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February 7, 2007

06-1365-045

Mackenzie Valley Environmental Impact Review Board
PO Box 938 – 5102 - 50th Avenue
Yellowknife, Northwest Territories
X1A 2N7

Attention: Martin Haeefe

RE: EA0607-003 POST HEARING SUBMISSION

Dear Martin,

Enclosed in this package are a number of additional informational items from Ur-Energy regarding the Environmental Assessment (EA0607-003) which includes:

- Qualitative Cumulative Effects Assessment on Caribou;
- Letter summarizing mitigation measures;
- Answers to Deninu Kue First Nations hearing presentation;
- Letter of support from AREVA Resources Canada Inc.; and,
- Statement from Ur-Energy.

The first three items are intended to fulfill commitments made in the January 2007 Hearing. The last two items are additional information to the Board based on discussions during the Hearing.

If you have any questions or concern, please feel free to contact the undersigned.

Yours very truly,

GOLDER ASSOCIATES LTD.

A handwritten signature in black ink, appearing to read 'Ron G. Barsi'.

Ron G. Barsi, P.Geo.

Principal, Environmental Management and Senior Mining Specialist

CB/RS/RGB/ldmg

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REPORT ON

**QUALITATIVE ASSESSMENT OF THE
CUMULATIVE EFFECT FROM UR-ENERGY'S
EXPLORATION PROGRAM ON THE
BEVERLY CARIBOU HERD**

Submitted to:

Mackenzie Valley Environmental Impact Review Board
PO Box 938
5102 – 50th Avenue
Yellowknife, Northwest Territories
X1A 2N7

DISTRIBUTION:

- 1 Copy - Mackenzie Valley Environmental Impact Review Board, Yellowknife, Northwest Territories
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TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
Table of Contents.....	i
1.0 INTRODUCTION.....	1
2.0 SCOPING OF ISSUES	2
2.1 Spatial and Temporal Boundaries	3
3.0 ANALYSIS.....	6
4.0 MITIGATION	9
5.0 PREDICTED RESIDUAL EFFECTS.....	11
6.0 MONITORING AND FOLLOW-UP	12
7.0 CLOSURE	13
8.0 LITERATURE CITED.....	14

LIST OF FIGURES

Figure 1	Locations of Satellite-Collared Beverly Caribou, 1995 to 2006	5
Figure 2	Land Use in the Beverly Caribou Range, 1990 to 2006	7

1.0 INTRODUCTION

During the public hearings in Lutsel K'e (January 16 and 17, 2007) for Ur-Energy's application for a uranium exploration program (the Program), the Beverly and Qamanirjuaq Caribou Management Board (BQCMB) requested additional information on the potential cumulative effects from the proposed program on the Beverly caribou herd. In response to the request by the BQCMB, Ur-Energy agreed to provide a qualitative assessment of the cumulative effects of the Program on the Beverly herd. The assessment of cumulative effects from the Program was based on the Cumulative Effects Assessment Practitioners Guide (Practitioners Guide) developed for the Canadian Environmental Assessment Agency (CEAA 1999). The Practitioners Guide provides the following elements that should be included in a cumulative effects assessment:

- Scoping of issues;
- Define spatial and temporal boundaries;
- Analysis;
- Mitigation;
- Predicted residual effects; and,
- Monitoring and Follow-up.

The CEAA defines cumulative effects as the sum of residual effects from all past, current, and reasonably foreseeable projects and/or activities on a particular component of the environment or population. In addition to project-related activities, cumulative effects also occur as a result of natural disturbances such as fire, floods, drought, insects, disease, and climate change. Incremental effects from traditional and non-traditional activities (*e.g.*, hunting, trapping, ecotourism, forestry) can also influence habitat associations, and the abundance and distribution of animal and plant populations that exist on the landscape. The objective of this response is to provide a qualitative assessment of the relative importance of these factors in driving changes in the distribution, movement, behaviour, demography, and ultimately the population persistence of the Beverly caribou herd.

2.0 SCOPING OF ISSUES

The maximum temporal extent of the drilling program would be conducted in stages from 2007 through 2011. The Program could be completed in less time if drilling conditions are good, but for the purposes of this qualitative assessment, the maximum permitting period was used. In the first stage, five drill holes are proposed for March to August 2007 (except May – see Mitigation Section). If the results are positive, the second stage would add 15 more holes for a maximum total of 20 drill holes. Exploration drilling during 2008 to 2011 would occur during January to April. It is estimated that it will take one week to drill each hole.

Once drilling of a hole is started, drilling will be continuous. It is estimated that it will take one day (eight to ten hours) to move a rig. At this time, the length on time required for the mobilization and demobilization is unknown, as it will depend on site-specific conditions. The camp will consist of six to eight tents with a crew of 12 to 15 individuals. Further details on the Program Description are provided in the Land Use Application and associated Screening Document (Golder Associates Ltd. [Golder] 2006).

Barren-ground caribou have a significant social, cultural, and economic value for the people and communities living in the Canadian arctic. Aboriginal people have a strong connection with caribou, and rely on the animals for food, clothing and “cultural wellness”. In addition, caribou are likely a keystone species as they influence the landscape through their movements and feeding, and provide food for predators and scavengers such as wolves, grizzly bears, wolverines, and foxes. Currently, five of eight arctic caribou herds have been declining during the past ten years (Porcupine, Cape Bathurst, Bluenose East, Bluenose West, and Bathurst [Environment and Natural Resources] [ENR 2006]). The status of the Ahiak, Beverly, and Qamanirjuak herds since the mid-1990s is currently not known, but given the synchronicity in population cycles of arctic caribou, these herds are suspected to have decreased. Both traditional knowledge and western science indicate that the number of animals in barren-ground caribou herds increase and decrease at relatively regular intervals (Kendrick *et al.* 2005; ENR 2006). Although these natural fluctuations in herd size appear to be linked to changes in climatic patterns and winter range quality (Ferguson and Messier 2000; ENR 2006), the exact mechanisms responsible for generating these population cycles are not known.

Mineral exploration and development in the Northwest Territories and Nunavut, particularly since the early 1990s, and the associated documented decline in caribou herds has caused concern among aboriginal and non-aboriginal people. The physical or direct loss of habitat from infrastructure associated with exploration and development represents one environmental issue. Other issues are related to the impact on the

population from the accidental injury or mortality of individuals, and the indirect effects associated with changes in distribution, movement, and behaviour of animals.

Although the impact from industrial development on individual fitness and population demography of caribou is not known, several studies have demonstrated that oil and gas developments can influence the distribution, movement, and behaviour of caribou in the Arctic (Fancy 1983; Curatolo and Murphy 1986; Cameron *et al.* 1992; Nelleman and Cameron 1998). For example, one study demonstrated that the influence of roads extended beyond the physical footprint, and that the effect was stronger on females with calves than other individuals or groups (Nelleman and Cameron 1998). Recent studies have suggested that the probability of caribou occurrence can be influenced within 20 km to 50 km of operating diamond mines (Boulanger *et al.* 2004; Golder 2005; Johnson *et al.* 2005). Behaviour data also demonstrated that the amount of time spent feeding by females with calves was reduced when animals were within 5 km of Ekati mine footprint BHP Billiton Diamonds Inc. (BHPB 2004). Other studies have documented no effects from development on caribou distribution (Cronin *et al.* 1998; Noel *et al.* 1998).

2.1 Spatial and Temporal Boundaries

The Practitioners Guide suggests that local and regional study areas be established for the assessment of cumulative effects (CEAA 1999). Selection of the local study area is based on obvious and easily understood effects that can be measured and mitigated effectively. The regional study area is based on the potential for interactions with other past, existing and reasonably foreseeable future projects and activities. Selection of spatial boundaries should be flexible, ecologically defensible, and sufficiently large enough to address the relationships between development and environmental components or populations (CEAA 1999). For example, the regional spatial boundary may be delineated by a drainage basin, watershed, ecoregion, or the annual or seasonal home range of individuals within a population.

