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Karén Kharatyan
Acting Manager, Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0B 1J0

Re: TMAC response to Technical Comment INAC-TC-8 regarding the Water Licence applications for 2AM-BOS and Amendment No. 2 of 2AM-DOH1323

Dear Mr. Kharatyan,

TMAC Resources Inc. (TMAC) is pleased to provide to the Nunavut Water Board (NWB) the attached response to INAC-TC-8 for Technical Comment on the Water Licence applications for 2AM-BOS---- and Amendment No. 2 of 2AM-DOH1323.

Please see comment and response below:

ID #INAC-TC-8

Information Request #1

The applicant should clarify whether they want to hold off on the amendment to 2AM-DOH1323 to include the Madrid project until they have made a decision regarding entering production, or if they are requesting to hold two water licences (a type B and a type A) to cover the same infrastructure at Madrid.

TMAC Response to Information Request #1

TMAC is requesting to hold two water licences (a Type B and a Type A) with respect to certain infrastructure at Madrid. TMAC wishes to proceed with the amendment to 2AM-DOH1323 to include the Madrid-Boston project as is proposed in the application and does not wish to defer the process.

As set out in detail in this submission, in TMAC's view this approach is consistent with the approach taken for other production mines in Nunavut and is consistent with the requirements of the legislation.

The basis for this position is, although there is some physical overlap of project components, construction and operation of the Madrid-Boston project is a distinct undertaking from the exploration undertaking governed under the existing Type B Licence.

The scope of TMAC's existing Water Licences and proposed Amendment No.2 of 2AM- DOH1323 is outlined in Volume 1, Annex V1-7, Package 2, P2-1(Table 1.2-1) of the application and provides an itemized list describing what is proposed and what is approved to address INAC's concern and to provide further clarity respecting the stages of Project development.

As set out in the Project development plans, TMAC intends to proceed with advanced exploration in

2018 (see FEIS Volume 1, Annex V1-7, Package 2, P2-1, Figure 2.1-1). Depending on the results from the advanced exploration, TMAC may move immediately to development of the Phase 2 production mine.

Deferring the amendment of 2AM-DOH1323 until after exploration work is complete would lead to material delays in project execution - such as construction of the Madrid to Boston All Weather Road and mining a portion of the Madrid North deposit while continuing the bulk sample in other areas of the Madrid North and South deposits. On the current regulatory timelines, TMAC anticipates that the amended Type A Water Licence will be issued in early 2019. This timeline is essential to achieving the planned development schedule for Phase 2. TMAC needs to maintain the advanced exploration licences at Madrid and Boston since the intent of these licences permit TMAC to carry out an exploration program to examine the complex geology of the deposits, metallurgy of the ores and examine mine methods for economic extraction of the ore prior to making final development plans. It is anticipated that this work will need to continue at Madrid and Boston while TMAC initiates development of the sites under the Type A Licences.

With respect to the Boston deposit, TMAC currently has all necessary permits to develop certain facilities under the Boston Type B Licence such as a winter track, an approximately 65-person camp, extracting a bulk sample and annually developing an ice strip on Aimaokatalok Lake (and many other requirements of exploration) prior to and while developing infrastructure for the Boston mine under the proposed Type A Water Licence.

Based on the current geological information TMAC has for the Madrid North deposit, TMAC is confident that initial findings of the advanced exploration and bulk sample will warrant continued development and moving that deposit into production and cannot wait for a deferred Type A Licence. Therefore, TMAC wishes to continue to move forward with the amendment of 2AM-DOH1323 and not defer the process (as suggested by INAC). This is why TMAC requested a coordinated process with NIRB and NWB prior to submitting a DEIS in 2016. TMAC's approach and rationale has not changed. TMAC wishes to continue in a coordinated process with the NIRB and NWB as initially stated prior to the submission of the DEIS.

In addition to schedule implications, requiring TMAC to obtain and maintain a Type A Water Licence to govern exploration work, that falls below the water use thresholds of a Type A Water Licence, is not required by the Waters Regulations. INAC's suggestion would limit TMAC's operational flexibility required for exploration activities (which are generally more dynamic by nature) as any changes would require Ministerial intervention. TMAC is also concerned with the precedent this would set for proponents across Nunavut. Not allowing Type A Water Licence holders to carry out exploration work under Type B Water Licences could potentially be prohibitive to future economic development due to the high costs and level of effort required to get approval under a Type A Licence for potentially low impact exploration and advanced exploration work.

In summary, TMAC disagrees with INAC's position and has confidence in the inspector's abilities and NWB's technical and administrative abilities, to administer exploration licences at Hope Bay whilst enabling TMAC to continue with commercial production at Doris and ramp up to commercial production at Madrid and Boston deposits under Type A Licences. While there would be overlap in this scenario, carrying out inspections of these facilities for the purposes of both licences would not be onerous. This could be as simple as copying the inspection language for these overlapping facilities into each inspection report and including identical language for these facilities in each annual report. Contrary to INAC's comment, TMAC believes it would be a relatively straightforward exercise to sort out obligations and responsibilities from both licences.

Recommendation #16

INAC recommends that, if granted, a 2AM-BOS licence incorporate the scope of activities and facilities authorized under 2BB-BOS1727, so that the type B licence can be cancelled.

TMAC Response to Recommendation #16

TMAC disagrees with the reviewer's recommendation. The 2AM-BOS and 2BB-BOS1727 Licences should be maintained simultaneously, as each relates to a different undertaking (exploration work versus production work).

As stated in response to Information Request #1, TMAC wishes to maintain 2BB-BOS1727 to support exploration work. This will enable TMAC to continue exploration activities at the Boston site and regionally while providing for the operational flexibility required for exploration activities (which are generally more dynamic by nature) that a Type B Licence is intended for. Please refer to Key Facts table in Volume 1, Annex V1-7, Package 2, P2-1 of the application which provides an itemized difference between what is proposed and what is approved to help address this concern and ensure transparency in what will be conducted under each authorization. Should amendments to 2BB-BOS1727 be identified, TMAC will be able to access the more timely process available to holders of Type B Water Licences. TMAC anticipates that exploration work in the Boston area will proceed in parallel with production mining and, therefore, it is important that both licences continue in effect going forward.

Should you have any further questions please feel free to contact me at oliver.curran@tmacresources.com.

Sincerely,



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