APPENDIX C: LICENCE NWB1LUP0008

Pursuant to the *Nunavut Land Claims Agreement* the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

ECHO BAY MINES LIMITED

(Licensee)

BAG NO. 1, NISKU, ALBERTA T0C 2G0

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of waste into water subject to and in accordance with the conditions specified in this Licence.

LICENCE NUMBER	**NWB1LUP0008**
WATER MANAGEMENT AREA	**NUNAVUT**
LOCATION	**LUPIN MINE, NUNAVUT**
PURPOSE	**WATER USE AND WASTE DISPOSAL**
DESCRIPTION	**MINING AND MILLING UNDERTAKING**
QUANTITY OF WATER NOT TO BE EXCEEDED	**1,700,000 CUBIC METERS PER YEAR**
EFFECTI VE DATE OF LICENCE	**JULY 1, 2000**
EXPIRY DATE OF LICENCE	**JUNE 30, 2008**

The Licence issued and recorded at Gjoa Haven includes and is subject to the annexed conditions.

Signed this 1 day of July 2000

for P. duPlessis
Thomas Kudloo
Chairperson

PART A: SCOPE, ENFORCMENT AND DEFINITIONS

1. Scope

a. This License entitles Echo Bay Mines Limited to use water and dispose of waste for a mining and milling undertaking and associated uses at the Lupin Mine, located on the west shore of Contwoyto Lake in Nunavut (approximate Latitude 65°46'N and Longitude 111°14'W).

b. Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with all applicable legislation.

2. Enforcement

a. Subject to Part A, Item 2(d), failure to comply with the licence will be a violation of the *Northwest Territories Waters Act*, exposing the licensee to the enforcement measures and the penalties provided for in the Act.

b. Subject to Part A, Item 2(d), all inspection and enforcement services regarding this licence will be provided by inspectors appointed under the *Northwest Territories Waters Act*.

c. Subject to Part A, Item 2(d), inspectors appointed under the *Northwest Territories Waters Act* enjoy-with respect to this licence, and for the purpose of enforcing this licence, and with respect to the use of water and deposit or discharge of waste by the licensee-all powers and privileges and protections that are conferred upon them by the *Northwest Territories Waters Act* or by other applicable law.

d. To the extent that the *Northwest Territories Waters Act* is, subsequent to the issuance of this licence, replaced with respect to water management in Nunavut by other federal legislation (including, without limitation, a regulation or order referred to in Section 10.10.2 of the *Nunavut Land Claims Agreement*), and to the extent that the other federal legislation is consistent with the *Nunavut Land Claims Agreement*, the other federal legislation shall apply with respect to this licence and the *Northwest Territories Waters Act* shall cease to apply with respect to this licence.

3. Definitions

"**Act**" means the *Northwest Territories Waters Act;*

"**Acid/Alkaline Rock Drainage (ARD)**" means the production of acidic or alkaline leachate, seepage or drainage from underground workings, ore piles, waste rock, tailings, and overburden that can lead to the release of metals to groundwater and surface water during the life of the mine and after mine closure;

"**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;

"**Average Concentration**" means the arithmetic means of any four consecutive analytical results submitted to the Board in accordance with the sampling and analysis requirements specified in the "Surveillance Network Program";

"**Average Concentration for Faecal Coliform**" means the running geometric mean of any four consecutive analytical results submitted to the Board in accordance with the sampling and analysis requirements specified in the "Surveillance Network Program";

"**Backfill**" means a combination of any or all of a mixture of sand, cement, water or Tailings that is pumped underground and is used to strengthen/support mined out areas;

"**Board**" means the Nunavut Water Board established under the Nunavut Land Claims Agreement;

"**Freeboard**" means the vertical distance between the water line and the crest on a dam or dyke's upstream slope;

"**Geotechnical Engineer**" or "Engineer" means a professional engineer registered with the Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories/Nunavut whose principle field of specialization is the design and construction of earthworks in a permafrost environment.

