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March 5, 2007

Mr. Zhong Liu
Technical Advisor
Nunavut Water Board
Gjoa Haven
NU X0B 1J0
Tel (867) 360-6338

Re: Baker Basin Project; 2BE-KAZ0609

sent via e-mail to tech4@nunavutwaterboard.org

Dear Mr. Zhong Liu;

This letter is written in response to the letter of January 3, 2007 from David Abernethy, Regional Coordinator for Water Resources which is posted on the Nunavut Water Board comments site. I would like to comment on Mr. Abernethy's recommendations concerning our amendment to our 2BE_KAZ0609 water licence for water use and waste disposal.

- With respect to revising the Spill Contingency Plan, the scope of the exploration activities at the Baker Basin Project have not expanded and Pacific Ridge Exploration Ltd. ("Pacific Ridge") believes that no revisions are required at this time and that the original spill plan reflects current exploration activities. Pacific Ridge will again only utilize one drill rig this year and has again decided to use Baker Lake as its base of operations; therefore there is no drill camp requirement. The drill rig to be used this year, a 25 A Boyles drill rig, although having the capacity to drill deeper, will be drilling at approximately the same penetration rate as the 25 HH Boyles drill rig used last year and as such has similar drill additive consumption rates (i.e. mud, grease and NaCl) and water usage requirements on a daily basis. As we recently found out from the contractor, Connor's drilling; they will be using a water pump very similar to last year's make and model. The reason Pacific Ridge would like the daily water usage increased from 21.5 m³ to < than 100m³ stems from how the calculation is made on water usage for the drill. Last year's maximum daily usage of 21.5 m³ was an estimate based on the actual water used by the drill rig while in operation and does not reflect the actual amount of water pumped from the water source. The water pump runs continuously and is not shut off every time water isn't specially being used by the rig (i.e. when the core tube is being pulled or if there are delays in drill water consumption). In some circumstances, excess water can be returned to the water source via return line and this is preferred; but in other circumstances it can't be done. It is therefore Pacific Ridge's preference the water licence reflects the maximum daily amount of water pumped from the source which could be as high as 55 m³.
- Note that Pacific Ridge will not establish any future fly camps
- With respect to the licence questionnaire and referring to the above comments, Pacific Ridge believes that revisions to the questionnaire are unnecessary at this time as there is no increase in fuel and chemical requirements to the program on a daily basis.
- As per last year's program, Pacific Ridge will dispose of the garbage from the drill rig by flying it via helicopter or fixed wing back to Baker Lake where it can be deposited at the community land fill site.
- Drill cuttings and grey water will be disposed of in natural depressions situated at least 30m away from the high water marks of nearby bodies of water.
- All drill holes will be sealed and capped with grout to prevent induced contamination of groundwater or stalinization of surface waters.

I trust the above comments satisfy the requirement for any revisions to the Spill Contingency Plan and licence questionnaire. If you have any further concerns, please feel free to contact either myself or Wayne Roberts at the number below.

Yours truly;

George Norman
Exploration Manager;
Pacific Ridge Exploration Ltd.
604-687-4951