



AANDC, Nunavut District Office  
Field Operations  
P.O. Iqaluit, NU, X0A 0H0

November 28, 2012

Darin Labrenz, President and CEO  
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**RE: Water Licence 2BE-MZE0712**

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Please find attached a report on the Water License Inspection conducted at the Maze Lake Project on the 10<sup>th</sup> of July, 2012. Included at the end of the report is a summary of observations made during the inspection with respect to issues of non-compliance or non-conformity with respect to the Water License or the *Nunavut Water and Nunavut Surface Rights Tribunals Act*, and the actions required of Laurentian Goldfields as a result.

The role of Aboriginal Affairs and Northern Development Canada ("AANDC") in issues related to the use of water or deposit of waste in Nunavut is one of compliance monitoring and enforcement. AANDC's preferred option is to work with clients to address instances of non-compliance with their authorizations or the Act and risks to the environment.

Should you require more information or clarification on any aspect of the enclosed report please contact the undersigned at the coordinates listed below. I look forward to continuing to work with you and your staff. If you have any questions please do not hesitate to contact our office here in Iqaluit.

Sincerely,

Christine Wilson  
Resource Management Officer  
Field Operations, Nunavut Regional Office  
Aboriginal Affairs and Northern Development Canada  
P.O. Box 100, Iqaluit, Nunavut, X0A 0H0  
Ph: (867) 975-4296, Fax: (867) 979-6445  
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Attachments:

Cc: Phyllis Beaulieu – Manager licensing – Nunavut Water Board



**License #:**               **2BE-MZE0712**

**Inspector:**             **Christine Wilson**

**Inspection Date:** **July 10<sup>th</sup>, 2012**

**CIDMS #:**               **609108**

Client	Terrane Metals, Laurentian Goldfields		
Mailing Address	Laurentian Goldfields Ltd. 520 - 800 West Pender Street Vancouver, BC V6C 2V6 Tel: (604) 646-8000 Fax: (604) 646-8088		
Inspection site location	N 62° 15' 47.1" W 93° 37' 34.4"		
Contact name	Darin Labrenz	Title	President and CEO
Last inspection date	August 09, 2011		
Region	Kivalliq		



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**RE: Inspection of 2BE-MZE0712**

The Licensee Terrane Metal is a wholly owned subsidiary of Thompson Creek Metals Company who is partnered with Laurentian Goldfields ("LGF") over the Maze Lake Project. LGF is currently assuming responsibilities over the property owning 57% of the project.

This site is located in the Kivalliq region of Nunavut, at a general location of N 62° 15' 47.1" W 93° 37' 34.4". The camp is situated on Inuit Owned Land though holds authorization for water use and waste disposal under a type "B" license 2BE-MZE0712.

On July 10th, 2012 a compliance inspection was completed on the Maze Lake Project by AANDC Inspector Christine Wilson. A Record of Inspection was completed on-site subsequent to the inspection and a copy of this form was sent via e-mail to the LGF. This form outlined the following compliance issues to be addressed:

- Fuel requires secondary containment; numerous drums are leaking and must be transferred to secondary containment or be removed from site.
- The license expires on November 30<sup>th</sup>, 2012; 30 days from the inspection date, a plan must be submitted to the Inspector as to how and when the Maze Lake Project Abandonment and Reclamation Plan will be implemented to ensure compliance with Part I: item (4) and (7) of your license.
- Failure to meet annual administrative requirements

On August 7th, 2012 LGF provided details on the actions that will be taken on the non-compliance issues addressed in the Recorded of inspection:

- Copy of the Abandonment and Reclamation plan
- Remedial measures and budget

On August 9<sup>th</sup>, 2012 LGF provided further clarity on implementation of action items in the approved A and R plan.



Due to the lateness in the season- weather and lack of resources- the Maze Lake Project was not removed in September 2012. LGF has minimized the risks of the unsecured fuel, until the removal of the camp and associated items can be completed.

This report includes a detailed administrative review, a review of all notes and photographs taken during the July inspection, and reflects those compliance issues which have been addressed and reported on since the inspection.

