

May 31, 2006

Honourable Jim Prentice
c/o Spencer Dewar: Manager Lands Administration
via email: dewars@inac.gc.ca

Re: Terms and Conditions for Indicator Mineral's Amendment request with Indian and Northern Affairs Canada (INAC) Land Use Permit # N2005C0028

Dear Spencer Dewar:

Further to NIRB's letter dated May 23, 2006 regarding the above-mentioned project and the proposal to re-issue the Terms and Conditions contained within the July 27, 2005 Screening Decision, NIRB has not received any comments from parties against this proposal, and therefore is re-issuing the same Terms and Conditions found within the July 27, 2005 Screening Decision (attached) to this amendment proposal.

In addition, NIRB would like to add the following Term and Conditions:

1. The Interface between the ice airstrip and the tundra shall be located to minimize approach grades, and shall be constructed entirely of ice and snow materials. The banks of any watercourse are to be protected at all times. Bank disturbance is to be avoided, and mechanized clearing should not be done immediately adjacent to any watercourse.
2. The Permittee shall conduct daily inspections on fuel caches of greater than 20 drums.

NIRB would also like to remind INAC and the proponent of the following Terms and Conditions contained within the July 27, 2005 Screening Decision as they apply specifically to the amendment:

- The Permittee shall not store materials on the surface ice of lakes or streams, except that which is for immediate use.
- From May 15 to July 15, the Permittee shall cease activities that may interfere with migration or calving, such as flights below 300m, movement of equipment, drilling activities and ATV or snowmobile use until the caribou and their calves have vacated the area.
- The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.

NIRB strongly advises proponents to continue to consult with local residents regarding their activities in the region in order to keep the communities informed.

If you have any questions or concerns, feel free to contact NIRB's Technical Advisor, Carolanne Inglis at 867-983-4607 or cinglis@nirb.nunavut.ca.

Sincerely,

(original signed by)

Stephanie Briscoe: Executive Director

SCREENING DECISION

July 27, 2005

Hon. Andy Scott
Minister Indian and Northern Affairs Canada
Ottawa, ON

Dear Minister:

RE: Screening Decision of the Nunavut Impact Review Board(NIRB):

NIRB: # 05EN095 DIAND: # N2005C0028

Mining Exploration – Indicator Minerals Inc.

Authority:

Section 12.4.4 of the Nunavut Land Claim Agreement states:

Upon receipt of a project proposal, NIRB shall screen the proposal and indicate to the Minister in writing that:

- a) the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;
- b) the proposal requires review under Part 5 or 6; NIRB shall identify particular issues or concerns which should be considered in such a review;
- c) the proposal is insufficiently developed to permit proper screening, and should be returned to the proponent for clarification; or
- d) the potential adverse impacts of the proposal are so unacceptable that it should be modified or abandoned.

Primary Objectives:

The primary objectives of the Nunavut Land Claims Agreement is referenced in the screening section 12.4.4 (a) are set out in section 12.2.5 of the Land Claims Agreement. This section reads:

In carrying out its functions, the primary objectives of NIRB shall be at all times to protect and promote the existing and future well-being of the residents and communities

of the Nunavut Settlement Area, and to protect the ecosystemic integrity of the Nunavut Settlement Area. NIRB shall take into account the well-being of the residents of Canada outside the Nunavut Settlement Area.

The decision of the Board in this case is 12.4.4 (a) **the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;**

Reasons for Decision

NIRB's decision is based on specific considerations that reflect the primary objectives of the Land Claims Agreement. Our considerations in making this decision included:

- the impact of drilling activities on the ecosystem;
- disposal of drill cuttings and waste water;
- impact to water quality, aquatic habitat and wildlife and fish populations from chemicals, drill waste, drill fluids and potential fuel spills;
- storage and disposal of chemicals, fuel, garbage, sewage, and gray water, and impact of these on the ecosystem;
- the impact of noise from drilling activities and their disturbance to wildlife and traditional users of area;
- the potential impact of aircraft/helicopter on wildlife
- the impact of campsite and equipment on terrain;
- the impact of exploration activities on archaeological sites or cultural landmarks in the area; and
- clean up/restoration of the camp site and drilling locations upon abandonment.

Terms and Conditions:

That the terms and conditions attached to this screening report will apply.

