Kemess North Copper-Gold Mine Project

Joint Review Panel Report

September 17, 2007
September 17, 2007

The Honourable John Baird, P.C., M.P.  The Honourable Barry Penner, M.L.A.
Minister of the Environment  Minister of Environment
Room 458, Confederation Building  PO Box 9047 – Stn Prov Govt
Ottawa, Ontario, K1A 0A6  Room 112 – Parliament Buildings
Victoria, BC, V8W 9E2

Dear Ministers:

In accordance with the mandate issued on May 19, 2005, the Joint Review Panel has completed its environmental assessment of the Kemess North Copper-Gold Mine Project.

The Joint Review Panel is please to submit its report for your consideration. Overall, the Panel has concluded that the Project in its current form would not be in the public interest. The Panel is of the view that the economic and social benefits provided by the Project, on balance, are outweighed by the risks of significant adverse environmental, social and cultural effects, some of which may not emerge until many years after mining operations cease. The Panel therefore recommends that the Project not be approved by your respective governments.

Yours truly,

Carol Jones, Chair

______________________________
                       Malcolm Scoble

______________________________
                       Mark Duiven
TABLE OF CONTENTS

EXECUTIVE SUMMARY ......................................................................................... XI

1  INTRODUCTION ......................................................................................... 1

1.1 BACKGROUND .......................................................................................... 1

1.2 ENVIRONMENTAL REVIEW PROCESS ..................................................... 1

1.2.1 Joint Review Panel Agreement ............................................................. 1

1.2.2 Environmental Impact Assessment Guidelines ..................................... 1

1.2.3 Site Tour ............................................................................................... 2

1.2.4 Environmental Impact Assessment Report .......................................... 2

1.2.5 Response Document ........................................................................... 2

1.2.6 Additional Information ........................................................................ 2

1.2.7 Public Hearings ................................................................................... 3

1.2.8 Motion to Extend the Process ............................................................... 3

1.2.9 Additional Hearings ............................................................................ 4

1.3 PURPOSE OF THIS REPORT .................................................................... 4

2  PROJECT DESCRIPTION .............................................................................. 5

2.1 NEED AND PURPOSE ............................................................................. 5

2.2 PROJECT COMPONENT .......................................................................... 5

2.2.1 Project Overview ................................................................................. 5

2.2.2 Construction ....................................................................................... 7

2.2.3 Operations ......................................................................................... 8

2.2.4 Closure ............................................................................................... 8

2.2.5 Post-Closure ...................................................................................... 9

2.2.6 Reclamation Plan .............................................................................. 9

3  PROJECT SETTING .................................................................................... 11

3.1 LOCATION ............................................................................................ 11

3.2 TOPOGRAPHY ....................................................................................... 11

3.3 GEOLOGY ............................................................................................... 11

3.4 WATERSHEDS ...................................................................................... 12

3.5 DUNCAN (AMAZAY) LAKE ................................................................. 12

3.6 SOCIO-ECONOMIC CONDITIONS ......................................................... 14

4  INVOLVEMENT OF INTERESTED PARTIES ......................................... 15

4.1 CONSULTATION OPPORTUNITIES ....................................................... 15

4.2 THE PARTICIPANTS ............................................................................. 15

4.2.1 Federal Government ........................................................................... 15

4.2.2 Provincial Government ...................................................................... 16

4.2.3 Aboriginal Groups ............................................................................ 17

4.2.4 Funded Participants .......................................................................... 18

4.2.5 Other Parties .................................................................................... 18

4.3 OPINIONS AND CONCERNS EXPRESSED .......................................... 18

4.3.1 Aboriginal Concerns ......................................................................... 19

4.3.2 Summary of Support for the Project ................................................. 20
Table of Contents

4.3.3 Summary of Opposition to the Project ............................................. 21
4.3.4 Other Concerns Expressed .................................................................. 21