The local study area for the exploration program was defined by a 1 km radius around the drill rig. During the Program, calculations indicate that noise from the drill rig should reach background levels within 500 m to 1,000 m from the rig. Studies of woodland caribou have demonstrated avoidance of up to 1 km for well sites and 250 m for roads and seismic lines (Dyer *et al.* 2001). Data from the Ekati mine suggests that the instantaneous negative response (alert, stop feeding) of caribou to stressors (*e.g.*, truck traffic) increases within 1 km of the source (BHPB 2004). Based on this information, and considering that the size and level of activity of the Program (one drill rig, 12 man camp) is much less than an operating diamond mine, well site, or road, the local study

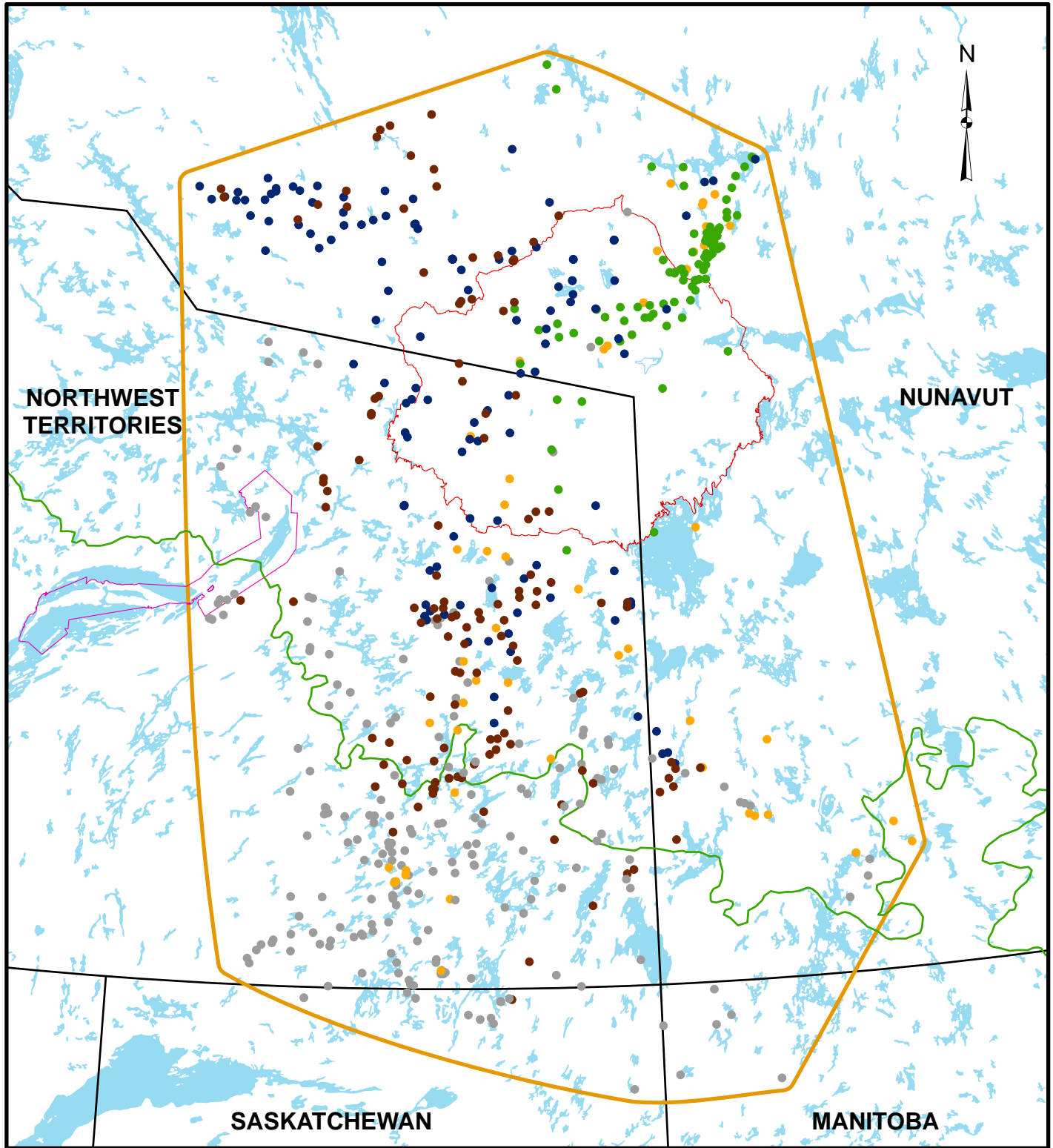
area should capture the direct (physical habitat loss, mortality) and indirect (changes in behaviour and movement) measurable effects from the Program on caribou.

The regional study area is defined by the approximate annual range of the Beverly herd. Currently, the BQCMB and Department of Environment and Natural Resources (Government of the Northwest Territories [GNWT]) have not distinguished the annual ranges of the Beverly and Qamanirjuak herds. For this assessment, the known locations of satellite-collared cows from the Beverly herd during 1995 through 2006 were used to define the annual range (Figure 1). Locations were classified into the following seasons:

- Northern migration (May);
- Calving (June);
- Summer (July);
- Post-calving migration and rut (August to October); and,
- Winter (November to April).

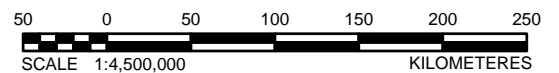
Because the data are based on relatively few individuals from the herd (one collar from 1995 to 2005, six collars in 2006), it is acknowledged that the annual range may be larger or differ in shape. The assumption is that the collar data reflect enough of the variation in the seasonal and annual movements of the herd to provide a meaningful spatial boundary for the assessment of cumulative effects. The estimated area of the annual home range is 400,000 km².

The temporal boundary for the cumulative effects assessment included the period from 1990 through 2011. This period represents the known past and current active and inactive Land Use Permits (LUPs) from 1990 through 2006, and the maximum anticipated length of the UR-Energy exploration program (2007 to 2011). Thus, the temporal extent of the cumulative effects assessment includes all human and natural disturbances known to occur and may occur within the regional study area from 1990 through 2011. Mineral claim blocks were not included in the analysis, as it is not possible to predict the potential for future activity or magnitude and extent of activity in these areas. As recommended in the Practitioners Guide (CEAA 1999), the assessment must be kept manageable and practical.



Beverly Caribou Locations

- Northern Migration
- Calving
- Summer
- Post-Calving and Rut
- Winter
- Proposed East Arm National Park
- Thelon Wildlife Sanctuary
- Approximate Beverly Range
- Approximate Treeline



PROJECT				
Ur-Energy Screech Lake Project				
TITLE				
Locations of Satellite-Collared Beverly Caribou, 1995 to 2006				
 Golder Associates Yellowknife, Northwest Territories	PROJECT No. 06-1365-045		SCALE AS SHOWN	REV. 0
	DESIGN	JV	Feb. 2007	FIGURE: 1
	GIS	DP	Feb. 2007	
	CHECK	JV	Feb. 2007	
	REVIEW	RS	Feb. 2007	

