January 5, 2012

Shelley Glenn, C.A.O.
R.M. of Strathclair
Box 160
Strathclair MB R0J 2C0

Dear Ms. Glenn:

Enclosed is Environment Act Licence No. 2989 dated January 5, 2012 issued in accordance with The Environment Act to the R.M. of Strathclair for the construction and operation of the Development being a water level control project on Thomas Lake in sections 23, 24, 25, 26, 35 and 36-18-21W, draining excess water from Thomas Lake to the Little Saskatchewan River, in accordance with the Environment Act Proposal dated July 12, 2011, and additional information dated November 15, 2011.

In addition to the enclosed Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with. A Notice of Alteration must be filed with the Director for approval prior to any alteration to the Development as licensed.

For further information on the administration and application of the Licence, please feel free to contact Peter Crocker, Environment Officer at 204-726-6565.

Pursuant to Section 27 of The Environment Act, this licensing decision may be appealed by any person who is affected by the issuance of this Licence to the Minister of Conservation within 30 days of the date of the Licence.

Yours truly,

Tracey Braun, M. Sc.
Director
Environment Act

Enc.
c: Don Labossiere, Director, Environmental Operations
Public Registries/ Public Distribution List (see attached)

NOTE: Confirmation of Receipt of this Licence No. 2989 (by the Licencee only) is required by the Director of Environmental Assessment and Licensing. Please acknowledge receipt by signing in the space provided below and faxing a copy (letter only) to the Department by January 19, 2012.

On behalf of the R.M. of Strathclair

Date

**A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES**
Thomas Lake Level Modification

Environment Act Licence No. 2989

Public Distribution List

Darci Semeschuk
Tim McFadden
Rick and Tammy Robertson
Rob Elliott
Terry Gillespie
Gayle Drysdale
Ginette and Travis Snaith
Rob McEwen
Mike and Jaime Marshall
Terry Tilley
Terry Lysaichuk
Cathy Morgan and Gary Easter
Dwight Ferguson
In accordance with The Environment Act (C.C.S.M. c. E125) / Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

THIS LICENCE IS ISSUED TO: / CETTE LICENCE EST DONNÉE À:

RURAL MUNICIPALITY OF STRATHCLAIR;
“the Licencee”

for the construction and operation of the Development being a water level control project on Thomas Lake in sections 23, 24, 25, 26, 35 and 36-18-21W, draining excess water from Thomas Lake to the Little Saskatchewan River, in accordance with the Environment Act Proposal dated July 12, 2011, and additional information dated November 15, 2011, and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

"accredited laboratory" means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Conservation to be equivalent to the SCC, or be able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the international standard ISO/IEC 17025, or otherwise approved by the Director;

"Director" means an employee of the department appointed as such by the Minister;

"Environment Officer" means an employee of the department appointed as such by the Minister; and

"wetlands" means areas that are periodically or permanently inundated by surface water or groundwater long enough to develop special characteristics including persistent water, low-oxygen soils, and vegetation adapted to wetland conditions, and include swamps, sloughs, potholes, marshes, bogs and fens.

**A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES**
GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. In addition to any of the limits, terms and conditions specified in this Licence, the Licencee shall, upon the request of the Director:
   a) sample, monitor, analyze or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, treatment, handling, disposal or emission systems, for such pollutants, ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, and for such duration and at such frequencies as may be specified;
   b) determine the environmental impact associated with the release of any pollutant from the Development; or
   c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.

2. The Licencee shall submit all information required to be provided to the Director under this Licence, in writing, in such form (including number of copies) and of such content as may be required by the Director, and each submission shall be clearly labelled with the Licence Number and Client File Number associated with this Licence.

3. The Licencee shall collect and dispose of all used oil products and other regulated hazardous wastes generated by the machinery used in the construction and operation of the Development in accordance with applicable Manitoba Conservation and legislation requirements.

4. The Licencee shall revegetate soil in areas of the Development exposed by construction with a mixture of native or introduced grasses or legumes. These areas shall be revegetated as quickly as possible following construction to prevent soil erosion and the establishment of noxious weeds.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

Respecting Construction - General

5. The Licencee shall contact the Environment Officer responsible for the administration of this Licence not less than two weeks prior to undertaking construction of the Development. The notification shall include the intended starting date of construction and the name of any contractor responsible for the construction.

7. The Licencee shall:
   a) conduct all ditch related work activities during no flow or dry conditions;
   b) place and/or isolate all excavated and construction material where it will not erode into any watercourse;
   c) implement effective long-term sediment and erosion control measures to prevent soil-laden runoff, and/or silt from entering any watercourse during construction and until vegetation is established;
   d) routinely inspect all erosion and sediment control structures and immediately complete any necessary maintenance or repair; and
   e) use rock that is free of silt and clay for riprap.

8. The Licencee shall dispose of non-reusable construction debris from the Development at a waste disposal ground operating under the authority of a permit issued under Manitoba Regulation 150/91, or any future amendment thereof, respecting Waste Disposal Grounds or a licence issued pursuant to The Environment Act.

9. The Licencee shall locate fuel storage and equipment servicing areas established for the construction and operation of the Development a minimum distance of 100 metres from any waterbody, and shall comply with the requirements of Manitoba Regulation 188/2001, or any future amendment thereof, respecting Storage and Handling of Petroleum Products and Allied Products.

