



January 6, 2009

VIA EMAIL

Ms. Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board (NWB)
PO Box 119
Gjoa Haven NU X0E 1J0

Dear Ms. Beaulieu:

Re: Kiggavik Project – Amendment Request – Drilling within 30 meters of high water mark - 2BE-KIG0812

This letter is in response to a letter dated November 19, 2008 forwarded via email to Mark Warbanski from Phyllis Beaulieu containing comments and recommendations from DFO with respect to AREVA Resources Canada Inc's amendment request to drill within 30 meters of high water mark at End Grid. I apologize for the delayed response, however the letter was only issued to Mark Warbanski; unfortunately he is no longer with AREVA and it was only recently that we gained access to and started addressing emails in his inbox.

For ease of your review, the comments/recommendations have been reproduced below in italics followed by ARC's response.

1. The plan indicates that drilling activities at the End Grid location are likely to occur within 30 meters of permanent/intermittent streams flowing in to End Grid Lake. Drilling is planned to occur from May to October 2009.

DFO recommends that the proponent time any in-water mineral exploration activities to prevent disruption to sensitive fish life stages by adhering to appropriate fisheries timing windows for Nunavut. (Please refer to DFO's Timing Window Operation Statement)

ARC has reviewed the Timing Window Operation Statement for Nunavut and has determined that the Kiggavik Project is located in Zone 2, Arctic Grayling are present in End Grid, which spawn in spring, and therefore in-water activities are not permitted to occur from May 1 to July 15.

To ensure Project activities are in compliance with this Operation Statement, the Kiggavik Project team has assessed the 2009 drilling plan and are committed to conducting activities at the End Grid locations which are within 30 meters of high water mark (if the amendment is approved) outside of this timing window.

2. DFO is concerned that the silt barrier, placed across the mouth of the tributary to End Grid Lake, is a barrier to fish passage. DFO recommends that the silt barriers not be left in the water and only deployed on an as-needed basis. The silt barrier should only be deployed if the sediment and erosion controls fail near the drilling site.

AREVA is committed to complying with this recommendation.

3. DFO recommends that the following mitigation measures be incorporated into the plan, to ensure that there are no impacts to fish and fish habitat. Note that this list is not exhaustive and other additional measures should be implemented if required to protect fish and fish habitat.

- Install effective sediment and erosion control measures before starting work to prevent entry of sediment into any water body. Inspect them regularly during the course of the work and make all necessary repairs if any damage or malfunction occurs.*
- The discharge of any water into or near a water body should be done in a manner that prevents sedimentation or erosion. Discharge water should be of a quality equal to or better than the receiving water.*
- All disturbed areas should be stabilized and reclaimed to pre-construction conditions upon completion of work. Debris produced or associated with the work should be removed immediately.*
- Operate machinery in a manner that minimizes disturbance to the water body bed and banks and prevents entry of deleterious substances into any water body.*
- Machinery is to arrive on site in a clean condition and is to be maintained free of fluid leaks.*
- Wash, refuel and service machinery and store fuel and other materials for the machinery away from the water.*
- Whenever possible, withdraw water from non-fish bearing water bodies or streams only.*
- Ensure water withdrawal volumes do not impact fish or fish habitat. Withdrawals from fish bearing waters should not result in any noticeable change in water level or downstream flows, particularly during sensitive life stages (e.g., by dewatering spawning or egg incubation areas).*



- *Ensure water pump intakes are designed and operated in a manner that prevents streambed disturbance and fish mortality. Guidelines to determine the appropriate design for intake screens may be obtained from DFO (e.g., Freshwater Intake End-of-Pipe Fish Screen Guideline (1995))*

A majority of these recommendations are currently practiced at the Project in accordance with existing Environmental Management Plans and work instructions. The Project team is committed to complying with the above mitigation recommendations. Existing Environmental Management Plans (i.e. Uranium Exploration Plan, Spill Contingency Plan, Abandonment and Restoration Plan) and work instructions will be reviewed and revised to incorporate any recommendations identified as being absent. In addition, a site-specific work instruction will be developed for drilling within 30 meters of high water mark (if amendment if approved) to provide guidance to field staff and drilling contractors.

If required, please forward these responses to the appropriate DFO personnel.

Please feel free to contact me at 306 343-4525 should you have any further questions, comments or concerns.

Sincerely,

A handwritten signature in cursive script, appearing to read 'T Searcy'.

Tina Searcy
Regulatory Coordinator
AREVA Resources Canada Inc.

cc: ARC Distribution
Don Carr