

WATER USE LICENCE
Industrial (Mining)

Pursuant to the *Water Resources Act*, SNL 2002 cW-4.01

Date of Issuance: AUGUST 30, 2019

No: WUL-19-10378
File: 514

Licensee: **Anaconda Mining Inc.**
P.O. Box 238 - 232 Highway 410
Baie Verte, NL A0K 1B0
tdecker@anacondamining.com

Attention: **Tony Decker**

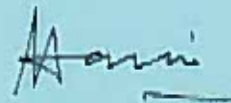
Re: **Water Withdrawal and Use from Decker's Pond (near the Town of Baie Verte)**

The Minister of Municipal Affairs and Environment (the "Minister") hereby grants a non-exclusive water right to: **Anaconda Mining Inc.** (the "Licensee") to withdraw water from Decker's Pond (49.959089N, 56.114122W), as indicated in Schedule A, for the purpose of supplying water to the Licensee's mine operation and sanitary services in reference to the application dated April 24, 2019 and further information provided on June 3, 10, and August 27, 2019.

This Licence is subject to the terms and conditions, reservations, exceptions, and provisions stated herein and the *Water Resources Act* and regulations thereunder. Appendices A, B and Schedule A (attached) form part and parcel of this Licence.

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

The Licensee shall complete and return the attached Notification of Acceptance of Water Use Licence to the Water Rights, Investigations, and Modelling Section of the Department of Municipal Affairs and Environment within thirty (30) days of receipt of this Licence.



(for) MINISTER

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR
DEPARTMENT OF MUNICIPAL AFFAIRS AND ENVIRONMENT

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APPENDIX A
TERMS AND CONDITIONS FOR WATER USE LICENCE

The Minister of Municipal Affairs and Environment (the "Minister") hereby grants a non-exclusive water right to: **Anaconda Mining Inc.** (the "Licensee") to withdraw water from Decker's Pond (49.959089N, 56.114122W), as indicated in Schedule A, for the purpose of supplying water to the Licensee's mine operation and sanitary services in reference to the application dated April 24, 2019 and further information provided on June 3, 10, and August 27, 2019.

1. Ownership of water rights remains with the Crown and is not transferred. This Water Use Licence only provides permission for the Licensee to withdraw and use water for the designated purpose indicated in this Licence.
2. The non-exclusive rights and privileges hereby demised by this Licence shall not be sold, assigned, transferred, leased, mortgaged, sublet or otherwise alienated by the Licensee.
3. The Licensee acknowledges and agrees that this Licence does not grant any interest in land.
4. This Licence shall expire on August 30, 2024 or earlier if suspended or modified or cancelled by the Minister due to reasons that include, but is not limited to, non-compliance with the Water Resources Act, 2002 and terms and conditions, reservations, exceptions, and provisions, lack of utilization of approved water for the designated purpose or prompt reporting pursuant to this Licence. Also, this Licence may be renewed by the Minister for such renewal term as the Minister deems appropriate, on such terms and conditions as the Minister considers appropriate and in the public interest, provided the Licensee applies for a new Licence at least hundred and eighty (180) days before the expiry of this Licence. To make the licence effective on certain date add
5. The designated purpose of the water use is Industrial (Mining).
6. This Licence shall not be interpreted as granting any right to sell bulk water from the said body of water in or outside the Province or to remove bulk water from the said body of water to outside the Province.
7. The maximum estimated annual water withdrawal from the said body of water shall not exceed 24,000 cubic meters, subject to water availability without changing the hydraulic characteristics of or causing impact on fish and fish habitat in the said body of water or impact on other water users in or outside the withdrawal and use activities areas. The Licensee shall not at any time withdraw and use amounts of water in excess of the need of water to the designated purpose of the water use indicated in this Licence, irrespective of the amount of water authorized by this Licence. The water withdrawal pipe of the intake must be fitted with a screen to protect fish from impingement or entrainment. In addition, the Licensee shall take all necessary measures to avoid damage of fish habitat and disturbance of the material of the said body of water.

