



ABANDONMENT & RESTORATION PLAN BAFFIN GOLD PROPERTY KIVALLIQ ENERGY CORPORATION

Prepared By: Andrew Berry, Chief Operating Officer

Effective Date: June 1, 2017

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1. Introduction

This Abandonment and Restoration Plan (ARP) applies specifically to Kivalliq Energy Corporations (Kivalliq Energy) Baffin Gold Property and will come into effect as of June 1, 2017. The Baffin Gold Property is located 360 kilometres northwest of Qikiqtarjuaq and 260 kilometres southwest of Clyde River in the Qikiqtani Region of Nunavut.

The purpose of this Abandonment and Restoration Plan is to provide guidelines for seasonal shutdowns and final closure and reclamation of the Baffin Gold Property. A copy of this plan will be kept in the office at site and at the head office in Vancouver. Copies of this plan may be obtained from Kivalliq Energy Corporation.

Kivalliq Energy is an exploration company with a Nunavut focus. The company endeavors to take every reasonable precaution toward ensuring the protection and conservation of the natural environment, and the safety and health of all employees and contractors from any potential harmful effects of stored materials and operations.

This Abandonment and Restoration Plan should be used in conjunction with other property plans and best management practices. Other plans at the Baffin Gold Property include:

- Waste Management Plan
- Emergency Response Plan
- Environmental and Wildlife Management Plan
- Field Safety Manual
- Fuel Management Plan
- Spill Contingency Plan

1.1. Corporate Details

Kivalliq Energy Corporation
Suite 1020- 800 West Pender Street
Vancouver, British Columbia, V6C 2V6
Tel: (604) 646-4527
Fax: (604) 646-4526
www.kivalliqenergy.com

1.2. Project Description

The Baffin Gold Property on Baffin Island in the Qikiqtani Region of Nunavut consists of 15 prospecting permits, 6 mineral claims and two Mineral Exploration Agreements (MEA's) with Nunavut Tunngavik Inc. (NTI) on Inuit Owned Land Parcel BI-35. The property is located 260 kilometres southwest of Clyde River and 360 kilometres northwest of Qikiqtarjuaq, measures approximately 160 kilometres in an east-west direction by approximately 30 kilometres north-south and comprises a total area of 408,981.6 hectares (Appendix A)

All prospecting permits, mineral claims and the MEA's are contiguous and the property extends north, south, east and west between latitudes 68.375° and 68.75° North and longitudes 70.5° and 74.5° West in NTS map areas 027 B/05, 027 B/12, 027 B/11, 037 A/06, 037 A/07, 037 A/08, 037 A/09 and 037 A/10 (UTM coordinates:

7,584,000mN to 7,615,000mN and 520,500mE to 622,500mE, NAD83, Zone 18 and 7,586,000mN to 7,628,500mN and 377,500mE to 439,500mE Zone 19).

The work proposed for this 2017 exploration program consists of prospecting, geological mapping, rock and soil/till sampling, airborne and ground geophysical surveying, drone surveying, and fuel transport (fixed wing). No buildings, equipment or waste will remain once the project is complete. Kivalliq Energy will carry out progressive reclamation of any components of the project no longer required for operations.

The Baffin Gold Property consists of both Crown and Inuit Owned Lands (IOL) in the Qikiqtani Region of Nunavut. Applications for land use permits and water use licence have been submitted to the Qikiqtani Inuit Association (QIA) Indigenous and Northern Affairs Canada (INAC) and the Nunavut Water Board (NWB). In accordance with the terms and conditions of these authorizations, Kivalliq Energy will return the land to as near its original natural state as is practical and possible.

2. Schedule

The proposed 2017 exploration program for the Baffin Gold Property will be conducted from June through to September. Mobilization of crews and equipment will commence in June 2017. A seasonal shutdown will take place at the completion of exploration activities for the year, September 2017.

The final abandonment and restoration of the camp sites will begin once the program is complete and no further work is warranted. Subject to periodic renewals, all work described in this plan will be completed prior to the date of expiry of the land use permits and water licences authorizing work. Empty fuel drums will be removed from site regularly. Once a fuel cache is retired, a thorough inspection will be conducted. Any contamination will be cleaned up according to the Spill Contingency Plan and debris will be removed from the site.

3. Infrastructure

3.1. Commander Resources Ltd. Dewar Lakes Camp

Kivalliq Energy intends to utilize Commander Resources Ltd.'s existing Dewar Lakes Camp (Permits Pending) on Crown lands administered by INAC to facilitate the program. The camp is located at 68°37'59" N Lat., 71°06'38" W Long. and was operated seasonally from 2001 to 2011 but has been unoccupied since 2012. In June 2017, Commander will mobilize a crew to rehabilitate the camp and prepare it to accommodate field personnel. As the permittee, Commander Resources Ltd. has a separate ARP in place for the Dewar Lakes Camp. This document is consistent with the Commander ARP.