5 ASSESSMENT OF ALTERNATIVES ............................................................ 22
5.1 OVERVIEW OF PROJECT ALTERNATIVES ........................................... 22
5.1.1 Mine Excavation Alternatives ............................................................. 22
5.1.2 Mineral Processing Alternatives ......................................................... 23
5.1.3 Tailings and Waste Rock Disposal Alternatives ............................... 23
5.1.4 Panel’s Conclusions and Recommendations ..................................... 24

5.2 GEOCHEMICAL CHARACTERIZATION OF WASTES AND ML/ARD RISKS .......................................................... 24
5.2.1 Proponent’s Assessment ................................................................... 25
5.2.2 Views and Concerns of Participants .................................................. 26
5.2.3 Panel’s Conclusions and Recommendations ..................................... 29

5.3 ENVIRONMENTAL PERFORMANCE AND TECHNICAL FEASIBILITY ................................................................. 29
5.3.1 Proponent’s Assessment ................................................................... 29
5.3.2 Views and Concerns of Participants .................................................. 36
5.3.3 Panel’s Conclusions and Recommendations ..................................... 43

5.4 ECONOMIC FEASIBILITY OF PROPOSED ALTERNATIVES ............................................................... 43
5.4.1 Proponent’s Assessment ................................................................... 43
5.4.2 Advice of the Panel’s Economic Consultants ................................... 44
5.4.3 Liability Exposure and Security Requirements .................................. 51
5.4.4 Panel’s Conclusions and Recommendations ..................................... 51

5.5 OVERALL PANEL CONCLUSIONS AND RECOMMENDATIONS .............................................................. 52

6 ENVIRONMENTAL EFFECTS .................................................................. 54
6.1 OVERVIEW ......................................................................................... 54
6.2 WATER MANAGEMENT ........................................................................ 56
6.2.1 Baseline Hydrological Data ............................................................... 56
6.2.2 Potential Construction-Stage Effects ................................................. 58
6.2.3 Potential Operations-Stage Effects .................................................... 62
6.2.4 Potential Closure-Stage and Post-Closure Effects ......................... 69
6.2.5 Overall Panel Conclusions and Recommendations ....................... 75

