

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT POLICY

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ENVIRONMENT AND SUSTAINABLE DEVELOPMENT POLICY

PURPOSE

Klondike Star Mineral Corporation (“Klondike Star” or the “Company”) is fully committed to maintaining ecological viability, conserving natural resources and minimizing the impact of its activities on the environment through diligent application of appropriate technology and responsible conduct at all stages of exploration, mine development, mining operations, closure and reclamation. Klondike Star believes it can be a responsible member of the global community facilitating sustainable development in a manner consistent with the Whitehorse Mining Initiative Leadership Council Accord.

Klondike Star sincerely believes that solid environmental performance within a sustainable development approach is a leading indicator of a well-managed, efficient and competitive corporation acting in the best interests of its business, its shareholders, its employees, and the communities in which it operates.

In summary, Klondike Star will:

- ensure that aboriginal traditional knowledge is incorporated into environmental management plans;
- ensure that an integrated approach is followed through all phases of mining exploration and development;
- establish and maintain a culture that will pursue excellence in environmental performance as a cornerstone of its corporate environmental management plan;
- develop, design and operate facilities that are based upon the efficient use of energy, resources and materials;
- identify, assess and manage environmental risks;
- develop, maintain and test emergency preparedness plans for the protection of the environment, workers and communities in its operating areas;

- require contractors and consultants to comply with corporate environmental requirements and to monitor their environmental performance;
- ensure there is adequate environmental training for employees and contractors;
- develop understanding of environmental and community concerns through all phases of mining exploration and development;
- ensure that closure and reclamation planning is integrated into mine feasibility planning, development and operations.

APPLICATION

This policy applies to all employees of Klondike Star Mineral Corporation as well as contractors and suppliers who are providing goods and services to or on company premises, work places or mineral properties. Meeting the commitment to the environment is a corporate responsibility for Klondike Star and a personal responsibility of each employee and contractor working on Klondike Star’s behalf.

PRINCIPLES

Klondike Star is committed to protecting the environment wherever the company is exploring for new resources, or developing, operating or closing mines. Key principles of this policy include:

Uncompromising commitment. Klondike Star recognizes that the maintenance of environmental quality is vital to the company’s existence, progress and continued development. Klondike Star will develop, maintain and promote environmentally responsible work practices in all aspects of its business and throughout the mining life cycle, meeting or exceeding all applicable environmental laws, regulations and responsible standards and best practices governing its activities.

Public responsibility and dialogue. Sustainability is a good business practice, reduces risk and underpins

our relationships with stakeholders. Klondike Star will communicate openly and actively with stakeholders, regulators and communities in the areas of its project activities and mineral properties. In addressing issues, the company will work towards consensus, based on honest discussion, respect and mutual understanding of concerns and needs.

Environmental stewardship. Klondike Star will endeavour to be an environmental steward through incorporation of aboriginal traditional knowledge, protection of human health, proactive contributions to environmental initiatives in its operating areas, and awareness of the company’s impact on the ecosystem, including energy conservation and efficiency and greenhouse gas emission reduction.

Integrated decision-making and management approach. This entails the integration of environmental priorities into business development strategies and company decision-making throughout the mining life cycle; an effective, integrated management system based on ethical conduct and a commitment to continuous performance improvement; and including sustainability in the duties and expectations of employees and contractors. Klondike Star will promote integration of its plans and activities with the socio-economic objectives of local communities and First Nations in the areas in which the company operates.

Environment first. Through its comprehensive environmental management activities, Klondike Star is committed to ensuring that environmental effects are being adequately addressed; controls are in place to ensure compliance with corporate environmental policy, guidelines and obligations; environmental management activities are supported by adequate resources; and plans are in place to ensure that the environment is protected for future generations and that the sustainability of nearby communities is safeguarded.

Shared responsibility and collective accountability. We realize that environmental protection and sustainable practices are a shared responsibility, and in order to achieve our goal, all employees and contractors must work together to identify and eliminate or control environmental risks and hazards present with project activities and in work environments. Through

conscientious contributions and continuous support, we can work together to sustain a safe and healthy environment for all concerned.

Knowing the rules. We ensure that policies, practices and procedures are clear to our employees and contractors, and are consistently applied. Training our people in environmental protection practices is a responsibility we take seriously.

Tracking performance. Regular reporting and ongoing reviews of how we’re doing make us even better. Regular inspections and periodic audits help us identify where we can improve our environmental practices. We act promptly on those results to ensure continuous improvement. Over time, the company will strive to achieve the standards set by global reporting initiatives for the environment and sustainable development.

Exceptional standards. The company strives to act in a manner consistent with leading and internationally recognized standards including ISO 14001 (environmental management systems).

PERFORMANCE OBJECTIVES

Klondike Star considers environmental performance and stewardship to be of utmost importance in the effective and efficient conduct of its business, and believes that management and each and every employee and contractor have a shared responsibility in the uncompromising promotion and practice of environmental responsibility.

The primary objectives are to maintain a healthy work place and to avoid adverse effects and any incidents affecting human life or health, or the external environment.

