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Your file - Votre référence

Our file - Notre référence

August 24, 2007

Mr. Vern Christensen
Executive Director
Mackenzie Valley Environmental Impact Review Board
P.O. Box 938
5102 - 50th Avenue,
YELLOWKNIFE, NT X1A 2N7

Dear Mr. Christensen:

Thank you for your letter dated July 26, 2007 concerning Hunter Bay Resources Land Use Permit S07C-004.

With regard to the validity of the Land Use Permit, while we understand that your Board has some unanswered legal questions about the validity of the permit, it is not within our enforcement and compliance authorities to determine whether or not processes followed by the Boards in making a decision on an application were correctly followed.

Once a Land Use Permit has been issued, our enforcement and compliance role is limited to ensuring the operator is in compliance with the permit operating terms and conditions, as well as the Act and Regulations. We would not be able to order suspension or cessation of the operation absent the Land and Water Board revoking or cancelling the permit it issued. The Act and Regulations are clear on the powers granted to inspectors in this regard.

An Inspection of this operation conducted July 25, 2007, confirms that the operator is in compliance with the Act, and Regulations, as well as the operating terms and conditions annexed to their Land Use Permit.

I understand you have been in discussion with the SLWB on this matter, and I encourage you to continue your dialogue with regard to the processes followed by the Boards in reviewing and approving applications.

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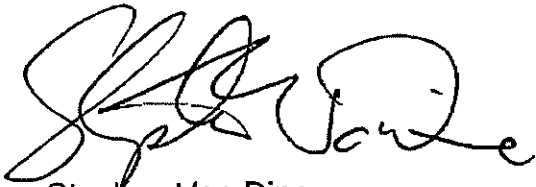
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It is also my understanding that Hunter Bay Resources have completed this year's drilling operation, and will be dismantling their camp, and pulling out of the NWT within the next two weeks.

Should you have any further questions on this matter, please contact Eric Yaxley, Manager, Board Relations Secretariat, at 669-2569.

Sincerely,



Stephen Van Dine
A/Associate Regional Director General
Northwest Territories

c.c. Larry Wallace,
Chair, SLWB

George Govier
Executive Director, SLWB

Wally Kushner
Hunter Bay Resources Ltd.
595 Howe Street, Suite 206
VANCOUVER, BC V6C 2T5

Annette Hopkins
Director, Operations



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Date

28/08/07

FROM - DE

Name - Nom

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Position title - Titre du poste

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Vern Christensen

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Attached is letter dated August 24, 2007 - original to follow in the mail.

cc:

c.c. Larry Wallace

Chair, SLWB (867 598-2325)

George Govier

Executive Director, SLWB (867 598-2325)

Wally Kushner (fax number not available - this copy was mailed)

Hunter Bay Resources Ltd.

595 Howe Street, Suite 206

VANCOUVER, BC V6C 2T5

Annette Hopkins

Director, Operations

