

Water Resources Division Nunavut Regional Office Iqaluit, NU X0A 0H0

May 27, 2010

Phyllis Beaulieu Manager of Licensing Nunavut Water Board PO Box 119 Gjoa Haven, NU X0A 1J0

Re: 2BE-GRA---- New Water Licence Application – Grail Property Project – Indicator Minerals Inc.

Please be advised that Indian and Northern Affairs Canada (INAC) has completed a review of the above noted new water licence application.

The Nunavut Water Board (NWB) distributed the application for comment on May 6, 2010.

In conducting this review, I have referred to all documents on the Nunavut Water Board FTP site as it relates to 2BE-GRA----. Attached is a Technical Review Memorandum for your consideration.

Please feel free to contact me should you have any questions or comments. I can be reached at (867) 975-4566 or by email at tanya.trenholm@inac.gc.ca.

Sincerely,

Original signed by

Tanya Trenholm Pollution Policy Specialist



Our File # 9545-1 Doc. CIDMS # 408402

Technical Review Memorandum

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

From: Tanya Trenholm, Pollution Policy Specialist - Indian and Northern Affairs

Canada – Water Resources Division

Re: 2BE-GRA---- New Water Licence Application – Grail Property Project

- Indicator Minerals Inc.

Existing Water Licence #: Not applicable

Recommendations / Comments

Waste Treatment and Disposal:

The applicant should clarify the means by which it intends to treat and dispose of sewage waste.

The application states that pacto toilets will be employed, and sewage wastes will be removed or incinerated on site. However, by way of a letter from Indicator Minerals to the NWB (Indicator Response to Comments), specifically in their response to Environment Canada's concern that "Raw sewage should not be burned in batch incinerators that are typically used in the north", the applicant indicates that "The Land use Permit for the Grail project states that The permittee shall deposit all sewage into a sump".

Spill Contingency Plan:

The proponent should submit with its annual report for the 2010 season, a map of the finalized camp layout, which identifies the location of the cache, as well as the location of nearby by catch basins, drainage patterns and water bodies which could be impacted by a spill (as per the Contingency Planning and Spill Reporting in Nunavut Guidelines).

Please feel free to contact me at your convenience should you wish to further discuss any part of this submission to the Board. I can be reached at 867-975-4566 or via email, tanya.trenholm@inac.gc.ca.

Cc. Lou-Ann Cornacchio, Manager, Water Resources Division – Indian and Northern Affairs Canada: