

TERMS AND CONDITIONS OF WATER USE LICENCE PM99-015**PART A DEFINITIONS**

"Act" means Yukon Waters Act and any amendments thereto.

"Application" and "Water Use Application" mean Water use Application PM99-015, including any additional submissions and/or revisions, submitted to the Board by the Licencee.

"Board" means the Yukon Territory Water Board.

"Deleterious Substance" means deleterious substance as defined in Section 34 (1) of the Fisheries Act.

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

"Freshet" means the sudden increase in flow carried by the stream as snowmelt occurs at higher elevations in the watershed.

"Inspector" means any person designated as an inspector under the Act.

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

"Instream Settling Facility" means a water impoundment 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 the water is so common and usual and so long continued as to mark upon the soil of the bed of the lake, stream or other body of water a character distinct from that of the banks thereof, both in respect to 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.

"Regulations" means the Regulations made under the Act.

"Special Waste Management Facility" means an operation which handles or disposes of special wastes generated by other persons or operations and which has been approved in accordance with the provisions of the Special Waste Regulations of the Environment Act of the Yukon Territory.

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

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PM99-015

PART B WATER USE AND WASTE DEPOSIT

1. The Licensee is hereby authorized:
 - a) to obtain water from Maisy May Creek at a maximum quantity of 5,456 cubic metres per day; and
 - b) to use this water for a placer mining undertaking on claim numbers as per attached Appendix A ; and
 - c) to use claims P12403, and P14525 to P14536, inclusive for settling facilities; and
 - d) to return a flow of water to Maisy May Creek, and to deposit waste into Maisy May Creek; as proposed in water use application PM99-015 and subject to this licence.
2. Where there is a discrepancy between the water use application and the terms of this licence, the terms of this licence shall prevail.
3. If, subsequent to the issuing of this licence, the Licensee uses water and/or deposits waste which:
 - a) have no potential for significant 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 II of Schedule VI of the Regulations
 no amendment to this licence will be required for this use of water and/or deposit of waste.
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 milliliters 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 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.

Y W B

Water Use Licence PM99-015

6. Deleterious substances, including, but not limited to, 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 frequented by fish.

PART C MINING ACTIVITIES

7. An instream reservoir, instream settling facility and a stream channel diversion may be constructed.
8. The instream reservoir, settling facilities, and overflow spillways shall be constructed and maintained to withstand and convey at least a 1:2 year flood flow.
9. Existing cross valley dams may be used provided the structures are stable. New cross valley dams may be constructed and shall not exceed 1.5 metres in height when measured on the downstream side.
10. The Licensee may construct an intake ditch to an out of stream pump pond/reservoir.
11. All instream earthworks, diversions, ditches, spillways and any other water related structures built or otherwise effected for the storage or conveyance of water shall be able to withstand seasonal floods.
12. 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.
13. 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.
14. A protective berm shall be constructed and maintained along the stream channel diversion.
15. Settling facilities shall be provided for all mining waste waters.
16. Available overburden shall be stockpiled for use in future site restoration and such stockpiles shall be located where they will not adversely affect water quality in any watercourse.
17. In those areas where mining will not again occur, tailings and overburden, or other relocated materials, shall be levelled and contoured into low relief piles. The slopes of these low relief piles shall be no steeper than two horizontal to one vertical.

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 original channel and restoration:

18. The diversion channel width shall be no less than 4.5 metres.
19. The diversion channel depth shall be no less than 1.4 metres.
20. The diversion channel grade shall be between 0.0 % and 6.5 %.
21. The bed and banks of the diversion channel shall be left in a stable condition.
22. The bed and banks of any tributary (gulch or pup) of Maisey May Creek shall be left in a stable condition.
23. Class I armouring shall be used, as directed in Schedule I.

PART E SEASONAL CLOSURE

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

24. The mine site shall be left in a stable condition at the end of each mining season.
25. An inspector shall be contacted not less than two weeks prior to seasonal closure.
26. To prevent flood damage during freshet the intake ditches shall be blocked and creek flow returned to original channel, bypass around the settling facilities to be opened and settling ponds to be dewatered.
27. 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.
28. Spring freshets may be routed through work areas. Where diversion channels around working areas are built or excavated, they shall be open in preparation for spring freshet.

