

*Mr. ...
North ...
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...*



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FACEIMILE TRANSMITTAL SHEET

DATE: May 4, 2004. FAX #: 766-7074
TO: Todd Burlingame FROM: Rachel Crapau
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May 4, 2004

Max Braden
Consolidated Goldwin Ventures Ltd.
1016-470 Granville Street
Vancouver BC. V6C 1V5
Fax: 867-920-2505

Attention: Ms. McLeod and Mr. Wooley:

RE: Consolidated Goldwin Resources Ltd. Request to Drill another Hole Using an Existing Land Use Permit.

The Yellowknives Dene First Nation (YKDFN) Land and Environment Committee (L&EC) objects to of Mr. Braden's request to undertake additional exploration work using an existing Land Use Permit MV2003C0003.

The YKDFN L&EC at significant expense and effort has communicated the importance and value of the Drybones Bay and Wool Bay areas to Mr. Max Braden and his consultants, Consolidated Goldwin Ventures Ltd. and to government regulators including the Mackenzie Valley Land and Water Board (MVLWB) and the Mackenzie Valley Environmental Impact Review Board (MVEIRB).

The efforts of the YKDFN convinced the Review Board and the Honourable Andy Mitchell Minister of Indian Affairs and Northern Development that:

- Drybones Bay is a vitally important cultural and heritage area for the Yellowknives Dene First Nation and other Aboriginals.
- It was the site of ongoing year round use by Aboriginal communities, holds many burial sites and archaeological sites, and is used extensively today for hunting, fishing, trapping, and providing youth with cultural exposure to traditional activities and the land.
- The developer's efforts to consult with Aboriginal parties did not lead to a greater understanding of the cultural importance and use of the area, thus limiting the value of the mitigation measures proposed in the Developer's Assessment Report (DAR).
- Aboriginal groups in this EA did not have adequate resources to participate fully in this proceeding, as no participant funding was available.
- Fish and fish habitat may be adversely affected if measures are not put in place to prevent drilling into shoals and prevent drawdown effects in small lakes.
- Gravesites have not been adequately identified and protected during allocation of subsurface mineral interests in the staking process in this region.
- The YKDFN would like the area protected at least for the interim.

These findings are significant in light of the recent request by Mr. Braden to undertake work that is in the opinion of the YKDFN L&EC beyond the scope of the current Land Use Permit and counter to the Minister's findings.¹ Further, the request demonstrates impertinence for Canada and decision and recommendations regarding the area.

New Permit Needed

The MVEIRB established the scope of development as follows. "The developer, Consolidated Goldwin Ventures Inc. (CGV), proposes to conduct an early stage diamond exploration program in the Drybones Bay and Hearne Channel areas. The proposed exploration includes up to five exploratory drill holes in three areas. Up to four of these holes are expected to be 500--1,500 metres from the main shoreline of Great Slave Lake, with the last hole on land, near Hearne Channel in Great Slave Lake. The drill program is not expected to run more than 3 to 4 weeks in the spring of 2004. The only shoreline access for the proposed program of CGV will occur near Hearne Channel."

It appears that the Consolidated Goldwin should be applying for another Land Use Permit (hereinafter "Permit") rather than applying to amend an existing Land Use Permit. The MVLWB scope of the Permit entitles Consolidated Goldwin Ventures Inc. to conduct the following Activities:

- a) Drilling of five short holes (total) over the following coordinates:
62.159833, -113.870971
62.159743, -113.875284
62.131742, -113.882701
62.143695, -113.869441

The geographic scope of the Permit is defined by the coordinate locations noted above; any addition or change to the location or nature of the permissible development must be considered a material change in the Permit, and have the affect of requiring the submission of a new Land Use Permit Application.

The MVLWB Permit authorization describes the scope of the Permit by the geographic coordinates described above. No map broadly describing the geographic scope of the Permit is included; therefore, the jurisdiction of the Permit is ascribed to the set coordinates. Any change would therefore constitute a significant change in permissible use to lands not encompassed by the Permit.

