

YUKON TERRITORY WATER BOARD

Pursuant to the Yukon Waters Act and Regulations, the Yukon Territory Water Board hereby grants a Type B water use Licence for placer mining undertaking to:

Ross Mining Ltd.
P.O. Bag 2010
Dawson City, Yukon
Y0B 1G0

LICENCE NUMBER: PM93-064

LICENCE TYPE: B

UNDERTAKING: PLACER

WATER USE AREA: 02 **STREAM CLASSIFICATION:** IV

WATER SOURCE: Jensen Creek and Burnham Creek, tributaries of Dominion Creek, and Dominion Creek, a tributary of the Indian River

MAXIMUM QUANTITY: 22,730 cubic metres per day

EFFECTIVE DATE: March 15, 1994

EXPIRY DATE: March 15, 2013

This Licence shall be subject to the restrictions and conditions contained herein and to the restrictions and conditions contained in the Yukon Waters Act and the Regulations made thereunder.

This Licence shall be deemed to be a renewal of licence number PM90-067, PM90-068 and PM90-083.

Dated this 15th day of

March 1994

Witness

YUKON TERRITORY WATER BOARD

Paul G. Smith
Chairman

ERMS AND CONDITIONS OF WATER USE LICENCE PM93-064

PART A WATER USE AND WASTE DEPOSIT

1. The Licensee is hereby authorized to obtain water from Jensen Creek, Burnham Creek and Dominion Creek at a maximum quantity of 22,730 cubic metres per day and 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, 42403, P14254, 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,

to return a flow of water to Burnham Creek and Dominion Creek, and to deposit waste into Burnham Creek and Dominion Creek as proposed in water use application PM93-064.

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: The Licensee shall ensure that any grab sample at the point of discharge from the final settling pond shall not exceed settleable solids of 5.0 millilitres per litre above levels in the stream immediately above the uppermost mine operation.

4. Notwithstanding paragraph 3 hereof, 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. The Licensee shall ensure that 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 B MINING ACTIVITIES

Area A - Claim numbers P42191 upstream to P42460

Area B - Claim numbers P4391 to P4396, P10621

Area C - Claim numbers P10620, P10681, P10682

1. The Licensee may construct stream channel diversions in Areas "A" "B" and "C". The Licensee shall ensure that the stream channel diversions are constructed and maintained to withstand and convey at least a 1:2 year flood flow.

2. The Licensee shall ensure that all instream earthworks, diversions, ditches, spillways and any other water related structures built or otherwise effected for the storage or conveyance of water must be able to withstand seasonal floods.

3. The Licensee shall ensure that all storage and settling ponds and associated spillways, drains and water supply ditches located outside the stream channel are of adequate capacity and construction.

4. The Licensee shall maintain in good repair all works associated with the undertaking, including, but not limited to, all dams, weirs, spillways, stream crossings, ditches, gates, water intakes, culverts and settling ponds.

5. The Licensee shall construct and maintain a protective berm along the stream channel diversions.

6. The Licensee shall provide settling ponds for all mining waste waters.

7. 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.

8. 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 C CHANNEL RESTORATION

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

1. The diversion channel width shall be no less than 17.0 meters for Area A, 15.0 meters for Area B and 6.0 meters for Area C.
2. The diversion channel depth shall be no less than 3.5 meters for Area A, 3.3 meters for Area B and 3.0 meters for Area C.
3. The diversion channel grade shall be between 0.3% and 1.0%.
4. Class III armouring shall be used, as directed in schedule I.
5. The bed and banks of the diversion channel shall be stable.
6. The bed and banks of any tributary (gulch or pup) of Dominion Creek and Burham Creek must be left in a stable condition.
7. Structures such as boulder groupings or rock islands shall be provided and spaced no further than 204 metres apart for Area A, 180 meters apart for Area B and 72 meters apart for Area C.
8. Topsoil/organic overburden or fines from washed tailings shall be spread on the graded areas (washed tailings) on both sides of the diversion (restored channel) channel.
9. Active revegetation measures are required on at least one side of the restored channel.
10. The streamside shall be left in such a manner that erosion is controlled and revegetation is possible.

PART D SEASONAL CLOSURE

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

1. The mine site shall be left in a stable condition at the end of each mining season.
2. An inspector shall be contacted not less than two weeks prior to seasonal closure.
3. To prevent flood damage during freshet, the diversion ditches shall be constructed and maintained to withstand and convey flood flows.
4. 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 E DECOMMISSIONING

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

1. Ensure that the final creek channel approximates its pre-licence condition in length, gradient and stability except as otherwise required in this licence; and
2. 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
3. Ensure that all dams and dikes across stream channels are removed; and
4. Ensure that all waste materials, excluding silt and other natural materials, but including, and not limited to, scrap metal, discarded machinery and parts, barrels and containers are removed from the operation site; and
5. Contact an inspector not less than two weeks prior to final decommissioning.