REFERENCE

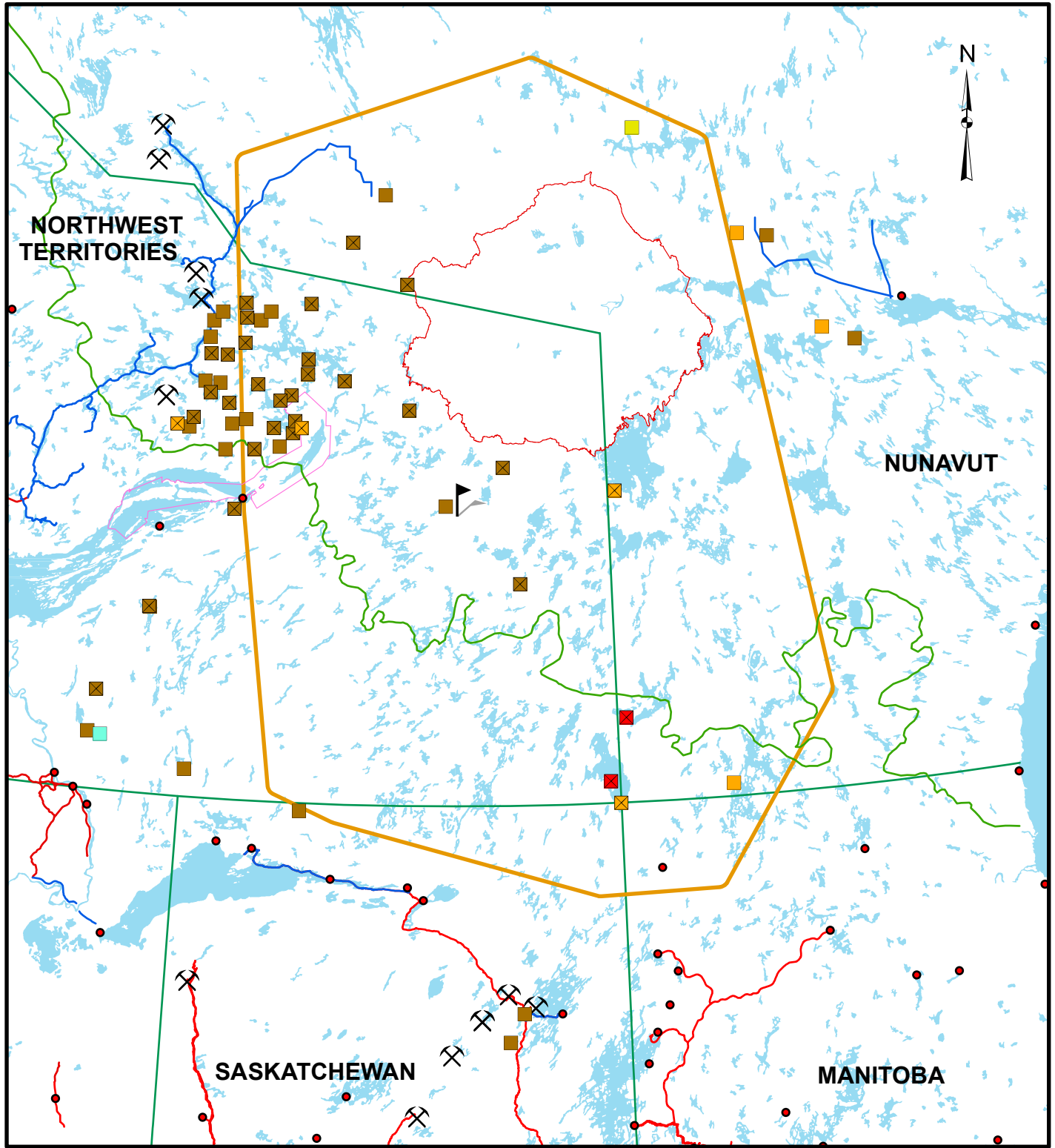
Collared Caribou Data Courtesy of the Government of the Northwest Territories
 Projection: Transverse Mercator Datum: NAD 83 Coordinate System: UTM Zone 13

3.0 ANALYSIS

A search was made of the Indian and Northern Affairs Canada website to identify past and current active LUPs in the Northwest Territories and Nunavut within the region of the Beverly caribou herd (Spatial Information Viewer [SID] 2007). Government personnel in Saskatchewan and Manitoba were contacted for a list of LUPs in the northern portions of each province, but as of January 5, 2007, no data had been received. An in-house database (Golder) was used to identify several exploration and mining projects that may overlap the range of the Beverly herd in northern Saskatchewan.

Based on the defined spatial and temporal boundaries, there are 37 active past, current, or future human-related LUPs within the annual range of the Beverly herd (Figure 2). This value includes the LUP application by Ur-Energy for the Screech Lake Exploration Program. Twenty-seven of these activities represent exploration programs, four are camp sites, one is a fuel storage site, two are communities, two are winter camp roads, and one is winter road associated with Pitz Lake exploration program. Twenty-four of these LUPs are currently no longer active (including the two small winter camp roads). Several other activities and projects (*i.e.*, exploration programs, mine sites, campsites, roads, and communities) are located within 10 km to 200 km of the estimated Beverly range (Figure 2).

To estimate the cumulative direct and indirect effects of disturbance to the Beverly annual range it was assumed that each inactive and active known exploration activity (including Screech Lake), campsite, and fuel storage site would disturb an area of 3.14 km² (based on the definition of the local study area – 1 km radius [see Spatial and Temporal Boundaries]). The assumed area likely represents an over estimate of direct disturbance, as the area associated with these activities typically does not result in complete physical alteration of habitat. Similarly, the area directly disturbed by each community was assumed to be 3.14 km² (Miramar 2005). The area for the winter road associated with Pitz Lake exploration program was calculated as the length (215 km from Contwoyto Lake to Pitz Lake) multiplied by a 2 km buffer (1 km on each side of corridor) to include both direct and indirect effects, which also over estimates direct disturbance to terrestrial habitat as frozen lakes are preferred for winter road construction. The sum of the areas from human activities known to have occurred within the estimated annual range of the Beverly herd from 1990 to 2006 is approximately 540 km². The Screech Lake Exploration Program would increase the area of direct and indirect effects to approximately 543 km², which represents less than 1% of the herd's range. Although there is an aggregation of exploration programs within and adjacent to the northwest portion of the herd's range, most human activities are largely dispersed across the annual range.

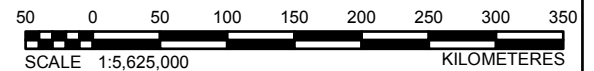


LAND USE PERMITS

Inactive Active

- ⊠ Campsite
- Fuel Storage
- ⊠ Exploration
- Quarrying
- ⊠ Camp Road

- ⛏ Mine
- ▲ Screech Lake
- Community
- Proposed East Arm National Park
- Thelon Wildlife Sanctuary
- Approximate Beverly Range
- Approximate Treeline
- All-weather Road
- Winter Road



PROJECT			
Ur-Energy Screech Lake Project			
TITLE			
Land Use in the Beverly Caribou Range, 1990 to 2006			
PROJECT No. 06-1365-045		SCALE AS SHOWN	REV. 0
DESIGN	JV Feb. 2007		
GIS	DP Feb. 2007		
CHECK	JV Feb. 2007		
REVIEW	RS Feb. 2007		



FIGURE: 2

Land Use Data for NWT and Nunavut Courtesy of INAC
 Projection: Transverse Mercator Datum: NAD 83 Coordinate System: UTM Zone 13

In contrast to the localized effects of exploration programs, campsites, and communities, fire can disturb much larger and more contiguous areas of caribou wintering habitat. For example, in 2001, 65 fires were reported on caribou wintering range in Saskatchewan and burned an area approximately 1,256 km² (BQCMB 2002). In the Northwest Territories, twelve fires burned an area of 747 km² within the winter range. Three of the fires each disturbed an area more than 100 km², while the remaining fires burned areas ranging from 4 km² to 64 km² (BQCMB 2002). Traditional knowledge and western science recognize the large-scale effects of fire on caribou distribution and movement as caribou typically avoid recently burned areas of forest, especially areas that form large contiguous patches on the landscape (Schaefer and Pruitt 1991; Kendrick *et al.* 2005).

The frequency of direct exploration or mine-related mortality on caribou is extremely low. For example, at the Lupin mine, three project-related caribou deaths were recorded from 1980 through 1996. At the Diavik mine, a caribou became entangled in an electric fence and was subsequently killed by a grizzly bear, but no other caribou mortalities have been recorded from 1998 through 2005 (Diavik Diamond Mine Inc. 2006). During the past 10 years of exploration at the Gahcho Kué Project, one caribou died while becoming entangled in an electric fence. The Ekati mine has recorded no mine-related mortality to caribou since monitoring began in 1997 (BHPB 2005). Similarly, the Snap Lake Project has had no incidents with caribou (injury or mortality) during the seven year period of advanced exploration and initial construction (De Beers Canada Inc. 2006). In contrast, the annual harvest rate for the Beverly herd during the past two years has been approximately 3,500 animals (BQCMB 2006).

There are a number of other natural large-scale environmental factors that can influence the foraging behaviour, energetics, survival and reproduction of the Beverly caribou population. Food abundance and quality on summer and winter ranges have been determined to be important elements in tundra caribou population dynamics (Reimers 1983; Skogland 1990; Post and Klein 1999). Snow conditions, such as depth and hardness, also affect the movement rate and food accessibility for caribou (see Stuart-Smith *et al.* 1997). Extreme weather events such as late spring snowfall or late snowmelt can influence access to food and result in lower calf weights or delayed parturition, which influences survival of young (Skogland 1984; Adamczewski *et al.* 1987; Cameron *et al.* 1993). High insect abundance can also decrease forage intake, milk production, and calf growth and survival (Helle and Tarvainen 1984; Russell *et al.* 1993). Factors that influence adult female food intake from summer through winter also determine pregnancy rate and parturition rate. Finally, there is a complex interaction between habitat and caribou foraging and movement patterns that is not well understood for the Beverly herd. For example, some studies of caribou have shown that the historical cumulative effect of overgrazing on calving, summer or winter ranges can result in periodic range shifts and large population fluctuations (Messier *et al.* 1988; Ferguson and Messier 2000).

