

DRAFT CONDITIONS ANNEXED TO AND FORMING PART OF WATER LICENCE NUMBER W2018L1-00** (Federal Land)

Part A: Scope and Definitions

1. Scope

- a) This Licence entitles Nighthawk Gold Corp. to use water and dispose of Waste associated with advanced mineral exploration in the Indin Lake Gold Property, including use of water and deposit of waste for a camp occupied by up to 50 persons and use of water for drilling.
- b) This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of Waste of any type in any waters or in any place under any conditions where such Waste or any other Waste that results from the deposits of such Waste may enter any waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the *Northwest Territories Waters Act*, or other statutes imposing more stringent conditions relating to the quantity or type of Waste that may be so deposited or under which any such Waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be automatically amended to conform with such Regulations.
- c) Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial, Tlicho, and Municipal legislation.

2. Definitions

"Acid/Alkaline Rock Drainage (ARD)" means the production of acidic or alkaline leachate, Seepage or drainage from underground workings, ore piles, Waste Rock, and overburden that can lead to the release of metals to Groundwater or surface water during the life of the Project and after closure.

"Act" means the *Northwest Territories Waters Act*.

"Analyst" means an Analyst designated by the Minister under Section 35(1) of the *Northwest Territories Waters Act*.

"Board" means the Wek'èezhìi Land and Water Board established under Part 3 of the *Mackenzie Valley Resource Management Act*.

"Closure and Reclamation" means the same as, and now replaces, the terms abandonment and restoration for the purposes of this Water Licence.

"Construction" means any activities undertaken to construct or build any components of, or associated with, the development of the Project.

“Dewatering” means the removal of all water from a natural water body.

“Discharge” means the direct or indirect release of any water or Waste to the Receiving Environment.

“Drawdown” means the partial removal of water from a natural water body.

“Freeboard” means the vertical distance between the water line and the effective water containment crest on the upstream slope of a dam or dyke.

“Greywater” means all liquid Wastes from showers, baths, sinks, kitchens and domestic washing facilities, but does not include Toilet Wastes.

“Groundwater” means all water below the ground surface.

“Inspector” means an Inspector designated by the Minister under Section 35(1) of the Act.

“Licensee” means the holder of this Licence.

“Management Plans” means the specific plans required by the Board under this Water Licence.

“Maximum Average Concentration” means the running average of any four (4) consecutive analytical results submitted to the Board in accordance with the sampling and analysis requirements specified in the "Surveillance Network Program".

“Minewater” includes surface run-off from the Waste rock and ore storage areas and for the Damoti Lake site only, all water or Waste pumped or flowing out of any open pit or underground workings.

“Minewater Settling Pond” means an engineered depression designed to act as a settling facility for the purpose of separating solids from Minewater.

“Minister” means the Minister of Indian and Northern Affairs Canada.

“Modification” means an alteration that introduces a new structure, expands a current structure, eliminates an existing structure, and does not alter the purpose or function of a structure, associated with water supply and Waste Disposal.

“Professional Engineer” means a Professional Engineer or Geologist registered with the Association of Professional Engineers, Geologist, and Geophysicists of the Northwest Territories and whose principal field of specialization is appropriate to the work at hand.

“Project” means all appurtenant undertakings as described within the applications dated December 17, 2010 and June 8, 2012.

“Receiving Environment” means, for the purpose of this Licence, the natural aquatic environment that receives any deposit or Discharge of Waste, including Seepage or Minewater, from the Project.

“Seepage” includes water or Waste that drains through or escapes from any structure designed to contain, withhold, divert or retain water or Waste, including Waste Rock storage areas.

“Sewage” means all Toilet Wastes and Greywater.

“Sump” means a natural or manmade depression for the purpose of catching or storing water or a storage facility constructed to temporarily collect, hold or transfer water and/or Waste within the Project.

“Toilet Wastes” means all human excreta and associated products but does not include Greywater.

“Unauthorized Discharge” means a release or Discharge of any water or Waste not authorized under this Licence.

“Waste Disposal Facilities” means all facilities designated for the disposal of Waste.

“Waste Rock” means all rock materials, except ore and tailings, which are produced as a result of mining operations.

“Waste” means Waste as defined by section 2 of the Act.

“Watercourse” means a natural watercourse, body of water or water supply, whether usually containing water or not, and includes groundwater, springs, swamps and gulches, as defined by section 2 of the Regulations.

