



Your file - Votre référence
2BB-MAE----

September 22, 2015

Our file - Notre référence
IQALUIT-#950123

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
GJOA HAVEN, NU X0E 1J0

Sent via email: licensing@nwb-oen.ca

Dear Ms. Beaulieu,

**Re: TMAC Resources Inc.'s Application to a New Type B Water Licence, No. 2BB-MAE----
Responses to Comments from Interested Parties.**

Thank you for your email of September 8, 2015 concerning the above mentioned water licence application. A memorandum is provided for the Nunavut Water Board's consideration. Comments and recommendations have been provided pursuant to Aboriginal Affairs and Northern Development Canada's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Please do not hesitate to contact me by telephone at 867-975-4555 or email at David.Abernethy@aandc-aadnc.gc.ca for further information.

Sincerely,

David Abernethy

Regional Coordinator
Water Resources Division
Resource Management Directorate
Aboriginal Affairs and Northern Development Canada
IQALUIT, NU X0A 0H0

Encl.

c.c.: Andrew Keim, A/Manager, Water Resources Division, AANDC Nunavut
Erik Allain, Manager, Field Operations Division, AANDC Nunavut
Karen Costello, Director Resource Management, AANDC Nunavut

Memorandum

To: Phyllis Beaulieu, Nunavut Water Board

From: David Abernethy, Aboriginal Affairs and Northern Development Canada

CC: Andrew Keim (AANDC), Erik Allain (AANDC), and Karen Costello (AANDC)

Date: September 22, 2015

Re: New Type B Water Licence Application, No. 2BB-MAE----

Applicant: TMAC Resources Inc.
Project: Madrid Advanced Exploration
Region: Kitikmeot

Comments:

A. Background

On September 8, 2015, the Nunavut Water Board (NWB) invited interested parties to review TMAC Resources Inc.'s (the proponent) response to comments submitted by May 8, 2015 with respect to their application for a new type B water licence in support of the Madrid Advanced Exploration Project.

Interested parties were asked review the proponent's response and provide additional comments by September 22, 2015.

B. Results of review

On behalf of Aboriginal Affairs and Northern Development Canada's (AANDC) Water Resources Division, the following comments and recommendations are provided:

1. Proponent's Response to AANDC May 8, 2015 Technical Review Memo

On September 1, 2015, the proponent submitted written responses to comments received by interested parties with respect to their new licence application. AANDC provided eight comments that addressed waste rock management, contact water management, closure planning, closure costs, and the proposed 10 year licence term.

Recommendation

The Proponent has adequately responded to the comments provided in the AANDC May 8, 2015 technical review memorandum.

2. Closure Cost Estimate

The department's May 8, 2015 application review memorandum recommended that the proponent,

"...ensure its cost estimate includes care and maintenance provisions. The applicant should provide this information within three months of licence issuance. The water licence can include a term and condition that would allow for the review of the reclamation cost estimate and posting of reclamation security following its issuance. If the NWB is in agreement, such a review should occur three months following the licence issuance."

In their September 1, 2015 response, the proponent agreed to submit an updated reclamation cost estimate including care and maintenance costs within three months of licence issuance.

Recommendation

Should the NWB decide to issue a type B licence for the proposed undertaking, it must require, as a minimum, reclamation security in the amount of \$7,131,000 (amount proposed in Section 9.2 of the submitted application). It is also recommended that the proponent be required to submit a revised closure cost estimate that includes care and maintenance costs. This revised estimate should be distributed to interested parties for review.

3. Impact Assessment Scoping of Proposed Undertaking

A water licence should not be issued until the Nunavut Impact Review Board (NIRB) completes their evaluation of the proponent's application for a *Nunavut Land Claims* Section 12.10.2(b) determination to allow the advanced exploration project to proceed without a Part 5 or Part 6 review. The scale of the proposed undertaking is significant and necessitates careful consideration (i.e., 100 tonne bulk sample of ore, waste rock management, surface water management, and the management of up to 1,073 m³/day of saline groundwater inflow at the Madrid South Deposit).

Recommendation

Should the NIRB decide to perform a *Nunavut Land Claims Agreement* Part 5 or 6 review of the proposed undertaking, the NWB should carry out a public hearing process for the water licence application. This would allow interveners an opportunity to perform a detailed technical review and provide valuable feedback for the NWB's consideration.

4. Inclusion in Scope of Current Type A Water Licence Amendment Application

The proposed undertaking is dependent on existing and planned Doris North Project facilities (e.g., mill for ore processing, tailings disposal, the management of contact water not suitable for discharge to land, camp facilities, and equipment, fuel and supply delivery). The use of water and disposal of wastes associated with the proposed undertaking may affect the predicted environmental impacts assessment presented in the proponent's current application to amend the Doris North project certificate and type A water licence.

Recommendation

Documentation included in the type B water licence application should be included in the current Doris North Project type A water licence amendment application because of the planned use of Doris North

facilities to process ore, dispose of tailings, and manage contact water (including groundwater). If the NWB decides to issue a type B water licence, it should not be issued until the type A water licence amendment application review process has been completed and an amended licence is approved by the Minister of Aboriginal Affairs and Northern Development.

5. Water Use

The proposed undertaking may trigger a type 'A' water licence should the 300 m³/day water use threshold specified in the *Nunavut Waters Regulations* be surpassed. The estimated 295 m³/day water consumption estimate does not consider the amount of water that will be used to process ore at Doris North and domestic water use at the Doris Camp (worker accommodations). The proponent's response to the Kitikmeot Inuit Association's comment no. KitIA-1 addresses this issue. The response states,

There are no increased milling needs associated with processing Madrid ore at Doris. Processing of Doris and Madrid ores will occur consecutively, i.e., the bulk sample pre will be processed discretely. Water to operate the Doris North mill is approved under the type A water licence 2AM-DOH1323; milling the Madrid ore will not require more water than what is currently permitted under that licence.

As mentioned in comment no. 4 above, the proposed undertaking is dependent on Doris North Project facilities. If activities such as the use of water use for milling purposes and domestic purposes associated with the Doris Camp are not captured under the existing type A water licence, the proponent would require a type A water licence for the proposed undertaking.

Recommendation

The NWB should consider whether or not the proposed undertaking requires a type A water licence considering the fact that planned activities require type A water licence approval (i.e., water use for milling purposes and work accommodations).

Prepared by David Abernethy