

MEMORANDUM OF UNDERSTANDING
ON
ENVIRONMENTAL ASSESSMENT
OF
THE PROPOSED VOISEY'S BAY MINING DEVELOPMENT

This MEMORANDUM OF UNDERSTANDING

BETWEEN: THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Environment and Labour and the Premier as Minister Responsible for Intergovernmental Affairs;

THE GOVERNMENT OF CANADA, as represented by the Minister of the Environment and the Minister of Fisheries and Oceans;

THE LABRADOR INUIT ASSOCIATION, as represented by the President;

AND: THE INNU NATION, as represented by the President.

(The "Parties")

WHEREAS:

- Voisey's Bay Nickel Company Limited is proposing an undertaking in connection with nickel-copper-cobalt deposits at a place known to the Inuit of Labrador as Tasiujatsoak, to the Innu of Labrador as Kapukuanipant-kauashat, which is also known as Voisey's Bay;
- The Undertaking would be carried out in land and water areas that are subject to comprehensive claims negotiations currently underway pursuant to Framework

Agreements signed respectively by LIA, Canada and Newfoundland & Labrador, and the Innu Nation, Canada and Newfoundland & Labrador;

- The Parties wish to ensure that the Environmental Effects of the Undertaking are assessed through the establishment of a single, effective and efficient process;
- Both the Newfoundland *Environmental Assessment Act*, RSN 1990, cE-14 ("NEAA") and the *Canadian Environmental Assessment Act*, S.C. 1992, c.37 ("CEAA") are applicable to the Undertaking and to this Memorandum of Understanding;
- The Premier as Minister Responsible for Intergovernmental Affairs of Newfoundland & Labrador has responsibilities pursuant to the *Intergovernmental Affairs Act*, RSN 1990, cI-13;
- The Minister of Environment and Labour of Newfoundland & Labrador has responsibilities pursuant to NEAA;
- The Minister of the Environment of Canada has responsibilities pursuant to CEAA;
- The Minister of Fisheries and Oceans of Canada has responsibilities pursuant to the *Fisheries Act*, R.S.C. 1985, c.F-14, the *Navigable Waters Protection Act*, R.S.C. 1985, c.N-22, and CEAA and is the lead Responsible Authority for the purposes of CEAA;
- Section 37 of NEAA enables the Minister of Environment and Labour of Newfoundland & Labrador, when he is of the opinion that it is in the public interest, with the approval of the Lieutenant-Governor in Council, to exempt, by order, an undertaking from the application of NEAA subject to terms and conditions;
- Under the authority of Section 37 of NEAA, the Exemption Order with respect to the Undertaking will, on approval of the Lieutenant-Governor in Council, establish an alternative process to that set out in NEAA, which process will be comprised of the terms and conditions of the Exemption Order, one of which includes the performance of an environmental assessment in accordance with this Memorandum of Understanding;
- Sections 40 to 42 of CEAA enable the Minister of the Environment of Canada to enter into an agreement with other jurisdictions respecting the joint establishment of a review panel and the process by which the panel conducts an assessment of the environmental effects of a proposed undertaking;
- The President of the Innu Nation has responsibilities on behalf of the Innu of Labrador to ensure that the Undertaking is fully assessed, and has been given authority by the Innu Nation Board to enter into this Memorandum of Understanding;

- The Board of Directors of LIA has responsibilities on behalf of the Inuit of Labrador to ensure that the Undertaking is fully assessed and the Board of Directors has authorized the President of LIA to enter into this Memorandum of Understanding; and
- The Parties wish to describe the process that will be followed in the conduct of an Environmental Assessment of the Undertaking.

