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South Mackenzie District
Box 658
Fort Smith , NT X0E 0P0

Telephone: (867) 872-2558
Fax No: (867) 872-3472

June 29, 2012

Deninu K'ue Development Corp.

Att: Development Corp. Manager
Fort Resolution, NT.
X0E 0M0

**RE: Land Use Permit #MV2004W0041
Logging Operation, South of Fort Resolution, NT. East of Km. 74 Hwy.#6**

Dear Development Corporation Manager:

On June 27, 2012 I conducted an inspection of your operation under the above mentioned Land Use Permit.

Enclosed is a copy of the Environmental Inspection Report. Please refer to the unacceptable and noted conditions in the Explanatory Remarks section of this report. Please let me know when you plan to complete clean-up and restoration of your millsite near Hwy.#6, Km. 74. Your attention to this matter is appreciated.

If you have any questions or concerns, please contact me at (867) 872-2558.

Sincerely,

Original Signed By

Ervin J. Allen
Resource Management Officer
Fort Smith, NT.

Cc: Char Coe, South Mackenzie District
Mackenzie Valley Land & Water Board



ENVIRONMENTAL INSPECTION REPORT – JUNE 27/2012

| | |
|------------|---|
| Permittee: | DENINU K'UE DEVELOPMENT CORP., FORT RESOLUTION, NT. X0E 0M0 Att: Devel. Corp. Manager |
|------------|---|

| | | | |
|----------------------|-------------|--------------------|---------------------|
| | | Permit Expiry Date | Previous Inspection |
| Land Use Permit No. | MV2004W0041 | DECEMBER 15/2009 | SEPTEMBER 29/2011 |
| Quarrying Permit No. | N/A | | |
| Contractor: | N/A | Subcontractor: | |

| | |
|------------------------|---|
| Location(s) Inspected: | MILLSITE ON THE EAST SIDE OF HWY.#6 NEAR KM.74 AT 61*02'13"N & 113*41'11"W. |
|------------------------|---|

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|-----------------------------|---|
| Current Stage of Operation: | IN-ACTIVE FOR LOGGING OPERATION SINCE APRIL OF 2006 |
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| | |
|---------------------------------|-----|
| Program Modifications Approved: | N/A |
|---------------------------------|-----|

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable "N/I" - Not Inspected

| | PERMIT CONDITIONS Mackenzie Valley Land Use Regulations Section 26 (1) | Aspect of the Land Use Operation Inspected | | | | Applicable Permit Conditions By Number |
|---|--|--|--|--|--|--|
| | | Mill/Land. Km 74 | | | | |
| A | Location as Permitted | A | | | | 1, 2, 3, 4 & 5 |
| B | Timing as Permitted | A | | | | 6 TO 15 INCLUS. |
| C | Equipment as Approved (Type & Size) | A | | | | 16, 17 & 18 |
| D | Methods & Techniques | A | | | | 19 TO 25 INCLUS. |
| E | Facilities | A | | | | 26 |
| F | Erosion (Control or Prevention) | A | | | | 27, 28 & 29 |
| G | Chemicals | A | | | | 30 & 31 |
| H | Wildlife and Fisheries Habitat (Protection) | A | | | | 32, 33, 34, 35 & 36 |
| I | Wastes | A | | | | 37 TO 41 INCLUS. |
| J | Historical / Archaeological Sites | A | | | | 42, 43, 44 & 45 |
| K | Ecological Resources | N/A | | | | |
| M | Fuel Storage | A | | | | 47 TO 52 INCLUS. |
| N | Brush Disposal | A | | | | 53 to 60 INCLUS. |
| O | Restoration of Lands | U | | | | 61 |
| P | Permit Display | A | | | | 62 & 63 |
| Q | Matters Not Inconsistent | A | | | | 64, 65, 66, 67 & 68 |
| R | Sections 8 to 12 / 14 to 16 M.V.L.U.R. | N/A | | | | |
| S | Quarrying Methods | N/A | | | | |

Explanatory Remarks –
 THIS LUP HAS NOT BEEN ACTIVE FOR LOGGING SINCE APRIL OF 2006, EXCEPT FOR FIREWOOD SALVAGE. CLEAN-UP AND REMOVAL OF ALL MILL EQUIPMENT, 30' x 10' METAL TRAILER, 2 FUEL TANKS, WASTE METAL, GARBAGE & DEBRIS AT THE MAIN MILLSITE ADJACENT TO THE EAST SIDE OF HWY.#6 NEAR KM. 74 HAS STILL NOT BEEN DONE TO-DATE.

NOT AVAILABLE

Ervin J. Allen

Original Signed By E.J. Allen

Representative Signature

Inspector's Name

Inspector's Signature



ENVIRONMENTAL INSPECTION REPORT Pg. 2 (Continued)

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|-------|--------------|---------------------------------|-----------|-------------|
| Date: | June 27/2012 | Photos Taken By E.J. Allen, RMO | Permit #: | MV2004W0041 |
|-------|--------------|---------------------------------|-----------|-------------|

General Comments: (Continued)



SOUTH SIDE OF HWY.#6 NEAR KM. 74



PHOTOS TAKEN JUNE 27/2012 BY E.J. ALLEN, RMO