



March 19, 2019

Mr. Mike Vassal
Manager, Resource Management
Department of Lands
South Slave Region
Box 658, Fort Smith, NT

RE: Summary of Inspector Report Responses 2018

This letter summarizes the issues noted during land use inspections of the drilling activities of Pine Point Mining Limited (PPML) on the Pine Point Mineral Exploration Project (Project) in 2018. PPML responded to the issues noted by the Inspectors and the actions taken to mitigate and ensure compliance are listed in this document.

The Project site was inspected on 17 occasions in 2018. The mineral exploration on the Project was carried out under Type A Land Use Permit issued on July 20, 2017 and Type A Land Use Permit MV2018C0005 and Type B Water Licence MV2018L2-0003, the latter two permits issued on June 20, 2018. The latter two permits were applied for to allow PPML to use more than three drills and consume up to 299,000 litres per day in the drilling operation. The three permits allowed PPML to have up to eight drills on site and PPML engaged four different drill contractors, Foraco Drilling, Great Slave Drilling, SCS Diamond Drilling and Procore Drilling.

The 17 inspector reports are summarized below.

18 Dec. 2018 MV2018C0005 and MV2017C0024 Environmental Inspection Reports

Inspection conducted on December 12, 2018

Inspection report dated December 18, 2018

Inspector: Rob Walker and Mike Vassal, Managers - Resource Management

Issues, comments and corrective actions:

No issues were noted and compliance was good. The Inspector noted that three holes drilled in the X65 area had encountered artesian flow but all had been successfully sealed.

8 Nov. 2018 MV2018C0024 Environmental Inspection Report

Inspection conducted on October 25, 2018

Inspection report dated November 8, 2018

Inspector: Rob Walker, Manager - Resource Management

Issues, comments and corrective actions:



The report noted no issues of concern except for one steel hole marker projecting above ground and this was cut off at ground level during ongoing PPML drill pad inspections. Mr. Walker re-inspected a small spill that was noted during the October 4, 2018 inspection and confirmed it was cleaned up; PPML has a special waste bin on site for all hydrocarbon contaminated soil and other waste to be placed in for disposal. Disposal is carried out by Hay River Disposals and is documented.

18 Oct. 2018 MV2018C0005 Environmental Inspection Report

Inspection conducted on October 4, 2018

Inspection report dated October 18, 2018

Inspector: Rob Walker, Manager - Resource Management

Issues, comments and corrective actions:

Mr. Walker noted a minor fuel stain on the ground at the Great Slave staging area. The contractor instructed to remove soil and place it in contaminated waste bin.

Mr. Walker noted some subsidence (cratering as he referred to it) around abandoned drill collars. This is normal for some holes and these areas are filled in by PPML during ongoing pad inspection and reclamation.

Mr. Walker noted two occasions where pick-up trucks did not have drip trays. Drill contractors are reminded of this requirement on a regular basis.

Mr. Walker noted some levelling needed at the drill pad at hole EM-18-PP-253. The pad was noted for inspection on PPML's ongoing site reclamation activities.

12 Oct. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on October 4, 2018

Inspection report dated October 12, 2018

Inspector: Rob Walker, Manager - Resource Management

Issues, comments and corrective actions:

The main concern noted by Mr. Walker is a drill hole that is leaking water and requires plugging. Access conditions to W-85 sites were deteriorating and the drill rig was removed from the area. Deteriorating conditions included the haul road as noted by Mr. Walker. During phone calls with Mike Vassal, Lands Inspector, it was decided that the hole would be sealed once freezing winter conditions set in 2019 to prevent rutting of the access road and the drill pad area. On February 8, 2019 the hole was successfully sealed.

The drill pipe and hose noted near the drill site are historic material left by previous operators including Tamerlane Resources and Cominco. PPML does not retrieve the drill pipes property wide, Cominco has left broken or damages pipes at their historic drill sites. PPML does retrieve old hose as it poses a safety



risk to the bobcat mulching equipment. Further, some of this material may now be considered archaeology and PPML has been requested not to disturb it.

Mr. Walker noted a number of poor fuel storage and unprotected pumps at the Procore pump site. This is a concern to PPML with this particular drill contractor and constant efforts were made for compliance. The contractor is no longer on site after drilling in the W85 area and will not be used again unless the drilling equipment is compliant with the conditions set in the permit. Procore left the area at the end of October.