Certainty

The development as assessed by the MVEIRB and Permitted by the MVLWB differ. The assessed development calls for up to five exploratory drill holes in three areas not four areas. In addition, the YKDFN have notified the MVLWB and the proponent regarding the conflict with the coordinates included in the Permit, and the locations included in the map. It appears that there is uncertainty regarding this particular Permit and this is undesirable. Until this uncertainty is alleviated to the satisfaction of the MVLWB, and the YKDFN, it is inconceivable that any change to the scope of the existing Permit could be entertained, or any regulatory triggers initiated. The trust relationship that needs to exist

¹ MVEIRB. Report of Environmental Assessment and Reasons for Decision on the Consolidated Goldwin Ventures Preliminary Diamond Exploration in Drybones Bay February 10, 2004

between all the parties is not affirmed when the YKDFN must act to rectify inaccuracies or omissions by either the proponent or regulators. Effort by the proponent and regulators is needed to garner the certainty of YKDFN and the public regarding their respective responsibilities. Until certainty exists the YKDFN cannot countenance consideration of any on-going or additional development.

Taking Action on MVEIRB Suggestions

The YKDFN is investigating and undertaking initial planning regarding the implementation of a multi-stakeholder process to facilitate the implementation of the suggestions included in the MVEIRB's Reports of Environmental Assessment and Reasons for Decision on the Consolidated Goldwin Ventures et al. Until the YKDFN advance that process it is inappropriate to expand development in the Drybones Bay, Wool Bay areas.

The YKDFN L&E is eager to implement the following suggestions and is working to implement the following suggestions.

- INAC should consider establishing a prospecting permit approach pursuant to section 29 of the Canada Mining Regulations for this area in order to provide Aboriginal communities concerned about the Wool and Drybones Bay areas the opportunity to provide input into staking areas and to avoid conflict over land use.
- No new land use permits should be issued for new developments within the shoreline Zone, and within Drybones Bay and Wool Bay proper, until a plan has been developed to identify the vision, objectives, and management goals based on the resource and cultural values for the area.
- The federal and territorial governments should organize and conduct a thorough archaeological, burial and cultural site survey of the area extending from the western headland of Wool Bay to the southern tip of Gros Cap.

The MVEIRB specifically suggested that no new Permits be issued for developments within the shoreline zone until a plan was developed for the area. The YKDFN have initiated a plan for the area and are undertaking associated research in the summer of 2004 and are averse to having any development on the shoreline until the plan for the area is realized.

The YKDFN L&EC also strongly supports a coordinated effort to find and document archaeological, burial and cultural sites along the area extending from the western headland of Wool Bay to the southern tip of Gros Cap. This will provide information and certainty for the development community and the YKDFN.

Meaningful Dialogue

The YKDFN L&EC encouraged developers to meaningfully consult with the L&EC. Developers that have taken up the offer have been well regarded and mutually respectful work has occurred. The results have generated good will and mutual trust among participants. Consolidated Goldwin's development approach has taken a divergent path. It has not met with the L&EC, it limits communication to written correspondence, provides illegible mapping and inappropriately engages YKDFN members in what it considers consultation. The L&EC recognizes Mr. Braden's attendance at the public hearings on Consolidated Goldwin's project and trusts he is knowledgeable of the L&EC's expectations regarding consultation and communication.

