



Since 2007, the project has undergone a number of changes including; the completion of a Bulk Sample Project, numerous management changes, the submission of a Draft Environmental Impact Statement, and, most recently changes in company ownership.



QIA also notes concurrent to this water licence renewal application, a formal Part 5 review process is being coordinated by Nunavut's Institutions of Public Government related to the proponent's desire to develop a full scale mine at the Mary River site.

Included in the larger Coordinated Review Process for the proposed Mary River project is the opportunity for the proponent to seek approvals or licences for exploration and development activities. QIA understands that at this time no applications are being made by the proponent specific to 12.10.2, or, 13.5.5 of the Nunavut Land Claims Agreement (NLCA).

Furthermore, although the current renewal application is seeking a five year extension to the licence period it is unclear to what degree this extension may, or, may not constitute the proponent's desire to also seek pre-project approvals. For instance the renewal application speaks in general terms reading the types of activities that may occur within a five year term. The renewal application does not clearly specify the types of activities, materials, storage of closure methods that may be associated with the request for a 5 year extension.

2.0 Technical Comments

In reviewing the water licence renewal application QIA was cognizant of the following factors:

- Past performance of BIMC should be considered when defining the term of the water licence.
- Changes to the current water licence terms and conditions are necessary to better reflect proposed operations and site activities.
- There is uncertainty in whether select licence terms and conditions have been fulfilled. Part of this uncertainty is related to BIMC's application and public registry materials available to complete this technical review, apparent missing authorizations by the NWB to complete construction/modifications, apparent missing approvals from the NWB to clearly state if submitted reports, plans, and drawings have been accepted by the Board.
- The applicability of comments from CLARCs in relation to water licencing provisions

2.1 General Technical Review Comments

1. The *NWB Application for Water Licence Renewal Form* specifies six conditions that must be satisfied if an application is to be classified as a renewal. If any of the six conditions are not satisfied, then the application is not to be classified as a renewal, but rather an amendment. With regards to BIMC's application, the following three conditions are in question as to whether they satisfy a renewal classification:

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a. Condition- A change to the volume of water authorized for use.

- The current allowable water use is 515 m³/day. BIMC preference is to maintain this limit; however, if NWB decided to lower the allowable water use, BIMC would agree to a water use of 385 m³/day. **In the spirit of the renewal application condition, BIMC is contemplating a change to the volume of water authorized for use. As such, if this change is accepted by the NWB, than BIMC should be applying for an amendment, not a renewal.**

b. Condition – A change in predicted environmental impacts.

- Section 13 of the Renewal Application form denotes that the quantity of water to be used from each source will NOT be the same as that considered in the existing licence. Limited information was provided in the BIMC application materials to describe the change in water quantity use from each source and the potential environmental impacts of this change, if any. **QIA recommends the NWB request additional information in order to understand if a change in predicted environmental impacts will result from the change in water use from each source.**

c. Condition – A change to any term or condition to the original licence.

- **Section 1.2 of this QIA's Review provides recommendations to terms and conditions to the original licence. As such, if these changes are accepted by the NWB, than BIMC should be applying for an amendment, not a renewal.**

2. Section 9 of the *NWB Application for Water Licence Renewal Form* provides a description of the undertaking to be "similar activities as under the existing water licence. These include exploration drilling, geotechnical drilling, ongoing collection of scientific and engineering data, and reclamation activities associated with the completion of the Bulk Sample Program".

The BIMC October 15, 2010 cover letter that accompanies the *NWB Application for Water Licence Renewal Form* provides additional detail of proposed activities to be completed during the term of the new water licence. **The following activity was noted, and is considered by QIA as being a new activity for the proposed new water licence that may not have been considered in the previous water licence. "Execution of annual sealifts at Milne Inlet and possibly Steensby Inlet...[to mobilize] to site equipment and supplies that are to be stored on site for future use after EIS release and the receipt of a project certificate".**

BIMC's proposed intent to use the ports to store equipment and supplies that are to be used for purposes after EIS release clearly demonstrates that this water licence



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3. On February 23, 2011 NIRB confirmed with the NWB that BIMC's water licence renewal application does not require additional screening. QIA understands the NIRB process as follows: since this application was presented as a renewal, not an amendment, no screening is required. Within Section 20 of the *NWB Application for Water Licence Renewal Form*, BIMC states consultations were completed in early October 2010 and that no concerns were raised in regards to the renewal application. It is QIA's belief that the focus of these meetings was primarily associated with BIMC's Environmental Impact Statement, not the renewal application. As such, there may be limited input gained from public as a result.



