



WATER LICENCE INSPECTION FORM

☒ Original
☐ Follow-Up Report

Licensee		Licensee Representative	
Auryn Resources		Rob L'Heureux (APEX)	
Licence No. / Expiry		Representative's Title	
2BE-CRA1520			
Land / Other Authorizations		Land / Other Authorizations	
N2014C0002, N2014C0005		056J/11-1-2, 056J/12-1-2	
Date of Inspection		Inspector	
26-27/06/2017		Eva Paul	
Activities Inspected			
<input checked="" type="checkbox"/> Camp	<input checked="" type="checkbox"/> Drilling	<input type="checkbox"/> Mining	<input type="checkbox"/> Construction
<input type="checkbox"/> Roads/Hauling	<input checked="" type="checkbox"/> Other: Quarry		<input checked="" type="checkbox"/> Reclamation
			<input checked="" type="checkbox"/> Fuel Storage

Conditions:	A- Acceptable	U-Unacceptable	C-Concern	NI-Not Inspected	NA- Not applicable	
PART:				Item No.*	Condition	Observation No.*
A: SCOPE, DEFINITIONS AND ENFORCEMENT					A	
B: GENERAL CONDITIONS				B.6,8	U	1
B: GENERAL CONDITIONS				B.9	U	2
C: CONDITIONS APPLYING TO WATER USE					A	
D: CONDITIONS APPLYING TO WASTE DISPOSAL				B.11,12,13	A	3
D: CONDITIONS APPLYING TO WASTE DISPOSAL				B.14	C	4
E: CONDITIONS FOR CAMPS, ACCESS INFRASTRUCTURES AND OPERATIONS				E.2,6	C	5
F: CONDITIONS APPLYING TO DRILLING AND TRENCHING OPERATIONS					A	
G: CONDITIONS APPLYING TO MODIFICATIONS					A	
H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING				H.1,4	C	6
H: CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING				H.2	C	7
I: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION OR TEMPORARY CLOSING				I.4	C	8
J: CONDITIONS APPLYING TO THE MONITORING PROGRAM				J.1,2	C	9,10
*The item number corresponds with specific conditions within the licence and the observation number corresponds with specific comments provided below.						
Samples taken by Inspector:		Location(s): CRA-1, CRA-2, Quarry borrow area 1. Flight delays after I left site meant that results (when received) will not include Fecals or BOD.				
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

SECTION 1	<input checked="" type="checkbox"/> Comments (s.1)	<input checked="" type="checkbox"/> Non-Compliance with Act or Licence (s.2)	<input checked="" type="checkbox"/> Action Required (s.3)
<p>A compliance inspection was conducted between 26 June and 28 June for Auryn's Committee Bay Project. Hayes, Bullion, and Crater camps, drilling activities, quarries, reclamation activities, fuel and waste management were all inspected related to the above water licence. I was accompanied on the inspection by Rob L'Heureux of APEX Geosciences on behalf of Auryn Resources. Auryn has several RAB drills in operation this summer, but currently no diamond drilling which uses water. Auryn is in the process of commissioning the Waste Water Treatment Plant, and awaiting final confirmation of discharge compliance before they begin discharging to the environment. The increased level of activity on the project brings with it an increased level of complexity, but overall, the project components are clean and well managed.</p> <ol style="list-style-type: none">Current plans as approved under this licence (eg – Quarry Development Plan, Spill Plan) are not being actively implemented. Only outdated copies of operational plans were found in the office at Hayes.Only the cover page of the Licence was visible; not the terms and conditions to which Auryn is bound.WWTP discharge is currently being contained in a sump while the system is brought into full operation and shows compliance with discharge criteria, as discussed with and approved by the inspector. Auryn is having difficulty getting samples to the lab in the short window required to accurately sample for faecal coliforms. Mr. L'Heureux discussed the results with their lab, ALS, who indicated that the results should still be valid even though the time-out qualifier was included on the results sheet.Auryn is currently managing water accumulation in berms by aggressively keeping the covers on at all times, rather than filter and test the effluent. This may not be practical in the longer term. Removal of snow and ice from berms is still a discharge, and could be contaminated.Water is accumulating in Borrow Area 1, which could result in impacts to the permafrost beneath. Historic drainage channels are visible, but the water level within the quarry is lower than the old drainage channels. The Quarry Development Plan was not found on-site, and is not currently being implemented; particularly the water management procedures and closure/ remediation.Further familiarity is required with the Spill Plan and procedures. Sewage spills from the WWTP occurred in June but were only documented internally and not reported to the Spill Line. The Licensee is now aware of the requirement to report all spills of sewage and has circulated copies of all the 'reportable quantities' of various substances.At Crater Camp, there was a jerry can of fuel in a small berm, perched on the snow margin of the lake. The berm is too			



close, and could easily slip or move, allowing the jerry can to fall into the lake.

