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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

File No.: **2BE-PBP1520/Renewal**

July 23, 2015

Dwayne Car, VP Exploration  
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Northquest Ltd.  
50 Richmond Street East, Suite 101  
Toronto, Ontario M5C 1N7  
[jon@northquest.biz](mailto:jon@northquest.biz)

**RE: NWB Licence No. 2BE-PBP1115**

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Dear Mr. Car and Mr. North:

Please find attached Licence No. **2BE-PBP1520** issued to Northquest Ltd. by the Nunavut Water Board (the NWB or the Board) 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 (3) 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'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 interested persons on issues identified. This information is attached for your consideration.<sup>1</sup>

Sincerely,

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Thomas Kabloona  
Nunavut Water Board  
Chair

TK/sj/pb

Enclosure: Licence No. **2BE-PBP1520**  
Comments – AAND

Cc: Kivalliq Distribution List

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<sup>1</sup> Aboriginal Affairs and Northern Development Canada (AANDC), dated July 8, 2015.

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## DECISION

### LICENCE NUMBER: 2BE-PBP1520

This is the decision of the Nunavut Water Board (the NWB or Board) with respect to an application received April 10, 2015 for the renewal of a Water Licence made by:

#### NORTHQUEST LTD.

to allow for the use of Water and disposal of Waste during camp operations and activities related to a gold exploration program that include prospecting, geophysical mapping, and diamond drilling at the Pistol Bay Project, located within the Kivalliq Region, Nunavut, generally at the following geographical coordinates:

Latitude: 62° 34' 20" N	Longitude: 94° 09' 00" W
Latitude: 62° 18' 40" N	Longitude: 92° 32' 40" W
Latitude: 62° 15' 30" N	Longitude: 92° 32' 40" W
Latitude: 62° 14' 45" N	Longitude: 94° 09' 00" W (Drilling)
Latitude: 62° 21' 05" N	Longitude: 92° 45' 20" W (Camp)

## DECISION

After having been satisfied that the application was in conformity with the Keewatin Regional Land Use Plan<sup>1</sup> as determined by the Nunavut Planning Commission (NPC) and exempt from the requirement for screening as described within section 12.4.3 by the Nunavut Impact Review Board (NIRB)<sup>2</sup> 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.

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:

**Licence No. 2BE-PBP1115 be renewed as Licence No. 2BE-PBP1520 subject to the terms and conditions contained therein. (Motion #: 2015-B1-024)**

Signed this 23rd day of July 2015 at Gjoa Haven, NU.

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Thomas Kabloona  
Nunavut Water Board, Chair

TK/sj/pb

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<sup>1</sup> Nunavut Planning Commission (NPC) Determination, July 12, 2015.

<sup>2</sup> Nunavut Impact Review Board (NIRB) Screening Exemption Decision, July 20, 2015.

## **I. BACKGROUND**

The Pistol Bay Project (the Project) is a gold exploration project located approximately 20 kilometres north of the Hamlet of Whale Cove. The project is owned and operated by a Canadian-based company called Northquest Ltd. (the Licensee or Applicant).

Northquest Ltd. began exploration work on the Project in 2011 under Water Licence No. 2BE-PBP1115, issued by the Board to the Project on June 20, 2011. Previous to the work carried out by Northquest Ltd., indications are that Inco Ltd. carried out exploration activities at the site during the period 1983 to 1989.

The Water Licence under which the Project operated for the last five (5) year expired on June 30, 2015. Consequently, Northquest Ltd. has submitted to the NWB for consideration a renewal Application to carryout continued exploration activities.

## **II. PROCEDURAL HISTORY**

The water licence renewal application and supporting information (the Application) submitted by Northquest Ltd. to the Nunavut Water Board for consideration, on April 10, 2015, includes the following documents:

- Cover Letter, dated March 19, 2015;
- Application for Water Licence Renewal;
- 2014 Interim Financial Statement;
- List of Officers;
- Certificate of Incorporation;
- English and Inuktitut summaries;
- Property Configuration Map;
- NPC Determination dated March 22, 2011;
- NIRB Screening dated August 16, 2012;
- Amended Spill Contingency Plan; and
- Amended Abandonment and Restoration Plan.

Following receipt, the NWB conducted a preliminary review during which updated management plans were requested and received. Upon receipt of the updated plans, the NWB distributed the Application publicly on June 8, 2015 for a thirty (30) day public review period with the deadline for submission set for July 8, 2015. Comments related to the Application were received from Aboriginal Affairs and Northern Development Canada (AANDC). AANDC provided comments and/or recommendations pertaining to the management of waste generated by the project, functionality of management plans, term requested for the renewal licence, and more. To address the comments and recommendations contained in AANDC's submission, the Applicant provided a follow-up correspondence<sup>4</sup> on July 10, 2015 in response.

