

P.O. Box 119 GJOA HAVEN, NU XOB 1J0 TEL: (867) 360-6338 FAX: (867) 360-6369 **File: 3BM-PEL0712/TR/D6**

November 16, 2010

Gary Strong
Dillon Consulting Limited
4920 47th St. Suite 303
Box 1409, Yellowknife, NT X1A 2P1

By email: gstrong@dillon.ca
JSpencer@dillon.ca

Subject: Licence No. 3BM-PEL0712, Hamlet of Kugaaruk, Kitikmeot Region,

Nunavut; Submission of Wetland Treatment Area Assessment Report

Dear Mr. Strong;

On December 14, 2009, the Nunavut Water Board ("NWB") acknowledged the receipt of the revised "Kugaaruk NU, Wetland Treatment Area Assessment Report" (Report), as a requirement of Part D, Item 6 of the Water Licence, which was subsequently distributed for review and comment. Comments were received from Kitikmeot Inuit Association (KIA) on October 12, 2010, from Indian and Northern Affairs Canada (INAC) on October 22, 2010, and from Environment Canada (EC) on October 25, 2010. These comments are available at NWB FTP site under the link ftp://nunavutwaterboard.org.

KIA expressed no concerns with this proposal.

INAC recommended that an updated digital photograph or map of the new sewage lagoon system including the treatment area and associated monitoring program sampling points be provided to the NWB as the old lagoon shown on submitted map does not match the as-built drawings. INAC recommends that the Monitoring Program outlined in Part H of the Licence be strictly adhered to, and that the proponent clearly identify the flow path through the wetland treatment area and provide assurances that the treatment of effluent through the wetland is not diminishing over time through a possible changing of the flow path and also give the NWB assurances that the sampling points reflect this path or any changes to it.

EC found the wastewater treatment system to be accurate and consistent with observations made by EC field staff this past summer. It was indicated that a line drawing overlay on the site photograph to delineate the area of the wetlands should be helpful. EC stated also that it may be more practical to tie the monitoring of the system to the discharge timing rather than the calendar. Lagoon discharge monitoring does not necessarily need to be timed to coincide exactly

with the wetlands monitoring, and should be done at initiation of decant, mid-way through, and prior to completion of discharge.

The NWB technical staff have reviewed the above mentioned document, and determined that the requirements of Part D, Item 6 have been met with the Report. This Report is hereby approved as required under Board under Part D, Item 6, through motion No. 2010-17-L18, dated November 16, 2010.

However, taken into consideration that the preliminary monitoring results for sampling points PEL-3 and PEL-4 exceeded the water license parameters (Biological Oxygen Demand), further monitoring is required to assess the efficacy of the sewage lagoon system and to assure that all effluent discharges from the Wetland Treatment Area at its Final Discharge Point, Monitoring Program Station PEL-4 meet effluent quality standards.

The Licensee is also required to submit an updated map of the new sewage lagoon system including the treatment area and associated monitoring program sampling locations. The Licensee shall closely monitor the flow path and assure that the treatment of effluent through the wetland is not diminishing over time through a possible changing of the flow path.

Should you have any further questions, please feel free to contact the undersigned at (867) 360-6338 Ext. 30, at your earliest convenience.

Yours truly,

Original Signed By:

Karén Kharatyan Technical Advisor

cc: Distribution List – Kitikmeot