



February 14, 2024

EREX International Ltd.
300 – 1055 West Hasting Street
VANCOUVER, BC V6E 2E9

**Re: Land Use Permit MV2022C0021
Mineral Exploration
Yellowknife Lithium Project, NT**

Dear Ms. Hayward,

An inspection of the Bighill winter road, the Echo Camp on Tanco Lake and the ECHO diamond drill program was conducted by Inspectors Clint Ambrose and Karine Gignac on February 12th & 13th, 2024. The inspection was carried out to ensure operating conditions annexed to the above noted land use permit are being adhered to during this land use operation. All findings of the inspection were discussed with Mr. Oscar Nielsen, Mr. Jake Lucyshyn, Mr. Jordan Perk, and Mr. Jamie Coley of Equity, Mr. Lyndon Kipling of Rowe's Construction and Dorado drilling personnel.

Overall, land use operations are being conducted in a manner to comply with the operating conditions annexed to the land use permit. This cooperation is anticipated to continue for the remainder of the winter program and into the Spring months when solar loading and temperatures rise. Your copy of the Environmental Inspection Report is enclosed and should be self-explanatory.

If you have any questions or concerns, please contact the undersigned at (867) 767-9188 or Ms. Karine Gignac at (867) 767-9187 ext. 24189.

Sincerely,

Clint Ambrose
Manager, Resource Management (Inspector)
Land & Water North Slave Regional Office
GNWT – DECC

cc: MVLWB
EREX International Ltd. – via email
Rowe's Construction & Non-Stop Trucking – via email
GNWT-DECC Water Officers – via email
CIRNAC –Michael Roesch – via email



ENVIRONMENTAL INSPECTION REPORT

Permittee:	EREX International Ltd.	Inspection Date – February 12 th & 13 th , 2024
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		Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	MV2022C0021	January 2 nd , 2028	January 24 th , 2024
Quarry Permit No.	N/A		
Contractor:	Equity Exploration Consultants	Subcontractor:	Non-Stop Trucking Rowe’s Construction Ltd. Dorado Drilling Northtech Drilling

Location(s) Inspected:	Bighill Lake winter road, Echo Camp, and the ECHO Diamond Drill Program.
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Current Stage of Operation:	Equipment was actively building portages from Pontoon Lake to Bighill Lake, the Echo camp was occupied with ~25 people and the Dorado diamond drill was on the twelfth (12 th) hole of the winter program.
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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			
		Pontoon Winter Road	Tanco Lake Camp	ECHO Drill Program	Condition
A	Location and Area	A*	A	A	#8 Width Right-of-way
B	Time	A	A	A	
C	Type and Size of Equipment	A	A	A	
D	Methods and Techniques	A*	A	A	#18 Winter Roads
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	N/A	N/A	N/A	
L	Security Deposit	A	A	A	
M	Fuel Storage	A A*	A* A	A A	#73 Spill Response #75 Clean Up Spills
N	Methods and Techniques for Debris and Brush Disposal	A* A*	A A	A A	#77 Brush Disposal/Time #78 Minimize Area Cleared
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	s. 10(c)



