



New NIRB File No.: 07EN024

Old NIRB File No's.: 05EN004

03EN068

New INAC File No.: N2007C0003

Old INAC File No's.: N2003C0020

N2003C0021

N2003C0022

QIA File No.: Q05L3C01

March 14, 2007

Stornoway Diamond Corporation

c/o Nicole Westcott

860-625 Howe Street

Vancouver, BC V6C 2T6

Via email: nwestcott@stornowaydiamonds.com

RE: Notice of Part 4 Screening for Stornoway's Renewal of the Aviat Project Proposal – NIRB No.: 07EN024

Dear Nicole Westcott:

On February 27, 2007 the Nunavut Impact Review Board (NIRB or Board) received Stornoway's Aviat Project renewal proposal (Aviat Project) from Indian and Northern Affairs Canada (INAC), and on March 14, 2007 NIRB received the same from the Qikiqtani Inuit Association.

File History

The original project proposal for the above-proposal activities was acknowledged by NIRB on May 7, 2003 and screened in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On June 10, 2003 NIRB issued a 12.4.4(a) screening decision to the Minister of INAC allowing the proposed exploration activities to proceed subject to specific terms and conditions (see Appendix 1).

Further to this, on May 9, 2005 NIRB issued a 12.4.4(a) screening decision to the President of the Kivalliq Inuit Association for renewal of the proposed exploration activities occurring on Kivalliq Inuit Owned Lands. Of note is that the Stornoway Aviat project proposal currently in front of the Board **does not** involve activities on Kivalliq Inuit Owned lands.

Part 4 Screening Information

The Aviat Project is located on the Melville Peninsula, near the communities of Igloolik and Hall Beach.

The Aviat Project renewal proposal involves the renewal of the following activities occurring between May and October of each year of the authorization(s):

- Use of existing exploration camp on crown land – maximum population of 40 personnel

- Geological mapping, rock and till sampling, ground geophysical surveys, prospecting, land drilling, and on-ice drilling on crown and Inuit-Owned Lands (IOL) – supported by helicopter travel
- Consumption of water and generation of wastes
- Temporary storage of fuel at drill site locations and at camp-site
- Daily incineration of combustible wastes; non-combustible wastes back-hauled to Igloolik for disposal

This renewal proposal also involves two amendments (see correspondence dated March 13, 2007 from Nicole Westcott to Carolanne Inglis-McQuay) which result in a change to the original scope of the project and these amendments are:

- Minor surface blasting of areas approximately 2 metres wide by 4 metres long
- Trenching activities of areas approximately 3 metres wide, 5 metres long, and 1 metre deep using a mechanical device, such as a backhoe

Pursuant to Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA), NIRB shall proceed to screen the **complete** project proposal, including the amendment activities.

All documents received and pertaining to this 2007 project proposal can be obtained from NIRB's ftp site at ftp://ftp.nunavut.ca/nirb/NIRB_SCREENINGS/ACTIVE_SCREENINGS/ including:

- Correspondence dated March 13, 2007 from Nicole Westcott to Carolanne Inglis-McQuay
- Correspondence dated March 14, 2007 from Nicole Westcott to Carolanne Inglis-McQuay
- Non-technical project proposal summary in English and Inuktitut
- Camp Schematic
- Indian and Northern Affairs Canada Application for Renewal of Land Use Permit
- Qikiqtani Inuit Association Application for Renewal of Access to Inuit Owned Land
- Abandonment and Restoration Plan – Aviat Project
- Spill Contingency Plan – Aviat Project
- Wildlife Monitoring Plan
- Previous project information for NIRB File No.: 03EN068
- Previous project information for NIRB File No.: 05EN004

NIRB would also like to advise Parties that the use of water and deposition of waste associated with the project activities are subject to a current Nunavut Water Board (NWB) water license (NWB2SNN0508). Please note the conditions associated with this license (see Appendix 2).

NIRB is copying interested Parties and municipalities most affected by Stornoway's renewal proposal with this letter and we invite interested persons to comment directly to the NIRB by **March 28, 2007**.

