



9 April 2012

Melissa Joy, Water Resources Officer
Aboriginal Affairs & Northern Development Canada
P.O. Box 100
Iqaluit, NU X0A 0H0

Re: Licence No.: 2BE-MSX0712

Dear Ms. Joy

The following steps have been taken to remediate the sites occupied by the Silvermet camp at Valley Lake, Kitikmeot, Nunavut, as well as its drilling activities in the area:

1. On or about April 10, 2011, Grant Newman of Kikiak Contracting Ltd. (Kugluktuk) had a crew clean up the campsite of fuel drums, tents and equipment as much as was possible in winter conditions.
 - a. The fuel drums and wood were removed from the site and transported to the Mouse Lake Camp operated by Hornby Bay Exploration Ltd. in the Dismal Lakes area.
 - b. The tents and other equipment were removed from the site and transported to the yard of Kikiak Contracting in Nunavut.
2. On March 14, 2012, Silvermet was advised of a flyover inspection that had taken place on July 10, 2011 and identified among other things, that a cache of fuel tanks remained on site.
3. On April 2, 2012, Kikiak Contracting completed the removal of the remaining fuel drums from the site. All fuel drums moved in March and April 2012 were removed from the site to the yard of Kikiak Contracting in Nunavut.
4. The aerial photos of July 10, 2011 indicated that there was still debris of various sorts remaining at the campsite. Kikiak Contracting has agreed to send in a cleanup crew once the snow has gone to complete the site restoration work (the exact timing of this depends on helicopter availability and the schedule should be available over the next few weeks).
5. Kikiak Contracting will complete the following tasks:
 - a. Any debris on site will be removed
 - b. Grey water sumps and sewage pits will be back-filled to natural land contours
 - c. Latrine pits will be treated with lime and covered with native material



- d. Any other surface disturbances will be reclaimed and returned to natural condition
 - e. The existing dock will be removed from the campsite.
6. A July 28, 2010 inspection photo identified a site at N66 degrees 45' 11.5" and W115 degrees 11' 29.8" as a drill laydown area that required cleanup, including a possible fuel spill. We are investigating with our project manager, Aurora Geosciences Ltd., whether this is the only drill laydown site, the apparent fuel spill and the reasons for the site not having been cleared. Upon such determination, we will request that Kikiak Contracting complete the cleanup and reclamation of this and any other drill laydown site. This will be done at the same time as the cleanup in item 5.
7. We are preparing a listing of all drill site coordinates and the condition that each drill hole was left in. We expect such listing to be complete over the next few weeks and will forward it to you as soon as it is. We do not expect any further reclamation work will be required on the individual drill holes, but will await your confirmation of this once we supply you with the information.

Please advise whether the foregoing plan is acceptable and any other information you may require.

Best regards



Rein A. Lehari
Vice President Corporate Development