



Energy, Mines and Resources
Box 2703, Whitehorse, Yukon Y1A 2C6

November 1st, 2011

Gregg Bush
President, Minto Explorations Ltd.
Suite 900-999 West Hastings Street
Vancouver, BC
V6C 2W2

Dear Mr. Bush,

Re: Approval of General Site Plan – Stage II, Minto Mine Project QML-0001

Pursuant to paragraph 4.2 of the Quartz Mining License QML-0001 for the Minto Mine Project (the "License"), Minto Explorations Ltd. submitted portions of the "Mine Development and Operations Plan" for the Chief's review and approval. This plan, received by Energy, Mines and Resources electronically on September 29th, 2011, is described in the following document:

- A plan prepared by Minto Explorations Ltd. entitled "*General Site Plan – Stage II*", dated September 2011 (the "Stage 2 GSP").

After review and consideration, I, in my capacity as Chief, have determined that the "Stage 2 GSP" is approved as a partial fulfillment of the Mine Development and Operations Plan requirements. The portions of this plan pertaining to the underground development are **not approved** at this time. Further details are required for the underground workings; these requirements are detailed in the plan requirement letter from Tim Smith dated May 24th, 2011.

I wish to remind you that all requirements of the License remain in effect.

As per your request, Schedule C of the License has been revised to reflect all current approvals and is attached to this letter. This amended Schedule C replaces all earlier versions.

For greater certainty, in reviewing and approving the submitted designs, I have relied upon the seal of the engineer who prepared the designs and neither I nor the Yukon Government makes any representations or warranties as to the sufficiency or adequacy

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of the plans or designs. Further, you are reminded that the approval of the Chief pertains only to the Chief's responsibilities under the *Quartz Mining Act* and that for greater certainty, nothing in this approval limits the applicable federal or territorial laws, including the *Occupational Health and Safety Act* and related regulations.

Should you have any questions, please do not hesitate to call me at (867) 667-3126.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Holmes'.

Robert Holmes,
Director, Mineral Resources

cc: Chief Kevin McGinty, Selkirk First Nation
Dean Gill, YESAA Officer, Selkirk First Nation
Steve Colp, Natural Resources Officer, Whitehorse
Josef Hanrath, Natural Resources Officer, Whitehorse
Jon Bowen, Director, Water Resources
Terry Anderson, Acting Chief Mining Inspector
Robert Scott, Chief Mine Safety Officer, YWCHSB

SCHEDULE C PLANS AND AUTHORIZED ACTIVITIES

1 Access

The Licensee may access the undertaking via a gravel road to the mine site. The location of the road is as shown on document "Minto Explorations Water Use License QZ96-006 Annual Report", Figure 1.

2 Airstrip

The Licensee must construct and operate an airstrip as shown in Figure 1 of the September 10, 2007 letter entitled "QML-0001 – Extension of Airstrip".

3 Camp

The Licensee may only operate a trailer camp facility that consist of bunkhouse accommodation, mine dry, cooking facilities, water and sewage facilities, heating, recreational facilities, accommodating a maximum of 200 people. The location and components of the camp is as documented in the document "2010 Annual Quartz Mining License Report", Appendix G, Figure 1 of the Mill and Camp Site 2010 Annual Review. Refer to section 14 of this Schedule C "Phase IV Mining Plan" and related condition 13 for expansion to 300 person camp and office space.

4 Ore Stockpiles

The Licensee may stockpile ore from the mine to supplement mill feed. The stockpile must be located as shown in the document "2010 Annual Quartz Mining License Report", Appendix G, Figure 1 of the Ore Stockpiles 2010 Annual Review.

The ore stockpile must be located on a stable foundation having no less than 1.7 metric tonnes/cubic meter frozen bulk density.

5 Fuel Containment Facility

The Licensee must only store fuel for the operation of the Undertaking in the location shown in the document "2010 Annual Quartz Mining License Report", Appendix G, Figure 1 of the Fuel Containment Facility 2010 Annual Review.

6 Explosives Storage Area

The Licensee must only store explosives for the operation of the Undertaking in the location shown in the letter entitled "Re: QML-0001 Layout of Explosives Storage Area" and the layout drawing entitled "Proposed Explosive Storage Area".

