



May 20, 2020

MR. KEVIN O'REILLY
MLA, FRAME LAKE

Oral Question 56-19(2) Cantung Mine Surface Lease

This letter is in follow-up to the Oral Questions you raised on February 11, 2020, regarding the Cantung Mine Surface Lease and Liabilities.

Firstly, I would like to confirm that the Government of the Northwest Territories (GNWT) has no responsibility for any financial or environmental liabilities at the Cantung Mine site (Cantung). The Government of Canada (Canada) accepted responsibility for Cantung in November 2015. Responsibility for the Cantung Mine surface lease, "administration and control" of the surface lands associated with Cantung transferred to Canada on June 22, 2019 and the GNWT no longer exercises delegated responsibilities under the *Mackenzie Valley Resource Management Act*. This ensures residual liabilities do not accrue to this government.

For greater certainty, Canada is responsible for the following at Cantung:

- carrying out care and maintenance, remediation, and long term management of the site, including satisfying the financial requirements to support those activities;
- fulfilling regulatory requirements, including decisions related to licences and permits and inspections of any water licences or land use permits; and
- administering tenure and other land rights and interests within the defined as the "Cantung Mine Exclusion Area," in which the federal government has accepted responsibility.

Although the GNWT continues to administer the subsurface rights at Cantung, administration of the subsurface rights does not create or imply any responsibilities for the GNWT in relation to Canada's responsibilities for the site.

Mactung Site:

In your Oral Questions on February 11, 2020, you also asked "why we accepted Mactung as part of the security arrangement for the Cantung Mine (when it was in operation)," and stated "the previous Minister had full discretion to accept any form of financial security."

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Cantung had a lengthy operating history on land that was under Canada's jurisdiction before Devolution. Administration and control of the land was transferred to the GNWT with devolution. Canada made the original decision on the form and amount of securities for environmental remediation obligations at Cantung which included acceptance of the Mactung deposit to back promissory notes accepted by Canada.

The terms of the *Devolution Agreement*, did not give GNWT the discretion, at the time of transfer (i.e. April 1, 2014 or the "Transfer Date") to modify the form or amount of security for any of the transferred sites. The *Devolution Agreement* stipulated that existing interests were to continue under territorial legislation and any security held in relation to those existing interests was to be available to the GNWT as of the Transfer Date. At the time of devolution, the amount of security to be posted in relation to Cantung was \$11,567,839.

The *Devolution Agreement* contemplated the GNWT would be able to re-assess the form and amount of security when land and water authorizations or other instruments are renewed or when there is a review of securities under closure planning processes led by land and water boards. Shortly after Transfer Date, North American Tungsten Corporation Limited (NATCL) started a water licence renewal process. During the process the GNWT completed a new security estimate and recommended a substantial increase in the amount of security.

The water licence was renewed and the amount of security was increased to \$27,950,000 by June 12, 2015. However, NATCL went into insolvency protection under the *Companies' Creditors Arrangement Act* on June 9, 2015. At the time, the GNWT had not yet made a decision on the form of security to be accepted.

Thank you for raising this important issue.



Shane Thompson
Minister
Lands

c. Clerk of the Legislative Assembly
Legislative Coordinator
Deputy Minister, Lands