

PERMIT TO ALTER A BODY OF WATER

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01, specifically Section(s) 48

Date: **JULY 25, 2017**

File No: **525**
Permit No: **ALT9282-2017**

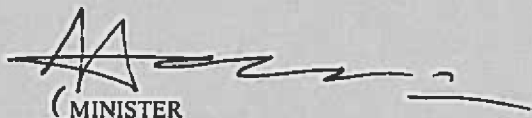
Permit Holder: **Paragon Minerals Corporation**
P.O. Box 11644
650 West Georgia Street - Suite 1710
Vancouver BC V6B 1N9

Attention: **Mr. Michael Vande Guchte**

Re: **Lake Ambrose Area (Unnamed Waterbody) - Fording**

Permission is hereby given for : **the fording of an unnamed stream near Lake Ambrose to provide drill access to the Lemarchant Deposit as a part of mineral exploration in the South Tally Pond Project as outlined in the application received, dated June 9th, 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

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APPENDIX A
Terms and Conditions for Permit

Fording

1. Except for single passenger all-terrain vehicles, crossings by other vehicles or construction equipment shall be limited to one trip in and one trip out.
2. Timbers or rocks shall be placed in streams to facilitate crossing or to minimize damage to the channel sections provided the streams are not unnecessarily constricted or backed up.

3.

Stream Crossing	Description of Streambed	Amount of Vegetation	Channel Width (m)	Channel Depth (m)
Ford #1	Cobble, Boulder	Moderate	1.8	0.15

4. Alteration of the natural minimum streamflow is not permitted in order to preserve aquatic life.
5. Stream banks at fording sites that contain loose or erodible material must be adequately stabilized before crossing to minimize any siltation of streams.
6. The natural course of any stream must not be altered.
7. Infilling must not cause increased water elevation upstream or increase flow velocity downstream of the site. Reduction of the natural cross sectional area of any watercourse is not permitted.
8. The fording sites must be located at shallow sections of the channels where there are low approach grades, and where the channels consists of stable non-erodible rock or cobbles.
9. Fording shall only be carried out during periods of low water levels.
10. When the fording sites are no longer required, the Permit Holder must dismantle and remove all constructed works and restore the sites to their original condition. All material placed in streams must be completely removed.
11. A complete oil spill clean-up kit must be on site at all times when gasoline or fuel powered equipment is being used or refuelled. The kit must contain the following:
 - One hand operated fuel pump
 - One recovery container such an empty 205 litre drum
 - One shovel
 - One pick ax
 - Five metres of containment boom
 - Five absorbent pads
 - Twenty-five litres of loose absorbent material
12. Within 30 days after expiry of this Permit, the Permit Holder must submit to the department a report confirming that each fording location was left in as good or better condition than prior to Permit Holder's fording activities. This report should include detailed pictures of each site before and after project activities.

General Alterations

13. Any work that must be performed below the high water mark must be carried out during a period of low water levels.
14. Water pumped from excavations or work areas, or any runoff or effluent directed out of work sites, must have silt and turbidity removed by settling ponds, filtration, or other suitable treatment before discharging to a body of water. Effluent discharged into receiving waters must comply with the *Environmental Control Water and Sewage Regulations, 2003*.
15. 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.
16. All vehicles and equipment must be clean and in good repair, free of mud and oil, or other harmful substances that could impair water quality.
17. Wood preservatives such as penta, CCA or other such chemicals must not be applied to timber near a body of water. All treated wood or timber must be thoroughly dry before being brought to any work site and installed.
18. 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.
19. The bed, banks and floodplains of watercourses, or other vulnerable areas affected by this project, must be adequately protected from erosion by seeding, sodding or placing of rip-rap.
20. All waste materials resulting from this project must be disposed of at a site approved by the Department of Service NL.
21. Periodic maintenance such as painting, resurfacing, clearing of debris, or minor repairs, must be carried out without causing any physical disruption of any watercourse. Care must be taken to prevent spillage of pollutants into the water.

22. The owners of structures are responsible for any environmental damage resulting from dislodgement caused by wind, wave, ice action, or structural failure.
23. Sediment and erosion control measures must be installed before starting work. All control measures must be inspected regularly and any necessary repairs made if damage is discovered.
24. Fill material must be of good quality, free of fines or other substances including metals, organics, or chemicals that may be harmful to the receiving waters.
25. The attached Completion Report (Appendix C) for Permit No. 9282 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.
26. This Permit is valid for two years from the date of issue. Work must be completed by that date or the application and approval procedure must be repeated.

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Department of Municipal Affairs and Environment

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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.

File No: 525
Permit No: ALT9282-2017

- cc: File Copy for Binder
- cc: Fisheries Protection Division
Ecosystem Management Branch
Fisheries and Oceans Canada
P.O. Box 5667
St. John's, NL A1C 5X1
FPP-NL@dfo-mpo.gc.ca
- cc: Amir Ali Khan, Ph.D., P.Eng.
Manager, Water Rights, Investigations and Modelling Section
Water Resources Management Division
Department of Municipal Affairs and Environment
4th Floor, Confederation Building, West Block
P.O. Box 8700, St. John's NL Canada A1B4J6
akhan@gov.nl.ca
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Government of Newfoundland and Labrador
Department of Municipal Affairs and Environment
Water Resources Management Division

Appendix C - Completion Report

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01, specifically Section(s) 48

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Vancouver BC V6B 1N9

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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

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
Department of Municipal Affairs and Environment

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APPENDIX D
Location Map for Permit

