



Your file - Votre référence
2BE-CRA1520

February 5, 2016

Our file - Notre référence
IQALUIT-#1026988

Licensing Department
Nunavut Water Board
GJOA HAVEN, NU X0E 1J0

Sent via email: licensing@nwb-oen.ca

**Re: Technical Review of Amendment Application No. 2 to Nunavut Water Board Water
Licence No. 2ABE-CRA1520**

To Whom It May Concern,

Thank you for the Nunavut Water Board's January 18, 2016 notice of 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 Indigenous and Northern Affairs 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
Indigenous and Northern Affairs Canada
IQALUIT, NU X0A 0H0

Encl.

Cc. Simeon Robinson, Auryn Resources Inc.

Memorandum

To: Licensing Department, Nunavut Water Board

From: David Abernethy, Regional Coordinator, Indigenous and Northern Affairs Canada

Cc: Simeon Robinson, Auryn Resources Inc.

Date: February 5, 2016

Re: Technical Review of Amendment Application No. 2 to Nunavut Water Board Water Licence No. 2BE-CRA1520

Applicant: North Country Gold Corp.
Project: Committee Bay
Region: Kitikmeot

Comments:

A. Background

On January 18, 2016, the Nunavut Water Board (NWB) invited interested parties to review North Country Gold Corp.'s (the proponent) amendment application No. 2 to the type B Nunavut Water Board Water Licence issued for its Committee Bay Project, No. 2BE-CRA1520. The proponent is requesting the following changes to its licence terms and conditions:

1. The 245 m³ per day water use allowance for diamond drilling also be permitted for local flooding/maintenance of the permitted ice airstrip on Sandspit Lake (Hayes Camp) and maintaining the winter trail between the Hayes Camp and the Three Bluffs deposit. Combined water use for drilling, ice strip, and winter trail purposes would not exceed 245 m³ per day.
2. Authorization to conduct diamond drilling at a number of other prospects in addition to the Three Bluffs deposit. These localities are shown on Map A, and listed in Appendix 1 of the Detailed Non-Technical Summary that is included in the application. Water will be sourced from proximal lakes and static ponds.

It is noted that in the Detailed Non-Technical Summary states that North Country Gold Corp. was acquired by Auryn Resources Inc. through a share based transaction in September 2015. North Country Gold Corp. remains the operator of the Committee Bay Project but is now a 100% owned subsidiary of Auryn Resources Inc.

Interested parties were asked to provide comments on the submitted application by February 5, 2016.

B. Results of review

On behalf of Indigenous and Northern Affairs Canada's Water Resources Division, the following comments and recommendations are provided:

1. Requested Use of Water for the Construction and Use of an Ice Airstrip and Winter Trail

As stated above, the proponent is requesting that the 245 m³ per day water use allowance for diamond drilling activities specified in Part C, Item 1 of its Water Licence also be made available for the construction and use of an ice airstrip on Sandspit Lake and a winter trail between the Hayes Camp and the Three Bluffs deposit. Combined water use for diamond drilling, ice strip, and winter trail purposes would not exceed 245 m³ per day.

Recommendation

The requested change in water use for non-domestic purposes should be granted. The proponent is not seeking to increase the 245 m³ per day water use allowance for such activities (i.e., diamond drilling and the construction and maintenance of an ice airstrip and winter trail). Also, the Water Licence includes relevant terms and conditions that must be followed to prevent negative impacts to source water bodies (e.g., draw down, sedimentation, erosion, and spill contingency planning) as well as reporting requirements.

2. Diamond Drilling in Areas Outside the Three Bluffs Deposit

As stated above, the proponent is requesting authorization to conduct diamond drilling at a number of other prospects in addition to the Three Bluffs deposit. These localities are shown on Map A, and listed in Appendix 1 of the submitted Detailed Non-Technical Summary. Water will be sourced from proximal lakes and static ponds. The project area is situated on land administered by Indigenous and Northern Affairs Canada (INAC) and the Kitikmeot Inuit Association (KIA). According to the submitted application, the proponent holds two subsurface mineral leases from INAC, two Crown Land Use Permits from INAC, and one Inuit Owned Land Use Permit from the KIA.

Recommendation

The proponent must ensure that it has secured the necessary land use authorizations from INAC and the KIA and any other applicable authorizations before carrying out its planned diamond drilling program. Provided that existing licence terms and conditions are followed, there should be no reason to deny an expanded diamond drilling program.