

8 June 2010

Ms. Phyllis Beaulieu
Nunavut Water Board
P.O. Box 119
Gjoa Haven
Nunavut, X0B 0J0

RE: Water Licence 2BB-MEL0914: Recalculation of Restoration Liability

Dear Ms. Beaulieu,

Water Licence 2BB-MEL0914 allows for a review and update of the restoration liability for the Meliadine Gold Project. This is made possible under Part B GENERAL CONDITIONS, Clause 3:

"Licensee shall review as required by changes in project operation, project components and or technology revise and submit annually to the Board for review, an updated estimate of the Meliadine Lake Gold Project restoration liability using the current version of RECLAIM, its equivalent or other similar method approved by the Board, in accordance with principles of INAC's "Mine Site Reclamation Policy for Nunavut (2000)."

With this letter, Comaplex is submitting an updated estimate of the Meliadine Gold Project restoration liability. This estimate takes in consideration the full remediation of fuel-contaminated soil located on the west side of the pad¹, and the completion of static testing of the waste rock and ore at the Meliadine Gold Project.

For the remediation of the fuel-contaminated soil, three samples were collected of the hydrocarbon stained soil and sent for analysis by a certified laboratory. The analyses showed the hydrocarbon soil to be fully remediated. As shown in table 1 below, the soil meets the CCME Canada Wide Standard for Petroleum Hydrocarbons in Soil for Residential/Parkland use. These are the most stringent guidelines set by CCME. The soil also meets Nunavut's hydrocarbon guideline for soil². A copy of the report on the remediation of the hydrocarbon stained soil can be found on the attached CD.

¹ This is also referenced in INAC's 11 May 2009 letter as "An unauthorized land farm facility for the treatment of hydrocarbon contaminated soils."

² Nunavut adopted the NWT guideline.

Table 1. Comparison of Soil Analytical Results to CCME Canada Wide Standard for Hydrocarbons in Soils for Residential/Parkland (mg/kg)

Residential/ Parkland - fine grained soils CCME guidelines	CCME Canada Wide Standard for hydrocarbons in Soil for Residential / Parkland	Comaplex Soil Sample 1 collected 22 Jun 09	Comaplex Soil Sample 2 collected 22 Jun 09	Golder Soil Sample collected 8 Aug 09
Fraction 1	210	<5.0	<5.0	<10.0
Fraction 1 (BTEX)		<5.0	<5.0	
Fraction 2	150	21	147	76
Fraction 3	1300	148	260	209
Fraction 4	5600	52	63	<50
Total	500 (NWT guideline)	221	470	285
Benzene	0.5	<0.005	<0.005	<0.005
Toluene	0.8	<0.010	<0.010	<0.050
Ethylbenzene	1.2	<0.010	<0.010	<0.010
Xylene	1	<0.020	<0.020	<0.10

Regarding the ARD testing, INAC correctly pointed out at the time that *“Both the Waste Rock & Ore Storage Management Plan (Aug. 2007) and the Abandonment and Restoration Plan (Sept. 2007) are weak with respect to the geochemistry of the ore and waste rock (no acid base accounting (ABA) test data is provided).”* In 2007, an ARD program had not been initiated but in 2009 such a program was undertaken by Comaplex. Static testing of the waste rock and ore at the Meliadine Gold Project was undertaken in 2009 and is now complete. A CD copy of the final Comaplex Geochemistry Static Test Report, May 2010 is attached for your information. The testing was carried out in accordance with INAC 1992 and MEND 2009 guidelines thereby ensuring sufficient samples were tested based on the tonnage of waste rock and ore expected from the development.

Comaplex’s consultants have concluded that waste rock at the Tiriganiaq deposit is non-ARD. With this being the case, it will have a significant bearing on the calculated restoration liability as INAC’s calculation was based on moving potentially acid generating waste rock and ore back underground. In the report, waste rock is classified as non-ARD while ore zone samples are classified as having an uncertain ARD potential and should be treated as potentially acid generating. As a result of these findings, there is no need to move any waste rock underground as it poses no ARD risk. However, the ore presently on surface should be isolated from the environment.

