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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

**File No.: 2BM-ULU1520 /
Renewal-Amendment**

May 13, 2015

Patrick Downey
Bonito Capital Corporation
#1204 – 700 West Pender Street
Vancouver, BC V6C 1G

Email: pdowney@elginmining.com

RE: NWB Licence No. 2BM-ULU1520

Dear Mr. Downey:

Please find attached Licence No. **2BM-ULU1520** issued to Bonito Capital Corporation by the Nunavut Water Board (NWB) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada (Nunavut Land Claims Agreement or NLCA)*. The terms and conditions of the attached Licence related to Water use and Waste disposal are an integral part of this approval.

If the Licensee contemplates the renewal of this Licence, 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 may be in contravention of the *Nunavut Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. However, the expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence. The NWB recommends that an application for the renewal of this Licence be filed at least three (3) months prior to the Licence expiry date.

If the Licensee contemplates or requires an amendment to this licence, the NWB may decide, in the public's interest, to hold a public hearing. 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 and timing may vary depending on the scope of the amendment; however, a minimum of sixty (60) days is required from time of acceptance by the NWB. It is the responsibility of the Licensee to ensure that all application materials have been received and are acknowledged by the Manager of Licensing.

The NWB strongly recommends that the Licensee consult the comments received from interested persons on issues identified. This information is attached for your consideration.¹

Sincerely,



Thomas Kabloona
Nunavut Water Board
Chair

TK/sj/ri

Enclosure: Licence No. **2BM-ULU1520**
Comments – AANDC, DFO, KIA

Cc: Kitikmeot Distribution List

¹ Aboriginal Affairs and Northern Development Canada (AANDC), August 22, 2014 and February 12, 2015; Department of Fisheries and Oceans Canada (DFO), August 5, 2014; and the Kitikmeot Inuit Association (KIA) February 12, 2015 and February 27, 2015.

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DECISION

LICENCE NUMBER: 2BM-ULU1520

This is the decision of the Nunavut Water Board (NWB) with respect to an application dated May 30, 2014 for the renewal and amendment of a Water Licence made by:

BONITO CAPITAL CORPORATION

to allow for the use of Water and deposit of Waste during gold mining, exploration, camp operations, and environmental baseline studies at the Ulu Gold Project site, located approximately 150 kilometres north of the Lupin in the Kitikmeot Region of Nunavut, with general geographical coordinates generally as follows:

Latitude: 66° 54' 27" N Longitude: 110° 58 '24" W

DECISION

After having been satisfied that the application was for a location that falls outside of an area with an approved Land Use Plan¹ as determined by the Nunavut Planning Commission (NPC) and exempt from the requirement for screening as described within Schedule 12-1 by the Nunavut Impact Review Board² in accordance with Article 12 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 (Act)* 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 considering the 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 *Act*, waived the requirement to hold a public hearing, and determined that:

Licence No. ~~2BM-LUP0914~~ 2BM-ULU0914 be renewed as Licence No. 2BM-ULU1520 subject to the terms and conditions contained therein. (Motion #: 2015-B1-006)

Signed this 13th day of May, 2015 at Gjoa Haven, NU.



Thomas Kabloona
Nunavut Water Board
Chair
TK/sj/ri

¹ Nunavut Planning Commission (NPC) Determination, July 28 2014.
² Nunavut Impact Review Board (NIRB) Screening Decision, August 6, 2014.

INTRODUCTION

The Ulu Gold Project (Project) is situated in the Kitikmeot Region of Nunavut, about 12 kilometres north of the Hood River and 150 km north of the Lupin Mine site. The Project is owned and operated by Bonito Capital Corporation, a wholly owned subsidiary of Elgin Mining Inc., which purchased the Project from MMG Resources Ltd. in July 2011.

Previous to Elgin Mining Inc. securing ownership, the Project was owned by several other companies. Echo Bay Mines Ltd. obtained ownership of the lease(s) associated with the project from BHP in 1995 with intentions to develop the property as a satellite mine for additional feed to the Lupin mill. In 1996, the project carried out underground development, diamond drilling and a bulk-sample program to provide infill geological information. In 2003, Kinross Gold Corporation acquired Echo Bay Mines Ltd. through a merger of companies. In 2004 Wolfden Resources Inc. purchased the Ulu Project from Kinross Gold Corporation. Zinifex Canada Inc in turn purchased Wolfden Resource Inc., in 2007. In 2008, Zinifex merged with Oxiana Limited to form OZ Minerals, following which the assets of OZ Minerals were purchased by China Minmetals, resulting in OZ Minerals becoming MMG Resources Inc. In 2011, MMG Resources Inc. sold the Ulu Gold Project to Elgin Mining Inc.

There are three main sites associated with the Project:

- **Site 1**: Includes the Ulu camp, which houses the residential complex consisting of Weatherhaven accommodations, vehicle repair shop, vehicle parking, power house, emergency generators, office and change rooms, fuel storage tank farm, freshwater system, sewage treatment plant and sewage line, incinerator, ore storage area, waste pad, mine portal, mine sump, surface retention pond and access roads
- **Site 2**: Includes camp 3, which comprises of a fuel tank farm, explosive magazine, detonator magazine, quarry and borrow pit eskers
- **Site 3**: Consist of the Airstrip

The Ulu Gold project has been under care and maintenance since 2006 and will continue to remain under care and maintenance until economic conditions favour resumption of operations. For care and maintenance or in the event of eventual closure and reclamation of the site, the Applicant indicated that measures will be implemented to ensure that the following objectives are achieved: prevent danger to the public' health or safety; minimize the requirement for long-term maintenance and monitoring for all mine facilities; minimize contaminant loading from all mine workings, waste-rock and ore stockpiles; prevent and enhance natural recovery to disturbed areas through prevention of cumulative degradation; and help return affected areas to a condition that is compatible with the surrounding

PROCEDURAL HISTORY

The NWB received from Bonito Capital Corporation (BCC or Applicant or Licensee) between May 30, 2014 and June 3, 2014, copies of the following documents in support of an application to renew and amend Licence 2BM-ULU0914 (Application):

- Completed and signed Renewal Application Form;

