WATER USE INSPECTION REPORT

Date: July 19 2012	**Licensee Rep.** (Name/Title)**:** Andy Young (for Gordon Addie)*
Licensee: 50/50 Nunavut Ltd.	**Licence No.: 2BE-MCG1015**

*I was accompanied by Andy Young of Discovery Mining Services on behalf of Gordon Addie.

WATER SUPPLY

Source(s): McGregor Lake	**Quantity used: n/a**
Owner:/Operator: 50/50 Nunavut Ltd.	

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Intake Facilities: NI	**Storage Structure:** NI	**Treatment Systems:** NI	**Chemical Storage:** U
Flow Meas. Device: NI	**Conveyance Lines:** NI	**Pumping Stations:** NI	**Screen :** NI

Comments: Camp has not been used in several years. Water lines and tanks were not inspected. Animals have torn into a couple of the weather-havens and shacks. No food attractants were found, but cleaning products were strewn around in the kitchen by wildlife. Other hazardous materials found without containment were rod grease, salts, a P50 barrel, and oils. These should be contained in an environment protected from wildlife and water. Square pit (part of sump?) presents a hazard and should be filled in.

Drilling salt (CaCl) was stored outdoors and although covered, several bags have dissolved and leaked. It has killed a large patch of vegetation and the salts are migrating downhill towards a stream. This will require immediate attention before it worsens. See attached photos.

WASTE DISPOSAL

Sewage: Sewage Treatment System (Prim./Sec/Ter.)**: One outhouse, 2 PACTO toilets**

Natural Water Body: -	**Continuous Discharge** (land or water)**: -**	
Seasonal Discharge: -	**Wetlands Treatment: -**	**Trench: -**

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Dams, Dykes: NA	**Freeboard: NA**	
Discharge: NA	**Effluent Discharge Rate:** NA	

Comments: Toilet facilities are in acceptable order and do not appear to have attracted wildlife.

Solid Waste:

Landfill: NA	**Burn & Landfill:** NA	**Other:** Backhaul - U
Construction: NA	O&M Plan: NI	A&R Plan: U

Comments: Most of camp was boarded up adequately to have not been disturbed by wildlife. Abundance of legacy debris/garbage at site. Much work has been done to sort and contain the waste into barrels for removal. No waste management plan is found on the Water Board FTP site. A&R plan has not been updated since 2010.

Some core stacks are found close to the water's edge. These stacks are to be moved >30m from the water.

FUEL AND HAZARDOUS MATERIALS STORAGE:

Waste Oil Storage: Oil found in generator shed, and rod grease found outdoors by the salt pile. Oils, grease, and all fuels must be stored in lined containment, and covered if not being regularly monitored.

Indicate: **A** - Acceptable **U** - Unacceptable **NA** - Not Applicable **NI** - Not Inspected

Berms & Liners: U	**Water within Berms:** U	**Evidence of Leaks: U**
Drainage Pipes: NA	**Pump Station & Catchments Berm:** NA	
Pipeline Condition: NA	**Condition of Tanks: NA**	
Spills: U	**Spill Plan: U**	

Comments: A spill plan addendum was required in 2010 but is not evident on the NWB site.
A large volume of drummed fuel is stored on site; exposed barrels date to 2006. Two caches are present, one covered with a black poly, and one covered with tarps. The black poly berm has one gash on the up-slope side which may allow water; however, it would have to be dismantled to see if water is present. On the other berm, the tarps have since weathered and torn and the berm has filled with water. This water has a visible sheen. The berm is punctured, and water is leaking out of the berm. Vegetation at the leak site is being impacted. A water sample was taken from the berm water.

Non-Compliance with Act or Licence:
B2. No annual reports have been submitted since 2009. Annual reports are required whether or not activity has occurred.
B7. Revision of required plans to be submitted with Annual Report.
H3. Inadequate inspection and maintenance of fuel caches and salt stock resulting in unauthorized discharge to the environment.
I11. Cores are stored within 30m of the water.

Required Action:

Water from Berm and maintenance of fuel cache:
-Contaminated water is leaking from the fuel berm. To stop further contamination, water that is in the fuel berms is to be **treated and emptied** from the berms. This work is to be done by August 15, 2012.

This discharge water must meet the following criteria:

Parameter	**Maximum Concentration**
Benzene	370 µg/L
Toluene	2 µg/L
Ethylbenzene	90 µg/L
Phenols	20 µg/L
Lead	1 µg/L
Oil and Grease	15 mg/L and no visible sheen
TSS	25 mg/L
pH	6 to 9 (pH units)

-Soil sampling to determine the level of ground contamination is to be undertaken, and any contaminated soil removed.
- A fuel management plan is to be prepared, detailing your intentions for the expired fuel, and how you will manage the risk that the fuel presents until such time as it is used or removed from site. Fuel drums left on site are to be standing, and in covered containment. Barrels, berms, and covers are to be checked at least annually to monitor for failure. This plan will be submitted to the inspector by September 15, 2012 and the results of these checks will be reported in your annual reports.

Salt spill:
-Salt is to be removed immediately to prevent further contamination.
-Sampling is to be conducted to assess the extent of the contamination, and to determine whether it is salt alone or mixed with hydrocarbon.
-A spill report is to be filed with the Spill Line upon characterization of the spill.
-A plan to address the contamination is to be prepared and is to be filed with the inspector and the NWB by August 31, 2012. This plan must address how the integrity of the permafrost will be maintained following the removal of the most heavily contaminated soil.
-Remediation work is to be conducted following the approval of the remediation plan, and a follow-up report with photographs to be submitted to the inspector by September 30, 2012. Subsequent reports may be required.

Cores:
Core stacks to be moved >30m from the high-water mark of any water body.

Eva Paul
Inspector's Name

Sent by E-mail
Inspector's Signature