CANADA NICKEL CORP.

FUEL MANAGEMENT PLAN

PETER LAKE PROJECT

NUNAVUT, CANADA

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1.0 INTRODUCTION

The purpose of Canada Nickel Corp.'s Fuel Handling Plan is to provide a plan of action for any spill event during the Company's exploration program in the Rankin Inlet area, Nunavut. This Plan provides the protocols for responding to spills (or potential spills) that minimizes health and safety hazards, environmental damage and clean up costs as well as defining responsibilities of response personnel.

The area of exploration is 40 kilometres west-northwest of Rankin Inlet within NTS maps 55N/1 and 55N/2.

The duration of exploration programs in this region typically extend from March to October. Work could involve mobile skid-mounted drilling in the spring and helicopter supported diamond drilling, mapping, sampling, prospecting and ground geophysical programs during the summer months.

2.0 GENERAL INFORMATION

Diesel, aviation fuel, propane and gasoline will be stored in temporary fuel caches of 9 to 15 barrels. These fuels must be stored in a manner that minimizes risks to the environment, personnel and contractors; while minimizing and preventing the potential impact of infrastructure developments. Fuel will be transported and stored in 205 litre drums. All fuel will be stored safely and securely within secondary containment.

3.0 GOAL

To ensure that the storage of fuel is done in a manner that is environmentally sound and safe to personnel and contractors.

4.0 FUEL CACHE LOCATIONS

All JET A, gasoline and diesel fuel will be stored in 205 litre steel drums. The locations of these temporary fuel caches are indicated on the enclosed 1:25,000 scale map. Quantities of up to 15 drums of JET A, 15 drums of diesel and 1 drum of gasoline will be located a minimum of 31 metres from normal high water mark and in such a manner that no fuel can enter any such water body. All fuel caches with 205 litre steel drums will have secondary containment in the form of Arctic Insta Berms that are provided by Raymac Environmental Services Inc.

5.0 STORAGE TYPES

5.1 Drums

Fuel caches containing greater than 19 drums of fuel (> 4,000 litres in size), and/or fuel caches that contain re-filled drums require secondary containment (INAC, March 2009). Drummed fuel caches will be stored at a minimum of 31 metres from the normal high water mark of any water body and such that there is no possibility of a potential spill from entering any water body. Drums will be stored in neat rows on their sides with bungs facing at the 3:00 and 9:00 position.

See Appendix A for the location of the temporary fuel caches, which are shown on a 1:25,000 scale map.

6.0 SECONDARY CONTAINMENT

Secondary containment structures will be capable of holding 110 percent of the volume of the largest fuel reservoir that is housed within the secondary containment. These structures will be of sufficient height and depth to hold any potential spill or failure and will be made of material that is sufficiently durable to withstand Nunavut's climate and the natural terrain. Secondary containment structures will comply with all applicable federal and territorial laws, regulations and guidelines. All secondary containment structures will be installed and used in strict accordance with manufacturer's, SEI Industries Ltd., specifications and directions.

See Appendix B for more information and drawing of the secondary containment berm design.

7.0 FUEL TRANSFER STATIONS/AREAS

Personnel will transfer fuel from drums to the drilling equipment (diesel fuel) and helicopter (JET A Fuel) utilizing electric pumps. Care will be taken to ensure the fuel tanks on the equipment are not overfilled. All filling will be performed by trained, qualified personnel within the area of secondary containment.

8.0 SIGNS AND LABELS

All drummed fuel will be clearly labelled with the name of the company, the date of delivery to the site and the type of fuel contained within. Signs will be erected at each fuel cache with the same information. "NO SMOKING" signs will be erected at each fuel cache area.

9.0 INSPECTIONS

Fuel caches containing greater than 19 drums of fuel and fuel bladders containing fuel will be inspected daily. Secondary containment structures will also be inspected daily for signs of punctures, failures, leaks, etc. A record of these inspections will be kept in with the project files and will be available to the Inspectors upon request. The inspection records will be appended in the annual report.

10.0 SPILL AND REPAIR KITS

A spill kit capable of addressing potential spills (based on type, location and volume of fuel cache) shall be located at each fuel cache and with the diamond drilling equipment.

A repair kit for the secondary containment berms will be on site.

11.0 TRAINING

Proper use and monitoring is paramount to safe fuel storage and handling. Personnel that will be tasked with handling and inspecting will be required to receive proper and adequate training. This training will be provided by the drilling contractor and

helicopter company to their respective personnel. Training will include, but not be limited to the following areas:

- Operations/Maintenance
- Spill - First Responder (for more information on spill response, refer to the Spill Contingency Plan)
- Repair Kit Use

12.0 TRANSPORTATION

12.1 Overland

Overland transport of fuel will be conducted utilizing Challengers hauling large sleds. All overland convoys will carry spill kits sufficient for handling any spills that may occur enroute. Should a spill occur during the overland haul, the coordinates of the spill will be recorded and the spill will be reported as soon as possible. Empty fuel drums will be used to collect stained snow and will be removed top Rankin Inlet for proper storage.

12.2 Air

Fuel will be transported to the fuel caches by helicopter from the M & T warehouse area in Rankin Inlet.

12.3 Empty Drums

Empty fuel drums will be flown back into the M & T warehouse area in Rankin Inlet for re-use.

Any full drums will be flown out to Rankin Inlet and donated or sold to the community.

Any unused drilling additive, oil or grease will be returned to Rankin Inlet.

All secondary containment berms will be dismantled and returned to Rankin Inlet for storage.

13.0 APPLICABLE LEGISLATION AND GUIDELINES

Acts, Regulations, and Legislation that applies to the storage, handling and transport of fuel are presented in:

Federal:

- National Fire Code of Canada (Federal)
- Storage Tank Systems For Petroleum Products and Allied Petroleum Products Regulations
- Federal Aboveground Storage Tank Technical Guidelines
- CCME Environmental Codes of Practice for Underground and Aboveground Storage Tank Systems
- Transport of Dangerous Goods Act
- The Workplace Hazardous Materials Information System (WHMIS)
  Workers' compensation Board

- Canadian Environmental Protection Act
- Fisheries Act
- Environmental Protection Act
- Guidelines for Spill Contingency Planning, Indian and Northern Affairs Canada
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Territorial:

- Fire Prevention Act (Territorial)
- Nunavut Waters Act
- Nunavut Surface Rights Tribunal Act
- Indian and Northern Affairs Canada *Draft* Recommended Best Practices For The Storage And Handling Of Petroleum And Allied Petroleum Products On Federal Crown Lands In Nunavut, March 2009
- Nunavut "Guideline for the General Management of Hazardous Waste"
- The Mine, Health and Safety Act and Regulations (Nunavut)
- The NWT and Nunavut Safety Act, the Occupational Health and Safety Regulation