FUEL MANAGEMENT PLAN

KAHUNA GOLD PROPERTY
NUNAVUT, CANADA

Prepared for:

SOLSTICE GOLD

Prepared by:

APEX Geoscience Ltd.

November 2, 2018

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1 Introduction

This Fuel Management Plan ("FMP") applies to mineral exploration activities conducted by Solstice Gold Corp. ("Solstice" or "the Company") on the Kahuna Gold Property ("the Property" or "the Project"), Nunavut, Canada.

This FMP will come into effect as soon as all permits, licences and authorizations have been obtained for the Project. Copies and updates to this plan may be obtained via the Company or APEX Geoscience Ltd. ("APEX"). This FMP will be replaced, upon approval, if there are any significant changes to the activities outlined in the existing permits, which warrant changes to this FMP. Minor changes will be submitted as an addendum to this FMP and submitted to the distribution list as required.

1.1 Contact Details

Table 1. Company Contact Information

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1.2 Purpose and Scope

The primary objective of the Kahuna Gold Property FMP is to provide straightforward procedures for the storage and handling of fuels for the purpose of reducing the risk of environmental contamination and to ensure the health and safety of all personnel from the accidental release of deleterious materials. The FMP includes the following:

- Promote safe handling and use of all types of fuel.
- Reduce the likelihood of spills of all types of fuel.
- Identify responsibilities and procedures for all staff and contractors.
- Provide site specific information about the facilities and contingencies in place.
- Comply with federal and territorial government regulations and guidelines pertaining to transportation, storage, handling and disposal of any type of fuel.

1.3 Other Plans

The FMP should be considered as a part of the property-wide management system. Other management plans in place at the Kahuna Gold Property include:

- Emergency Response Plan ("ERP")
- Environmental Management Plan ("EMP")
- Abandonment and Restoration Plan ("ARP")
- Spill Prevention and Response Plan ("SPRP")
- Waste Management Plan ("WMP")

1.4 Project Description

The Kahuna Gold Property is located on Crown and Inuit Owned Land (“IOL”) in the Kivalliq Region of Nunavut, within the 1:250,000 scale NTS map sheets, 55J, K, N and O. The Property consists of 74 Mineral Claims owned 100% by Solstice Gold Corp. and 19 Mineral Claims owned 50% by Solstice and 50% Dunnedin Ventures Inc., approximately 10 km southwest of the community of Chesterfield Inlet and 30 km northeast of the community of Rankin Inlet (see “Kahuna Gold Project Location” Figure).

The Project area is currently covered by Crown-Indigenous Relations and Northern Affairs Canada (“CIRNAC”) Land Use Permit (“LUP”) N2015C0019, Nunavut Water Board (“NWB”) water licence 2BE-KDP1722 and Kivalliq Inuit Association (“KIA”) Land Use Licences KVL315B01 and KVRW16F01, held by Dunnedin Ventures Inc. ("DVI"). DVI is in the process of submitting amendments to the land and water use authorizations to remove the area covered by the Kahuna Gold Property, therefore removing any overlap in permits and licences.

The proposed work program will consist of staking, general mineral exploration (i.e. geological mapping, prospecting, geochemical sampling, lake bottom bathymetry, airborne and ground geophysical surveying) and diamond drilling. A total of 20,000 m of drilling (in approximately 75 to 100 holes), using 1 to 2 drills, are anticipated to be completed during the term of the authorizations. At this time, the drillhole locations have not been identified, but will be strictly confined to the Property Boundary as identified on the "Kahuna Gold Project Location” Figure. As soon as definitive locations are identified for drilling CIRNAC, NWB and the KIA (if on IOL) will be notified and supplied with coordinates, GIS data (such as shapefiles) and maps.

The Kahuna Gold Property mineral exploration programs will be supported by a temporary, seasonal exploration camp, located in the southern portion of the Property (575940E/ 6990898N, NAD83 Zone 15) on Mineral Claim K90309, 100% owned by Solstice. The Kahuna Camp is currently authorized under CIRNAC LUP N2015C0019 and NWB water licence 2BE-KDP1722, held by DVI. An agreement between the companies is in place allowing DVI to have a camp on a mineral claim, which is owned 100% by Solstice and authorizing Solstice to use the camp, which is permitted/licenced by DVI.

A Solstice fuel cache will be established adjacent to the DVI Kahuna Camp fuel cache and will be authorized in the new Solstice CIRNAC LUP and NWB water licence. The Solstice fuel cache will contain 300 drums (61,500 L) of diesel, gasoline and aviation fuel. In addition, small temporary fuel caches (less than 4,000 L), may be required to supply the drilling and exploration programs. Within 10 days of the establishment of any temporary fuel cache, CIRNAC, NWB and the KIA (if on IOL) will be notified of the details of the cache including: coordinates, fuel type, container sizes, method of storage and proposed date of removal. The temporary fuel cache coordinates will also be included in the annual reports submitted to CIRNAC, NWB and the KIA.

Exploration programs are anticipated to commence approximately February 1st and conclude approximately September 30th, annually. The average number of people on site

at one time will be 20, for a total of approximately 4,840 man-days. Drilling equipment and fuel will be mobilized to the Project in February from Rankin Inlet either via an overland winter trail, using Caterpillar Challengers and cargo sleds or by helicopter. The overland winter trail access is currently permitted by DVI under KIA Land Use Licence KVRW16F01 and an agreement between the companies is in place allowing Solstice to use the trail under the DVI Licence. While using the overland winter trail, Solstice will strictly adhere to the terms and conditions of Land Use Licence KVRW16F01, issued to DVI. A Solstice Right of Way Licence for use of the overland winter trail is currently under review with the KIA. Personnel and supplies will be transported to the Property either via a chartered plane or helicopter from either Chesterfield Inlet or Rankin Inlet.

One to two heli-portable diamond drill rigs will be used for the program. The drills will be configured such that they can be mounted on skids and when snow conditions allow, can be moved from drill site to drill site via overland haul using a Caterpillar Challenger. Drill crews will be based in the Kahuna Camp. As conditions allow, daily crew changes and service runs will be made by snowmobile and/or Bombardier tracked vehicles. For safety, a helicopter will be based on site and will be utilized to service the rig and drill crews when ground access is not feasible.

During the summer months, a helicopter supported drilling/exploration program will be undertaken and field crews will be transported to work areas, and drills moved from site to site, via helicopter. The Project will be demobed in September by Helicopter and/or chartered fixed-wing aircraft.

Prior to subsequent years program commencement all the regulatory authorities and will be notified and supplied with updated schedules.

2 Fuel Inventory

A fuel cache will be established proximal to the Kahuna Camp, primarily to store diesel and jet fuel, with smaller quantities of gasoline and propane. This camp cache will be managed under CIRNAC LUP N2015C0019 and NWB water licence 2BE-KDP1722, held by DVI.

A Solstice main fuel cache will be established adjacent to the DVI Kahuna Camp fuel cache and will be managed by Solstice under the terms and conditions of their CIRNAC LUP and NWB water licence. The Solstice fuel cache will contain 300 drums (61,500 L) of diesel, gasoline and aviation fuel. Small amounts (a couple of drums each) of diesel and gasoline will be stored at the active drillsites as needed for drilling. Other hazardous materials found at the Solstice main fuel cache and drill sites may include small quantities of various lubricants/oil/grease for drilling and maintenance of motorized equipment, cleaning products, and waste oil. If additional small temporary fuel caches are required to support the exploration field programs they will store less than 4,000 L of jet fuel.

The Solstice Project Field Supervisor is responsible for maintaining a detailed fuel inventory of all Solstice fuel and is in charge of overseeing the maintenance and monitoring of all Solstice fuel caches.

Further details regarding fuel storage, use, transfer and monitoring at the Kahuna Camp and associated cache can be found in the DVI management plans and terms and conditions associated with CIRNAC LUP N2015C0019 and NWB water licence 2BE-KDP1722.

3 Storage and Containment

Diesel, jet fuel, and gasoline will be stored in 205 litre (L) steel drums.

All fuels (as well as any other hazardous materials) located at drill sites or remote fuel caches will be stored within “Arctic Insta-Berms”, or similar products, for secondary containment. These types of berms utilize chemical and fire resistant fabric (generally polyurethane coated nylon or vinyl coated polyester material) designed for extreme arctic temperatures and puncture resistance. “RainDrain” or similar hydrocarbon filtration systems will be used to safely remove any water collected inside the berms, and as a safeguard against any potential overflows of contaminated water.

Fuel drums will be stored on their sides in organized rows with the bungs in the three o’clock and nine o’clock positions. Drums will be stood upright 1 to 2 days prior to use in order to allow any contaminants to settle.

Propane will be stored in 100 pound (lb) cylinders equipped with pressure relief valves Propane cylinders will be equipped with a pressure release valve that opens and closes to prevent a buildup of excessive internal pressure. Labels, showing data such as date of manufacture and re-testing dates, will be applied to the collar of the cylinders. Propane is non-toxic and will not contaminate soil, however secondary containment berms will be used for storage as a precaution. All propane cylinders will be secured for safety and stored away from any sources of ignition. Propane will likely only be required to be stored and used at the Kahuna Camp and will be managed as per the terms and conditions of CIRNAC LUP N2015C0019 and NWB water licence 2BE-KDP1722.