"**Grab Sample**" means a single water or wastewater sample taken at a time and place representative of the total discharge;

"**Inspector**" means an Inspector designated by the Minister under Section 35(1) of the *Northwest Territories Waters Act*;

"**Licensee**" means the holder of this Licence;

"**Minewater**" means groundwater or any water used in mining, which is pumped or flows out of any underground workings or open pit;

"**Modification**" means an alteration to a physical work that introduces new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion; changes to the operating system that are consistent with the terms of this Licence and do not require amendment;

"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;

"Progressive Reclamation" means those reclamation activities conducted during the operation period of the mine prior to modification of final closure, to modify and restore the land and water to standards acceptable to the board.

"Sewage" means all toilet wastes and greywater;

"Sewage Lake Disposal System" includes the sewage treatment area and the engineered structures designed to contain and treat sewage as described in Drawing Number LUSEW95.DWG entitled "Lupin Mine-Sewage Lakes Disposal Plan-General Arrangement" updated March, 1995;

"Sewage Disposal Facilities" comprises the area and engineered structures designed to contain and treat sewage;

"Tailings" means material rejected from the mill after the recoverable valuable minerals have been extracted;

"Tailings Containment Area (TCA)" consists of the Tailings containment basin and the engineered structures designed to contain Tailings as described in Drawing Number LUTA195.DWG entitled "Lupin Mine-Tailings Impoundment Plan-General Arrangement" dated January, 1995;

"Waste" means 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 substance contained in it or because it ahs been treated or changed, by heat or other means;

"Water Supply Facilities" comprises the area and associated intake infrastructure as identified in Drawing Number LUWAT95.DWG entitled "Lupin Mine-Raw Water Supply Plan-General Arrangement" updated March, 1995.

PART B: GENERAL CONDITIONS

1. The water use fee shall be paid annually in advance as set out in Schedule II annexed to this licence.

2. The Licensee shall post and maintain a security in the amount of $29.2 million dollars in the form and schedule as required by the Minister of Indian and Northern Affairs Canada.

3. Notwithstanding Part B, Item 2, the Licensee shall provide such further or other amounts as may be required by the Board based on annual assessment of current mine restoration liability in accordance with Part I, Item ~~3~~ 2 and Part ~~H~~ I, Item ~~4~~ 3 of this Licence.

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4. The Security Deposit shall be maintained until such time as the Minister is satisfied that the Licensee has complied with all provisions of the approved Final Abandonment and Restoration Plan. This clause shall survive the expiry of this Licence or renewals thereof.

5. The Licensee shall file an Annual Report with the Board not later than March 31st of the year following the calendar year reported which shall contain the following information:

   a. the monthly and annual quantities in cubic meters of water pumped from Contwoyto Lake at Station Number 925-01;

   b. the monthly and annual quantities in cubic meters of treated Tailings effluent discharged at Station Number 925-10;

   c. the monthly and annual quantities in cubic meters of Minewater discharged at Station Number 925-11;

   d. the monthly and annual quantities in cubic meters of treated Sewage effluent discharged at Station Number 925-14;

   e. tabular summaries of all data generated under the "Surveillance Network Program";

   f. a summary of modification and/or major maintenance work carried out on the water supply and the waste disposal facilities, including all associated structures;

   g. a list of unauthorized discharges and follow-up action taken;

   h. revisions to the Contingency Plan;

   i. revisions to the Abandonment and Restoration Plan;

   j. a summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year; and

   k. any other details on water use or waste disposal requested by the Board by November 1st of the year being reported.

6. The Licensee shall comply with the "Surveillance Network Program" annexed to this Licence, and any amendments to the said "Surveillance

Network Program" as may be made from time to time, pursuant to the conditions of this Licence.

7. The "Surveillance Network Program" and compliance dates specified in the Licence may be modified at the discretion of the Chief Executive Officer.

8. Meters, devices or other such methods used for measuring the volumes of water used and waste discharged shall be installed, operated and maintained by the Licensee to the satisfaction of an Inspector.

9. The Licensee shall maintain, to the satisfaction of the Inspector, all the signs necessary to identify the stations of the annexed "Surveillance Network Program".

