



P.O. Box 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

File No: 2BE-GRA----

January 7, 2010

Andrea Maynes
Indicator Minerals Inc.
275 – 1075 West Georgia Street
Vancouver, BC V6E 3C9
E-mail: andream@indicatorminerals.com

Subject: Indicator Minerals Inc. – Grail Project – New Application – Type “B”

Dear Ms. Maynes:

The Nunavut Water Board (“NWB”) acknowledges receipt, on November 26, 2009, of a new application for a Type “B” water license for water use and waste disposal associated with activities in the Kitikmeot region of Nunavut. The application consists of the following documents:

- Cover letters dated November 26 and 27, 2009
- Water Licence Application Form
- Email clarifying camp coordinates dated December 9, 2009
- Exploration/Remote Camp Questionnaire
- Appendix A – Non-Technical Summary (English and Inuktitut)
- Maps and Figures
- Spill Contingency Plan and MSDS sheets
- Environmental Procedures Plan for the Grail Project
- Abandonment and Restoration Plan

The application can be obtained from our ftp site under PRUC with Username: public, Password: registry.

The NWB undertook a preliminary review of your application and concluded that it meets the requirements of section 48(1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (“Act”). However, the NWB retains the right to request additional information and studies pursuant to sections 48(2) of the Act or to issue guidelines for the provision of information pursuant to section 48(3) of the Act. A NWB Technical Advisor may be in touch with you to clarify any technical details related to your application.

In accordance with S.11.5.10 of the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* (“NLCA”), prior to the application being fully

processed by the NWB the project proposal shall be reviewed by the Nunavut Planning Commission (“NPC”), to determine whether the project proposal is in conformity with an approved land use plan. By copy of this letter, the NWB requests the NPC provide its determination and recommendations to the NWB pursuant to Sections 13.4.2 through 13.4.5 of the NLCA, or written confirmation that the project proposal falls outside the boundaries of an approved land use plan. Also, by copy of this letter to the Nunavut Impact Review Board (“NIRB”), the NWB requests that if the project proposal requires screening, the NIRB provide the NWB with a determination pursuant to Section 13.5.1 of the NLCA. If the project is exempt from screening pursuant to Schedule 12-1 of the NLCA, the NWB requests written confirmation from the NIRB that the project proposal is in fact exempt from screening.

To ensure this application is dealt with in a timely fashion, the NWB forwards notice of all documentation to regulators and council of the municipality(ies) most affected by the project, inviting interested parties to make representation directly to the NWB **within 30 days from the date of this letter.** The NWB may provide additional procedural instructions once the application has been reviewed by interested parties.

Subject to Sections 12.10.2 and 13.5.5 of the NLCA, where a review is required pursuant to Article 12, the NWB shall not approve any water application that forms part of that review until Article 12 has been complied with.

Sincerely,

Original signed by:

Phyllis Beaulieu
Manager of Licensing

Enclosure: Notice of Application

Cc: NPC Conformity
NIRB
Distribution List – Kitikmeot