



Land Administration
P.O. Box 100
IQALUIT, NU X0A 0H0
Phone: 867-975-4283
FAX: 867-975-4286

July 21, 2016

Northquest Ltd.
50 Richmond Street East, Suite 101
Toronto, ON
M5C 1N7

Dear Dwayne Car,

Re: Land Use Permit #N2016C0007
Type of Operation: Mining (Exploration)
Location: Whale Cove Area, Kivalliq, NU, NTS 55K, 55L

Enclosed is your copy of Land Use permit number N2016C0007 authorizing your project as described in your application dated, April 27, 2016.

Your application has received a wide distribution to the Nunavut Planning Commission, the Nunavut Impact Review Board, other Federal departments, Government of the Nunavut departments, communities in the area of your operation and concerned Inuit groups.

The issuance of this permit indicates that as a result of Nunavut's environmental screening process, the potentially adverse environmental effects that may be caused by your proposal are mitigatable with known technology and are not significant. The terms and conditions in the permit will, in our opinion, provide the necessary protection to the environment.

Please ensure that you adhere to the operating conditions, along with the Archaeological Palaeontological terms and conditions, annexed to your permit. If you have any questions or require further clarification, please contact our office

Sincerely,

Lee Ann Pugh
A/Land Administrator Specialist

cc: Manager, Field Operations
RMO - Kivalliq



LAND USE PERMIT
NORTHERN AFFAIRS PROGRAM

PERMIS D'UTILISATION DES TERRES
PROGRAMME DES AFFAIRES DU NORD

Permit Class - Permis Catégorie

A

Permit No - NE de permis

N2016C0007

Subject to the Territorial Land Use Regulations and the terms and conditions in this permit, authority is hereby granted to:

Sous réserve du Règlement sur l'utilisation des terres territoriales et des conditions de ce permis:

Northquest Ltd.

Permittee - Détenteur de permis

To proceed with the land use operation described in the application of:

Est autorisé à entreprendre les travaux d'exploitation des terres décrits dans la demande de permis du:

Signature	Date
Dwayne Car	April 27th, 2016
Type of Land Use Operation - Genre de travaux d'exploitation des terres	
Mining (Exploration)	
Location - Emplacement	
Whale Cove Area, Kivalliq, NU, NTS 55K, 55L	

The conditions attached to this permit are incorporated into and form an integral part of the permit.

Les conditions attachées à ce permis en font partie intégrante.

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Territorial Land Use Regulations.

Ce permis peut faire l'objet d'une cession, d'une prolongation d'une cessation d'une suspension ou d'une annulation, en vertu du Règlement sur l'utilisation des terres territoriales.

Dated at

Date à **Iqaluit**

Engineer

Ingénieur

This

Ce **21st** Day of **July**, **2016**

Day of

jour de

July

2016

Commencement Date

Date du début des travaux **July 21st, 2016**

Expiry Date

Date d'achèvement **July 20th, 2021**

NOTE

REMARQUE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE BY - LAW OR ORDER DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

LE DÉTENTEUR DU PRÉSENT PERMIS DOIT SE CONFORMER À TOUT AUTRE RÈGLEMENT, LOI, DÉCRET RÈGLEMENT MUNICIPAL OU ARRÊTÉ APPLICABLE. LE MANQUEMENT À CETTE OBLIGATION POURRAIT DONNER LIEU À LA SUSPENSION OU À L'ANNULATION DU PERMIS.

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER N2016C0007**

Failure to comply with any term and condition issued as part of this permit is an offence under the Territorial Lands Act. Every person who commits an offence is liable, on summary conviction, for a first offence, to a fine not exceeding \$100 000, and for a second or subsequent offence, to a fine not exceeding \$200 000. Please note that an offence that is committed on more than one day constitutes a separate offence for each day on which it is committed or continued.