7 Milling

The Licensee may only operate a mill, that consists of equipment for crushing and grinding ore, copper concentrate flotation, concentrate thickening, tailings filtration, temporary tailings storage, load out of concentrate and ancillary services, including a mill water pond. The location of the mill is as documented in the document "2010 Annual Quartz Mining License Report", Appendix G, Figure 1 of the Mill and Camp Site 2010 Annual Review ".

The mill may operate 24 hours a day, 365 days per year. The maximum milling rate must not exceed 3,600 tonnes per day, based on a twelve month average.

8 Mill Water Treatment Plant

When appropriate the Licensee must operate a mill water treatment plant. The location of this plant is as shown in the document entitled "Water Use Application QZ09-094, Water Management Plan", Appendix E, Figure MIN-000-GA-01 to MIN-000-GA-03 of the Minto Mine Water Treatment, Assessment of Water Treatment Options and Preliminary Designs of Water Treatment Plant.

9 Water Storage Dam

The Licensee must construct and maintain a Water Storage Dam as shown in the document entitled "Minto Explorations Ltd. Minto Project, Yukon, Design Drawings – Water Dam" Figure WD1 through WD9.

10 Production

The Licensee may only carry out production using conventional open pit truck, shovel and loader operations, including rotary drills, blasting, and ancillary services. The location of the mine as authorized herein is described in the document "2010 Annual Quartz Mining License Report", Appendix C, Pit Development as-built drawing December 2010 Status.

The maximum mining rate must not exceed 2 million tonnes of material for processing through the mill per year. Only open pit mining within the perimeter of the as-built drawing is authorized.

11 Concentrate

The Licensee may produce, store and transport copper concentrate off the site.

12 Waste Rock and Overburden Facilities

The Licensee must construct all waste rock and overburden facilities on stable foundations having no less than 1.7 metric tonnes/cubic meter frozen bulk density. Waste rock and overburden must be stored separately and be deposited or stored in the dumps designed for each of these materials.

1. Main Waste Dump

The Licensee may place waste rock produced by the Undertaking in the Main Waste Dump in accordance with the document entitled "Geotechnical Evaluation Proposed Main Waste Dump Minto Mine, Minto, YT", dated April 1998 and prepared by EBA Engineering Consultants Ltd.

In addition to the annual physical inspection of the dump that must be conducted in accordance with paragraph 12.1 of the License, the dump must be inspected by an engineer during spring thaw and following any event with greater than 25 mm precipitation in a 24 hour-period. Should any performance issues be identified, the Licensee must undertake the appropriate remedial action immediately.

The inspector must be advised of any performance or instability issues, and be advised, as soon as possible, should any remedial action be required to be undertaken.

2. Southwest Dump:

The Licensee must place waste rock produced by the Undertaking in the Southwest Dump in accordance with the document entitled "**Geotechnical Design Proposed Southwest Waste Dump Minto Mine, Yukon**", dated September 2008 and prepared by EBA Engineering Consultants Ltd.

In addition to the annual physical inspection of the SWD that must be conducted in accordance with paragraph 12.1 of the License, the SWD must be inspected by an engineer during spring thaw and following any events with greater than 25 mm precipitation in a 24 hour period. Should any performance issues be identified, the Licensee must undertake the appropriate remedial action immediately;

The inspector must be advised of any performance or instability issues and be advised, as soon as possible, should any remedial action be required to be undertaken;

3. Reclamation Overburden Dump ("ROD"):

The Licensee may only place overburden material sourced from the undertaking in the Reclamation Overburden Dump in accordance with the documents entitled:

- a. "**Geotechnical Design Proposed Reclamation Overburden Dump, Minto Mine**", dated February 2008 and prepared by EBA Engineering Consultants Ltd.; and
- b. A letter dated June 29, 2010 from EBA Engineering Consultants Ltd to Randall Thompson entitled "**Reclamation Overburden Dump Expansion Geotechnical Design**".

Material deposited in the ROD shall consist only of non ice-rich overburden material;

The Licensee must follow a sampling protocol to ensure that placement of ice-rich overburden is not occurring in the ROD;

The ROD dump location is restricted to the area shown in Figure "ROD-E2" of the letter from EBA Engineering Consultants Ltd. to Randall Thompson, dated June 29, 2010 entitled "Reclamation Overburden Dump Expansion Geotechnical Design";

Drainage control measures to reduce surface run-on water, ponding, and erosion must be implemented at all times during ROD construction and maintenance;

4. Ice-rich Overburden Dump ("IROD"):

The Licensee may only stockpile ice-rich materials in the Ice-Rich Overburden Dump in accordance with the document entitled "**Geotechnical Technical Design Ice-Rich Overburden Dump Minto Mine, Minto, YT**", dated January 2006 and prepared by EBA Engineering Consultants Ltd.