In addition to intervenor's comments, the NWB received on July 12, 2015 correspondence from the Nunavut Planning Commission's (NPC) indicating that no Land Use Conformity Determination is required for the renewal Application as the determination dated March 22,

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<sup>4</sup> Email from D. Car, Northquest Ltd., to I. Porter, NWB, Re: 2BE-PBP1115 Email Request Applicant for AANDC's submissions, July 10, 2015.

2011 still applies to the Project. A copy of the Nunavut Impact Review Board's (NIRB) screening exemption decision was issued for the Project on July 20, 2015, indicating that the Application was exempt from the requirements of screening in accordance with 12.4.3 of the Regulations.

Access to all information received in support of the Application and the file have been placed in the NWB's public registry and made available through the NWB's File Transfer Protocol (FTP) site, which can be accessed using the following link:

<ftp://ftp.nwb-oen.ca/1%20PRUC%20PUBLIC%20REGISTRY/2%20MINING%20MILLING/2B/2BE%20-%20Exploration/2BE-PBP1115%20Northquest%20Ltd/>

### **III. FILE HISTORY**

### **IV. ISSUES**

The following sections provide background information relevant to the terms and conditions included in this Licence, in the context of submissions received and/or the Board's rationale. It should be noted that where appropriate, the Board has removed or modified terms and conditions associated with the previous licence, which the Board determined are no longer applicable under this renewal licence.

#### **Term of Licence**

In accordance with section 45 of the Act, the NWB may issue a licence for a term not exceeding twenty-five (25) years. In determining the appropriate term for a licence, the Board takes into consideration several factors including the Licensee's past performance, compliance record, ability to comply with the terms and conditions of the licence, interveners' comments and more. The Licensee has requested a five (5) -year term for the licence, which the NWB as well as AANDC believe is appropriate for the type of undertaking being considered. The NWB has therefore granted the term requested by the Licensee.

#### **Annual Report**

Similar to conditions generally included in licences issued by the Board, the NWB has included under, Part B, Item 2 in the licence, the requirement for the Licensee to submit to the Board for review, prior to the 31<sup>st</sup> of March annually, a report detailing Water use and Waste disposal activities. The Board provides public access to the information provided in annual reports submitted by licensees through its ftp site as well upon requests from interested parties.

The NWB has included on its website a standardized form for annual reporting that licensees can use to submit reporting information, supplemented by other relevant information. Copies of the NWB's generic annual reporting form can be obtained from the NWB's FTP site:

<ftp://ftp.nwb-oen.ca/OTHER/>

**Water Use**

Under the expired Licence, the Applicant was allowed to use one hundred and twenty-one (121) cubic metres of water per day for domestic and drilling purposes: one (1) cubic metre for domestic use and one-hundred and twenty (120) cubic metres for drilling. Under the renewal Application, the Applicant requested no changes to the water requirements for the Project. AANDC in its submission recommended that the proponent consider increasing the quantity of water required for domestic use as the 2012 and 2013 annual reports for the Project indicated that slightly more than 1 cubic metre of water was used. The Applicant in its response to AANDC's comments and/or recommendations did not request any changes to the water requirements under any renewal licence issued to the project. Consequently, the NWB has authorized under Part C, Item 1 in the renewal licence the same quantity of water that was authorized under the expired licence.

**Waste management**

The Applicant included in its Application information pertaining to the types of Waste expected to be generated by the Project as well as Waste disposal methods that will be implemented. AANDC in its comments on the application requested clarification with respect to how specific Waste types will be managed including contaminated soil, waste oil, and calcium chloride. The Applicant provided its response to AANDC's comments in its follow-up submission. The NWB has included conditions related to the management of Waste mostly under Part D in the Licence.

**Management Plans**

The Licensee provided updated versions of the Spill Contingency Plan and Abandonment and Restoration Plan approved under the expired licence as part of its Application. AANDC in its submission provided several recommendations that pertain to improving the functionality of the Plan. The Applicant in its response indicated that it will address the recommendations in the next iteration of the plans. The NWB has approved both Plans with the issuance of the renewal licence. In addition, the NWB has accordingly included term and conditions under the respective sections in the licence, requiring the Licensee to update the plan and submit them to the Board for review as part of the 2015 Annual Report for the Project.



## NUNAVUT WATER BOARD WATER LICENCE RENEWAL

Licence No. 2BE-PBP1520

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

NORTHQUEST LTD.

