

HEALTH AND SAFETY POLICY

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HEALTH AND SAFETY POLICY

PURPOSE

The personal safety, health and well-being of every employee of Klondike Star Mineral Corporation and consultants and contractors working on job sites are considered to be of utmost importance in the effective and efficient conduct of business. As such, health and safety are areas of integral concern to the Board of Directors (the “Board”) and senior management. Safeguarding the health and safety of people on our work sites is more than a priority, it is a given in the way we do our work every day.

Klondike Star sincerely believes that good safety performance and a healthy work place are the leading indicators of a well-managed, efficient and profitable operation.

APPLICATION

This policy applies to all employees of Klondike Star Mineral Corporation (“Klondike Star” or the “company”) 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 health and safety is a corporate responsibility for Klondike Star and a personal responsibility of each employee and contractor working on Klondike Star’s behalf.

PRINCIPLES

Uncompromising commitment to a way of doing business. Klondike Star will provide safe and healthy working conditions and develop, maintain and promote safe and productive work practices in all aspects of its business, while meeting or exceeding all occupational health and safety laws and regulations governing its activities.

Safety first. Our safety objective must be an honest zero accident frequency rate on a continuing basis for each and every employee and contractor. Safety is a consideration in everything we do at Klondike Star. It is

part of every decision we make and every action we take. If something cannot be done safely, we do not do it.

Prevention first. All accidents are caused and are therefore preventable. In working towards achieving this goal, our everyday attitude must reflect our belief that accidents can be prevented.

Shared responsibility and collective accountability. We realize that accident prevention is a shared responsibility and in order to achieve our goal, all employees and contractors must work together to identify and eliminate or control the hazards present in work environments. Through conscientious contribution and continuous support we can work together to provide 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 safe 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 health and safety practices. We act promptly on those results to ensure continuous improvement.

Exceptional standards. The company strives to act in a manner consistent with two leading and internationally recognized standards including OHSAS 18001 (occupational health and safety management systems) and ISO 14001 (environmental management systems) through integrated management systems and performance.

PERFORMANCE OBJECTIVES

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

The health and safety performance at Klondike Star will be measured against these targets:

- zero fatalities, serious injuries or material financial losses;
- zero diseases and unhealthy conditions caused by the working environment;
- zero unplanned discharges to the external environment;
- the highest achievable level of housekeeping in all areas at all times.

ROLES AND RESPONSIBILITIES

Board of Directors

Acting through the Board's Environment, Health and Safety Committee, the Board of Directors establishes and refines policy and articulates management's responsibilities for creating a safe and healthy work place. The Board also receives regular reporting on health and safety performance and reviews periodic audits.

President

The President is responsible for incubating, enabling and installing a safety culture and healthy work place in cooperation with employees and contractors.

Managers

Our management team is accountable for providing the overall leadership for the health and safety system and for its effectiveness and improvement, and for providing an uncompromising healthy and safe working environment.

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

Supervisors and field exploration leaders

Supervisors and field exploration leaders are responsible for role modelling the appropriate health and safety behaviours, developing those behaviours in those they supervise and for ensuring that all operations, including

those undertaken by contractors, are carried out with an uncompromising regard for health and safety.

In particular, supervisors and field exploration leaders:

- provide an example for others by always directing and performing work in a safe manner;
- ensure new hires receive safety instructions before they are allowed to start work;
- hold regular safety meetings to review safety conditions and measures to facilitate health and safety;
- provide safe working conditions for all applicable workers and contractors;
- investigate incidents and accidents;
- provide each employee and contractor with information about the hazards on the job and how to avoid them, while stimulating independent responsibility for identifying potential risks and problem-solving appropriate solutions;
- maintain a housekeeping standard and assign specific responsibilities to individuals for good housekeeping;
- ensure required reporting is made to management and the Workers' Compensation and/or health and safety authority of record in the jurisdiction; and
- undertake such other duties as may be specified by applicable health and safety legislation or regulations.

Employees

Employees are responsible for their own personal safety and the safety of their fellow employees and for practising health and safety while performing their job duties.