3.2. Kivalliq Energy Corp. Temporary Field Camps

Due to the size of the property Kivalliq Energy is permitting two temporary fly camps to accommodate workers and provide effective daily access to and from priority target areas that are remote from the Dewar Lakes camp location. The proposed Malrok Fly Camp will be located adjacent to Malrok Lake on IOL BI-35 on Inuit Owned Lands administered by QIA at 68° 30' 06" N Lat., 72° 27' 08" W Long. The proposed Tuktu Fly Camp will be

located on Crown lands proximal to the Fox-B Airstrip and adjacent to Nadluardjuk Lake at 68° 37' 10" N Lat., 73° 12' 45" W Long.

The temporary fly camps will accommodate up to 15 people and will be comprised of:

- 1- Kitchen Tent
- 1- Office Tent
- 1- Dry Tent
- 1- Utility Tent
- 1- Toilet Facility (Pactos or Latrines)
- 5- Crew Accommodations (1 tent will house the First Aid Attendant and First Aid Equipment)
- 1- Generator Shack
- 1- Portable fuel-fired incinerator

The structures will consist of a combination of WeatherPort vinyl tents, canvas prospectors' tents and small plywood sheds. The field camps will be fully closed and dismantled completely once exploration activities cease. The sites will then be reclaimed and restored to their original state.

3.3. Fuel Caches

To support operations at Kivalliq's temporary fly camp facilities, limited capacity fuel caches (up to 60 drums) are required. These fuel caches will be established and operated in accordance with Kivalliq Energy's Fuel Management and Spill Contingency Plans.

- All fuel drums will be stored in secondary containment berms.
- All secondary containment berms will be capable of holding 110 percent of the volume of the largest fuel reservoir that is housed within the secondary containment.
- All secondary containment will be of sufficient height and depth to hold any potential spill or failure.
- Secondary containment berms will be made of material (Arctic Grade) that is sufficiently durable to withstand Nunavut's climate and the natural terrain.
- Secondary containment berms will be equipped with hydrocarbon filtration systems (rain drains) to safely remove water that is collected inside the berms.
- Secondary containment berms will be inspected daily during operations.
- Within the secondary containment berms fuel drums will be stored in rows on their sides with bungs facing at the 3:00 and 9:00 position.
- Propane cylinders will be stored standing up and away from any potential sources of ignition.
- All drums, tanks and hoses will be regularly inspected for leaks.
- All fuel storage sites will be located a **minimum** of 31 metres from the normal high-water mark of any water body and will be inspected regularly.
- Spill Kits will be placed and will be easily identifiable with clear signage at each fuel storage site.
- "NO SMOKING" signs will be erected at each fuel storage area.
- Smoking, open flame and any potential sources of ignition are prohibited within 31 metres of any fuel storage site.
- Empty fuel drums will be removed from site regularly.

Small temporary fuel caches of 3 to 9 drums may be established for daily use to support remote exploration activities such as airborne surveying or reconnaissance rock or soil sampling programs. Spill kits are located at every fuel cache.

Kivalliq Energy has applied for a permit to cache 60 drums of fuel on site at a time.

This will include:

- 23 - 205 L drums of diesel
- 25- 205 L drums of Jet fuel
- 2 - 205 L drums of gasoline
- 10 - 100 lb. cylinders of propane

Kivalliq endeavors to consume all cached fuel by the end of each season. Please refer to the Fuel Management Plan and Spill Contingency Plan for more information.

3.4. Existing Sites

The North Warning System Fox-3 Site Airstrip is located at 68°39'02"N 071°13'58"W near Dewar Lakes on the Baffin Gold Property. The gravel airstrip will be utilized to transport people from Iqaluit or Qikiqtarjuaq to the property. The Department of National Defense contracts management of the Fox-3 Airstrip to Biogenie Ltd. Kivalliq Energy will obtain consent from Biogenie Ltd. to utilize the airstrip prior to the commencement of any air traffic.

Another North Warning System airstrip is located at 68°37'10" North 073°12'45" West on the west side of the Baffin Gold Property. The Fox-B Airstrip near Nadluardjuk Lake will be utilized to transport personnel and equipment to the proposed Tuktu Fly Camp.

From 2004 to 2011 Commander Resources Ltd. had a camp located on BI-35 adjacent to Malrok Lake at 68°30'06" N Lat., 72°27'08" W Long. The Commander Camp was decommissioned and cleaned up in 2011. A drill core storage area remains on site. The site is administered by QIA. Kivalliq Energy has proposed to use the same location for its Malrok Fly Camp. Before any new camp structures are installed by Kivalliq, the site will be checked by a QIA Land Use Inspector to ascertain that there are no legacy concerns.

