

TERMS AND CONDITIONS OF WATER USE LICENCE PM97-047

PART A DEFINITIONS

"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.

"Area A" includes claim numbers 42191 upstream to 42462, P19321 to P19324 inclusive, 42403, 42404 and P14254

"Area B" includes claim numbers P4391 to P4396 inclusive and P10621

"Area C" includes claim numbers P10620, P10681 and P10682

"Area D" includes a Temporary Diversion on claim numbers 38905 and 42835

PART B WATER USE AND WASTE DEPOSIT

1. The Licensee is hereby authorized:

a) to obtain water from Jensen Creek and Burnham Creek, tributaries of Dominion Creek, and Dominion Creek at a maximum quantity of 22,730 cubic metres per day; and

b) to use this water for a placer mining undertaking on claim numbers P4397 to P4406 inclusive, P4387 to P4396 inclusive, P4226 to P4233 inclusive, 42458 to 42462 inclusive, 42650 to 42655 inclusive, 38727 to 38731 inclusive, 42366 to 42368 inclusive, P10588 to P10621 inclusive, P10644 to P10689 inclusive, P10690 to P10696 inclusive, P10564 to P10587 inclusive, P10622 to P10635 inclusive, P10636 to P10643 inclusive, P19321 to P19329 inclusive, P19330 to P19334 inclusive, P19309 to P19320 inclusive, P14013 to P14021 inclusive, 42835, 42836, 38904, 38905, P21128, 42190, P14254, 42403, 42404, 42613, 42191, 42189, 42194, P24876, P24878, 42612, 42426, 42427, 42137, 42136, 42195, 42188, P8225, P8226, 37894, 37910, 37897, 37898, 37949, 37950, 38502, P31467, P31401, P31468, 42193, 42133, 38706, P1380, P1381, P1382, P1675, P1676, P1677, P8988, P8987, P90394; and

c) to return a flow of water to Burnham Creek a tributary of Dominion Creek, and Dominion Creek, and to deposit waste into Burnham Creek a tributary of Dominion Creek, and Dominion Creek;

as proposed in water use application PM97-047 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. 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.

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4. 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.

5. 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

Area A - Claim numbers 42191 upstream to 42462, P19321 to P19324 inclusive, 42403, 42404 and P14254

Area B - Claim numbers P4391 to P4396 inclusive and P10621

Area C - Claim numbers P10620, P10681 and P10682

Area D - Temporary Diversion on claim numbers 38905 and 42835

6. Stream channel diversion may be constructed in Areas "A", "B", "C" and "D". Stream channel diversion shall be constructed and maintained to withstand and convey at least a 1:2 year flood flow.
7. Except as otherwise provided in this licence, the Licensee shall not construct stream channel diversions.
8. 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.
9. 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.
10. 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.
11. A protective berm shall be constructed and maintained along the stream channel diversion.
12. Settling facilities shall be provided for all mining waste waters.

13. 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.
14. 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 CHANNEL RESTORATION

The Licensee shall adhere to the following conditions regarding stream restoration:

15. The diversion channel width shall be no less than 17.0 metres for Areas A and D, 15.0 metres for Area B and 6.0 metres for Area C.
16. The diversion channel depth shall be no less than 3.5 metres for Areas A and D, 3.3 metres for Area B and 3.0 metres for Area C.
17. The diversion channel grade shall be between 0.0% and 1.0%.
18. The bed and banks of the diversion channel shall be left in a stable condition.
19. The bed and banks of any tributary (gulch or pup) of Burnham Creek and Dominion Creek shall be left in a stable condition.
20. Class I armouring shall be used, as directed in schedule I.
21. Structures such as boulder groupings or rock islands shall be provided and spaced no further than 204 metres apart for Areas A and D, 180 metres apart for Area B and 72 metres apart for Area C.
22. Topsoil and organic overburden or fines from washed tailings shall be spread on the graded areas (washed tailings) on both sides of the restored channel.
23. Active revegetation measures are required on at least one side of the restored channel.
24. The streamside shall be left in such a manner so that erosion is controlled and revegetation is possible.

PART E SEASONAL CLOSURE

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

25. The mine site shall be left in a stable condition at the end of each mining season.
26. An inspector shall be contacted not less than two weeks prior to seasonal closure.
27. To prevent flood damage during freshet, the diversion ditches shall be constructed and maintained to withstand and convey flood flows.
28. 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.
29. Spring freshets shall not 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:

30. Ensure that the final creek channel approximates its pre-licence condition in length, gradient and stability except as otherwise required in this licence; and
31. 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
32. Ensure that all dams and dikes across stream channels are removed; and
33. 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
34. Contact an inspector not less than two weeks prior to final decommissioning.

PART G REPORTS, SAMPLING, & ANALYSIS

35. 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.

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36. Where no discharge from the settling facility to a receiving stream occurs, whether by surface discharge or seepage, no sampling is required.
37. 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.

