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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No.: **2BE-PKR1621 / Amendment No. 1**

August 29, 2017

David Frenette
Agnico Eagle Mines Limited
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Val-d'Or, Quebec, J9P 4N9

Email: david.frenette@agnicoeagle.com

RE: NWB Licence No. 2BE-PKR1621 – Amendment No.1

Dear Mr. Frenette:

Please find attached Licence No. **2BE-PKR1621 – Amendment No. 1** issued to Agnico Eagle Mines Limited 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 Agreement)*. The terms and conditions of the attached Licence Amendment No.1, related to the use of Water and the deposit of Waste 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 deposit must cease, or the Licensee may be in contravention of the *Nunavut 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. 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 a project proposal that has not been submitted to the Nunavut Planning Commission (NPC) for the NPC's relevant determination.

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.¹

Sincerely,

Lootie Toomasie
Nunavut Water Board
Vice Chair

LT/ce/rd

Enclosure: Licence No. **2BE-PKR1621 – Amendment No. 1**
Comments –ECCC, DFO and INAC

Cc: Distribution – Kivalliq List

¹ Environment and Climate Change Canada (ECCC), June 7, 2017, Fisheries and Ocean Canada (DFO), June 9, 2017; and Indigenous and Northern Affairs Canada (INAC), June 13, 2017;

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I. BACKGROUND

In 2016, Agnico Eagle Mines Limited (AEM) acquired new mineral claims approximately 40 kilometers north of the Parker Lake property and named this new project the Cone Hill exploration project. This gold mineralization project is located 88 kilometers east of the Baker Lake community and 160 kilometers northwest of the Rankin Inlet Community. In support of the prospecting, geophysical surveys and diamond drilling activities to be undertaken at the Parker Lake/Cone Hill site, and in order to further reduce travel time for the workers from Meliadine camp site to Parker Lake, Agnico Eagle is applying to obtain the authorizations to use water and deposit waste at a temporary exploration camp on the Parker Lake property. The applicant has expressed that the total water used shall remain at the currently authorized 299 cubic meters per day.

The Parker Lake camp site is expected to be utilized for the next three to four years. The camp site will accommodate up to twenty (20) workers at a time and will constitute: tents, sea cans, a core shack, a core splitting room, a medical room, a kitchen, shower spaces and toilets. The Applicant intends to treat drinking water to be sourced from proximal lakes and rivers. All domestic waste is to be incinerated. All grey water will be disposed in a sump at least thirty-one (31) meters distance from the high water mark of any water body. Any ash generated from sewage incinerated in facto toilet units will be sampled to evaluate if it is suitable for disposal in a landfill. All contaminated soil, some sewage stored in drums, and hazardous waste (including ash deemed hazardous and not to be disposed in a landfill), will be transported off site to a licensed facility for treatment. Generator sets will be utilized for camp electricity and the proposed 400 fuel drums are to be stored on site, situated within bermed areas.

When Parker lake freezes, a small airstrip will be developed on the lake. In summer months, another strip will be developed on the esker located 23 kilometers north-east of the proposed camp. The landing strips for otter planes and/or helicopters, when suitable, will be used to transport material, equipment and workers.

II. LICENCE NO. 2BE-PKR1621 – AMENDMENT NO. 1 PROCEDURAL HISTORY

The application and supporting information (the Amendment Application) submitted on March 6, 2017, by Agnico Eagle Mines Limited (AEM). to amend Licence No. 2BE-PKR1621, included the following documents:

- NWB Amendment Application Map of Property Configuration Claims;
- NPC Project Proposal Letter, dated October 21, 2015;
- NIRB Screening Decision Report, dated January 18, 2016;
- Parker Lake Exploration Camp Map;
- Parker Lake temporary exploration camp and Cone Hill exploration project Non-technical summary Application Summary (English and Inuktitut);
- AEM response to INAC comments, dated July 4, 2017;
- Conceptual Reclamation and Closure Plan, dated July 12, 2017.