4. Seasonal Shutdowns

4.1. Buildings and Contents

At Kivalliq's temporary fly camps where work is anticipated for the subsequent year, wood structures and wood floors will be kept secured. The canvas tents will be removed from site for drying and storage. Vinyl Weatherhaven sleeping tents and the incinerator will remain in place for the winter. Wooden bed frames will be turned upside down and secured to the wooden floors for over-winter storage. The generator may be removed from site for servicing and storage. Water system pumps, tanks, pipes and hoses will be drained and stored inside to protect them over winter. Gas pumps may be removed from site for servicing and storage. All fuel lines between diesel stoves and their corresponding fuel tanks will be

disconnected. Fuel tanks will be removed from their stands, valves turned off, bungs secured and then placed in secondary containment for storage.

4.2. Fuel Caches and Chemical Storage

An inventory will be conducted prior to leaving at the end of the field season. A thorough inspection of all fuel caches will be completed and empty fuel drums will be removed from site. Every effort will be made to use partial fuel drums. In the event that any partial fuel drums remain at the end of work season they will be placed on an angle to ensure that snow and water do not enter the drum and no leakage from the drum occurs. Full fuel drums will be stored on their sides with the bungs in the 3' and 9' o'clock position. All chemicals, including cleaning products, will be stored in a sealed building for the winter.

4.3. Waste

Combustible Waste: All combustible waste will be incinerated in accordance with the Nunavut Environmental Guideline for the Burning and Incinerator of Solid Waste. Untreated wood and large pieces of cardboard will be burned in a controlled open burn in compliance with the Municipal Solid Wastes Suitable for Open Burning Guidelines. Ash generated from the on-going incineration will be stored in sealed metal 205L drums and removed from site via regularly scheduled backhaul for property disposal.

Grey Water Sumps: Grey water sumps will be inspected and covered securely for the winter. A grease trap installed on kitchen drains ensures food grease and solids do not enter the sump. Stakes will be placed around the sump so that it is easily identifiable when the camp is opened up again each year. The grey water sump will be located at least 31 metres away from a water body.

Black water: The fly camps will use either Pacto toilets or outhouse latrine facilities. If Pacto toilets are used, bags containing waste will be incinerated. Ash generated from black water incineration will be stored in designated, sealed metal 205L drums and removed from site for proper disposal. During seasonal shutdown, the Pacto toilets will be cleaned and the building secured for the winter. In the event outhouses are used, outhouse holes will be infilled with the soil originating from the site. Outhouses will be located at least 31 metres away from a water body.

Non-Combustible, Recyclable and Hazardous Waste: All non-combustible, recyclable and hazardous wastes will be packaged in appropriate containers, labelled and backhauled to Iqaluit and shipped south to an authorized disposal facility.

Please refer to the "Waste Management Plan" for additional information on waste management.

4.4. Contamination Clean Up

Any soil that has become contaminated will be treated as per the "Spill Contingency Plan". Before and after photos will be taken to document the contamination and the clean-up procedures implemented. Depending on the location of the spill these photos will make up part of the final report to be submitted to the Water Resource Inspector at QIA or NWB. All documentation associated with any spill and will also be attached as part of the Annual Report submitted to NWB, QIA, INAC and NIRB.

4.5. Bioremediation

At the advice, discretion and approval of land use inspectors and the appropriate permitting or licensing authorities' bioremediation, or land farming, may be implemented to treat certain contaminated soils temporarily contained in sealed drums on the property. Bioremediation is performed in biotreatment cells or the upper soil zone. Contaminated soils or sediments are incorporated into non contaminated soils and periodically turned over or tilled to aerate the mixture.

4.6. Inspection and Documentation

An inspection will be conducted of all areas prior to seasonal closure. Photographs will be taken to document the conditions prior to leaving the site. All appropriate agencies (QIA, INAC, NIRB, NWB, and WSCC) will be contacted and notified that exploration operations have ceased for the year.

5. Final Closure and Reclamation

5.1. Buildings and Contents

All buildings will be dismantled and removed. All wooden structures including floors will either be burned in a controlled open burn in compliance with the Municipal Solid Wastes Suitable for Open Burning Guidelines or removed. The burning of the tent floors and waste lumber will only proceed with the approval from the appropriate regulating authorities. As required, impacted sites may be re-seeded with indigenous species to encourage re-vegetation.

All combustible waste will be incinerated according to the "Environmental Guidelines for the Burning and Incineration of Solid Waste" and the "Canada-Wide Standards for Dioxins and Furans" by the Canadian Council of Ministers of the Environment.

5.2. Equipment and Supplies

All equipment and supplies, including all scrap metals will be dismantled and removed from the project area.

5.3. Fuel Caches and Chemical Storage

All fuel drums will be removed. All areas where there have been fuel caches will be thoroughly inspected. Any contamination will be cleaned up as well as any debris removed. Contaminated soil will be handled as per the "Spill Contingency Plan". Final photos will be taken of all fuel caches for inclusion in the final report.