10. The Licensee shall keep a copy of this Licence at the site of operation at al times.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water for mining, milling, domestic and associated uses from Contwoyto Lake using the Water Supply Facilities or as otherwise approved by the Board.

2. The annual quantities of water withdrawn from Contwoyto Lake for mining milling, domestic and associated uses shall not exceed 1,700,000 cubic meters.

3. The fresh water intake shall be equipped with a screen with a mesh size sufficient to ensure no entrainment of fish.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1. The Licensee shall discharge all Tailings into the Tailings Containment Area, underground as Backfill or to other locations as approved by the Board.

2. The discharge from the Tailings Containment Area shall commence no sooner than July 15 of any year unless otherwise approved by the Board.

3. The discharge rate from the Tailings Containment Area shall not exceed 70,000 cubic meters per day unless otherwise approved by the Board.

4. The Licensee shall provide at least five (5) days notice to an Inspector prior to the first proposed discharge of Waste from the Tailings Containment Area during each calendar year.

5. All wastes discharged by the Licensee from the Tailings Containment Area shall meet the following effluent quality requirements at Surveillance Network Program monitoring station 925-10:

Parameter	Maximum Average Concentration	Maximum Concentration of Any Grab Sample
Total Arsenic	~~0.05 mg/L~~ 0.5mg/L	1.00 mg/L
Total Copper	0.15 mg/L	0.30 mg/L
Total Cyanide	0.80 mg/L	1.60 mg/L
Total Lead	0.10 mg/L	0.20 mg/L
Total Nickel	0.20 mg/L	0.40 mg/L
Total Zinc	0.40 mg/L	0.80 mg/L
Total Suspended Solids	15 mg/L	30 mg/L
Oil and Grease		Visual sheen
The Waste discharged shall have a pH between 6.0 and 9.5		

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6. The Tailings Containment Area shall be constructed, operated and maintained to engineering standards such that:

a. a freeboard limit of 1.0 meter shall be maintained at all times or as recommended by a Geotechnical Engineer and as approved by the Board;

b. seepage from the Tailings Containment Area is minimized;

c. any seepage that occurs is collected and returned immediately to the Tailings Containment Area;

d. erosion of constructed facilities is addressed immediately;

e. the solids fraction of the mill Tailings shall be permanently contained within the Tailings Containment Area;

f. weekly inspections of the dam(s), Tailings line(s), and catchment basin(s) shall be carried out and records of these inspections shall be kept for review upon the request of an Inspector. More frequent inspections shall be performed at the request of an Inspector; and

g. an inspection of the Tailings Containment Area shall be carried out annually during ice free, open water conditions by a Geotechnical Engineer. The Engineer's report shall be submitted to the Board within sixty (60) days following the inspection, and shall include a

covering letter from the Licensee outlining an implementation plan to respond to the Engineer's recommendations.

7. The Licensee shall discharge all Sewage to the Sewage Lakes Disposal System or as otherwise approved by the Board.

8. All Waste discharged from the Sewage Lakes Disposal System shall not exceed the following effluent quality requirements at Surveillance Network Program monitoring station 925-14:

Parameter	Maximum Average Concentration
Total Arsenic	0.05 mg/L
Total Copper	0.20 mg/L
Total Lead	0.05 mg/L
Total Nickel	0.30 mg/L
Total Zinc	0.50 mg/L
Total Suspended Solids	35 mg/L
BOD5	30 mg/L
Faecal Coliform	1000 colony forming units/100 ml
Oil and Grease	Visual sheen
The Waste discharged shall have a pH between 6.0 and 9.5	

8. The Licensee shall notify an Inspector of any planned discharge of Waste from the Sewage Lakes Disposal System at least five (5) days prior to any such discharge.

9. The Licensee shall discharge all Minewater to the Tailings Containment Area or to the Sewage Lakes Disposal System, except as specified in Part D, Item 11.

