



Field Operations
Nunavut Regional Office
Box 100
Iqaluit, NU X0A 0H0

August 14, 2012

Our File: 2BE-ARC0813
CIDM # 554841

Mr. Michael England
CEO and President
Alix Resources Corp.
Suite 1220, 789 West Pender St.
Vancouver BC V6C 1H2
Email: mike@alixresources.com
Englandcommunications@shaw.ca

Re: Nunavut Water Licence 2BE-ARC0813

Mr. England,

I am a Water Resources Officer with Aboriginal Affairs and Northern Development Canada, Nunavut Regional Office. I was working in the area of the Arcadia Project in July and did an opportunistic inspection of your site. Please find attached the inspection report and photos.

Please note that there are items requiring your prompt response in the attached report. I will expect your call within the next two weeks.

Regards,

Eva Paul
Water Resources Officer

Phone: 867-975-4548
Fax: 867-979-6445
Mobile: 867-222-6490
E-mail: Eva.Paul@aadnc-aadnc.gc.ca

Cc: Andrew Keim, A/Manager, Field Operations, Nunavut Regional Office
Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board



WATER USE INSPECTION REPORT

Date: July 15 2012	Licensee Rep. (Name/Title): N/A
Licensee: Alix Resources Corp.	Licence No.: 2BE-ARC0813

While flying in the area I came upon a staging area for the Arcadia Project at the following coordinates: N67°44'29.8" and W111°22'07.4". It appears that some effort was made to consolidate waste for backhaul. This site requires immediate attention. The camp was also inspected, located at N67°39'03" and W111°22'45" and also requires attention.

WATER SUPPLY

Source(s): Unnamed Lake	Quantity used: n/a
Owner:/Operator: Licensee	

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Intake Facilities: NA	Storage Structure: NA	Treatment Systems: NA	Chemical Storage: NA
Flow Meas. Device: NA	Conveyance Lines: NA	Pumping Stations: NA	Screen : NA

Comments: Camp is abandoned. Water supply system is not in evidence.

WASTE DISPOSAL

Sewage: Sewage Treatment System (Prim./Sec/Ter.): N/A

Natural Water Body: -	Continuous Discharge (land or water): -		
Seasonal Discharge: -	Wetlands Treatment: -	Trench: -	

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Dams, Dykes: NA	Freeboard: NA	O&M Plan: NI
Construction: NA	Discharge: NA	Effluent Discharge Rate: NA

Comments: No evidence of human waste / sewage was visible.

Solid Waste:

Owner/Operator:

Landfill: NA	Burn & Landfill: NA	Other: Backhaul
A&R Plan: U		

Comments:

Camp: Camp is abandoned. It is apparent that the camp was shut down for seasonal closure, as camp structures and fuel remain. However, no provisions were made to secure fuel in containment to prevent leaking during extended shut down. Propane tanks are unsecured.

Drill Sites: Individual drill sites were cleaned up, but casings were not removed. Wooden timbers and other debris are consolidated in one location that corresponds with the drill site coordinates given in the annual report. The wood was left on-site rather than being backhauled.

FUEL STORAGE:

Waste Oil Storage:

Owner/Operator: Licensee

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Berms & Liners: NA	Water within Berms: NA	Evidence of Leaks: U
Spills: U	Condition of Barrels: U	

Comments:

Camp:

Fuel barrels and propane tanks were left on-site (around 35 fuel barrels and 5 propane tanks). Those that were in use were left with hoses still hooked up. Numerous barrels have leaked; evidenced by the fact that the caps are still on but the barrels, found lying down, are now empty or partially empty. No secondary containment was used on site.

Staging area: Around 150 empty barrels, stacks of core boxes and other wooden debris, drill rods, and some machinery remains on-site. Further, there are around 25 barrels, containing fuel, which are damaged, punctured, or uncapped. Barrels are leaking. Soil sampling taken at the site reveals hydrocarbon contamination. Approximately 30 salt bags are exposed and in some cases the salt has dissolved into the ground. Vegetation around the area is dying off, and the contamination appears to be migrating down-slope towards the water.



Non-Compliance of Act or Licence:

Licence 2BE-ARC0813

Part B

2. Failure to file annual reports with the Nunavut Water Board.
3. Failure to notify NWB of changes in plans (not returning to site).
6. Failure to implement Abandonment and Reclamation plan (fuel caches not satisfactorily secured).

Part D

4. Failure to provide documentation of authorization to backhaul waste.
10. Failure to ensure that any hazardous materials receive proper treatment and disposal.

Part 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.
6. Failure to employ the Spill Contingency Plan.

Part I

11. Failure to remove drill casings and cap holes upon the completion of drilling.

Action required:

- You are required to contact the Inspector, undersigned, by August 31, 2012.
- You are required to prepare a plan to address the cleanup and remediation of these sites and the remaining conditions of your licence and the Abandonment and Remediation Plan, and to submit this plan to the Inspector by November 1, 2012 for approval. The plan must be specific, outlining each area of non-compliance, the steps that will be taken to address them, and a proposed timetable for implementation.
- If remediation and fulfilment of the licence will not be completed prior to the April 30, 2013 expiry of the licence, you are required to renew the licence.

Failure to comply with this report will result in further formal enforcement action being undertaken.

Eva Paul

Inspector's Name

Inspector's Signature