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Pursuant to the *Mackenzie Valley Resource Management Act* and Regulations, the Wek'èezhii Land and Water Board, hereinafter referred to as the Board, hereby grants to:

Nighthawk Gold Corp.

(Licensee)

of **141 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 3L5**

(Mailing Address)

Hereinafter called the Licensee, the right to alter, divert or otherwise use water subject to the restrictions and conditions contained in the Waters Act and Regulations made there under and subject to and in accordance with the conditions specified in this Licence.

Licence Number: W2018L2-0002

Licence Type: B

Water Management Area: NORTHWEST TERRITORIES 01

Location: COLOMAC MINE SITE

Purpose: WATER USE AND WASTE DISPOSAL

Description: MINERAL EXPLORATION

Quantity of water not to be exceeded: SEE PART D, CONDITION 1

Effective Date of Licence: FEBRUARY 15, 2019

Expiry Date of Licence: FEBRUARY 15, 2024

This Licence issued and recorded at Yellowknife, NT includes and is subject to the annexed conditions.

Wek'èezhii Land and Water Board:

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Part A: Scope and Definitions

1. Scope

- a) This Licence entitles Nighthawk Gold Corp. to use water and dispose of Waste for the purpose of mineral exploration in the Colomac Mine site in the mid-central Northwest Territories. This undertaking is described in the Complete Application and includes the following:
- i. advanced mineral exploration, including use of water and deposit of waste for a camp occupied by more than 50 persons and use of water for drilling;
 - iii. use and storage of explosives for trenching and bulk sampling if required;
 - iv. construction, operation, and maintenance of winter roads and spur roads; and
 - v. use and storage of fuel.
- 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 Act under the *Mackenzie Valley Resource Management 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.

2. Definitions

“**Act**” means the *Mackenzie Valley Resource Management Act*.

“**Board**” means the Wek’èezhii Land and Water Board established under section 57.1 of the *Mackenzie Valley Resource Management Act*.

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

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

“**Engineered Structure**” means any structure or facility designed and approved by a Professional Engineer.

“**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 as per subsection 84(1) of the *Mackenzie Valley Resource Management Act*.

“Licensee” means the holder of this Licence.

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

“Minewater” includes runoff from facilities associated with the Project and all water or Waste pumped or flowing out of any open pit or underground mine.

“Minister” means a duly appointed member of the Executive Council who is responsible for the Act or the department responsible for administering that Act.

“Modification” in respect of a structure, means a change, other than an expansion, that does not alter the purpose or function of a structure.

“Professional Engineer” means a person who is registered with the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists in accordance with the *Engineering and Geoscience Professions Act*. S.N.W.T. 2006, V.16, or subsequent editions, as a Professional Engineer, and whose principal field of specialization is appropriate to address the components of the Project at hand

“Project” means all appurtenant undertakings as described in Part A, Condition 1 (a) of this licence.

“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.

“Reclamation” means activities which facilitate the return of affected areas to viable and, wherever practicable, self-sustaining ecosystems that are compatible with a healthy environment, human activities, and the surrounding environment.

“Regulations” are those Regulations proclaimed pursuant to section 90.3 of the Act.

“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” is 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 unprocessed rock materials that are produced as a result of mining operations.

“Waste” means any substance defined as Waste by section 1 of the Act.



