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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: 2BE-HRP1932

June 09, 2022

Darren Lindsay
Blue Star Gold Corp. & Inukshuk Exploration Inc.
507-700 W. Pender St.
Vancouver, BC V6C 1G8

Sharleen Hamm
102-17910 55 Ave
Surrey, BC
V3S 6C8

Email: d.lindsay@bluestargold.ca

Email: sharleen@sharleenhamm.com

RE: NWB Amendment Water Licence No: 2BE-HRP1932; Project Extents, Water Use, Effluent Quality Limits, and Expiry Date.

Dear Darren Lindsay, Sharleen Hamm:

Please find attached Amendment Water Licence No: 2BE-HRP1932 issued to Inukshuk Exploration Inc. by the Nunavut Water Board (NWB or Board) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (Nunavut Agreement)*. The terms and conditions of the attached Licence related to the use of Water and the deposit of Waste are an integral part of this approval.

The NWB notes that the Nunavut Planning Commission's (NPC) conformity determination, issued on February 25, 2021, states that the Application is for a proposal that falls outside of an area with an approved land use plan, and, as such, a conformity determination is not required¹ and is exempt from the requirements for screening as described within s. 12.4.3 / Schedule 12-1 of the Nunavut Agreement.

The NWB strongly recommends that the Licensee consult the comments received by interested parties on issues identified. This information is attached for your consideration.²

Sincerely,

Lootie Toomasie
Nunavut Water Board,
Chair

¹ Nunavut Planning Commission, Conformity Determination, February 25, 2021.

² Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC or CIRNA), April 22, 2022; Environment and Climate Change Canada (ECCC), April 28, 2022; Fisheries and Oceans Canada (DFO), April 28, 2022.

LT/ak/rqd

Enclosure: Amendment Water Licence No: 2BE-HRP1932

Comments – CIRNA, ECCC and DFO

Cc: Distribution List – Kitikmeot

AMENDMENT WATER LICENCE No: 2BE-HRP1932

Licensee:	Inukshuk Exploration Inc.
Licence No:	2BE-HRP1924 Type “B”
Licence Issued:	July 15, 2019
Licence Expiry:	July 14, 2024
Amendment Water Licence No:	2BE-HRP1932 Type “B”
Amendment Water Licence Effective Date:	June 9, 2022
Amendment Water Licence Expiry:	June 8, 2032

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (Nunavut Agreement)* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSRTA)*, with respect to an application for amendment, dated March 20, 2022, by Inukshuk Exploration Inc. (Inukshuk Exploration or Applicant), the Board hereby grants the following Amendment Water Licence.

The Licence issued July 15, 2019 with an expiry date of July 14, 2024, shall be amended to include the following terms and conditions with respect to the use of Water and deposit of Waste during activities related to exploration activities (Mining Undertaking¹) within an amended project extents including Hood River, Roma and other licenced projects areas, increased total Water use, amended Effluent quality limit for Lead, and Expiry date set in June 2032.

PROCEDURAL HISTORY

Inukshuk Exploration Inc. (Inukshuk Exploration or Applicant), a wholly owned subsidiary of Blue Star Gold Corp. (formerly WPC Resources Inc.²), plans to conduct mineral exploration activities at the Hood River Project that is situated in the vicinity of the Ulu Gold Project. The Applicant currently holds Licence No: 2BE-HRP1924, which it intends to amend by including newly acquired mineral tenure at an adjacent property, extending the term of the licence, amending allowable water use volumes, and Effluent limits. The requests were outlined in the amendment application dated March 20, 2022 (Application).

The Applicant is requesting an amendment of the term of current licence No: 2BE-HRP1924 with some amendments to the current scope of activities.

¹ Schedule I, Nunavut Waters Regulations, SOR/2013-69

² Mike C. Stewart (ATAC LAW Corporation) to Richard Dwyer (NWB), Re: Notice of Name Change Regarding Water Licence #2BE-HRP1419 (the “Water License [sic]”), dated February 21, 2019.

