

WATER LICENCE INSPECTION FORM

Original
 Follow-Up Report
 ☐

Licensee				Licensee Representative						
Alix Resources Corp.			Mike England							
Licence No. / Expiry			Representative's Title							
2BE-ARC0813 (expire	President & Director									
Land / Other Authorizations		Land / Other Authorizations								
Date of Inspection			Inspector							
07/07/2016	Eva Paul									
Activities Inspected										
☐ Camp ☐ Roads/Hauling ☐ ☐ Roads/Hauling ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	Drilling Other: Tr	enching	☐ Mining ☐ Co		struction X Reclamation		XI Reclamation	☐ Fuel Storage		
	<u> </u>									
Conditions: A - Ac	ceptable	(C - Concern U - Una	accept	able	NA –	Not Applicable	NI –	Not Insp	ected
Water Use	Condition	Comment	Site Conditions		Condition	Comment	Haz/Mat Manageme	ent	Condition	Comment
Intake/Screen	NA		Water Management Struct	tures	NA		Storage		U	1
Flow Measure. Device	NA		Culverts / Bridges		NA		Spills		U	3
Source:	NA		Drainage		NA		Spill Plan		U	3
Water Use:	NA		Erosion / Sediment		NA					
Recirculation (y /n)	NA		Mitigation Measures		U	2	Administrative			
			Reclamation Activities		U	2	Records		U	4
			Materials Storage		U	1	Reports		U	4
Waste Disposal			Signage		NA		Plans		NI	
Waste Water	NA						Notifications		NI	
Solid Waste	U	1	Monitoring				Other			
Hazardous Waste	U	1	Sample Collection / Ana	llysis	NA					
*The number in the comments field will correspond with specific comments provided below.										
Samples taken by Inspector:			Location(s):							
☐ Yes ⊠ No										

May 31, 2016 Alix Resources Corp. was notified of my intent to carry out a compliance inspection with respect to the expired water licence 2BE-ARC0813. As demonstrated by correspondence from 2012 onward, Alix Resources Corp. is aware of its reclamation responsibilities under this licence, and two notices of non-compliance have been submitted to the Licensee in that time. This inspection served to confirm that Alix has thus far failed to undertake the required reclamation for the Arcadia Project and is accompanied by a Direction pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (NWNSRTA). It is also noted that with respect to the Barge site / Staging area discussed below, the *Arctic Waters Pollution Prevention Act* (AWPPA) also applies. I was accompanied on the inspection by Officer Dovreshin MacRae of Environment and Climate Change Canada.

The following sites were inspected:

- a) Proposed 2005/2008 camp as listed in the Abandonment & Reclamation Plan (N67°44′16.0" W111°21′35.0"): The areas on both sides of the water of this inlet are littered with wood debris. Some of this debris falls below the ordinary high water mark (OHWM), and therefore on Crown Land adjacent to IOL Parcel CO-31.
- b) The Barge site / Staging area (N67°44′29.8" W111°22′07.4") where fuel and supplies were landed and Kikiak (on behalf of Alix) amalgamated some wastes: worsening conditions. This is located on IOL Parcel CO-31.
- c) Old camp and core storage area (N67°43'08.8" W111°22'59.3"): timbers and barrels. (IOL Parcel CO-31.)
- d) 2008 actual camp (N67°39′01.2″ W111°22′50.7″) as per the 2008 Annual Report: camp remains, fuel remains. This is on IOL Parcel CO-32.

All comments and requirements of the 2012 inspection report remain valid.