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Explanatory Remarks
<p>An inspection of the Bighill lake winter road, Echo Camp on Tanco Lake, and the ECHO diamond drill program was conducted by Inspectors Clint Ambrose and Karine Gignac on February 12th & 13th, 2024. The inspection was carried out to ensure operating conditions annexed to the above noted land use permit are being adhered to during this land use operation. The Inspectors discussed all findings of the inspection with Mr. Oscar Nielsen (Equity), Mr. Lyndon Kipling (Rowe's), Mr. Jake Lucyshyn (Equity), Mr. Jamie Coley (Equity), Mr. Jordan Perk (Equity) and Dorado Drilling personnel.</p> <p><u>Bighill Lake Winter Road – February 12th, 2024 Inspection</u></p> <p>The Contractor provided notification to the Inspectors and the initial reconnaissance (ice profiling) of the winter road route was undertaken on January 17th, 2024. Favorable ice thickness was observed and therefore snow clearing with a Snowcat on the ice surface of Pontoon Lake commenced on January 21st, 2024.</p> <p>At the time of the inspection, the ice surface of Pontoon Lake, “Glob” Lake, and Bighill Lake was cleared to full width (Figure 1 & 2), initial portage construction was underway (Figure 3 to 6), and once sufficient ice thickness is achieved on Bighill Lake, equipment will commence clearing of the final portage (Figure 7) on the east side of the lake to gain access to the area of drilling.</p> <p>Equipment in use for winter road construction is two (2) water trucks (Figure 8 & 9) for the watering of portages, a Snowcat for the ploughing of snow on the ice surface of lakes (Figure 10), and a John Deere dozer for the dragging of portages (Figure 11). Inspectors were pleased to see drip trays below parked equipment (Figure 12) and are confident that the hydrocarbon impacted snow observed in the drip trays viewed in Figure 13 will be containerized for proper offsite disposal at a licensed facility in Yellowknife. Spill response materials were also readily available at the light plant to respond to a spill if one were to occur.</p> <p>No major concerns were noted during the inspection of the winter road but the following must be addressed by the Contractor and Sub-Contractor. As seen in Figure 15, a small amount of hydraulic fluid was observed on the ground surface below the blade of the Snowcat and a thorough cleanup with proper offsite disposal of all impacted snow & soils is required to remain compliant with Condition #75 of the land use permit. With the numerous changes in temperatures, it appeared that quite a few hydraulic lines on the Snowcat are weeping. Repairs to persistent weeps must be conducted by the Sub-Contractor but in the interim, a form of secondary containment must be implemented.</p> <p>Prior to the completion of the inspection, the Sub-Contractor was actively wrapping fittings with absorbent matting (Figure 16) to reduce the potential for hydrocarbons to impact the receiving environment. This diligence & cooperation is appreciated by Inspectors.</p> <p>One other area of concern can be viewed in Figure 17 where a small amount of hydraulic fluid was observed on the ice surface at the northeast side of Bighill Lake. The Sub-Contractor committed to immediately addressing this concern and it is imperative that all small hydrocarbon and/or glycol leaks from equipment is cleaned up immediately and on an ongoing basis.</p> <p>As per Condition #8 of the land use permit, the Permittee is restricted to a ten (10) meter right-of-way. As seen in Figure 18, this width is being encroached upon and since the land use permit (Condition #19) allows for the storage of items on the ice surface if for immediate use, the Inspectors have no concerns with the temporary parking of winter road construction equipment (less than 12 hours) at portage/lake ends with the caveat that drip trays will be in use, spill response materials will be present, and operators will conduct a thorough inspection of the ground surface at the start & finish of each shift.</p> <p>As a reminder, progressive tree disposal (Figure 19 & 20) along all winter road & drill access trails must occur to remain compliant with Condition #77 of the land use permit and Section 10(c) of the <i>Mackenzie Valley Land Use Regulations</i>.</p> <p><u>Echo Camp (Tanco Lake) – February 13th, 2024 Inspection</u></p> <p>Echo camp has been continuously occupied since its establishment in the Fall of 2023 and ice strip construction for larger aircraft commenced on December 7th, 2023. The camp is located on the east side of Tanco Lake and can be viewed in Figure 21 & 22. At the time of the inspection, there were ~25 people housed in the camp and once the second drill is operational, camp numbers will increase.</p> <p>The camp is very well managed and no major concerns were noted since the following was observed or discussed during the inspection;</p> <ul style="list-style-type: none">• All domestic waste and hazardous materials are being shipped offsite for proper disposal at a licensed facility in Yellowknife,• Open burning of paper, cardboard and untreated lumber is acceptable and if this disposal method will continue, a proper container must be used (i.e.: burn barrel),• A fuel fired double chambered incinerator may be brought into the land use area at a later date but current disposal methods of securely storing and ongoing removal by aircraft is acceptable,• All active fuel drums behind camp structures had secondary containment present (Figure 23 & 24),• Fuel drums in the cache are labelled with the Permittee’s name, walkways between rows of drums are present, and the bungs are positioned at 3 and 9 o’clock (Figure 25),