THEREFORE, the Parties agree that:

1. DEFINITIONS

In this Memorandum of Understanding including the Recitals, Schedule 1 and the Annex thereto, but excluding Schedule 2:

"Agency" means the Canadian Environmental Assessment Agency;

"Canada" means the Government of Canada;

"Contingency Plan" means a program intended to address malfunctions, accidents or unplanned events that may occur in connection with the Undertaking;

"CEAA" means the *Canadian Environmental Assessment Act*;

"Cumulative Environmental Effect" means the additive and interactive effects of an undertaking in combination with other projects or activities that have been or will be carried out;

"Day" means a calendar day;

"EIS Guidelines" mean the direction provided to the Proponent by the Panel on matters which must be addressed in the Proponent's Environmental Impact Statement;

"Environment" means the components of the earth and includes

- land, water and air, including all layers of the atmosphere,
- all organic and inorganic matter and living organisms,
- the social, economic, recreational, cultural, spiritual and aesthetic conditions and factors that influence the life of humans and communities, and
- a part or combination of those things referred to in paragraphs (a) to (c) and the interrelationships between two or more of them;

"Environmental Assessment" (hereinafter "EA") means an assessment of the Environmental Effects of the Undertaking that is conducted in accordance with this Memorandum of Understanding;

"Environmental Effect" means, in respect of an undertaking

- (a) any change that the undertaking may cause in the Environment, including any change on health and socio-economic conditions, on physical and cultural heritage, on the current use of lands and resources for traditional purposes by aboriginal persons, or on any structure, site or thing that is of historical, archaeological, paleontological or architectural significance, and
- (b) any change to the undertaking that may be caused by the Environment,

whether any such change occurs within or outside Canada;

"Environmental Impact Statement (hereinafter "EIS") means the report that presents the results of the EA conducted by the Proponent;

"Federal Ministers" mean the Minister of the Environment of Canada and the Minister of Fisheries and Oceans of Canada;

"Follow-up Program" means a program for

- (a) verifying the accuracy of the EA of the Undertaking,
- (b) determining the effectiveness of any measures taken to Mitigate the adverse Environmental Effects of the Undertaking, and
- (c) implementing measures to Mitigate adverse Environmental Effects identified in (a) and/or (b);

"Innu Nation" means the Innu Nation of Labrador;

"LIA" means the Labrador Inuit Association;

"Memorandum of Understanding" (hereinafter "MOU") means this Memorandum of Understanding including Schedules 1 and 2 and the Annex to Schedule 1 attached hereto;

"Mitigation" means in respect of the Undertaking, the elimination, reduction or control of the adverse Environmental Effects of the Undertaking, and includes restitution for any damage to the Environment caused by such effects through replacement, restoration, compensation or any other means, and "Mitigate" has a corresponding meaning;

"NEAA" means the Newfoundland *Environmental Assessment Act*;

"Newfoundland & Labrador" means the Government of Newfoundland and Labrador;

"Panel" means the review panel which is appointed pursuant to Section 3 of this MOU;

"Participant Funding Program" means the program which is referred to in Section 2.5 of this MOU;

"Parties" mean signatories to this MOU;

"Proponent" means Voisey's Bay Nickel Company Limited;

"Provincial Ministers" mean the Minister of Environment and Labour of Newfoundland & Labrador and the Premier as Minister Responsible for Intergovernmental Affairs of Newfoundland & Labrador;

"Residual Effect" means an Environmental Effect remaining after all mitigative measures have been applied;

"Responsible Authority" means a federal body that is required under CEAA to ensure that an environmental assessment of the Undertaking is conducted;

"Review" means the joint public review to be conducted by the Panel in accordance with this MOU;

"Secretariat" means the Secretariat which is established pursuant to Section 2.6 of this MOU;

"Terms of Reference" mean the Terms of Reference for the Panel, as set out in Schedule 1;

"Undertaking" means the proposed construction, operation, demolition, decommissioning, rehabilitation and effective surrender of any leases by the Proponent of a mining development and associated activities as described in Schedule 2.

2. GENERAL

- 2.1 **Purpose:** The purpose of this MOU is to establish a single, effective and efficient process for assessing the Environmental Effects of the Undertaking, including provision for comprehensive public involvement.
- 2.2 **Land Claim Agreements and Self-Government Agreements:** The Parties will enter into negotiations to consider appropriate amendments to the MOU to reflect agreements-in-principle, interim measures agreements or final agreements reached in the two sets of comprehensive land claims negotiations now proceeding among Canada, Newfoundland & Labrador and LIA, and among Canada, Newfoundland & Labrador and Innu Nation.