13 Dry Stack Tailings Facility

If required, the Licensee may temporarily store tailings on the bench south of Minto Creek prior to stacking and deposit tailings using the dry stack method by mechanically spreading and compacting in controlled lifts to form the stacked tailings deposit subject to the following plans:

1. **"Minto Mine, Tailings Management Plan, January 2007"** prepared by Access Consulting Group;
2. the letter entitled **"QML-0001 – Minto Mine Tailings Management Plan, Additional Information"** from William Dunn to Robert Holmes, dated March 15, 2007.; and
3. **"Revision 2011-1 Operation, Maintenance and Surveillance Manual, Dry Stack Tailings Storage Facility, Minto Mine Y.T."**.

This authorization is subject to the following conditions:

1. Information contained in the letter , "QML – 0001 – Minto Mine Tailings Management Plan, Additional Information", from William Dunn to Robert Holmes, dated March 15, 2007 will replace information contained in the report "Minto Mine, Tailings Management Plan, January 2007 "to the extent that there is any contradiction in the information contained in these two documents"; and
2. The total volume of tailings placed in the approved tailings storage facility shall not exceed 5.9 million tonnes.

14 Phase IV Mining Plan

The Licensee must carry out Phase IV Stage 2 mining activities in a manner as described in the following plans and memorandum:

1. **"Waste Rock and Overburden Management Plan, Phase IV Development, Minto Mine, YT"** (the "Stage 2 WMP"), dated September 9th, 2011 and prepared by EBA, A Tetra Tech Company;
2. **"General Site Plan - Stage II, September 2011"** (the "GSP"); and
3. A memorandum from Jason Nickel to Bob Holmes, dated June 17th, 2011 and entitled **"Requested Amendments to Operational Plans, QML-0001"**.

These authorized activities are limited to the development of the Area 2 pit and portal area, developing up to 500m of decline in non-mineral waste rock, depositing overburden from Area 2 pit and portal area, depositing waste rock from Area 2 and underground workings, constructing Mill Valley Fill ("MVf") and South Wall Buttress in the Main pit, constructing an expanded 300 person camp and office space and necessary related roads and infrastructure, as described in these documents. This authorization is subject to the following conditions:

Mill Valley Fill

1. Construction of the MVF must be in accordance with the design specifications and Figures WMP-05 to WMP-06 of the "Stage 2 WMP";
2. As per section 17e. of Water Use Licence QZ09-094, diverted surface waters must not be impacted by the construction of the MVF;

3. Final designs of the water sampling facilities (e.g. Wells, pipe risers, etc.) at the Mill Valley Fill, stamped by an engineer licensed to practice in the Yukon, must be submitted to the Chief prior to construction of these water sampling facilities;
4. As-built drawings of the Mill Valley Fill, stamped by a professional engineer licensed to practice in the Yukon, must be included in the Annual Report;
5. The MVF shall form a part of the annual physical inspection required pursuant to paragraph 12.1 of the License;

Southwest Waste Dump ("SWD") Expansion

6. At least 30 days prior to placing waste rock in areas of the SWD other than the western portion, the Licensee must submit the results of SWD stability monitoring to the Chief;
7. All waste rock with a copper content greater than 0.10% copper must be milled or disposed of subaqueously prior to closure, unless the Chief approves a detailed plan submitted by the Licensee for some alternative method of disposing of this waste material, such as a cover. Such alternative method of disposal is not approved at this time;

South Wall Buttress

8. All waste rock with a copper content greater than 0.1% must be placed within the final flood limits of the Area 1 pit;
9. A safety berm must be constructed that provides for adequate traffic and human protection when dumping waste into the pit;

General Conditions

10. All organic material, overburden and bedrock must be stored separately and in a manner as described in the "Stage 2 WMP";
11. All waste rock must be characterized in accordance with the methods identified in the "Stage 2 WMP";
12. Fine grained materials must be stored separately to ensure there is adequate material for cover design;
13. Camp expansion and office space designs must be submitted by August 30th, 2012 (Extension from October 15th, 2011 granted on November 1st, 2011);
14. Waste rock or overburden with a paste pH less than 5.0, an NP:AP ratio less than 3:1 or a sulphide sulphur content greater than 0.3% shall not be used for construction purposes; and
15. Determination of materials suitable for construction purposes shall be based upon Acid-base accounting carried out on composite samples of drill cuttings from each blast and representative samples of overburden material that are collected whenever overburden is being mined, and when there is a change in material type.

