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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No.: **2BE-IZO1823**

February 7, 2018

Mr. Theodore Muraro
MMG Resources Inc.
P.O. Box 91460
West Vancouver, B.C. V7V 3P1

Email: Theodore.Muraro@MMG.com

RE: NWB Renewal –Licence No. 2BE-IZO1823 – Izok Project

Dear Mr. Theodore Muraro:

Please find attached Licence No. 2BE-IZO1823 issued to MMG Resources Inc. by the Nunavut Water Board (NWB) pursuant to its authority under Article 13 of the Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (*Nunavut Agreement*). The terms and conditions of the attached Licence related to the use of water and the deposit of waste are an integral part of this approval.

If the Licensee contemplates the renewal of this Licence, it is the responsibility of the Licensee to apply to the NWB for its renewal. The past performance of the Licensee, new documentation and information, and issues raised during a public hearing, if the NWB is required to hold one, will be used to determine the terms and conditions of the Licence renewal. Note that if the Licence expires before the NWB issues a new one, then the use of water and the deposit of waste must cease, or the Licensee may be in contravention of the *Nunavut Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. However, the expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence. The NWB recommends that an application for the renewal of this Licence be filed at least three (3) months prior to the Licence expiry date. It should be noted that in accordance with s. 75(1)(a) of the Nunavut Planning and Project Assessment Act (*NuPPAA*), the Board is not allowed to issue a permit or authorization for any project proposal that has not been submitted to the Nunavut Planning Commission (NPC) in accordance with s. 76 of *NuPPAA*.

If the Licensee contemplates or requires an amendment to this licence, the NWB may decide, in the public's interest, to hold a public hearing. The Licensee should submit applications for amendment as soon as possible to give the NWB sufficient time to go through the amendment process. The process and timing may vary depending on the scope of the amendment; however, a minimum of sixty (60) days is required from time of acceptance by the NWB. It is the responsibility of the Licensee to ensure that all application materials have been received and are



acknowledged by the Manager of Licensing.

The NWB strongly recommends that the Licensee consult the comments received by Indigenous and Northern Affairs Canada (INAC), and Environment and Climate Change Canada (ECCC) on issues identified. This information is attached for your consideration¹.

Sincerely,

Lootie Toomasie
Nunavut Water Board Chair

LT/sa//kt/rqd

Enclosure: Licence No. **2BE-IZO1823**
Comments – INAC, ECCC

Cc: Kitikmeot Region Distribution List

¹ Indigenous and Northern Affairs Canada (INAC), December 11, 2017; Environment and Climate Change Canada (ECCC), December 11, 2017

TABLE OF CONTENTS

DECISION	ii
LICENCE NO. 2BE-IZO1823.....	1
I. INTRODUCTION	1
II. PROCEDURAL HISTORY	1
III. GENERAL CONSIDERATIONS	2
A. Compliance Issues	2
B. Term of Licence.....	2
C. Annual Reporting	3
D. Water Use	4
E. Waste and Water Management	4
F. Conditions applying to Camps, Access Infrastructures and Operations	4
G. Spill Contingency	4
H. Abandonment and Reclamation Plans	5
PART A: SCOPE, DEFINITIONS AND ENFORCEMENT	6
1. Scope	6
2. Definitions	6
3. Enforcement	8
PART B: GENERAL CONDITIONS	9
PART C: CONDITIONS APPLYING TO THE USE OF WATER AND WATER MANAGEMENT	10
PART D: CONDITIONS APPLYING TO WASTE DISPOSAL	11
PART E: CONDITIONS APPLYING TO CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS.....	12
PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS	13
PART G: CONDITIONS APPLYING TO MODIFICATIONS	13
PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING	14
PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING.....	15
PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM.....	16



DECISION

WATER LICENCE NUMBER: 2BE-IZO1823

This is the decision of the Nunavut Water Board (NWB) with respect to an application for renewal of water licence 2BE-IZO1217 dated October 20, 2017 made by:

MMG RESOURCES INC.

to allow for the use of Water and the deposit of Waste during camp operations and activities related to exploration that include drilling, sampling, prospecting, geological mapping, and geophysical surveys at the Izok Project, located within the Kitikmeot Region, Nunavut generally located at the geographical coordinates as follows:

Camp Location:

Latitude: 65° 43' 22" N

Longitude: 112° 49' 16" W (Ham Lake Camp)

Project Extents:

