

**WATER LICENCE INSPECTION FORM**☒ Original
☐ Follow-Up Report

Licensee	Licensee Representative
Montego Resources Inc.	Unknown
Permit No. / Expiry	Purpose
2BE-KIY1722, July 21 st , 2022	Exploration
Other Authorizations/ Expiry	Project Name
N2019C0007, March 1 st , 2024	Kiyuk Lake Project
Date of Inspection	Inspector
September 17 th , 2021	RMO Wilson
Activities Inspected	
<input checked="" type="checkbox"/> Camp	<input type="checkbox"/> Drilling
<input type="checkbox"/> Roads/Hauling	<input type="checkbox"/> Mining
<input type="checkbox"/> Other:	<input type="checkbox"/> Construction
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Fuel Storage
	<input type="checkbox"/> Other:

SECTION 1☒ **Comments (s. __)**☐ **Non-Compliance with Act or Licence (s. __)**☐ **Action Required (s. __)**

On September 17th, 2021 an inspection of Montego Resources Inc., Kiyuk Lake Project was completed by Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), Resource Management Officer, Christine Wilson (Inspector). The inspection was conducted to ensure compliance with applicable terms and conditions of water licence no. 2BE-KIY1722. This inspection was completed as a follow up to land use permit report no. [2020-KIV18-CW]. A copy of this report is attached in appendix 2.

PRELIMINARY NOTES

- The Nunavut Water Board (NWB) included conditions in this Licence which required Montego Resources to submit revisions to the Spill Contingency Plan, Abandonment and Restoration Plan and the Waste Management Plan. A submission was made with the 2018 Annual Report. The NWB distributed the revised plans for comment and received recommendations specific to the Abandonment and Restoration Plan. The Licensee was required to resubmit the plan 60 days following the issuance of the letter (appendix 1) to address the recommendations made to the NWB. The Inspector was not able to find the final submission of the revised Abandonment and Restoration Plan on the NWB FTP website.
- September 8th 2020, the Inspector attended the Kiyuk Lake Project while transiting through the area. No inspection was planned at that time but the condition of the site warranted further observation. It was observed that the camp had extensive damage by animals and also two fuel spills were identified.
- September 14th 2020, site representative, Jack Bal was contacted by the Inspector and notified of the site condition and the spills.
- September 28th 2020, Jack Bal submitted two spill reports for the spills noted on September 8th. Only one file was created in the 24hr Spill Line Database under report no. 2020-361.
- On October 12th 2020, Jack Bal submitted a plan to the Inspector committing to resolve the issues observed on September 8th at the camp by June 2021. A copy of this information is included in appendix 2.
- April 20th 2021, Jack Bal submitted an alternative plan to the Inspector committing to resolve the issues observed on September 8th at the camp by July 2021. A copy of this information is included in appendix 2.
- To date no information has been received from Jack Bal regarding the work completed at the site.

OBSERVATIONS

1. The Annual Report, as required by PART B item 2 are not available for review on the NWB FTP website.
2. The camp, generally located at N60° 27' 50.44", W100° 23' 4.65" appears to be in the same condition as noted in 2020.
3. The two spills located at; N60° 27' 50.44", W100° 23' 4.65" from a drum at the kitchen cabin and N60° 27' 48.50", W100° 22' 59.84" next to the incinerator shed, remain in the same condition as noted in 2020.
4. Two bulk fuel storage tanks are in need of maintenance. The tanks have sunk into the tundra and pose a risk of rolling over if not stabilized (photo 1-6).
5. Both drum fuel caches require maintenance. The berms are filled with water, the walls have collapsed and the water inside the berms have a sheen (photo 7-9).



SECTION 2 ☐ Comments (s.____) ☒ Non-Compliance with Act or Licence (s.2) ☐ Action Required (s.____)

Non-compliance related to the terms and conditions of water licence no. 2BE-KIY1722:

PART B item 2: Failure to submit the 2019 and 2020 Annual Reports.

PART H item 1: Failure to submit information as required by this condition to the Nunavut Water Board.

PART H item 2: Failure to prevent spills as required by this condition.

PART H Item 4: Failure to employ the approved Spill Contingency Plan, properly report spills and follow up as required by this condition.

PART I item 1: Failure to submit a revision to the plan titled "Kiyuk Demobilization Plan" as required by this condition.

PART I item 3: Failure to progressively reclaim components of the project no longer in use.

SECTION 3 ☐ Comments (s.____) ☐ Non-Compliance with Act or Licence, (s.____) ☒ Action Required (s.3)

The Inspector understood the project was in the process of changing ownership and that all authorizations were to be transferred/assigned to the new owners. At this time, the Water Licence and Land Use Permit remain in the name of Montego Resources.

All activities associated with this undertaking shall cease until the numerous failures to comply are resolved.

Currently Montego Resources authorization to access crown land has been **suspended** by the Inspector under the authority of the section 41 (1) of the Territorial Lands Use Regulations.

Montego Resources has until December 18th, 2021 to respond to the Inspector at Christine.Wilson3@rcaanc-cirnac.gc.ca or further enforcement actions will be pursued.

Licensee or Representative	Inspector's Name
	C. Wilson
Signature	Signature
Date	Date
	November 29th, 2021

Office Use Only: Follow-up report to be issued by Inspector ☐ Yes ☒ No

Attached:

Photo Log, 2BE-KIY1722, Sept 17th, 2021, Christine Wilson

Appendix 1- Letter from the Nunavut Water Board to Montego Resources Inc. RE: A and R Revisions

Appendix 2- [2021-KIV02-CW] N2019C0007 Land Use Permit Inspection Form 09.17.21



PHOTO LOG

Date:	Authorization Number:	Camera/Model:	Inspector
September 17 th , 2021	2BE-KIY1722	Sony DSC-HX50V Cyber shot	RMO Wilson
Photo No.		Lat/Long (DD.MM.SS.SS, NAD83)	
Photo 1		N60° 27' 48.13", W100° 23' 1.00"	



Description:

Full JET A fuel tank #1.



Photo No.

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

Photo 2

N60° 27' 48.32", W100° 23' 0.70"



Description:

Tank # 1, sign used as an approximate gauge of level.



Photo No.

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

Photo 3

N60° 27' 48.36", W100° 23' 1.21"



Description:

Tank # 1 placard, 4545L fuel storage tank.

