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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No.: **2BE-MEA1318/
Amendment No. 3**

January 27, 2016

David Frenette
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Val d'Or, Quebec J9P 4N9

Email: david.frenette@agnicoeagle.com

RE: 2BE-MEA1318 Type “B” – Amendment No. 3:
Authorization for diamond drilling on two lakes based on barge; water use global authorization for domestic and drilling purposes; installation and operation of additional Kodiak “Bionest” Wastewater Treatment System; modification of Monitoring Program Stations; installation of additional double wall fuel and gas tanks; and increase of camp capacity with additional accommodations.

Dear Mr. Frenette,

Please find attached, Amendment No. 3 to Licence No. 2BE-MEA1318 Type “B” issued to Agnico-Eagle Mines Ltd. (AEM or Licensee) by the Nunavut Water Board (NWB) (**Motion 2015-B1-042**) 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* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB notes that the Nunavut Planning Commission (NPC) provided documentation stating that the project proposal conforms to the Keewatin Regional Land Use Plan (KRLUP), subject to the NPC requirements¹. The Nunavut Impact Review Board (NIRB) issued project-specific terms and conditions contained in the January 15, 2016, Screening Decision, NIRB File No.: 15EN050² which are designed to mitigate any significant impacts based on the analysis of factors that are set out under section 90 of Nunavut Planning and Project Assessment Act (NuPPAA).

¹ NPC Conformity Determination dated October 21, 2015.

² NIRB Screening Decision dated January 15, 2016.

The NWB strongly recommends that the Licensee consult the comments received by interested persons on issues identified. This information is attached for your consideration³.

Sincerely,

Lootie Toomasie
Nunavut Water Board
Vice Chair

LT/kk/ri

Enclosure: Licence No. **2BE-MEA1318 - Amendment No. 3**
Comments – INAC, ECCC and DFO

Cc: Distribution – Kivalliq

³ Aboriginal Affairs and Northern Development Canada (AANDC or currently INAC), September 24, 2015; Environment Canada (EC or currently ECCC), September 24, 2015, and Fisheries and Oceans Canada (DFO), September 24, 2015.

LICENCE AMENDMENT No. 3

Licensee:	AGNICO-EAGLE MINES LTD.
Licence No:	2BE-MEA1318 Type “B”
Licence Issued:	March 7, 2013
Amendment No. 1 Issued	July 31, 2014
Amendment No. 2 Issued	February 27, 2015
Effective Date:	January 27, 2016
Licence Expiry:	March 6, 2018

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* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, with respect to an application for amendment dated July 14, 2015, made by Agnico-Eagle Mines Ltd. (AEM), the Board hereby grants the following Licence Amendment.

The Licence issued March 7, 2013 with an expiry date of March 6, 2018 shall be amended to include the following terms and conditions, with respect to the use of water and deposit of waste during camp operations and activities related to exploration that include prospecting, geological mapping, geophysical survey, diamond drilling, to allow AEM for diamond drilling on two lakes based on barge, water use global authorization for domestic and drilling purposes, installation and operation of additional Kodiak “BIONEST Kodiak” Wastewater Treatment System, installation of additional double wall fuel and gas tanks, and increase of Amaruq (IVR) Camp capacity with additional accommodations.

Procedural History

On July 14, 2015, AEM submitted to the Board an amendment (Amendment No. 3) application to allow AEM for removal of the specific allocations of water quantities for the camp and for exploration purposes, diamond drilling on two lakes based on barge; installation / operation of additional “BIONEST Kodiak” Wastewater Treatment System; installation of additional double wall fuel and gas tanks; and increase of Amaruq (IVR) Camp capacity with additional accommodations.

The Amendment No. 3 application (Application) included the following documents as supplementary information:

- Application for Water Licence Amendment;
- Drilling on Barge Map;
- Non-Technical Summary English;
- Non-Technical Summary Inuktitut;

- Amaruq Gold Project Waste Management Plan Addendum Drilling on Barge, dated April 2015;
- Applicant E-mail Request for Modification of Monitoring Stations and additional Licence terms, dated July 27 and August 5, 2015;
- Amaruq Project Exploration Area Map;-
- Claims Meadow Area Map;
- E-mail Correspondence from Applicant with clarifications requested by NWB, dated July 28, and August 4, 2015;
- Amaruq Project Camp Area Plan 2015-2016;
- Plan & Profil Road Esker #7 to Amaruq, Drawing 61 417 230 201, dated July 30, 2015;
- General Earthwork Typical Section, Drawing 61 417 230 202, dated July 30, 2015;
- General earthwork Road Culvert Installation Details, Drawing 61 417 230 203, dated July 30, 2015;
- Amaruq Exploration Project Wastewater Treatment Plant (WWTP) Situation Report, dated July 30, 2015; and
- Amaruq Exploration Camp Commissioning Procedure Wastewater Bionest Kodiak Treatment Plant.

