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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: **2BE-KIM0609/TR/B2, H1, I1**
2BE-CRO0813/TR/B2, H2, I1

August 30, 2010

Bonnie Weston
Technical Services
True North Gems Inc.
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**Subject: Licence No. 2BE-KIM0609/TR/B2, “Beluga Property”;
2BE-CRO0813, “Crook’s Inlet Project” – True North Gems
Inc.; Submission of the 2009 Annual Reports with revised Spill
Contingency and Abandonment and Restoration Plans**

Dear Ms Weston;

On March 31, 2010, The Nunavut Water Board (“NWB”) acknowledged the receipt of the “Beluga Sapphire Project” 2009 Annual Report, with a revised “Beluga Sapphire Project Property” Spill Contingency Plan (“SC Plan”) and Abandonment and Restoration Plan (“A&R Plan”). On April 9, 2010, the Nunavut Water Board (“NWB”) acknowledged the receipt of the “Crook’s Inlet Project” 2009 Annual Report, complete with a revised “Beluga Property” SC Plan and A&R Plan. The Licensee is requested to confirm if the SC and A&R Plans are the same for both two 2BE-KIM0609 and 2BE-CRO0813 licenses.

The reports were forwarded to the distribution list for information. Although no comments were received regarding the submissions, the Licensee is directed to refer to the comments received during review of the 2008 Application.

With respect to the above, the “Beluga Sapphire Project” 2009 Annual Report was found to be complete and in compliance with reporting requirements of licence 2BE-KIM0609. “Crook’s Inlet Project” 2009 Annual Report indicates that regional exploration work was completed in 2008 only, no work was completed on the property in 2009 and no water was used. This annual report was also found to be complete as submitted and in compliance with the reporting requirements of licence 2BE-CRO0813.

The document “Spill Contingency Plan, Beluga Property, Kimmirut, Nunavut”, revised January 2010 and submitted with the annual reports, outlines the site specific information, responsibilities

of the Spill Response Team, reporting procedures and action plans for the various hazardous materials used on-site. The NWB has reviewed the revised Spill Contingency Plan and determined that the Plan fulfills the basic requirements of Part H, Item 2 of Licenses 2BE-KIM0609 and 2BE-CRO0813. Although the plan was initially approved with the licence issuances, a number of items were identified during this technical review and should be addressed during the next review of plan. These include:

- a. Part H, Item 2 of the Licence included a list of items to be addressed in a revision that were not addressed, which included:
 - i. Identification of the 24 hour contact person responsible for activating the Plan including their name, title and 24 hour phone number;
 - ii. local QIA contact information
- b. Replacement of the NWT Spill Report form of Appendix 3 and any references to it, with the newer revised, electronic interactive NT-NU Spill Report form. This form and the guide are available from the GN-DOE website as well as the NWB's ftp site at the following link:
<ftp://nunavutwaterboard.org/ADMINISTRATION/Standardized%20Forms/>
- c. Update the INAC Inspector contact number with the Manager of Field Operations Manager contact number at T.867-975-4295 and F.867-975-6445;
- d. Twenty-four hour contact information for True North Gems Inc. management. If contact information provided is 24hr, it should be indicated for expedient action with respect to spills;
- e. Sections 2.2.2 and 5.0 refer to Material Safety Data Sheets (MSDS's) being available in appendix 6, however this information is not provided. It is not necessary to include the MSDS's in the Spill Contingency Plan in order to keep the plan size manageable as this information is required to be kept at the workplace under other legislation, however the location must be reference as being accessible and at another location;
- f. Several areas of the Plan include a reference to the 2008 revision of the plan and should be updated to refer to the 2010 plan where necessary; and
- g. Section 2.2.2 appears to include information that is not relevant and refers to the revised plan from 2008 for reporting to management; this should be reviewed and revised as necessary.

The NWB technical staff have also reviewed the document "Abandonment and Restoration Plan, Beluga Property, Kimmirut, Nunavut, revised January 2010", and determined that the requirements of Part I, Item 1 have been met with the Plan. This plan is hereby approved as required under Part I, Item 1, through Board motion No. 2010-15-L07 for License 2BE-CRO0813. In the upcoming annual review of the plan, the Licensee is requested to review comments provided by several parties in 2008, and include information on the management of contaminated soils¹ as it relates to either temporary (seasonal) closure or final closure of the site.

¹ Comments received from GN-DOE on August 25, 2008 regarding the application for a new licence dated April 28, 2008.

Should you have any further questions, please feel free to contact the undersigned at (867) 360-6338, at your earliest convenience.

Yours truly,

Original signed by:

Karén Kharatyan
Technical Advisor

cc: Distribution List – Qikiqtani