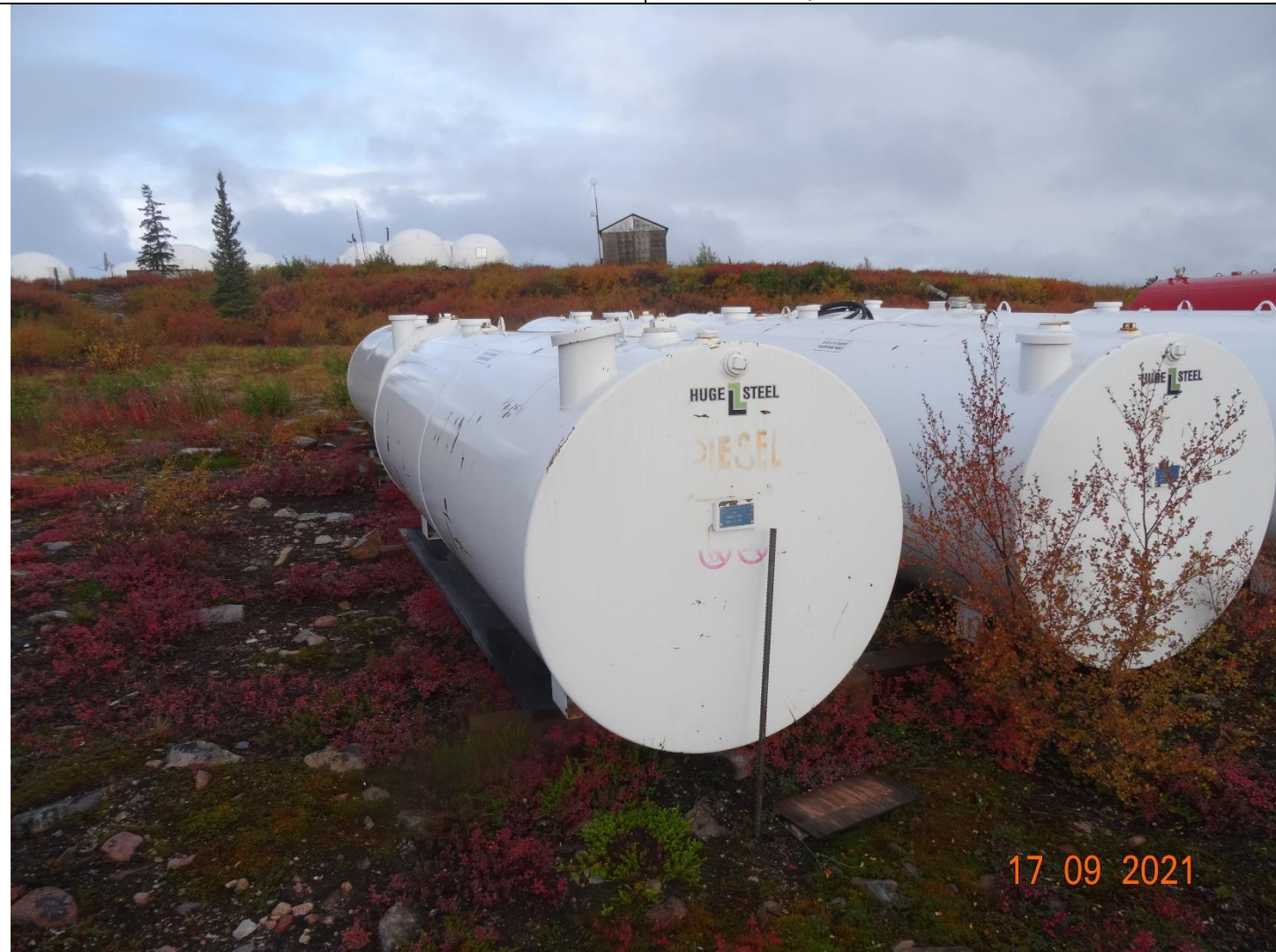


Photo No.

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

Photo 4

N60° 27' 48.53", W100° 23' 0.07"



Description:

Tank # 2 partical full diesel fuel tank



Photo No.

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

Photo 5

N60° 27' 48.47", W100° 22' 59.63"



Description:

Tank #, misplaced wood footing



Photo No.

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

Photo 6

N60° 27' 48.58", W100° 23' 0.08"



Description:

Tank # 2 placard for diesel partial



Photo No.

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

Photo 7

N60° 27' 50.25", W100° 23' 4.66"



Description:

Collapsed berm walls 1



Photo No.

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

Photo 8

N60° 27' 50.32", W100° 23' 0.19"



Description:

Sheen on the water in the secondary containment berm



Photo No.

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

Photo 9

N60° 27' 50.02", W100° 22' 59.81"



Description:

Collapsed berm walls 2



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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No.: **2BE-KIY1722**

February 14, 2020

Chris Pennimpede
Montego Resources Inc.
800 - 1189 W. Hastings Street
Vancouver, BC V6C 2C2

Email: cpennimpede@gmail.com

RE: NWB Technical Review of 2018 Annual Report, Revised Spill Prevention and Response Plan, Updated Abandonment and Restoration Plan, and Waste Management Plan for the Kiyuk Lake Project; Water Licence No. 2BE-KIY1722

Dear Mr. Pennimpede:

The Nunavut Water Board (NWB or Board) has completed a technical review of the 2018 Annual Report submitted to the Board on November 6, 2019. This report was provided to the Kivalliq distribution list for information. No comments have been received to date

Additionally, the Board notes that the following Management Plans were provided to the NWB on April 11, 2019:

- *Spill Prevention and Response Plan, Kiyuk Lake Project, NU*, dated February 26, 2019;
- *Abandonment and Restoration Plan, Kiyuk Lake Project, NU*, dated February 26, 2019;
- *Waste Management Plan, Kiyuk Lake Project*, dated February 25, 2019.

These plans were distributed for public review on December 11, 2019. On January 10, 2020, Crown-Indigenous Relations and Northern Affairs (CIRNA) provided their comments pertaining to the updated Abandonment and Restoration Plan.

The technical review of the 2018 Annual Report, along with the Spill Prevention and Response Plan and Waste Management Plan determined that the information provided in these documents generally addresses the requirements of the Water Licence.

The Board strongly recommends that the Licensee consult the comments submitted by CIRNA¹ and attached to this letter, and address these recommendations within the next version of the Abandonment and Restoration Plan to be submitted for Board's approval within sixty (60) days of issuance of this letter.