All chemicals will be removed from site. Areas where chemicals have been stored will be inspected to ensure that there has been no contamination. Any contamination from chemicals found will be treated as per the "Spill Contingency Plan".

5.4. Waste

Combustible Waste: All combustible waste will be incinerated in accordance with the Nunavut Environmental Guideline for the Burning and Incinerator of Solid Waste. Untreated wood and large pieces of cardboard will be burned in a controlled open burn in compliance with the Municipal Solid Wastes Suitable for Open Burning Guidelines. The drum containing ash generated from the on-going incineration will be removed from site for authorized disposal.

Grey Water Sump: Upon final closure the grey water sump will be inspected and then backfilled and restored to the pre-existing natural contours of the land.

Black water: Upon final closure, Pacto toilets will be cleaned and removed from camp. Outhouse pits will be treated with lime to encourage decomposition and infilled with the soil originating from the site. The plywood structure housing the latrine facilities will be burned in a controlled open burn in compliance with the Municipal Solid Wastes Suitable for Open Burning Guidelines.

Non-Combustible, Recyclable and Hazardous Waste: All non-combustible, recyclable and hazardous wastes will be packaged in the appropriate containers and backhauled to Iqaluit for proper disposal.

Please refer to the “Waste Management Plan” for additional information on waste management.

5.5. Contamination Clean Up

Any contamination will be treated as per the “Spill Contingency Plan”. Before and after photos will be taken to document the contamination and the clean-up procedures implemented. These photos will make up part of the final report to be submitted to the Water Resource Inspector and the Qikiqtani Inuit Association following any spill and will also be attached as part of the Annual Report submitted to the Nunavut Water Board, Qikiqtani Inuit Association and the Nunavut Impact Review Board.

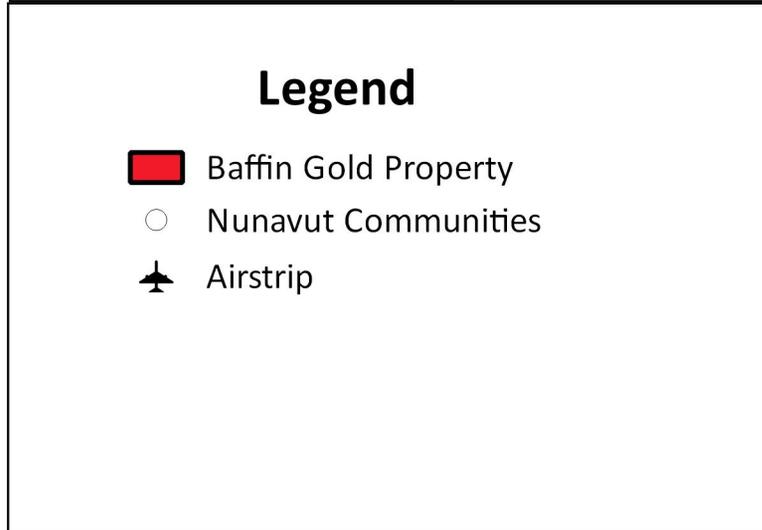
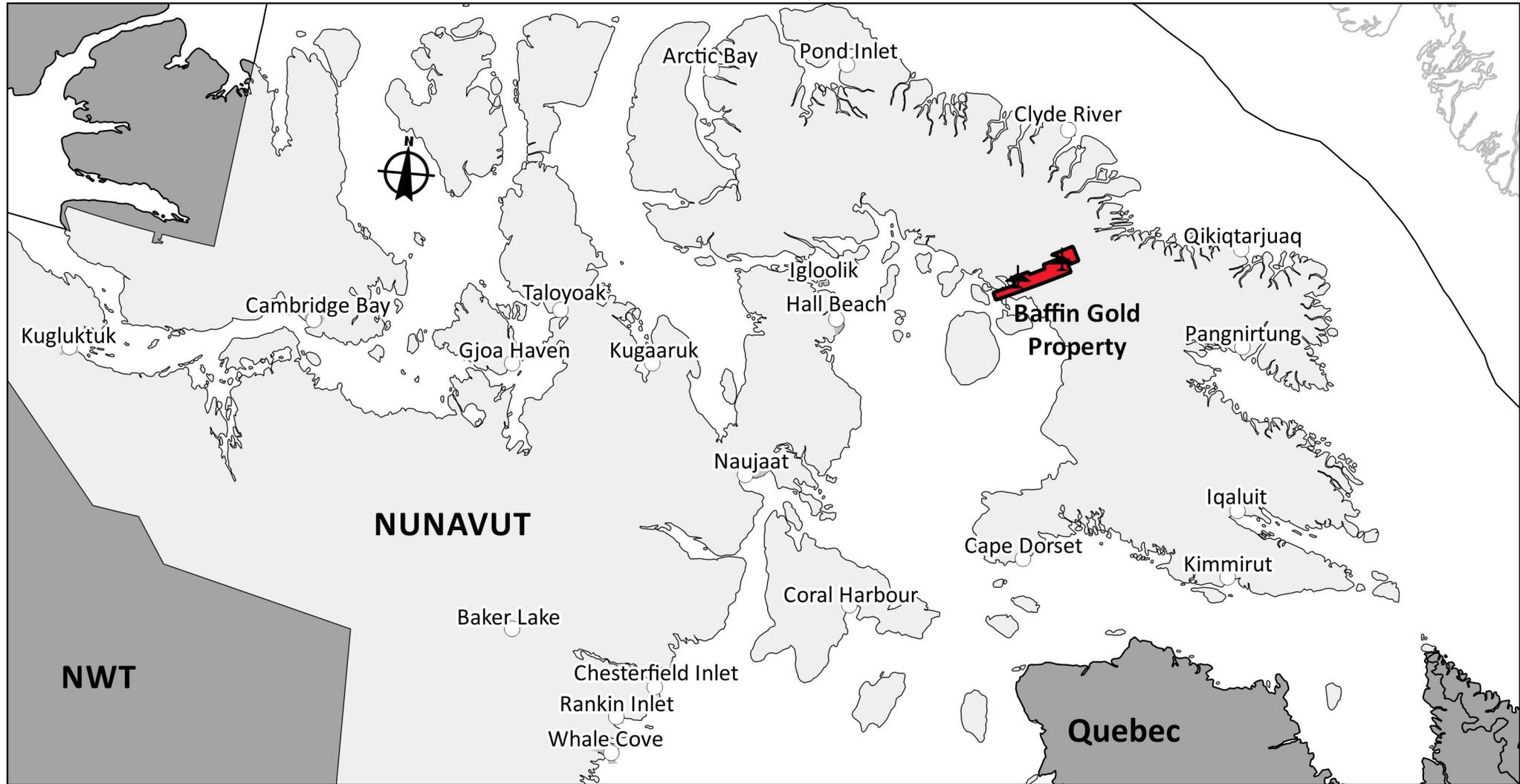
5.6. Inspection and Documentation

