



WATER LICENCE INSPECTION FORM

Original
 Follow-Up Report

Licensee Robert Cameron President and CEO Commander Resources Ltd 11 th Floor , 1111 Melville Street Vancouver British Columbia V6E 3V6	Licensee Representative None.
Licence No. / Expiry 2BE-NAD0813 (Expired)	Representative's Title None
Land / Other Authorizations N2013C0014 –Expired: August 14,2016	Land / Other Authorizations Nil
Date of Inspection July 20, 2016	Inspector A.Keim
Activities Inspected	
<input checked="" type="checkbox"/> Camp <input checked="" type="checkbox"/> Drilling <input type="checkbox"/> Mining <input type="checkbox"/> Construction <input type="checkbox"/> Reclamation <input type="checkbox"/> Fuel Storage <input type="checkbox"/> Roads/Hauling <input type="checkbox"/> Other: Water Discharge <input type="checkbox"/> Other: Municipal	

Conditions:	A - Acceptable	C - Concern	U - Unacceptable	NA – Not Applicable	NI – Not Inspected			
Water Use	Site Conditions		Haz/Mat Management					
	Condition	Comment	Condition	Comment	Condition	Comment		
Intake/Screen	NA		Water Management Structures	NA		Storage	U	
Flow Measure. Device	NA		Culverts / Bridges	NA		Spills	NI	
Source: Station Creek	NA		Drainage	NA		Spill Plan	U	
Water Use:	NA		Erosion / Sediment	NA				
Recirculation (y /n)	NA		Mitigation Measures	U		Administrative		
			Reclamation Activities	U		Records	U	
			Materials Storage	U		Reports	U	
Waste Disposal			Signage	NA		Plans	U	
Waste Water	NA					Notifications	U	
Solid Waste	U		Monitoring			Other		
Hazardous Waste	U		Sample Collection / Analysis	U				
<i>*The number in the comments field will correspond with specific comments provided below.</i>								
Samples taken by Inspector:			Location(s): None were collected during the period of inspection					
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No								

SECTION 1	<input checked="" type="checkbox"/> Comments (s. __)	<input type="checkbox"/> Non-Compliance with Act or Licence (s. __)	<input type="checkbox"/> Action Required (s. __)
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Commander Resources' Water License (Amendment 1) expired on September 1st 2013.

Administration
 The Commander Resources site at Dewar Lakes has not been occupied since 2013.

Commander Resources Ltd has been conducting exploration in central Baffin Island since 2003. The Company has had a water license in place to conduct this activity since 2006. The majority of the work being conducted out of a 40 person camp located on Dewar Lakes latitude of 68o 38' N and longitude of 71 o 08' W , adjacent to the North Warning System Fox-3 airstrip, and a 20 person camp located on Malrok Lake, latitude of 68o 30' 01" W and longitude of 72 o 27' 39" N, approximately 40 miles west of the Dewar Lakes camp.

At the Dewar Lakes camp JET A fuel stored in 45 gallon drums and diesel fuel stored in two 12,500 gallon bulk fuel bladders were documented in inspections conducted between 2007 and 2013 prior to the expiry of the 2013. All fuel barrels and fuel bladders were found to be in secondary containment berms during these inspections.

Camp facilities consisted of accommodations for up to 40 persons, a large cook tent, gen shack, Incinerator, core shacks and metal silo structure to be used for storage.

Prior to the expiry of the license a large number of barrels of fuel were transported to the airport maintenance area of the Clyde River Airport. E-mails (8/21/2013) cc'd to the inspector detail some negotiation between the SAO of the Hamlet and S. Potts of Commander Resources regarding Storage and the sale of this fuel. It is not clear what the final result of these discussions was or what has become of the barrels of fuel.

Following the final year of activity 2013, an annual report for the 2013 year was filed by Mr. Potts with the Nunavut Water Board on



March 12, 2015.

Since that time there has been no communication to Inspectors or the Nunavut Water Board that we can locate or have on file.

