



## ENVIRONMENTAL INSPECTION REPORT

Permittee:	Avalon Ventures Ltd.	Inspection Date - September 20 <sup>th</sup> , 2007
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		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	MV2007C0039	July 4 <sup>th</sup> , 2009	August 16 <sup>th</sup> , 2007
Quarrying Permit No.			
Contractor:	Peak Drilling	Subcontractor:	

Location(s) Inspected:	Camp, access trails, fuel cache and drill sites.
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Current Stage of Operation:	Drilling on the property continues.
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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
		Drill Sites	Access Trails	Camp	
A	Location and Area	A	A	A	
B	Time	A	A	A	
C	Type and Size of Equipment	A	A	A	
D	Methods and Techniques	A	A	A	
E	Type, Location, Capacity and Operation of All Facilities	A	A	A	
F	Control or Prevention of Ponding of Water, Flooding, Erosion, Slides and Subsidence of Land	A	A	A	
G	Use, Storage, Handling and Ultimate Disposal of Any Chemical or Toxic Material	A	A	A	
H	Wildlife and Fisheries Habitat	A	A	A	
I	Storage, Handling and Disposal of Refuse or Sewage	A	A	A	
J	Protection of Historical, Archeological and Burial Sites	A	A	A	
K	Objects and Places of Recreational, Scenic or Ecological Value	A	A	A	
L	Security Deposit	A	A	A	
M	Fuel Storage	A	A	A	
N	Methods and Techniques for Debris and Brush Disposal	A	A	A	
O	Restoration of the Lands	A	A	A	
P	Display of Permits and Permit Numbers	A	A	A	
Q	Matters Not Inconsistent With the Regulations	A	A	A	
R	Sections 8 to 16 M.V.L.U.R.	A	A	A	

# ENVIRONMENTAL INSPECTION REPORT Pg. 2 (Continued)

Date: September 20 <sup>th</sup> , 2007	Permit #: MV2007C0039
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**Explanatory Remarks**

An inspection of the activities authorized by the above noted land use permit was conducted by Resource Management Officers Clint Ambrose and Marty Sanderson. The inspection was carried out to ensure operating conditions annexed to your permit are being adhered to during the operation. The Inspectors met with Mr. Chris Pederson at the Thor Lake Camp.

**Thor Lake Tent Camp:** During the previous inspection a few concerns were noted that have since been rectified by the Permittee. This included the construction of proper fuel stands for the active fuel drums at each tent, secondary containment implemented under all active fuel drums/re-fueling areas and the construction of a new sump for the outhouse with the old one being backfilled. The Inspector would like to commend the permit for the prompt response in getting all of the previously noted concerns addressed in a timely fashion.

It was discussed on site that the grey water sump currently being utilized for the summer program provides adequate containment and retention time, but for the upcoming winter program, it might not be sufficient. The construction of a new sump was discussed with the Inspector and the location that was agreed upon will meet the requirements of condition #14 of the land use permit.

No new concerns were noted with the camp at the time of the inspection.

**Drill Sites:** The Peak drill was on the tenth hole of the program at the time of the inspection and appeared to be operating cleanly with the exception of fuel leak noted on the active fuel drum at the drill. Secondary containment was placed under the leaking filter and repairs to the fittings/filter were going to be conducted.

As seen in the attached photographs, hydrocarbon absorbent matting has been placed below the drill and a drip pan was also in place to contain the hydrocarbon leaks from the drill. No further concerns were noted with the active drill site.

Completed drill sites that were inspected appeared to be satisfactorily cleaned up. All drill sites are a sufficient distance from the nearest water body and cuttings containment was not a concern at any of the completed sites to date. Brush disposal also appeared to be satisfactory at the inspected sites and the Inspector would like to remind the Permittee that all casing must be cut flush with the ground surface or pulled upon the completion of the target. If any anchors are utilized, they too will have to be cut flush with the ground surface.

Access trails utilized for the movement of equipment were in relatively good shape and no obvious rutting or gouging of the ground surface was observed. The Permittee must ensure that throughout the remainder of the drill program that access trails are maintained or prepared in a manner in which no rutting or gouging can occur.

The fuel caches that have been established for the drill program were inspected and no concerns were noted at either of the two caches. Spill kits were present at both locations to deal with a spill if it were to occur.

Upon completion of the drill program, the Inspector requires the Permittee to provide a list of completed drill sites. Please provide the coordinates, map datum and a map of these targets.

Completed off Site  
Representative's Signature

Clint Ambrose  
Inspector

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Inspector's Signature

#16 Yellowknife Airport  
Yellowknife, NWT  
X1A 3T2

October 4, 2007

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

**Attention: Mr. Donald Bubar**

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

Dear Mr. Bubar,

An inspection of the Thor Lake activities was conducted on September 20<sup>th</sup>, 2007 by Resource Management Officers Clint Ambrose and Marty Sanderson. The inspection was carried out to ensure that conditions annexed to the above noted Land Use Permit are being adhered to during this operation. The Inspectors met with Mr. Chris Pederson at the camp.

The drill was on the tenth hole of the program at the time of the inspection and no concerns were noted with any aspect of the activities being undertaken at Thor lake. Your copy of the Environmental Inspection Report is enclosed and should be self explanatory.

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

Yours Truly,

*Original Signed*

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

cc: RMO Files  
MVLWB  
Mr. Dave Trueman/Mr. Chris Pederson - via e-mail  
Mr. Bill Mercer - via e-mail