2016 observations:

- 1. Solid and hazardous waste in the form of barrels (both empty and full, some punctured and leaking), drill salts, scrap metal, and timbers remain at the locations listed above, the worst of which is the Barge site. Conditions have worsened since the 2012 inspection: barrels are strewn around (including punctured and leaking barrels) and bags of drill salts have dissolved into the ground, causing further salt contamination. A barrel of metal waste has rolled down from the barge site and now sits in the water of the Coronation Gulf.
- 2. No containment was ever put in place for any of the wastes or hazardous materials, thus the leaking barrels and dissolving salts are contaminating the environment. No mitigation or reclamation has occurred since the 2012 inspection, despite numerous communications and notices of non-compliance issued to Alix.
- 3. Spills and contamination, while brought to Alix's attention, have not been properly reported or addressed, contrary to the licence, the NWNSRTA, and the AWPPA.
- 4. The Licensee has failed to file Annual Reports, as well as plans and other reports as required by the Inspector as a result of the 2012 inspection and subsequent notices of non-compliance.



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Affaires autochtones

	Northern Affairs Canada	et du Nord Canada	
SECTION 2	Comments	Non-Compliance with Act or Licence	Action Required
12(1)(b)no	ters and Nunavut Surface Rights To person shall deposit or permit the the deposit of that waster, may ent	deposit of waste[] under conditions in which the	ne waste, or any other waste that
4(1)no per or islands of		the deposit of waste of any type in the arctic wat litions where the waste or any other waste that r	

6 (1) The following persons, namely,

(a) any person who is engaged in exploring for, developing or exploiting any natural resource on any land adjacent to the arctic waters or in any submarine area subjacent to the arctic waters,

(b) any person who carries on any undertaking on the mainland or islands of the Canadian arctic or in the arctic waters, [...] are respectively liable and, in the case of the owner of a ship and the owners of the cargo thereof, are jointly and severally liable, up to the amount determined in the manner prescribed by regulations made under section 9 in respect of the activity or undertaking so engaged in or carried on[...]

Licence 2BE-ARC0813

- B.2. Failure to file annual reports with the Nunavut Water Board.
- B.3. Failure to notify NWB of changes in plans (not returning to site).
- B.6. Failure to implement Abandonment and Reclamation plan (fuel caches not satisfactorily secured).
- D.4. Failure to provide documentation of authorization to backhaul waste.
- D.10. Failure to ensure that any hazardous materials receive proper treatment and disposal.
- H.4. Failure to ensure that chemicals, petroleum products, or wastes associated with the project do not enter water AND failure to inspect caches on a regular basis.
- H.6. Failure to employ the Spill Contingency Plan.
- I.3. Failure to complete restoration work prior to the expiry of the Licence.
- 1.6. Failure to remove site infrastructure and materials.
- I.10. Failure to address hydrocarbon contaminated areas.
- I.11. Failure to remove drill casings and cap holes upon the completion of drilling.

SECTION 3 Comments Non-Compliance with Act or Licence X Action Required

- Alix Resources Corp., through the assignment of the licence from Full Metal Minerals Ltd., is responsible for all materials brought to site, and all activities conducted by either party; and all obligations imposed under both the original NWB2ARC0507 and subsequent 2BE-ARC0813 licences for the Arcadia Project. This includes the implementation of all activities outlined in both Abandonment and Restoration plans. Further, any activities not captured in those plans but carried out by either party, are to be addressed. This includes removal of the buildings and contents, equipment, fuel and chemicals; remediation of any spills or contamination by removal of the contaminated soil, and backfilling of all sumps, trenches, and pits with clean material; restoration of drill sites; backhaul of all materials and documentation of receipt of hazardous materials at an appropriate handling facility; and submission of thorough documentation of all reclamation work.
- This reclamation work shall be carried out in the snow-free period of 2017, in accordance with the conditions of Part I of the licence, and any specific measures identified in the accompanying Direction.
- The reclamation shall be thoroughly documented and a report submitted to the Inspector by September 30, 2017. This report will show before-and-after photos of each site identified in this (2016) and the 2012 inspection report with a short description of the work carried out at each location. If backhaul is to be conducted during the winter months, it will be carried out in accordance with the Direction, and with any permits, licences or other authorizations that may be necessary.
- The Licensee shall submit to the NWB and copy to the Inspector, annual reports for 2009-2013 (the remaining years of the licence), including details of the reclamation work undertaken in 2011 by March 31,2017.