- Figures to address **Block 5** of the Application Form;
- Figure 1 – Ulu Project Location Map;
- Figure 2 – Main Areas Ulu Site;
- Figure 3 – Ulu Mine Site Plan;
- Email correspondence from NPC regarding land use planning requirements under Article 11 of the NLCA to address **Block 7** of the Application Form;
- Original NIRB Screening Determination, dated November 19, 2008 to address **Block 8** of the Application Form;
- Irrevocable Standby Letter of Credit to address **Block 21** of the Application Form;
- Copy of BCC’s Certificate of Incorporation to address **Block 22** of the Application Form;
- Updated Compliance Assessment to address **Block 23** of the Application Form;
- Executive Summary in English to address **Block 27** of the Application Form;
- Executive Summary in Inuktitut to address **Block 27** of the Application Form;
- Executive Summary in Inuinnaqtun to address **Block 27** of the Application Form;
- Application fee of \$30 to address **Block 27** of the Application Form;
- Water use fee deposit of \$30 to address **Block 27** of the Application Form;
- Interim Closure and Reclamation Plan (Plan), summaries in English, Inuinnaqtun, and Inuktitut
- Spill Contingency Plan (Plan), summaries in English, Inuinnaqtun, and Inuktitut;
- Solid and Hazardous Waste Management Plan, Summaries in English, Inuinnaqtun, and Inuktitut;
- Care and Maintenance Plan, summaries in English, Inuinnaqtun, and Inuktitut;
- Sewage Treatment Plant Operations and Maintenance Plan, summaries in English, Inuinnaqtun, and Inuktitut;
- Ulu Gold Project, Care and Maintenance Plan, May 2014; and
- Ulu Gold Project, Quality Assurance and Quality Control Plan, June 2014.

Following receipt and acknowledgement of the Application, administrative fee, and water use deposit fee, the NWB conducted a preliminary review then distributed the Application for a thirty-day, public comment period on July 22, 2014. Before the August 22, 2014 deadline, submissions were received from Aboriginal Affairs and Northern Development Canada (AANDC), Fisheries and Oceans Canada (DFO), and the Kitikmeot Inuit Association (KIA). The intervening parties provided several comments with respect to issues related the Application. AANDC recommended that the Board consider the issuance of any potential licence to the Project following the submission of an updated financial security assessment from the Applicant.

Taking interveners’ comments and recommendations into consideration, the NWB issued correspondence requesting that the Applicant provide an updated financial security assessment in response to AANDC’s recommendations. On December 21, 2014, the Applicant submitted a copy of its updated security assessment, which the NWB distributed on January 12, 2015 for a thirty-day comment period, with the deadline for submission set for February 12, 2015. However, based on a request from the KIA, the submission deadline for the security assessment was extended to February 27, 2015.

Comments related to the security assessment were received from Aboriginal Affairs and Northern Development Canada (AANDC) prior to the original deadline for submissions, and

comments from the KIA were received on the date of the extended deadline for submissions. The Applicant, BCC, provided its response to interveners' comments on March 3, 2015.

PREVIOUS LICENCES ISSUED TO THE PROJECT

The following summarizes the two licences, one amendment, and two assignments that the NWB has issue to the Ulu Gold Project in the past:

- Licence No. NWB1ULU0008 was issued to Echo Bay Mines Limited on July 1, 2000 with an expiry date of June 30, 2008. The Licence allowed for the use of 100 cubic metres of water per day and the deposit of waste in support of a Mining and Milling Undertaking (advanced exploration) at the ULU Gold Project. On March 23, 2004, the licence was assigned from Echo Bay Mines Ltd. to Wolfden Resources Inc. under conditions that specific management plan requirements, restoration liability or financial security, and enforcement issues be addressed.
- On March 23, 2004, the Licence was assigned from Echo Bay Mines Ltd. Wolfden Resources Inc.
- On March 17, 2006, the licence was amended to address Sewage Effluent Discharge based on Effluent quality criteria contained in the amendment and for the removal of faecal coliform criteria for Sewage Effluent requirement under Part D in the Licence.
- Licence No. NWB1ULU0008 was renewed as Licence No. 2BM-ULU0914 on October 8, 2009 for a five-year term with the expiry date set for August 31, 2014. The renewed licence was issued to MMG Resources Inc., and it allowed for the use of 100 cubic metres of water per day and the deposit of waste in support of a Mining and Milling undertaking.
- On September 9, 2011, Licence 2BM-ULU0914 was assigned from MMG Resources Inc. to Bonito Capital Corporation under conditions that issues related to management plans, security, compliance, closure and reclamation, and enforcement be addressed.

LICENCE CONSIDERATIONS

A. Scope, Enforcement and Definitions

Similar to the expired licence, the renewed and amended licence includes standard conditions under Part A, requiring the Licensee to file an application to amend the Licence prior to storing ore at the Lupin Mine Site.

The Licensee requested in its Application that the entire scope of activities under the expired licence be included in any renewal and amended licence issued to the Project. In addition, the Licensee requested that some degree of flexibility be included under any renewal and amend licence to allow for continue care and maintenance as well as potential resumption of active operations. With respect the amendment aspects of the Application, the Licensee requested

reduced levels of monitoring during periods of inactivity.

B. General Conditions

Term of Licence

In Accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, section 45, the NWB may issue a licence for a term not exceeding twenty-five years. In determining the appropriate term of a water licence, the Board generally considers several factors including, but not limited to the compliance record of the Applicant, intervener comments provided during the application review process, and the scope of the Application.

Information contained in the Application indicates that the Licensee is requesting a term of 25 years for any renewed and amended licence issued to the Project. AANDC recommends that consideration be given to a term of 5 years. The KIA stated that based that length of time that the site has been under care and maintenance, which approximately 9 years, it supports a licence that is no longer than 5 years as such a term will provide the NWB with some oversight. The Board, following its review of comments received on the Application, the compliance history of the file, current state of the Project, and other factors concurs that the term of the Licence should be less than 10 years and has therefore assigned a five (5) year licence to the Project. In particular, the Board believes that the project is probably at a juncture where decisions will likely be made over time on the eventual direction of the Project. As such, the term granted will provide the Board as well as interveners and the Applicant with the opportunity to revisit this topic or issue in the context of any future renewal and/or amendment application filed with the Board.

Security

The issue of financial security for the Project is one of the main issues raised by the intervening parties in their technical review comments related to the Application. The Applicant in its initial Application indicated that there was no change to the \$1,685,210 financial security for reclamation liability currently posted for the Project under the expired licence in the form of a standby letter of credit, issued by HSBC, to Aboriginal Affairs and Northern Development Canada (AANDC). The Licensee subsequently, in 2014, revised the amount proposed for reclamation from \$1,685,210 to \$1,685,542.

