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Submitted Via E-Mail  
Our File: 2BE-MCG0608  
Your File: \_\_\_\_\_  
CIDM #193344

January 16, 2007

Gordon Addie  
5050 Nunavut Limited (subsidiary of Adriana Resources Inc.)  
Suite 1818-701 West Georgia Street  
Vancouver BC V7Y 1C6  
Email: [gaddie@adrianaresources.com](mailto:gaddie@adrianaresources.com)

**RE: Water License Inspection of McGregor Lake August 11<sup>th</sup>, 2007**

The Water Resources Officer (WRO) appreciates the assistance and cooperation provided by Mr John McLean, Camp Manager and Mr. Gordon Addie, President 5050 Nunavut who accompanied the Inspector during the inspection of the camp site and drilling operation.

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

**Part A: Scope and Conditions**

Issues were found with respect to the location of the camp as it relates to the information contained within the current license. The issued water license states the location of camp should be located on the Southwest Shore of McGregor Lake, at latitude 66°51'30N and longitude 115°15'44W. In fact the camp was located at N66 54 54.3 W115 14 25.0 on the North end of the Lake at the "old camp" site.

The Licensee is asked to provide as an addendum to the 2007 Annual report, information to provide clarity on this discrepancy.

The Licensee is reminded that the current license is scheduled to expire on July 31<sup>st</sup> 2008 and the Nunavut Water Board requires 3 to 6 months to review an application for renewal.

**Part B: General Conditions**

The issue of water use fees and security were 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. A 2006 Annual report filed for Exploration at McGregor Lake and All Night Lake was noted on the FTP site. The report was filed by Gordon Addie of 5050 Nunavut. As per the Annual Report a camp was not set up by Licensee in 2006.

The proponent is reminded that an annual report is required to be filed by March 31<sup>st</sup> 2008 for the year ending December 31<sup>st</sup> 2007. The annual report must include but should not be limited to those items listed in Section 2 i through vi of this Part. The Licensee is encouraged to provide all information in the annual report on all on-going Progressive Reclamation activities undertaken during the year, including photographs and records of materials hauled off site.

Additionally as required under Part B of the license, the licensee has a responsibility to install and maintain flow meters on all intake systems to accurately record water consumption volumes.



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 the licensee was allocated the use of 43.5 Cubic Meters water for all purposes. An inspection of the intake was conducted and found to be in good order.

Potable samples were collected at the time of the Inspection. No issues were noted in the results.

### **Part D: Conditions Applying to Waste Disposal**

The Licensee is reminded that section 4 of this Part of the current license requires as follows;

- 4. The Licensee shall contain all greywater in a sump located at least thirty (30) metres above the ordinary high water mark of any water body, at a site where direct flow into a water body is not possible and no additional impacts are created.*

During the period of Inspection the Camp sumps were found to not be of an adequate design and allowed grey water to flow across the ground in an uncontrolled manner. This was brought to the attention of Mr. McLean. The sumps must be constructed to allow settling of solids and be of sufficient size to prevent overflowing. This is to be addressed by the period of the next inspection.

Additionally, during the period of inspection the Inspector noted a barrels that was being used as burn barrel to dispose of combustible wastes and human waste. The Licensee is reminded that section 2 of this part states as follows;

- 2. No open burning or on-site land filling of domestic waste is permitted.*

The Inspector at this time issued a verbal direction to Mr. McLean to cease this activity and have installed an incinerator by the period of the next inspection. The Licensee is reminded to ensure that the capability of any incinerator unit installed on site meets the Canada-wide Standards for Dioxins and Furans and the Canada-wide Standard for Mercury Emissions.

The Licensee is reminded that section 3 of this Part outlines the requirements of the licensee with respect to hazardous and other wastes. Section 3 reads as follows;

- 3. The Licensee is authorized to incinerate all food waste, paper waste and wood products, and shall ensure that all hazardous wastes, waste oil and non-combustible waste generated through the course of the operation are backhauled and disposed of in an approved waste disposal site.*

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

### **Part E: Conditions For Camps, Access Infrastructures and Operations**

It is recommended that an inspection be conducted during the period of time when the camp is in operation and use of the Lake as a landing strip for the hauling of fuel and supplies is undertaken by the licensee.

No issued were identified during the period of Inspection.



## **Part F: Conditions Applying To Drilling Operations**

A review of the Nunavut Water Board FTP site was conducted during the development of this report. It was noted that a Uranium Exploration Plan was present on the site. The file however was corrupted and not available for review. This has been transmitted to the Nunavut Water Board. The Licensee is requested to provide an up to date copy of the Plan as an addendum to the 2007 Annual report.

During the period of inspection two drill sites were visited. One was in the process of set up and one had had the drill removed. The Inspector noted that no drill sump had been created to capture drill cuttings or sludge from the returns off the drill as the recently used site and that one had not been constructed yet at the new site.

