



RE: 2BE-HOP1222 water use fee

Adam Grzegorzczuk <adam.grzegorzczuk@tmacresources.com>

Mon, Oct 21, 2019 at 2:09 PM

To: Richard Dwyer <richard.dwyer@nwb-oen.ca>

Cc: Oliver Curran <oliver.curran@tmacresources.com>

Hi Richard,

Thanks for the response below. To summarize the issue as discussed on the phone today, TMAC wishes to inquire on the basis of the amount requested in the attached letter recently received (see scanned copy attached). The licence fee payment referenced in the attached letter was made in reference to Type B Water Licence 2BE-HOP1222. As discussed in the licence preamble and scope, 2BE-HOP1222 covers activities which predominantly occur on Inuit Owned Lands (IOL). From a water use perspective, it allows for the following:

Part C, Item 1 of 2BE-HOP1222: *The Licensee shall obtain all water for domestic camp use from Windy Lake for the Windy Camp and Doris camp, not exceeding sixty three (63) cubic metres per day. Drill water shall be obtained from local water source(s), detailed on the June, 2007 drawing entitled "Hope Bay Exploration Drilling Water Sources", and may include additional water bodies proximal to the drilling targets that possess a surface area greater than or equal to 15,000 m², or as otherwise approved by the Board. The total volume of water for drilling purposes shall not exceed eighty (80) cubic metres per day. In addition, the Licensee shall obtain from Windy Lake, water for dust suppression on the Windy Lake all-weather road, not exceeding two hundred (200) cubic metres per day on a seasonal basis as required, from May through September. Total water use from all sources, for all purposes shall not exceed three hundred forty three (343) cubic metres per day.*

It should be noted that the Windy Lake being referenced is contained completely on IOL and all water use from that location occurs on IOL. Based on this, it is TMAC's understanding no water use fees payable to the Crown should apply to water use from Windy Lake as per Nunavut Water Regulations, Section 12, Part 12 (6). That would eliminate water use fees for 263m³/day of the 343m³/day allowed under the licence for all purposes.

Outside of that, from what TMAC can tell, the one potential trigger for water use fees payable to the Crown would be for water use associated with the regional drill program (up to 80m³/day). Although there has been minimal demand in the field historically, there are some infrequent and intermittent water use associated with the regional drilling program that could theoretically come from local sources on Crown Land as the regional drilling program area isn't exclusively IOL. Based on the possibility water source(s) from the regional drilling program *could* be from Crown Land, we felt this triggered the \$30 payment under Nunavut Water Regulations, Section 12 but did not trigger any further payment as it is less than 100m³/day (maximum of 80 m³/day allowed under licence from all water source for drilling purposes). It is on this basis we paid the \$30 fee referenced in that attached letter. However we are unsure how the \$1,251.95 fee being requested for the last three (3) years was calculated and under what basis.

Your email below helps clarify that some but regarding the \$292.00 you reference below which I think would be the case we are talking about, can you provide a breakdown of how that is calculated as I thought it was \$1 for each 100 m³ per day and we are a maximum of 80m³/day?

Hope that help clarify the question and appreciate the quick responses thus far.

All the best,

Adam

Adam Grzegorzczuk

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From: Richard Dwyer <richard.dwyer@nwb-oen.ca>

Sent: October 21, 2019 3:59 PM

To: Adam Grzegorzczuk <adam.grzegorzczuk@tmacresources.com>

Subject: 2BE-HOP1222 water use fee

Good afternoon Adam

After discussing it with my colleague, no water use fee payment is water use on IOL, 2BE-HOP1222 is licenced to use 343m3 per day.

- If 80m3 of water use is on Inuit Owned Land, the water use fee for 263m3 is \$959.95
- If 263m3 of water use is on Inuit Owned Land, the water use fee for 80m3 per day the water use is \$292.00

Regards,

Richard

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