January 7, 2015

Northwest Territories Water Board
P.O. Box 2531
Inuvik, NT X0E 0T0

Attn: Freda Wilson, Office and Finance Administrator

RE: INDUSTRIAL Water Use N7L1-1835
CLASS A – INDUSTRIAL
Inuvik – Tuktoyaktuk Highway – South End

To: Ms. Wilson,

Please find the enclosed Inspection Report for your review and records.

An electronic copy (un-editable Adobe pdf.) has also been provided by e-mail.

If you have any questions or concerns regarding the enclosed, and/or if additional information is required please contact me at (867) 777-8909.

Regards,

ORIGINAL SIGNED

Donald Arey
Manager Resource Management
Department of Lands
Beaufort Delta Region-Inuvik

Cc:
Conrad Baetz, Superintendent Dept. of Lands, Beaufort Delta Region
Stephen Charlie, Superintendent, Dept. of Environment and Natural Resources
January 7, 2015

Government of the Northwest Territories - Department of Transportation
Lahm Ridge Tower, 2nd Floor, 4501 - 51 Avenue
P.O. Box 1320
Yellowknife, NT  X1A 2L9

Attn:  Larry Purcka

RE:  INDUSTRIAL Water Use N7L1-1835
     CLASS A – INDUSTRIAL
     Inuvik – Tuktoyaktuk Highway – South End

To:  Larry Purcka,

An inspection of the above noted operation was conducted on January 06, 2015 by the undersigned and Resource Management Officer II Herbert Allen.

Enclosed is a copy of the Industrial Water Use Inspection Report.

If you have any questions, please contact me at 867 777-8900.

Regards,

ORIGINAL SIGNED

Donald Arey
Manager Resource Management
Department of Lands
Beaufort Delta Region

Cc:  Conrad Baetz, Superintendent Dept. of Lands, Beaufort Delta Region,
     Stephen Charlie, Superintendent, Depart. of Environment and Natural Resources
INDUSTRIAL WATER USE INSPECTION REPORT

LICENCE #: N7L1-1835
EXPIRY DATE: December 11, 2023

LICENCEE: Government of the Northwest Territories - Department of Transportation
PREVIOUS INSPECTION: December 16, 2014

COMPANY REP: Larry Purcka
INSPECTION DATE: January 06, 2015

WASTE DISPOSAL – MINING – OTHER

<table>
<thead>
<tr>
<th>Indicate</th>
<th>A - Acceptable</th>
<th>U - Unacceptable</th>
<th>N/A - Not Applicable</th>
<th>N/I - Not Inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore &amp; Waste Rock Stockpiles</td>
<td>N/A</td>
<td>Chemical Storage</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Ground Water Discharge</td>
<td>N/A</td>
<td>Mine Water Discharge</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

Mining-Other Comments:
All matters in relation to Source 1401A were acceptable with no environmental concerns. Hauling currently in progress.

FUEL STORAGE

<table>
<thead>
<tr>
<th>Indicate</th>
<th>A - Acceptable</th>
<th>U - Unacceptable</th>
<th>N/A - Not Applicable</th>
<th>N/I - Not Inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner:</td>
<td>NWI</td>
<td>Operator:</td>
<td>NWI</td>
<td>Condition of tanks:</td>
</tr>
<tr>
<td>Berms &amp; Liners</td>
<td>N/A</td>
<td>Water within Berm:</td>
<td>NIL</td>
<td>Evidence of Leaks:</td>
</tr>
<tr>
<td>Drainage Pipes</td>
<td>N/A</td>
<td>Pump Station and Catchment Berm</td>
<td>A</td>
<td>Runoff Diversion</td>
</tr>
<tr>
<td>Pipeline Condition</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fuel Storage Comments:
All aspects were satisfactory at the time of inspection.

GENERAL CONDITIONS/REPORTS/PLANS

<table>
<thead>
<tr>
<th>Indicate</th>
<th>A - Acceptable</th>
<th>U - Unacceptable</th>
<th>N/A - Not Applicable</th>
<th>N/I - Not Inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>C &amp; R Plan</td>
<td>N/A</td>
<td>Records &amp; Reporting</td>
<td>A</td>
<td>Final Report</td>
</tr>
<tr>
<td>Geotechnical Inspection</td>
<td>N/A</td>
<td>Posting, Signage</td>
<td>N/I</td>
<td>Contingency Plan</td>
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<tr>
<td>Restorations Activities</td>
<td>A</td>
<td>Spills</td>
<td>N/A</td>
<td>O&amp;M Plan</td>
</tr>
<tr>
<td>Maintenance</td>
<td>A</td>
<td>Modifications</td>
<td>N/A</td>
<td>Annual Report</td>
</tr>
</tbody>
</table>

General Condition Comments:
Overall all aspects observed were satisfactory, however it was observed that the silt fencing in some areas was buried with granular material from the road.

Inspector’s Signature: ______________________________________________________________

Date: January 06, 2015  Licence #: N7L1-1835  Page No: 1