

**WATER USE LICENCE/PERMIT**  
**(Industrial - Mineral Exploration)**

Pursuant to the *Water Resources Act*, SNL 2002 cW-4-01

Date of Issuance: June 21, 2013

No: WUL-13-049

File: 515

Licensee/Holder: Marathon Gold Corporation  
357 Bay Street, Suite 800  
Toronto ON M5H 2T7

Attention: Sherry Dunsworth, P.Geo., VP Exploration

Re: *Water Withdrawal and Use of Bodies of Water (Valentine Lake Property)*

The Minister of Environment and Conservation (the "Minister") hereby grants a non-exclusive water right to: **Marathon Gold Corporation** (the "Licensee/Holder") to withdraw water and use of bodies of water, as indicated in the maps for exploration approval (attached) and if so required the Licensee/Holder may withdraw water from and use other bodies of water within the boundary of the property, for the purpose of supplying and water and other purposes in relation to the Licensee/Holder's mineral exploration project (**Valentine Lake Property**) in reference to the application received on May 24, 2013 and further information provided on June 6, 11 and 21, 2013.


This Licence/Permit is subject to the terms and conditions, reservations, exceptions, and provisions stated herein and the *Water Resources Act* and regulations thereunder. Appendices A and B and the maps for exploration approval form part and parcel of this Licence/Permit.

This Licence/Permit does not release the Licensee/Holder from the obligation to obtain appropriate approvals, permits or licences from other concerned federal, provincial and municipal agencies.

The Licensee/Holder shall complete and return the attached Notification of Acceptance of Water Use Licence/Permit (attached) to the Water Rights Section of the Department of Environment and Conservation within thirty (30) days of receipt of this Licence/Permit.

Failure to comply with the terms and conditions, reservations, exceptions, and provisions set out herein will render this Licence/Permit null and void, place the Licensee/Holder and/or its agents in violation of the *Water Resources Act*, and cause the Licensee/Holder to be responsible for any and all remedial measures which may be prescribed by the Department of Environment and Conservation.



  
Minister

GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR  
DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
APPENDIX A

NO: WUL-13-049  
FILE: 515

**TERMS AND CONDITIONS FOR WATER USE LICENCE/PERMIT**

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1. In consideration of the terms and conditions, reservations, exceptions, and provisions herein contained, the Minister hereby grants the Licensee/Holder a non-exclusive right to withdraw water and use of bodies of water, as indicated in the maps for exploration approval (attached) and if so required the Licensee/Holder may withdraw water from and use other bodies of water within the boundary of the property, for the purpose of supplying and water and other purposes in relation to the Licensee/Holder's mineral exploration project (**Valentine Lake Property**) in reference to the application received on May 24, 2013 and further information provided on June 6, 11 and 21, 2013.
2. Ownership of water rights remains with the Crown and is not transferred. The Water Use Licence/Permit only provides permission for the Licensee/Holder to use water for the purpose indicated in this Licence/Permit.
3. The non-exclusive rights and privileges hereby demised by this Licence/Permit shall not be sold, assigned, transferred, leased, mortgaged, sublet or otherwise alienated by the Licensee/Holder without obtaining prior written approval from the Minister.
4. The Licensee/Holder acknowledges and agrees that this Licence/Permit does not grant any interest in land.
5. This Licence/Permit shall expire on December 31, 2018 or earlier if suspended or cancelled by the Minister. The Licensee/Holder may apply for an extension at least ninety (90) days before the expiry of the initial term of this Licence/Permit. **This Licence/Permit supercedes and cancels in whole and in part WUL-03-003.**
6. The designated purpose of the water use is "*Industrial/Mineral Exploration*".
7. The estimated daily water withdrawal from the said bodies of water shall not exceed 20,000 litres, subject to water availability without changing the hydraulic characteristics of or causing impact on fish and fish habitat in the said bodies of water or impact on other existing water users. The Licensee/Holder shall not at any time withdraw and use amounts of water in excess of the need for the Licensee/Holder's mineral exploration activities, irrespective of the amount of water approved.
8. In case of drilling on the ice cover of the said bodies of water, the Licensee/Holder shall ensure that the ice is sufficiently thick and structurally sound and able to safely support the drilling rig and all associated equipment on the ice surface. The ice surface must be inspected daily as long as the equipment is on the ice and a written record of these inspections must be kept in a suitable log book. More frequent inspections are required when there are sudden temperature changes.
9. The Licensee/Holder shall not at any time impair, pollute or cause to be polluted the quality of water in the said bodies of water or any nearby body of water. Also, this Licence/Permit shall not be interpreted as granting any rights to cause adverse effect(s) on water in or outside the drilling activities areas and all operations must be carried out in a manner that prevents damage to land, vegetation, and bodies of water. The Water Resources Management Division of the Department of Environment and Conservation must be informed if drilling activities have a potential to impair water quality of the said bodies of water or any nearby body of water. In addition, any and all waste material that may result from drilling activities must be removed from drilling activities and disposed at a site approved by the regional Government Service Centre of the Department of Service NL. The Departments of Environment and conservation and Service NL may require samples to be submitted for testing and analysis.
10. Water pumped or discharged from drilling activities, or any runoff or effluent directed out of the drilling activities areas, must have silt and turbidity removed by settling ponds, filtration, or other suitable treatment before discharging to any body of water. Effluent discharged into receiving waters must comply with the *Environmental Control Water and Sewage Regulations, 2003*.

**GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR  
DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
APPENDIX A (CONTINUED)**