PART F DECOMMISSIONING

Upon final decommissioning and/or expiry of this licence the Licensee shall:

29. Ensure that the final creek channel approximates its pre-licence condition in length, gradient and stability except as otherwise required in this licence; and
30. Level and recontour tailings and overburden, or other relocated materials, into low relief piles. The slopes of these low relief piles shall be no steeper than two horizontal to one vertical; and

Water Use Licence PM99-015

31. Ensure that all dams and dikes across stream channels are removed; and
32. Ensure that all waste materials, excluding silt and other natural materials, but including, and not limited to, scrap metal, machinery and parts, barrels and containers are removed from the operation site; and
33. Contact an inspector not less than two weeks prior to final decommissioning.

PART G REPORTS, SAMPLING, & ANALYSIS

34. Where there is a surface discharge from the settling facilities, the Licensee shall take weekly samples at a point upstream of the water supply intake and at the point of discharge from the final settling facility, and shall analyze these samples for settleable solids, using the Imhoff cone one hour test.
35. Where no discharge from the settling facility to a receiving stream occurs, whether by surface discharge or seepage, no sampling is required.
36. On or before the anniversary of the date of 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. The report shall describe the quantity of water used under the licence, and the quantity, concentration and type of any waste deposited under the licence, and shall include all data collected as a result of any sampling which is required by this licence.

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PART H GENERAL CONDITIONS

37. The expiry date of this licence shall be July 1, 2009. PM99-637
38. Sewage, including all human excreta and wastewater associated with daily camp operations, shall be disposed of in accordance with the Public Health Act of the Yukon Territory.
39. All garbage and refuse shall be removed from the site or, where appropriate, incinerated and buried under not less than one (1) metre of compacted soil in pits located not less than thirty (30) metres from the natural boundary of the watercourse.
40. Stationary fuel storage and pumping sites shall comply with the provisions of the National Fire Code.
41. Waste petroleum products shall be delivered to a Special Waste Management Facility or incinerated in an impermeable container.
42. The Licensee shall immediately contact the 24-hour Yukon Spill Report number (867) 667-7244 should a spill or unauthorized discharge occur. A detailed written report on any such event, including but not limited to, dates, quantities, parameters, causes and other relevant details and explanations shall be submitted to the Board no later than fifteen (15) days after its occurrence.

Water Use Licence PM99-015

43. No term of this licence limits the application of any other Federal, Territorial or First Nation law.
44. In the event that the Licensee fails to comply with any provision or condition of this licence, the Board may, with the approval of the Minister and subject to the Act, cancel the licence.
45. Where any direction, notice, order or report under this licence is required to be in writing, it shall be given:

To the Licensee, if left at or mailed by registered mail to the address which appears on the signature page of this licence and shall be deemed to have been given to the Licensee on the day it was left or seven (7) days after the day it was mailed, as the case may be; or

To the Board, if faxed to (867) 668-3628 or left at or sent by registered mail to the following address:

The Yukon Territory Water Board
Suite 106, 419 Range Road
Whitehorse, Yukon
Y1A 3V1

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

If normal mail service is interrupted by strike, slowdown, force majeure or other cause a notice sent by Registered Mail will not be deemed to be received until actually received and the party sending the notice shall, if possible, deliver such notice in order to ensure prompt receipt thereof.