PART H GENERAL CONDITIONS

38. The expiry date of this licence shall be March 15, 2013.
39. 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.
40. 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.
41. Stationary fuel storage and pumping sites shall comply with the provisions of the Gasoline Handling Act and Regulations of the Yukon Territory.
42. Where waste petroleum products are disposed of through incineration, the Licensee shall burn them in an impermeable container.
43. 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.
44. No term of this licence limits the application of any other Federal or Territorial law.
45. The Licensee shall convert placer leases which are included in this licence to placer claims before beginning active mining. Where the Licensee has, under section 95 of the Yukon Placer Mining Act, staked out, in the manner prescribed by the Yukon Placer Mining Act, the placer lease or portions of the placer lease into placer mining claims and has a grant of placer mining claims, the Licensee shall promptly notify the Board with a copy of the grant of placer mining claims that shall clearly indicate the number and name of the grant of placer mining claims and shall also show the placer lease number or a portion of the placer lease number from which the grant of placer mining claims was created. Where the Licensee provides such information to the Board, the grant of placer mining claims shall be deemed to be included in this licence.

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46. 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.

47. 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 left at or faxed or sent by registered mail to the following address:

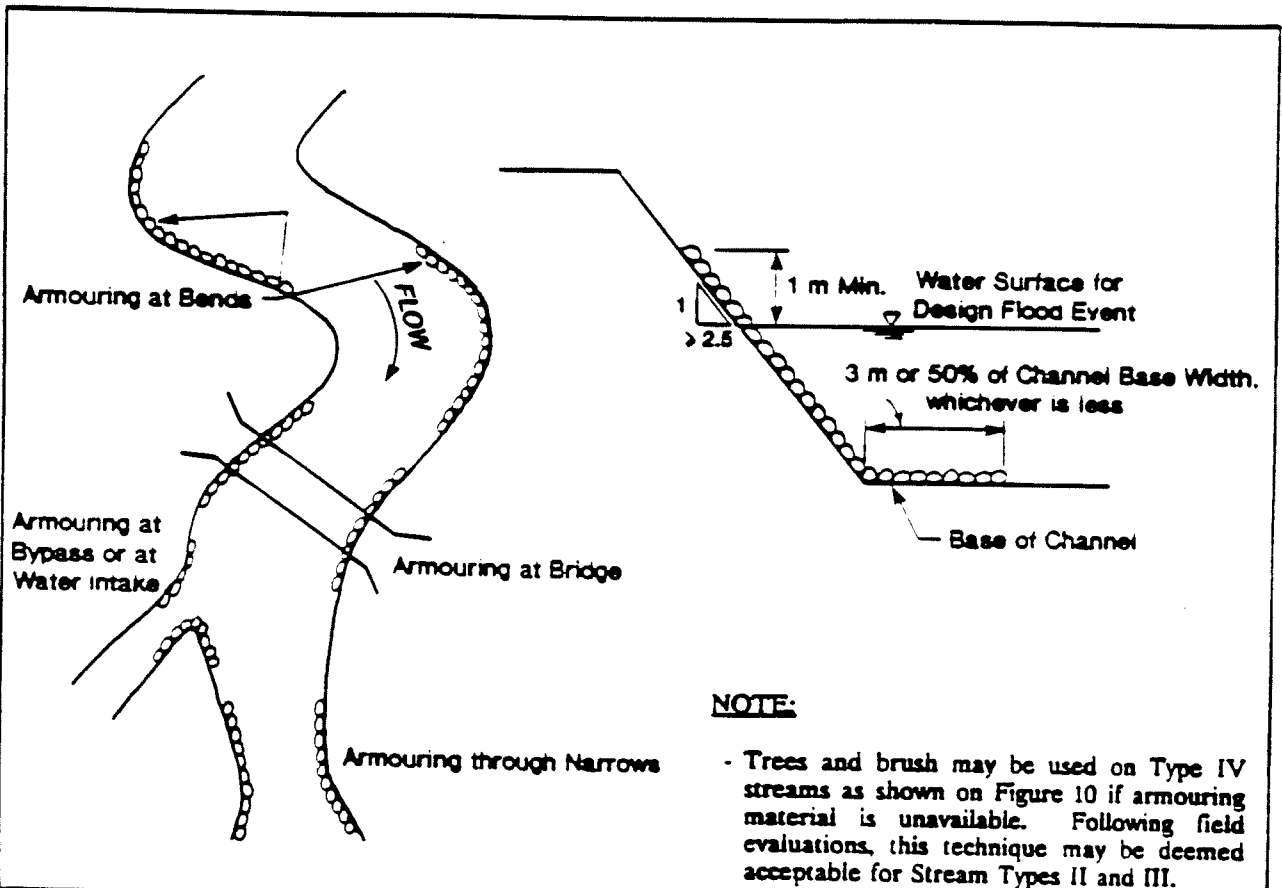
The Yukon Territory Water Board
Suite 106, 419 Range Road
Whitehorse, Yukon
Y1A 3V1

(867) 668-3628

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.

SCHEDULE 1



PURPOSE:

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

DESIGN:

- Channel armouring 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.
- Armouring 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 armouring 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