6.3 WATER QUALITY ................................................................................ 77
6.3.1 Introduction .................................................................................... 77
6.3.2 Baseline Water Quality Information .................................................. 77
6.3.3 Modelling Duncan Impoundment Water Quality ......................... 83
6.3.4 Modelling (and Mitigating) Relevant Input Sources ....................... 87
6.3.5 Modelling (and Managing) Processes in the Impoundment .......... 101
6.3.6 Modelling Groundwater Seepage Quality ..................................... 113
6.3.7 Other Modeling Issues .................................................................... 115
6.3.8 Modelling of Downstream Water Quality ....................................... 117
6.3.9 Modeled Downstream Water Quality Predictions ......................... 125
6.3.10 Specific Downstream Water Quality Impact Issues ........................ 128
6.3.11 Monitoring, Compliance and Adaptive Management .................. 141
6.3.12 Overall Panel Conclusions and Recommendations ................... 142
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4</td>
<td>FISH AND FISH HABITAT</td>
<td>146</td>
</tr>
<tr>
<td>6.4.1</td>
<td>The Proponent’s Assessment</td>
<td>146</td>
</tr>
<tr>
<td>6.4.2</td>
<td>Views and Concerns of Participants</td>
<td>153</td>
</tr>
<tr>
<td>6.4.3</td>
<td>Relevant Proponent Commitments</td>
<td>156</td>
</tr>
<tr>
<td>6.4.4</td>
<td>Overall Panel Conclusions and Recommendations</td>
<td>157</td>
</tr>
<tr>
<td>6.5</td>
<td>TERRESTRIAL RESOURCES</td>
<td>159</td>
</tr>
<tr>
<td>6.5.1</td>
<td>Wetlands</td>
<td>159</td>
</tr>
<tr>
<td>6.5.2</td>
<td>Woodland Caribou</td>
<td>160</td>
</tr>
<tr>
<td>6.5.3</td>
<td>Mountain Goats</td>
<td>165</td>
</tr>
<tr>
<td>6.5.4</td>
<td>Moose</td>
<td>168</td>
</tr>
<tr>
<td>6.5.5</td>
<td>Grizzly Bears</td>
<td>170</td>
</tr>
<tr>
<td>6.5.6</td>
<td>Hoary Marmots</td>
<td>173</td>
</tr>
<tr>
<td>6.5.7</td>
<td>Other Listed Species</td>
<td>174</td>
</tr>
<tr>
<td>6.5.8</td>
<td>Overall Panel Conclusions and Recommendations</td>
<td>176</td>
</tr>
<tr>
<td>6.6</td>
<td>ACCIDENTS AND MALFUNCTIONS</td>
<td>178</td>
</tr>
<tr>
<td>6.6.1</td>
<td>The Proponent’s Assessment</td>
<td>178</td>
</tr>
<tr>
<td>6.6.2</td>
<td>Views and Concerns of Participants</td>
<td>182</td>
</tr>
<tr>
<td>6.6.3</td>
<td>Relevant Proponent Commitments</td>
<td>184</td>
</tr>
<tr>
<td>6.6.4</td>
<td>Overall Panel Conclusions and Recommendations</td>
<td>184</td>
</tr>
<tr>
<td>6.7</td>
<td>CUMULATIVE ENVIRONMENTAL EFFECTS</td>
<td>186</td>
</tr>
<tr>
<td>6.7.1</td>
<td>The Proponent’s Assessment</td>
<td>186</td>
</tr>
<tr>
<td>6.7.2</td>
<td>Views and Concerns of Participants</td>
<td>188</td>
</tr>
<tr>
<td>6.7.3</td>
<td>Overall Panel Conclusions and Recommendations</td>
<td>189</td>
</tr>
<tr>
<td>7</td>
<td>RECLAMATION AND CLOSURE</td>
<td>190</td>
</tr>
<tr>
<td>7.1</td>
<td>PROPOSED RECLAMATION AND CLOSURE</td>
<td>190</td>
</tr>
<tr>
<td>7.2</td>
<td>VIEWS AND CONCERNS OF PARTICIPANTS</td>
<td>192</td>
</tr>
<tr>
<td>7.2.1</td>
<td>Restoration of Duncan Impoundment</td>
<td>192</td>
</tr>
<tr>
<td>7.2.2</td>
<td>Long-term Water Treatment for North Pit</td>
<td>192</td>
</tr>
<tr>
<td>7.2.3</td>
<td>Long-term Monitoring and Maintenance of Dams</td>
<td>193</td>
</tr>
<tr>
<td>7.2.4</td>
<td>Reclamation Bonding for Environmental Liabilities</td>
<td>193</td>
</tr>
<tr>
<td>7.2.5</td>
<td>Re-Establishment of Wildlife Habitat</td>
<td>194</td>
</tr>
<tr>
<td>7.3</td>
<td>OVERALL PANEL CONCLUSIONS AND RECOMMENDATIONS</td>
<td>195</td>
</tr>
<tr>
<td>8</td>
<td>SOCIO-ECONOMIC ISSUES</td>
<td>198</td>
</tr>
<tr>
<td>8.1</td>
<td>EMPLOYMENT AND ECONOMIC BENEFITS</td>
<td>198</td>
</tr>
<tr>
<td>8.1.1</td>
<td>The Proponent’s Assessment</td>
<td>198</td>
</tr>
<tr>
<td>8.1.2</td>
<td>Views and Concerns of Participants</td>
<td>199</td>
</tr>
<tr>
<td>8.1.3</td>
<td>Panel’s Conclusions and Recommendations</td>
<td>202</td>
</tr>
<tr>
<td>8.2</td>
<td>LAND USE</td>
<td>203</td>
</tr>
<tr>
<td>8.2.1</td>
<td>Resource Management Plans and Land Use Objectives</td>
<td>203</td>
</tr>
<tr>
<td>8.2.2</td>
<td>Non-Aboriginal Hunting, Trapping, Fishing and Recreational Activities</td>
<td>205</td>
</tr>
<tr>
<td>8.3</td>
<td>OVERALL PANEL CONCLUSIONS AND RECOMMENDATIONS</td>
<td>207</td>
</tr>
<tr>
<td>9</td>
<td>ABORIGINAL ISSUES</td>
<td>209</td>
</tr>
<tr>
<td>9.1</td>
<td>INTRODUCTION</td>
<td>209</td>
</tr>
<tr>
<td>9.2</td>
<td>ABORIGINAL PRESENCE AND TRADITIONAL USE</td>
<td>210</td>
</tr>
</tbody>
</table>
Table of Contents