13 Sep. 18 MV2018C0005 Environmental Inspection Report

Inspection conducted on August 31, 2018 and September 7, 2018

Inspection report dated September 13, 2018

Inspector on August 31, 2018: Rob Walker, Manager - Resource Management

Inspector on September 7, 2018: Norm McCowan, Resource Management Officer

Issues, comments and corrective actions:

The problems noted on the SCS drill sites have been addressed with leveling of material piled up by the contractor when positioning the drill. SCS Drilling piled material towards the edge of the drill pad and moved more material than necessary to the point where a bulldozer was not suitable for leveling of the site. The cleanup is part of PPML's ongoing site reclamation and was carried out on October 19th by Hay River Disposals using an excavator. SCS drilling was told to reduce the amount of material moved during placement of their drill to avoid future problems.

PPML continues to work with Procore drilling for better fuel containment.

23 Aug. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on August 16, 2018

Inspection report dated August 23, 2018

Inspector: Norm McCowan and Jayda Robillard, Resource Management Officers

Issues, comments and corrective actions:

The first issue centered on the use of the Rows camp. PPML assumed it could use the camp as it was permitted by a third party outside the area being worked. Norm McCowan expressed the view that the camp was permitted for highway work and as such could not be used by PPML. PPML stopped using the camp as of September 30, 2018.

Norm McCowan noted one single walled fuel tank at the Rows camp. PPML understands that the use of such tanks are not allowed under their permits but is unaware of the restrictions placed on the Rows camp permit.

14 Aug. 2018 MV2018C0005 Environmental Investigation Report



Inspection conducted on August 8, 2018

Inspection report dated August 14, 2018

Inspector: Norm McCowan and Jayda Robillard, Resource Management Officers

Issues, comments and corrective actions:

Norm McCowan reminded PPML that signage advising of drilling activities is a permit requirement and signs have been placed near all active drill areas within a week of this request.

Drill hole markers extending above the ground were cut off.

Subsiding drill hole collars on haul road noted by Inspectors were filled in and such subsidence is filled in by PPML's ongoing site inspection and reclamation.

The 200 litre SCS Drilling single wall tank at the N42 pit pump site has had secondary containment placed under the tank to bring it to compliance.

Procore dug up minor spills in their staging area.

Procore was requested to replace their single walled tank with a double walled tank.

7 Aug. 2018 MV2018C0005 Environmental Inspection Report

Inspection conducted on July 25, 2018

Inspection report dated August 7, 2018

Inspector: Mike Vassal, Manager – Resource Management, Jayda Robillard, Resource Management Officer and Wendy Bidwell, Water Resources Officer

Issues, comments and corrective actions:

A Great Slave pump shack at the L27 pit was noted in water, this was due to rising water levels, the pump shack was moved back onto dry land after the inspection.

Mike Vassal also indicated that warning signs of active drilling areas must be posted on roads. This was done.

13 Jul. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on July 11, 2018

Inspection report dated July 13, 2018

Inspector: Rob Walker, Manager - Resource Management

Issues, comments and corrective actions:

No issues were noted.

5 Jul. 2018 MV2017C0024 Environmental Inspection Report



Inspection conducted on Jun 28, 2018

Inspection report dated July 5, 2018

Inspector: Mike Vassal and Rob Walker, Managers - Resource Management

Issues, comments and corrective actions:

Minor issues concerning filling in subsided drill collar areas and preventing erosion by water discharge hoses into sumps. The former issue is addressed in the ongoing site reclamation and the latter by securing the discharge hose.

30 May 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted May 17, 2018

Inspection report dated May 30, 2018

Inspector: Mike Vassal, Manager – Resource Management and Jayda Robillard, Resource Management Officer

Issues, comments and corrective actions:

- 1) The slumping noted at the ramp into the O28 pit is a normal occurrence when Cominco berms are removed to allow access to the pit.
- 2) The section of water hose noted along the O28 pump site road was removed by Great Slave drilling.
- 3) The staining near the pump site was cleaned up by Eagle88 over a seven day period from May 23 to 29, 2018 and the contaminated material was placed in two waterproof Megabags and transported to Hay River to the care of Hay River Disposals who will transport the material to a landfill in Northern Alberta for final disposal.
- 4) Staining at the Great Slave Drilling staging area has been cleaned up and material transported to Hay River Disposals in Hay River.
- 5) Drill grease noted at pads was cleaned up and stored in sealed plastic containers, given to Hay River Disposals for transport to landfill in Alberta.
- 6) Subsiding holes on haul road were filled in.
- 7) The cuttings removed from ice at the Hinge Zone drilling area was subsequently buried in the cutting sump.