Need for Additional Time

The following text is extracted from 22 of the Mackenzie Valley Land Use Regulations respecting Type 'A' Land Use Applications. The Regulations state that for every new application (2) Subject to subsection (3), where the Board does not return an application under paragraph (1)(a), it shall, within 42 days after receipt of the application, (a) issue a Type A permit, subject to any conditions included pursuant to subsection 26(1); (b) order, pursuant to subsection 24(1) of the Act, that a hearing be held or further studies or investigations be made respecting the lands proposed to be used in the land-use operation and notify the applicant in writing of the reasons therefore; (c) refer the application to the Mackenzie Valley Environmental Impact Review Board for an environmental assessment pursuant to subsection 125(1) of the Act and notify the applicant in writing of the reasons therefore; or (d) where a requirement set out in section 61 or 62 of the Act has not been met, refuse to issue a permit and notify the applicant in writing of its refusal and of the reasons therefore. (3) Where the Board makes an order under paragraph (2)(b) or a reference under paragraph (2)(c), the time provided in subsection (2) for the Board to issue a permit or to refuse to issue a permit does not begin until (a) in respect of an order under paragraph (2)(b), the completion of the hearing, further studies or investigation; and (b) in respect of a reference under paragraph (2)(c), the completion of the environmental impact assessment and review process under Part V of the Act.

Respecting Type 'B' Land Use Application the Section 23 of the Regulations state that (iii) where the Board considers that more than 15 days are required to gather the socio-economic, scientific or technical information needed in respect of the application, treat the application in the manner provided for in section 22 for Type A permits, and notify the applicant accordingly.

The YKDFN requests additional time to clear up existing issues regarding this development including the location and nature of the permissible development, and to undertake our proposed summer research program. The L&EC therefore asks the MVLWB to rule in favour of a Section 23 (iii) research period and provide at least a one year for the YKDFN L&EC to undertake and produce the information it considers necessary before consideration of any the request submitted by Mr. Braden.

In conclusion, the YKDFN L&EC objects to any additional development at the Drybones area under any circumstances. It also wants to address outstanding Permit issues, and wishes to have additional time to undertake work it considers necessary before any regulatory authorization is triggered. The L&EC also requests the MVLWB to rule on its request for further studies before triggering any authorization process.

If you have any questions regarding this letter please contact Rachel Ann Crapeau the Manger of our L&EC at 669-9002

Sincerely,


Chief Peter Liske - Dettah


Chief Darrell Beaulieu - Ndilo

c.c. Mrs. Melody McLeod and Mr. Bob Wooley, Chair and Executive Director
Mackenzie Valley Land and Water Board, Box 2130,
7th Floor - 4910 50th Avenue, Yellowknife, NT X1A 2P6
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Todd Burlingame, Mackenzie Valley Environmental Impact Review Board
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May 4, 2004

Colin Cleveland
President
Garnet Resources Ltd. (Garnet)
P.O. Box 27
Yellowknife NT X1A 2N1
Fax: (867) 873-2426

Attention: Mr. Cleveland:

RE: Garnet's Proposed Matonabee Point, Great Slave Lake Exploration Program

The YKDFN appreciates the advance notification regarding future Land Use Permit and Water Licence applications. The YKDFN is currently participating in four environmental assessments (EA) of proposed exploration developments at the Drybones Bay and Wool Bay areas. Garnet's proposed exploration development is situated immediately south of the Drybones Bay area at Matonabee Point as illustrated on Figure 2. Therefore there is considerable interest and concern regarding the proposed development.

Exploration along the shoreline of Great Slave Lake near Deitah and Ndilo is a very sensitive issue that requires considerable consultation with the Yellowknives Dene. In addition, the MVEIRB recommendations included in environmental assessments of the projects proposed in the Drybones and Wool Bay areas summarize the minimum that must be achieved by Garnet and the Federal and Territorial governments before Garnet's development is considered by the YKDFN.

- The Garnet mineral claim block area must be surveyed by a qualified archaeologist, accompanied by an Aboriginal elder and a translator if required, to detect suspected archaeological, historical, burial or cultural sites.
- All access to the Garnet mineral claim blocks and their environs must be scouted by an Aboriginal elder, a translator, if required, and a qualified archaeologist for suspected archaeological, historical, burial or cultural sites.
- Any drill sites must be scouted by an Aboriginal elder, a translator, if required, and a qualified archaeologist for suspected archaeological, historical, burial or cultural sites.