Minimum Latitude: 65° 00' 00" N

Minimum Longitude: 111° 15' 00" W

Maximum Latitude: 66° 20' 00" N

Maximum Longitude: 113° 15' 00" W

DECISION

After receiving confirmation from the Nunavut Planning Commission (NPC)² that the Application is for a project located outside of the boundaries of the two approved land use plans currently in place and administered by the NPC, and that the Application is exempt from the requirement for screening by the Nunavut Impact Review Board (NIRB) because the Project proposal has been previously screened by the NIRB³ and the scope of the Project, as reviewed by the NIRB, has not been changed, the NWB decided that the application could proceed through the regulatory process. In accordance with s. 55.1 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (Act)* and Article 13 of the *Nunavut Agreement*, public notice of the Application was given and interested persons were invited to make representations to the NWB.

After reviewing the submission of the Applicant and considering the representations made by interested persons, the NWB, having given due regard to the facts and circumstances, the merits of the submissions made to it and to the purpose, scope and intent of the *Nunavut Agreement* and of the *Act*, waived the requirement to hold a public hearing, and determined that:

A Renewal Water Licence No. 2BE-IZO1823 be issued subject to the terms and conditions contained therein (Motion #: 2017-B1-038).

² NPC letter, Re: NPC File #148636 Izok Lake Project, dated October 30, 2017

³ NIRB letter, Application exempt from Screening pursuant to NLCA Schedule 12-1: Minerals and Metals Group's "Izok and Hood" project proposal NIRB File No EX 155, dated November 29, 2012 and NIRB letter, Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: MMG Resources Inc.'s "Izok and Hood" Project, Kitikmeot Region, dated February 7, 2014



SIGNED this 7th day of February, 2018 at Gjoa Haven, NU.

Lootie Toomasie
Nunavut Water Board Chair

LT/sa/kt/rqd



LICENCE NO. 2BE-IZO1823

I. INTRODUCTION

The Izok Project is located approximately 265 km south of Kugluktuk, within the Kitikmeot region of Nunavut.

MMG Resources Inc. (MMG) is an exploration and mining development company focused on base metals. MMG holds Water Licence 2BE-IZO1217, with an expiration date of December 31, 2017, issued to authorize the use of Water and the deposit of Waste for the Izok Project including exploration activities and operation of the Ham Lake camp located near Ham Lake. The Ham Lake camp has a maximum capacity of forty (40) persons.

A brief summary of licences issued to the Project by the NWB to the various entities that owned and/or managed the Project (licensees) in the past is provided below:

<i>Water Licence No.</i>	<i>Licensee</i>
2BE-IZO0606	Wolfden Resources Inc.
2BE-IZO0712	Wolfden Resources Inc.
2BE-IZO1217	MMG Resources Inc.

Since 2015 the site has been in care and maintenance. MMG indicated in its water licence renewal application submission its intention to maintain the current status of temporary closure at site with an interest on the part of MMG in conjunction with the Nunavut Inuit Associations to make use of the site in order to facilitate potential work associated with the Izok Corridor Road Project Proposal. Further, MMG requested a renewal of the existing water licence 2BE-IZO1217 under current conditions.

The Project area is located on Inuit Owned Land (IOL) as well as on Crown Land. As indicated by MMG in its renewal application, the land use authorization for IOL ground previously held by the Kitikmeot Inuit Association (KIA) has received approval for closure. Approval for closure of the Land Use Authorization held on Crown Lands by INAC has been requested and remains pending. MMG also indicated that the surface land lease is maintained over the camp location that was grandfathered into the IOL package at Ham Lake.

II. PROCEDURAL HISTORY

Requirements of the NuPPAA, NWNSRTA and the Nunavut Agreement

Since the implementation of the Nunavut Planning and Project Assessment Act (*NuPPAA*), all project proposals must first be assessed by the Nunavut Planning Commission (NPC) and, if required, by the Nunavut Impact Review Board (NIRB) before proceeding to the permitting and approvals stages. The NWB shall not approve any water licence application until these requirements have been met. Further to that, the NWB will not proceed beyond the technical review stage of considering the Application until the NPC and the NIRB assessment processes are complete.



On October 30, 2017, NPC determined that the Izok Project is outside the area of an applicable regional land use plan, and that the works and activities were previously screened by the NIRB (NIRB file No. 06EN066). The NPC further determined that the Project is exempt from the *NuPPAA* under sec. 235 of that Act and exempt from screening by the NIRB because the general scope of the Project has not changed.

