

YUKON WATER BOARD

Pursuant to the *Waters Act* and *Waters Regulation*, the Yukon Water Board hereby grants a Type B water licence for a quartz mining undertaking to:

Tagish Lake Gold Corp.
2130-21331 Gordon Way
Richmond, BC V6W 1J9

LICENCE NUMBER: QZ02-057

LICENCE TYPE: B **UNDERTAKING:** QUARTZ MINING

LOCATION: Skukum Creek

MAP CO-ORDINATES: Latitude: 60°11'N Longitude: 135°25'W

PURPOSE: To obtain, store and discharge wastewater to ground for a quartz mining undertaking.

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

EXPIRY DATE: August 12, 2009

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

PART A - GENERAL CONDITIONS

Definitions

1.
 - a) “the *Act*” means *Waters Act* and any amendments thereto.
 - b) “Application” and “Water Use Application” means Water Use Application QZ02-057, including any additional submissions and/or revisions, submitted to the Yukon Water Board by the Licensee, up to the date of the Yukon Water Board’s decision.
 - c) “Board” means the Yukon Water Board.
 - d) “Inspector” means any person designated as an Inspector under the *Act*.
 - e) “Natural Boundary” means the visible high water mark of any lake, river, stream or other body of water where the presence and action of water is so common and usual and so long continued as to mark upon the soil of the bed of the lake, river, 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.
 - f) “the *Regulation*” means the *Waters Regulation* made under the *Act*.
 - g) “Waste” means any substance as defined in Section 1 of the *Act*.
 - h) “Watercourse” means any stream, lake, pond, river, creek, spring, ravine, or swamp whether ordinarily containing water or not.
 - i) “Wetted Perimeter” means the horizontal extent of the present water level while the work is taking place.

Representations, Warranties and Undertakings

2. The Board has relied on the representations, warranties and undertakings provided by the applicant in the material filed in the Application. Such representations, warranties and undertakings are considered by the Board to be a part of the licence, but shall be subject to, and may be modified by the conditions of the licence.

Other Laws

3. No condition of this licence limits the application of any other federal, territorial, first nation or municipal legislation.

Correspondence

4. Where any direction, notice, order, or report under this licence is required to be in writing, it shall be given:

- a) To the Licensee, if delivered, faxed or mailed by registered mail to the following address:

Tagish Lake Gold Corp.
2130-21331 Gordon Way
Richmond, BC V6W 1J9
Fax: (604)248-2996

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

- b) To the Board, if delivered, faxed or mailed by registered mail to the following address:

Yukon Water Board
Suite 106, 419 Range Road
Whitehorse, Yukon Y1A 3V1
Fax: (867) 456-3890

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

If normal mail service is interrupted by a 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 by other means in order to ensure prompt receipt thereof.

Non-Compliance

5. In the event that the Licensee fails to comply with any provision or condition of this licence, the Board may, subject to the *Act*, cancel the licence.
6. 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.
7. Fuel, lubricants, hydraulic fluids, coolants, equipment and materials shall be stored and/or transferred a minimum of 30 metres from the Natural Boundary of any Watercourse.

Other Uses

8. If, subsequent to the issuing of this licence, the Licensee uses water and/or deposits Waste in one or more ways not authorized in this licence, and the combined effect of those uses and/or deposits of Wastes, as determined by an Inspector:
 - a) has no potential for significant adverse environmental effects,
 - b) does not interfere with existing rights of other water users or Waste depositors, and
 - c) satisfies the criteria set out in column 2 of Schedule 7 of the *Regulation*,

no amendment to this licence will be required for that use of water and/or deposit of Waste.

Spills and Unauthorized Discharges

9. The Licensee shall immediately contact the 24-hour Yukon Spill Report number (867) 667-7244 and implement the spill contingency plan, should a spill or an 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 not later than 10 days after the occurrence.
10. All personnel shall be trained in procedures to be followed and the equipment to be used in the containment of a spill.
11. Ten days prior to construction, the Licensee shall submit material safety data sheets to the Board, for all petroleum products and/or hazardous materials that are to be present during this undertaking.
12. The spill contingency plan shall be posted on site for the duration of the works.