4.0 MITIGATION

During the proposed exploration program (2007 through 2011), the following specific measures will be implemented to mitigate effects to individual caribou and the Beverly herd.

- In each year of the exploration program (with the exception of 2007, described below), the camp would be in operation from January to April, thus avoiding both the northern and post-calving migratory movements.
- A camp assistant will be hired from one of the Akaitcho communities. This person would be in a position to report back to the community.
- If caribou approach within 500 m of the drill rig, drilling will cease and the rig will be shut down, until such time as caribou leave the 500 m buffer zone. Caribou will not be herded from this zone. A marker will be placed 500 metres from each drilling location to provide a point of reference for estimating this distance. The camp assistant, the drill operator, the drilling assistant, and the helicopter pilot (during shift change every 12 hours) will all be responsible for identifying caribou within this buffer zone.

Due to permitting delays, the 2007 operations may continue into the post-calving period. It is expected that drilling may extend from March until late August, encompassing the northern and post-calving migrations. In the event that this occurs, the following mitigation measures will be implemented.

- The camp will be closed for the entire month of May to avoid the northern migration. Camp staff and the helicopter would leave the camp, but the tents and single drill rig would be left in place (which limits the flights required for demobilization).
- Ur-Energy will commit to not drilling within a 3 km buffer from the Thelon River during the 2007 post-calving period, to avoid disturbing water crossing sites. No monitoring of caribou crossing the Thelon River is proposed, as this would require helicopter flights along the river.

In addition, the following general mitigation measures (best practices) will be implemented to limit the effects from the Program on caribou and other wildlife in the area.

- Prohibit the use of firearms on site with the exception of bear deterrence.
- Prohibit hunting, trapping, and fishing by Ur-Energy employees and contractors.
- All wildlife has the “right-of-way”.
- No feeding or harassment of wildlife.
- Perform exploration activities (camp layout, drilling) in a manner that limits the size of the project footprint.

- A strong attempt will be made to fly all aircraft at a minimum of 300 m above ground level, except during take off and landing.
- All fuel burning equipment will meet emission guidelines and will be equipped with mufflers.
- Use “good house keeping” practices to maintain a garbage-free camp and exploration area, which should limit attraction of animals to the project. All combustible garbage will be burned in an approved incinerator and ash residue will be placed in metal containers and disposed of in Yellowknife. Non-combustible waste will be stored in the camp area and shipped to Yellowknife for disposal.
- All chemicals will be stored in double-walled containers. In the event of a spill, the Spill Contingency Plan (as described in the LUP Application) will be implemented immediately, and the spill reported to the appropriate authorities. Used chemicals will be transported to Yellowknife for disposal.
- All materials, chemicals, and equipment will be removed from the drill sites and camp area at completion of the project as described in the Restoration Plan of the LUP Application. The intent is to return the area as close as possible to natural state.

5.0 PREDICTED RESIDUAL EFFECTS

Cumulative effects from natural and human-related factors influence the Beverly caribou herd across different scales of space and time, which determines the number of individuals in the population that may be affected. The proportion of individuals in the herd that may be affected by natural and human-related disturbances is important in determining the relative risk to the health and persistence of the population. Natural factors such as summer and winter range quality, snow conditions, insect harassment, and predation by wolves and grizzly bears occur over larger time periods and areas of the herd's range relative to the cumulative local influences of the current distribution of past, current, and predicted future exploration programs, campsites, and communities. Caribou are expected to be influenced within 500 m to 1 km (*i.e.*, zone of influence) of these human activities, and will likely alter their behaviour and movement. However, by implementing the mitigation measures for the Screech Lake Exploration Program (see Mitigation), the residual effects from the Program on the health and movement of individuals and the herd should be negligible.

It is predicted that the proportion of individuals in the herd that may be affected by the cumulative number of exploration programs, campsites and communities will be much less than the larger scale factors such as seasonal range quality, snow conditions, insects, predation, and human harvesting. It is also expected that the localized residual cumulative effects (direct and indirect effects) from the Ur-Energy Exploration Program and other human-related activities on the condition and population size of the Beverly caribou herd would not be measurable relative to the incremental effects of natural disturbance factors. Changes in the behaviour and movement of individuals that travel through the zone of influence of exploration programs, camp sites and winter roads will likely be detected, but these changes should not result in a measurable impact to the health or persistence of the population. Overall, the residual cumulative effects from the Screech Lake Exploration Program should have a negligible influence on the Beverly caribou herd and the associated traditional and non-traditional use of caribou.

6.0 MONITORING AND FOLLOW-UP

Ur-Energy understands the importance of acquiring data on the response of caribou to exploration programs to provide a better understanding of the effects from human-related disturbances on individuals and the population. If operations occur during the post-calving period in 2007, and caribou nursery groups are regularly observed near the exploration program, then a monitor would be hired from one of the Akaitcho communities. The monitor would be responsible for tracking caribou movements, and determining if there are caribou within 500 m of the drill rig. The monitor would also be responsible for recording caribou behaviour near the drill rig, to add to our understanding of how drilling operations affect caribou behaviour. The data and results of any caribou monitoring, and a summary of caribou observations made at the camp will be made available to the BQCMB and the GNWT.

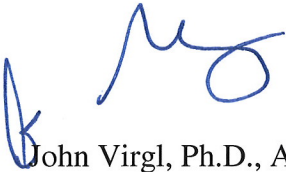
Following completion of the Program, Ur-Energy will prepare and submit a closure report to regulatory agencies. The closure report will summarize how the Program was completed and detail any unforeseen situations or events that occurred as a result of the exploration activities. Furthermore, any unanticipated environmental impacts that occurred will be documented and a description of the mitigation measures implemented to reduce the impacts will be provided. The closure report will also summarize the site reclamation efforts that were or will be completed following exploration activities.

7.0 CLOSURE

We trust that this report presents the information that you require. Should any portion of the report require clarification, please do not hesitate to contact the undersigned.

GOLDER ASSOCIATES LTD.

Report prepared by:



John Virgl, Ph.D., Associate
Senior Environmental Scientist

Report reviewed by:



Ron G. Barsi, P.Geo., Principal
Environmental Management and
Senior Mining Specialist

8.0 LITERATURE CITED

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February 7, 2007

06-1365-045

Leslie Wakelyn, Biologist
Beverly and Qamanirjuaq Caribou Management Board
11 Taylor Road
Yellowknife, Northwest Territories
X1A 2K8

RE: Mitigation for Caribou Disturbance at the Ur-Energy Screech Lake Project

Dear Leslie,

Following the public hearings for the environmental screening of Ur-Energy's Screech Lake Proposed Exploration Program in Lutsel K'e on January 16 and 17, 2007, we would like to re-iterate the new caribou disturbance mitigation measures proposed during the hearings. These measures are, of course, in addition to those outlined in the Land Use Permit application and the Information Request response IR0607-003-07(3). We feel that the additional measures proposed here will further reduce impacts to caribou, will provide an independent assessment of any impacts, and may add to our understanding of the effects of drilling operations and small camps on caribou behaviour. The measures proposed are as follows:

- Ur-Energy has requested a five year term to the Land Use Permit, from 2007 to 2011. In each year (with the exception of 2007, described below), the camp would be in operation from January to April, thus avoiding both the northern and post-calving migratory movements.
- A camp assistant will be hired from one of the Akaitcho communities. This person would be in a position to report back to the community.
- If a caribou approaches within 500 m of the drill rig, drilling will cease and the rig will be shut down, until such time as the caribou leaves. Caribou will not be herded from this zone. A marker will be placed 500 m from each drilling location to provide a frame of reference for estimating this distance. The camp assistant, the drill operator, the drilling assistant, and the helicopter pilot (during shift change every 12 hours) will all be responsible for identifying caribou within this zone.



Due to permitting delays, the 2007 operations may continue into the post-calving period. It is expected that drilling may extend from March until late-August, encompassing the northern and post-calving migrations. In the event that this occurs, the following mitigation measures will be taken:

- The camp will be closed for the entire month of May to avoid the northern migration. Camp staff and the helicopter would leave the camp, but the tents and single drill rig would be left in place (which minimizes the flights required for demobilization).
- If caribou nursery groups are regularly observed, a monitor would be hired from one of the Akaitcho communities. The monitor would be responsible for tracking caribou movements, and determining if there are caribou within 500 m of the drill rig. The monitor would also be responsible for recording caribou behaviour near the drill rig, to add to our understanding of how drilling operations affect caribou behaviour.
- Finally, Ur-Energy will commit to not drilling within a 3 km buffer from the Thelon River during the 2007 post-calving period, to avoid disturbing water crossing sites. No monitoring of caribou crossing the Thelon River is proposed, as this would require helicopter flights along the river.