Should you have any questions, please feel free to contact the undersigned at (867) 360-6338 (extension 29) or sergey.kuflevskiy@nwb-oen.ca, at your earliest convenience.

Sincerely,



Sergey Kuflevskiy
Nunavut Water Board,
Technical Advisor

Cc: Distribution List – Kivalliq

¹ CIRNA Letter, Re: Crown-Indigenous Relations and Northern Affairs Canada Comments on Montego Resources Inc. Update to Abandonment and Restoration Plan for the Kiyuk Lake Exploration Project, Licence No. 2BE-KIY1722, dated January 10, 2020



☒ Original

☐ Follow-Up Report

LAND USE PERMIT INSPECTION FORM

Permittee	Representative
Montego Resources Inc.	Jack Bal (Not onsite)
Permit No. / Expiry	Purpose
N2019C0007, March 1 st , 2024	Exploration
Other Authorizations/ Expiry	Project Name
2BE-KIY1722, July 21 st ,2022	Kiyuk Lake Gold Project
Date of Inspection	Inspector
September 17 th , 2021	RMO Wilson
Activities Inspected	
<div><input checked="" type="checkbox"/> Camp<input type="checkbox"/> Drilling<input type="checkbox"/> Mining<input type="checkbox"/> Construction<input type="checkbox"/> Reclamation<input checked="" type="checkbox"/> Fuel Storage</div> <div><input type="checkbox"/> Roads/hauling<input type="checkbox"/> :Other<input type="checkbox"/> Other:</div>	

State:	A- Acceptable	U-Unacceptable	C-Concern	NI-Not Inspected	NA- Not applicable
Section:	Condition No.	State	Observation No.		
31 (1)(a) Location and Area	--	A	--		
31 (1)(b) Time	7,8,10,11,12,14	U	--		
31 (1)(c) Equipment	20	U	--		
31 (1)(d) Methods and Techniques	28	U	--		
31 (1)(e) Type location, capacity and operation of facility	32	U	--		
31 (1)(f) Control or prevent of flooding, erosion, and subsidence of Land	--	NI	--		
31 (1)(g) Use, storage, handling and disposal of chemical or toxic materials	54	U	--		
31 (1)(h) Wildlife and fisheries habitat	--	NI	--		
31 (1)(i) Objects and places of recreation, scenic and ecological value	--	NI	--		
31 (1)(k) Petroleum fuel storage	65,66,67,69,70,72	U	1,2,3,4		
31 (1)(m) Matters not inconsistent with the regulations	76	U			

SECTION 1	<input checked="" type="checkbox"/> Comments	<input type="checkbox"/> Non-Compliance with Act or Licence	<input type="checkbox"/> Action Required
<p>On September 17th, 2021 an inspection of Montego Resources Inc., Kiyuk Lake Project was completed by Crown-Indigenous Relations and Northern Affairs Canada ('CIRNAC'), Resource Management Officer, Christine Wilson ('Inspector'). The inspection was conducted to ensure compliance with applicable terms and conditions of land use permit no. N2019C0007. This inspection was completed as a follow up to report no. [2020-KIV18-CW] (appendix 1).</p> <p>No company representative was present during this time.</p> <p>PRELIMINARY NOTES</p> <ul style="list-style-type: none">September 8th 2020, the Inspector attended the Kiyuk Lake Project while transiting through the area. No inspection was planned at that time but the condition of the site warranted further observation. It was observed that the camp had extensive damage by animals and also two fuel spills were identified.September 14th 2020, site representative, Jack Bal was contacted by the Inspector and notified of the site condition and the spills.September 28th 2020, Mr. Bal submitted two spill reports for the spilled noted on Sept 8th. Only one file was created in the 24hr Spill Line Database under report number 2020-361 (appendix 2 and 3).On October 12th 2020, Jack Bal submitted a plan to the Inspector (appendix 4) committing to resolve the issues observed on September 8th by June 2021.April 20th 2021, Jack Bal submitted an alternative plan to the Inspector (appendix 5) committing to resolve the issues observed on September 8th at camp by July 2021.To date no information has been received from Mr. Bal regarding the work completed at the site. <p>OBSERVATIONS</p> <ol style="list-style-type: none">The camp, generally located at N60° 27' 50.44", W100° 23' 4.65" appears to be in the same condition noted in 2020.The two spills located at N60° 27' 50.44", W100° 23' 4.65" from a drum at the kitchen cabin and N60° 27' 48.50", W100° 22' 59.84" next to the incinerator shed, remain in the same condition as noted in 2020.Two bulk fuel storage tanks are in need of maintenance. The tanks have sunk into the tundra and pose a risk of rolling over if not stabilized (photo 1-6).Both drum fuel caches require maintenance, the berms are filled with water, the berms' walls have collapsed and the water inside the berms have a sheen (photo 7-9).			



SECTION 2 <input type="checkbox"/> Comments <input checked="" type="checkbox"/> Non-Compliance with Act or Regulations <input type="checkbox"/> Action Required	
Non- compliance related to the terms and conditions of land use permit no. N2019C0007 observed during the 2020 and 2021 inspection; 31(1)(b)(7): Failure to contact the Inspector prior to commencement of land use activities. 31(1)(b)(8): Failure to provide notice of commencement of land use activities to the Engineer of Lands. 31(1)(b)(10): Failure to provide information to the Engineer of Lands. 31(1)(b)(11): Failure to provide notice of completion of land use activities to the Inspector. 31(1)(b)(12): Failure to provide annual reports for 2019 and 2020. 31(1)(b)(14): Failure to provide notice of completion of land use operations to the Engineer of Lands. 31(1)(c)(20): Failure to store garbage in a manner to prevent access by wildlife. 31(1)(e)(32): Failure to ensure land use area is kept tidy at all times. 31(1)(g)(54): Failure to store hazardous materials in a manner to prevent access by wildlife. 31(1)(k)(65): Failure to prevent spills to the land. 31(1)(k)(67): Failure to mark fuel storage locations to the satisfaction of the Inspector. 31(1)(k)(69): Failure to mark fuel storage containers with the Permittee’s name and land use permit number. 31(1)(k)(70): Failure to use adequate secondary containment for fuel storage containers. 31(1)(k)(72): Failure to storage fuel appropriately during winter months. 31(1)(m)(76): Failure to immediately notify the Engineer of the sale/transfer of property/assets.	
SECTION 3 <input type="checkbox"/> Comments <input type="checkbox"/> Non-Compliance with Act or Regulations <input checked="" type="checkbox"/> Action Required	
Base on the findings of the 2020 and 2021 inspections, and overall compliance at the Kiyuk Lake Project the Inspector recommends that this land use authorization be suspended until the failures to comply are addressed.	
Licensee or Representative	Inspector’s Name WRO Wilson
Signature	Signature <i>Christine Wilson</i>
Date	Date October 18 th , 2021