### **Part A: Scope and Conditions**

No issues were found with respect to the information contained within this section of the license. The license, as issued, is a Type “B” license classed as Industrial –Type B.

### **Part B: General Conditions**

With the information available to the Inspector at the time of this writing, it appears that only one payment of \$30 for water use fees was submitted for the 5 year term of this license therefore payment is required annual from for the remaining years.

A review of the Nunavut Water Board FTP was conducted during the writing of this report. License 2BE-MZE0712 was issued on July 12th, 2007 for a period of 5 years. An annual report for year 2007 and 2008 are available for review. The proponent is reminded that in accordance with the Water License an annual report is required to be filed no later than March 31<sup>st</sup> of each calendar year. The annual report must contain all items listed within item two 2 (i - vi) of this section.

The Licensee is reminded that it is the responsibility of the Licensee to ensure that any documentation submitted by the Licensee to the Nunavut Water Board (“NWB”) is acknowledged by the Manager of Licensing.

### **Part C: Conditions Applying to Water Use**

At the time of the inspection the Licensee had been allocated the use of 18 cubic meters of water per day for all purposes. Water of all uses is to come from nearby lakes proximal to the appurtenant undertaking.

No water was being used at the time of the inspection

### **Part D: Conditions Applying to Waste Disposal**

No issues were noted with respect to this section of the license

### **Part E: Conditions for Camps, Access Infrastructures and Operations**

No issues were noted with respect to this section of the license

### **Part F: Conditions Applying to Drilling Operations**

No drilling activities were on-going during the period of inspection.

### **Part G: Conditions Applying To Modifications**

No issues were noted during the period of inspection and none have been reported since by the Licensee.



### **Part H: Applying To Spill Contingency Planning**

An approved Plan entitled "Maze Lake Project Spill Contingency Plan" dated April 23, 2007 is available for review on the NWB FTP site. An addendum to this Plan was to be submitted within (30) days of license issuance. With the information available it appears as though item two (2) (i) (submission of an addendum to the Spill Contingency Plan) of this Section has not been met.

It was noted during the inspection that all fuel was outside of secondary containment, with 5 drums leaking, one of which, at an excellent rate. The Inspector ordered the Licensee to attend the site this year to clean up the spill and transfer all fuel into secondary containment. On September 14<sup>th</sup>, 2012 LGF submitted proof of the remedial work and mitigation measures initiated in September 2012.

### **Part I: Conditions Applying to Abandonment and Restoration or Temporary Closure**

An approved Plan entitled "Maze Lake Project Abandonment & Restoration Plan" dated April 23, 2007 is available for review on the NWB FTP site. An addendum to this Plan was to be submitted within (30) days of license issuance. With the information available it appears as though item two (2) (i) (submitting an addendum to the Abandonment & Restoration Plan) of this section has still not been met.

This license is to expiry on November 30<sup>th</sup>, 2012. As the camp and residuals will not be removed before the expiry the Licensee has failed to meet item four (4) and seven (7) of this Section

### **Part L: Conditions Applying to the Monitoring Program**

No issues were noted with respect to this section of the license

### **Non-Compliance:**

Issues where there is a known or suspected violation of a requirement of the Water license or Act:

- Part B item 1- Water Use Fees
- Part B item 2- Annual reporting requirements
- Part H item 2 (i)- Addendum to Maze Lake Project Spill Contingency Plans
- Part I item 2 (i)- Addendum to Maze Lake Project Abandonment and Reclamation
- Part I item 4- Completion of reclamation activities before expiry
- Part I item 7- Removal of camp and associated items before the expiry

Christine Wilson  
**Inspector's Name**

  
**Inspector's Signature**

Attached under separate cover;

Photos taken during the Inspection of July 10th, 2012



Aboriginal Affairs and  
Northern Development Canada

Affaires autochtones et  
Développement du Nord Canada

Cc: Phyllis Beaulieu – Manager licensing – Nunavut Water Board