



AANDC, Nunavut District Office  
Box 100  
Iqaluit, NU, X0A 0H0

20 June 2013

David McAdam  
Bluestone Resources Inc.  
1020-800 West Pender St.  
Vancouver, BC V6C 2V6  
E-mail: [dmcadam@bluestonerresources.ca](mailto:dmcadam@bluestonerresources.ca)

RE: 2013 Inspection of 2BE-GRA1217 and N2009C0016 Water Licence and Land Use Permit

Mr. McAdam,

As the Water Resource Officer for Aboriginal Affairs and Northern Development Canada in the Kitikmeot Region, Nunavut, I am currently planning my compliance inspection schedule for the 2013 field season. I will be conducting inspections in the vicinity of the Grail Project in mid July and would like to take the opportunity to also inspect this project. I understand that the site may not be active. I will be attending this site to conduct inspections on the water and waste, mining/milling, and exploration activities related to the above water licence and Land Use Permit (LUP). I am appointed also as an Inspector under the Territorial Land Use Regulations and as such am authorised to also conduct the LUP inspection.

To facilitate the inspections, and as required by the Act, I would request that you provide me with the following information:

- Company contact information relevant to this project. Please include updated contact info for yourself / other head office contact and for the current project or site manager.
- Will this project be active this year?
- If so, names and positions of staff on site(s) this year?
- What is the best mode of access to your site?
- Is fuel available on site?
- Exact coordinates (degrees/min/sec, NAD 83) for your camp locations (both current and inactive), air strip/landing location, all drilling locations, and fuel caches (both current and historic).
- A brief description of the activities that have been conducted under these authorizations.
- Work scheduled for the 2013 season and if no work is scheduled then a monitoring plan for any fuel and facilities on site(s).
- Information you feel is pertinent for a site visit (i.e.: camp location has changed from previous seasons, camp facilities available if overnight stay is required, site hazards or restrictions, site safety protocols, etc.).
- Any outstanding documents/commitments as per the licence or LUP?
- Any outstanding items from the last Water Licence/LUP Inspection?



- Any documents recently submitted to the Nunavut Water Board (i.e.: within the last 60 days)?

I do see that notice of the expiry of the LUP has been sent, and I don't believe a 2012 Annual Report was submitted to the Nunavut Water Board for this project. Please submit the required documentation, and clarify Bluestone's intent for this project.

This information is critical to plan and prepare for my potential site visit; a prompt reply would be greatly appreciated.

Sincerely,

Eva Paul

Water Resources Officer, Kitikmeot Region  
Aboriginal Affairs and Northern Development Canada  
Nunavut Regional Office  
Building 918, PO Box 100  
Iqaluit, NU X0A 0H0

Phone: 867-975-4548

Cell: 867-222-6490

Fax. : 867-979-6445

[Eva.Paul@aandc-aadnc.gc.ca](mailto:Eva.Paul@aandc-aadnc.gc.ca)

CC: Phyllis Beaulieu, Manager of Licensing – Nunavut Water Board  
Nicholas Kavanaugh – Lands Administration, AANDC