Office Use Only:	Follow-up report to be issued by Inspector	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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Attached:
Photo Log, N2019C0007, Sept 17th, 2021, Christine Wilson
Appendix 1- [2020-KIV18-CW] N2019C0007 Land Use Permit Inspection Form 09.08.20
Appendix 2- nt_nu_spill_report_form_cache_exploration_2020_-_1
Appendix 3- nt_nu_spill_report_form_cache_exploration_2020_-_2
Appendix 4- October 12, 2020 Letter to Christine Wilson CIRNAC from Jack Bal
Appendix 5- April 20, 2021 Cache Exploration Clean up Letter



PHOTO LOG

Date:	Authorization Number:	Camera/Model:	Inspector
September 17 th , 2021	N2019C0007	Sony DSC-HX50V Cyber shot	RMO Wilson
Photo No.		Lat/Long (DD.MM.SS.SS, NAD83)	
Photo 1		N60° 27' 48.13", W100° 23' 1.00"	



Description:
Full JET A fuel tank #1.



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 2	N60° 27' 48.32", W100° 23' 0.70"



17 09 2021

Description:
Tank # 1, sign used as an approximate gauge of level.



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 3	N60° 27' 48.36", W100° 23' 1.21"



Description:
Tank # 1 placard, 4545L fuel storage tank.

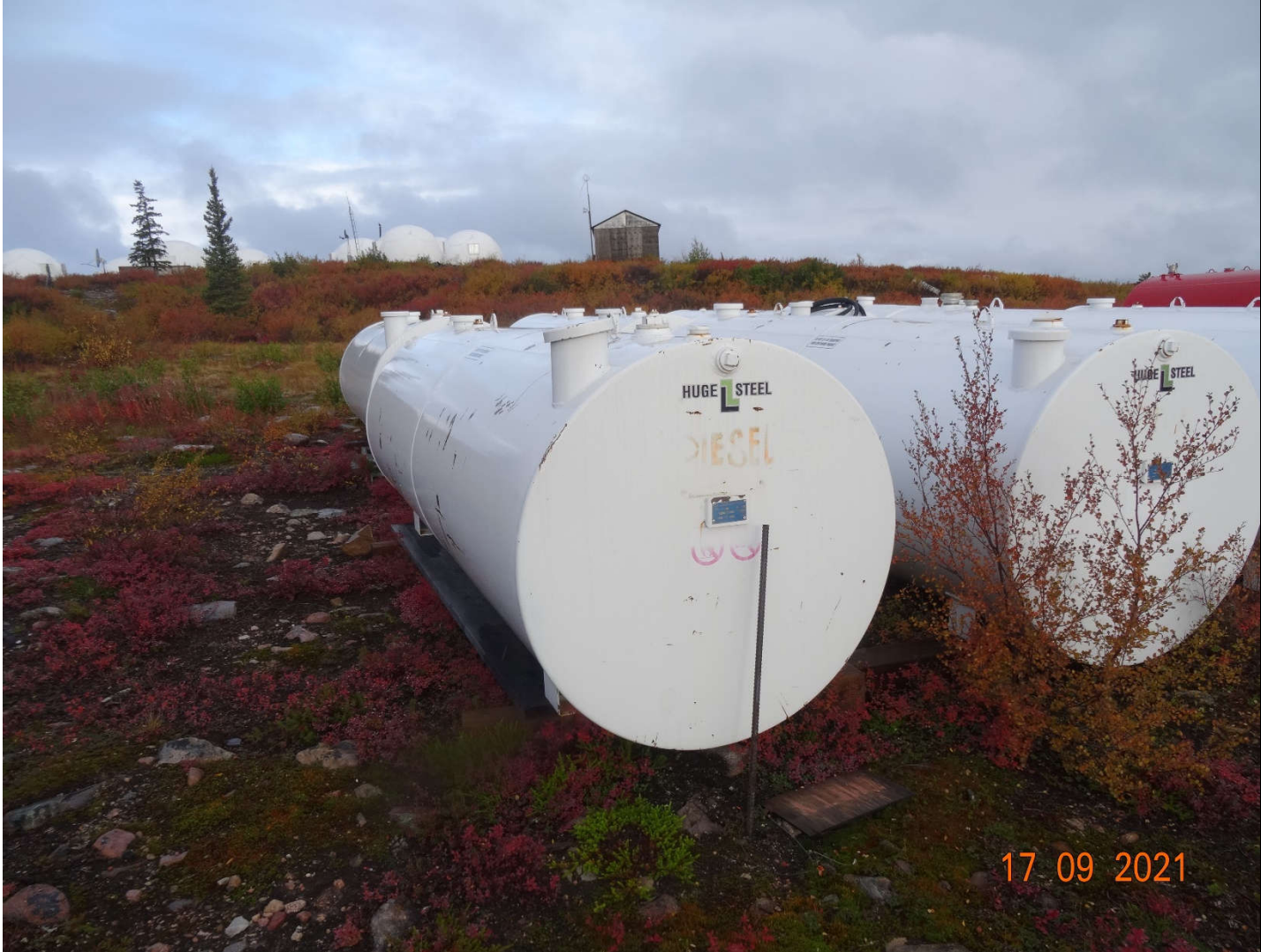


Photo No.

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

Photo 4

N60° 27' 48.53", W100° 23' 0.07"




Description:

Tank # 2 partical full diesel fuel tank



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 5	N60° 27' 48.47", W100° 22' 59.63"



17 09 2021

Description: Tank #, misplaced wood footing



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 6	N60° 27' 48.58", W100° 23' 0.08"



Description:
Tank # 2 placard for diesel partcial



Photo No.

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

Photo 7

N60° 27' 50.25", W100° 23' 4.66"



Description:

Collapsed berm walls 1



Photo No.

