



Energy, Mines and Resources
Box 2703, Whitehorse, Yukon Y1A 2C6
Mineral Resources Branch (K-9)
Mining Lands

July 7, 2017

File No: LQ00360a

Comstock Metals Ltd.
310 – 850 West Hastings Street
Vancouver, BC
V6C 1E1

Re: Class 3 Approval – 5 year renewal

Dear Sir/Madam:

Your application for an amendment to your Class 3 approval has been approved:

- As submitted.
- Subject to the attached conditions.
- Subject to security deposit as received.

The effective date of this approval will be July 7, 2017. All work must be completed by July 6, 2022 and inspected for restoration before full security and/or completion certificates can be applied for.

Please note that terms 18, 19, 21 and 32 have been added as conditions of the approval.

The attached 'Operational Guidelines' offer additional mitigations that would enable you to maximize the environmental performance of your program.

Please feel free to contact the Dawson City Mining Recorder at 867-993-5343 should you have any questions.

Yours truly,

A handwritten signature in blue ink, appearing to read "J. St. Amand".

Judith St. Amand
A/Chief, Mining Land Use

Comstock Metals Ltd.
LQ00360a

OPERATIONAL GUIDELINES

- The operator should not undertake any exploration activity within 1 km of a known raptor nest between April 15th and July 31st. The Department of Environment may be contacted for information regarding known raptor nest locations.
- The operator should avoid flying over raptor nesting sites, or if it cannot be avoided, shall fly at a minimum of 600 m above ground level (agl) where possible.
- The operator should follow guidelines outlined in the “Flying in Sheep Country” publication.
- The operator should not undertake any flights over the areas delineated as sheep habitat (Figure 3) lying north of the confluence of the White and Yukon Rivers.
- The operator should not make regular use of the Frisco Creek staging area. The Frisco Creek staging area should only be used on rare/limited occasions where required.
- The operator should avoid flying within 1 km of the areas delineated as sheep habitat.
- Exploration activities should not occur within a minimum of 1 km of sheep winter range from 15 September through 30 May. Where/if there is a line of sight from project activities to sheep habitat the setback distance should be increased. The Regional Biologist may be contacted in this regard.
- Exploration activities should not occur within a minimum of 1 km of sheep lambing range from 1 May through 15 June. Where/if there is a line of sight from project activities, to sheep habitat the setback distance should be increased. The Regional Biologist may be contacted in this regard.
- The operator should report sheep sightings to the Regional Biologist for possible additional mitigation. The proponent should contact the Regional Biologist for information on appropriate setback distances if raptor nests, dens or mineral licks are encountered.
- The operator should follow guidelines outlined in the “Flying in Caribou Country” publication.

- Mining activities should follow acknowledged Best Management Practices for Heritage Resources. Two relevant examples are: Yukon Placer Mining Best Management Practices for Heritage Resources found at www.tc.gov.yk.ca/pdf/Placer_Mining_BMP.pdf and Tr'ondëk Hwëch'in Best Practices for Heritage Resources found at <http://www.trondek.ca/downloads/THBestPractices.pdf>
- The operator should follow applicable best management practices outlined in the publication: Best Management Practices for Works Affecting Water in Yukon, available online at http://www.env.gov.yk.ca/publications-maps/documents/bestpractes_water.pdf
- The operator should familiarize themselves with Yukon invasive species and how to manage them by referring to the Yukon Invasive Species Council (YISC) document Why Should I Care about Invasive Species? available online at http://www.yukoninvasives.com/pdf_docs/WhyshouldIcare2011_sm.pdf
- The operator should report the presence of any invasive plants that are listed on the Yukon Invasive Species Council website: www.yukoninvasives.com/plants.html to Yukon Government by email (invasives@gov.yk.ca).
- The operator is encouraged to contact the owner of the Registered Trapping Concession that overlaps with the project to minimize land-use conflicts and to identify areas where there may be traps, snares and other trapping equipment in order to avoid any infrastructure during the project. Contact YG Department of Environment at 867-667-5600 to acquire trapper contact information.