NIRB would like Parties to provide comments with respect to:

- Whether the project proposal is likely to arouse significant public concern; and if so, why;
- Whether the project proposal is likely to cause significant adverse eco-systemic and socio-economic effects; and if so, why;
- Whether the project is of a type where the potential adverse effects are highly predictable and mitigable with known technology, (please provide any recommended mitigation measures and/or proposed conditions); and
- Any matter of importance to the Party related to the project proposal.

Comments may be submitted via email to NIRB's Manager of Administration lpayette@nirb.nunavut.ca or via fax to 867-983-2594.

If you have any questions please do not hesitate to contact me at cinglis@nirb.nunavut.ca or at 867-983-4607.

Sincerely,



Carolanne Inglis-McQuay
Nunavut Impact Review Board

Cc:

Distribution List
Jeff Holwell – INAC (holwellj@inac.gc.ca)
Salamonie Shoo – Qikiqtani Inuit Association (landsadmin@qia.ca)

Attachments:

Appendix 1 – June 10, 2003 Screening Decision – NIRB No.: 03EN068
Appendix 2 – Nunavut Water Board License No.: NWB2SNN0508

Appendix 1

SCREENING DECISION

June 10, 2003

**Mr. Robert Nault
Min. for Indian and Northern Affairs
Ottawa, ON**

Dear Mr. Minister:

**RE: Screening Decision of the Nunavut Impact Review Board (NIRB) on Application:
NIRB: #03EN068 DIAND: #N2002C0020, N2003C0021 & N2003C0022
Melville Project, Melville Peninsula, Apex Geoscience Ltd.**

Authority:

Section 12.4.4 of the Nunavut Land Claim Agreement states:

Upon receipt of a project proposal, NIRB shall screen the proposal and indicate to the Minister in writing that:

- a) the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;
- b) the proposal requires review under Part 5 or 6; NIRB shall identify particular issues or concerns which should be considered in such a review;
- c) the proposal is insufficiently developed to permit proper screening, and should be returned to the proponent for clarification; or
- d) the potential adverse impacts of the proposal are so unacceptable that it should be modified or abandoned.

Primary Objectives:

The primary objectives of the Nunavut Land Claims Agreement are set out in section 12.2.5 of the Land Claims Agreement. This section reads:

In carrying out its functions, the primary objectives of NIRB shall be at all times to protect and promote the existing and future well-being of the residents and communities of the Nunavut Settlement Area, and to protect the ecosystemic integrity of the Nunavut Settlement Area. NIRB shall take into account the well-being of the residents of Canada outside the Nunavut Settlement Area.

The decision of the Board in this case is 12.4.4 (a) **the proposal may be processed without a review under Part 5 or 6; NIRB may recommend specific terms and conditions to be attached to any approval, reflecting the primary objectives set out in Section 12.2.5;**

Reasons for Decision:

NIRB's decision is based on specific considerations that reflect the primary objectives of the Land Claims Agreement. Our considerations in making this decision included:

- storage and disposal of chemicals, fuel, garbage, sewage, and gray water, and impact of these on the ecosystem;
- the impact of noise from helicopter and exploration activities and their disturbance to wildlife and traditional users of area;
- the impact of campsite and equipment on terrain;
- the impact of exploration activities on archaeological sites or cultural landmarks in the area; and
- clean up/restoration of the camp site upon abandonment.

Terms and Conditions:

That the terms and conditions attached to this screening report will apply.

Drill Sites

1. The Licensee shall not conduct any land based drilling within thirty-one (31) metres of the normal high water mark of a water body.
2. The Licensee shall not use drilling muds or additives in connection with drill holes unless they are recirculated or contained such that they do not enter the water, or are certified to be non-toxic.
3. The Licensee shall ensure that any drill cuttings and waste water that cannot be re-circulated be disposed of in a properly constructed sump or an appropriate natural depression that does not drain into a waterbody.
4. The Licensee shall ensure that drilling wastes do not enter any water body. The use of biodegradable, salt free drill additives is encouraged over non-biodegradable types.
5. The Licensee shall ensure that the release of total suspended solids in the receiving environment shall be in compliance with *Guidelines for Total Suspended Solids* contained in the *Canadian Council of Ministers for the Environment's (CCME) Canadian Water Quality Guidelines, Chapter 3 - Freshwater Aquatic Life* (i.e. 10mg/L for lakes with background level under 100mg/L, or 10% for those above 100mg/L).
6. The Licensee shall ensure that the sump/depression capacity is sufficient to accommodate the volume of waste water and any fines that are produced so that there will be no additional impacts.
7. The Licensee shall not locate any sump within thirty-one (31) metres of the normal high water mark of any water body.
8. The Licensee shall ensure that disturbance of vegetation from deposit of drill fluids/cuttings is restricted to the area of the sump and the ground prepared for revegetation upon abandonment.
9. The Licensee shall, where flowing water from bore holes is encountered, plug, the bore hole in such a manner as to permanently prevent any further outflow of water. The occurrence shall be reported to the Nunavut Water Board and Land Use Inspector within 48 hours.

