



Water Resources
Nunavut Regional Office
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August 10, 2017

Karén Kharatyan
A/Manager of Licencing
Nunavut Water Board
Gjoa Haven, NU, X0E 1J0

INAC reference
CIDM# 1168329

NWB reference
#2BE-KUU----

**Re: Indigenous and Northern Affairs Technical Review of NxGold Ltd. Kuulu
Project New Type 'B' Water Licence Application 2BE-KUU----**

Dear Mr. Kharatyan,

Thank you for email received on July 7, 2017, from the Nunavut Water Board concerning the above mentioned water licence application process. A memorandum is provided for the consideration of the Nunavut Water Board. Comments have been provided pursuant to the Department's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Please do not hesitate to contact me by telephone at 867-975-4568 or email at Lisa.Bachellier@aandc-aadnc.gc.ca for further comments or any questions.

Sincerely,

Lisa Bachellier
Water Resource Technician

c.c.: Ian Parsons, A/Manager Water Resources, Nunavut Regional Office (NRO),
Indigenous and Northern Affairs Canada (INAC)
Erik Allen, Manager of Field Operations, NRO, INAC



Technical Memorandum

Re: Indigenous and Northern Affairs Technical Review of NxGold Ltd. Kuulu Project New Type 'B' Water Licence Application 2BE-KUU----

Applicant: NxGold Ltd
Project: Kuulu Project
Region: Kivalliq Region

A. BACKGROUND

On July 7, 2017 the Nunavut Water Board provided notification to interested parties that NxGold Ltd. (Licensee) had submitted a New Type "B" Water Licence Application, # 2BE-KUU----

The Kuulu Project is an exploration project/camp operated by NxGold. The Project is located 40km Northwest of Rankin Inlet, Nunavut, located N 63° 06'30" W 92° 31'26", this project is also located where there was a previous exploration camp formerly known as Peter Lake Project owned by Canada Nickel Limited.

NxGold Ltd. plans to start their exploration/drilling program in the summer of 2017. This program will be comprised of a camp adequate to accommodate 20 personnel, two drills, airborne and ground surveys and explore and identify gold targets. Based on their exploration findings the program may expand to a seasonal camp (March-November) able to accommodate 60 personnel and up to six drills. After November the camp will be shut down and winterized until the next exploration season. The Licensee is requesting a water licence until July 2021.

All interested parties were asked to review the Water Licence renewal application and provide technical comments by August 7, 2017.

B. RESULTS OF REVIEW

Indigenous and Northern Affairs Canada- Water Resource Division submits the following comments to the Nunavut Water Board for consideration:



1. Spill Contingency Plan

Source:

NxGold Spill Contingency Plan- Kuulu Project Dated: June 2017

i) Comment:

Figure 1 Kuulu Project Site Map

Recommendation:

INAC recommends that the Licensee provide the coordinates of each proposed fuel cache on Figure 1 that was provided in the Spill contingency plan. And to also provide the location where all spill kits are available other than 'in the shop' and include in Figure 1 as to where 'the shop' is located.

ii) Comment:

Section 4.5 Spill Kits of NxGold Spill Contingency plan

Recommendation:

INAC recommends a verification of the size and location of the spill kits that NxGold is providing as to the size of fuel in the product inventory 3.1.

2. Inspection Report for previous exploration camp #2BE-PET1114 at same location

Source:

Water Licence Inspection Form: Date of Inspection July 29th, 2016

i) Comment

1. A fuel cache remains at N63° 6' 44.50", W92° 31' 12.19". The cache has approximately 86 drums ranging from full, to partially full, and empty. (NxGold has communicated to the NWB that they intend to take ownership of this fuel cache).
2. The fuel is within a secondary containment berm ('berm') but the structure was compromised with water.
3. The water appears to be contaminated inside the berm.
4. There appears to be some hydrocarbon staining on the ground where the berm may have over topped with water.



5. The fuel drums are in poor condition, most labels appear to be incorrect or missing; all of the drums are rusting from being stored improperly. The drums appear to be repacked.

If the licensee/applicant intends to take ownership of the fuel cache then steps to remediate this area and the contaminated soil should take place immediately.

3. Other

The previous exploration site and its associated water licence #2BE-PET1114, expired in 2014, was last inspected July 29, 2016.

INAC recommends that a final inspection or a 'close out inspection' to be completed of the previous licence 2BE-PET1114 to ensure that this licence can be cancelled. Other structures and associated debris such as the burn pit with ash and rain drums left from the previous licence 2BE-PET1114 and any contaminated hydrocarbon soil must be remediated before the cancellation of the aforementioned licence.

Prepared by Lisa Bachellier