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Your file - Votre référence  
NWB file # 2BE-BUG0712  
Our file - Notre référence  
File # 9545-2-BUG / CIDMS # 216238

May 27, 2008

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

**Re: Additional Information Received for Water License 2BE-BUG0712, UR-Energy Inc.- Bug Project- Amendment Application**

Indian and Northern Affairs Canada (INAC) has reviewed of the UR-Energy Inc additional information for the Bug Project (2BE-BUG0712) submitted to the Nunavut Water Board (NWB). In conducting our review, INAC has made reference to all documents on the NWB's FTP-site under 2BE-BUG0712.

INAC has reviewed the BUG Project (2BE-BUG0712) Supplementary Questionnaire, updated Spill Contingency Plan, Abandonment and Restoration Plan and the Uranium Exploration Plan. UR-Energy has already requested an amendment to the volume of water currently allowed for the camp and single drilling operation from 5 cubic meters per day to 60(min) to 80(max) cubic meters per day, as outlined in Section 7 of the Water License Amendment Application, and in Section 27 of the Supplementary Questionnaire. Since drilling is now a component of the amendment, and uranium is the identified deposit, INAC shall make a couple more recommendations.

INAC recommends that the proponent should explain how diamond drill return-water will be managed in a manner that will not pose a negative impact on the quality of nearby freshwater sources. The proponent is advised to consider using hot water rather than drill additives to support permafrost drilling operations as a means of protecting freshwater quality.

Should a drill hole penetrate below the permafrost layer, the drill hole should be permanently sealed and capped to prevent induced contamination of groundwater or salinization of surface waters due to an artesian flow. Furthermore, INAC requests the

provision of permafrost depth readings for data management purposes.

INAC recommends that the proponent follow the Mineral Exploration Guidelines for Saskatchewan (Saskatchewan Mineral Exploration and Government Advisory Committee, 2005) with regard to uranium exploration best management practices.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by email at [CullA@ainc-ianc.gc.ca](mailto:CullA@ainc-ianc.gc.ca).

Sincerely,

*Original Signed By*

Andrea Cull  
Water Management Specialist

*Cc J. Rogers, Manager Water Resources*