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Date: August 12, 2015

To: Ms. Eva Paul
Water Resources Officer
Aboriginal Affairs and Northern Development Canada
Nunavut Regional Office
Building 969, PO Box 2200
Iqaluit, NU X0A 0H0

Sent electronically

Cc: Baba Pedersen, Resource Management Officer, Kitikmeot Region, AANDC

2BE-MSX0712 SITE RESTORATION

Dear Ms. Paul, Dear Mr. Pedersen,

Silvermet has noted the deficiencies that were reported after your inspections of Silvermet locations dated August 16, 2014 and July 15, 2013.

In response, Silvermet carried out an extensive site reclamation project between July 31 and August 2, 2015.

Silvermet drew on the services of qualified Inuit owned and operated Kikiak Contracting Ltd. and Summit Helicopters. Over three days one person from Silvermet and six workers from Kikiak Contracting worked diligently to move the core racks to the required location and clean up the debris, residual waste and ash. The helicopter flew more than seventeen hours to visit each location, haul personnel and bring back over three thousand pounds of waste.

Please find below and attached summary of observations, activities carried out with corresponding figures and pictures.

Please do not hesitate to contact me in case of questions.

Yours Sincerely,

Ian D. Atacan
Chief Financial Officer
Silvermet Inc.

Table 1: Summary of locations visited and actions taken:

Site / Collar Name	Coordinates	Summary of Action Taken	Figure Nos.
A- CAMP	N66°59'09.7" W114°53'51.4"	Removed Debris Moved back core racks from the drop-off to the lake	Figures 1 - 7
B- FUEL CACHE	N66°53'46.0" W115°04'36.0"	Removed hydrocarbon-impacted soil Backfilled hole with clean material.	Figure 8
C- DRILL SM-07-MX-10	N66°48'29.0" W115°10'59.7"	Collected and backhauled extensive quantity of old debris	Figures 9 - 14
D- DRILL SM-07-MX-02	N66°48'24.3" W115°10'25.3"	Collected and backhauled extensive quantity of old debris	Figures 9 - 14
E- FUEL CACHE	N66°45'10.9" W115°11'29.0"	Collected and disposed off residual waste and ash Used magnet to collect staples and nails Collected and backhauled all debris	Figures 15 - 18
F- DRILL SM-07-VL-16	N66°44'38.5" W115°09'32.9"	Collected and backhauled extensive quantity of old debris	Figures 19 - 21

PYRRHOTITE LAKE	UTM E	UTM N	Summary of Action Taken	Figure Nos.
SM-07-MX-01	580458	7410414	No debris observed	N/A
D - SM-07-MX-02	580334	7410799	Please see above	
SM-07-MX-03	580213	7411156	No debris observed	N/A
SM-07-MX-04	580104	7411615	No debris observed	N/A
SM-07-MX-05	580052	7411845	No debris observed	N/A
SM-07-MX-06	579790	7411611	No debris observed	N/A
SM-07-MX-07	579790	7411611	No debris observed	N/A
SM-07-MX-08	580102	7410757	Collected and backhauled extensive quantity of old debris	Figure 22 - 23
SM-07-MX-09	580177	7410564	Collected and backhauled extensive quantity of old debris	Figure 24 - 25
C - SM-07-MX-10	579910	7410934	Please see above	

VALLEY LAKE	UTM E	UTM N	Summary of Action Taken	Figure Nos.
SM-07-VL-01	579704	7404822	No debris observed	N/A
SM-07-VL-02	579704	7404822	No debris observed	N/A
SM-07-VL-03	579650	7405030	No debris observed	N/A
SM-07-VL-04	580182	7404809	No debris observed	N/A
SM-07-VL-05	580151	7404514	No debris observed	N/A
SM-07-VL-06	580151	7404514	No debris observed	N/A
SM-07-VL-07	579871	7404617	Collected and backhauled all debris	Figure 26 - 27
SM-07-VL-08	579889	7404070	No debris observed	N/A
SM-07-VL-09	579889	7404070	No debris observed	N/A
SM-07-VL-10	581023	7404833	Collected and backhauled all debris	Figure 28 - 29
SM-07-VL-11	581019	7404640	No debris observed	N/A
SM-07-VL-12	581029	7404424	No debris observed	N/A
SM-07-VL-13	580747	7404486	Collected and backhauled extensive quantity of old debris	Figure 30 - 32
SM-07-VL-14	581098	7404042	No debris observed	N/A
SM-07-VL-15	580966	7404250	No debris observed	N/A
F - SM-07-VL-16	581180	7403830	Please see above	

A- CAMP

All debris on the back of the hill upslope from the camp location has been cleaned and backhauled. Two 16' by 16' core racks containing approximately 4,000 meters of core samples have been moved at least 20 meters away from the edge of water.

Figure 1: Two 16’ by 16’ core racks being moved. Left: One third of core boxes still on the first rack. Middle: core boxes. Right: One of the core racks moved into new location.