PART F REPORTS, SAMPLING, & ANALYSIS

1. Where there is a surface discharge from the settling ponds, 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 pond, and shall analyze these samples for settleable solids, using the Imhoff cone one hour test.
2. Where no discharge from the settling pond to a receiving stream occurs, whether by surface discharge or seepage, no sampling is required.
3. 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 G GENERAL CONDITIONS

1. The expiry date of this licence shall be March 15, 2013.
2. The Licensee shall ensure that sewage, including all human excreta and wastewater associated with daily camp operations, is disposed of in accordance with the Public Health Act of the Yukon Territory.

Water Use Licence PM93-064

3. The Licensee shall ensure that all garbage and refuse is 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.
4. The Licensee shall ensure that stationary fuel storage and pumping sites comply with the provisions of the Gasoline Handling Act and Regulations of the Yukon Territory.
5. The Licensee shall immediately contact the 24-hour Yukon Spill Report number (403) 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.
6. No term of this licence limits the application of any other Federal or Territorial law.
7. 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.
8. 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. A violation of a provision or condition of this licence may also result in a mandatory injunction to restrain the Licensee from breaching the provision or condition of this licence.
9. 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

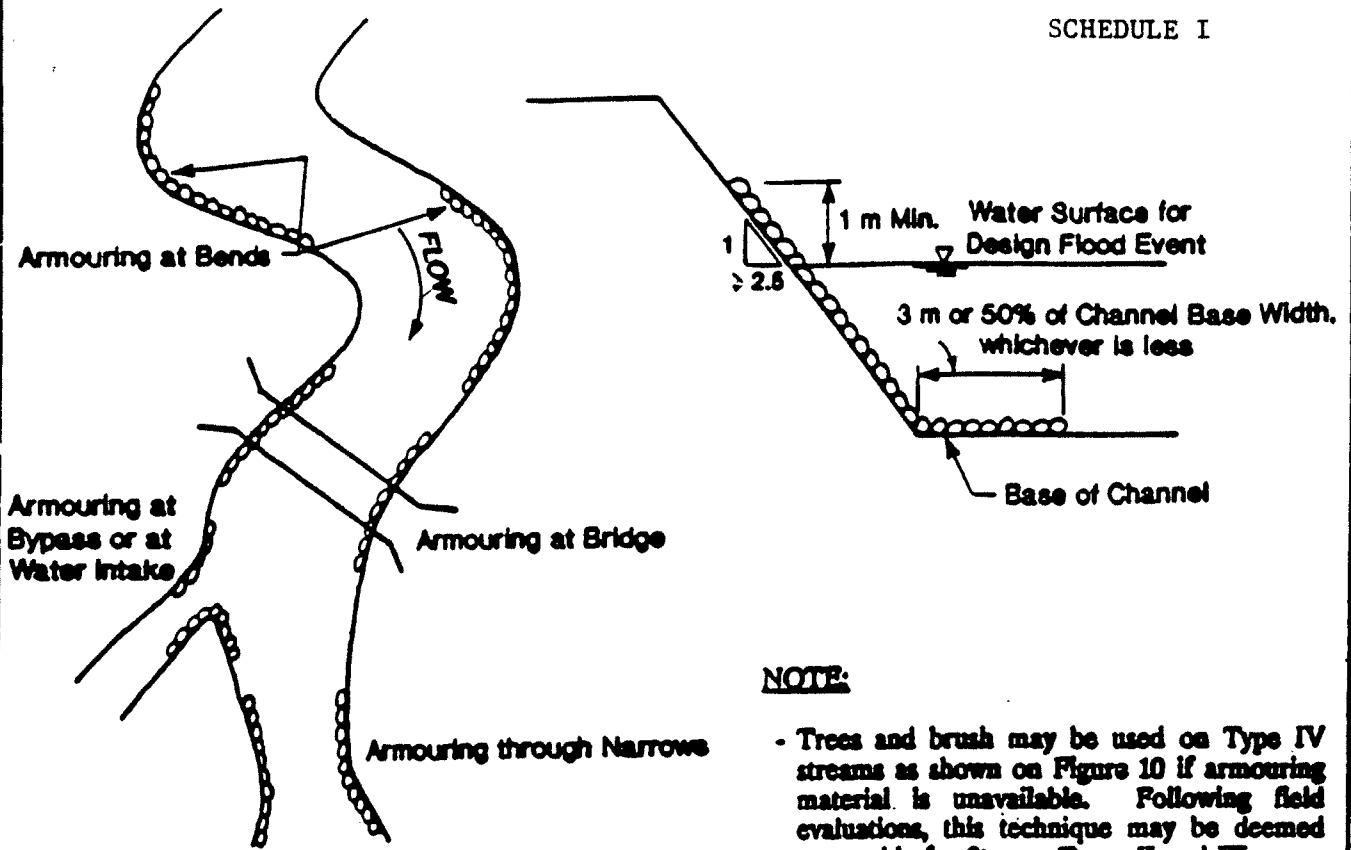
To the Board, if left at or sent by registered mail to the following address:

Water Use Licence PM93-064

The Yukon Territory Water Board
Suite 200, 4114-4th Avenue
Whitehorse, Yukon
Y1A 4N7

and shall be deemed to have been given to the Board on the day it was left 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.



