



WATER LICENCE INSPECTION FORM

☒ Original

☐ Follow-Up Report

Licensee		Licensee Representative	
John Gingerich President and CEO Advanced Explorations Inc. 50 Richmond Street East, Suite 300 Toronto ON M5C 1N7 Canada E-mail: john@advanced-exploration.com		None.	
Licence No. / Expiry		Representative's Title	
2BE-TUK1015 – EXPIRED		None	
Land / Other Authorizations		Land / Other Authorizations	
N2010C0011 / N2012C0013		QIA – Q12L3CF009	
Date of Inspection		Inspector	
July 29, 2016		A.Keim	
Activities Inspected			
<div><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</div> <div><input type="checkbox"/> Roads/Hauling<input type="checkbox"/> Other: Water Discharge<input type="checkbox"/> Other: Municipal</div>			

Conditions:

A - Acceptable

C - Concern

U - Unacceptable

NA – Not Applicable

NI – Not Inspected

Water Use		Site Conditions		Haz/Mat Management	
	Condition	Comment		Condition	Comment
Intake/Screen	NA		Water Management Structures	NA	
Flow Measure. Device	NA		Culverts / Bridges	NA	
Source: Station Creek	NA		Drainage	NA	
Water Use:	NA		Erosion / Sediment	NA	
Recirculation (y /n)	NA		Mitigation Measures	U	
			Reclamation Activities	U	
			Materials Storage	U	
Waste Disposal			Signage	NA	
Waste Water	NA				
Solid Waste	U		Monitoring		
Hazardous Waste	U		Sample Collection / Analysis	U	
*The number in the comments field will correspond with specific comments provided below.					
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. __)
Administration <p>The Tuktu Camp is approximately 70 km west of Hall beach, at 68o 57' 55"N and 82o 56' 59"W. The camp has been at its current location since its construction in 2011. The major project activities conducted out of this camp have been drill programs in both 2011 and 2012. There has been no activity at the site since 2012.</p> <p>The Tuktu exploration camp consists of tents and facilities to house approximately 30 people, including kitchen, washroom and shower facilities, diesel generators, two helicopter pads as well as facilities for the core logging and cutting. Fuels to support the activities include 100 lb tanks of propane, and diesel and jet fuel in 45 gallon drums, with drummed fuel stored in a main fuel berm.</p> <p>The Tuktu Camp has been in operation since 2011. The Project is an extension to the Roche Bay Project located 78 Km south of the Tuktu Camp. The Camp and project boundaries contain both IOL and Crown Land.</p> <p>The Roche Bay Project is located approximately 60 km south of Hall Beach at approximately 68°26' north latitude and 82° 46' west longitude. The site lies on both Crown lands and IOL lands and as such Land Use permits in addition to the Water License were required to access to the site. The Land Use permits expired in 2015 and the Water License expired in March of 2016.</p> <p>To date a review of correspondence sent to the company and an Inspection report filed with the Nunavut Water Board in 2014 by an INC Inspector indicate that Advanced Exploration and Roche Bay PLC have not filed annual reports or conducted any maintenance or other work done on site since 2013.</p> <p>On September 23rd, 2014 Inspector SHOULDICE was in contact with Mr. John GINGERICH (CIDM #854121) with respect to the</p>			



submission of Compliance Plans as required following the July 15th, 2014 Water License Inspection. That plan was to include attendance at the site prior to December 31st, 2014 to address fuel spills, repair and maintain secondary containment, and to address other issues identified during that inspection. The required Compliance Plan does not appear to have been filed by the Licensee as required by the Inspector.

Further, as identified on www.SEDAR.com , Advanced Exploration Inc. did on July 10, 2015 file Notice of Intention to Make a Proposal (“Notice of Intention”) under the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”). Since that time there have been no communications or announcements from the company and attempts to contact their offices have gone unanswered.

In reviewing the last documents filed with INAC and the NWB by Advanced Exploration Inc in 2013 indicate that the company had plans to move the camp and facilities to Crown lands (2013 Project summary & 2014 Project Plans documents) , however this work did not happen.

Waste materials including barrels, pallets, fuel drums, sea-cans and drilling supplies however were all marshaled to the beach head and are now within 100 meters of the high tide mark on Crown land on the beach laydown.

The site can be broken down as follows; Airstrip, Beach laydown, Camp and drillers area. The Airstrip and Beach laydown all fall on crown lands while the Camp and drillers are on IOL. All areas are covered under the now expired Water License.