General

1. The Permittee shall maintain a copy of the Project Terms and Conditions at the sites of operation at all times.
2. The NIRB shall be notified of any changes in operating plans or conditions associated with this project prior to any such change.
3. The Permittee shall submit to Board, at the end of the field season, a map showing the approximate location of drill sites.
4. The Permittee shall file a report with the Board no later than March 31 of the year following the calendar year reported, which shall contain but not be limited to the following information:

- a. A summary of activities undertaken for the year, including but not limited to the amount of drilling;
 - b. A work plan for the following year;
 - c. The results of environmental studies undertaken (if undertaken) and plans for future studies;
 - d. Wildlife encounters and actions/mitigation taken;
 - e. A summary of local hires and initiatives;
 - f. A summary of community consultations undertaken and the results;
 - g. A summary of site-visits by inspectors with results and follow-up actions;
 - h. A summary of site-visits with community members (if conducted);
 - i. The number of take-offs & landings from an airstrip with approved flight path with date and location;
 - j. The number of helicopter touch-downs on the land with date, location and reason (provide reason unless confidential);
 - k. Site photos;
 - l. Revisions to the Abandonment and Restoration Plan;
 - m. Progressive reclamation work undertaken; and
 - n. A summary of how it has complied with all project terms and conditions and how the terms and conditions are achieving their purpose.
5. The Permittee shall submit to the Board a report, as mentioned above, each year until the complete abandonment and reclamation of the site.
 6. The Permittee shall submit to the Board a map of the Committee Bay Resources Ltd Hayes Camp indicating the location of sumps used for the deposit of sewage and gray and black water, any industrial equipment, the helicopter landing pad and fuel caches.
 7. Prior to the commencement of this land use operation, the Permittee shall notify or meet with a Land Use Inspector at the Kugluktuk office of the Department of Indian and Northern Affairs (867) 982-4306.
 8. The Permittee shall adhere to the Indicator Resources Inc. Environmental Procedure Plan for Exploration and Remote Camps.

Drill Sites

1. The Permittee shall not conduct any land based drilling within thirty (30) metres of the normal high water mark of a water body.
2. The Permittee shall conduct lake-based winter drilling, in accordance with the Interim Guidelines for On-Ice drilling.
3. The Permittee shall ensure that all drill cuttings are removed from ice surfaces.
4. The Permittee shall not use drilling muds or additives in connection with drill holes unless they are recirculated or contained such that they do not enter the water, or are certified to

be non-toxic. Further, the Permittee is hereby informed that the Canadian Environmental Protection Act has recently listed CaCl as a toxic substance. If CaCl is to be used as a drill additive, the proponent shall ensure that all sumps containing CaCl are properly constructed and located in such a manner as to ensure that the contents will not enter any waterbody.

5. The Permittee shall ensure that when “on-ice drilling”, the return water released must be non-toxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for the Environment (CCME) Guidelines for the Protection of Freshwater Aquatic Life (ie. 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L).
6. The Permittee shall ensure that any drill cuttings and waste water that cannot be re-circulated be disposed of in a properly constructed sump or an appropriate natural depression that does not drain into a waterbody.
7. The Permittee shall ensure that drilling wastes do not enter any water body. The use of biodegradable, salt free drill additives is encouraged over non-biodegradable types.
8. The Permittee shall ensure that the sump/depression capacity is sufficient to accommodate the volume of waste water and any fines that are produced so that there will be no additional impacts.
9. The Permittee shall not locate any sump within thirty (30) metres of the normal high water mark of any water body.
10. The Permittee shall ensure that disturbance of vegetation from deposit of drill fluids/cuttings is restricted to the area of the sump and the ground prepared for revegetation upon abandonment.
11. The Permittee shall not use mechanized clearing within 30 meters of the normal high water mark of a watercourse in order to maintain a vegetative mat for bank stabilization.
12. The Permittee shall, where flowing water from bore holes is encountered, plug, the bore hole in such a manner as to permanently prevent any further outflow of water. The occurrence shall be reported to the Land Use Inspector within 48 hours.

Water

1. The Permittee shall ensure that all water intake hoses are equipped with a screen with an appropriate mesh size to ensure that there is no entrapment of fish.
2. The Permittee shall only use water from sources approved by the Nunavut Water Board.