10. The Licencee shall, during construction of the Development, operate, maintain and store all materials and equipment in a manner that prevents any deleterious substances (fuel, oil, grease, hydraulic fluids, coolant, paint, uncured concrete and concrete wash water, etc.) from entering watercourses, and have an emergency spill kit for in-water use available on site during construction.

11. The Licensee shall, in the event of a release, spill, leak, or discharge of a pollutant or contaminant in an amount or concentration, or at a level or rate of release, that exceeds the limit that is expressly provided under this Act, another Act of the Legislature, or an Act of Parliament, or in a regulation, licence, permit, order, instruction, directive or other approval or authorization issued or made under one of those Acts, immediately report the release, spill, leak, or discharge by calling 204-944-4888. The report shall indicate the nature of the release, leak, or discharge, the time and estimated duration of the event and the reason for the release, spill, leak, or discharge.

12. The Licencee shall not during construction, operation and maintenance of the Development, remove, destroy or disturb species pursuant to Manitoba Regulation 25/98, or any future amendment thereof, respecting Threatened, Endangered and Extirpated Species, or species listed in the federal Species at Risk Act.
13. The Licencee shall not, during construction or maintenance of the Development, disturb migratory bird nests.

14. The Licencee shall not undertake construction or maintenance activities in connection with the Development between April 1 and June 30 of any year, or during periods of high precipitation.

15. The Licencee shall not apply nutrients within 35 metres of wetlands or waterbodies, in accordance with the requirements of Manitoba Regulation 62/2008, or any future amendment thereof, respecting Nutrient Management.

16. The Licencee shall not destroy permanent or semi-permanent wetlands during the construction or maintenance of the Development.

**Respecting Operation:**

17. The Licencee shall operate the Development to maintain a target level of 587.40 metres above sea level. Outflows may be made when Thomas Lake levels exceed this elevation, subject to Clause 18 of this Licence. Outflows shall not occur when Thomas Lake levels are less than or equal to 587.40 metres above sea level.

18. The Licencee shall not release water from Thomas Lake when such releases would cause flows to exceed the capacity of the downstream water conveyance works including channels and culverts between Thomas Lake and the Little Saskatchewan River.

19. The Licencee shall obtain approval from the federal Department of Fisheries and Oceans before undertaking maintenance activities involving the removal of sediment from the channel of the Development.

20. The Licencee shall deposit material excavated during maintenance activities pursuant to Clause 19 of this Licence behind silt fences that shall be maintained until the excavated material has been revegetated to the satisfaction of an Environment Officer.

**Respecting Monitoring and Reporting**

21. The Licencee shall, if outflow occurs from Thomas Lake during freezing conditions:
   - monitor ice accumulation in the outlet route channel and at all culvert locations along the outlet route; and
   - take action as may be necessary to prevent flooding along the outlet route due to ice accumulation from the operation of the Development. Actions may include, but not necessarily be limited to, the cessation of operation of the Development and/or the removal of ice from points of accumulation.
22. The Licencee shall conduct a monitoring program as described in Clauses 23 to 28 of this Licence, for a period of two years commencing with the operation of the Development. Following this period, the duration of the monitoring program may be extended by the Director if the results, in the opinion of the Director, indicate that a longer monitoring period is appropriate.

23. The Licencee shall, in May, July and October of each year for the duration of the monitoring program, collect grab samples at locations approved by the Director in Thomas Lake upstream of the outlet control structure and in the Little Saskatchewan River downstream of its confluence with the Thomas Lake outlet channel. These samples shall be collected regardless of the operation of the Development.

24. The Licencee shall transport the grab samples collected pursuant to Clause 23 of this Licence, to an accredited laboratory for analysis. The samples shall be stored and transported in accordance with procedures specified by Manitoba Water Stewardship to ensure that the samples are suitable for analysis.

25. The Licencee shall, at an accredited laboratory, have the samples collected pursuant to Clause 23 of this Licence, analysed for the following parameters:
   a) pH;
   b) conductivity;
   c) total suspended solids;
   d) total dissolved solids;
   e) iron;
   f) hardness as CaCO₃;
   g) sodium;
   h) chloride;
   i) sulphate;
   j) calcium;
   k) manganese;
   l) total kjeldhal nitrogen;
   m) nitrate-nitrite nitrogen;
   n) total phosphorous; and
   o) dissolved phosphorous.

26. The Licencee shall, not more than 30 days after the results of each analysis are available, submit the results to the Director.

27. The Licencee shall, following operation of the Development, monitor the downstream ponds along the outlet route to determine whether fish are stranded. In the event that fish are stranded, the Licencee shall have any stranded fish salvaged by an aquatics professional in accordance with a Live Fish Handling Permit which is required from the Fisheries Branch of Manitoba Water Stewardship in advance of any salvage operation.

28. The Licencee shall, not more than 30 days after the termination of operation of the Development, report the results of monitoring and any subsequent fish salvage
operation pursuant to Clause 27 of this Licence to the Director. The report shall include the dates of operation of the Development, the dates and results of monitoring, and the dates and results of any fish salvage operation.

Respecting Alterations to the Development

29. The Licencee shall obtain approval from the Director for any proposed alteration to the Development before proceeding with the alteration. Alterations include the physical works of the Development and the operation of the Development.

REVIEW AND REVOCATION

A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.

B. If the Licencee has not commenced construction of the Development within three years of the date of this Licence, the Licence is revoked.

C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms, or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.

Tracey Braun, M.Sc.
Director
Environment Act

Client File No.: 5534.00