- 2.3 **Panel Review:** A Panel will be appointed to conduct the Review of the Undertaking.
- 2.4 **Panel Budget:** The Parties will consult with each other to ensure the Panel has adequate financial resources to conduct the Review of the Undertaking.
- 2.5 **Participant Funding:** Persons who wish to participate in the Review of the Undertaking may apply for funding from the Agency in accordance with its Participant Funding Program.
- 2.6 **Panel Secretariat:** A Secretariat, including the public information function, will be established by Canada on behalf of the Parties after taking into account their recommendations, to assist the Panel in its duties. The Panel office will be established at Nain.
- 2.7 **Public Information Centres:** Public information centres will be established by the Panel at Utshimasits and Nain and other locations in the Province as deemed appropriate by the Panel. These public information centres will be administered by the Panel Secretariat.
- 2.8 **Public Registry:** A registry that provides ongoing public access to information relating to the Review of the Undertaking will be established at the Panel office for purposes of compliance with Section 55 of CEAA.
- 2.9 **Publication of MOU:** This MOU will be published upon Panel appointment.
- 2.10 **Participation by Officials of the Parties:** Nothing in this MOU will be construed as restricting participation in the Review of the Undertaking by representatives of departments and agencies of Newfoundland & Labrador and Canada and representatives of LIA and Innu Nation.
- 2.11 **Announcements:** The Parties or their designates will coordinate any announcements regarding the matters addressed in this MOU.

3. APPOINTMENT OF A PUBLIC REVIEW PANEL

- 3.1 **Membership of Panel:** The Panel will consist of up to five persons. Panel members will not be employed by the Public Service of Canada, the Public Service of Newfoundland & Labrador, LIA or the Innu Nation.
- 3.2 **Criteria for Panel Members:** Each Panel member will be unbiased and free of any conflict of interest relative to the Undertaking and have knowledge or experience relevant to the anticipated Environmental Effects of the Undertaking.

- 3.3 **Selection and Appointment of Panel Members:** The Panel members including the Chair will be appointed by Canada from a list of nominees selected by the Parties. Each of the Parties will select three nominees and at least one nominee selected by each of the Parties will be appointed members of the Panel.
- 3.4 **Timing of Panel Appointment:** Following the selection of nominees, the members of the Panel will be appointed concurrently with the execution of the MOU.
- 3.5 **Public Notice:** Upon the appointment of the Panel, the Parties will give public notice of the appointment.
- 3.6 **Panel Review:** Upon appointment, the Panel will conduct its Review of the Undertaking in accordance with the Terms of Reference.
- 3.7 **Powers:** The Panel will have the powers set out in Section 35 of CEAA.

4. PANEL REPORT

- 4.1 **Reporting:** Upon completion of the Review of the Undertaking, the Panel will concurrently convey its Panel report to the Provincial Ministers, Federal Ministers, the President of the LIA and the President of the Innu Nation.
- 4.2 **Reporting to the Public:** The Panel report will be published and, prior to the announcement of its release to the public, the Secretariat will place embargoed copies of the report in the communities of Nain, Utshimasits, Sheshatshui, Hopedale, Makkovik, Rigolet, Postville and in other locations as appropriate to ensure timely availability on public release. The Panel report will be made available to the residents of the named communities immediately following the announcement of the public release of the Panel report. Copies will be available to the general public on request. Panel announcements will originate in Nain and other locations as appropriate.

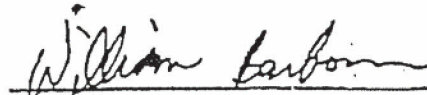
5. AMENDMENTS

- 5.1 **Amendments:** This MOU may be amended only with the written consent of all the Parties. Unless another day is agreed, an amendment will become effective upon its execution by the Parties.