The box cut leading to the portal entrance has a volume of approximately 17,000 m³. The volume of the ore on surface is 13,065 m³ as indicated in the table 2 below. The ore would need to be moved approximately 200 metres from where it is presently stored to the portal area. This would require a loader, truck and dozer. No underground equipment would be needed. The volume of all the demolished buildings should not occupy more than 4,000 m³. As a result,

everything will fit into the box cut and there is no need to move anything underground. Once all materials are in the box cut, they can be covered with 2 metres of waste rock/overburden/top soil found in the portal area to ensure the buried materials are below the active layer and remain frozen year-round.

Table 2. Volume and tonnes of material moved to surface in taking the Bulk Sample (2007 – 2008)

	Volume (m ³)	Tonnes
Waste Rock	53,538	99,937
Ore	13,065	25,521

As a result of the above, we foresee changes to INAC's May 2009 RECLAIM model³ calculation as follows:

- The hydrocarbon contaminated soil has been remediated and requires no special handling or further treatment. It is expected minor amounts of soil associated with small spills at fuelling areas and the camp can be accommodated within the portal box cut. The present RECLAIM cost could be reduced by 50 percent for a saving of \$1,200;
- Dispose of camp and portal buildings, and infrastructure underground is not required as the portal box cut can accommodate all materials for a saving of \$8,832;
- The ground support and ventilation, operate ventilation is no longer needed as access to the decline is not required for a saving of \$25,000;
- ARD testing and reporting has been completed and is no longer required for a saving of \$15,000;
- It is not necessary to haul PAG rock underground as the box cut for the portal will hold all the ore presently stored on the waste rock pad. The 13,065 m³ of ore would be moved 200 metres from where it is presently stored using a loader, truck and dozer at a cost of \$2 to \$4 per m³. This results in a conservative estimated cost of \$52,000. The cost to move the ore and PAG waste rock underground using the RECLAIM model was \$234,000. The difference represents a saving of \$182,000; and
- The indirect costs would also be reduced proportionately. The 5% engineering, 5% management, and 20% contingency would be reduced \$11,601, \$11601, and \$46,406 respectively.

The above represents a total savings of \$301,640.

³ A copy of INAC's 11 May 2009 calculation using the RECLAIM model follows this letter.

Including the above changes in the RECLAIM model leads to a new bonding of \$337,360, (the present security deposit of \$639,000 less the savings of \$301,640). Comaplex feels this is a more reasonable security. As a result of this updated estimate, Comaplex is requesting a review by the Board as provided in Part B, Clause 3 of its Water Licence. If the Board concurs with our estimate, we request they reduce the restoration liability accordingly.

We look forward to the early reduction to the restoration liability required by the Board.

Should you have any questions, please do not hesitate in contacting me at any time.

Yours sincerely,

John Witteman
Comaplex Minerals Corp.

Cc. Dionne Fillatrault, Director, Nunavut Water Board
Lou-Ann Cornacchio / Tanya Trenholm, Water Resources, INAC
Bryan Rayner, Operations, INAC
Veronica Tattitunee / Stephen Hartman / Luis Manzo, Director of Lands, Kivalliq Inuit Association
Mark Balog, Comaplex Minerals Corp.



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Water Resources Division
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU X0A 0H0

NWB File: 2BB-MEL0709
Our File: 9545-4-2.2BB.MELS
CIDMS: 329339

May 11, 2009

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, NU X0B 1J0

Re: 2BB-MEL, Meliadine West Exploration and Bulk Sampling Project, Kivalliq Region – Water Security Cost Estimate

Please be advised that Indian and Northern Affairs Canada (INAC) has completed a cost estimate for security relating to water liabilities associated with the Meliadine West Exploration and Bulk Sampling Project operated by Comaplex Minerals Corporation.

The Meliadine West Exploration Project is operated by Comaplex Minerals Corporation and includes the exploration of gold deposits in the area. The project is located in the Kivalliq Region approximately 25 km Northwest of Rankin Inlet. The amended licence 2BB-MEL0709 was issued in July 2007 to allow for the use of water and the disposal of waste for this exploration and bulk sampling project.

This estimate for security as per Sec 76 of the Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSRTA) is being provided in response to the Nunavut Water Board's (NWB) previous request for such, as part of an amendment to the 2007 licence which was issued July 31, 2007. The amendment was approved prior to the completion of our security review. In addition, this estimate should be considered as part of INAC's overall review comments with respect to the current renewal application for this water licence.

