



Field Operations Division
Nunavut Regional Office
PO Box 2200
Iqaluit, NU X0A 0H0

May 6, 2015

Attn: Gordon Addie, President
5050 Nunavut Ltd.
15th floor
1040 West Georgia St.
Vancouver, BC V6E 4H8

Attn: Gordon Addie, President
5050 Nunavut Ltd.
c/o ProspectOre Capital Corp.
#507 – 700 West Pender Street
Vancouver, BC V6C 1G8

RE: 2BE-MCG1015 – LETTER OF NON-COMPLIANCE

Mr. Addie,

I am writing regarding 5050 Nunavut Ltd.'s project at McGregor Lake, licensed as 2BE-MCG1015.

As per the 2012 Inspection Report, issued August 1, 2012, the following items are non-compliant with the water licence 2BE-MCG1015:

Item B 2. No annual reports have been submitted since 2009.

Item B 7. Revision of required plans to be submitted with Annual Report.

Item H 3. Inadequate inspection and maintenance of fuel caches and salt stock resulting in **unauthorized discharge to the environment**.

Item I 11. Cores are stored within 30m of the water.

On July 23, 2012, you indicated intent to undertake the required cleanup of this project in 2012, but the site was inspected in 2013 and 2014 and the required work has not been undertaken.

This letter constitutes a "Letter of Non-Compliance" pursuant to Section 90 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (the Act) for contravening Section 12(1), namely, depositing waste contrary to a water licence, and Section 90(3), failure to comply with a Type B water licence.

The deposit of waste in contravention of Section 12(1) of the Act, "...is an offence and liable on summary conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding one year, or to both." Further, as per Section 90(3) of the Act, a licensee who contravenes a type B licence "...is guilty of an offence and liable on summary conviction of a fine not exceeding \$15,000 or to imprisonment for a term not exceeding six months, or to both." Also, please take note that pursuant to Section 90(4) of the Act, "[w]here an offence under this section is committed on or continued for more than one day, it is deemed to be a separate offence for each day on which it is continued."

Immediate action is required of 5050 Nunavut Ltd.:

1. All hazardous waste including contaminated water and expired fuel is to be removed from site.



2. Soil that is contaminated from fuel and from dissolved salt is to be removed from the ground and the holes backfilled with clean fill. Contaminated soil is to be removed from site.
3. All reclamation work is to be completed by July 30, 2015 and a report with before and after photographs submitted to the Inspector prior to licence expiry: August 31, 2015.

Failure to carry out your obligations in this respect will result in enforcement actions under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. I request that you contact me **by May 15, 2015** at the coordinates below, to confirm receipt of this letter.

Nothing in this letter is intended to exclude the requirement of any other authorizations that may be peripheral within the Nunavut regulatory regime while meeting the requirements of the Act and the conditions of this Letter of Non-Compliance.

Eva Paul

Water Resources Officer | Agent des ressources en eau

Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada

Nunavut Regional Office | Bureau régional du Nunavut

Building 969, PO Box 2200 | Édifice 969, CP 2200

Iqaluit, NU X0A 0H0

Phone | Tél. : 867-975-4548

Cell | Mobile: 867-222-6490

Fax | Téléc. : 867-979-6445

Eva.Paul@aadnc-aadnc.gc.ca

CC: Phyllis Beaulieu, Manager of Licensing, NWB
Erik Allain, Manager of Field Operations, AANDC
Wynter Kuliktana, Kitikmeot Inuit Association

Att: IQALUIT-#546721-V1-2BE-MCG1015_INSPECTION_REPORT_JULY_19_2012.PDF
IQALUIT-#545577-V1-2BE-MCG1015_PHOTOS_OF_INSPECTION_JULY_19_2012.PDF