



Barrick Gold Inc.
270 Corporate Circle, Suite 100
Henderson, Nevada
USA 89074
T: (705) 632-1871
C: (807) 631-4895
E: pbrugger@barrick.com

December 16, 2016

Ms. Christine Wilson
Water Resources Officer
Aboriginal Affairs and Northern Development Canada
P.O. Box 129
Rankin Inlet, NU
X0C 0G0

Via email to: Christine.Wilson@aadnc-aandc@gc.ca

Dear Ms. Wilson:

Re: Cullaton Lake Lease Inspection Report 2016-KIV04-CW

The following is intended to address the actions outlined in Sections 2 and 3 of your lease inspection report file no. 2016-KIV04-CW:

The key issues identified are the position of the lease boundaries relative to the work areas and remaining minor refuse in areas remote to or within the project footprint.

As per your direction, Ms. Marquis was contacted by email on November 4, 2016 to discuss these issues and responded on November 14, 2016 (see attached). Her response and our review of historic predecessor files indicate that the original surveys for these leases have unfortunately been lost, both in Barrick and in INAC files. Barrick does have considerable historic correspondence that indicates INAC knew about and was intimately involved with the 1984 Shear Lake diversion project and would likely have flagged the need for an enlarged Shear Lake lease (Parcel H) at the time. It is therefore possible that the Shear Lake lease was enlarged in 1984 to capture the additional works.

In the absence of actual surveys for proper guidance, Barrick proposes to use the 2017 and 2018 field season to physically locate and GPS the actual survey corners for at least the Shear Lake and airstrip leases, in order to verify and determine the amount of off-lease activity that needs to be corrected. GPS coordinates would be shared with all parties.

Your report also identified refuse at various locations and commented on the condition of the cabin at the airstrip, rummaged by a bear a few years previous. Please be advised that the cabin was repaired in September 2016 (see attached photos). Also as discussed, the remaining lumber at the strip and north of the strip would be used to make further repairs to the cabin so that it will continue to remain as a durable emergency shelter. The removal of unauthorized and abandoned fuel stored at the airstrip will also continue in 2017. All fuel should be offsite by the end of 2018.

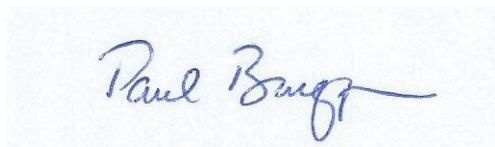
As in the past, identified remote and on-site loose refuse will be retrieved and consolidated at the airstrip for removal on available flights. We appreciate your providing the GPS coordinates for items found outside of our normal traveled area. It is proposed to complete this work by the end of the 2018 field season.

Historic records indicate that Parcel E was required to capture a water source prior to the establishment of a supply on the Kognac River. Records also indicate that the previous owner requested in 1996 that this lease be cancelled but that there was no response from INAC, which has been confirmed by Ms. Marquis.

Barrick hereby withdraws that request and will retain Parcel E as an alternate future water source in case the property is reactivated. Specifically and as stated in our June 11, 2016 letter to INAC, Barrick will not be seeking to relinquish (any of) the tenures comprising the Cullaton Lake property in the short term. Barrick intends to continue holding and monitoring the Cullaton Lake property until an appropriate time for relinquishment.

Kindly indicate if you agree with the above approach. Should you have any additional questions in this or any other Cullaton Lake matter, please do not hesitate to contact me at (705) 632-1871.

Sincerely,

A handwritten signature in blue ink that reads "Paul Brugger". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Paul Brugger, P.Eng.
Site Manager

Attachments: As Stated

Cc Stephanie Autut, Director, Nunavut Water Board
Ian Parsons, Water Resources Coordinator, INAC
Walter Baumann, Closure Manager
Dan Bornstein, Director, Closure Strategy



Photo 1: Cullaton Lake airstrip survival shelter condition on leaving the site September 9, 2016.



Photo 2: Cullaton Lake airstrip survival shelter condition on leaving the site September 9, 2016.

From: [Brugger, Paul](#)
To: [Paul Brugger](#)
Subject: FW: FW: Cullaton Lake lease boundary issues
Date: December-16-16 11:37:41 AM
Attachments: [Geneviève Marquis.vcf](#)

From: Geneviève Marquis [mailto:Genevieve.Marquis@aandc-aadnc.gc.ca]
Sent: Monday, November 14, 2016 4:00 PM
To: Brugger, Paul
Cc: Christine Wilson; Tracey McCaie
Subject: Re: FW: Cullaton Lake lease boundary issues

Good day Mr. Brugger,

After reviewing all three files for Barrick Gold, here is the information I have with regards to your questions and Christine's inspection report:

065G07001 - Mine site parcels 'A', 'C', 'D', 'E', 'F', 'G'

The inspector is unsure about the purpose of parcel 'E'. Client indicates that it was to capture Eskimo Lake (which the lease does) for water supply source. There was a request from client to INAC in 1996 for removal of west side of parcel C and all of parcel E but there seems to have been no response from INAC since. As client indicates that water supply is now drawn from Kognak river, are these two parcels still required? Should client wish to relinquish those two parcels, the land will need to be fully remediated prior to relinquishing as per the 'Reclamation' and 'Environmental' clauses of the lease.

