



May 2, 2011

Our reference
IQALUIT-#460708

Sent by email: licensing@nunavutwaterboard.org

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Your reference
2BE-PBP----

Re: Type 'B' Water Licence No. 2BE-PBP---- – Northquest Ltd. – Pistol Bay Project – Kivalliq Region – New Application

Dear Phyllis,

Thank you for your March 29, 2011 request for written representations on the above referenced water licence application.

A Technical Review Memorandum is provided for the Board's consideration.

Please do not hesitate to contact me by telephone at 867 975-4555 or email at David.Abernethy@inac-ainc.gc.ca to discuss this submission.

Regards,

David W. Abernethy
Water Resources Regional Coordinator
Operations Directorate
Nunavut Regional Office
Iqaluit, Nunavut
X0A 0H0

Encl.

c.c.: J. Rogers, Water Resources Manager
P. Kusugak, Field Operations Manager

Technical Review Memo

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|----------------|--|---|
| TO | Phyllis Beaulieu Manager of Licensing Nunavut Water Board | OUR REFERENCE File #9545-2-2.2BE.PBPA IQALUIT-#460708 |
| FROM | David Abernethy Water Resources Regional Coordinator Indian and Northern Affairs Canada | YOUR REFERENCE 2BE-PBP---- DATE May 2, 2011 |
| SUBJECT | Type 'B' Water Licence No. 2BE-PBP---- – Northquest Ltd. – Pistol Bay Project – Kivalliq Region – New Application | |

A. PROJECT DESCRIPTION

On March 29, 2011 the Nunavut Water Board (the Board) distributed Northquest Ltd.'s application for a new Type B water licence for the use of water and disposal of waste associated with their Pistol Bay Project. Northquest Ltd. has requested a licence with a five (5) year term.

Currently, the Pistol Bay Project is a mineral exploration program that comprises of prospecting and mapping, rock sampling, and diamond drilling (approximately 15 drill holes per year). Project personnel will be based out of a seasonal camp that is capable of accommodating 17 people. The project is situated 20 km south of the Hamlet of Whale Cove on lands administered by the Hamlet, the Kivalliq Inuit Association, and Indian and Northern Affairs Canada.

Northquest Ltd. is requesting the use of up to 51 m³ of water per day when their diamond drill is in use. Of this amount, 0.4 m³ of water will be used for domestic purposes. Sewage and gray water will be directed to latrines and sumps. Drill cuttings will be deposited in sumps and as stated in the March 28, 2011 Revised Remote Camp Questionnaire, "the drill water will be allowed to soak into the soil." According to this questionnaire, solid wastes, bulky items/ scrap metal, and waste oil/ hazardous wastes will be brought to the Hamlet of Whale Cove for disposal. Empty fuel drums and propane cylinders will be returned to Churchill, Manitoba.

A Spill Response Plan and an Abandonment and Reclamation Plan were included in the submitted water licence application.

B. RESULTS OF REVIEW

On behalf of the Indian and Northern Affairs Canada (INAC) Water Resources Division I am providing the following comments/ recommendations for the Board's consideration,

1. General

- Standard water licence terms and conditions applicable to the proposed project activities should be included in a Type B Water Licence.
- Prior to the upcoming field season, Northquest Ltd. should revise their project management plans to address the findings of this water license application review.

2. Drill Water

- Any water license issued for the Pistol Bay Project should include a condition that requires the disposal of drill water in sumps located at least 31 m above the high water mark of nearby water sources in a manner that prevents any direct release into water sources.

3. Fuel Management

- The submitted Spill Response Plan should be revised to include the INAC Water Resource Officer contact information (i.e., Tel. 867 975-4295, Fax. 867 979-6445). Water Resource Officers are INAC's primary contact for addressing hazardous material spills.
- The submitted Spill Response Plan should be revised to include a topographic map(s) that identifies the project's camp, nearby water sources (including the camp's water source), fuel caches, and any other aspects that can have an impact on water management in the project area. The satellite map and schematic included in the current plan are difficult to read and do not provide a good reference of the project's key components in relation to nearby water sources.
- Northquest Ltd.'s contact information should be included in the project's Spill Contingency Plan. Once known, the Project Supervisor's contact information should be provided in this plan.

- The submitted Spill Contingency Plan states that portable “Insta Berms” will be used to store drummed fuel at the camp site. The INAC Water Resources Division supports this initiative and recommends that as a precautionary measure secondary containment be provided at all locations where fuel, chemical, and other hazardous materials (e.g., lubricants and waste oil) are stored. Secondary containment should be provided if storage exceeds 4,000 L.

4. Solid Waste Management

- As previously mentioned, according to Northquest Ltd.’s March 28, 2011 Revised Remote Camp Questionnaire solid wastes, bulky items/ scrap metal, and waste oil/ hazardous wastes will be brought to the Hamlet of Whale Cove for disposal. Furthermore, the March 25, 2011 Abandonment and Restoration Plan states that contaminated soils will be transferred to the Hamlet’s dump for incineration. A letter from the Hamlet of Whale Cove confirming that they will receive waste materials from this project, specifying which types, should be provided before any water licence is issued. The INAC Water Resources Division questions the Hamlet’s capacity to manage waste materials generated by non-municipal activities, particularly waste oil/ hazardous wastes and recovered contaminated soils. These waste materials should be brought to an approved (southern) management facility rather than the Hamlet.
- Much like the submitted Spill Contingency Plan, the satellite map and schematic included in the submitted Abandonment and Restoration Plan should be replaced with a topographic map(s) that identifies the project’s camp, nearby water sources (including the camp’s water source), fuel caches, and any other aspects that can have an impact on water management in the project area.
- The submitted Abandonment and Reclamation Plan should reference the INAC Water Resource Officer’s contact information provided above. The plan’s INAC contact information is incorrect.

Prepared by David Abernethy

c.c.: J. Rogers, Water Resources Manager
P. Kusugak, Field Operations Manager