

PERMIT FOR DEVELOPMENT

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01, specifically Section(s) 39

Date: **OCTOBER 26, 2017**

File No: **550-01-02-05-035**
Permit No: **PRO9430-2017**

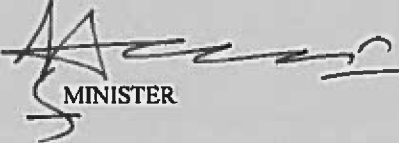
Permit Holder: **Kapuskasing Gold Corp.**
133 Richmond St. West, Suite 501
Toronto, ON M5H 2L3

Attention: **Dean Fraser**

Re: **Town of Springdale - Sullivan's Pond / Huxter's Pond PPWSA - Mineral Exploration (Diamond Drilling) - Kapuskasing Gold Corp.**

Permission is hereby given for: **diamond drilling of up to 1000 meters over nine (9) holes in the Sterling and Twin Pond Deposits, related access routes (approximately 950 meters) and related activities inside the Sullivan's Pond / Huxter's Pond PPWSA (used by the Town of Springdale), with reference to application received October 12, 2017 and additional information received October 18, 2017.**

- This Permit does not release the Permit Holder from the obligation to obtain appropriate approvals from other concerned municipal, provincial and federal agencies.
- The Permit Holder must obtain the approval of the Crown Lands Administration Division if the project is being carried out on Crown Land.
- This Permit is subject to the terms and conditions indicated in Appendices A and B (attached).
- It should be noted that prior to any significant changes in the design or installation of the proposed works, or in event of changes in ownership or management of the project, an amendment to this Permit must be obtained from the Department of Municipal Affairs and Environment under Section 49 of the *Water Resources Act*.
- Failure to comply with the terms and conditions will render this Permit null and void, place the Permit Holder and their agent (s) in violation of the *Water Resources Act* and make the Permit Holder responsible for taking any remedial measures as may be prescribed by this Department.



MINISTER

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Department of Municipal Affairs and Environment

File No: 550-01-02-05-035
Permit No: PRO9430-2017

APPENDIX A
Terms and Conditions for Permit

PPWSA General

1. All operations must be carried out in a manner that prevents damage to land, vegetation, and watercourses, and which prevents pollution of bodies of water.
2. Any areas adversely affected by this project must be restored to a state that resembles local natural conditions. Further remedial measures to mitigate environmental impacts on water resources can and will be specified, if considered necessary in the opinion of this Department.
3. All persons working on this project must be informed that they are within a Protected Public Water Supply Area, and must be made aware of all conditions of this Permit. A copy of this Permit must be on site during operations.
4. The attached Completion Report (Appendix C) for Permit No. 9430 must be completed and returned to this Department upon completion of the approved works. Pictures must be submitted along with the completion report, showing the project site prior to and after development.
5. An undisturbed (no vegetation cutting or ground disturbance) buffer zone of at least **50 metres** shall be maintained around all ponds and streams, and at least **30 metres** around all wetlands. Activity or development within these buffer zones is prohibited. All buffer zones must be marked with signs or flagging tape to avoid encroachment into the buffer zones.
6. Equipment storage, maintenance facilities associated with this project, and all maintenance other than emergency repairs must not be located/carried out within the Protected Public Water Supply Area.
7. All waste material is to be collected in refuse containers, and disposed of at an approved waste disposal site outside the Protected Public Water Supply Area in accordance with the *Environmental Protection Act, SNL 2002 cE-14.2*.
8. The Department reserves the right to require that the Permit Holder follow, and cover all costs incurred by the Permit Holder or this department, associated with any water quality monitoring program that may be ordered by the Minister for the purpose of ensuring that the water quality is maintained within acceptable guidelines.
9. Officials of the Department and the appropriate Municipal Authority, Operator, or Watershed Management Committee may visit the site to ensure compliance with this Permit.
10. Liaison is to be maintained with the appropriate Municipal Authority and Environmental Scientist. If there are any specific problems (ie sedimentation, fuel spill, other potential water quality impairment), the CAO for Springdale must be notified immediately at (709)673-3439 or (709)668-0991 and the Environmental Scientist must be notified immediately at (709)292-4280.
11. Treated wood shall not be used in a water body or within 50 meters of the high water mark of any water body. The use of creosote treated wood anywhere within the Protected Public Water Supply Area is strictly prohibited.
12. The location of the work is highlighted on the Location Map for this Permit attached as Appendix D.
13. This Permit is valid for one year from the date of issue.
14. All vehicles and equipment must be in good working order with no leaking fuel, oil, or other harmful substances that could impair water quality.
15. Drainage from roads and other disturbed areas into any body of water must first be discharged into a settling pond, a vegetated area or pass through a sedimentation fence where all suspended material can settle out before draining into any body of water.

