

NIRB File No.: 06EN048

Hon. Jim Prentice
Minister of Indian affairs and Northern Development
Ottawa, ON

Dear Hon. Prentice:

Section 12.4.4 of the Nunavut Land Claim Agreement states:

- 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.

The primary objectives of the Nunavut Land Claims Agreement 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. The considerations in making this decision included:

- the impact of exploration activities on the ecosystem;
- the impact of project components on permafrost;
- 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 exploration activities and their disturbance to wildlife and traditional users of area;
- the potential impact of aircraft on wildlife;
- the impact of camps and equipment on terrain;
- the impact of exploration activities and infrastructure on archaeological sites or cultural landmarks in the area; and
- clean up/restoration of the camp site and sample locations upon abandonment;

Terms and Conditions:

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

General

1. Wolfden Resources Inc. (proponent) shall maintain a copy of the Project Terms and Conditions at the site of operation at all times.
2. The proponent shall forward copies of all permits to the NIRB obtained and required for this project prior to the commencement of the project.
3. The NIRB shall be notified of any changes in operating plans or conditions associated with this project prior to any such change.
4. The proponent shall prepare and submit 2 reports, one to Environment Canada (EC) and one to the Department of Fisheries and Oceans Canada (DFO) that address all concerns/comments listed in correspondence dated July 25, 2006 (EC) and July 24, 2006 (DFO) (attached Appendix #1 and #2). Copies of the reports shall be submitted to the NIRB. The reports must be submitted and concerns addressed prior to the commencement of the project.
5. The proponent shall adhere to conditions stated in attached Appendix #3 "Archaeological and Palaeontological Resources – Terms and Conditions for Land Use Permit Holders", dated June 5, 2006 to ensure preservation and protection of archaeological sites encountered as a result of this

project. Condition # 9 of this document must be noted by the proponent.

6. The Proponent shall operate the project in a manner consistent with all commitments stated in all correspondence provided to the NIRB from the period commencing May 1, 2006 thru July 24, 2006 and it is understood that any components of this project, approved by this screening, that are part of any future mine or mining activity at High Lake, could be subject to any Article 12, Nunavut Land Claims Agreement review that may be required as a result of such a mining proposal submitted to the NIRB.
7. The Proponent shall submit an annual report with copies provided to the NIRB, Indian and Northern Affairs Canada (INAC), and the Kitikmeot Inuit Association (KIA), by January 31 each year that the project is in operation commencing January 31, 2007. The report must contain, but not be limited to, the following information,
 - a. A summary of activities undertaken for the year, including the amount of drilling;
 - b. A work plan for the following year;
 - c. The results of environmental studies 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 (copies to be submitted to the NIRB)
 - h. The number of take-offs & landings from an airstrip with approved flight path with date and location;
 - i. The number of helicopter touch-downs on the land with date and location (provide unless confidential);
 - j. Site photos;
 - k. Revisions to the Abandonment and Restoration Plan;
 - l. Progressive reclamation work undertaken; and
 - m. A summary of how the proponent has complied with all project terms and conditions and how the terms and conditions are achieving their purpose.
 - n. Amount of waste removed from the site and location of disposal site.

Drill Sites

8. The Proponent shall not conduct any land based drilling within thirty (31) metres of the normal high water mark of a water body.
1. The Proponent shall conduct any lake-based winter drilling, in accordance with the Interim Guidelines for On-Ice drilling.
2. The Proponent shall ensure that drill muds and additives are not used in connection with holes drilled through lake ice unless they are re-circulated or contained such that they do not enter the water.
3. The Proponent shall ensure that all drill cuttings are removed from ice surfaces.

4. The Proponent 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 Proponent 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 water body.
5. The Proponent shall ensure that if “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 (i.e. 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L).
6. The Proponent 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 water body. The use of biodegradable, salt free drill additives is encouraged over non-biodegradable types. The sump shall be backfilled upon completion of the hole.
7. The Proponent 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.
8. The Proponent shall not locate any sump within thirty (30) meters of the normal high water mark of any water body.
9. The Proponent 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.
10. The Proponent 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.
11. The Proponent 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 Nunavut Water Board and Land Use Inspector within 48 hours.
12. The Proponent shall inspect each drill sites for contamination before moving to the next drill site and immediately clean up any contamination.
13. The Proponent will restore drill sites immediately after the drill has been moved to the next site.

Water

14. The Proponent shall only use the specified volume of water from sources approved by the Nunavut Water Board. The Proponent shall verify that an amendment to the water license is required for the operation of the water and wastewater treatment facilities at the proposed Weatherhaven and Sand Lake construction camps and copy NIRB on the correspondence.
15. The Proponent will ensure that effluent discharged to Lake L20 is protective of the receiving environment and meets all requirements imposed by the Nunavut Water Board.