**MINING LANDS
MINERAL RESOURCES BRANCH
GOVERNMENT OF YUKON**

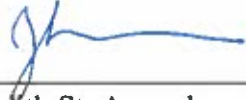
Pursuant to the *Quartz Mining Act* and Quartz Mining Land Use Regulation, the Chief, Mining Land Use hereby grants an amendment to a Class 3 Approval to:

Comstock Metals Ltd.
310 – 850 West Hastings Street
Vancouver, BC
V6C 1E1

APPROVAL NUMBER: LQ00360a
UNDERTAKING: Quartz
CLASS: Class 3 Approval
EFFECTIVE DATE: July 7, 2017
EXPIRY DATE: July 6, 2022

This permit shall be subject to the restrictions and conditions contained herein and to the restrictions and conditions contained in the *Quartz Mining Act* and the Quartz Mining Land Use Regulation made there under as proposed in Mining Land Use Application LQ00360 and Mining Land Use Approval Amendment Request LQ00360a.

Dated this July 7, 2017



Judith St. Amand
A/Chief, Mining Land Use

**MINING LAND USE
APPROVAL
Class 3
LQ00360a
Comstock Metals Ltd.**

SCOPE OF APPROVAL: See Appendix A

NTS: 115004, 115005, 115006

PART ONE – GENERAL REQUIREMENTS

Definitions

“**Chief**” means Chief, Mining Land Use pursuant to the Act.

“**Corridor**” means a path from which trees and brush have been cut to accommodate a trail, water line, fuel line or power line.

“**Isolated road**” means a road that does not provide access to a public highway directly or through a private road.

“**Road**” means a pathway for vehicular traffic the construction of which requires the movement of rock or earth.

“**Trail**” means an access to a site within a claim or lease that is constructed with little or no movement of rock or earth.

“**Upgrading**” in relation to a road, means re-establishing a road that has not been useable for more than five years by vehicles of a type the road was originally designed to serve, modifying a road to provide usability for vehicles that are of a different type than those for which the road was originally designed to serve and any other upgrading or modifying of a road, other than for maintenance or erosion control.

Duration of Approval

1. This Approval is valid upon signature of the Chief until the expiry date. In the event that claims lapse, or that agreements to operate on claims are dissolved, the Approval becomes null and void for that portion of the operating plan, where there is no right to the minerals.
2. All outstanding reclamation continues to be the responsibility of the operator.

Compliance with Operating Conditions

3. All mineral exploration activities must comply with the *Operating Conditions* (appended) contained in Schedule 1 of the Quartz Mining Land Use Regulation. These Operating Conditions are enforceable.

PART TWO: Reporting Requirements

Contact Numbers/Planning and Communication

4. Submissions and reports to the Chief should be made in duplicate to the following addresses:

Chief, Mining Land Use

Box 2703, K-09

Whitehorse, Yukon Y1A 2C6

Mining Lands Officer

Box 249

Dawson City, Yukon Y0B 1G0

5. The contact for the Operator will be:
Comstock Metals Ltd.
310 – 850 West Hastings Street
Vancouver, BC
V6C 1E1
6. All spills must be reported immediately to the 24-Hour Yukon Spill Reporting Line (867) 667-7244 and to the Mining Inspections Division Dawson (867) 993-7300.
7. An operator who takes an emergency remedial measure shall, as soon as possible but not later than 10 days after taking it, send a written report to the Chief describing the duration, nature and extent of the emergency and the measures taken to respond to it.
8. A report shall be submitted at the beginning of each mining season outlining the exploration activities planned for the season including the proposed locations.
9. A report shall be submitted at the end of each mining season indicating exploration activities completed during that season. This report shall include but not be limited to:
- detailed mapping of all areas worked;
 - location of new construction;
 - new areas of disturbance;
 - maps with Global Positioning System (GPS) coordinates of all new roads and trails;
 - maps with Global Positioning System (GPS) coordinates of all reclaimed roads and trails;
 - areas of permafrost encountered;
 - total disturbed area;
 - reclamation activities and,
 - documentation produced by environmental monitors.
10. Prior to commencing any burning operations, a Burning Permit must be obtained from the Fire Management Office in Dawson (867) 993-5468, as well as any other communications regarding wildfire management.