6. FINAL PROVISIONS

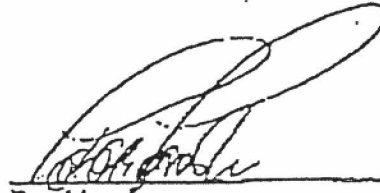
- 6.1 **Without Prejudice:** This MOU is made without prejudice to the positions taken by the Parties in any other forum. This MOU is not to be construed as conferring on, recognizing, denying or derogating from any aboriginal, treaty, constitutional or other rights, benefits, claims or privileges that may be claimed by any of the Parties, person, or group of persons. This MOU will not be interpreted to be an agreement or treaty within the meaning of Section 35 of the *Constitution Act, 1982*. Nothing in this MOU is to be construed as providing any consent, approval or authorization whatsoever by LIA and the Innu Nation, in connection with the Undertaking or any part thereof.
- 6.2 **Change to the Undertaking:** If the Proponent proposes to change the Undertaking, the Parties will reconsider and may amend this MOU and may redirect the Panel as to changes to the review process.
- 6.3 **Consultation:** The Parties will consult on the implementation of this MOU as required.
- 6.4 **Translation:** The MOU will be translated into Inuktitut and Innu-Eimun before its execution by the Parties.

IN WITNESS WHEREOF our signatures are hereunto inscribed.



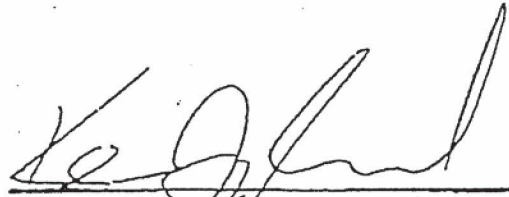
President
Labrador Inuit Association

31 JAN 97
Date



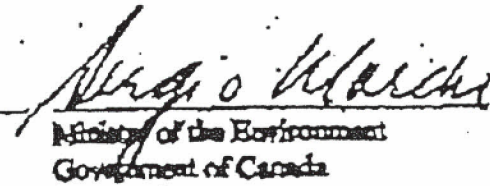
President
Innu Nation

30 JAN 97
Date



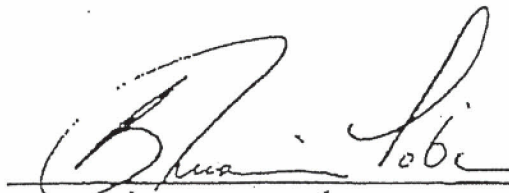
Minister of Environment and Labour
Government of Newfoundland
and Labrador

30 JAN 97
Date



Minister of the Environment
Government of Canada

30 JAN 97
Date



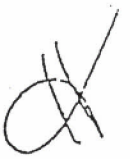
Approved pursuant to the
Intergovernmental Affairs Act by the
Premier, as Minister Responsible for
Intergovernmental Affairs, or the
Secretary to Cabinet for
Intergovernmental Affairs
Government of Newfoundland and
Labrador

30 Jan 97
Date



Minister of Fisheries and Oceans
Government of Canada

30 Jan/97
Date



SCHEDULE 1

TERMS OF REFERENCE

PANEL REVIEW OF THE PROPOSED VOISEY'S BAY MINING DEVELOPMENT

INTRODUCTION

Pursuant to the Memorandum of Understanding on Environmental Assessment of the Proposed Voisey's Bay Mining Development, a public review Panel is appointed to conduct a Review of the Environmental Effects associated with the Undertaking proposed by Voisey's Bay Nickel Company Limited.

These Terms of Reference are developed by the Parties and are approved by the Minister of the Environment.

The Undertaking may change as further studies and work are conducted. If, during the Review process, the Panel becomes aware of a proposal by the Proponent to change the Undertaking, the Panel will, if it considers the change significant, advise the Parties forthwith.

For purposes of this Review, the Department of Environment and Labour of Newfoundland and Labrador is the lead Provincial department, the Department of Fisheries and Oceans of Canada is the lead Responsible Authority pursuant to CEAA, and Voisey's Bay Nickel Company Limited is the Proponent of the Undertaking.

DEFINITIONS

The definitions within Section 1 of the Memorandum of Understanding on Environmental Assessment of the Proposed Voisey's Bay Mining Development will apply to this Schedule.