The Application Before the NWB

On November 9, 2017, the Nunavut Water Board acknowledged receipt on November 2 and November 8, 2017 of a Water Licence Application (Application) from MMG Resources Inc. (MMG, the Licensee or the Applicant) for the use of Water use and the deposit of Waste in support of the Izok Project and informed that the Application concluded the pre-licensing steps required under the *Nunavut Agreement*, the *NuPPAA* and the *NWNSRTA*. The following documents were submitted to the NWB in support of the Application:

- NPC Letter re: Izok Project;
- 2016 Annual Report;
- Inuktitut Project Description;
- Renewal Supplemental Info;
- Waste Disposal Plan;
- Water Licence Renewal Application;
- Izok Project Abandonment and Reclamation (A&R) Plan 2014;
- Izok Project Spill Contingency Plan;
- Izok Project Wildlife Management Plan.

At the same time the Board invited interested parties to make representation directly to the NWB within thirty (30) days from the date of the acknowledgment's letter, with a deadline for submissions of December 11, 2017. On or before the deadline, comments were submitted by Indigenous and Northern Affairs Canada (INAC), and Environment and Climate Change Canada (ECCC).

III. GENERAL CONSIDERATIONS

A. Compliance Issues

The INAC Inspector highlighted in the 2017 INAC's Inspection Report that drill holes within the Izok Lake region around the island have not been restored and requested the Licensee⁴ *“to submit to the Inspector a plan (with timelines) for the removal of drill collars / anchors etc. from Izok Lake by March 31, 2018, to be carried out in 2018”*.

The NWB has included a condition in Part B Item 2(e) of the Licence requiring the licensee to submit, included in the 2017 Annual Report, a copy of the Izok Lake area reclamation plan including a plan with timelines for the removal of drill collars/anchors.

B. Term of Licence

⁴ INAC Water Licence Inspection Form, dated July 2017



In accordance with s.45 the *Nunavut Waters and Nunavut Surface Right Tribunal Act (NWNSRTA)*, the NWB may issue a licence for a term not exceeding twenty-five years. In determining an appropriate term of a water licence, the Board considers a number of factors including, but not limited to the Licensee's compliance record and intervener comments provided during the application review process.

The Licensee has requested a Licence term of five (5) years. Given that parties have not expressed concerns with respect to a Licence term of five (5) years, and following a review of the information available during the renewal process, the NWB concurs with the Applicant that a Licence term of five (5) years is appropriate.

The Licence duration will allow the Licensee to properly carry out the terms and conditions of the Licence for the proposed activities during this time, as well as to develop, submit and implement the plans required under the Licence to the satisfaction of the NWB.

Given that the previous Licence 2BE-IZO1217 expired on December 31, 2017, the Board refers the Licensee to the condition in Part B Item 13, reminding the Licensee that if the Licence expires before the NWB issues a new one, then the use of Water use and the deposit of waste must cease, or the Licensee may be in contravention of the *Nunavut Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. However, the expiry of a licence does not relieve the holder from any obligations imposed by the licence.

C. Annual Reporting

The NWB generally includes the requirement of the Licensee to produce an Annual Report. These Reports, which are standard requirements for most licences, are required for the purpose of ensuring that the NWB has an accurate annual update of the Licensee's activities related to the use of Water and the deposit of Waste during a calendar year.

Most recently, the new Regulations, under s.14, include a legislated requirement for all licensees to submit an annual report to the Board, with minimal requirements as set out through sec.14(a) through 14(k) and subject to additional requirements and a form acceptable to the Board. This information is maintained at the NWB Public Registry and is available to interested parties upon request. A "Standardized Form for Annual Reporting" may be used by the Licensee for the basic reporting requirements and is available from the NWB file transfer protocol (FTP) site under the Public Registry link at the NWB Website.

Website Public Registry:

<ftp://ftp.nwb-oen.ca/other%20documents/Standardized%20Forms/>

This form provides the basis for annual reporting and format, however individual licences with project-specific reporting requirements may need to provide information in addition to that of the standard form.

The NWB notes that annual reports for 2012-2016 have been submitted as required under the previous Licence. These annual reports were generally found to be complete and to meet the reporting requirements.



Furthermore, the NWB acknowledges and agrees with INAC's recommendations in its December 11, 2017 submission, that the Licensee state in their annual reports whether any activity took place throughout the year; and that the Licensee clean up any debris during their annual site visit.

D. Water Use

The principal source for domestic water usage is Ham Lake. During exploration activities water sources for drilling varied depending on drill targets, however, given that the Project is in care and maintenance, no drilling is contemplated by the Licensee.