Both Aboriginal Affairs and Northern Development Canada (AANDC) and the Kitikmeot Inuit Association (KIA) have expressed disagreements with respect to the amount of financial security proposed for the Project. AANDC in its comments indicated that the company proposed \$1,861,462 in 2011 for potential financial reclamation liabilities; however, that estimate lacked details in several areas including the model used to develop the estimate, the rationale provided for the calculations, condition of equipment on site, details on potential acid generating and metal leaching material, as well as assumptions made. AANDC stated that the Mine Site Reclamation Policy in Nunavut (INAC 2002) requires that financial security at any time during the life of the mine be equal to the outstanding reclamation liability, and that a third party review based on available documentation and site photographs suggests that the total reclamation liability cost was closer to \$3,363,140 based on 2011 cost estimate. Further, AANDC provided a more recent reclamation estimate for the Project which puts the cost of reclamation at \$7,523,612.

The KIA indicated in its submission that it does not agree with the estimated cost provided by the proponent for closure and reclamation as well as that fact that 100 % of the security is held by the Crown. The KIA stated that a significant portion of the liability should be allocated for Inuit Owned Land. The KIA believes that the allocation of security proposed by AANDC is inadequate and that information contained in the BGC Engineering Inc. (retained by KIA) assessment of the reclamation security estimated identified several shortcomings, which are consistent with the issues identified by the KIA and in AANDC's estimate. The KIA stated that the footprint of the Project is entirely on IOL and that the KIA has a strong interest in ensuring that residual liability does not result from the Project.

In responses to the comments provided by the KIA and AANDC, the Applicant indicated that the estimates provided by AANDC, one in 2011 and the other in 2014, contain very different amounts for reclamation cost based on the same data and assumptions and did not account for ongoing reclamation work at the site during the period in question.

The Applicant indicated that it has carried a significant amount of cleanup work including the removal of hazardous and non-hazardous waste from the Project site. Therefore, it does not understand the rationale for the increases in AANDC's estimate. BCC stated that similar projects, such as the Goose Lake and Back River Projects, have been issued renewed licences with no security requirements, and that while security estimate were provided for the Goose Lake and George Lake licences, there were no requirements in the licence to do so; even though. BCC believes that the Goose Lake Project is significantly larger than the ULU Gold project and that both the Goose Lake and George Lake Projects are located in areas that BCC believes are much more remote.

BCC states that it believes that its approach to estimating cost is precautionary and that sufficient information has been provided. BCC indicated that it believes that sound engineering data and scientific information supports its reclamation estimate and that the \$ \$7.5 million provided in AANDC's estimated is not supported by any detailed evidence.

The NWB has reviewed the information provided with respect to financial security from both the intervening parties and the Applicant. The Board notes that the amount of security as well as whom should holds the security are ongoing issue that will have to be addressed over time. The Board also notes that the Project is currently under care and maintenance and that some work has been carried out in support of progressive reclamation throughout the years. Due to the aforementioned reasons, the Board has decided that the current financial security amount for the Project should be set at \$1,685,542 as indicated under Part B, Item 2 in the Licence.

However, if the Licensee decides to resume on-site activities, the Licensee is required to submit an updated security assessment prior to doing so. In the interim, the Board recommends that Licensee work with stakeholders to ensure that all ongoing issues related to reclamation security are accordingly addressed. The Board would also like to remind the Licensee that the comparison being made between the Ulu Gold Project and the Goose Lake Project might be somewhat misleading given that the Licence issued to the Ulu Gold Project is for Mining whilst the one issued to the Goose Lake Project is for exploration activities.

Annual Reporting

Consistent with the terms and conditions that the NWB generally include in water licences issued to projects, the NWB has included conditions requiring the Licensee to provide to the Board for review annually, copies of reports generated pertaining to Water use and Waste deposit activities.

The Annual Reporting requirement is for the purpose of ensuring that the NWB has an accurate annual update of the Licensee's activities as they relate to Water use and Waste deposit during each calendar year and for term of the licence; even if, the project is under care and maintenance. The NWB maintains information related to annual reporting in its Public Registry and on its FTP site as well as provides such information to interested parties upon request. Requirement related to annual reporting are included under Part B, Item 8 in the licence.

Water Use

Water requirements under the renewed and amended licence are exactly the same as that contained in the expired licence, 100 cubic metres per day. While intervening parties have not commented on Water use, the Board has reviewed the information provided by the Applicant and believes that the amount of Water requested is consistent with the nature of the undertaking. Conditions have therefore been included under Part C in the licence authorizing the Licensee to use up to a maximum of 100 cubic metres per day of water.

Waste Disposal

Conditions related to the management of Waste are generally included under Part D in the Licence. It should be noted that the Licensee has made reference in its management plans to an existing Landfill and a potential Landfarm facility, which are not included under the scope of expired licence and this renewed and amended licence. If the Licensee would like to operate the existing Landfill Facility or construct and operate a Landfarm Facility, the Licensee will be required to amend this Licence.

H. Management Plans

The following management plans were provided in support of the Application, which the NWB have reviewed and approved or accepted accordingly:

- *Ulu Gold Project Nunavut, Canada, Sewage Treatment Plant Operation and Maintenance Plan*, dated March 2013;
- *Interim Closure and Reclamation Plan*, dated March 2013;
- *Ulu Gold Project Nunavut, Canada, Care and Maintenance Plan*, dated May 2014;
- *ULu Gold Project Nunavut, Canada, Spill Contingency Plan*, dated March 2013;
- *ULu Gold Project Nunavut, Canada, Solid and Hazardous Waste Management Plan*, dated March 2013 and
- *Ulu Gold Project Nunavut, Canada, Quality Assurance and Quality Control Plan, Water Quality Sampling Quality Sampling*, date June 2014.

Sewage Treatment Plant Operations and Maintenance Plan

The Sewage Treatment Plant Operations and Maintenance Plan outlines the operational practices of the treatment system or process, the Rotating Biological Contactor process, used to treat Sewage and domestic wastewater generated by the camp facility to meet required effluent criteria. The plan also includes information on how sludge generated by the process will be

managed as well as information on how operational problems will be addressed to ensure smooth functioning of the treatment system.