On August 24, 2015, the Board distributed the Application for a thirty (30) day comment period. On September 24, 2015, submissions were received from Indigenous and Northern Affairs Canada (INAC or former Aboriginal Affairs and Northern Development Canada - AANDC), Environment and Climate Change Canada (ECCC or former Environment Canada - EC) and Fisheries and Oceans Canada (DFO).

On October 7, 2015, AEM provided responses to the INAC comments. On October 15, 2015, NWB received a follow-up correspondence from INAC.

On October 21, 2016, the Nunavut Planning Commission (NPC) informed the Board that the proposal conforms to the Keewatin Regional Land Use Plan (KRLUP), and on January 15, 2016 the Nunavut Impact Review Board (NIRB) issued project-specific terms and conditions contained in the Screening Decision, NIRB File No.: 15EN050.

Water Use

No any concerns were raised regarding to Licensee's request to re-distribute the existing daily water consumption allowance. Part C Item 1 of the Licence has been amended by the Board to reflect the requested change. The Board is confident that compliance with existing terms (Part C, Items 2 and 3 of the licence) should prevent any drawdown of source water bodies.

Waste Disposal

Amendment 2 to the Licence allowed for the installation and operation of a Wastewater Treatment System "Kodiak BIONEST" at Amaruq (IVR) Camp.

The Licensee requested within the application for Amendment 3 the Board's authorization to install an additional "Kodiak BIONEST" to increase the wastewater treatment capacity. The Licensee requested also to modify the Licence condition D11 regarding the notification to the

Inspector prior to initiating the release of effluent as the effluent discharge will be continuous. Part D Item 11 of the Licence reads:

The Licensee shall provide at least ten (10) days notification to an Inspector, prior to initiating the release of effluent from any facilities in this Part. The notice shall include water quality results, an estimate of volume and the proposed receiving location.

In its comment of September 24th, 2015, the INAC recommended that *the licensee be required to construct a containment system for treated wastewater effluent that does not meet discharge criteria or provide alternative contingency measures that will ensure such effluent is not discharged onto the land. The licensee should also provide the Wastewater Treatment System Operations and Maintenance Plan requested by the Licence.*

INAC recommended that *the Licensee be allowed to continually discharge treated wastewater effluent only if discharge criteria are satisfied. Weekly testing should be required until sampling results demonstrate discharge criteria have been met for nine consecutive weeks. Thereafter, effluent quality should be tested at least monthly. The licensee should be required to start holding the effluent immediately if it does not meet discharge criteria.*

In its submission, the INAC also suggested that criteria for discharging contact water from fuel containment facilities bermed areas would be appropriate.

In its responses to INAC comments, AEM indicated that *since August 24th, the water treated by Kodiak Bionest is compliant with the water licence. Other improvements are planned for 2016 to continue enhancing water quality ven if compliance to the licence is now achieved.*

The Board has decided to keep the Part D Item 11 unchanged; however, the Licensee is advised that this term is applicable to the Wastewater Treatment System only prior to the beginning of continuous discharge once the treatment system is set up and operational.

NWB concurs with INAC recommendations and has included effluent discharge criteria (pH, total suspended solids, total oil and grease, total lead, benzene, toluene and ethylbenzene) for the effluent to be discharged from fuel containment facilities' bermed containment areas.

The NWB acknowledges that on January 19, 2016, AEM provided an updated Wastewater Treatment System (WWTS) Operation and Maintenance (O&M) Plan which took into consideration previous comments and recommendations. The updated WWTS O&M Plan is found acceptable by the Board and has been approved under Part E Item 6 of the Licence.

The NWB notes that the requirements to submit to the Board for approval within ninety (90) days following issuance of the Amendment 2 or at least sixty (60) days prior to developing any quarry, a Quarry Management Plan, according to the Part E Item 7, of the Amendment 2, has not been fulfilled yet. The Board reiterates these requirements and expects that the Quarry Management Plan shall be included within the 2015 Annual Report.

