

Mackenzie Valley Land and Water Board

7th Floor - 4910 50th Avenue • P.O. Box 2130
YELLOWKNIFE, NT X1A 2P6
Phone (867) 669-0506 • FAX (867) 873-6610

August 23, 2007

File: MV2007C0010

Mr. Vern Christensen
Executive Director
Box 938, 200 Scotia Center
YELLOWKNIFE NT X1A 2N7

Fax: 867-766-7074

Dear Mr. Christensen:

Referral to Environmental Assessment
Bayswater Uranium Corporation, MV2007C0010
Mineral Exploration, Thelon Basin, Dubawnt River Watershed, El Lake

This Mackenzie Valley Land and Water Board (MVLWB) met on August 23, 2007 to deal with the aforementioned application. The decision was made to refer the application to the Mackenzie Valley Environmental Impact Review Board (MVEIRB) for an environmental assessment pursuant to subsection 125(1) of the *Mackenzie Valley Resource Management Act*. The reasons for decision and the preliminary screening report are attached for your information.

If you have any questions, contact Kathleen Graham, Regulatory Officer at (867) 669-0506 or email permits@mvlwb.com.

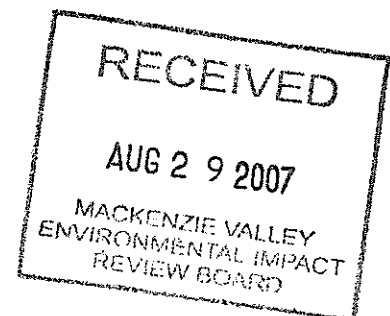
Yours sincerely,

A handwritten signature in black ink, appearing to read "Willard Hagen". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Willard Hagen
Interim Chair

Attachment

Copied to: Gordon Davidson, Bayswater Uranium Corporation
Darnell McCurdy, South Mackenzie District, DIAND, Yellowknife
Kathleen Graham, MVLWB



PRELIMINARY SCREENING REPORT FORM

| | |
|---|---|
| PRELIMINARY SCREENER: MVLWB REFERENCE / FILE NUMBER: MV2007C0010 TITLE: Mineral Exploration, El Lake ORGANIZATION: Bayswater Uranium Corporation MEETING DATE: August 23, 2007 | EIRB REFERENCE NUMBER: |
|---|---|

Type of Development:
(CHECK ALL THAT APPLY)

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | New |
| <input type="checkbox"/> | Amend, EIRB Ref. # |
| <input checked="" type="checkbox"/> | Requires permit, license or authorization |
| <input type="checkbox"/> | Does not require permit, license or authorization |

Project Summary

Bayswater Uranium Corporation is proposing to conduct an early stage mineral exploration program in the Dubawnt River Watershed of the Thelon River Drainage Basin in the vicinity of the Thelon Game Sanctuary. The exploration program will include:

- Limited ground geophysics, Specific drill targets will be determined based on the results of geophysics.
- Geophysical follow-up and drilling in late August / September 2007, or March/April 2008.
- A 5,000m-10,000m diamond drill program consisting of 10-20 drill hole diamond drill program (individual holes between 300-600m deep);
- Airborne Geophysical surveys in 2007 over the West Margin Claims, with follow-up work contingent on survey results; 2008 summer activities contingent on results of previous work.
- Fuel storage;
- The operation of a camp capable of supporting up to 14 people; and
- The use of land and air vehicles to move personnel and equipment.
- Term applied for is 5 years.

The following fuel will be stored at the camp site:

- 125 drums of diesel fuel;
- 200 drums of Aviation Fuel;
- 3 drums of gasoline;
- 30-100lb propane cylinders; and

The following equipment will be used on site:

- 1 Helicopter (206L or equivalent);
- 1 (Longyear LF or equivalent);
- 1 Timberjack (for moving drills on snow);
- 2 Portable water pumps (for camp);
- 1 Generator; and
- 1-2 Snowmobiles/ATVs.

All combustible solid wastes will be incinerated on site. Non-combustibles will be flown to Yellowknife to be disposed of at the solid waste facility. All sewage, drill cuttings and grey water will be disposed of in a natural depression/sump.

