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April 13, 2018

Pine Point Mining Limited  
1100 Avenue des Canadiens-de-Montreal  
Bureau 300  
Montreal, QC H3B 2S2

**Attention: Jeff Hussey, Robin Adair**

<b>File Number</b>	<b>MV2017C0024</b>
<b>Type of Operation</b>	<b>MINERAL EXP - drilling</b>
<b>Location</b>	Medic truck staging area, active drill area EM-18-PP- 103 to 108, water source O28, completed drill sites since last inspection: EM-18-PP-090-102, Hinge zone marsh, L65-18-PP-001, 002, 003, 004, 005, 006, 007, 008, 009, 010, 012.

Dear Jeff Hussey, President and CEO Osisko Metals

An inspection of the above noted operation was conducted on April 06, 2018 by Manager, Resource Management Mike Vassal and Resource Management Officer Jayda Robillard.

Enclosed is a copy of the Environmental Inspection Report. Please refer to the unacceptable and noted conditions in the general comments section of this report. Your attention to this matter is appreciated.

If you have any questions, please contact me at 867-872-2558 ext. 24.

Sincerely,

**Original signed**

Mike Vassal  
Manager, Resource Management  
Department of Lands  
South Slave Region

CC: Mackenzie Valley Land and Water Board  
Lands Administration, Yellowknife  
Superintendent, South Slave Region, Department of Lands  
Hay River Inspectors, Department of Lands



## ENVIRONMENTAL INSPECTION REPORT

FOLLOW UP MATTERS FROM PREVIOUS INSPECTION OF March 26, 2018

Because of the snow cover the inspectors were not able to evaluate the hydrocarbon stained area at Great Slave Drilling staging area, and were also not able to view the drill waste in the marsh at the Hinge Zone. These areas are to be checked in the spring.

<b>Permittee:</b>	Pine Point Mining Limited	<b>Permit Expiry Date:</b>	July 19, 2022
<b>Land Use Permit No.</b>	MV2017C0024	<b>Previous Inspection:</b>	March 26, 2018
<b>Quarrying Permit No.</b>		<b>Inspection Date:</b>	April 06, 2018
<b>Contractor:</b>		<b>Subcontractor:</b>	
<b>Location(s) Inspected:</b>	Medic truck staging area, active drill area EM-18-PP-103 to 108, water source O28, completed drill sites since last inspection: EM-18-PP-090-102, Hinge zone marsh, L65-18-PP-001 to 010 and 012.		
<b>Current Stage of Operation:</b>	Procure Drilling and Great Slave Exploration and Drilling have de-mobilized. Foraco Drilling was at EM-18-PP-105 on the access road. Foraco had three more holes to drill before de-mobilizing (106-108).		
<b>Program Modifications Approved:</b>			

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

Operating Condition	Aspect Inspected				
	Drill Program				
Time as Permitted	A				
Location as Permitted	A				
Methods & Techniques	A				
Facilities	A				
Erosion (Control or Prevention)	A				
Chemicals	A				
Equipment as Approved (Type & Size)	A				
Wildlife and Fisheries Habitat (Protection)	A				
Restoration of Lands	A	85			
Fuel Storage	U	78			
Permits	A				
Matters not Inconsistent	A				
Brush Disposal	A				
Wastes	A				
Historical / Archaeological Sites	A				
Sections 8 to 12 / 14 to 16 M.V.L.U.R.	A				



## ENVIRONMENTAL INSPECTION REPORT

**Explanatory Remarks -  
Drill Program:**

An inspection of the winter drilling program near Pine Point NT was conducted on April 6, 2018 by Manager, Resource Management Mike Vassal and Resource Management Officer Jayda Robillard. The inspectors looked at water sources, staging areas, previously drilled sites and the active drilling area. Snow continues to obscure some of the issues that were raised in previous inspections. The inspectors could not evaluate the drill cuttings at the Hinge zone marsh (Figure 17), nor the spill site at Great Slave Drilling and Explorations staging area (Figure 7). These sites will be inspected once the snow melts.

Both Procore Drilling and Great Slave Exploration and Drilling had been de-mobilized and were not on site. A water tank from Procore’s work at the Hinge zone is sitting beside the marsh (Figure 16). Eagle 88 has a bobcat and storage shed in the EM zone (Figure 14).

The inspectors met with Cal Debnam and Martin King from Pine Point Mining. Both Cal and Martin provided insights into the operation. Their help is greatly appreciated by the inspectors.

**Access roads**

Access roads were in good condition with adequate snow cover. Pine Point Mining is using access roads that were cut by Cominco. A number of trees were scarred in the recent clearing activity (Figure 12).

**Medic Truck staging**

The site was clean and no environmental issues were observed (Figure 1 and 2). The outhouse was nearly full.

