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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File No.: 2BE-IZO1217

December 20, 2012

Teodore J. Muraro
MMG Resources Inc.
26th Floor -1177 West Hastings St.
Vancouver, BC V6E 2K3
Email: TED.MURARO@MMG.COM

RE: NWB Licence No. 2BE-IZO1217

Dear Mr. Muraro,

Please find attached Licence No. **2BE-IZO1217** 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 Land Claims Agreement or NLCA)*. The terms and conditions of the attached Licence related to water use and waste disposal 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 water use and waste disposal must cease, or the Licensee may be in contravention of the *Nunavut Land Claims 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 months prior to the Licence expiry date.

If the Licensee contemplates or requires an amendment to this Licence, the NWB may decide, in the public 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 interested persons on issues identified. The NWB notes that Aboriginal Affairs and Northern Development Canada (AANDC) and Environment Canada (EC) stated that under the *Canadian Environmental Protection Act 1999* and the *Interprovincial*

Movement of Hazardous Wastes Regulations, the transportation of hazardous waste between territories requires that the Proponent completes movement documents. An approved movement document should be completed, and accompany all hazardous waste shipments. EC recommended the use of an approved incinerator for the disposal of sewage wastes. AANDC also stated that the Licensee should make determined efforts to achieve compliance with the Canada-Wide Standards for Dioxins and Furans and the Canada-Wide Standard for Mercury Emissions. This information is attached for your consideration.¹

Sincerely,



Thomas Kabloona
Nunavut Water Board
Chair

TK/kk/ri

Enclosure: Licence No. **2BE-IZO1217**
Comments – AANDC, EC and KIA

Cc: Kitikmeot Distribution List

¹ Aboriginal Affairs and Northern Development Canada (AANDC), November 29, 2012; Environment Canada (EC), November 27, 2012; and Kitikmeot Inuit Association (KIA), November 29, 2012.

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DECISION

LICENCE NUMBER: 2BE-IZO1217

This is the decision of the Nunavut Water Board (NWB) with respect to an application dated September 25, 2012 for a renewal of a Water Licence made by:

MMG RESOURCES INC.

to allow for the use of water and disposal of waste during camp operations and activities related to exploration that include prospecting, geophysical, drilling at the Izok Project (which include the Ham Lake Camp and the Izok Lake and Hood Lake drilling areas) located within the Kitikmeot Region, Nunavut generally located at the geographical coordinates as follows:

Project Extents

NW: ~~Latitude: 68° 00' 00'' N~~ ~~Longitude: 111° 30' 00'' W~~
NE: ~~Latitude: 68° 00' 00'' N~~ ~~Longitude: 109° 30' 00'' W~~
SE: ~~Latitude: 66° 45' 00'' N~~ ~~Longitude: 109° 30' 00'' W~~
SW: ~~Latitude: 66° 45' 00'' N~~ ~~Longitude: 111° 30' 00'' W~~

Latitude: 65° 00' 00'' N to 66° 20' 00'' N
Longitude: 111° 15' 00'' W to 113° 15' 00'' W

Camp Location

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

DECISION

After having been satisfied that the application was for a location that falls outside of an area with an approved land use plan and exempt from the requirement for screening as described within Schedule 12-1(5) by the Nunavut Impact Review Board¹ in accordance with Article 12 of the *Nunavut Land Claim Agreement (NLCA)*, 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 *NLCA*, public notice of the application was given and interested persons were invited to make representations to the NWB.

The NWB notes that AANDC Inspection conducted on July 3, 2012², identified Items of Non-Compliance of the Act and/or Licence. All Non-Compliance Items need to be addressed by Licensee.

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 *NLCA* and of the *Act*, waived the requirement to hold a public hearing, and determined that:

¹ NIRB Exemption Decision dated November 29, 2012

² AANDC Inspection Report dated November 2, 2012

Licence No. 2BE-IZO0712 be renewed as Licence No. 2BE-IZO1217 subject to the terms and conditions contained therein. (Motion #: 2012-B1-012)

Signed this 20th day of December 2012 at Gjoa Haven, NU.



