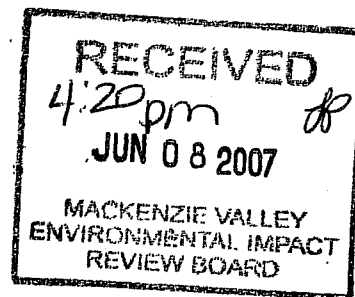
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June 8, 2007

Honourable Jim Prentice
Minister of Indian and Northern Affairs
10 Wellington St.
Gatineau, QC
K1A 0H4



By Fax: (613) 947-9475

**Re Mackenzie Valley Environmental Impact Review Board Decision on UR-Energy
Application and Comments from Industry**

Dear Minister Prentice:

As a follow-up to our letter dated, May 15th and recent letters by Ur-Energy and mining industry representatives (May 25th and 29th) we are writing to further clarify information on the aforementioned subject. As you may be aware, the Northwest Territories Chapter of the Canadian Parks and Wilderness Society (CPAWS-NWT) is part of a national non-profit conservation organization dedicated to protecting Canada's wilderness.

Review Board Mandate and Authority

The NWT & Nunavut Chamber of Mines, the Mining Association of Canada and the Prospectors and Developers Association of Canada assert that the Mackenzie Environmental Impact Review Board (Review Board) has "strayed from its mandate and appears to have exceeded its lawful jurisdiction." This is simply not the case. The Review Board was established in 1998 under the authority of the *Mackenzie Valley Resource Management Act* (MVRMA). It was created as a result of commitments made by the Crown through Land Claim Agreements and is intended to provide greater control over land and resource management decisions to Aboriginal organizations and northerners through the creation of co-management boards.

According to section 9.1 of the MVRMA, the purpose of establishing boards is to "enable residents of the Mackenzie valley to participate in the management of its resources for the

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benefit of the residents and other Canadians.” Additionally, section 114 sets out the purpose of the Review Board:

- (b) to ensure that the impact on the environment of proposed developments receives careful consideration before actions are taken in connection with them; and
- (c) to ensure that the concerns of aboriginal people and the general public are taken into account in that process.

The Ur-Energy recommendation is an example of the Review Board fulfilling its purpose and properly carrying out its lawful authority.

Cultural Concerns are Valid in Environmental Assessment

Industry also questioned the Review Board’s “authority to delve into “spiritual’ concerns.” The Review Board has a legal *requirement* under section 115 (b) of the MVRMA to “protection of the social, *cultural* and economic well-being of residents” [emphasis added]. Spiritual concerns are intrinsic, even fundamental, to cultural concerns. It would be artificial for the Review Board to make a recommendation without considering spiritual concerns, given the significant evidence that the Upper Thelon is of great cultural and spiritual importance to the aboriginal people of the region, and that this development, when considered in combination with others reasonably foreseeable would result in significant negative impacts. There is significant evidence to support this on the public record and it has been well documented by the Review Board in the report of environmental assessment.

Previous Environmental Assessment Rejection and Cultural Concerns

Furthermore there is precedence for the Review Board to reject a decision based on cumulative cultural impacts specific to a proposed development. In 2003/2004 the Review Board rejected preliminary diamond drilling exploratory work in Drybones Bay without further environmental impact assessment based on stated community cultural concerns. This ruling did not cripple diamond exploration in the NWT. Nor would the rejection of the Ur-Energy “terminate mineral exploration in an important part of the NWT” as suggested by Industry.

Balancing Industrial Development

Industry makes questionable claims as to the consequences of the review Board’s recommendations. In their letter of May 25th they state that to approve the recommendation “would effectively result in large areas of the Northwest Territories that is believed to have significant mineral potential to become entirely off limits to further mineral exploration or development”. It is disingenuous to suggest that rejection of this permit would effectively “terminate mineral exploration in an important part of the NWT”. CPAWS-NWT respectfully reminds the Minister to keep in mind what he is being asked to consider: a decision on a single 20-hole exploration program, not the economic development of the NWT as a whole. It is proactive and responsible to respect the wishes of the community to

identify where development is and is not appropriate, thereby minimizing or eliminating long-term environmental and social conflicts and providing certainty.

Industry also states that the Board's decision shows an "apparent bias that always favours traditional aboriginal activities, tourism and outdoor recreation, over economic development". There is no evidence for this assertion. Since the review Board was created in 1998, only two have been recommended for rejection. Furthermore the Crown has constitutional obligation to consult and accommodate aboriginal people in accordance with Section 35 of the Constitution of Canada. Recognizing Aboriginal interests does not constitute bias, but a constitutional obligation of the Crown.

Voice of Northerners

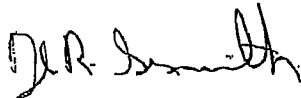
In their letter of May 29th, Ur-Energy claims that the Review Board's decision was influenced by special interest groups who are "exploiting the review process to further political, cultural and environmental causes and are thwarting established regulatory processes". The Review Board based its recommendations on evidence presented by local community members, aboriginal groups, government agencies, and non-governmental organizations through an open and transparent legislated environmental assessment process. The Review Board is legislated to follow the guiding principles for the environmental review process as set out in section 115 of the MVRMA, with regard to "(a) the protection of the environment, protection of social, cultural and economic well-being of residents and communities in the Mackenzie Valley; and (b) the importance of conservation to the well-being and way of life of aboriginal peoples." CPAWS-NWT believes that the Review Board is conducting its affairs according to the law, and is exercising its responsibilities in a way that reflects the intent of the MVRMA in establishing Boards, which is to "enable residents of the Mackenzie Valley to participate in the Management of its resources for the benefit of the residents and other Canadians." (s 9.1).

Ur-Energy and others mining industry stakeholders are astounded and outraged that the Ur-Energy development proposal has been recommended for rejection. Clearly they are operating under an assumption that they would automatically be able to develop mineral deposits that prove to be lucrative. This indicates a clear misunderstanding of the rights they have been granted and the legal framework within which they operate in the Northwest Territories. The MVRMA clearly outlines the assessment requirements for development proposals, including the possibility that a development proposal can be rejected if the impacts are considered to be too great. The expectation of the company that the environmental assessment process will result in an automatic endorsement of its development proposal illustrates a disregard for process and past bias of the process towards the mining industry over any other potential land use.

Conclusion

CPAWS-NWT supports the recommendation of the Review Board, and encourages the federal government to move quickly to complete land use planning in the NWT, including the interim land withdrawals currently awaiting approval in the Akaitcho region and elsewhere in the NWT. Completed and implemented land use plans that reflect the values of northerners are essential to reducing conflict over resource development in the future as they will provide clarity and certainty to all parties. CPAWS-NWT once again urges the Minister to accept the recommendation of the Review Board.

Sincerely,



Daryl Sexsmith
Executive Director, CPAWS-NWT

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Honourable John Baird, Minister of Environment, fax. 819-953-0279
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Ms. Gabrielle Mackenzie Scott, Chair, Mackenzie Valley Environmental Review Board, fax: 867-766-7074
Honourable Brendan Bell, Minister Industry Tourism and Investment, fax: 867-873-0306
Honourable Michael McLeod, Minister of Environment and Natural Resources, Government of the Northwest Territories, fax: 867-873-0388
Honourable Joseph Handley, Premier, Government of the Northwest Territories, fax: 867-873-0169