



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

June 9, 2010

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0A 1J0

Re: 2BE-KIM0609 – The Beluga Project – True North Gems Inc.

Please be advised that Indian and Northern Affairs Canada (INAC) has completed a review of the above noted new water licence application.

The Nunavut Water Board (NWB) distributed the application for comment on May 18, 2010.

In conducting this review, I have referred to all documents on the Nunavut Water Board FTP site as it relates to 2BE-KIM0609. Attached is a Technical Review Memorandum for your consideration.

Please feel free to contact me should you have any questions or comments. I can be reached at (867) 975-4566 or by email at tanya.trenholm@inac.gc.ca.

Sincerely,

Original signed by

Tanya Trenholm
Pollution Policy Specialist



Technical Review Memorandum

To: Phyllis Beaulieu, Manager of Licensing - Nunavut Water Board

From: Tanya Trenholm, Pollution Policy Specialist - Indian and Northern Affairs
Canada – Water Resources Division

**Re: 2BE-KIM0609 – Kimmirut Beluga Sapphire Project – Renewal Water
Licence Application – True North Gems Inc.**

Existing Water Licence #: 2BE-KIM0609

Recommendations / Comments

Annual Report:

Part B, Item 2 of the licence requires that the proponent submit information related to trenching activities via the annual report. By way of a geological inspection by an INAC District Geologist in 2008, it was noted that trenching has occurred on site, and that the trenches have not been backfilled.

Backfilling of excavations to the natural, pre-existing contours of the land prior to the expiry of the licence is required as per Part I, Item 5 of the previous licence.

As required by the previous licence, INAC recommends that the trenches be backfilled immediately. Further, the proponent should submit the appropriate information as required via Part B, item 2 of the licence (i.e. the location of trenching activity, distance from nearby water bodies, mitigation measures implemented to limit impacts to freshwater, etc) as an addendum to the 2010 annual report in a timely manner.

Abandonment and Restoration Plan:

The proponent should update their abandonment and restoration plan to account for the backfilling of any excavations, trenches or sumps to the pre-existing natural contours of the land.

Spill Contingency Plan:

INAC is pleased to see that True North Gems employs the use of a temporary secondary containment facility for the storage of a maximum of 4,000 L of fuel.

Accumulated water from within the temporary secondary fuel containment facility should be sampled and analysed for hydrocarbons in accordance with a scientifically acceptable test methodology prior to being discharged to the



environment. Sample results should not exceed 15 mg/L total oil and grease. In addition, sample results should be submitted to an inspector for verification at the earliest convenience after results are obtained, and to the NWB with the annual report.

Please feel free to contact me at your convenience should you wish to further discuss any part of this submission to the Board. I can be reached at 867-975-4566 or via email, tanya.trenholm@inac.gc.ca.

Cc. Lou-Ann Cornacchio, Manager, Water Resources Division – Indian and Northern Affairs Canada;