9.2.1 Aboriginal Groups ................................................................. 210
9.2.2 Historic Traditional Use of the Project Area ............................. 211
9.2.3 Current Traditional Use of the Project Area .............................. 216
9.2.4 Panel’s Conclusions and Recommendations ............................ 217

9.3 POTENTIAL IMPACTS ON CURRENT TRADITIONAL USE ................. 218
9.3.1 Proponent’s Assessment ....................................................... 218
9.3.2 Views and Concerns of Participants ...................................... 220
9.3.3 Relevant Proponent Commitments ....................................... 220
9.3.4 Panel’s Conclusions and Recommendations ......................... 221

9.4 EMPLOYMENT AND ECONOMIC BENEFITS ................................. 222
9.4.1 Proponent’s Assessment ....................................................... 222
9.4.2 Views and Concerns of Participants ...................................... 222
9.4.3 Relevant Proponent Commitments ....................................... 223
9.4.4 Panel’s Conclusions and Recommendations ......................... 223

9.5 HEALTH .................................................................................. 224
9.5.1 Proponent’s Assessment ....................................................... 224
9.5.2 Views and Concerns of Participants ...................................... 225
9.5.3 Relevant Proponent Commitments ....................................... 226
9.5.4 Panel’s Conclusions and Recommendations ......................... 226

9.6 ARCHAEOLOGY ...................................................................... 227
9.6.1 Proponent’s Assessment ....................................................... 227
9.6.2 Views and Concerns of Participants ...................................... 227
9.6.3 Relevant Proponent Commitments ....................................... 228
9.6.4 Panel’s Conclusions and Recommendations ......................... 229

9.7 OVERALL PANEL CONCLUSIONS AND RECOMMENDATIONS ......... 229

10 PANEL CONCLUSIONS AND RECOMMENDATIONS ......................... 232
10.1 CONTEXT FOR PANEL’S OVERALL CONCLUSIONS AND ...
    RECOMMENDATIONS ............................................................... 232
10.2 THE CENTRAL ISSUE — WATER ............................................. 232
10.3 THE PANEL’S SUSTAINABILITY FRAMEWORK .......................... 233
10.4 ENVIRONMENTAL STEWARDSHIP ......................................... 234
10.5 ECONOMIC BENEFITS AND COSTS ....................................... 236
10.6 SOCIAL AND CULTURAL BENEFITS AND COSTS ....................... 237
10.7 FAIR DISTRIBUTION OF BENEFITS AND COSTS ....................... 238
10.8 PRESENT VERSUS FUTURE GENERATIONS ............................... 239
10.9 SUMMARY AND SYNTHESIS — THE PROS AND CONS OF PROJECT ...
    DEVELOPMENT ................................................................. 241
10.10 PANEL CONCLUSIONS AND RECOMMENDATIONS .................. 245

APPENDIX 1 — LIST OF RECOMMENDATIONS .................................... 247
APPENDIX 2 — ACRONYMS ............................................................. 252
APPENDIX 3 — GLOSSARY OF TERMS .......................................... 253
APPENDIX 4 — NORTHGATE MINERALS — FINAL COMMITMENTS ......... 261
APPENDIX 5 — AGREEMENT TO ESTABLISH THE JOINT REVIEW PANEL .... 270
APPENDIX 6 — PANEL MEMBERS - BIOGRAPHICAL NOTES ................ 276
2.2 The EAO and the Agency will make arrangements for the coordination of public announcements respecting the joint review of the Project.