Part B: General Conditions

1. The Licensee shall file an Annual Report with the Board not later than March 31st of the year following the calendar year reported which shall contain the following information:

Measuring and Reporting on Water and Waste:

- a) the monthly and annual quantities in cubic metres of water obtained from each source for drilling and for camp use;
- b) the monthly and annual quantities in cubic metres of each type of Waste discharged and the location to which each Waste was discharged;
- c) the location of sumps and a description of any materials deposited within them;
- d) tabular and graphical summaries of all data and information generated under the Surveillance Network Program in an electronic and printed format acceptable to the Board. The Licensee shall provide raw data in electronic form upon request by the Board;

Management Plans and Activities:

- e) a summary of any revisions to the approved Spill Contingency Plan;
- f) a summary of exploration and development activities as they relate to water use and Waste disposal;
- g) a summary of Modifications in accordance with Part F of this Licence and/or major maintenance work carried out on any water or Waste management facilities;
- h) a summary of Construction activities completed and planned activities for the upcoming year;

- i) a summary of any studies requested by the Board that relate to Waste management, water use, or Closure and Reclamation and a brief description of any future studies planned by the Licensee;

Spills and Unauthorized Discharges:

- j) a list and description, including volumes, of all Unauthorized Discharges and summaries of follow-up action taken;
- k) an outline of any spill training and communications exercises carried out;

Closure and Reclamation:

- l) a summary of any revisions to the approved Closure and Reclamation Plan;
- m) a summary of any Closure and Reclamation work undertaken during the year and an outline of any work anticipated for the next year;

Other Reporting Requirements:

- n) any other details on water use or Waste disposal requested by the Board by November 1st of the year bring reported.
2. Meters, devices or other such methods used for measuring the volumes of water used and Waste discharged shall be installed, operated and maintained by the Licensee to the satisfaction of an Inspector.
 3. The Licensee shall ensure a copy of this Licence is maintained at the site of operation at all times.
 4. The Licensee shall comply with the terms of any plans approved pursuant to the conditions of this Licence and with any revisions to the plans as may be made from time to time pursuant to the conditions of this Licence and as approved by the Board.

Part C: Conditions Applying to Security Deposits

1. Prior to the use of water for mineral exploration undertakings or the disposal of Waste, the Licensee shall have posted and shall maintain a security deposit in the amount of \$XXXX pursuant to Section 17(1) of the Act and Section 12 of the Regulations.
2. The security deposits required under Part C, Item 1, shall be in a form acceptable to the Minister and shall be maintained until such time as they are fully or partially refunded by the Minister pursuant to section 17 of the Act.
3. The Licensee may apply to the Board for a reduction in the amount of security required if there is a reduction in the total liability at the Project site.
4. The Permittee shall be liable for any damages in excess of the amount of the posted security.

Part D: Conditions Applying to Water Use

1. The total quantity of water withdrawn from all natural water bodies shall not exceed 179 cubic metres

per day.

2. The total quantity of water withdrawn from any single water bodies shall not exceed the limits set out below (in cubic metres per day), unless otherwise approved in writing by the Board:
 - a. Local water sources (drill water) 174
 - b. Local water sources (camp water) 5
3. Forty-eight hours (48) prior to the commencement of drilling at each drill target, the Permittee shall notify the Inspector of the source of drill water and the location of drill waste disposal.
4. The freshwater intake hoses and/or pumps shall operate in accordance with the Fisheries and Oceans Canada *Freshwater Intake End-of-Pipe Fish Screen Guideline*, 1995, or subsequent editions and the *Protocol for Winter Water Withdrawal from Ice-covered Waterbodies in the Northwest Territories and Nunavut*, 2010 or subsequent editions.

Part E: Conditions Applying to Construction

1. At least forty-five (45) days prior to the start of Construction of any facilities related to water use or Waste disposal for the Project, excluding Sumps, that are not part of a Board approved Management Plan, the Licensee shall submit to the Board for approval a Construction Plan that shall contain, but not be limited to, the following information:
 - a) a description of the facilities to be constructed;
 - b) the proposed location for the structures;
 - c) any potential impacts to the Receiving Environment;
 - d) a description of any monitoring including, but not limited to, sampling locations, parameters measured and frequencies of sampling to be carried out to determine impacts to the Receiving Environment;
 - e) a detailed description of any measures used to prevent or mitigate impacts to the Receiving Environment;
 - f) schedule for the Construction; and
 - g) drawings of engineered structures stamped by a Professional Engineer.
2. The Inspector must receive written notification a minimum of ten (10) days prior to commencement of Construction from the Licensee.
3. The Licensee shall provide to the Board as-built plans and drawings of the engineered structures referred to in this Licence within ninety (90) days of completion of Construction.

