

Sincerely,



Kelli Gillard B.Sc., P.Ag.
Technical Advisor

Enclosure: Weststar Response to Comments Received (December 8, 2009)

cc: Distribution List
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Nunavut Impact Review Board
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December 4, 2009

Sent via: email

Re: Opportunity to address comments received regarding Weststar's "Ellesmere Island Coal Exploration" project proposal

Dear Kelli Gillard,

Westar Resources Corporation (Weststar) appreciates the opportunity to address comments received by the Nunavut Impact Review Board (NIRB) with respect to Weststar's Ellesmere Island Coal project proposal. This document presents background information with respect to the project proposal, a summary of Weststar's existing environmental, social and economic commitments, and a number of additional commitments adopted by Weststar as a result of the NIRB screening process.

Background

On May 4, 2009 the Department of Indian and Northern Affairs Canada (INAC) Mining Recorders Office approved six (6) Coal Exploration License applications made by Weststar. The licenses cover an approximate area of 450 square-kilometres and are located on the Fosheim Peninsula and at the head of Strathcona Fiord, Ellesmere Island Nunavut. The nearest community, Grise Fiord, lies approximately 400 kilometres to the south and the weather station and airport complex at Eureka lies 35 kilometres to the west.

Following the granting of licenses, on August 13, 2009 Weststar submitted land and water use applications for a proposed coal exploration program to the Qikiqtani Inuit Association (QIA), Nunavut Water Board (NWB) and INAC. Concurrently, screening documentation was submitted to NIRB. The application was forwarded by the permitting agencies to the Nunavut Planning Commission (NPC) for determination of its conformity with the North Baffin Regional Land Use Plan (NBRUP) under the Nunavut Land Claims Agreement. On October 23, 2009 Weststar's Ellesmere Island Coal Exploration project proposal received a positive conformity determination from the NPC.

Following the positive conformity determination; NIRB invited interested parties and municipalities most affected by the project proposal to comment directly to the Board by November 25, 2009. NIRB received comments from the following parties:

- Fisheries and Oceans Canada (DFO)
- Government of Nunavut – Culture, Language, Elders and Youth (GN-CLEY)
- Environment Canada (EC)
- Qikiqtani Inuit Association (QIA)
- Transport Canada (TC)
- Government of Nunavut – Department of Environment (GN-DoE)

A summary of concerns raised by the parties is as follows:

- potential for disturbance to identified and unidentified archaeological/paleontological resources (i.e. paleoeskimo sites and fossil forest sites)
- potential impacts to caribou and muskox critical habitat and calving areas
- concerns regarding details in the fuel storage and spill contingency plans
- concerns regarding absence of socio-economic benefits from the project
- access to Inuit owned lands will be withheld by QIA
- authorizations under the Navigable Waters Protection Program may be required

Weststar wishes to thank the commenting parties for presenting their concerns and for aiding NIRB in completing its screening assessment of the Ellesmere Island Coal Exploration project proposal.

Weststar is committed to the social and economic development of the north while maintaining a level of excellence in minimizing environmental impacts. As part of its landuse application package, Weststar submitted comprehensive Wildlife Management and Mitigation, Waste and Fuel Management, Fuel Spill Contingency and, Abandonment and Restoration Plans. In developing its environmental management and mitigation strategies Weststar reviewed and consulted the Nunavut Land Claims Agreement (NLCA), NBRUP, Nunavut Archeological and Paleontological Site Regulations, Northwest Territories Waters Regulations, Territorial Land Use Regulations, Wildlife Act, Fisheries Act, Species At Risk Act (SARA) and Committee on the Status of Endangered Wildlife in Canada (COSEWIC).

Existing Commitments

A number of Weststar's existing environmental, social and economic commitments as detailed in the landuse application package bear directly on concerns raised by the commenting parties. A summary of these commitments has been provided below:

Archeological and Paleontological Resources

During the Coal Exploration License application process GN-CLEY provided Weststar with the location of all recorded archeological sites within the licenses. Weststar understands

that currently, one (1) recorded archeological site occurs within Coal Exploration License #106, located at the head of Strathcona Fiord.

During the Coal Exploration License application process, INAC, Environment Division raised concerns that exploration activities may impact fossil forests known to occur on Axel Heiberg and Ellesmere Islands. Similar concerns were raised by GN-DoE and submitted to NIRB during the commenting period. Subsequent research by Weststar has identified three (3) recorded fossil forest sites in the region of the licenses: Geodetic Hills Fossil Forest, Axel Heiberg Island, located 90 kilometres west of Weststar's Fosheim Peninsula licenses; Stenkul Fiord Fossil Forest, Ellesmere Island, located 200 kilometres south of Weststar's Fosheim Peninsula licenses; and the Strathcona Fiord Fossil Forest, Ellesmere island, located 10 kilometres west of Weststar's Strathcona Fiord licenses.