10. The Licensee shall submit to the Board for approval, a proposal for the disposal of Minewater should a location other that those specified in Part D, Item 9 be considered. The proposal shall describe options for the discharge of Minewater, data on the quantity and quality of the Minewater, and the options for Minewater treatment and disposal.

11. The proposal specified in Part D, Item 10, shall be implemented as approved by the Board.

PART E: CONDITIONS APPLYING TO MODIFICATIONS

1. The Licensee may, without written approval from the Board, carry out modification to the water supply and waste disposal facilities provided that such modifications are consistent with the terms of this Licence and the following requirements are met:

   a. the Licensee has notified the Board in writing of such proposed modifications at least sixty (60) days prior to beginning the modifications;

   b. such modifications do not place the Licensee in contravention of the Licence and/or Act;

   c. 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 that sixty (60) days; and

   d. the Board has not rejected the proposed modification.

2. Modifications, for which all of the conditions referred to in Part E, Item 1 have not been met, may be carried out only with written approval from the Board.

3. The Licensee shall provide to the Board as-build plans and drawings of the modifications referred to in Part E, Item 1 within ninety (90) days of completion of the modifications.

PART F: CONDITIONS APPLYING TO CONSTRUCTION

1. Prior to construction of any dams, dykes or structures intended to contain withhold, divert or retain water or wastes other than as contemplated in the Contingency Plan, the Licensee shall submit to the Board, for approval, design drawings stamped by an Engineer.

2. Construction of designed structures shall be carried out as approved by the Board.

3. As-built drawings of the dams, dykes or structures shall be stamped by a Geotechnical Engineer and submitted to the Board within ninety (90) days of completion of the structures.

4. Any fill material must be obtained from an approved source, be clean, and be free of contaminants.

5. Only tested waste rock with a low potential for acid drainage shall be used in construction.

PART G: CONDITIONS APPLYING TO STUDIES

1. The Licensee shall, within eight (8) months of issuance of the licence, submit to the Board for approval a "Tailings Containment Area Management Report". The report shall include, but shall not limited to, the following:

    a. Assessment of the capacity of the TCA against remaining ore reserves and additional ores to be processed at the mine;
    b. Outline of plans for future modifications, and a rationale for the selection of options to increase the capacity of the TCA;
    c. Discussion of the effectiveness of granular cover, including an evaluation of coarse kimberlite tailings that were used as cover material in some areas of the TCA, to induce permafrost aggradation and the release of acidic drainage from the tailings;
    d. Study of the potential for interaction between covered cells and flooded areas of the TCA, including thermal analyses and modeling of the interaction between the ponds, the frozen-core perimeter dykes, and frozen tailings within cells, as well as assessment of the thermal effects of proposed pond elevations;
    e. The interactions between tailings of different sources in term of their acid generation, decant water quality, thermal properties; and
    f. any other issues as requested by the Board following annual review.

2. If not approved by the Board, the report referred to in Part G, Item 1 shall be resubmitted the Board for approval within three (3) months of receiving notification of the Board's decision not to approve it.

3. The report referred to in Part G, Item 1 shall be updated annually in the form of an addendum to the Annual Report.

PART H: CONDITIONS APPLYING TO CONTINGENCY PLANNING

1. The Licensee shall submit to the Board for approval, within six (6) months of issuance of this licence, an updated Contingency Plan prepared in accordance with the "*Guidelines for Contingency Planning, January 1987.*"

2. The Licensee shall revise the Plan referred to in Part H, Item 1 if not approved. The revised Plan shall be submitted to the Board for approval within three (3) months of receiving notification of the Board's decision not to approve it.

3. The Licensee shall review the Contingency Plan annually and modify the Plan as necessary to reflect changes in operation and technology. Any proposed modifications shall be submitted to the Board for approval.