8. The Licensee shall not at any time impair, pollute or cause to be polluted the quality of water in the said body of water or any nearby body of water. Also, this Licence shall not be interpreted as granting any rights to cause adverse effect(s) on water and other water users in or outside the withdrawal and use 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 Municipal Affairs and Environment must be informed if water withdrawal and use activities or any ongoing activity has a potential to impair, pollute or cause to be polluted the quality of water in the said body of water or any nearby body of water. In addition, any and all waste material that may result from water withdrawal and use activities must be removed and disposed at a site approved by the regional Government Service Centre of the Department of Service NL. The Departments of Municipal Affairs and Environment and Service NL may require samples to be submitted for testing and analysis.
9. The Licensee shall prudently maintain in good faith records, accounts and statements of the rates and amounts of water withdrawals and uses, and any other information that the Minister may require in whatever form, manner and time. Copies of such records, accounts, statements, all information required to exercise the non-exclusive rights and privileges demised under this Licence, and a form following the format of Appendix B shall be submitted to the Water Rights, Investigations, and Modelling Section of the Department of Municipal Affairs and Environment on or before January 31st of each year or as required at any time during the term created by this Licence. Also, the Licensee is required to monitor and assess water use, water quality and quantity of the water use and availability in such manner as the Minister considers necessary including, but is not limited to, the installation of flowmeter(s) and/or other necessary measures to record the exact water used. If a flowmeter is not installed, annual Water Use Charges will be computed based on the minimum annual water use charge in the Water Use Charges Regulations (<http://www.assembly.nl.ca/Legislation/sr/regulations/rc160060.htm>).
10. The Licensee shall not make changes in the purpose, plans and rates and amounts of water authorized by this Licence or construct any systems or works or divert the course or alter the physical features of the said body of water or any nearby body of water without the prior written approval from the Minister. Also, the Licensee shall abide by all permits and licences issued or to be issued by the Minister to the Licensee.
11. The employees of the Department of Municipal Affairs and Environment, authorized by the Minister, may at all reasonable times during the term created by this Licence enter into the water withdrawal and use activities areas and the Licensee's designated place(s) of business to inspect all associated systems or works, records, statements, and accounts, and shall be entitled to copy such information as may be required by the Minister in relation to this Licence and may exercise all other powers of inspection as provided for in the Water Resources Act, 2002.
12. The Licensee shall keep all systems, works, equipment and vehicles used for water withdrawal and use activities, in clean and good condition and repair, free of oil leaks, or other harmful substances that could impair water quality of the said body of water or any nearby body of water and shall notify the Minister immediately if any problem arises which may adversely affect public safety or other water users in or outside water withdrawal and use activities areas. Also, the Licensee shall restore all areas that may be affected by water withdrawal and use 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.
13. This Licence is subject to the Water Use Charges Regulations, NLR 60/16 under the Water Resources Act, 2002 and the Licensee shall upon receipt of an invoice stating the amount owing for water use charges, pay to the Minister the full amount within thirty (30) days of the receipt of the said invoice and if imposed by provincial legislation, fees, incentives, royalties or subsidies for water use.

14. The Licensee and its agent(s), subcontractor(s), and consultant(s) indemnify and hold the Government and the Minister 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 non-exclusive rights granted under this Licence, systems, works and equipment in the water withdrawal and use activities areas, or any act or omission of the Licensee or its agent(s), subcontractor(s), or consultant(s) in or outside the water withdrawal and use activities areas and all associated systems, works and equipment, or arising out of a breach or non-performance of any of the terms and conditions, and provisions of this Licence by the Licensee or its agent(s), subcontractor(s), or consultant(s).
15. If the Licensee 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 Licence and/or Ministerial orders and guidelines, as determined by this Department, the Minister may, after providing ten (10) day notice to the Licensee, amend, modify, suspend or cancel this Licence in accordance with the Water Resources Act, 2002.
16. Should any provision of this Licence be unenforceable, it shall be considered separate and severable from the remaining provisions of this Licence which shall remain in force and be binding as though the provision had not been included.
17. This Licence is subject to all provisions of the Water Resources Act, 2002 and any regulations in effect either at the date of this Licence or hereafter made pursuant thereto or any other relevant legislation enacted by the Province of Newfoundland and Labrador in the future.
18. This Licence shall be construed and interpreted in accordance with the laws of the Province of Newfoundland and Labrador.
19. Water pumped or discharged from the water withdrawal and use activities, or any runoff or effluent directed out of the water withdrawal and use activities areas, must have silt and turbidity removed by filtration or other suitable treatment before discharging to any nearby body of water. Effluent discharged into receiving waters must comply with the Environmental Control Water and Sewage Regulations, 2003.
20. The Licensee and its agent(s), subcontractor(s), and consultant(s) are responsible for reporting any environmental problem encountered in connection with the said body of water or any nearby body of water to the Water Resources Management Division and environmental monitors within 24 hours. This includes, but is not limited to, any spillage of fuel, lubricant, or any other material, siltation of water or depletion of any source of water used for any purpose in connection with the water withdrawal and use activities.

All notices to be given pursuant to the terms and conditions of this Licence 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 of the Licensee is:

Anaconda Mining Inc.
P.O. Box 238 - 232 Highway 410
Baie Verte, NL A0K 1B0

The address and facsimile number of the Department of Municipal Affairs and Environment are:

Water Rights, Investigations, and Modelling Section
Department of Municipal Affairs and Environment
PO Box 8700
St. John's NL A1B 4J6
(709) 729-0320

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR
DEPARTMENT OF MUNICIPAL AFFAIRS AND ENVIRONMENT
APPENDIX B

Report to Department of Municipal Affairs and Environment

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

No: WUL-19-10378
File: 514
Authorized: AUGUST 30, 2019

Re: *Water Withdrawal and Use from Decker's Pond (near the Town of Baie Verte)*

This report must be completed and filed on or before January 31st of each year or upon the completion of activities for a temporary period. Provide the information required below:

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

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

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

In the table below, state the monthly water uses during last year or a temporary period and attach spreadsheet for daily water uses along with water quality report(s) as may be applicable:

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 wishes to inform the Department of Municipal Affairs and Environment regarding this Licence 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.

Anaconda Mining Inc.
P.O. Box 238 - 232 Highway 410
Baie Verte, NL A0K 1B0

Signature: _____

Name/Title: _____

Date: _____

- 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
P.O. Box 8700
4th Floor, West Block, Confederation Building
St. John's, NL A1B 4J6
akhan@gov.nl.ca
- cc: File Copy for Binder
- cc: Jeremy Keeping (Western)
Land Management Specialist
Crown Lands Administration
jeremykeeping@gov.nl.ca
- cc: Ms. Susan Hoddinott (Western/Labrador)
Regional Director
Service NL
PO Box 2006
Corner Brook NL A2H 6J8
SusanHoddinott@gov.nl.ca
- 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: Town of Baie Verte
Ms. Angela Furey
P.O. Box 218
Baie Verte, NL A0K 1B0
info@townofbaieverte.ca