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 armored.
- 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

CONSTRUCTION:

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

YUKON TERRITORY WATER BOARD
REASONS FOR DECISION

The Yukon Territory Water Board ("the Board") has made licensing decisions with respect to the following applications for water use and amendments to current water use licences for placer mining purposes:

PM93-043	Keith Hepner/Charlie Mills
PM93-053	Max Lanzinger, Lanzinger Ventures
PM93-057	Wolreid WGR Mining
PM93-061	Arthur Sailer (Ace Placer Mines)
PM93-062	Arthur Sailer (Ace Placer Mines)
PM93-064	Ross Mining
PM93-066	Anton Kosuta
PM93-069	Roland Berglund
PM93-071	Dublin Gulch Mining
PM93-072	Eldorado Placers
PM93-073	Henry & Barbara Hanulik
PM93-075	Jack & Ian Fraser
PM93-079	Bill Harris

In each case, notice of application and public hearing was provided in accordance with the requirements of the Yukon Waters Act. In response, the Board received interventions from Fisheries and Oceans Canada ("DFO"), Indian and Northern Affairs Canada ("DIAND"), Environment Canada ("EPS"), Yukon Chamber of Mines and the Klondike Placer Mining Association.

No party stated that they wished to appear and make representations at a public hearing.

Prior to making licensing decisions, the Board undertook a screening of these projects pursuant to the Environmental Assessment and Review Process Guidelines Order. The Board is satisfied that any potential adverse effects that may be caused by these projects are insignificant or mitigable with known technology.

In making decisions regarding these applications, the Board took into account the applications themselves, the recommendations of the intervenors and Board policies.

In each Licence, the streams are classified according to the classification system of the Yukon Placer Authorization ("YPA") and, except where otherwise noted, the Board has abided by the effluent discharge standards and operating standards which are stipulated in the YPA. The background levels to which the measurements are to be compared is stipulated in the YPA. Stream Channel Restoration Plans, when required and approved by DFO, have been incorporated into the Licences.

No term of any licence limits the application of any federal or territorial law. Without limiting the generality of this statement, but in order to provide further clarification, the Board notes that:

1. The requirement that the Licensee contact the 24 hour spill line in case of unauthorized discharge does not relieve the Licensee of the obligation to comply with section 9(3) of the Yukon Waters Act; and,
2. These licences do not constitute approval or authorization pursuant to the Fisheries Act.

Except where the Board has decided that further elaboration is necessary, these reasons will address only those areas where a Licence differs from the application and/or the intervenors' recommendations.

The DFO interventions, addressing mining operations on type IV creeks, make a recommendation regarding access roads but does not provide a rationale as to why this recommendation is being made. Except as specifically restricted in mining operations on creeks with other than type IV classification, the Board has decided that this recommendation will not be addressed in type IV licences.

PM93-064 has requested a twenty year licence. There were no objections from the intervenors regarding this request. The Board agreed to grant the twenty year licence based on the information provided in the application as well as the record, as noted by DIAND, of the Licensee. However, because of the length of licence requested and the limited information regarding the mining program for all areas, the Board agreed to limit the number and location of diversions to the areas specifically described in the application. Indeed, this was also a recommendation from DFO. There was no mining program provided in the application for the claims on Jensen, Burnham and Rob Roy Creeks. Therefore, these claims have not been included in this licence.

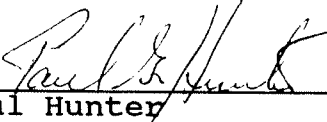
As the mining operation progresses over the years a number of creeks may be effected (ie. additional diversions and water taken from or effluent discharged to these creeks). The Licensee will be required to apply for an amendment prior to these activities occurring.

PM93-071 will be using mercury in the the processing of gold recovery. EPS expressed concern in their intervention regarding the handling, storage and disposal of the mercury. DFO and DIAND did not address this topic in their intervention. Additional information was provided by the Licensee who stated that great care is taken to ensure that the mercury is not lost to the environment and that if required, they were prepared to obtain ground cover for the work area. The Board, after some

discussion, agreed that the Licensee be required to cover the ground below the gold recovery work area with a non-permeable membrane liner.

PM93-072 requested a number of changes to the current licence including extension of the expiry date of the licence to the year 2003. The interventions from DFO and DIAND were not opposed to the changes. The Yukon Chamber of Mines and the Klondike Placer Association supported the request for a ten year licence. It was noted in the DIAND recommendation that the Licensee had a good compliance record. However, the Board agreed that the request for more flexibility regarding the removal of all materials from the site on final abandonment must wait until consultation on this topic with the environmental enforcement agencies is completed.

PM93-079 will have a mining operation on a type III stream. DFO and DIAND both recommended restrictions regarding instream work. In addition, DIAND noted that the original licence did not allow instream work. The Board concurred with this recommendation.



Paul Hunter
Chairman