



INAC, Nunavut District
P.O. Box 2200
Qimuggjuk Building
Iqaluit, NU, X0A 0H0

Our File: 2BB-MEL0709 (2BE-MEL0709)
Your File: _____
CIDM #170208

Tuesday, September 4, 2007

Douglas A. Dumka
Chief Geologist
COMAPLEX MINERALS CORP.
Suite 901, 1015 4th St. SW
Calgary AB
T2R 1J4

RE: Comaplex Meliadine West Exploration Project Water license inspection – June 24th, 2007

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Mr. Dumka during the inspection of the project. As sent by E-mail earlier, a copy of the industrial inspection form is attached to this report for your records.

On February 17th 2005 Comaplex Minerals Corp was granted a water license to allow for the use of water and disposal of waste during camp operations and exploration drilling operations at the Meliadine Lake Project located within the Kivalliq Region, Nunavut.

The following report is based on observations made at the time of the inspection by the inspector as well as during a review of the terms and conditions of the issued license with both Mr. Dumka and the Camp Manager/Foreman which was led by the inspector.

It should be noted that the applicant had, during the period of inspection, submitted to the Nunavut water Board an application for an amendment to their water license to allow for the proponent to conduct a bulk sample program. This application was eventually accepted by the Nunavut water Board and an amended license was issued on July 31st of 2007. The inspection which took place during this application period is based on the license that was in force during the period of inspection. The Inspector however has made an effort in this report to include, for the benefit of the proponent, items where actions or submissions are required from the proponent to ensure compliance with the new license terms.

Part A: Scope and Conditions

No issues were found with respect to the location of the camp or with the classification of undertaking (Mining and Milling) as determined by the Nunavut Water Board.

Part B: General Conditions

The question of water use fees and a determination on if they had been paid was not included within the context of this inspection.

A review of the Nunavut Water board web site and FTP – Public Registry did not produce a copy of the annual report from either of the 2005 or 2006 year of operation. The proponent is reminded that an annual report is required to be filed by March 31st 2008 for the year ending December 31st 2007. A copy of this report should be sent to the Inspector at Keima@inac.gc.ca.



Included in that report should be those items outlined in Part B Section 2 (Sub i through vi) as well as any further or additional information required under the Bulk Sampling license. This will allow the proponent to submit a single annual report for the 2007 year rather than one for each license.

The licensee is reminded that by the next inspection the Inspector will be checking the water intake metering system required to be installed as per section 4 of Part B.

As noted earlier there is at the time of the writing of this report a new Bulk Sampling license in place. The licensee is reminded that to meet the deadlines as outlined under Part B the following must be submitted including;

1. An estimate of current restoration liability – By October 31st 2007
2. An annual report including such items as listed above
3. updates or revisions to the Abandonment and Restoration Plan
4. updates or revisions to the QA/QC Plan
5. updates or revisions to the Site Water Management Plan
6. updates or revisions to the Waste Rock and Ore Storage Management Plan
7. updates or revisions to the Spill Contingency Plan

Part C: Conditions Applying to Water Use

At the time of the inspection the licensee was allocated the use of 5 CMD for domestic use in the camp. The water source is Meliadine Lake, located immediately adjacent to the camp.

During the inspection water samples were collected from the potable source in the same location as the camp intake pump. Results of the samples collected show an abnormally high reading for Hexane Extractable Material (Oil and Grease). Lab analysis returned a result of 44 Mg/L using lab standard procedure EPA1664A. This result is unusually high and while no visible sheen was noted during the period of inspection there is concern over this result.

Part D: Conditions Applying to Waste Disposal

During the period of inspection an incinerator was noted on site. The capability of the unit to meet the Canada-wide Standards for Dioxins and Furans the Canada-wide Standard for Mercury Emission was not reviewed with the proponent. The licensee is reminded that this standard must be met by the date of the next inspection if not already achieved.

Section 6 of this Part refers to the use and location of latrines and or other toilet facilities within the camp. The proponent is cautioned that regardless of the outside temperature the practice of urinating behind the sleeping quarters is not recommended both from a health perspective but as well as because it constitutes a contravention of the terms and conditions of the issued license.

The proponent is reminded to include in the 2007 annual report due on March 31st 2008 a list of hazardous materials shipped out of the camp, the treatment they received and the location of the approved treatment facility to which they were sent. Shipping and receiving invoices are not required so long as the records are available for inspection during the 2008 inspection season.

Part E: Conditions For Camps, Access Infrastructures And Operations

During the period of inspection it was noted that a road to the Mine tunnel or portal area and drilling operations had been built by the proponent. The road at the period of inspection, located immediately adjacent to the camp had washed out because of heavy snow melt. This area should have a culvert installed and drainage should be channelled so as to secure the integrity of the road and thus prevent siltation of downstream water bodies lying north of the camp. If this requires an amendment to the exiting license or is



an issue to be addressed by the technical services of the Nunavut Water Board it is the responsibility of the proponent to contact the Water Board and ensure their continued compliance.

Because of the time of year the inspection took place it is impossible for the Inspector to determine if any of the terms and conditions of this section has been contravened. It is suggested that during the period of winter road activity the Inspector will travel with a convoy from Rankin Inlet to the Camp.

