

Sent by Email

November 3, 2015

Mackenzie Valley Land and Water Board,
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Yellowknife, NT X1A 2P6
permits@mvlwb.com
jmorse@mvlwb.com

Attention: Mr. Julian Morse, Regulatory Officer

Re: MV2015L2-0003 Water License Renewal Closing Statement

North American Tungsten Corporation is submitting the closing statement for the water license renewal application for the Cantung mine. NATCL would like to thank all reviewers that have participated in the renewal application review and discussion process. We believe the draft license presented demonstrates a thorough and up to date water license, with adaptive management requirements, and the utilization of the best available technologies.

The recent upgrades to the wastewater and tailings management bring the mine to current best practices which are expected to be the path forward for other mines. The request for a ten year license is a reflection of the recent upgrading to these best practices and allows the new license to bring the mine forward to the application for a closure license which would be expected to be submitted at the 8 year mark. The ten year licence would allow for a smooth transition from an operations license to a closure license while using the management plans and adaptive management to provide updates to operations and improved management practices. The draft license presented in this process does include the requirements for all new and revised legislation to be adapted and implemented when operating under the licence.

NATCL has identified concerns regarding implementation and practicality of Part G.41 in the draft water license. The impracticality is associated with returning water that was discharged prior to lab data confirmation, when all known data and correlations indicated that the water would meet the required criteria. NATCL agrees that these sections can be implemented for the inline parameters – pH, and TSS. We know that most metals are related to the TSS. Therefore if TSS is low, the metals levels should also be within compliance limits. This information was thoroughly presented and discussed during the WWTF amendment processes; NATCL would refer the reviewers not familiar with this data to the amendment documentation on the MVLWB Public Registry.

NATCL believes the proposed revision to this condition for a non-compliance of laboratory tested results such as metals and nutrients, so that it is practicable and implementable; does not change the intent of environmental protection. This inability to implement this condition was only realized when this event occurred following the issuance of the amended license. It has only occurred once since the WWTF started and it was found to be an isolated event. In addition to being an isolated event, the water that actually discharged to the Flat River thru station S4-20 did meet all discharge criteria. Therefore while the station S4-43 (WWTF) was in non-compliance; there was no spill event to the environment at the final discharge point. The non-compliance sampling event was as follows:

November 3, 2014	Total Copper	Compliance Limit
S4-43, WWTF discharge	0.0218 mg/L	0.02 mg/L, maximum grab concentration
S4-20, (S4-27-2) Stinky Pond discharge	0.0009 mg/L	0.02 mg/L, maximum grab concentration
S4-44, Flat River at end of mixing zone	0.0011 mg/L	0.0032 mg/L, Water Quality Objective

Within the requirement for action levels and response framework for the Operations Manual, there can be a shutdown requirement at a certain level of exceedance or a number of consecutive exceedances. NATCL believes that it is more appropriate to tie the response to the management plan framework so it can be specific to the parameter and the potential impact.

NATCL agrees that the proposal of a draft and then final engagement plan, as presented by Naha Dehe Dene Band and Dehcho First Nation, is reasonable and we would support this timeline.

As you are aware NATCL has been moving through the CCAA process with the court appointed Monitor. Following a Sales and Investment Proceeding it was determined that there were no acceptable bids for the property. Therefore, the property will continue to be owned and operated by NATCL with adequate funding provided to sustain the care and maintenance of the property. The care & maintenance period starting at the end of November has adequate funding thru an agreement with the Government of Northwest Territories, the Federal government and NATCL.

Due to the on-going CCAA process and the timing of the GNWT and federal agreement (November 18th transition), NATCL requests that the decision regarding this water license renewal be deferred until mid-December 2015. This additional time will allow for the process between the GNWT and the Federal government to occur, and the required confirmation on funding to be provided by the federal government to NATCL and the MVLWB. Additionally, NATCL is expecting to extend the CCAA protection thru to April 2016 to provide stability thru the care and maintenance period.

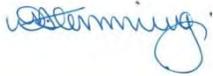
Further to the deferred decision request; NATCL would like the MVLWB to consider that many parties involved would like to see the mine move towards re-opening in 2016, something that will be greatly influenced by whether there is an existing water license in place. As an alternative to consider, if the MVLWB is concerned about granting a long-term license for the Cantung mine in the current market conditions, we would propose that the Board consider a shorter term license. This will allow NATCL to adequately carry out care & maintenance functions at the mine with a water license that is up to date and includes adaptive management and increased reporting. A short term license of 2 years would allow for an adequate care and maintenance period and re-establishing operations, before filing an amendment for a term extension for full operations.

NATCL will be filing for an extension of the existing water license, MV2002L2-0019. This is due to the fact that the existing license expires at the end of January and NATCL will need to continue carrying out care and maintenance functions at the mine site thru to May. The request for an extension to the existing water license will be filed under separate cover.

Thank you for your considerations with respect to the renewal of the Cantung water license. Please contact Deborah Flemming, Environmental Superintendent (dflemming@natcl.ca) or Cantung Environmental Department (cantungenviro@natcl.ca) should you have any questions or concerns regarding the information included here.

Yours truly,

North American Tungsten Corporation



Deborah Flemming
Environmental Superintendent

CC: J. McKenzie, B. Delaney, Cantung Enviro, NDDDB, LKFN, DFN, Metis 52, MVLWB, NATCL Corporate