4. If, during the term of this licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:

   a. employ the appropriate contingency plan;

   b. report the incident immediately via the 24-Hour Spill Reporting Line at (867) 920-8130;

   c. submit to an Inspector a report on each occurrence no later than thirty (30) days after initially reporting the event.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION

1. The Licensee shall, within nine (9) months of issuance of this licence, submit to the Board for approval a revised "*Interim*" Abandonment and Restoration Plan prepared in accordance with the "*Guidelines for Abandonment and Restoration Planning for Mines in the Northwest Territories, September 1990*" (Guidelines). The Plan shall also include:

   a. Specific abandonment and restoration objectives for each mine component which shall include, but not be limited to the following;

      i. Open pits;

      ii. Underground workings;

      iii. Tailings and sewage containment areas;

      iv. Water management structures (intake and delivery system, breakwater)

      v. Emergency discharge ponds;

      vi. Borrow pits, stockpiles, and other disturbed areas;

      vii. Surface structure (process plant, camps, roads, airstrip);

      viii. All petroleum and chemical storage areas;

      ix. Any other areas potentially contaminated with hazardous material; and

x. Any facilities or areas, which may have been affected by development such that potential pollution problems exist.

b. A description of measures required or actions to be taken to achieve the objectives stated in the Guidelines and in Part I, Item 1 a) for each mine component.

c. A detailed description of the final desired landscape, with emphasis on the restoration of stream banks and surface drainage over the restored units;

d. A comprehensive assessment of materials suitability, including geochemical and physical characterization and availability for restoration needs, with attention to top-dressing materials, including maps, where appropriate, showing sources and stockpile locations of all borrow materials.

e. A description of the process to be employed for progressive restoration, and the details of restoration scheduling and procedures for coordinating restoration activities with the overall mining sequence and materials balance;

f. A description of any post-closure treatment potentially required for drainage water that is not acceptable for discharge from any of the reclaimed mine components;

g. A description of how the potential for post-closure groundwater contamination will be assessed and monitored during the term of the Licence;

h. A detailed description of proposed revegetation plans, incorporating a description of how initial vegetation cover will promote successional development on reclaimed landscape units, what the expected progression and time-frame will be, and how it will be compatible with local ecosystem characteristics;

i. An identification of the research needs for restoration:

i. An update of restoration research to date and how the results may affect restoration planning;

ii. A schedule of anticipated restoration research expenditures on an annual basis; and

iii. A description of Quality Assurance/Quality Control protocols for conducting research and how research progress will be monitored.

j. A description of the monitoring program to be employed in recording the progress of mining activities as they relate to on-going restoration needs. Sampling and testing protocols for determining the success of restoration measures undertaken should be documented. The program shall include, but not be limited to, the following;

i. Methods, timing and details respecting the placement of cover and the development of permafrost in tailings material as part of tailings restoration;

ii. Stability of surface drainage channel(s) over reclaimed tailings;

iii. Success of applying restoration research results; and

iv. Establishment and maintenance of a thermistor monitoring network to assess permafrost aggradation.

k. Details of closure measures proposed in the event of a premature or temporary shutdown at any time during the term of the Licence;

l. An explanation of how aesthetic concerns will play a role in restoration;

m. The qualifications, status and authority of those individuals who will be responsible for and who will conduct restoration activities during the term of the Licence.

2. The Licensee shall submit to the Board annually an updated assessment of the current mine restoration liability using the current version of RECLAIM, its equivalent or some other method acceptable to the Board.

3. At least three (3) years prior to final abandonment the Licensee shall submit to the Board a Final Abandonment and Restoration Plan. That plan shall include, but is not limited to, the following:

a. Incorporation of recommendation made in the report entitled "Closure Cost Estimate and Scoping of Mine Closure Issues, Lupin Mine NWT," (Golder Associates, 1997).
b. An outline of methods to contain potential pore water expulsion from the TCA;
c. Identification of sites of contaminated soils at the mine site;
d. A summary of existing data for background levels of metals in the area, and identification of needs for verification of data or reassessment with modern detection limits;

e. Description of restoration activities outlined in the "Interim" Abandonment and Restoration Plan;
f. An implementation schedule for the completion of restoration;
g. A detailed monitoring program.

4. The Licensee shall revise the Plans referred to in Part I, Item 1 and Part I, Item 3 if not approved approved by the Board. The revised Plans shall be submitted to the Board for approval within six (6) months of receiving notification of the Board's decision not to approve the Plan.