Thomas Kabloona
Nunavut Water Board
Chair

TK/kk/ri

BACKGROUND

On August 28, 2006, the Nunavut Water Board (NWB or Board) issued a six months short term Water Licence No. 2BE-IZO0606 to Wolfden Resources Incorporated to allow for the use of water (185m³/day) and disposal of waste for an undertaking classified as Mining and Milling as per Schedule II of the *Regulations*. As part of the undertaking, exploration drilling operations were allowed within the Izok Lake Project area (comprising of the Ham Lake Camp, Izok Lake and Hood Lake drilling areas), located approximately 265 km south of Kugluktuk within the Kitikmeot Region, Nunavut.

On May 4, 2007 the NWB renewed Licence No. 2BE-IZO0606 to Licence No. 2BE-IZO0712, with an expiry date of December 31, 2012. The Licence renewal authorized Wolfden Resources Incorporated for the use of 100 m³/day of water and disposal of waste at the original Izok Lake Project area.

On December 17, 2007, the NWB was informed that the Wolfden Resources Incorporated changed the name to Zinifex Canada Inc. effective July 23, 2007.

On December 18, 2008, Zinifex Canada Inc. changed the name to Oz Minerals Canada Resources Inc.

On July 13, 2009, due to the purchase of Oz Minerals assets by MinMetals the name of the Canadian operating company for Oz Minerals was changed to MMG Resources Inc.

On May 25, 2012, the NWB was informed that MMG stands for Minerals and Metals Group, which is a subsidiary of MinMetals Resources, an international company based in Melbourne Australia and with many subsidiary companies throughout the globe and with four operating entities in Canada. The entity that operates exploration in the Canadian north and which holds title to the mineral tenures in the Slave province (including Izok Lake Project) is MMG Resources Inc (MMG or Licensee).

CURRENT APPLICATION

The application for renewal of Licence No. 2BE-IZO0712 (application) was submitted by MMG on September 25, 2012. No changes were requested to the scope of the project. The Application included the following information:

- Cover e-mail dated September 21, 2012 re: MMG Izok Project Water Licence Renewal;
- Renewal Application Form;
- Izok Project Supplementary Information Package with a Project Location Map and Ham Lake Camp Layout photos;
- Spill Contingency Plan Exploration Operations Izok, Hood and Condor Projects, Nunavut, Canada dated March 2011; and
- Abandonment and Restoration Plan Izok Project dated March 2011.

Additional documents that were provided after the original submissions and referenced with respect to the Application are:

- Inuktitut Project Summary;
- Ham Lake Camp Layout Photo; and
- Fuel Containment Photo.

Following a preliminary technical review and the submission of additional information by the Licensee, the Application was distributed for a thirty day technical review on October 29, 2012 with a deadline for technical submissions to the Board on November 29, 2012. Comments were received from Environment Canada (EC), November 27, 2012, Aboriginal Affairs and Northern Development Canada (AANDC), November 29, 2012 and Kitikmeot Inuit Association (KIA), November 29, 2012.

The NWB received on November 29, 2012, the Nunavut Impact Review Board's (NIRB) decision stating that the application is Exempt from Screening and the terms and conditions of original Screening Decision of September 19, 2006 still apply.

Based on the results of the detailed assessment, including consideration of any potential accidents, malfunctions, or impacts to water that the overall project could have on the area, the Board has approved the application for the renewal of Licence No. 2BE-IZO0712 as Licence No. **2BE-IZO1217**.

ISSUES

Term of Licence

The Licensee is requesting that the term of renewal license be for a period of 5 years and with an expiration date of December 2017. In review of the application and the submissions received from interested parties, there were no comments provided or concerns raised with respect to the Licensee's request for a Licence term of five (5) years. The NWB has renewed the Licence for five (5) years.

Annual Report

The NWB notes that Annual reports from 2008 and 2009 were submitted only on November 26, 2012, and the 2011 Annual report was submitted in October 2012, during the time of the application review.

The requirement to produce Annual Reports is to ensure that the NWB has an accurate and timely annual update of water use and waste disposal activities for a given project during a calendar year. This information is maintained on the Public Registry and is available to interested parties upon request.

Water Use

The AANDC stated in its comment that according to the AANDC Inspection report, dated July 3, 2012 previous water use did exceed 100m³/day during 60 days. The Licensee is reminded that water use exceeding the volume allowed by this Licence will require an amendment to the Licence granted/or not by the Board.