31 (1) (a) - Location and Area

1.	The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Engineer.	PLANS
2.	The Permittee shall not conduct any part of the land use operation within 300 metres of any privately owned land or structure unless otherwise authorized in writing by the Engineer.	PRIVATE PROPERTY
3.	The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, buildings and building material.	REMOVE WASTE MATERIAL
4.	The Permittee shall not construct an adit or drillsite within thirty one (31) metres of the normal high water mark of a stream unless approval in writing is obtained from the Engineer.	LOCATION OF ADITS & DRILLSITES
5.	The Permittee shall not construct a campsite.	CAMP SITE RESTRICTIONS
6.	The Permittee shall locate all lines, trails and rights-of-way to be constructed parallel to streams a minimum of thirty one (31) metres from any stream except at crossings unless otherwise authorized in writing by a Land Use Inspector.	PARALLELLING STREAMS

31 (1) (b) - Time

7.	The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Kivalliq office of the Indigenous and Northern Affairs Canada, phone number (867)645-2830, at least 48 hours prior to the commencement of this land use operation.	CONTACT INSPECTOR
8.	The Permittee shall advise a Land Use Inspector at least 10 days prior to the completion of the land use operation of; (a) his plan for removal or storage of equipment and materials, and (b) when final clean-up and restoration of the lands used will be completed.	REPORTS BEFORE REMOVAL
9.	The Permittee's Field Supervisor shall provide notification of commencement of the land use operation to the Engineer at the Iqaluit office of the Department of Indigenous and Northern Affairs Canada either by emailing landsmining@aannc.gc.ca or by telephone at (867)975-4283.	NOTICE TO ENGINEER

10.	The Permittee shall submit an annual report to the Engineer by March 30 th of each year of permitted activities. The annual report must contain, but not limited to, the following information: (a) A summary of activities undertaken for the year including (b) A map showing the following items with exact coordinates (degrees/min/sec, in NAD 83): i. All drilling locations; ii. All fuel caches; iii. Any other location where activities were conducted. (c) A work plan for the following year, including any progressive reclamation work undertaken.	ANNUAL REPORT
11.	The Permittee shall commence and foster revegetation on all parts of the land used, as may be directed by a Land Use Inspector, within one year of the completion of the land use operation.	RE-ESTABLISH VEGETATION
12.	The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit.	CLEAN-UP
13.	The Engineer reserves the right to impose closure to any area to the Permittee in periods when dangers to natural resources are severe.	CLOSURE

31 (1) (c) - Equipment

14.	The Permittee shall not use any equipment except of the type, size and number that is listed in the accepted application, unless otherwise authorized in writing by the Land Use Inspector.	ONLY APPROVED EQUIPMENT
15.	The Permittee shall keep all garbage and debris in a covered metal container until disposed of. All wastes shall be kept inaccessible to wildlife at all times.	GARBAGE CONTAINERS

31 (1) (d) - Methods and Techniques

16.	The Permittee shall not erect camps or store material on the surface ice of streams.	STORAGE ON ICE
17.	The Permittee shall restore all drill sites as the land use operation progresses.	RESTORE DRILL SITES

31 (1) (e) - Type, Location, Capacity and Operation of Facilities

18.	The Permittee shall not locate any sump within thirty-one (31) metres of the normal high water mark of any stream.	SUMPS FROM WATER
19.	The Permittee shall backfill and restore all sumps prior to the expiry date of this permit.	BACKFILL SUMPS

20.	<p>The Permittee shall:</p> <p>(a) place all excavated material over the sump area.</p> <p>(b) overlap the replaced material a minimum of one (1) metres beyond the edges of the existing sump wall.</p>	BACKFILL SUMP OVERLAP
21.	The Permittee shall ensure that the land use area is kept clean and tidy at all times.	CLEAN WORK AREA

31 (1) (f) - Control or Prevention of Flooding, Erosion and Subsidence of Land

22.	<p>(a) The Permittee shall, where flowing water from bore holes is encountered, plug the bore hole in such a manner as to permanently prevent any further outflow of water.</p> <p>(b) The artesian occurrence shall be reported to the Engineer within forty-eight (48) hours.</p>	PLUG ARTESIAN WELLS
23.	The Permittee shall remove any obstruction to natural drainage caused by any part of this land use operation.	NATURAL DRAINAGE
24.	The Permittee shall not use any material other than water in the construction of ice bridges.	ICE BRIDGE MATERIAL
25.	The Permittee shall install erosion control structures as the land use operation progresses unless otherwise authorized by a Land Use Inspector.	EROSION CONTROL WHEN
26.	The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.	PREVENTION OF RUTTING
27.	<p>The Permittee shall insulate the ground surface beneath all structures and facilities associated with this land use operation to:</p> <p>(a) prevent any vegetation present from being removed and;</p> <p>(b) the ground settling and/or eroding.</p>	INSULATE GROUND SURFACE
28.	The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.	VEHICLE MOVEMENT FREEZE-UP
29.	The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.	SUSPEND OVERLAND TRAVEL