The NWB has review the plan and determined that it is functional and has approved it under Part H, Item 2 in the Licence. The Licensee is required to update the plan to address relevant comments and recommendations made by intervening parties during the review process. Updated that the plan shall be submitted mitted to the Board for review in accordance with Part H, Item 3

Interim Closure and Reclamation Plan

The Interim Closure and Reclamation Plan submitted as part of the Application included information related planned short term or long-term shutdown of the project site as well as details related to final abandonment scenarios. Abandonment and reclamation activities addressed in the plan includes but are not limited to progressive reclamation, lock-up, removal of freshwater intake system and sewage disposal facilities, addressing acid rock drainage potential, managing ore stockpile, re-vegetation, monitoring and maintenance, post-closure monitoring and more. The Board's review of the plan has determined that it its functional and the Plan has been approved under Part I, Item 2 in the licence.

Care and Maintenance Plan

The Care and Maintenance Plan submitted as part of the Application outlines measures including monitoring, inspection and reporting procedures that the Licensee may implement to manage the project site during periods of inactivity. Care and maintenance activities will include but not be limited to solid waste, hazardous waste, sewage waste, snow and storm-water, and fuel management as well as spill contingency, monitoring, inspection, and reporting activates.

Information contained in the Application suggests that during care and maintenance the Project site will be periodically occupied for routine monitoring and inspections to address or manage any potential risk posed by the Project. The Board's review of the Plan has determined that it its functional, and the Plan has been approved under Part I, Item 1 in the licence.

Final Abandonment and Reclamation Plan

To ensure that all existing end-of-life facilities are reclaimed in an appropriate manner, the NWB requires the Licensee, under Part I, Item 5 in the Licence, to submit the Board for Approval a *Final Abandonment and Restoration Plan* (A&R Plan) prior to the project proceeding to active abandonment and reclamation.

Waste Management Plan

The Solid and Hazardous Waste Management Plan included as part of the Application is developed to ensure that typical waste generated by the Project, such as domestic waste, hazardous waste, and waste generated in the event of spills are appropriately and effectively managed in accordance with applicable regulations. The NWB review of the Plan has determined that it is acceptable, and the Board has approved the Plans under Part D, Item 13 in the Licence. The Licensee is required to update the plan to address relevant comments and recommendations made by intervening parties during the review process. Updates to the plan are to be submitted with the 2015 annual report.

Spill Contingency Plan

The Spill contingency plan submitted as part of the Application addresses measures that the Licensee may use to prevent and/or minimize spills. Some of the measures include annual inspection of earthworks, geological and hydrological regimes; inspections of sewage, freshwater and fuel storage facilities. The NWB's review of the Plan has determined that it is functional. As such, the Plan has been approved under Part E, Item 1 in the licence. The plan will have to be updated and submitted as part of the 2015 annual to address interveners' comments and recommendations.

Monitoring

The Quality Control/Quality Assurance (QA/QC) Plan submitted within the Application includes information about both field and laboratory requirements as well as information related to standardized procedures for Water quality sampling, laboratory analysis, and reporting. There are 12 water quality monitoring stations associated with the Project site. However, all of the monitoring stations are not currently active as some relevant facilities are still pending construction. The QA/QC Plan addresses Water quality Effluent requirements for Discharge into the receiving environment.

While most of the monitoring requirements included under the Plan are similar to that included in the expired licence, the plan proposes specific monitoring requirements for the inactive periods of the Project's life, which the NWB took into consideration for the renewal and amended licence.

NWB's review of the Plan has determined that it is functional; however, due to the absence of an approval letter from a laboratory confirming that the plan is acceptable, the NWB has included conditions requiring the Licensee to resubmit to the Board for review and acceptance the QA/QC plan along with a letter from an accredited laboratory confirming that the plan is acceptable. This requirement is included under Part J, Item 8 in the Licence.



**NUNAVUT WATER BOARD
WATER LICENCE RENEWAL**

Licence No. 2BM-ULU1520

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

BONITO CAPITAL CORPORATION

(Licensee)

#1204 - 700 WEST PENDER STREET, VANCOUVER, BC V6C 1G8

(Mailing Address)

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

Licence Number/Type: 2BM-ULU1520 TYPE "B"

Water Management Area: QUEEN MAUD GULF WATERSHED (30)

Location: ULU GOLD PROJECT
KITIKMEOT REGION, NUNAVUT

Classification: MINING UNDERTAKING

Purpose: DIRECT WATER USE AND DEPOSIT OF WASTE

Quantity of Water use not
to Exceed: ONE HUNDRED (100) CUBIC METRES PER DAY

Date of Licence Issuance: MAY 13, 2015

Expiry of Licence: MAY 12, 2020

This Licence renewal, issued and recorded at Gjoa Haven, Nunavut, includes and is subject to the annexed conditions.

**Thomas Kabloona,
Nunavut Water Board, Chair**

PART A: SCOPE, DEFINITIONS AND ENFORCEMENT

1. Scope

This Licence allows for the use of Water and the disposal of Waste for a Mining undertaking classified as per Schedule 1 of the *Regulations* at the Ulu Gold Project, located approximately 150 kilometres north of the Lupin Mine site, within the Kitikmeot Region, Nunavut.

- a. 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
- b. 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

“Acid/Alkaline Rock Drainage” means the production of acidic or alkaline leachate, seepage or drainage from underground workings, ore piles, waste rock, tailings, and overburden that can lead to the release of metals;

“Act” means the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“Addendum” means the supplemental text that is added to a full plan or report usually included at the end of the document and is not intended to require a full resubmission of the revised report;

“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 water or a deposit of waste is permitted by a licence issued by the Board;

“Average Concentration” means the arithmetic means of any four consecutive analytical results submitted to the Board in accordance with the sampling and analysis requirements specified in the “Monitoring Program”;

“**Board**” means the Nunavut Water Board established under the *Nunavut Land Claims Agreement* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*;

“**Effluent**” means treated or untreated liquid waste material that is discharged into the environment from a structure such as a settling pond, landfarm or a treatment plant;

“**Engineer**” means a professional engineer registered to practice in Nunavut in accordance with the *Consolidation of Engineers and Geoscientists Act S. Nu 2008, c.2* and the *Engineering and Geoscience Professions Act S.N.W.T. 2006, c.16 Amended by S.N.W.T. 2009, c.12*;

“**Freeboard**” means the vertical distance between the water surface elevation and the lowest elevation of the effective water containment crest of the dam, dyke or other containment structure;

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

“**High Water Mark**” means the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land (ref. Department of Fisheries and Oceans Canada, Operational Statement: Mineral Exploration Activities);

“**Inspector**” means an Inspector designated by the Minister under Section 85 (1) of the *Act*;

“**Licensee**” means the holder of this Licence;

“**Minewater**” means groundwater or any water used in mining, which is pumped or flows out of any underground workings or open pit;

“**Minister**” means the Minister of Aboriginal Affairs and Northern Development Canada;

“**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;

“**Progressive Reclamation**” means those reclamation activities conducted during the operation period of the mine prior to notification of final closure, to modify and restore the land and water to standards acceptable to the Board;

“**Regulations**” means the *Nunavut Waters Regulations* SOR/2013-69 18th April, 2013;

“Retention Pond” means any natural or man-made depression designed to act as a settling facility for the purpose of separating solids from Minewater or runoff water;

“Secondary Containment” means an impermeable structure, external to and separate from primary containment, which prevents unplanned spills of hazardous materials and provides a minimum capacity of 110% of the original vessel. Where multiple vessels are stored within the containment, it must provide a minimum capacity equal to the sum of the largest vessel and 10% of the aggregate volume of all other vessels located in the containment. This structure shall also provide containment and control of hoses and nozzles.

