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**MEMORANDUM TO MINISTER
NOTE DE SERVICE AU MINISTRE**

Security classification
Classification de sécurité

CONFIDENTIAL

Subject-Objet

Voisey's Bay Mineral Development

File Number
No. de dossier

Date FEB 7 1996

The purpose of this note is to provide you with an overview of the key issues related to this proposal.

1. Definition of the scope of the project(s) and related federal and provincial environmental assessment decision-making

The proponent, Voisey's Bay Nickel Company (a joint company of Diamond Fields Resources and Inco), has two projects. The first is the "advanced exploration infrastructure" (12km road, 1km airstrip, dock and camp) needed to permit the exploratory activities to continue while feasibility studies for the mine and mill are undertaken. The second is the mine and mill. The company openly acknowledges that the aforementioned infrastructure will also serve the mine and mill development, should it proceed.

On January 15, the company submitted the advanced exploration project to the province for its environmental assessment approval. A provincial decision is expected as early as March 2. Thus far, despite our persistent prodding, no federal department or agency has confirmed that it has a decision that would require the application of the Canadian Environmental Assessment Act to the exploration project.

Assuming provincial approval, the company would then submit, later in 1996, to both federal and provincial governments, its mine and mill project proposal. There are a number of anticipated federal decisions, principally related to the Fisheries Act, which would call for the application of the Canadian Environmental assessment Act.

The Innu and Labrador Inuit, who both claim the land on which the orebody is located, are strongly opposed to an environmental assessment review process which separates the two projects. Land claims are currently under negotiation.

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Should the province approve the advanced exploration project, it is expected that the Inuit and/or Innu will seek an injunction to stop work by the proponent.

Even if the federal government had an environmental assessment decision to take on the exploration project (as the Innu and Inuit consider they do, particularly in relation to Fisheries), it would be discretionary on the part of the federal government to consider both projects as one. Such combined assessment of exploration and mine development activities could become precedent-setting and discourage mining development in Canada.


2. Federal-Provincial Harmonization and Funding of the Public Review

In anticipation of federal decision-making responsibilities related to the environmental assessment of the mine and mill, it is expected that a public review is inevitable.

The Agency has begun to negotiate a joint review process with Newfoundland officials. These negotiations are proceeding well. As part of this process, Newfoundland and Agency officials will meet with the Innu, Labrador Inuit and the company on February 8 and 9 in Goose Bay.

A key objective is to involve meaningfully the Innu and the Labrador Inuit early in the design of the review process.

On February 6, I chaired a meeting of relevant Deputy Ministers to review environmental assessment decision-making responsibilities, as well as the federal funding responsibility for a joint public review with Newfoundland. Both matters require further discussion and could require ministerial consideration in the near future if unresolved by officials.



Michel Dorais
President