31 (1) (g) - Use, Storage, Handling and Disposal of Chemical or Toxic Material

30.	The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer.	APPROVAL OF CHEMICALS
31.	The Permittee shall deposit all sewage into a sump.	SEWAGE DISPOSAL
32.	The Permittee shall not allow any drilling waste to spread to the surrounding lands.	DRILL WASTE CONTAINMENT
33.	The Permittee shall remove all non-combustible garbage and debris from the land use area to a disposal site approved in writing by a Land Use Inspector.	REMOVE GARBAGE
34.	The Permittee shall dispose of all toxic or persistent substances in a manner as approved in writing by the Engineer.	WASTE CHEMICAL DISPOSAL
35.	The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form NWT 1752(05/93). Twenty four (24) hour spill report line (867)920-8130.	REPORT CHEMICAL AND PETROLEUM SPILLS

31 (1) (h) - Wildlife and Fisheries Habitat

36.	The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation.	HABITAT DAMAGE
37.	The Permittee shall not harass wildlife. This includes persistently worrying or chasing, or disturbing large groups of animals.	NO HARASSING WILDLIFE
38.	The Permittee shall not obstruct the movement of fish while conducting this land use operation.	FREE FISH MOVEMENT
39.	The Permittee shall not disturb or destroy the nests or eggs of any birds. If nests are encountered and/or identified, the Permittee shall take precaution to avoid further interaction and/or disturbance.	NO DISTURBING NESTS

31 (1) (i) - Objects and Places of Recreational, Scenic and Ecological Value

40.	The Permittee shall not feed wildlife.	NO FEEDING WILDLIFE
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31 (1) (k) - Petroleum Fuel Storage

41.	The Permittee shall report in writing to a Land Use Inspector the location and quantity of all petroleum fuel caches within ten (10) days after the establishment.	REPORT FUEL LOCATION
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42.	The Permittee shall not place any petroleum fuel storage containers within thirty-one (31) metres of the normal high water mark of any stream.	FUEL BY STREAM
43.	The Permittee shall locate mobile fuel facilities on land when stationary for any period of time exceeding twelve (12) hours.	FUEL ON LAND
44.	The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.	FUEL CONTAINMENT
45.	The Permittee shall use secondary containment or a surface liner (drip pans, fold-a-tanks, etc.) at all refuelling stations. The Permittee shall ensure that appropriate spill kits are located at every fuel cache.	SECONDARY CONTAINMENT
46.	The Permittee shall have one extra fuel storage container on site equal to, or greater than, the size of the largest fuel container.	FUEL EXTRA CONTAINER
47.	The Permittee shall mark all stationary petroleum products storage facilities with flags, posts or similar devices so that they are at all times plainly visible to local vehicle travel.	MARK FUEL LOCATION
48.	The Permittee shall: <ul style="list-style-type: none"> (a) examine all fuel storage containers for leaks a minimum of once every day; (b) repair all leaks immediately; and (c) examine all fuel storage containers for leaks immediately upon delivery. 	CHECK FOR LEAKS
49.	The Permittee shall seal all container outlets except the outlet currently in use.	SEAL OUTLET
50.	The Permittee shall mark all fuel containers with the Permittee's name.	MARK CONTAINERS

31 (1) (m) - Matters Not Inconsistent with the Regulations

51.	The Permittee shall display a copy of this permit in a conspicuous place in each campsite established to carry out this land use operation.	DISPLAY PERMIT
52.	The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit.	COPY OF PERMIT
53.	The Permittee shall, while conducting the operation, make every effort to avoid covering or destroying traps or snares that may be found along these routes.	TRAPS PROTECTION
54.	The Permittee shall submit to the Engineer a contingency plan, for chemical and petroleum spills, for use during the construction and operation of the winter road.	CONTINGENCY PLAN

