



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

May 17, 2007

Stephen P. Quin, President & CEO
Minto Explorations Ltd.
Suite 860 - 625 Howe Street,
Vancouver, BC V6C 2T6

Dear Mr. Quin:

Re. Financial Security Pursuant to Quartz Mining License (QML – 0001) (“QML”)

As you know, staff in the Department of Energy Mines and Resources have been working with Bill Dunn of Minto Explorations Ltd (“MintoEx”) to finalize an approved Closure Plan for the Minto mine (the “mine”) and to determine the amount of security that should be furnished by MintoEx in relation to the mine.

The discussions between my staff and Mr. Dunn have been both useful and instructive and I believe offered MintoEx a reasonable opportunity to be heard respecting the need for, and the amount of security to be furnished in relation to the mine. Further, based upon the information provided to us as a result of the discussions with Mr. Dunn, Yukon has determined that the estimated reclamation and closure liability of the mine as of the date of start-up, as defined in the quartz mining licence QML-001 (the “licence”) is \$3,676,530, and the estimated reclamation and closure liability two years after start-up is \$3,916,274.

With respect to the amount of security to be furnished, Yukon has considered a number of things, including the factors listed in the *Security Regulation*, O.I.C. 2007/77, the Mine Reclamation and Closure Policy and paragraph 15.1 of the licence which states:

- 15.1 The Licensee must furnish and maintain security, in an amount to be determined by the Minister, within 60 days of receiving written notice from the Minister stating that security is required to be posted, provided that the Minister has, prior to issuing his/her notice, given the Licensee a reasonable opportunity to be heard respecting the need for and amount of security.

In addition, we have also considered the fact that MintoEx has already provided security pursuant to water use license QZ96-006 and s.16 of the *Quartz Mining Act*. We are also aware that the water use license requires that MintoEx furnish and maintain \$800,000 with

Stephen P. Quin
Page 2
May 17, 2007

the Minister of Environment on or before the date of start-up, as defined in the water use licence.

Thus I am now providing you written notice, as required by s.15.1 of the licence, that \$2,876,530 must be furnished by MintoEx as security within calendar 60 days of the date of this letter to the Minister of the Department of Energy, Mines and Resources.

For clarification, this amount is the difference between the total reclamation and closure liability (\$3,676,530) and the total amount to be held under the Water License (\$800,000) as of start-up.

Should you have any questions regarding the amount of security to be furnished or the payment date, please contact my office. I am aware that my staff and Mr. Dunn have commenced discussions on the form that the security may take, and I expect that during the next 30 day period we will reach agreement on an acceptable form of security.

If you have any questions on the requirements or the process to be followed, please do not hesitate to call me.

Sincerely,



Greg Komaromi
Assistant Deputy Minister
Oil, Gas and Mineral Resources

cc: Bill Dunn, Manager of Regulatory and Corporate Affairs
Chief Darren Isaac, Selkirk First Nation
Robert Holmes, Director Mineral Resources