Licensee or Representative	Inspector's Name		
n/a	Eva Paul		
Signature	Signature		
n/a	Original signed copy sent by mail		
Date	Date		
n/a	November 30, 2016		

CC: Licensing Department, NWB

Erik Allain, Manager of Field Operations, INAC

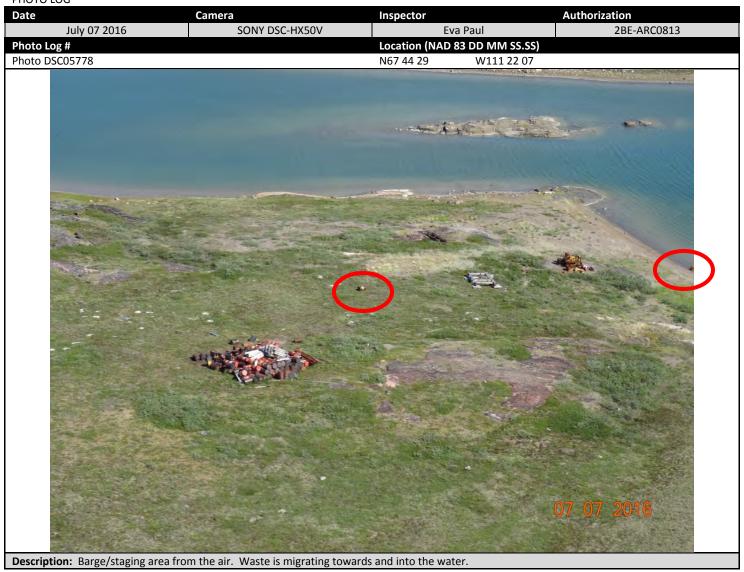
Wynter Kuliktana, KIA

Inspector's Direction #2016-KIT014-EP Att:



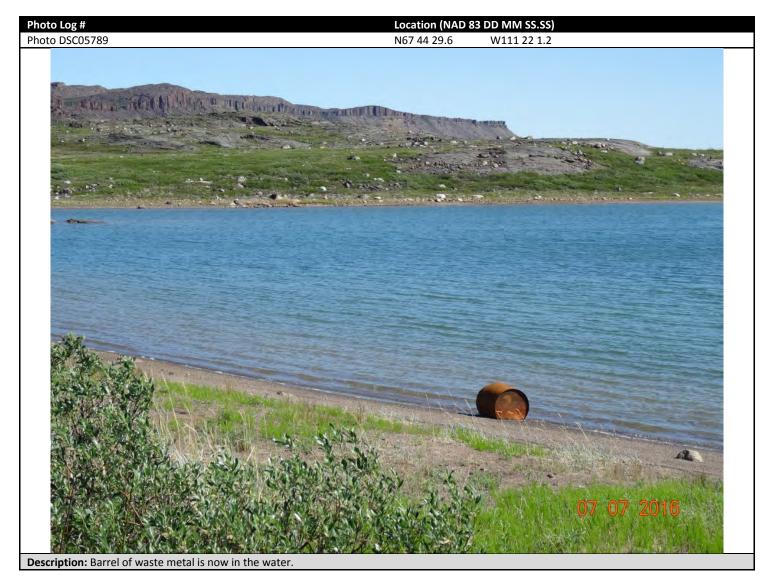
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PHOTO LOG











Description: As seen in 2016. Punctured barrels, and barrels with caps that are now empty (leaked into soil). Digging in soil may be from wildlife; salt is an attractant, however, the soil is also heavily contaminated with hydrocarbons.







Description: As seen in 2016. Note absence of bags of salts; dissolved and blown away. Missing toboggan also indicates that humans are using this site (it was not seen in any of the aerial photos).