PART F: Conditions Applying to Modifications

1. The Licensee may, without written approval from the Board, carry out Modifications to facilities related to water use or Waste disposal provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:

- a) the Licensee has notified the Board in writing of the proposed Modifications at least forty-five (45) days prior to beginning the Modifications;
 - b) the proposed Modifications do not place the Licensee in contravention of either the Licence or the Act;
 - c) the Board has not, during the forty-five (45) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than forty-five (45) days;
 - d) the Board has not rejected the proposed Modifications; and
 - e) an Inspector has authorized the Modifications.
2. Modifications for which all of the conditions referred to in Part H, Item 1, have not been met, may be carried out only with written approval from the Board.
 3. The Licensee shall provide to the Board as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modifications.

Part G: Conditions Applying to Waste Disposal

1. The Permittee shall adhere to the approved Waste Management Plan and shall annually review the Plan and make any necessary revisions to reflect changes in operations, technology, or as requested by the Board. Revisions to the Plan shall be submitted to the Board for approval.
2. The Permittee shall dispose of all sewage and grey water as described in the approved Waste Management Plan, unless otherwise authorized in writing by an Inspector.
3. The Licensee shall update the Waste Management Plan with based on the results of the cleaning and hydrostatic testing of bulk fuel tanks. The updated Waste Management Plan shall be submitted to the Board for approval at least sixty (60) days prior to commencing any cleaning and hydrostatic testing of bulk fuel tanks.
4. The Licensee shall, not less than sixty (60) days prior to any use of water or deposit of Waste for mining undertakings, submit to the Board for approval a water balance for any basins or drainage water bodies which will or could receive Waste discharges.
5. All water or Wastes from the Project that enters the Receiving Environment shall meet the following effluent quality requirements:

PARAMETER	MAXIMUM AVERAGE CONCENTRATION	MAXIMUM CONCENTRATION OF ANY GRAB SAMPLE
Total Ammonia	12.0 mg/L	-
Total Arsenic	0.5 mg/L	1.0 mg/L
Total Cadmium	0.005 mg/L	0.01 mg/L
Total Copper	0.3 mg/L	0.6 mg/L
Total Lead	0.2 mg/L	0.4 mg/L

Total Nickel	0.5 mg/L	1.0 mg/L
Total Zinc	0.5 mg/L	1.0 mg/L
Total Suspended Solids	15.0 mg/L	30.0 mg/L
Oil and Grease	5.0 mg/L	10.0 mg/L

6. Any water or Waste from the Project that enters the Receiving Environment shall have a pH between 6.0 and 9.5, and no visible sheen of oil and grease.
7. All analyses shall be conducted in accordance with methods prescribed in the current edition of "Standard Methods for the Examination of Water and Wastewater" or by such other methods as may be approved by an Analyst.
8. All cleaning materials, absorbent mats and sludge shall be separated from the water and disposed of in a manner approved by an Inspector.
9. The Licensee shall ensure that any unauthorized Wastes associated with the Project do not enter any waters.

PART H: Conditions Applying to Contingency Planning

1. The Licensee shall submit a comprehensive Spill Contingency Plan for the Indin Lake Gold Property, and the surrounding areas within 3 months following issuance of this Licence.
2. The Licensee shall review the Spill Contingency Plan annually and modify as necessary to reflect changes in operation and technology, or as requested by the Board. Any proposed revisions shall be in accordance with the INAC's *Guidelines for Spill Contingency Planning*, 2007, or subsequent editions, and shall be submitted to the Board for approval.
3. If, during the period of this Licence, an Unauthorized Discharge occurs or is foreseeable, the Licensee shall:
 - a) implement the Spill Contingency Plan;
 - b) report the incident immediately via the 24 Hour Spill Reporting Line (867) 920-8130 in accordance with the instructions contained in the Spill Report Form NWT 1752/0593 or subsequent editions; and
 - c) submit a detailed report to the Board and an Inspector not later than thirty (30) days after initially reporting the event.
4. All Unauthorized Discharges of water or Waste shall be reclaimed to the satisfaction of an Inspector.

PART I: Conditions Applying to Closure and Reclamation

1. The Licensee shall submit a Closure and Reclamation Plan for the Project and shall revise the Plan as necessary to reflect changes in operations, technology, in response to results of reclamation research and/or other studies, or as requested by the Board. The Plan and subsequent revisions shall be

submitted to the Board for approval.

2. The Licensee shall operate in accordance with the approved Closure and Reclamation Plan.
3. The Licensee shall carry out progressive reclamation as soon as is reasonably practicable.
4. Compliance with the Closure and Reclamation Plan specified in this Licence does not limit the legal liability of the Licensee, other than liability arising from provisions of the *Act* and its Regulations.

Wek'èezhii Land and Water Board

Witness

Chair