“Settling/Neutralization Pond” means any natural or man-made depression designed to act as a settling facility for the purpose of separating solids from runoff water associated with the ore storage facility;

“Sewage” means all toilet wastes and greywater;

“Sewage Treatment Facility” means the rotating biological contactor designed to treat Sewage and Greywater;

“Sludge” means accumulated and concentrated solids removed from the Sewage treatment Facility;

“Solid Waste” means garbage, refuse, or other discarded material resulting from operating the undertaking, excluding sewage sludge, commercial, industrial or hazardous waste.

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

“Sump Below-ground” means an excavation for the purpose of catching or storing water in an underground working or at the bottom of a shaft;

“Sump or Sumps” A structure or depression that collects, controls, and filters liquid waste before it is released to the environment. This structure should be designed to prevent erosion while allowing percolation of liquid waste;

“Sump Above-ground” means an excavation in impermeable soil for the purpose of catching or storing fluids;

“Sump Below-ground” means an excavation for the purpose of catching or storing water in an underground working or at the bottom of a shaft;

“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.

“Waste Rock” means all unprocessed rock materials that are produced as a result of mining operations;

“Water Supply Facilities” means the facilities associated with West Lake, including the intake, piping, storage tanks, and distribution network designed to provide water for the site.

“Water” or “Waters” means waters as defined in section 4 of the *Act*.

3. **Enforcement**

- a. 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*;
- b. All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the *Act*; and
- c. 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 fees, payable to the Receiver General for Canada, shall be sent to the Board annually for the right to the use of Water in accordance with section 12 of the *Regulations*.
2. The Licensee shall furnish and maintain security with the Minister, in the amount of \$1,685,542, in the form that is satisfactory to the Minister.
3. The security referred to in Part B, Item 2 shall be maintained until such time as the Minister is satisfied that the Licensee has complied with all provisions of the approved Final Abandonment and Restoration Plan. This clause shall survive the expiry of this Licence or renewals thereof.
4. The Licensee may submit to the Board for approval, a request for a reduction to the amount of security. The submission shall include supporting evidence to justify the request.

5. The Licensee shall, at least sixty (60) days prior to resuming active operation or within sixty (60) days following a decision to proceed to active closure and reclamation of the site, provide the Board with an updated estimate of the Ulu Gold Project restoration liability using the most current version of RECLAIM, its equivalent or other similar methods approved by the Board, in accordance with the principles of INAC's "Mine Site Reclamation Policy for Nunavut" (2002).
6. The Licensee shall review the financial security posted for the project, as required by changes in operations, components and/or technology, and submit annually to the Board for review, an updated estimate of the Ulu Gold Project restoration liability using the current version of RECLAIM, its equivalent or other similar method approved by the Board, in accordance with principles of INAC's "Mine Site Reclamation Policy for Nunavut" (2002).
7. Licensee shall furnish and maintain such further or other amounts of security as may be required by the Board, based upon annual estimates of current mine reclamation liability provided under Part B, Item 6.
8. The Licensee shall file an Annual Report on the appurtenant undertaking with the Board no later than March 31 of the year following the calendar year being reported, which shall contain the following information:
 - a. tabular summaries and analysis of all data collected under the Monitoring Program in Part J;
 - b. a summary of any construction work, modification and/or major maintenance work carried out on the Water Supply Facilities and Sewage Treatment Facility, including all associated structures, and an outline of any work anticipated for the next year;
 - c. results for samples collected on ore and waste rock as referred to in Part D, Item 11;
 - d. a list of unauthorized discharges and follow-up action taken;
 - e. updates or revisions to the Waste Management Plan, Spill Contingency Plan, Abandonment and Restoration Plan, Operations and Maintenance Plan, Care and Maintenance Plan and any other plans associated with the Licence. Revisions may be subject to Board approval;
 - f. any updates to the estimate of the restoration liability, as required under Part B, Item 5 and 6, based upon the results of the restoration research, project development monitoring, and any modifications to the site plan;
 - g. a brief description of follow-up action taken to address concerns detailed in inspection and compliance reports prepared by the Inspector;
 - h. Report all artesian flow occurrences as required under Part F, Item 3;
 - i. a summary of hazardous materials shipped out, the treatment received, and the location of the approved treatment facility to which they were sent;
 - j. a summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year;
 - k. a summary of any specific studies or reports requested by the Board, and a brief description of any future studies planned or proposed;

- l. a public consultation/participation report describing consultation with local organizations and residents of the nearby communities, if any were conducted; and
 - m. any other details on Water use or Waste disposal requested by the Board by the 1st of November of the year being reported.
9. The Licensee shall install and maintain flow meters or other such devices, or implement suitable methods capable of measuring Water volumes as required to comply with Part C, Item 2 and the Monitoring Program under Part J.
10. The Licensee shall post signs in the appropriate areas to inform the on-site personnel and public of the location of the Water Supply Facility, Sewage Treatment Facility and Monitoring Program Stations. All signs shall be in English, Inuktitut, and Inuinnaqtun.
11. The Licensee shall, for all Plans, reports and studies submitted under this Licence, include an executive summary in terms understandable to the general public translated into Inuktitut and Inuinnaqtun.
12. The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation and the Board recommends that a table be included with the Plan that documents the date, purpose and page(s) of the revision. Plans submitted, cannot be undertaken without subsequent written Board approval and direction. The Board may alter or modify a Plan if necessary to achieve the legislative objectives and will notify the Licensee in writing of acceptance, rejection or alteration of the Plan.
13. The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing.
14. Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and conditions imposed upon approval of a Plan by the Board may become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.
15. The Licensee shall review the Plans referred to in this Licence as required by changes in operation and/or technology and modify the Plans accordingly. Revisions to the Plan are to be submitted in the form of an Addendum to be included with the Annual Report, unless directed otherwise by an Inspector. Addendums should be accompanied with a concordance sheet that provides an overview of the changes made to the Plan.
16. 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:
 - (a) **Manager of Licensing:**
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Telephone: (867) 360-6338
Fax: (867) 360-6369
Email: licensing@nwb-oen.ca

