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By Licensing Administrative Assistant at 2:09 pm, May 27, 2011

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

Your file - Votre référence
2BE-BEL----
Our file - Notre référence
CIDM# 463952

May 26, 2011

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Re: 2BE-BEL---- New Water License Application – Belcher Island Diamond Drilling Program – Canadian Orebodies Inc. – Qikiqtani Region

Indian and Northern Affairs Canada (INAC) has performed a review of the new water license application, 2BE-BEL---- (Belcher Island Diamond Drilling Program), submitted by Canadian Orebodies Inc. to the Nunavut Water Board (NWB). The following advice has been provided pursuant to INAC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NW&NSRT) and the *Department of Indian Affairs and Northern Development Act* (DIAND Act). In conducting our review, INAC referred to the documents on the NWB's FTP-site under 2BE-BEL----. INAC recommends that the NWB take into consideration the following comments when reviewing this application.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4568 or by email at Eva.Paul@inac-ainc.gc.ca

Sincerely,

Original Signed By

Eva Paul
Water Resources Technician

Cc. Jim Rogers, Manager of Water Resources,
Kevin Robertson, A/Manager of Field Operations
Indian and Northern Affairs Canada, Nunavut Regional Office

Technical Review Memorandum

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

From: Eva Paul – Water Resources Technician, Indian & Northern Affairs Canada.

Re: 2BE-BEL---- New Water License Application – Belcher Islands Diamond Drilling Program – Canadian Orebodies Inc. – Qikiqtani Region

A. Project Description

On May 6, 2011 the Nunavut Water Board (the Board) distributed Canadian Orebodies Inc.'s application for a Type B water licence to allow for the use of water and disposal of waste associated with their Belcher Island Diamond Drilling Program. Canadian Orebodies Inc. has requested that their licence have a three year term.

The proposed project is located on the Belcher Islands, approximately 22 km southeast of Sanikiluaq at the head of Haig Inlet. Project activities will consist of a 30 person seasonal camp and a drill program. The proposed camp location is at a site that was occupied in the 1950s during earlier exploration programs. Canadian Orebodies Inc. has requested a daily water allowance of 9.5 m^3, of which 1.5 m^3 would be used for domestic purposes and 8 m^3 would support diamond drilling operations. Domestic water will be acquired from the Kasegalik Lake and the diamond drill rigs would acquire water from nearby creeks and lakes.

B. Results of Review

On behalf of the Indian and Northern Affairs Canada Water Resources Division I am providing the following comments/ recommendations for the Board's consideration.

1. General

Prior to the upcoming field season, Canadian Orebodies Inc. should revise their project management plans to address the findings of this review.

INAC recommends that the NWB wait until the Nunavut Impact Review Board's

determination is received on the proposed project before issuing a licence and before the proponent undertakes the proposed work.

INAC recommends that the applicant submit to the NWB all locations or areas where water may be obtained and used during the proposed drilling program. The applicant should provide additional location details in their annual reports to the Board.

INAC recommends that the applicant obtain written confirmation and authorization from any municipality for the use of their facilities to dispose of wastes including hazardous wastes, and provide a copy of the authorization to the Board.

2. Camp

INAC recommends that a filtration system designed to remove hydrocarbons be employed before any effluent collected within secondary containment structures is released.

INAC recommends that grey water and latrine sumps be located a minimum distance of thirty (30) metres from the ordinary high water mark of any water body.

Any incineration of solid waste should be conducted in accordance with Environment Canada's, "Technical Document for Batch Waste Incineration." This document provides information on appropriate incineration technologies, best management and operational practices, monitoring, and reporting.

3. Drilling Activities

INAC recommends the collection of basic water quality data at the water sources downstream of each drill site. Using a calibrated field meter or other approved method, a total of three (3) parameters (pH, water temperature, and conductivity) should be collected / analyzed upstream and downstream of each drill prior to and upon completion of drilling activities. The information should be provided to the Nunavut Water Board in the Proponent's annual report. If pH or conductivity changes significantly (i.e., the order on one magnitude as a minimum), the Proponent should provide a report to the NWB advising of the reasons why the change occurred and, if related to drilling activities, advise of any mitigation measures that were undertaken.

4. Contingency Plan

INAC recommends that the proponent review the document "*Guidelines for Spill Contingency Planning"*, available on INAC's website at http://www.ainc-inac.gc.ca/ai/scr/nt/ntr/pubs/SCP-eng.asp. A description of the methods whereby recovered contaminated soils, snow, water, and ice will be managed and/or treated is integral to the Spill Contingency Plan.

INAC also recommends that the Contingency Plan be updated to include the following information:

a) An onsite contact number (SAT number).
b) Best practices which include the use of drip trays during all fuelling operations and the secondary containment of fuel, waste oil, and any other hazardous materials.
c) A correction to the phone number of the Manager of Water Resources. This number should be: 867-975-4550.
d) Current Material Safety Data Sheets.
e) A schematic drawing to be upgraded to a topographic map that identifies the project camp, nearby water sources, fuel caches, spill response equipment storage locations, drainage directions and any other aspects that can have an impact on water management in the project area.

5. Abandonment and Restoration Plan

INAC does not encourage open burning as a disposal method for camp structures during Abandonment and Restoration activities. Rather, the disposal of such waste materials in approved facilities is preferred. In the event that the open burning of combustible waste materials acceptable to the Board is carried out, the following recommendations are provided:

- Only waste materials considered to be acceptable for burning by the Board can be burned;
- Waste materials considered to be acceptable for burning should be appropriately sized (i.e., cut if necessary) to promote complete burning;
- The burn shall remain in a 'hot phase' or 'hot burn' until complete combustion of the waste materials has occurred. Air assistance to the fire should be considered to improve complete burning of combustible waste materials; and,
- Remaining non-combustible debris (e.g., nails) should be removed from the burn area and disposed in an approved facility.

The Abandonment and Restoration Plan proposes to utilize peat moss and fertilizer to promote natural growth in areas of overuse. INAC supports the use of peat moss to insulate the ground, but does not encourage the use of fertilizer as a practice.

INAC notes that the Abandonment and Restoration plan does not address the latrine facilities. INAC recommends that they be treated with lime, filled and mounded at the end of each field season, and that the structure be removed to an approved facility upon termination of the project.

INAC recommends that the applicant provide, to the NWB, the referenced outstanding information pertaining to the application.

cc. Jim Rogers, Manager of Water Resources – Indian and Northern Affairs Canada, Nunavut Regional Office
Kevin Robertson, A/District Manager – Indian and Northern Affairs Canada, Nunavut Regional Office