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

Photo 8

N60° 27' 50.32", W100° 23' 0.19"



Description:

Sheen on the water in the secondary containment berm



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 9	N60° 27' 50.02", W100° 22' 59.81"



Description:
Collasped berm walls 2



☒ Original

☐ Follow-Up Report

LAND USE PERMIT INSPECTION FORM

Permittee	Representative
Montego Resources Inc.	No Representative
Permit No. / Expiry	Purpose
N2019C0007, March 1 st , 2024	Exploration
Other Authorizations/ Expiry	Project Name
2BE-KIY1722, July 21 st ,2022	Kiyuk Lake Gold Project
Date of Inspection	Inspector
September 8 th , 2020	RMO Wilson
Activities Inspected	
<div><input checked="" type="checkbox"/> Camp<input type="checkbox"/> Drilling<input type="checkbox"/> Mining<input type="checkbox"/> Construction<input type="checkbox"/> Reclamation<input checked="" type="checkbox"/> Fuel Storage</div> <div><input type="checkbox"/> Roads/hauling<input type="checkbox"/> :Other<input type="checkbox"/> Other:</div>	

State:	A- Acceptable	U-Unacceptable	C-Concern	NI-Not Inspected	NA- Not applicable
Section:	Condition No.	State	Observation No.		
31 (1)(a) Location and Area		A	1		
31 (1)(b) Time	7,8,10,11, 12	U	1		
	12	U	2		
31 (1)(c) Equipment	20,31	U			
31 (1)(d) Methods and Techniques	--	NI	--		
31 (1)(e) Type location, capacity and operation of facility	32	U			
31 (1)(f) Control or prevent of flooding, erosion, and subsidence of Land	--	NI			
31 (1)(g) Use, storage, handling and disposal of chemical or toxic materials	54	U	8		
31 (1)(h) Wildlife and fisheries habitat	--	--	--		
31 (1)(i) Objects and places of recreation, scenic and ecological value	--	--	--		
31 (1)(k) Petroleum fuel storage	65,70,72,69, 67	--	8		
31 (1)(m) Matters not inconsistent with the regulations	--	--	--		

SECTION 1	<input checked="" type="checkbox"/> Comments	<input type="checkbox"/> Non-Compliance with Act or Licence	<input type="checkbox"/> Action Required								
<p>On September 8th, 2020 an inspection of Montego Resources Inc., Kiyuk Lake Project was completed by Crown-Indigenous Relations and Northern Affairs Canada (‘CIRNAC’), Resource Management Officer, Christine Wilson (‘Inspector’). The inspection was conducted to ensure compliance with applicable terms and conditions of land use permit no. N2019C0007.</p> <p>This report was produced with the observation made during the Sept 8th, 2020 inspection, as well as the findings of a file review completed after the inspection.</p> <p>PRELIMINARY NOTES</p> <div><div>1.</div><div>A survey of the minerals leases was completed in January 2020 by Ollerhead & Associates. Since that time the site has remained closed. No notice was provided to the Inspector or the Engineer regarding these activities as required by 31(1)(b) condition 7, 8, 10, 11 and 14.</div></div> <div><div>2.</div><div>No annual report is available for review in the file for 2019 and 2020.</div></div> <div><div>3.</div><div>The Permittee, Montego Resources Inc. indicated that the project has been acquired by is Cache Exploration Inc. No notice was provided to the Engineer of Lands, regarding this sale, as required by 31(1)(m)(76).</div></div> <div><div>4.</div><div>In 2015 four fuel spills were reported at the camp. All four locations were inspected in 2019 see attached inspection report [2019-KIV20-CW] regarding spill reclamation and the recommendation of closure.</div></div> <p>OBSERVATIONS</p> <div><div>5.</div><div>The camp (photo 1) is located at N60° 27’ 50.44”, W100° 23’ 4.65” and is in a state of temporary closure.</div></div> <div><div>6.</div><div>Garbage containers (photo 2 and photo 3) located near the incinerated are unsecured as required by 31(1)(c)(20).</div></div> <div><div>7.</div><div>The land is untidy (photo 4) and found to be in a condition which fails to comply with 31(1)(e)(32).The camp has severe animal damage to many of the structures (photo 5-8).</div></div> <div><div>8.</div><div>Two spills are located at N60° 27’ 50.44”, W100° 23’ 4.65” from a drum at the kitchen cabin (photo 9) and N60° 27’ 48.50”, W100° 22’ 59.84” next to the incinerator shed (photo 10).</div></div> <div><div>9.</div><div>The secondary containment berms are in poor condition and failing to comply with the 31(1)(k) condition 65, 70 and 72.</div></div> <div><div>10.</div><div>The drums are missing labels and flagging as required by 31(1)(k)(69) and 31(1)(k)(67).</div></div> <tr><td>SECTION 2</td><td><input type="checkbox"/> Comments</td><td><input checked="" type="checkbox"/> Non-Compliance with Act or Regulations</td><td><input type="checkbox"/> Action Required</td></tr> <tr><td colspan="4"><p>Non- compliance related to the terms and conditions of land use permit no. N2019C0007:</p><div><div>31(1)(b)(7):</div><div>Failure to provide notice prior to commencement of operations to the Inspector</div></div><div><div>31(1)(b)(8):</div><div>Failure to provide notice of commencement of operations to the Engineer of Lands</div></div><div><div>31(1)(b)(10):</div><div>Failure to provide information to the Engineer of Lands</div></div><div><div>31(1)(b)(11):</div><div>Failure to provide notice of completion of land use operations to the Inspector</div></div><div><div>31(1)(b)(12):</div><div>Failure to provide annual reports for 2019 and 2020</div></div><div><div>31(1)(b)(14):</div><div>Failure to provide notice of completion of land use operations to the Engineer of Lands</div></div><div><div>31(1)(c)(20):</div><div>Failure to store garbage in a manner as to prevent access by wildlife</div></div></td></tr>				SECTION 2	<input type="checkbox"/> Comments	<input checked="" type="checkbox"/> Non-Compliance with Act or Regulations	<input type="checkbox"/> Action Required	<p>Non- compliance related to the terms and conditions of land use permit no. N2019C0007:</p> <div><div>31(1)(b)(7):</div><div>Failure to provide notice prior to commencement of operations to the Inspector</div></div> <div><div>31(1)(b)(8):</div><div>Failure to provide notice of commencement of operations to the Engineer of Lands</div></div> <div><div>31(1)(b)(10):</div><div>Failure to provide information to the Engineer of Lands</div></div> <div><div>31(1)(b)(11):</div><div>Failure to provide notice of completion of land use operations to the Inspector</div></div> <div><div>31(1)(b)(12):</div><div>Failure to provide annual reports for 2019 and 2020</div></div> <div><div>31(1)(b)(14):</div><div>Failure to provide notice of completion of land use operations to the Engineer of Lands</div></div> <div><div>31(1)(c)(20):</div><div>Failure to store garbage in a manner as to prevent access by wildlife</div></div>			
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31(1)(e)(32): Failure to ensure land us kept tidy at all times