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Explanatory Remarks
<div><ul style="list-style-type: none">Snowmobiles are being refueled overtop of the secondary containment structure viewed in Figure 26,The active fuel nozzle is being stored in secondary containment (Figure 27),The camp generators have secondary containment beneath them (Figure 28),Active diesel drums for the camp generators and other hydrocarbon containers have been placed within secondary containment (Figure 29),All parked vehicles had drip boards present (Figure 30),Pit privies are in use for sewage disposal and the capacity of sumps is being diligently monitored with new sumps dug when required (Figure 31).<p>One requirement of the Permittee that was discussed with both Mr. Coley & Mr. Perk was the need to have more spill response materials readily available in strategic locations throughout the camp, at the drill & pump shack, and wherever the majority of fuel transfers are occurring. Both gentlemen were receptive to this requirement and the Inspectors were informed that additional materials are already on order and should arrive at camp in the very near future. This cooperation of the Contractor and Sub-Contractor is appreciated.</p><p><u>ECHO Drill Program and Access Trails – February 13th, 2024 Inspection</u></p><p>Mobilization of the first Dorado diamond drill and dozer was completed on approximately January 15th, 2024, drilling commenced on January 21st, 2024 and at the time of the inspection, the drill was set up on twelfth (12th) hole of the winter drill program and can be viewed in Figure 32 to 34. The second drill was mobilized to Tanco Lake on ~February 4th, 2024 and is currently being assembled (Figure 35) and tentatively scheduled to commence drilling on February 17th, 2024.</p><p>The Permittee is currently moving the diamond drill throughout the land use area overland with a small dozer. Access trails (Figure 36) required tree clearing and construction prior to moves occurring and the Inspectors are pleased that the current condition of the trails appear to be acceptable and compliant with Condition #18 of the land use permit. Diligent monitoring and repairs must be conducted as this operation progresses into the Spring months so that compliance continues until completion of land use operations in late March, early April.</p><p>One comment with drill access trails, the Contractor must ensure that all routes are ground truthed prior to any tree clearing to ensure “trails to nowhere” aren’t constructed. Although minor, an example of where an alternative trail was cut can be viewed in Figure 37, but the Inspectors are confident that this was a one off and better planning will occur as drill sites are spotted.</p><p>No major concerns were noted at the diamond drill and the following was observed and/or discussed;</p><ul style="list-style-type: none">The dozer for the overland movement of equipment was parked with a drip tray present (Figure #38) and no obvious hydrocarbon spills were observed below this unit,The drums in the fuel cache on the east side of Tanco Lake had the Permittee’s name stenciled on them, bungs were positioned at 3 and 9 o’clock, walkways between drums have been established, spill response materials were present, and the Contractor is committed to delineating all four corners of the fuel cache (Figure 39 & 40),All ancillary equipment and hydrocarbon containers are being stored in secondary containment (Figure 41),Fuel drums and the nozzle at the fuel supply for the drill & pump shack are stored in containment (Figure 42 & 43),Ancillary equipment in the pump shack had secondary containment present and the fuel tanks are stored in tertiary containment (Figure 44),The power pack, hydraulic fluid tank and feed frame of the diamond drill have secondary containment present (Figure 45),During the setting of casing a pond liner and submersible pump are in use for the collection & pumping of waste to a natural depression (Figure 46),Once drilling commences, a catch can will be used for the collection of drill waste at the collar (Figure 47) so drilling can be conducted in the “dry” and proper disposal of waste occurs,A water meter is in place at the pump shack for the daily tracking of water use (Figure 48),Upon completion of drilling, a mechanical plug is being installed 30 metres down hole, casing pulled and if anchors are used, they will be cut flush with the ground surface,Proper tree/brush disposal will occur once the drill pulls off of a target, andOnce ice based drilling commences, equipment must scrape the ice surface upon completion until “clear ice” is observed and nothing remains on the ice surface of Echo Lake.<p>Overall, this land use operation continues to be conducted in an environmentally responsible manner. Unfortunately, due to recent snow cover, the eleven (11) completed drill sites could not be inspected but this will occur during snow free conditions in the Spring/Summer of 2024.</p></div>



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Figure 1

Looking southwest at the start of the winter road on the ice surface of Pontoon Lake.



Figure 2

Looking northwest at the cleared ice surface on Bighill Lake.





