

Hood River Gold Project

Purpose

The purpose of the Hood River Gold Project (the Project) is to conduct exploration-related activities to assess previously identified gold targets, to conduct prospecting to locate new gold targets and to explore these targets. Exploration activities may include geophysical surveys (ground based and airborne), diamond drilling, RAB/RC drilling, surface geochemical sampling, test pitting, trenching, geological mapping, and prospecting. Environmental and heritage resources baseline studies may be undertaken to inform future project planning and mitigate potential program impacts. Works will be based either regionally, or out of a camp to be established on the property, or out of a camp established on nearby properties, should permitting and availability exist (the Program).

Current and past authorizations exist for exploration related activities on the property, including mapping, sampling, geophysics, drilling, prospecting, operating a camp, conducting archaeology and environmental baseline studies. These authorizations are:

- NIRB screening 07EN067, 14EN033;
- NWB water licence 2BE-HRP1419;
- KIA Land use licence KTL314C010 (expired);
- NTI Mineral Exploration Agreement HOODRIVER-001.

The purpose of this application is to:

- Renew the existing water licence 2BE-HRP1419;
- Amend the existing water licence to allow for establishment of a temporary camp and the related domestic water use and waste deposit;
- Renew the expired land use licence to allow for exploration, temporary camp establishment and future potential environmental and heritage resources baseline studies.

For reference, Blue Star Gold Corp. is formerly known as WPC Resources Inc., wholly owns Inukshuk Exploration Incorporated, and has an exclusive option agreement with Mandalay Resources Corporation to acquire the adjacent Ulu property. Note that exploration at Ulu is outside the scope of this application; the relationship to Ulu is described here for parties' information only.

Location

The Program will occur at a site known as the Hood River Gold Project, located approximately 210 km southeast of Kugluktuk in the Kitikmeot Region, Nunavut. The Project is currently accessible by air only. The Project is located on Inuit-owned land, and is immediately adjacent to the Ulu property.

Scope

To execute the Program, renewal of existing and historically permitted activities is being sought along with approval of additional activities. In summary, the following may occur over the life of the project:

- Constructing and operating a seasonal temporary camp able to support up to 60 people;
- Staking and prospecting;
- Drilling both on land and on ice using diamond and/or rotary air-blast/reverse circulation drilling;
- Mobilization, drill support and access via helicopter and fixed wing aircraft;
- Diesel and jet fuel to be cached at several locations proximal to drill targets and at the camp, and propane to be cached at the camp site;
- Staging to occur via the local existing Ulu airstrip, a regionally accessible airstrip and/or sea lift;
- Local overland winter access for camp and drill support;
- Temporary use of regionally available accommodations and support services;
- Archaeological overview and site assessments, where required;
- Baseline environmental studies.

As is typical in the early days of an exploration program, it is expected that the Project will start small and expand based on positive exploration results. Accordingly, the following estimations have been made to support Program planning, permitting and licensing. These approximations are reflected as accurately as possible in the online forms associated with this submission:

- Initial Program will occur in summer and fall 2019, including up to 30 people for a period of 3 months, or as weather permits, and will involve 2 drills, airborne and ground surveys, staking and establishment of a camp;
- Based on results, the Program could expand in duration and magnitude to include seasonal work extending from March to November utilizing up to 6 drills and housing up to 60 persons in a camp onsite;
- Based on a currently unknown rate of the Program expansion, typical materials and equipment used and waste generation are estimated based on the maximum program magnitude and duration.

Timing

The Program is planned to commence upon receipt of approvals and is expected to be seasonal. In the near term, summer drilling only is planned, with camp operation occurring between May and October. It is possible that on ice drilling in spring may occur in subsequent years, with the camp opening in March. Seasonal closure of camp will typically occur during winter months.

It is expected that the Program, as currently scoped, will last up to 5 years, which is the expected duration of a Type B water licence.

Equipment and Materials

Equipment used on site may vary in size and number but is generally expected to include:

- Drill rigs;
- Helicopters;
- Fixed wing planes;
- Generators;
- Water pumps;
- Snowmobiles;
- Snow cats;
- Small watercraft;
- Compressors;
- ATV;
- Skidsteer;
- Incinerator.