SCOPE OF THE REVIEW

In carrying out the Review, the Panel will address the factors outlined in the Annex to Schedule 1 and will give full consideration to traditional ecological knowledge whether presented orally or in writing. Although a review of the substance or definition of aboriginal rights or a determination of the scope or substance of land claims negotiations are not within the Panel's Terms of Reference, the Panel may consider submissions regarding the relationship between the Undertaking and land claims negotiations.

STEPS IN THE REVIEW PROCESS

The main steps in the Review by the Panel will be as follows:

1. **Provision of Documents:** Upon appointment, the Panel will be provided the Description of the Undertaking and a copy of the document prepared by the Proponent entitled "The Voisey's Bay Mine/Mill Project - Project Description Report" dated September 26, 1996 and any revisions thereto which the Parties may receive from the Proponent.
2. **Conduct of the Review:** The Panel will prepare and issue operational procedures for the conduct of the Review.
3. **Development of Draft EIS Guidelines:** The Panel will develop Draft EIS Guidelines and will distribute them for public comment. Widely disseminated notices will be given to ensure the public is fully aware of the Draft EIS Guidelines, and copies of the Draft EIS Guidelines will be made available to the public. In developing the Draft EIS Guidelines, the Panel will review the report of the Innu Nation dated March 15, 1996, and an LIA report dated July 4, 1996.
4. **Scoping Exercise:** The Panel will carry out a comprehensive scoping exercise to explain the Review process, to help identify priority issues to be addressed during the Review, and to receive comments on the Panel's Draft EIS Guidelines. The scoping exercise must include seeking Innu and Inuit views about traditional ecological knowledge to be used for EA purposes, how traditional ecological knowledge should be obtained and how it should be evaluated.

The scoping exercise will be carried out through public meetings in the communities of Nain, Utshimasits, Sheshatshiu, Hopedale, Makkovik, Rigolet, Postville and in other locations in the Province as may be determined by the Panel. Oral comments received at public meetings will be considered by the Panel as fully as written comments.

The Panel will determine what documentation is necessary to support the scoping exercise.

The Panel may require the Proponent to attend the Panel's public scoping meetings. In addition, the Panel may require the Proponent to hold separate meetings to permit interested persons to gain an understanding of the Undertaking and identify issues of concern. The Panel or the Secretariat may audit the Proponent's meetings.

The Panel will visit the proposed site and fly over the proposed alternative shipping routes during the scoping exercise to gain a first-hand understanding of the Undertaking and its surroundings. Representatives of the LIA, the Innu Nation, the general public, and the Proponent may join the Panel during the site visit.

5. **Issuance of EIS Guidelines to Proponent:** The Panel will complete the EIS Guidelines within 120 days of its appointment, taking into account the consultation with the public and public comment received. The EIS Guidelines will address all factors identified in Annex I to these Terms of Reference. The Panel will forward the EIS Guidelines to the Proponent, and at the same time copies of the EIS Guidelines will be distributed to the public registry and public information centres. Widely disseminated notices will be given to ensure the public is fully aware of the EIS Guidelines, and copies of the EIS Guidelines will be made available to the public.
6. **EIS Preparation:** The Panel will require the Proponent to prepare the EIS in accordance with the EIS Guidelines and submit the EIS to the Panel.
7. **Public Review of the EIS:** The EIS will be placed in the public registry and the public information centres, and will be available for public review and comment. The comments are to be provided to the Panel either in writing or verbally by submitting quality recordings. Comments are to be provided to the Panel within 75 days from public release of the EIS. Comments given verbally are to be considered by the Panel as fully as written comments.
8. **EIS Sufficiency:**
 - (a) On completion of public review of the EIS, the Panel, taking into consideration the comments received and its own review of the EIS, will determine if the EIS is sufficient to proceed to public hearings.
 - (b) If the Panel determines that the EIS is sufficient to proceed to public hearings, it will schedule and announce public hearings as provided by step 9.
 - (c) If the Panel determines that there are significant deficiencies, such that the EIS is not sufficient to proceed to public hearings, the Panel will issue a deficiency statement requesting additional information from the Proponent, which the Proponent will provide. At the same time the Panel issues the deficiency statement to the Proponent, the deficiency statement will be placed in the public registry, the public information centres, and made available to the public.

