



WATER LICENCE INSPECTION FORM

☒ Original  
☐ Follow-Up Report

|                                                   |                                                            |                                      |                                                  |
|---------------------------------------------------|------------------------------------------------------------|--------------------------------------|--------------------------------------------------|
| Licensee                                          |                                                            | Licensee Representative              |                                                  |
| Canadian North Resources and Development Corp.    |                                                            | Trevor Boyd- Off site representative |                                                  |
| Licence No. / Expiry                              |                                                            | Representative's Title               |                                                  |
| 2BE-FER1318                                       |                                                            | Vice president, Exploration          |                                                  |
| Land / Other Authorizations                       |                                                            | Land / Other Authorizations          |                                                  |
| KVCL305H27                                        |                                                            | N2013X0023 (not issued)              |                                                  |
| Inspector                                         |                                                            | Inspector                            |                                                  |
| KVRW06F09                                         |                                                            | WRO C. Wilson                        |                                                  |
| Activities Inspected                              |                                                            |                                      |                                                  |
| <input checked="" type="checkbox"/> Camp          | <input type="checkbox"/> Drilling                          | <input type="checkbox"/> Mining      | <input type="checkbox"/> Construction            |
| <input checked="" type="checkbox"/> Roads/Hauling | <input checked="" type="checkbox"/> Other: Water Discharge |                                      | <input checked="" type="checkbox"/> Reclamation  |
|                                                   |                                                            |                                      | <input checked="" type="checkbox"/> Fuel Storage |

|                                                                                          |    |                |              |                              |                     |                    |         |                    |  |           |         |
|------------------------------------------------------------------------------------------|----|----------------|--------------|------------------------------|---------------------|--------------------|---------|--------------------|--|-----------|---------|
| Conditions:                                                                              |    | A - Acceptable | C - Concern  | U - Unacceptable             | NA – Not Applicable | NI – Not Inspected |         |                    |  |           |         |
| Water Use                                                                                |    | Condition      | Comment      | Site Conditions              |                     | Condition          | Comment | Haz/Mat Management |  | Condition | Comment |
| Intake/Screen                                                                            | NI | 1              |              | Water Manag. Structures      |                     | A                  | 5       | Storage            |  | C         | 3       |
| Flow Measure. Device                                                                     | NI | 1              |              | Culverts / Bridges           |                     | --                 | NA      | Spills             |  | C         | 6       |
| Source: Ferguson                                                                         | NA | 1              |              | Drainage                     |                     | A                  | --      | Spill Plan         |  | C         | 6       |
| Water Allotment:100m3/day                                                                | NA | 1              |              | Erosion / Sediment           |                     | A                  | --      |                    |  |           |         |
| Water Used: NA                                                                           | NI | 1              |              | Mitigation Measures          |                     | A                  | NA      | Administrative     |  |           |         |
|                                                                                          |    |                |              | Reclamation Activities       |                     | A                  | 3       | Records            |  | NA        | 1       |
|                                                                                          |    |                |              | Materials Storage            |                     | A                  | 3       | Reports            |  | A         | 7       |
| Waste Disposal                                                                           |    |                |              | Signage                      |                     | NA                 | NA      | Plans              |  | U         | 6       |
| Waste Water                                                                              | A  | 1,5            |              |                              |                     |                    |         | Notifications      |  | C         | 5       |
| Solid Waste                                                                              | A  | 4              |              | Monitoring                   |                     | Other              |         |                    |  |           |         |
| Hazardous Waste                                                                          | C  | 3              |              | Sample Collection / Analysis |                     | NI                 |         |                    |  |           |         |
|                                                                                          |    |                |              |                              |                     |                    |         |                    |  |           |         |
| *The number in the comments field will correspond with specific comments provided below. |    |                |              |                              |                     |                    |         |                    |  |           |         |
| Samples taken by Inspector:                                                              |    |                | Location(s): |                              |                     |                    |         |                    |  |           |         |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                      |    |                |              |                              |                     |                    |         |                    |  |           |         |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                     |                                                                    |                                                            |
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| SECTION 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <input checked="" type="checkbox"/> Comments (s.__) | <input type="checkbox"/> Non-Compliance with Act or Licence (s.__) | <input type="checkbox"/> Action Required (s.__)            |
| <div><div>1. The Ferguson Lake Project is in a state of temporary closure since 2011 therefore no water was being used at the time of the inspection.</div><div>2. On July 9<sup>th</sup>, 2014 the proponent anticipated the annual care and maintenance work to be completed at the Ferguson Lake Camp during the month of July.</div><div>3. A large amount of hazardous waste and bulky metals still remain at the site (photo 2) though discussions with the proponent have suggested a plan to winter haul materials out to Rankin Inlet in 2016 which will be shipped from there down south for proper disposal.</div><div>4. The site was orderly with no domestic waste or windblown debris which was a concern in previous inspections.</div><div>5. The Ferguson Lake Project utilizes a 40m x 40m lined earthen berm referred to as a Fuel Containment Area (FCA) as a secondary containment unit for fuel and hazardous waste storage (photo 4). In previous inspection it has been noted that the FCA fills with a large amount of freshet water during the spring. In previous years this water has been sampled and discharged annually during the summer care and maintenance. As per PART D item 10 of the current water Licence the proponent is required to provide 10 day notification to the inspection prior to the release of effluent from the FCA. No Notification was received by the AANDC Field Operations Unit or the Inspector.</div><div>6. The Plan titled “Abandonment and Restoration Plan 2012” does not reflect the current owners or state of the site specifically the section two titled “Regular Maintenance and Temporary Closure”. The Proponent is required to revise this document and all other documents to reflect the current procedures and operation of the project.</div><div>7. The 2013 annual report was submitted.</div><div>8. The staging area located at N62° 52’ 9.768” W96° 55’ 29 7.48” appears to have some erosion occurring on the down slope side. The area has become red (photo 2 and 3) and has been eroding progressively over the last three years. The proponent will discuss this location and provide information to the inspector before June 29<sup>th</sup>, 2015.</div></div> |                                                     |                                                                    |                                                            |
| SECTION 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <input type="checkbox"/> Comments (s. 1)            | <input type="checkbox"/> Non-Compliance with Act or Licence (s.2)  | <input checked="" type="checkbox"/> Action Required (s.__) |
| <div><div>The proponent shall submit to the Inspector the sampling results and analysis of the FCA prior to discharge as discussed in PART D item 11. The Proponent shall also include the co-ordinates of the discharge as required PART J item 3. This information will be provided to the Inspector no later than March 31<sup>st</sup>, 2015.</div><div>The proponent shall submit a revised Abandonment and Reclamation Plan to capture the current state of the project and to included the requirements of PART I item 1. This plan will consider the intent of PART B item 5, 6, 7 and 8 and be submitted to the Nunavut Water Board’s Manager of Licensing and the Inspector no later than June 29<sup>th</sup>, 2015.</div><div>The proponent shall revise the plan titled “Ferguson Lake Spill Contingency Plan” to include the requirements of PART H</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                     |                                                                    |                                                            |