Scope

This permit entitles Bayswater Uranium Corporation to conduct the following activities:

- a) Mineral Exploration Work - 62°31'N to 63°40'N. and 104°14' to 105°30' W. (Map sheet No.s 75I/11 & 14, 75P/1, 2, 3, 6, 7, 8, 10, & 11).
- b) Establishment of a 14 person Camp at 63°15'30" N & 104°27'36" W.

Principal Activities (related to scoping)

(CHECK ALL THAT APPLY)

- | | | |
|--|---|---|
| <input type="checkbox"/> Construction <input type="checkbox"/> Installation <input type="checkbox"/> Maintenance <input type="checkbox"/> Expansion <input type="checkbox"/> Operation <input type="checkbox"/> Repair <input type="checkbox"/> Research <input type="checkbox"/> Water Intake <input type="checkbox"/> Other: | <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Industrial <input type="checkbox"/> Recreation <input type="checkbox"/> Municipal <input type="checkbox"/> Quarry <input type="checkbox"/> Linear / Corridor <input type="checkbox"/> Sewage | <input type="checkbox"/> Decommissioning <input type="checkbox"/> Abandonment <input checked="" type="checkbox"/> Aerial <input type="checkbox"/> Harvesting <input checked="" type="checkbox"/> Camp <input type="checkbox"/> Scientific/ <input type="checkbox"/> Solid Waste |
|--|---|---|

Principal Development Components (related to scoping)

- | | |
|--|--|
| <input type="checkbox"/> Access Road <input type="checkbox"/> construction <input type="checkbox"/> abandonment/removal <input type="checkbox"/> modification e.g., widening, straightening <input checked="" type="checkbox"/> Automobile, Aircraft or Vessel Movement <input type="checkbox"/> Blasting <input type="checkbox"/> Building <input type="checkbox"/> Burning <input type="checkbox"/> Burying <input type="checkbox"/> Channeling <input type="checkbox"/> Cut and Fill <input type="checkbox"/> Cutting of Trees or Removal of Vegetation <input type="checkbox"/> Dams and Impoundments <input type="checkbox"/> construction <input type="checkbox"/> abandonment/removal <input type="checkbox"/> modification <input type="checkbox"/> Ditch Construction <input type="checkbox"/> Drainage Alteration <input type="checkbox"/> Drilling other than Geoscientific <input type="checkbox"/> Ecological Surveys <input type="checkbox"/> Excavation <input type="checkbox"/> Explosive Storage <input checked="" type="checkbox"/> Fuel Storage <input type="checkbox"/> Topsoil, Overburden or Soil <input type="checkbox"/> fill <input type="checkbox"/> disposal <input type="checkbox"/> removal <input type="checkbox"/> storage | <input checked="" type="checkbox"/> Waste Management <input checked="" type="checkbox"/> disposal of hazardous waste <input checked="" type="checkbox"/> waste generation <input type="checkbox"/> Sewage <input checked="" type="checkbox"/> disposal of sewage <input type="checkbox"/> Geoscientific Sampling <input type="checkbox"/> trenching <input checked="" type="checkbox"/> diamond drill <input checked="" type="checkbox"/> borehole core sampling <input type="checkbox"/> bulk soil sampling <input type="checkbox"/> Gravel <input type="checkbox"/> Hydrological Testing <input type="checkbox"/> Site Restoration <input type="checkbox"/> fertilization <input type="checkbox"/> grubbing <input type="checkbox"/> planting/seeding <input type="checkbox"/> reforestation <input type="checkbox"/> scarify <input type="checkbox"/> spraying <input type="checkbox"/> recontouring <input type="checkbox"/> Slashing and removal of vegetation <input type="checkbox"/> Soil Testing <input type="checkbox"/> Stream Crossing/Bridging <input type="checkbox"/> Tunnelling/Underground <input type="checkbox"/> Other (describe): |
|--|--|

NTS Topographic Map Sheet Numbers

Map sheet No.s 75I/11 & 14, 75P/1, 2, 3, 6, 7, 8, 10, & 11.

