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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

June 11, 2009

Mr. Jacques Plante, President
Nasittuq Corporation
Suite 100, 170 Laurier Avenue W.
Ottawa ON K1P 5V5
E-mail: jacques.plante@nasittuq.com

Subject: Nunavut Water Board Request for Clarification of Applications

Dear Sir,

On June 1, 2009, the staff of the Nunavut Water Board (NWB) met with Nasittuq representatives Scott Charland, Louise Chawner, and Barb Thompson as well Kim Kalen of Department of National Defence. In follow up to that meeting, the NWB is seeking clarification from Nasittuq Corporation (Nasittuq) on the following six applications (Applications):

- 3BC-BAF Brevoort Island Project
- 3BC-CAM Cambridge Bay Project
- 3BC-DYE Cape Dyer Project
- 3BC-FOD Dewar Lakes Project
- 3BC-FOH Hall Beach Project
- 3BC-SHE Shepherd Bay Project

Please advise the NWB of the following by no later than June 25, 2009:

- 1) The Applications are for a term to 2030, which is the current estimated life of the projects. The NWB understands that Nasittuq is contracted to operate the projects only until 2011, at which time Nasittuq expects that the project licences will be transferred to either the Department of National Defence (the current licensee), or an as yet to be determined operator. Please advise the NWB if this understanding is correct, and confirm the term being requested for the Applications.
- 2) Confirmation that Nasittuq understands that **if** the Applications are approved, Nasittuq is undertaking and accepting all responsibility for the performance of all of the terms and conditions of the licence, including the performance of all liabilities arising pursuant to any licence term or condition, and the reclamation of the sites. Further, Nasittuq is agreeing to pay security that may be required by the NWB. The NWB staff notes that the environmental liability insurance proposed by Nasittuq in lieu of security is not likely equivalent to security pursuant to section 76 of the *Nunavut Waters Nunavut Surface*

Rights Tribunal Act as it cannot be applied by the Minister for the purposes (i.e. compensation/carrying out the obligations of the licensee) set out in section 76.

- 3) For each of the six Applications, provide an updated estimate of the total financial security for final reclamation equal to the total outstanding reclamation liability for land and water combined sufficient to cover the highest liability over the life of the undertaking. Estimates of reclamation costs must be based on the cost of having the necessary reclamation work done a third party contractor if the operator defaults.

Please forward your reply to Phyllis Beaulieu, Manager of Licencing at licensing@nunavutwaterboard.org . Following receipt of Nasittuq's reply, the parties will have an opportunity to provide the NWB with any further comments. Nasittuq will then be provided with a further opportunity to reply to comments prior to the NWB considering the Applications.

The NWB thanks the representatives from Nasittuq for meeting with the staff.

Sincerely,



Dionne Filiatrault
Executive Director

cc: Kitikmeot Distribution List
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