The environmental performance at Klondike Star will be measured against these indicators and/or targets:

- zero unplanned discharges to the external environment and no regulatory violations;
- ability to pass environmental screenings/assessments to obtain required operating permits, licenses and authorizations;

- meeting 100% of the requirements of its operating permits, licenses and authorizations including, but not limited to, mining land use, water, waste management, fuel storage and spill response, site reclamation;
- relative change in the energy efficiency of operations over time as the company grows, including levels of greenhouse gas emission emissions and reductions;
- depth of company environmental management expertise;
- maintenance of an effective fuel spill and emergency response capability;
- regulatory and stakeholder feedback;
- company engagement in one or more environmental stewardship initiatives with community, industry or government partners each year;
- quality, comprehensiveness and public/shareholder accessibility of reporting;
- ISO 14001 standards and performance indicators following development of an ISO-consistent environmental management plan.

ROLES AND RESPONSIBILITIES

Board of Directors

Acting through the Board’s Environment, Health and Safety Committee, the Board of Directors (the “Board”) establishes and refines policy and articulates management’s responsibilities for the environment and sustainable development. The Board also receives regular reporting on environmental performance, and reviews periodic audits.

President

The President is responsible for incubating, enabling and installing an environmentally responsible culture and work practices in cooperation with employees and contractors.

Managers

Our management team is accountable for providing the overall leadership for the environmental management system, for its effectiveness and ongoing improvement.

Managers ensure all established environmental and sustainable development policies and guidelines are administered, and communicated to supervisors, employees and contractors, and enforced and monitored in all areas. Managers also perform such other duties as may be specified by applicable legislation or regulations.

Supervisors and field exploration leaders

Supervisors and field exploration leaders are responsible for role modelling the appropriate environmental responsibility behaviours, developing those behaviours in those they supervise and ensuring that all operations, including those undertaken by contractors, are carried out with an uncompromising regard for the environment and sustainable development.

In particular, supervisors and field exploration leaders:

- provide an example for others by always directing and performing work in a environmentally prudent manner;
- ensure new hires receive environmental protection instructions before they are allowed to start work;
- hold regular meetings to review environmental conditions and measures to facilitate environmental protection;
- investigate incidents and accidents;
- provide each employee and contractor with information about the environmental hazards on the job and how to avoid them, while stimulating independent responsibility for identifying potential risks and problem-solving appropriate solutions;
- ensure required reporting is made to management as well as to the environmental protection and regulatory authorities of record in the jurisdiction; and
- undertake such other duties as may be specified by applicable legislation and regulations, or permits, licenses and authorizations.

Employees

Employees are responsible for practising environmental responsibility while performing their job duties.

In particular, employees:

- carry out their work in a responsible manner;
- assist site supervision in the elimination or reduction of risks and hazards, and the controlling and reporting of incident-producing conditions on the work site;
- plan all projects and activities before undertaking the work;
- use the correct tools and equipment for the job;
- properly store, label and transport hazardous substances;
- participate in training for spill containment, emergency response and clean-up;
- report any incidents or near misses immediately to their supervisor;
- develop a personal concern for sound environmental work practices;
- suggest ways to eliminate hazards;
- read and comply with Klondike Star’s environmental permits, licenses and authorizations and company policy, guidelines, practices and procedures, and applicable legislation; and
- undertake such other duties as may be specified by applicable legislation and regulations, or permits, licenses and authorizations.

Company Coordinator and designated Work Site Safety and Environmental Representative(s)

The Coordinator and Work Site Safety and Environmental Representative(s) provide ongoing, day-to-day stimulus and support for effective environmental practices.

In particular, the coordinator and safety and environmental representative(s):

- administer environmental program activities on a day to day basis;

- advise management and employees on preventing environmental incidents or permit violations; legal requirements for sound environmental management; provision and use of protective clothing and equipment and spill response gear; and potential environmental risks and hazards for employees and contractors before work starts;
- post environmental bulletins, guidelines, permits and authorizations, other information;
- together with managers and/or supervisors, conduct investigations, analysis and prepare reports and summaries;
- provide a regular workplace inspection for inappropriate environmental practices and conditions, and ensure prompt corrective action;
- ensure pertinent environmental and permitting reports are submitted as required;
- prepare descriptions of identified environmental risks and the steps taken to correct these conditions;
- identify and maintain an inventory of environmental and fuel response equipment on company work sites;
- prepare and complete regulatory compliance, inspection and hazard assessment checklists;
- record environment meeting minutes and file copies with company headquarters;
- assess incident trends and review overall environmental performance;
- accompany government or industry environmental inspectors during project/site inspections;
- provide or assist with environmental seminars or training;
- maintain current knowledge of environmental management literature, regulations and codes of practice pertinent to the mining industry;
- establish and implement inspection schedules;
- review all incident reports to keep informed about company or site-specific environmental performance;
- advise on environmental and sustainable development policy and program effectiveness; and

- undertake such other duties as may be specified by applicable legislation and regulations, or permits, licenses and authorizations.

Designated Fuel Spill or other Special Response Personnel

Management shall ensure there are sufficient, appropriately trained people available and accessible to provide fuel spill response, and any other special response requirements on company work sites.

