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12 May 2022

Richard Dwyer  
Manager of Licencing  
Nunavut Water Board  
PO Box 119  
Gjoa Haven, NU  
X0B 1J0

Dear Mr. Dwyer,

Re.: Proponent response to party comments on Inukshuk Exploration Inc.'s Hood River Gold Project  
Water Licence 2BE-HRP1924 amendment application

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Through its wholly owned subsidiary Inukshuk Exploration Inc. (Inukshuk), Blue Star Gold Corp. (Blue Star) is pleased to provide the attached response to party comments received in relation to the application submitted to amend the existing water licence 2BE-HRP1924. Responses were received from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), Environment and Climate Change Canada (ECCC) and the Department of Fisheries and Oceans Canada (DFO).

Should the Nunavut Water Board require anything further from Blue Star to support issuance of an amended licence for the Hood River Gold Project, don't hesitate to contact me.

Regards,

A handwritten signature in dark ink, appearing to read "Darren Lindsay", is written over a light blue horizontal line.

Darren Lindsay  
VP Exploration  
Blue Star Gold Corp.  
[d.lindsay@bluestargold.com](mailto:d.lindsay@bluestargold.com)  
778.379.1433

Encl.

Table 1. Inukshuk Exploration Inc. ’s response to Party Comments received on application for amendment of 2BE-HRP1924

ID #	Subject	Party Comment	Party Recommendation	Proponent Response
CIRNAC R-01	Water Usage Limit for Drilling and Camp Purposes	<p>Part C, Item 1 term and condition of the Type B water licence states that:  “The Licensee shall obtain all Water for domestic camp use from the source proximal to the camp. Total camp Water use shall not exceed sixty (60) cubic metres per day. Drill Water shall be obtained from local Water source(s), proximal to the drilling targets as outlined in the Application and shall not exceed ninety (90) cubic metres per day. The volume of Water for all purposes under this Licence shall not exceed one hundred and fifty (150) cubic metres per day”.</p> <p>The licensee is seeking to amend the Type B water licence and rephrase Part C, Item 1 to allow for flexibility in the allocation of water use for camp and drilling purposes. It wishes to use the entire water volume for drilling in the event there is no operational camp in any season. CIRNAC is of the opinion that failing to allocate a water usage limit for drilling and camp purposes will put the licensee at a risk of water use exceedance as it will be difficult to track water usage for each purpose. Recall, the licensee is seeking to amend the water licence and increase the total water usage to 299 m3 per day, and</p>	(R-01) CIRNAC recommends that the Licensee clarify the water usage limits they intend to adopt for drilling and camp purposes in the event that a camp becomes operational at the Roma project.	<p>Inukshuk plans to adhere to the water usage limits, as per an amended licence being 299 m³/day for all uses, including camp and drilling, or portions thereof. Blue Star believes this to be the purpose of the Type B licence threshold, being a daily limit on overall water use for the project.</p> <p>Should a camp become operational at Roma, it would necessarily reduce the allowable volume of water available for drilling.</p> <p>To support ongoing water use tracking, Blue Star continues to implement the following across all of its projects:</p> <ul style="list-style-type: none"> <li>• Inline water meters for all water withdrawals;</li> <li>• Recording water meter readings at the start of each shift, being <ul style="list-style-type: none"> <li>○ Daily for domestic water use;</li> <li>○ Every 12 hours for drill water use.</li> </ul> </li> <li>• Reporting all water use to the Program Manager at the end of each shift for daily water use compliance tracking and reconciliation.</li> </ul> <p>Further, domestic water is not withdrawn continuously; rather, is it withdrawn as needed and is typically stored in tanks which are in turn drawn down based on camp demand. Conversely, drill water withdrawal volume and duration can be continuous, yet may vary with geological formation, drillhole depth, ambient temperature, and may cease all</p>

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		<p>this amount is close to the 300 m3 per day, a requirement for Type A water licences.</p> <p>It will be helpful to impose a water usage limit for drilling and camp purposes as the licensee is proposing siting a camp at the Roma project which could become operational in the future.</p>		<p>together during a drill move or maintenance. Accordingly, the tracking and reporting system in place along with the flexibility associated with drill and domestic water use supports planning and management to achieve overall daily water licence compliance.</p> <p>Blue Star respectfully requests the Nunavut Water Board (NWB) consider amending Part C Item 1 to read as follows, as requested in its application:</p> <p><i>The Licensee shall obtain all Water for domestic camp use from the source proximal to the camp. <del>Total camp Water use shall not exceed sixty (60) cubic metres per day.</del> Drill Water shall be obtained from local Water source(s), proximal to the drilling targets as outlined in the Application. <del>and shall not exceed ninety (90) cubic metres per day.</del> The volume of Water for all purposes under this Licence shall not exceed <del>one hundred and fifty (150)</del> <u>two hundred and ninety nine (299) cubic metres per day.</u></i></p> <p>Should this revised condition not be favorable to the NWB, Inukshuk respectfully proposes an alternative, allocating a specific maximum volume for domestic use:</p> <p><i>The Licensee shall obtain all Water for domestic camp use from the source proximal to the camp. Total camp Water use shall not exceed sixty (60) cubic metres per day. Drill Water shall be obtained from local Water source(s), proximal to the drilling targets as outlined in the Application <u>and shall not exceed the remaining available licenced volume during periods of withdrawal for domestic use.</u> <del>ninety (90) cubic metres per day.</del> The volume of Water for all purposes under this Licence</i></p>

