

PART A DEFINITIONS

“Act” means the *Waters Act* and any amendments thereto.

“Application” means application for water use licence PM04-424 and placer mining land use approval AP04424, including any subsequent information presented to the Yukon Water Board, up to the date of the Yukon Water Board’s decision.

“Board” means the Yukon Water Board.

“Diversion” means any direct or indirect alteration of a portion of or all of the water flowing in a course, route, bed, bank or boundaries of a river, stream lake or watercourse.

“Inspector” means any person designated as an Inspector under the Act.

“Instream Reservoir” means any water structure, where water is collected and retained for use, which is constructed in a natural channel or Diversion, and through which the entire creek flow may be directed at any time.

“Instream Settling Facility” means a water compound structure, pond or series of ponds, where effluent is collected and retained for treatment, which is constructed in a natural channel or in a Diversion and through which the entire creek flow may be directed at any time.

“Natural Boundary” means the visible high water mark of any lake, river, stream or other body of water where the presence and action of water is so common and so long continued as to mark the soil of the bed of the lake, stream or other body of water a character distinct from the banks thereof, both in respect of vegetation and in respect to the nature of the soil itself. In addition, the best estimates of the edge of dormant or old side channels and marsh areas are considered to be Natural boundaries.

“Regulation” means the *Waters Regulation*.

“Spring Freshets” mean the sudden increase in flow carried by a stream as snowmelt occurs at higher elevations in the watershed.

“Watercourse” means any stream, lake, pond, creek, spring, ravine or swamp whether ordinarily containing water or not.

“Work Area” means any area disturbed and/or altered by mining activities, excluding any stable Diversion channel.

PART B WATER USE AND WASTE DEPOSIT

1. The Licensee is hereby authorized to:
 - a) obtain water from Last Chance Creek and 15 Pup at a maximum combined quantity of 5,400 cubic metres per day; and
 - b) use this water for a placer mining undertaking on claim (grant) numbers as shown in Appendix A, attached:
 - c) return a flow of water to Last Chance Creek and 15 Pup and to deposit a waste into Last Chance Creek and 15 Pup; and
 - d) construct diversions of Last Chance Creek and 15 Pup, and
 - e) divert the total stream flow of Last Chance Creek and 15 Pup through settling facilities, during the mining season

as described in the Application and subject to the conditions of this licence. If there is any discrepancy between the Application and the conditions of this licence, the conditions of this licence will prevail.

2. The Board has relied on the representation, warranties and undertakings provided by the Licensee in the materials filed with the Application. Such representation, warranties and undertakings are considered, by the Board, to be part of the licence, but shall be subject to, and may be modified by, the conditions of the licence.
3. All work authorized by this licence shall occur on property that the Licensee has the right to enter upon and use for that purpose.
4. Effluent Quality Standard: Any grab sample at the point of discharge from the final settling facility shall not exceed settleable solids of 5.0 millilitres per litre above levels in the stream immediately above the uppermost mine operation.
5. Except as otherwise provided in this licence, the Licensee shall not deposit or permit the deposit of a waste containing:
 - a) anything toxic to fish;
 - b) floating solids;
 - c) visible oil or grease; or
 - d) a total concentration of mercury in excess of 0.005 milligrams per litre

into a receiving stream, or in any place, under conditions where such waste, or any other waste, that results from the deposit of such waste, if resulting waste contains any of the items prohibited by this paragraph, may enter the receiving stream.

6. If, subsequent to the issuing of this licence, the Licensee uses water and/or deposits waste in one or more ways not authorized by this licence, and the combined effect of those uses and/or deposits of wastes, as determined by an Inspector:
 - a) has no potential for adverse environmental effects; and
 - b) does not interfere with existing rights of other water users or waste depositors; and
 - c) satisfies the criteria set out in Column 2 of Schedule 6 of the Regulation

no amendment to this licence will be required for that use of water and/or deposit of waste.

7. Fuels, lubricants, cleansers, solvents and similar chemicals or substances shall be used, transported, stored and disposed of in such a way that said substances are not deposited in or allowed to be deposited in waters.