16. The Proponent 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; that the rate of water withdrawal is such that no fish become impinged on the screen; the fish guard or screen is properly maintained; and that during fish guard or screen repair, the entrance of the water intake is closed.
17. Prior to construction and quarry development, the Proponent shall submit to NIRB, INAC and the KIA for review, a plan for testing the acid generated and metal leaching potential of quarried rock used in road and infrastructure construction. The plan must also contain measures that will prevent any ARD materials from adversely impacting the surrounding environment including any water and/or watercourses.

Fuel and Chemical Storage

18. The Proponent shall have an Emergency Response & Spill Contingency Plan approved by the Nunavut Water Board prior to commencing on-site activities. The Plan should include a map outlining the location of fuel caches on site, and related spill kits.
19. All fuel shall be stored in accordance with Wolfden's July 18 and 24, 2006 correspondence to NIRB Manager of Environmental Screening, Kevin Buck. Specifically the fuel storage at Sand Lake shall not exceed 500,000 liters and the fuel supply and storage at the Weatherhaven Camp shall not exceed 50,000 liters. All fuel shall be stored in double – wall tanks and/ or in accordance with Regulations made under the Canadian Environmental Protection Act.
20. The Proponent shall locate fuel caches and other hazardous materials away from the high water mark of any water body and in such a manner as to prevent their release into the environment. Written justification must be provided to NIRB prior to commencement of project activity as to why the fuel storage tanks at Sand Lake are not located further from the Kennarctic River.
21. The Proponent shall use self supporting insta-berms when storing barreled fuel on location, rather than relying on natural depressions.
22. The Proponent shall examine all fuel and chemical storage containers immediately upon delivery and daily for leaks. All leaks should be repaired immediately.
23. The Proponent shall seal all container outlets except the outlet currently in use.
24. The Proponent shall mark all fuel containers with the Proponent's name.
25. The Proponent shall ensure that all activities, including maintenance procedures and refueling, are controlled to prevent the entry of petroleum products or other deleterious substances into the water or onto the land.
26. The Proponent shall ensure that all on site personnel are properly trained in fuel and hazardous waste handling procedures as well as spill response procedures.

27. The Proponent shall maintain a supply of spill kits, shovels, barrels, sorbents, and pumps on-site at the camp, the main fuel cache, the drill site, and at the camp.
28. The Proponent shall use drip pans when refueling equipment.
29. Chemicals containing salts, which may attract wildlife to the site, should be stored so that they are inaccessible to wildlife.
30. The Proponent shall ensure that **all** spills are documented and reported to the 24 hour Spill Report Line at 867-920-8130.
31. The proponent shall ensure that spill response measures are otherwise conducted in accordance with the revised Spill Contingency Plan submitted to the NIRB as part of this project proposal.

Wildlife

32. The Proponent 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.
33. The Proponent shall conduct baseline wildlife survey(s) in the affected areas of the project activity, using acceptable methodology, prior to construction activity, which must form part of a cumulative effects (as a result of this project activity) study, and must include mitigative measures undertaken, to be updated on a yearly basis and included in the annual report submitted to the NIRB, INAC, and the KIA.
34. The Proponent shall ensure that aircraft pilots adhere to flight altitudes of greater than 610 m above ground level, unless there is a specific need for low-level-flying which does not disturb wildlife.
35. The Proponent shall not feed wildlife.
36. The Proponent shall ensure that the drill sites avoid known environmentally sensitive areas (denning, nesting etc.) by a minimum of 250 meters.
37. The Proponent shall not conduct any activity associated with the land use operation if critical periods of wildlife cycles are observed (e.g. caribou migration, calving, fish spawning or raptor nesting).
38. That the Proponent shall ensure that there is no hunting by employees of the company or any contractors hired unless proper Nunavut authorizations have been obtained.
39. The Proponent shall contact in advance, the Regional Biologist to identify areas which should be avoided.
40. The Proponent shall ensure that all field personnel are made aware of the measures to protect wildlife including migratory birds, and are provided with training and/or advice on how to implement these measures.

Birds

41. Pursuant to the Migratory Bird Convention Act Regulations the Proponent shall not disturb or destroy the nests or eggs of migratory birds. The period from May 15 to July 31 is the general migratory bird breeding season, it is recommended that activities be conducted outside of these dates, particularly in the vicinity of known migratory bird colonies.
42. The Proponent shall confirm there are no active nests (i.e. nests containing eggs or young) in the vicinity before activities commence. If active nests of migratory birds are encountered, the Proponent/ Licensee shall avoid these areas until nesting is complete and the young have left the nest.
43. The period from mid June to mid August is the general molting period when geese are temporarily flightless while they lose their flight feathers and grow new ones. During this time they are particularly sensitive to disturbance. All molting flocks shall be avoided.
44. The Proponent ensure that aircraft maintain a vertical distance of 1000 meters and a horizontal distance of 1500 meters from any observed groups (colonies) of migratory birds.
45. The Proponent shall ensure compliance with Section 35 the *Migratory Birds Convention Act* and *Migratory Birds Regulations* which states that no person shall deposit or permit to be deposited, oil, oil wastes, or any other substance harmful to migratory birds in any waters or any areas frequented by migratory birds. The Proponent shall ensure compliance the *Migratory Birds Convention Act* and *Migratory Birds Regulations* during all phases and in all undertakings related to the project.