Fuel Storage

10. The Licensee shall ensure that fuel storage containers are not located within thirty-one (31) metres of the ordinary high water mark of any body of water.
11. The Licensee shall ensure that any chemicals, fuels or wastes associated with the project do not spread to the surrounding lands or enter into any water body.
12. The Licensee shall take all reasonable precautions to prevent the possibility of migration of spilled petroleum fuel or chemicals over the ground surface.
13. The Licensee shall examine all fuel and chemical storage containers daily for leaks. All leaks should be prepared immediately.
14. The Licensee shall seal all container outlets except the outlet currently in use.
15. The Licensee shall mark all fuel containers with the Licensee's name.

16. The Licensee shall have an approved emergency response and spill contingency plans in place prior to the commencement of the operation.
17. The Licensee shall immediately report all spills of petroleum and hazardous chemicals to the twenty four (24) hour spill report line at (867) 920-8130.

Water

18. The Licensee shall ensure that all water intake hoses are equipped with a screen with an appropriate mesh size to ensure that there is no entrapment of fish.

Waste Disposal

19. The Licensee shall not discharge or deposit any refuse substances or other waste materials in any body of water, or on the banks thereof, which will impair the quality of the waters of the natural environment.
20. The Lessee shall not bury any metal wastes.
21. The Licensee shall keep all garbage and debris in a covered metal container until disposed of.
22. The Licensee shall ensure that all wastes generated through the course of the operation are backhauled and disposed of in an approved dumpsite.

Wildlife

23. The Licensee shall ensure that there is no damage to wildlife habitat in conducting this operation.
24. The Licensee shall not feed wildlife.
25. The Licensee shall not hunt or fish, unless the appropriate permits and licenses are acquired from a GN Renewable Resources Officer.
26. The Licensee shall make every effort to prevent the unintentional harassment of polar bears, caribou, muskox and nesting or molting waterfowl at all times. It is an offense under the Wildlife Act to harass wildlife.
27. The Licensee shall ensure that aircraft pilots adhere to recommended flight altitudes of greater than 300 m above ground level as to not disturb wildlife.
28. The Licensee shall ensure that the drill sites avoid known environmentally sensitive areas (denning, nesting etc.) by a minimum of 250 metres.
29. The Licensee shall ensure compliance with Section 36 of the Fisheries Act which requires that no person shall deposit or permit the deposit of a deleterious substance on any type in water frequented by fish or in any place under any conditions where the deleterious substance may enter such a water body.
30. The harmful alteration, disruption or destruction of fish habitat is prohibited under Section 35 of the Fisheries Act. No construction or disturbance of any stream/lake bed or banks of any definable watercourse is permitted unless authorized by DFO.

Environmental

31. The Licensee shall ensure that the land use area is kept clean and tidy at all times.
32. The Licensee shall prepare the site in such a manner as to prevent rutting of the ground surface.
33. The Licensee shall be required to undertake any corrective measures in the event of any damage to the land or water as a result of the Licensee's operation.

Archaeological Sites

34. The Licensee shall follow all terms and conditions for the protection and restoration of archaeological resources as outlined by the Department of Culture, Language, Elders and Youths (CLEY) in attached letter.

Reclamation

35. The Licensee shall remove all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material upon abandonment.
36. The Licensee shall complete all clean-up and restoration of the lands used prior to the expiry date of the permit.

Other Recommendations

1. NIRB would like to encourage the proponent to hire local people and services, to the extent possible.
2. NIRB strongly advises proponents to consult with local residents regarding their activities in the region.
3. Any amendment requests deemed by NIRB to be outside the original scope of the project will be considered a new project.

