



Water Resources Division
Nunavut Regional Office
Iqaluit, NU X0A 0H0

Your file - Votre référence
2BE-HIGH1217

July 24, 2017

Our file - Notre référence
CIDM#1165835

Ida Porter
Licensing Administrator
Nunavut Water Board
Gjoa Haven, NU X0B 1J0

**Re: 2BE-HIG1217 – High Lake Project – MMG Resources Inc. – Water Licence
Renewal Application**

Dear Ms. Porter,

Thank-you for the email notice received on June 23, 2017 regarding the above mentioned renewal application.

Indigenous and Northern Affairs Canada's Water Resources Division reviewed the application and the results of our review are presented in the enclosed memorandum 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 at 867-975-3876 or sarah.forte@aandc-aadnc.gc.ca for any additional information.

Regards,

Sarah Forté
Water Management Coordinator

Technical Review Memorandum

To: Ida Porter, Licensing Administrator, NWB

From: Sarah Forté, Water Management Coordinator, INAC

Date: July 24, 2017

Re: Water Licence Renewal Application, #2BE-HIG1217

Licensee: MMG Resources Inc.
Project: High Lake Project
Region: Kitikmeot

A. BACKGROUND

On June 23, 2017 the Nunavut Water Board (Board or NWB) provided notification to interested parties of MMG Resources Inc.'s (MMG or the licensee) application for renewal of their type 'B' water licence #2BE-HIG1217. The undertaking licensed is for mining exploration at the High Lake Project in the Kitikmeot region of Nunavut.

The existing license, which expired May 31, 2017, was for use of up to 100 m³/day of water and deposit of waste associated with the exploration operations. The operations include drilling and two camps; a camp on High Lake with a maximum capacity of 30 people, that has existed for many years, and a newer camp permitted in 2010 on the south shore of the James River referred to as High Lake East or MolyMag. The High Lake East camp was reclaimed in 2015.

In their renewal application, MMG state the undertaking is the same as in the previous licence and requesting that permitted water use remain at 100 m³/day. They also explain that the site is in long term care and maintenance, however they would like to keep the water licence because of an interest to use the site to facilitate potential work associated with the Izok Corridor road proposal. The scope of this new potential work would be equal to what was done previously under the licence.

B. RESULTS OF REVIEW

On behalf of Indigenous and Northern Affairs Canada (INAC) Water Resources, the following comments and recommendations are provided for the Board's consideration.

1. High Lake East Camp

Reference:

- Application for Water Licence Renewal – High Lake, MMG Resources Inc., May 25 2017, Box 8
- High Lake Project Water Licence Renewal Supplementary Information Package, Minerals and Metals Group, May 2017
- High Lake 2015 Annual Report and Closure Submittal, Minerals and Metals Group, January 2016

Comment:

In the water licence renewal form the licensee states that the undertaking is the same as that considered under the existing water licence. In the supplemental package they specify that though no work is currently planned, there is potential for similar work. It appears as though the aim of the mapping and drilling might then be gaining geotechnical knowledge for potential road building rather than geological knowledge for mineral exploration.

The High Lake Camp has been included under the water licence since at least 2001. The High Lake East Camp was added through an amendment in 2010. According to information provided in the 2015 Annual Report, the High Lake East site was completely reclaimed in 2015.

It is not clear whether the licensee is requesting that the High Lake East Camp be included in a renewed water licence.

Recommendation:

The licensee should clarify whether they are requesting to keep the possibility of having a camp at the High Lake East site.

If it is not their intention to open a camp there, INAC recommends references to the camp be removed from a renewed water licence.

2. Missing documents

Reference:

- High Lake Project Water Licence Renewal Supplementary Information Package, Minerals and Metals Group, May 2017
- Spill Contingency Plan, Explorations Operations, High Lake and High Lk. East Properties, Nunavut Canada, MMG Resources Inc., December 15, 2011

- Abandonment and Restoration Plan, Explorations Operations, High Lake and High Lk. East Camps, Nunavut Canada, MMG Resources Inc., December 20, 2011

Comment:

The last four appendices referred to in the Supplementary Information Package were not provided. These are:

- Appendix C – Inuktitut Translation
- Appendix D – Spill Plan
- Appendix E – Abandonment and Restoration Plan
- Appendix F – Waste Management Plan

They constitute an important part of the application. The latest versions available on the NWB ftp site of the Spill Plan and the Abandonment and Restoration Plan refer to the High Lake East Camp and will have to be updated to better reflect current site conditions. Additionally, the A&R Plan doesn't include an estimate of financial security assessment for reclamation cost, as required by box 20 of the renewal application.

Recommendation:

The licensee should provide the required plans to the NWB for review and approval prior to the issuance of a renewed licence.