



Water Resources
Nunavut Regional Office
P.O. Box 100
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December 19, 2012

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Your file - Votre référence
2BE-SIP1117
Our file - Notre référence
CIDM# 614852

**Re: 2BE-SIP1117 – Southampton Island Project – Vale Exploration Canada Inc. -
Application for Cancellation**

Dear Phyllis Beaulieu:

Aboriginal Affairs and Northern Development Canada (AANDC) has performed a review of the application to cancel water licence 2BE-SIP1117 submitted by Vale Exploration Canada Incorporated (Vale) to the Nunavut Water Board (NWB). The following advice has been provided pursuant to AANDC's mandated responsibilities for the enforcement of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSTRTA) and the *Department of Indian Affairs and Northern Development Act* (DIAND Act). In conducting our review, AANDC referred to the documents on the NWB's FTP-site under 2BE-SIP1117.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4738 or by e-mail at Jean.Allen@aandc-aadnc.gc.ca

Sincerely,

Original Signed By

Jean Allen
Water Management Specialist

cc. Murray Ball, Manager of Water Resources, AANDC
Robin Aitken, A/Manager of Field Operations, AANDC

Technical Review Memorandum

To: Phyllis Beaulieu – Manager of Licensing, Nunavut Water Board

From: Jean Allen – Water Management Specialist, Water Resources Division, AANDC

**Re: 2BE-SIP1117 – Southampton Island Project – Vale Exploration Canada Inc. -
Application for Cancellation**

A. Project Description

On November 20, 2012, the Nunavut Water Board (NWB) distributed Vale Exploration Canada Inc.'s (Vale) application to cancel water licence 2BE-SIP1117.

Vale was granted a water licence in November 2011 to use 15 cubic meters (m³) of water per day from local water sources, proximal to drilling targets for exploration activities (nickel). The project is located on Crown and Inuit Owned Lands and is approximately 65 km northeast of Coral Harbour.

Vale applied for an amendment in February 2012 to modify their licence term (to extend their term from 2014 to 2017); to include an exploration camp (64°45'43.56" N, 82°29'27.24" W); to conduct on-ice drilling, and to increase water use to 100 m³/day in support of exploration activities associated with the Southampton Island Project.

Vale submitted an application to cancel water licence 2BE-SIP1117 because all work has been completed and no future work will be conducted on the Southampton Island property. According to the application, all work sites have been restored to original condition and all waste and materials have been disposed of.

B. Results of Review

The AANDC Water Resources Division offers the following comments/recommendations for the NWB's consideration.

1. The 2011 annual report was found on the FTP site but no report was found for 2012. AANDC recommends that an annual report for 2012 be submitted to the NWB prior to closure. The report should contain all information in Part B, Item 2 of the water licence including all water/waste activities, unauthorized discharges, reclamation work, and GPS coordinates of all locations where water was used and wastes were deposited (including drill sites).
2. AANDC recommends that a more detailed summary of reclamation work be submitted to the NWB to describe how reclamation work was completed and how

reclamation conditions of the licence have been met.

3. Section 3.2.7 of the Closure and Restoration Plan states that a complete inspection of all disturbed areas will be conducted and a final closure and restoration report will be submitted to regulatory agencies prior to final closure of the site. AANDC would like clarification on whether a final inspection has been conducted by Vale and recommends that the final closure and restoration report be submitted prior to the AANDC inspection in 2013.

The AANDC Water Resources Division recommends that water licence 2BE-SIP1117 not be cancelled until the information listed above is submitted to the NWB and a final inspection of the Southampton Island property is conducted by an AANDC Water Resource / Resource Management Officer.