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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: **2BE-PBP2025**

March 30, 2022

David Smith, Exploration Manager (Canada)
NORDGOLD (Northquest Ltd.)
Suite 301 - 82 Richmond Street East,
Toronto, Ontario
M5C 1P1

Denise A. Lockett
Unit 341, 415 Commonwealth Road
Kelowna, BC
V4V 1P4

Email: david.smith@nordgold.com

Email: lockettta@telus.net

RE: NWB Water Licence Amendment No: 2BE-PBP2025

Dear David Smith and Denise A. Lockett:

Please find attached Licence Amendment No: **2BE-PBP2025** issued to Northquest Ltd. (Nordgold) (Licensee) by the Nunavut Water Board (NWB or 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 Agreement)*. The terms and conditions of the attached Licence Amendment related to the use of Water and the deposit of Waste are an integral part of this approval.

If the Licensee contemplates the continuing of this Undertaking after the Water Licence expires, it is the responsibility of the Licensee to apply to the NWB for a renewal water licence. 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 renewal Water Licence. Note that if the Licence expires before the NWB issues a new one, then the use of Water and the deposit of Waste must cease, or the Licensee may be in contravention of the *Nunavut Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSRTA)*. 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. It should be noted that in accordance with s. 75(1)(a) of the *Nunavut Planning and Project Assessment Act (NuPPAA)*, the Board is not allowed to issue a permit or authorization for any project proposal that has not been submitted to the Nunavut Planning Commission (NPC) in accordance with s. 76 of *NuPPAA*.

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 application 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 Fisheries and Oceans Canada (DFO) on issues identified. This information is attached for your consideration.¹

Sincerely,

Lootie Toomasie
Nunavut Water Board,
Chair

LT/ak/rqd

Enclosure: Licence Amendment No: **2BE-PBP2025**

Cc: Distribution List–Kivalliq

¹ Fisheries and Oceans Canada (DFO), February 28, 2022

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DECISION

LICENCE NUMBER: 2BE-PBP2025

This is the decision of the Nunavut Water Board (NWB or Board) with respect to an application dated 01/27/2022 for an amendment of a Water Licence made by:

NORTHQUEST LTD. (NORDGOLD)

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

Project Extents:

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

Camp Location(s):

Latitude: 62° 20' 30" N	Longitude: 92° 49' 48" W
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DECISION

After having been satisfied that the Application is for a proposal that was previously reviewed¹ by the Nunavut Planning Commission (NPC) and for which the conformity determinations, dated May 12, 2017 and April 1, 2020, remain applicable, and, as determined by the Nunavut Impact Review Board (NIRB)², a review of the Project is not required in accordance with s. 92(1)(a) of the *Nunavut Planning and Project Assessment Act (NuPPAA)*, 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 (NWNSRTA or Act)* and Article 13 of the *Nunavut Agreement*, 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 *Nunavut Agreement* and of the *Act*, waived the requirement to hold a public hearing, and determined that:

Water Licence No: 2BE-PBP2025 be amended and issued as Licence No: 2BE-PBP2025 Amendment No. 1 subject to the terms and conditions contained therein. (Motion #: 2021-B1-025)

¹ Nunavut Planning Commission Conformity Determination 149612, dated October 25, 2021.

² Nunavut Impact Review Board (NIRB) Screening Determination, January 24, 2022.

Signed this 30th day of March, 2022 at Gjoa Haven, NU.

Lootie Toomasie
Nunavut Water Board,
Chair

LT/ak/rqd

WATER LICENCE No: 2BE-PBP2025 Amendment No. 1

I. BACKGROUND

The Pistol Bay Project (Project) is a gold exploration project located approximately 14 kilometres north of the Hamlet of Whale Cove. The Project is owned and operated by a Canadian-based company called Northquest Ltd. (the Applicant, the Licensee or Northquest), a subsidiary of Nordgold.

The water licence amendment application (Application) being considered by the Nunavut Water Board (NWB or Board) was filed by Northquest Ltd. (Nordgold) on January 27, 2022 to amend Type “B” Water Licence No: 2BE-PBP2025 (original licence). The Applicant requested the approval of the relocation of the camp and subsequent change to the camp water source.

II. FILE PROCEDURAL HISTORY

Northquest Ltd. began exploration work on the Project in 2011 under Water Licence No: 2BE-PBP1115, issued by the Nunavut Water Board (NWB or 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 1983–1989.

The initial water licence, under which the Project operated, Licence No: 2BE-PBP1115, expired on June 30, 2015. Consequently, Northquest Ltd. submitted to the NWB for consideration a renewal application to carry out continued exploration activities at the project site. In response to Northquest Ltd.’s renewal application, the NWB issued a five-year renewal Licence No: 2BE-PBP1520 on July 23, 2015.

Following issuance of the renewal licence in 2015, Northquest Ltd conducted further exploration work in which the need for additional water use was identified. To address the additional water requirements, on July 27, 2017, the NWB issued Amendment No. 1 to Licence No: 2BE-PBP1520.

On May 26, 2020, the Board granted renewal Water Licence No: 2BE-PBP2025 effective July 23, 2020 to October 31, 2025.

On October 25, 2021, the Nunavut Planning Commission (NPC) stated³ that the proposed activities were previously reviewed by the NPC, and the previous determinations⁴ still apply. In addition, on January 24, 2022, the Nunavut Impact Review Board (NIRB) determined that a review of the Project is not required in accordance with s. 92(1)(a) of the *Nunavut Planning and Project Assessment Act (NuPPAA)*.

³ Nunavut Planning Commission Conformity Determination 149612, dated October 25, 2021.

⁴ Nunavut Planning Commission Conformity Determinations 148526 and 149342, dated May 12, 2017 and April 1, 2020.

