



Your file - Votre référence
2BE-GRE1416

September 12, 2016

Our file - Notre référence
IQALUIT-#1098482

Licensing Department
Nunavut Water Board
P.O. Box 119
GJOA HAVEN, NU, X0B 1J0

Sent via email: licensing@nwb-oen.ca

Re: Technical Review of Renewal Application – Aura Silver Resources Inc.’s Greyhound Property (Water Licence 2BE-GRE1416)

To Whom It May Concern,

Thank you for the Nunavut Water Board’s August 11, 2016 notice of the above mentioned Water Licence amendment and renewal 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 867-975-3877 or email at Amanda.Winegardner@aadnc-aadnc.gc.ca for further information.

Sincerely,

Amanda Winegardner
Water Management Specialist
Water Resources Division
Resource Management Directorate
Indigenous and Northern Affairs Canada
P.O. Box 100
IQALUIT, NU X0A 0H0

Encl.

Cc. Ian Parsons, A/Manager, Water Resources - INAC, Nunavut Regional Office (NRO)
Erik Allain, Manager, Field Operations – INAC, NRO

Memorandum

To: Licensing Department, Nunavut Water Board

From: Amanda Winegardner, Water Management Specialist, Indigenous and Northern Affairs Canada, Nunavut Regional Office (NRO)

Cc: Ian Parsons (INAC; NRO), Erik Allain (INAC; NRO)

Date: September 12, 2016

Re: Technical Review of Renewal Application for Licence No. 2BE-GRE1416

Applicant: Aura Silver Resources Inc.
Representative: David Frenette, Agnico Eagle Mines Ltd.
Project: Greyhound Property
Region: Kivalliq

Comments:

A. Background

Water use and waste disposal activities for a drilling exploration program at Aura Silver Resources Inc.'s (Licensee) Greyhound Property are regulated under Type 'B' Water Licence, 2BE-GRE1416. Operations at the site are conducted under an option agreement with Agnico Eagle Mines Ltd., with Agnico Eagle acting as the Licensee's Representative in the water licensing process. The Greyhound Property is located approximately 50 km northwest of Baker Lake and operations for drilling at the site are staged at the nearby Meadowbank Mine site. There is no camp infrastructure located at the site. A drilling program began on the site in 2010 but was discontinued in 2013. Drilling recommenced at the site in 2014 after an option agreement was put in place between the Licensee and Licensee Representative.

The current Water Licence authorizes 100 m³ of water use per day for drilling purposes as well as the deposit of waste. The Licensee is seeking to renew 2BE-GRE1416 for a 10 year term.

B. Results of review

On behalf of INAC's Water Resources Division, the following comments and recommendations are provided to the Nunavut Water Board (NWB or Board) consideration:

1. Spill Contingency Plan

Source:

- 1) 2BE-GRE1314 Updated Spill Contingency Plan
- 2) 2BE-GRE1416 Appendix A- Spill Contingency Plan revised Feb 2015

Comment: The Licensee, as required by their current Water Licence, has submitted (and had approved) a Spill Contingency Plan. The 2014 version of the Spill Contingency Plan was specific to the Greyhound Property; however the most recent Spill Contingency Plan (2015) pertains to a different project (Amaruq Gold Project).

Recommendation 1: INAC recommends that the Licensee ensure that their Spill Contingency Plan is specific to the Greyhound Property, including updated information regarding the types, quantities and locations of hazardous materials and locations of spill kits.

2. Waste disposal authorization

Source:

- 1) 2BE-GRE1416 Renewal Amend Licence, Part D: Conditions Applying to Waste Disposal

Comment: Part D, Item 5 of 2BE-GRE1416 states that “The Licensee shall submit to the Board, prior to backhauling and disposal of any waste from the Greyhound Project to the Meadowbank Gold Project, a copy of documented authorization received from the Licensee of the Meadowbank Gold Project”. INAC recognizes that the Licensee of the Meadowbank Gold Project is the same as the Licensee Representative for 2BE-GRE1416; however this authorization could not be located on the public registry.

Recommendation 2: INAC recommends that waste disposal authorization from the Licensee of the Meadowbank Gold Project be documented for waste from the Greyhound site.

3. Monitoring requirements for on-ice drilling

Source:

- 1) 2BE-GRE1416 Renewal Amend Licence, Part J: Conditions Applying to Monitoring Program

Comment: Part J, Item 4 of 2BE-GRE1416 includes under ice monitoring conditions for any on-ice drilling undertaken at the Greyhound site.

Recommendation 3: The Licensee is reminded that they are required to submit monitoring results for any on-ice drilling that has occurred at the site. INAC recommends that the Licensee state that no on-ice drilling has occurred in their Annual Reports if this is the case.

4. Capping of drill holes

Source:

- 1) 2BE-GRE1416 Renewal Amend Licence, Part F: Conditions Applying to Drilling Operations
- 2) 2BE-GRE1416 Water Licence Inspection Report July 22 2015
- 3) 2BE-GRE1416 2015 Annual Reporting Form

Comment: Part F, Item 3 of 2BE-GRE1416 requires all drill holes where artesian flow is encountered to be sealed and capped. The 2015 Water Licence inspection report commented on three uncapped drill holes and noted water either in the casing or proximal to the hole. The Licensee responded to this 2015

inspection report stating that no artesian flow has been encountered for any of the drill holes.

Recommendation 4: INAC reminds the Licensee of the Water Licence requirement to cap all holes where artesian flow is encountered and to be mindful of this for future operations.

5. Licence term

Source:

- 1) 2BE-GRE1416 Renewal Application, Section 25: Proposed Term of Licence

Comment: The Licensee has requested a ten year Water Licence term in their renewal application. The Licensee (Aura Silver Resources Inc.) and the Licensee Representative (Agnico Eagle Mines Ltd.) have an option agreement for operation of the drilling program at the Greyhound Project; first signed in 2014 and continuing until 2017.

Recommendation 5: While the Licensee has requested a ten year renewal term, INAC recommends a five year term due to uncertainty regarding the drilling program once the option agreement between the Licensee and Licensee Representative has ended.