55.	<p><u>Part 1</u> - In this Permit:</p> <p>"sump" means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein.</p> <p>"drill waste" means all materials or chemicals, solid or liquid, associated with the drilling of bore holes and includes bore hole cuttings.</p>	
56.	The Permittee shall abide by and comply with all applicable lawful rules, acts, regulations, and by-laws of Canada, Nunavut, any Municipal or regulatory body or authority having jurisdiction, the Nunavut Land Claim Agreement, and all other agreements, permits, licenses, and other instruments whatsoever related to the project.	ADHERENCE TO LAWFUL RULES, ACTS, REGS & BYLAWS
57.	<p>(a) During migration of caribou, the Permittee shall not locate any operation so as to block or cause substantial diversion of migration.</p> <p>(b) The Permittee shall cease activities that may interfere with migration, such as airborne geophysics surveys or movement of equipment, until the migrating caribou have passed.</p>	CARIBOU PROTECTION MIGRATION

CARIBOU PROTECTION MEASURES

58.	<p>(a) The Permittee shall not, without approval, conduct any activity between May 15 and July 15 within the Caribou Protection Areas depicted on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.</p> <p>(b) A Permittee may, upon approval by the Land Use Inspector, operate within the said Caribou Protection Areas beyond the May 15 deadline set out in 1 (a), provided that, when monitoring information indicates that caribou cows are approaching the area of operation, the Permittee will implement 1 (c).</p> <p>(c) On cessation of activities pursuant to 1 (a) or 1 (b), the Permittee will remove from the zone all personnel who are not required for the maintenance and protection of the camp facilities and equipment, unless otherwise directed by the Land Use Inspector.</p> <p>(d) The Permittee may commence or resume activities prior to July 15 within those parts of the Caribou Protection Areas released by the Land Use Inspector for the reason that caribou cows are not expected to use those parts for calving or post-calving.</p>	RESTRICTION OF ACTIVITY
59.	<p>(a) In the event that caribou cows calve outside of the Caribou Protection Areas, the Permittee shall suspend operations within the area(s) occupied by cows and/or calves between May 15 and July 15.</p> <p>(b) In the event that caribou cows and calves are present, the Permittee shall suspend:</p> <ul style="list-style-type: none"> (i) blasting; (ii) overflights by aircraft at any altitude of less than 300 meters above ground level, and; (iii) the use of snowmobiles and ATVs (all-terrain vehicles) outside the immediate vicinity of the camp. 	SUSPENSION OF OPERATIONS
60.	<p>(a) During migration of caribou, the Permittee shall not locate any operation so as to block or cause substantial diversion to migration.</p> <p>(b) The Permittee shall cease activities that may interfere with migration, such as airborne geophysics surveys or movement of equipment, until the migrating caribou has passed.</p>	CARIBOU PROTECTION MIGRATION

61.	<p>(a) The Permittee shall not, between May 15 and September 1, construct any camp, cache any fuel, or conduct any blasting within 10 kilometres of any "Designated Crossing" as outlined on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.</p> <p>(b) The Permittee shall not, between May 15 and September 1, conduct any diamond drilling operation within 5 kilometres of any "Designated Crossing" as outlined on the map certified by the Engineer as the "Caribou Protection Map" and annexed to this Land Use Permit.</p>	DESIGNATED CARIBOU CROSSINGS
ARCHAEOLOGICAL & PALEONTOLOGICAL TERMS & CONDITIONS		
62.	<p>"archaeological site" means a place where an archaeological artifact is found.</p> <p>"archaeological artifact" means any tangible evidence of human activity that is more than 50 years old and in respect of which an unbroken chain of possession or regular pattern of usage cannot be demonstrated, and includes a Denesuline archaeological specimen referred to in section 40.4.9 of the Nunavut Land Claims Agreement.</p> <p>"paleontological site" means a site where a fossil is found.</p> <p>"fossil" includes:</p> <ul style="list-style-type: none"> (a) natural casts (b) preserved tracks, coprolites and plant remains; and (c) the preserved shells and exoskeletons of invertebrates and the eggs, teeth and bones of vertebrates. 	DEFINITIONS
63.	The Permittee shall avoid any known or suspected archaeological and/or paleontological sites.	AVOIDANCE OF ARCHAEOLOGICAL AND/OR PALEONTOLOGICAL SITES
64.	The Permittee shall not remove, disturb, or displace any archaeological artifact or site, or any paleontological site or fossil.	DISTURBANCE OF ARCHAEOLOGICAL AND/OR PALEONTOLOGICAL SITES
65.	The Permittee shall ensure that all persons working under the authority of the permit are aware of these conditions pertaining to archaeological sites and artifacts as well as paleontological sites and fossils.	KNOWLEDGE OF ARCHAEOLOGICAL AND PALEONTOLOGICAL TERMS AND CONDITIONS

