



AANDC,
Nunavut District Office
Field Operations Unit
P.O Box 100
Iqaluit, NU, X0A 0H0

Submitted Via E-Mail

Our File: 2BE-MVP1217

Your File: _____

CIDM # 622596

January 21, 2013

Clayton Pearson
Project Geologist
Vale Exploration Canada
2060 Flavelle Blvd.
Mississauga, ON
L5K 1Z9
E-mail: clayton.pearson@vale.com

RE: Water Licence 2BE-MVP1217

Please find attached a report on the Water License Inspection conducted at the Melville Project Camp located at maker Inlet in the Qikiqtani Region of Nunavut on the 5th of August, 2012.

Included at the end of the report is a summary of observations made during the inspection with respect to issues of non-compliance or non-conformity with respect to the Water License or the *Nunavut Water and Nunavut Surface Rights Tribunals Act*, and the actions required of Vale Exploration Canada as a result of the Inspection.

The role of Aboriginal Affairs and Northern Development Canada ("AANDC") in issues related to the use of water or deposit of waste in Nunavut is one of compliance monitoring and enforcement. AANDC's preferred option is to work with clients to address instances of non-compliance with their authorizations or the Act and risks to the environment.

Should you require more information or clarification on any aspect of the enclosed report please contact the undersigned at the coordinates listed below.

I look forward to continuing to work with you and your staff. If you have any questions please do not hesitate to contact our office here in Iqaluit.

Sincerely,

Sent by E-mail

Andrew Keim
Water Resources Officer
Aboriginal Affairs Northern Development Canada
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Andrew.Keim@aandc.gc.ca

Cc: Phyllis Beaulieu – Manager licensing – Nunavut Water Board



License #: 2BE-MVP1217
LUP#: N2012C0008

Inspector: A. KEIM

Inspection Date: August 5, 2012

CIDMS #: 622596

Client	Vale Exploration Canada		
Mailing Address	Vale Exploration Canada 2060 Flavelle Blvd. Mississauga, ON L5K 1Z9		
Inspection site location	N 68 20 32.0 W 85 44 22.3		
Contact name	Dawn Brisham – Matrix Aviation	Title	Camp Manager
Last inspection date	None.		
Date of Inspection	August 5, 2012		
Region	Kivalliq		



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RE: Water Licence Inspection 2BE-MVP1217, N2012C0008

Vale Exploration Canada (VEC) Melville Project is located in the Qikiqtani region of Nunavut, at a general location of N 68 20 32.0 W 85 44 22.3 in the area commonly known as Makar Inlet.

The camp is situated on Crown Land –Land Use Permit number N2012C0008- and holds authorization for water use and waste disposal under a type “B” license 2BE-MVP1217.

On August 5th, 2012 a compliance inspection was completed on the Melville Project by the AANDC Inspector. A Record of Inspection was completed on-site subsequent to the inspection and a copy of this form was provided to Ms. Dawn Brisham of Matrix Aviation, Camp manager for Vale Exploration Canada at the site. The Inspector thanks Ms. Brisham for taking the time to go through the camp and provide assistance to the Inspectors during their visit to the site.

The Record of Inspection indicated no issues with compliance. .

This report includes a detailed administrative review, a review of all notes and photographs taken during the August inspection.

Part A: Scope and Conditions

No issues were found with respect to the information contained within this section of the license. The license, as issued, is a Type “B” license classed as Industrial –Type B.

Part B: General Conditions

A review of the Nunavut Water Board FTP was conducted during the writing of this report. NPC provided a positive conformity report on March 14, 2012, the NIRB Screening decision was received on May 16th 2012 and the Nunavut Water Board subsequently issued the Water License 2BE-MVP1217 on May 22, 2012 for a period of 5 years.

Annual reporting will be a requirement subject to Part B item 2 (a through g). At the time of the drafting of this report an Annual Report had not yet been filed by the licensee. The Report will be due by March 31st 2013 and report on activities conducted during the 2012 field season.



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 ("NWB") is acknowledged by the Manager of Licensing.

Part C: Conditions Applying to Water Use

At the time of the inspection the Licensee had been allocated the use of 100 cubic meters of total water per day (5 m³ for Camp use and 95 m³ for drilling activities) .

During the period of inspection it was determined that potable water was being flown into site and that water from a local source is used for camp activities only.

No drilling has been undertaken at this point in the project. A record of total water use was provided by the camp manager (15,300L) during the inspection. At the time of the Inspection a total of 19 people were in the camp.

Part D: Conditions Applying to Waste Disposal

No issues were noted with respect to this section of the license

The Licensee is reminded that before any wastes generated on site are deposited in any community in Nunavut a letter of authorization must be provided to the board.

The Licensee is also reminded that all hazardous wastes generated on site shall be disposed of properly at a licensed waste disposal site and that records of Back hauled waste must be made available to the Inspector upon request.

Part E: Conditions for Camps, Access Infrastructures and Operations

No issues were noted with respect to this section of the license

Part F: Conditions Applying to Drilling Operations

No drilling activities were on-going during the period of inspection.

Part G: Conditions Applying To Modifications

No issues were noted during the period of inspection and none have been reported since by the Licensee.

Part H: Applying To Spill Contingency Planning

During the writing of the Water Licence Inspection report a review of the reports and plans as submitted to the Nunavut Water Board's FTP site was conducted.

On the FTP site the Inspector noted that a Spill Contingency Plan and an addendum as required by Item 2 of this Part were present on the site. Also noted was a document from the NWB accepting the addendum as submitted.

It was noted during the inspection that the all caches fuel on site was contained within secondary containment. A number of drums within the camp footprint were noted as requiring additional secondary containment because they were being used for fuel transfers.



Part I: Conditions Applying to Abandonment and Restoration or Temporary Closure

During the writing of the Water Licence Inspection report a review of the reports and plans as submitted to the Nunavut Water Board's FTP site was conducted.

On the FTP site the Inspector noted that a Plan entitled "Melville Project Closure and Restoration Plan" dated February 9, 2012 was present.

Part L: Conditions Applying to the Monitoring Program

No issues were noted with respect to this section of the license

Non-Compliance:

The Licensee is reminded to ensure that Secondary Containment is used during all operations involved with the transfer of fuel.

No instances of obvious non-compliance existed during the period of Inspection.

Andrew Keim

Inspector's Name

Sent by E-mail

Inspector's Signature

Cc: Phyllis Beaulieu – Manager licensing – Nunavut Water Board

Contact:

Andrew Keim
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