The Licensee has not requested any change to the amount of water to be used, or to the water source. The Licence remains unchanged to reflect the volume of water for camp and exploration activities proposed by the Licensee. Total water use for the Izok Project is set at 100 m³/day.

If the Licensee requires water in quantities greater than authorized under the Licence, the Licensee will be required to submit an amendment application to the Board for its consideration.

E. Waste and Water Management

Waste that may be generated at site includes sewage, incinerable waste, grey water, non-incinerable waste, hazardous waste and drilling sludge.

No changes to waste generation nor waste management were proposed by the Licensee in its application submission. The Board has updated the licence conditions related to waste and water management.

F. Conditions applying to Camps, Access Infrastructures and Operations

The Board has updated the licence conditions applying to camps, access infrastructures and operations.

G. Spill Contingency

The Board is in receipt of the Plan entitled "*Spill Contingency Plan Exploration Operations Izok, Hood and Gondor Projects, Nunavut, Canada*" dated March 2013. In its comments dated December 11, 2017, INAC noted that the Plan is out of date and recommended that the Plan be updated to include current activities as well as updating the contact list. In its comments dated December 11, 2017, ECCC also provided recommendations for updating the Plan with respect to secondary containment for fuel storage and contact numbers.

As per the condition in Part B Item 7, the Licensee shall review the Plan as required by changes in operation and/or technology, and modify the Plan accordingly. Revisions to the Plan shall be submitted in the form of an Addendum to be included with the Annual Report.

The Board advises the Licensee to consult the comments received from INAC and ECCC during the review process when updating its Plans.



In response to comments from ECCC regarding contact information in the event of a spill, the Board has included a condition in the relevant section requiring the Licensee to report to the NWT/NU Spill Line regardless of the quantity of release of harmful substances if the release is near or into a water body.

H. Abandonment and Reclamation Plans

The Board is in receipt of the Plan entitled “*Abandonment and Restoration Plan Izok Project*”, dated November 2013. In its comments dated December 11, 2017, INAC recommended that the Plan be updated to reflect current and relevant activities. As per the condition in Part B Item 7, the Licensee shall review the Plan as required by changes in operation and/or technology, and modify the Plan accordingly. Revisions to the Plan shall be submitted in the form of an Addendum to be included with the Annual Report.

The Board advises the Licensee to consult the comments received from INAC and ECCC during the review process when updating its Plans.

In addition, given that the project is in care and maintenance, the Licence includes a condition in Part I Item 2 requiring the Licensee to provide notice to the Board in writing, at least sixty (60) days prior to the recommencement of activities at site, or permanent closure of the site.



NUNAVUT WATER BOARD RENEWAL WATER LICENCE

Licence No. 2BE-IZO1823

Pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada*, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

MMG RESOURCES INC.

(Licensee)

P.O. BOX 91460, WEST VANCOUVER, B.C. V7V 3P1

(Mailing Address)

Herein after called the Licensee, the right to alter, divert or otherwise use Water or deposit Waste for a period, subject to restrictions and conditions contained within this Licence:

Licence Number/Type: **2BE-IZO1823 / TYPE "B"**

Water Management Area: **COPPERMINE WATERSHED (NO. 28)**

Location: **IZOK PROJECT, KITIKMEOT REGION, NUNAVUT**

Classification: **MINING UNDERTAKING**

Purpose: **USE OF WATER AND DEPOSIT OF WASTE**

Quantity of Water use not to Exceed: **ONE HUNDRED (100) CUBIC METRES PER DAY**

Date of Licence Issuance: **FEBRUARY 7, 2018**

Expiry of Licence: **FEBRUARY 6, 2023**

This Licence renewal – amendment, issued and recorded at Gjoa Haven, Nunavut, includes and is subject to the annexed conditions.

**Lootie Toomasie,
Nunavut Water Board, Chair**

PART A: **SCOPE, DEFINITIONS AND ENFORCEMENT**

1. Scope

This Licence authorizes the use of Water and the deposit of Waste in support of a Mining Undertaking classified as per schedule 1 of the *Regulations*, at the Izok Project, located approximately 265 kilometers south of Kugluktuk, within the Kitikmeot Region of Nunavut.