Validity of Land Claims Agreement

Section 2.12.2

Where there is any inconsistency or conflict between any federal, territorial and local government laws, and the Agreement, the Agreement shall prevail to the extent of the inconsistency or conflict.

Dated _____ at Arviat, NU

Elizabeth Copland, Chairperson

Appendix 2

Nunavut Water Board License No.: NWB2SNN0508



P.O. Box 119

GJOA HAVEN, NU X0B 1J0

TEL: (867) 360-6338

FAX: (867) 360-6369

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NUNAVUT WATER BOARD

NUNAVUT IMALIRIYIN KATIMAYINGI

DECISION

LICENCE NUMBER: NWB2SNN0508 -Type "B"

This is the decision of the Nunavut Water Board (NWB) with respect to an application for a renewal of Licence dated January 12, 2005 made by:

STORNOWAY DIAMOND CORPORATION and STRONGBOW EXPLORATION INC.

to allow for the use of water and disposal of waste during camp operations and exploration drilling operations at the Aviat Property located within the Qikiqtani Region, Nunavut (contained within the general latitudes 66°37'24" to 69°52'76"N; and general longitudes 81°11'42" to 85°54'14" W).

DECISION

After having been satisfied that the application was exempt from the requirement for screening by the Nunavut Impact Review Board in accordance with Schedule 12.1, Paragraph 5 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* (NWNSTRA) 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 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 NWNSTRA, the Chief Administrative Officer decided that, pursuant to S. 13.7.5 of the NLCA and S. 49(a) of the NWNSTRA:

Licence Number NWB2SNN0508-Type "B" be issued subject to the terms and conditions contained therein.

SIGNED this 9th day of September 2005 at Gjoa Haven, NU.

Original signed by:

Philippe di Pizzo
Chief Administrative Officer

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I. INTRODUCTION

On January 12, 2005, a water licence renewal application was filed with the Nunavut Water Board by Stornoway Diamond Corporation and Strongbow Exploration Inc. for water use and waste disposal activities during camp operations and drilling operations at the Aviat Property located within the Qikiqtani Region, Nunavut (general latitudes 66°37'24" to 69°52'76"N and general longitudes 81°11'42" to 85°54'14" W). This application was supplemented with additional information by the Licensee indicating the main Aviat Camp location to be at 69°26.13'N and 83°14.53'W. After having been satisfied that the application was exempt from the requirement for screening by the Nunavut Impact Review Board in accordance with Schedule 12.1, Paragraph 5 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 (NWNSRTA)* and Article 13 of the *NLCA*, public notice of the application was given and interested persons were invited to make representations to the NWB. No public concerns were expressed, and after reviewing the submission of the Applicant and 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 *NWNSRTA*, decided to waive the requirement to hold a public hearing and furthermore to delegate its authority to approve the application to the Chief Administrative Officer pursuant to S.13.7.5 of the *NLCA* and S.49(a) of the *NWNSRTA*.

II. GENERAL CONSIDERATIONS

A. Term of the Licence

In accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* S. 45, the NWB may issue a licence for a term not exceeding twenty-five years. The NWB believes that a term of approximately three years, as requested by the Applicant is appropriate. The licence term will allow the Licensee to properly carry out the terms and conditions of the licence and will ensure that sufficient time is given to permit the Licensee to develop, submit and implement the plans required under the licence to the satisfaction of the NWB.

B. Annual Report

The requirements imposed on the Licensee in this licence are for the purpose of ensuring that the NWB has an accurate annual update of water use and depositions of waste during a calendar year. This information is maintained on the public registry and is available to any interested parties upon request.

C. Spill Contingency Planning

The Board generally requires that all Licensees prepare a comprehensive Spill Contingency Plan to establish a state of readiness to ensure a prompt and effective response to possible spills or system failure events. The site-specific spill contingency plan will assist the Licensee in responding to emergencies such that the impacts to water in particular and the environment and public health in general are minimized. The Plan submitted by the Licensee has been conditionally approved by the Board, with the requirement that additional information be submitted as an addendum to the approved Plan as per Part H, Item 1 of this license.