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				<del>shall not exceed one hundred and fifty (150)</del> <u>two hundred and ninety nine (299) cubic metres per day.</u>
CIRNAC R-02	Request to Remove Part D, Item 12 Condition from the Water Licence	<p>In the Item 15 of the water licence amendment application document, the licensee is seeking the that Part D Item 12, be removed from the water licence for non-alignment with other typical Type B licences across the territory. The discharge on the tundra and Part D, Item 12 condition not uniformly applied to other type B licences in the territory is not a good reason to request that the condition be removed from the licence. CIRNAC note that, even though the effluent is discharged on the tundra, metals could still make their way to the fresh water through run off water and pose the same risk to aquatic life.</p> <p>The Type B Water Licence states that: “wastewater collected from secondary containment will be filtered or treated with a separator, then discharged into a sump”. The licensee mentioned that effluent from the secondary containment was discharged onto the tundra but did not indicate if a sump was constructed for the discharge.</p> <p>Furthermore, discharge criteria being varied to water licences in the territory results from different factors surrounding each water licence applications. Every water licence application has a peculiar conditions different from other licence irrespective of the type or purpose of the licence.</p>	<p>(R-02) CIRNAC recommends that:</p> <ul style="list-style-type: none"> <li>• The licensee clarify if a sump was constructed on the tundra where the effluent from the secondary containment is being discharged;</li> <li>• The board retain Part D, Item 12 in the water licence to ensure that an acceptable effluent quality is being discharged to the receiving environment.</li> </ul>	<p>Neither a camp nor fuel cache is currently in place under 2BE-HRP-1924; therefore no secondary containment or sump is installed. Following future secondary containment installation, Inukshuk will discharge in accordance with the licence, to a sump on the tundra (as opposed to a discharge to surface water).</p> <p>Should the NWB retain a condition imposing an effluent quality limit, Inukshuk respectfully requests that the NWB impose a modified total lead criteria that is consistent with the <i>Metals and Diamond Mining Effluent Regulations</i> pursuant to the <i>Fisheries Act</i> as well as number of other 2BE licences, being 200 µg/L or 0.2 mg/L. This is a value that is adequately protective, achievable and in line with federal regulations.</p>

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CIRNAC R-03	(R-03) CIRNAC recommends that licensee update the spill response plan with the current contact details of the emergency Personnel.	The emergency contact list on the Ulu project spill response plan is not up to date. There are missing names and numbers replaced with “To Be Determined” (Tbd). It will be helpful if the licensee update the spill response plan to capture all the emergency contact details. This will enable a hitch free response during spill emergency.	(R-03) CIRNAC recommends that licensee update the spill response plan with the current contact details of the emergency Personnel.	An update <i>Spill Response Plan</i> is included with this submission.
ECCC	No comments	ECCC has reviewed the Hood River Project – Water License Amendment Application (2BE-HRP1924)and has no comments to provide at this time.	-	Noted.
DFO	Water source volumes  End of Pipe fish screens  Compliance with Acts  Duty to Notify	Fisheries and Oceans Canada does not have sufficient information to determine whether the proposed work will result in the death of fish and/or the harmful alteration, disruption or destruction of fish habitat.  Additional information regarding the specific location, depth, and volume of each source waterbody to be used for camp/municipal and industrial purposes, is required in order to properly assess potential impacts to fish and fish habitat.  Additionally, we recommend the proponent review the Interim Code of Practice for End-of-pipe fish screens ( <a href="https://www.dfo-mpo.gc.ca/pnw-ppe/codes/screen-ecran-eng.html">https://www.dfo-mpo.gc.ca/pnw-ppe/codes/screen-ecran-eng.html</a> ) and the Measures to Protect Fish and		<b><u>Water Source Volumes</u></b>  Once a new camp location is selected, Inukshuk will estimate the volume of the domestic water supply to ensure that domestic water withdrawal remains below 10% of available capacity, which is considered to be protective of fish and fish habitat.  Further, Inukshuk maintains a database identifying planned and historic drill water sources and their areas as calculated in GIS. It conservatively estimates watercourse volumes using GIS, imagery interpretation and depth estimates, and monitors its water withdrawal to ensure that it does not exceed 10% of estimated available capacity, which is considered to be protective of fish and fish habitat.

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		<p>Fish Habitat (<a href="http://www.dfo-mpo.gc.ca/pnw-ppe/measures-mesures-eng.html">http://www.dfo-mpo.gc.ca/pnw-ppe/measures-mesures-eng.html</a>) to ensure that all appropriate mitigation measures are implemented in the proposed project.</p> <p>It remains the responsibility of the proponent to remain in compliance with the Fisheries Act, the Species at Risk Act and the Aquatic Invasive Species Regulations. It is also the proponent's Duty to Notify DFO if they have caused, or are about to cause, the death of fish by means other than fishing and/or the harmful alteration, disruption or destruction of fish habitat. Such notifications should be directed to <a href="mailto:fisheriesprotection@dfo-mpo.gc.ca">fisheriesprotection@dfo-mpo.gc.ca</a> or 1-855-852-8320.</p>		<p>Additionally, compliance with Part C Items 3 and 4 of 2BE-HRP1924 (and as amended) ensures that water use is within licence limits.</p> <p><b><u>End of Pipe Fish Screens</u></b></p> <p>Inukshuk is aware of the Interim Code of Practice for End Of Pipe Fish Screens and carries out its work in compliance with Part C Item 5 of 2BE-HRP1924 (and as amended), which addresses aspects of this Code of Practice.</p> <p><b><u>Compliance with Acts, Duty to Notify</u></b></p> <p>Inukshuk is aware of its responsibility to comply with applicable Acts and fulfill its Duty to Notify DFO.</p>