Part B: General Conditions

1. 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. The Licensee shall take every reasonable precaution to protect the environment.
3. In conducting its activities under this Licence, the Licensee shall make best efforts to consider and incorporate any scientific and Traditional Knowledge that is made available to the Licensee.
4. In each submission required by the Licence or a directive from the Board, the Licensee is to identify all recommendations based on Traditional Knowledge received, describe how the recommendations were incorporated into the submission and provide justification for any recommendation not adopted.
5. The Schedules and any compliance dates specified in this Licence may be updated at the discretion of the Board.
6. 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.
7. The Licensee shall file an Annual Report with the Board not later than March 31st of the year following the calendar year reported. The report shall contain the information set out in Schedule 1, Condition 1.
8. The Licensee shall ensure a copy of this Licence is maintained at on site at all times.
9. The Licensee shall operate in accordance with 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. If any plan is not approved by the Board, the Licensee shall revise the plan according to the Board's direction and re-submit it to the Board for approval.
10. The water use fee shall be paid annually, in advance of any water use, per subsection 8(1) of the Waters Regulations. In a cover letter accompanying this payment, the Licensee shall indicate which water sources, as outlined in Part D, Condition 2, will be used, in the upcoming year.
11. The Licensee shall annually review the plans referred to in Part D, Condition 2, Part E, Condition 1, Part G, Condition 1, and Part H, Conditions 1 and shall revise the plans as necessary to reflect changes in operations or technology, or as requested by the Board. All revised plans shall be submitted to the Board for approval.
12. Any revised Plan submitted to the Board under this Licence shall include a list of notable revisions to the Plan.
13. The Plans referred to in: in Part D, Condition 2, Part E, Condition 1, Part G, Condition 1, and Part H, Conditions 1; shall be presented in a format consistent with the Mackenzie Valley Land and Water Boards' Standard Outline for Management Plans, unless otherwise approved by the Board.
14. Any reference to an Act, Regulation, Plan, or Guideline in this Licence is a reference to the most current version unless otherwise explicitly stated.



15. The Licensee shall notify the Inspector and the Board immediately of any non-compliance with the conditions of this Licence or any direction provided by the Board.
16. The Licensee shall comply with the Schedules, which are annexed to and form part of this Licence, and any updates to the Schedules as may be made by the Board.



Part C: Conditions Applying to Security Deposits

1. The Licensee shall post and maintain security deposits in accordance with Schedule 2.
2. Upon request of the Board, the Licensee shall submit an updated mine Reclamation liability estimate utilizing the current version of RECLAIM or another method acceptable to the Board.
3. The amount of the security deposit required by Part C, Condition 1 and Schedule 2 may be adjusted by the Board based on estimates of the current mine Reclamation liability referred to in Part C, Condition 2 of this Licence or based on such other information as may be available to the Board.
4. If the amount of the security deposit is adjusted by the Board as described under Part C, Condition 3, the Licensee shall post the revised amount with the Minister within 90 days of the Board giving notice of the revised amount.



Part D: Conditions Applying to Water Use

1. The Licensee may only withdraw up to 179m³ per day of Water from the Water Sources identified in the approved **Water Use Plan**, as specified in Part D, Condition 2.
2. A minimum of 60 days prior to the use of Water, the Licensee shall submit a **Water Use Plan** to the Board, for approval. The **Water Use Plan** shall contain the following information:
 - a. Name and location of the lake(s) to be used as a Water Source;
 - b. Anticipated daily withdrawal volumes and duration of use, including a comparison of the total water volume requested for use against the total water volume available;
 - c. Any available bathymetric information, including maximum depths;
 - d. Any available information on other water uses from the source(s).
3. In one ice-covered season, total water withdrawal from a single waterbody shall not exceed 10% of the available water volume calculated using the appropriate maximum expected ice thickness.
4. Prior to locating a Water intake in a fish-bearing Watercourse, the Licensee shall obtain written authorization for the location from an Inspector.
5. The Licensee shall construct and maintain the water intake(s) with a fish screen designed to prevent impingement and/or entrainment of fish.



Part E: Conditions Applying to Construction

1. At least ten days prior to Construction of any Engineered Structures facilities related to water use or Waste disposal for the Project, excluding Sumps, that are included in an approved Management Plan, the Licensee shall submit the following items to the Board: design drawings stamped by a Professional Engineer, a Construction schedule, and any information required under Part F, Condition 1 of this Licence that was not included in an approved Management Plan.
2. At least 90 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 a **Construction Plan** in accordance with Schedule 3, Condition 1 to the Board for approval.
3. A minimum of ten days prior to commencement of Construction, the Licensee shall provide written notification to an Inspector.
4. Within 90 days of completion of the Construction of Engineered Structures related to water use and Waste disposal for the Project, excluding the Construction of Sumps, the Licensee shall submit an As-built Report to the Board. The Report shall be prepared by a Professional Engineer and shall include: as-built drawings, documentation of field decisions that deviate from original plans, and any data used to support these decisions.