Latitude / Longitude and UTM System:

Mineral exploration work: 62°31'N to 63°40'N, and 104°14' to 105°30' W.
 Camp Location: 63°15'30" N & 104°27'36" W

Nearest Community and Water Body:

Lutsel K'e/El Lake

Land Status (consultation information)

- Free Hold / Private
 Commissioners Land
 Federal Crown Land
 Municipal Land

Transboundary/Transregional Implications

- | | | | |
|---|---|---|--------------------------------|
| <input type="checkbox"/> British Columbia | <input type="checkbox"/> Alberta | <input type="checkbox"/> Saskatchewan | <input type="checkbox"/> Yukon |
| <input type="checkbox"/> Nunavut | <input type="checkbox"/> Wood Buffalo National Park | <input type="checkbox"/> Inuvialuit Settlement Region | |
| <input type="checkbox"/> Wek'èezhii | <input type="checkbox"/> Gwich'in | <input type="checkbox"/> Sahtu | |

Type of Transboundary Implication: Impact / Effect Development

Public Concern _____
 (DESCRIBE)

PHYSICAL - CHEMICAL EFFECTS

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|---|---|-----------------------------------|
| 1. Ground Water | | |
| <input type="checkbox"/> water table alteration | | |
| <input checked="" type="checkbox"/> water quality changes | There is the potential for drill cuttings/fuel to enter the groundwater through the use of natural sumps identified in the Land Use Permit application. The containment of drill cuttings, grouting and sealing of all drill holes with a uranium content greater than 1%, and following fuel handling and spill protocols should mitigate this concern. Sealing artesian aquifers, if encountered, should also mitigate this impact. | 26(1)(d),(e),(g),(m). |
| <input type="checkbox"/> infiltration changes | | |
| <input type="checkbox"/> other | | |
| <input type="checkbox"/> N/A | | |

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|---|---|-----------------------------------|
| 2. Surface Water | | |
| <input type="checkbox"/> flow or level changes | | |
| <input checked="" type="checkbox"/> water quality changes | There is the potential for drill cuttings/fuel to enter surface waters through the use of natural sumps identified in the Land Use Permit application. The containment of drill cuttings, grouting and sealing of all drill holes with uranium content greater than 1%, following fuel handling and spill protocols and sealing artesian aquifers, when encountered, should mitigate this impact. | 26(1)(d),(e),(g),(m) |
| <input type="checkbox"/> water quantity changes | | |
| <input type="checkbox"/> Drainage pattern changes | | |
| <input type="checkbox"/> temperature | | |
| <input type="checkbox"/> wetland changes / loss | | |
| <input type="checkbox"/> other: | | |
| <input type="checkbox"/> N/A | | |

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|---|---|-----------------------------------|
| 3. Noise | | |
| <input checked="" type="checkbox"/> noise in/near water | There is a possibility of some winter drilling on ice surfaces. The noise of this drilling activity is expected to be short term and reversible. No mitigation. | |
| <input checked="" type="checkbox"/> other: noise increase | Other increases in noise should be limited to the immediate location of a drill and to the periods when the drill is active or being moved by the helicopter. The impact is expected to be short term and reversible. LUP Conditions ensure that these temporary noise increases do not occur at times when caribou are present or migrating in the vicinity. | 26(1)h) |
| <input type="checkbox"/> N/A | | |

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|--|--|-----------------------------------|
| 4. Land | | |
| <input type="checkbox"/> geologic structure changes | | |
| <input checked="" type="checkbox"/> soil contamination | There is a potential for the contamination of surrounding lands resulting from drill operations and fuel use. The containment of drill cuttings and following fuel handling and spill protocols should mitigate this concern | 26(1)(g), 26(1)(m) |
| <input type="checkbox"/> buffer zone loss | | |
| <input checked="" type="checkbox"/> soil compaction & settling | Light vehicle, Timberjack and drill movements have the potential to create localized soil compaction. This impact is considered minor and reversible. It has been mitigated through LUP conditions | 26(1)(f) |
| <input type="checkbox"/> Destabilization / erosion | | |
| <input type="checkbox"/> permafrost regime alteration | | |
| <input type="checkbox"/> other: explosives/scarring | | |
| <input type="checkbox"/> N/A | | |

