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

August 20, 2012

Eugene Beukman, VP Administration Burnstone Ventures Inc. 800-1199 West Hastings St. Vancouver, British Columbia V6E 3T5 Email: ebeukman@pendergroup.ca

RE: NWB Licence No. 2BE-CYG0406

Dear Mr. Beukman,

I was present at your Cygnet Lake site on July 15, 2012. Please find attached the report of my inspection. Some wooden debris and empty barrels were found on-site and will need to be removed. Please contact me to discuss a timeline for completion.

A hard copy of this report will follow in the mail.

Thank you,

Eva Paul

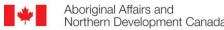
Water Resources Officer

Phone: 867-975-4548 Fax: 867-979-6445 Mobile: 867-222-6490

E-mail: Eva.Paul@aandc-aadnc.gc.ca

Cc: Andrew Keim, A/Manager, Field Operations, Nunavut Regional Office

Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board



## WATER USE INSPECTION FORM

WATER USE INS	PECI	ION FO	RM			
<b>Date:</b> July 15 2012	Licenso	<b>ee Rep.</b> (Na	me/Ti	tle): N/A		
Licensee: Burnstone Ve	Licence No.:			2BE-CYG0406		
WATER SUPPLY						
Source(s): NA			Quantity used: n/a			
Owner:/Operator: Licence			<u>-</u>			
Indicate: <b>A</b> - Acceptable <b>U</b> - Unacce			ptable	e <b>NA</b> - Not App	licable	NI - Not Inspected
Intake Facilities: NA	Storage Structure:			Treatment Systems:		Chemical Storage: NA
Flow Meas. Device: Convey NA		yance Lines:		Pumping Stations: NA		Screen : NA
Comments: No evidence	of a cam	np at this site	e. Af	few core boxes are	e all that	are present.
WASTE DISPOSAL						
Sewage: Sewage Trea		ystem (Prin	n./Sec	c/Ter.): <b>N/A</b>		
Natural Water Body: -		Continuous Discharge (land or water): -				
Seasonal Discharge: -		Wetlands Treatment: -		: -	Trench: -	
Indicate: A - Accep	<b>J</b> - Unacce	- Unacceptable NA - Not Applicable NI - Not Inspected				
Discharge Quality: NA		Decant Structur		re: NA	Erosio	n: NA
Discharge Meas. Device: NA		Dyke Inspection		n: NA	Seepages: NA	
Dams, Dykes: NA		Freeboard: NA			Spills: NA	
Construction: NA		O&M Plan: NA			A&R Plan: NA	
Discharge: NA		Effluent D	ischa	rge Rate: NA		
Solid Waste: Owner/Operator: Landfill: NA				andfill. NA	Othory	Pagkhaul
Comments:	Burn & Landfill: NA		Other: Backhaul			
Some wooden debris prese 8 old drums, empty, at the N67 39 42.9 W110 50 20.2 FUEL STORAGE: Waste Oil Storage:	location i	marked in th	e file :	as the fuel cache	for this per/Opera	roject: ntor: Licensee NI - Not Inspected
Berms & Liners: U		Water within Berms: NA			Evidence of Leaks: NA	
Drainage Pipes: NA		Pump Station & Catchments Berm: NA				
Pipeline Condition: NA	Condition of Tanks: NA					
Comments:						
Non-Compliance of Ac Barrels should have been been been been been been been be	backhaule tact the ir	ed at the cor			er 7, 201	2 to discuss a date when
					6	
Eva Paul						
				-		



Figure 1. Wooden debris found at N67 36 36.0 W110 45 05.0



Figure 2. Barrels seen at N67 39 42.9 W110 50 20.2. Two other barrels present, along the shore.