A complete inspection will be conducted of all areas prior to closure. Photos will be taken to document the conditions prior to leaving the site for use in the final plan. All appropriate agencies will be contacted and notified once the final clean-up has been conducted. The photos will make up part of the final closure reports to be submitted to Indigenous and Northern Affairs Canada, Qikiqtani Inuit Association and Nunavut Impact Review Board.

6. Emergency Contact Information

CONTACT	TELEPHONE NUMBER
24 Hour Spill Report Line - Environment Canada	(867) 920 8130
Andrew Berry, COO, Kivalliq Energy Corp.	(604) 646-4529 (office) (604) 765-1892 (cell)
Jeff Ward, President, Kivalliq Energy Corp.	(604) 646-4538 (office) (604) 763-8723 (cell)
Emily McNie, Project Geologist, Kivalliq Energy Corp.	(604) 646-8352 (office) (604) 603-0260 (cell)
Robert Cameron, President/CEO, Commander Resources Ltd.	(601) 685-2814 (office) (778) 989-1501 (cell)
INAC Field Operations Manager, Iqaluit	(867) 975-4295
INAC Water Resources Manager, Iqaluit	(867) 975-4550
INAC Resource Management Officers (Qikiqtani)	(867) 975-4296
INAC Water Resource Officers (Qikiqtani)	(867) 975-4289
Qikiqtani Inuit Association	(867) 975-8400
Department of Environment, GN, Iqaluit	(867)-975-7700
Department of Fisheries and Oceans (Central/Arctic Region), Iqaluit	(867) 979-8000
RCMP	(867) 924-0123 (Clyde River) (867) 928-0123 (Hall Beach)
Qikiqtani General Hospital, Iqaluit	(867) 975-8600
Stanton Regional Hospital, Yellowknife	(867) 669-4111
Discovery Mining Services, Yellowknife	(867) 920-4600
Kivalliq Air – 24/7 Air Medical Line (Qikiqtani Office)	(867) 979-3970 (Iqaluit) (877) 440-8244 (Toll Free)
Air Tindi, Yellowknife	(867) 669-8212

