

**APPROVAL FOR A
CLASS 4 PLACER LAND USE OPERATION PLAN**

Pursuant to the *Placer Mining Act* and the *Placer Mining Land Use Regulation* made thereunder, the Yukon Water Board hereby approves the Class 4 Placer Land Use Operating Plan as submitted by:

Farley's Machine Inc.
200 Front Street
Box 363
Platteville, CO 80651

APPROVAL NUMBER: AP04440

WATER LICENCE: PM04-440

WATER USE AREA: 2

STREAM CLASSIFICATION: IV A & B

LOCATION: Latitude: 64 ° 02 ' N Longitude: 139 ° 07 ' W

EFFECTIVE DATE: The effective date of this approval shall be the date on which the signature of the Chairperson of the Yukon Water Board is affixed.

EXPIRY DATE: May 1, 2015

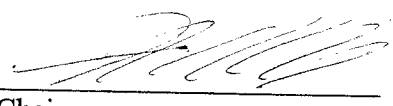
The operating plan shall be subject to the restrictions and conditions contained herein and to the restrictions and conditions contained in the *Placer Mining Act* and the *Placer Mining Land Use Regulation* made thereunder.

Dated this 29th day

of June, 2005

Witness

S. Adair


Chairperson
YUKON WATER BOARD

PART A DEFINITIONS

“Act” means the *Placer Mining Act*.

“Application” means application for water use licence PM04-440 and placer mining land use approval AP04440 and any subsequent information presented to the Yukon Water Board, up to the date of the Board’s decision.

“Board” means the Yukon Water Board.

“Claims” mean any parcel of land located or granted for placer mining and “mining property” includes, besides claims, any ditches or water rights used for mining on the claim, and all other things belonging or used in the working of the claim for mining purposes.

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

“Operation” means a placer land use operation.

“Operator” means a person engaged in a placer mining land use Operation.

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

“Special Waste Management Facility” means an operation which handles or disposes of special wastes generated by other persons or operations and which is approved in accordance with the provisions of the *Special Waste Regulations of the Environment Act* of Yukon.

“Stripping” means excavation, undertaken as part of an Operation, that is limited to the removal of trees, brush and vegetative mat.

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

“Trenching” means excavation that extends below the vegetative mat, undertaken as part of an Operation.

“Vegetative Mat” means the organic surface of soil, characterized by the accumulation of organic matter, or partly decomposed organic matter, derived mainly from leaves, twigs and woody materials, and includes the root mass of living vegetation.

PART B GENERAL CONDITIONS

1. This approval applies to those grant (claim) numbers that are included in water use licence PM04-440 including any amendments thereto.
2. The expiry date of this approval shall be May 1, 2015.
3. All operating activities must comply with the operating conditions contained in Schedule 1 of the *Placer Mining Land Use Regulation* and with the operating plan AP04440 submitted. Where there is a discrepancy between the operating plan and this approval, the conditions of this approval shall prevail.
4. The Operator must contact Government of Yukon, Energy, Mines and Resources, Client Services and Inspections at (867) 667-3209, every year before beginning operations and at least 2 weeks prior to leaving the site at the end of every season.
5. All risk of fire hazards must be avoided.
6. Nothing in this approval limits the application of any federal, territorial, first nation or municipal legislation.

PART C WILDLIFE

7. All debris, equipment, fuel barrels, scrap metal and other waste at the work site must be disposed of safely, so as not to attract wildlife, by removal or incineration.
8. All incidents with wildlife must be reported to the District Conservation Officer in Dawson City.
9. Removed brush must not be piled so that it blocks movement of wildlife or people.
10. At seasonal closure, any materials that may result in injury to wildlife, such as wire, steel, glass or plastic, must be removed or safely stored.

PART D RESTORATION PRACTICES

11. To re-establish the Vegetative Mat, all areas disturbed during the mining Operation must be left in a condition conducive to successful re-vegetation by native plant species or by species adaptable to that environment.
12. All areas disturbed during the mining Operation must be re-sloped, contoured or otherwise stabilized to prevent long-term soil erosion, slumping and subsidence and to comply with the condition for re-establishment of the Vegetative Mat.
13. Tailings and overburden or other relocated materials must be levelled and contoured into low relief piles. The slope of these low relief piles must be no steeper than 2 horizontal to 1 vertical. Any such slope over 15 metres in height must be benched.

14. The following conditions apply to stripping:
 - a) trees and brush must be cleared first,
 - b) topsoil and organic material must be stockpiled separately,
 - c) overburden must be located no closer than 5 metres from any standing trees,
 - d) overburden may be stacked along the valley wall, but must be contoured to blend with the natural topography.
15. All trenching carried out by hand or with hand-held tools must be methodical. The trenches must be stabilized and marked in such a way as to minimize risk to the public.
16. If mechanized equipment is used for trenching, all materials must be segregated into 2 piles:
 - a) Vegetative Mat; and
 - b) overburden and bedrock;to be conserved and used for backfilling the trenches.
17. Backfilling of the trenches must be conducted by replacing overburden and bedrock first, then covering with the Vegetative Mat.