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Figure 3
Portage 1 of the Bighill winter road. Looking south.



Figure 4
Initial icing of the portages is underway. As a reminder the portages must be iced in from shoulder to shoulder to comply with Condition #18 of the land use permit.





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Figure 5
Another example of a portage in the early stages of construction.



Figure 6
Another example of a portage under construction.





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Figure 7
Portage on the east side of Bighill Lake. Initial reconnaissance was completed but no construction at the time of the inspection.



Figure 8
One of two water trucks being used for portage construction.





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Figure 9
Second water truck in the land use area. Drip tray was present beneath the engine compartment.



Figure 10
Snowcat parked adjacent to the portage. All parking areas on land must be watered in to protect the ground surface from damage and potential spills.





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Figure 11
Small dozer is being used for initial tree clearing and the dragging of portages.



Figure 12
Drip tray was present below the one parked water truck.





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Figure 13
Drip trays for equipment are present. The Contractor must containerize hydrocarbon impacted snow for proper offsite disposal at a licensed facility in Yellowknife.



Figure 14
Light plant in the equipment laydown had a drip tray and a spill kit is present.





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Figure 15
The fittings on the Snowcat are weeping. Hydraulic fluid was observed on the ground surface and requires cleanup for offsite disposal.



Figure 16
Personnel were wrapping fittings with absorbent matting to prevent further loss to the receiving environment. Persistent leaks must be repaired at the earliest opportunity.





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Figure 17

Small amount of hydraulic fluid was seen at the north end of Bighill Lake and a thorough cleanup is required.



Figure 18

Section of a portage that has been widened. The Permittee is restricted to 10 metre width on portages and must minimize the amount of tree clearing that occurs.





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Figure 19
Leaners and displaced trees require proper disposal prior to the demobilization of the winter road contractor.



Figure 20
Another example of trees requiring proper disposal.





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Figure 21
Aerial view of the Echo Camp. Looking southeast.



Figure 22
Another view of the Echo Camp. Looking northwest.





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Figure 23
All active fuel drums have secondary containment below the fittings.



Figure 24
Another view of active drums behind sleeper tents in the Echo Camp.





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Figure 25
Camp fuel cache south of the generator building. Drums have the Permittee’s name and bungs are positioned at 3 and 9 o’clock.



Figure 26
Gasoline drums have been placed in secondary containment and snowmobiles are being fueled overtop of this secondary containment structure.





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Figure 27
Fuel nozzles are being stored in secondary containment.



Figure 28
Camp generators have secondary containment present.





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Figure 29
Hydrocarbon containers are stored in secondary containment. Spill kit in the back must be relocated to a more visible and accessible location.



Figure 30
Drip boards are present below all parked vehicles.





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Figure 31
Pit privies are in use for black water disposal. Sump capacity is being diligently monitored and new sumps dug when required.



Figure 32
Aerial view of the Dorado diamond drill on the south side of Echo Lake.





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Figure 33
Another view of the dimaond drill set up on the twelfth hole of the winter program.



Figure 34
Close up of the Dorado diamond drill on the south side of Echo Lake.





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Figure 35
Second drill is being assembled on the east side of Tanco Lake.



Figure 36
Drill access trails on the south side of Echo Lake. There appeared to be sufficient snow pack to protect the ground surface but diligent monitoring must occur.





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Figure 37
Another example of drill trails. The Contractor must ensure that routes are ground truthed prior to tree removal to prevent unnecessary clearing from occurring.



Figure 38
Dozer is being used for drill moves throughout the land use area.





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Figure 39

Fuel cache on the east side of Tanco Lake is setback a sufficient distance from OHWM of the lake and walkways are present to allow for diligent monitoring & ease of inspection.



Figure 40

Names are on the drums, delineators are marking the corners of the fuel cache, and bungs are positioned at 3 and 9 o'clock.





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Figure 41
All ancillary equipment and hydrocarbon containers are stored in secondary containment.



Figure 42
Fuel drums and the nozzle at the diamond drill are stored in secondary containment.