66.	<p>The Permittee shall immediately cease any activity should a suspected archaeological, paleontological, or burial site be discovered during the course of a land use operation. The Permittee is required to immediately contact the Land Administration division at Indigenous and Northern Affairs Canada at (867)975-4283 or (867)975-4285 or (867)975-4280 as well as the Department of Culture and Heritage at (867)934-2046 or (867)975-5500 or 1(866)934-2035.</p> <p>Permission to resume land use operations must be obtained from the Engineer. At such time the Engineer may, at his/her discretion, require that you have an archaeologist or palaeontologist perform the following functions:</p> <ul style="list-style-type: none"> (a) Survey, (b) Inventory and documentation of the archaeological or paleontological resources of the land use area, (c) Assessment of potential for damage to archaeological or paleontological sites, (d) Mitigation, (e) Marking boundaries of archaeological or paleontological sites, (f) Site restoration. 	<p>CEASE OPERATION OF LAND USE ACTIVITY</p>
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Species At Risk in Nunavut

This list includes species listed on one of the Schedules of SARA (*Species at Risk Act*) and under consideration for listing on Schedule 1 of SARA. These species have been designated as at risk by COSEWIC (Committee on the Status of Endangered Wildlife in Canada). This list may not include all species identified as at risk by the Territorial Government.

- a) Schedule 1 is the official legal list of Species at Risk for SARA. SARA applies to all species on Schedule 1. The term “listed” species refers to species on Schedule 1.
- (b) Schedule 2 and 3 of SARA identify species that were designated at risk by the COSEWIC prior to October 1999 and must be reassessed using revised criteria before they can be considered for addition to Schedule 1.
- (c) Some species identified at risk by COSEWIC are “pending” addition to Schedule 1 of SARA. These species are under consideration for addition to Schedule 1, subject to further consultation or assessment.

Schedules of SARA are amended on a regular basis so it is important to periodically check the SARA registry (www.sararegistry.gc.ca) to get the current status of a species.

Terrestrial Species at Risk	COSEWIC Designation	Schedule of SARA	Government Organization with Lead Management Responsibility
Eskimo Curlew	Endangered	Schedule 1	EC
Ivory Gull	Endangered	Schedule 1	EC
Ross's Gull	Threatened	Schedule 1	EC
Harlequin Duck (Eastern population)	Special Concern	Schedule 1	EC
Rusty Blackbird	Special Concern	Schedule 1	Government of Nunavut
Felt-leaf Willow	Special Concern	Schedule 1	Government of Nunavut
Peregrine Falcon	Special Concern (<i>anatum-tundrius</i> complex)	Schedule 1 (<i>anatum</i>) Schedule 3 (<i>tundrius</i>)	Government of Nunavut
Short-eared Owl	Special Concern	Schedule 3	Government of Nunavut
Peary Caribou	Endangered	Schedule 1	Government of Nunavut
Barren-ground Caribou (Dolphin and Union population)	Special Concern	Schedule 1	Government of Nunavut
Polar Bear	Special Concern	Schedule 1	Government of Nunavut
Red Knot (<i>rufa</i> subspecies)	Endangered	Pending	EC
Red Knot (<i>islandica</i> subspecies)	Special Concern	Pending	EC
Porsild's Bryum	Threatened	Pending	GN
Horned Grebe (Western Population)	Special Concern	Pending	EC
Grizzly Bear	Special Concern	Pending	Government of Nunavut
Wolverine (Western Population)	Special Concern	Pending	Government of Nunavut
Atlantic Cod, Arctic Lakes	Special Concern	No Schedule	DFO
Atlantic Walrus	Special Concern	Pending	DFO
Beluga Whale (Cumberland Sound population)	Threatened	Pending	DFO
Beluga Whale (Eastern Hudson Bay population)	Endangered	Pending	DFO

Beluga Whale (Western Hudson Bay population)	Special Concern	Pending	DFO
Beluga Whale (Eastern High Arctic – Baffin Bay population)	Special Concern	Pending	DFO
Bowhead Whale (Eastern Canada – West Greenland population)	Special Concern	Pending	DFO
Killer Whale (Northwest Atlantic / Eastern Arctic populations)	Special Concern	Pending	DFO
Narwhal	Special Concern	Pending	DFO

Updated: January 2012