The Izok Project is located at the following general geographical coordinates:

Minimum Latitude: 65° 00' 00" N Minimum Longitude: 111° 15' 00" W
Maximum Latitude: 66° 20' 00" N Maximum Longitude: 113° 15' 00" W

Camp Location:

Latitude: 65° 43' 22" N Longitude: 112° 49' 16" W (Ham Lake Camp)

- a. This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new Regulations are made or existing *Regulations* are amended by the Governor in Council under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be subject to such requirements; and
- b. Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

2. Definitions

“**Act**” means the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“**Addendum**” means the supplemental text that is added to a full plan or report usually included at the end of the document and is not intended to require a full resubmission of the revised report.

“**Amendment**” means a change to original terms and conditions of this Licence requiring correction, addition or deletion of specific terms and conditions of the Licence; modifications inconsistent with the terms of the set terms and conditions of the Licence require an amendment;

“**Appurtenant Undertaking**” means an undertaking in relation to which a use of water or a deposit of waste is permitted by a licence issued by the Board;

“**Board**” means the Nunavut Water Board established under the *Nunavut Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“**Burnable Waste**” means food waste, paper waste and untreated wood products that are authorized to burn in an incinerator;

“**Effluent**” means treated or untreated liquid waste material that is discharged into the environment from a structure such as a settling pond, landfarm or a treatment plant;

“**Engineer**” means a professional engineer registered to practice in Nunavut in accordance with the *Consolidation of Engineers and Geoscientists Act S. Nu 2008, c.2* and the *Engineering and Geoscience Professions Act S.N.W.T. 2006, c.16 Amended by S.N.W.T. 2009, c.12*;

“**Greywater**” means all liquid wastes from showers, baths, sinks, kitchens and domestic washing facilities, but does not include toilet wastes;

“**High Water Mark**” means the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land (ref. Department of Fisheries and Oceans Canada, Operational Statement: Mineral Exploration Activities);

“**ICP Scan**” means the laboratory method for determining trace metals in water through Emission Spectroscopy using inductively coupled plasma (including from approximately 22 to 32 elements, depending on the laboratory performing the analysis);

“**Inspector**” means an Inspector designated by the Minister under Section 85 (1) of the *Act*;

“**Licensee**” means the holder of this Licence;

“**Modification**” means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion;

“**Nunavut Agreement**” means the “*Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada*”, including its preamble and schedules, and any amendments to that agreement made pursuant to it;

“**Regulations**” means the *Nunavut Waters Regulations* SOR/2013-69 18th April, 2013;

“**Renewal Licence**” means the 2BE-IZO1823 Water Licence;

“Secondary Containment” means an impermeable structure, external to and separate from primary containment, which prevents unplanned spills of hazardous materials and provides a minimum capacity of 110% of the original vessel. Where multiple vessels are stored within the containment, it must provide a minimum capacity equal to the sum of the largest vessel and 10% of the aggregate volume of all other vessels located in the containment. This structure shall also provide containment and control of hoses and nozzles;

“Sewage” means all toilet wastes and greywater;

“Spill Contingency Plan” means a Plan developed to deal with unforeseen petroleum and hazardous materials events that may occur during the operations conducted under the Licence;

“Sump or Sumps” A structure or depression that collects, controls, and filters liquid waste before it is released to the environment. This structure should be designed to prevent erosion while allowing percolation of liquid waste;

“Toilet Wastes” means all human excreta and associated products, but does not include greywater;

“Waste” means, as defined in S.4 of the *Act*, any substance that, by itself or in combination with other substances found in water, would have the effect of altering the quality of any water to which the substance is added to an extent that is detrimental to its use by people or by any animal, fish or plant, or any water that would have that effect because of the quantity or concentration of the substances contained in it or because it has been treated or changed, by heat or other means;

“Water” or “Waters” means waters as defined in section 4 of the *Act*.

3. Enforcement

- a. Failure to comply with this Licence will be a violation of the *Act*, subjecting the Licensee to the enforcement measures and the penalties provided for in the *Act*;
- b. All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the *Act*; and
- c. For the purpose of enforcing this Licence and with respect to the use of water and deposit or discharge of waste by the Licensee, Inspectors appointed under the *Act*, hold all powers, privileges and protections that are conferred upon them by the *Act* or by other applicable law.