5. The Licensee shall review the approved Abandonment and Restoration Plan annually and shall modify the Plan as necessary to reflect changes in operation, technology, and results of reclamation and/or other studies. The proposed modifications shall be submitted to the Board for approval.

6. The Licensee shall notify the Board of its intention to proceed with final abandonment of the undertaking at least six (6) months prior to the planned dates of closure.

7. Notwithstanding the time schedule referred to in the Abandonment and Restoration Plan, the Licensee shall endeavor to carry out immediate restoration of areas that are no longer needed prior to closure of operations.

8. Compliance with the Abandonment and Restoration Plan specified in this Licence does not limit the legal liability of the Licensee, other that liability arising from provisions of the Act and its Regulations.

SCHEDULE I - SURVEILLANCE NETWORK PROGRAM

Licensee:	**Echo Bay Mines Limited**
License Number:	**NWB1LUP0008**
Effective Date of Licence Renewal:	**July 1, 2000**
Effective Date of Surveillance Network Program Renewal:	**July 1, 2000**

A: GENERAL REQUIREMENTS

1. All sampling, sampling preservation and analysis shall be conducted in accordance with methods prescribed in the current edition of "*Standard Methods for the Examination of Water and Wastewater*".

2. All analysis shall be performed in a laboratory approved by the Board.

3. The Licensee shall revise the Quality Assurance/Quality Control Plan and modify the plan as necessary. Proposed modifications shall be submitted to the Board for approval.

4. The plan referred to in Part B, Item 3, shall be implemented as approved by the Board.

5. The quantity of ore milled shall be measured in tones and recorded monthly.

6. The Licensee shall, within thirty (30) days following the month being reported, submit to the Board all data and information required by the "*Surveillance Network Program* ", including the results of the approved Quality Assurance/Quality Control Plan.

B. STATION LOCATIONS, REQUIREMENTS AND SAMPLING PARAMETERS

Refer to Table 1

able 1				
tation	**Location**	**Requirements**	**Parameter Analysis** Total (T)	
25-01	Freshwater Intake from Contwoyto Lake	Annually	(T) Arsenic (T) Copper (T) Nickel (T) Mercury Conductivity pH	(T) Cadmium (T) Lead (T) Zinc Faecal Coliform (T) Suspended Solids
		Monthly - Quantity of water measured and recorded in cubic meters		
25-10	Pond #2 discharge at Dam 1A	Daily during periods of discharge from the Tailings Containment Area	(T) Arsenic (T) Zinc pH	(T) Copper (T) Cyanide (T) Suspended Solids
		Weekly during periods of discharge from the Tailings Containment Area	(T) Lead (T) Cadmium Ammonia	(T) Nickel Alkalinity Hardness
		First day of discharge and monthly thereafter	24 ICP-MS	
		Daily - Quantity of treated effluent measured and recorded in cubic meters		
		Twice per year, prior to initiation of decant and just prior to termination of decant, with samples to be provided to the Environmental Protection Branch of Environment Canada	Static Pass/Fail Bioassay for both rainbow trout and *Daphnia* species (per Environment Canada's Environmental Protection Series Biological Test Methods).	
25-11	Minewater discharge at automatic sampler in the mill			
25-12	Mill tailings taken at the mill			

able 1				
tation	**Location**	**Requirements**	**Parameter Analysis** Total (T)	
25-14	Decant structure from the sewage Lakes Disposal System	First day of discharge and then monthly thereafter during periods of flow	(T) Arsenic (T) Zinc (T) Nickel pH Faecal Coliform (T) Cadmium Ammonia Total Nitrogen Nitrite	(T) Copper (T) Lead BOD5 (T) Suspended Solids Alkalinity Hardness Total Phosphorus Total Orthophosphorus Nitrate Visible Sheen Oil & Grease
25-15	Discharge from Tailings Pond #1 (east pond) into Tailings Pond #2 (west pond)			
25-16	Tailings Pond #2 at center			
25-17	Tailings Pond #2 upstream of Station Number 925-10			
25-19	East end of Seep Creek in Dam 2 Lake			
25-20	West end of Seep Creek before discharge into Unnamed Lake	Weekly during discharge from the Tailings Containment Area	(T) Arsenic (T) Zinc (T) Lead pH (T) Cadmium Ammonia	(T) Copper (T) Cyanide (T) Nickel (T) Suspended Solids Alkalinity Hardness