Drilling

The Licensee requested Board's authorization to drill from a barge on two lakes: Whale and Mammoth Lakes. The Licensee was requested to provide clarifications regarding the transfer of fuel to the barge and the means of getting barge to the lakes and its potential impact on lakes' water quality. According to Licensee's October 7, 2015 additional information, *"the fuel transfer will be done using double wall tanks filled on land and transported by helicopter up to the barge...; and the barge will be transported on the lake during the winter and will stay there until the summer season when it will be used..."*

In its comment of October 15, 2015, the INAC indicated that the details on fuel transfer and barge displacement are satisfactory, and should be included in a revised Waste Management Plan.

Part F, Item 14 of the Licensee will allow the Licensee to conduct drilling from a barge on two lakes as described in the Amendment Application.

The NWB acknowledges that a Waste Management Plan Addendum has been included within the Application, and a stand-alone Waste Management Plan dated November 2015, was submitted to the Board on November 10, 2015. The Licensee will be required to consolidate these two documents in one Waste Management Plan and submit to the Board for approval within 2015 Annual Report.

Spill Contingency Plan

The Amendment application included a request for the installation of 17 double walled 50 000L fuel tanks. AEM informed that pumps would be placed in bermed areas or temporary berms during re-fueling.

INAC recommended that the Licensee be required to *update their Spill Contingency Plan to state all fuel transfer areas will be bermed and describe how contact water from these areas will be handled.*

NWB concurs with INAC recommendation regarding the updates to Spill Contingency Plan. In addition to the INAC recommendations, the updated Plan shall also include specifics for dealing with a spill on open water related to the drilling on open water, including the ability to deal with the largest possible spill (volume of fuel), necessary equipment for spill prevention and cleaning of potential spills etc. Therefore the Licensee shall be required to update the Plan approved under Part H, Item 1 of the Licence and submit to the Board for review within 2015 Annual Report.

Abandonment and Restoration Plan

The Licensee requested changes to the Part I Item 10 of the Licence. The Part I Item 10 reads:

The Licensee shall restore all drill holes, trenches and disturbed areas to natural conditions immediately upon completion of the drilling or trenching. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal.

More specifically, the following changes were requested by AEM:

- drill casings to be cut at ground level if they are stuck and cannot be removed from the hole; and

- removing the term “immediately” from the obligation to restore all drill holes, trenches and disturbed areas to allow the licensee to return to site and drill in the same casing. AEM states that signalings will be added at to drill casings left on site.

In its comments of September 24th, 2015, the INAC supported the first change: *authorization to cut the drill casings at ground level if they are stuck and cannot be removed from the hole, and recommended that term include capping the casing in these cases.* It was, however, stated that removing the term “immediately” from the Licence term do not seem necessary as *Part I Item 10 does not require the licensee to restore the area until completion of drilling which should be sufficient if they intend to reoccupy a drill site.*

INAC also suggested that Part J Item 3, requiring the Licensee to “provide GPS coordinates of all locations where wastes associated with camp operations and exploration activities are deposited” *shall also include a list of sump locations associated with each drill hole, and that a note be added to those locations that were not restored because they will be revisited. The locations of casings left as stuck and cut off should also be included in this list as they constitute waste left behind.*

Part I Item 10 has been amended by the Board to authorize the Licensee for drill casings to be cut off at ground level where drill casings cannot be removed (likely due to freezing in).

NWB concurs with INAC interpretation related to the term “immediately” and advises the Licensee that if they intent to reoccupy a drill site, the drilling site is not to be considered as complete.

INAC also recommended that the Licensee be requested to submit an updated reclamation cost estimate, and that the amended Licence include a security requirement. Although the Board will not include at this time a security requirement within the amended Licence (consistent with other exploration licenses), however, the Licensee shall be required to submit an updated reclamation cost estimate within the 2015 Annual Report to reflect all changes to the project.

Monitoring

The Licensee requested also that Monitoring Program Station MEA-1 be renamed to MEA-2 and that the MEA-1 station name be assigned to the camp water intake volume as per INAC Inspector recommendation.

The Board amended relevant conditions in the Part J of the Licence to rename the existing Monitoring Program Station and to include additional Monitoring Program Station for the camp water intake and for the effluent discharged from bermed fuel containment facilities.

The Board also amended Part J, Item 3 of the Licence to include sumps locations associated with drilling and drill casings left as stuck and cut off and for further drilling in casings for what GPS coordinates shall be provided to the Board.

