

May 23, 2017  
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Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU X0B 1J0  
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**Re: Water Licence 2BE-NAD0813 Compliance Assessment Status Report**

Mr. Kharatyan,

Water Licence 2BE-NAD0813, which was last renewed on August 27<sup>th</sup>, 2008 and amended on April 21, 2010 has undergone a compliance assessment and a number of non-complaint issues have been identified. A summary of the non-complaint issues are outlined in this report. Please see the attached Dewar Lakes Camp Compliance Assessment document for a complete list of the items.

**Non-Compliant Item 1:** Outstanding annual reports and water use fees.

**Proposed remedial action for Item 1:** Annual reports for 2014, 2015 and 2016, as well as outstanding water use fees of \$470.40 for 2011, 2012 and 2013, are being submitted with the water licence amendment/renewal application.

**Non-Compliant Item 2:** The Spill Contingency Plan and the Abandonment and Restoration Plan were required to be edited and submitted with the annual report.

**Proposed remedial action for Item 2:** New Spill Prevention and Response and Abandonment and Restoration Plans are being submitted with the water licence amendment/renewal.

**Non-Compliant Item 3:** Commander did not inform NWB of any changes in operating plans or conditions.

**Proposed remedial action for Item 3:** It was not the intention that the Dewar Lakes Camp be put under care and maintenance or abandoned. Commander was actively trying to acquire a partner for the project for the last several years and was anticipating the use of the camp. After the camp is cleaned up and rebuilt, it is anticipated to be used to support exploration programs for the next several years. If this is not the case, the NWB and INAC will be notified as to the status.

**Non-Compliant Item 4:** Lack of system for measuring of water volumes.

**Proposed remedial action for Item 4:** When camp is cleaned up and rebuilt, appropriate methods will be used for the measuring of water volumes. Water volumes will be reported in subsequent annual reports.

**Non-Compliant Item 5:** Lack of sediment and erosion control measures.

**Proposed remedial action for Item 5:** The issue will be investigated when the camp is being cleaned up and rebuilt and appropriate sediment and erosion control measures will be implemented to prevent entry of sediment into water. Remedial actions will be documented and submitted with the annual report.

**Non-Compliant Item 6:** Backhaul and properly treat/dispose all hazardous wastes, waste oil and non-combustible waste.

**Proposed remedial action for Item 6:** All hazardous wastes, waste oil and non-combustible waste will be removed to an approved waste disposal site during the clean-up and rebuild of the camp, at regular intervals during the operation of camp and at the seasonal shutdown of the camp. Records will be maintained of all waste backhauled with confirmation of proper disposal. These records will be available to an Inspector upon request.

**Non-Compliant Item 7:** Lack of prevention of wastes entering water body.

**Proposed remedial action for Item 7:** It was noted by the INAC Water Resources Officer during the 2016 inspection that windblown garbage was scattered across the tundra and down to the lake shore from the camp. All garbage and debris will be removed and properly disposed of when the camp is cleaned up and rebuilt.

**Non-Compliant Item 8:** All infrastructure and materials not removed and restoration work not completed prior to expiry of licence.

**Proposed remedial action for Item 8:** A licence amendment/renewal is currently under application in order to clean up and rebuild the camp.

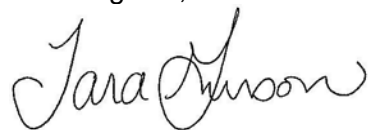
**Non-Compliant Item 9:** Disturbed surfaces not been contoured, stabilized and prepared for vegetation regrowth.

**Proposed remedial action for Item 9:** it is the intention that the camp be used for supporting exploration programs for the next several years and therefore disturbed surfaces are not yet required to be contoured and prepared for vegetation regrowth. When it is deemed that the camp will no longer be required to support exploration activities on Baffin Island and is removed, all disturbed surfaces will be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.

The majority of the non-compliant items are related to the fact that the Dewar Lakes Camp has not been occupied since 2013. It is Commanders intention to clean-up and rebuild the camp and rectify all non-compliance as soon as a new Land Use Permit can be obtained from INAC and the Water Licence 2BE-NAD0813 can be amended and renewed.

Please do not hesitate to contact me with any questions or concerns or for any additional information.

Best Regards,

A handwritten signature in black ink, appearing to read 'Tara Gunson', with a stylized, flowing script.

**Tara Gunson, B.Sc., P.Geo**  
APEX Geoscience Ltd.