Reports

13. Unless otherwise specified in this licence, all reports shall be submitted to the Board in an unbound form that is reproducible by standard photocopier and shall be accompanied by five (5) copies.
14. All reports shall be submitted in digital form on computer diskette using an IBM compatible format that is readable using commonly available software.

Monthly Reports

15. Monthly monitoring reports shall be submitted to the Board during the periods of discharge.

Annual Reports

16. Annual reports shall be submitted to the Board by the Licensee. The reports shall cover the period from June 1 to May 31 of the year following and shall be submitted to the Board on or before August 1 of each year.
17. Annual reports shall include the information required by this licence and by the *Regulation*, including, but not necessarily limited to:
 - a) all monitoring data required to be collected by this licence, and
 - b) a report on all activities carried out during the preceding year as part of any study required by this licence,
 - c) the quantity of water used per day for camp use for the year reported,
 - d) the quantity of wastewater extracted from the Mt. Skukum adits for the year reported.

Term of Licence

18. The term of this licence is for the period from the effective date to August 12, 2009.

PART B - OPERATING CONDITIONSDescription of Water Use

19. The Licensee is hereby authorized to:
 - a) obtain a maximum of 20 cubic metres of groundwater for camp use, and
 - b) obtain a maximum of 480 cubic metres per day for the purpose of dewatering portals at the Skukum Creek 1300 and 1350 metre elevations, above sea level ("asl"),all as described in the Application, and subject to the conditions of this licence.

Description of Waste Deposit

20. The Licensee is hereby authorized to deposit a Waste in the form of discharge water to ground via a constructed sump as described in the Application and subject to the conditions of this licence.
21. Where there is a discrepancy between the Application and this licence, the conditions of this licence shall prevail.

Notification

22. Notification, including the name and phone number of the field supervisor, shall be provided to the Board, in writing, 10 days prior to the start of construction.

23. All construction, excavation or installation of associated works authorized by this licence shall occur on property that the Licensee has the right to enter upon and use for that purpose.
24. All works associated with the undertaking shall be maintained in good repair.
25. Construction and/or maintenance equipment shall be mechanically sound and free of leaks.
26. No heavy equipment shall be operated within the Wetted Perimeter of any Watercourse.
27. Waste substances shall be used, transported, stored or disposed of in such a manner that they are not deposited in or allowed to be deposited into any Watercourse or on any surrounding land.
28. All disturbed ground surfaces shall be stabilized in such a manner so as to prevent erosion and surface runoff from carrying sediment into any Watercourse.

PART C – EFFLUENT QUALITY STANDARDS

29. No sample of waste discharge from the sump at the 1300 metre (asl) portal shall exceed the concentrations listed in Column B. The monthly arithmetic mean of samples of waste discharge shall not exceed the concentration listed in Column A.

PARAMETER	COLUMN A Monthly Arithmetic Mean Concentration measured in mg/L	COLUMN B Maximum Concentration in a Grab Sample Measured in mg/L
Arsenic	0.5 mg/L	1.0 mg/L
Copper	0.3 mg/L	0.6 mg/L
Lead	0.2 mg/L	0.4 mg/L
Nickel	0.5 mg/L	1.0 mg/L
Zinc	0.5 mg/L	1.0 mg/L
Total Suspended Solids ("TSS")	25.0 mg/L	50.0 mg/L

30. The point of compliance for effluent discharge standards that are required by this licence shall be the point of discharge from the sump located at the 1300 metre (asl) portal.

