



P.O. Box 1500
4923 52nd Street
Yellowknife, NT
X1A 2R3

October 17th 2016

DEMCo Ltd.
P.O. Box 2725
4923 52nd Street
Yellowknife, NT
X1A 2R31

Attention: Margaret Gorman, Chief Operating Officer, Denendeh Investments Inc.

RE: Land Use Permit S15H-003 – DEMCo Fuel Storage – Inspection

Dear Ms. Gorman,

An inspection of DEMCo fuel storage land use permit was completed by Resource Management Officers Tim Morton and Devin Penney on October 12th 2016. The inspection was conducted to ensure compliance with Land Use Permit, conditions annexed in the land use permit, the *Mackenzie Valley Land Use Regulations*, and applicable site management plans.

The Inspectors were pleased to see that all of the drummed fuel had been moved from the multiple locations and consolidated in one location within secondary containment.

The environmental inspection report is attached along with pictures of the site that were taken during the inspection. If you have any questions or concerns please contact me at (867) 669-2468.

Thank you,

Devin Penney
Resource Management Officer (Inspector)
Resource and Lands Division
Indigenous and Northern Affairs Canada

cc. SLWB
INAC – Resource and Land Management



INSPECTION DATE – October 12th 2016

ENVIRONMENTAL INSPECTION REPORT (S09D-001)

Permittee:	DEMCo Ltd.	August 9, 2020
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Permit Expiry Date

Inspection

Land Use Permit No.	S09D-001		
Quarrying Permit No.			
Contractor:	Mountain Island Exploration Ltd.	Subcontractor:	N/A

Location(s) Inspected:	Terra Mine Air Strip Fuel Storage
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Current Stage of Operation:	Fuel Storage
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Program Modifications Approved:	None
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Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable "N/I" - Not Inspected

	Operating Condition	Aspect Inspected			
		Fuel Storage			
A	Location as Permitted	A			
B	Timing as Permitted	A			
C	Equipment as Approved (Type & Size)	A			
D	Methods & Techniques	A			
E	Facilities	A			
F	Erosion (Control or Prevention)	A			
G	Chemicals	A			
H	Wildlife and Fisheries Habitat (Protection)	A			
I	Wastes	A			
J	Historical / Archaeological Sites	A			
L	Security Deposit	A			
M	Fuel Storage	A			
N	Brush Disposal	A			
O	Restoration of Lands	A			
P	Permits	A			
Q	Biological and Physical Protection of the Land	A			
R	Sections 8 to 12 / 14 to 16 M.V.L.U.R.	A			



ENVIRONMENTAL INSPECTION REPORT Pg. 2 (Continued)

Date:	October 12 th 2016	Permit #:	S15H-003
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Explanatory Remarks:

An inspection of the DEMco fuel storage land use permit was conducted by Resource Management Officers Tim Morton and Devin Penney on October 12th 2016. The inspection was conducted to ensure conditions annexed in the land use permit, the *Mackenzie Valley Land Use Regulations*, and applicable site management plans.

The drummed fuel was moved from multiple locations throughout the site to the northwest corner of the airstrip (Photo #9). The drums were neatly organized at a 3 – 9 o'clock position as required by condition #30 of the land use permit (Photo # 1). The secondary containment instaberm had a drain hole connecting to Rain Drain Filter to allow for water accumulation to drain out without the risk of risk of a hydrocarbon release (Photo # 5). The RainDrain filter automatically removes water accumulation from inside a berm and is designed to remove hydrocarbons as they are detected. Using gravity to filter the hydrocarbons out of rainwater, the RainDrain allows operators to safely drain overflow from their berms (berms need to remain empty to have the capacity to contain any spills).

Three drums containing spill response materials are located adjacent to the fuel cash (Photo #2 & #3).

The Inspectors were pleased with progress made by the contractor to consolidate and mobilize the fuel cash into secondary containment.

_____*Original Signed*_____
Inspectors Signature



Photo #1: DEMCo Fuel storage located on the Northwest end of the Terra Mine airstrip. For Map refer to Photo #9.



Photo #2: DEMCo Fuel Cash inside secondary containment.



Photo #3: Three drums containing spill response materials.



Photo #4: Brand name of insta-berm.



Photo #5: Water/Fuel separator. The RainDrain filter automatically removes rainfall and water collected inside a berm while also holding back hydrocarbons from the environment. Using gravity to filter the hydrocarbons out of rainwater, the RainDrain allows operators to safely drain overflow from their berms (berms need to remain empty to have the capacity to contain any spills).



Photo #6: Soak away sump used to allow water to drain into the ground.



Photo #7: DEMCO Label on Drums.



Photo #8: Sei Industries Rain Drain.



Photo #9: Map indicating location of fuel storage.