



**PO BOX 77
GRISE FIORD
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Mr. Jeff Mercer
Supervising Mining Recorder
Mining Recorder Office
PO Box 100
Iqaluit, NU.
X0A 0H0

February 14, 2013

Dear Mr. Mercer:

We are in receipt on Jan 4, 2013 of your undated letter regarding the Coal License Application Review. Due to the harsh realities of limited air travel and sporadic mail service in our remote community, the closing date for comments expired before we even received your letter.

Our Hamlet Council, CLARC (Community Lands and Resource Committee) and Iviq HTO (Hunter Trappers Organization) Directors all met to discuss the implication of mining licenses, exploration & resource exploitation on the areas indicated on the map attached to your letter.

There are a number of areas of mining interest that are incompatible with the current indigenous land use, traditionally and historically, in this ecologically fragile, sensitive area:

1. The federal government of Canada is evaluating listing Peary Caribou as an endangered species yet appears willing to compromise species' habitat with resource exploration & exploitation.
2. On occasion, while conducting aerial surveys in the region, ongoing visual confirmation of herds of Peary Caribou were sighted in the same geographic area of the proposed coal licenses.
3. Historical hydrocarbon and mineral explorations in the seventies adversely affected the herds and drove them further away from the community. The community was negatively impacted by the lack of ready access to caribou.
4. This area of Ellesmere Island is a primary source of otherwise scarce wildlife & fish resources and is regularly used by Inuit residents for harvesting purposes.
5. The petrified forests on Axel Heiberg and Ellesmere Islands are unique International treasures of global significance. It cannot be compromised by the ravages of resource exploration and exploitation. Verbal reassurances by mining companies about avoiding these areas are not good enough when it comes to licensing.
6. There are Inuit and wildlife organizations, various and competing levels of territorial and federal government, and scientific & paleontological interests that acknowledge the unique and inherent value of these areas beyond resource exploration and exploitation.

- 7. Grise Fiord met with representatives of Canada Coal on Oct 27, 2011 and Jun 12, 2012 in Grise Fiord. Both times we made it clear that we are not interested in allowing resource exploration and exploitation in that area of Ellesmere Island. The historical & traditional importance of these areas to Grise Fiord has not changed in the interim. We have not changed our minds in the interim.

The community of Grise Fiord is not against economic development & growth, but the negative impacts to the environment in this area far outweigh the benefits.

We would like to invite representatives of Canada Coal, AANDC, QIA, NTI, and NIRB to a public meeting in Grise Fiord to discuss the depredations proposed by non-residents for this area of Ellesmere Island, as well as our ongoing concerns with the licenses issued on Axel Heiberg Island.

We look forward to hearing from you on this matter.

Yours truly,


Liza Ningiuk
Mayor, Hamlet of Grise Fiord

Yours truly,


Jaypetee Akééagok
Chair, Iviq HTO

Yours truly,

 C.M.
Larry Audlaluk
Chair, CLARC

- c. Okalik Egeesiak, President, QIA
Cathy Towntongie, President, NTI
Braam Jonker, President, Canada Coal
Elizabeth Copeland, Chair, NIRB
Ron Elliott, MLA, Quttiktuq



April 18th, 2013

Liza Ningiuk
Mayor, Hamlet of Grise Fiord

Jaypetee Akeegok
Chair, Iviq HTO

Larry Audlaluk
Chair, CLARC

Hamlet of Grise Fiord
P.O. Box 77
Grise Fiord
Nunavut Territory
X0A 0H0

Dear Ms. Ningiuk, Mr. Akeegok, and Mr. Audlaluk,

We have now had an opportunity to carefully consider your letter of February 14th, 2013, addressed to Mr. Jeff Mercer at the Mining Recorder Office.

We feel that a number of important matters considered at your recent meeting require clarification and further discussion as follows.

1. Axel Heiberg

Your letter refers to the importance of avoiding exploration activity on Axel Heiberg to protect the petrified forest. We agree entirely with this. We have taken over the licenses there in order to keep them out of reach of others, as we have promised your community both in meetings and in writing. We have done this purely as an effective protective measure at a cost of approximately \$60,000 to Canada Coal. If you wish us to discontinue this voluntary, protective defense we will cancel our current licenses in that area and discontinue our proposed scientific research grant designed to further the knowledge base on this important area.

2. Exploration

At this early exploratory phase of our work on Ellesmere Island and the Fosheim Peninsula, no fixed point can be selected as the single focus mining area to consider further development and a high number of license areas must be initially considered. If future development is determined to be worthwhile the area selected would be comparatively, very modest. Moreover, even in our early exploration we have taken great care to have a Grise Fiord hunter on board the helicopter to warn us away from animal life below and to pay strict attention to high flight height requirements etc. If there are signs of wildlife or petrified vegetation discovered, we simply move to another site which also requires exploration. The mistakes and consequences of the exploration in the 1970's cannot, and will not, be repeated. We can, and will, be both careful and patient.

3. The Expectation of reliable, lower cost Light and Power for all Nunavut's Communities and Mining Industry.

Currently, all of Nunavut's communities are powered by diesel generation. It is very costly to the individual consumers and to government, estimated to be more than \$150 million yearly. Moreover, it is at times unreliable, we are told. One of the major cost drawbacks in Mining is also the extremely high price of imported diesel.

Yet, an extremely small, single area of Ellesmere Island, we are convinced, could produce more than enough low sulphur, low ash, clean coal which can be successfully converted into diesel fuel or a power source to make the current expensive problems and shortages a thing of the past. It would also provide taxation benefits to Nunavut that are very substantial. Canada Coal is convinced that the benefits to Nunavut's families and industry will be shown to be enormous.

4. Consultation, Summer 2013

Canada Coal is hoping to meet with Grise Fiord leaders and citizens this summer to continue to consult and to try to see if a careful exploration plan can be established that is acceptable to the community. We strongly believe that a wildlife and habitat protection plan can be achieved with the knowledge, cooperation, care and attention of the company and the community. While this consultation may well delay the development of an affordable Nunavut owned power and light system and important industrial growth, the advantage will be that it should enable the development of a comprehensive environmental protection/mining exploration plan that considers future benefits to all residents of Nunavut.

We very much look forward to our further discussion and consultation. We believe much can be accomplished.

Yours truly,

CANADA COAL INC.



R. Bruce Duncan
Executive Chairman

Cc. Okalik Eegeesiak, President, QIA
Cathy Towtongie, President, NTI
Elizabeth Copeland, Chair, NIRB
Jeff Mercer, Land Administration
Ron Elliot, MLA, Quttiktuk