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NUNAVUT WATER BOARD

NUNAVUT IMALIRIYIN KATIMAYINGI

## DECISION

### LICENCE NUMBER: 2BE-KIM0609

This is the decision of the Nunavut Water Board (NWB) with respect to an application for a renewal of Licence dated July 12, 2005 made by:

#### TRUE NORTH GEMS INC.

to allow for the use of water and disposal of waste during exploration drilling and mechanized trenching/stripping operations at the Beluga Sapphire Project located within the Qikiqtani Region, Nunavut (contained within the general latitudes 62°47' to 62°50'N and general longitudes 69°51' to 69°55'W).


### DECISION

After having been satisfied that the application was exempt from the requirement for screening by the Nunavut Impact Review Board in accordance with Schedule 12.1, Paragraph 5 of the *Nunavut Land Claim Agreement* (NLCA), the NWB decided that the application could proceed through the regulatory process. In accordance with S.55.1 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWSRTA) and Article 13 of the *NLCA*, public notice of the application was given and interested persons were invited to make representations to the NWB.

After reviewing the submission of the Applicant and representations made by interested persons, the NWB, having given due regard to the facts and circumstances, the merits of the submissions made to it and to the purpose, scope and intent of the *NLCA* and of the *NWSRTA*, decided to delegate its authority to approve the application to the Chief Administrative Officer pursuant to S. 13.7.5 of the *NLCA* and S. 49(a) of the *NWSRTA* and determined that:

**Licence Number 2BE-KIM0609 be issued subject to the terms and conditions contained therein. (Motion #: 2006 - 03 )**

SIGNED this 5<sup>th</sup> day of May 2006 at Gjoa Haven, NU.

  
Philippe di Pizzo  
Chief Administrative Officer

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## **I. INTRODUCTION**

On July 12, 2005, a water licence application was filed with the Nunavut Water Board by True North Gems Inc., for water use and waste disposal activities during drilling and mechanized trenching/stripping operations to obtain a "mini-bulk" sample at the Beluga Sapphire Project, located within the Qikiqtani Region, Nunavut (general latitudes 62°47' to 62°50'N and general longitudes 69°51' to 69°55'W). The mini-bulk sample is to be obtained through a process of cutting the rock with a diamond blade chainsaw and/or the use of expandable mud for the purpose of expanding and breaking open the rock for removal by mechanical equipment. This application was supplemented with additional information by the Licensee on July 26, 2005 and April 24, 2006 which included a revised Supplemental questionnaire, a Spill Contingency Plan and an Abandonment and Restoration Plan. After having been satisfied that the application was exempt from the requirement for screening by the Nunavut Impact Review Board in accordance with Schedule 12.1, Paragraph 5 of the *Nunavut Land Claim Agreement (NLCA)*, the NWB decided that the application could proceed through the regulatory process.

In accordance with S.55.1 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSRTA)* and Article 13 of the *NLCA*, public notice of the application was given and interested persons were invited to make representations to the NWB. No public concerns were expressed, and after reviewing the submission of the Applicant, representations made by interested persons and subsequent responses by the Applicant, the NWB, having given due regard to the facts and circumstances, the merits of the submissions made to it and to the purpose, scope and intent of the *NLCA* and of the *NWNSRTA*, decided to approve the application pursuant to S.13.7.5 of the *NLCA* and S.49(a) of the *NWNSRTA*.

## **II. GENERAL CONSIDERATIONS**

### **A. Term of the Licence**

In accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* S. 45, the NWB may issue a licence for a term not exceeding twenty-five years. The NWB believes that a term of approximately three and one half years is appropriate. The licence term will allow the Licensee to properly carry out the terms and conditions of the licence and will ensure that sufficient time is given to permit the Licensee to develop, submit and implement the plans required under the licence to the satisfaction of the NWB.

### **B. Annual Report**

The requirements imposed on the Licensee in this licence are for the purpose of ensuring that the NWB has an accurate annual update of water use and depositions of waste during a calendar year. This information is maintained on the public registry and is available to any interested parties upon request. The requirements of this Annual Report can be found in Part B, Item 2. A standard form for annual reporting under Part B, Item 2, can be downloaded from the NWB ftp site at <ftp://ftp.nunavut.ca/nwb/> in the administration folder

### **C. Spill Contingency Planning**

The Board generally requires that all Licensees prepare a comprehensive Spill Contingency Plan to establish a state of readiness to ensure a prompt and effective response to possible spills or system failure events. The site-specific spill contingency plan will assist the Licensee in responding to emergencies such that the impacts to water in particular and the environment and public health in general are minimized. The final Plan submitted by the Licensee on April 24, 2006 in response to comments received, has been approved by the Board.

