

Yukon Quartz Mining Licence

Under the provisions of the *Yukon Quartz Mining Act*, R.S., 1985, c. Y-4, as amended

Mining Licence No: QLM-9902

Issued to: Minto Explorations Ltd.

Undertaking: Minto Mine

Location: NTS 115I/11; Latitude: 62° 37'N, Longitude: 137° 15'W
Whitehorse Mining District

Effective Date: The date upon which the signature of the Minister of Indian and Northern Affairs is affixed.

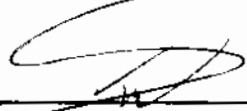
Expiry Date: June 30, 2006

Purpose: For the production of minerals pursuant to the *Yukon Quartz Mining Act*.

This Licence is subject to the attached Conditions of Licence.

Prepared by:

Dated this 5th Day of AUGUST, 1999



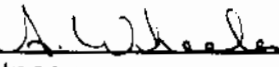
Witness MARION E. DEJEAN



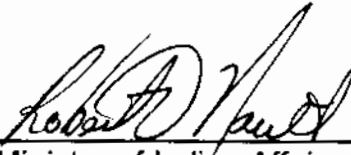
Director, Mineral Resources, Yukon

Approved by:

Dated this 4 Day of October, 1999



Witness



Minister of Indian Affairs and Northern
Development

PREAMBLE

This Licence is issued by the Minister of Indian Affairs and Northern Development (the Minister) pursuant to Section 139 of the *Yukon Quartz Mining Act, R.S., 1985, c. Y-4*, as amended (the Act). Section 139 of the Act requires that, as of June 16, 1999, all development and production activities related to quartz mining in the Yukon be carried out in accordance with a licence and with the provisions of the Act and the regulations thereto. An application for a Licence was received from Minto Explorations Ltd. on June 14, 1999.

This Licence contains Conditions of Licence satisfactory to the Minister.

Nothing in this Licence limits the authority of other government agencies or departments under their respective legislation, permits and/or licences.

CONDITIONS OF LICENCE

General

1. Definitions

- a) "Act" means the *Yukon Quartz Mining Act R.S., 1985, Y-4*, and any amendments thereto;
- b) "Board" means Yukon Territory Water Board;
- c) "Days" means calendar days;
- d) "Inspector" means an inspector designated under subsection 148(1) of the Act;
- e) "Licence" means the licence issued to Minto Explorations Ltd. bearing Mining Licence Number QLM-9902, the conditions attached to which are set out in these Conditions of Licence;
- f) "Licensee" means Minto Explorations Ltd.;
- g) "Minister" means the Minister of Indian Affairs and Northern Development;
- h) "Temporary Closure" means the termination of development, mining, milling, and the completion of reclamation activities, for a period greater than six months, and less than three years;
- i) "Permanent Closure" means the termination of development, mining, milling and the completion of reclamation activities for a period of three years or greater;
- j) "Undertaking" means the development and/or production of the Minto Mine at the location specified on the Licence.

2. Other Laws

No term of the Licence or Conditions of Licence limit the application of any Federal or Territorial Law.

3. Correspondence

Any notice, direction, order, or report respecting the Licence which Her Majesty may desire to serve upon the Licensee, or any notice, direction, order or report which the Licensee may desire to serve upon Her Majesty shall, unless otherwise stipulated herein, be sufficiently served if posted by registered mail, sent by facsimile, or hand delivered to the following address:

To the Licensee: President
 Minto Explorations Ltd.
 6411 Imperial Ave.
 West Vancouver, BC V7W 2J5
 Facsimile #: (604) 921-9446

To Her Majesty: Director Mineral Resources
 DIAND, Yukon Region
 #345-300 Main St.
 Whitehorse, Yukon Y1A 2B5
 Facsimile #: (867) 667-3832

Either party may change its address for service while the Licence is in force by notifying the other party in writing. All written notices shall be deemed to have been received by the Licensee and/or Her Majesty as the case may be, ten (10) days after the mailing thereof or, if hand delivered or sent by facsimile, on the day of delivery.

4. Other Authorizations

The Licensee will at all times conform to all applicable federal, territorial, or local regulations, ordinances or by-laws and, without limiting the generality of the foregoing, will in particular comply with the Act, the *Yukon Waters Act, 1992, c.40*, the *Territorial Lands Act R.S., 1985, c. T-7*, *Fisheries Act, R.S., c. F-14, S.1.*, *Canadian Environmental Protection Act, R.S., 1985, C.16, 4th supp.*, and all orders and regulations made thereunder.

5. Licence Term

The expiry date of the Licence is June 30, 2006.

