



Water Resources
Nunavut Regional Office
P.O. Box 100
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September 30, 2011

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Your file - Votre référence
2BM-ULU0914
Our file - Notre référence
CIDM# 485356

**Re: 2BM-ULU0914 – Ulu Gold Project – Elgin Mining Ltd. – Kitikmeot
Region – Interim Abandonment and Restoration Plan**

Dear Phyllis Beaulieu:

Aboriginal Affairs and Northern Development Canada (AANDC) has performed a review of the Interim Abandonment and Restoration Plan for the Ulu Gold Project submitted to the Nunavut Water Board (NWB) by the Elgin Mining Inc. The following advice has been provided pursuant to AANDC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA) and the *Department of Indian Affairs and Northern Development Act* (DIAND Act).

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by e-mail at Jean.Allen@aandc-aadnc.gc.ca

Sincerely,

Original Signed By

Jean Allen
Water Management Specialist

Cc. David Abernethy, A/Manager of Water Resources, Aboriginal Affairs and
Northern Development Canada, Nunavut Regional Office
Andrew Keim, A/Manager of Field Operations, Aboriginal Affairs and
Northern Development Canada, Nunavut Regional Office



Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Jean Allen – Water Management Specialist, Aboriginal Affairs and
Northern Development Canada

**Re: 2BM-ULU0914 – Ulu Gold Project – Elgin Mining Ltd. – Kitikmeot
Region – Interim Abandonment and Restoration Plan**

A. Project Description

Bonito Capital Corp., a wholly owned subsidiary of Elgin Mining Ltd. (Elgin), purchased the Ulu Gold Project from MMG Resources Inc. in July 2011 and the existing water licence 2BM-ULU0914 was reassigned to Elgin in September 2011. Elgin submitted, among other plans, the Interim Abandonment and Restoration (A&R) Plan as required under Part I, Item 2 of the water licence 2BM-ULU0914. The Nunavut Water Board (Board) distributed the Interim A&R Plan on August 31, 2011 and has given interested parties 30 days to submit representations.

B. Results of Review

AANDC Water Resources Division offers the following comments/
recommendations for the Board's consideration.

- In Section 3.1, the plan indicates that all buildings, if not salvaged or sold, will be hauled to the underground workings for disposal. AANDC recommends that these building materials be compacted within the underground workings to prevent any void spaces.
- The plan indicated burning as a method of disposal for burnable material (Section 3.2.1). AANDC does not encourage the open burning of solid waste and recommends that combustible waste either be incinerated in an approved incinerator designated for the proposed type of waste or backhauled to an approved solid waste disposal facility. Any burning of waste should be conducted in accordance with Environment Canada's Technical Document for Batch Waste Incineration.
- In Section 3.2.2, Elgin intends to use waste rock to cap the sumps but it is unclear whether the properties of the waste rock will be analyzed prior to capping. AANDC recommends that the waste rock be analyzed and demonstrated to be non-acid generating and non-metal leaching prior to use (i.e. capping, grading, etc.) and that results be submitted to the NWB in annual report submissions.



- In Section 3.2.2, treated sewage effluent will be released to East Lake via pipeline. Elgin should demonstrate that the effluent meets the criteria for discharge to the environment as stated in the water licence prior to release. AANDC also recommends that Elgin monitor water quality in the receiving stream and provide results in annual report submissions. AANDC also requires the proponent to notify an AANDC inspector 10 days prior to any effluent being discharged to the environment.
- The plan indicates landfarming as a method to facilitate the removal of residual hydrocarbons (Section 3.2.4). AANDC recommends that an operation and maintenance plan for landfarming be submitted to the Nunavut Water Board (NWB) for approval prior to the construction and operation of a landfarm along with corresponding engineer design drawings.
- In Section 3.4, all high sulphide content waste rock will be transferred to the underground workings for disposal. AANDC recommends that a monitoring plan for permafrost and/or acid rock drainage in the underground development area (i.e. the installation of thermistors and ground water monitoring wells) be included in Section 3.7 to confirm that the reclamation plan is performing as anticipated (that there will be no contamination of any groundwater/ surface waters from buried acid generating materials).
- Elgin indicates that they do not plan to utilize the ore storage pad. AANDC recommends that Section 3.5 include a plan (i.e. abandonment and restoration) for reclaiming this area.
- In Section 3.7, the plan indicates that “all areas of concern with regard to erosion would have been corrected”. AANDC recommends that this be reworded to indicate that all areas of concern with regard to erosion will be corrected and that preventive measures will be undertaken regularly.
- Should there be any changes to any activity associated with the Ulu Gold Project, AANDC recommends that the A&R plan be updated. Based on the other plans submitted by Elgin, there are plans for a landfill for the disposal of solid waste and an existing retention / settling pond that receives sewage effluent following sewage treatment. AANDC recommends that this A&R plan be updated to include plans for the sewage waste disposal facility including the effluent retention pond and the proposed landfill.

cc. David Abernethy, A/Manager of Water Resources, AANDC
Andrew Keim, A/Manager of Field Operations, AANDC