SECTION 2

☐ Comments (s. __)

☐ Non-Compliance with Act or License (s. __)

☐ Action Required (s. __)

Inspection Findings:

- Secondary containment (4) has been blown/ knocked down in a number of places. (Unserviceable)
- Wind blown garbage is scattered across the tundra and down to the shore from the Laydown
- 40 plus barrels of heating oil and Jet A are on site
- 60 plus used drums have been piled on the beach within 100 meters of the high tide mark
- A couple of the weather havens on site contain waste materials and garbage .
- Barrels of heating fuel were left on wooden stands behind the weather havens. Some have blown off nd lost their contents on the ground around the tents.
- Heaters remained in all units
- The incinerator area was found to have been sealed for winter storage. Drums of ash and waste remain on site and unburned waste remains both in camp and at the incinerator.
- During the inspection it was noted that all of the hoses that connect the fuel drums o the heater and other equipment are cracked and weathered and in serious need of replacement to avoid a large number of spills.
- The Generator shack gave off the smell of fuel and staining around the shack was identified during the inspection. The generator remains in place in the shack.
- A maintenance shack full of parts and equipment and barrels of oil and other drilling lube was found at the main camp
- Outside and around the shacks there was a very strong smell of hydrocarbon and staining

Drillers Area

- The ground shows evidence of a number of hydrocarbon spills throughout the site.
- Inside the emergency shelter at the driller’ lay down were buckets of oil and various lube oils for use on the drills

The Camp and drillers area have a number of hazardous materials including fuel and lubricant oils unsecured and leaking from equipment and barrels into the environment at the site. There is evidence of past Hydrocarbon contamination throughout the site and no evidence of any effort to remediate these spills. The site poses a threat to the environment due to the lack of containment and on-going monitoring by the licensee.

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 license, 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.

Additionally,

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

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 the Tuktu Project, 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 the required annual reports (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 B (8) The Licensee has failed to carry out fully all submitted plans in compliance with the terms and conditions of the issued license.

Part D: Conditions applying to Waste Disposal

- Part D (6) The Licensee has failed to backhaul and dispose of all hazardous wastes, waste oil and non-combustible waste generated through the course of the operation at a licensed waste disposal site
- Part D (7) The Licensee has failed to maintain records of all waste backhauled and records of confirmation of proper disposal of backhauled waste. These records shall be made available to an Inspector upon request.

Part H: Conditions Applying to Spill Contingency Planning

- Part H (3) Licensee has failed to take such actions as are required to prevent any chemicals, petroleum products or wastes associated with the project from entering water.
- Part H (5) The Licensee has failed to employ the terms of the approved spill plan when an unauthorized discharge of waste (Hydrocarbon) has occurred. This also constitutes an offence under the *Spill Contingency Regulations* of the *Environmental Protection Act* .

Part I: Conditions Applying to Abandonment nd Restoration or Temporary Closing

- Part I (3) The Licensee has failed to complete all restoration work prior to the expiry of the License.
- Part I (4) The licensee has failed to carry out the required progressive reclamation wor required when any of the component of the project are no longer required for the licensee's operations.
- Part I (6) The Licensee has failed to remove from the site, all infrastructure and site materials, including all fuel caches, drums, barrels, buildings and contents, docks, water pumps and lines, material and equipment prior to the expiry of this License
- Part I (10) The Licensee has failed to have areas that have been contaminated by hydrocarbons from normal fuel transfer procedures reclaimed to meet objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation, 2010.

Part J: Conditions Apply to the Monitoring Program

- The Licensee has failed adhere to any of the terms and conditions contained and required under the authority of this license since 2013.

Photo Log			
Date	Authorization	Camera	Inspector
July 29, 2016	2BR-TUK1015	Sony Cyber shot	A. Keim



Figure 1 Over view of camp



Figure 2 Incinerator with Garbage at the camp.



Figure 3 Incinerator . Barrels of ask and other waste materials



Figure 4 45 gallon drums of Jet A and heating fuel in secondary containment - evidence of leakage from drums