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|---|-------------------|-----------------------------------|
| 5. Non Renewable Natural Resources | | |
| <input type="checkbox"/> resource depletion | | |
| <input type="checkbox"/> other: | | |
| <input checked="" type="checkbox"/> N/A | | |

IMPACT

**6. Air/Climate/
Atmosphere**

MITIGATION

Other

There will be an increase in emissions from machinery operation in this area. This will be temporary and minimal. No mitigation.

N/A

BIOLOGICAL ENVIRONMENT

IMPACT

1. Vegetation

MITIGATION

species composition

species introduction

toxin / heavy accumulation

other:

N/A

IMPACT

2. Wildlife & Fish

MITIGATION

**CONDITION SECTION
LOCATION**

effects on rare, threatened or endangered species

Species at risk that may be encountered in this area include: Peregrine Falcon, Barren Ground Grizzly Bear, Wolverine and Short-eared Owl, all of which are either on or pending addition to Schedule 1 of the *Species at Risk Act*. While conducting their operations the proponent should be aware of the special status and minimize disturbance to, or contact with, these species. Minimizing activity when any rare or threatened species are present, or when migratory birds are present, should mitigate this potential impacts.

26(1)(h),(q)

fish population changes

waterfowl population changes

breeding disturbance

population reduction

species diversity change

health changes
(Identify)

behavioural changes

Caribou and/or other wildlife may avoid the area due to drilling activity. Mitigation includes no harassment of wildlife and handling waste/garbage so as to avoid attracting wildlife. The ceasing of operations when wildlife, such as Caribou, is in the vicinity should mitigate this impact.

26(1)(h), (q)

(Identify)

habitat changes / effects

game species effects

Some species, such as caribou, may avoid the vicinity of operation while drilling is occurring. This should be very localized and short term. Having the proponent cease operations when Caribou are in the immediate area of the operation should mitigate these impacts.

26(1)(h)

toxins / heavy metals

Drill cuttings and/or muds associated with drilling have the potential to be used as a salt lick to bovines and ungulates. The exposure of the sumps to the atmosphere is controlled through Land Use Permit requirements of backfilling and restoration of the sumps upon project completion.

26(1)(d), 26(1)(o)

forestry changes

agricultural changes

other: The proposed El Lake camp and some of the drill targets are approximately 15km southeast of the Thelon River area that has been identified by a Key Migratory Bird Site. This area is especially important areas for moulting Canada geese. Mitigation through Land use Permit Conditions requires the proponent to minimize activity in areas where there are migratory or nesting birds present. **26(1)(h)**

N/A

INTERACTING ENVIRONMENT

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|---------------|-------------------|-----------------------------------|
|---------------|-------------------|-----------------------------------|

1. Habitat and Communities

predator-prey

wildlife habitat / ecosystem Composition changes

reduction / removal of keystone or endangered species

removal of wildlife corridor or buffer zone

The project area is situated in an established migration route for Caribou and waterfowl. Land Use Permit conditions such as the ceasing operations when Caribou are in the immediate vicinity and the control of drilling and low-level flying at water crossings during migrations times attempt to minimize effects to Wildlife during migration times. **26(1)(h),(q)**

other:

N/A

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|---------------|-------------------|-----------------------------------|
|---------------|-------------------|-----------------------------------|

2. Social and Economic

planning / zoning changes or conflicts

increase in urban facilities or services use

rental house

airport operations / capacity changes

human health hazard

There is a potential for drill cuttings and drill holes to contribute to an increased in exposure levels of uranium. Land Use Permit conditions in section 26(1)(d) such as the disposal of drill cuttings and mud with a uranium content higher than 0.05% into a drill hole, and the grouting of the upper 30 meters of any hole with a uranium content greater than 0.05% mitigate potential exposure concerns. **26(1)(d)**

impair the recreational use of water or aesthetic quality

affect water use for other purposes

affect other land use operations

quality of life changes

Public review comments received from Lutsel K'e Dene First Nation, Beverly and Qamanirjuaq Caribou Management Board, and Akaitcho Treaty #8 state that the direct and indirect cumulative impacts from this project and other exploration projects in Thelon Basin vicinity will have substantial impacts on the environment, wildlife, culture, and spirituality.