Commercial Harvesting

16. Access to the drilling sites will require some new trails and roadways to be cut to in order to maintain the required 30 meter

buffer zones around wetlands and 50 meter buffer zones around pond and streams. Unless otherwise specified in this permit, all conditions of the *Guidelines for Forest Operations Within Protected Water Supply Areas*, outlined in the 2013 **Environmental Protection Guidelines for Forestry Operations in Newfoundland and Labrador**, must be strictly adhered to.

17. The felling or disposing of trees, parts of trees, sawdust, bark, logging debris or slash into a water body or upon the frozen surface of a water body is strictly prohibited. All merchantable timber and timber suitable for domestic firewood is to be removed from the Protected Public Water Supply Area and utilized in accordance with permits issued by the Department of Fisheries and Land Resources. Tops, slash and other woody debris may be used as brush mats on the access roads and drill pads.
18. The main/primary road accessing the project must be blocked upon completion of the project in order to discourage post-commercial harvesting activities and limit access to the protected public water supply area.

Exploration

19. At least seven (7) days advance notice of the beginning and end of the planned drilling operations is required. The CAO for Springdale must be notified at (709)673-3439 or (709)668-0991 and the Environmental Scientist must be notified at (709) 292-4280. Any changes in the planned drilling operations must also be communicated in a timely manner.
20. All drill rigs, pumps, generators, other motorized equipment and associated fuel tanks shall have metal trays, absorbent pads or impervious liners under them to catch any leaking fuel or oil.
21. Discharge water and cuttings from each hole must be recovered and recirculated through a series of settling tanks to remove cuttings. Once each hole is finished, discharge water must be pumped to a site at least 150 metres from the shore of any water body. Water must be discharged into an area where it will not have a direct surface route back to any water body. Cuttings and sludge removed from settling tanks must be collected in refuse containers, and disposed of at an approved waste disposal site outside the Protected Public Water Supply Area in accordance with the *Environmental Protection Act, SNL 2002 cE-14.2*.
22. All drill holes shall be capped or sealed to prevent any artesian flow.
23. Drilling fluids other than water must be approved by this Department prior to their use.
24. Unless otherwise specified in this permit, all conditions outlined in the **Environmental Guidelines for Construction and Mineral Exploration Companies**, must be strictly adhered to.

Fuel Storage

25. Fuel storage within the protected public water supply area shall be limited to the amount of fuel required to drill each borehole up to the maximums noted below. Fuel shall be brought to the operating area in no more than two (2) new 205 litre drums, or one (1) slip tank having a maximum capacity of 500 liters, which must be safely stored inside a metal containment dyke. All fuel drums or slip tank must be in good condition. Refueling sites shall be located at least 150 metres from any water body or wetland.
26. A complete oil spill clean-up kit must be on site at all times when gasoline or fuel powered equipment is being used or refueled. The kit must contain the following:
 - Fire pump and 100 metres of hose
 - Two hand operated fuel pumps
 - Six recovery containers such as empty 205 litre drums
 - Four shovels
 - Two pick axes
 - Ten metres of containment boom
 - Twenty-five absorbent pads
 - One hundred litres of loose absorbent material
27. Contaminated snow and soil must be removed from the site and disposed of at an approved location outside the protected public water supply area, in accordance with the *Environmental Protection Act, SNL 2002 cE-14.2*.
28. Any spills of gasoline, fuel or oil, regardless of volume, shall be reported immediately to the Environmental Scientist and the appropriate Municipal Authority or Watershed Management Committee by calling 292-4280 and (709) 673-3439 or (709) 668-0991 respectively. Furthermore, all spills in excess of 70 litres shall be reported immediately to the 24 hour spill report line at 1-800-563-9089.