PART B: GENERAL CONDITIONS

1. The water use fees, payable to the Receiver General for Canada, shall be sent to the Board annually for the right to the use of Waters in accordance with section 12 of the *Regulations*.
2. The Licensee shall file an Annual Report on the Appurtenant Undertaking with the Board, no later than the 31st of March of the year following the calendar year being reported, containing the following information:
 - a. a summary report of water use and waste deposit activities;
 - b. a list of unauthorized discharges and a summary of follow-up actions taken;
 - c. any revisions to the Spill Contingency Plan and Abandonment and Restoration Plan, as required by Part B, Item 7, submitted in the form of an Addendum;
 - d. a description of all progressive and or final reclamation work undertaken, including photographic records of site conditions before, during and after completion of operations;
 - e. in the 2017 Annual Report, and only for this time, a revised Izok Lake area reclamation plan as requested by the Inspector⁵ including in the plan, timelines for the removal of drill collars/anchors;
 - f. a report of all artesian flow occurrences as required under Part F, Item 3;
 - g. a summary of all information requested and results of the Monitoring Program; and
 - h. any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.
3. The Licensee shall notify the NWB of any changes in operating plans or conditions associated with this project at least thirty (30) days prior to any such change.
4. The Licensee shall install flow meters or other such devices, or implement suitable methods required for the measuring of Water volumes as required under Part J, Items 1 and 2.
5. The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation. Plans submitted, cannot be undertaken without subsequent written Board approval and direction. The Board may alter or modify a Plan if necessary to achieve the legislative objectives and will notify the Licensee in writing of acceptance, rejection or alteration of the Plan.
6. The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing.
7. The Licensee shall review the Plans referred to in this Licence, as required by changes in operation and/or technology, and modify the Plan accordingly. Revisions to the Plans shall be submitted in the form of an Addendum to be included with the Annual Report.

⁵ 2017 INAC Inspection Report, dated July 2017

8. Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and conditions imposed upon approval of a Plan by the Board become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.
9. The Licensee shall ensure a copy of this Licence is maintained at the site of operations at all times. Any communication with respect to this Licence shall be made in writing to the attention of:
 - a. **Manager of Licensing:**
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0
Telephone: (867) 360-6338
Fax: (867) 360-6369
Email: licensing@nwb-oen.ca
 - b. **Inspector Contact:**
Manager of Field Operations, INAC
Nunavut District, Nunavut Region
P.O. Box 100
Iqaluit, NU X0A 0H0
Telephone: (867) 975-4295
Fax: (867) 979-6445
10. The Licensee shall submit one paper copy and one electronic copy of all reports, studies, and plans to the Board. Reports or studies submitted to the Board by the Licensee shall include a detailed executive summary in Inuktitut.
11. The Licensee shall ensure that any document(s) or correspondence submitted by the Licensee to the NWB is received and acknowledged by the Manager of Licensing.
12. This Licence is assignable as provided for in section 44 of the *Act*.
13. The expiry or cancellation of this Licence does not relieve the Licensee from any obligation imposed by the Licence, or any other regulatory requirement.

PART C: CONDITIONS APPLYING TO THE USE OF WATER AND WATER MANAGEMENT

1. The Licensee shall obtain all water for domestic use from Ham Lake, not exceeding five (5) cubic meters *per day*. Water use for drilling and associated uses shall be obtained as required from sources proximal to the drilling targets and shall not exceed ninety-five (95) cubic metres *per day*. The total volume of water for all purposes under this Licence

shall not exceed one hundred (100) cubic meters *per* day.

2. Streams cannot be used as a water source unless authorized and approved by the Board in writing.
3. The Licensee shall provide a notice to an Inspector and the Board that includes coordinates of each potential water source used for the purposes outlined in Part C Item 1 at least ten (10) days prior to starting the exploration program.
4. If the Licensee requires water in sufficient volume that the source water body may be drawn down, the Licensee shall, at least thirty (30) days prior to commencement of use of water, submit to the Board for approval in writing, the following; volume required, hydrological overview of the water body, details of impacts and proposed mitigation measures.
5. The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that fish are not entrained and shall withdraw water at a rate such that fish do not become impinged on the screen.
6. The Licensee shall not remove any material from below the ordinary High Water Mark of any water body unless authorized by the Board in writing.
7. The Licensee shall not cause erosion to the banks of any body of water and shall provide necessary controls to prevent such erosion.
8. Sediment and erosion control measures shall be implemented prior to and maintained during the operation to prevent entry of sediment into water.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1. The Licensee shall not practice open burning or on-site landfilling of domestic waste unless otherwise approved by the Board in writing.
2. The Licensees shall backhaul and dispose of all hazardous waste, waste oil, and non-combustible waste generated through the course of the operation at an approved waste disposal site or as otherwise approved by the Board.
3. The Licensee shall maintain records of all waste backhauled and records of confirmation of proper disposal of backhauled waste. These records shall be made available to the Board or an Inspector upon request.
4. The Licensee is authorized to dispose of all acceptable food waste, paper waste and untreated wood products in an incinerator.
5. The Licensee shall locate areas designated for Effluent discharge and Waste disposal at

a minimum distance of thirty-one (31) metres from the ordinary High Water Mark of any water body where direct flow into a water body is not possible and additional impacts are not created; and such that the quality, quantity or flow of water is not impaired; unless otherwise approved by the Board in writing.