(d) The Panel's determinations in Steps 8 (a), (b) and (c), including the issuance of a deficiency statement, will be made within 30 days of completion of Step 7.

(e) Upon receipt of the additional information, the Panel will place it in the public registry and the public information centres, and will make it available for public review and comment for 45 days from the Panel's receipt of the additional information.

(f) On completion of public review of the additional information, the Panel, taking into consideration the comments received and its own review of the additional information, will determine within 15 days if the EIS, supplemented by the additional information, is sufficient to proceed to public hearings and paragraphs (b) to (f) will apply.

9. **Announcement of Public Hearings:** Once the Panel determines that the EIS is sufficient to proceed to public hearings, it will schedule and announce the public hearings within 7 days. The Panel will attempt to schedule the public hearings to maximize the attendance and participation of the public, taking into account the seasonal activities and traditional practices of the Innu and Inuit. The public hearings will begin no earlier than 30 days and no later than 45 days after the schedule is announced. The Panel will issue detailed procedures for the conduct of the public hearings. The public hearings will be conducted in a manner that ensures a thorough examination of matters relevant to the Panel's mandate and in particular the examination of technical evidence.
10. **Public Hearings:** The Panel will hold its public hearings in the communities of Nain, Utshimasits, Sheshatshiu, Hopedale, Makkovik, Rigolet, Postville and in other locations in the Province as may be determined by the Panel. Technical hearings will be held in Nain, Utshimasits and in other locations in the Province as may be determined by the Panel based on its assessment of the interest demonstrated in the communities.

The Panel will use best efforts to complete the public hearings within 45 days.

11. **Reporting:** The Panel will prepare and submit to the Parties a report including, but not limited to, the following:
- description of the public review process,
 - summary of any comments and recommendations received from the public, and
 - rationale, conclusions and recommendations of the Panel.

The Panel will submit its report at the earliest possible date, but in no event later than 90 days following completion of the public hearings.

PUBLIC PARTICIPATION

The Panel will conduct its Review in a manner which will promote and facilitate public participation.

SPECIALIST ADVISORS TO PANEL

The Panel may secure the services of independent experts to provide information on and help interpret technical and scientific issues and issues relative to traditional ecological knowledge.

The names of any specialists retained and their advice to the Panel will be made public. Independent specialists hired by the Panel may be requested to appear before the Panel at the public hearing sessions.

TRANSLATION AND INTERPRETATION REQUIREMENTS

Translation:

Dissemination: All translated materials will be placed in the public registry and in the appropriate public information centres.

Panel's Documents: The Panel's operational procedures, public notices pertaining to the Panel's meetings and hearings, detailed procedures for the conduct of the public hearings, Draft EIS Guidelines, EIS Guidelines and any deficiency statement issued by the Panel will be translated into Innu-Eimun and Inuktitut. The translations will be made available as a video tape or in written form at the same time as the English version is publicly released by the Panel and will be provided on request to individuals and organizations. Issuance of these documents will not be delayed more than one week for translation purposes.

The Panel report will be translated into Innu-Eimun and Inuktitut. The translation of the conclusions and recommendations of the Panel report and summaries of key sections will be available at the same time as the English version of the report is conveyed to the Provincial Ministers, the Federal Ministers, the President of LIA and the President of the Innu Nation. Conveyance of the Panel report will not be delayed more than one week for translation of the conclusions, recommendations and summaries mentioned above.

Proponent's Documents: The key sections of the EIS will be translated. Following consultation with the Innu Nation and LIA, the Panel will determine which parts of the EIS will be translated by the Proponent into Innu-Eimun and Inuktitut. The Panel may require that the translation of these parts of the EIS be made available either as a video tape or in written form. The Proponent will take all reasonable measures to ensure that the translation of these documents will be available at the same time as the English version is publicly released by the Panel and will be provided to individuals and organizations upon request. The same procedure will apply to the translation of any additional information provided by the Proponent in response to any deficiency statement issued by the Panel.

Following consultation with the Innu Nation and LIA, the Panel will determine which other documents will be translated into Innu-Eimun and Inuktitut, whether the translation will be provided as a video tape or in written form and when the translation will be provided.