PART C MINING ACTIVITIES

8. The Licensee may construct an intake ditch to an out of stream pump pond/reservoir. The Licensee may route the total stream flow of 15 Pup into settling facilities and use that stream channel as a conduit between the mining location and the settling facilities.
9. The Licensee may construct a cross-valley dam on the streams, provided the height of the dam does not exceed 2.0 metres when measured on the downstream side of the dam.
10. All instream earthworks, Diversions, ditches, spillways and other water related structures built or otherwise constructed for the storage or conveyance of water shall be able to withstand seasonal floods.
11. All storage and settling facilities and associated spillways, drains and water supply ditches located outside the stream channel shall be of adequate capacity and construction.
12. All works associated with the undertaking, including but not limited to, all dams, weirs, spillways, stream crossings, ditches, gates, water intakes, culverts and settling facilities shall be maintained in good repair.
13. Settling facilities shall be provided for all mining wastewater.
14. Available overburden shall be stockpiled for future site restoration and such stockpiles shall be located where they will not adversely affect water quality in any Watercourse.

PART D DIVERSION/CHANNEL CONSTRUCTION AND RESTORATION

The Licensee shall adhere to the following conditions regarding construction of all Diversions, redirection of the Watercourse into the natural channel and restoration:

15. The Diversion channel width on Last Chance Creek shall be no less than 7.5 metres and on 15 Pup shall be no less than 1.5 metres.

16. The Diversion channel depth on Last Chance Creek shall be no less than 1.1 metres and on 15 Pup shall be no less than 1.0 metres.
17. The Diversion grade on Last Chance Creek shall be between 0.0% and 3.0% and on 15 Pup shall be between 0.0% and 11.5%.
18. The bed and the banks of the Diversion channels shall be left in a stable condition.
19. The bed and the banks of any tributary (gulch or pup) of Last Chance Creek or 15 Pup shall be left in a stable condition.
20. Class I armouring shall be used, as directed in Schedule 1.

PART E SEASONAL CLOSURE

The Licensee shall comply with the following conditions pertaining to seasonal closure:

21. The mine shall be left in a stable condition at the end of each mining season.
22. An Inspector shall be contacted not less than 2 weeks prior to seasonal closure.
23. To prevent flood damage during Spring Freshets, the water reservoir intake ditches shall be blocked, a bypass shall be built around the settling ponds and the Diversion ditches shall be constructed and maintained to withstand and convey flood flows.
24. Spring Freshets may be routed through Work areas provided the effluent standard of 5.0 millilitres per litre of settleable solids is met. Where Diversions around working areas are built or excavated, they shall be open in preparation for Spring freshets.
25. All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles, shall be stabilized annually to prevent erosion and surface runoff from carrying sediment into adjacent Watercourses.

PART F DECOMMISSIONING

Prior to final decommissioning and/or expiry of this licence, the Licensee shall:

26. Ensure the final Watercourse channel approximates its pre-licence condition in length, width, gradient and stability, except as may otherwise be required in this licence; and
27. Ensure that all dams and dikes across Watercourses are removed; and
28. Contact an Inspector not less than 2 weeks prior to final decommissioning.

PART G REPORTS, SAMPLING & ANALYSIS

29. Where there is a surface discharge from the settling facility, the licensee shall take weekly samples at the point upstream of the water supply intake and at the point of discharge from the final settling facility, and shall analyze these samples, using the Imhoff cone 1-hour test.

30. Where no discharge from the settling facility to a receiving stream occurs, whether by surface discharge or seepage, no sampling is required.
31. On or before the anniversary of the date of the issuance of this licence, and for each year during which this licence is in effect, the Licensee shall submit an annual report to the Board.
32. Annual reports shall include the information required by this licence and by the Regulation, including, but not limited to:
 - a) the quantity of water used under the licence, and
 - b) the quantity, concentration and type of any waste deposited under the licence, and
 - c) all data collected as a result of any sampling which is required by this licence, and
 - d) a description of the reclamation that has taken place, and
 - e) a list of claim (grant) numbers where the reclamation has taken place,during the year reported.

