



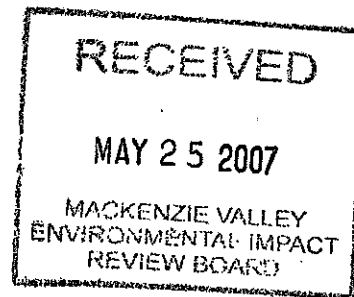
The Mining Association of Canada
L'Association minière du Canada



COPY

May 25, 2007

The Honourable Jim Prentice
Minister of Indian Affairs and Northern Development
Terrasses de la Chaudière, North Tower
Suite 2100
10 Wellington Street
Gatineau, Quebec K1A 0H4



Sent by fax

Mackenzie Valley Environmental Impact Review Board Decision Re Ur Energy

Dear Mr. Prentice:

The NWT & Nunavut Chamber of Mines, the Mining Association of Canada and the Prospectors and Developers Association of Canada are profoundly concerned by the decision of the Mackenzie Valley Environmental Impact Review Board dated May 7, 2007 in which the Board reported its conclusions following an environmental assessment of an application by Ur Energy Inc. for a land use permit to conduct a modest grassroots exploration program in the Screech Lake area of the NWT.

In its May 7 report, the Board has concluded that, in its opinion, the proposed development is likely to cause an adverse impact on the spiritual/cultural values so significant that it cannot be justified. As a result, the Board has recommended to you and to the "responsible ministers" that the proposal be rejected without an environmental impact assessment.

The mineral industry believes that, in reaching these conclusions and making the resulting recommendation, the Review Board has strayed from its mandate and appears to have exceeded its lawful jurisdiction. We therefore strongly urge you to exercise your powers under section 130(1)(b)(ii) of the *Mackenzie Valley Resource Management Act (MVRMA)* and refer the recommendation back to the Board for further consideration.

While the May 7 report is deeply troubling to the associations' membership in many ways, our principal questions and concerns are as follows:

1. What development was, in fact, assessed?

It is simply not possible to reconcile the conclusions of the Review Board with the scope and nature of the development proposed by the applicant who sought a land use permit to conduct mineral exploration that, as ultimately proposed would have:

- lasted approximately four months under winter and spring conditions;
- initially involved five exploratory drill holes, potentially increasing to a total of 20 holes over a five-year period, all of which would be land-based;
- been conducted within a limited geographic area;
- required only 12 to 15 individuals living in a self-contained tent camp;
- been entirely helicopter supported; and
- seen the removal of all camp materials unless otherwise specifically authorized.

We fully appreciate that the MVRMA requires the Review Board to consider the impact of the proposed development along with "...any cumulative impact that is likely to result from the development in combination with other developments". However, in reaching its conclusions, the Board appears to have assessed some larger, undefined project capable of having the significant adverse impacts that the Board has enumerated instead of focussing on the likely impacts of the specific application that was before it.

It becomes clear, for example, that the Board had some other application in mind from the emphasis placed on the potential disruption of canoe-based ecotourism operations from a *winter* exploration program that would be completed before break-up and the onset of open water season.

We would also point out that the exploration programs carried out in the upper Thelon River basin in the 1970s and 1980s involved over 100 diamond drill holes that we understand had little, if any, lasting effect. The May 7 report shows no evidence of the Board having considered important historical facts of this kind in reaching its conclusions.

2. Did the Board properly conduct an *environmental* assessment?

We recognize that the definition of "impact on the environment" provided in the MVRMA includes any effect on the social and cultural environment or on heritage resources. Nonetheless, we would ask whether the Review Board has the authority to delve into "spiritual" concerns and question the emphasis that the Board has placed on such concerns in reaching its conclusions. Similarly, we question the basis on which the Board concluded that approving this application would result in widespread distress among the people of Lutsel K'e that would "...affect their well-being."

3. If accepted, what are the consequences of the Board's recommendation?

If implemented, the recommendation of the Review Board would result in a large area of the Northwest Territories that is believed to have significant mineral potential to become entirely "off limits" to further mineral exploration or development, entirely without regard to the well established process for creating protected areas under the Protected Areas Strategy or the National Parks Act.

If this were the result, the Government of Canada would effectively be granting the Review Board broad powers to withdraw lands from mineral exploration that go far beyond the mandate of the Board under the MVRMA. We urge you to ensure that this will not be the case.

With regret, we have concluded that the May 7 report demonstrates little concern for legal rights that have lawfully been granted pursuant to the Canada Mining Regulations along with an apparent bias that always favours traditional aboriginal activities, tourism and outdoor recreation over the economic development initiatives that form the basis of the economy of the NWT and otherwise contribute significantly to the overall prosperity of the people of NWT and indeed, all Canadians.