Part F: Conditions Applying To Drilling Operations

Section 2 of this Part reads as follows;

The Licensee shall ensure that all drill waste, including water, chips, muds and salts (CaCl₂) in any quantity or concentration, from land-based and on-ice drilling, shall be disposed of in a properly constructed sump or an appropriate natural depression located at a distance of at least thirty (30) metres from the ordinary high water mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are created.

During the period of inspection it was clear that this section of the license was not being followed. Drill muds and waste were found under the removed drill platform in an area of approximately 10m². Pictures taken at the time of the inspection reveal that this is common practice on this site and not one only of many holes drilled.

During the Inspection a verbal direction to take remedial action on these sites was given to Mr. Douglas Dumka. It was recommended that Mr. Dumka provide photographic evidence of the remedial actions taken and provide this information via E-mail to the inspector once completed. To date this documentation has not been received by the inspector and will be considered an outstanding item.

It should also be noted that, as it relates to Drilling Operations under the authority of the issued license, the proponent is not allowed to store fuel within 30 meters of water.

Part G: Conditions Applying To Spill Contingency Planning

A review of the Spill contingency plan submitted to the Nunavut Water Board and available off the web site appears complete and in order. The Inspector failed to ask for a copy for review during the period of inspection.

It should be noted that the inspection of the site found a discrepancy between the submitted plan and what was on-site. The submitted plan states as follows;

3. SITE DESCRIPTION

The Meliadine West Gold Project camp is located approximately 25 km north of Rankin Inlet (63° 01' 30" N latitude, 92° 10' 20" West longitude). The area is low arctic tundra with a summer active layer up to 1 m on dry exposed ridges and less than .5 m in the high organic humic soils under meadows. The camp with a capacity for up to 75 persons is located approximately 5 m above lake level on a peninsula surrounded on three sides by Meliadine Lake. Bulk fuel storage is provided by double walled fuel vaults in three locations – 3 X 50,000 L of P50 at camp, 3 X 50,000 L Aviation fuel approximately 200 m south of camp, and 9 X 50,000 L P-50 for exploration needs about 500 m west of camp (please see Figures 1 and 2). No other hazardous substances in significant quantities (>10 L) are used by the Project.

No fuel storage vessels are within 30 m of any water body. All tankage with >1000 L capacity has inherent secondary containment.



And,

3.2 Spill Response Capacity

All bulk fuel on site is stored in double walled fuel vaults.

However, during the inspection the inspector noted and photographed a large 1000-1500L bladder sitting within an Porta-berm. As this was not included within the specifics of the spill contingency plan and in fact is a contrary to what was submitted the Inspector has concerns that this may be a contravention of the license.

During the inspection and not having knowledge of the content of the submitted Spill Contingency Plan the Inspector did advise Mr. Dumka that the Bladder containing fuel and located adjacent to the double walled tanks outside of Camp should be removed. This form of secondary containment (porta-berm) is not, in the opinion of the inspector, sufficient to contain the fuel in the event of a catastrophic failure and thus constitutes a potential for a release of the fuel into then environment. A letter outlining this statement and providing further information on this matter will be sent to the proponent under separate cover.

Part H: Conditions Applying To Abandonment And Restoration

As the expectation of this project is to progress to the operating mine stage no discussion of closure work was undertaken during the period of inspection.

The proponent is reminded that the following sections of this part are to be addressed in the 2007 annual report. Photographic evidence taken before and after any progressive or on-going reclamation work such as outlined below will be accepted in the annual report.

3. When possible to do so, the Licensee shall backfill and restore, to the satisfaction of an Inspector, all sumps to the pre-existing natural contours of the land

9. Drill holes and disturbed areas will be restored to natural conditions immediately upon completion of the drilling. The reclamation of drill holes must include the removal of any drill casing materials and the capping of holes with a permanent seal

Part H: Conditions Applying To The Monitoring Program

The proponent is reminded that all usage of water including the quantities used for both domestic and drilling operations must be recorded and available for inspection. It is highly recommended by the inspector that flow meters be installed on both the drill pumps and domestic water line so accurate measurements can be recorded. Extrapolation of the quantity of water used based on the run time of a pump or the number of times a tank is filled is not adequate and will not be accepted in future inspections.

During the inspection period the proponent indicated that base-line water quality information was being collected by Mr. Ben Hubert. This information was to be provided to this office for review. To date no information has been received. It is recommended that this office be included on any distribution list and or provided a copy of this information as soon as possible.



Non-Compliance:

During the period of inspection a number of items were noted and were discussed with the Mr. Douglas Dumka at that time.

The following is a list of items which are to be addressed or brought into compliance either by the date of the next inspection or, as outlined during the inspection, with photographic evidence submitted to the inspector as proof of compliance.

- Installation of barriers or drainage control devices on the road to prevent wash out and downstream siltation.
- Removal or construction of adequate secondary containment around the fuel bladder located adjacent to the bulk fuel storage area.
- Revision of spill containment plan to address the presence of a fuel bladder on site. (unless removed)
- Capping of drill holes
- Remediation and clean up of existing drill sites where muds have not been consolidated into depressions or a constructed sump.
- Submission of water quality and base line data to the inspector

Inspector's Name

Inspector's Signature

Attached under separate cover : Photos taken during Inspection of June 24th, 2007.

Cc:

Peter Kusugak – Manager Field Operations section- Indian and Northern Affairs Canada

Phyllis Beaulieu – Manager licensing – Nunavut Water Board