III. ISSUES CONSIDERED

Term of Licence

In accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (NWNSTRA)* s. 45, the NWB may issue a licence for a term not exceeding twenty-five years. The Applicant did not request any changes to the term of the original licence.

Conditions Applying to Water Use

The Licensee shall obtain all Water for domestic camp use from the unnamed lake (locally known as Fish Lake) in the vicinity of the camp as described in the Application. 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 and shall not exceed two hundred and ninety-four (294) cubic metres per day. The volume of Water for all purposes under this Licence Amendment shall not exceed two hundred and ninety-nine (299) cubic metres per day.

Conditions Applying to Waste Disposal

In the Application, Northquest stated: “Grey water [sic] from shower and kitchen use will be allowed to seep through the abundant moss, sand and gravel towards the small lake approximately 150m to the southwest of the kitchen.” In response to the NWB’s request for clarification, the Applicant noted:

While we plan to direct this waste water away from Fish Lake (the camp water source), and towards the shallow lake, it is our intention that the effluent will not affect the water quality in either lake. The proposed camp site is on a raised esker made up of coarse sand and gravel. The plan is to release the grey water onto the tundra and allow it to seep into the sand and gravel where it will be naturally purified before making its way to any water body. If necessary, we will construct a dam to ensure that the water will seep into the sand and gravel rather than flow overland.⁵

After further inquiries from the NWB, Northquest supplied the following:

Our preference would be not to disturb the natural surface of the tundra unless it is necessary. Defining “sump” as being “a low space that collects often undesirable liquids such as water or chemicals”, if at all possible our plan would be to release the water into a natural depression that would allow the water to seep into the ground, and that would limit surface runoff of the waste water. As alluded to in our previous email, if a natural sump of sufficient size is not available, we would construct a dam to fill this role.⁶

Therefore, to ensure protection of freshwater, the Board included quality limits for greywater Effluent discharge in this Part of the Licence.

⁵ Denise Lockett (Northquest) to Assol Kubeisinova (NWB), Re: Application for amendment 2BE-PBP2025 – PTR, dated February 12, 2022.

⁶ Denise Lockett (Northquest) to Assol Kubeisinova (NWB), Re: Application for amendment 2BE-PBP2025 – PTR, dated February 14, 2022.

Conditions Applying to Spill Contingency Planning

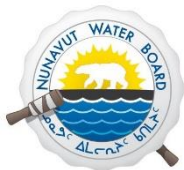
The Board has approved the Plan entitled “Spill Contingency Plan for Exploration Camp and Drill Sites” dated October 2021 that was submitted as additional information with the Application.

Conditions Applying to Closure and Reclamation or Temporary Closure

The Board has approved the Plan entitled “Abandonment and Restoration Plan” dated October 2021 that was submitted as additional information with the Application.

Conditions Applying to the Monitoring Program

The Licensee shall ensure Effluent quality corresponds to the limits set by the Board in Part D, Item 8 of the Licence.



NUNAVUT WATER BOARD WATER LICENCE AMENDMENT

Licence No: 2BE-PBP2025 Amendment No. 1

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. (NORDGOLD)

(Licensee)

SUITE 301 - 82 RICHMOND STREET EAST, TORONTO, ONTARIO M5C 1P1

(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 Amended Licence:

Licence Number/Type: **2BE-PBP2025 / TYPE "B"**

Water Management Area: **WILSON (12) & FERGUSON (13)**

Location: **PISTOL BAY PROJECT
KIVALLIQ REGION, NUNAVUT**

Classification: **MINING UNDERTAKING**

Purpose: **DIRECT USE OF WATER AND DEPOSIT OF WASTE**

Quantity of Water use not to Exceed: **TWO HUNDRED AND NINETY-NINE (299) CUBIC METRES PER DAY**

Effective Date: **MARCH 29, 2022**

Expiry of Licence: **OCTOBER 31, 2025**

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

**Lootie Toomasie
Nunavut Water Board, Chair**

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1 to Read:

The Licensee shall obtain all Water for domestic camp use from the unnamed lake (locally known as Fish Lake) in the vicinity of the camp as described in the Application. 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 and shall not exceed two hundred and ninety-four (294) cubic metres per day. The volume of Water for all purposes under this Licence shall not exceed two hundred and ninety-nine (299) cubic metres per day.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Amend Item 8 to Read:

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. In the event that a direct flow of greywater into a water body occurs, all discharged Effluent at its Final Discharge Point shall meet the following effluent quality standards:

Parameter	Maximum Concentration of any Grab
Faecal Coliforms	1×10^4 CFU/dl
BOD ₅	40 mg/L
Total Suspended Solids	60 mg/L
Oil and grease	No visible sheen
PH	Between 6 and 9

Insert Item 10 to Read:

The Board has approved the Plan entitled “Waste Management Plan” dated October 2021 that was submitted as additional information with the Application.

PART H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

Amend Item 1 to Read:

The Board has approved the Plan entitled “Spill Contingency Plan for Exploration Camp and Drill Sites” dated October 2021 that was submitted as additional information with the Application.

Remove Item 2.

PART I: CONDITIONS APPLYING TO CLOSURE AND RECLAMATION OR TEMPORARY CLOSURE

Amend Item 1 to Read:

The Board has approved the Plan entitled “Abandonment and Restoration Plan” dated October 2021 that was submitted as additional information with the Application.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

Insert Item 8:

The Licensee shall maintain Monitoring Program Station(s) at the following locations:

Monitoring Program Station Number	Description	Frequency	Status
PBP-1	Greywater Effluent at Final Discharge Point	Prior to discharge	Active (Quality) as per Part D, Item 8