Similarly, materials and supplies used and stored on site may vary in quantity, type and size, but generally are expected to include:

- Diesel;
- Gasoline
- Jet fuel;
- Propane;
- Various lubricants, greases and coolants;
- Inert drilling fluids;
- Calcium chloride;
- Acetylene;
- Oxygen.

Materials will be stored and handled properly, in such a manner as to minimize potential impacts to land and water, such as use of secondary containment. Fuel may be stored and/or transported in designated containers including jerry cans, tidy tanks, drums, fuel cubes, bladders or equivalent.

Alternatives

Alternatives to the project as currently scoped have been considered and involve use of regional accommodations in lieu of constructing a new camp, use of the existing facilities at Ulu, and a no-go decision for the project.

Using regional accommodations may occur for short durations while a camp is not operational at Hood River, however, this is not viewed as a sustainable solution over the longer term given the distance to nearby communities, and the related cost and increase in traffic involved in transiting this distance on a frequent basis.

Discussion with the Ulu land owner and property owner indicate that the Ulu camp is not currently available for use for exploration crews as space is limited and reclamation is currently ongoing on site.

A no-go decision is not in the interests of Blue Star shareholders, and would limit future opportunities for Nunavummiut. Accordingly, none of these are favorable alternatives.

Stakeholder Engagement

Prior to submission of these applications, discussions about this Program have been initiated with the following organizations, a number of which occurred in person in Kugluktuk, Cambridge Bay and Vancouver: Kugluktuk, Burnside and Omingmaktok Hunters' & Trappers' Organizations; resident of Kugluktuk and Cambridge Bay; NTI; the KIA; the NPC; the NIRB; the NWB; the GN; CIRNAC; CanNor; other operators in the region; various local and regional service providers and operators. Ongoing engagements, including in person meetings in Iqaluit, Kugluktuk, Cambridge Bay, Toronto and Vancouver are planned to occur over the upcoming months.

Environmental Effects

Potential environment effects and suitable mitigation measures have been considered and are presented below in Table 1. Relevant management plans are being drafted and will be made available to parties for review and comment during the NIRB screening process and during water licencing.

Table 1 - Summary of potential environmental effects

Ecosystem Component	Potential Effect	Proposed Mitigation
Land	Impairment	<p>Store all fuel and chemicals in suitable secondary containment, and inspect as required.</p> <p>Use adequate secondary containment at refueling stations.</p> <p>Maintain appropriate spill response equipment adjacent to fuels storage areas.</p> <p>Move equipment overland only when conditions are such that rutting or gouging will not occur.</p> <p>Backfill and cap drill holes prior to the end of each field season.</p> <p>Ensure cuttings sumps are stable prior to the end of each field season.</p>
Fish	Impingement, entrapment	<p>Equip water intake hoses with appropriately sized mesh screens.</p> <p>Avoid water withdrawal from streams and small lakes.</p>
Wildlife	Human-wildlife encounter	Keep waste, fuels and chemicals inaccessible to wildlife at all times.
	Disturbance	<p>Where possible:</p> <ul style="list-style-type: none"> • restrict aircraft and helicopter activity to 610 m above ground. • restrict aircraft and helicopter activity to 100 m vertical and 1,500m horizontal from observed colonies of migratory birds. • avoid aircraft/helicopter touch down where wildlife is present.

		<ul style="list-style-type: none"> cease activities that may interfere with caribou or muskox migration or calving, until the animals have left the area.
Air Quality	Impairment	<p>Incinerate camp wastes in compliance with the Canada Wide Standards for Dioxins and Furans and Mercury.</p> <p>Avoid incineration of waste oil/grease on site.</p>
Water Quality	Impairment	<p>Store fuel, calcium chloride and other hazardous materials in appropriate containment, greater than 31 m above the high water mark of any watercourse.</p> <p>Refuel equipment, greater than 31 m above the high water mark of any watercourse.</p> <p>Implement erosion control where necessary, to prevent sediment from entering any waterbody.</p> <p>Deposit inert drill water in a suitable sized upland sump, greater than 31 m above the high water mark of any watercourse.</p>