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Your file - Votre référence

March 14th, 2009

Our file - Notre référence

Avalon Ventures Ltd.
Suite 1901 – 130 Adelaide Street West
TORONTO, ON M5H 3P5

Attention: Mr. Don Bubar

**Re: Land Use Permit MV2007C0039
Mineral Exploration
Thor Lake, NT**

Dear Mr. Bubar,

An inspection of the Thor lake camp and drill program was conducted on March 13th, 2009 by Resource Management Officer Clint Ambrose and Water Resource Officer Michael Martin. The inspection was carried out to ensure that conditions annexed to the above noted Land Use Permit are being adhered to during this operation.

Overall, the Inspectors were pleased with the operation being conducted at the Thor lake property and no major concerns were noted during the inspection. Your copy of the Environmental Inspection Report is enclosed and should be self explanatory.

If you have any questions or concerns, please contact Mr. Nahum Lee at (867) 669-2757 or the undersigned at (867) 669-2794.

Yours Truly,

Clint Ambrose
Resource Management Officer III
South Mackenzie District
Indian and Northern Affairs Canada

cc: MVLWB
Bill Mercer – via e-mail
Chris Pederson - via e-mail
Rick Guile – via e-mail
Randy O'Keefe – via e-mail

Canada



ENVIRONMENTAL INSPECTION REPORT

Permittee:	Avalon Ventures Ltd.	Inspection Date – March 13 th , 2009
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		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	MV2007C0039	July 4 th , 2009	February 11 th , 2009
Quarrying Permit No.			
Contractor:	Foraco	Subcontractor:	

Location(s) Inspected:	Thor lake tent camp and drill program.
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Current Stage of Operation:	The Foraco drill was setting up on a target on South Tardiff lake.
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Program Modifications Approved:	
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Condition of Operation “A” - Acceptable “U” - Unacceptable “N/A” - Not Applicable

	Operating Condition	Aspect Inspected			Condition
		Camp	Drill Sites		
A	Location and Area	A	A		
B	Time	A	A		
C	Type and Size of Equipment	A	A		
D	Methods and Techniques	A	A		
E	Type, Location, Capacity and Operation of All Facilities	A	A		
F	Control or Prevention of Ponding of Water, Flooding, Erosion, Slides and Subsidence of Land	A	A		
G	Use, Storage, Handling and Ultimate Disposal of Any Chemical or Toxic Material	A	A		
H	Wildlife and Fisheries Habitat	A	A		
I	Storage, Handling and Disposal of Refuse or Sewage	A	A		
J	Protection of Historical, Archeological and Burial Sites	A	A		
K	Objects and Places of Recreational, Scenic or Ecological Value	A	A		
L	Security Deposit	A	A		
M	Fuel Storage	A	A		
N	Methods and Techniques for Debris and Brush Disposal	A	A*		#52 Brush Disposal #53 Progressive Disposal
O	Restoration of the Lands	A	A		
P	Display of Permits and Permit Numbers	A	A		
Q	Matters Not Inconsistent With the Regulations	A	A		
R	Sections 8 to 16 M.V.L.U.R.	A	A		

ENVIRONMENTAL INSPECTION REPORT Pg. 2
(Continued)

Date: March 13th, 2009

Permit #: MV2007C0039

Explanatory Remarks

An inspection of the Thor lake camp and diamond drill program was conducted by Resource Management Officer Clint Ambrose and Water Resource Officer Michael Martin. The inspection was carried out to ensure operating conditions annexed to the above noted land use permit are being adhered to during the operation. The Inspectors met with Mr. Randy O'Keefe and Mr. Martin Heiligmann at the camp who accompanied the Inspectors throughout the inspection.

One concern noted at the camp was with a small fuel leak at the fuel fired incinerator. Hydrocarbon impacted snow must be cleaned up and the Inspector recommends a "drip defender" being placed at this location and the leak repaired. Hydrocarbon impacted snow/ice from both the drill program and around camp is being placed into open 45 gallon drums, melted and hydrocarbons mopped off the surface of the water with absorbent pads. The Inspector has no concerns with this practice.

Empty fuel drums were noted in front of the camp and are being shipped off site via aircraft. The Inspector acknowledges the Permittee's diligence to help reduce the likelihood of having empty drums accumulate on site.

All aspects of waste disposal at the camp appeared to be satisfactory at the time of the inspection.

The fuel on the shoreline of Great Slave lake has been removed and placed in the lay down area. The Inspector would like to commend the Permittee on the quickness of having this fuel relocated as it was reported back to the Inspector a few days after the previous inspection that this task was completed.

The Foraco drill was setting up on a target located on South Tardiff lake at the time of the inspection. Too date, holes have been completed on Long lake, Tardiff lakes and a few land based targets. Completed drill sites were inspected and the Inspector was pleased with the cleanup being conducted, although further cleanup was warranted on a few targets. Equipment is scarifying the ice, the material is then collected and taken off the ice surface to a land based natural depression.

Disposal areas were inspected and found to be a satisfactory distance from the shorelines of the nearest lakes. Cuttings disposal locations were inspected and they too appeared to be satisfactory.

There was a muskeg carrier parked in the vicinity of the pump shack and a few hydrocarbon leaks were noted below this equipment as well as under the small dozer being utilized to position the drill's ancillary equipment. Spill trays must be placed under any stationary equipment, whether it be on land or ice. The Inspector understands that the drill was just positioned on the next target, but the Permittee must ensure that secondary containment is implemented under the drill's fuel tank.

The only other concern noted was along the drill trails where trees have been felled into the adjacent forest. The Permittee must ensure that tree and brush disposal is conducted as per permit conditions #52 and #53.

As a reminder, the Permittee must ensure that trail width and drill pad size are kept to a minimum to prevent concerns noted during the previous inspections from arising again.

Overall, the Inspectors were quite pleased with the operation and no major concerns were noted over the course of the inspection.

Completed off Site
Representative's Signature

Clint Ambrose
Inspector


Inspector's Signature



MV2007C0039 - Avalon Ventures Ltd.
Foraco drill on south Tardiff lake.



MV2007C0039 - Avalon Ventures Ltd.
Completed land based target and Long lake in the background.



MV2007C0039 - Avalon Ventures Ltd.
Fuel cache located along an access trail.



MV2007C0039 - Avalon Ventures Ltd.
North Tardiff lake where 3 holes have been completed.



MV2007C0039 - Avalon Ventures Ltd.
Two completed drill sites and two other ice pads being constructed.



MV2007C0039 - Avalon Ventures Ltd.
Ice scrapings from the Tardiff lakes is being deposited on land a sufficient distance from the lake.



MV2007C0039 - Avalon Ventures Ltd.
Empty drums staged at the camp for ongoing removal.



MV2007C0039 - Avalon Ventures Ltd.
Barrels for the placement of hydrocarbon impacted snow/ice. Heated and absorbents used to mob up hydrocarbons.



MV2007C0039 - Avalon Ventures Ltd.
Small fuel leak to address on the incinerator and a "drip defender" must be placed at this location.



MV2007C0039 - Avalon Ventures Ltd.
Completed drill site. Ice and snow scrapings which are being removed to a land based depression.



MV2007C0039 - Avalon Ventures Ltd.
Another drill site and this pile of snow/ice will be removed to a land based depression.



MV2007C0039 - Avalon Ventures Ltd.
Drill cuttings/water being deposited in a land based depression.



MV2007C0039 - Avalon Ventures Ltd.
Recently completed drill site which cleanup will be initiated.



MV2007C0039 - Avalon Ventures Ltd.
Tub for the collection of drill cuttings/water at the Foraco drill.