PART H GENERAL CONDITIONS

33. The expiry date of this licence shall be April 30, 2015.
34. Sewage, including all human excreta and wastewater associated with daily camp operations, shall be disposed of in accordance with the *Public Health and Safety Act* of Yukon.
35. The location of subsurface grey water pits and/or pit privies shall be not less than 30 metres from the high water mark of any Watercourse and at least 1.2 metres above bedrock or the water table.
36. If very permeable soils are encountered, the pit privy or grey water pit shall be lined with 0.6 metres of sand or silt.
37. All garbage and refuse shall be kept in a covered container until removed from site or, where appropriate, incinerated and buried under no less than 1 metre of compacted soil in pits not less than 30 metres from the Natural boundary of any Watercourse.
38. The Licensee shall contact the 24-hour Yukon Spill Report number (867) 667-7244 and implement the Spill Contingency Plan, should a spill or unauthorized discharge occur. A detailed report of any such event, including but not limited to, dates, quantities, parameters, causes and other relevant details shall be submitted to the Board no later than 10 days after its occurrence.
39. No condition of the water licence limits the application of any federal, territorial, first nation or municipal legislation.

40. In the event that the Licensee fails to comply with any provision or condition of this licence, the Board may, subject to the Act, cancel this licence.
41. Where any direction, notice or order under this licence is required to be in writing, it shall be given:

a) to the Licensee, if delivered or mailed by registered mail to the following address:

Last Chance Placers Ltd.
Box 10143
RR # 1
Whitehorse, YT Y1A 7A1

and shall be deemed to have been given to the Licensee on the day it was delivered or 7 days after the day it was mailed, as the case may be; or

b) to the Board, if delivered, faxed or mailed by registered mail to the following address:

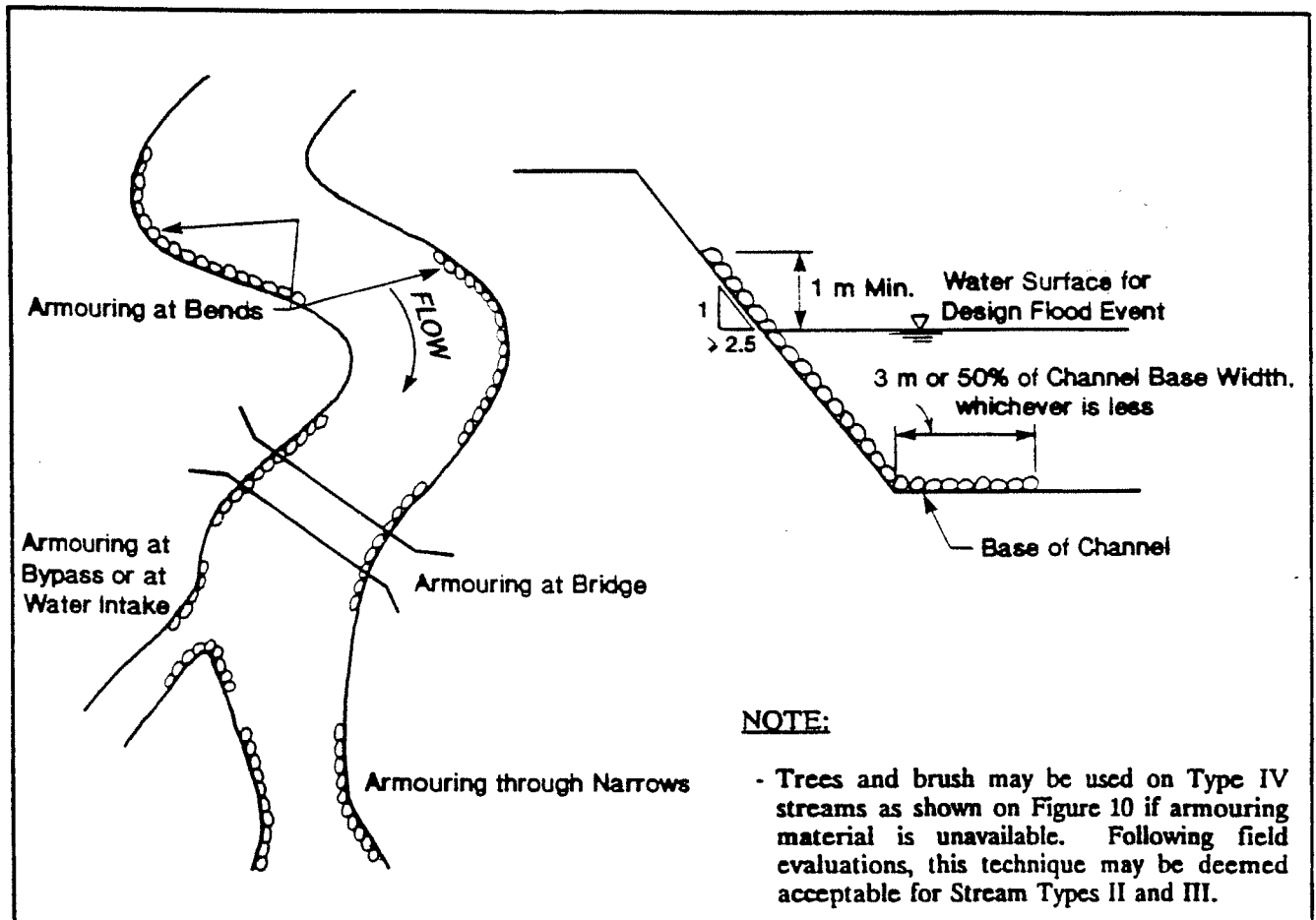
Yukon Water Board
Suite 106, 419 Range Road
Whitehorse, YT Y1A 3V1
Fax: (867) 456-3890