able 1				
ation	**Location**	**Requirements**	**Parameter Analysis** Total (T)	
25-21	North end of Concession Creek before discharge into Unnamed Lake	Weekly during discharge from the Tailings Containment Area	(T) Arsenic (T) Zinc (T) Lead pH (T) Cadmium Ammonia	(T) Copper (T) Cyanide (T) Nickel (T) Suspended Solids Alkalinity Hardness
25-22	Inner Sun Bay near center	Weekly at mid-depth, commencing one (1) week prior to discharge from the Tailings Containment Area and conclude two (2) weeks after cessation of the discharge	(T) Arsenic (T) Zinc (T) Lead pH (T) Cadmium Ammonia	(T) Copper (T) Cyanide (T) Nickel (T) Suspended Solids Alkalinity Hardness
25-24	Inner Sun Bay near narrows	Weekly at mid-depth, commencing one (1) week prior to discharge from the Tailings Containment Area and conclude two (2) weeks after cessation of the discharge	(T) Arsenic (T) Zinc (T) Lead pH (T) Cadmium Ammonia	(T) Copper (T) Cyanide (T) Nickel (T) Suspended Solids Alkalinity Hardness
25-25	Outer Sun Bay	Weekly at mid-depth, commencing one (1) week prior to discharge from the Tailings Containment Area and conclude two (2) weeks after cessation of the discharge	(T) Arsenic (T) Zinc (T) Lead pH (T) Cadmium Ammonia	(T) Copper (T) Cyanide (T) Nickel (T) Suspended Solids Alkalinity Hardness
25-26	Contwoyto Lake in bay east of water intake			

SCHEDULE II - LICENSING CONSIDERATIONS

I. APPLICATIONS FOR LICENCE AMENDMENT, RENEWAL, ASSIGNMENT OR CANCELLATION.

1. An Application for an amendment or renewal shall be in the form set out by the Board and shall contain the information identified therein and be accompanied by a deposit equal to any water use fee that would be payable under subsection II (1) in respect of the first year of the licence that is being applied for.

2. The fee payable on the submission of an application for the amendment, renewal, cancellation or assignment of this licence is thirty (30) dollars.

3. An application for authorization for the assignment of the licence shall be submitted to the Board, accompanied by the fee set out in (2), no less than 45 days before the date on which the applicant proposes to assign the licence, and shall:

    a. Be signed by the assignor and the assignee; and
    b. Include the name and address of the assignee.

4. An application for cancellation of a licence shall be in writing and shall set out the reason for the requested cancellation and a description of the measures taken or proposed to be taken, prior to cancellation, for abandonment of the appurtenant undertaking.

II. WATER USE FEES

1. The fee payable by the licensee for the right to the use of water, calculated on an annual basis, in respect of an industrial, mining and milling undertaking, is the greater of thirty (30) dollars and the aggregate of:

    a. For the first 2,000 m^3 per day that is authorized by the licence, $1 for each 100 m^3 per day,
    b. For any quantity greater than 2,000 m^3 per day but less than or equal to 4,000 m^3 per day that is authorized by the licence, $1.50 for each 100 m^3 per day, and
    c. For any quantity greater than 4,000 m^3 per day that is authorized by the licence, $2 for each 100 m^3 per day.

2. For the purposes of paragraph (1), where a licence authorizes the use of water on a basis other than a daily basis, the licence fee payable shall be

calculated by converting the rate of authorized use to an equivalent daily rate.

3. Where the volume of water is specified in a licence to be total watercourse flow, the licence fee will be calculated using the mean daily flow of the watercourse, calculated on an annual basis.