(Licensee)

SUITE 101 -50 RICHMOND STREET EAST, TORONTO, ONTARIO M5C 1N7

(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-PBP1520 TYPE "B"

Water Management Area: WILSON WATERSHED (13)

Location: PISTOL BAY PROJECT  
KIVALLIQ REGION, NUNAVUT

Classification: MINING UNDERTAKING

Purpose: DIRECT WATER USE AND DEPOSIT OF WASTE

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

Date of Licence Issuance: JULY 23, 2015

Expiry of Licence: JULY 22, 2020

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 Undertaking classified as per Schedule 1 of the *Regulations* at the Pistol Bay Project, located approximately 20 kilometres from the Hamlet of Whale Cove within the Kivalliq 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**” 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);

“**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 *Nunavut Waters Regulations* sor/2013-69 18<sup>th</sup> April, 2013;

“**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 water 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 31<sup>st</sup> March 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. Quantity of Water (in cubic metres/day) obtained for domestic and other purposes from sources on, in or flowing through Inuit-owned lands, for the reporting period;
  - c. Quantity of Water (in cubic metres/day) obtained for domestic and other purposes from sources on, in or flowing through Crown Lands, for the reporting period;
  - d. Quantity of Waste disposed of on on-site Waste disposal facility;
  - e. Quantity of Waste backhauled to approved facility for disposal;
  - f. A list of unauthorized discharges and a summary of follow-up actions taken;
  - g. Any revisions to the Spill Contingency Plan, Abandonment and Restoration Plan, and any other Plans as required by Part B, Item 7, submitted in the form of

- an Addendum;
- h. A description of all progressive and or final reclamation work undertaken, including photographic records of site conditions before, during and after completion of operations;
  - i. Report all artesian flow occurrences as required under Part F, Item 3;
  - j. A summary of all information requested and results of the Monitoring Program; and
  - k. Any other details on water use or waste disposal requested by the Board by 1<sup>st</sup> of November 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 shall 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@nwb-oen.ca](mailto:licensing@nwb-oen.ca)

**(b) Inspector Contact:**

Manager of Field Operations, AANDC  
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 a pond proximal to the camp facility, not exceeding one (1) cubic metre per day. Drill water shall be obtained from Water source(s) proximal to the Vickers and Bazooka drilling targets as outlined in the Application and shall not exceed one hundred and twenty (120) cubic metres per day. The volume of Water for the purposes of this Licence shall not exceed one-hundred and twenty-one (121) cubic metres per day.
2. The use of Water from streams or any Water bodies not identified in Part C, Item 1, is prohibited unless authorized and approved by the Board in writing.
3. The Licensee shall submit to the Board for approval in writing, the following information at least thirty (30) days prior to the use of Water of a sufficient volume that the source Water body may be drawn down: Water volume required, hydrological overview of the Water body, details of impact, and proposed mitigation measures.
4. 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.
5. The Licensee shall not remove any material from below the ordinary High Water Mark of any Water body unless authorized.
6. The Licensee shall not cause erosion to the banks of any body of Water and shall provide necessary controls to prevent such erosion.
7. 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 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 Pistol Bay Project prior to any backhauling and/or disposal of Wastes to those communities.
6. The Licensee shall backhaul and dispose of all hazardous wastes, waste oil, and non-combustible waste generated by the project at a licensed waste disposal facility.
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.

**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. The Licensee shall conduct all activities in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake 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 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.
5. The Licensee shall not mobilize heavy equipment or vehicles 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 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 ( $\text{CaCl}_2$ ) in any quantity or concentration, from land-based 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. On-ice drilling is not authorized under this Licence.

#### **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.

#### **PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING**

- 1. The Board has approved the Plan *entitled Northquest Ltd. Fuel Spill Contingency Plan for Exploration Camp and Drill Sites, Pistol Bay Area, Nunavut*, dated May 2015 and submitted as additional information with the Application.
- 2. The Licensee shall revise the Plan and submit the revisions in the form of an Addendum with the 2015 Annual Report. The Addendum to the Plan referred to in Part H, Item 1, should be in the format set out by the Consolidation of Spill Contingency Planning and Reporting Regulations R-068-93 and must address the issues raised by AANDC during the review process for the Application.
- 3. 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.
- 4. The Licensee shall conduct any equipment maintenance and servicing 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.
- 5. 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.
- 6. The Licensee shall, in addition to Part H, Item 5, 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 has approved the Plan entitled *Northquest Ltd. Abandonment and Restoration Plan, Pistol Bay Project, Nunavut*, dated May 2015 and submitted as additional information with the Application.
2. The Licensee shall revise the Plan referred to in Part I, Item 1 and submit the revisions in the form of an addendum to be submitted with the 2015 Annual Report. The Addendum must address the issues raised by AANDC during the review process for the Application.
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. All roads and airstrip, if any, shall be re-graded 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, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.
10. 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.
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 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. All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of *Standard Methods for the Examination Water and Wastewater*, or by such other methods approved by the Board in writing.
5. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing
6. The Licensee shall include in the Annual Report required under Part B, Item 2 all data, monitoring results and information required by this Part.