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Submitted Via E-Mail
Our File: 2BE-KIG0708
Your File: _____
CIDM #173325

September 21, 2007

Mr. Barry McCallum
Manager Nunavut Affairs
Areva Resources Canada Inc.
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Saskatoon, SK S7K 3X5
Email: barry.mccallum@areva.ca

RE: Water license inspection of Areva Resources Canada- Kiggavik Exploration Project Camp - June 27th, 2007

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Mr. Barry McCallum, Manager –Nunavut Affairs, Mr. Peter Wollenberg, Director Quality and Compliance and Mr. Cliff Revering, Mineral Resource Engineer who all accompanied the Inspector during the inspection of the camp and drill site.

The following report is based on observations made at the time of the inspection, results of samples collected during the inspection period and items outlined during a review of the terms and conditions of the license with the Mr. McCallum. Immediately following the inspection an Industrial Water Use Inspection Report was signed by both Mr. McCallum and the Inspector.

A short aerial tour of the Sisson property adjacent to the Kiggavik property was conducted following the inspection. It was noted that there was fuel located on site at the time of the survey however a physical inspection of the storage was not completed at that time.

Part A: Scope and Conditions

No issues were found with respect to the location of the camp as they relate to the information contained within the current license. A general question on the operation of the Sissons property remained unresolved during the inspection. The issue of development of a camp on that property or use of the existing Kiggavik Camp to service the Sissons property was still under debate. .

The license is classed as mining and milling as indicated on the license form.

Part B: General Conditions

The question of water use fees and a determination on if they had been paid was not included within the context of this inspection.

A review of the Nunavut Water Board FTP – Public Registry was conducted during the writing of this report. License 2BE-KIG0708 was issued in May of this year (2007) and is for the period of one year therefore no annual report will have been filed to date. The proponent is reminded that an annual report is required to be filed by March 31st 2008 for the year ending December 31st 2007.



The licensee is reminded that it is the responsibility of the licensee to ensure that any documentation submitted by the licensee to the Nunavut Water Board is acknowledged by the Manager of Licensing.

Part C: Conditions Applying to Water Use

At the time of the inspection (initial camp opening) the Licensee was in the practice of shipping water for drinking into the site. During the period of inspection the Inspector did collect samples from the proposed water source lake located above and behind the camp. The Inspector expressed concerns with source because of its limited size and lack of a visible in-take flow of fresh water.

The Licensee committed to monitoring this situation and that information is expected to be included in the annual report. The licensee is reminded that section 3 of this part requires the licensee to notify the Nunavut Water Board if in fact the source may be drawn down prior to use.

The Licensee was allocated the use of 40 Cubic Meters / day of water for all purposes.

It is highly recommended that flow meters be installed on pump lines so accurate measurements can be recorded. Extrapolation of the quantity of water used based on the run time of a pump or the number of times a tank is filled is not adequate and will not be accepted in future inspections.

Part D: Conditions Applying to Waste Disposal

During the period of inspection one incinerator was noted on site. The Unit was found to be too close to water and the licensee was directed to relocate the unit. The capability of the unit to meet the Canada-wide Standards for Dioxins and Furans and the Canada-wide Standard for Mercury Emissions was not reviewed with the proponent. The licensee is reminded that this standard must be met by the date of the next inspection if not already achieved.

The incinerator was also not in operation at the time of the inspection. This resulted in a large pile of untreated wood, plastic bags, garbage, paper products and cardboard as well as construction refuse from the on-going renovations to be piled up in the centre of the camp. The licensee was directed to deal with this issue before the next inspection.

The proponent is reminded to include in the 2007 annual report due on March 31st 2008 a list of hazardous materials shipped out of the camp, the treatment received, and the location of the approved treatment facility to which they were sent. All of the foregoing is required information to be included in the annual report. Shipping and receiving invoices are not required so long as the records are available for inspection during the 2008 inspection season.

The location of the grey water sump was a matter of concern for the Inspector. The ground the camp is located on may result in an overflow and in grey water flowing over ground behind the cook tent and dry. The Licensee was still in the process of setting up the camp during the inspection and thus was directed to ensure the adequate depth and size of the sump during construction to ensure no additional impacts were created.

Part E: Conditions For Camps, Access Infrastructures And Operations

No on-ice drilling was completed this year nor as per section 9 of Part F is any allowed. It is recommended that the inspector conduct an inspection during the early spring season to monitor compliance with this part if activities are expected to start that early next year. This planned activity should be noted in the annual report and an expected start date included for consideration.

The licensee is reminded that if any on-ice drilling is planned that an application for amendment must be submitted to the Nunavut Water Board no later than 90 days prior to the planned start of any drilling.