### **D. Abandonment and Restoration (A&R)**

To ensure that all facilities are reclaimed in an appropriate manner upon abandonment, the NWB requires Licensees to prepare and submit an Abandonment and Restoration Plan. The Plan submitted by the Licensee on April 24, 2006, in response to comments received, has been approved by the Board.

**LICENCE 2BE-KIM0609**

Pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada*, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

**TRUE NORTH GEMS INC.**

(Licensee)

of

**SUITE 500, 602 WEST HASTINGS STREET**

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water for a period subject to restrictions and conditions contained within this licence:

**2BE-KIM0609**

Licence Number

**NUNAVUT 05**

Water Management Area

**BELUGA SAPPHIRE PROJECT, QIKIQTANI REGION, NUNAVUT**

Location

**WATER USE AND WASTE DISPOSAL**

Purpose

**MINING AND MILLING**

Classification of Undertaking

**40 CUBIC METRES DAILY**

Quantity of Water Not to Exceed

**May 5, 2006**

Date of Licence

**DECEMBER 31, 2009**

Expiry Date of Licence

Dated this 5<sup>th</sup> day of May 2006 at Gjoa Haven, NU.

  
Philippe di Pizzo  
Chief Administrative Officer

## **PART A: SCOPE, DEFINITIONS AND ENFORCEMENT**

### **1. Scope**

This Licence allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling at the Beluga Sapphire Project, located approximately 2.7 km from Kimmirut, within the Qikiqtani Region, Nunavut (within the general latitudes 62°47' to 62°50'N and general longitudes 69°51' to 69°55'W);

- i. This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the Nunavut Waters and Nunavut Surface Rights Tribunal Act, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be subject to such requirements; and;
- ii. Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

### **2. Definitions**

In this Licence: **2BE-KIM0609**

**“Act”** means the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

**“Amendment”** means a change to original terms and conditions of this licence requiring correction, addition or deletion of specific terms and conditions of the licence; modifications inconsistent with the terms of the set terms and conditions of the Licence;

**“Appurtenant Undertaking”** means an undertaking in relation to which a use of waters or a deposit of waste is permitted by a licence issued by the Board;

**“Board”** means the Nunavut Water Board established under the *Nunavut Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

**“Chief Administrative Officer”** means the Executive Director of the Nunavut Water Board;

**“Engineer”** means a professional engineer registered to practice in Nunavut in

accordance with the Engineering, Geological and Geophysical Act (Nunavut) S.N.W.T. 1998, c.38, s.5;

**“Inspector”** means an Inspector designated by the Minister under Section 85 (1) of the *Act*;

**“Licensee”** means the holder of this Licence

**“Modification”** means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion;

**“Nunavut Land Claims Agreement” (NLCA)** means the *“Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada”*, including its preamble and schedules, and any amendments to that agreement made pursuant to it;

**“Mechanized Trenching/stripping”** means trenching and stripping activities that are carried out using mechanical equipment, such as backhoes, front-end loaders and bulldozers;

**“Spill Contingency Plan”** means a Plan developed to deal with unforeseen petroleum and chemical events that may occur during the operations conducted under the Licence;

**“Waste”** means, as defined in S.4 of the *Act*, any substance that, by itself or in combination with other substances found in water, would have the effect of altering the quality of any water to which the substance is added to an extent that is detrimental to its use by people or by any animal, fish or plant, or any water that would have that effect because of the quantity or concentration of the substances contained in it or because it has been treated or changed, by heat or other means;

### **3. Enforcement**

- i. Failure to comply with this Licence will be a violation of the *Act*, subjecting the Licensee to the enforcement measures and the penalties provided for in the *Act*;
- ii. All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the *Act*; and
- iii. For the purpose of enforcing this Licence and with respect to the use of water and deposit or discharge of waste by the licensee, Inspectors appointed under the *Act*, hold all powers, privileges and protections that are conferred upon them by the *Act* or by other applicable law.

## **PART B: GENERAL CONDITIONS**

1. The Water use fee shall be paid in accordance with the requirements of the Act.
2. Licensee shall file an Annual Report on the appurtenant undertaking with the Board not later than March 31st of the year following the calendar year being reported which shall contain the following information:
  - . A summary report of water use and waste disposal activities;
  - . A summary of any trenching activity that shall include, but not be limited to;
    - . The location of any trenching activity, map provided;
    - . The dimensions of the trench;
    - . The method of conducting the trenching operations;
    - . The distance from nearby water bodies and natural drainage areas;
    - . The mitigation measures implemented to limit impacts to freshwater;
    - . Any Acid Rock Drainage and metal leaching testwork completed with respect to the trenching activity and an interpretation of results; and
    - . Planned or completed restoration activities.
  - . A list of unauthorized discharges and a summary of follow-up actions taken;
  - . Revisions to the Spill Contingency Plan and Abandonment and Restoration Plan;
  - . Progressive reclamation work undertaken; and
  - . Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.
3. The Licensee shall notify the NWB of any changes in operating plans or conditions associated with this project at least thirty (30) days prior to any such change.
4. The Licensee shall install flow meters or other such devices, or implement suitable methods required for the measuring of water volumes, to be operated and maintained to the satisfaction of an Inspector.
5. If the Licensee contemplates the renewal of Licence No. 2BE-KIM0609, it is the responsibility of the Licensee to apply to the NWB for its renewal. The past performance of the Licensee, new documentation and information, and issues raised during a public hearing, if the NWB is required to hold one, will be used to determine the terms and conditions of the Licence renewal. Note that if the Licence expires before the NWB



