

NIRB File No.: 07EN048 KIA No. KVL307C04

July 10, 2007

Mr. Tongola Sandy President, Kivalliq Inuit Association

c/o Luis Manzo Director of Lands, Kivalliq Inuit Association Rankin Inlet, Nunavut

Via email: lmanzo@kivalliqinuit.ca

Re: <u>Terms and Conditions for Terrane Metals Corp.'s Renewal Request with Kivalliq Inuit</u> Association for the Maze Lake Project

Dear Mr. Tongola Sandy:

On June 18, 2007 the NIRB wrote to Terrane Metals Corporation proposing to re-issue the terms and conditions contained in the May 30, 2005 Screening Decision Report (attached) for this renewal application. The NIRB also copied interested Parties and municipalities most affected by this project and invited them to provide comments on this proposed renewal directly to the NIRB. Comments were received from Government of Nunavut – Department of Environment (GN-DOE) and the Beverly Qamanirjuaq Caribou Management Board (BQCMB), and can be viewed online at http://ftp.nunavut.ca/nirb/NIRB_SCREENING/02-DISTRIBUTION/COMMENTS/.

As an agency responsible for the protection of terrestrial wildlife in Nunavut, GN-DOE has expressed concern with the potential for adverse effects to caribou related to this project and has recommended that the Access to Inuit Owned Lands permit be limited to a period of two years only. This would allow GN-DOE to review the project in subsequent years with an improved knowledge of caribou herd population trends and the potential impact of exploration activities.

In addition to the DIAND Caribou Protection Measures (Keewatin Regional Land Use Plan, Appendix H, download at http://npc.nunavut.ca/eng/regions/Keewatin/getplan.html), GN-DOE recommended that further restrictions during the months of April to August be applied to adequately mitigate adverse impacts to the Qamanirjuaq caribou herd. Also, during these months, DOE Conservation Officers will be inspecting this site and others within, or close to, caribou calving and post-calving grounds randomly twice a month to ensure compliance with these measures.

Please be advised that the NIRB is re-issuing the terms and conditions contained in the attached May 30, 2005 Screening Decision Report to this project proposal. NIRB is also recommending that the following Additional Terms and Conditions, based on GN-DOE concerns, be incorporated into the Access to Inuit Owned Lands permit for this project:

Recommended Additional Terms and Conditions

- 1. Terrane Metals Corp (the Permittee or Proponent) shall ensure that all on-site personnel are aware of, and abide by all terms and conditions stated in the May 30, 2005 Screening Decision Report for this project. In the event that these Additional Terms and Conditions are in conflict with those stated in the May 30, 2005 Screening Decision Report, the Additional Terms and Conditions shall prevail.
- 2. During the period of May 15 to July 15, the Proponent shall abide by the DIAND Caribou Protection Measures (Keewatin Regional Land Use Plan, Appendix H, download at http://npc.nunavut.ca/eng/regions/Keewatin/getplan.html).
- 3. Outside of the May 15 July 15 time period, the Proponent must employ fully independent wildlife monitors to determine when caribou cows and calves are in the project area.
- 4. In August and April, and other months deemed necessary based on the results of monitoring, the Proponent shall undertake high altitude (300 m) aerial reconnaissance to determine whether caribou cows and calves are present within a 20 km radius of the project area, or if caribou are migrating through the project area. The reconnaissance shall be conducted 3 times a month (one at the start, one in the middle and one at the end of April and August). If caribou are observed the Proponent will suspend all project activities within 10 km of the sightings.
- 5. At the end of each month from April to August, the Proponent shall submit a daily logbook of caribou reconnaissance to the Government of Nunavut Department of Environment (GN–DOE).
- 6. The Proponent shall ensure that unless there is a specific requirement for low-level flights, aircraft activities should maintain a minimum altitude of 610 metres above ground level in places where there occurrences of wildlife.
- 7. The Proponent shall not operate ground, air or water based mobile equipment within 10 km of a 'designated caribou crossing'.
- 8. The Proponent shall submit a Wildlife Monitoring/ Reporting Plan to the GN–DOE no later than January 31, 2008. This plan will include location (i.e. latitude and longitude), species, number of animals, a description of the animal activity, and a description of the gender and age of the animals if possible. This plan will also include a detailed account of how the Proponent has ensured avoidance of human— wildlife conflicts, and implemented wildlife deterrent, human safety and waste management strategies.
- 9. If a defense kill of wildlife does occur, the Proponent must record the location of the carcass and notify the local conservation officer.
- 10. The Proponent shall submit an updated Spill Contingency Plan to GN-DOE and the NIRB prior to commencement of project activities.
- 11. The Proponent shall ensure the use of critical grade mufflers for all drilling activities.

If you have any questions or concerns, feel free to contact NIRB's Assistant Technical Advisor, Ryan Barry at (867) 983-4625 or rbarry@nirb.nunavut.ca.

Sincerely,

(original signed by:)

Stephanie Briscoe

Executive Director