LICENCE AMENDMENT No. 3

The Licence (Page ii) shall be amended to indicate the following:

DECISION

LICENCE NUMBER: 2BE-MEA1318

This is the decision of the Nunavut Water Board (NWB) with respect to an application dated July 14, 2015 for a renewal of a Water Licence made by:

AGNICO-EAGLE MINES LIMITED

to allow for the use of water and disposal of waste during camp operations and activities related to exploration that include prospecting, geological mapping, geophysical surveys, diamond drilling on land and on ice, trenching and quarrying, water crossings installation during proposed gravel road construction, operation and closure based out at Amaruq (IVR) Camp at the Meadowbank Exploration Project located within the Kivalliq Region, Nunavut generally located at the geographical coordinates as follows:

Project Extents

Latitude: 64° 30' N to 65° 35' N
Longitude: 94° 30' W to 97° 40' W

Camp Location(s)

Amaruq (IVR) Camp: Latitude: 65° 24' 14" N Longitude: 96° 40' 50" W

AMENDMENT No. 3

The Licence, (Page 1), shall be amended to indicate the following:

Quantity of Water Use

Not to Exceed:

**TWO HUNDRED AND NINETY NINE (299) CUBIC
METRES PER DAY**

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

Amend

1. Scope

This Licence allows for the use of water and the disposal of waste for a Mining undertaking classified as per Schedule I of the Regulations at the Meadowbank Exploration Project, located approximately 70-125 km north of the Hamlet of Baker Lake within the Kivalliq Region, Nunavut. Activities include camp operation, fuel storage, mineral exploration including: prospecting, geological mapping, geophysical surveys,

diamond drilling, baseline data collection, water crossings' installations, trenching and quarrying.

Amend

2. Definitions

“Wastewater Treatment System (WWTS)” means the wastewater treatment system as described in the Amendment Application and associated documents, received in July / August, 2015.

PART C: CONDITIONS APPLYING TO WATER USE

Amend

Item 1

The Licensee shall obtain all domestic freshwater for the Amaruq (IVR) Camp from a local lake as outlined in the application. Drill water shall be obtained from local water source(s), proximal to the drilling targets as outlined in the application. The volume of water for the purposes of this Licence shall not exceed two hundred and ninety-nine (299) cubic metres per day.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Insert

Item 15

All Effluent discharged from bermed fuel containment facilities at Monitoring Program Station MEA-3, shall not exceed the following Effluent quality limits:

Parameter	Maximum Concentration of any Grab Sample (µg/L)
Benzene	370
Ethylbenzene	2
Toluene	90
Lead	1
Oil and Grease	15,000 and no visible seen

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

Amend

Item 6

The Board has approved the document entitled “Amaruq Gold Project WWTS Operation and Maintenance Plan” dated December 2015, that was submitted as additional information with the Application.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS AND TRENCHING

Insert

Item 14

The Licensee is authorized to conduct drilling based on barge within two lakes, as described in the Amendment Application and associated documents, received in July / August, 2015.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

Amend

Item 10

The Licensee shall restore all drill holes, trenches and disturbed areas to natural conditions immediately upon completion of the drilling or trenching. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal. Where drill casings cannot be removed the Licensee shall cut off the casings at ground level and identify with signage.

Insert

Item 13

The Licensee may leave the casings on site, if it intends to continue drilling in existing casings, but shall add signaling to keep the area safe for the other territory users. The drill casings left cannot stay on the field for more than 2 years after the drilling.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

Amend

Item 1

The Licensee shall measure and record, in cubic metres, the daily quantities of water utilized for camp at Monitoring Station MEA-1, and for drilling and other purposes.

Amend

Item 3

The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with camp operations and exploration activities are deposited including sump locations associated with drilling and drill casings left as stuck and cut off and for further drilling in casings.

Amend

Item 12

The Licensee shall, at a minimum, maintain Monitoring Stations at the following locations:

Monitoring Station	Description	Status
MEA-1	Amaruq (IVR) Camp Water Intake	Volume
MEA-2	Effluent discharged from the Wastewater Treatment System “Bionest” (WWTS)	Volume and Effluent Quality
MEA-3	Effluent discharged from the bermed fuel containment facilities	Volume and Effluent Quality

Amend

Item 13

The Licensee shall sample the effluent discharging from the WWTS, Monitoring Station MEA-2 prior to being released into environment in order to provide confirmation of effluent quality as required by Part D, Item 13, for the following parameters:

pH	Fecal Coliforms
Biochemical Oxygen Demand (BOD ₅)	Oil and Grease (and visual)
Total Suspended Solids (TSS)	

All remaining terms and conditions of the Licence 2BE-MEA1318 Type ‘B’ and Amendments No. 1 and 2, dated March 7, 2013, July 31, 2014 and February 27, 2015, respectively, still apply.

This Licence Amendment No. 3 is issued and recorded at Gjoa Haven, NU on January 27, 2016.

Approved by,

Lootie Toomasie
Nunavut Water Board
Vice Chair