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RE: Comments Response for the SPC Muskox Nickel Project NWB Water Licence Application

SPC Nickel Corp. (”SPC” or the “Company”) has reviewed the comments provided from Crown-Indigenous Relations and Northern Affairs Canada (“CIRNAC”) and Environment and Climate Change Canada (“ECCC”) regarding the Muskox Nickel Property (the “Property or the “Project”) Nunavut Water Board (“NWB”) Water Licence application. The company would like to express appreciation for the time CIRNAC and ECCC staff spent reviewing the licence application and providing their comments.

Response to Crown-Indigenous Relations and Northern Affairs Canada

CIRNAC #1: Impact on Community Drinking Water Supply

SPC is committed to take every reasonable precaution toward ensuring the protection and conservation of the natural environment from any potential harmful effects of materials and operations of the Project. The community drinking water supply will be protected through policies and procedures, which adhere to all legislation and the terms of conditions in all Property specific authorizations, including the NWB water licence, CIRNAC Land Use Permit (“LUP”) and Kitikmeot Inuit Association (KIA) Licence, as well as the numerous mitigative measures put forth in the SPC Muskox Nickel Property management plans including the Environmental Management Plan, Spill Contingency & Fuel Management Plan, Waste Management Plan, Emergency Response Plan and Abandonment & Restoration Plan. These mitigation measures include, but are not limited to:

- Appropriate and approved storage locations and containers within secondary containment for all fuel and other hazardous materials stored at the Project.
- All fuel, other hazardous materials, sumps, camps, equipment, waste and drilling activities will be a minimum of 31 metres away from the ordinary High Water Mark of any waterbody or watercourse.
- Biodegradable drill additives will be used whenever possible.
- Recirculation and filtration equipment will be used to minimize the amount of water used and additives released into the environment.
- Any residual drill waste, including water, chips, muds and salts (CaCl2) will be disposed of in a properly constructed excavated sump or an appropriate natural depression located at a distance of at least 31 metres from the ordinary High Water

Mark of any adjacent waterbody or watercourse and positioned down slope from the drill collar in such a manner where direct flow into a waterbody or watercourse is not possible and no additional impacts created.

- If any artesian water flow is detected, the hole will be plugged and cemented in bedrock to prevent continued flow. Any artesian water flow will be reported to CIRNAC and the NWB.
- Withdrawal of water from any stream shall not exceed ten (10) per cent of the low flow of that stream.
- Withdrawal of water from a waterbody will never be such a sufficient volume that drawdown will occur.
- All water intake hoses will be equipped with a screen of an appropriate mesh size to ensure that fish are not entrained, and the water will be withdrawn at a rate to ensure fish do not become impinged on the screen.
- Necessary controls will be put into place to ensure that no activities will cause erosion to the banks of any waterbody or watercourse.
- Sediment and erosion control measures will be implemented prior to and maintained during the program to prevent entry of sediment into any waterbody or watercourse.
- No open burning or on-site land filling of domestic waste will occur. All acceptable combustible materials (food waste, paper, cardboard, untreated wood products) and sewage will be disposed of in an incinerator designed for that type of waste. All incinerator ash, non-combustible and/or hazardous materials will be backhauled and disposed of at a licenced and accredited disposal facility.

CIRNAC #2: Drilling Additives

Although the exact list of drill additives is not known at this time, a list of the potential (common) drill additives that are likely to be used at the Project are listed in “230511 - SPC Muskox Nickel Project Exploration-Remote Camp Questionnaire” and “230101 - SPC Muskox Nickel Project Spill Contingency & Fuel Management Plan.” The SDS/MSDS are also provided in Appendix 2 of the Spill Contingency & Fuel Management Plan. The Spill Prevention and Response Plan will be updated with appropriate SDS/MSDS sheets once the exact additives are determined.

The only drill additive listed as toxic is Calcium Chloride (CaCl2), which will disposed of in a properly constructed excavated sump or an appropriate natural depression located at a distance of at least 31 metres from the ordinary High Water Mark of any adjacent waterbody or watercourse and positioned down slope from the drill collar in such a manner where direct flow into a waterbody or watercourse is not possible and no additional impacts created.

As much as possible, drilling will utilize hot water, but if required CaCl2 will be used. CaCl2 is used to lower the freezing point of drill fluids to allow them to remain in liquid form while drilling in freezing subsurface conditions. The concentration of the Calcium is closely monitored to ensure the minimum and maximum requirements are not missed or exceeded. A properly managed salt concentration will assist in reducing salt consumption, minimizes freezing in and possible solidification if too much is used. The use of refract meters will help monitor and maintain the proper mixture.

Through recirculation and filtration equipment the amount of water used and additivities released into the environment will be minimized.

CIRNAC #3: Drilling Waste Management

The Waste Management Plan has been updated to include section 3.5 (Drilling Fluids) to address the management of drill grey water.

The only drill additive that may be toxic is Calcium Chloride (CaCl2), which will disposed of in a properly constructed excavated sump or an appropriate natural depression located at a distance of at least 31 metres from the ordinary High Water Mark of any adjacent waterbody or watercourse and positioned down slope from the drill collar in such a manner where direct flow into a waterbody or watercourse is not possible and no additional impacts created.

CIRNAC #4: Quantify Water Usage for Drilling

Flow meters will be installed at the drilling rigs and at camp to record and ensure the maximum daily water usage of 289 m3/day for drilling and 10 m3/day for camp is respected. Water usage data will be included in the Annual Reports submitted to CIRNAC, NWB and the KIA.