6. Reports

Unless otherwise specified in the Licence or by the Minister, all reports shall be submitted to the Minister as two bound, one unbound, and one electronic copy.

7. Assignment

The Licence is non-assignable except by written approval of the Minister, having regard to section 147(2) of the Act.

Activities

8. Area

Development and production activities authorized by the Licence are restricted to the quartz claims and mining leases as listed in Schedule A hereto.

9. Mining

The Licensee is restricted to open pit mining of sulphide and oxidized ore from the Minto deposit containing mineable reserves of approximately 7,000,000 tonnes grading 2.13% copper, 0.62 grams/tonne gold, and 9.3 grams/tonne silver.

Underground mining of the lower levels of the deposit with access from the open pit may be authorized after submission of plans for the underground development. These plans shall be submitted at least six months prior to the proposed commencement of the underground activities to allow adequate time for review.

10. Milling

The Licensee is restricted to processing ore through a conventional grinding and flotation circuit producing copper concentrate and thickened tailings. The Licensee shall not mill the Undertaking in excess of the maximum milling rate. The maximum milling rate shall be 1800 tonnes per day based on a twelve month

average.

11. Mining Rate

The Licensee shall not mine the Undertaking in excess of the maximum mining rate. The maximum mining rate shall be 600,000 tonnes of ore per year.

12. Reporting

Each year, on or prior to February 28, commencing in the year 2000, the Licensee shall submit an annual report, prepared and signed by a Professional Engineer registered in the Yukon Territory, summarizing mining activities for the previous calendar year, including the following data: (1) the amount of ore and waste extracted; (2) the amount and average head grade of ore processed through the mill; (3) the amount and grade of each ore stockpile; (4) an updated mine life estimate, including reserve category, tonnage, grade and stripping ratios; (5) the amount and grade of concentrate produced, and (6) summary of proposed mining activities for the coming year.

Upon completion of mining and utilization of the pit, the Licensee shall provide drawings showing the final pit and waste dump configuration.

Amendments

13. Minor Changes

Pursuant to Section 146 of the Act, the Licensee may request to amend the Licence in a minor way. Upon reviewing such a request, and if satisfied that the requested amendment does not change or modify the physical works that were assessed for environmental impacts and that the changes proposed pose no risk of significant environmental effect, the Inspector may issue a variation notice amending the Licence.

14. Significant Changes

If the changes to the Undertaking proposed by the Licensee are beyond the scope of those addressed in clause 13 herein, the Licensee shall submit the proposed changes to the Minister. An environmental assessment of the proposed changes pursuant to the *Canadian Environmental Assessment Act* may be required. If such an assessment is required, any appropriate mitigation

measures will be reflected in the Licence and the Minister may issue revisions to these Conditions of Licence.

15. Exploration Activities

All exploration activities whether within the confines defined by this Licence or on quartz claims or leases outside of the boundary, will be regulated under the Yukon Quartz Mining Land Use Regulations, SOR/99-10.

Reclamation and Security

16. Reclamation and Security

All reclamation and security requirements related to the Undertaking, with the exception of exploration activities under section 15 of the Licence, will be regulated through the Water Licence, bearing Water Licence Number QZ96-006 respecting the Undertaking, issued to the Licensee by the Board.

Waste Disposal

17. Recycling

The Licensee shall make every effort to reuse or recycle solid waste material to the most practical extent possible.

18. Waste

The Licensee shall dispose of waste in accordance with Schedule B hereto.

Closure

19. Notification

The Licensee shall notify the Minister in writing at least 30 days prior to any planned Permanent Closures or Temporary Closures and at least 30 days prior to the resumption of activity after Temporary Closures.

20. Certificate of Closure

Upon termination of development, mining, milling, and reclamation to the satisfaction of the Minister, the Licensee may request in writing the issuance of a Certificate of Closure as per section 141(1) of the Act.

SCHEDULE A

AREA OF EFFECT OF LICENCE NO. QLM-9902

Quartz Leases

Claim Name	Grant Number	Lease Lot Number
Def 1	Y61693	L1006
Def 2	Y61694	L1002
Def 3	Y61695	L1005
Def 4	Y61696	L1001
Def 5	Y61697	L1007
Def 6	Y61698	L1003
Def 7	Y61699	L1008
Def 8	Y61700	L1004
Def 9	Y61701	L1009
Def 11	Y61703	L1010
Def 13	Y61705	L81
Def 14	Y61706	L85
Def 15	Y61707	L87
Def 16	Y61708	L89
Def 17	Y61709	L91
Def 18	Y61710	L93
Def 31	Y61723	L80
Def 32	Y61724	L1000
Def 33	Y61978	L79
Def 34	Y61979	L78
Def 37	Y61982	L77
Def 38	Y61983	L76
Def 79	Y66779	L82
Def 80	Y66780	L84
Def 81	Y66781	L86
Def 82	Y66782	L88
Def 83	Y66783	L90
Def 84	Y66784	L92
Def 1379	Y76953	L83
Minto 1	Y61620	L116
Minto 2	Y61621	L107
Minto 3	Y61622	L115