It was unclear to inspectors at the time for the Inspection if the Camp has been abandoned or if the Licensee has placed the camp into some form of Care and Maintenance. Following the Inspection a number of attempts to contact the Licensee were undertaken and on August 31st, 2016 an e-mail was received by the Inspector from Mr. Rober Cameron (President and CEO) of Commander Resources.

In the E-mail Mr. Cameron advised the Inspector of the following:

- Commander Resources is working on revitalizing the existing permits (Land Permit and Water License)
- Commander Resources has sufficient resources to return to the site in 2017 to address deficiencies found during the inspection and intends to do so.
- Commander Resources has moved offices and their new coordinates are:

Commander Resources Ltd
1100-1111 Melville St.
Vancouver BC, Canada

SECTION 2 Comments (s.__) Non-Compliance with Act or License (s.__) Action Required (s.__)

Inspection Findings:

- The fuel bladders were found in site but had been removed from service and packaged.
- Approximately 10 drums of unknown contents were found on site. Some in secondary containment some outside.
- Secondary containment (4) has been blown/ knocked down in a number of places. (Unserviceable)
- Two snow machines found on site have been stripped for parts.
- Core shack remains standing
- Gen shack does not contain any generators
- Canvas tents have blown down.
- Weather havens have collapsed; poles remain in place for the most part.
- Wooden floors for tents remain however sides have all blown away.
- Wind blown garbage is scattered across the tundra and down to the lake shore from the camp.

SECTION 3 Comments (s.__) Non-Compliance with Act or License (s.__) Action Required (s.__)

Non-compliance

The Nunavut Waters and Nunavut Surface Rights Tribunal Act;

- 12.** (1) Subject to subsection (2) and except in accordance with the conditions of a licence, no person shall deposit or permit the deposit of waste
- (a) in waters in Nunavut; or
 - (b) in any other place in Nunavut under conditions in which the waste, or any other waste that results from the deposit of that waste, may enter waters in Nunavut.
- (2) Subsection (1) does not apply in respect of
- (a) any unlicensed deposit of waste that is authorized by the regulations; or
 - (b) the deposit of waste in a national park.

Based on observations and photos collected during the period of the Inspection, the Inspector believes that the Licensee has failed to adhere to section 12 as above and is in contravention of the Act.

Further, Subject to Section 42 of the Act the Nunavut Water Board may, subject to this Act and Regulations, upon application issue the appropriate License. In this case a Class B License for mining and Milling (Exploration Activities and the associated Camp Activities at Dewar Lakes, Nunavut. Subject to the conditions placed within that license the Inspector finds the following sections that are not in compliance;

Part B: General Conditions

- Part B (2) The Licensee has failed to file annual reports since the expiry of the License (2014, 2015)
- Part B (3) The Licensee has failed to inform the NWB of any changes in operating Plans or conditions associated with the project at least (30) Thirty days prior to any such change.

Part C: Conditions Applying to Water Use

- Part C (7) The Licensee has failed to ensure and maintain Sediment and erosion control measures shall be implemented prior to and maintained during the operation to prevent entry of sediment into water.

Additionally, Please note;

