

Indian and Northern
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December 07, 2007

Dear Interested Party:

In response to issues raised during the environmental assessment process of Ur-Energy's application for a land use permit for exploration, the Responsible Ministers committed to developing an action plan to address long-term land and resource management in the Thelon region.

The purpose of the plan is to re-set the operating environment following the conclusion of the environmental assessment process and to ensure there is a balance of interests in the Thelon region. To confirm that all interests are adequately reflected in the planning process, a key component of the Responsible Ministers' approach to developing this plan is to actively engage decision-making partners and other parties in discussions regarding future land and resource management in the area.

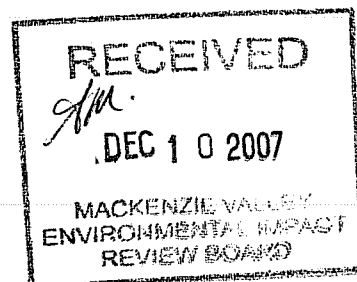
Canada recognizes Aboriginal groups with asserted rights in the Upper Thelon region and the Government of the Northwest Territories as partners in the development and implementation of this management plan; and is committed to working with parties identified in the enclosed document to create certainty around land and resource management in this area.

As a starting point for these discussions, the enclosed document sets the context for the Upper Thelon Land and Resource Management Plan from an Indian and Northern Affairs perspective. It includes proposed short and long term goals as well as components that the Responsible Ministers recognize as important.

In an effort to move forward, Teresa Joudrie, the department lead coordinating this initiative, will be contacting you within the next month to facilitate your involvement in the development and implementation of the plan. In the meantime, if you have questions or concerns, Teresa can be reached by phone at (867) 669-2588 or by email at joudriet@inac-ainc.gc.ca.

Sincerely,

Trish Merrithew-Mercredi
Regional General Director
Northwest Territories



Distribution List Upper Thelon Land and Resource Management Plan Status Report

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BOARDS:

Gabrielle Mackenzie-Scott, Chair	Mackenzie Valley Environmental Impact Review Board	867-766-7074
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07/12/2007

STATUS REPORT ON UPPER THELON LAND AND RESOURCE MANAGEMENT PLAN

Preamble

Since the announcement of the Responsible Ministers' decision regarding MVEIRB's recommendation to reject UR Energy's application for a Land Use Permit for exploration in the Thelon geologic basin, Indian and Northern Affairs Canada (INAC) has been working to develop an integrated plan to manage land and resources in the Thelon region. The purpose of the plan is to re-set the operating environment following the conclusion of the Environmental Assessment process and create a balance of interests in the Thelon region. The Crown has significant interest in the Thelon geologic basin as it contains uranium resources that represent a strategic commodity that are an important source of "green" energy for Canada.¹

Components of the plan include short- and long-term goals. In the short term, we propose to undertake work that will create certainty for parties with interests in the region, with specific "wins" identified for parties with interests in the area. In the longer term, we propose to initiate studies that will inform the development of a balanced land and resource management plan and to facilitate improved relations among industry and Aboriginal groups with interests in the area.

Still to be finalized are the timeframes for the short and long term pieces of the plan, and the specific lists of parties to be engaged. Decision-making partners include Aboriginal groups with interests in the region: Akaitcho Dene First Nations, Northwest Territory Métis Nation and Athabasca Denesuline, Responsible Ministers for the UR Energy environmental assessment (INAC, Government of the Northwest Territories, Environment Canada) and Natural Resources Canada, who are responsible for developing Canada's energy policy. Other parties include, but are not limited to, industry representatives, resource management boards, and non-government organizations (NGO's); these parties will be kept informed of progress and engaged, as appropriate, in the implementation of the plan. With respect to timeframes, it is proposed that "short term" be defined as within 6 months of the decision, and "long term" be delimited by the end of March, 2010 (i.e. two years after short term goals are achieved).

Summary of Short-term Goals

Short-term goals consist of addressing (or leveraging) one or more of the objectives that have been expressed by parties with vested interests in the area. Such "wins" are defined as an action on the part of a Responsible Minister that contributes to certainty with respect to the values expressed by one or more of the parties, and will serve to indicate that government is hearing and responding to concerns, and create an atmosphere in which all interests can be accommodated.