Bears

46. The Proponent shall follow procedures outlined in the "Safety in Bear Country Manual", and should contact the Regional Biologist or the Wildlife manager for information and advice on measures which should be taken to minimize the possibility of conflicts/interactions with bears. Consideration should be given to setting up an electric fence around the camp.

Caribou

47. The Proponent shall not locate any operation so as to block or cause substantial diversion to migration of caribou.
48. The Proponent shall not construct any camp, cache any fuel or conduct blasting within 10 km, or conduct any drilling operation within 5 km, of any "designated caribou crossing". The Regional/Area Biologist should be contacted for known crossings.
49. From **May 15 to July 15**, the Proponent shall cease activities that interfere with caribou migration or calving, such as the movement of equipment, drilling activities and ATV or snowmobile use until the caribou and their calves have vacated the area.

50. From **May 15 to July 15**, the Proponent shall not conduct flights below 300m and airborne geophysics surveys if caribou are present in the area. These activities may interfere with migration and/or calving.

Fish

51. The Proponent 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.
52. The proponent shall ensure that any blasting activity does not affect any fish habitat.
53. The Proponent shall ensure that there is no hunting or fishing by employees of the company or any contractors hired unless proper permits are obtained.

Waste Disposal

54. The Proponent shall not store hazardous waste, including waste fuel and oil, or non-combustible waste on site. All waste, except that which can be incinerated in accordance with condition 62, shall be removed on a monthly basis and completely at the end of each field season. Disposal shall take place at an approved facility off site.
55. The Proponent shall use a CCME compliant incinerator for the disposal of combustible camp wastes. Non-combustible wastes shall be removed from site and disposed of properly at an approved facility off site.
56. The Proponent shall incinerate all combustible and food wastes daily.
57. The Proponent shall keep all ash in a covered metal container until it is disposed of at an approved facility off site.
58. The Proponent shall keep all non-combustible garbage and debris in a covered metal container until disposed of at an approved facility off site.
59. The Proponent shall deposit all scrap metal, discarded machinery and parts, barrels and kegs, at an approved disposal facility off site.
60. The proponent shall otherwise store, handle and dispose of waste material in accordance with any license issued by the Nunavut Water Board as well as with any waste regulations applicable within the Nunavut Territory for this relicensing project.

Physical Environmental

61. The Proponent shall submit to the NIRB, INAC, Nunavut Department of Environment, and the KIA, for review, prior to construction, the foundation design thickness for the 12-km all-weather road and camp building pad. The design must ensure preservation of permafrost conditions.

62. The Proponent shall ensure that the land use area is kept clean at all times.
63. The Proponent shall not cause erosion of the banks of any body of water on or adjacent to the land and shall implement necessary controls to prevent such erosion.
64. The Proponent shall be required to undertake corrective measures in the event of any damage to the land or water as a result of the Proponent's operation.
65. The Proponent 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. The Proponent shall suspend overland travel of equipment or vehicles if rutting occurs. This is especially critical for the winter trail (between Ulu and High Lake) construction and use.
66. As the Proponent states in the Project Description, traffic on the Winter Trail from Ulu to High Lake shall be limited to 40 trips. A log book shall be kept and the information submitted in the required annual report.
67. No quarry activity shall be conducted below the groundwater table.

Structure & Storage Facilities

68. The Proponent shall not erect structures or store material on the surface ice of lakes or streams, except that for which is of immediate use.
69. The Proponent shall locate all structures and storage facilities on gravel, sand or other durable land.

Camps

70. The Proponent shall locate all camps on gravel, sand, or other durable land.

Reclamation

71. The Proponent shall complete all clean-up and restoration of the lands used prior to the expiry date of the permit.
72. The Proponent shall undertake ongoing restoration for any land which is no longer required for the Proponent's operation on the land.
73. The Proponent 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.
74. The Proponent shall restore the land to as near as natural conditions as possible

Other Recommendations

75. NIRB would like to encourage the proponent to hire local people and services, to the greatest extent possible.

76. NIRB strongly advises proponents to consult with local residents including the Elders, Youth, and Hunters and Trappers, regarding their activities in the region, and to keep the communities informed.
77. Any activity outside the original scope of the project application as described will be considered a new project and will need to be submitted to NIRB for screening.
78. NIRB encourages the proponent to collect baseline data on valued ecosystem components (VECs) as identified through community consultation.

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.

Dated ____August 11, 2006____ at Cambridge Bay, NU



Elizabeth Copland, A/Chairperson