



August 22, 2012

Via E-mail to: Shannon Hayden: shayden@reviewboard.ca

Ms. Shannon Hayden, Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
200 Scotia Centre
5102-50th Ave
Box 938,
Yellowknife, NT X1A 2N7

Dear Ms. Hayden:

**Re: Response to Information Requests (IR's)
Tyhee NWT Corp. - Yellowknife Gold Project [2008]
EA0809-003**

Thanks for your e-mail earlier today which included a copy of an article on Tyhee's Feasibility Study that appeared on *Northern News Service Online*.

Further to my call to you this morning during which I explained that the entire Feasibility Study Report (FS) would not be available for about 45 days, we could provide a copy of the Executive Summary to the FS which summarizes what is contained in the much larger FS report.

During our call I had asked you what the need for the Feasibility Study Report was and if the Executive Summary would suffice, in response you said the FS is needed for "many reasons". Our concern with having the Feasibility Study in its entirety being interjected into the current DAR/EA process is that the two documents in question have a completely different focus and overall use. The Feasibility Study is used to determine the economic basis for a company and/or project and must consider all economic ore deposits which have in the past or could in the future produce resources and reserves. These deposits and associated mine plans must then be included in an overall economic model which allows the market and potential investors to determine the value of the project and whether investment in Tyhee or in the Project Financing are worthwhile. The definition of the Feasibility Study is therefore economic and it assumes that permitting and so forth happen according to all laws and regulations and it must contain a section which gives the independent engineer's opinion on whether receiving approval to mine those deposits is feasible. The Feasibility Study is not so much Tyhee's as it is the independent engineering firm's judgement on the overall Project for the market place.

The DAR, however; is a much more constrained document which only looks at the near term mining operations and therefore the environmental impacts associated with those proposed mining operation. For example the Feasibility Study must by definition take into consideration drilling completed on the Clan Lake deposit as well as the Goodwin Lake deposit. These two deposits are not and should not be included in the current DAR/EA process due to the fact that potential mining on either deposit is at a minimum 12 to 15 years in the future. The Feasibility Study handles this by developing a time line and structure under which it is feasible that Clan or Goodwin **might be** permitted. Since it is years in the future it is reasonable to assume that there is enough time for baseline studies and other related investigations as well as being subjected to a separate DAR/EA process for these deposits would be completed to allow mining at those deposits sometime in the future.

All that being said, it should be apparent to all that the Feasibility Study (Clan and Goodwin Lake excluded) advanced the Project on a number of fronts. The positive outcomes from the Feasibility Study which are being incorporated in the DAR as we speak include a longer life from the Ormsby and Nicholas Lake deposits, a much more robust TCF design which includes a revised water balance which does not require any planned discharge, a vigorous Cyanide detox evaluation, and a plan to remove any impact from potential Arsenic sources than was available prior to the Feasibility study being published.

With the above in mind, and to clarify any potential confusion that may arise from you, other board staff, board members or interested parties reading the *Northern News Service* article, I would like to provide the following points as clarification:

- The Feasibility Study is an economic evaluation of the YGP and this evaluation looks at all existing and potential resources that could be incorporated into the Yellowknife Gold Project and may include, as this study does properties such as Clan Lake.
- The DAR submitted in May 2011 and upon which recent IR's have been based includes Ormsby and Nicholas Lake. It should be noted that Bruce was included under the "Ormsby" umbrella and this is what the current YGP consists of and should remain the focus of the current EA.
- Clan Lake, which is an exploration target for Tyhee does host a current resource that could be extracted and processed and this has been included in the FS to enhance overall project economics.
- Clan Lake, if developed would be done at a minimum of 8 years after the commencement commercial operations of the Ormsby facilities or 12 years from today.
- Tyhee is fully aware that Clan Lake would be subject to an environmental assessment, however, this would not be required for a number of years and the

preliminary baseline studies, additional exploration drilling and submission of a Project Description Report would be required as a pre-requisite to the EA process.

- Tyhee feels that the work scope required to get to the EA stage for Clan Lake would be completed during the initial 7 years or so of the Ormsby/Nicholas Lake scenario currently under EA.

With the above in mind, Tyhee provides the Executive Summary of the FS at this time and will provide the full FS Report once available, should the Board still desire to review it.

To be clear, the YGP as presented in the DAR submitted in May 2011 remains the focus of Tyhee that includes Ormsby, Nicholas Lake (with Ormsby always including the Bruce Zone). It is not the intention to expand the current understanding of the YGP to other properties that were included in the FS and any such resources that may in fact be processed at the YGP would be subject to their own EA and Regulatory processes. To assist the board staff, board members and interested parties on the YGP, Tyhee will, as stated in our letter dated August 16, 2012, submit a revised PD that outlines the material changes that will be pursued as a result of project optimization during the FS exercise and that what was presented in the DAR submitted in May 2011. Once you, board staff and board members as well as interested parties have reviewed the revised PD, all reviewers will note that all changes are better for the project and the surrounding environment.

Any questions on the forgoing or the attached Feasibility Study Report Executive Summary, please do not hesitate to contact me.

Yours truly,

Original signed by "H.R. Wilson"

Hugh R. Wilson
Vice President–Environment and Community Affairs