**NO:** WUL-13-049  
**FILE:** 515

**TERMS AND CONDITIONS FOR WATER USE LICENCE/PERMIT**

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11. Used drilling mud and cuttings must be collected in a closed system of settling tanks and disposed of at a site approved by the regional Government Service Centre of the Department of Government Services. This site must not be within 100 metres of any body of water. The water in the system must be recycled.
12. The Licensee/Holder shall keep records for water withdrawals and uses and other relevant information and complete and file a form following the format of Appendix B with the Water Rights Section of the Department of Environment and Conservation on or before March 31<sup>st</sup> of each year during the mineral exploration activities. Also, the Licensee/Holder may be required to monitor, report and assess water quality and quantity of the water available and supplied to the Licensee/Holder's mineral exploration activities in such manner as the Minister considers necessary such as flowmeter(s) for the said bodies of water.
13. The Licensee/Holder shall not construct any systems/works, make changes in the purpose, rates and amounts of water specified in this Licence/Permit, or divert the course or alter the physical features of the said bodies of water or any nearby body of water without the prior written permission of the Minister.
14. The Licensee/Holder shall keep all systems/equipment and vehicles used for drilling in clean and good condition and repair, free of oil, or other harmful substances that could impair water quality of any body of water and shall notify the Minister immediately if any problem arises which may adversely affect public safety or other existing water users. Also, the Licensee/Holder shall restore all areas that may be affected by drilling activities to a state that resembles local natural conditions. Further remedial measures to mitigate environmental impacts on water resources can and will be specified, if necessary in the opinion of this Department.
15. In case of drilling on the ice cover of the said bodies of water, a dyke or other suitable device must be placed around the immediate perimeter of the ice hole and around the perimeter of the drilling area to prevent any fluid, fuel or other foreign substance from entering the water or spreading across the ice surface.
16. When possible, drilling should take place using water alone. If this is not possible, then only environmentally approved drilling fluids shall be used and a mud recovery system must be used.
17. All fuels and lubricants must be stored in an approved manner on land, no closer than 30 metres to any body of water. Only sufficient fuel for one refueling shall be brought on the ice at one time.
18. The Licensee/Holder and the Licensee/Holder's contractor(s) are responsible for reporting any environmental problem encountered in connection with the said bodies of water or any nearby body of water to the Water Resources Division and environmental monitors within 24 hours. This includes, but is not limited to, any spillage of fuel, lubricant, drilling mud or any other material, siltation of water or depletion of any source of water used for any purpose in connection with the drilling activities.
19. The employees of the Department of Environment and Conservation, authorized by the Minister, may at all reasonable times during the term created by this Licence/Permit enter into the mineral exploration activities areas and the Licensee/Holder's designated place of business to inspect the systems/equipment, records, statements, and accounts, and shall be entitled to copy such information as may be required by the Minister in relation to this Licence/Permit.

GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR  
DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
APPENDIX A (CONTINUED)

NO: WUL-13-049  
FILE: 515

**TERMS AND CONDITIONS FOR WATER USE LICENCE/PERMIT**

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20. The Licensee/Holder indemnifies and holds the Minister and Government harmless against any and all liabilities, losses, claims, demands, damages or expenses including legal expenses of any nature whatsoever whether arising in tort, contract, statute, trust or otherwise resulting directly or indirectly from the water rights granted under this Licence/Permit, systems/equipment in the mineral exploration activities areas, or any act or omission of the Licensee/Holder in the mineral exploration areas, or arising out of a breach or non-performance of any of the terms and conditions, and provisions of this Licence/Permit by the Licensee/Holder.
21. If the Licensee/Holder fails to perform, fulfil, or observe any of the terms and conditions, reservations, exceptions, and provisions of this Licence/Permit and/or Ministerial orders and guidelines, as determined by the Department of Environment and Conservation, the Minister may, after providing a ten (10) days notice by personal service or registered mail or facsimile to the Licensee/Holder at any time during the term created by this Licence/Permit, modify or cancel this Licence/Permit.
22. Should any provision of this Licence/Permit be unenforceable, it shall be considered separate and severable from the remaining provisions of this Licence/Permit which shall remain in force and be binding as though the provision had not been included.
23. This Licence/Permit is subject to the *Water Resources Act* and any regulations in effect thereunder from time to time and any other relevant legislation enacted by the Province of Newfoundland and Labrador in the future.
24. This Licence/Permit shall be construed and interpreted in accordance with all applicable laws of the Province Newfoundland and Labrador.
25. All notices to be given pursuant to the terms and conditions of this Licence/Permit shall be given in writing and delivered by facsimile with auto confirmation or registered mail. If a notice is delivered by facsimile, it is deemed to have been received on the day it was sent if that day is a normal business day, if not, it is deemed to have been received on the next normal business day. If a notice is sent by registered mail, it is deemed to have been received three days after the day it was mailed. The address and facsimile of the Licensee/Holder is:

**Marathon Gold Corporation**  
357 Bay Street, Suite 800  
Toronto ON M5H 2T7  
(709) 686-2317

The address and facsimile number of the Department of Environment and Conservation is:

**Water Rights Section**  
Department of Environment and Conservation  
PO Box 8700  
St. John's NL A1B 4J6  
(709) 729-0320

**GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR  
DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
APPENDIX B  
Annual Report to Department of Environment and Conservation**

**To: Water Rights Section**  
Water Resources Management Division  
Department of Environment and Conservation  
PO Box 8700  
St. John's NL A1B 4J6

**No:** WUL-13-049  
**File:** 515  
**Authorized:** June 21, 2013

**Re:** Water Withdrawal and Use of Bodies of Water (Valentine Lake Property)

**This report must be completed and filed on or before the end of March 31<sup>st</sup> of each year during the term created by this Licence/Permit. Provide the information required below:**

1. Has the Licensee/Holder used water during last year? Yes   
No   
If no, explain (use extra sheet to provide more information, if any)

2. Does the Licensee/Holder wish to continue the non-exclusive water rights for next year? Yes  No   
If no, explain (use extra sheet to provide more information, if any).

3. Has the Licensee/Holder exceeded the estimated maximum daily water withdrawal of that indicated in Appendix A during last year? Yes  No   
If yes, explain in the space below (use extra sheet to provide more information, if any).

State the monthly of water used during last year:

Month	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Use in litres or cubic meters													

4. Is there any other matter on which the Licensee/Holder wishes to inform the Department of Environment and Conservation regarding this Licence/Permit and its terms and conditions? Yes  No   
If yes, explain (use extra sheet to provide more information, if any).

I/We acknowledge that the information contained in this report is true and correct.