31(1)(g)(54): Failure to store hazardous materials in a manner as to prevent access by wildlife

31(1)(k)(65): Failure to prevent spills to the land

31(1)(k)(67): Failure to mark fuel storage locations to the satisfaction of the Inspector

31(1)(k) (69): Failure to mark fuel storage containers with the Permittee’s name and land use permit number

31(1)(k) (70): Failure to use adequate secondary containment for fuel storage containers

31(1)(k)(72): Failure to storage fuel appropriately during winter months

31(1)(m)(76): Failure to immediately notify the Engineer of sale/transfer of property/assets

SECTION 3

☐ Comments

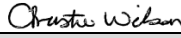
☐ Non-Compliance with Act or Regulations

☒ Action Required

Montego Resources Inc. will provide notice to the Engineer of Lands, of the sale of the Kiyuk Lake Gold Project, through email aadnc.landsmineing.aandc@canada.ca, as required by 31(1)(m)(76). The Permittee will confirm receipt of this notice by the Engineer and provide confirmation of this to the Inspector by email Christine.Wilson3@canada.ca .

Montego Resources Inc. will contact the Lands Administration no later than April 19th, 2021, either by phone (867) 975-4548 or email aadnc.landsmineing.aandc@canada.ca to clarify their intentions with the current land use permit, may it be to transfer it into the new owner’s name or to request cancellation. no later than April 19th, 2021. Montego Resources Inc. will provide the Inspector with proof of the contact with Lands Administration by email Christine.wilson3@canada.ca .

The Permittee will notify the Inspector by email immediately upon receipt of this report by email . Failure to undertake the actions required will result in further enforcement actions.

Licensee or Representative	Inspector’s Name
	WRO Wilson
Signature	Signature
	
Date	Date
	Feb 12th, 2020

Office Use Only:

Follow-up report to be issued by Inspector

☐ Yes ☒ No



PHOTO LOG			
Date:	Authorization Number:	Camera/Model:	Inspector
September 8th, 2020	N2019C0007	Sony DSC-HX50V Cyber shot	RMO Wilson
Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)		
Photo 1	N60° 27' 49.19", W100° 22' 55.18"		
<div></div>			
Description:			
Kiyuk Lake Gold Project			



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 2	N60° 27' 48.52", W100° 22' 59.64"
	
Description:	
Garbage and partly burnt garbage stored in a way accessible to wildlife.	




Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 3	N60° 27' 48.55", W 100° 22' 59.52"
	
Description: Garbage and burnt materials stored in a way that is accessible by wildlife.	



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 4	N60° 27' 50.63", W 100° 23' 4.9"
	
Description: The land in an untidy condition	



Photo No.

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

Photo 5

N60° 27' 50.56", W 100° 23' 5.50"



Description:

Animal damage to the kitchen cabin.



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 6	N60° 27' 50.65", W 100° 23' 4.88"



Description:
Animal damage inside kitchen cabin.



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 7	N60° 27' 50.25", W 100° 23' 4.66"
	
Description: Animal damage inside kitchen cabin 2	



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 8	N60° 27' 50.25", W 100° 23' 4.66"
	
Description: Animal damage inside kitchen cabin 3.	



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 9	N60° 27' 50.44", W 100° 23' 4.65"
	
Description: Leaking fuel line from rear of kitchen cabin with what appears to be teeth marks on the line. This was the second fuel spill observed.	



Photo No.	Lat/Long (DD.MM.SS.SS, NAD83)
Photo 10	N60° 27' 48.55", W 100° 22' 59.84"
	
Description: Fuel line from the bulk fuel tank into incinerator building. First spill observed. The drip tray filled with water and fuel mixture.	



