

From: Eva Paul
Sent: 1/7/2013 1:24:31 PM
To: mike@engcom.ca
CC: kikiak_gn@netkaster.ca;Phyllis Beaulieu
<licensing@nunavutwaterboard.org>;sanablak@qiniq.com
BCC:
Subject: RE: Acadia Project Outstanding Information

Hello Mr. England,

Please find attached my response to your e-mail below of December 17th. Please acknowledge receipt of this correspondence.

As discussed in the letter, you have not provided the information that was requested by December 15th, 2012.

Please contact me immediately if the content of this letter is unclear.

Regards,

Eva Paul

Water Resources Officer | Agent des ressources hydriques
Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada
Nunavut Regional Office | Bureau régional du Nunavut
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Eva.Paul@aandc-aadnc.gc.ca

>>> "Mike England" <mike@engcom.ca> 12/17/2012 5:53 PM >>>

Hello Eva,

Mike England here from Alix Resources. I have been going through old e-mail trails and such and I think I have a good handle of the situation again.

We did the property transaction during the spring of 2007 with Full Metal Minerals and we noticed there was no mention of all this mess left behind – this was all pre us getting involved and therefore we did not even know it existed (snow covered)! However, last year, in chatting with Stanley Anablak (Sr. Lands Officer, Kitikmeot Inuit Association) we were made aware of this and were referred to Grant Newman. Cleanup did commence and was to be completed this summer but perhaps got postponed upon receipt of your letter claiming more cleanup necessary than first told about. I have not gone back to Full Metal yet to see what we can do about this.

Was this noticed in prior years to us getting involved? In looking back at emails I have pictures and such from the geological consulting group, that performed our one work season of drilling at Arcadia, showing pictures of past materials left behind by previous operators. They did try and salvage what they could but were only there for a short drill program on our behalf.

As far as a future work program, the markets have been tough and we have postponed any work programs for now. Any suggestions you may have would be fantastic as we are concerned about the mess and even more concerned that we are required to clean up a mess that was in existence prior to us getting involved on the property. My understanding is that there is a bond (approximately \$50,000) in place – can this be applied to clean this up?

Sincerely,

Mike England

President

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mike@engcom.ca

From: Eva Paul [mailto:Eva.Paul@aandc-aadnc.gc.ca]

Sent: August-18-12 12:17 PM
To: Grant Newman
Cc: Mike England
Subject: Re: Acadia project photos

Hello Mr. Newman,

Thank you for your e-mail; I am glad to make your acquaintance.

With respect to the barge area/consolidated waste; I did soil and water sampling at the site to confirm that there is hydrocarbon contamination, however, an assessment of the extent of the contamination will be required. Please ensure that this is addressed in the plan you are preparing. There is also contamination at the camp, where barrels have obviously leaked. This will need to be assessed and addressed. I will require thorough documentation of your observations and actions during the cleanup.

The drill holes we saw were all in the vicinity of the wooden timbers and debris shown in Figure 6 (I have photographs of 3 or 4 holes but did not take waypoints at the time). Mr. England will be required to provide you the specific coordinates of all their drilling activities to ensure that each hole is closed off as per the terms of the licence. Part I item 11 reads: "Drill holes and disturbed areas will be restored to natural conditions immediately upon completion of the drilling. The reclamation of drill holes must include the removal of any drill casing materials and the capping of holes with a permanent seal." I will require a copy of the coordinates from the drill program as well.

With respect to the camp, figures 8-13, the location is given in the attached 2008 Annual Report submitted by the Licensee - N67 39 00 W111 22 45. A review of the file has revealed that there was another camp indicated in their application, at N67 44 16 W111 21 35, which I did not have a chance to visit on this trip.

Also, Alix Resources took over the licence from the last licensee and records on their file indicate activities occurring at (approximately) N67 43 15 W111 23 10 and N67 42 48 W111 22 43. These areas will be on my schedule when I return for a closure inspection.

I am assuming that you are responsible for matters pertaining to the cleanup, and that Mr. England will be addressing the administrative items that were identified? Please let me know if you would like more photographs from my visit to aid in your planning, or clarification about what is expected in the plan. Do note that I am expecting fairly specific steps that will be taken to ensure that all matters are thoroughly addressed, and the timelines predicted.

I look forward to reviewing your plan and working together to ensure this file is addressed. I will be unreachable from October 1-14, so approvals and feedback should be sought outside of that time-frame. It sounds like you are planning to do work this fall, so I anticipate you will be sending me your draft well in advance of that.

Sincerely,

Eva Paul

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>>> Grant Newman <kikiak_gn@netkaster.ca> 8/17/2012 5:33 PM >>>
Hi Mrs. Paul ,

My name is Grant Newman , operations manager for Kikiak Contracting Ltd. , who was doing the clean up for Alix resources. I received the pictures of the sites and have the following comments and questions :

- 1- The consolidation was done last summer , and the drums were stood up due to damage to the sides of the drums .
- 2- we were supposed to go and backhaul everything during the spring , but due to ice conditions and equipment troubles ,we were unable to do so
- 3- Can you please send me coordinates for figures 7,8-13 , as we were not aware of these sites , there had been no mention of these areas .
- 4 - I will do up a revised plan and schedule for the clean up and forward them to you and my client . I can assure you this will get dealt with, some this fall and the rest before April 30 .
- 5- As stated before , some of these areas , we were not even aware of their existence .

Regards,

Grant Newman

NATOC Chairperson

VP - Operations Manager

Kikiak Contracting Ltd.

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