public concern

Public review comments received from Lutsel K'e Dene First Nation, Beverly and Qamanirjuaq Caribou Management Board, and Akaitcho Treaty #8 state that the direct and indirect cumulative impacts from this project and other exploration projects in Thelon Basin vicinity will have substantial impacts on the environment, wildlife, culture, and spirituality.

- other:
- N/A

| IMPACT | MITIGATION | CONDITION SECTION LOCATION |
|--|--|-----------------------------------|
| 3. Cultural and Heritage | | |
| <input type="checkbox"/> effects to historic property | | |
| <input type="checkbox"/> increased economic pressure on historic properties | | |
| <input type="checkbox"/> change to or loss of historic resources | | |
| <input type="checkbox"/> change to or loss of archaeological resources | | |
| <input checked="" type="checkbox"/> increased pressure on archaeological sites | Land Use Permit Conditions will assist in mitigating impacts to unmapped historical, archaeological and burial sites. | 26(1)(j) |
| <input type="checkbox"/> change to or loss of aesthetically important site | | |
| <input checked="" type="checkbox"/> effects to aboriginal lifestyle | The comments received from the Lutsel K'e Dene First Nation and Akaitcho Treaty #8 state that the cumulative impacts associated with all mineral exploration within the Thelon Basin will have a significant effect to the culture, spirituality and way of life to the Dene people in the area. | |
| <input type="checkbox"/> other: | | |
| <input type="checkbox"/> N/A | | |

NOTES:

Consultation

- Pursuant to Section 1.6 (a) and (b) of the **Akaiitcho Territory Dene First Nations (ATDFN)** Interim Measures Agreement, the MVLWB determined that written notice was given to the ATDFN and that a reasonable period of time was allowed for ATDFN to make representations with respect to the application
- Pursuant to Schedule 4.1 of the **Northwest Territory Métis Nation (NWTMN)** Interim Measures Agreement, the MVLWB determined that written notice was given to the NWTMN and that a reasonable period of time was allowed for NWTMN to make representations with respect to the application

PRELIMINARY SCREENER / REFERRING BODY INFORMATION

ABORIGINAL ORGANIZATIONS

| | | | |
|-----------------------|---|----|--------------|
| Chief Schaefer | Salt River First Nations | | 867-872-3550 |
| Chief Paulette | Smith Landing First Nation | | 867-872-5154 |
| Chief Liske | Yellowknives Dene First Nation (Dettah) | 29 | 873-5969 |
| Chief Sangris | Yellowknives Dene First Nation (Ndilo) | 30 | 873-8545 |
| Chief Jonasson | Lutsek'e Dene First Nation | 34 | 867-370-3010 |
| Chief Norn | Deninu K'ue First Nation | 48 | 867-394-5122 |
| Director | Tli Cho Lands Protection Environment | 22 | 867-392-6862 |
| Camilla Zoe-Chocolate | Dene Nation | 40 | 920-2254 |
| Stephen Ellis | Akaiicho Treaty #8 Tribal Corporation Akaiicho IMA Implementation Office | 52 | 867-370-3209 |
| President Hudson | Fort Smith Métis Council | | 867-872-5225 |
| President Jones | Northwest Territory Métis Nation | 45 | 867-872-2772 |
| President Cardinal | Fort Resolution Métis Council | 53 | 867-394-3322 |
| President Enge | North Slave Métis Alliance | | 669-7442 |
| Robert Robillard | Athabasca Denesuliné Negotiation Team | | 306-763-2973 |

COMMUNITIES

| | | | |
|-----------------|---------------------------|----|--------------|
| Mayor McKay | Deninoo Community Council | | 867-394-5415 |
| Mayor Martselos | Town of Fort Smith | 28 | 867-872-8401 |

