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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

File No: NWB1JER0410

November 22, 2005

Carl McLean
Director of Operations
Indian and Northern Affairs Canada
P.O. Box 100
Iqaluit, NU X0A 0H0

Subject: Jericho Mine Water Licence - Compliance

Dear Mr. McLean:

Following our request to the Department of Indian and Northern Affairs Canada (INAC) to inspect the Jericho Mine site and provide a Compliance Report to the Nunavut Water Board (NWB or Board), and our meeting of November 15, 2005 with Mr. Greg Missal, Tahera's Vice-President of Regulatory Affairs, I reported the outcome of our meeting to my fellow Board members.

In order to assist INAC with our request, the NWB had forwarded to Mr. Peter Kusugak, Manager Field Operations INAC, a list of issues of concern to be looked at by the Inspector, and we expected to receive from INAC a Compliance Report that would specifically address these issues. This list is attached for your consideration.

The Board has reviewed the Inspection Report provided by INAC and concludes that it does not supply the Board with sufficient information to determine whether the Licensee has complied with the general terms and conditions of its water licence, and more specifically with the following terms and conditions:

- **Freshwater Intake Causeway Plan (Part D Item 15):** the NWB approved the construction of the water intake causeway on July 28, 2005, with terms and conditions. All of these conditions, such as the requirement to submit as-built drawings, have not been satisfied.
- **Waste Water Treatment Plant (Part D, Item 8):** the Board formally rejected the proposed design but it appears, from the Licensee's own admission during our meeting, that the Plant has been constructed and commissioned.
- **Diversion of the C1 Stream (Part D, Item 16):** the Diversion proposed by Tahera has not been approved by the NWB, but it appears that some preparatory work has already been done, as confirmed by Mr. Missal at our meeting and reported by DFO during their

site visit August 18th, 2005.

- **Long Lake De-Watering (Part D, Item 13):** this project has not been approved by the NWB, but it appears that some de-watering activities have been completed during the summer of 2005, without NWB approval.

Consequently, we are requesting INAC to conduct a full site investigation and provide a full Compliance Report to the NWB with the emphasis on the licence conditions listed above. In order to add context and relevance to our work, we would like to have one of our Technical Advisor accompany your Inspector on his site visit, with Tahera's permission. As the Board will meet on December 15 and 16, 2005 to review the Jericho Licence and discuss what steps may be warranted to remedy to possible non-compliance issues, we would appreciate receiving the Compliance Report before December 10, 2005.

Finally, I would like to point out that the NWB believes that under the terms and conditions of Licence NWB1JER0410, Tahera is obligated to obtain NWB approval before proceeding with the construction of many mine facilities including but not limited to the Wastewater Treatment Plant, the Dewatering of Long Lake, the Diversion of C1 Stream, etc. Our opinion is consistent with Part D, Item 2 of the licence which stipulates that "(T)he Licensee shall submit to the Board for approval, design plans and drawings stamped by a Geotechnical Engineer, at least sixty (60) days prior to the construction of any dams, dykes or structures intended to contain, withhold, divert or retain Water or Waste. The Licensee shall ensure that such facilities are designed and constructed to engineering standards such that at a minimum they comply with the Dam Safety Guidelines" as well as with Section 13.9.1 of the Nunavut Land Claims Agreement. If you believe that some terms and conditions of the Jericho Licence are ambiguous and do not support our interpretation, we urge you to provide the NWB with a legal interpretation so that the Board may recommend appropriate remedies to the Minister of INAC.

Do not hesitate to contact me or Philippe di Pizzo, NWB's Chief Administrative Officer, should you wish to discuss this matter.

Yours truly,

ORIGINAL SIGNED BY:

Lootie Toomasie
Chairperson

c.c. Michael Nadler, Regional Director General, INAC Nunavut

Encl. Status – NWB1JER0410 Technical Documents