Following receipt and an internal review, the NWB distributed the above-mentioned Application on May 10, 2017 for a thirty (30) day public review period, with the deadline for submission set for June 10, 2017. Comments regarding the Application were received from Fisheries and Oceans Canada (DFO), Environment and Climate Change Canada (ECCC) and Indigenous and Northern Affairs Canada (INAC). ECCC (on June 7, 2017) and DFO (June 9, 2017) made submissions to confirm that they had no further comments or questions at this time. On June 13, 2017 INAC submitted comments requesting that the Applicant submit more information about the Winter Access Road to Cone Hill, and an Abandonment and Reclamation Plan. To address the comments and recommendations

contained in INAC's submission, the Applicant provided, in response, a follow-up correspondence¹ on July 4, 2017 and subsequently the Conceptual Reclamation and Closure Plan on July 12, 2017. In the July 4, 2017 response letter, the Applicant confirmed that most transportation activities will be conducted by helicopter during the summer and that no additional water will be used for road development activities.

With respect to pre-licensing issues, on April 12, 2017 the Nunavut Planning Commission (NPC) issued its determination for the amendment proposal, which indicated that project proposal conforms to the Keewatin Regional Land Use Plan (KRLUP) and subsequently referred the project to the Nunavut Impact Review Board (NIRB) for screening (NPC File #: 148487). On April 21, 2017 the Nunavut Impact Review Board (NIRB) recommended that a review of the project was not required (NIRB File #: 15EN049) and issued its screening decision report.

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

<ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2B/2BE%20-%20Exploration/2BE-PKR1621%20Agnico%20Eagle/1%20APPLICATION/2017%20Amend%201/>

III. FILE HISTORY

The NWB has issued a licence with no previous amendments to this project in the past. The following summarises the licence issued by the NWB:

Licence No. 2BE-PKR1621, the licence, was issued to the project on March 7, 2016 and is set to expire on October 30, 2021. The licence allows for the use of two hundred and ninety-nine (299) cubic metres of water per day and the deposit of waste in support of a mining undertaking. As stated above, the Licensee requested that the current licence be amended to include water use for exploration camp activities and drilling in the Cone Hill Exploration project area.

IV. ISSUES CONSIDERED

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 existing licence, under this licence amendment.

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. The Licensee did not request any changes to the Licence term with the submission of the Amendment Application, therefore the term of the licence remains unchanged with issuance of Amendment No.1.

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 31st of March annually following the year being reported, a report detailing Water use and Waste deposal 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

¹ AEM response to INAC comments, dated July 4, 2017

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/>

It should be noted that the reporting requirements included in the Licence remains unchanged with issuance of this Amendment.

Water Use

In the Amendment application, the Licensee requested additional water use for domestic/camp purposes to support an exploration camp to be located within the Parker Lake exploration area. The current water use volume authorized is the maximum allowed under a Type B licence, therefore the water use for the camp will be included as part of the total water use authorized under the Licence (Amendment), and shall not exceed five (5) cubic meters per day. Water use for camp activities shall be obtained from the lake adjacent to the proposed camp, unless otherwise approved by the Board.

Total water use for all the purposes under this licence shall remain at two hundred and ninety-nine (299) cubic metre per day, including water use for exploration camp activities and drilling in the Cone Hill Exploration project area. All other terms pertaining to water use are under Part C, of this Amendment.

Waste management

The Applicant included in its Application for amendment, information pertaining to the types of Waste expected to be generated by the camp site Project as well as Waste disposal methods to be implemented. The NWB has included conditions related to the management of Waste, mostly under Part D in the Licence. Additional wastes generated by the camp activities includes greywater, toilet wastes and other domestic wastes (food, solid non-hazardous wastes).

Camp

Part E, item 1, which prevented the establishment and use of camps has been amended to allow for an exploration camp, as described in the application for amendment. All other terms pertaining to the requested exploration camp are included in Part E.

Management Plans

The Licensee provided a Conceptual Reclamation and Closure Plan, which has been approved under this Amendment No. 1 (Part I).

The Board is also in receipt of a previous spill contingency plan dated August 2016, referred to in the Application for Amendment, and has, within Part H, included conditions requiring the revision of the Peter, Fox and Parker lakes Exploration Projects Spill Contingency Plan, to take into account the additional scope of the Amendment No.1.

