



June 1, 2010

Andrew Keim

Water Resources Officer
INAC Nunavut Regional Office
P.O. Box 100, Building 918
Iqaluit, NU
X0A 0H0

Dear Mr. Keim:

**RE: Water Use License 2BE-KAZ0609
Baker Lake Basin Property
Bissett Lake Camp**

Thank you for your January 28, 2010 (received here on May 10, 2010) letter which outlines environmental compliance issues that were identified during your August 10, 2009 site inspection of the Bissett Lake Camp. Aurora Energy Resources Inc. (Aurora) would like to address the issues raised by the inspection. Documentation is attached for your files.

First I would like to recap the sequence of events that led us to this point. The Bissett Lake camp was constructed in 2006 by Pacific Ridge Exploration Ltd. (Pacific). Pacific explored the Baker Lake Basin Property for Uranium from 2006 to 2007 during which it used the camp for daily work returning to Baker Lake for accommodations. Aurora entered into a joint venture agreement with Pacific in 2008 and used the camp as they did. All exploration was carried out using the appropriate permits for Water and Land Use. In 2009 Aurora terminated its joint venture with Pacific and demobilized all our equipment from the property. Although there was no intention that Aurora would explore here again the camp was not abandoned. It was anticipated that Pacific would use the Bissett Lake camp for future exploration since they hold the mineral rights to the property up to year 2017.

Currently, Pacific has declined to use the camp in the future. Aurora has therefore developed a plan to reclaim the Bissett Lake camp in compliance with the Water Licence and Land Use Permit.

The list of items stored at the camp site i.e. the three fuel drums, wooden structures, burn barrel, etc., as noted by the inspector in your recent letter is correct. The drums of fuel and non-combustible materials will be removed from site. The combustible non-treated wood products will be open burned on site.

We recognize that the Water Use Licence has expired. It is our understanding that the expiry of the water license was not a problem, with respect to the Bissett Lake camp, since we are bound

by clause 46 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the Land Use Permit (LUP) #2006J0017 to rehabilitate the camp site. We understood that there was agreement from the NWB and INAC as per the December 14, 2009 email (attached) from D. Abernathy.

We recognize that there is a previously disturbed site located 50 meters outside the Bissett Lake camp site as noted by the inspector in your letter.

It is also our understanding, that as per the attached July 28, 2009 letter from D. Abernathy and May 21, 2009 letter from T. Kabloona, there was no requirement to submit revised plans for the Spill Contingency Plan, Uranium Exploration Procedures and Abandonment & Restoration Plan.

Aurora will submit a Final Closure and Reclamation Plan for the Bissett Lake camp. The plan will be completed prior to the expiry of the Land Use Permit (August 17, 2010). This Plan will include updated versions of the Environmental Procedures Plan, Spill Contingency Plan, Uranium Exploration Procedures, Wildlife Monitoring and Management Plan and Field Emergency Response Plan.

Aurora will use best practice procedures while conducting the restoration activities to ensure that ground disturbances are kept to a minimum, water quality is not impaired and wildlife or wildlife habitat are not disrupted. Also note that Aurora's strives to be an outstanding environmental steward by incorporating policy and practices to minimize the negative impacts of our exploration activities. Caring for the environment by minimizing any adverse effects of our activities is the backbone of our approach to exploration.

A final reclamation report will be submitted after the camp is reclaimed.

Respectfully Submitted,

John Stephen Ash
Lands/Geospatial Data Manger

C: Dave Abernethy, Regional Coordinator, INAC
Dave Hohnstein, Director of Technical Services (Acting), NWB
Paul McNeill, VP Exploration, Aurora Energy Resources Inc.
Peter Kusugak, Field Operations Manager, INAC
Phyllis Beaulieu, Licensing Manager, NWB
Richard Dwyer, Licensing Administrator, NWB
Spencer Dewar, Land Administration Manager, INAC
Veronica Tattuinee, Land Administrator, KIA