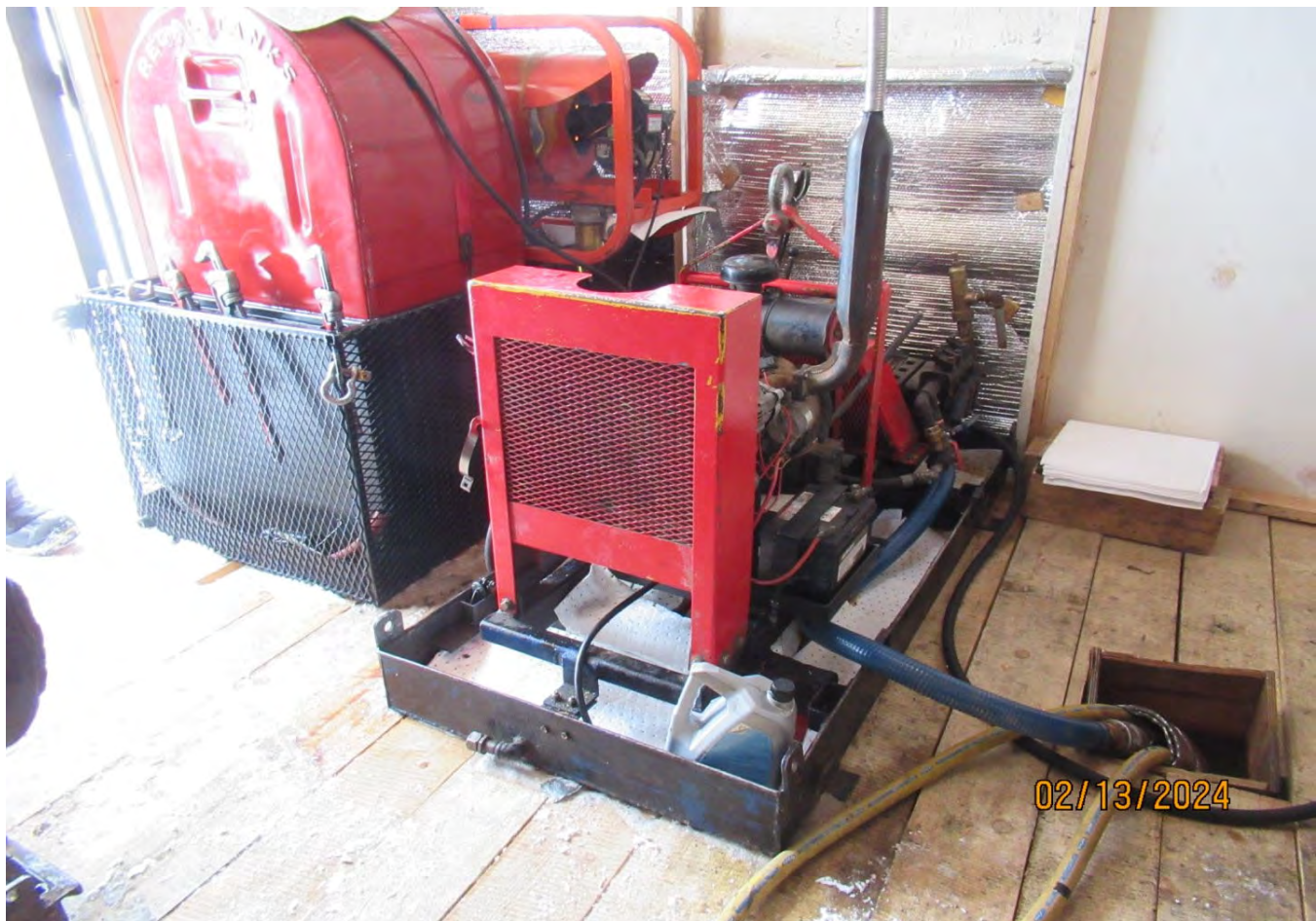


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Figure 43
Pump shack on the ice surface of Echo Lake. Fuel and hydrocarbon containers are in secondary containment.



Figure 44
Ancillary equipment in the pump shack has secondary containment and fuel containers tertiary containment.





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Figure 45
Secondary containment is present below the power pack, hydraulic tank, and feed frame of the diamond drill.

