

ュース・ ALーへト・ BOLP YON NUNAYUT WATER BOARD NUNAYUT IMALIRIYIN KATIMAYINGI OFFICE DES EAUX DU NUNAYUT

NWB File No.: 2AM-DOH1323

Response to Request

August 7, 2014

Katsky Venter
Environmental Site Manager
Hope Bay Project
TMAC Resources Inc.
372 Bay Street
Suite 901
Toronto, ON M5H 2W9

E-mail: Katsky.Venter@tmacresources.com

Re: Water Licence No. 2AM-DOH1323: Nunavut Water Board Response to Licensee's Request to Withdraw Water from Doris Creek to Support Surface Drilling Activities

Dear Ms. Venter:

Please find in the text that follows a response from the Nunavut Water Board (NWB or Board) to the request in your letter on behalf of TMAC Resources Inc. (TMAC) of July 25, 2014 to withdraw water from Doris Creek in support of drilling associated with the exploration of the Doris deposit under TMAC's existing Type "A" Water Licence No. 2AM-DOH1323.

With respect to the water sources that TMAC is currently authorized to use, Water Licence No. 2AM-DOH1323 states as follows:

SCOPE

1. The Licence authorizes Miramar Hope Bay Limited [since assigned to TMAC] ("MHBL" and the "Licensee") to use water and dispose of waste associated with the Mining and Milling undertakings at the Doris North Project as outlined in the Water Licence Application, submitted to the Board throughout the regulatory process.

MBHL [now TMAC] may conduct mining, milling and associated activities at the Doris North Project in the Kitikmeot Region of Nunavut, (68° 09' N, 106° 40' W) including, in general, as follows:

- The use of water from Doris Lake for mining and milling processing, associated activities and domestic purposes;
- The use of Waters from Windy Lake for domestic purposes at the Doris Camp;

Part E: Conditions Applying to Water Use

3. The Licensee shall not use streams as a water source unless authorized and approved by the Board in writing.

In reviewing the original Application for the original Water Licence (issued in 2007), and the materials filed with the Board in support of the licence renewal, Water Licence No. 2AM-DOH1323, it appears that the Board has not previously considered withdrawals from Doris Creek. Consequently, information regarding the potential for effects associated with withdrawing from Doris Creek has not been provided by the Licensee until this request, and the potential for impacts and concerns regarding withdrawals from Doris Creek were not previously considered by the public, intervenors in the licensing process nor the NWB. In addition, the withdrawal from Doris Creek is anticipated to be on-going for the life of the project.

On the basis of the information provided to date it appears that the withdrawal from Doris Creek is integrally linked to the mining undertaking authorized under the Type "A" but is a substantive change to the water withdrawals supporting the undertaking that were originally considered by the Board and intervenors during the licensing process. Although the Board has the ability to authorize and approve withdrawal from another water source other than that listed in the Licence, the Board considers this type of authorization and approval to be limited to where the change could be considered a "modification" that wouldn't trigger the requirement for an amendment (essentially a change that would involve only limited withdrawal such as temporary withdrawal during high water conditions for a single year, etc.). In the Board's view the proposed withdrawal from a new source is a substantive and on-going change to the existing Licence terms and conditions. Therefore, it is the Board's view that the request to authorize withdrawals from Doris Creek requires an amendment to the Licence.

TMAC had also requested that if the Board did conclude that an amendment to the Type "A" Licence is required, that the Board provide TMAC with guidance as to whether there is a mechanism for some form of temporary authorization to be granted so that TMAC can use water from Doris Creek while the Board is processing an amendment application. The Board does not, however, have a mechanism that would allow for the issuance of a temporary licence amendment pending the submission of a complete application and the Board's fulsome review of that application.

If you have any questions regarding the requirements of the amendment application necessary for this change to the Licence, please contact David Hohnstein, the Board's Director of Technical Services. If you have any further questions regarding the Board's approach to this request or would like to discuss this matter in more detail, please follow up with me at 867-360-

6338 or by email to <u>damien.cote@nwb-oen.ca</u> or with David at 780-443-4406 or by e-mail to david.hohnstein@nwb-oen.ca.

Sincerely,

Damien Côté

PB/dc

Cc: Doris North Distribution List