APPENDIX A: MAPS



Legend

- Baffin Gold Property
- Nunavut Communities
- Airstrip



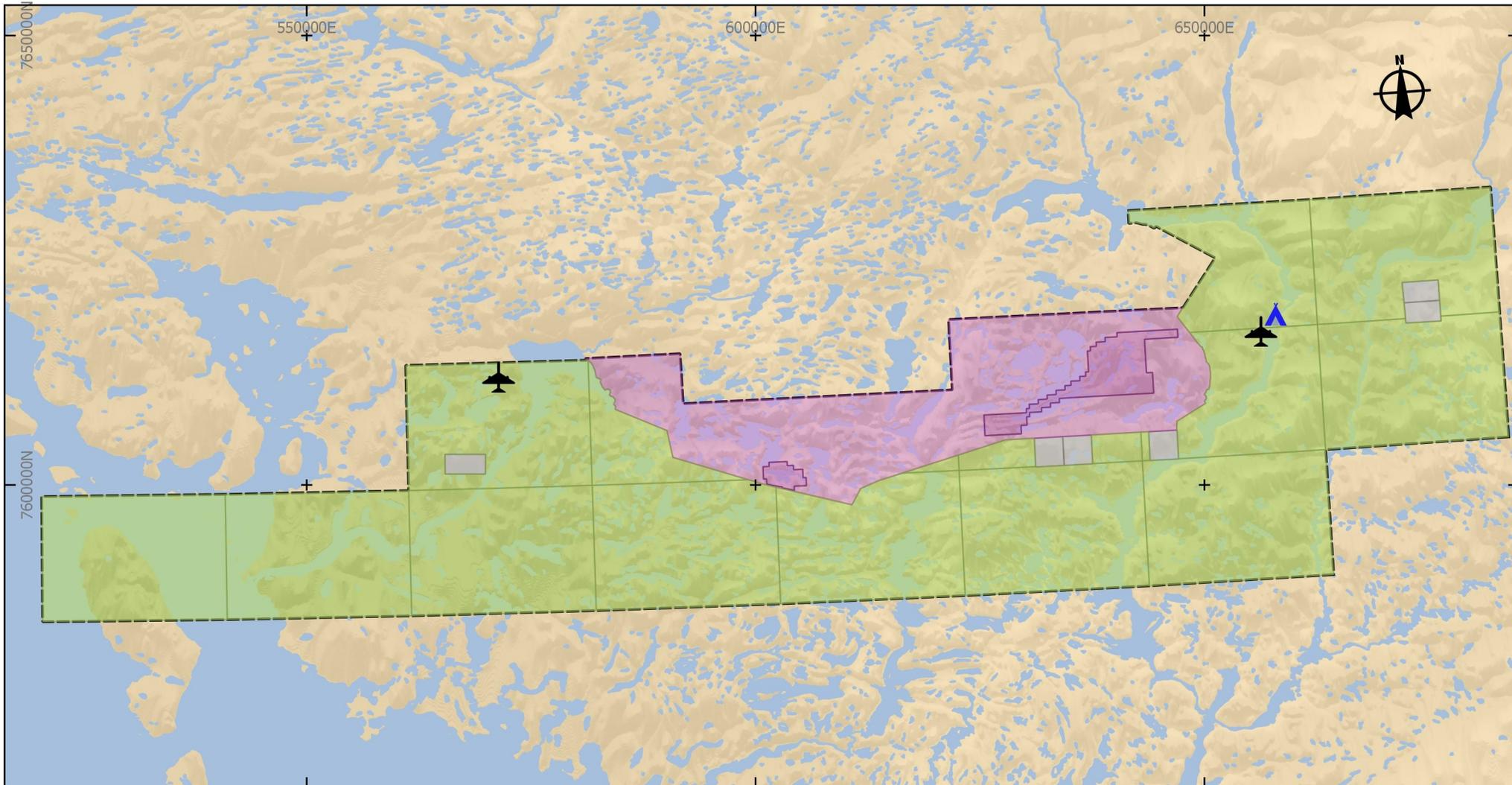
BAFFIN GOLD PROPERTY

Figure 1: Property Location

Nunavut Territory

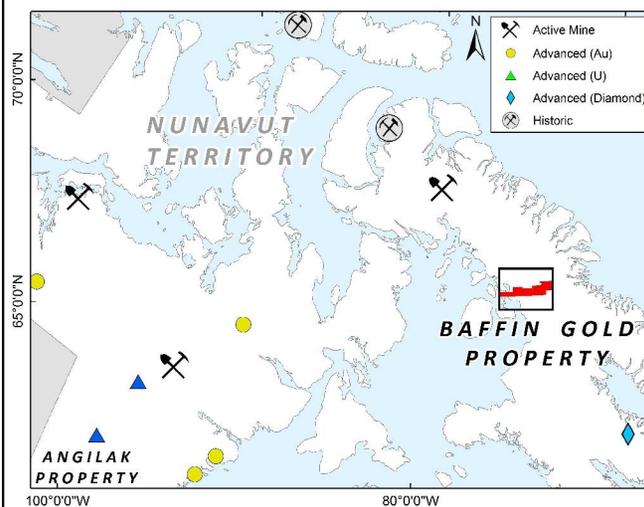
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Legend

-  Baffin Gold Property
-  IOL BI-35 MEA -Kivalliq
-  Prospecting Permits - Kivalliq
-  IOL BI-35 MEA - CMD Option
-  Mineral Claims - CMD Option
-  Airstrip
-  Dewar Lakes Camp



KIVALLIQ ENERGY CORP.