D. Abandonment and Restoration (A&R)

To ensure that all facilities are reclaimed in an appropriate manner upon abandonment, the NWB requires Licensees to prepare and submit an Abandonment and Restoration Plan. The Plan submitted by the Licensee has been conditionally approved by the Board, with the requirement to provide additional information as per Part I, Item 1 of this Licence.

LICENCE NWB2SNN0508 –Type “B”

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

STORNOWAY DIAMOND CORPORATION and STRONGBOW EXPLORATION INC.

(Licensee)

of

#860 – 625 HOWE STREET, VANCOUVER, B.C. V6C2T6

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water for a period subject to restrictions and conditions contained within this licence:

NWB2SNN0508 - Type “B”

Licence Number

NUNAVUT 06 and 07

Water Management Area

AVIAT PROJECT, QIKIQTANI REGION, NUNAVUT

Location

WATER USE AND WASTE DISPOSAL

Purpose

MINING AND MILLING – TYPE “B”

Classification of Undertaking

60 CUBIC METRES DAILY

Quantity of Water Not to Exceed

SEPTEMBER 9, 2005

Date of Licence

SEPTEMBER 30, 2008

Expiry Date of Licence

Dated this 9th - day of September 2005 at Gjoa Haven, NU.

Original signed by:

Philippe di Pizzo

Chief Administrative Officer

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

1. Scope

This Licence allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling at the Aviat Project, located approximately 74 km east of Igloolik within the Qikiqtani Region, Nunavut (camp located at latitude 69°26.13'N and longitude 83°14.53'W);

- i. 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;
- ii. 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

In this Licence: **NWB2SNN0508 -Type "B"**

"Act" means the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

"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 waters 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*;

"Chief Administrative Officer" means the Executive Director of the Nunavut Water Board;

"Engineer" means a professional engineer registered to practice in Nunavut in

accordance with the Engineering, Geological and Geophysical Act (Nunavut) S.N.W.T. 1998, c.38, s.5;

“Greywater” means all liquid wastes from showers, baths, sinks, kitchens and domestic washing facilities, but does not include toilet wastes;

“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;

“Sewage” means all toilet wastes and greywater;

“Spill Contingency Plan” means a Plan developed to deal with unforeseen petroleum and chemical events that may occur during the operations conducted under the Licence;

“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;

3. Enforcement

- i. 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*;
- ii. All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the *Act*; and

- iii. 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 fee shall be paid in accordance with the requirements of the Act.
2. Licensee shall file an Annual Report on the appurtenant undertaking with the Board not later than March 31st of the year following the calendar year being reported which shall contain the following information:
 - i. A summary report of water use and waste disposal activities;
 - ii. A list of unauthorized discharges and a summary of follow-up actions taken;
 - iii. Revisions to the Spill Contingency Plan and Abandonment and Restoration Plan;
 - iv. Progressive reclamation work undertaken; and
 - v. Any other details on water use or waste disposal requested by the Board by November 1 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, to be operated and maintained to the satisfaction of an Inspector.
5. If the Licensee contemplates the renewal of Licence No. NWB2SNN0508, 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 will be in contravention of the Nunavut Land Claims Agreement. The NWB recommends that an application for the renewal of Licence No. NWB2SNN0508 be filed at least three months before the Licence expiry date.
6. If Licence No. NWB2SNN0508 requires an amendment, a public hearing may be required. 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 may vary depending on the scope of the amendment requested.
7. 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:

(i) Chief Administrative Officer:

Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0
Telephone: (867) 360-6338
Fax: (867) 360-6369

(ii) Inspector Contact:

Water Resources Officer
Nunavut District, Nunavut Region
P.O. Box 100
Iqaluit, NU X0A 0H0
Telephone: (867) 975-4298
Fax: (867) 979-6445

8. 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.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain water for domestic use, from the unnamed lake located approximately 250 metres west of the camp, up to a maximum of 10 cubic metres per day. Water use for drilling operations shall be obtained from water sources proximal to the drilling locations and is not to exceed 50 cubic meters per day.
2. If the drilling requires water in sufficient volume that the source water body may be drawn down the Licensee shall, at least 30 days prior to commencement of drilling, submit to the Board for approval the following: volume required, hydrological overview of the water body, details of impacts, and proposed mitigation measures. The use of streams is not recommended as a water source.
3. The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that there is no entrainment of fish and shall withdraw water at a rate such that fish do not become impinged on the screen.
4. The Licensee shall not remove any material from below the ordinary high water mark of any water body.

