



Aboriginal Affairs and Northern Development Canada
Nunavut District Office
Field Operations Unit
P.O Box 100
Iqaluit, NU, X0A 0H0

Submitted Via E-Mail

Our File: 2BE- FBP1116

LUP: N2011J0032

Your File: _____

CIDM # 626709

January 25, 2013

Warren Black, B.Sc., G.I.T.
Geologist APEX Geoscience Ltd.
#200 9797 – 45th Avenue NW
Edmonton AB T6E 5V8 Canada
E-mail: wblack@apexgeoscience.com

RE: Water Licence 2BE-FBP1116 and Land Use Permit N2011J0032 Inspection

Please find attached a report on the Water License Inspection conducted at the Fraser Bay Project Camp located at Mackar Inlet in the Qikiqtani Region of Nunavut on the 5th of August, 2012.

Included at the end of the report is a summary of observations made during the inspection with respect to issues of non-compliance or non-conformity with respect to the Water License or the *Nunavut Water and Nunavut Surface Rights Tribunals Act*, and the actions required of Roche Bay PLC and / or Apex Geosciences (agent) as a result of the Inspection.

The role of Aboriginal Affairs and Northern Development Canada ("AANDC") in issues related to the use of water or deposit of waste in Nunavut is one of compliance monitoring and enforcement. AANDC's preferred option is to work with clients to address instances of non-compliance with their authorizations or the Act and risks to the environment.

Should you require more information or clarification on any aspect of the enclosed report please contact the undersigned at the coordinates listed below.

I look forward to continuing to work with you and your staff. If you have any questions please do not hesitate to contact our office here in Iqaluit.

Sincerely,

Sent by E-mail

Andrew Keim
Water Resources Officer
Aboriginal Affairs Northern Development Canada
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Cc: Phyllis Beaulieu – Manager licensing – Nunavut Water Board



License #: 2BE-FBP1116
LUP#: N2011J0032

Inspector: A. KEIM

Inspection Date: August 5, 2012

CIDMS #: 626709

| | | | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------|
| Client | APEX Geoscience Ltd. and Roche Bay PLC | | |
| Mailing Address | #200 9797 – 45th Avenue NW Edmonton AB T6E 5V8 Canada And Eurolife Building, Suite 2F/2 1 Corral Road P.O. Box 575 Gibraltar | | |
| Inspection site location | N68 20 13.9 W85 44 12.8 | | |
| Contact name | Fred Wilke – Apex Geoscience | Title | Camp Manager |
| Last inspection date | None. | | |
| Region | Kivalliq | | |



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RE: Water Licence 2BE-FBP1116 and Land Use Permit N2011J0032 Inspection

Roche bay PLC's Fraser Bay Project is located in the Qikiqtani region of Nunavut, at a general location of N68 20 13.9 W85 44 12.8 in the area commonly known as Mackar Inlet.

The camp is situated on Crown Land –Land Use Permit number N2011J0032 and holds authorization for water use and waste disposal under a type "B" license 2BE-FBP1116.

On August 5 2012 a compliance inspection was conducted on the Fraser Bay Project campsite by the AANDC Inspector. It was noted that the Licensee had only just arrived at site (5 days) and was still in the process of shipping in and erecting their camp facilities. Water for drinking was at the camp was, at the time, being flown in with construction materials until testing of the adjacent source could be completed and a treatment system installed. Records of water sampling were to be submitted with the annual report and forwarded to the Inspector upon receipt by the Licensee.

A Record of Inspection was completed on-site subsequent to the inspection and a copy of this form was provided to Mr. Fred Wilke of Apex Geoscience, Camp manager for Roche Bay PLC at the end of the inspection. The Inspector thanks Mr. Wilke for taking the time to go through the camp and provide assistance to the Inspectors during their visit to the site.

The Record of Inspection indicated no issues with compliance under the water license. Damage and rutting along the route taken between the airstrip to the new camp by ATV's belonging to the licensee was to be addressed before the camp was closed. These issues are covered under Conditions 23,24 and 25 of Section 31(1)(f)- Control or Prevention of Flooding and Subsidence of Land in the issued land use Permit (Pages 2 and 3)

This report includes a detailed administrative review and a review of all notes and photographs taken during the August inspection.

Part A: Scope and Conditions

No issues were found with respect to the information contained within this section of the license. The license, as issued, is a Type "B" license classed as Industrial –Type B.

Part B: General Conditions

A review of the Nunavut Water Board FTP was conducted during the writing of this report. NPC provided a positive conformity report on July 21st, 2011.



An initial NIRB Screening Report and conditions was issued on July 13, 2011. Following an application for amendment on December 22, 2011 the NIRB conducted a review and found the project exempt from further screening at this time.

The Nunavut Water Board issued the Water License 2BE-FBP1116 on July 18, 2011 for a period of 5 years. Following receipt of the application for amendment the NWB solicited comments from regulators which were submitted to the NWB on June 4 2012.