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4. Section 14 of the *NWB Application for Water Licence Renewal Form* lists oily water from fuel berms as being treated and discharged to an “approved receiver”. The estimated volume of oily water per year was listed as 1,400 m³/yr. QIA understands oily water may be produced from contact water within the fuel containment structure as a result of precipitation and snow melt. QIA also understands that BIMC has experienced challenges with the current fuel storage bladders over the past years. More specifically, there has been occurrence of a fuel bladder failure within the fuel containment structure. The fuel that was released required capture and treatment. The soil within the fuel containment berms likely remains elevated in hydrocarbons as a result of the spill. QIA has observed sheen in pooled water within the fuel farm during site visits completed in the fall of 2009 and 2010, which



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- e. Part I, Item 1 requires submission and approval of an Environmental Monitoring Plan. No information was identified on the NWB public registry to confirm if this plan has been approved by the Board and therefore fulfill licence conditions. Additional information is requested to address this uncertainty.
- f. Part I, Item 9 requires submission and approval of QA/QC Plan. No information was identified on the NWB public registry to confirm if this plan has been approved by the Board and therefore fulfill licence conditions. Additional information is requested to address this uncertainty.
- g. Part I, Item 12 requires approval of the QA/QC Plan by the Analyst. No information was identified on the NWB public registry to confirm if this plan has been approved by the Analyst and therefore fulfill licence conditions. Additional information is requested to address this uncertainty.
- h. Part J, Item 1 requires BIMC to notify the Board in writing of proposed modification prior to their initiation. QIA understands that BIMC has completed modifications/changes to the method of treating oily water from the fuel containment facility at Milne Inlet. Additionally, QIA understands BIMC has completed modifications/changes to the method of treating wastewater at the Mary River camp. Both of these changes/modifications were observed during the fall 2010 site visit to Mary River site. No information was identified on the NWB public registry that notifies NWB of these modifications prior to initiation of the work. As such it is uncertain if this licence conditions has been fulfilled. Additional information is requested to address this uncertainty and to understand if BIMC is in compliance with the water licence terms and conditions.
- i. Part J, Item 4 requires BIMC to submit as-built plans and drawings, stamped and sealed by an Engineer post construction. Provided below is a summary of deficiencies that suggests that licence conditions are not being achieved. Additional information is requested to address this non-compliance with the water licence terms and conditions.

- The 2007 Annual Report provided select as built reports and drawings. QIA identified the following deficiencies:

1. Milne Inlet Bulk Fuel Storage Facility did not have civil/structural drawings signed and stamped by an Engineer. Mechanical drawings were signed and stamped by an Engineer.



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2. Milne Inlet Wastewater Treatment Facility did not have drawings signed and stamped by an Engineer.

3. Landfill Design and Operations did not have drawing signed and stamped by an Engineer. The drawing provided was a design drawing, not post-construction drawing. Signed and stamped design drawings were also not identified in subsequent Annual Reports. QIA understands the landfill is constructed and accepting waste. No as-constructed drawings, signed and stamped by and Engineer, were identified on the NWB public registry.

• The 2008 Annual Report provided select as built reports and drawings. QIA has identified the following deficiencies:

1. Polishing/Waste Stabilization Pond #3 report not stamped by an Engineer. Drawings not signed and stamped by an Engineer.

2. Bulk Fuel Storage Facility at Mary River Camp report not stamped by an Engineer. Drawings not signed and stamped by an Engineer.

3. Milne Inlet Tote Road drawings not signed and stamped by an Engineer.

• The 2009 Annual Report provided select as built reports and drawings. QIA identifies the following deficiencies:

1. Milne Inlet Tote Road drawings not signed and stamped by an Engineer.

QIA notes, it is standard engineering practice and required by Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists to have both engineering reports, and any associated drawings, signed and stamped by an Engineer.

6. A failure of a fuel bladder occurred at the Milne Inlet fuel containment facility. This failure heightened concern about the long term integrity of the bladders. Based on the 2008 Arctic King Operations Manual (Version C) form SEI Industries Ltd, the following items should be considered with regards to fuel bladder tank integrity and longevity utilized in the fuel containment facilities.

The service life of the tank is expected to be five years. It is also noted that the service life may be more or less depending on climatic conditions (e.g., UV light) and operations. To limit the degradation of the tank there is emphasis to keep the tanks generally free of dirt on the surface and void of placement in standing water. QIA noted during site



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Should you have any questions or comments please do not hesitate to contact our office.

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Sincerely,

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Salamonie Shoo

Acting Director, Lands and Resources

Clyde River

Grise Fiord

Hall Beach

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