5. The Licensee shall not do anything that will cause erosion to the banks of any body of water and shall provide necessary controls to prevent such erosion.
6. Sediment and erosion control measures shall be implemented prior to and maintained during the operation 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 least thirty (30) metres above the ordinary high water mark of any water body such that the quality, quantity or flow of water is not impaired, unless otherwise authorized by the Board.
2. No open burning or on-site land filling of domestic waste is permitted.
3. The Licensee shall incinerate all combustible waste, and shall ensure that all hazardous wastes, waste oil and non-combustible waste generated through the course of the operation are backhauled and disposed of in an approved waste disposal site.
4. The Licensee shall contain all greywater in a sump located at least thirty (30) 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.
5. The Licensee shall contain all sewage in latrine pits located at least thirty (30) metres above the ordinary high water mark of any water body. These latrine pits shall be treated with lime and covered with native material to achieve the pre-existing natural contours of the land prior to abandonment.

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 except what is for immediate use. Camps shall be located such as to minimize impacts on surface drainage.
2. All activities shall be conducted in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake any corrective measures in the event of any impacts on surface drainage.
3. Winter lake and stream crossings, including ice bridges, shall be constructed entirely of

water, ice or snow; stream crossings shall be removed or notched prior to spring break-up.

4. With respect to access road, pad construction or other earthworks, the deposition of debris or sediment into any water body is prohibited. These materials shall be disposed of above the ordinary high water mark in such a fashion that they do not enter the water.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

1. The Licensee shall not conduct any land based drilling within thirty (30) metres of the ordinary high water mark of any water body without notification provided to the Board thirty (30) days prior to the commencement of drilling activities, unless otherwise approved by the Board.
2. The notification required under Part F, Item 1 shall identify the drill target locations, the water body adjacent to the locations and the location of the proposed disposal of drilling wastes.
3. Licensee shall, for all land based drilling within thirty (30) metres of the ordinary high water mark of any water body, at a minimum:
 - i. utilize sedimentation prevention procedures including the use of temporary silt curtains and/or silt fences. These measures shall be implemented prior to and maintained during the operation to prevent entry of sediment into water;
 - ii. ensure that the movement of heavy equipment onto the designated drill sites is carried out in such a manner as to prevent erosion of ground material and shall provide the necessary controls to prevent such erosion; and
 - iii. utilize a sludge recovery system for the conservation and re-use of water and to provide for the removal of cuttings for disposal.
4. The Licensee shall ensure that all drill cuttings and any return water and sludge that cannot be re-circulated, including CaCl in any quantity or concentration, be disposed of in a properly constructed sump or an appropriate natural depression located at least thirty (30) metres above 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.
5. Drilling additives or mud shall not be used in connection with holes drilled through lake ice unless they are re-circulated or contained such that they do not enter the water, or are demonstrated to be non-toxic.

6. If artesian flow is encountered, drill holes shall be plugged and permanently sealed upon project termination.
7. For all on-ice drilling operations, the Licensee shall ensure that any water released is non-toxic and will not result in an increase in total suspended solids in the immediate receiving waters above the Guidelines for Total Suspended Solids contained in the *Canadian Council of Ministers of the Environment's (CCME) Canadian Water Quality Guidelines for the Protection of Freshwater Aquatic Life* (ie: 10mg/L for lakes with background levels under 100mg/L, or 10% for those above 100mg/L).
6. The Licensee shall establish baseline water quality conditions before drilling through lake ice and the results shall be submitted to the Nunavut Water Board and/or an Inspector upon request.

