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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

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File No.: 2BE-HEE0712/TR

May 17, 2010

David Ritcey  
Project Geologist  
Canterra Minerals Corporation  
P.O. Box 11584  
Suite 1410-650 West Georgia Street  
Vancouver, BC V6B 4N8

**RE: Submission of Cancellation Application by Diamondex Resources Ltd., (Canterra Minerals Corporation) for the Heeqou Project, Licence No. 2BE-HEE0712**

Dear Mr. Ritcey:

The Nunavut Water Board (“NWB or Board”) received on January 26, 2009, from Diamondex Resources Ltd. (Canterra Minerals Corporation), an application to cancel Type “B” Licence 2BE-HEE0712 for the Heeqou Project, which is located approximately 220 km south southeast of Kugluktuk. The Licence was issued to Diamondex Resource Ltd. on September 27, 2007 and is set to expire on September 30, 2012. Diamondex Resource Ltd. underwent a name change to Canterra Minerals Corporation on December 9, 2009.

In accordance with s.55.1 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (Act) and Article 13 of the *Nunavut Land Claims Agreement* (NLCA), March 6, 2009 the NWB notified the public of the cancellation application and invited interested parties and persons to comment and/or review the application over a thirty-day period.

On or before the deadline for comments, April 6, 2010, submissions<sup>1</sup> were received from three intervening parties: Environment Canada (EC), Indian and Northern Affairs Canada (INAC) and the Hamlet of Gjoa Haven, Planning and Lands. EC and INAC recommended that the proponent address all of the outstanding issues identified in their submissions. In addition, INAC recommended that a decision with respect to the cancellation be delayed until an INAC Water Resource Officer inspects the site. The Hamlet of Gjoa Haven, Planning and Lands recommended that all of the areas impacted by project-related activities be restored to preexisting conditions prior to granting the cancellation.

In a letter dated May 14, 2009 the Nunavut Water Board advised the Licensee of the

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<sup>1</sup> Environment Canada (EC), April 6, 2009; Indian and Northern Affairs Canada (INAC), March 17, 2009, and Hamlet of Gjoa Haven, Planning and Lands, March 6, 2009.

submissions received from the intervening parties and informed Licensee that a decision to grant the cancellation had been withheld pending an INAC inspection. On January 26, 2010 the INAC Water Resource Officer for the Kitikmeot Region informed the Licensee that due to a logistical discrepancy an inspection had not been carried out at the Heeqou property during the 2009 field season; however, one was planned for the 2010 field season. The inspector also provided a review of the water Licence and outlined the findings in a Water Use Inspection Report<sup>2</sup>.

In 2010 an INAC Water Resource Officer inspected the site and provided a copy of the Inspection Report<sup>3</sup> to the NWB. The report identified, among other issues, an inadequately contoured latrine pit, and charred debris and ash. On July 30, 2010 the Licensee stated in an email to the Board that the person who originally received the inspection report was no longer employed with Canterra Minerals Corp. and that it was somewhat unclear as to what actions had been taken to resolve the outstanding issues.

According to **s.43(c)iii** of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, “The Board may cancel a Licence where the Board considers the cancellation to be in the public interest...” After reviewing the cancellation application submitted by the proponent, considering the submissions from the intervening parties, and weighing the rationale provided for the cancellation, the NWB has determined that it might not be in the public’s interest to issue a decision on cancellation of the Licence at this point in time. In advance of a decision, the Licensee is advised to address the following issues by June 30, 2011:

- a. Provide copies of the 2008, 2009, and 2010 Annual Reports, as required under Part B, Item 2;
- b. Water Use Fees for the year 2010;
- c. Submit a revised Spill Contingency Plan, as required under Part H, Item 1;
- d. Submit a revised Abandonment and Restoration Plan, which incorporates the comments made by EC, INAC and the Hamlet of Gjoa Haven, Planning and Lands;
- e. Provide written and photographic information confirming that the issues identified in INAC inspection reports dated July 29, 2010 and July 25, 2010 have been addressed.

Should you have any questions, please feel free to contact the undersigned at 867-360-6338 ext. 25 or by email at [sjoseph@nunavutwaterboard.org](mailto:sjoseph@nunavutwaterboard.org).

Yours truly,

*Original signed by:*

Sean Joseph  
Technical Advisor

Attached: Comments

cc: Distribution List – Kitikmeot Region

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<sup>2</sup>INAC Water Use Inspection Report, July 25, 2009.

<sup>3</sup>INAC Water Use Inspection Report, July 29, 2010.