PART D – MONITORING

31. The Licensee shall conduct monitoring and sampling activities at the following locations:

SAMPLING STATION	DESCRIPTION
1	Sump Discharge at the 1300 metre (asl) portal
2	Skukum Creek- upstream of workings
3	Skukum Creek- downstream of workings

32. The Licensee shall comply with the sampling program as follows:

STATION ANALYSIS	SAMPLING STATION 1	SAMPLING STATION 2	SAMPLING STATION 3
Total ICP Metals	2W	M	M
TSS	2W	M	M
Flow	2W	-	M
pH	2W	M	M
Conductivity	2W	M	M
Temperature	2W	M	M
Hardness	-	M	M
Alkalinity	-	M	M
Ammonia	2W	-	-

LEGEND

2W = Every two weeks if discharging

M = Monthly during discharge, quarterly if not discharging

33. All data collection and analysis shall be conducted in accordance with the current edition of Standard Methods for the Examination of Water and Waste Water, prepared and published jointly by the American Water Works Association and the Water Pollution Control Federation.

PART E – PLANSWater Treatment Contingency Plan

34. By August 15, 2003, the Licensee shall submit to the Board, for approval, a water treatment contingency plan for zinc and suspended solids in the sump located at the 1300 metre (asl) portal. The plan shall include the details of how the Licensee will prevent the discharge of non-compliant water from the sump at the portal, and shall provide details for the disposal of any sludge or other by-products of treatment.

Decommissioning Plan

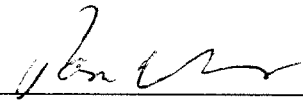
- 35. By December 31, 2003, the Licensee shall submit to the Board, for approval, a decommissioning plan for the exploration facilities and the camp facilities at Skukum Creek.

PART F - SITE DECOMMISSIONING AND RESTORATION

- 36. Prior to final decommissioning, the Licensee shall provide written notification to the Board and implement the decommissioning plan that has been approved.
- 37. In the event that decommissioning occurs prior to approval of the decommissioning plan that is required by section 34 of this licence, then all disturbed ground surfaces shall be re-graded in a manner which is consistent with the topography of the site and which prevents erosion and surface runoff from carrying sediment into any Watercourse. Where soil conditions permit, disturbed areas shall be re-vegetated with appropriate reclamation seeds and/or plants. All construction materials, equipment, temporary structures and debris shall be removed from the site.

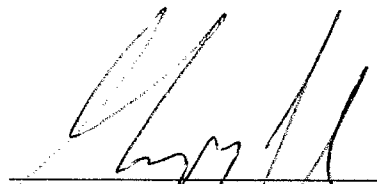
Dated this 4 day of

July, 2003.



Witness

Approved:



Gregg Jilson
YUKON WATER BOARD

REASONS FOR DECISION

WATER USE APPLICATION QZ02-057
Tagish Lake Gold Corp.
Skukum Creek

The Yukon Water Board ("the Board") has concluded deliberations pertaining to Water Use Licence Application for a Type B Licence for a quartz mining undertaking.

The purpose of the application is to authorize Tagish Lake Gold Corp. to obtain water from an existing groundwater well for camp use, to obtain water for the purposes of dewatering portals at the Skukum Creek 1300 and 1350 metre elevations and to deposit a waste in the form of discharge water to a constructed sump, which has a decant pipe installed to discharge wastewater to ground.

Notice of this application was provided in accordance with the requirements of the *Waters Act*. In response, the Board received interventions from the following parties:

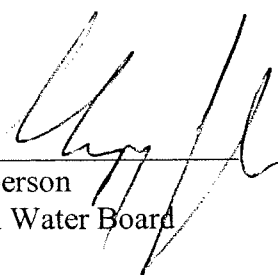
Government of Yukon-Environment, Forestry, Lands and Water Resources Branch.

The Board did not receive a request for a public hearing. The applicant did not respond to the interventions.

Prior to making licensing decisions, the Board undertook an environmental assessment of this project, pursuant to the *Environmental Assessment Act* ("EAA"). The Board is satisfied that any known adverse effects that may be caused by the project are insignificant or can be mitigated with known technology or reasonable work practices.

In making licensing decisions pertaining to this application, the Board took into account the application itself, the *EAA* screening report, the recommendations of interveners, the Board's standard licence requirements, Territorial Resources Base Map 105D/3 and Board policies.

The Board's decisions are explained in Part 7 of the *EAA* screening report.



Chairperson
Yukon Water Board



Date