5. Licence fees are payable only for the portion of the year during which the licence is in effect.

6. The licence fees shall be paid:

   a. In respect of a licence for a term of one year or less, at the time the licence is issued; and
   b. In respect of a licence for a term of more than one year:

      vi. For the first year of the licence, at the time the licence is issued, and
      vii. For each subsequent year of the licence, or for any portion of the final year of the licence, in advance, on the anniversary of the date of issuance of the licence.

III. SECURITY DEPOSITS

1. Security deposits shall be in the form of:

   a. A promissory note guaranteed by a bank in Canada and payable to the Receiver General;
   b. A certified cheque drawn on a bank in Canada and payable to the Receiver General;
   c. A performance bond approved by the Treasury Board for the purposes of paragraph (c) of the definition "security deposit" in section 2 of the *Government Contract Regulations*;
   d. An irrevocable letter of credit from a bank in Canada; or
   e. Cash

2. Security deposits shall be furnished by the licensee:

   a. In respect of a licence for a term of one year or less, no later than 30 days after the licence is issued; and
   b. In respect of a licence for a term of more than one year:
   c. For the first year of the licence, no later than 30 days after the licence is issued, and

d. For each subsequent year of the licence, or for any portion of the final year of the licence, in advance, on the anniversary of the date of issuance of the licence.

SCHEDULE III - GENERAL CONDITIONS FOR THE ADMINISTRATION OF LICENCES ISSUED BY THE NUNAVUT WATER BOARD

1. At the time of issuance, a copy of the Licence is placed on the Water Register in the NWB Head Office in Gjoa Haven, and is available to the public.

2. To enforce the terms and conditions of the Licence, the Department of Indian Affairs and Northern Development designates Inspectors in a manner consistent with the Memorandum of Understanding between the Department of Indian and Northern Affairs and the NWB. The Inspectors coordinate their activities with the NWB staff and officials of the Water Resources Division of DIAND. The Inspector responsible for Licence No. NWB1LUP0008 is located in the Nunavut District office.

3. To keep the NWB and members of the public informed of the Licensee's conformity to Licence conditions, the Inspectors prepare inspection and compliance reports which detail observations on how the Licensee has met each condition in the Licence. These reports are forwarded to the Licensee with a covering letter requesting what action, if any, should be taken. The inspection reports and covering letters are placed on the public Water Register, as are any responses received from the Licensee pertaining to the inspection reports. It is therefore of importance that the Licensee react in all areas of concern regarding inspection reports so that these concerns may be clarified.

4. If the Licensee contemplates the renewal of Licence No. NWB1LUP0008, it is the responsibility of the licensee to apply to the NWB for renewal of the licence. 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. 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. NWB1LUP0008 be filed at least one year before the Licence's expiry date.

5. If Licence No. NWB1LUP0008 requires amendment, then 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 duration of the process may vary depending on the scope of the amendment requested.

6. The NWB can modify the Surveillance Network Program annexed to the licence without a public hearing. Requests for changes to the Surveillance

Network Program should be forwarded to the NWB in writing, and should include the justification for the change.

7. Any communication with respect to this licence shall be made in writing to the attention of:

Executive Director
Nunavut Water Board
P. O. Box 119
Gjoa Haven, Nunavut. X0E 1J0
Telephone No: (867) 360-6338
Fax No: (867) 360-6369

8. Inspection and enforcement of the terms and conditions of this licence are performed by:

Nunavut District Office
Northern Affairs Program
Department of Indian Affairs
and Northern Development
P. O. Box 100
Iqaluit, Nunavut. X0A 0H0
Telephone No: (867)979-4405
Fax No: (867)979-6445

9. The Licence requires that you submit a security deposit to the attention of:

Licensing Administrator
Nunavut Water Board
P. O. Box 119
Gjoa Haven, Nunavut. X0E 1J0
Telephone No: (867) 360-6338
Fax No: (867) 360-6369

9. The licensee shall submit all report, plans and studies to the Board in triplicate.