Weststar recognizes that the Ellesmere Island region is remote and that in many cases detailed site specific information is lacking. The potential to encounter un-recorded archaeological or paleontological sites exists.

Weststar will strictly adhere to the terms of the Nunavut Archeological and Paleontological Site Regulations. Specifically Weststar has undertaken to:

- Not remove, disturb, or displace an archeological artifact or site, or any fossil or paleontological site.
- Immediately contact GN-CLEY should an archeological site or specimen, or a paleontological site or fossil be encountered or disturbed by any land use activity.
- Follow the direction of GN-CLEY in restoring disturbed archeological or paleontological sites to an acceptable condition.
- Provide all information requested by GN-CLEY concerning all archeological sites or artifacts and all paleontological sites and fossils encountered in the course of any land use activity.
- Ensure all persons working under authority of the permit are aware of the conditions concerning archeological sites and artifacts, and paleontological sites and fossils
- Avoid known archeological and/or paleontological sites identified by GN-CLEY
- Shall have an archeologist or paleontologist perform surveys, inventories, assessments, mitigation and restoration of any archeological or paleontological sites discovered during the course of any land use activity as required by GN-CLEY

Wildlife Management and Mitigation

Weststar's Fosheim Peninsula Coal Exploration licenses occur within a 4,823 square-kilometre area of special interest due to the presence of a relatively high Muskox population (Wildlife Areas of Special Interest, WASI, Ferguson, 1995). In addition the Fosheim Peninsula supports arctic hare, Peary caribou and gyrfalcon. Weststar's Strathcona Fiord licenses have been identified as occurring within a Polar Bear denning area.

According to the GN-DoE, and the Nunavut Wild Species 2000 report, "the current status of muskoxen is secure. In 1917 the Canadian Government prohibited trading hides and put muskoxen under complete protection. Since that time, their numbers have increased and hunting

is allowed. A sustainable harvest is currently maintained through a quota system. Similarly the GN-DoE lists the status of the arctic hare as “secure” and gyrfalcon populations are designated “not at risk” by COSEWIC.

Since 1991 COSEWIC has designated the Peary caribou population as “endangered” due to studies that indicate “numbers have declined by about 72% over the last three generations, mostly because of catastrophic die-off likely related to severe icing episodes”. However, in a June 2007 response to COEWIC’s May 2004 designation reported by the Northern News Service, the Iviq Hunters and Trappers Association (IHTA) of Grise Fiord suggested the Peary caribou is not endangered. The IHTA maintain that the decline in Peary caribou numbers is part of a natural cycle.

Weststar understands where Peary caribou and muskox areas overlap, GN-DoE recommends no activity from the onset of muskox calving (April 15th) until the end of Peary caribou calving (July 15th). Post-calving July 15th to August 15th is also a critical time for caribou and muskoxen and Weststar will make every effort to avoid disturbing these animals.

Polar Bears have been designated as “sensitive” by the GN-DoE and “of special concern” by COSEWIC. Westar’s Coal Exploration Licenses, correspond with the range of the Norwegian Bay polar bear population. Currently, the Norwegian Bay polar bear population is classed as “stable” and harvesting is currently managed by a flexible quota system (COSEWIC, 2002).

Weststar has implemented best management practices toward protection and mitigation against disturbances to wildlife and sensitive areas. Specifically Weststar has undertaken to:

- Make all efforts to avoid encounters with wildlife.
- Ensure aircraft and helicopters will maintain flight altitudes of 610 metres above ground level in places where there are wildlife.
- Field sites will be circled by the pilot prior to landing in order to ascertain the presence/absence of wildlife. If wildlife is sighted prior to landing at a field site, it will result in a change of field site location that day.
- INAC established Caribou Protection Measures are to be strictly followed to avoid disturbance of migrating and calving herds.
- Den sites will be avoided. If a den site is discovered, the GPS coordinates will be recorded so that the site can be avoided. Buffer distances established by the GN will be adhered to.
- Breeding Birds are not to be disturbed. No eggs or nests are to be disturbed by any activities. If any active nests are encountered, all activities are to cease immediately to ensure that the nest is not disturbed.
- Sightings of wildlife will be recorded on the wildlife sightings sheets provided by the company. Information recorded will include: species, date, time and location of sighting.
- Aquatic Life will be protected. Work conducted in and around waterbodies must be done in such a way that prevents disturbance to aquatic life and habitat and compliance with the Fisheries Act.

