AGREEMENT.

IN CHOOSING TO PROSPECT FOR MINERALS WITHIN THE INUVIALUIT SETTLEMENT REGION, THERE ARE CERTAIN GENERAL OBLIGATIONS UNDER THE INUVIALUIT FINAL AGREEMENT TO WHICH YOU MUST ADHERE. ADDITIONALLY, THERE ARE SPECIFIC OBLIGATIONS SET OUT UNDER SECTIONS 7, 10 AND 11 OF THE INUVIALUIT FINAL AGREEMENT.

These obligations are not new but have been in existence since the signing of the Inuvialuit Final Agreement in 1984. Copies of the Inuvialuit Final Agreement are available in the DIAND District Offices.

WHEN YOU CHOOSE TO PROSPECT FOR MINERALS WITHIN THE INUVIALUIT SETTLEMENT REGION, YOU ARE DIRECTED TO CONSULT WITH THE HUNTERS AND TRAPPERS COMMITTEES IN THE AREA WHERE YOU PLAN TO PROSPECT. CONSULTATIONS WILL COVER THE FOLLOWING ISSUES:

- i. the timing of the activity;**
- ii. the nature of the activity to be undertaken;**
- iii. the number of workers involved;**
- iv. the types and quantities of equipment to be used;**
- v. locations of camps;**
- vi. any local environmental sensitivities, and**
- vii. the effect of the activities in relation to the Environmental Sensitivity Map, once it is available.**

Hunters and Trappers Committees are located in all communities within the Inuvialuit Settlement Region. Names and addresses of the contact person of the appropriate Hunters and Trappers Committees are available at the DIAND District Offices.

YOU ARE FURTHER DIRECTED TO CONFORM TO THE ATTACHED BENEFIT GUIDELINES (SCHEDULE D), AS REQUIRED UNDER SECTION 16 (11) OF THE INUVIALUIT FINAL AGREEMENT.

NOTE: IF YOU ARE ENTERING ON LAND IN THE INUVIALUIT SETTLEMENT REGION WITHOUT A LAND USE PERMIT, TO CARRY ON ACTIVITY LEVELS BELOW THE LAND USE PERMIT THRESHOLD, ALL THE REQUIREMENTS NOTED ABOVE APPLY.

Schedule I

Benefit Guidelines

Associated with Mineral Exploration in the Inuvialuit Settlement Region

These guidelines are developed under the authority and direction of Section 16(11) of the Inuvialuit Final Agreement (IFA).

Benefits Statement of Principles

Companies engaged in exploration activities on Crown lands in the Inuvialuit Settlement Region (ISR) are directed to follow the principles outlined below.

It is recognized that the nature and duration of work programs must be considered in implementation of the benefits principles and in achieving the general goals of the IFA (s.1), namely:

- a) to preserve Inuvialuit cultural identity and values within a changing northern society;
- b) to enable Inuvialuit to be equal and meaningful participants in the northern and national economy and society, and
- c) to protect and preserve the Arctic wildlife, environment and biological productivity.

Objectives

The objectives of benefits guidelines associated with new exploration programs in the ISR are to:

- a) support and encourage the development of business in the IST, and
- b) support the achievement of the economic objectives of the IFA (s.16(2)), namely:
 - i) full Inuvialuit participation in the northern Canadian economy, and
 - ii) Inuvialuit integration into Canadian society through the development of an adequate level of economic self-reliance and a solid economic base.

Industrial Benefits

The company is committed to obtaining its goods and services on a fair and competitive basis. The company will support and encourage the development of regional business by contracting with suppliers for work associated with the program on the basis of best value, competitiveness and benefits to the regional communities. Regional Businesses are those businesses with head offices within the ISR or those businesses which are owned 50% or more by Inuvialuit as defined in the IFA.

Within its general procurement policy, the company will conduct its operations so as to optimize the short and long term benefits accruing to the ISR by providing opportunities for involving local and regional businesses on a full, fair and competitive basis.

The company is committed to work with communities within the ISR and government agencies, Inuvialuit Community Corporations, and the Inuvialuit Development Corporation to identify potential business development opportunities.

The company is committed to ensuring that its contractors and subcontractors comply with all of these provisions.

Employment and Training

The company is committed to the principles of fair and equal employment and training opportunities consistent with the Canadian Charter of Rights and Freedoms. The company also recognizes Inuvialuit interests in employment and training opportunities as established in the IFA. This will promote fairness in employment opportunities and avoid employment practices which result in employment barriers. The company will give first priority to qualified individuals resident within the ISR.

The company is committed to work with communities within the IST and government agencies, Inuvialuit Community Corporations, the Inuvialuit Development Corporation and the Inuvialuit Regional Corporation to identify potential employment and training opportunities.

The company is committed to ensuring that its contractors and subcontractors comply with these provisions for all employment and training opportunities.

Consultation

The company is committed to providing appropriate information concerning its exploration programs to communities in the ISR and Inuvialuit Development Corporation. Exchanging relevant information in a timely fashion will enable the company to assess the potential economic and employment opportunities.

Annual Report Requirement

The company will submit an annual report within six months of the completion date of its seasonal work programs. The report shall be submitted to the relevant Community Corporation, the Inuvialuit Regional Corporation and DIAND's District Office.

The report will contain the following information:

- I) a brief work program description;
- ii) total program costs (total value of purchased goods and services, total direct wages and total direct work months);
- iii) total direct wages by ISR community of residence;
- iv) total direct work months by community of resident;
- v) number of Inuvialuit and number of northern community residents employed for each program component;
- vi) total value of purchased goods and services from each northern community, including a brief description of the goods and services purchased from each community;
- vii) total value of purchased goods and services from Inuvialuit businesses;
- viii) listings of consultations undertaken;
- ix) a brief description of any program that may be undertaken in the next work season, and
- x) a statement of benefits resulting from any program that may be undertaken in the next work season.