issues a new one, then water use and waste disposal must cease, or the Licensee will be in contravention of the Nunavut Land Claims Agreement. The NWB recommends that an application for the renewal of Licence No. 2BE-KIM0609 be filed at least three months before the Licence expiry date.

6. If Licence No. 2BE-KIM0609 requires an amendment, a public hearing may be required. The Licensee should submit applications for amendment as soon as possible to give the NWB sufficient time to go through the amendment process. The process may vary depending on the scope of the amendment requested.
7. The Licensee shall ensure a copy of this Licence is maintained at the site of operations at all times. Any communication with respect to this Licence shall be made in writing to the attention of:

**( ) Manager of Licensing:**

Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU X0B 1J0  
Telephone: (867) 360-6338  
Fax: (867) 360-6369

**( ) Inspector Contact:**

Water Resources Officer  
Nunavut District, Nunavut Region  
P.O. Box 100  
Iqaluit, NU X0A 0H0  
Telephone: (867) 975-4298  
Fax: (867) 979-6445

8. The Licensee shall submit one paper copy and an electronic copy of all reports, studies, and plans to the Board. Reports or studies submitted to the Board by the Licensee shall include a detailed executive summary in Inuktitut.
9. This Licence is not assignable except as provided in Section 44 of the *Act*.

**PART C: CONDITIONS APPLYING TO WATER USE**

1. The Licensee shall obtain water for exploration drilling use, from the lake nearby the drilling locations and is not to exceed 40 cubic meters per day.
2. If the drilling requires water in sufficient volume that the source water body may be drawn down, the Licensee shall, at least 30 days prior to commencement of drilling,

submit to the Board for approval the following: volume required, hydrological overview of the water body, an assessment of potential impacts to water, and proposed mitigation measures.

3. The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that there is no entrainment of fish and shall withdraw water at a rate such that fish do not become impinged on the screen.
4. The Licensee shall not remove any material from below the ordinary high water mark of any water body.
5. The Licensee shall not do anything that will cause erosion to the banks of any body of water and shall provide necessary controls to prevent such erosion.
6. The Licensee shall not deposit sediments into any water body.
7. Sediment and erosion control measures shall be implemented prior to and maintained during the operation to prevent entry of sediment into water.
8. The Licensee shall implement measures as required to control erosion resulting from surface disturbances and shall be required to undertake corrective measures to mitigate impacts on surface drainage resulting from the Licensee's operations.
9. The Licensee shall ensure that all fill material used is from an approved source and shall be free of contaminants.

**PART D: CONDITIONS APPLYING TO WASTE DISPOSAL**

1. The Licensee shall locate areas designated for waste disposal at least thirty (30) metres above the ordinary high water mark of any water body such that the quality, quantity or flow of water is not impaired, unless otherwise authorized by the Board.
2. No open burning or on-site land filling of domestic waste is permitted.
3. The Licensee shall ensure that all hazardous wastes, waste oil and non-combustible waste generated through the course of the operation are backhauled and disposed of in an approved waste disposal facility.

**PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES and OPERATIONS**

1. Camps are not authorized under this Licence.
2. The Licensee shall not store material on the surface of frozen streams or lakes except what is for immediate use.
3. All activities shall be conducted in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake any corrective measures in the event of any impacts on surface drainage.
4. Winter lake and stream crossings, including ice bridges, shall be constructed entirely of water, ice or snow; stream crossings shall be removed or notched prior to spring break-up.
5. With respect to access road, pad construction or other earthworks, the deposition of debris or sediment into any water body is prohibited. These materials shall be disposed of above the ordinary high water mark in such a fashion that they do not enter the water.