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PM99-001

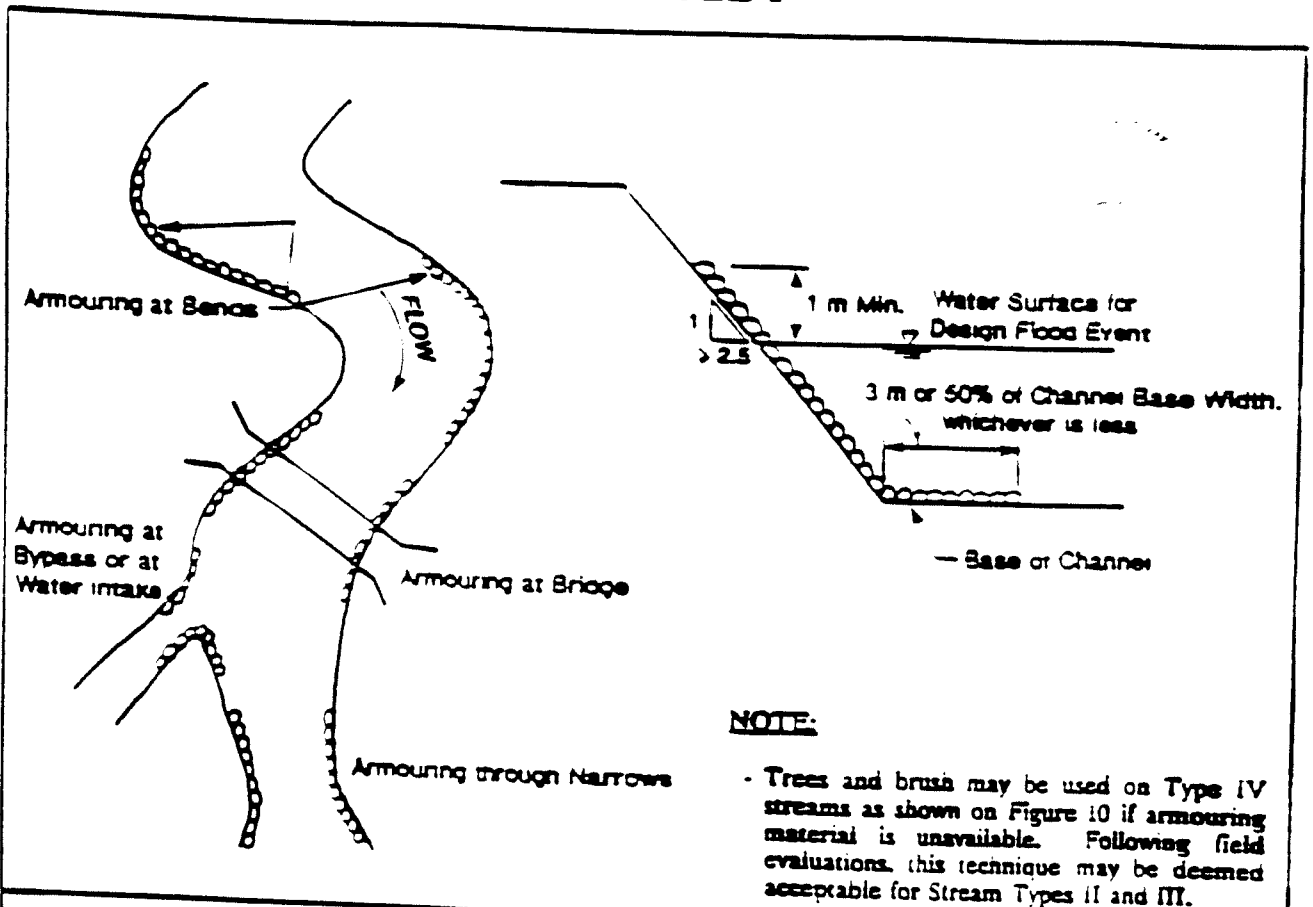
APPENDIX A

P36137	P36138	P36139	P36140	P36141
P36142	P36143	P36144	P36145	P36146
P13537	P13538	P13539	P13940	P13941
P13942	P13943	P13944	P13945	P13946
P13947	P13948	P13949	P13950	P13951
P13952	P13953	P13954	P00532	P00533
P00534	P01394			

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PM99-037

SCHEDULE I



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 armored.
- Use the following table to determine what size of armoring material should be used.

SUGGESTED STONE SIZES FOR ARMORING MATERIAL

	Riprap Class					
	1		2		3	
	mm	inches	mm	inches	mm	inches
Maximum Stone Size	450	18	100	32	200	47
Average Stone Size	100	12	500	20	100	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.