In particular, employees:

- carry out their work in a responsible manner that will not create a further hazard to their own safety and health or the safety and health of other employees or contractors;
- assist site supervision in the reduction, controlling and reporting of accident producing conditions and unsafe acts on the work site;

- plan all projects and activities before undertaking the work;
- use the correct tools and equipment for the job;
- report any accidents, incidents, near misses and/or injuries immediately to their supervisor;
- report any anticipated loss of work time to the applicable supervisor as soon as possible after being treated by a physician following an injury;
- develop a personal concern for health safety;
- suggest ways to eliminate hazards;
- read and comply with Klondike Star’s health and safety rules, safe work guidelines, practices and procedures, and applicable legislation; and
- undertake such other duties as may be specified by applicable health and safety legislation or regulations.
- ensure pertinent safety reports are submitted as required;
- prepare descriptions of identified unsafe or unhealthy conditions and the steps taken to correct these conditions;
- identify and maintain an inventory of safety equipment purchased;
- compile copies of inspection reports on equipment;
- prepare and complete field safety inspection and hazard assessment checklists;
- record safety meeting minutes and file copies with company headquarters;
- assess accident trends and review overall safety performance;
- accompany government or industry safety inspectors during project/site inspection;

Company Coordinator and designated Work Site Safety Representative(s)

The Coordinator and Work Site Safety Representatives provide ongoing, day to day stimulus and support for effective health and safety practices.

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

- administer safety program activities on a day to day basis;
- advise management and employees on: preventing injury and illness to employees and damage to plant and equipment; legal requirements for safety, health and welfare; provision and use of protective clothing and equipment; suitability of new equipment; and potential hazards for employees and contractors before work starts;
- post safety bulletins, safety guidelines, health and safety information, etc.;
- together with managers and/or supervisors, conduct accident investigations, analysis and prepare accident reports and summaries;
- provide a regular workplace inspection for unsafe practices and conditions and ensure prompt corrective action;
- establish and implement inspection schedules;
- review all incident reports to keep informed about company or site-specific safety performance;
- advise on health and safety policy and program effectiveness; and
- undertake such other duties as may be specified by applicable health and safety legislation or regulations.

Designated First Aid Personnel

Management shall ensure there are sufficient, appropriately trained and certified people available and accessible to provide first aid services on company work sites.

In particular, first aid personnel will:

- administer first aid as required;
- maintain a first aid log;

- requisition and maintain inventory of first aid supplies and equipment;
- maintain relations with physicians and other health and emergency services in the area;
- coordinate the transportation of injured employees to a physician's office or hospital or health centre;
- assist the company and designated worksite health and safety representatives where necessary; and
- undertake such other duties as may be specified by applicable health and safety legislation or regulations.

IMPLEMENTATION

Management

The President is responsible for enabling the implementation of an effective health and safety 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 health and safety in the work place, the Board of Directors expects the President to "leave no stone unturned" in creating a constructive safety culture in the company.

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

Joint Environment, Health and Safety Committee

The Environment, Health and Safety Committee (the "Joint Committee") is responsible for the practical application of knowledge to the resolution of health and safety issues, to the development of policies, guidelines and best practices, and to the inspection of company workplaces.

The Committee shall consist of an equal number of management and employee 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 health and safety practices and solutions, and general oversight and monitoring of the company's health and safety 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:

- the receipt, consideration and disposition of concerns and complaints respecting the safety and health of employees or contractors;
- participation in the identification of risks to the safety or health of employees or other persons arising out of, or in connection with, activities in the work place;
- the development and promotion of measures to protect the safety, health and welfare of persons in the work place and checking the effectiveness of such measures;
- cooperation with the jurisdiction's occupational health and safety agency;
- the development and promotion of programs for education and information concerning safety and health in the work place;
- the maintenance of records in connection with all matters reviewed or addressed by the committee; and
- undertake such other duties as may be specified by applicable health and safety legislation or regulations.

Project or site-specific workplace safety committee

Depending on the scope and scale of activity and the number of company employees and contractors active on a particular company project site or work place, a safety committee may be constituted or a safety representative designated to perform the same functions.

Annual plan for health and safety

The Joint Committee, with support from management, shall prepare an annual plan and meet regularly to address new and changing requirements, issues and proposals arising from the review of incident

investigation reports. Management shall make provision for resources to implement the plan.

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 of directors and distribution to all employees and contractors.

Not less than every three years, the company shall engage an independent advisor to audit the company's health and safety 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 health and safety guidelines include the following matters. They are 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 health and safety orientation session annually. Every new employee and contractor is to receive a health and safety briefing as part of their initiation including, but not limited to, a copy of the Health and Safety Policy, implementation guidelines, and the legislation and regulations for the jurisdiction.