Part F: Conditions Applying to Modifications

1. The Licensee may, without written approval from the Board, carry out Modifications to Engineered Structures related to water use or Waste disposal provided the following requirements are met:
 - a) the Licensee has notified the Board in writing of the proposed Modifications at least 45 days prior to beginning the Modifications;
 - b) the Modifications do not place the Licensee in contravention of either the Licence or the Act;
 - c) the Board has not, during the 45 days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than 45 days;
 - d) the Board has not rejected the proposed Modifications; and
 - e) an Inspector has authorized the proposed Modifications and provided a letter of notification to the Board.
2. Modifications for which all of the conditions referred to in Part F, Item 1, have not been met, may be carried out only with written approval from the Board.
3. Within 90 days of completion of Modifications referred to in Part F, Conditions 1 and 2 of this Licence, the Licensee shall provide as-built drawings stamped by a Professional Engineer to the Board.



Part G: Conditions Applying to Waste Disposal

1. The Licensee shall dispose of all sewage and grey water as described in the approved **Waste Management Plan**.
2. 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.



PART H: Conditions Applying to Contingency Planning

1. The Licensee shall review and update the Board-approved **Spill Contingency Plan** as necessary to reflect changes in operation and technology, as well as 60 days prior to the Construction. Any proposed updates shall be in accordance with Indian and Northern Affairs Canada's *Guidelines for Spill Contingency Planning, 2007*, or subsequent editions, and shall be submitted to the Board for approval.
2. 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;
 - c) report each spill and Unauthorized Discharge to an Inspector within 24 hours; and
 - d) submit a detailed report to the Board and an Inspector not later than thirty (30) days after initially reporting the event.
3. 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 **Closure and Reclamation Plan** as directed by the Board and submit the revised Plan to the Board for approval. The Plan shall be in accordance with the Mackenzie Valley Land and Water Board and Aboriginal Affairs and Northern Development Canada's *Guidelines for the Closure and Reclamation of Advanced Mineral Exploration and Mine Sites in the Northwest Territories*.
2. The Licensee shall operate in accordance with the approved **Closure and Reclamation Plan** approved by the Board and shall endeavor to carry out progressive reclamation as soon as is reasonably practicable.

Wek'èezhii Land and Water Board



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Annex A
Schedule 1

Part B: General Conditions

1. The **Annual Report** referred to in Part B, Condition 7 shall include, but not be limited to, 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 Discharge of Water or Waste and the location to which each Waste was discharged;
- c) the location of sumps and a description of any materials deposited within them;

Management Plans and Activities:

- d) a summary of any revisions to the approved:
 - a. **Water Use Plan** referred to in Part D, Condition 2;
 - b. **Construction Plan** referred to in Part E, Condition 2;
 - c. **Waste Management Plan** referred to in Part G, Condition 1;
 - d. **Spill Contingency Plan** referred to in Part H, Condition 1;
- e) a summary of exploration and development activities as they relate to water use and Waste disposal;
- f) 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;
- g) a summary of Construction activities completed and planned activities for the upcoming year;
- h) 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:

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

Closure and Reclamation:

- k) a summary of any revisions to the approved **Closure and Reclamation Plan**;
- l) 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:



m) any other details on water use or Waste disposal requested by the Board by November 1st of the year bring reported.



Schedule 2

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 \$21,064 pursuant to Section 71(1) of the Act and Part C of this Licence.



Schedule 3

Part E: Conditions Applying to Construction

1. A **Construction Plan** referred to in Part E, Condition 2 shall include, 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.