The Licensee did not request any change to either the amount of water to be used under this Licence nor to the water sources as identified within the previous Licence. The application remains unchanged to reflect the volume of water for camp and exploration activities proposed to be used by the Licensee. Total water use for the Izok Lake Project is set at 100m³/day.

Waste Disposal

AANDC and EC states that *under the Canadian Environment Protection Act (CEPA 1999)* and the *Interprovincial Movement of Hazardous Wastes Regulations*, the transportation of hazardous waste between territories requires that the proponent completes a movement document. The Government of Nunavut regulates the waste in Nunavut and an approved movement document must be completed if hazardous waste is transported out of Nunavut for disposal.

EC also stated that raw sewage should not be burned in batch incinerators that are typically used in the north. Raw sewage should only be burned in incineration equipment designed for this type of waste.

It is generally recommended that locations for waste disposal including drilling waste, be at a minimum of thirty (31) metres from any water body and such that there is no adverse effects to the quality, quantity and flow of water. The drill waste shall be disposed of in a sump.

Drilling

It is generally recommended by the Board that drilling activities be conducted at a distance of at least thirty one (31) metres of the high water mark of any water body.

Spill Contingency Plan

The Spill Contingency Plan was approved under the previous Licence. An updated Plan entitled “Spill Contingency Plan Exploration Operations Izok, Hood and Gondor Projects, Nunavut, Canada” dated March 2011 and submitted with the application is found acceptable by the Board.

Abandonment and Restoration

The Abandonment and Restoration Plan was approved under the previous Licence. As part of the Application, the Licensee submitted an updated Plan entitled “Abandonment and Restoration Plan Izok Project” dated March 2011.

The Board agrees with the AANDC July 3, 2012 Inspection that removal of drill casing is a component of progressive reclamation, and requires that this component be clearly described and stated within the Drilling Area Restoration. The Plan shall be revised and submitted within the 2012 Annual Report to include the Ham Lake Camp’s “historic fuel farm” within the Site Infrastructure, and to exclude burning of structures from the Plan as it is not authorized by Licence.

Monitoring

The AANDC Inspection of July 3, 2012 identified failures to adequately measure and record water use, and provide locations where sources of water were used for drilling. This needs to be addressed.

To ensure consistency with other on-ice drilling and exploration projects licensed in Nunavut, the Board requires that the Licensee establish, implement and report on the Monitoring Program outlined in Part J of the Licence.



NUNAVUT WATER BOARD WATER LICENCE RENEWAL

Licence No. 2BE-IZO1217

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 INC.

(Licensee)

26th FLOOR -1177 WEST HASTINGS ST., VANCOUVER, BC V6E 2K3

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of waste for a period subject to restrictions and conditions contained within this Licence renewal:

Licence Number/Type: 2BE-IZO1217 TYPE "B"

Water Management Area: NUNAVUT 07

Location: IZOK LAKE PROJECT
KITIKMEOT REGION, NUNAVUT

Classification: MINING AND MILLING UNDERTAKING

Purpose: DIRECT WATER USE AND DEPOSIT OF WASTE

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

Date of Licence Issuance: DECEMBER 20, 2012

Expiry of Licence: DECEMBER 31, 2017

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

Thomas Kabloona,
Nunavut Water Board
Chair

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

1. Scope

This Licence allows for the use of water and the disposal of waste for a Mining and Milling undertaking classified as per Schedule II of the *Regulations* at the Izok Lake Project, located approximately 265 km south of Kugluktuk within the Kitikmeot Region, Nunavut.

- 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;

“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 Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“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“**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;

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 Land Claims Agreement (NLCA)” 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 *Northwest Territories Water Regulations sor/93-303 8th June, 1993*, omitting Section 5, Water Use or Waste Deposit Without a Licence;

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” means an excavation in impermeable soil for the purpose of catching or storing water or 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.