(b) Inspector Contact:
Manager of Field Operations, AANDC
Nunavut District, Nunavut Region
P.O. Box 100
Iqaluit, NU X0A 0H0
Telephone: (867) 975-4295
Fax: (867) 979-6445

17. 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 and Inuinnaqtun.
18. The Licensee shall ensure that any document(s) or correspondence submitted by the Licensee to the NWB is received and acknowledged by the Manager of Licensing.
19. This Licence is assignable as provided for in Section 44 of the *Act*.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water from West Lake using the Water Supply Facilities or as otherwise approved by the Board.
2. The quantity of water withdrawn from West Lake shall not exceed one hundred (100) cubic metres *per* day.
3. Within six (6) months following notification to the Board and an Inspector that site operation will resume, the Licensee shall submit to the Board, Terms of Reference for the Hydrological Assessment of West Lake, including an implementation schedule.
4. The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that fish are not entrained and shall withdraw Water at a rate such that fish do not become impinged on the screen.
5. The Licensee shall not remove any material from below the ordinary High Water Mark of any water body unless authorized.
6. The Licensee shall not cause erosion to the banks of any body of Water and shall provide necessary controls to prevent such erosion.
7. 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 provide at least ten (10) days’ notice to an Inspector prior to any planned discharges of Effluent from the Retention Pond and Settling/Neutralization Ponds and for the start-up of the Sewage Treatment Facility.
2. The Licensee shall direct all Sewage to the Sewage Treatment Facility or as otherwise approved by the Board in writing.
3. All Effluent discharged from the Sewage Treatment Facility at Monitoring Station ULU-2, shall not exceed the following Effluent quality limits:

Parameter	Maximum Concentration of Any Grab
BOD5 (mg/L)	30.0
TSS (mg/L)	35.0
pH	6.0 to 9.5
Oil and Grease	No Visible Sheen

4. The Licensee shall maintain the Sewage Treatment Facilities to the satisfaction of an Inspector.
5. All Minewater and Water from the portal entrance, should it be encountered, shall be directed to the Retention Pond or as otherwise approved by the Board in writing.
6. All Effluent discharged from the Retention Pond and Settling/Neutralization Ponds and runoff from the Waste Rock storage areas and ore storage area at Monitoring Stations ULU-5, ULU-6, ULU-7 and ULU-8 shall not exceed the following Effluent quality limits:

Parameter	Maximum Average Concentration	Maximum Concentration of any Grab Sample
Total Arsenic (mg/L)	0.5	1.0
Total Copper (mg/L)	0.3	0.6
Total Lead (mg/L)	0.2	0.4
Total Nickel (mg/L)	0.5	1.0
Total Zinc (mg/L)	0.5	1.0
TSS (mg/L)	25.0	50.0
pH	6.0 to 9.5	
Oil and Grease	No Visible Sheen	

7. All Effluent discharged shall be directed towards East Lake in a manner such that surface erosion will be minimized.
8. The Licensee shall operate and maintain the Retention and Settling/Neutralization Ponds such that:
 - a. At least one (1) metre of freeboard is maintained at the retention berm at all times;

- b. Seepage from the pond is minimized at all times;
 - c. Any seepage that occurs and does not meet the Effluent quality requirements as specified in Part D, Item 6 shall be collected and immediately returned to the pond;
 - d. Any constructed facilities that are eroded are to be repaired immediately; and
 - e. Inspections of the Retention Pond and structures are carried out weekly during periods of open water and records kept of these inspections for review upon request of an Inspector.
9. The Licensee shall submit to the Board for approval, within sixty (60) days following notification of resumption of operations, in accordance with Part H, item 1, a proposal for the disposal of Effluent from the Retention Pond and Settling/Neutralization Ponds. The proposal shall include the following:
- a. Options for discharge of Minewater/runoff water (including East Lake, if applicable);
 - b. Details on quantity and quality of the Minewater/runoff water; and
 - c. Options for treatment and disposal.
10. The Licence shall arrange for a Geotechnical Engineer to inspect the earthworks, geological regime, and the hydrological regime of the Project prior to recommencing on-site activities, and annually thereafter. The Geotechnical Engineer's report shall be submitted to the Board within sixty (60) days of the inspection, with a cover letter from the Licensee outlining an implementation plan to respond to the Engineer's recommendations.
11. The Licensee shall submit to the Board for approval, within sixty (60) days of resuming on-site operations, a plan for ongoing Acid Rock Drainage and Geochemical Characterization. The plan shall be developed in accordance with the Indian and Northern Affairs Canada "Guidelines for Acid Rock Drainage Prediction in the North, September 1992" and shall include the following:
- a. Implementation of recommendations in the report entitled "Ulu Project: Preliminary Assessment of acid rock drainage potential" dated October 1996, prepared by Klohn-Crippen Consultants Ltd.;
 - b. Continued field leaching testing for two years to establish long-term weathering trend;
 - c. Kinetic test work on waste rock, ore, prospective tailings to assess changes in ARD potential with depth;
 - d. Options for collection and treatment of ARD; and
 - e. An implementation schedule.
12. The Licensee shall, within sixty (60) days following notification to the Board of its decision to resume on-site operations in accordance with Part H, item 1, submit to the Board for approval in writing a Waste Rock and Ore Storage Plan to address the management of all drainage from permanent and temporary ore and Waste Rock storage areas. The plan shall include the following:

