



February 15, 2008

Mr. Mike Vaydik  
General Manager  
NWT and Nunavut Chamber of Mines

Mr. Philip Bousquet  
Director  
Sustainability and e3 Project Manager  
PDAC

Mr. Rick Meyers  
Vice President  
Diamonds  
The Mining Association of Canada

Dear Sirs

As Chairman of a special committee to address First Nations' concerns comprised of Dr. James Franklin and with Mr. Paul Pitman as special advisor, reporting to the Board of Directors of Ur-Energy Inc. (URE), I commend you on your efforts to encourage dialogue and to formulate a plan to recommend change in the regulatory environment of Northern Canada. As you know, URE was denied a drilling permit for our Screech Lake property in the NWT in early 2007. As we have stated in the press and in previous correspondence, we believe that the decision rendered by the Board was without merit and unacceptable.

Late in 2007, I met with Minister Chuck Strahl along with Mr. Pitman and our CEO Bill Boberg to discuss the problems and inconsistencies with regard to the MVEIRB regulatory structure as well as the substantial capital and effort URE has invested in the Screech Lake project. Mr. Strahl at that time outlined his plan to address all concerns and propose change where change was needed. To date, Mr. Strahl has delivered what he said he was going to do and this development gives URE considerable hope that the regulatory malaise that exists in the NWT can be cured.

We have since met with Akaitcho First Nations during the NWT Mineral Exploration Industry Session in January and we are pleased with the openness and determination of First Nations to work closely with the mining community. We believe that with this enhanced coordination as well as possible legislative amendments to the Mackenzie

Valley Resource Management Act a more cooperative, productive and profitable mining regime will transpire for both the Northwest Territories First Nations and the mining industry.

As I have previously communicated to you the following are key areas of concern to URE.

1. It is clear that the Akaitcho and other First Nations desire a more consultative approach prior to the initiation of regulatory review. Our understanding is that the First Nations have been frustrated in their dealings with certain but not all mining entities and this has been an ongoing dilemma for some years. URE recognizes this and has started the process of communication. The Exploration Agreements (EAs) as proposed by the Akaitcho First Nations will, we believe properly define and address the needs and concerns of First Nations as well as delineate the mining community's role in ensuring "the well being and the way of life" of First Nations' peoples. Our concern however is that the EAs may not prevent the submission of unsubstantiated, negative and incorrect input regarding, in particular uranium exploration from individual community members or NGO's which appears to have been accepted by the MVEIRB carte blanche during our application.

2. URE also believes that the MVEIRB lacks the expertise of other "Regulatory Boards" throughout Canada to deal with all the technical and legal issues associated with exploratory drilling versus mining versus any other resource related endeavor which could impinge on the rights of First Nations communities. Is there sufficient funding for the Mackenzie Valley Water and Land Board and the MVEIRB to hire the appropriate expertise both legal and operative to properly assess an application? We do not suggest that the MVEIRB increase bureaucracy as has been the case of many Canadian regulatory Boards, but only its expertise.

3. URE believes that the MVEIRB did not adhere to its mandate in rejecting the URE application. The Regulatory Officer in charge of the URE file concluded that there were no environmental concerns that would suggest that the project needed to be sent to the Review Board for environmental assessment but this was ignored because of concerns expressed by certain community members. Despite the lack of environmental concerns, therefore a lack of physical impact, the URE application was rejected. In turn, we feel that the act should not allow the Board to overstep its mandate and that special provisions be implemented to ensure that this be the case

4. While there exists an appeal process by way of the Northwest Territories Supreme Court, URE believes that this process is both ineffective (DeBeers Canada Inc. versus MVEIRB April 2, 2007) and expensive, especially for many junior exploration companies with capital constraints.

5. URE believes that junior exploration programs (the capital cost threshold of which to be determined) be exempt from any major environmental assessment. However,

assessments of cultural concerns and Caribou migration should still form a part of an application in the interests of First Nations unless it is covered off in the proposed EA.

6. URE feels that there is an automatic conflict of interest if Board members render decisions that are influenced by land claim issues. We suggest that section 123.2 of the act be revised to limit or eliminate potential conflicts of interest.

Thank you for the opportunity to assist in your endeavor to improve the process.

Best Regards

*“Robert Boaz”*

Robert Boaz  
Director  
905-403-8266  
416-845-5771