The NWB then issued the amendment to the Water License on June 25th, 2012. The amendment allowed for the construction of the required camp facilities and use of water and deposit of waste associated with same.

The Licensee is reminded that Annual Reporting is a requirement subject to Part B item 2 (a through h). At the time of the drafting of this report an Annual Report had recently been filed with the NWB for the 2012 year. A review of the report as submitted notes the following;

- Sampling results from water taken from adjacent to camp for consumption is not provided as requested by the Inspector during the August 5 2012 Inspection.
- Subject to Part B Item 2 (g), a summary of all information required under the Monitoring Program, the Licensee has not provided in the Annual Report a record of total water usage.

The Licensee is reminded that it is the responsibility of the Licensee to ensure that any documentation submitted by the Licensee to the Nunavut Water Board ("NWB") is acknowledged by the Manager of Licensing.

Part C: Conditions Applying to Water Use

At the time of the inspection the Licensee had been allocated the use of 130 cubic meters of total water per day (25 m³ for Camp use and 105 m³ for drilling activities).

During the period of inspection it was determined that potable water was being flown into site and that water from a local source is used for camp activities (showers/laundry) only. These totals were to be recorded and provided to the Board and the Inspector in the Annual Report.

No drilling has been undertaken at this point in the project. A record of total water use was not available at the time of the Inspection (Camp was under construction at the time of the Inspection). At the time of the Inspection a total of 15 people were in the camp.

Part D: Conditions Applying to Waste Disposal

No issues were noted with respect to this section of the license

The Licensee is reminded that before any wastes generated on site are deposited in any community in Nunavut a letter of authorization must be provided to the board.

The Licensee is also reminded that all hazardous wastes generated on site shall be disposed of properly at a licensed waste disposal site and that records of Back hauled waste must be made available to the Inspector upon request. During the Inspection it was stated by Mr. Wilke that hazardous wastes or wastes back hauled from the site may go to Churchill Mb. A review conducted of the documents available on the NWB's FTP site does not show any of the required approvals necessary for this practice to occur. Additionally, no transportation manifests or shipping documents have been supplied with the Annual report. It is unclear where hazardous



wastes generated during the 2012 season have been deposited. This information is required by the Inspector and is to be provided upon request.

During the Period of Inspection a Smart Ash Incinerator was noted on site. This unit is very small and will quickly be undersized and not able to handle the volume of waste generated by a camp of any larger a size. The Licensee is reminded that subject to Item 3 of this part the Licensee is required to dispose of all acceptable food waste, paper waste and untreated wood products in an incinerator.

Part E: Conditions for Camps, Access Infrastructures and Operations

As discussed during the period of Inspection the Licensee is required to take actions necessary to comply with item 2 of this part and minimize impacts on surface drainage and the Licensee shall immediately undertake any corrective measures in the event of any impacts on surface drainage. This is in reference to the rutting and trail erosion from the four wheeler traffic between the Airstrip and the new camp during the construction period.

Part F: Conditions Applying to Drilling Operations

No drilling activities were on-going during the period of inspection.

Part G: Conditions Applying To Modifications

No issues were noted during the period of inspection and none have been reported since by the Licensee.

Part H: Applying To Spill Contingency Planning

During the writing of the Water Licence Inspection report a review of the reports and plans as submitted to the Nunavut Water Board's FTP site was conducted.

On the FTP site the Inspector noted that a Spill Contingency Plan, Roche Bay PLC", dated January 2011 were available for review and had been approved by the NWB.

It was noted during the inspection that the all caches fuel on site was contained within secondary containment. A number of drums within the camp footprint were noted as requiring additional secondary containment because they were being used for fuel transfers.

Part I: Conditions Applying to Abandonment and Restoration or Temporary Closure

During the writing of the Water Licence Inspection report a review of the reports and plans as submitted to the Nunavut Water Board's FTP site was conducted.

On the FTP site the Inspector noted that a Plan entitled "Abandonment and Restoration Plan, Roche Bay PLC", dated January 2011 was present.

As The camp was still in the construction phase of operation, no remedial activities were on-going or planned at the time of the Inspection.

Part L: Conditions Applying to the Monitoring Program

The Licensee is reminded to submit records detailing the daily quantities of water utilized for camp, drilling and other purposes as required in the Annual Report and Item 7 of this Part.



Non-Compliance: Some instances of non-compliance with issued authorizations was noted during the period of Inspection and during the development of this report.

The Licensee is reminded to ensure that Secondary Containment is used during all operations involved with the transfer of fuel.

The Licensee will be required to address the issues of rutting and to prevent any further erosion along the trail leading to the camp from the airstrip. It is recommended that the use of four wheelers and other equipment be minimized.

Records related to the total water usage in camp and for all activities are to be reported in the Annual Report. This information should be submitted to the Inspector and the NWB as an addendum to the report before further field work is undertaken.

Andrew Keim

Inspector's Name

Inspector's Signature

Cc: Phyllis Beaulieu – Manager licensing – Nunavut Water Board

Contact:

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