Interpretation:

Following consultation with the Innu Nation and LIA, the Panel will determine interpretation requirements from English to Innu-Eimun and Inuktitut and from Innu-Eimun and Inuktitut into English for the public meetings hosted by the Panel, the site visit and the public hearings, including the technical and general hearings, and any other interpretation requirements, and appropriate interpretation services will be provided by the Panel.

Assistance of LIA and Innu Nation:

LIA and the Innu Nation will collaborate and take necessary measures to assist the Panel and the Proponent in identifying translation and interpretation requirements for the Review and in producing translation of the documents in a timely fashion. Nothing in this paragraph imposes financial obligations on the LIA or the Innu Nation.

ANNEX TO SCHEDULE 1

FACTORS TO BE CONSIDERED DURING PUBLIC REVIEW

The definitions within Section 1 of the Memorandum of Understanding on Environmental Assessment of the Proposed Voisey's Bay Mining Development will apply to this Annex. The Review will include consideration of the following factors as they relate to all phases of the Undertaking:

1. Description of the Undertaking, including its temporal and spatial boundaries;
2. Need for the Undertaking;
3. Purpose of and rationale for the Undertaking;
4. Analysis of alternatives including:
 - (a) alternatives to the Undertaking, and
 - (b) alternative means of carrying out the Undertaking which are technically and economically feasible and the Environmental Effects of any such alternatives;
5. Temporal and spatial boundaries of the study areas;
6. Extent to which biological diversity is affected by the Undertaking;
7. Description of the present Environment which may reasonably be expected to be affected, directly or indirectly, by the Undertaking, including adequate baseline characterization;
8. Description of the likely future condition of the Environment within the expected life span of the Undertaking if the Undertaking were not approved;
9. Environmental Effects of the Undertaking including the Environmental Effects arising from malfunctions, accidents or unplanned events that may occur in connection with the Undertaking;
10. Potential Cumulative Environmental Effects of the Undertaking;
11. The significance of the effects as described in items 9 and 10;
12. Proposed Mitigation measures that are technically and economically feasible and that would Mitigate any significant adverse Environmental Effects of the Undertaking, including the interaction of these measures with existing management plans;

13. Proposals for environmental compliance monitoring;
14. Measures to enhance any beneficial Environmental Effects;
- 15. Proposals for Contingency Plans;
16. Residual Effects associated with the Undertaking and their significance;
17. Need for and requirements of any Follow-up Program in respect of the Undertaking;
18. Capacity of renewable resources that are likely to be significantly affected by the Undertaking to meet the needs of present and future generations;
19. Extent of application of the precautionary principle to the Undertaking; and
20. Comments received by the Panel during the Review.

SCHEDULE 2

DESCRIPTION OF THE UNDERTAKING

Voisey's Bay Nickel Company Ltd. (the "Proponent") is proposing to develop a nickel-copper-cobalt mine and mill in the vicinity of a place known to the Inuit of Labrador as Tasiujatsoak, to the Innu of Labrador as Kapukuanipant-kauashat, which is also known as Voisey's Bay. The indicated mineral resource is estimated to be 150 million tonnes. The deposit consists of three ore bodies known as the Ovoid, the Eastern Deeps, and the Western Extension. The Ovoid would be mined using open pit techniques. The Western Extension and Eastern Deeps would be mined by underground techniques. The ore would be processed to nickel-cobalt and copper concentrates using conventional milling processes. The concentrates would be shipped to a smelter off-site. This proposed development is hereinafter referred to as the "undertaking".

The proposed mine/mill would be located in northern Labrador, 35 km southwest of Nain and 79 km northwest of Utshimasits (Davis Inlet). The climate is subarctic with short summers and long winters. The surrounding terrain is rugged, with elevations ranging to 400 m above sea level. Most of the undertaking would be located in a sheltered valley connecting Anaktalak Bay, to the north, with Voisey's Bay to the south (Figure 1). Disposal of tailings and waste rock would take place in valleys to the east of the mine. Valleys are largely forested, while upland areas consist predominantly of barren rock. The area drains to several watersheds which include watercourses supporting Arctic char and other fish populations. The undertaking would be carried out in an area subject to on-going aboriginal land rights negotiations involving Newfoundland & Labrador, LIA and Canada and Newfoundland & Labrador, Innu Nation and Canada.