The results of any caribou monitoring which takes place and a summary of caribou observations made at the camp will be made available to the Beverly and Qamanirjuaq Caribou Management Board (BQCMB) and the Government of the Northwest Territories (GNWT).

We hope that this letter addresses at least some of the concerns raised by the BQCMB and GNWT regarding this drilling program. If you have any comments or questions, please feel free to contact us to discuss further.

Yours very truly,

GOLDER ASSOCIATES LTD.



Damian Panayi, B.Sc.
Wildlife Biologist



Ron G. Barsi, P.Geo., Principal
Environmental Management and Senior Mining Specialist

cc: Deborah Johnson
South Slave Regional Biologist, Environment and Natural Resources, Government of the Northwest Territories, Box 900, Fort Smith, Northwest Territories, X0E 0P0

Martin Haefele
Senior Environmental Assessment Officer, Mackenzie Valley Environmental Impact Review Board, PO Box 938, 5102-50th Avenue, Yellowknife, Northwest Territories, X1A 2N7

Ur-Energy Inc.

Screech Lake Exploratory Drilling Project

Mackenzie Valley Environmental Impact Review Board

Response to Deninu Kue First Nation Hearing Presentation

INTRODUCTION

On the second day of the Ur-Energy Screech Lake Hearing (January 17, 2007), the Deninu Kue First Nation (DKFN) gave a presentation to the Mackenzie Valley Environmental Impact Review Board (MVEIRB) for Ur-Energy's application to conduct a Uranium Exploration Project at Screech Lake in the Thelon River Basin and the Traditional Territory of the Akaitcho Dene First Nation. A number of questions were posed in this presentation to a variety of parties. Ur-Energy committed to answering the questions posed to them in this presentation in written form after the hearing. This letter is intended to fulfill this commitment. The following questions were taken directly from the presentation posted on the public record.

Question

Within a 35 mile radius of current mining activities, are fossil fuels affecting the taste of vegetation for all herbivores and omnivores? What data is available?

Answer

To our knowledge, there is no data on this subject for the study area specified.

Question

Fifty thousand caribou were coming between these two mines (Diavik Diamond Mine Inc. [Diavik] and BHP Billiton Diamonds Inc. [BHPB]) 15 years ago to nothing at all going between there or avoiding this area all together. What data is available?

Answer

Data currently being collected regarding caribou migrations in this area include the movements of satellite-collared cows and aerial surveys conducted from both the Ekati and Diavik mines.

Analysis of the total number of caribou observed in the Ekati study area indicates that the number of caribou passing through the study area varies widely from year-to-year, but there is no trend towards decreasing total numbers other than what would be expected by a declining overall population (BHPB 2006). However, there does appear to be avoidance of the mine footprint by caribou within the Ekati wildlife study area (BHPB 2006). On a larger scale, there is

some evidence to suggest that Bathurst caribou avoid passing within 30 km of major developments (Johnson *et al.* 2005).

Results from the 2006 wildlife monitoring have not yet been released, but in mid-July 2006, almost half (five) of the collared Bathurst caribou cows passed between the Ekati and Diavik mines (Environment and Natural Resources 2007). Collar movements are typically representative of large numbers of caribou, particularly during the post-calving migrations.

There continue to be enough caribou on in the Lac de Gras area to support an outfitting camp for the sport hunting of caribou. Courageous Lake Caribou Camps operate the Lac de Gras Caribou Camp, on the eastern end of Lac de Gras.

Question

In the Ur-Energy application, they foresee impacts as negligible and should not be considered an environmental impact or consequence on hydrology, air quality, noise, terrain, fish and fish habitat, soil and vegetation, wildlife and wildlife habitat, heritage assessment requirements, traditional land use, and socio-economics. What mechanism, application, or confirmation did Ur-Energy use to determine or foresee impacts?

Answer

The methods used in the environmental screening (Golder Associates Ltd. [Golder] 2006) were presented in Section 8.0 of the document. They have been copied below for your information.

ENVIRONMENTAL SCREENING METHODS

This environmental screening study was conducted to provide a cursory description of the physical and biological environments of the Screech Lake target area. Additional information assessed included heritage, traditional and non-traditional land use, and socio-economic environment. The evaluation could then be used to determine the potential impact that would occur from the proposed exploration drilling Program. Thus, by means of environmental diligence and pro-active planning on the part of Ur-Energy, an attempt could be made to restrict the scale of disturbances commonly associated with this type of mineral exploration program. The issues addressed during the evaluation of potential environmental impacts included:

- changes to air quality and noise pollution;
- changes to surface and ground water;
- surface disturbance to soil and vegetation, and increased erosion potential;
- disturbance to local wildlife populations and habitats;
- disturbance to sensitive plant and animal species;
- potential changes to fish and fish habitat;
- changes to current land use practices (e.g., trapping, forest harvesting);
- disturbance to unknown heritage resource sites;
- changes to socio-economic conditions; and,
- potential for cumulative environmental effects.

IMPACT ASSESSMENT METHODS

To assess potential residual effects and impacts of the mineral exploration program on any particular element of the physical, biological, cultural, and socio-economic components of the existing environment, specific impact description criteria were employed. These anticipated effects or residual effects were defined in terms of direction, magnitude, duration, geographic extent, and frequency for each potentially impacted component.

Direction is defined as positive, neutral, or negative with respect to beneficial or adverse effects from the exploration program on the existing environment.

Magnitude can be described as negligible (i.e., no measurable impact), minor, moderate, or major with respect to the degree of change to occur as the Program proceeds. Definition of degrees of magnitude is difficult because a minor, moderate, and major impact could be defined differently for each environmental component and often differently within various aspects of one component. Thus, general guidelines for the terms were utilized to qualify relative differences in magnitude of the potential impacts.

- **Negligible** - no measurable effect on the natural population or physical component.
- **Minor** - affects a number of individuals within but not entire natural population.
- **Moderate** - a portion of a natural population (or physical component) is affected where a change in abundance or distribution of that natural population may result. However, the integrity of the population (or physical component) is unaffected.
- **Major** - a natural population or an entire physical component (e.g., topography, surface water or ground water quality and quantity) is

affected in sufficient magnitude to cause a change that affects the integrity of the population or physical component.

Duration - determined as the length of time the environmental effect occurs and reversible nature of impact when disturbance is removed (*i.e.*, reclamation of disturbed areas). Short-term impact is confined to the period of construction of drill pads and access trails. Medium-term impact is equivalent to the lifespan of the exploration program (*i.e.*, includes construction and drilling activities). Long-term impact implies disturbance continues past program decommissioning.

Occurrence - frequency of disturbance over the specified duration and described as: infrequent (one occurrence), frequent (periodic occurrences), and continuous. Occurrence may also refer to the probability of an event happening and is described as very unlikely, unlikely, likely, and very likely. This latter use of occurrence is regarding risk context only, in accident related activities (*e.g.*, spills).

Geographic Extent - refers to affected area and is defined as site specific (restricted to the target sites), local, regional, or provincial.

Since much of the proposed exploration program activities would involve only one active drill pads at any one time (*e.g.*, no access routes needed), each environmental component was first assessed according to the above criteria. The overall environmental consequence of the impact was then evaluated and determined as:

- **Negligible** - if negligible to minor magnitude, short- to medium-term duration, infrequent to frequent occurrence, and site-specific or local geography.
- **Low** - if minor to moderate in magnitude, short- to long-term in duration, infrequent to continuous occurrence, and site-specific or local geography.
- **Moderate** - if moderate to high magnitude, short- to long-term duration, frequent to continuous occurrence, and do not extend beyond the local area.
- **High** - if moderate or major magnitude, medium- to long-term duration, frequent to continuous occurrence, and extends into the regional area.

Question

In the application, you provide location maps. DKFN requires the footprint of both the camp area, containment area, and drilling area.

Answer

The footprints requested are unavailable, but the following information may help to address the concern. The camp is located at 62.75 N and 104.59 W, and currently consists of four framed tents, each approximately 12 feet by 18 feet. This will be increased to six tents for 10 to 12 people with the commencement of the drilling program.