Requirements of the NWNSRTA and the Nunavut Agreement

On February 25, 2021, the Nunavut Planning Commission (NPC) issued correspondence indicating that the Application is for a project proposal that is outside of the area of an applicable regional land use plan. In addition, the NPC stated that the project is exempt from screening by the Nunavut Impact Review Board.

Public Review and Comments

On April 22, 2022, Crown-Indigenous Relations and Northern Affairs (CIRNA) provided³ its comments with a number of recommendations. These are discussed in corresponding sections below.

On April 28, 2022, Environment and Climate Change Canada (ECCC) notified⁴ the NWB that it had no comments pertaining to the Application.

On April 28, 2022, Fisheries and Oceans Canada (DFO) stated⁵ that

(a)dditional 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... and the Measures to Protect Fish and Fish Habitat... to ensure that all appropriate mitigation measures are implemented in the proposed project.

ISSUES CONSIDERED

Term of Licence

In accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSRTA)* s. 45, the NWB may issue a licence for a term not exceeding twenty-five years. The Applicant requested a ten-year term extension for this Licence, which the NWB believes is appropriate for the Project. No public comments or concerns were received by the Board related to the term requested. The Board has, therefore, granted the ten-year term expiring in 2032 as requested by Inukshuk Exploration.

³ Vincent Okonkwo (CIRNA) to Richard Dwyer (NWB), Subject: Crown-Indigenous Relations and Northern Affairs Canada's review of Inukshuk Exploration Incorporated's Type B Water Licence amendment application – Type B Water Licence No. 2BE-HRP1924, dated April 22, 2022.

⁴ Jennifer Sabourin (ECCC) to Richard Dwyer (NWB), FW: FOR ACTION: Hood River Project 2BE-HRP1924 Water Licence Amendment Application, dated April 28, 2022.

⁵ Adrienne McLean (DFO) to Nunavut Water Board, Subject: Comment Request for the Hood River Project Type B Water Licence Amendment, dated April 28, 2022.

Conditions Applying to Water Use

Licence No: 2BE-HRP1924 allowed for total Water use of one hundred and fifty (150) cubic metres per day, of which sixty (60) cubic metres per day were dedicated to camp purposes. In its amendment application, Inukshuk Exploration requested an increase in Water use to two hundred and ninety-nine (299) cubic metres per day. In addition, the Applicant requested the Board refrain from imposing limitations on the types of use, i.e. whether for drilling or camp purposes. In its comment submission, CIRNA noted:

[CIRNA] 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... 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.

In response, Inukshuk Exploration proposed⁶ that the Board limit camp Water use to 60 cubic metres per day during camp operation with 299 cubic metres per day limit of Water use for all purposes. In addition, the Applicant committed to installing inline water meters for all withdrawals, recording water use daily for camp purposes and every 12 hours for drilling, and internal reporting of the Water use once per work shift. CIRNA was satisfied⁷ with the response.

In regards to DFO's concern over insufficiency of information on the water bodies planned for Water withdrawal, Inukshuk Exploration stated:

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.

The Board considered the response satisfactory.

⁶ Darren Lindsay (Inukshuk Exploration) to Richard Dwyer (NWB), Re.: Proponent response to party comments on Inukshuk Exploration Inc.'s Hood River Gold Project Water Licence 2BE-HRP1924 amendment application, dated May 12, 2022.

⁷ Vincent Okonkwo (CIRNA) to Richard Dwyer (NWB), Re: Crown-Indigenous Relations and Northern Affairs Canada's review of Inukshuk Exploration Incorporated's Type B Water Licence amendment application – Type B Water Licence No. 2BE-HRP1924, dated May 16, 2022.