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 License and the following requirements are met:
 - i. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
 - ii. such Modifications do not place the Licensee in contravention of the License or the *Act*;
 - iii. 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
 - iv. 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 License 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 Licensee shall within thirty (30) days of issuance of this licence, submit to the Board an addendum to the approved Spill Contingency Plan that is to include the following:
 - i. A description of the project, the camp and its location and the components of the facility, including a site map of sufficient scale to show the location of buildings, where Spill Kits are located, storage areas, sensitive areas such as water bodies and probably pathways of contaminant flow along with general topography;
 - ii. To include the notification of the DIAND Water Resources Inspector at (867) 975-4298 following the occurrence of any spill of chemicals, petroleum products or waste associated with the project;
 - iii. a copy of the NWT Spill Report Form;
 - iv. additional contact information for emergencies should include the respective Inuit Association and HTA, Env. Can.(Iqaluit 867-975-4644 and 24hr Emergency Pager 867-920-5131), DFO and GN DoE; and
 - v. up-to-date MSDS information.
2. If the Plan addendum referred to in Part H, Item 1 is not accepted, the Licensee shall make the necessary changes and resubmit the plan within thirty (30) days following notification from the Board.
3. The Licensee shall annually review the approved Spill Contingency Plan and modify as necessary to reflect changes in personnel, operations and/or technology. Any proposed modifications shall be submitted to the Board as an addendum to the original plan in accordance with Part B, Item 2(iii).
4. The Licensee shall ensure that any chemicals, petroleum products or wastes associated with the project do not enter water. All sumps and fuel caches shall be located a minimum of thirty (30) metres above the ordinary high water mark of any adjacent water body and inspected on a regular basis. The Licensee is encouraged to use some form of secondary containment.
5. The Licensee shall ensure that any equipment maintenance and servicing be conducted only in designated areas and shall implement special procedures (such as the use of drip pans) to manage fluids, waste and contain potential spills.
6. If during the term of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:

- i. Employ the Spill Contingency Plan;
- ii. Report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to the DIAND Water Resources Inspector at (867) 975-4298; and
- iii. Submit to the DIAND Water Resources Inspector on each occurrence, a detailed report including the GPS location, no later than thirty (30) days after initially reporting the event.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION

- 1. The Licensee shall submit to the Board, within thirty (30) days of issuance of this Licence, an addendum to the Abandonment and Restoration Plan that will include the following:
 - i. Contact information for the person in charge of the project and carrying out the Plan;
 - ii. Procedures for handling of contaminated materials if discovered during closure activities and disposal to an approved facility;
 - iii. Procedures for the temporary or seasonal shutdown of the project including the storage of camp components and fuel; and
 - iv. A schedule for the completion of the Abandonment and Reclamation Activities.
 - v. If the addendum referred to in Part I, Item 1 is not accepted by the Board, the Licensee shall make the necessary changes to the Plan and resubmit within thirty (30) days following notification from the Board.
 - vi. The Licensee shall annually review the Plan referred to in Part I, Item 1 and if needed, modify the Plan to reflect changes in operation and/or technology. Revisions shall be submitted with the Annual Report as an addendum to the Plan for the approval of the Board.
 - vii. The Licensee shall implement the Abandonment and Restoration Plan as approved.
 - viii. The Licensee shall complete the restoration work within the time schedule specified in the approved Plan, or as subsequently revised and approved by the Board.

- ix. The Licensee shall endeavor to carry out progressive reclamation for any components of the project no longer required for the Licensee's operations.
- x. The Licensee shall backfill and restore, to the satisfaction of an Inspector, all camp and drilling waste disposal sumps to the pre-existing natural contours of the land prior to the expiry of this Licence.
- xi. The Licensee shall store drill core, produced by the appurtenant undertaking, in an appropriate manner and location at least thirty (30) 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.
- xii. All disturbed areas shall be stabilized and re-vegetated as required, upon completion of work, and restored to a pre-disturbed state.

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 operations and drilling operations, for all purposes.
- 2. The Licensee shall determine 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. The Licensee shall establish baseline water quality conditions before drilling adjacent to lakes as per Part F, Item 3 and when drilling through lake ice as per Part F, Item 7. Monitoring shall include but not be limited to the following:
 - Total Suspended Solids
 - pH
 - Electrical Conductivity, and
 - Total Metals as determined by an ICP 32 element scan
- 5. All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of "Standard Methods for the Examination of Water and Wastewater", or by such other methods approved by the Board.

6. All analyses shall be performed in a laboratory approved by the Board.
7. Additional sampling and analysis may be requested by an Inspector.
8. The Licensee shall include all of the data and information required by the "Monitoring Program" in the Licensee's Annual Report, as required per Part B, Item 2.
9. Modifications to the Monitoring Program may be made only upon written approval of the Chief Administrative Officer.