15 Reclamation and Closure of the Undertaking

The Licensee must carry out reclamation and closure at the site in accordance with the document entitled "**Decommissioning and Reclamation Plan, Minto Mine, Yukon Territory, Revision 3.2, June 2011**" and prepared by Minto Explorations Ltd. (the "2011 DRP").

This authorization is subject to the following conditions:

1. The Water Storage Pond Dam is to be decommissioned, such that no water remains impounded and the Minto Creek channel is returned as closely as possible to the original alignment and elevation, in accordance with the plans described in section 6.8 of the 2011 DRP;
2. As per section 4.3 of the 2011 DRP, four (4) years of active water treatment, prior to passive or non-treatment, are required;
3. A condition of the approval of the previous DRP (provided in the April 23rd, 2010 letter from Robert Holmes to Stephen Quin of Minto Explorations Ltd.) was for trial plots to be established to examine cover design and re-vegetation of the dry stacked tailings facility. The results of these studies were intended to help finalize a cover design, including determining the need for a capillary break on the dry stack tailings facility. As these studies were not completed in 2010, the establishment of these plots remains a requirement. Until these studies have been completed and a cover design has been determined a "mitigative contingency" cost for the capillary break will be held;
4. As indicated in the 2011 DRP, a Sludge Management Plan must be developed to identify how sludge generated from the Water Treatment Plan will be disposed of during the closure period;
5. A plan providing for closure designs of all water conveyance structures, including diversion ditches must be included in the next submission of an updated reclamation and closure plan; and
6. Opportunities must be made available for Selkirk First Nation participation in the design and implementation of the reclamation research program as described in the 2011 DRP.

16 Environmental Protection Plans

The Licensee must implement the activities and management systems as described in each of the respective plans and subject to noted conditions:

1. Waste Management Plan

This plan is as described in the document **entitled "Minto Mine, Solid Waste Management Plan, Version 2011-02"**, prepared by Minto Explorations Ltd. and dated June 2011.

This approval is subject to the following conditions:

1. An incinerator large enough to accommodate the solid waste from the camp expansion must be installed prior to completion of the camp expansion; and
2. An electric fence must be installed around the landfill and maintained in working order from April to November each year.

2. Environmental Monitoring Plan

This plan is as described in the document entitled **"Environmental Monitoring Plan, June 2011"** and prepared by Minto Explorations Ltd.

3. Wildlife Protection Plan

This plan is as described in the document entitled **"Wildlife Protection Plan, September 2011"**, and prepared by Access Consulting Group.

This approval is subject to the following condition:

1. If bears become a problem in the camp the requirement for an electric fence or other alternate enclosure must be discussed with the conservation officer and installed and maintained in working order from April to November each year or as directed.

4. Sediment and Erosion Control Plan

This plan is as described in the document entitled "**Minto Mine, Erosion and Sediment Control Plan, Version 2011-01**", prepared by Minto Explorations Ltd. and dated May 18, 2011.

5. Heritage Resource Protection Plan

This plan is as described in the document entitled "**Heritage Resources Protection Plan, April 2011**", and prepared by Minto Explorations Ltd.

6. Spill Contingency Plan

This plan is as described in the document entitled "**Minto Mine, Emergency Spill Response Plan, Revision 2011-1.1, March 1 2011**", original plan prepared by Access Consulting Group.

7. Hazardous Materials Management Plan

This plan is as described in the document entitled "**Minto Mine, Solid Waste Management Plan, Version 2011-02**", prepared by Minto Explorations Ltd. and specifically Section 5 of this document entitled "Hazardous Materials".

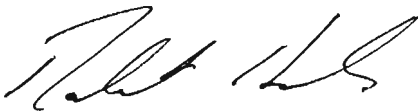
8. Explosives Management Plan

This plan is as described in the document entitled "**Explosives Management Plan, June 2011**", and prepared by Minto Explorations Ltd.

9. Emergency Response Plan

This plan is as described in the document entitled "**Minto Mine, Emergency Response Plan, September 2011**", and prepared by Minto Explorations Ltd.

Dated this 1st day of November, 2011



Director, Mineral Resources
Energy, Mines and Resources