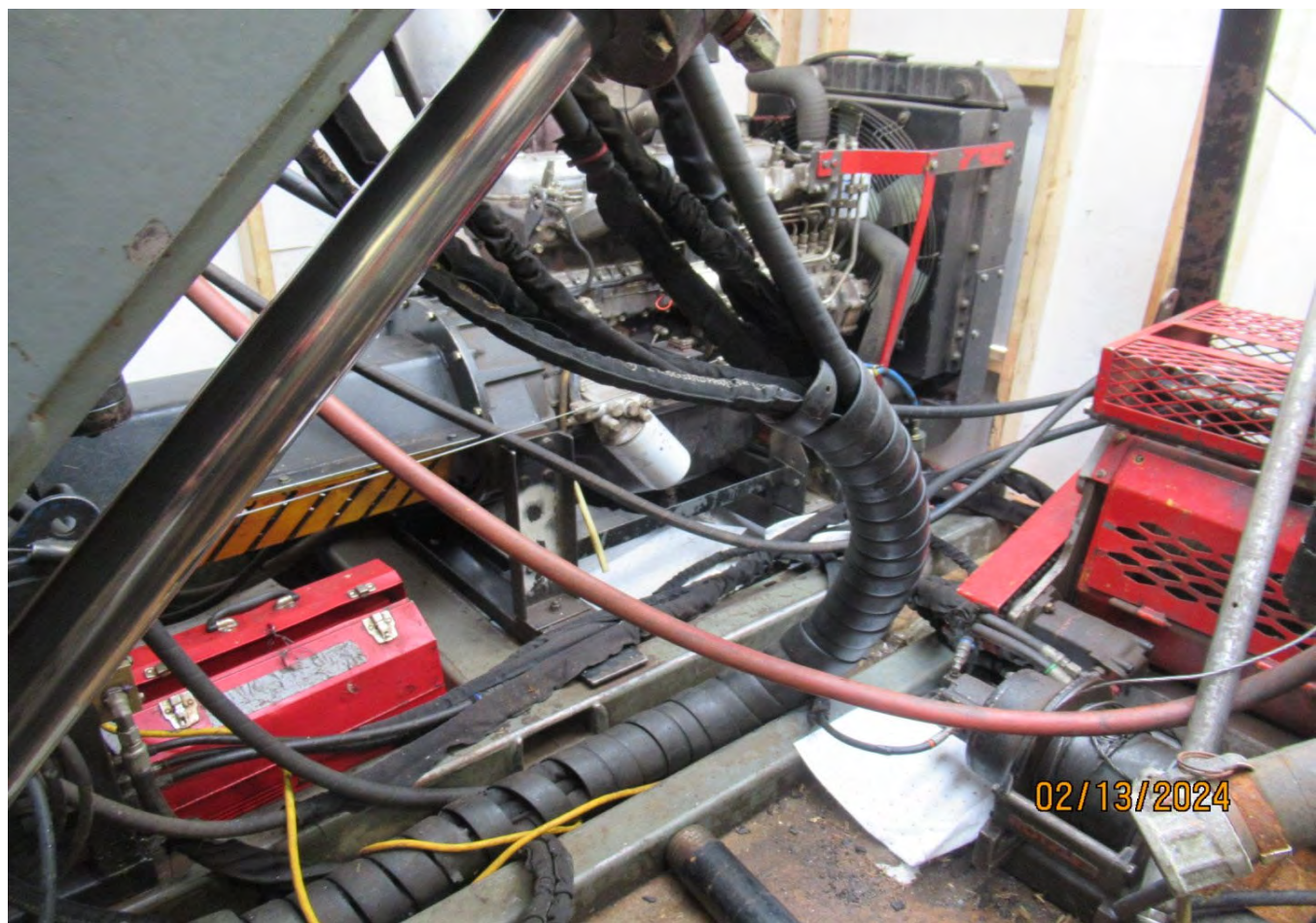


Figure 46
A pond liner and submersible pump are being used to collect drill waste for pumping to a natural depression when setting casing.





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Figure 47
A catch can will be used when drilling commences to ensure full containment of drill waste at the collar.



Figure 48
Inline water meter at the pump shack.