Recommendations/comments in the attached technical review memorandum are provided pursuant to INAC's mandated responsibilities pursuant to *NWNSRTA* and the *Department of Indian Affairs and Northern Development Act*.

If you have any questions or concerns, Please feel free to contact me at (867) 975-4568 or Ian.Rumbolt@inac.gc.ca.

Sincerely,



Original signed by

Ian Rumbolt
Regional Coordinator

Cc. Kevin Buck, Manager of Water Resources – Indian and Northern Affairs Canada,
Nunavut Regional Office

Technical Review Memo

To: Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board

From: Ian Rumbolt, Regional Coordinator, Indian and Northern Affairs Canada - Water
Resources Division

**Re: 2BB-MEL, Meliadine West Exploration and Bulk Sampling Project, Kivalliq
Region – Water Security Cost Estimate**

The following information provides the basis for an estimate of the cost for decommissioning the “waters” component of the Meliadine West Bulk Sample Project. Due to the size and scope of this project any security required by the Nunavut Water Board (NWB) as a condition of a licence is held for the following purposes pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA);

1. To provide compensation to third parties, (Section 13 and 76(2) - NWNSRTA)
2. To cover the costs incurred by an inspector, (Section 87 – NWNSRTA) and
3. To cover the costs incurred by the Minister on closure or abandonment. (Section 89 – NWNSRTA)

Background

The Type ‘B’ water licence amendment application submitted to the NWB for water use and waste disposal associated with the project on April 8, 2007 was reviewed to support the development of this cost estimate. Prior to completing our security assessment the water licence amendment was approved. INAC’s security assessment is based on documentation submitted to the NWB in support of the previous 2008 water licence amendment (documents relating to the camp & infrastructure and water balance could



not be downloaded from the ftp site, although these are not critical for the purpose of this assessment), select photographs of the site viewed on the Comaplex Minerals Corp. (Comaplex) website and a comprehensive photograph record compiled by INAC in July 2008.

It should also be noted that a site visit has not been conducted to support the cost estimate. A site inspection was planned for July 19, 2008. However access to the site was denied by Comaplex site personnel.

It is understood that Comaplex has posted a bond of \$950,000 with the KIA for disturbances and/or reclamation related to the undertaking. It is INAC's policy to estimate the total reclamation costs and to provide an estimate of water related reclamation liabilities to the Nunavut Water Board. The NWB will set the water related security amount that the INAC Minister will hold for water-related liabilities. This approach, which has been taken on numerous northern mining-related projects, is to determine the cost for the reclamation of the entire site, and then to segregate that amount into land and water related components. This methodology has been applied to this assessment.

The RECLAIM model has been used to develop this estimate. This model has been applied on numerous northern sites and incorporates unit costs derived from actual projects involving comparable work.

Project Description

According to the above documentation, the project can be described as follows:

- A camp site which includes approximately 34 insulated tent structures of various sizes, up to about 6 x 20 m, most of which are connected by covered wooden walk-ways, diesel or stove oil heaters are common,
 - About 2.5 km of roads,
 - 3 bulk fuel storage areas, all using AST double walled tanks or fuel bladders lying within a lined containment area
 - A series of explosives storage huts,
 - Assorted lay down areas with waste debris and/or equipment inventory
 - A portal ramp leading to approximately 1060 m of decline, drifts and raises.
-
- A surface waste rock storage pad for ore and waste rock. Ore processing (crushing) machinery is situated on the pad. A lined area for fuel-contaminated soil is located on the west side of the pad.
 - An unauthorized land farm facility for the treatment of hydrocarbon contaminated soils



Both the Waste Rock & Ore Storage Management Plan (Aug. 2007) and the Abandonment and Restoration Plan (Sept. 2007) are weak with respect to the geochemistry of the ore and waste rock (no acid base accounting (ABA) test data is provided).

The deposit is described as a “shear off of the Pyke Fault”. In a figure on the company's web site, the ore zone is shown as a series of co-planar layers that are bounded by splays off of the Lower Fault. Little information is provided concerning the determination of the expected volumes of ore and waste from the bulk sampling project. Given the complex geology that contains this deposit, it is possible that mixing of ore and waste will occur, with potentially greater quantities of PAG rock to be managed at the end of the project.

