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April 6, 2009

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Tel: (867) 360-6338 Fax: (867) 360-6369 Our file: 4708 001 020

NWB file: NWB2BE-HEE0712

Via Email at: licensing@nwb.nunavut.ca

Re: NWB2BE-HEE0712 – Diamondex Resources Ltd. – Heeqou Property - Cancellation of the Type "B" Water Licence

On behalf of Environment Canada (EC), I have reviewed the information submitted with the above-mentioned application. The following specialist advice has been provided pursuant to Environment Canada's mandated responsibilities under the *Canadian Environmental Protection Act*, Section 36(3) of the *Fisheries Act*, the *Migratory Birds Convention Act*, and the *Species at Risk Act*.

Diamondex Resources Ltd. has submitted an application to the Nunavut Water Board (NWB) for the cancellation of their Type "B" water licence for the Heeqou Project as work will no longer be conducted on this property. Environment Canada has no objections to the cancellation of the Type "B" Water Licence, provided that it is demonstrated that the proponent has met all closure obligations.

It should be noted that the Heeqou restoration plan is not in compliance with the water licence in regards to the use of burn barrels. The water licence condition Part D-3 authorizes the disposal "of all acceptable food waste, paper waste and untreated wood products in an incinerator". The intent of this license condition is that waste should be burnt in a proper incinerator, not in a burn barrel. The NWB provides additional clarification of the intent of this water licence condition with the following statement from the water licence cover letter dated September 27, 2007:

"The NWB strongly recommends that the Licensee consult the comment received by interested persons on the issues identified. The NWB notes that both GN DoE and EC have advised against the use of a burn barrel and include recommendations to the applicant that request use of an incineration device capable of meeting emission limits established under the Canada-Wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury Emissions. This information is attached for your consideration."

The Restoration Plan for the Heeqou Property Camp (April 2007), states that all combustible waste will be "incinerated" in a burn barrel. A burn barrel does not qualify as an incinerator and will not achieve the Canada-wide Standards. A U.S. Environmental Protection Agency study, Evaluation of Emission from the Open Burning of Household Waste in Barrels, 1997, found that emissions from burn barrels were much higher than the Canada-wide Standards. No open barrel burning should occur during restoration activities. All non-combustible waste should be removed from site and disposed of in an approved disposal area.



EC recommends that the following items be completed prior to the cancellation of the Type "B" Water Licence:

- An updated Final Restoration Plan should be provided to the NWB which should include, but not be limited to: updated waste management plan, completed work to date, proposed restoration activities, timelines for outstanding work, and record of any hazardous materials remaining on site, including fuels and chemicals.
- If any hydrocarbon impacted soil is present as a result of fuel spills, EC recommends that the soil receive proper treatment and/or disposal at an approved facility.
- The contact information for Environment Canada 24hr pager should be removed from the Spill Contingency Plan Sections 3.1, 3.2 and 4.0 as this number is no longer in service. Please note that any spill of fuel or hazardous materials, adjacent to or into a water body, regardless of quantity, shall be reported immediately to the NWT 24hour Spill Line, (867) 920-8130.

If there are any changes made to this project, EC should be notified, as further review may be necessary. Please do not hesitate to contact me with any questions or comments with regards to the foregoing at (867) 975-4631 or by email at carrie.spavor@ec.gc.ca.

Yours truly,

Original signed by

Carrie Spavor Environmental Assessment Coordinator

cc: Carey Ogilvie (Head, Environmental Assessment – North, Environment Canada, Yellowknife, NT)
Anne Wilson (Water Pollution Specialist, Environment Canada, Yellowknife, NT)
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