



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

CIDMS#: 340680

July 13, 2009

Richard Dwyer
License Administrator
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Re: 2BE-KIM0609 – Annual Report, 2008 – True North Gems Inc. – Beluga Sapphire Project

Please be advised that Indian and Northern Affairs Canada (INAC) has completed a review of 2BE-KIM0609 Type “B” Water License 2008 Annual Report for the Beluga Sapphire Project. The NWB circulated the Report for information purposes only, on April 17, 2009. All associated documents related to this license posted on the NWB ftp site under 2BE-KIM were included in my review (see attached Technical Review Memo).

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by email at Andrea.Cull@inac.gc.ca.

Yours truly,

Original Signed By

Andrea Cull
Water Management Specialist

Cc: Kevin Buck – Water Resources Manager, INAC



Technical Review Memorandum

To: Richard Dwyer – License Administrator, NWB
Peter Kusugak – Field Operations Manager, INAC
Bonnie Weston – True North Gems Inc.

From: Andrea Cull – Water Management Specialist, INAC

Re: **2BE-KIM0609 – Annual Report, 2008 – True North Gems Inc. – Beluga Sapphire Project**

The 2008 Annual Report submitted by True North Gems Inc. (Proponent) addressed many of the requirements of Part B, Item 2 of the current water license # 2BE-KIM0609. However, it was noted that the following information was not provided in the 2008 Annual Report.

Part B, Item 2 of the water license requires a summary of any trenching activity that shall include, but not be limited to;

- The location of any trenching activity, map provided;
- The dimensions of the trench;
- The method of conducting the trenching operations;
- The distance from nearby water bodies and natural drainage areas;
- The mitigation measures implemented to limit impacts to freshwater;
- Any Acid Rock Drainage and metal leaching test work completed with respect to the trenching activity and an interpretation of results; and
- Planned or completed restoration activities.

The Nunavut Water Board should advise the Proponent that all required items under Part B should be addresses to complete the annual report. However, if no work occurred on the above activities, then it's the Proponent's responsibility to report this in the annual report.

This information has been forwarded to our Field Operations Unit

Cc: Kevin Buck – Water Resources Manager, INAC