¹ Sustainable Development Strategy: Moving Forward
<http://www.nrcan.gc.ca/sd-dd/pubs/strat2004/PDFs/sds2004.pdf>

Two such "wins" have been achieved to date:

- Akaitcho First Nations have had their interim land withdrawal approved; and
- Aboriginal groups and organizations with conservation interests have seen the interim withdrawal of the proposed East Arm National Park area of interest.

A short term win for industry has yet to be achieved. In the short term, we will undertake work with decision-making partners and other parties to seek agreement for a portion of the Thelon geologic basin to be defined as "open for business", thus allowing at least some mineral exploration to proceed.

Summary of Long-term Goal

The long-term goal is for decision-making partners to develop a land and resource management plan for the Thelon geologic basin that adequately balances the various interests of all parties and guides development in the region. Such a plan would respond to MVEIRB's suggestions that baseline environmental information be gathered to support resource management decisions and that land use planning be undertaken in the area. Six primary components are envisioned for the plan to achieve its goal:

- Geologic studies;
- Environmental studies;
- Cultural/traditional knowledge studies;
- Regional engagement;
- Industry-community liaison; and
- Progress on lands, resources and governance negotiations.

The three sets of studies will provide data that will inform decisions over which portions of land should be open for development and which should be conserved. Although the studies focus on three different topics, it will be important that they are coordinated to ensure efforts are focussed on areas that are most contentious, and therefore require the most information to support decision making. This process is distinct from, but will consider linkages to, the draft Thelon Game Sanctuary Management Plan.

To ensure success, the process must be inclusive and transparent. To that end, the latter three components (regional engagement, industry-community liaison and claims negotiations) will be critical components that will underpin all stages of the plan.

While detailed discussions regarding the scope and timelines for the studies have not yet been held, some thoughts are offered here as a starting point for planning purposes. It is proposed that the studies be undertaken over a period of two years. Factoring about 6 months' lead time to consult with parties on the scope of the work and 6 months following completion of the studies to review the results and reach consensus on boundaries, a total of 3 years is envisioned between the EA decision and a final plan for land and resource management in the Upper Thelon area. During this period, relief can be granted to mineral rights holders under Section 81 of the Canada Mining Regulations to allow them to hold their properties in good standing. Such a timeline limits the footprint of the area to be studied. As a starting point for discussion, it is proposed that the study area be focused on that portion of the Thelon geologic basin that lies within the

Thelon watershed, as this is the area of overlapping and conflicting interests among parties.

Participants:

This process recognizes the partnership role that Aboriginal groups must play in developing the plan for land and resource management, and the value of engaging other parties in the work. While specific roles of the parties still need to be discussed, the following is envisioned:

Responsible Ministers and Aboriginal Groups:

- coordination and implementation of the plan; leadership of individual components in collaboration with other parties as appropriate

Beverly-Qamanirjuaq Caribou Management Board:

- contribute to the environmental studies through collaboration with GNWT's Department of Environment and Natural Resources on caribou studies

Mineral Exploration Companies:

- provide input to the scope of the geologic study and participate in the review of the results

Natural Resources Canada:

- participate in/contribute to the geologic study

Mackenzie Valley Environmental Impact Review Board:

- consider short term decisions and participate in discussions to finalize the scope of the environmental and cultural/traditional knowledge studies

Mackenzie Valley Land & Water Board:

- consider short term decisions and participate in discussions to finalize the scope of the environmental and cultural/traditional knowledge studies

Other parties:

- engage at various stages of the process; will include the Kivvalli Inuit Association, the Baker Lake Hunters & Trappers Association, NGO's, tourism operators

Four applications to undertake uranium exploration in the Thelon geologic basin are presently before the Mackenzie Valley Environmental Impact Review Board. As the Board conducts these environmental assessments, Responsible Ministers will keep the Board apprised of progress on the Upper Thelon Land and Resource Management Plan.