GOVERNMENT – GNWT

| | | | |
|------------------|---------------|----|----------|
| Tom Andrews | GNWT - PWNHC | 60 | 873-0205 |
| Mark Davy | GNWT - MACA | 62 | 920-6343 |
| Jason McNeill | GNWT - ENR | 63 | 873-4021 |
| Rhonda Batchelor | GNWT - DOT | 64 | 920-2565 |
| Duane Fleming | GNWT - Health | 65 | 669-7517 |
| Josephine Simms | GNWT - WCB | 67 | 873-4596 |
| Jeremy Jaud | GNWT - ITI | | 873-0645 |

GOVERNMENT – FEDERAL

| | | | |
|-----------------|---|----|----------|
| Darnell McCurdy | South Mackenzie District Office | 57 | 669-2720 |
| Carolyn Relf | Mineral & Petroleum Resources Directorate | 59 | 669-2705 |
| Julie Jackson | Policy & Planning Directorate, INAC | | 669-2736 |
| Mike Fournier | Environment Canada | 66 | 873-8185 |
| Ernest Watson | DFO | 68 | 669-4940 |

OTHERS

| | | | |
|------------------|---|----|--------------------|
| Vern Christensen | MVEIRB | 50 | 766-7074 |
| Boyd Warner | Barrenground Caribou Outfitters | | 920-4263 |
| Leslie Wakelyn | Beverly & Qamanirjuaq Caribou Mgt Board | | wakelyn@theedge.ca |

REASONS FOR DECISION
(LIST ALL REASONS AND SUPPORTING RATIONALES FOR PRELIMINARY SCREENING DECISION)

DECISION:

The Mackenzie Valley Land and Water Board (The Board) is satisfied that the preliminary screening of application MV2007C0010, Bayswater Uranium Corporation, Mineral Exploration has been completed in accordance with Section 125 of the *Mackenzie Valley Resource Management Act*.

The Board is satisfied that a reasonable period of notice was given to Communities and First Nations affected by the application as required by Subsection 63(2) of the *MVRMA* so that they could provide comments to the Board.

Having reviewed all relevant evidence on the Public Registry, including the submissions of the Applicant, the written comments received by the Board and any staff reports prepared for the Board, the Board has decided that in its opinion that:

- the proposed development should not have a significant adverse impact on the environment; but
- the proposed development is a cause of public concern.

The Board is also of the opinion that the application can proceed through the regulatory process and that any impacts of the development on the environment can be mitigated through the imposition of the terms and conditions in the attached Land Use Permit.

As a result, the Board, having due regard to the facts and circumstances, the merits of the submissions made to it, and to the purpose, scope and intent of the *Mackenzie Valley Resource Management Act* and the Mackenzie Valley Land Use Regulations has decided that this Land Use Permit be issued subject to the terms and conditions contained therein.

| PRELIMINARY SCREENING DECISION | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Outside Local Government Boundaries |
| <input type="checkbox"/> | The development proposal might have a significant adverse impact on the environment, <i>refer it to the EIRB.</i> |
| <input type="checkbox"/> | <i>Proceed with regulatory process and/or implementation.</i> |
| <input checked="" type="checkbox"/> | The development proposal might have public concern, <i>refer it to the EIRB.</i> |
| <input type="checkbox"/> | <i>Proceed with regulatory process and/or implementation.</i> |
| <input type="checkbox"/> | Wholly within Local Government Boundaries |
| <input type="checkbox"/> | The development proposal is likely to have a significant adverse impact on air, water or renewable resources, <i>refer it to the EIRB.</i> |
| <input type="checkbox"/> | <i>Proceed with regulatory process and/or implementation.</i> |
| <input type="checkbox"/> | The development proposal might have public concern, <i>refer it to the EIRB.</i> |
| <input type="checkbox"/> | <i>Proceed with regulatory process and/or implementation.</i> |

Preliminary Screening Organization

Mackenzie Valley Land and Water Board

August 23, 2007

Signatures