**Foraco Drilling along Access Road**

Foraco was actively drilling hole EM-18-PP-105 when this inspection occurred. Coordinates are: 60° 52’ 22.4” N 114° 23’ 01.8”W.

Drilling was taking place on the main Pine Point access road (Figure 3). Foraco was depositing drill mud and cuttings on the road. Mitch Burtnick from Foraco said there was no way to capture these wastes (Figure 4). Inspectors will check these sites in the spring.

Figure 5 shows hole number EM-18-PP-103 that is along the edge of the access road. The holes have concrete plugs that are set at 12 m deep. Holes in the access road need to be filled with gravel immediately in order to allow vehicles to safely use the road. Once filled, the gravel will need to be tamped down (compacted) to prevent erosion of the road when conditions are wet. It is recommended that marking caps not be used, but if marking caps are used they will have to be buried to a depth that will prevent road graders from exposing the cap and vehicles from hitting them.

**Drilled sites**

The inspectors looked at all the sites that had been drilled since the last inspection on March 26, 2018. This included holes at EM-18-PP-090 to 102 and L65-18-PP-001 to 012. A number of holes need to be filled and leveled when conditions permit. This has been documented in previous reports. Figure 8 shows holes 90 and 91 as examples of holes in the EM 90 to 102 area that need to be filled

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and leveled when conditions permit.

There are a number of large pads cleared in the L65 area. A pad was cleared for hole 7 (L65-18-PP-007), but was drilled from hole 6. The pad is approximately 26m x 20m. The pad at holes 1, 2, 3 (L65-18-PP-001, 002, 003) measured 23m x 23m. All these sites from L65 #1 – 12 have woody debris that needs to be broken down and spread around the site when conditions permit. Please see Land Use Permit (LUP) condition #85.

There is an oil spill by the hole at L65-18-PP-009. LUP Condition #78  
Coordinates are: 60° 48' 34.3" N 114° 38' 01.2" W. Please see Figure 18.

Blobs of drill grease were observed on the ground at hole 97 (EM-18-PP-097). Coordinates for this site are: 60° 52' 39.5" N 114° 21' 58.0" W. Cal Debnam from Pine Point Mining cleaned these up while the inspectors were on site.

### Water Sources

Figure 15 shows the water source at O28. Salt is being used for traction on the ice. It is preferred that natural local material such as sand or gravel be used instead.

There is a hose frozen into the snow that will need to be retrieved at O28.

On April 11 Inspector Robert Walker observed hydraulic fluid and oil spills where the water truck parked at the O28 water source. Cal Debnam was informed and said he would see to the clean-up.

No issues were observed at the L65 water source (Figure 19).

### Matters to follow up

- Inspectors to check on:
- Hydrocarbon spill at Great Slave staging
- Drill cuttings at Hinge zone marsh
- Oil spill at L65 hole #9
- Drill pads leveled and filled
- Drill holes in access road filled
- Clean up of woody debris and soil at L65 sites when conditions permit
- Drill waste on pads and access road

Original signed

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Representative Signature

\_\_\_\_\_  
Inspector's Signature

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# ENVIRONMENTAL INSPECTION REPORT

Inspection Images:

**Figure 1**  
**Medic truck staging**



**Figure 2**  
**Drill boxes at Medic staging**



**Figure 3**  
**Foraco drill on access road at EM-18-PP-105**



**Figure 4**  
**Drill water overflow**



**Figure 5**  
**EM-18-PP-103 is along the edge of the access road**



**Figure 6**  
**EM-18-PP-106. This is the next hole to be drilled on access road. Note that these holes are on the road surface and need to filled to prevent any public safety issues.**





### ENVIRONMENTAL INSPECTION REPORT

**Figure 7**  
Great Slave staging area. Snow cover obscured the spills.



**Figure 8**  
EM-18-PP-090, 091. Example of drill holes that need to be filled in when conditions permit.



**Figure 9**  
EM-18-PP-093. Woody debris needs to be mulched and both woody debris and soil need to be spread over the site when conditions permit



**Figure 10**  
EM-18-PP-097. Pile of snow, soil and woody debris. To be spread back over site when conditions permit



**Figure 11**  
EM-18-PP-092. Broken trees to be mulched and spread over site.



**Figure 12**  
Scarred tree





### ENVIRONMENTAL INSPECTION REPORT

**Figure 13**

**L65-18-PP-010. Access road**



**Figure 14**

**Eagle 88 bobcat and storage shed**



**Figure 15**

**O28 water source. Salt is being used for traction on the ice.**



**Figure 16**

**Water tank at Procore staging**



**Figure 17**

**Hinge zone marsh. Snow cover obscured view of drill cuttings in the ice**



**Figure 18**

**Spill at L65-18-PP-009. Spill is outlined in red beside the hole**





## ENVIRONMENTAL INSPECTION REPORT

**Figure 19**

**Water source for L65 holes 9 and 10**