DECISION

LICENCE NUMBER: 2BE-PKR1621 – Amendment No. 1

This is the decision of the Nunavut Water Board (the NWB or Board) with respect to an application dated March 6, 2017 for an amendment to a Water Licence made by:

AGNICO EAGLE MINES LTD.

to allow for the addition of use of Waters and deposit of Waste during camp operations and for the expansion of the exploration region to include Cone Hill exploration project area, in support of activities related to an exploration program that include prospecting, geophysical mapping, and diamond drilling, and related activities at the Parker Lake Project, located within the Kivalliq Region, Nunavut, generally at the following revised geographical coordinates:

Latitude: 64° 00' 00" N	Longitude: 94° 50' 00" W (Project extents)
Latitude: 64° 00' 00" N	Longitude: 93° 54' 00" W
Latitude: 63° 27' 00" N	Longitude: 93° 54' 00" W
Latitude: 63° 27' 00" N	Longitude: 94° 50' 00" W
Latitude: 63° 35' 12" N	Longitude: 94° 07' 03" W (Camp)

DECISION

After having been satisfied that the Nunavut Planning Commission's (NPC) October 21, 2015 Conformity Determination remains applicable and that the project proposal is exempt from section 235 of the *Nunavut Planning and Project Assessment Act* (NuPPAA) and from the requirements for screening in accordance with section 12.4.3 (a) and (b) of the *Nunavut Agreement*², as determined by the NPC, 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 *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:

Licence No. 2BE-PKR1621 – Amendment No.1 be issued subject to the terms and conditions contained therein. (Motion #: 2017-B1-026)

Signed this 29th day of August, 2017 at Gjoa Haven, NU.

Lootie Toomasie
Nunavut Water Board, Vice Chair

LT/ce/rd

² Nunavut Planning Commission (NPC) Determination, April 12, 2017.

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1:

1. The Licensee shall obtain all Water for domestic camp use from a pond or waterbody proximal to the camp facility, not to exceed five (5) cubic metre per day as outlined in the Amendment Application. Water use for exploration and drilling activities (drill water and other related industrial uses) shall be obtained from Water source(s) proximal to drilling targets in the Parker Lake and Cone Hills Exploration Projects area to a maximum of two hundred and ninety-four (294) cubic meters per day. Total water use for all the purposes under this licence shall not exceed two hundred and ninety-nine (299) cubic metres per day.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Insert Item 7:

7. The Licensee is authorized to dispose of all acceptable food waste, paper waste and untreated wood products in an incinerator.

Insert Item 8:

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.

Insert Item 9:

9. The Licensee shall contain all toilet wastes in latrine pits or use incineration, chemical, portable or composting toilets. Incinerators used for the incineration of toilet wastes shall be specifically designed to handle this type of waste.

PART E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS

Amend Item 1:

1. The Licensee may establish a temporary exploration camp in support of the mining undertaking of this licence.

Insert Item 3:

3. 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.

Insert Item 4:

4. 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.

Insert Item 5:

5. 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.

Insert Item 6:

6. 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 H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING

Amend Item 1:

1. With issuance of this Amendment Licence, the Board has approved the *Peter, Fox and Parker lakes Exploration Projects Spill Contingency Plan*, dated August 2016. The Licensee shall submit, within thirty (30) days of licence issuance, a revised Spill Contingency Plan for Board approval in writing, that shall identify the fuel cache/spill kit locations, include a topographical site map indicating the camp location/Cone Hill project areas and any other revisions required based on the amendment application scope.

Insert Item 5:

5. The Licensee shall, in addition to Part H, Item 4, 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.

Insert Item 6:

6. The Licensee shall implement the approved Plan entitled the *Peter, Fox and Parker lakes Exploration Projects Spill Contingency Plan*, dated August 2016.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

Insert Item 10:

10. With issuance of this Amendment No.1, the Board has approved the *Conceptual Reclamation and Closure Plan*, dated July 12, 2017. The Licensee shall implement the approved Plan entitled *Conceptual Reclamation and Closure Plan*, dated July 12, 2017.

Insert Item 11:

11. The Licensee is required to send a finalized Reclamation and Closure Plan, for Board approval, six (6) months prior to the expiry of this licence.

Insert Item 12:

12. The Licensee shall backfill and restore all Sumps to the pre-existing natural contours of the land.

Insert Item 13:

13. All roads and airstrip, if any, shall be re-graded to match natural contour to reduce erosion.

Insert Item 14:

14. The Licensee shall remove any culverts and restore the drainage to match the natural channel. Measures shall be implemented to minimize erosion and sedimentation.

Insert Item 15:

15. 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.

All remaining terms and conditions of the Licence 2BE-PKR1621 Type “B” dated March 7, 2016, still apply with the issuance of this, Amendment No. 1.

This Licence Amendment No. 1 issued and recorded at Gjoa Haven, NU August 29, 2017.

Approved by,

Lootie Toomasie
Nunavut Water Board, Vice Chair