- a. A description and site map to scale, identifying the ore and waste rock storage areas, the settling pond(s) and downstream receiving areas;
 - b. A schedule of ore stockpiling, coarse tailings and waste rock production by rock type, tonnage, and destination;
 - c. An identification of all potential sources of drainage from each storage site and the distance to the downstream receiving environment;
 - d. Detailed proposal for the management of each flow, including water quality monitoring, collection, treatment, rerouting and final disposal;
 - e. Detailed construction plans and drainage management for waste rock types that may be problematic as a result of ARD testing;
 - f. Contingency plans for controlling runoff and seepage water chemistry;
 - g. Temperature analysis of all waste rock storage areas having ARD potential to include the effect of oxidation reactions on predicted ARD generation rates; and
 - h. An ARD sampling and analysis protocol for waste rock used in construction and/or stockpile areas.
13. The Board has approved the Plan entitled *Ulu Gold Project Nunavut, Canada, Solid and Hazardous Waste Management Plan*, dated March 2013 that was submitted as additional information with the 2012 Annual Report.
 14. The Licensee shall update the Plan referred to in Part D, Item 13 to address relevant interveners' comments and recommendations provided during the review process for the Application. Updates to the Plans should be submitted as an addendum to the 2015 Annual Report

PART E: CONDITIONS FOR SPILL CONTINGENCY PLANNING

1. The Board has approved the Plan entitled *Ulu Gold Project Nunavut, Canada Spill Contingency Plan*, dated March 2013, which was submitted as additional information with the 2012 Annual Report.
2. The Licensee shall update the plan reference in Part E, Item 1 to address relevant comments and recommendations raised by interested parties during the review process for the Application. Updates to the plan shall be submitted as an addendum to the 2015 annual report.
3. 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 at a distance of at least thirty-one (31) metres from the ordinary High Water Mark of any adjacent water body and inspected on a regular basis.
4. The Licensee shall provide secondary containment for hazardous materials and fuel storage areas.
5. The Licensee shall conduct any equipment maintenance and servicing in designated areas and shall implement special procedures (such as the use of drip pans) to manage motor fluids and other waste and contain potential spills.

6. The Licensee shall regularly inspect fuel tanks and connectors for leaks and movement and shall keep a written log of inspections to be made available to an Inspector upon request.
7. If during the term of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a. Employ the Spill Contingency Plan;
 - b. Report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to the Inspector at (867) 975-4295; and
 - c. For each spill occurrence, submit to the Inspector, no later than thirty (30) days after initially reporting the event, a detailed report that will include the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain and clean up the spill site.

PART F: CONDITIONS APPLYING TO DRILLING OPERATIONS

1. The Licensee shall not conduct any land based drilling within thirty-one (31) metres of the ordinary High Water Mark of any Water body, unless otherwise approved by the Board in writing.
2. The Licensee shall dispose of all drill waste, including water, chips, muds and salts (CaCl₂) in any quantity or concentration, from land-based and on-ice drilling, in a properly constructed Sump or an appropriate natural depression located at a distance of at least thirty one (31) metres from 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.
3. The Licensee shall, upon the completion of drilling, immediately seal and permanently cap drill holes to prevent induced contamination of groundwater or salinization of surface waters. The Licensee shall report all artesian flow occurrences within the Annual Report, including the location (GPS coordinates) and dates.
4. If artesian flow is encountered, drill holes shall be immediately sealed and permanently capped to prevent induced contamination of groundwater or salinization of surface waters. The Licensee shall report all artesian flow occurrences within the Annual Report, including the location (GPS coordinates) and dates.
5. Drilling additives or mud shall not be used in conjunction 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. For “on-ice” drilling where drill additives are not being used, return water released must be nontoxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for the Environment, Guidelines for the Protection of Freshwater Aquatic Life (i.e. 10mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100mg/L).

7. The Licensee shall establish Water quality conditions prior to and upon completion of any drilling program through lake ice.

PART G: CONDITIONS APPLYING TO MODIFICATIONS AND CONSTRUCTION

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 Licence and the following requirements are met:
 - a. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;
 - b. such Modifications do not place the Licensee in contravention of the Licence or the *Act*;
 - c. such Modifications are consistent with the NIRB Screening Decision;
 - d. 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
 - e. 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 Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.
4. Prior to construction of any structures intended to contain or divert water or waste, the Licensee shall submit to the Board for approval design drawings stamped by an Engineer.
5. Construction of designed structures shall be carried out as approved by the Board.
6. As-built drawings of all structures designed to contain or divert water or waste shall be stamped by an Engineer and submitted to the Board within ninety (90) days of completion of the structures.
7. Should fill or quarry material be required, it must be obtained from a source approved by the Board.
8. The Licensee shall ensure through testing, that waste rock used in construction is free of metal leaching and acid generating potential.

PART H: CONDITIONS APPLYING TO OPERATION AND MAINTENANCE

1. The Licensee shall, at least sixty (60) days prior to initiating major operational changes to the Project, notify the NWB and an Inspector of any such changes, including the resumption of active operations.
2. The Board has approved the plan entitled *Ulu Gold Project Nunavut, Canada Sewage Treatment Plant Operation and Maintenance Plan*, dated March 2013, which was submitted as additional information with the 2012 Annual Report.
3. The Licensee is required to update the Plan referred to in Part H, Item 2 to address relevant comments and recommendations provided by intervening parties during the review process. Updates to the plan shall be submitted to the Board for review as an addendum within the 2015 Annual Report.

PART I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING

1. The Board has approved the plan entitled *Ulu Gold Project Nunavut, Canada, Care and Maintenance Plan Water Quality Sampling*, dated May 2014 that was submitted as additional information with the Application.
2. The Board has approved the plan entitled *Interim Closure and Reclamation Plan*, dated March 2013 that was submitted as part of the 2012 Annual Report.
3. The Licensee shall update the Plans referred to in Part I, Items 1 and 2 to address relevant comments raised by intervening parties during the technical review period for the Application. Updates to the plans shall be submitted to the Board for review as addendums within the 2015 Annual Report.
4. The Licensee shall notify the Board and an Inspector, in writing, at least sixty (60) days prior to filing any formal application to achieve Recognized Closed Mine status.
5. The Licensee shall submit to the Board for approval in writing, within sixty (60) days following notice pursuant to Part I, item 4, a final Abandonment and Restoration Plan.
6. The Licensee shall carry out progressive reclamation of any components of the project no longer required for the Licensee's operations.
7. The Licensee shall backfill and restore all sumps to the pre-existing natural contours of the land.
8. The Licensee shall remove from the site infrastructures and site material, including but not limited to, all fuel caches, drums, barrels, buildings and contents, water pumps and lines, material and equipment before the expiry of this Licence.
9. All roads and airstrip shall be re-graded to match natural contours.

10. All culverts shall be removed and the drainage opened up to match the natural channel.
11. In order to promote growth of vegetation and the needed microclimate for seed deposition, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.
12. Areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed to meet objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation, (March 2009 Revision). The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.
13. The Licensee shall restore all drill holes and disturbed areas to natural conditions immediately upon completion of the drilling or trenching. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal.
14. The Licensee may store drill cores produced by the appurtenant undertaking in an appropriate manner and location at least thirty one (31) 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.
15. All disturbed areas shall be contoured and stabilized upon completion of work and restored to a pre-disturbed state.