46. The expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence.



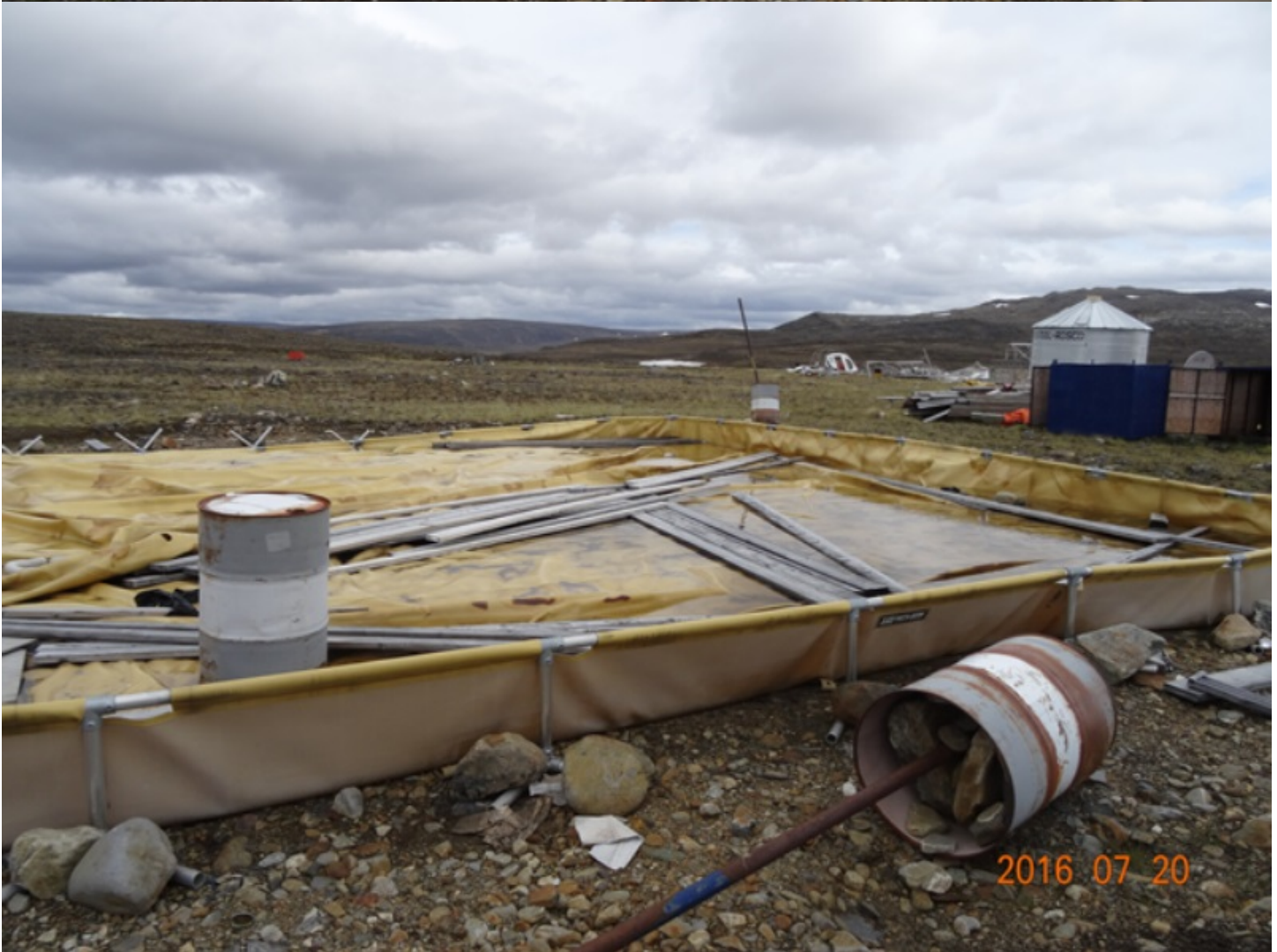
The Licensee has indicated that they intend to address the above noted non-compliance following the revitalization of the required permits and authorizations. (Email, R.Cameron, August 31st, 2016)

Following receipt of the above e-mail the Inspector recommends that Commander Resources undertaken this process immediately and that the Inspector and INAC be kept informed of Commander's progress through the submission of an Action Plan that includes milestones and clear dates by which Commander Resources will return to a state of compliance with the legislation. Submission of this plan is required within 90 days and is to be submitted to the Inspector and the Nunavut Water Board.

Photo Log

Date	Authorization	Camera	Inspector
July 20, 2016	2BE-NAD0813 Expired	Sony Cyber shot	A. Keim

















Licensee or Representative	Inspector's Name A. Keim
Signature	Signature On original document
Date	Date 27/6/2016

Office Use Only: Follow-up report to be issued by Inspector Yes No