Canada

NT-NU SPILL REPORT

OIL, GASOLINE, CHEMICALS AND OTHER HAZARDOUS MATERIALS

NT-NU 24-HOUR SPILL REPORT LINE

TEL: (867) 920-8130

FAX: (867) 873-6924

EMAIL: spills@gov.nt.ca

REPORT LINE USE ONLY

A	REPORT DATE: MONTH – DAY – YEAR September 22 2020	REPORT TIME 11:00 AM	<input checked="" type="checkbox"/> ORIGINAL SPILL REPORT, OR <input type="checkbox"/> UPDATE # _____ TO THE ORIGINAL SPILL REPORT		REPORT NUMBER _____
B	OCCURRENCE DATE: MONTH – DAY – YEAR January 01 2020	OCCURRENCE TIME unknown			
C	LAND USE PERMIT NUMBER (IF APPLICABLE) N2019C0007	WATER LICENCE NUMBER (IF APPLICABLE) 2BE-KIY1722			
D	GEOGRAPHIC PLACE NAME OR DISTANCE AND DIRECTION FROM NAMED LOCATION 800m from Kiyuk Lake	REGION <input type="checkbox"/> NWT <input checked="" type="checkbox"/> NUNAVUT <input type="checkbox"/> ADJACENT JURISDICTION OR OCEAN			
E	LATITUDE DEGREES 60 MINUTES 27 SECONDS 50	LONGITUDE DEGREES 100 MINUTES 23 SECONDS 4			
F	RESPONSIBLE PARTY OR VESSEL NAME Cache Exploration Inc.	RESPONSIBLE PARTY ADDRESS OR OFFICE LOCATION 213 - 333 Terminal Avenue Vancouver, BC V6A 4C4			
G	ANY CONTRACTOR INVOLVED n/a	CONTRACTOR ADDRESS OR OFFICE LOCATION			
H	PRODUCT SPILLED Diesel	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES 10L	U.N. NUMBER		
	SECOND PRODUCT SPILLED (IF APPLICABLE)	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES	U.N. NUMBER		
I	SPILL SOURCE Drum fuel line	SPILL CAUSE Animal damage	AREA OF CONTAMINATION IN SQUARE METRES 2.25		
J	FACTORS AFFECTING SPILL OR RECOVERY Improper camp shutdown	DESCRIBE ANY ASSISTANCE REQUIRED n/a	HAZARDS TO PERSONS, PROPERTY OR ENVIRONMENT n/a		
K	ADDITIONAL INFORMATION, COMMENTS, ACTIONS PROPOSED OR TAKEN TO CONTAIN, RECOVER OR DISPOSE OF SPILLED PRODUCT AND CONTAMINATED MATERIALS The Kiyuk Lake Camp was improperly shutdown by contract survey crews in late 2019 and resulted in this spill, which was discovered September 2020 on a site visit. Cache Exploration will send a crew in to remove the spill hazards and close up camp properly. Remediation to the spill site will take place in summer 2021 when ground conditions will allow for excavation.				
L	REPORTED TO SPILL LINE BY Jack Bal	POSITION CEO	EMPLOYER Cache Exploration	LOCATION CALLING FROM	TELEPHONE
M	ANY ALTERNATE CONTACT	POSITION	EMPLOYER	ALTERNATE CONTACT LOCATION	ALTERNATE TELEPHONE
REPORT LINE USE ONLY					
N	RECEIVED AT SPILL LINE BY	POSITION STATION OPERATOR	EMPLOYER	LOCATION CALLED YELLOWKNIFE, NT	REPORT LINE NUMBER (867) 920-8130
LEAD AGENCY <input type="checkbox"/> EC <input type="checkbox"/> CCG <input type="checkbox"/> GNWT <input type="checkbox"/> GN <input type="checkbox"/> ILA <input type="checkbox"/> INAC <input type="checkbox"/> NEB <input type="checkbox"/> TC			SIGNIFICANCE <input type="checkbox"/> MINOR <input type="checkbox"/> MAJOR <input type="checkbox"/> UNKNOWN		FILE STATUS <input type="checkbox"/> OPEN <input type="checkbox"/> CLOSED
AGENCY		CONTACT NAME	CONTACT TIME	REMARKS	
LEAD AGENCY					
FIRST SUPPORT AGENCY					
SECOND SUPPORT AGENCY					
THIRD SUPPORT AGENCY					



NT-NU SPILL REPORT

OIL, GASOLINE, CHEMICALS AND OTHER HAZARDOUS MATERIALS

NT-NU 24-HOUR SPILL REPORT LINE

TEL: (867) 920-8130

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REPORT LINE USE ONLY

A	REPORT DATE: MONTH – DAY – YEAR September 22 2020	REPORT TIME 11:00 AM	<input checked="" type="checkbox"/> ORIGINAL SPILL REPORT, OR <input type="checkbox"/> UPDATE # _____ TO THE ORIGINAL SPILL REPORT		REPORT NUMBER _____
B	OCCURRENCE DATE: MONTH – DAY – YEAR January 01 2020	OCCURRENCE TIME unknown			
C	LAND USE PERMIT NUMBER (IF APPLICABLE) N2019C0007	WATER LICENCE NUMBER (IF APPLICABLE) 2BE-KIY1722			
D	GEOGRAPHIC PLACE NAME OR DISTANCE AND DIRECTION FROM NAMED LOCATION 800m from Kiyuk Lake	REGION <input type="checkbox"/> NWT <input checked="" type="checkbox"/> NUNAVUT <input type="checkbox"/> ADJACENT JURISDICTION OR OCEAN			
E	LATITUDE DEGREES 60 MINUTES 27 SECONDS 48	LONGITUDE DEGREES 100 MINUTES 22 SECONDS 59			
F	RESPONSIBLE PARTY OR VESSEL NAME Cache Exploration Inc.	RESPONSIBLE PARTY ADDRESS OR OFFICE LOCATION 213 - 333 Terminal Avenue Vancouver, BC V6A 4C4			
G	ANY CONTRACTOR INVOLVED n/a	CONTRACTOR ADDRESS OR OFFICE LOCATION			
H	PRODUCT SPILLED Diesel	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES unknown	U.N. NUMBER		
	SECOND PRODUCT SPILLED (IF APPLICABLE)	QUANTITY IN LITRES, KILOGRAMS OR CUBIC METRES	U.N. NUMBER		
I	SPILL SOURCE Bulk tank fuel line to incinerator	SPILL CAUSE unknown	AREA OF CONTAMINATION IN SQUARE METRES 9		
J	FACTORS AFFECTING SPILL OR RECOVERY Improper camp shutdown	DESCRIBE ANY ASSISTANCE REQUIRED n/a	HAZARDS TO PERSONS, PROPERTY OR ENVIRONMENT n/a		
K	ADDITIONAL INFORMATION, COMMENTS, ACTIONS PROPOSED OR TAKEN TO CONTAIN, RECOVER OR DISPOSE OF SPILLED PRODUCT AND CONTAMINATED MATERIALS The Kiyuk Lake Camp was improperly shutdown by contract survey crews in late 2019 and resulted in this spill, which was discovered September 2020 on a site visit. Due to the brief site visit it is unclear how much fuel had come from the rubber flex pipe connecting to the incinerator. Further tank dips in winter 2020/2021, when the camp can be accessed, will determine the extent of fuel spilled. Cache Exploration will send a crew in to remove the spill hazards and close up camp properly. Remediation to the spill site will take place in summer 2021 when ground conditions will allow for excavation.				
L	REPORTED TO SPILL LINE BY Jack Bal	POSITION CEO	EMPLOYER Cache Exploration	LOCATION CALLING FROM	TELEPHONE
M	ANY ALTERNATE CONTACT	POSITION	EMPLOYER	ALTERNATE CONTACT LOCATION	ALTERNATE TELEPHONE
REPORT LINE USE ONLY					
N	RECEIVED AT SPILL LINE BY	POSITION STATION OPERATOR	EMPLOYER	LOCATION CALLED YELLOWKNIFE, NT	REPORT LINE NUMBER (867) 920-8130
LEAD AGENCY <input type="checkbox"/> EC <input type="checkbox"/> CCG <input type="checkbox"/> GNWT <input type="checkbox"/> GN <input type="checkbox"/> ILA <input type="checkbox"/> INAC <input type="checkbox"/> NEB <input type="checkbox"/> TC			SIGNIFICANCE <input type="checkbox"/> MINOR <input type="checkbox"/> MAJOR <input type="checkbox"/> UNKNOWN		FILE STATUS <input type="checkbox"/> OPEN <input type="checkbox"/> CLOSED
AGENCY		CONTACT NAME	CONTACT TIME	REMARKS	
LEAD AGENCY					
FIRST SUPPORT AGENCY					
SECOND SUPPORT AGENCY					
THIRD SUPPORT AGENCY					