IMPLEMENTATION

Management

The President is responsible for enabling the implementation of an effective environmental and sustainable development program for the company. Although the principle of shared responsibility by all employees and contractors is central to achieving the highest standards and practice of environmental protection on the job site and stewardship company-wide, the Board of Directors expects the President to “leave no stone unturned” in creating a constructive environmental responsibility and stewardship culture and superior practices in the company.

Management may appoint one individual as the company health, safety and environmental coordinator and may appoint one or more individuals as the lead company health, safety and environmental representative for distinct projects/work sites or field operations.

Joint Environment, Health and Safety Committee (the “Joint Committee”)

The Joint Committee is responsible for the practical application of knowledge to the resolution of environmental issues, to the development of policies, guidelines and best practices, and to the inspection of company workplaces and properties.

The Committee shall consist of an equal number of management and employee and/or contractor representatives, preferably spanning the company’s various occupations, projects, activities and work sites/work places, with no less than four members.

The co-chairs, one appointed by management and the other elected by a majority of employees and/or contractors, are tasked with guiding policy implementation, risk assessment and operational planning, developing and promoting the implementation of appropriate environmental practices and solutions, and general oversight and monitoring of the company’s environmental and sustainable development performance. During their term as co-chairs, each co-chair has the duty to give their role as co-chair sufficient time and effort.

The duties of the committee include:

- meeting regularly to address existing, new and changing requirements including the use of best practices and issues arising from reportable incidents;
- contributing to the development and ongoing improvement of an ISO 14001 environmental management system in the company;
- reviewing company compliance with applicable environmental legislation, regulations, permits, licenses and authorizations in each jurisdiction where the company is active;
- the receipt, consideration and disposition of concerns and complaints respecting the environmental practices of employees or contractors;
- participation in the identification of risks to the environment arising out of, or in connection with, activities in the work place;
- the development and promotion of measures to protect the environment and checking the effectiveness of such measures;
- cooperation with environmental protection agencies;
- the development and promotion of programs for education and information concerning the environment and sustainable development in the work place;
- the maintenance of records in connection with all matters reviewed or addressed by the committee; and
- such other duties as may be specified by applicable legislation and regulations, or permits, licenses and authorizations.

Annual plan for the environment and sustainable development

Management, with input from the Joint Committee, shall prepare an annual plan and make provision for resources to further implementation of the environmental and sustainable development policy.

Review and audits

The Joint Committee shall review company progress and performance on a regular basis and complete a thorough assessment, at least annually, in the form of a report for submission to management, the Board’s Environment, Health and Safety Committee and distribution to employees and contractors.

Not less than every three years, the company shall engage an independent advisor to audit the company’s environment and sustainable development policy, program and performance.

Implementation guidelines

Operational guidelines may be set on specific matters from time to time. Generally they are developed and approved by the Joint Committee, and issued by management. Where conditions and circumstances warrant, management may act directly, subject to future consideration of the matter by the Joint Committee.

Concurrent with the approval of this policy, Klondike Star’s environmental and sustainable development guidelines include the following matters, subject to amendment and the addition of new guidelines from time to time as approved by the Joint Committee.

Employee orientation. All employees and designated contractors are to participate in at least one environmental orientation session annually. Every new employee and contractor is to receive an environmental briefing as part of their initiation including, but not limited to, a copy of the Environment and Sustainable Development Policy, implementation guidelines, relevant permits, licenses or authorizations, and information on applicable legislation and regulations for the jurisdiction.

Best practices for exploration. Exploration managers, field supervisors and members of exploration teams are expected to properly plan and carry out exploration programs. In so doing, they are expected to be fully conversant with and apply (or adapt to local conditions as appropriate) exploration “best practices,” including for example, the Environmental Excellence Exploration best practice guidelines produced by the Prospectors and Developers Association of Canada and those published by the Association for Mineral Exploration BC and other reputable industry organizations.

For work in isolated areas, extra precautions are to be taken to assess and plan for potential environmental risks, to facilitate communication with company field offices or other appropriate contacts, and to remove any and all waste leaving the area in as natural a state as possible.

Fuel spill and emergency response. Management, employees and contractors shall adhere to the Fuel Spill Contingency Plan adopted by the company, and maintain an environmental response capability in cooperation with relevant agencies as appropriate. In addition, the company will maintain the most up-to-date communications systems feasible to facilitate effective handling of emergencies.

Contractor compliance with Klondike Star’s policy and implementation guidelines. As a term and condition of contracts with the company, contractors are required to abide by statutory requirements and Klondike Star’s environment and sustainable development policy and implementation guidelines. All contractors are expected to be fully conversant with and practice appropriate environmental “best practices,” such as those produced or endorsed by reputable industry organizations.

Reporting and investigation of incidents. Environmental protection is a shared responsibility and everyone’s awareness of the types and frequency of incidents facilitates planning to prevent or reduce potential risks. Full and accurate reporting is encouraged including the smallest incidents and near misses. No employee or contractor will be disciplined or terminated for identifying risks or reporting incidents or near misses involving a company employee or contractor.

Adopted by the Board of Directors

January 30, 2006