

NIRB File No.: 11EN024
QIA File No.: Q10L2C020
NWB File No.: 2BE-BEL1114

August 17, 2012

Thomas Kabloona, Chairperson
Nunavut Water Board
c/o Phyllis Beaulieu, Manager of Licensing
Nunavut Water Board
P.O. Box 119,
Gjoa Haven, NU X0B 1J0

Via email: licensing@nunavutwaterboard.org

Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Canadian Orebodies Inc.’s Amendment Request with the Nunavut Water Board for the “Belcher Island Diamond Drilling Program” project

Dear Phyllis Beaulieu:

On July 16, 2012 the Nunavut Impact Review Board (NIRB or Board) received an application from the Nunavut Water Board (NWB) for an amendment to water licence 2BE-BEL1114 for Canadian Orebodies Inc.'s (COBI; the Proponent) "Belcher Island Diamond Drilling Program" project proposal. The NIRB notes that a conformity determination from the Nunavut Planning Commission was not required for this file, as the proposed project is located within a region that does not currently have an approved land use plan in place.

Please be advised that the original project proposal (NIRB File No.: 11EN024) was received by the NIRB from the Government of Nunavut – Community & Government Services (GN-CGS) on May 5, 2011 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On June 13, 2011 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of Community & Government Services, Government of Nunavut, which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On March 21, 2012 the NIRB received an application for an amendment from the Qikiqtani Inuit Association to the Land Use License Q10L2C020 for the above mentioned project. After a thorough assessment of the amendment request, the NIRB determined that the application was exempt from the requirement for further screening pursuant to Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on April 25, 2012.

The current NWB application, the original NIRB Screening Decision Report (11EN024) and related file information are available from the NIRB's ftp site at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2011/11EN024-Canadian%20Orebodies-Gord%20McKinnon/>

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 11EN024), the "Belcher Island Diamond Drilling Program" project was located on Inuit Owned Lands and Commissioner's lands (Municipal) near the community of Sanikiluaq on Flaherty Island in the Belcher Islands archipelago, Qikiqtani Region. The Proponent indicated that it intended to conduct land-based prospecting and mineral exploration for potential iron ore deposits between May and October annually, from 2011 to 2013.

The activities and components associated with the previously screened proposal included:

- Establish a 30 person camp;
- Ground and air geophysical assessment on Commissioner's Land and Inuit Owned Land;
- Diamond drilling for two (2) years using three (3) drills for a total 30,000 metres drilled;
- Storing 82,000 litres (L) of diesel, 82,000 L of aviation fuel, 2,000 L of gasoline, and 20-100 pound tanks of propane fuel on site;
- Helicopter transport of drilling equipment, crew, and supplies;
- Combustible wastes incinerated on site with non-combustible and hazardous wastes removed for disposal at an approved landfill.

The activities and components associated with the previous April 25, 2012 amendment include:

- Exploration and drilling conducted on the following new sites:
 - the Haig West area located on Municipal Land,
 - the Wiegand Island area on Inuit Owned Land,
 - the Kugong Island area on Inuit Owned Land, and
 - the Kihl Bay area on Inuit Owned Land; as well as
- Logistical support, including worker accommodations, based out of the community of Sanikiluaq instead of the previously permitted temporary camp.

CURRENT APPLICATION:

COBI is proposing to amend their water licence to include additional sources of water for drilling at the Kihl Bay, Weigand Island, and Kugong Island sites.

Please note that Section 12.4.3 of the NLCA states that:

"Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project. ”

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the proposed amendment does not change the general scope of the original project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original June 13, 2011 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Tara Arko, Technical Advisor, at 867-983-4611 or tarko@nirb.ca.

Sincerely,

A handwritten signature in black ink that reads "Ryan Barry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ryan Barry
Executive Director

cc: Gordon McKinnon, Canadian Orebodies Inc.
Bernie MacIsaac, Qikiqtani Inuit Association
Adule Chris, Government of Nunavut – Community & Government Services
Nathaniel Joanassie, Government of Nunavut – Community & Government Services
Jeff Mercer, Aboriginal Affairs and Northern Development Canada
Tracey McCaie, Aboriginal Affairs and Northern Development Canada

Enclosed: NIRB Screening Decision Report, File No.: 11EN024 (June 13, 2011)