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1. Introduction and Background

The Kitikmeot Inuit Association is pleased to make this submission outlining the results of its review of the Bonito Ulu Project Water Licence Renewal Application (WLA) to the Nunavut Water Board. The KIA is the Regional Inuit Association (RIA) for the Kitikmeot Region and represents the beneficiaries of the NLCA on matters assigned to RIAs or delegated to KIA as a DIO under the NLCA. The KIA is broadly representative of Inuit beneficiaries of the Region, and its Board includes representatives elected from all Kitikmeot Communities.

Consistent with the NTI Mining Policy for Nunavut, the KIA will encourage and support mining developments that benefit Kitikmeot Inuit while protecting the land, water and wildlife upon which we depend.

Bonito received an assignment of Water Licence 2BM-ULU0914 from MMG Resources Inc. on September 9, 2011. The Ulu Project is in care and maintenance and has been in this status since 2006. Bonito is a wholly owned subsidiary of Elgin Mining Inc. (Elgin) which is now a wholly owned subsidiary of Mandalay Resources Corporation (Mandalay).

The KIA has carefully reviewed the evidence submitted by Bonito and other parties in this proceeding. The KIA retained BGC Engineering Inc. (BGC) to provide us with an assessment of Bonito's reclamation estimate and the supporting evidence/documentation/methodology for Ulu. The BGC report (Lukas Arenson, P.Eng., Feb.26, 2015) is included with this submission. The KIA position is set out below, and we provide detail to support it in the parts of our presentation which follow. After setting out our position, the KIA provides its recommendation to the NWB within the framework of a water licence.

Evidence provided by Elgin in the recent Lupin Water Licence Renewal hearing indicated that closure and reclamation of that site, if necessary, would be undertaken by Elgin but that the funds for the work would have to come from Mandalay. This information leaves KIA with some uncertainty about the arrangements for the closure and reclamation of the Ulu site.

We trust that our submissions will be of assistance to the Board.

2. KIA Mandate

The KIA is the Regional Inuit Association (RIA) for the Kitikmeot Region of Nunavut. The KIA is responsible for the implementation of those parts of the Nunavut Land Claims Agreement (NLCA) assigned directly to the RIA or assigned by the Nunavut Tunngavik Inc. Board of Directors to KIA as a DIO. As the RIA, KIA is the owner of surface IOL in the Kitikmeot Region including the parcel upon which the surface infrastructure of the Ulu Project is found. KIA is also the DIO for purposes of Article 20 of the NLCA.





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5. Closure and Reclamation Including the Amount of Security

The Ulu Project footprint is entirely on IOL. The KIA has a strong interest in ensuring that IOL is reclaimed to Inuit standards and that KIA does not incur residual reclamation liability as a result of the project. In addition, KIA beneficiaries have a unique connection to, and are the primary users of, all IOL and Crown land around Ulu Project site. Thus the KIA recommends that all of the site, whether on Crown land or IOL, be reclaimed to the satisfaction of Kitikmeot Inuit.

The guiding principles of KIA's reclamation requirements:

- Protect the environment
- Be sure the site is safe for future use by people and animals
- Restore the site for future use by people and animals
- No perpetual care

The KIA issued a land use licence to Bonito/Elgin for the Ulu site (KTL311C013) and a condition of the licence required an independent engineering estimate of closure and reclamation liability as well as collaboration with the KIA (again, please refer to the bottom of page 1 of the BGC report). This was supposed to be the security estimate which KIA and Elgin would jointly submit to the NWB in this proceeding. Bonito/Elgin did not comply with the requirements of the land use licence. Consequently, KIA retained engineering assistance to review the security estimates submitted by Bonito/Elgin and AANDC.

Although BGC did not provide an independent quantitative assessment of what the reclamation security should be at Ulu for the KIA, they did qualitatively assess the Bonito/Elgin estimate and reviewed their proposed reclamation measures. The points below are a summary of what the KIA considers are important deficiencies in the Bonito/Elgin security estimate as highlighted in the BGC report:

- Reclamation estimates are most appropriate when they are contextualized around three detailed plans (a Closure Plan, a Construction Plan, and a Monitoring Plan). Such plans were not available to BGC.
- Unit costs appear low and require support/rationale.
- Construction costs and plans are not provided for the winter road to Lupin, nor were any specific details provided regarding the mobilization/demobilization of heavy equipment, time frames, seasons and the associated costs.
- Very little detail and supporting data is provided for the reclamation of the portal access. Specifically, details regarding the costs associated with the ice-plug removal, potential need for pumping water out from the underground mine, and costs for proper ventilation and exhaust of the underground are.
- The Bonito/Elgin estimate does not provide sufficient data or justification to provide confidence that they are appropriately dealing with the rock pile, buildings and equipment, chemicals and soil contamination, or monitoring and maintenance.