13 Apr. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on April 6, 2018

Inspection report dated April 13, 2018

Inspector: Mike Vassal, Manager – Resource Management and Jayda Robillard, Resource Management Officer

Issues, comments and corrective actions:

Several issues were noted in this report.



- 1) Hydrocarbon spill at Great Slave staging: The contaminated material was dug up and placed in pails and transported to the Hay River to Hay River Disposals and subsequently disposed of at an approved landfill in Northern Alberta.
- 2) Drill cuttings at Hinge zone marsh: Drill cuttings on the ice were collected and transferred to a steel container for storage during winter. In spring the container was emptied into a sump at the HZ area and buried.
- 3) Oil spill at L65 hole #9: Material was placed in buckets, given to Hay River Disposals, who transported the material to a waste facility in Alberta on September 16, 2018.
- 4) Drill pads leveled and filled: Normal practice during ongoing reclamation.
- 5) Drill holes in access road filled: Normal practice during ongoing reclamation.
- 6) Clean up of woody debris and soil at L65 sites when conditions permit: Normal practice during ongoing reclamation.
- 7) Drill waste on pads and access road: Normal practice during ongoing reclamation.

6 Apr. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on March 26, 2018

Inspection report dated April 6, 2018

Inspector: Mike Vassal, Manager - Resource Management

Issues, comments and corrective actions:

Drill cuttings noted on ice for cleanup at the HZ area were subsequently collected and buried in a sump. The oil stained area in the Great Slave L27 staging area was subsequently dug up and disposed of in the Hay River Nuisance Grounds. Minor tree scarring was noted and as part of PPML's ongoing reclamation, damaged trees are cut down, bucked up and laid on the ground.

20 Mar. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on March 15, 2018

Inspection report dated March 20, 2018

Inspector: Mike Vassal, Manager – Resource Management and Norm McCowan, Resource Management Officer

Issues, comments and corrective actions:

Drill cuttings noted on ice for cleanup at the HZ area were subsequently collected and buried in a sump. The oil stained area in the Great Slave L27 staging area was subsequently dug up and disposed of in the Hay River Nuisance Grounds.

13 Mar. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on March 6, 2018

Inspection report dated March 13, 2018

Inspector: Mike Vassal, Manager – Resource Management, Jayda Robillard and Norm McCowan, Resource Management Officers



Issues, comments and corrective actions:

A drill site at HZ being drilled by Procore has allowed cutting to spread on the ice. Drill cuttings noted on ice for cleanup at the HZ area were subsequently collected and buried in a sump.

26 Feb. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on February 22, 2018

Inspection report dated February 26, 2018

Inspector: Rob Walker, Manager – Resource Management and Norm McCowan, Resource Management Officer

Issues, comments and corrective actions:

No issues were noted at areas being drilled by Foraco and Great Slave Drilling.

Procore did not completely comply with the requests made on the February 12th report and only the fuel tanks at the drill had sufficient containment. A pump shack was immediately removed from the pump site when it was found to be leaking diesel fuel. The contaminated snow and ice were removed from the site in plastic pails.

Garbage and debris noted by the inspector were cleaned up and removed from the site.

19 Feb. 2018 MV2017C0024 Environmental Inspection Report

Inspection conducted on February 15, 2018

Inspection report dated February 19, 2018

Inspector: Norm McCowan and Jayda Robillard, Resource Management Officers

Issues, comments and corrective actions:

No issues were noted with drill contractors Foraco or Great Slave Drilling.

Procore pump shack at K62 water source has no adequate containment for a single walled fuel tank. PPML told Procore to remove the pump shack and it was moved from this location and not used again.

12 Feb. 2018 MVC2017C0024 Environmental Inspection Report

Inspection conducted on February 9, 2018

Inspection report dated February 12, 2018

Inspector: Norm McCowan and Jayda Robillard, Resource Management Officers

Issues, comments and corrective actions:

No issues were noted with two of the three drill contractors but the third, Procore, had several issues noted; single walled fuel tanks, no drip pans on trucks and lack of spill kits. PPML continues to talk to Procore to bring this lagging contractor up to compliance. The single wall tanks were deemed acceptable for winter use as long as they had secondary containment.



Stanley G. Clemmer
Chief Geologist
Pine Point Mining Limited

A handwritten signature in black ink, appearing to read "Stanley G. Clemmer", is written over a light blue rectangular background.

March 19, 2019