Figure 5 Secondary Containment with water and waste fuel



Figure 6 Secondary Containment with barrels of fuel and water



Figure 7 Unsecured drums laying outside secondary containment



Figure 8 45 gallon drum of heating fuel unsecured on a wooden stand behind tent



Figure 9 Hand tools and equipment outside storage shed on site



Figure 10 Gen set on site - tank has fuel



Figure 11 misc equipment and gen set for drillers rig behind main storage shed

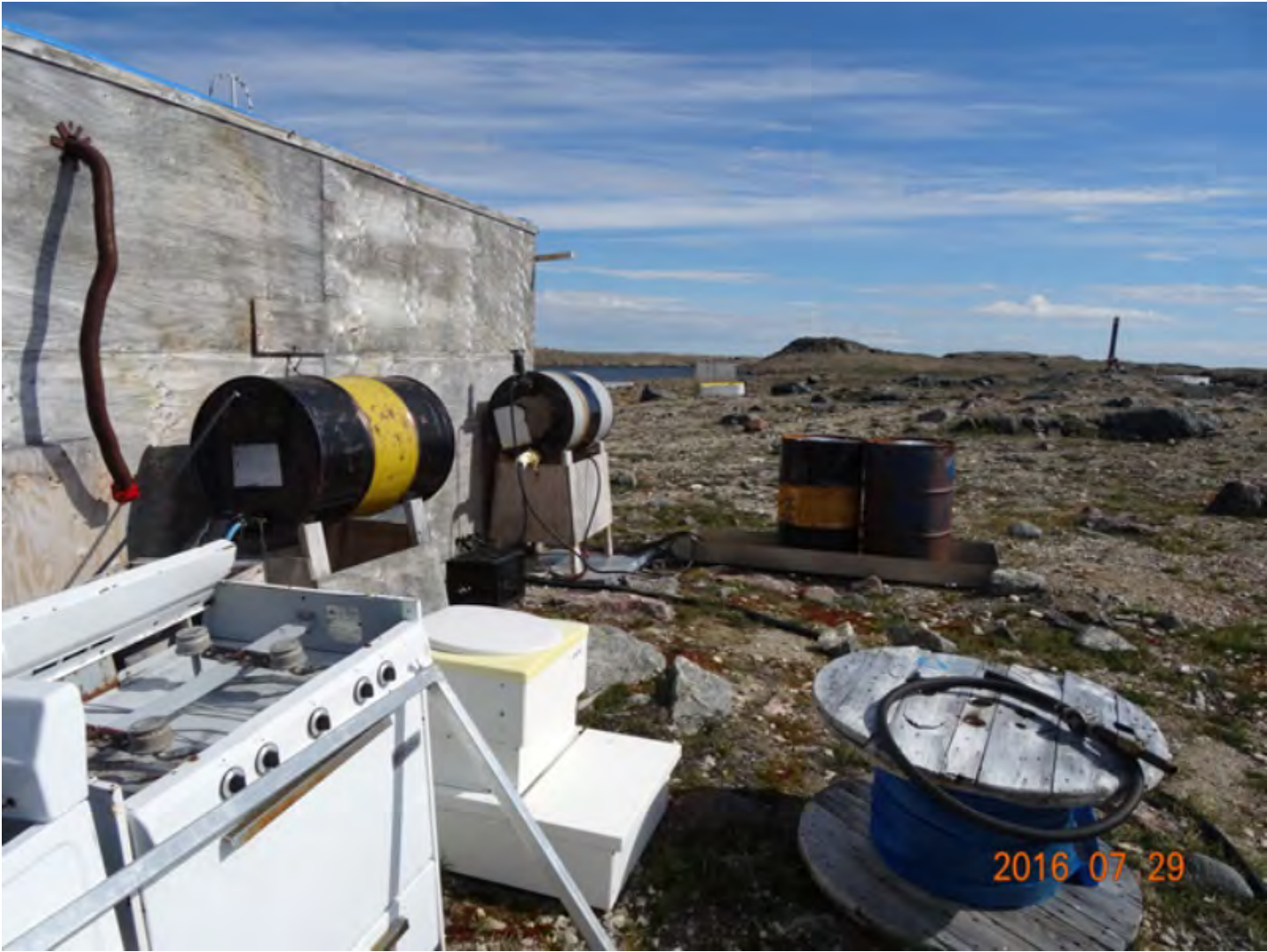


Figure 12 45 gallon drums of fuel , unsecured on wooden stands - no secondary containment



Figure 13 waste materials and broken doors at tents at the Tuktu site



Figure 14 Broken wooden stand



Figure 15 Weather haven tent needs repair



Figure 16 Misc equipment and supplies stored in weather haven tent at tuktu camp



Figure 17 Weather Haven tents with fuel drums on wooden stands



Figure 18 Misc. abandoned camp supplies found inside a weather haven



Figure 19 pumps and other tools abandoned at the Tuktu camp



Figure 20 misc. supplies abandoned at the tuktu camp



Figure 21 Hydrocarbon staining outside tents at the Tuktu Camp.



Figure 22 Garbage left on site in the cook tent at Tuktu Camp site



Figure 23 Bags of garbage left behind in the weather haven tents at the Tuktu Camp



Figure 24 Drillers laydown at the Tuktu Camp



Figure 25 Unknown liquid waste at the driller's lay down at Tuktu Camp



Figure 26 Drill hose at the Tuktu Camp



Figure 27 Main camp Tuktuk Camp.. Doors to weather haven have blown open and torn off.



Figure 28 45 gallon drums have come off wooden stands and leaked into the ground behind the tents. Hydrocarbon staining very obvious



Figure 29 Empty 45 gallon drum from stand



Figure 30 Waste oil, drilling lubricants and batteries in shipping containers in storage shed at Tuktu Camp



Figure 31 Drums of lube and unknown oil at camp



Figure 32 Spare parts for drilling equipment



Figure 33 Tent platform.. unknown where the tent is located

Licensee or Representative	Inspector's Name
	A. Keim
Signature	Signature
Date	Date
	1/11/2016

Office Use Only:	Follow-up report to be issued by Inspector	<input type="checkbox"/> Yes <input type="checkbox"/> No
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