Fuel and Chemical Storage

1. The Permittee shall have an Emergency Response & Spill Contingency Plan approved by the Nunavut Water Board prior to commencing on-site activities. Once approved this Plan shall be submitted to NIRB.
2. The Permittee shall locate fuel caches and other hazardous materials in such a manner as to prevent their release into the environment.
3. The Permittee shall ensure that fuel storage containers are not located within thirty (30) metres of the ordinary high water mark of any body of water. Further, secondary containment such as self supporting insta-berms shall be used when storing barrel fuel on location, rather than relying on natural depressions.
4. The Permittee shall not store materials on the surface ice of lakes or streams, except that which is for immediate use.
5. Fuel storage containers in excess of 4,000 litres capacity shall either be double-walled, self bermed construction, or diked with adequate storage capacity and an impermeable liner to ensure that no fuel escapes. The Permittee shall take all reasonable precautions to prevent the possibility of migration of spilled petroleum fuel or chemicals over the ground surface.
6. The Permittee shall examine all fuel and chemical storage containers daily for leaks. All leaks should be prepared immediately.
7. The Permittee shall seal all container outlets except the outlet currently in use.
8. The Permittee shall mark all fuel containers with the Permittee's name.
9. The Permittee shall dispose of all combustible waste petroleum products by incineration and removal from the site.
10. The Permittee shall ensure all activities, including maintenance procedures and refueling, should be controlled to prevent the entry of petroleum products or other deleterious substances into the water or onto the land.
11. The Permittee shall ensure that all on site personnel are properly trained in fuel and hazardous waste handling procedures as well as spill response procedures.
12. The Permittee shall immediately report all spills of petroleum and hazardous chemicals to the twenty-four (24) hour spill report line at (867) 920-8130.
13. Chemicals containing salts, which may attract wildlife to the site, should be stored so that they are inaccessible to wildlife.

Wildlife

1. The Permittee shall ensure that there is no damage to wildlife habitat in conducting this operation.
2. The Permittee shall not feed wildlife.
3. The Permittee shall follow procedures outlined in the "Safety in Bear Country Manual", and should contact the Regional/Area Biologist or the Wildlife manager for information and advice on measures which should be taken to minimize the possibility of conflicts/interactions with bears. The Permittee shall consider the use of electric fencing around camp areas to ensure worker safety.
4. The Permittee shall ensure that the drill sites avoid known environmentally sensitive areas (denning, nesting etc.) by a minimum of 250 metres.
5. The Permittee shall not locate any operation so as to block or cause substantial diversion to migration of caribou.
6. The Permittee shall not construct any camp, cache any fuel or conduct blasting within 10 km, or conduct any diamond drilling operation within 5 km, of any "designated caribou crossing". The regional biologist should be contacted for known crossings.
7. From May 15 to July 15, the Permittee shall cease activities that may interfere with migration or calving, such as flights below 300m and airborne geophysics surveys, movement of equipment, drilling activities and ATV or snowmobile use until the caribou and their calves have vacated the area.
8. The Permittee shall ensure that during the presence of caribou and muskox within sight and sound of a camp that all personnel will remain quietly in camp.
9. The Permittee shall not conduct any activity associated with the land use operation if critical periods of wildlife cycles are observed (eg. caribou migration, calving, fish spawning or raptor nesting).
10. That the Permittee shall ensure that there is no hunting by employees of the company or any contractors hired.
11. The Permittee shall ensure that there is no fishing by employees of the company or any contractors hired unless proper permits are obtained.
12. The Permittee shall ensure that aircraft pilots adhere to flight altitudes of greater than 300 m above ground level so not to disturb wildlife.
13. The Permittee shall contact the Regional Biologist in Kugluktuk (982-7444) to identify areas which should be avoided. Raptor nesting sites and concentrations of nesting or molting waterfowl should be avoided by aircraft at all times.

14. The Permittee shall ensure that there is minimal disturbance to any nesting birds and wildlife in the area. Harassment of wildlife is prohibited. This includes persistently worrying or chasing animals, or disturbing large groups of animals.
15. Pursuant to the Migratory Bird Convention Act Regulations the Permittee shall not disturb or destroy the nests or eggs of migratory birds. If nests containing eggs or young are encountered, the Permittee shall avoid these areas until nesting is complete and the young have left the nest.
16. The Permittee shall ensure compliance with Section 36 of the Fisheries Act which requires that no person shall deposit or permit the deposit of a deleterious substance on any type in water frequented by fish or in any place under any conditions where the deleterious substance may enter such a water body.
17. The harmful alteration, disruption or destruction of fish habitat is prohibited under Section 35 of the Fisheries Act. No construction or disturbance of any stream/lake bed or banks of any definable watercourse, is permitted unless authorized by DFO.
18. The Permittee shall not detonate explosives within fifteen (15) metres of any body of water which is not completely frozen to the bottom.