The bulk sampling project description refers to about 60 m of raises. It is assumed that these are not ventilation raises and do not go to surface. If these raises do go to surface then the cost of backfilling or placing a concrete cap should be added to the estimate presented here.

Description of Proposed Reclamation Measures

Reclamation measures for the project are assumed to include the following:

- All hazardous materials (fuel, explosives, oil, batteries, etc) will be removed for off-site disposal,
- Fuel tanks will be shipped off-site
- Demolition and consolidation of buildings and inert industrial waste for disposal in the underground workings
- Relocation of PAG rock into the underground workings (assumed to be 8525 m³ or 25% more than in the Comaplex plans to allow for mixing with non-PAG and removal of upper layer of the non-PAG pad below the stockpiles). This amount is more than appears to be situated on the pad at the time of the 2008 photographs; however it is assumed that ongoing exploration will result in the full amount of PAG rock being placed on the pad.
- Backfilling of the portal area to prevent access. The overburden slopes around the portal box cut are flattened to be stable when a pond ultimately forms at this location
- Loosening of compacted surfaces and flattening of side slopes on all elevated pads and roads
- Removal of all culverts
- Restore drainage patterns by creating cross-drainage as necessary.
- Seeding of disturbed areas

In addition to the above descriptions of the reclamation measures, the following assumptions have been incorporated into the estimate for decommissioning of the Meliadine project:



- Minor hydrocarbon contaminated soil will be present around the fuel dispensing station, the portal operations areas and within the camp area as well as any residual hydrocarbon contaminated soil in the unauthorized land farm facility (see Tech Review Memo comments for 2009 Water License Renewal Application attached to this e-mail). This will be cleaned up and disposed in the underground workings with the PAG rock.
- All of the work will be conducted by a local (Rankin Inlet) contractor
- Testing of contaminated soil and ARD residue on the waste rock pad will be conducted by an environmental consultant.

INAC policy is not to consider the potential salvage value of material or equipment. This is assumed here.

Estimated Reclamation Cost

Table 1 presents a breakdown of the cost estimate for decommissioning of the Meliadine West Gold Project. The entire site is situated on Inuit Own Land (IOL) that is managed by the Kivalliq Inuit Association (KivIA). The estimated cost for reclaiming the site is approximately \$639,000. This estimate includes a segregation of potential reclamation liability into land and water-related components. The water related liability is estimated to be \$451,000. As stated previously, the purpose of water related security is to provide compensation to third parties (If necessary) as well as to cover cost incurred by an inspector or costs incurred by the Minister on closure and abandonment. Land leases and permits typically have no provisions for compensation to affected third parties.

Comparison with Meliadine Estimate

The Meliadine submissions to the NWB include an estimate of the potential reclamation cost of the site. Three total reclamation numbers (\$413k + contingency, \$652k including contingency from two different contractors and \$738k including contingency from a consultant) are provided. There is no supporting detail for any of these estimates. Therefore, a meaningful comparison of those estimates with this one cannot be made.

Recommendation to the NWB

It is recommended the NWB consider this estimate and impose security for this project. The proponent should be advised to provide such security as a condition on the amended water licence 2BB-MEL0709 and that the security must be in a form satisfactory to the Minister (Section 76(1) – NWNSRTA).