065G07002 - Parcel 'H'

The coordinates indicated in lease are 61° 16' 00" N, 98° 30' 00"W. These coordinates do not match the sketch produced by INAC. We now believe the correct coordinates for parcel H should be 61° 18' 17.9" N, 98° 30' 3.6"W. The inspector mentioned that the entire Shear Lake diversion dam appears to be off the boundaries. There is buried waste that is becoming uncovered and is not captured within the lease boundaries. We require client to confirm footprint of parcel H so that lease can be updated.

065G08001 - Airstrip and Road

The coordinates indicated in lease are 61° 18' 57" N, 98° 29' 33"W and match the sketch produced by INAC. Inspector indicates that there is a single building located approximately at **61° 19' 7.27" N, 98° 30' 13.04"W** that is not in good repair. The four sets of coordinates provided by inspector in her report for Parcel B (airstrip) slightly differ from the sketch's lot. We require client to confirm footprint of parcel B (airstrip) and remediate area where building is in a state of disrepair as per 'Reclamation' and 'Environmental' clauses of lease.

There has been no amendments made to the leases since their commencement dates (1996 and 1999) and INAC has no more recent information with regards to parcel locations and sizes other than the sketches included in the leases. As per the 'Boundary/Survey' clause of all three leases, it might be advisable for client to have the entire site resurveyed, this would ensure that all parcels are correctly identified and that parcels needing to be relinquished can be done. Should the client wish to relinquish parcels, the land will need to be remediated and inspected prior to have lots removed from leases.

I hope I have answered all your questions. Should you require additional clarifications, please do not hesitate to contact me.

Kind regards,

Geneviève Marquis, B.A., M.A.

Land Specialist, Lands Administration
Indigenous and Northern Affairs Canada / Government of Canada
Genevieve.Marquis@aandc.gc.ca / Tel: 867-975-4288 / TTY: 1-866-553-0554

Spécialiste des terres, Administration des terres
Affaires Autochtones et du Nord Canada / Gouvernement du Canada
Genevieve.Marquis@aandc.gc.ca / Tél: 867-975-4288 / ATS: 1-866-553-0554

>>> "Brugger, Paul" <pbrugger@barrick.com> 11/4/2016 6:58 PM >>>

Hi Genevieve, your mail box will not accept Christine's Lease inspection report due to size (8mb). I will attempt to send separately.

Rgds,
Paul

From: Brugger, Paul
Sent: Friday, November 04, 2016 4:53 PM
To: 'Genevieve.marquis@aandc.gc.ca'
Cc: 'Christine Wilson'; Baumann, Walter
Subject: Cullaton Lake lease boundary issues

Hi Genevieve,

Pursuant to Section 2 and 3 of Lease Inspection Report 2016-KIV04-CW by Ms. Christine Wilson (see attached), I have been directed to contact you in order to resolve several apparent lease boundary issues at the Barrick Gold Inc. Cullaton Lake property.

In order to address Ms. Wilson's findings I have initiated a detailed review of the lease history at the site. As you may be aware, Barrick inherited this property through the acquisition of Homestake Canada in 2001. Homestake in turn inherited the property through its acquisition of International Corona in 1992, who in turn inherited the property through its acquisition of Cullaton Lake Gold Mines subsequent to its operating period of 1980-1985. As a result the land management files handed from owner to owner over the last 30 years have wound up being minimal at best and a good deal of the history related to the leases has been lost.

I have a few archival pieces in my possession including an older 1980 map depicting the various surface and mining leases, also attached. As you can see the surface lease parcel letters on this map do not completely coincide with the current lease descriptions. I am missing the information that re-designates the parcel letters and would appreciate having a copy of anything you have that completes that picture.

I would also like to know if there are any proper lease surveys on file or if the leases were only map drawn. As you are likely aware, surveys would go a long way to position the actual boundaries relative

to the former site activities. If you only have the sketches attached to the leases, I have these, but if so would like confirmation that the leases were struck based on these sketches.

Finally the only other relevant historic document I have that might go some way to answering Ms. Wilson's query about Parcel E is a draft of a 1996 letter to your Ms. Sandra Bradbury (also attached). In this letter Homestake requested adjustments to Lease 3600 by partially removing the west side of Parcel C and all of Parcel E. I have no response to this letter and would appreciate knowing whether the adjustment was granted or not. Based on my experience with mine plants It is very likely that Parcel E captured the lake shown in the parcel to use it as a water supply, which was subsequently made redundant by using the Kognak river as a water supply.

Rgds,
Paul Brugger, P. Eng.
Site manager