Christine Wilson
Water Resource Officer
Kivalliq Region, Field Operations Unit
Crown-Indigenous Relations and Northern Affairs Canada
20-3 Tulimaaq Ave, Rankin Inlet

October 12, 2020

Dear Crown-Indigenous Relations and Northern Affairs Canada,

Cache Exploration Inc. ("Cache") received your photos and description of damages of the Kiyuk Lake camp from your site visit in early September 2020.

Cache submitted two spill reports on September 28, 2020 to the Hazardous Waste spill report hotline.

Cache is in the process of transferring Land Use Permit N2019C0007 from Montego Resources Inc. to Cache and will continue working with Kristen Kownak in that regard. Cache also is starting the process to transfer the Water Use Permit 2BE-KIY1722 into Cache's name along with all mineral claims and leases.

As you noted, it is clear that the contractor surveyors that were hired in late 2019 to complete the mineral survey to lease did not close up camp properly which has led to significant damages to the existing structures. Cache regrets the damage and mess it has made of the camp and the camp site. Cache will send a crew to fix and clean-up the site at the earliest possible to date, which given present weather, daylight and safe access variables will be February 2021.

Cache is in the process of planning a 2021 drill program beginning in February, 2021. In order to successfully conduct further exploration using the Kiyuk Lake camp the site and buildings will have to be cleaned up before being used to conduct mineral exploration. To that end, Cache will send in crews to clean the kitchen and other buildings in February 2021 when ice conditions again allow for plane access. At present access to site to conduct a meaningful clean-up is not possible given the only access would be helicopter supported.

Table 1 – Kiyuk Lake damage, fix and expected date of fix

Type of Damage	Proposed Fix/Solution	Date of expected Fix
Kitchen Destruction	Remove all remnants of food, Repair walls windows and insulation, ensure camp close up procedures are followed in future	February 2021
Broken water line from "cluster" of igloos	Repair with new hardline	February 2021



Ash debris	Remove from surface around "burn barrels", transport offsite for proper disposal	June 2021
Problem Fuel line to Incinerator	Remove fuel line to prevent future problems	February 2021
Damaged/moldy igloos	Break down and transport offsite for proper disposal	February 2021
Incinerator Spill	Dip tank to determine size of spill and re-report, remove fuel lines and move all bulk tanks to top draw only system, evaluate future of bulk tank usage, rehabilitate spill site in summer	February 2021/June 2021
Kitchen drum spill	Remove damaged fuel line and secure drum hot site with berm, reaffirm closing procedures including removal of hot sites. Rehabilitate affected spill area in summer	February 2021/ June 2021

As Cache becomes the sole owner of the Kiyuk Lake claims and associated land use and water permits, we will enact a Care and Maintenance program of site to ensure that the camp and its contents are being checked in on during each access season; February – May and June – September. Copies of the activities will be included into the annual report to Crown-Indigenous Relations and Northern Affairs Canada.

Sincerely,

A handwritten signature in blue ink, appearing to be 'J. Bal' or similar, on a light blue background.

Jack Bal
CEO
Cache Exploration Inc.



Christine Wilson
Water Resource Officer
Kivalliq Region, Field Operations Unit
Crown-Indigenous Relations and Northern Affairs Canada
20-3 Tulimaaq Ave, Rankin Inlet

April 19, 2021

Dear Crown-Indigenous Relations and Northern Affairs Canada,

Cache Exploration Inc. ("Cache") received your photos and description of damages of the Kiyuk Lake camp from your site visit in early September 2020.

Cache submitted two spill reports on September 28, 2020 to the Hazardous Waste spill report hotline.

Cache has submitted a letter transferring Land Use Permit N2019C0007 and Water Use Permit 2BE-KIY1722 into Cache's subsidiary's 5460 Nunavut Limited from Montego Resources Inc.

As you noted, it is clear that the contractor surveyors that were hired in late 2019 to complete the mineral survey to lease did not close up camp properly which has led to significant damages to the existing structures. Cache regrets the damage and mess it has made of the camp and the camp site.

Cache is in the process of planning a 2021 drill program beginning in July/August, 2021. In order to successfully conduct further exploration using the Kiyuk Lake camp the site and buildings will have to be cleaned up before being used to conduct mineral exploration. To that end, Cache will send in crews to clean the kitchen and other buildings in July, 2021 when ice conditions again allow for plane access. At present access to site to conduct a meaningful clean-up is not possible given the only access would be helicopter supported.

Table 1 – Kiyuk Lake damage, fix and expected date of fix

Type of Damage	Proposed Fix/Solution	Date of expected Fix
Kitchen Destruction	Remove all remnants of food, Repair walls windows and insulation, ensure camp close up procedures are followed in future	July 2021
Broken water line from "cluster" of igloos	Repair with new hardline	July 2021
Ash debris	Remove from surface around "burn barrels", transport offsite for proper disposal	July 2021
Problem Fuel line to Incinerator	Remove fuel line to prevent	July 2021



	future problems	
Damaged/moldy igloos	Break down and transport offsite for proper disposal	July 2021
Incinerator Spill	Dip tank to determine size of spill and re-report, remove fuel lines and move all bulk tanks to top draw only system, evaluate future of bulk tank usage, rehabilitate spill site in summer	July 2021
Kitchen drum spill	Remove damaged fuel line and secure drum hot site with berm, reaffirm closing procedures including removal of hot sites. Rehabilitate affected spill area in summer	July 2021

As Cache becomes the sole owner of the Kiyuk Lake claims and associated land use and water permits, we will enact a Care and Maintenance program of site to ensure that the camp and its contents are being checked in on during each access season; July – May and June – September. Copies of the activities will be included into the annual report to Crown-Indigenous Relations and Northern Affairs Canada.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Bal", written in a cursive style.

Jack Bal
CEO
Cache Exploration Inc.