



April 24, 2014

Your file - Votre référence
2BE-THE0813

Our file - Notre référence
IQLAUIT-#794577

Megan Porter
Licensing Administrator Assistant
Nunavut Water Board
GJOA HAVEN, NU X0E 1J0

**Re: Aboriginal Affairs and Northern Development Canada Review of Mega Uranium Ltd.'s
Application to Cancel Water Licence #2BE-THE0813**

Dear Ms. Porter:

Thank you for your email of March 23, 2014, concerning the above mentioned application. Please find the attached memorandum for the Board's consideration. Comments have been provided pursuant to the Department's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Please do not hesitate to contact me by telephone at 867-975-4555 or email at david.abernethy@aadnc-aadnc.gc.ca for further information.

Regards,

**David W.
Abernethy**

Digitally signed by David W. Abernethy
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Affairs and Northern Development Canada,
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David Abernethy
Regional Coordinator
Water Resources Division
Resource Management Directorate
Aboriginal Affairs and Northern Development Canada
IQUALUIT, NU X0A 0H0

Encl.

c.c.: Murray Ball, Manager of Water Resources, AANDC Nunavut
Erik Allain, Manager of Field Operations, AANDC Nunavut
Phyllis Beaulieu, Manager of Licensing, NWB



Memorandum

To: Megan Porter, Nunavut Water Board

From: David Abernethy, Aboriginal Affairs and Northern Development Canada

CC: Murray Ball (AANDC), Erik Allain (AANDC), and Phyllis Beaulieu (NWB)

Date: April 24, 2014

Re: **Application to Cancel Water Licence #2BE-THE0813**

Licensee: Mega Uranium Ltd.

Project: Thelon

Comments:

A. Background

On March 24, 2014, the Nunavut Water Board (the NWB) provided notification of Mega Uranium Ltd.'s (Mega Uranium) application to cancel their Type 'B' mineral exploration water licence, #2BE-THE0813. This licence authorized the use of water and disposal of waste during camping and exploration operations including prospecting, geological mapping, geochemical and geophysical surveys, and diamond drilling at the Thelon Project. The project area is situated 150 kilometers northwest of the Hamlet of Baker Lake.

The water licence was assigned from Titan Uranium Inc. (Titan Uranium) to Mega Uranium on May 1, 2013 to allow for the final clean-up and reclamation of the Itza Lake Camp. Mega Uranium had previously acquired Titan Uranium Inc.'s mineral leases in 2012. The company completed a mineral exploration program in 2012 and 2013 that involved prospecting and airborne surveys. During this time, the Itza Lake camp was not used (personnel were transported to the site daily from Baker Lake) and reclamation of the camp occurred in 2013 following the water licence assignment. No water was used during Mega Uranium's exploration program or during the reclamation of the camp. As stated in the application, abandonment measures involved the removal of fuel, disposal of combustibles on site, decommissioning of a camp sump, and removal of non-combustible material. Under Titan Uranium and Mega Uranium no stream channels were created/ altered, no tailings were produced, and no in-stream structures were installed. Site reclamation activities were completed on September 17, 2013. Mega Uranium no longer holds mineral claims or leases in the area. The project's mineral claims and land leases are now held by NexGen Energy Ltd.

Included with Mega Uranium's application are Annual Reports for 2012 and 2013, and the 2013 Annual Report for Final Abandonment and Reclamation at Itza Lake Camp.

Interested parties were asked to review this application and provide comments by April 24, 2014.



B. Results of review

On behalf of Aboriginal Affairs and Northern Development Canada, the following comments and recommendations are provided:

1. **Scope of reclamation requirements associated with drill sites and drill core storage area needs to be defined**

Comment:

Mega Uranium has not provided a summary of how drill sites and drill core storage areas have been managed in accordance with the water licence or the 2013 Abandonment and Reclamation Plan.¹ Part I of the licence, Conditions Applying to the Abandonment and Restoration or Temporary Closing, provide conditions for the reclamation and management of drill sites and drill core storage areas. Of particular concern is the potential need to monitor and manage radiation levels. Although the 2013 Abandonment and Reclamation Plan is specific to the Itza Lake Camp and does not reference drill sites, the plan presents details pertaining to the management of drill core consistent with licence requirements.

Mega Uranium believes that the closure of drill sites and the management of drill core storage areas is not their responsibility but rather that of NexGen. Section 5.6 of Mega Uranium's 2013 Annual Report for Final Abandonment and Restoration² states, "there were no drill sites and no drill equipment associated with this reclamation plan. The approved A&R Plan covers the camp reclamation only. Four core piles remain at the Itza Lake Campsite and are the property of NexGen Energy. NexGen Energy should be contacted in relation to any matters pertaining to core storage."

Recommendation:

Mega Uranium should provide a summary of how drill sites have been reclaimed and the condition of the core storage areas. This summary should demonstrate that licence requirements have been satisfied. It is noted that previous annual reports prepared by Titan Uranium indicated that drill holes were filled with cement in a timely manner. Although NexGen holds mineral claims and land leases for the project area the water licence allowed drilling operations and as a result, the closure status of drill sites and drill core storage areas should be addressed by Mega Uranium before the licence is cancelled.

2. **Water Resources Officer written support of licence cancellation application should be acquired**

Comment:

Water Resource Officers are tasked with enforcing water licence terms and conditions as Inspectors designated under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. Before a licence is cancelled a Water Resources Officer should confirm that there are no

¹ Michael McNeil. *Abandonment and Restoration Plan – Itza Lake Camp*. Prepared for Mega Uranium Inc. January 26, 2013.

² Michael McNeil, B. SC., Geofor Resource Consulting. *2013 Annual Report for Final Abandonment and Reclamation at Itza Lake Camp*. Prepared for Mega Uranium Ltd. November 2013.



outstanding environmental concerns associated with the approved physical undertaking (project).

Recommendation:

The written support of a Water Resources Officer should be acquired before cancelling the licence.

Prepared by David Abernethy