



WATER LICENCE INSPECTION FORM

☒ Original
☐ Follow-Up Report

Licensee		Licensee Representative	
Aura Silver Resources Inc.		John McNeice	
Licence No. / Expiry		Operator	
2BE-GRE1416, July 2 nd , 2016		Agnico Eagle Gold Mines Ltd.	
Land / Other Authorizations		Contact	
N2015C0006		David Frenette	
Date of Inspection		Inspector	
July 22nd, 2015		WRO C. Wilson	
Activities Inspected			
<input type="checkbox"/> Camp	<input checked="" type="checkbox"/> Drilling	<input type="checkbox"/> Mining	<input type="checkbox"/> Construction
<input type="checkbox"/> Roads/Hauling	<input type="checkbox"/> Other: Waste Discharge		<input checked="" type="checkbox"/> Reclamation
			<input type="checkbox"/> Fuel Storage
			<input type="checkbox"/> Other:

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	NI	--		Water Management Structures		A	3	Storage		NI	--
Flow Measure. Device	A	1		Culverts / Bridges		NA	--	Spills		NA	--
Source: Proximal	NI	--		Drainage		--	--	Spill Contingency Plan		NI	--
Direct Water Use: (m ³)	NI	--		Erosion / Sediment		A	2				
Recirculation (y /n)	NI	--		Mitigation Measures		NI	--	Administrative			
Waste				Signage		NA	--	Plans		C	5(b)
Drill waste water	A	3		Monitoring				Other			
Drill cuttings	A	3		Reporting		A	6	Reclamation		C	5
				Analysis		NA	--				
*The number in the comments field will correspond with specific comments provided below.											
Samples taken by Inspector:			Location(s): None								
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											

SECTION 1	<input checked="" type="checkbox"/> Comments (s. __)	<input type="checkbox"/> Non-Compliance with Act or Licence (s. __)	<input type="checkbox"/> Action Required (s. __)
Aura Silver Resources Inc. was issued a renewal amendment water licence no. 2BE-GRE1416 on July 3 rd , 2014 for the Greyhound Exploration Project. During 2014 a drilling campaign was operated by Agnico Eagle Gold Mines Ltd (AEM) which ran from June 23 rd to June 30 th . AEM mobilized from the existing facilities at the Meadowbank Gold Mine.			
On July 22 nd , 2015 three drill sites were inspected from the 2014 program, this report was produced with the information gathered during that inspection and a review of associated documents.			
<u>Observations</u>			
Drill hole No.: GHD14-003 (approximately located at N64° 37' 41.26", W96° 17' 30.7")			
— Located on crown land -authorized by land use permit no. N2015C0006			
— Casing in hole, uncapped			
— Water inside the casing			
Drill hole No.: GHD14-001 (approximately located at N64° 39' 3.46", W96° 18' 39.25")			
— Located on crown land -authorized by land use permit no. N2015C0006			
— Casing in hole, uncapped			
Drill hole No.: GHD14-007 (approximately located at N64° 39' 43.11" W 96 15' 51.34")			
— Located on crown land -authorized by land use permit no. N2015C0006			
— Casing in hole, uncapped			
— Waste proximal to hole			
— Red colored rock proximal to hole			
<u>Water Use</u>			
1. Water use records for the 2014 drilling program are available in the AEM submission of the 2014 Greyhound Exploration Project's Annual Report.			
2. No concerns regarding sediment or erosion at the sites inspected.			
<u>Waste Water/ Drilling Operation</u>			
3. Drill cuttings are disposed of proximal to the hole, pursuant to Part F item 2.			
<u>Abandonment and Restoration or Temporary Closure</u>			
4. The casings remain in the hole, cut off at grade.			
a. Concern with the licence condition Part I item 10; the proponent's operator indicated that the casings sometimes cannot be removed because they are stuck in the over burden.			
b. The Abandonment and Restoration plan does not discuss reclamation of drill holes when the casing cannot be removed.			
<u>Monitoring Program</u>			
5. The proponent is reminded that all correspondence regarding this licence must come from the liable entity, which in this case is Aura Silver Resources. The 2014 annual report was submitted under AEM cover but no document has been provided authorizing AEM to submit documents on Aura Silver Resources behalf.			

- a. A letter of authorization or clarification is required.
6. No concerns, the proponent is meeting the obligation found under Part J when considering the report submitted by AEM.

SECTION 2

☐ Comments (s. __)

☒ Non-Compliance with Act or Licence (s.2)

☐ Action Required (s. __)

PART I item 10- Failure to Restore Drill Sites

“The Licensee shall restore all drill holes and disturbed areas to natural conditions immediately upon completion of the drilling. The restoration of drill holes must include the removal of any drill casing materials and if having encountered artesian flow, the capping of holes with a permanent seal.”

SECTION 3

☐ Comments (s. __)

☐ Non-Compliance with Act or Licence, (s. __)

☒ Action Required (s.3)

- The proponent will contact the Nunavut Water Board, to discuss possible modifications of this condition before January 30th, 2016. The inspector recognizes that in certain situations the casing cannot be removed as required in the licence. The proponent is encouraged to revise the Abandonment and Restoration Plan to reflect the current situation and submit the revisions with the 2015 Annual Report.
- Aura Silver Resources will provide clarification to the Nunavut Water Board regarding the Greyhound Exploration Project submissions made by AEM.

Licensee or Representative	Inspector's Name WRO C Wilson
Signature	Signature Original signed on file
Date	Date October 15th, 2015

Office Use Only:

Follow-up report to be issued by Inspector

☐ Yes ☒ No

cc. Erik Allain, Manager Field Operations, AANDC
John McNeice, Aura Silver Resources



Date	Camera	Inspector	Authorization
July 22 nd , 2015	Sony Cyber Shot DSC-HX50V	WRO Wilson	2BE-GRE1416
Photo Log #		Location (NAD 83 DD MM SS.SS)	
Photo 1		N64° 37' 41.26" W 96° 17' 3.07"	
			
Description:			
GHD-14-003			

Photo Log #	Location (NAD 83 DD MM SS.SS)
Photo 2	N64 39 3.46 W96 18 39.25
	
Description:	
GHD14-001	



Photo Log #

Location (NAD 83 DD MM SS.SS)

Photo 3

N64 39 43.11 W 96 15 51.34



Description:

GHD14-007