



November 2, 2018

Oliver Curran, M.Sc.
Vice President, Environmental Affairs
TMAC Resources Inc.
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RE: TMAC's Water Licence No. 2BB-MAE1727 Amendment No. 2 for the Madrid Advanced Exploration Program

Dear Mr. Curran:

Please find attached Type “B” Water Licence No. **2BB-MAE1727 Amendment No. 2**, issued to TMAC Resources Inc. (TMAC, the Licensee or the Applicant) by the Nunavut Water Board (NWB) pursuant to its authority under Article 13 of the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (Nunavut Agreement)* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, S.C. 2002, c. 10 (NWNSRTA). The terms and conditions of the original Licence related to water use and waste deposit are an integral part of this approval.

The pre-licensing regulatory requisites of the *Nunavut Agreement and the Nunavut Planning and Project Assessment Act*, S.C. 2013, c. 14 (*NuPPAA*) require that if a Proponent of a Project that was previously assessed under the *Nunavut Agreement* and *NuPPAA* proposes a significant modification to the Project, they must submit a Project Proposal to the Nunavut Planning Commission (NPC) in order to assess whether the proposed modifications conform to the applicable land use planning requirements. If the amendment is considered to be a significant modification to the previously assessed Project, the NPC would also provide directions regarding whether the amended Project Proposal should be subject to screening by Nunavut Impact Review Board (NIRB). In this case, the amendment to Licence No. 2BB-MEA1727 is limited to the security conditions of the Licence and does not involve any change in activities related to the use of water or the deposit of waste, or

management components of the Madrid Advanced Exploration Project. Consequently, the NWB does not consider the proposed amendment to constitute a significant modification and considers that the NPC letter issued on March 26, 2015, with respect to the previously assessed Madrid Advanced Exploration Project Proposal continues to apply to the amendment application (Application). Similarly, the subsequent NIRB Screening Decision Report with respect to the Project issued on June 24, 2016, also continues to apply to the proposed amendment of the security provisions of the Licence. On this basis, the NWB has concluded that the pre-licensing requirements of the *Nunavut Agreement*, the *NuPPAA*, and the *NWNSRTA* have been met and has processed the amendment application accordingly.

The NWB has received confirmation of support for the Application from CIRNAC and the KIA. This information is attached for your consideration.¹

Sincerely,

Lootie Toomasie
Nunavut Water Board Chair

LT/dd/ip

Enclosure: Licence No. **2BB-MAE1727 Amendment No. 2**
 Comments/Confirmation – CIRNAC, KIA

Cc: Kitikmeot Region Distribution List

¹ CIRNAC confirmation submitted on October 24, 2018, and KIA confirmation submitted on October 29, 2018.

DECISION

LICENCE AMENDMENT No. 2

| | |
|-------------------------------|----------------------------|
| Licensee: | TMAC Resources Inc. |
| Licence No: | 2BB-MAE1727 |
| Licence Issued: | May 23, 2017 |
| Amendment No. 1 Issued | January 12, 2018 |
| Amendment No. 2 Issued | November 2, 2018 |
| Licence Expiry Date: | May 22, 2027 |

I. Procedural History

On October 16, 2018, the Nunavut Water Board (NWB or the Board) received a request from TMAC Resources Inc. (TMAC or the Licensee or the Applicant), seeking an amendment to the reclamation security provisions under the Water Licence 2BB-MAE1727 (the existing Licence).

The Application indicated that the Licensee “would like to formally request the Nunavut Water Board (the Board) to clarify the allocation of security under Amendment No.1 of Type ‘B’ Water Licence 2BB-MAE1727, to permit discounting of the amount posted with Kitikmeot Inuit Association (KIA) from the total amount currently required to be posted with Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC). TMAC is not requesting any change to the total amount of security required, only for the Licence to reflect the mutually agreed upon allocation of the security.”

In the same communication, the Licensee also indicated that “in September 2018 the KIA and CIRNAC engaged with each other to mutually agree upon the allocation of security under the Madrid Advanced Exploration Program as defined in Amendment No. 1 of Type ‘B’ Water Licence 2BB-MAE1727. The mutually agreed upon results of that discussion, as confirmed by each party, are presented in Table A.”

Table A: Agreed Upon Allocation of Security for Madrid Advanced Exploration Program

| | KIA | CIRNAC | Total |
|--------------|-------------|---------------|--------------|
| Madrid North | \$1,492,763 | \$2,549,236 | \$4,042, 000 |
| AWR | \$14,863 | \$2,137 | \$17,000 |
| Madrid South | \$2,270,139 | \$801,862 | \$3,072,000 |
| Total | \$3,777,765 | \$3,353,234 | \$7,131,000 |

On October 24 and 29, 2018, the NWB received written confirmation from CIRNAC and the KIA respectively, that they are in agreement with split in security identified in the Application.

Given that an agreement was reached between the Applicant and the interveners, and that no issues were identified that would prevent the Board from issuing the Licence Amendment, the Board gave consideration to the information provided by the Applicant and intervener's, and has decided to grant the requested amendment to allow for security quantum to be updated under the Licence.

II. General Considerations

The Board notes that condition Part C, Item 2 of the Existing Licence which requires the Licensee to submit a revised and updated Madrid Advanced Exploration Reclamation Security Estimate that includes Care and Maintenance Costs to the Board for approval remains outstanding. The Board would like to remind the Licensee that it is required to abide by all of the terms and conditions in the Licence at all times.

LICENCE AMENDMENT No. 2

Pursuant to its authority under the Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, with respect to the Application to amend Licence No. 2BB-MAE1727, dated October 16, 2018, made by TMAC Resources Inc., the Nunavut Water Board hereby issues the following Licence amendments:

The Licence shall be amended to indicate the following:

PART C: CONDITIONS APPLYING TO SECURITY

Amend Item 1

1. The Licensee shall furnish and maintain with the Minister, reclamation security in the amount of \$3,353,234, as set out in Items 8, 9 and 10 of this Part.

Amend Item 8

8. The Licensee shall, upon providing notification in writing to the Board, in accordance with Part G, Item 17, furnish and maintain with the Minister, in a form that is satisfactory to the Minister, security in the amount of \$2,549,236 to ensure the closure and reclamation of the Madrid North Phase of the Madrid Advanced Exploration Project.

Amend Item 9

9. The Licensee shall, in addition to the security required to be posted under Part C, Item 8, and upon providing notification in writing to the Board, in accordance with Part G, Item 18, furnish and maintain with the Minister, in a form that is satisfactory to the Minister, security in the amount of \$2,137 to ensure the closure and reclamation of the Madrid North to Madrid South AWR.

Amend Item 10

10. The Licensee shall, in addition to the security required to be posted under Part C, Items 8 and 9, and upon providing notification in writing to the Board, in accordance with Part G, Item 19, furnish and maintain with the Minister, in a form that is satisfactory to the Minister, security in the amount of \$801,862 to ensure the closure and reclamation of the Madrid South Phase of the Madrid Advanced Exploration Project.

All remaining terms and conditions of Type “B” Licence No. 2BB-MAE1727 dated May 23, 2017, and Amendment No. 1 to this Licence dated January 12, 2018, continue to apply.

This Licence Amendment No. 2 to Type “B” Licence No. 2BB-MAE1727, is issued and recorded at Gjoa Haven, NU, on November 2, 2018.

Approved by,

Lootie Toomasie
Nunavut Water Board, Chair