The exact location of the drilling sites have yet to be determined, but all drilling will be within the areas indicated in Figure 2-1 of the screening document (Golder 2006) attached to the Land Use Permit application. Drilling will be conducted with a single drill, with a footprint of less than 30 m by 30 m.

No containment area will be necessary, as all drilling fluids will be pumped back down the drill hole.

Question

DKFN requires Ur-Energy to provide a 3D model of the entire drill process and hardware used to drill.

Answer

A 3D model is not available for a single hole drilling program. The specifications on the drill hardware were provided in the Land Use Application and Environmental Screening Document.

Question

What are Ur-Energy's plans if this project is feasible?

Answer

Ur-Energy must first identify if an economic resource exists before any future plans can be made. That is the purpose of the exploration program.

Question

Will this area become a mine?

Answer

Ur-Energy cannot answer this question at this time, as we must first determine if an economic resource exists before any future plans can be made.

Question**Where and who will the uranium be distributed to? Is it for war?****Answer**

Ur-Energy is not a uranium producer. However, we have provided some facts below on uranium to help clarify how uranium produced in Canada is used and distributed. A more detailed response is available in the letter from Ur-Energy that accompanies this submission.

The Canadian Nuclear Safety Commission (CNSC) is the federal nuclear regulatory and licensing agency and is responsible for regulating domestic nuclear facilities. It is also charged with administering the country's safeguard agreements. It was set up in 2000 under the new *Nuclear Safety and Control Act*, as successor to the Atomic Energy Control Board, which had been in place since 1946. The CNSC reports to parliament through the Minister of Natural Resources.

Canada's uranium is sold for electrical power generation and international safeguards are in place to ensure it is not used for other purposes. The CNSC assists the International Atomic Energy Agency (IAEA) by allowing access to nuclear facilities and arranging for the installation of safeguards equipment at the sites. It reports regularly to the IAEA on nuclear materials held in Canada. The CNSC also manages a program for research and development in support of IAEA safeguards.

Canada's uranium is used for peaceful purposes, mostly for electrical power generation. Canada is a party to the Nuclear Non-Proliferation Treaty (NPT) as a non-nuclear weapons state. Safeguard agreements under the NPT came into force in 1972 and the additional protocol in relation to this came into force in 2000. A bilateral safeguards agreement is required with each nation as a precondition of the sale of uranium; this is in addition to requirements of the NPT and IAEA. Canada is also a member of the Nuclear Supplier's Group.

Question**Health issues such as cancer are a concern for the Chipewyan of DKFN. What mechanisms are in place to address this concern?**

Answer

Health issues are a concern to all Canadians. Ur-Energy discussed the safe handling and transport of uranium mineralized core samples in considerable detail during the hearings. Samples are treated as hazardous goods, and safe handling and transport are prescribed by government regulations. With respect to core samples, they are wrapped in lead foil and placed in sealed metal containers. Once sealed, they can be safely transported by plane.

Question

How will uranium be transported and contained? It cannot be transported by plane or barge. Is there going to be a road? If so, from where? What is the report card and safety record?

Answer

Ur-Energy discussed the safe handling and transport of uranium mineralized core samples in considerable detail during the hearings. Samples are treated as hazardous goods, and safe handling and transport are prescribed by government regulations. With respect to core samples, they are wrapped in lead foil and placed in sealed metal containers. Once sealed, they can be safely transported by plane.

There have been no serious incidences with respect to the transport of core samples.

There will be no roads of any nature associated with the proposed exploration program.

Question

What plans are in place for reclamation and closure of both drill site and camp area?

Answer

A proposed restoration plan is outlined in Section 7 of the Application for Land Use Permit. This section has been added below.

All garbage, reserve fuel, empty drums, spill matting, propane bottles, *etc.* will be returned to Yellowknife throughout the program and during final decommissioning. Combustible materials will be incinerated on a regular basis

at the camp site using an approved incinerating device. The incinerated residue will be collected and disposed of in Yellowknife.

Grey water from kitchen and dry facilities will be channelled to a settling sump (the nearest natural depression). Camp sewage will be collected in a pit constructed below an outhouse at a minimum depth of 36 inches. Several service flights will be made into the camp during the course of the drilling program. Each return flight will be maximized with respect to empty fuel drums, propane bottles, plus camp and fuel garbage, and any recyclable materials. Additional flights will be employed upon completion of the program to remove any remaining empty fuel drums or additional recyclable materials.

Upon completion of the drill holes, the casing will be removed and if unable to do so, it will be cut off at ground level. Furthermore, the top 10 m of all holes will be filled with bentonite or cement as recommended in the Mineral Exploration Guidelines for Saskatchewan. Before leaving the site, each hole will also be marked with a noticeable stake to identify the purpose and designation of the drill hole. All materials will be removed from the drill site (*i.e.*, garbage collected, absorbent matting retrieved and properly disposed of, empty fuel drums and propane bottles returned to camp fuel cache and extracted from the site by available service flights). Each drill site will be inspected by the camp supervisor who will determine if additional clean-up is required. Effort will be made to return each site to its natural state upon completion.

Prior to camp break-up the project supervisor will contact the designated Site Inspector at least ten days in advance of shut-down of the project to advise of removal of equipment, completion of project, and site restoration. The camp will be dismantled upon completion of the exploration program and the location will be inspected prior to leaving. All sumps will be backfilled and recontoured to match the surrounding landscape. All scraps metal, machinery, barrels and kegs, buildings, and building materials will be removed to an approved waste disposal facility prior to expiration date of the permit.

Question

How can Ur-Energy ensure it will be safe after clean up for the drilling program and any future activity?

Answer

Ur-Energy will use best practices as described in IR0607-003-07. In addition, upon closure of the site, the area will be inspected by the designated Site Inspector prior to Ur-Energy leaving the area.

The following questions were also posed in the presentation. Ur-Energy feels that these are aimed towards other parties and as such has not answered these questions.

- Why is the MVEIRB considering any mineral exploration activity without proper guidelines for the eco-system of the Northwest Territories (NWT) and Akaitcho Territory? How can they determine best practices for NWT with guidelines developed for Saskatchewan? What is the report card and safety record for Saskatchewan's uranium development?
- What role is the federal government taking at this hearing and in the decision of this application?
- During a proposed cruise missile testing in the early 1980's, it was the position of Denedeh to be a nuclear free zone. Will this be taken into consideration when it comes to making decisions?
- What monitoring mechanism is in place to ensure minimal or negligible impacts to the Thelon River Basin?
- With the outstanding amount of mineral claims and 171 active prospecting permits in the Thelon River Basin, what monitoring mechanism are in place to assess these types of activities in this area?

REFERENCES

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Golder Associates Ltd. 2006. Environmental Screening Study for Ur-Energy Inc. Permit Application to Conduct Uranium Exploration Drilling at Screech Lake, Northwest Territories.

VIA MAIL

January 26, 2007

Gabrielle Mackenzie – Scott
Chairperson
Mackenzie Valley Environmental Impact Review Board
200 Scotia Centre
Box 938
5102 – 50th Avenue
Yellowknife NT X1A 2N7

Dear Ms. Mackenzie – Scott:

Re: Community Hearing Ur Energy

It is with disappointment and dismay that I find it necessary to provide some background information concerning the operations of the uranium mining industry in Northern Saskatchewan. I have read the transcripts of presentations from Chief Freddie Throassie, Acting Chief George Tsannie, Ron Robillard and Napoleon Pachet, made at the captioned hearing and feel you should be aware of industry perspectives on issues raised. The topics of concern can be considered:

- Policies acting against Dene society
- Lack of Benefits from uranium mining
- Dissatisfaction with donations
- Confusion over older abandoned uranium sites
- Sensitivity towards caribou.

Dene Society

The uranium industry has entered into the Athabasca Working Group Impact Management Agreement (AWGIMA) that sets out how we work with our neighbours in the seven communities of the region. The Agreement deals at length with:

- Jobs, training and business opportunities
- Environmental Protection
- Benefit sharing

It has been considered as a model and used by others to prepare similar arrangements.

Industry has participated in the Athabasca Land Use Planning Process, co managed by the Provincial Government and the Prince Albert Grand Council, and are already using the results of the Traditional Land Use and Occupancy Mapping that formed a component of the work.

