



Water Resources Division
Nunavut Regional Office
Indian and Northern Affairs Canada
Iqaluit, NU X0A 0H0

Our File: 9545-1 / CIDMS 202007
Reference: 3BM-HLC

March 12, 2008

Richard Dwyer
Licence Administrator
Nunavut Water Board
Gjoa Haven, NU X0B 1J0

Re: 3BC-HLC / Matrix Aviation Solutions Inc. / Hope Lake Camp / Kitikmeot Region / Type B Licence Renewal Application

On behalf of Indian and Northern Affairs Canada (INAC), I have reviewed the above mentioned Type B licence renewal application submitted by Matrix Aviation Solutions Inc. for the 3BC-HLC0406 licence. This licence permits the use of water and disposal of waste associated with municipal undertakings during camp operations at Hope Lake, located approximately 60 kilometers southwest of Kuglulik, Nunavut. The project area has a general coordinate of 67° 26.42" north latitude, 116° 27.10" west longitude, and is situated within the Kitikmeot Region.

The Proponent intends to construct and operate a 24-person camp for Coronation Minerals Inc., who is conducting a mineral exploration program on Crown lands. This program is referred to as the Dismal Lake Project. The 3BC-HLC0406 licence was issued in June 2004 but the Proponent has not yet constructed a camp due to a delay in the Dismal Lake Project's development. The project area hosted a copper exploration program in the 1960s. Remnants of this activity can be observed, i.e., abandoned camp and airstrip. The Proponent wants to establish its camp at a site northwest of the project airstrip and use an unnamed creek as its domestic water supply. The water supply currently identified in the project licence is contaminated with fiberglass insulation and as a result, is unfit for human consumption.

The following advice has been provided pursuant to INAC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*. Indian and Northern Affairs Canada recommends that these comments be considered when reviewing this licence renewal application.

General

1. The Hope Lake camp should be licensed under the 2BE-KUG licence currently held by Coronation Minerals Inc. for the Dismal Lake Project. Mineral exploration

activities carried out by Coronation Minerals Inc. will be supported by this camp. The camp and mineral exploration activities are inter-dependent and are considered one project.

2. Coronation Minerals Inc. should provide copies of all water quality analysis data and results to the Nunavut Water Board and INAC. The identification of fiberglass contamination in Hope Lake is of particular interest to the Department.
3. Coronation Minerals Inc. should provide a detailed description of its plans to address the presence of fiberglass contamination within Hope Lake. INAC understands that the contamination of this freshwater source was most likely caused by another party but perhaps mitigation measures can be applied.
4. The Proponent should review the 3BC-HLC0406 licence and ensure that all terms and conditions are satisfied.
5. If this exploration camp is not licensed under the 2BE-KUG licence, the 3BC-HLC licence should be renewed for a five (5) year term, provided that Coronation Minerals Inc. will likely continue its Dismal Lake Project for the foreseeable future.

Spill Contingency Plan

6. Once a satellite phone is assigned to the Hope Lake Exploration Camp, the Proponent should include its contact number in a revised Spill Contingency Plan. All revised plans should be provided to the Nunavut Water Board and INAC Field Operations staff.
7. The location (including GPS and map sheet coordinates) of all fuel storage areas associated with the undertaking should be identified in a revised Spill Contingency Plan. This is a requirement of the 3BC-HLC0406 licence (i.e., Part F, Item 1 iv).
8. The provision of a diagram indicating the camp layout, including the location of spill response kits and additional spill response resources should be provided in revised Spill Contingency Plan. This is a requirement of the 3BC-HLC0406 licence (i.e., Part F, Item 1 v).
9. The Spill Contingency Plan should describe standard spill prevention measures (e.g., all equipment maintenance and servicing is conducted in designated areas and procedures for the management of fuels, waste, and containment of potential spills are followed).

10. The Hope Lake Exploration Camp's Spill Contingency Plan should include contact information for Peter Kusugak, Manager of Field Operations, INAC Nunavut Regional Office (NRO); Melissa Joy, INAC NRO Water Resource Officer; and Baba Pedersen, INAC NRO Resource Management Officer.

Peter Kusugak, Manager
Tel. (867) 975-4295
Fax. (867) 979-6445
Email KusugakP@inac-ainc.gc.ca

Melissa Joy, Water Resources Officer
Tel. (867) 982-4302
Fax. (867) 982-4307
Email JoyM@inac-ainc.gc.ca

Baba Pedersen, Resource Management Officer
Tel. (867) 982-4306
Fax. (867) 982-4307
Email PedersenB@inac-ainc.gc.ca

Abandonment and Reclamation

11. All ash produced from the incineration of combustible wastes should be raked to remove non-combustible materials and be disposed of in a manner that will not result in the contamination of nearby water bodies. Ash may be buried in a sump or natural depression situated at least 30 meters from the ordinary high water mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are created.
12. A company contact name should be provided on the Abandonment and Reclamation Plan.

Indian and Northern Affairs Canada requests notification of any changes in the proposed project, as further review may be necessary. Please contact me should you have any questions or comments with regards to the foregoing. I can be reached by telephone at (867) 975-4555 or email at AbernethyD@inac-ainc.gc.ca.

Regards,

Original signed by

David W. Abernethy
Regional Coordinator

Cc. Jim Rogers, Manager of Water Resources – INAC, Nunavut Regional (NRO)
Peter Kusugak, Manager of Field Operations – INAC, NRO
Melissa Joy, Kitikmeot Water Resources Officer – INAC, NRO
Baba Pedersen, Kitikmeot Resource Management Officer – INAC, NRO
Phyllis Beaulieu, Manager of Licensing – Nunavut Water Board