Figure 2: Barrel taken out of lake in the vicinity of the camp site

Figure 3: In the distance: Barrel being carried away. Foreground: Cleaned up camp site

Figure 4: Core racks in new location. Left: some core boxes still being moved.

Figure 5: Core racks after completion of move

Figure 6: Camp site after clean up – Location of first core rack

Figure 7: Camp site after clean up – Location of second core rack

B- FUEL CACHE

Hydrocarbon impacted soil was located at the fuel cache location with faint hydrocarbon smell. A total of six pales of impacted humic layer were removed and hole was back filled with clean material.

Figure 8: Site of hydrocarbon stain after clean up. Foreground: Four of the six pales with impacted soil. Back and Right: Hole after having been backfilled with clean material.

C- DRILL SITE SM-07-MX-10

D- DRILL SITE SM-07-MX-02

At and in between locations C and D, extensive debris was found. It was noted that while some debris looked relatively new, others were clearly from 1970's and earlier periods. All new material and most of the old material were collected and hauled away.

Figure 9: Barrel down slope before removal

Figure 10: Debris dispersed around locations C & D before removal

Figure 11: Location C after removal of debris

Figure 12: Location D after removal of debris

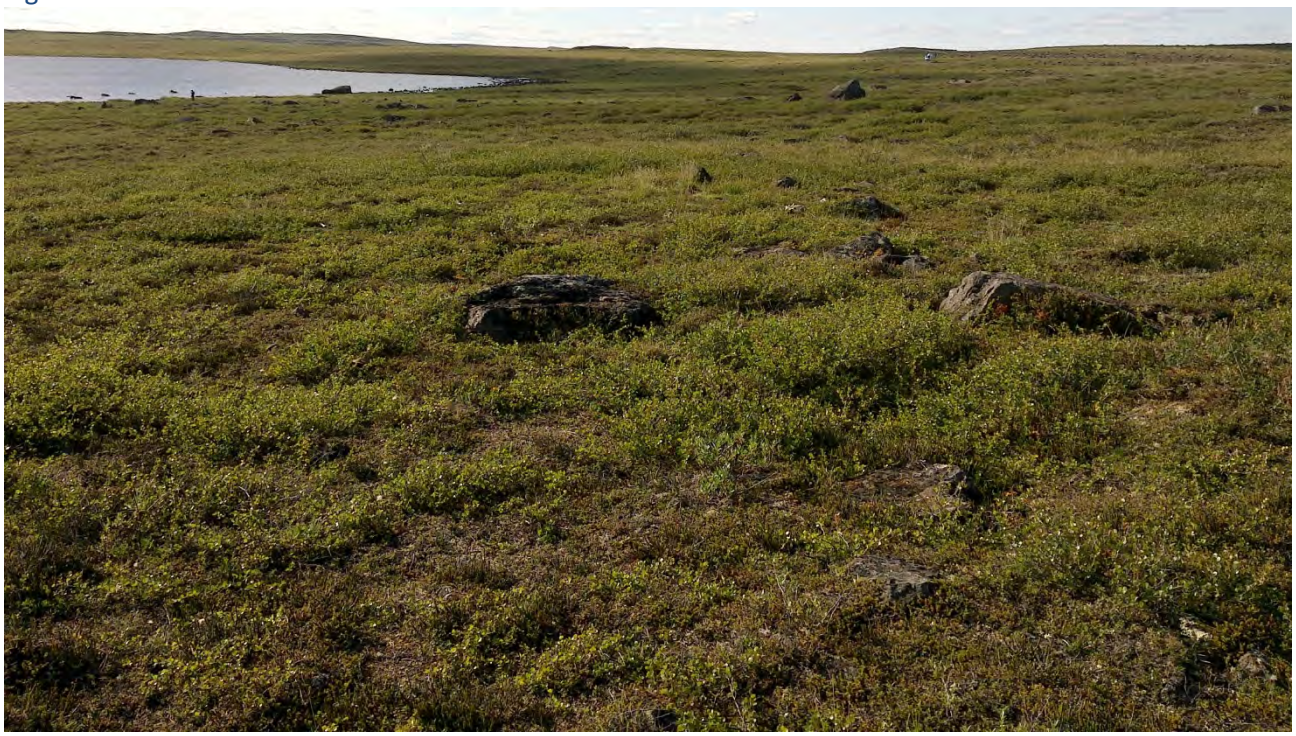

Figure 13: Barrels and small debris before being hauled away from drill sites MX-02 and MX-10. Note black container at the back has equivalent capacity of three barrels.

Figure 14: Second load of barrels and small debris before being hauled away from drill sites MX-02 and MX-10.

E- FUEL CACHE

At the fuel cache, all debris including a metal sling basket, partially burnt timbers, plastic garbage, nails, staples and ash were cleaned up and hauled away.

Figure 15: Metal sling basket filled with partially burnt timbers, other debris and ash. Ready to be hauled…

Figure 16: Three pails were filled up with nails and staples collected with the help of magnets.