Conditions Applying to Waste Disposal

In its Application, Inukshuk Exploration requested removal of the compliance point related to effluent release from the secondary containment of the fuel storage area (Part D, Item 12 of Licence No: 2BE-HRP1924). In addition, the Applicant noted that the total lead criterion imposed by the Board in Licence No: 2BE-HRP1924 is “overly conservative... the facility discharge is to tundra, not surface water”. CIRNA recommended that the Board keep Part D, Item 12. The Intervener stated that “... 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.” CIRNA also emphasized that “[e]very water licence application has a peculiar conditions [sic] different from other licence irrespective of the type or purpose of the licence”. CIRNA inquired whether a sump was constructed to handle the effluent. Inukshuk Exploration responded stating that there is no fuel storage currently in place at the site. It also proposed increasing the total lead limit in the effluent to 0.2 mg/L in accordance with the *Metals and Diamond Mining Effluent Regulations (MDMER)*. CIRNA was satisfied with the response. Having considered the issue, the Board will satisfy the request to increase the total lead limit to 0.2 mg/L.

Conditions Applying to Spill Contingency Planning

CIRNA noted in regards to the *Spill Response Plan Ulu Gold Project (including Hood River, Roma and other licenced projects)* dated March 2021 and submitted with the 2020 Annual Report that the emergency contacts list should be updated. The Applicant provided the revised *Spill Response Plan Ulu Gold Project (including Hood River, Roma and other licenced projects)* dated May 2022. The Board approves the latest version of this management plan with the issuance and for the purposes of this Licence.

AMENDMENT WATER LICENCE NO: 2BE-HRP1932

The Licence shall be amended to indicate the following:

Licence No: 2BE-HRP1932

Pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada*, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

INUKSHUK EXPLORATION INC.

(Licensee)

507-700 W. PENDER ST. VANCOUVER, BC V6C 1G8

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of Waste for a period subject to restrictions and conditions contained within this Licence Amendment:

Licence Number/Type: **2BE-HRP1932 / TYPE "B"**

Water Management Area: **QUEEN MAUD GULF & CORONATION GULF WATERSHEDS (30&29)**

Location: **KITIKMEOT REGION, NUNAVUT**

Classification: **MINING UNDERTAKING**

Purpose: **DIRECT USE OF WATER AND DEPOSIT OF WASTE**

Quantity of Water use not to Exceed: **TWO HUNDRED AND NINETY-NINE (299) CUBIC METRES PER DAY**

Date of Licence Issuance: **JULY 15, 2019**

Expiry of Licence: **JUNE 8, 2032**

This Licence amendment, issued and recorded at Gjoa Haven, Nunavut, includes and is subject to the annexed conditions.

Lootie Toomasie
Nunavut Water Board, Chair

This is the decision of the Nunavut Water Board (NWB or Board) with respect to an application dated March 20, 2022 for amendment of a Water Licence made by:

INUKSHUK EXPLORATION INC.

to allow for the use of Water and the deposit of Waste during camp operations and activities related to exploration that include prospecting and drilling at the Hood River Project located within the Kitikmeot Region, Nunavut, generally located at the geographical coordinates as follows:

Project Extents:

Latitude: 67° 36' 51" N

Longitude: 111° 13' 46" W

Latitude: 66° 48' 37" N

Longitude: 110° 38' 41" W

Camp Location(s) shall be provided as per Part E, Item 2.

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1 to Read:

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. The volume of Water for all purposes under this Licence shall not exceed one hundred and ninety-nine (199) cubic metres per day.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Amend Item 12 to Read:

All Effluent discharged from secondary containment at Monitoring Program Station(s) HRP-X shall not exceed the following Effluent quality limits:

Parameter	Maximum Concentration of any Grab Sample (µg/L)
pH	6.5 to 9 (pH units)
Oil and Grease	15,000 and no visible sheen
Lead	200
Benzene	370
Toluene	2
Ethylbenzene	90

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

Amend Item 1 to Read:

The Board has approved the Plan entitled “Spill Response Plan Ulu Gold Project (including Hood River, Roma and other licenced projects)” dated May 2022 for the purposes of this Licence.