



Field Operations Division
Nunavut Regional Office
PO Box 2200
Iqaluit, NU X0A 0H0

May 7, 2015

Attn: Michael England
Alix Resources Corp.
Suite 1220-789 West Pender St.
Vancouver, BC V6C 1H2
info@alixresources.com

RE: Reclamation of 2BE-ARC0813 (expired) – SECOND NOTICE: Letter of Non-Compliance

Mr. England,

I submitted to you, on January 30, a first Letter of Non-Compliance. This was sent to you and to John Masters at the e-mail addresses that are on file. I have received no response to this correspondence.

I am writing regarding Alix Resources Corporation's (Alix) project at Arcadia Bay, licensed as 2BE-ARC0813 (expired). In our 2012 correspondence, you indicated intent to continue the cleanup of this project in 2013, but I have received no reports confirming this work.

I was also then in correspondence with Mr. John Masters, who requested information regarding Alix's responsibility for work conducted under the previous licensee of this project, Full Metal Minerals (FMM). As per a recently delivered legal opinion, and in concurrence with my correspondence of February 17, 2013, "Alix assumed and undertook to perform the obligations under the 2005 licence when it was assigned and renewed... Those responsibilities included the abandonment and restoration obligations of FMM." All materials brought, all camps, staging areas, storage areas, and drill sites of either FMM or Alix, are now the assigned responsibility of Alix Resources Corp. under this licence. I have attached our previous correspondence and a copy of the licence assignment document.

This letter constitutes a "Letter of Non-Compliance" pursuant to Section 90 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (the Act) for contravening Section 12(1), namely, depositing waste contrary to a water licence, and Section 90(3), failure to comply with a Type B water licence.

The deposit of waste in contravention of Section 12(1) of the Act, "...is an offence and liable on summary conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding one year, or to both." Further, as per Section 90(3) of the Act, a licensee who contravenes a type B licence "...is guilty of an offence and liable on summary conviction of a fine not exceeding \$15,000 or to imprisonment for a term not exceeding six months, or to both." Also, please take note that pursuant to Section 90(4) of the Act, "[w]here an offence under this section is committed on or continued for more than one day, it is deemed to be a separate offence for each day on which it is continued."

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If Alix feels the abandonment and restoration issue is properly a FMM issue, Alix can take whatever action it wants against FMM, however, this has nothing to do with AANDC's enforcement actions under this water licence. Alix is required to **proceed immediately in 2015 to reclamation of the Arcadia Bay project.**

The following is required of Alix Resources Corp:

1. Confirm receipt of this correspondence immediately.
2. Annual Reports are to be submitted to the Nunavut Water Board for 2009-2013, showing all reclamation work that has been done to date. These are to be submitted by **May 30, 2015.**
3. Alix shall undertake to perform the obligations of abandonment and restoration under the water licence. **This work is to be carried out in 2015.**

Failure to carry out your obligations in this respect will result in enforcement actions under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. Nothing in this letter is intended to exclude the requirement of any other authorizations that may be peripheral within the Nunavut regulatory regime while meeting the requirements of the Act and the conditions of this Letter of Non-Compliance.

Sincerely,

Eva Paul

Water Resources Officer | Agent des ressources en eau

Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada

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CC: Phyllis Beaulieu, Manager of Licensing, NWB
Erik Allain, Manager of Field Operations, AANDC
Wynter Kuliktana, Kitikmeot Inuit Association

Att: IQALUIT-#554842-v1-2BE-ARC0813_INSPECTION_REPORT_JULY_15_2012
IQALUIT-#614039-v1-IQALUIT-#614022-V1-2BE-ARC0813_OVERDUE_REQUIREMENT_TO_SUBMIT
IQALUIT-#619634-v1-IQALUIT-#619628-V1-2BE-ARC0813_RESPONSE_TO_DECEMBER_17_2012_EMAIL
IQALUIT-#619635-v1-RE__ACADIA_PROJECT_OUTSTANDING_INFORMATION
IQALUIT-#619694-v1-RE__ACADIA_PROJECT_OUTSTANDING_INFORMATION
IQALUIT-#630441-v1-ALIX_TO_EVA_PAUL_RE_ARCADIA_BAY_JAN_29-13_PDF
IQALUIT-#638788-v1-RE__ARCADIA_BAY
IQALUIT-#695674-v1-080310_2BE-ARC0507_ASSIGNMENT_OF_LICENCE-ILAE_PDF