Quartz Leases

Claim Name	Grant Number	Lease Lot Number
Minto 4	Y61623	L108
Minto 5	Y61624	L114
Minto 6	Y61625	L109
Minto 7	Y61626	L113
Minto 8	Y61627	L110
Minto 9	Y61628	L96
Minto 10	Y61629	L101
Minto 11	Y61630	L97
Minto 12	Y61631	L102
Minto 13	Y61632	L98
Minto 14	Y61633	L103
Minto 15	Y61634	L99
Minto 16	Y61635	L104
Minto 17	Y61904	L100
Minto 18	Y61905	L105
Minto 32	Y61921	L94
Minto 34	Y61923	L95
Minto 35	Y61908	L117
Minto 36	Y61909	L106
Minto 45	Y61930	L129
Minto 46	Y61931	L118
Minto 47	Y61934	L128
Minto 48	Y61935	L119
Minto 49	Y61936	L127
Minto 50	Y61937	L120
Minto 51	Y61938	L126
Minto 52	Y61939	L121
Minto 65	Y62296	L125
Minto 66	Y62297	L122
Minto 67	Y62298	L124
Minto 68	Y62299	L123
Minto 70	Y62301	L111
Minto 71	Y62302	L112

Quartz Claims

Claim Name	Grant Number
Def 10	Y61702
Def 12	Y61704
Def 19 to Def 30	Y61711 to Y61722
Def 35 to Def 36	Y61980 to Y61981
Def 39 to Def 78	Y61984 to Y62023
Def 85 to Def 87	Y76954 to Y76956
Minto 19 to Minto 20	Y61906 to Y61907
Minto 23 to Minto 28	Y61914 to Y61919
Minto 29 to Minto 30	Y61932 to Y61933
Minto 31	Y61920
Minto 33	Y61922
Minto 37 to Minto 38	Y61910 to Y61911
Minto 41 to Minto 44	Y61926 to Y61929
Minto 69	Y62300
Minto 72 to Minto 73	Y62303 to Y62304
Minto 75 to Minto 89	Y62305 to Y62319
Minto 94 to Minto 95	Y77310 to Y77311
Minto 96 to Minto 97	Y78024 to Y78025

SCHEDULE B

WASTE DISPOSAL

- 1) Burning is permitted only in a diesel fired incinerator approved for domestic putrescible waste, paper, cardboard, burnable packaging, and wood scraps.
- 2) Alternatively, putrescible waste, paper, cardboard, burnable packaging and wood scraps may be hauled on a regular basis to a Yukon Territorial Government approved landfill site.
- 3) All putrescible waste shall be stored in animal proof containers at all times prior to burning or hauling off site.
- 4) Incinerator ash shall be disposed of in an approved engineered landfill area.
- 5) Clean metal wastes shall be stockpiled for salvage or recycling where possible. If disposal is required it shall be within an approved engineered landfill area.
- 6) Shipping containers for chemicals shall be returned to suppliers where possible, and if not, they shall be rinsed in a manner to prevent release of chemicals to the environment, flattened and placed in an approved engineered landfill area.
- 7) Non-burnable, non-toxic solid waste shall be disposed of in an approved engineered landfill area.
- 8) Lead acid batteries shall be shipped to an approved recycling facility.
- 9) Waste oil burning shall only be in a CSA certified, UL/ULC approved incinerator under the terms and conditions of a Special Waste Disposal Permit obtained from the Yukon Territorial Government.
- 10) Solvents, lubricants, ethylene glycol (antifreeze) and other industrial chemicals and petroleum products that cannot be recycled or safely disposed on site shall be transported off site for disposal at a permitted special waste management facility.
- 11) Special wastes shall be handled and disposed as per the Yukon Special Waste Regulations.
- 12) Landfill sites within the confines defined by this Licence shall be approved by an

Inspector prior to disposing of any waste.

- 13) On site engineered landfill sites shall be compacted and covered with rock or overburden on a regular basis, and maintained to minimize attraction of wildlife and infiltration of water.
- 14) On completion of landfill activities the site shall be compacted and capped with a minimum of one metre of low permeability overburden or soils to retard the infiltration of water. The cap shall also be domed to promote shedding of water, and revegetated.