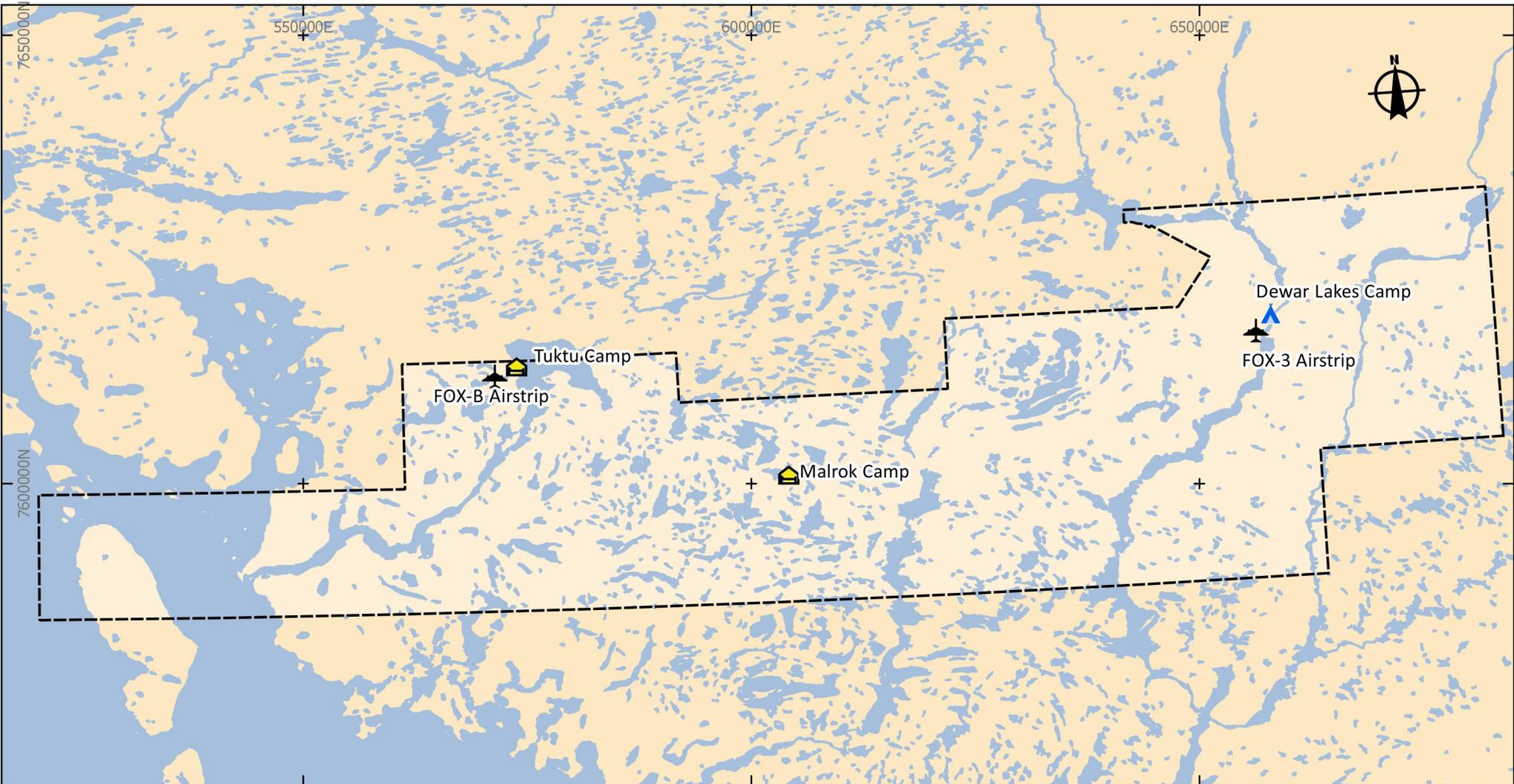
BAFFIN GOLD PROPERTY

Figure 2: Land Tenure

Nunavut Territory

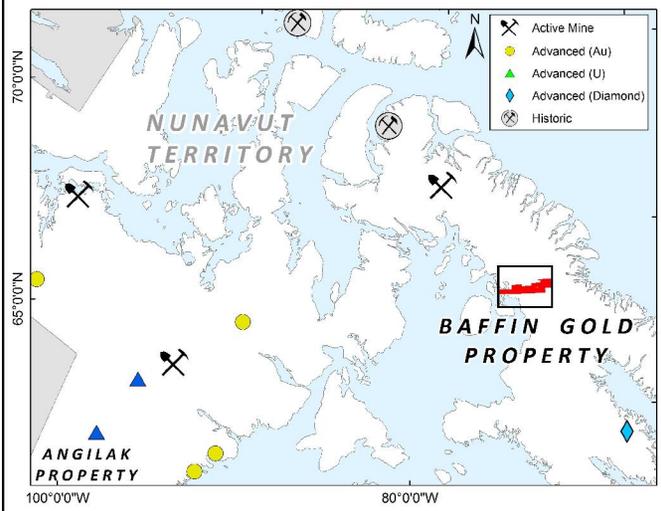
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Legend