An Athabasca Community Coordinator has been hired together with an assistant, to work directly with local leadership on issues of community interest. Each mine site now has an “Athabaskan Elder” advisor to assist management and workforce over cultural or sensitive matters.

Other vehicles to consult with our neighbours include the Joint Government Industry Environmental Quality Committees and the Community Vitality Monitoring Partnership Process.

Lack of Benefits

Depending upon the level of activity in industry at any given time, the uranium mines employ a workforce of about 54% northern content 85% of whom are aboriginal. I doubt any other industry in Canada can match that performance. It is the right thing to do, and Athabascans can know what efforts we are using to attempt to improve on the performance. At any given time some 300-450 employees from the Athabasca work in the uranium mines.

Industry has worked hard to facilitate joint ventures wherein local businesses can contribute to the construction and operation activities. Examples of services that currently conduct tens of millions of dollars of business annually include:

- Mine contracting
- Mine construction
- Transportation
- Cleaning/janitorial
- Security
- Environmental monitoring

Donations

It may be helpful to point out that over recent years donations through the AWG have included:

- \$240K for the Athabasca Regional Hospital
- \$120K for the refurbishing of Pine Channel Retreat
- \$50K for a fish plant at Hatchet Lake, with a further \$50K earmarked for a similar plant at Fond-du-Lac
- \$50K approx towards an arena at Hatchet Lake
- Numerous amounts to support festivals, cultural events, elder initiatives, youth activities etc.

It is recognised that the communities do lack fundamental amenities enjoyed by others in Canada, but it is also most unfortunate that Chief Throassie considers a donation of \$5000 a “slap in the face”.

Abandoned Mine Sites

Athabasca leadership is rightly concerned that there exists some abandoned mine sites in the area. The impression left on the transcripts is that nothing is being done about them, when in fact both levels of government have some \$25 million identified for site decommissioning and reclamation. Athabasca's have been consulted on this and will likely perform much of the vital work themselves. Modern operating mines cannot even begin construction without there being in place funds to ensure decommissioning; even if the proponent ceases to exist. We are also very comprehensively regulated.

Caribou

Our industry considers the caribou indeed a wonder of nature, and understands the importance of this animal to the Dene. We share an interest in their protection. We are quite prepared to contribute to a full understanding of the herds, and indeed have addressed the issue to some extent through various Environmental Impact Assessments in connection with current mines. A Commitment has been made towards providing a \$25,000 annual grant for 5 years towards the research needs of the Caribou Management Board, in connection with our exploration activities on the Baker Lake area

I hope these comments provide a broader perspective of our industry in Northern Saskatchewan than that offered by your presenters. What is written here only touches upon a large and complex set of relationships and processes. We have sound environment, safety and social performances to back up our intentions. We would be most happy to have members of the MVEIRB to see for themselves all that we do, others who have visited us leave feeling secure about our activities. I would look forward to any further communications you may wish. I shall be overseas Jan 27 – Feb 09 but available to cooperate thereafter. Should you want support in the meantime please contact Robert Pollock at (306) 343-4548.

Yours truly,

John Tosney
Executive Advisor

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cc: Chief F. Throassie, Black Lake
Acting Chief G. Tsannie, Hatchet Lake
Vice Chief D. Deranger, PAGC
Eric Craigie, Ur Energy
John Scarfe, Cameco



February 26, 2007

Gabrielle Mackenzie-Scott
Chair - Mackenzie Valley Environmental Impact Review Board
5102 – 50th Avenue
Yellowknife, Northwest Territories
X1A 2N7

Dear Ms. Mackenzie-Scott:

Re: Ur-Energy – Community Hearing

Ur-Energy acquired mineral rights at Screech Lake in September 2004. In 2005 and 2006, the Company conducted airborne and ground geophysical surveys, prospecting and geochemical surveys on the mineral claims. To date, significant resources have been invested in this project. Expenditures are in excess of three million dollars and work has resulted in the advancement of the project to a “drill-ready” stage.

In 2005, Ur-Energy applied for a Land Use Permit (LUP) to conduct a proposed mineral exploration drilling program. The application was referred to environmental assessment (EA) by the Mackenzie Valley Land and Water Board (MVLWB). Ur-Energy withdrew the application because the company wanted to complete an environmental review prior to entering the EA process. Golder Associates was commissioned by the Company to assist with the review. The environmental screening study was completed in July 2006 and Ur-Energy re-applied for a LUP. The application was received and deemed complete by the MVLWB in July 2006.

In March 2006, Uravan Minerals Inc. (Uravan) submitted an application for a proposed exploratory drilling program on the mineral property adjacent to the western boundary of the Screech Lake mineral claims. Uravan’s proposed mineral exploration program was virtually identical to the one contemplated by Ur-Energy. Uravan was issued a LUP in May 2006. The terms and conditions of the permit allow Uravan to conduct work at any time over the two year period of the permit.

In September 2006, the MVLWB referred Ur-Energy's proposed mineral exploration program at Screech Lake to EA because the Board's preliminary screening report found the proposed exploration program might be the cause of public concern. **The preliminary screening did not find that the proposed exploration program might have significantly adverse impact on the environment.** The decision by the MVLWB to allow Uravan's proposed exploration to proceed unencumbered while in turn, forcing Ur-Energy's virtually identical exploration program to undergo expensive and time-consuming environmental review, raises serious concerns with respect to the impartiality of the regulatory process in the Northwest Territories. **We believe the Board's decision with respect to Ur-Energy was prejudicial to the Company. Any fair-minded person would be left questioning the inconsistencies in the decisions of the MVLWB.**

During the Community hearing in Lutsel K'e in January 2007, many of the issues that were raised related to the environment. Ur-Energy addressed environmental issues extensively in their LUP application, in pre-hearing information requests and during the hearing. The proposed mitigation measures will ensure that the proposed exploration program has minimal short-term environmental impact and no long-term effect.

Many other concerns were expressed during the hearing. These included concerns with respect to uranium mining, Aboriginal and Treaty Rights, and Special Management Areas. None of these issues is related to the proposed exploration program; most fall within the jurisdictions of Indian and Northern Affairs Canada, the Government of the Northwest Territories and Aboriginal Groups. While Ur-Energy believes that these issues are important, they are unrelated to mineral exploration and are outside the scope of the proposed exploration program. **The affected parties should seek a separate forum to work towards resolution of these issues.**

As a result of the Public hearing, Ur-Energy is providing the following additional information for consideration by the Mackenzie Valley Environmental Impact Review Board (MVEIRB).

1.0 URANIUM EXPLORATION AND MINING

Considerable discussion occurred at the hearing regarding uranium mining, uses of uranium and public safety. Because the proposed development by Ur-Energy is exploratory in nature and no uranium mineralization has been found to date at Screech Lake, any discussion of these matters is highly premature. However, Ur-Energy is aware of the public concerns and would like to briefly address some of these issues:

1.1 Regulation and Safety

The Canadian Nuclear Safety Commission (CNSC) is the federal nuclear regulatory and licensing agency and is responsible for regulating domestic nuclear facilities. It is also charged with administering the country's safeguard agreements. It was set up in 2000 under the new *Nuclear Safety and Control Act*, as successor to the Atomic Energy Control Board which had been in place since 1946. The CNSC reports to parliament through the Minister of Natural Resources.

Canada's uranium is sold for electrical power generation, and international safeguards are in place to ensure it is not used for other purposes. The CNSC assists the International Atomic Energy Agency (IAEA) by allowing access to nuclear facilities and arranging for the installation of safeguards equipment at the sites. It reports regularly to the IAEA on nuclear materials held in Canada. The CNSC also manages a program for research and development in support of IAEA safeguards.

1.2 Non-proliferation

Canada's uranium is used for peaceful purposes, mostly for electrical power generation. Canada is a party to the Nuclear Non-Proliferation Treaty (NPT) as a non-nuclear weapons state. Safeguard agreements under the NPT came into force in 1972 and the additional protocol in relation to this came into force in 2000. A bilateral safeguards agreement is required with each nation as a precondition of the sale of uranium; this is in addition to requirements of the NPT and IAEA. Canada is also a member of the Nuclear Supplier's Group.

1.3 Uranium Mining

Modern uranium mining commenced in 1975 with the Rabbit Lake mine in northern Saskatchewan. Since then, several newer mines have been commissioned in the province. These operations have an enviable record with respect to worker health, public safety and the environment. All new mines, prior to development, must set aside the funds required for safe decommissioning of the mine sites.

