



2BB-MAE1727 Application for Amendment, TMAC response on INAC comments

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Fri, Oct 20, 2017 at 4:44 PM

To: Sarah Forté <sarah.forte@aandc-aadnc.gc.ca>, Richard Dwyer <richard.dwyer@nwb-oen.ca>

Hi Sarah

The NWB has received the TMAC response to INAC's comments, that is attached to this email.

Please, could you and your team comment on this TMAC's response?

Also, I would like you and your team to comment on the following discussion regarding the definition of *Project commencement*, the activity that will mark the point that will indicate the initiation of Madrid Project, in case that a date can not be inferred.

Just to clarify, the discussion has not been subjected to Legal review and is not the official point of view of the Board (everything is subject to Board approval).

On June 16, 2017 the NWB distributed TMAC's amendment application to amend Part C of the 2BB-MAE1727 Water Licence, conditions applying to security. TMAC plans to postpone the commencement of activities at site. However, some activities are expected to occur in the area; these activities will be under the scope of the 2BE-HOP1222.

TMAC would like to link the posting of security to project commencement. The following is a discussion with regard to how "Project commencement" can be defined.

The following are activities authorized under the Licence 2BE-HOP1222 (scope of the Licence):

- camp operations,
- exploration drilling (reverse circulation drilling and diamond drilling),
- the operation of Windy Camp and a Bulk fuel storage at Quarry Site D,
- operation of a landfarm,
- quarries A, B and D,
- operation of a wastewater treatment facility, etc.

The following are activities authorized under the Licence 2BB-MAE1727 (scope of the Licence):

- mineral exploration and bulk sampling, and
- the construction of all weather roads,
- the construction and operation of a bulk fuel storage facility at Madrid, etc.

From the comparison of the two licences scope, it seems that the major differences between the scopes are

- 1) bulk sampling activities
- 2) construction of all weather roads
- 3) construction of bulk fuel storage at Madrid site

These three activities are authorized under the scope of the Madrid Licence but they are not included under the scope of the 2BE-HOP Licence. The three of them could be considered project milestones; the initiation of any of them could also indicate the commencement of the operations at site,

1) Bulk sampling: the initiation of bulk sampling activities at Madrid North (MN) and the in initiation of bulk sampling activities at Madrid South (MS) can be considered MN and MS Project milestones and therefore, these activities can be used to define commencement of activities at MN and/or MS. Also, the cost for remediation and closure of waste rock piles are at MN is \$1.707 M and for waste rock pile at MS is 1.648 M; they are considerable in % with respect to the other costs.

2) Construction of all weather roads:

This is a TMAC proposed milestone, according to TMAC *the commencement of operations at site could be indicated by the initiation of construction of any new road from the existing Windy Road to the proposed MN site and the initiation of road building to the proposed MS site*

3) Construction of bulk fuel storage at Madrid: The construction of bulk fuel storage facility at Madrid is not well define in the Application; it is not clear the size or where the facility will be constructed (MN or MS). And also in the cost estimate the cost for reclamation of this facility does not seem significant, it depends on the size o the bulk fuel storage which has not been defined yet.

Any of the three or the three together can be considered Project milestones that define the commencement of activities at Madrid.

The question is:

What is INAC's opinion on defining the "Commencement" of the Project activities by using any of these three activities, whichever happen in first place, to mark the commencement of activities at Madrid North or Madrid South?

Regards

Sonia



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