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Our File: 2BE-CRA0710

Your File: _____

CIDM #

May 28, 2009

Ms. Jo Price
Geologist, CBR Gold Corp
Suite 220, 9797-45 Ave
Edmonton, AB, T6E 5V8

Dear Ms Price,

RE: Inspection carried out Aug 13th, 2008 at Hayes Camp (Kitikmeot Region), NU, Water Licence 2BE-CRA0710 and responses dated Nov 11, 2008 and Apr 14, 2009 to INAC from CBR Goldcorp

Please be advised that INAC has completed a review of the above referenced documents in relation to a site inspection carried out at CBR's Hayes Camp on August 13, 2008. As you are aware, an Inspector's Direction was issued to CBR Gold Corp as a result of my inspection. The Direction required CBR to submit a plan that addresses issues identified during the Aug 2008 inspection. These issues included:

- Erosion of the grey water sumps (from kitchen and dry) and excess seepage
- Good use of insta-berms at main camp and incinerator areas; however, there was a lack of secondary containment at the two refuelling stations observed at the main fuel cache areas (one of these was the helicopter refuelling station, located near a small pond).
- There was only one fuel heating drum noted without an insta-berm and several pallets of waste products (near old kitchen tent); as well, many of the fuel lines (or possibly valve seals) on heating drums within the camp appeared to be approaching replacement point –use of absorbent material around valves (as done on site) is a good precautionary measure.
- Standing water and accumulated fuel product and/or sludge inside secondary containment was a concern (especially for the drums near the generator shed).
- Spill Contingency Plan as well as fuel cache monitoring records need to be updated regularly
- Copies of waste manifests and confirmation of proper disposal are to be maintained and provided to the Inspector on request.
- The drilling lay down area was well maintained; however, the area is susceptible to constant traffic and erosion control matting (or some other device/technique) is recommended.
- Good use of erosion control matting was noted at the bottom of the “gully” area.
- Lack of a proper water management monitoring program was noted (i.e.: monitoring schedule, Surveillance Network Monitoring or SNP points, signage, submission of results, etc)
- Plans, updates and reporting requirements are to be site specific for each camp approved under the water licence
- Lack of secondary containment at the main fuel tank cache area – empty drums stored close to a small pond (berm or liner should be placed underneath)



I would like to clarify that the direction provided within the field report (Aug 2008), required a Plan to address the issues noted. While INAC does recommend secondary containment for all fuel use and/or storage, it was not specified to construct secondary containment at the main fuel cache. The intent was for CBR to submit a plan that addresses the lack of it – that plan could identify measures that would decrease the probability of spillage occurring and/or other appropriate actions that ensure any impact to the environment would be minimized. My main concern however, was the end treatment methods of water and/or sludge accumulated within on-site secondary containment structures, as well as the lack of a monitoring record, at the time of my inspection.

CBR's November 11, 2008 response to my Direction addressed many of my concerns, however, CBR's Mr Vosburgh requested further discussion with respect to what was perceived as a requirement for secondary containment for the main fuel cache. Again, to clarify what was identified as a concern, were the refuelling stations at the main fuel cache and a lack of secondary containment associated with refuelling. An updated Spill Contingency Plan (November, 2008) was submitted (by Mr. Vosburgh).

Your April 14, 2009 submission, which includes updated procedures for fuel handling and management at your site, generally incorporates good practices to minimize impacts. However, I have noted several concerns with your April 2009 correspondence that need to be addressed in an updated plan. These include:

- Part G, Item 1 (of the water licence) requires the submission of an updated Spill Contingency that must be approved by the Water Board
- Clear differentiation between preventive measures (such as use of drip pans or other forms of secondary containment for all fuel transfers) versus mitigative measures (cleaning up a spill after the fact). For example, there is no mention of secondary containment under "Preventative Measures" section 6.1.
- "Regular" monitoring should be better defined and a monitoring record of these in-house inspections should be maintained
- Section 4.1 refers to Section 8 as providing more information on the spill equipment inventory(s) kept on site. This information is not in your Plan and is a requirement under Part H, Item 1 of CBR's water licence.
- Contact names and information section:
 - Andrew Keim is the Water Resource Officer for the Baffin Region (867-975-4289); I am the Water Resource Officer for the Kitikmeot Region (867) 982-4308
 - Baba Pedersen is the Resource Management Officer (Land Use Inspector) for the Kitikmeot Region (867) 982-4306 and Kevin Robertson for the Baffin Region (867-975-4296).
- Waste Management Plan
- You do not require additional SNP stations at this point in time. However, in accordance with Part J, item 4, you do need a procedure for sampling any water prior to discharge from secondary containment structures. Any discharges must meet CCME criteria for BTEX and Oil & Grease (and/or whatever is most appropriate for the type of product being stored within a particular containment structure). These test results are to be included in your Annual Report as per Part J, item 7.

A copy of your updated plan should incorporate these additional items (to what you state in your April 2009 correspondence) and should be submitted to the NWB (copied to myself and INAC's Manager of Water Resources, Kevin Buck); I anticipate receiving this document no later than June 15, 2009.



I trust that this correspondence clarifies your concern regarding any requirement to install secondary containment at the Hayes Camp main fuel cache.

In summary, there is no specific requirement to install secondary containment for the main fuel cache, but there is a requirement to submit a plan to improve fuel handling and storage at your sites. This can be accomplished by implementation of an approved, updated Spill Contingency Plan that incorporates many of the items stated in your April 14, 2009 correspondence. Be aware, however, that an INAC Inspector can issue an Inspector's Direction if he/she observes any contamination, waste disposal, etc. that has the potential to adversely impact the quality of water in Nunavut.

INAC will inspect your site during 2009 to confirm implementation of your updated Spill Contingency Plan and associated fuel handling procedures.

Should you have any questions please feel free to contact me directly at (867) 982-4308 or Melissa.Joy@inac.gc.ca.

Sincerely,
Melissa Joy

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Cc:

Kevin Buck – Manager of Water Resources, Indian & Northern Affairs Canada
Peter Kusugak – Manager Field Operations, Indian & Northern Affairs Canada
Phyllis Beaulieu – Manager Licensing, Nunavut Water Board