Waste Disposal

1. The Permittee shall not discharge or deposit any refuse substances or other waste materials in any body of water, or on the banks thereof, which will impair the quality of the waters of the natural environment.
2. The Permittee shall not locate any sumps or areas designated for waste disposal within thirty (30) metres of the ordinary high water mark of any body of water. Sumps and areas designated for waste disposal shall be sufficiently bermed or otherwise contained to ensure that substances do not enter a waterway unless otherwise authorized.
3. The Permittee shall backfill and recontour all sumps to match the natural environment prior to the expiry date of the license.
4. The Permittee shall use an approved incinerator for the disposal of combustible camp wastes. Non-combustible wastes shall be disposed of properly at an approved facility.
5. The Permittee shall incinerate all combustible and food wastes daily.
6. The Permittee shall keep all ash in a covered metal container until it is disposed of at an approved facility.
7. The Permittee shall keep all non-combustible garbage and debris in a covered metal container until disposed of at an approved facility.

8. The Permittee shall deposit all scrap metal, discarded machinery and parts, barrels and kegs, at an approved disposal site.
9. The Permittee shall ensure that any hazardous materials, including waste oil, receive proper treatment and are backhauled for disposal at an approved facility.

Physical Environmental

1. The Permittee shall ensure that the land use area is kept clean and tidy at all times.
2. The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.
3. The Permittee shall not do anything that will cause erosion of the banks of any body of water on or adjacent to the land and shall provide necessary controls to prevent such erosion.
4. The Permittee shall be required to undertake corrective measures in the event of any damage to the land or water as a result of the Permittee's operation.
5. The Permittee shall not remove any material from below the ordinary high water mark of any waterbody.
6. The Permittee shall adopt such measures as required to control erosion by surface disturbance. Sediment and erosion control measures should be implemented prior to, and maintained during the work to prevent sediment entry into the water during a spring thaw.
7. The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.
8. The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.
9. The Permittee shall remove all snow fills from stream crossings prior to spring break up
10. The Permittee shall not allow any ice bridge to hinder the flow of water of any stream.

Structure & Storage Facilities

1. The Permittee shall not erect structures or store material on the surface ice of lakes or streams.
2. The Permittee shall locate all structures and storage facilities on gravel, sand or other durable land.

Camps

1. The Permittee shall locate any temporary camp on gravel, sand, or other durable land.
2. The Permittee shall not erect camps or store material on the surface ice of lakes or streams.
3. The Permittee shall submit to the Board, thirty (30) prior to set-up, a map of the campsite including the location of sumps and fuel caches in relation to waterbodies. Modifications to the plan shall be updated with NIRB as they occur.
4. The Permittee shall keep the camp clean and tidy at all times so as not to attract carnivores.

Archaeological Sites

1. The Permittee shall follow all terms and conditions for the protection and restoration of archaeological and palaeontological resources, should any be located within the project area, as outlined by the Department of Culture, Language, Elders and Youths (CLEY) in the attached letter.

Reclamation

1. The Permittee shall advise NIRB and the Land Use Inspector in writing at least 15 days prior to the completion of activities.
2. The Permittee shall remove all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material upon abandonment.
3. The Permittee shall remove all empty barrels from its exploration sites as soon as possible in a progressive manner and shall ensure that all barrels are removed from the land by the end of each field season. Empty barrels shall be disposed of at an approved facility.
4. The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of the permit, including those remnants of previous exploration from this Permittee.
5. The Permittee shall undertake ongoing restoration for any land or improvements which are no longer required for the Permittee's operation on the land.
6. The Permittee shall plug or cap all bore holes and cut off any drill casings that remain above ground to ground level upon abandonment of the operation.

Other Recommendations

1. NIRB would like to encourage the proponent to hire local people and services, to the extent possible.
2. NIRB strongly advises proponents to consult with local residents regarding their activities in the region, and do community consultation on the project to keep the communities informed.

3. NIRB strongly advises all precautions are taken with respect to worker safety, particularly as related to wildlife/worker interactions.
4. NIRB would like to encourage the proponent to continue baseline monitoring.
5. Any amendment requests deemed by NIRB to be outside the original scope of the project will be considered a new project.
6. The Environmental Protection Branch (DOE), Department of Fisheries and Oceans (DFO), Nunavut Impact Review Board (NIRB), and the Nunavut Water Board (NWB) should be advised of any material changes to plans or operating conditions associated with the project.

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

at Cambridge Bay, NU

Date
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Albert Ehaloak, A/Chairperson