Fuel Storage and Spill contingency

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Weststar will ensure that the storage of fuel is done in a manner that is environmentally sound, is safe to personnel and contractors and in compliance with all applicable acts and regulations. As detailed in the fuel management and spill contingency plans Weststar has undertaken to:

- Store all hazardous waste material a minimum of 100 m from the high water mark of any water body. All Petroleum products will be stored a minimum of 31 m from the normal high water mark.
- Store all fuel safely and securely within secondary containment.
- Inspect fuel caches on a daily basis while exploration crews and drilling are active, spill kits will be located at each fuel storage facility
- Minimize risk of spills associated with drummed product, cylinders and vehicles (helicopters, fixed wing aircraft, drill, etc.) through appropriate storage procedures, inspections and spill response training of personnel and contractors
- Notify the 24 hour Spill Line and INAC Water Resource Officer in the event of a spill as required by applicable acts and regulations.
- In the event of a spill: ensure the safety of personnel, Identify and find the spill substance and its source, and, if possible, stop the process or shut off the source; notify the spill to the 24 hour Spill Line and INAC Water Resource Officer; Contain the spill; Implement any necessary cleanup and/or remedial action.

Social and Economic Benefits

As part of its application package Weststar indicated it would conduct community consultations prior to the commencement of exploration. Weststar plans to visit and meet with Inuit and representatives in the Hamlet of Grise Fiord, including the Mayor and Council, Community Lands and Resources Committee (CLARC) and Iviq Hunters and Trappers Organization (IHTO) during spring 2010.

Weststar is committed to obtaining support services where practical from local communities. The long-term goal is the discovery of an economic resource that would provide the local economy with sustainable employment and infrastructure. Nunavut registered companies will be favoured for logistical and technical support (including helicopter, fixed-wing aircraft, materials and equipment). The proposed initial phase of the project will be based from the existing facility at Eureka, NU. It is during this time that a camp location and the initial drill sites will be chosen. During and following the construction of the temporary tent camp, and during the exploration program, a number of jobs will be available (2-4 positions). Wherever and whenever possible, Weststar will hire locally.

Additional Commitments

Weststar recognizes the value of input provided by the commenting parties (DFO, GN-CLEY, EC, QIA, TC and GN-DoE). Based on its review of documents provided by NIRB, Weststar has recognized a number of additional mitigation and monitoring best practices of benefit to the Ellesmere Island Coal project proposal.

Archeological and Paleontological Resources

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As part of the Nunavut Archeological and Paleontological Site Regulations, the GN-CLEY may require the permittee to have an archeologist or paleontologist perform surveys, inventories, assessments, mitigation and restoration of any archaeological or paleontological sites discovered during the course of any landuse activity.

In accordance with the November 20, 2009 direction of the GN-CLEY, and to address similar concerns raised by the GN-DoE, Weststar plans to conduct archeological and paleontological site assessments prior to any land development. Weststar would like to thank the GN-CLEY for providing a list of archeological and paleontological consultants that have worked in Nunavut. All proposed camp, airstrip and drilling sites will be assessed by an archeologist and paleontologist approved by the GN-CLEY prior to any land disturbance.

Wildlife Management and Mitigation

As previously noted, Weststar has implemented best management practices toward protection and mitigation against disturbances to wildlife and sensitive areas. Environment Canada, in its November 20, 2009 comments to NIRB, indicated that Weststar's Ellesmere Island Coal project proposal "is of a type where the potential adverse effects are highly predictable and mitigable with known technology". Environment Canada, further recommended that "monitoring be undertaken to determine the effectiveness of mitigation and/or identify where further mitigation is required".

Based on the recommendations of Environment Canada, Weststar plans to augment its existing wildlife monitoring program. Weststar's wildlife monitoring program will involve:

- Recording the locations and dates of wildlife observations (all species including those designated as "Species at Risk"),
- Behaviors or actions taken by the animals when project activities were encountered,
- Actions taken by the permittee to avoid contact or disturbance to the species, its habitat, and/or its residence.
- Submission of information collected to QIA, GN-DoE, and INAC annually.

Weststar looks forward to receiving any additional recommendations from QIA, Grise Fiord CLARC, GN-DoE and EC with respect to wildlife management and mitigation plans contained within the Ellesmere Island Coal project proposal.

Navigable Waters Protection Program

Weststar acknowledges Transport Canada's review of the Ellesmere Island Coal Exploration project proposal. In accordance with the November 20, 2009 request submitted to NIRB, Weststar will contact the Navigable Waters Protection Program to discuss details of the proposed project.

Conclusions

Westar appreciates the opportunity to address comments received by the Nunavut Impact Review Board with respect to Westar's Ellesmere Island Coal project proposal. We wish to

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thank the commenting parties for presenting their concerns and for aiding NIRB in completing its screening assessment.

Weststar believes that some of the concerns raised by the commenting parties have been addressed by its existing environmental, social and economic commitments. However, as a direct result of the review process the commenting parties provided additional mitigation and monitoring best practices that have now been implemented.

Weststar is committed to the social and economic development of the north and through its Ellesmere Island Coal Exploration project proposal has demonstrated a commitment to maintaining a level of excellence in minimizing environmental impacts.

On behalf of Weststar Resources Corporation,

A handwritten signature in black ink, appearing to read 'Mitchell Adam', written over a horizontal line.

Mitchell Adam
President and Director