From: Karen Kharatyan
To: rlehari@silvermet.ca
Cc: Phyllis Beaulieu
Subject: FW: Silvermet"s Muskox Camp (2BE-MSX) -drill site reclamation
Date: Thursday, May 24, 2012 3:32:05 PM

Good day Rein,

My understanding from company's and AANDC Inspector correspondence is that the company is willing to clean-up the site and close the licence. The licence expiry date is May 31, 2012. The Section 46 of Nunavut Waters and Nunavut Surface Rights Tribunal Act (Act) states:

> *The expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence.*

So all terms and conditions of expired licence will still be enforceable by AANDC Inspector.

With respect to the 2BE-MSX0712 license's Part I, Item 9 possible modification or amendment the NWB advises the company to submit to the Board an amendment request. As the licence shall soon expire you could apply for the licence short term renewal (e.g. Dec 31, 2012) with a request to amend this item. Renewal-amendment application and application fee will be enough to process the short term renewal-amendment. So no need to submit additional information as Spill Contingency or Abandonment Restoration Plans. The NWB Licensing Manager Phyllis Beaulieu may be contacted to discuss how to submit this application.

However, you should be informed that the Section *57(b)(iii)* of the Act states:
The Board may not issue a licence unless the applicant satisfies the Board that

> *(iii) the satisfactory maintenance and restoration of the site in the event of any future closure or abandonment of that undertaking.*

With respect to your open burning request the Board will provide you with its decision after reviewing the request and interveners submissions.

I hope this information helps you.

Karén Kharatyan, Ph.D
Technical Advisor
Nunavut Water Board

(Ph.) 867-360-6338 ext. 30
(Fx.) 867-360-6369
k.kharatyan@nunavutwaterboard.org

From: Phyllis Beaulieu [mailto:licensing@nunavutwaterboard.org]
Sent: Monday, April 23, 2012 2:26 PM
To: 'Rein Lehari'
Cc: 'Melissa Joy'; Sean Joseph; Karen Kharatyan
Subject: RE: Silvermet's Muskox Camp (2BE-MSX) -drill site reclamation

Good day Rein – I have forwarded your query to our technical staff for a response.
Regards,

From: Rein Lehari [mailto:rlehari@silvermet.ca]
Sent: Monday, April 23, 2012 12:58 PM
To: licensing@nunavutwaterboard.org
Cc: Melissa Joy
Subject: FW: Silvermet's Muskox Camp (2BE-MSX) -drill site reclamation

Dear Phyllis

You have seen the correspondence below. Could you let me know how we would go about making a request for modification or amendment of the license provision in respect of the drill holes.

Best regards

Rein

From: Melissa Joy [mailto:Melissa.Joy@aandc-aadnc.gc.ca]
Sent: April-19-12 2:58 PM
To: Rein Lehari
Subject: RE: Silvermet's Muskox Camp (2BE-MSX) -drill site reclamation

Hi Rein,

The Nunavut Mining Symposium is just wrapping up in Iqaluit; representatives from the NWB are in town here. You should be able to get in touch with them on Monday. I don't know if you will need to submit an application for a "modification" request vs. an "amendment" in this circumstance; you would need to get clarification from the NWB on this.

It should not affect your reclamation activities at this time. However, as per my previous comments on your compliance plan, as we have no physical/photographic record of drill reclamation activities from Silvermet/Aurora you will need to ensure this is documented (as per my previous comments).

You can note your application to the NWB for this issue and move forward with the revisions to your compliance plan. Please keep me informed as to the outcome of communications with the NWB.

Best regards,
Melissa

>>> "Rein Lehari" <rlehari@silvermet.ca> 4/19/2012 1:43 PM >>>
Dear Melissa

Thank you for this information. It is clear that our drilling does not fall into one of the three categories. How should we go about seeking an amendment from NWB? Do we make a specified type of application, or what is the best way to proceed?

