

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:

11632 Yukon Inc.  
P.O. Box 85  
Dawson City, Yukon  
Y0B 1G0

**LICENCE NUMBER:** PM93-104

**LICENCE TYPE:** B

**UNDERTAKING:** PLACER

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

**WATER SOURCE:** McKinnon Creek, a tributary of the Indian River, and the Indian River, a tributary of the Yukon River

**MAXIMUM QUANTITY:** 40,000 cubic metres per day

**EFFECTIVE DATE:** The effective date of this licence shall be the date on which the signature of the Chairman of the Yukon Territory Water Board is affixed.

**EXPIRY DATE:** November 30, 1999

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.

Dated this 29<sup>th</sup> day of

APRIL 1994

B. Stone  
Witness

YUKON TERRITORY WATER BOARD

Paul R. Hunter  
Chairman

**TERMS AND CONDITIONS OF WATER USE LICENCE PM93-104****PART A WATER USE AND WASTE DEPOSIT**

1. The Licensee is hereby authorized to obtain water from McKinnon Creek and the Indian River at a maximum quantity of 40,000 cubic metres per day and to use this water for a placer mining undertaking on claim numbers P31591 to P31593 inclusive, P29999 to P30012 inclusive, P24038 to P24044 inclusive, P27943 to P27953 inclusive, P29480 to P29505 inclusive, P20882, P20883, P28384 to P28387 inclusive, P31559 to P31572 inclusive, P30535, P30536, P29970 to P29985 inclusive, and P30013 to P30020 inclusive, and to return a flow of water to McKinnon Creek and the Indian River, and to deposit waste into McKinnon Creek and the Indian River as proposed in water use application PM93-104.

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**

1. The Licensee may construct an instream reservoir and settling ponds on McKinnon Creek, and an instream reservoir on the Indian River. The Licensee shall ensure that the instream reservoirs, settling ponds and overflow spillways are constructed and maintained to withstand and convey at least a 1:2 year flood flow.

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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 provide settling ponds for all mining waste waters.

6. 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.

7. 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.

8. The Licensee shall not construct stream channel diversions of the Indian River.

**PART C 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. Where diversion channels around working areas are built or excavated, they shall be open in preparation for spring freshet.

4. All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles, shall be stabilized to prevent erosion and surface runoff from carrying sediment into adjacent watercourses.

**PART D 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 E 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 F GENERAL CONDITIONS**

1. The expiry date of this licence shall be November 30, 1999.
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.
3. The Licensee shall ensure that all garbage and refuse is removed from the site or, where appropriate, incinerated and

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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.

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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:

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.