PART J: CONDITIONS APPLYING TO THE MONITORING PROGRAM

1. The Licensee shall comply with the Monitoring Program annexed to this Licence as Schedule J, and any amendments to it as may be made from time to time, pursuant to the conditions of this Licence.
2. The Licensee shall maintain the necessary signs to identify the stations of the Monitoring Program. All signs shall be in English and Inuktitut.
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, prior to the release of Effluent from Monitoring Stations ULU-5, ULU-6, ULU-7 and ULU-8 for the purpose of demonstrating compliance, sample for the parameters listed under Part D, Item 6.
5. The Licensee shall obtain representative samples of the water column below any ice where required under Part F, Item 7. Monitoring shall include the following:

Total Suspended Solids

pH

Electrical Conductivity,

Total Trace Metals as determined by a standard ICP Scan (to include at a minimum, the following elements: Al, Sb, Ba, Be, Cd, Cr, Co, Cu, Fe, Pb, Li, Mn, Mo, Ni, Se, Sn, Sr, Tl, Ti, U, V, Zn), and

Trace Arsenic and Mercury

6. 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 in writing.
7. All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.
8. The Licensee shall, within sixty (60) days following issuance of the Licence, resubmit to the Board for review the Plan entitled *Ulu Gold Project Nunavut, Canada Quality Assurance and Quality Control Plan Water Quality Sampling*, dated June 2014, along with a cover letter from an accredited laboratory confirming acceptance of the Plan for analyses to be performed under this Licence
9. The Licensee shall annually review the QA/QC plan submitted under Part J, Item 8 and modify it as necessary. Revised plans shall be submitted to the NWB with an approval letter from an accredited, and lab meets standards set in Part J, Item 6 and Part J, Item 7.
10. A Monthly Monitoring Program Summary Report shall be submitted to the Board for review within thirty (30) days following the month being reported. This summary shall include the monitoring results collected according to the Monitoring Program.
11. The Licensee shall include in the Annual Report required under Part B, Item 8, all data, monitoring results, and information required by this Part.

Schedule J – Monitoring Program

Station ID	Station Description	Sampling Frequency (Active Site)	Sample Frequency (Inactive Site)	Required Analysis
ULU-1 (Previously 100-1)	Water Intake at West Lake	Daily Volume; Water Quality parameters, twice during open water period when water has been sourced from West Lake	Daily volume, if in use; Water Quality parameters twice during open water period when water has been sourced from West Lake	Volume (m3) Total Arsenic Total Copper Total Nickel Total Mercury Total Cadmium Total Lead Total Zinc Total Suspended Solids pH
UIU-2 (previously 200-1)	Sewage Effluent Discharge Point at East Lake or to land with indirect flow to East Lake	Monthly	Monthly, if in use	Volume (m3) Fecal Coliforms, Total Suspended Solids, BOD ₅ pH Total Phosphorous Total Dissolved Phosphorus Total Nitrogen Nitrate Nitrite Total Kjedahl Nitrogen
ULU-3 (new)	Sludge removed from Sewage Treatment Facility	Monthly	When sludge removal occurs	Volume (m ³) Chemical characterization required to determine suitable disposal method for Sludge.
ULU-4	Minewater pumped from underground Mine Sump	Monthly	When Pumping Occurs	Volume (m ³)

ULU-4b	Surface Retention Pond	Prior to discharge	Prior to discharge	Volume (m ³) Total Arsenic Total Copper Total Nickel Total Mercury Total Cadmium Total Lead Total Zinc Total Suspended Solids pH Conductivity Chloride Sodium Calcium
ULU-5 (previously 200-2) (Inactive, pond not constructed)	Settling/ Neutralization Pond 1	Monthly during open water season. Prior to discharge and weekly during discharge.	Twice annually during open water season, prior to discharge	Volume (m ³) Total Arsenic Total Copper Total Nickel Total Mercury Total Cadmium Total Lead Total Zinc Total Suspended Solids pH Conductivity Chlorine Sodium Calcium
ULU-6 (previously 200-3) (Inactive, pond not constructed)	Settling/ Neutralization Pond 2	Monthly during open water season. Prior to discharge and weekly during discharge.	Twice annually during open water season, prior to discharge	Volume (m ³) Total Arsenic Total Copper Total Nickel Total Mercury Total Cadmium Total Lead

				Total Zinc Total Suspended Solids pH Conductivity Chlorine Sodium Calcium
ULU-7	Runoff from the waste rock storage area	Monthly during periods of flow.	Twice annually during open water period if flow is not present	Volume (m ³) Total Arsenic Total Copper Total Nickel Total Mercury Total Cadmium Total Lead Total Zinc Total Suspended Solids pH Conductivity Chlorine Sodium Calcium
ULU-8	Runoff from the ore storage area	Monthly during periods of flow.	Twice annually during open water period if flow is not present	Volume (m ³) Total Arsenic Total Copper, Total Nickel Total Mercury Total Cadmium, Total Lead Total Zinc Total Suspended Solids pH Conductivity
ULU-9 (previously 200-4)	Outflow East Lake	Monthly during open water season. Weekly during open water	Twice annually during open water period when discharge to East Lake is	Total Arsenic Total Copper Total Nickel

		season, if receiving discharge from ore runoff collection ponds.	planned	Total Mercury Total Cadmium Total Lead Total Zinc Total Suspended Solids pH Fecal Coliforms
ULU-10 (previously 200-5A)	Inflow Ulu Lake from East Lake	Monthly during open water season, if flow present.	Twice annually during open water period when discharge to East Lake is planned	Fecal Coliforms Total Suspended Solids BOD5 pH Total Phosphorus, Total Dissolved Phosphorus Total Nitrogen Nitrate Nitrite Total Kjedahl Nitrogen
ULU-11 (previously 200-5)	Outflow Ulu Lake	Monthly during open water season. Weekly during open water season, if receiving discharge from ore runoff collection ponds.	Twice annually during open water period when discharge to East Lake is planned	Total Arsenic Total Copper Total Nickel Total Mercury Total Cadmium Total Lead Total Zinc Total Suspended Solids pH Fecal Coliforms

Note:

The pH, temperature, and specific conductivity of the sample shall be recorded at the time of sampling.