Special Conditions

29. The issuance of this permit does not guarantee, nor set precedent, that additional permits will be issued in this or any other protected public water supply area for subsequent mineral exploration or the establishment of mining operations.
30. The Permit Holder is required to ensure that adequate sanitary (bathroom) facilities are available or provided on site. This may be in the form of a portable toilet, chemical toilet, pit privy (outhouse), sub-surface disposal system, or municipal sewer system. If a portable toilet or chemical toilet is used, the waste water must be disposed of in a septic disposal system approved by Service NL, or at an approved waste disposal site, outside the Protected Public Water Supply Area in accordance with the Environmental Protection Act, SNL 2002 cE-14.2. If a pit privy (outhouse) or sub-surface disposal system is used, it must be located outside the required buffers, and be subject to Service NL standards, requirements and approval.
31. The Permit Holder must inspect the site hourly, and any water quality impairment related problems are to be reported immediately to the Environmental Scientist and the appropriate Municipal Authority or Watershed Monitoring Committee.

Protected Miscellaneous

32. The Permit Holder is required to provide this Department with all documentation, information and data which may be requested or required in order to carry out any inspection or investigation.

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Department of Municipal Affairs and Environment

File No: 550-01-02-05-035
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APPENDIX B
Special Terms and Conditions for Permit

1. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall keep all systems and works in good condition and repair and in accordance with all laws, by-laws, directions, rules and regulations of any governmental authority. The Permit Holder or its agent(s), subcontractor(s), or consultant(s) shall immediately notify the Minister if any problem arises which may threaten the structural stability of the systems and works, endanger public safety and/or the environment or adversely affect others and/or any body of water either in or outside the said Project areas. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall be responsible for all damages suffered by the Minister and Government resulting from any defect in the systems and works, operational deficiencies/inadequacies, or structural failure.
2. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall operate the said Project and its systems and works in a manner which does not cause any water related and/or environmental problems, including but not limited to problems of erosion, deposition, flooding, and deterioration of water quality and groundwater depletion, in or outside the said Project areas. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) shall be responsible for any and all damages associated with these problems caused as a result of changes, deficiencies, and inadequacies in the operational procedures by the Permit Holder or its agent(s), subcontractor(s), or consultant(s).
3. If the Permit Holder or its agent(s), subcontractor(s), or consultant(s) fails to perform, fulfil, or observe any of the terms and conditions, or provisions of this Permit and/or Ministerial orders and guidelines, as determined by this Department, the Minister may, after providing ten (10) day notice to the Permit Holder, amend, modify, suspend or cancel this Permit in accordance with the *Water Resources Act*.
4. The Permit Holder and its agent(s), subcontractor(s), and consultant(s) indemnify and hold 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 granting this Permit, systems and works in or outside the said Project areas, or any act or omission of the Permit Holder or its agent(s), subcontractor(s), or consultant(s) in or outside the said Project areas, or arising out of a breach or non-performance of any of the terms and conditions, or provisions of this Permit by the Permit Holder or its agent(s), subcontractor(s), or consultant(s).
5. This Permit is subject to all provisions of the *Water Resources Act* and any regulations in effect either at the date of this Permit or hereafter made pursuant thereto or any other relevant legislation enacted by the Province of Newfoundland and Labrador in the future.
6. This Permit shall be construed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador.

- cc: Amir Ali Khan, Ph.D., P.Eng.
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Appendix C - Completion Report

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01, specifically Section(s) 39

Date: **OCTOBER 26, 2017**

File No: **550-01-02-05-035**
Permit No: **PRO9430-2017**

Permit Holder: **Kapuskasing Gold Corp.
133 Richmond St. West, Suite 501
Toronto, ON M5H 2L3**

Attention: **Dean Fraser**

Re: **Town of Springdale - Sullivan's Pond / Huxter's Pond PPWSA - Mineral Exploration (Diamond Drilling) - Kapuskasing Gold Corp.**

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I (the Permit Holder named above or agent authorized to represent the Permit Holder) do hereby certify that the project described above was completed in accordance with the plans and specifications submitted to the Department of Municipal Affairs and Environment and that the work was carried out in strict compliance with the terms and conditions of the Permit issued for this project.

Date: _____ Signature: _____

This completion report must be completed and forwarded to the following address upon completion of the approved work.

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

APPENDIX D
Location Map for Permit