First aid training and certification. Exploration employees shall receive industrial first aid training, and obtain and maintain certification at company expense. The target is to achieve 100% coverage while ensuring that statutory minimums are exceeded as required for company work sites.

Emergency response. Klondike Star shall maintain vehicles suitable for service as ambulances on all project or job sites involving 10 or more employees or contractors. 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 condition of contracts with the company, contractors are required to abide by statutory health and safety requirements and Klondike Star's health and safety policy and implementation guidelines. All contractors are expected to be fully conversant with and practice industry health and safety "best practices," such as those produced or endorsed by credible exploration and construction industry associations, including the Prospectors and Developers Association of Canada, the Association for Mineral Exploration BC, the Yukon Construction Safety Association and the Construction Owners Association of Alberta.

Zero tolerance for alcohol or drugs on company worksites. An employee or contractor may not use, possess or offer for sale alcohol and drugs while at a company work place, may not report to work or work with an alcohol level that exceeds forty milligrams of alcohol in one hundred millilitres of blood, breath, saliva or urine or with a drug level equal to or in excess of the levels specified by the Construction Owners Association of Alberta, or may not report to work or to work while unfit work on account of the use of prescription or non-prescription drugs. In addition, an employee or contractor may not refuse to comply with a request by a company representative, comply with a request to submit to an alcohol and drug test or provide a sample for an alcohol and drug test in accordance with the policy of the Construction Owners Association of Alberta. For guidance, refer to the Alcohol and Drug Guidelines and Work Rule, Canadian Model for Providing a Safe Workplace: A best practice of the Construction Owners Association of Alberta.

The company has established the following work standards for company worksites, property or exploration camps:

- No worker or contractor shall distribute, possess, consume or use alcohol or illegal drugs on any work sites occupied by the company or in any company vehicle or other equipment.

- No worker or contractor shall report to work or be at work with an alcohol level that exceeds forty milligrams of alcohol in one hundred millilitres of blood, breath, saliva or urine.
- No worker or contractor shall report to work or be at work under the influence of any drug or substance that may or will affect their ability to work safely.
- No worker or contractor shall misuse prescription or non-prescription drugs while at work. If a worker or contractor is taking a prescription or non-prescription drug for which there is a potential unsafe side effect, he or she has an obligation to report it to the supervisor.

Best practices for exploration crews. All members of exploration crews or teams are expected to be fully conversant with and practice appropriate exploration “best practices,” including for example, those published by the Prospectors and Developers Association of Canada (E3 - Environmental Excellence in Exploration) and the Association for Mineral Exploration BC (Safety Manual for Mineral Exploration in Western Canada, updated 2002).

For work in isolated areas, extra precautions are to be taken to assess and plan for potential health and safety risks, to facilitate communication with company field offices or other appropriate contacts, and to ensure appropriate safety and survival gear is employed.

Cold temperature work cessation. No employee or contractor may work on exploration programs at temperatures below -35 degrees Celsius.

Personal protective equipment (PPE). All employees shall come to work appropriately equipped or be supplied and use appropriate, up-to-standard personal protective equipment and safety practices.

All contractors are required to use appropriate, up-to-standard personal protective equipment and safety practices as a condition of contract.

Reporting and investigation of incidents. Safety is a shared responsibility and everyone’s awareness of the types and frequency of incidents of any size 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.

The use of first aid supplies is to be recorded in the record book at the first aid stations by the relevant First Aid Attendant. Health and safety incidents are to be reported by employees and contractors to their immediate company supervisor and subsequently to the Vice-President of Operations. Investigations will be undertaken by the supervisor and written reports submitted to the Vice-President of Operations. Consolidated health and safety incident reporting is made to the Board’s Environment, Health and Safety Committee and the Board of Directors on a quarterly basis and reported each year in the company’s published annual report.

Right to refuse unsafe work. The Company acknowledges that all employees have a statutory right and responsibility to refuse to work in unhealthy or unsafe work places or job sites.

Security and loss control. Public safety and security and loss control for company facilities and work places, exploration properties, vehicles, tools, equipment, etc. requires that all employees and contractors be appropriately trained and contribute to the public safety and security and loss control of company assets.

Adopted by the Board of Directors

January 30, 2006