Reclaim Project: Meadowbank Laydown

1		MELIADINE WEST BULK SAMPLE PROJECT					Sept. 08	
ACTIVITY/MATERIAL	Units	Quantity	Cost Code	Unit Cost	% Cost Land	Land Cost	Water Cost	
A								
consolidate & ship waste oil	l	1000	ORH	\$4.00	\$4,000	50%	\$2,000	\$2,000
waste oil disposal fee	l	1000	ORH	\$1.04	\$1,040	50%	\$520	\$520
consolidate & remove other haz mat'ls	each	1	#N/A	\$2,500	\$2,500	100%	\$2,500	\$0
remove barrel inventory	each	1	#N/A	\$2,500	\$2,500	100%	\$2,500	\$0
			#N/A		\$0		\$0	\$0
B Camp buildings & infrastructure								
decommission piping & power dist'n	m-HRs	84	avelabl	\$45.48	\$2,910	100%	\$2,910	\$0
demolish camp buildings & load	hrs	24	C325h	\$178.50	\$4,284	100%	\$4,284	\$0
haul to portal	hrs	16	dumpl	\$80	\$1,280	100%	\$1,280	\$0
dispose underground	hrs	32	scoop1	\$138	\$4,416	100%	\$4,416	\$0
contour/scarify camp area	hrs	8	dozer1	\$173.40	\$1,387	100%	\$1,387	\$0
labour support	hrs	98	avelabl	\$45.48	\$4,455	100%	\$4,455	\$0
vegetate	ha	4	vhfil	\$1,627	\$6,508	100%	\$6,508	\$0
			#N/A	\$0.00	\$0		\$0	\$0
C Portal buildings & infrastructure								
decommission piping & power dist'n	m-HRs	80	avelabl	\$45.48	\$2,728	100%	\$2,728	\$0
demolish camp buildings & load	hrs	80	C325h	\$178.50	\$10,710	100%	\$10,710	\$0
haul to portal	hrs	32	dumpl	\$80.00	\$2,560	100%	\$2,560	\$0
dispose underground	hrs	32	scoop1	\$138	\$4,416	100%	\$4,416	\$0
contour/scarify camp area	hrs	8	dozer1	\$173.40	\$1,387	100%	\$1,387	\$0
labour support	hrs	140	avelabl	\$45.48	\$6,365	100%	\$6,365	\$0
vegetate	ha	2	vhfil	\$1,627	\$3,254	100%	\$3,254	\$0
			#N/A	\$0.00	\$0		\$0	\$0
Waste Rock & Portal								
groundsupport & ventilation, operate ventilation	allow	1		\$25,000	\$25,000	50%	\$12,500	\$12,500
haul PAG rock underground	m3	8525	scoops	\$27.56	\$234,949	0%	\$0	\$234,949
ARD sampling & reporting	allow	1		\$15,000	\$15,000	0%	\$0	\$15,000
doze till & rock into box cut, contour are	hrs	24	dozer1	\$173.40	\$4,162	100%	\$4,162	\$0
doze portal pond & waste rock pad	hrs	8	dozer1	\$173.40	\$1,387	50%	\$694	\$694
scarify road - camp to portal	hrs	8	dozer1	\$173.40	\$1,387	100%	\$1,387	\$0
vegetate road	ha	2.5	vhfil	\$1,627	\$4,067	100%	\$4,067	\$0
E Fuel Facilities								
decommission piping for 15 tanks	h-hrs	16	avelabl	\$45.48	\$727	50%	\$364	\$364
load & haul out 16 tanks	each	16	#N/A	\$1,000	\$16,000	100%	\$16,000	\$0
excavate contam soil, haul U/G	m3	150	scss	\$16.07	\$2,410	100%	\$2,410	\$0
soil testing	allow	1	#N/A	\$5,000	\$5,000	100%	\$5,000	\$0
	tonne		#N/A	\$0.00	\$0		\$0	\$0
	tonne		#N/A	\$0.00	\$0		\$0	\$0
	tonne		#N/A	\$0.00	\$0		\$0	\$0
SUB-TOTAL					\$376,789		\$110,763	\$266,027
PERCENTAGES							29%	71%
F Winter Road								
const. twice, equipment in, equipment o	km	50	WR1L	\$1,346	\$67,320		\$19,790	\$47,530
	m3		#N/A	\$0.00	\$0		\$0	\$0
camp support	m-days	300		\$75.00	\$22,500		\$6,614	\$15,886
Mobilization (dozer, hiab, dump, 2 scooq	allow	1	#N/A	\$25,000	\$25,000		\$7,349	\$17,651
					\$114,820		\$33,753	\$81,067
H INDIRECT COSTS								
Eng.	5%				\$24,580		\$7,226	\$17,355
Proj. Mgmt	5%				\$24,580		\$7,226	\$17,355
Contingency	20%				\$98,322		\$28,903	\$69,419
Subtotal Indirects & Winter Road					\$262,303		\$77,108	\$185,195
GRAND TOTALS					\$639,092	29%	\$187,870	\$451,222
					Percent Land		Total Land Water	