Best regards

Rein

From: Melissa Joy [mailto:Melissa.Joy@aandc-aadnc.gc.ca]
Sent: April-19-12 10:22 AM
To: Rein Lehari
Cc: Andrew Keim; NU LandsMining; Phyllis Beaulieu
Subject: RE: Silvermet's Muskox Camp (2BE-MSX) -drill site reclamation

Hi Rein,

It is our understanding that unless the following conditions apply, then it is not standard industry practice to permanently cap/seal drill holes:
1) artesian conditions
2) uranium-based exploration
3) underground mine development/considerations

As an Inspector, I do not have the authority to allow/disallow activity contrary to the terms in the water licence (ie. Part I, item 9); however the NWB can make a modification to your water licence that will allow us to move forward on this. We would refer to the NWB on this matter, and we (AANDC) would support the removal/adjustment of this specific term under these circumstances.

Melissa

>>> "Rein Lehari" <rlehari@silvermet.ca> 4/18/2012 10:16 AM >>>
Dear Melissa and Phyllis

Have you had a chance to consider the comment of Aurora Geosciences re the plugging of drill holes? If the holes do need to be plugged, then we would have to go into the field with concrete and place a concrete patch on the ground at each hole.

Rein

From: Rein Lehari [mailto:rlehari@silvermet.ca]
Sent: April-13-12 4:44 PM
To: 'Melissa Joy'
Cc: 'Phyllis Beaulieu'
Subject: RE: Silvermet's Muskox Camp (2BE-MSX)

Dear Melissa

I am waiting for confirmation from Kikiak on their timing and will get back to you as soon as I have it.

You pointed me to Part I, Paragraph 9, which indicates that reclamation of drill holes must include removal of any casing materials and the capping of holes with a permanent seal.

There were 26 drill holes. Of these, rods and casings were removed from23. In the case of 3 holes, some rods were lost or some casing could not be removed.

In all cases, the holes were left unplugged.

Gary Vivian of Aurora Geosciences sent me the following note:

No materials left in hole means that casing and drill rods were all removed. The only time a "plug" is required is when the hole allows ground water to seep out of it and you have to cap the hole with concrete, essentially plugging the hole. No casing or rods were left to stick up above the collar.
Could you help me reconcile these comments.
Best regards
Rein

From: Melissa Joy [mailto:Melissa.Joy@aandc-aadnc.gc.ca]
Sent: April-12-12 5:41 PM
To: Rein Lehari
Cc: Phyllis Beaulieu
Subject: Re: Silvermet's Muskox Camp (2BE-MSX)

Dear Rein,

I have had a chance to review your proposed plan and have several comments for incorporation:

-No actual date was set to meet outstanding requirements: Would **July 31/12** be an agreeable date for completion of site cleanups (ie. item #4 of your Plan), outstanding administrative requirements (ie. annual reports) and final reporting of reclamation activities (as per Part B, item 2 iv) of the water licence?

-For item #3, you refer to the "site" -you need to be more specific: which site(s) and gps location(s) were fuel drums removed from?

-For item #5, these items are agreeable, however item (a) also needs to address the water licence under Part D, items 4-6 & 10 (ie. documented authorization from the community of Kugluktuk prior to the backhauling of any waste, etc). Please note that the Kugluktuk municipal waste dump is not considered an "approved site" for the purposes of haz waste disposal. Please ensure you specify between actual disposal locations and staging areas (ie. to await backhaul to an approved site) and provide the records of disposal accordingly.

-For item #7, in terms of drill sites and reclamation, you need to ensure Part F, item 2 and Part I, item 9 are met. As well as coordinates, please provide photographic documentation of the condition these drill sites were left in. If reclamation is required, this info is to be provided as soon as possible to the Inspector, as well as documented in your final report.

-Please ensure there is a listing for all fuel caches and drill laydown areas, complete with coordinates and description of inventory removed as well as photographic documentation of clean up (both before/after where applicable).

Best regards,
Melissa

Melissa Joy, B. Env Sc.
Water Resource Officer
Aboriginal Affairs & Northern Development Canada
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>>> "Rein Lehari" <rlehari@silvermet.ca> 4/9/2012 5:02 PM >>>
Dear Melissa

Please find attached a letter proposing our program to complete the reclamation work. I thought it would be easiest to send by email but I can forward an original as well if you prefer. Please let me know when you are in receipt of the letter and whether this satisfies the requirements.

Best regards

Rein

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