**PART F: CONDITIONS APPLYING TO DRILLING AND TRENCHING OPERATIONS**

1. The Licensee shall not conduct any land based drilling, drilling on-ice, or mechanical trenching/stripping activities within thirty (30) metres of the ordinary high water mark of any water body, unless otherwise approved by the Board.
2. The Licensee shall ensure that all drill cuttings and any return water and sludge that cannot be re-circulated, including CaCl in any quantity or concentration, be disposed of in a properly constructed sump or an appropriate natural depression located at least thirty (30) metres above 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.
3. Where sumps cannot be used, or otherwise preferred, the Licensee shall capture all drill cuttings and any return water and sludge utilizing a suction pump and tank system to remove the solids for collection in pails or in super sacs for transport and disposal prior to release of the water to an appropriate natural depression.
4. If artesian flow is encountered, drill holes shall be plugged and permanently sealed upon project termination.

**PART G: CONDITIONS APPLYING TO CONSTRUCTION AND MODIFICATIONS**

- 1 Prior to construction or modification of any dams, dykes or structures intended to contain, withhold, divert or retain water or wastes, the Licensee shall submit to the Board for approval design drawings stamped by a qualified Engineer.
- 2 Licensee may, without written consent from the Board, carry out construction referred to in Part G, Item 1, provided that such construction is consistent with the terms of this License and the following requirements are met:
  - i. the Licensee has notified the Board in writing of such proposed construction at least sixty (60) days prior to commencing construction;
  - ii. such construction does not place the Licensee in contravention of the License or the Act;
  - iii. the Board has not, during the sixty (60) days following notification of the proposed construction, informed the Licensee that review of the proposal will require more than sixty (60) days; and
  - iv. the Board has not rejected the proposed construction.
  - v. Construction, for which all of the conditions referred to in Part G, Item 2 have not been met, can be carried out only with written approval from the Board.
- 3 The Licensee may, without written consent from the Board, carry out Modifications to the Water Supply Facilities and Waste Disposal Facilities provided that such Modifications are consistent with the terms of this License and the following requirements are met:
  - i. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
  - ii. such Modifications do not place the Licensee in contravention of the License or the Act;
  - iii. the Board has not, during the sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and
  - iv. the Board has not rejected the proposed Modifications.

- 4 Modifications for which all of the conditions referred to in Part G, Item 3 have not been met can be carried out only with written approval from the Board.
- 5 The Licensee shall provide as-built plans and drawings of the Modifications referred to in this License within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.

#### **PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING**

1. The Licensee shall annually review the approved "*Spill Contingency Plan, Beluga Property, Kimmirut, Nunavut*" and modify as necessary to reflect changes in personnel, operations and/or technology. Any proposed modifications shall be submitted to the Board as an addendum to the original Plan.
2. The Licensee shall ensure that any chemicals, petroleum products or wastes associated with the project do not enter water. All sumps and fuel caches shall be located a minimum of thirty (30) metres above the ordinary high water mark of any adjacent water body and inspected on a regular basis.
3. The Licensee shall ensure that any equipment maintenance and servicing be conducted only in designated areas and shall implement special procedures (such as the use of drip pans) to manage fluids, waste and contain potential spills.
4. If during the term of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:
  - . Employ the Spill Contingency Plan;
  - . Report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to the Indian and Northern Affairs Canada (INAC) Water Resources Inspector at (867) 975-4298; and
  - . Submit to the INAC Water Resources Inspector on each occurrence, a detailed report including the GPS location of the spill, no later than thirty (30) days after initially reporting the event.

#### **PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION**

1. The Licensee shall annually review the approved "Abandonment and Restoration Plan,

Beluga Project, Kimmirut, Nunavut” and if needed, modify the Plan to reflect changes in operation and/or technology. Revisions shall be submitted with the Annual Report as an addendum to the Plan for the approval of the Board.

2. The Licensee shall implement the Abandonment and Restoration Plan as approved.
3. The Licensee shall complete the restoration work within the time schedule specified in the approved Plan, or as subsequently revised and approved by the Board.
4. The Licensee shall endeavor to carry out progressive reclamation for any components of the project no longer required for the Licensee’s operations.
5. The Licensee shall backfill and restore, to the satisfaction of an Inspector, all drilling waste disposal sumps and excavations to the pre-existing natural contours of the land prior to the expiry of this Licence.
6. The Licensee shall store drill core, produced by the appurtenant undertaking, in an appropriate manner and location at least thirty (30) metres above the ordinary high water mark of any adjacent water body, where any direct flow into a water body is not possible and no additional impacts are created.
7. All disturbed areas shall be stabilized and re-vegetated as required, upon completion of work, and restored to a pre-disturbed state.

#### **PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM**

1. The Licensee shall measure and record in cubic metres the daily quantities of water utilized for drilling operations.
2. The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of water are utilized for all purposes.
3. The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with drilling operations are deposited.
4. Additional sampling and analysis may be requested by an Inspector.
1. The Licensee shall include all of the data and information required by the “Monitoring Program” in the Licensee's Annual Report, as required per Part B, Item 2.