Drill cuttings and waste were noted originating from the location of the drill collar under where the drill platform would have been resting at the recently abandoned site. This waste flowed downhill to cover an area of approximately 200m<sup>2</sup>.

In the location where the drill was being set up it was noted that the drill platform was well within the 30 m setback from the regular high water mark. This was brought to the attention of both Mr. McLean and Mr. Addie.

Additionally, during the period of inspection of the site where the drill was in the process of being set up the following were noted;

- While some secondary containment was present there was not enough.
- Open burning of waste materials including wires, cans and oil soaked absorbent mats was noted and photographed
- Fuel for the water pumps was stored within the 30 meter setback from the ordinary high water mark

All of these issues were brought to the attention of Mr. McLean and Mr. Addie at the time of the inspection.

Immediately following the inspection of the drill site a verbal direction to take remedial action on these sites was provided to Mr. McLean. Section 5 of the current license reads as follows;

*5. The Licensee shall ensure that all drill waste, including water and CaCl in any quantity or concentration, from land-based and on-ice drilling, shall be disposed of in a properly constructed sump or an appropriate natural depression located 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.*

It was recommended that Mr. McLean provide photographic evidence of the remedial actions taken at the recently abandoned drill site and to provide this information via E-mail to the inspector once completed. To date this documentation has not been received by the inspector.

The licensee is cautioned that continued operations in non-compliance with the terms and conditions of the issued water license and Act will result in the licensee being the subject of the enforcement measures and penalties provided for under the Act.

## **Part H: Conditions Applying To Contingency Planning**

A review of the Nunavut Water Board FTP site was conducted during the development of this report. It was noted that a Spill Contingency Plan was not located on the site.

The Licensee is reminded that a copy of the plan was to have been submitted to the Nunavut Water Board for approval within 30 days of the issuance of the current license. If a Plan has been filed the Licensee is



requested to provide a copy and associated approvals from the Nunavut Water Board to the Inspector within 30 days of receipt of this report. If a Plan has not been filed the Licensee is directed to provide a copy of a revised Spill Contingency Plan as an addendum to the 2007 Annual report due by March 31<sup>st</sup> 2008.

The Licensee is reminded that as per Section 7 (iii) of this Part the Licensee is required to submit a detailed report on each spill occurrence no later than 30 days following the initial event.

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.

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, cuttings and wastes generated while drilling, regardless of the presence of uranium mineralization must also be contained. It was noted during the period of inspection that there was secondary containment at the camp however more was required. This must be addressed by the 2008 Inspection season

#### **Part I: Conditions Applying To Abandonment And Restoration**

A review of the Nunavut water Board FTP site however did not locate a copy of the required Abandonment and Restoration Plan. The Licensee is reminded that a copy of the plan was to have been submitted to the Nunavut Water Board for approval within 30 days of the issuance of the current license. If a Plan has been filed the Licensee is requested to provide a copy and associated approvals from the Nunavut Water Board to the Inspector within 30 days of receipt of this report. If a Plan has not been filed the Licensee is directed to provide a copy of a revised Abandonment and Restoration Plan as an addendum to the 2007 Annual report due by March 31<sup>st</sup> 2008.

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 J: Conditions Applying To The Monitoring Program**

The Licensee is reminded to include in the 2007 Annual Report under the heading Monitoring Plan, due for submission to the Nunavut Water Board no later than March 31<sup>st</sup> 2008, the following information;

- Volumetric summary of water use for all purposes for the 2007 year
- GPS coordinates for all water sources
- GPS coordinates for all locations where waste was deposited
- Results of monitoring of Drill Sumps and Core storage areas where mineralization has been encountered.

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.

#### **Non-Compliance:**

During the inspection a number of items were noted and discussed with Mr. McLean and Mr. Addie. These issues required corrective action to be undertaken prior to the date of the next inspection and submission of a record showing these activities had been completed was requested. Specifically these were;

- Records of activities related to Progressive Reclamation and the quantities of hazardous materials transported off site
- Open Burning – Installation of an approved incinerator
- Open Burning at drill – Cessation of activity



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- Fuel storage (barrels) without secondary containment
- Spill kits and signage.
- Lack of secondary containment at the helicopter fuel transfer area
- Drill waste management and containment.
- Metering equipment is not installed on pump intake
- Accurate record keeping of potable water utilization
- Availability of licenses and records on site.
- Drilling activities and associated fuel storage within the 30 meter set back from water

During the period of the inspection water samples were collected from both the potable source and the area downstream of the drill.

**Andrew Keim**  
**Inspector's Name**

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**Inspector's Signature**

Attached under separate cover;  
Photos taken during Inspection of August 11<sup>th</sup>, 2007

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





