item 2. This will be submitted with the annual report as an addendum.

The Licensee is also reminded to review the the terms and conditions contained within the Licence; it is solely the responsibility of the Licensee to ensure compliance and maintain it over the term of the current licence.

|                            |                                |
|----------------------------|--------------------------------|
| Licensee or Representative | Inspector's Name               |
|                            | WRO Wilson                     |
| Signature                  | Signature                      |
|                            | <i>Christine Wilson</i>        |
| Date                       | Date                           |
|                            | August 21 <sup>th</sup> , 2014 |

Office Use Only:Follow-up report to be issued by Inspector

☐ Yes☒ No

PHOTO LOG

|               |                       |                           |            |
|---------------|-----------------------|---------------------------|------------|
| Date:         | Authorization Number: | Camera/Model:             | Inspector  |
| July 21, 2014 | 2BE-FER1318           | Sony DSC-HX50V Cyber shot | WRO Wilson |

Locations name:PHOTO 1

Lat/Long (DD.MM.SS.SS, NAD83)  
N°62 53' 33", W 96° 54' 05"



Description:

Ferguson Lake Project July 21<sup>st</sup>, 2014



Locations name:

PHOTO 2

Lat/Long (DD.MM.SS.SS, NAD83)

N62° 52' 9.768" W96° 55' 29 7.48"



Description:

Staging area. Red brown cover next to staging area.

Locations name:

PHOTO 3

Lat/Long (DD.MM.SS.SS, NAD83)

N°62 52' 12.25" W96° 55' 24.08"



Description:

Red, eroded cover at staging area



|                 |  |                                |
|-----------------|--|--------------------------------|
| Locations name: |  | Lat/Long (DD.MM.SS.SS, NAD83)  |
| PHOTO 4         |  | N°62 53' 33.91" W96° 54' 1.04" |



Description:

Fuel Containment Area (FCA) with fresh water.