Part F: Conditions Applying To Drilling Operations

As per section 1 of this Part, the Licensee was required, within 90 days of the issuance of this license to submit to the Nunavut Water Board a Uranium Exploration Plan that will address the environmental and water issues related to uranium exploration, drilling, extraction, storage and remediation. To date this plan is not available on the Nunavut Water Board's FTP site. The Licensee is directed to provide this Plan to the Inspector within 10 working days of receipt of this inspection report along with a copy to the Nunavut Water Board.

The licensee is reminded to comply with section 6 of Part B when filing this plan. Section 6 reads as follows;

6. The Licensee shall submit one paper copy and one electronic copy of all reports, studies, and plans to the Board. Reports or studies submitted to the Board by the Licensee shall include a detailed executive summary in Inuktitut.

One drill sites was visited during the inspection. The drill was not in operation at this time.

The licensee is reminded that section 5 of this Part reads;

5. The Licensee shall ensure that all drill waste, including water, chips, muds and salts (CaCl_2) in any quantity or concentration, from land-based drilling, shall be disposed of in a properly constructed sump or an appropriate natural depression located at a distance of at least thirty (30) metres from the ordinary high water mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are created.

One uncontrolled discharge of contaminated drill waste has already occurred during this season. The licensee is reminded that a record of this spill is to be submitted with their annual report and that a detailed report was to have been filed with the inspector no later than 30 days from the date of the occurrence. Such a report has not yet been filed with this office.

Part G: Conditions Applying to Modifications

No mention of modifications to the existing license was discussed during the period of inspection. The licensee is reminded that all modifications need to be consistent with the terms and conditions of the existing license and if not then require the Nunavut Water Boards approval.

Such approval is acquired through written notification to the board 60 days in advance of the proposed modification.

Part H: Conditions Applying To Spill Contingency Planning

The licensee is reminded that a report for any spill is required to be filed with the Inspector within 30 days of the incident.

During the period of inspection a clean-up action was on-going for a spill of fuel originating out of 45 gallon drums stored on site outside of the secondary containment. This report, including the treatment and storage of any contaminated soils has yet to be submitted. The proponent is reminded that secondary containment for fuel storage is required as it prevents uncontrolled and accidental discharges to water and the environment. This includes fuel stored at the camp and at all other locations including the esker landing strip or any caches.



The licensee is reminded that section 4 of this part requires the licensee to ensure that any equipment maintenance and servicing be conducted only in designated areas and to implement special procedures to prevent spills of these products from entering the environment.

Part I: Conditions Applying To Abandonment And Restoration or Temporary Closing

A review of the Nunavut Water Board FTP site provided the Inspector a copy of the March 2007 Abandonment and Restoration Plan which had been revised after a review of comments supplied by Environment Canada and Indian and Northern Affairs. This document was reviewed during the course of the inspection.

The licensee is encouraged to provide information on all on-going progressive reclamation activities conducted on site during the 2007 year. This information should be included in the annual report.

The licensee is reminded that as per section 10 of this Part, areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed to the satisfaction of an Inspector. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon approval by an Inspector. The Licensee is invited to submit photographs showing the removal of this material from site to address this section of the license.

The licensee is reminded that as per section 11 of this Part, all drill holes must be permanently sealed upon completion. Section 15 provides specific details on how this must be accomplished in accordance with the license. The Licensee is invited to submit photographs in the annual report showing the completion of this activity to address this section of the license.

Part J: Conditions Applying To The Monitoring Program

Records of all hazardous wastes transported off site along with the location and name of the approved disposal site should be included in the annual report and available for inspection during the next inspection season.

The licensee is reminded that as per section 8 of this Part that the Licensee shall include in the Annual Report required under Part B, Item 2 all data, monitoring results and information required by this Part.

Non-Compliance:

During the inspection a number of items were noted and discussed Mr. McCallum. These issues required corrective action to be undertaken prior to the date of the next inspection and the submission of a record, or report showing these activities had been completed was requested. A number of these items are still outstanding.

During the period of the inspection water samples were collected from both the potable source.

A review of the results of the potable samples did note the presence of Hexane Extractable Materials (HEM) in the potable water at a concentration of 39.6 Mg/L. HEM is more commonly noted as Oil and grease. The presence of any concentration of oil and grease or petroleum product in the potable source is a matter of concern and an investigation as to the possible origin of this contaminant should be addressed by the licensee.

The licensee is reminded that subsequent inspections of this site will focus on those issues which were left with the licensee to address.



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Andrew Keim
Inspector's Name

(Original signed and mailed this date)
Inspector's Signature

Attached under separate cover;
Photos taken during Inspection of June 27th, 2007

Cc:
Peter Kusugak – Manager Field Operations section- Indian and Northern Affairs Canada
Phyllis Beaulieu – Manager licensing – Nunavut Water Board