- Baffin Gold Property
- Dewar Lakes Camp (existing)
- Fly Camp (Proposed)
- Airstrip



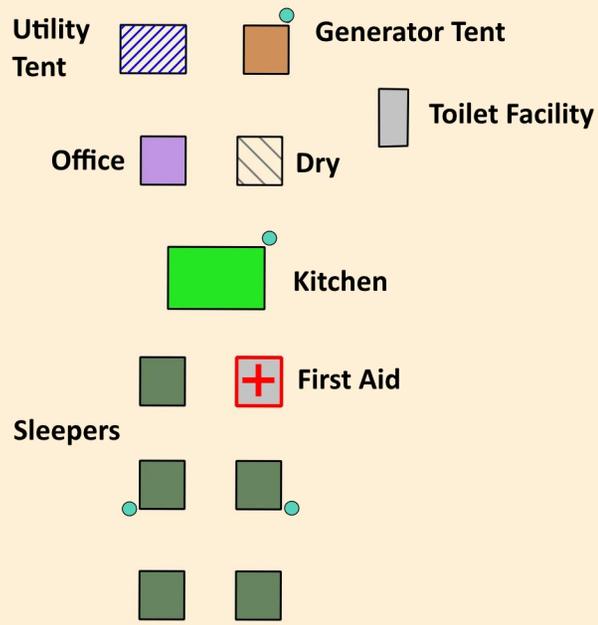
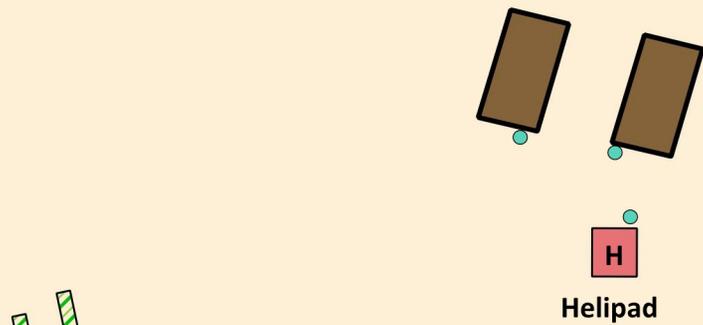
KIVALLIQ ENERGY CORP.

BAFFIN GOLD PROPERTY Figure 3: Proposed Fly Camps

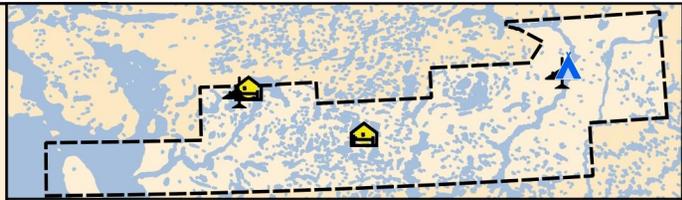
Nunavut Territory

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Proposed Fly Camp layout for Malrok site. Tuktu site will have identical layout.

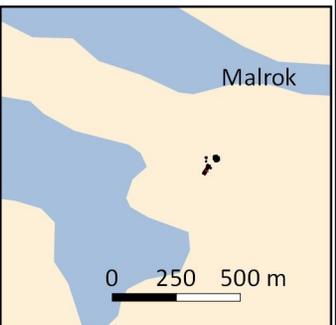
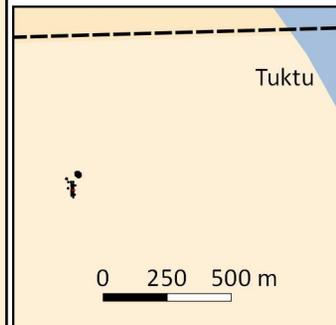


Legend

- Airstrip
- Dewar Lakes Camp
- Proposed Fly Camp
- Generator Tent
- Utility Tent
- Helicopter Pad
- First Aid
- Fuel Berm
- Toilet Facility
- Existing Core Storage
- Spill Kits

Fly Camp Layout

- Kitchen
- Dry
- Office
- Sleeper



BAFFIN GOLD PROPERTY Figure 4: Proposed Fly Camp Layout

Nunavut Territory

May 2017 UTM NAD83 Zone 18 1:500