6. All effluent shall be discharged in such a manner to minimize surface erosion.
7. The Licensee shall contain all wastes in latrine pits or use incineration, chemical, portable or composting toilets. Latrine pits shall be located at a distance of at least thirty-one (31) metres above the ordinary High Water Mark of any water body, treated with lime and covered with native material to achieve the pre-existing natural contours of the land prior to abandonment. Any remaining residue generated through the course of the operation shall be backhauled and disposed of at an approved waste disposal site.
8. The Licensee shall provide to the Board documented authorization from all communities in Nunavut receiving waste from the Izok Project prior to any backhauling and disposal of waste to those communities.

PART E: CONDITIONS APPLYING TO CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

1. The Licensee shall not erect camps or store material on the surface of frozen streams or lakes including the immediate banks except what is for immediate use. Camps shall be located such as to minimize impacts on surface drainage.
2. The Licensee shall conduct all activities in such a way as to minimize impacts on surface drainage and immediately undertake any corrective measures in the event of any impacts on surface drainage.
3. The Licensee shall construct all winter lake and stream crossings, including ice bridges, entirely of water, ice or snow. The Licensee shall minimize disturbance by locating ice bridges in an area that requires the minimum approach grading and the shortest crossing route. Stream crossings shall be removed or the ice notched prior to spring break-up.
4. With respect to access road, pad construction or other earthworks, the deposition of debris or sediment into or onto any water body is prohibited. These materials shall be disposed at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any water body in such a fashion that they do not enter the water, or as otherwise approved by the Board in writing.
5. The Licensee shall implement sediment and erosion control measures prior to, and maintain such measures during construction and operation to prevent entry of sediment into water.
6. The Licensee shall limit any in-stream activity to low water periods. In-stream activity

is prohibited during fish migration.

7. The Licensee shall not store material on the surface of frozen streams or lakes, including the adjacent banks, except what is for immediate use.
8. The Licensee shall not mobilize heavy equipment or vehicles for trenching or other activities unless the ground surface is capable of fully supporting the equipment or vehicles without rutting or gouging. Overland travel of equipment or vehicles shall be suspended if rutting occurs.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

1. The Licensee shall not conduct any land-based drilling and trenching within thirty-one (31) metres of the ordinary High Water Mark of any water body, unless otherwise approved by the Board in writing.
2. The Licensee shall dispose of all drill waste, including water, chips, muds and salts (CaCl₂) in any quantity or concentration, from land-based and on-ice drilling, in a properly constructed sump or an appropriate natural depression located at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are created.
3. If artesian flow is encountered, drill holes shall be immediately sealed and permanently capped to prevent induced contamination of groundwater or salinization of surface waters. The Licensee shall report all artesian flow occurrences within the Annual Report, including the location (GPS coordinates) and dates.
4. Drilling additives or mud shall not be used in connection with holes drilled through lake ice unless they are re-circulated or contained such that they do not enter the water, or are demonstrated to be non-toxic.
5. For “on-ice” drilling where drill additives are not being used, return water released must be nontoxic, and not result in an increase in total suspended solids in the immediate receiving waters, above the Canadian Council of Ministers for the Environment, Guidelines for the Protection of Freshwater Aquatic Life (i.e. 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L).
6. The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.

PART G: CONDITIONS APPLYING TO MODIFICATIONS

1. The Licensee may, without written consent from the Board, carry out Modifications to

the Water Supply Facility, and Waste Facilities provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:

- a. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
 - b. such Modifications do not place the Licensee in contravention of the Licence or the *Act*;
 - c. such Modifications are consistent with the NIRB Screening Decision;
 - d. the Board has not, during the sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and
 - e. the Board has not rejected the proposed Modifications.
2. Modifications for which all of the conditions referred to in Part G, Item 1 have not been met can be carried out only with written approval from the Board.
 3. The Licensee shall, within ninety (90) days of completion of the Modification or Construction of facilities and/or infrastructure associated to this Project, submit to the Board a Construction Summary Report along with as-built plans and drawings providing explanation to reflect any deviations from the For-Construction drawings. These plans and drawings shall be stamped by an Engineer.

