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12 July 2022

Richard Dwyer
Manager of Licencing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU
X0B 1J0

Dear Mr. Dwyer,

Re. 2BM-ULU2030 Response to comments on the Annual Report

Blue Star Gold Corp. (Blue Star) is pleased to provide this response to party comments on its annual water licence report. Comments and responses are listed in Table 1, while additional materials are appended.

Should you have any questions about this report, don't hesitate to reach out.

Regards,

Darren Lindsay, P. Geo.

VP Exploration
Blue Star Gold Corp.
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Encl.

cc. W. Kuliktana, Kitikmeot Inuit Association
B. Pedersen, Crown-Indigenous Relations and Northern Affairs Canada
S. Kuflevskiy, Nunavut Water Board

Table1. Response to party comments on 2021 Annual Report, 2BM-ULU2030

ID #	Subject	Party Comment	Party Request	Proponent Response
CIRNAC R-01	Quantity of Water Use Per Day	<p>Part C, Item 2 of the Water Licence states:</p> <p>“The quantity of Water withdrawn from all sources shall not exceed two hundred and ninety nine (299) cubic metres per day”.</p> <p>The licensee reported the total quantity of water used for domestic and drilling purposes in 2021, but did not report the daily water use.</p>	<p>CIRNAC recommends that the licensee clarify in the subsequent annual reports, the quantity of water daily usage as to ensure that the daily water use limit set out in the Water Licence would not be exceeded.</p>	<p>Blue Star notes that its reporting of water use volumes is in compliance with the water licence. Blue Star will report all monthly water withdrawal in subsequent Annual Reports, should it be requested pursuant to part B Item 10 m.</p>
CIRNAC R-02	Potential Acid Generating Rock at Culvert 3 and Camp 3 Locations	<p>In section 3.1.2 of the 2021 Annual Report document, the Licensee states that:</p> <p>“Historic water licence inspection reports (CIRNA 2015, CIRNA 2016. CIRNA 2017a) indicate that road washouts were observed along the road to the airstrip (Culvert 6) and near former Camp 3. The inspector indicated in 2017 that ore was reportedly used to repair the washout and requested confirmation to the Inspector and the NWB that construction materials used were from an approved source and free of metal leaching and acid rock drainage (MLARD; CIRNA 2017b). The previous owner’s follow-up report (BCC 2017) disputes the use of waste rock in the repairs and indicates that confirmation of construction material characteristics would be provided in 2018. To date, no such records have been found. Accordingly, Blue Star undertook to have its project geochemist conduct a field reconnaissance of all infrastructure including the Culvert 6 and Camp 3 road repairs to identify areas where potentially</p>	<p>CIRNAC recommends that the licensee provide information on the volume of waste rock used during the road repair and the volume of PAG rock removed.</p>	<p>The following materials, being PAG waste rock mixed with esker sand, were removed from the road bed:</p> <ul style="list-style-type: none"> • Culvert 6, 68 m³; • Camp 3, 200 m³. <p>Equivalent volumes of esker sand were placed back in the road bed; waste rock was not used as backfill for road repairs.</p>

		<p>acid generating (PAG) rock may have been used in construction.</p> <p>Both the Culvert 6 and Camp 3 road repair locations were found to have PAG, intermittent flow and are located upstream of fish bearing waters. Given the potential for ARD and release of a deleterious substance harmful to fish, remedial measures were undertaken in September: the road bed and shoulders were excavated to remove PAG rock, and the road bed reconstructed with non-PAG esker materials. PAG rock that had rolled downslope from the road during past repair work was collected by hand to the greatest extent possible. Sediment and erosion control measures were in place throughout construction, water quality monitoring was undertaken, and silt fencing remains in place. PAG rock removed from the road bed has been relocated to the ore pad and temporarily stored with other PAG rock.</p> <p>Blue Star confirms that materials used for road repairs were from an approved source, being the quarry licenced under KTCA20Q004, and are geochemically suitable as reported to the NWB in 2020".</p> <p>It is unclear how much PAG rock was used during the road repair and how much was removed. This information will provide reviewers the knowledge on the extent at which the PAG rock was removed.</p>		
CIRNAC R-03	Spill Response Plan Update	Three unauthorized discharges were reported in the 2021 annual report, but in section 6 of the annual report main document, the licensee did	CIRNAC recommends that licensee update the spill response plan with the current contact details of the emergency Personnel and include it to the list of updated plans in the subsequent annual reports.	The <i>Spill Response Plan</i> has been updated and include the current list of emergency response personnel (enclosed).

		<p>not include the spill response plan to the list of updated management plans.</p> <p>Moreover, the emergency contact list on the Ulu project spill response plan is not up to date and should be updated. There are missing names and phone contacts replaced with “To Be Determined” (Tbd).</p> <p>It will be helpful if the licensee update the spill response plan to capture all the emergency contact details and include it in the annual report to the list of updated management plans. This will enable a hitch free response during spill emergency and inform the reviewers accordingly.</p>		
CIRNAC R-04	Quality Assurance and Quality Control Plan	CIRNAC reviewed the Quality Assurance and Quality Control plan submitted alongside the 2021 annual report, and have no concerns	-	Noted.