8. The old Crater Camp site was also inspected, and it was found that burned debris is left, and the sumps have not been backfilled.
9. Monitoring stations have not yet been marked. For consistency of sampling, station locations should be staked and marked with the sampling station number.
10. Record keeping was not yet begun at Crater Camp. Only small volumes of water had yet been used, but Licensee was instructed to immediately begin recording camp water usage.

SECTION 2

☐ Comments

☒ Non-Compliance with Act or Licence

☐ Action Required

B.6: The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing.

B.9: The Licensee shall ensure a copy of this Licence is maintained at the site of operations at all times.

D.14: All Effluent discharged from Fuel Storage Facilities at Monitoring Station CRA-4 shall not exceed the following Effluent quality limit... [and must be tested before releasing to the environment in any form].

E.6: The Licensee shall implement the Plan entitled "Committee Bay Project Quarry Development Plan"...

H.2: All sumps and fuel caches shall be located at a distance of at least thirty one (31) metres from the Ordinary High Water Mark of any adjacent water body...

H.4: Failure to report spills.

SECTION 3

☐ Comments

☐ Non-Compliance with Act or Licence

☒ Action Required

- A. All responsible personnel require an in-depth understanding of the operational plans submitted under this water licence, as the approved plans form part of the licence and are therefore legal requirements. Current versions of the plans should be easily accessible to all staff.
- B. A copy of the licence and subsequent amendments were printed at Hayes Camp. Licensee is to ensure that copies are located at all camps, and that personnel are familiar with their obligations under the licence.
- C. Please provide a written confirmation from the lab that the results are still valid even if the analysis was conducted after the 30 hour window in order for me to authorize discharge.
- D. If any updates to the Fuel Management Plan are required to address the criteria of the licence, please submit as an addendum to the 2017 Annual Report. Please confirm with the Inspector the protocols being taken to remove any snow and water from the berms to ensure they are compliant with the licence. Ensure that notification is given to the Inspector as per item D.17 of the licence.
- E. A plan for restoring drainage from Borrow Area 1 is to be submitted to the Inspector and implemented upon approval. Complete closure and remediation of the quarry should be implemented if no further use is forecasted, to reduce the need for active water management.
- F. Reportable spills are to be reported both to the Spill Line and directly to the Inspector as per item H.4.c.
- G. Fuel for the water intake pump should be kept on land, >31m from the OHWM.
- H. The cleanup of the old Crater Camp should be completed, including removal of burned debris and backfilling of sumps.
- I. Monitoring stations are to be marked.
- J. Daily water usage records are to be kept at all camps and satellite activities for inclusion in the Annual Report.

Licensee or Representative	Inspector's Name
	Eva Paul
Signature	Signature
	sent electronically
Date	Date
	July 7, 2017

Office Use Only:

Follow-up report to be issued by Inspector

☐ Yes ☒ No

CC:

Licensing Department, NWB
Erik Allain, Manager of Field Operations, INAC



PHOTO LOG

Date	Camera	Inspector	Authorization
27 June 2017	SONY DSC-HX50V	EVA PAUL	2BE-CRA1520
Photo Log # 1		Location (NAD 83 DD MM SS.SS)	
Photo DSC06591		N66 39 34.8 W91 33 07.4	



Description: Temporary sump in use for storing WWTP effluent.

Photo Log # 2	Location (NAD 83 DD MM SS.SS)	
Photo DSC06685	N	W



Description: Borrow Area 1 is accumulating water. Historic drainage paths can be seen.



Photo Log # 3

Photo DSC06709

Location (NAD 83 DD MM SS.SS)

N67 22 21.7

W88 51 07.7



Description: Small spill tray with jerry can by Crater Lake. The fuel is to be stored on solid ground more than 30 m from the lake.

Photo Log # 4

Photo DSC06705

Location (NAD 83 DD MM SS.SS)

N67 22 17.2

W88 51 03.01



Description: One of 3 sumps remaining at old Crater Camp that are to be backfilled. Debris also to be cleaned up.