

Land Administration
P.O. Box 100
IQALUIT, NU, X0A 0H0
Phone: 867-975-4275
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File No N2007J0012
CIDM #388157

February 3, 2009

Silvermet Corporation (Silvermet Inc.)
8 King Street East, Suite 1704
Toronto, ON M5C 1B5

Re: Silvermet Corporation
Type of Operation: Campsite
Land Use Permit No. N2007J0012
Location: Valley Lake Area, Kitikmeot, NU

Permit No. N2007J0012 issued May 7, 2007 for this operation expired May 6, 2009. Your subsequent request for an extension of this permit was denied due to non-compliance issues with both this permit as well as Water Licence 2BE-MSX0712.

In correspondence from you on June 25, 2009 (attached) you noted that all issues with regards to your Land Use Permit from our letter dated May 22, 2009 had been rectified and you believed that you were in compliance with the terms and conditions of the LUP. An Inspection was done on July 29, 2009 and the inspector noted that you were still not in compliance with several issues previously identified. Specifically these are:

- infrastructure still remains within the 31m setback of the high water mark
- secondary containment structures has collapsed
- full fuel barrels remain near the dock which poses serious environmental risks

You are therefore requested to provide a Final Plan for this permit as required under Section 33 of the Territorial Land Use Regulations (TLUR). This plan is to detail the plans for abandonment and restoration of the current camp location as well as mitigation and monitoring measures which are to occur in the interim with respect to the existing camp infrastructures and fuel storage.

If you intend on further activities, a new application will be required. Such an application will only be considered if you meet the current requirements of the existing LUP and Water License and any required mitigation measures. A Final Plan is requested by February 28, 2009 at which point you may be considered in violation of the Territorial Lands Act and the Territorial Land Use Regulations if it isn't received.

Please call me anytime at 867-975-4283 or e-mail me at Jeff.Mercer@ainc-inac.gc.ca if you have any questions.

Sincerely,

Original signed and mailed

Jeff G. Mercer
Land Administrator Specialist
Land Administration

cc: Peter Kusugak, Manager, Field Operations
Spencer Dewar, Manager – Land Administration
Phyllis Beaulieu, Manager Licensing, Nunavut Water Board
RMO - Kitikmeot RMO
Corey Segboer – Aurora Geosciences Ltd.