The undertaking, through its life cycle, includes open pit and underground mining facilities and operations, the construction and operation of storage and deposition areas for waste rock and overburden, mine site roads, borrow pits and quarries and their road access, an airstrip, a concentrator, a tailings impoundment area, an accommodations and services complex, a port site with shipping dock and concentrate storage building, maintenance and storage areas including equipment laydown and fuel storage areas, explosives storage and manufacturing facilities, a sewage treatment system, a power supply and distribution system, a water supply and distribution system, water diversion and drainage systems and communications system. The undertaking includes the activities associated with the above operations and infrastructure such as the transportation of personnel and supplies and the shipping of concentrates.

The open pit would be mined using conventional methods. The waste rock would be stored near the open pit, or under a water cover, depending on its potential to generate acid. An estimated 13.7 million tonnes of overburden would be removed and stored near the open pit. Approximately 20.5 million tonnes of non-acid generating waste rock would be stored in surface facilities. One million tonnes of waste rock is categorized as potentially acid generating and

would be placed under a water cover. Discharge water from the mineralized waste rock disposal pond may need treatment.

Underground deposits would be mined by sinking shafts followed by blasting and load-haul-dump operations. Approximately 15.5 million tonnes of waste rock from the underground mine would be produced. Fifteen million tonnes is considered potentially acid generating and would be placed under water cover; the remaining 0.5 million tonnes would be stored above ground. Water from the open pit and underground mining sites, as well as drainage from waste rock and overburden piles would be collected and, if necessary, treated before discharge.

Ore would be transported to the concentrator, and processed into nickel-cobalt and copper concentrates using crushing, grinding and flotation processes. The concentrator would be designed based on an initial production rate of 15,000 tonnes per day of ore. Concentrates would be trucked to storage facilities at the port site at Anaktalak Bay and shipped for smelting.

The tailings produced during the concentrating process are potentially acid-generating and would be placed under a permanent water cover to inhibit acid generation and leaching of metals. The Proponent's preferred tailings basin site is a pond approximately 12 km northeast of the plant site. The Proponent maintains it has sufficient capacity to accommodate the tailings associated with the projected mineral resource. Site development would include perimeter dams, control gates, access roads, surface water diversion and, if necessary, polishing pond. Decant water would be reclaimed and recycled, with any excess water treated if necessary before discharge.

Potable and fire-fighting water would be obtained from groundwater wells in the Reid Brook basin. Power would be supplied by diesel power generation units. The airstrip would be located north of Camp Pond.

To date, three shipping routes (northern, eastern and southern) are being considered by the Proponent for the passage of bulk carriers containing the concentrate between the outer islands of the Labrador coast and the proposed port site at Kakiak (Edward's Cove). The potential northern route following a portion of "Strathcona Run", the existing shipping route to Nain, is currently the Proponent's preferred option (Figure 2). Three shipping season options are being considered. Seasonal shipping would consist of shipping during the ice-free season. Extended shipping would enable shipping to continue during early ice formation and during ice break-up. Year-round shipping would involve uninterrupted service throughout the year. The Proponent would prefer to ship concentrate during the greatest number of months possible, however, because of the importance of ice for winter travel, habitat and harvesting, the Proponent states that it will continue to consult with local residents and government regulators regarding an appropriate shipping season.

Approximately 700 persons would be employed during construction of the undertaking, and during operations, an estimated 500 persons would be employed plus additional contract personnel. The expected life of the undertaking is longer than 20 years and depends on the mineral resource and production rate. Workers would be transported to the site by air. Living accommodations would be provided on-site. No town site is planned.

Upon mine closure, the site would be decommissioned and rehabilitated to approach pre-development conditions. Progressive decommissioning and rehabilitation would commence at an early stage during mine development and would continue throughout the life of the mine until the effective surrender of any leases by the Proponent.