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March 31, 2006

Project Number: FOX-M (3.6)

Phyllis Beaulieu
Licensing Manager
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Dear Ms. Beaulieu:

Re: 2005 Annual Report: Water Use License #NWB5HAL0308

UMA Engineering Ltd. is pleased to submit this annual report as per the requirements of Part B.1 of water use license NWB5HAL0308. The report was prepared on behalf of Defence Construction Canada and the Department of National Defence.

Water Usage

At the FOX-M site, both water supply and sewage disposal are provided by Hall Beach. No samples of the sewage effluent were collected as it is being treated by municipal services. No other samples are required by the Monitoring Plan, which was submitted to the NWB in April 2005. The following table provides a summary of the quantity of water supplied by the municipality, as well as the quantity of effluent that was collected and treated by the municipality.

Month	Quantity of Water Extracted (cubic metres)	Quantity of Effluent (cubic metres)
June	50	40
July	658	263
August	670	268
September	400	180

The work camp at FOX-M was constructed by the contractor within the municipal boundary, and it is planned that the buildings (a hotel) will remain as municipal property at the end of the clean up. The Project Management staff is housed in the FOX-M North Warning Site buildings.

Summary of Completed Work

Demolition: Two 65000 US gallon fuel tanks, feedhorn waveguides and power poles were demolished and placed in the appropriate disposal facility.

Contaminated Soil Removal: In 2005, six areas of Tier I contaminated soil, eleven areas of Tier II contaminated soil, and one area of CEPA contaminated soil were excavated and backfilled. The contaminated soils were placed in the appropriate disposal facilities, or in the case of the CEPA soil, it was containerized and placed within the Temporary PCB Storage Area. There are six contaminated soil areas which remain to be excavated in 2006.

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Non-Hazardous Waste Landfill: The NHW Landfill was completed in 2005 and began to receive Tier I contaminated soil and non-hazardous debris generated during the clean up. Approximately 3080 m³ have been placed in the Landfill. The debris was compacted and a layer of intermediate fill was placed for winterization.

Tier II Soil Disposal Facility: Construction of Cell 2 was completed in 2005. Approximately 5440 m³ of Tier II contaminated soil was placed in Cell 1. Cell 1 was winterized by placing a layer of intermediate granular cover over the material. It is anticipated that both Cell 1 and Cell 2 will be used in 2006, with anticipated closure of Cell 1 at the end of 2006, and closure of Cell 2 in 2007.

Landfarm: Nine areas, totaling approximately 6960 m³ of hydrocarbon contaminated soil, were excavated and placed in the landfarm. These soils are currently undergoing treatment.

Debris Removal: Debris pickup is currently on-going and is expected to continue in 2006.

The work plan in 2006 is to continue with the clean up program as described in the Project Description. Anticipated completion is in 2008.

Community Meetings

An end of the season meeting was held by the contractor on Sept. 19, 2005. The meeting included a presentation on the summary of work completed, photos of local workers and prize giveaways. The contractor plans to have a start up meeting prior to the 2006 season.

We trust the information provided is consistent with the requirements of Water Use License #NWB5HAL0308. Please feel free to contact the undersigned if you have any questions or comments.

Sincerely,

UMA Engineering Ltd.



Eva Schulz, P.Ag.
Environmental Scientist
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cc: Philip Warren, DCC
Sarah Gagné, NWB