At the same time, there is little evidence in the report of any meaningful effort to identify, as the Board is mandated to do, measures that would reduce to acceptable levels any adverse consequences resulting from the proposed development. Instead, as the report states at page 4, the Board apparently adopts the view that "...the Upper Thelon is a spiritual place that must be protected from any type of desecration." This approach confirms that mitigation measures, no matter how effective, were given no serious consideration.

The industry acknowledges that indigenous people have a special connection to the land and certain places have high spiritual and cultural values to them. We are also fully aware of the concerns of aboriginal communities in the NWT about the effects of exploration on caribou. Let me assure you that the mining industry understands the key role played by caribou in the lives and cultures of aboriginal people. Consequently, at both the exploration stage and the production stage, the mineral industry continues to deliver on its long-time engagement to work with governments, aboriginal people and caribou management authorities to monitor and build a co operative management framework that protects this important resource while concurrently allowing access to the economic mineral resources below the surface. We firmly believe that a balance can be achieved.

The mineral industry contributed millions of dollars to the West Kitikmeot/Slave Study, a partnership of aboriginal groups, governments and industry that was designed to provide the baseline data for further research. Traditional knowledge studies were a key part of the work of the group. The Chamber is currently working with your officials and those of the Government of the NWT to build on this base of knowledge. Several exploration companies are paying for satellite tracking collars so that research and management organizations can increase the knowledge of caribou biology. Industry is continuing to develop and implement "best practices" in order to minimize potential disturbance to caribou.

Currently, the mining industry is responsible for approximately one-half the NWT's Gross Domestic Product and some 2500 direct jobs. The existing operations are mining reserves that were discovered in the early 1990s. Since that time, there have been no significant new discoveries. Given the long lead times for feasibility studies, environmental assessment, permitting and construction, the NWT will see a decline in the contribution of mining to the economy if new discoveries are not made soon.

We emphasize that, if implemented, the recommendation of the Review Board would effectively terminate mineral exploration in an important part of the NWT. In conjunction with the withdrawal of many other lands for park and protected areas purposes, along with lands withdrawn from mineral exploration through land claims process, this would have a very detrimental effect on the investment climate of NWT and the north in general.

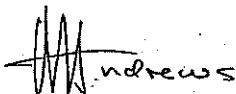
In most areas of Canada, grassroots exploration is on the increase but this is not the case in the NWT. According to a recent survey; (2007 Fraser Institute Annual Survey of Mining Companies), the NWT is at a significant disadvantage because of burdensome and unpredictable regulatory processes, uncertainty over parks and protected areas and regulatory duplication and inconsistency. The NWT is rated #1 in the world in terms of mineral potential yet falls to last place in Canada when existing policies and regulations are taken in to account. If implemented, the recommendation of the Review Board will only worsen this

already critical situation and hasten the flight of mineral exploration dollars from the NWT to other more receptive parts of the country.

In closing, we note that uranium is the element that would be explored for under the application in question. Given the key role that uranium will almost certainly play as a source of greenhouse gas free energy in Canada, we believe it is in the national interest to allow exploration for uranium in what is arguably the most highly prospective area in Canada: the Akaitcho area of the NWT. At the same time, the Chamber believes that exploration and development of this and other potential mineral resources can take place in a way that respects the legitimate concerns of all stakeholders, notably those of aboriginal communities, and properly protects the long term environmental values that are cherished by Canadians generally.

In our view, the conclusions reached in this assessment fail, for the reasons set out above, to strike an appropriate balance. We therefore urge you to refer the May 7 recommendation back to the Review Board for further consideration.

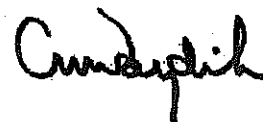
Sincerely yours,



Tony Andrews
Executive Director
Prospectors and Developers
Association of Canada



Gordon Peeling
President and CEO
Mining Association of Canada



Mike Vaydik
General Manager
NWT and Nunavut
Chamber of Mines

Cc The Right Honourable Stephen Harper, Prime Minister of Canada
Honourable Gary Lunn Minister, Natural Resources Canada
Honourable John Baird, Minister, Environment Canada
Honourable Loyola Hearn, Minister of Fisheries and Oceans
Premier Joe Handley, Premier, Government of the Northwest Territories
Honourable Brendan Bell, Minister, Industry Tourism and Investment, Government of the NWT
✓ Ms. Gabrielle Mackenzie Scott, Chair, Mackenzie Valley Environmental Impact Review Board