In Canada, earlier uranium mines have been safely decommissioned in the Elliot Lake and Bancroft areas and the Federal, Provincial, and Territorial governments are spending millions of dollars to safely reclaim the mines at Port Radium and Uranium City. It is of note that uranium mining at the latter two sites was done by the federal government through Eldorado Nuclear Ltd., a federal crown corporation. The federal government operated the mines and it is their responsibility for reclamation.

1.4 Uses of Uranium

Medical Isotopes

The production of many medical isotopes involves the irradiation of uranium in a reactor. Although only relatively small amounts of uranium are consumed in this process, it is a critical component of nuclear medicine. Radiotherapy is used to diagnose and treat many medical conditions, especially cancers, using radiation to weaken or destroy targeted cells. Millions of nuclear medical procedures are performed each year and millions of lives are being saved or prolonged. The demand for nuclear procedures is increasing rapidly.

Power Generation

Most of the uranium that is mined in Canada is used in power generation. Canada currently has 18 nuclear power reactors and the United States has over 100. In France, 59 nuclear reactors produce 78% of the country's electricity. Japan is third in the world following the USA and France in nuclear power generation. The Japanese recognize that nuclear power is clean, safe, reliable, and cost-effective. Japan has 52 commercial reactors producing 35% of the country's electrical power. **It is inconceivable that Canadians should be opposed to uranium mining and nuclear power generation because of concerns about Hiroshima and Nagasaki when the Japanese use nuclear power to supply a major part of their electrical energy and are strongly supportive of uranium mining.**

2.0 CARIBOU

Caribou populations can be significantly impacted by a number of factors including predation, harvesting, severe weather conditions, parasites, disease, climate change, and habitat changes caused predominantly by natural processes such as wildfires. The Beverly and Qamanirjuaq Caribou Management Board (BQCMB) was formed in 1982 with a mandate to monitor and study the BQ caribou herds. During the 25 year period in which the Board has been functioning, it has not documented any cases where low impact exploration programs such as the one proposed by Ur-Energy have had any measurable negative impacts on caribou. The potential cumulative effects of the proposed program were evaluated in the qualitative cumulative effects assessment submitted to the Board.

Ur-Energy has proposed several measures to mitigate any possible impacts. These include an agreement to avoid carrying out land use operations in May during the major spring migration, to suspend land use operations when caribou come within 500 metres of the drill rig and to suspend any activities that take place within 3 kilometres of a water crossing when caribou are present. These are reasonable measures that will minimize any potential impacts of the land use operation on caribou.

3.0 ATHABASKA DENESULINE

The Athabaska Denesuline presentation was highly critical of the uranium industry in northern Saskatchewan. In response to this presentation, AREVA Resources Canada Inc. sent a letter to the MVEIRB that provided a more reasonable perspective on the industry. A copy of this letter is being submitted as part of Ur-Energy's post-hearing response to issues raised by the Denesuline.

On November 29, 2006, the Fond Du Lac Denesuline First Nation entered into an agreement with CanAlaska Uranium Ltd. (CanAlaska) for uranium exploration on reserve lands covering 95,030 acres. On December 21, 2006, a subsequent agreement was announced with the Black Lake Denesuline First Nation on 79,163 acres of reserve lands. Chief Victor Fern of the Fond Du Lac Denesuline commented, "We very much look forward to working with CanAlaska in exploring our lands. The opportunity enables us to participate in the growth of the uranium exploration industry and to develop the economic potential of both our human and mineral resources." In a similar comment, Frederick Throassie, Chief of the Black Lake Denesuline, said, "We are most pleased to be working with CanAlaska in exploring for uranium. Developing the mineral wealth of our lands for future generations represents one of our highest priorities."

4.0 COMMERCIAL TOURISM

Several commercial businesses bring tourists to the Thelon watershed region. These operations are seasonal and contribute to the Northwest Territories economy and to local communities, but probably at minimal levels. While generally deemed to be benign operations, their environmental impacts are far from small. Great Canadian Ecoventures has campsites located along eskers that are important pathways for wildlife. The company has brought thousands of tourists from all over the world to the upper Thelon watershed and tourists are encouraged to get up close and personal with wildlife. This can have potentially significant impacts on wildlife behaviour. At best, these activities habituate animals to people. Similarly, Canoe Arctic operates a business that specializes in bringing hundreds of people to travel along hundreds of kilometres of the Thelon River. Again this is not done without environmental impact. The popularity of major national parks such as Banff, Jasper, and Nahanni has resulted in significant degradation of the natural environments. Tourism may be sustainable but it does have an environmental impact. **It seems a perverse twist of logic where activities such as tourism, that encourage and promote close contact between humans and wildlife, are deemed to be environmentally friendly while industries such as mineral exploration, where such activities are to be avoided at all costs, are deemed to be destructive.**

Ur-Energy is supportive of the tourism industry and believes that under controlled conditions it can be conducted without significant adverse effects and the Company has planned its proposed development in order to minimize impacts on this industry. The campsite near Screech Lake is located six kilometres east of and out of sight of the Thelon River and most exploration will be done away from the river during non-tourist season.

5.0 GLOBAL WARMING

Current global warming trends have been largest in the earth's northern regions. Measurable temperature increases in the northern parts of Canada are several degrees higher than in the south. These higher temperatures have had a strong effect on the northern environment and the effects are expected to substantially increase. They may have a negative impact on caribou populations and habitat. In a Position Paper published in 2001, the BQCMB expressed a concern about the effects of climate change on caribou. They noted, "Among the predicted effects of climate change is an increasing frequency and severity of forest fires, which will change forage ability on caribou winter range. Negative consequences of these fires will include more frequent interruptions to caribou foraging due to mosquito and warble fly harassment and greater incidence of other parasites and diseases. It is uncertain if and how those negative effects will be compensated for by increases in forage availability during warmer and longer summers. Changes in the timing of spring plant growth relative to the needs of cows and calves may increase stresses for cows during calving and post calving periods."

In February 2007, the United Nations International Panel on Climate Change noted that there has been a shift in the source of CO₂ and other gases that contribute to global warming. This shift has been from industrial activities to the production of electricity. **Electrical generation from coal, oil, and natural gas plants is now the largest contributor of greenhouse gases in the global environment.** Hydroelectric and nuclear power are the only major electrical sources that do not produce greenhouse gases. However, unlike large hydro-electric dams, nuclear power has minimal environmental impact.

Nuclear power provides a safe, reliable, and cost-effective source of electricity. If carbon dioxide producing power generating plants were phased out and replaced with nuclear plants, atmospheric pollutants would be greatly reduced and global warming impacts would significantly diminish. Opponents of uranium exploration, mining, and nuclear power should bear this in mind. Their opposition is not based on environmentally sound practices. Instead, it demonstrates a profound lack of understanding of the critical issues that are now affecting the global environment.

6.0 BAKER LAKE HUNTERS AND TRAPPERS

This response was submitted after the hearing by Orin Durey of Baker Lake and was included as a presentation of the Baker Lake Hunters and Trappers Organization, although Mr. Durey appears to have no official status with the Organization. The document he submitted is long on rhetoric but devoid of substance. It can best be described as a rambling, misleading, wildly speculative, error-filled diatribe against mineral exploration and mining in general.

7.0 PROPOSED NATIONAL PARKS AND PROTECTED AREAS

The proposed National Park on the East Arm of Great Slave Lake is located about 140 kilometres west of Screech Lake. On December 12, 2006, the Lutsel K'e Dene First Nation and the Parks Canada Agency signed a Memorandum of Understanding respecting matters associated with exploring the feasibility of expanding the boundaries of the proposed park. The preliminary area of interest for the expanded park is shown in Map B of the MOU. Screech Lake is located over 80 kilometres outside of the boundary of the proposed park expansion. Exploration will not affect the park.

In September 2006, the MVLWB recognized that the proposed exploration program at Screech Lake would have no significant impact on the environment. In its mitigation measures, Ur-Energy devoted considerable efforts to ensuring that this is the case. Additionally, the Company has worked hard to alleviate reasonable public concerns about the project. We believe that most of the outstanding concerns are unrelated to environmental issues and to mineral exploration. We urge the Board to carefully review this proposed development. We believe that a fair and equitable decision will allow the Company to proceed with the exploratory drilling program at Screech Lake.

Yours truly,



Eric Craigie
Senior Vice President, Ur-Energy Inc.