PART E DRILLING

18. Vegetation other than within a drill sump shall not be covered with drill cuttings.
19. Drill mud must be re-circulated when possible.
20. All drill fluids must be contained within a small (natural or artificial) sump in a suitable manner.
21. All drill holes that pose a hazard or that lead to ground water must be plugged in a suitable manner.
22. All drilling must be done in a way that minimizes its impact on wildlife and the public.
23. The location of drill holes must be marked on the ground by flagging or other suitable means.
24. There shall be no direct discharge from the drill site to any watercourse.

PART F ARCHAEOLOGICAL SITES AND BURIAL GROUNDS

25. All archaeological sites and burial grounds must be avoided.
26. If archaeological sites or burial grounds are encountered, they must be:
 - a) marked and reported to the Chief of Placer Land Use; and
 - b) protected from further disturbance until authorization is given by the Chief of Placer Land Use.

PART G ACCESS ROADS AND/OR TRAILS

27. All vehicles must be operated within the design limits or tolerances of the road or trail. If the design limits or tolerances are unknown, then the operation of vehicles must not cause significant rutting or gouging of the road or trail.
28. If significant rutting or gouging occurs, the road or trail must be restored.
29. If there is no road or trail, the Operator must comply with the following conditions when mobilizing heavy equipment to a site:
 - a) routes used by vehicles must be reconnoitred and used in a way that minimizes ground disturbance,
 - b) if rutting and gouging could lead to ongoing erosion, ponding or permafrost degradation, vehicle use must be suspended or relocated to ground that is capable of bearing the vehicle, and former routes must be restored in compliance with Part D of this approval,
 - c) tracked vehicles with blades should be provided with mushroom pads to minimize terrain damage,
 - d) dozers should travel with the blade raised, so as not to rip up the Vegetative Mat,
 - e) the route must avoid any identified critical wildlife habitat,
 - f) vehicle travel should be temporarily suspended to avoid disturbance of wildlife during critical periods,
 - g) vehicles may only be mobilized in ice-rich permafrost areas when the active layer is frozen, or when the surface is strong enough to support the vehicle without excessive permafrost degradation.
30. At abandonment, compacted road surfaces must be scarified to promote re-vegetation.

PART H CAMPS

31. All campsites must be kept clean and tidy.
32. All buildings and other facilities must be on well-drained soil.
33. Combustible and odorous kitchen waste must not be permitted to accumulate.
34. All wood debris, empty drums, junked equipment and metal waste must be kept in a secure area for final disposal.
35. Compacted soil must be loosened to allow for natural re-vegetation. Areas not likely to re-vegetate naturally must be spread with topsoil.

PART I FUEL HANDLING AND TRANSPORTATION

36. A fuel spill contingency plan must be in place and a copy posted on site.
37. All petroleum products and chemicals must be stored and transported in such a manner so as to prevent spillage into any watercourse or onto the surrounding land.
38. All fuel tanks that exceed 4,000 litres must be registered according to the *Canadian Environmental Protection Act*.
39. When the quantity of fuel in storage exceeds 4,000 litres, secondary containment must be provided.
40. The secondary containment facility must be constructed of material impervious to petroleum products; and
 - a) in the case of a single tank, of sufficient size to accommodate at least 110% of the fuel, or
 - b) if there is more than one storage tank, of sufficient size to accommodate 110% of the capacity of the largest tank or 10% of the total capacity of all the tanks, whichever size is greater.
41. All vehicles must be maintained and operated in a manner designed to prevent spills of fuel or oil.
42. All waste petroleum products must be safely stored on site or be removed to a Special Waste Management Facility approved under the *Special Waste Regulations* of the *Environment Act* of Yukon.
43. Sufficient spill cleanup equipment and materials must be in a state of readiness in order to cleanup all fuel spills.

44. If a spill or unauthorized discharge occurs, the Operator shall immediately implement the Spill Contingency Plan, and
 - a) contain and clean up the spill, and
 - b) contact the 24-hour Yukon Spill Report number (867) 667-7244, and
 - c) contact an Inspector.
45. A detailed written report on any spills or unauthorized discharges, including but not limited to, dates, quantities, parameters, causes and other relevant details and explanations, shall be submitted to the Board and a copy to the Chief of Placer Land Use no later than 10 days after its occurrence.
46. All fuel and chemical storage areas must be stable and must be located at least 30 metres away from the high water mark.
47. All fuel drums must be stored in an upright position.
48. All fuel and chemical containers must be sealed when not in use.
49. Every precaution must be taken to ensure that no spillage occurs during fuel transfers.
50. All containers of petroleum products with a capacity of 200 litres or greater must be clearly marked with the Operator's name and the contents.

PART J RECLAMATION

51. Available overburden must be stockpiled for use in future site restoration and such stockpiles must be located where they will not adversely affect the water quality of any watercourse.
52. The mine site must be left in a stable condition at the end of each mining season.
53. All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles, must be stabilized annually.

PART K DECOMMISSIONING

54. All waste materials, excluding silt and other natural materials, including but not limited to, scrap metal, machinery and parts, barrels and containers, must be removed from the Operation site.
55. The Operator must contact an Inspector not less than 2 weeks prior to final decommissioning.

56. The Operator may apply for a Certificate of Completion at the termination of the operation, when all reclamation has been achieved.
 57. At final decommissioning of the site, everything must be removed, including all buildings, machinery, materials, fuel drums, used hydrocarbons, unburied solid waste, and metal waste, including junked vehicles.
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