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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

File No.: 2BE-PBP1115

September 25, 2012

Dwayne Car, VP Exploration
Northquest Ltd.
P.O. Box 209
Wahnapitae, ON P0M 3C0
Email: dwayne.car777@gmail.com

Jon North, CEO
Northquest Ltd.
Suite 1000 – 36 Toronto Street
Toronto, ON M5C 2C5
jon@northquest.biz

RE: 2BE-PBP1115 Type “B” – Amendment No. 2

Dear Mr. Car and Mr. North:

Please find attached, Amendment No. 2 to Licence No. 2BE-PBP1115 Type “B” issued to Northquest Ltd., by the Nunavut Water Board (NWB) (**Motion 2012-B1-004**) 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* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB strongly recommends that the Licensee consult the comments¹ received from interested persons on issues identified. Aboriginal Affairs and Northern Development Canada (AANDC) recommends that the Licensee ensure that the additional drill rig is equipped with a spill kit and that this new information is included in the Spill Contingency Plan. Environment Canada (EC) states that the Licensee should make sure that sumps are constructed with adequate capacity to handle the increases in waste water generated and are located at sufficient distances from the ordinary high water mark of any water bodies. This information is attached for your consideration.

The NWB notes that, in addition to the Nunavut Impact Review Board’s (NIRB) original Screening Decision Report for the project, there the NIRB has issued additional terms and conditions² pertaining to this amendment (Amendment No. 2). Further, the NWB has on file correspondence³ from the NPC confirming that the original water licence application did not require the NPC’s conformity determination.

¹ Aboriginal Affairs and Northern Development Canada (AANDC), dated July 25, 2012 and Environment Canada (EC), dated July 24, 2012.

² Letter for E. Copland, Acting Chair, NIRB to the Honourable J. Duncan, Minister of AANDC and T. Kabloona, Chairperson, NWB Re: Screening Decision for Northquest Ltd., Amendment Request with the Nunavut Water Board and Aboriginal Affairs and Northern Development Canada for its “Pistol Bay” Project, Kivalliq Region, Additional Application Terms and Conditions, 11EN027, dated August 16, 2012.

³ Email from B. Aglukark, NPC to D. Car, Northquest Ltd., Re: Licence NWB 2 BE-PBP, Pistol Bay project, dated July 15, 2011.

The NWB advises the Licensee that the next iteration of the Spill Contingency Plan and the Abandonment and Restoration Plan under the Licence should include a detailed topographic map depicting the location of the camp infrastructure, spill response equipment, hazardous materials, nearby water bodies and other relevant information.

Sincerely,



Thomas Kabloona
Nunavut Water Board
Chair

TK/sj/pb

Enclosure: Licence No. 2BE-PBP1115 – **Amendment No.2**
Comments – AANDC, EC

Cc: Distribution – Kivalliq

LICENCE AMENDMENT No. 2

Licensee:	Northquest Ltd.	
Licence No:	2BE-PBP1115	Type “B”
Licence Issued:	June 20, 2011	
Amendment No. 1:	September 23, 2011	
Effective Date:	September 24, 2012	

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* and the *Nunavut Waters and the Nunavut Surface Rights Tribunal Act*, with respect to the application for amendment dated June 20, 2012, made by Northquest Ltd., the Nunavut Water Board hereby grants the following Licence amendment.

The Licence issued June 20, 2011 with an expiry date of June 30, 2015 shall be amended to include the following terms and conditions with respect to the use of water and the deposit of waste to allow Northquest Ltd. an increase of water use in support of its exploration drilling program at the Pistol Bay Project. The Pistol Bay Project is located 20 kilometres north of the Hamlet of Whale Cove within the Kivalliq Region of Nunavut with geographical coordinates of the project extents and camp being as follows:

Project Extents Latitude: 62° 37' 30" N Longitude: 93° 30' 00" W;
Latitude: 62° 37' 30" N Longitude: 92° 30' 00" W;
Latitude: 62° 15' 30" N Longitude: 92° 33' 00" W;
Latitude: 62° 22' 30" N Longitude: 93° 30' 00" W;

Camp Location

Latitude: 62° 21' 05.2" Longitude: 92° 45' 19.7" W.

The Licence, (Page 1), shall be amended to indicate the following:

Quantity of Water Use not to Exceed: **ONE HUNDRED AND TWENTY-ONE (121) CUBIC METRES PER DAY**

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item1 The Licensee shall obtain all water for domestic camp use from a pond proximal to the camp, not exceeding one (1) cubic metre per day. Drill water shall be obtained from sources proximal to the drilling targets as outlined in the Application and not exceeding one hundred and twenty (120) cubic metres per day. Total water use for all purposes associated with this project shall not exceed one hundred and twenty-one (121) cubic metres per day.

All remaining terms and conditions of the Licence 2BE-PBP1115 Type “B” dated June 20, 2011 still apply.

This Licence Amendment issued and recorded at Gjoa Haven, NU on September 24, 2012.

Approved by,

A handwritten signature in dark ink, appearing to read 'T. Kabloona', written over a horizontal line.

Thomas Kabloona
Nunavut Water Board
Chair