

Inspection Report

License #: 2BE-ANG

Inspector: A. Keim

CIDMS # 391785

Client				
	Kivalliq Energy Corporation			
Mailing Address				
	Suite 1440 - 625 Howe St.			
	Vancouver, BC V6C 2T6			
Inspection site				
location				
Contact name	Jeff Ward	Title	VP Exploration	
Last inspection date				
Inspection start date	August 11, 2009			
Region	Kivalliq			



INAC, Nunavut District Box 100 Building 918 Iqaluit, NU, X0A 0H0

March 2, 2010

Jeff Ward, V.P. Exploration Kivalliq Energy Corporation Suite 1440 - 625 Howe St. Vancouver, BC V6C 2T6 Email: jward@kivalliqenergy.com Submitted Via E-Mail Our File: 2BE-ANG0813 Your File:

CIDM # 391785

RE: Water Licence Inspection August 11, 2009

The following inspection report is generated on the information collected during a compliance inspection carried out on the Angilak Project, located approximately 240 kilometres SW of Baker Lake. The inspection was conducted to determine compliance with the terms and conditions of the Water License (2BE-ANG0813) issued to Kivalliq Energy Corporation by the Nunavut Water Board (NWB).

The report references the applicable parts of the Water License (2BE-ANG0813) and the findings observed under each of those parts. During the writing of this report a compliance review was undertaken of the documents, plans and manuals filed by the Licensee and located on the Nunavut Water Board's FTP site.

Issues noted in previous Inspections;

o None. No previous inspection reports could be located by the Inspector.

During the period of the 2009 inspection the following issues were identified by the Inspector;

- o Accurate recording of water usage had not been initiated at the time of the Inspection.
- Water usage had not been recorded prior to the inspection.
- o Fuel was stored within 30 meters of water at the potable source.
- o Bernadette incinerator noted on site as well as two burn barrels. Barrels were to be removed as ordered by the inspector and confirmation of this was to be provided the inspector.
- Records of backhaul of waste (hazardous and non-hazardous) were not available for review.
- o Fuel storage on site had no secondary containment.
- o A reported spill site was inspected. No fuel was noted on surface. A report on the spill was to be submitted to the inspector within 30 days. Nothing has been received to date.

Non-Compliance: Issues identified during the August 11th, 2009 inspection and/or review of relevant material

Issues where there is a known or anticipated threat to human health.

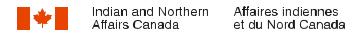
o Fuel in a Jerry Can was noted adjacent to the potable water intake for camp.

Issues where there is a known or anticipated environmental impairment;

Fuel barrels on site without Secondary Containment.

Issues where there is a known or suspected violation of a requirement of the Water License;

- o Failure to record water usage and install meters. (Part B (4))
- Open Burning. (Part D (2))
- o Failure to record back hauls of waste. (Part D (4)) and (6)
- o Failure to submit an updated Uranium Exploration Plan. (Part F (1))



A. Keim	
Inspector's Name	Inspector's Signature

Cc:

Peter Kusugak- Manager Field Operations Section- Indian and Northern Affairs Canada Phyllis Beaulieu – Manager licensing – Nunavut Water Board