Marathon Gold Corporation  
357 Bay Street, Suite 800  
Toronto ON M5H 2T7

Signature: \_\_\_\_\_

Name/Title: \_\_\_\_\_

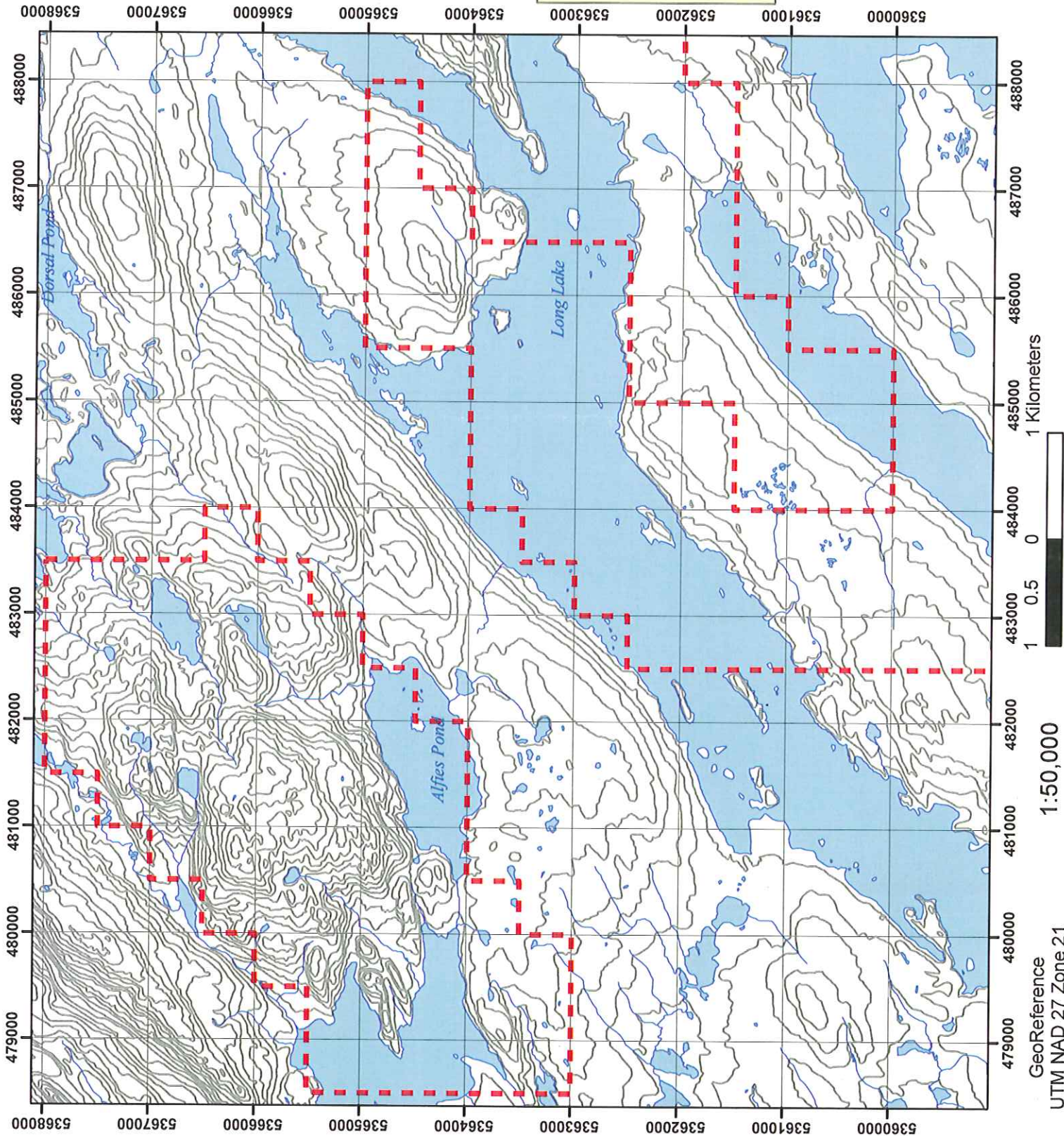
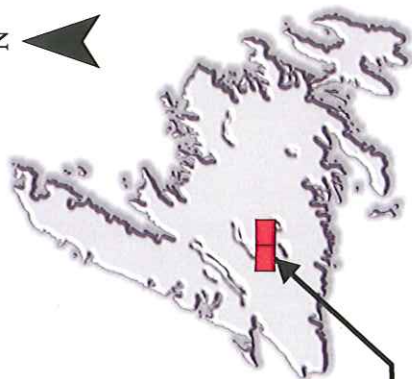
Date: \_\_\_\_\_

Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

- Water\_Source
- Property

**Comments**



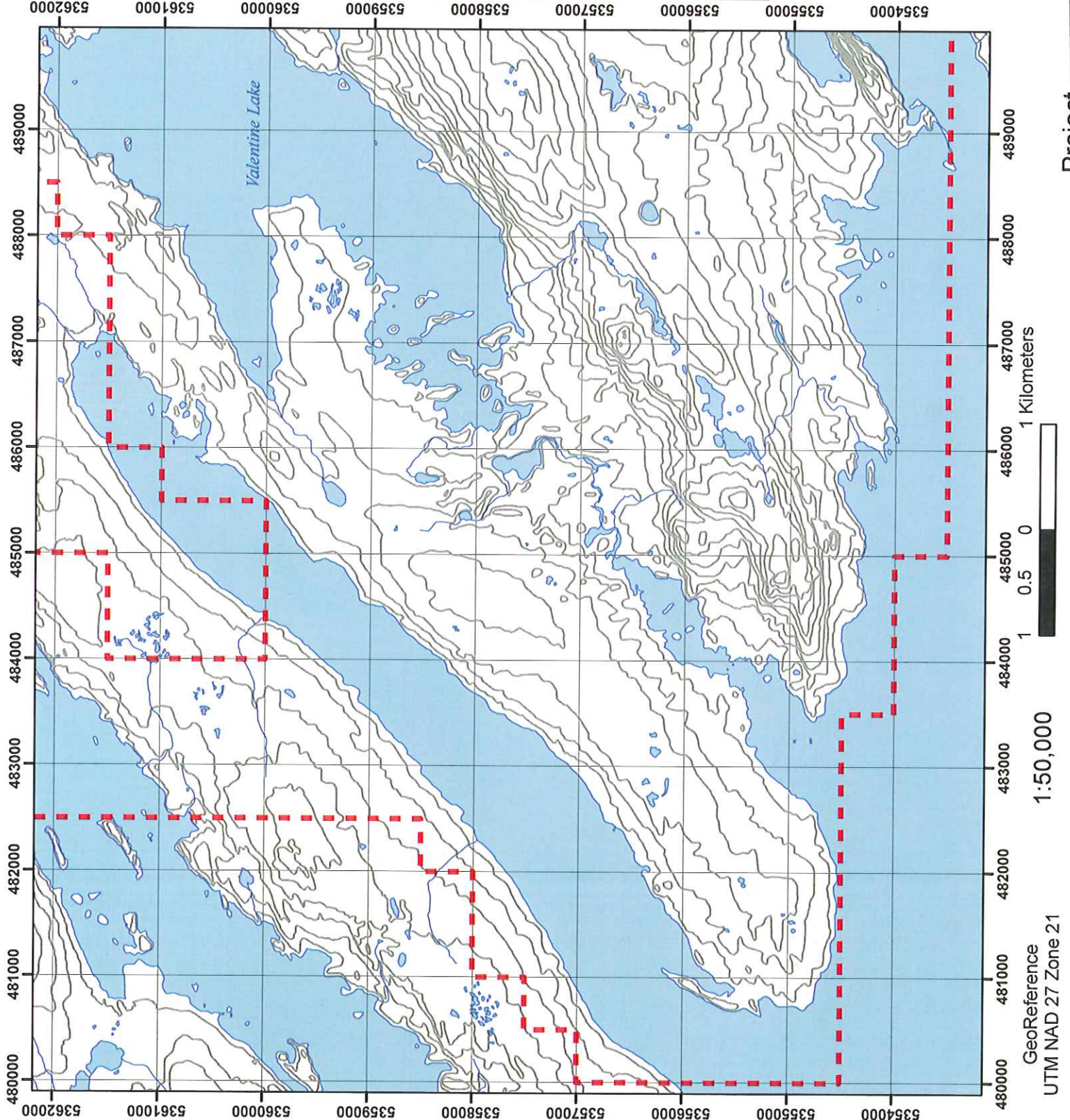
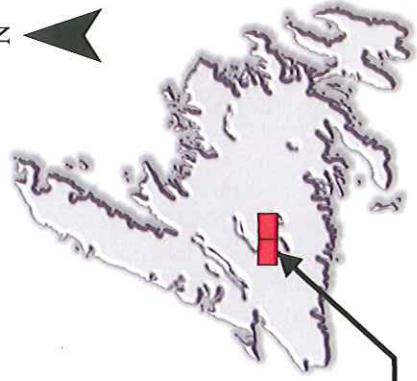
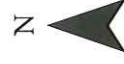
Project

Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

- Water\_Source
- Property

**Comments**

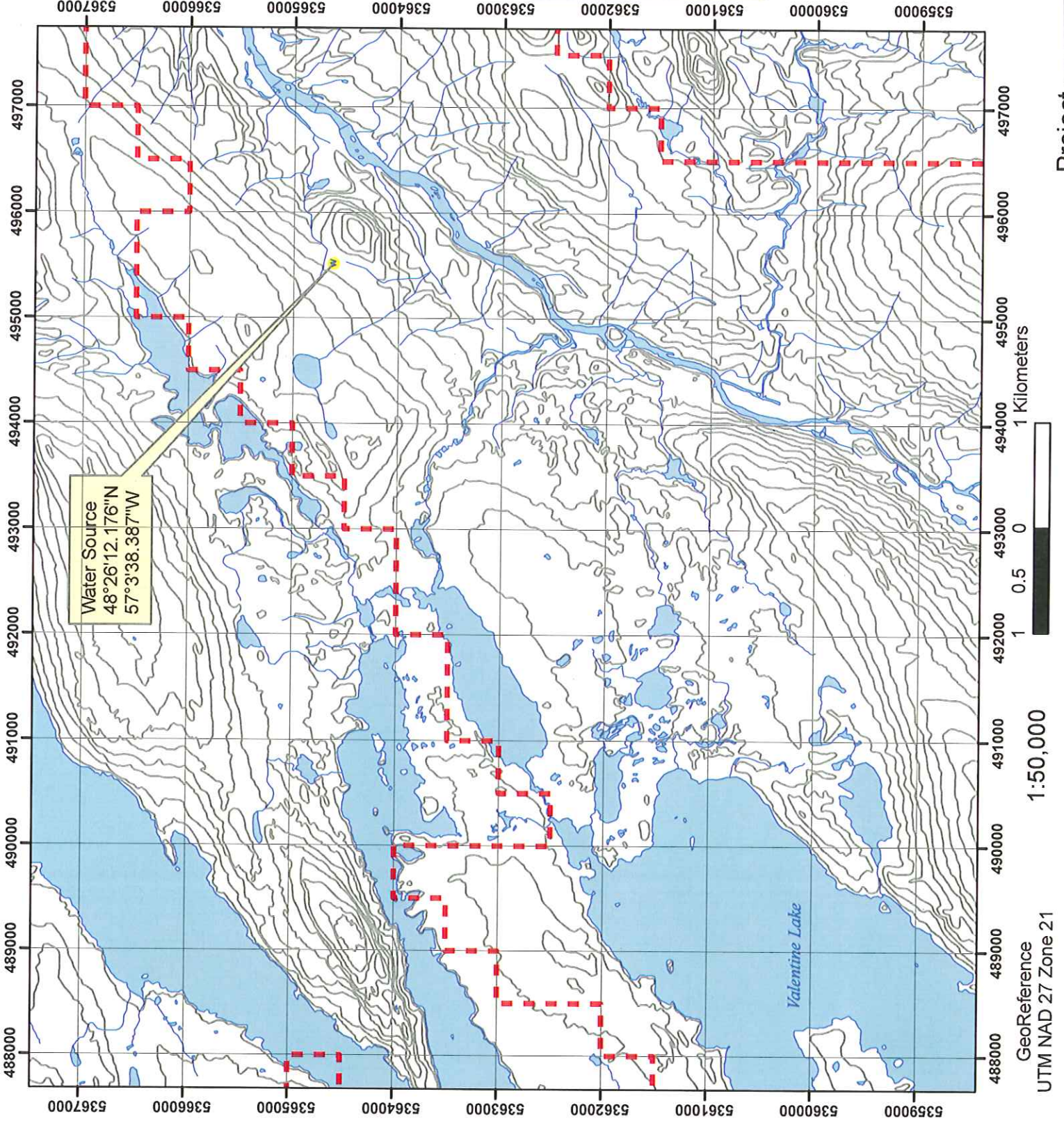
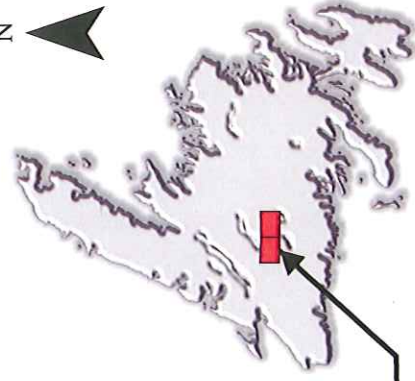