and shall be deemed to have been given to the Board on the day it was delivered or faxed or 7 days after it was mailed, as the case may be.

APPENDIX A

Claim	Claim	Claim	Claim	Claim	Claim
37496	34599	P10221	P22104	P22115	P36731
37497	34596	P36820	P22105	P09072	P37697
P08221	42164	P37124	P22106	P08940	P08255
29397	34560	P37125	P22107	P34160	P09073
P08257	P08256	P08258	P22108	P36811	38906
P36962	32001	32515	P22109	P36812	P35828
P36963	32002	P35827	P22110	P34159	P33929
34159	32003	P22100	P22111	P34158	P33930
90002	P08941	P22101	P22112	P34156	P33931
00850	P08939	P22102	P22113	P34157	
33686	P43963	P22103	P22114		

SCHEDULE 1



NOTE:

- Trees and brush may be used on Type IV streams as shown on Figure 10 if armoring material is unavailable. Following field evaluations, this technique may be deemed acceptable for Stream Types II and III.

PURPOSE:

- To control bank erosion at bends or curves, at bridge approaches and abutments and through channel narrows.

DESIGN:

- Channel armoring should extend from the base of the channel to at least 1 m above the water surface (depth of flow) for the design flood event.
- Armoring should extend beyond the toe of the channel bank along the base of the channel 3 m or 50% the base width of the channel, whichever is less.
- The bank or channel side slopes should be no steeper than 2.5H:1V where the bank is to be armoured.
- Use the following table to determine what size of armoring material should be used.

SUGGESTED STONE SIZES FOR ARMOURING MATERIAL

	Riprap Class					
	1		2		3	
	mm	inches	mm	inches	mm	inches
Maximum Stone Size	450	18	800	32	1200	47
Average Stone Size	300	12	500	20	800	32
Velocity	< 3 m/s		3 to 4 m/s		4 to 4.7 m/s	

CONSTRUCTION:

- Place material on bank using available equipment.
- Ensure that there is a fairly uniform mix of armour material sizes on bank.

ARMOURING TECHNIQUES