All fuel use, storage and transfer areas will be located a minimum distance of 31 m from the normal high water mark of any water body. Spill kits and firefighting equipment will be strategically located near where any fuel (and any other hazardous materials) are used, stored or transferred, including drill sites, remote fuel caches and in the helicopter.

4 Fuel Transportation and Transfer

Drilling equipment and fuel will be mobilized to the Project in February from Rankin Inlet either via an overland winter trail, using Caterpillar Challengers and cargo sleds or by helicopter. If any additional fuel is required in the summer, it will be mobilized to the Kahuna Camp by charter flight or helicopter from Chesterfield Inlet or Rankin Inlet. Fuel will then be transported to caches or drill sites by overland haul using a Caterpillar Challenger with skids (as ground conditions allow) in winter and slung by helicopter in the summer. Drums will be inspected prior to being transferred to the main Solstice fuel cache adjacent to the Kahuna Camp to identify any defects (i.e. torn, missing, or twisted gaskets, etc.); a second inspection will be performed upon arrival at the main Solstice Cache.

Regulations outlined in the Transportation of Dangerous Goods Act, and other relevant legislation, will be observed at all times during transport of Solstice fuel (and any other hazardous materials), including preparation of shipping logs and documents for carriers.

All drums will be inspected for leaks and defects prior to and after any transport. Empty drums will be removed from drill sites and remote exploration caches and returned to the main Solstice cache.

Electric or hand wobble pumps equipped with filtration devices will be used for the transfer of diesel, jet fuel, and gasoline from their storage containers directly to their end-use fuel tanks. Portable drip trays or mini-berms will be used to mitigate the risk of any spillage, and fully stocked spill kits will be available at all drill sites and other refueling stations. Proper grounding procedures will always be used during fuel transfer while using an electric pump. Cigarette smoking, sparks, open flames, and any potential ignition sources are prohibited within 100 m of any fuel storage site and at all times during fuel transfer.

When transferring fuel, the drum will be stood upright and blocked with the high side at 12 o'clock, the bung at 3 o'clock, and the vent at 9 o'clock to prevent water or dirty fuel from reaching the openings. The standpipe will be placed in a manner so that it will not be able to reach the lowest point in the drum, thus ensuring any contaminants will remain in the drum.

Any personnel who are required to handle or store fuel will receive appropriate training, including instruction in the operation and maintenance of fuel transfer and storage equipment. All on-site personnel will receive training as outlined in the Kahuna Gold Property "Spill Prevention and Response Plan".

5 Signs, Labels, and Inspections

All drummed fuel will be clearly labeled in accordance with the Workplace Hazardous Materials Information System ("WHMIS") and other applicable legislation. Labels will include, but not limited to, the type of fuel, safe handling procedures, reference to Material Safety Data Sheets ("MSDS"), company name, and the date of delivery to site. Signs with the same information, along with MSDS for each fuel type will be posted at each fuel storage or transfer site. "No Smoking" signs will be posted at fuel caches and drill sites.

Monitoring of drums, fuel transfer equipment, and secondary containment will be ongoing during the exploration program. Inspections will be conducted each time a remote fuel cache is accessed or hazardous material used at the drill, to identify any damaged or leaking containers, and the findings reported in a fuel inspection record/log. Any damage discovered, which has not yet cause a leak will also be recorded. Any leaks or spills will be reported and contained as outlined in the Kahuna Gold Property "Spill Prevention and Response Plan".

The Solstice Project Field Supervisor is responsible for supervising the monitoring and inspection program and keeping a detailed inventory of all Solstice fuel (and any other hazardous materials) at the Solstice main fuel cache, remote caches and drill sites.

6 Spill Kits

Spill kits will be located at the drill site and fuel caches. See the Kahuna Property "Spill Prevention and Response Plan" for further details regarding spill kits, spill response and reporting procedures.

7 Applicable Legislation and Guidelines

Acts, regulations, and guidelines that apply to the storage, handling, and transport of fuel include, but are not limited to:

7.1 Federal

- Canadian Centre for Occupational Health and Safety Act
- Canadian Environmental Protection Act
- Fisheries Act
- Nunavut Waters and Nunavut Surface Rights Tribunal Act
- Transportation of Dangerous Goods Act
- National Fire Code of Canada
- Northern Land Use Guidelines
- Workplace Hazardous Materials Information System
- CCME Environmental Codes of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products
- Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations
- Guidelines for Spill Contingency Planning

7.2 Territorial

- Fire Prevention Act
- Environmental Protection Act
- Mine Health and Safety Act and Regulations
- Safety Act
- Nunavut Occupational Health and Safety Regulations
- Environmental Guideline for the General Management of Hazardous Waste

Figure 1. Kahuna Gold Property Location