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 water in accordance with Section 9 of the *Regulations*.
2. The Licensee shall file an Annual Report on the Appurtenant Undertaking with the Board no later than March 31st of the year following the calendar year being reported, containing the following information:
 - a. A summary report of water use and waste disposal 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. Report all artesian flow occurrences as required under Part F, Item 4;
 - f. A summary of all information requested and results of the Monitoring Program; and
 - g. 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, Item 1.
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 are to be submitted in the form of an Addendum to be included with the Annual Report.
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@nunavutwaterboard.org
 - (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*.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water for domestic camp use from Ham Lake. Total camp water use shall not exceed five (5) cubic metres per day. Drill water shall be obtained from local water source(s), proximal to the drilling targets as outlined in the application and shall not exceed ninety-five (95) cubic metres per day. The volume of water for the purposes of this Licence shall not exceed one hundred (100) cubic metres 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 the 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.
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 undertaking to prevent entry of sediment into water.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

1. The Licensee shall locate areas designated for waste disposal at a minimum distance of thirty one (31) metres from the ordinary high water mark of any water body such that the quality, quantity or flow of water is not impaired, unless otherwise approved by the Board in writing.
2. The Licensee shall not practice open burning or on-site land filling of domestic waste, unless otherwise approved by the Board in writing.

3. The Licensee is authorized to dispose of all acceptable food waste, paper waste and untreated wood products in an incinerator.
4. The Licensee shall not open burn plastics, wood treated with preservatives, electric wire, Styrofoam, asbestos or painted wood to prevent the deposition of waste materials of incomplete combustion and/or leachate from contaminated ash residual, from impacting any surrounding waters, unless otherwise approved by the Board in writing.
5. The Licensee shall provide to the Board documented authorization from all communities in Nunavut receiving wastes from the Izok Lake Project prior to any backhauling and disposal of wastes to those communities.
6. The Licensee shall backhaul and dispose of all hazardous wastes, waste oil and non-combustible waste generated through the course of the operation at a licensed waste disposal site.
7. 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 an Inspector upon request.
8. The Licensee shall contain all greywater in a sump located at a distance of at least thirty one (31) metres above the ordinary high water mark of any water body, at a site where direct flow into a water body is not possible and no additional impacts are created, unless otherwise approved by the Board in writing.
9. The Licensee shall contain all toilet 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 in an approved waste disposal site

PART E: CONDITIONS FOR 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. All activities shall be conducted in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake any corrective measures in the event of any impacts on surface drainage.
3. Winter lake and stream crossings, including ice bridges, shall be constructed entirely of water, ice or snow. The Licensee should 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 in such a fashion that they do not enter the water.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

1. The Licensee shall not conduct any land based drilling 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 (CaCl_2) 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 Facilities and Waste Disposal 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 provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.

PAT H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

1. The Licensee shall implement the updated Plan entitled “Spill Contingency Plan Exploration Operations Izok, Hood and Gondor Projects, Nunavut, Canada” dated March 2011 that was originally approved by the Board and was submitted as additional information with the Application.
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 ensure that any equipment maintenance and servicing be conducted 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.

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

1. The Licensee shall update the Plan entitled “Abandonment and Restoration Plan Izok Project” dated March 2011 that was originally approved by the Board and was submitted as additional information with the Application, and submit to the Board for review within the 2012 Annual Report to include the following:
 - a. Drilling Area Restoration should include the removal of drill casing as a component of progressive reclamation;
 - b. Ham Lake camp’s “historic fuel-farm” should be included within the Site Infrastructure; and
 - c. Burning of site structures should be excluded as a means of disposal.
2. The Licensee shall complete all restoration work prior to the expiry of this Licence.
3. The Licensee shall carry out progressive reclamation of any components of the project no longer required for the Licensee’s operations.
4. The Licensee shall backfill and restore all sumps to the pre-existing natural contours of the land.
5. 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.
6. All roads and airstrip, if any, shall be re-graded to match natural contour to reduce erosion.
7. The Licensee shall remove any culverts and restore the drainage to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.
8. In order to promote growth of vegetation and the needed microclimate for seed deposition, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.
9. Areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed 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.
10. 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.

11. 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.
12. The Licensee shall contour and stabilize all disturbed areas to a pre-disturbed state upon completion of work.

PAT J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1. The Licensee shall measure and record, in cubic metres, the daily quantities of water utilized for camp, drilling and other purposes.
2. 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.
3. The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with camp operations and drilling operations are deposited.
4. The Licensee shall obtain representative samples of the water column below any ice where required under Part F, Item 5 and 6. Monitoring shall include but not be limited to 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
5. 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 in writing.
6. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
7. The Licensee shall include in the Annual Report required under Part B, Item 2 all data, monitoring results and information required by this Part.