11. The operator shall contact Mining Inspections at Dawson (867) 993-7300 at least 14 days prior to commencing the field season.
12. The operator shall contact Mining Inspections at Dawson (867) 993-7300 at least 14 days prior to leaving the site at the end of the operation.
13. The operator shall contact the local municipal solid waste facility prior to usage to ensure proper governance of waste.

Heritage

14. All palaeontological resources uncovered during operations shall be reported to the Yukon Palaeontology Program, Government of Yukon in Whitehorse at (867) 667-8089 or (867) 667-5386.
15. All archaeological resources uncovered during operations shall be reported to the Yukon Archaeology Program, Government of Yukon in Whitehorse at (867) 667-3771 or (867) 667-5386.

Wildlife

16. All incidents with wildlife shall be reported to the District Conservation Officer in Dawson (Northern Region) at (867) 993-5492, as well as any other communication regarding wildlife.
17. The proponent shall maintain a detailed wildlife log for submission to the Chief of Mining Land Use on an annual basis.

PART THREE – TERMS AND CONDITIONS

Wildlife

18. Exploration activities shall be suspended if Caribou are observed on active claim blocks and Caribou shall be given right of way if encountered on roads and trails.
19. The operator shall contact the regional biologist (867 993-6461) weekly between September 1 and October 30 to obtain migration updates on the Fortymile Caribou Herd. Should the Fortymile Caribou Herd be expected to migrate through the project area, the regional biologist, via the Chief of Mining Lands, will provide the operator with written guidance as to when exploration activities shall cease for the season.

Removal of the Vegetative Mat

20. If the vegetative mat must be removed to carry out exploration activities, it must be removed so as to protect the seed and root stock contained within the mat and be stored separately from other overburden or bedrock removed for use in re-establishing the vegetative mat when the exploration program ceases.
21. Disturbance to lichen within the project area shall be minimized to the greatest extent possible.

Re-establishment of the Vegetative Mat

22. All vegetated areas disturbed by exploration activities, including fuel and waste storage areas, clearings, corridors, temporary trails, camps and supporting infrastructure, and trenches and drill sites, must be left in a condition conducive to re-vegetation by native plant species or other species adaptable to the local environment to encourage re-vegetation comparable to similar, naturally occurring, environments in the area.
23. Conditions conducive to re-vegetation include provision of adequate soil layer with moisture retaining ability, no soil contamination by hydrocarbons or other hazardous substances, provision of adequate seed or root stock, and contoured or otherwise stable slopes.
24. If adequate seed or root stock is not naturally available, re-seeding or transplanting of vegetation is required. Only non-invasive species may be used for re-seeding or transplanting. Consult with the Mining Inspector prior to seeding.

Erosion Control and Permafrost

25. All areas disturbed during an exploration program must be re-sloped, contoured or otherwise stabilized to prevent long-term soil erosion, slumping and subsidence.
26. All exploration activities must be carried out to avoid or minimize damage to and loss of permafrost.

Historic Objects and Burial Grounds

27. Exploration activities must not be carried out within 30m of a known archeological site unless the Chief indicates, in writing, that such activities may be carried out.
28. Any sites containing archeological objects, palaeontological objects or human remains or burial sites discovered in the course of carrying out an exploration program must be immediately marked and protected from further disturbance and, as soon as practicable, the discovery reported to the Chief. No further activities may be carried out within 30m of the site until the Chief indicates, in writing, that activities may be resumed.
29. Before initiating activities that could impact heritage resources, the proponent shall ensure that development sites do not have potential for the presence of archaeological or historic sites by commissioning a heritage resources overview assessment (HROA). Contact the Heritage Resource Unit at (867) 456-6102 for more information.
30. If a development site is considered (through the HROA) to have elevated potential for the presence of heritage resources then it is recommended that the proponent complete a heritage resources inventory and impact assessment of that site before any ground-based activities are initiated. Contact the Heritage Resource Unit at (867) 456-6102 for more information.