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

1. The Board is in receipt of the Plan entitled “*Spill Contingency Plan Exploration Operations Izok, Hood and Gondor Projects, Nunavut, Canada*” dated March 2013. As per the condition in Part B Item 7, the Licensee shall review the Plan as required by changes in operation and/or technology, and modify the Plan accordingly. Revisions to the Plan shall be submitted in the form of an Addendum to be included with the Annual Report.
2. The Licensee shall prevent any chemicals, petroleum products or wastes associated with the project from entering water. All Sumps and fuel caches shall be located at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any adjacent water body and inspected on a regular basis.
3. The Licensee shall conduct any equipment maintenance and servicing only in designated areas and shall implement special procedures (such as the use of drip pans) to manage motor fluids and other waste and contain potential spills.
4. If during the term of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a. employ the approved Spill Contingency Plan;
 - b. report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to

- the Inspector at (867) 975-4295; and
- c. for each spill occurrence, submit to the Inspector, no later than thirty (30) days after initially reporting the event, a detailed report that will include the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain and clean up the spill site.
5. The Licensee shall, in addition to Part H, Item 4, regardless of the quantity of releases of harmful substances, report to the NWT/NU Spill Line if the release is near or into a Water body.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

1. The Board is in receipt of the Plan entitled “*Abandonment and Restoration Plan Izok Project*”, dated November 2013. As per the condition in Part B Item 7, the Licensee shall review the Plan as required by changes in operation and/or technology, and modify the Plan accordingly. Revisions to the Plan shall be submitted in the form of an Addendum to be included with the Annual Report.
2. The Licensee shall provide notice to the Board in writing, at least sixty (60) days prior to, the intent to recommence activities at site or of permanent closure of the site.
3. The Licensee shall complete all restoration work prior to the expiry of this Licence.
4. The Licensee shall carry out progressive reclamation of any components of the Project no longer required for the Licensee’s operations;
5. The Licensee shall backfill and restore all sumps to the pre-existing natural contours of the land.
6. The Licensee shall remove from the site, all infrastructure and site materials, including all fuel caches, drums, barrels, buildings and contents, docks, water pumps and lines, material and equipment, prior to the expiry of this Licence.
7. The Licensee shall re-grade all roads and airstrip, if any, to match natural contour to reduce erosion.
8. The Licensee shall remove any culverts and restore the drainage to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.
9. In order to promote growth of vegetation and the needed microclimate for seed deposition, the Licensee shall prepare all disturbed surfaces by ripping, grading, or scarifying the surface to conform to the natural topography.

10. The Licensee shall reclaim areas that have been contaminated by hydrocarbons from normal fuel transfer procedures to meet objectives as outlined in the *Government of Nunavut's Environmental Guideline for Site Remediation, 2010*. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.
11. The Licensee shall restore all drill holes and disturbed areas to natural conditions immediately upon completion of the drilling. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal.
12. The Licensee may store drill cores produced by the appurtenant undertaking in an appropriate manner and location at least thirty-one (31) metres above the ordinary High Water Mark of any adjacent water body, where any direct flow into a water body is not possible and no additional impacts are created.
13. The Licensee shall contour and stabilize all disturbed areas to a pre-disturbed state upon completion of work.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1. The Licensee shall measure and record, in cubic metres, the daily quantities of water obtained from water sources located in, on or flowing through Inuit Owned Land, used for camp, drilling and other purposes.
2. The Licensee shall measure and record, in cubic metres, the daily quantities of water obtained from water sources located on Crown Owned Land, used for camp, drilling or other purposes.
3. The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of water are utilized for all purposes.
4. The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with the Izok Project are deposited.
5. The Licensee shall obtain representative samples of the water column below any ice where required under Part F, Item 6. Monitoring shall include, at a minimum the following:

Total Suspended Solids
pH
Electrical Conductivity,

Total trace metals as determined by a standard ICP Scan (to include at a minimum, the following elements: Al, Sb, Ba, Be, Cd, Cr, Co, Cu, Fe, Pb, Li, Mn, Mo, Ni, Se, Sn, Sr, Tl, Ti, U, V, Zn), and trace Arsenic and Mercury.

6. All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of *Standard Methods for the Examination of Water and Wastewater*, or by such other methods approved by the Board.
7. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
8. The Board and/or an Inspector may impose additional monitoring requirements.
9. The Licensee shall include in the Annual Report required under Part B, Item 2, all data, monitoring results and information required by this Part.