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NUNAVUT WATER BOARD ANNUAL REPORT 2014

Nunavut Water Board Licence No.: 2BE-ANG1318

EXECUTIVE SUMMARY

Kivalliq Energy Corp. is a uranium exploration and development company that has been active in the Kivalliq Region of Nunavut since 2008. The exploration project pertaining to this report is referred to as the Angilak Project operating out of Nutaaq Camp which is located approximately 225 kilometres southwest of Baker Lake.

Water source and use limits:

As per Kivalliq Energy's NWB Water Licence 2BE-ANG1318 issued March 4, 2013, Nutaaq camp's water source is Nutaaq Lake located at 62° 34' 11.89" Latitude and 98° 27' 38.52" Longitude.

The total volume of water use for the purpose of Kivalliq Energy's NWB Water Licence 2BE-ANG1318 shall not exceed two hundred and ninety-nine (299) cubic meters per day, wherein camp water use shall not exceed three (3) cubic meters per day and drill water shall not exceed two hundred and ninety-six (296) cubic meters per day. Drill water shall be obtained from water source(s) proximal to drill targets as outlined in the NWB licence application.

In 2014 water used for domestic purposes averaged 0.6 cubic meters per day. There was no drilling conducted in 2014.

Waste Management:

At Nutaaq Camp, Pecto toilets are used and waste is incinerated on site. Grey water is captured in pipes which flow through a grease trap to a sump and into a tile bed. Approved domestic waste is incinerated on site and all ash is sealed in drums. All other hazardous wastes are airlifted to Baker Lake, containerized and barged to Montreal for appropriate disposal as directed by KBL Environmental LTD. A recycling program is in place.

General:

One fuel spill was reported on June 23, 2014 to the NT-NU 24-Hour Spill Report Line (NU Spill Report 14-234). The Nutaaq Camp comprises temporary plywood buildings and twelve 14x16 vinyl WeatherPort tents on plywood floors situated on a flat top sand esker approximately 8 metres above the surrounding tundra. The nearest water body, Nutaaq Lake, is approximately 200 metres west of the spill site. Two workers sent to inspect the site noted that tent W5 was lifted off its foundations by wind and moved 4 metres south. An adjacent drum of diesel (P50)



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was knocked over. The impact cracked a fuel valve connection at the drum causing a fuel leak. A surface stain of approximately 1 sq. metre is noted. The spill did not enter any water body or drainage. Contaminated soils were excavated to a depth of approximately 1.5 metres by workers using shovels. The contaminated soil has been contained in 10 205 litre drums. The drums will be removed from site and disposed of at an authorized facility. Remediation of any remaining contaminated soils and related sampling at the spill site will commence upon re-opening Nutaaq Camp in June 2015.

An AANDC inspection was conducted by Christine Wilson on July 21, 2014. No concerns were noted.

Regards,

Andrew Berry
Chief Operating Officer
Kivalliq Energy Corporation