31. The report(s) developed for Section 28-29, shall be submitted to Government of Yukon – Mining Lands, Mineral Resources Branch and the Heritage Resources Unit, Cultural Services Branch.
32. Upon discovery of a heritage resource within the project area, the operator shall notify the Tr'ondëk Hwëch'in Heritage Department in addition to Government of Yukon, Chief of Mining Lands and Yukon Heritage.

Disposal of Wastes/Cleanliness

33. All solid waste, including debris, equipment, barrels, drums, and scrap metal, must be safely stored on the site of the exploration program while the program is carried out and must be disposed of in accordance with the Solid Waste Regulation when the program ceases.
34. Camps must be kept clean and tidy.
35. The proponent shall keep all garbage, including kitchen waste, in a container that prevents access by bears and other wildlife, until properly disposed of in accordance with the Solid Waste Regulations.
36. When burning kitchen waste on site it must be burned regularly to reduce odours that might attract wildlife and be burned to ash by forced air or fuel fired incineration.

Fuel and Chemical Storage and Handling

37. If petroleum fuel storage capacity exceeds 4000L, a secondary containment structure must be constructed. The containment structure must be made of a material impervious to petroleum products and
 - (a) if there is a single storage tank, be of sufficient size to accommodate at least 110% of the capacity of the storage tank; or
 - (b) if there is more than one storage tank, be of sufficient size to accommodate 110% of the capacity of the largest storage tank or 10% of the total capacity of all the tanks, whichever is larger.
38. All petroleum products, including waste petroleum products, and any other hazardous substances must be stored in a secure fashion no less than 30m from the ordinary high water mark of any water body.
39. All petroleum products, including waste petroleum products, and any other hazardous substance, must be transferred and handled without spillage.
40. All waste petroleum products and any other special waste, as defined in the Special Waste Regulations, generated in the course of carrying out the explorations program must be disposed of in accordance with the Special Waste Regulations when the program ceases.

41. The proponent shall clearly identify the owner, the contents and the date on fuel drums to establish and manage ownership and responsibility.

Spills and Spill Contingency Plans

42. A spill contingency plan for petroleum products and other hazardous waste must be prepared and posted in the camp and at all fuel handling locations used in carrying out the exploration program.
43. All spill clean-up equipment and material must be maintained in a state of readiness sufficient at all times to contain and clean-up any hazardous material spills.
44. If a spill occurs, the spill contingency plan must be immediately implemented and notice given to the 24-hour Yukon Spill Report Line. As soon as practicable, an inspector must be contacted. Whatever remedial action is required to clean-up the spill and reclaim the affected land and water must be taken.

Use of Vehicles

45. Vehicles must be maintained and operated to prevent spills of fuel, lubricants, coolants and oil.

Timber and Brush

46. Cut brush must not be piled so that it blocks movement of wildlife or people.
47. Leaning trees created by cutting of lines, corridors, temporary trails, and clearings must be felled.
48. When it is economically viable to do so, timber suitable for sale must be salvaged and stock piled.
49. All risk of fire hazard must be avoided.

Trenching

50. Trenching carried out by hand or using hand-held tools must be methodical. All trenches must be stabilized and marked to minimize risk to the public.
51. Open trenches should be sloped at one end to avoid entrapment of wildlife.
52. Trenches constructed with mechanized equipment must be back filled by first depositing any removed overburden and bedrock and then replacing the vegetative mat that was removed to construct the trench.
53. The operator must ensure that all employees and contractors working at the trench sites are aware of the operating conditions for trenching.