Project

**Legend**

-  Water\_Source
-  Property

**Comments**



Project

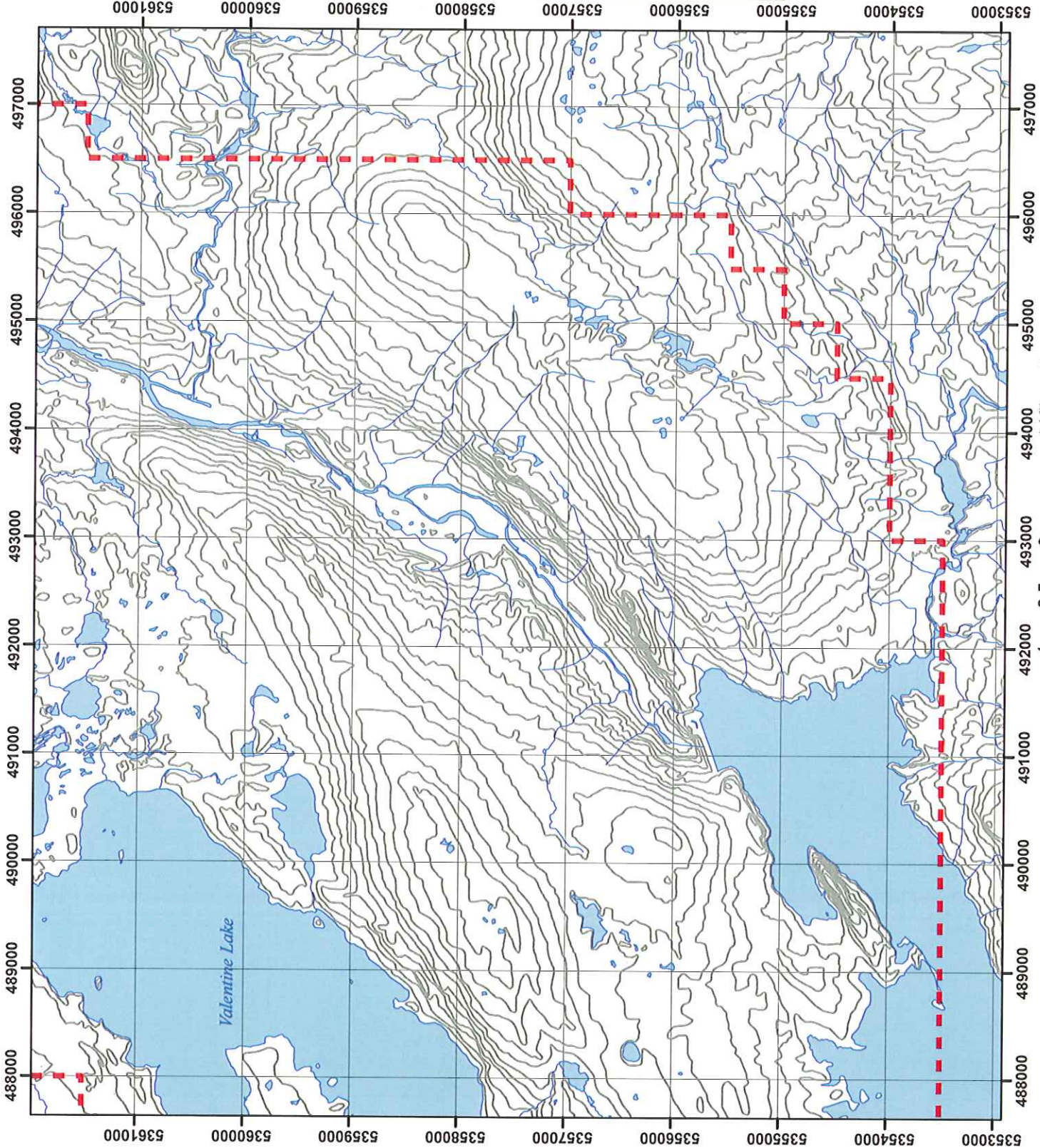
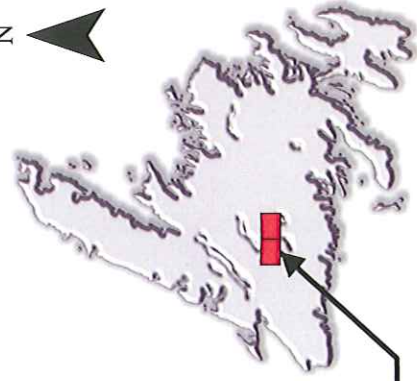


Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

- Water\_Source
- Property

**Comments**



Project

1:50,000

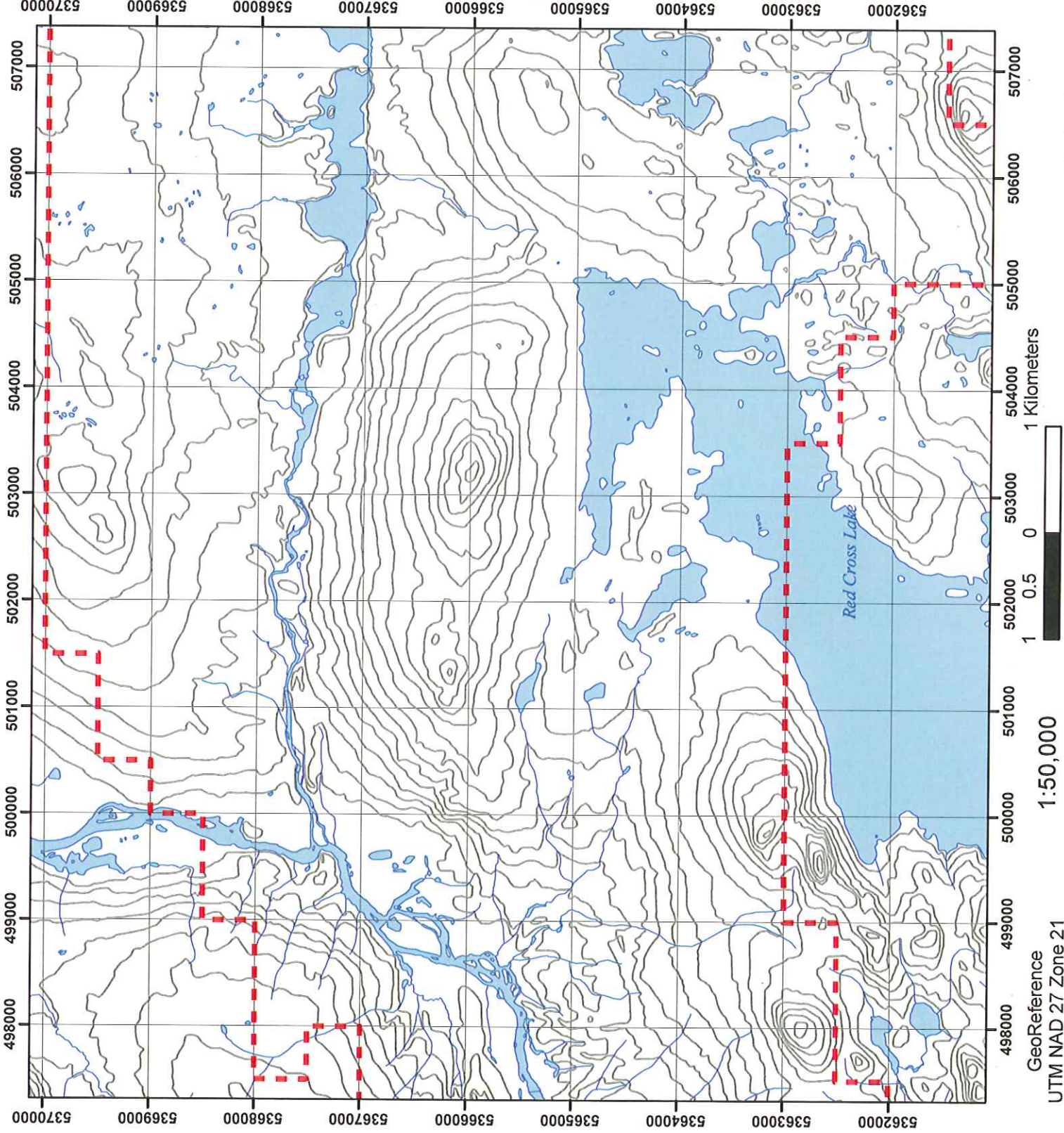
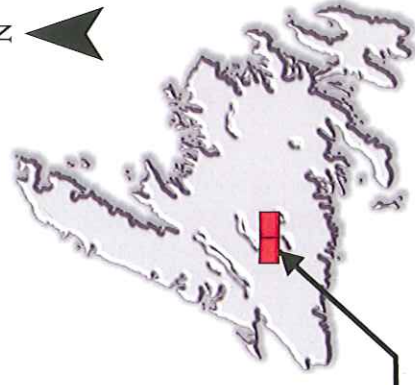
GeoReference  
UTM NAD 27 Zone 21

Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

-  Water\_Source
-  Property

**Comments**



GeoReference  
UTM NAD 27 Zone 21

1:50,000

1 0.5 0 1 Kilometers

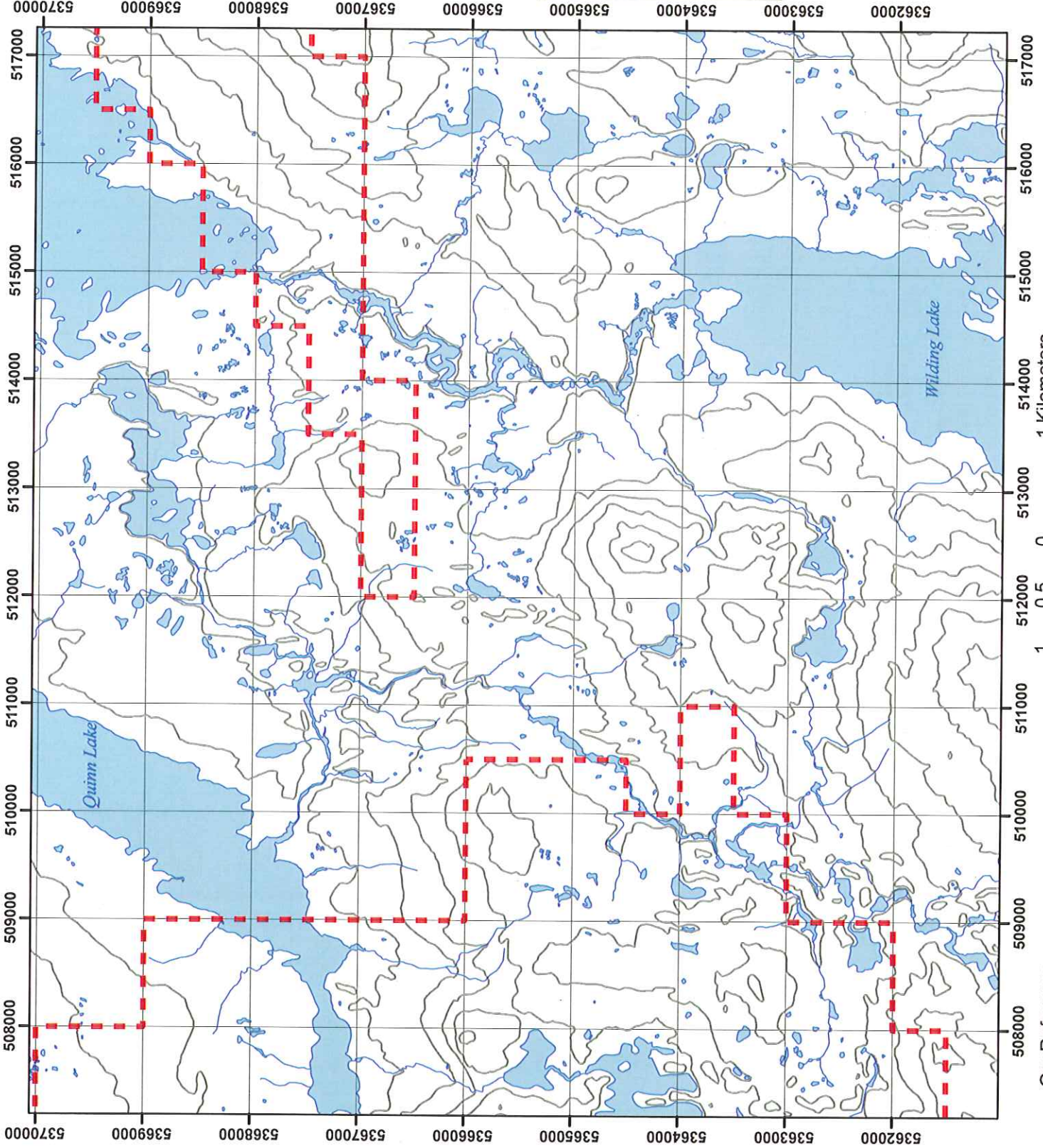
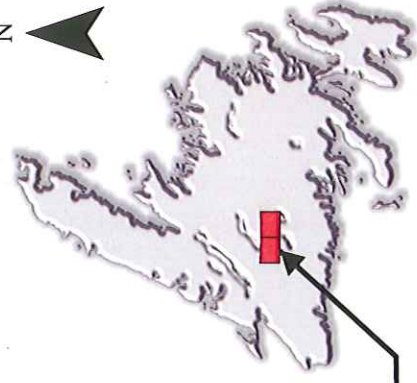
Project

Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

- Water\_Source
- Property

**Comments**



GeoReference  
UTM NAD 27 Zone 21

1:50,000

1 0.5 0 1 Kilometers

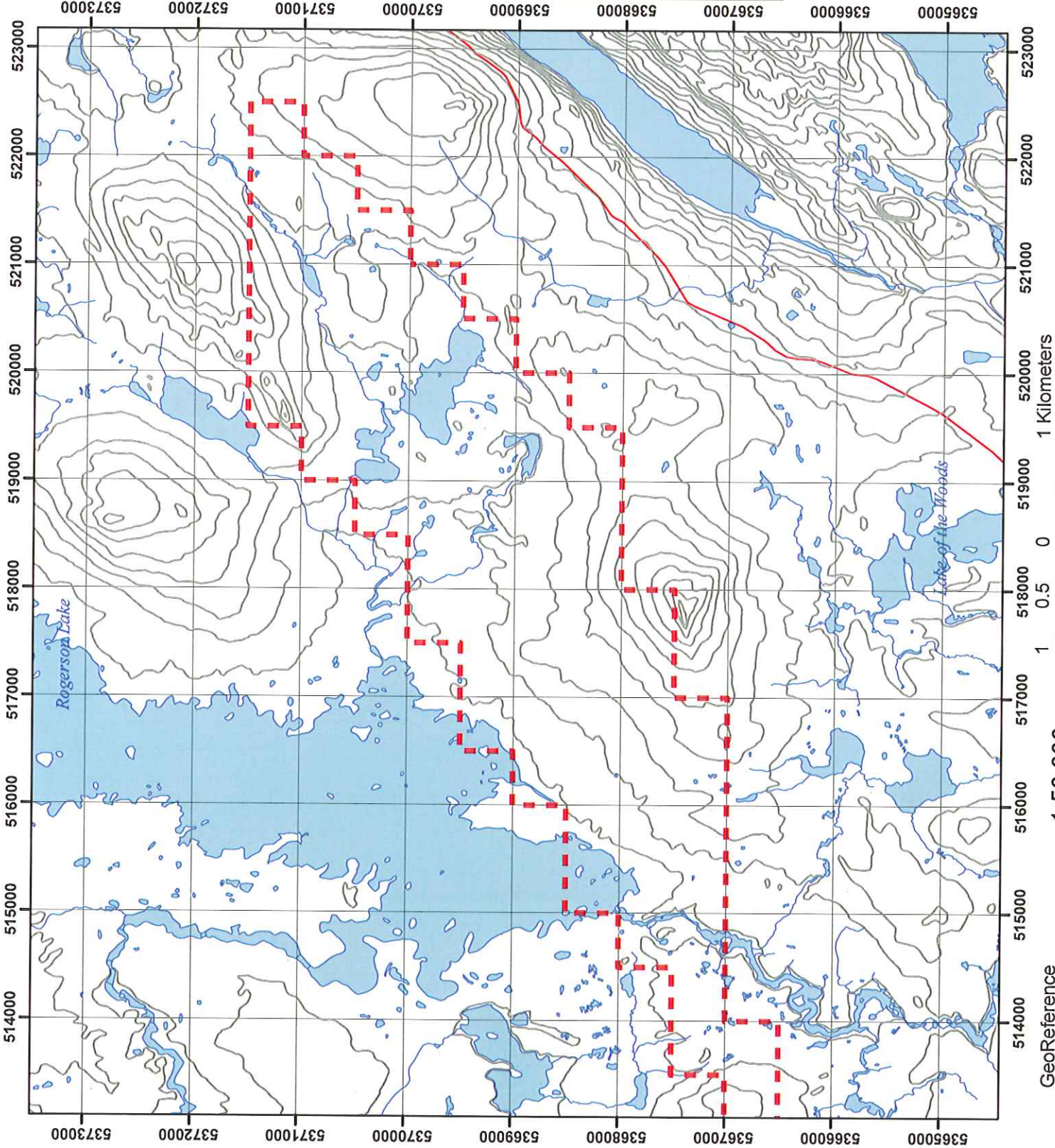
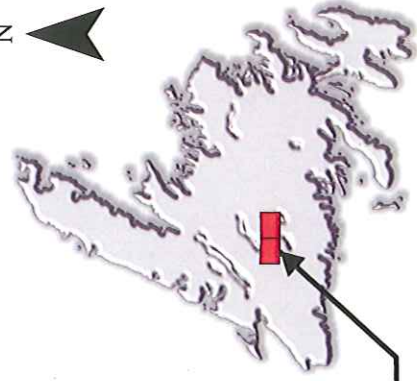
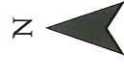
Project

Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

- Water\_Source
- Property

**Comments**



GeoReference  
UTM NAD 27 Zone 21

1:50,000

1 0.5 0 1 Kilometers

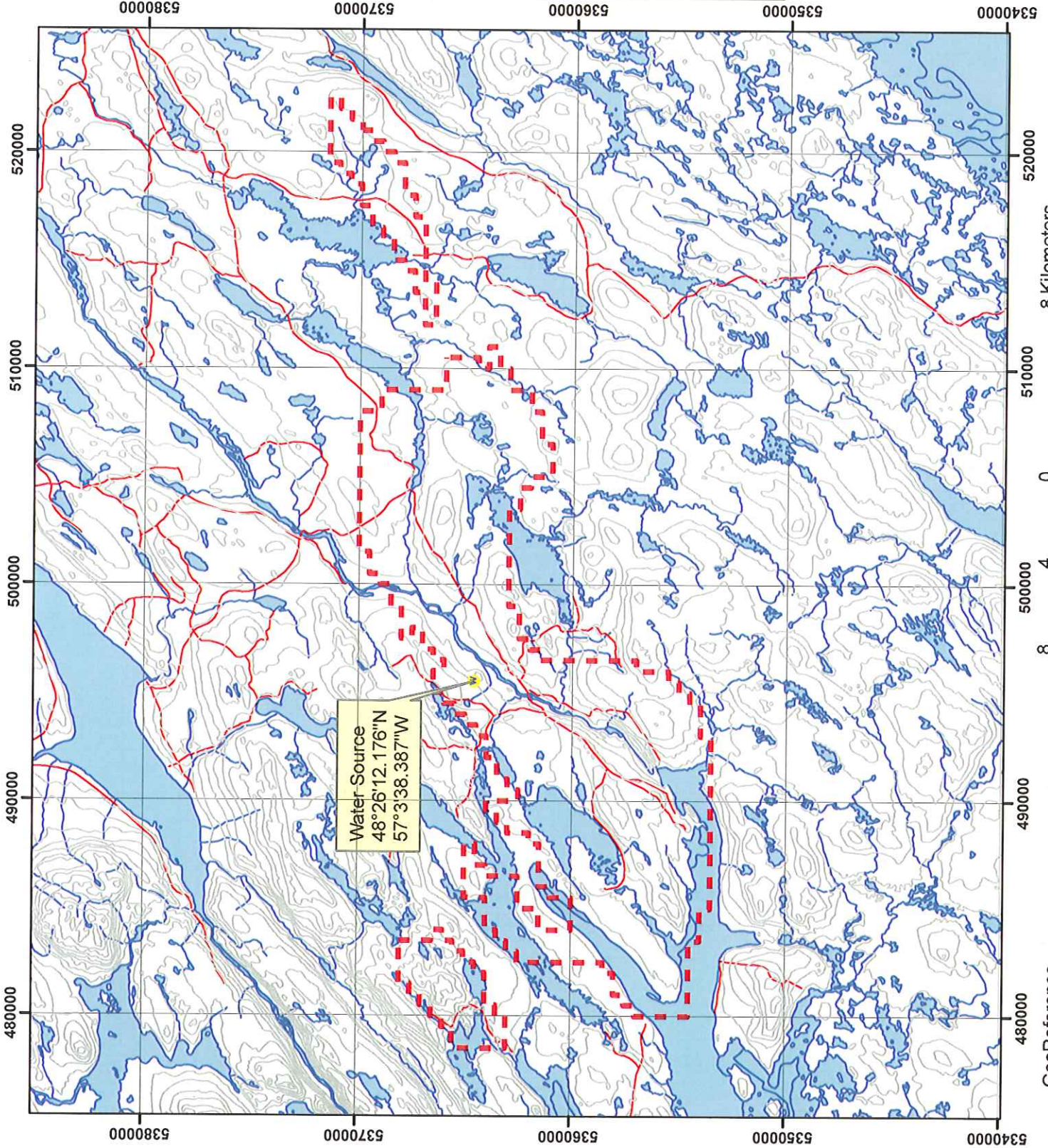
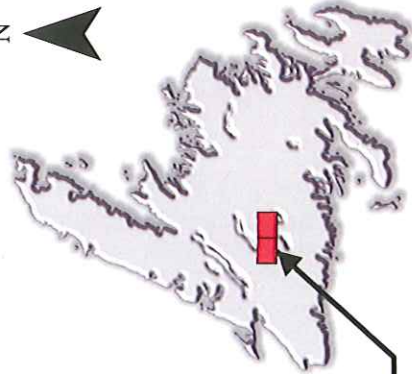
Project

Water Use Licence for  
Marathon Gold Corp. on  
the Valentine Lake  
Property, 20,000 L/day

**Legend**

- Water\_Source
- Property

**Comments**



Project

cc: Dr. Abdel-Zaher Kamal Abdel-Razek, P.Eng. (2 copies)  
Manager  
Water Resources Management Division  
Department of Environment and Conservation  
PO Box 8700  
St. John's NL A1B 4J6

cc: Jim Hinchey, Director  
Mineral Lands Division  
Department of Natural Resources  
PO Box 8700  
St. John's NL A1B 4J6

cc: Mr. Rodger Primmer  
Regional Lands Manager (C)  
Department of Environment and Conservation  
PO Box 2222  
Gander NL A1V 1T5

cc: Mr. Rodger LeDrew (C)  
Regional Director  
Department of Service NL  
PO Box 2222  
Gander NL A1V 1T5

No: WUL-13-049  
File: 515

DATE: June 21, 2013  
FILE: 515

Water Rights Section  
Water Resources Management Division  
Department of Environment and Conservation  
PO Box 8700  
St. John's NL A1B 4J6

**NOTIFICATION OF ACCEPTANCE OF WATER USE LICENCE/PERMIT  
[Water Withdrawal and Use of Bodies of Water (Valentine Lake Property)]**

Water Use Licence/Permit No. WUL-13-049 issued on June 21, 2013, and valid until December 31, 2018.

As a Licensee/Holder of Water Use Licence/Permit No. WUL-13-049, issued pursuant to the *Water Resources Act*, **Marathon Gold Corporation** (the "Licensee/Holder"), agrees to accept this Licence/Permit for the stated duration and abide by all terms and conditions, reservations, exceptions and provisions stated therein. The Licensee/Holder acknowledges that failure to abide by the terms and conditions, reservations, exceptions and provisions indicated in Appendices A and B and the maps for Exploration Approval (attached) of the Licence/Permit and the *Water Resources Act* will render the Licence/Permit null and void, place the Licensee/Holder and/or their agent(s) in violation of the *Water Resources Act* and regulations thereunder and cause the Licensee/Holder to be responsible for any and all remedial measures which may be prescribed by the Department of Environment and Conservation.

Signed, sealed, and delivered by  
**Marathon Gold Corporation**,  
in accordance with its rules and  
regulations in that behalf  
at \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_\_ day  
of \_\_\_\_\_, 2013 in the presence  
of:

\_\_\_\_\_  
Witness

Per: \_\_\_\_\_  
Signing Officer

Seal:

**Important:** The attached Water Use Licence/Permit is not valid unless the Licensee/Holder completes and returns this notification to the address above within thirty (30) days of receipt.