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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: 2BM-ULU1520; Licence Assignment

September 10, 2019

Ms. Belinda Labatte
Director, Bonito Capital Corporation
76 Richmond Street East, Suite 330
Toronto, ON M5C 1P1

Mr. Stephen Wilkinson
President & CEO, Blue Star Gold Corp.
Suite 1125, 595 Howe Street
Vancouver, BC V6C 2T5

Email: b.labatte@mandalayresources.com

Email: s.wilkinson@shaw.ca

Subject: Assignment of Licence 2BM-ULU1520 – from Bonito Capital Corporation (Assignor) – to Blue Star Gold Corporation (Assignee)

Dear Ms. Labatte and Mr. Wilkinson:

On August 9, 2019, the Nunavut Water Board (NWB or Board) received an application to assign the Licence 2BM-ULU1520 (Licence) from Bonito Capital Corporation (BCC) to Blue Star Gold Corporation (Blue Star) pursuant to Section 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act (Act)*.

The Board gave public notice of the application for assignment on August 12, 2019, and invited interested persons to provide comments. A submission was received¹ from Crown-Indigenous Relations and Northern Affairs (CIRNA). No adverse environmental effects were identified that would result from the assignment of the Licence to Blue Star. However, CIRNA did emphasize the need for Blue Star to post the full security amount with the Minister prior to their releasing of BCC's security currently held, as detailed below.

Pursuant to Section 44(1) of the Act, the Board is satisfied that the assignment of operation of the appurtenant undertaking by the prospective Assignee is unlikely to result in a contravention of any condition of the Licence or any provision of the *Act* or the regulations. Therefore, in accordance with Section 44(2) of the *Act*, **the Board hereby authorizes the assignment of Water Licence 2BM-ULU1520 from:**

the Assignor, Bonito Capital Corporation to

¹ Letter to NWB from CIRNA Re: Water Licence Assignment Application, #2BM-ULU1520, dated August 27, 2019.

the Assignee, Blue Star Gold Corporation.

(**Motion #2019-B1-021**) effective on September 10, 2019, will be placed on the NWB Public Registry.

All **terms and conditions of this Licence remain in effect**. Sections 85 to 94 of the *Act* provide the provisions for the enforcement of this Licence. The Minister of Crown-Indigenous Relations and Northern Affairs (CIRNA) has the power to designate inspectors and/or analysts to identify or determine inspection and compliance related issues. The NWB recommends that Blue Star contact the Inspector for CIRNA in Iqaluit to obtain a copy of any enforcement documents related to this licence.

The Board would like to take the opportunity to highlight the following matters that will require immediate action by Blue Star.

Security Requirements (Part B, Items 2 to 7)

As per CIRNA comments received on August 27, 2019, the NWB is including the condition for Blue Star to post security with the Minister of CIRNA within 30 days of issuance of this Licence Assignment. Note that as indicated by CIRNA the amount of security previously provided by Bonito to CIRNA was \$332.00 less than the amount stipulated by the Licence, and Blue Star will be required to post the full amount of \$1,685,542. Once CIRNA has received security from Blue Star, it is the Board's understanding that they will release security previously provided by Bonito.

Annual Report (Part B, Item 8)

The Nunavut Water Board (NWB or Board) has noted that an Annual report was not submitted for the years of 2017 and 2018, and reminds the Licensee that in accordance with Licence conditions, they are to submit an annual report describing all activities or indicate that no activities have taken place for the year.

Updates to Management Plans (Part B, Item 15)

Including the following:

- Solid and Hazardous Waste Management Plan (Part D, Item 13),
- Spill Contingency Plan (Part E, Item 1),
- Care and Maintenance Monitoring Plan (Part I, Item 1),
- Interim Closure and Reclamation Plan (Part I, Item 2), and
- Quality Assurance and Quality Control Plan (Part J, Item 8, that includes a cover letter from an accredited laboratory confirming acceptance of the Plan for analyses to be performed under this Licence).

Blue Star shall submit to the Board for review, 90 days prior to the start of any onsite activities, updated editions of all Management Plans in accordance with Part B, Item 15, that include current contact information and address the change in the Licence holder and planned activities on site.

If you have any inquiries related to procedural matters for the Application, please contact Richard Dwyer, Manager of Licensing, at (867) 360-6338 (ext. 27) or by email at licensing@nwb-oen.ca. For inquiries related to technical matters, please contact Derek Donald, Technical Advisor, at (867) 360-6338 (ext. 32) by email at derek.donald@nwb-oen.ca.

Sincerely,

Lootie Toomasie
Nunavut Water Board, Chair

LT/dd/rqd

Cc: Distribution List – Kitikmeot