3.0 CONSTITUTION OF THE PANEL

3.1 The Panel shall consist of three members, one of whom shall be the chairperson.

3.2 The Ministers shall appoint the Panel members, consistent with the requirements of the Canadian Environmental Assessment Act and the British Columbia Environmental Assessment Act, based on recommendations from the Agency and EAO, following consultation by the Agency and EAO with First Nations.

4.0 CONDUCT OF THE REVIEW BY THE PANEL

4.1 The Panel shall conduct its review in a manner that discharges the requirements set out in the British Columbia Environmental Assessment Act, the Canadian Environmental Assessment Act and in the Terms of Reference for the Panel attached hereto as an Appendix.

4.2 All Panel hearings shall be public and shall provide for Aboriginal and public participation.

5.0 SECRETARIAT AND ADMINISTRATIVE MATTERS

5.1 Administrative, technical and procedural support for the Panel shall be provided by a Secretariat. The EAO and the Agency will jointly establish the Secretariat.

5.2 The Secretariat shall report to the Panel and shall be structured so as to allow the Panel to conduct its review in an efficient and cost-effective manner.

5.3 The Agency and EAO shall prepare a budget for the panel review process.

5.4 Costs associated with the review by the Panel will be apportioned between the Parties in accordance with a cost-sharing agreement to be finalized prior to the appointment of the Panel.

6.0 RECORD OF REVIEW AND REPORT

6.1 A public registry consisting of all submissions, correspondence, meeting records, hearing transcripts, exhibits and other information received by the Panel and all public information produced by the Panel relating to the review of the Project shall be maintained by the Secretariat during the course of the review in a manner that provides for convenient public access, and for the purposes of compliance with section 55 of the Canadian Environmental Assessment Act and section 25 of the British Columbia Environmental Assessment Act.

6.2 On completion of the review of the Project, the Panel shall prepare a report in both official languages and submit it to the Ministers and First Nations and make it available to the public.

6.3 Once the report is submitted to the Minister of the Environment, responsibility for the maintenance of the public registry in accordance with section 55 of the Canadian Environmental Assessment Act will be transferred to a Responsible Authority and the EAO will maintain records relating to the environmental assessment of the Project.

6.4 The report will address the factors identified in the Appendix to this Agreement, and will set out the rationale, conclusions and recommendations of the Panel relating to the environmental assessment of the Project, including any mitigation measures and Follow-up Program, and an assessment of whether issues raised by First Nations and the public, that are within the scope of the environmental assessment, have been or will be addressed.
6.5 The Parties agree to coordinate, to the extent possible, the timing of decisions on the Project and announcements on decisions pertaining to the Project.

7.0 OTHER GOVERNMENT AGENCIES

7.1 At the request of the Panel, Federal Authorities and provincial agencies having specialist knowledge with respect to the Project shall provide available information and knowledge in a manner acceptable to the Panel.

7.2 Subject to clause 7.1 of this Agreement and subsection 12(3) of the Canadian Environmental Assessment Act, nothing in this agreement shall restrict the participation by way of submission to the Panel by federal departments.

8.0 PARTICIPANT FUNDING

8.1 The Agency will administer a participant funding program to facilitate the participation of First Nations and the public in the review of the Project.

8.2 The EAO will make funding available, subject to provincial Treasury Board approval, to facilitate the participation of First Nations in the review of the Project.

8.3 The President of the Agency will decide on the allocation of funds under the Agency's participant funding program. The Executive Director of the EAO will decide on the allocation of funds available from the EAO.

9.0 AMENDING THIS AGREEMENT

9.1 The Parties may amend this Agreement by mutual agreement.

10.0 SIGNATURES

In Witness whereof the Ministers hereto have signed this __________ day of __________ 2005.

*Original signed on May 19, 2005 by:*

*For the government of Canada*

The Honourable Stéphane Dion
Minister of the Environment
Canada

*For the government of British Columbia*

The Honourable George Abbott
Minister of Sustainable Resource Management
British Columbia