Drilling

54. All reasonable efforts must be made when drilling to minimize the impact on

wildlife and the public.

55. Vegetation other than that within a drill sump, must not be covered with drill cuttings
56. Core must be stored in a stable fashion.
57. Drill mud must be re-circulated when possible.
58. All drill fluids must be contained in a sump.
59. Drill holes that pose a hazard or that lead to ground water must be plugged in a suitable manner.
60. The location of drill holes must be marked on the ground by flagging or other suitable means at the location of the drill hole.
61. Drilling waste, including fluid, cuttings and mud must not be left within 30m of a water body.
62. The operator must ensure that all employees and contractors working at the drill sites are aware of the operating conditions for drilling.

Release of Sediment

63. All reasonable care must be taken in carrying out exploration activities near or adjacent to a water body to prevent sediment from entering a water body, unless otherwise permitted by law.

Security

64. Security may be required at any time by the Chief.

Reclamation

65. Reclamation shall be progressive in nature where possible and completed before expiry of the approval.

PART FOUR – FINAL DECOMMISSIONING

66. Final reclamation will occur prior to the expiry of the operation, according to standards outlined in the operating conditions for re-establishment of vegetative mat and erosion control.
67. All petroleum products and any other hazardous substance must be removed from the site of the exploration program when the program ceases.
68. All waste petroleum products and any other special waste, as defined in the Special Waste Regulations, generated in the course of carrying out the explorations program must be disposed of in accordance with the Special Waste Regulations when the program ceases.

69. Debris, equipment, fuel barrels, scrap metal and other waste at the work site shall be completely disposed of, so as not to attract wildlife, by removal to an authorized disposal site as often as is practicable throughout the mining season and completely at the cessation of the operation.
70. Structures must be removed and the site restored at the end of the operation to a level of utility comparable to its previous level of utility.

PART FIVE – OTHER MATTERS

Applicable Laws

71. All applicable federal, territorial, and First Nation law or local regulations, ordinances or by-laws must be conformed with at all times. Additional authorizations or approvals may be required. Any doubt as to whether an additional authorization or approval is required should be verified by a duly authorized official at the appropriate government body or bodies.
72. Notice of Schedule III must be provided to the Yukon Water Board ten (10) days prior to use of water.
73. Attached is a list (Appendix B) of the exploration activities for which you are approved.

June 20, 2017

LQ00360a
Class III

Comstock Metals Ltd.
310 - 850 West Hastings St.
Vancouver, BC V6C1E1

ELEMENT	CRITERIA	TERMS AND CONDITIONS
Fuel Storage in a stationary container		6560 L diesel in 205 L drums
Construction of structures		Canvas wall tents with wooden platforms
Surface area of each clearing		50m ² drill pads, 500m ² camp, 20m x 20m helipads @ 4 per claim
Nb of person days per camp		3600
Nb of persons in a camp at any one time		20
Lines		Original permitted width and distance - 1m * 10km. Completed distance to date - 5129m. Remaining permitted distance - 4871m
Nb of clearings per claim, including existing clearings		Original permitted amount - 20 clearings/claim. Clearings completed to date - QV 8 - 2 clearings, QV 11 - 1 clearing, QV 14 - 1 clearing, QV17 - 2 clearings, QV18 - 2 clearings, QV19 - 6 clearings, QV20 - 2 clearings, QV 21 - 1 clearing, QV 22 - 2 clearings, QV 78 - 1 clearing, QV 80 - 3 clearings, QV 81 - 1 clearing, QV 167 - 1 clearing, QV 351 - 1 clearing, QV 352 - 1 clearing, QV 353 - 1 clearing, QV 471 - 1 clearing, QV 472 - 2 clearings, QV 505 - 1 clearing, QV 509 - 1 clearing, QV 518 - 1 clearing.
Total volume of trenching		Original permitted volume (for the entire program) - 2500m ³ . Volume completed to date - 1069m ³ . Volume remaining - 1431m ³