



March 27, 2014

Our reference  
IQALUIT-#788695

Your reference  
2BE-COR0608

Megan Porter  
Licensing Administrator Assistant  
Nunavut Water Board  
GJOA HAVEN, NU X0E 1J0

**Re: Aboriginal Affairs and Northern Development Canada review of Stornoway Diamonds Corporation's Application to Cancel Water Licence #2BE-COR0608**

Dear Ms. Porter:

Thank you for your email of March 14, 2014, concerning the above mentioned application. A memorandum is provided for the Board's consideration. Comments have been provided pursuant to the Department'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](mailto:david.abernethy@aandc-aadnc.gc.ca) for further information.

Regards,

David W. Abernethy

Digitally signed by David W. Abernethy  
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Affairs and Northern Development Canada,  
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David Abernethy  
Regional Coordinator  
Water Resources Division  
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Aboriginal Affairs and Northern Development Canada  
IQALUIT, NU X0A 0H0

Encl.

c.c.: Ian Parsons, A/Manager of Water Resources, AANDC Nunavut  
Eva Paul, Water Resource Officer, AANDC Nunavut  
Erik Allain, Manager of Field Operations, AANDC Nunavut  
Phyllis Beaulieu, Manager of Licensing, NWB



## Memorandum

To: Megan Porter, Nunavut Water Board

From: David Abernethy, Aboriginal Affairs and Northern Development Canada

CC: Ian Parsons (AANDC), Eva Paul (AANDC), Erik Allain (AANDC), and Phyllis Beaulieu (NWB)

Date: March 27, 2014

Re: **Application to Cancel Water Licence #2BE-COR0608**

**Proponent: Stornoway Diamonds Corporation**

**Project: Coronation Gulf Project**

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### Comments:

#### A. Background

On February 26, 2014, the Nunavut Water Board (the "NWB") provided notification of Stornoway Diamonds Corporation's ("Stornoway") application to cancel a Type 'B' mineral exploration water licence, #2BE-COR0608. This licence (and its predecessor, #2BE-COR0205) authorized the use of water (not to exceed 28 cubic metres per day) and disposal of waste for domestic and mineral exploration purposes in support of the Coronation Gulf Project.

Mineral exploration activities were carried out under the authority of the licence from 2002 to 2005. Activities included till sampling, ground geophysical surveys, and helicopter drill programs. Two temporary camp facilities (known as the Eureka and Jubilee Camps) and three "fly camps" were established/mobilized during this time period. There were no mineral exploration activities from 2006 to 2008, during which time the Jubilee and Eureka camps were placed in a winterized/storage state.

In September of 2008 final closure and reclamation activities were completed at the Jubilee camp. The Eureka camp was kept in a winterized/storage state until 2011 when it was re-opened to support a drill program and land survey work under a separate water licence that was issued to Stornoway. In 2012 final closure activities associated with water licence #2BE-CGP1012 were completed, including the demobilization and reclamation of the Eureka camp facility. The final land use reports that accompanied Stornoway's original August 28, 2009 application to cancel water licence #2BE-COR0608 and July 26, 2012 application to cancel water licence #2BE-CGP1012 detail the closure and reclamation activities that were performed.

On July 7, 2013, Ms. Eva Paul, an Inspector designated under section 85 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, inspected the project areas associated with water licence #'s 2BE-COR0608 and 2BE-CGP1012. Ms. Paul observed some garbage, a sump and some minor depressions that required backfilling, and core boxes that had been pushed over. She also requested clarification regarding the July 14, 2009 identification of a leaking fuel drums at the Eureka camp by a different Inspector. On September 18, 2013, after receiving an inspection report (dated September 5, 2013), Stornoway accessed the project area to address these issues. On September 27, 2013, Stornoway provided a summary report with pictures to Ms. Paul. The summary report states that a Stornoway



representative visited the Eureka camp on July 21, 2009 and notified the NWB and Aboriginal Affairs and Northern Development Canada's Land Administration Division that the drums showed no sign of leakage. On September 30, 2013, Ms. Paul, sent an email to the NWB and Stornoway to confirm her belief that the closure and reclamation requirements of water licences #2BE-COR0608 and #2BE-CGP1012 have been satisfied<sup>1</sup>. Ms. Paul recommended that the NWB cancel these licences once the necessary administrative requirements have been satisfied.

Interested parties were asked to review this application and provide comments by March 28, 2014.

## B. Results of review

The following recommendations are provided for the NWB's consideration:

### 1. Licence cancellation

**Comment:** Stornoway appears to have satisfied their water licence closure and reclamation requirements. An application has been provided and an Inspector designated under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* has recommended that the licence be cancelled once all the necessary administrative requirements have been satisfied.

**Recommendation:** Aboriginal Affairs and Northern Development Canada has no issue with Stornoway's licence cancellation application.

### 2. Outstanding annual reports

**Comment:** It appears that no annual reports have been provided for the years 2007 through 2013 pursuant to Part B, Item 2 of the water licence. However, no mineral exploration activities were conducted under the authority of the licence during this time period and the final land use reports provided under the licence (#2BE-COR0608) and water licence #2BE-CGP1012 describe the closure and reclamation activities that were completed in the project area.

**Recommendation:** The NWB should consider requiring that Stornoway provide Annual Reports for the years 2007 to 2013 pursuant to Part B, Item 2 of the licence.

Prepared by David Abernethy

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<sup>1</sup> Aboriginal Affairs and Northern Development Canada. *Subject: 2BE-COR0608, 2BE-CGP1012 Completion of Requirements*. Email from Eva Paul, Aboriginal Affairs and Northern Development Canada, to Mr. Erik Allain, Aboriginal Affairs and Northern Development Canada; Phyllis Beaulieu, Nunavut Water Board; and Joe Kidston, Stornoway Diamonds Corporation. September 30, 2013.