- A commitment by Garnet to maintain a 100 metre buffer around all known and suspected archaeological, historical, burial or cultural sites in perpetuity.
- Indian and Northern Affairs Canada (INAC), Environment Canada (EC), Fisheries and Oceans Canada (DFO) and the Government of the Northwest Territories (GNWT) use this development for the purposes of developing and testing a model for Crown consultation with Aboriginal rights holders.

In addition to these requirements the YDKFN cannot support any further development near areas of high cultural and spiritual value until:

- INAC establishes a prospecting permit approach pursuant to section 29 of the Canada Mining Regulations for this area in order to provide Aboriginal communities concerned about the Wool and Drybones Bay areas the opportunity to provide input into staking areas and to avoid conflict over land use.
- Until a plan has been developed to identify the vision, objectives, and management goals based on the resource and cultural values for the area. This plan should be drafted and implemented with substantive input from Aboriginal parties. The plan should specifically address future development and include provisions for protecting sensitive environmental, cultural, and spiritual sites.
- The federal and territorial governments organize and conduct a thorough archaeological, burial and cultural site survey of the area extending from the western headland of Wool Bay to the southern tip of Gros Cap, within the Shoreline Zone.

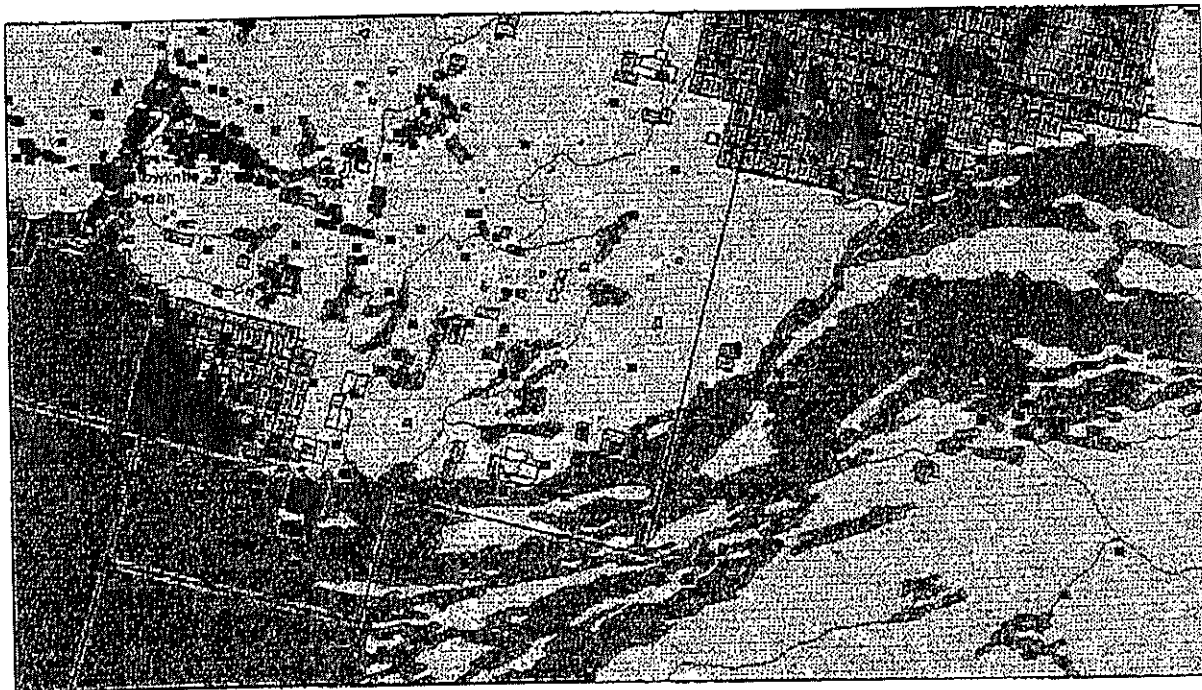


Figure 1: DIAND Source Regarding YKDFN Land Alienation

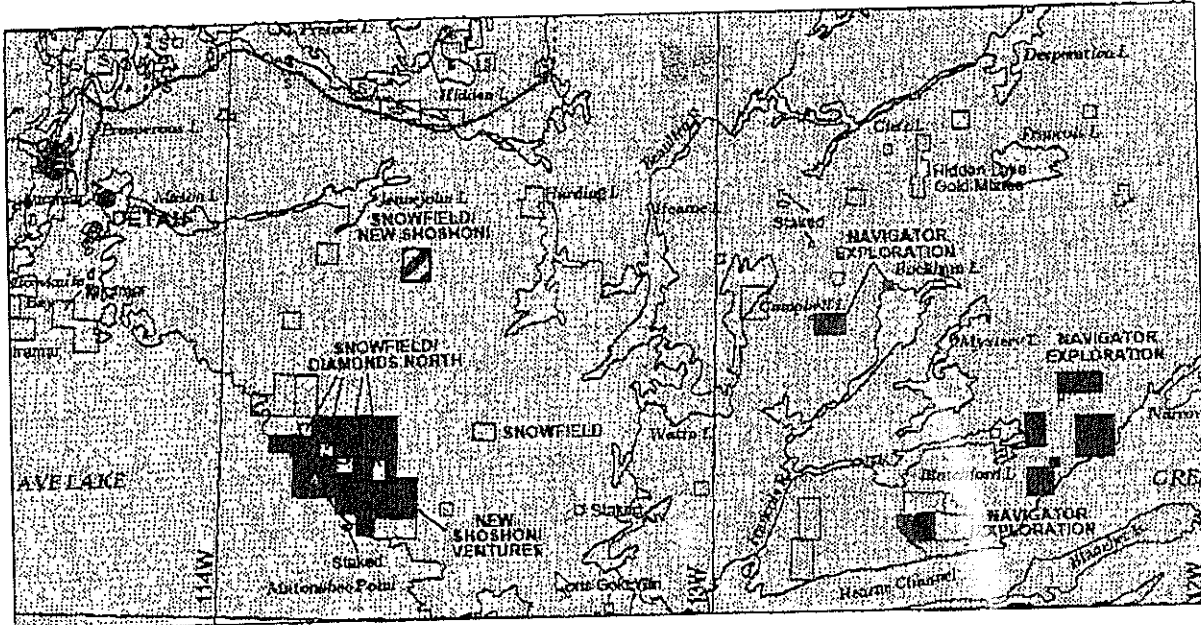


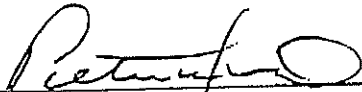
Figure 2: 1992 Mineral Rights Map

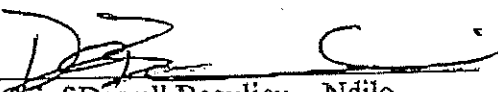
Garnet's proposed development area has a high potential for significant spiritual and cultural importance to the Akaitcho Treaty 8 First Nations. There are also unknown cumulative impacts associated with development proposals in an area that are currently in environmental assessment and as illustrated in the two preceding figures. Therefore, the YKDFN will urge the Mackenzie Valley Land and Water Board (MVLWB) to refer any future Garnet Land Use and/or Water Licence application to environmental assessment.

The YKDFN is taking proactive steps to facilitate on-going archaeological and Traditional Knowledge (TK) research of the shoreline of Great Slave Lake including Garnet's proposed development area. The L&EC fully intends to continue its TK and science research started in the summer of 2003 at Drybones Bay and Wool Bay. Garnet is encouraged to join the YKDFN L&EC in this summer's work and co-sponsor investigation of its proposed development areas.

If you have any questions regarding this letter please contact Rachel Ann Crapeau the Manger of our L&EC at 669-9002

Sincerely,


Chief Peter Liske - Dettah


Chief Darrell Beaulieu - Ndilo

c.c. Mrs. Melody Mcleod, Chair, Mackenzie Valley Land and Water Board, Box 2130
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