

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: **M-232**

Mine #: **0100019**

Issued to: **Chieftain Metals Inc.**
Unit 118 – 1515 Broadway Street
Port Coquitlam, British Columbia
V3C 6M2

for work located at the:

Tulsequah Chief Mine

This permit contains the following sub-sections:

Issue Date

Permit

February 28, 2008

Permit Approving the Work System

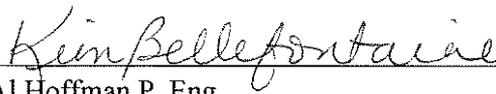
February 28, 2008

Permit Approving the Reclamation Program

Amendments

As listed on page 2.

Amended in Victoria, British Columbia this 7th day of June in the year 2012.

for 
Al Hoffman P. Eng.
Chief Inspector of Mines

Amendments

September 2, 2008	Approving Paddy's Flats and Areas A and B Borrow Pits
November 14, 2008	Approving Limited Construction Activities
January 21, 2011	Approving Name Change
July 7, 2011	Approving Acid Water Treatment Plant
June 7, 2012	Approving Road, Bridge and Camp Construction Activities

PERMIT AMENDMENT

APPROVING ROAD, BRIDGE AND CAMP CONSTRUCTION ACTIVITIES

Permit: **M-232**

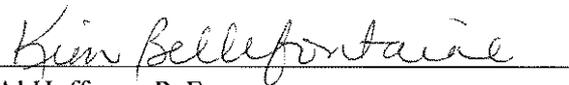
Mine: **0100019**

Issued to: **Chieftain Metals Inc.
Unit 118 – 1515 Broadway Street
Port Coquitlam, British Columbia
V3C 6M2**

for work located at the:

Tulsequah Chief Mine

Amended at Victoria, British Columbia this 7th day of June in the year 2012.


for Al Hoffman, P. Eng.
Chief Inspector of Mines

PREAMBLE

A letter application for amendment of permit M-232, entitled “Tulsequah Chief M-232 Mines Act Permit Amendment for Mine Site Roads and Bridges to Connect to Special Use Permit Access Road and Provision for Construction Camp Site” (Document 1) dated April 3, 2012 was submitted to the Chief Inspector of Mines (Chief Inspector) on April 10, 2012 in accordance with Section 10(6) of the *Mines Act*.

The following supporting information also forms part of the application:

- Letter entitled “Tulsequah Chief M-232 Amendment for Mine Site Roads and Bridges – Incremental Reclamation Costs” by Chieftain Metals Inc., dated May 10, 2012 (Document 2)

CONDITIONS

The Chief Inspector approves the application subject to compliance with the following conditions:

A. General

1. Compliance with *Mines Act* and Code

All work shall be in compliance with all sections and parts of the *Mines Act* and the Health, Safety and Reclamation Code for Mines in B.C. (Code) and the owner, agent or manager (herein called the Permittee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permittee shall notify the Chief Inspector in writing of any intention to depart from the approved application and this *Mines Act* permit (M-232) to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

3. Limitations of Permit Approval

- (a) This permit approves the following activities:
- (i) Construction and upgrades to the main mine road from the plantsite area to the North Shazah Creek bridge;
 - (ii) Construction of lower level mine road from the plantsite to the existing road 1 km north of the mine;
 - (iii) Installation of temporary Chasm Creek and North Shazah Creek bridge crossings;
 - (iv) Final Installation of permanent bridges for Shazah Creek and Rogers Creek crossings;

- (v) Construction of borrow pits within the TMF for road base construction and fill;
 - (vi) Minor upgrade work on Dawn Creek and Camp Creek bridge structures;
 - (vii) Clearing, grubbing and base preparation for permanent camp.
- (b) This permit does not approve mining or milling at a production level, operation of the OPAG or pyrite facilities, construction of the permanent camp or construction or operation of the tailings impoundment facility.

B. Work System

1. Bridge and Road Design

- (a) Final construction drawings for bridges and roads shall be submitted to the Regional Inspector.
- (b) Where modifications to bridge and road designs have been made during construction, final “as-builts” shall be submitted to the Regional Inspector.

2. Bridge and Road Inspection

- (a) A suitably qualified geotechnical engineer shall inspect exposed bridge foundation areas prior to bridge construction and placement. A summary inspection report which indicates that foundation conditions are consistent with the design assumptions shall be submitted to the Regional Inspector.
- (b) All road cut slopes and fill slopes shall be inspected by a suitably qualified geotechnical engineer following construction. A summary inspection report which confirms conformance with design standards shall be submitted to the Regional Inspector.

C. Reclamation

1. Reclamation Security

- (a) The Permittee shall cause to be deposited with the Minister of Finance, security in the amount of Two Million Three Hundred Thousand dollars (\$2,300,000.00) bringing the total security for this permit to Three Million Five Hundred Thousand dollars (\$3,500,000.00). The Permittee shall deposit the security in accordance with the following installment schedule. The security will be held by the Minister of Finance for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

	Cumulative \$
Current security (as of June 7, 2012)	\$1,200,000.00
On or before commencement of work under this amendment	\$ 200,000.00
On or before commencement of underground development	<u>\$2,100,000.00</u>

Total: \$3,500,000.00

All other terms and conditions remain the same.

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: **M-232**

Mine #: **0100019**

Issued to: **Chieftain Metals Inc.**
Unit 118 – 1515 Broadway Street
Port Coquitlam, British Columbia
V3C 6M2

for work located at the:

Tulsequah Chief Mine

This permit contains the following sub-sections:

Issue Date

Permit

February 28, 2008

Permit Approving the Work System

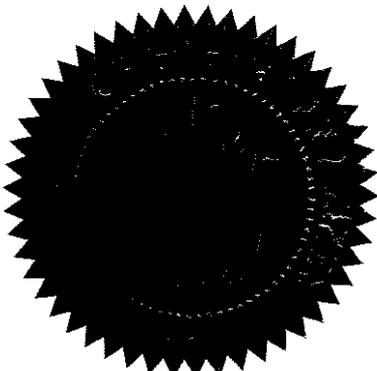
February 28, 2008

Permit Approving the Reclamation Program

Amendments

As listed on page 2.

Amended in Victoria, British Columbia this 7th day of July in the year 2011.




for

Al Hoffman P. Eng.
Chief Inspector of Mines

Amendments

September 2, 2008	Approving Paddy's Flats and Areas A and B Borrow Pits
November 14, 2008	Approving Limited Construction Activities
January 21, 2011	Approving Name Change
July 7, 2011	Approving Acid Water Treatment Plant

AMENDMENT TO PERMIT

APPROVING ACID-WATER TREATMENT PLANT

Permit: **M-232**

Mine: **0100019**

Issued to: **Chieftain Metals Inc.
Unit 118 – 1515 Broadway Street
Port Coquitlam, British Columbia
V3C 6M2**

for work located at the:

Tulsequah Chief Mine

Amended at Victoria, British Columbia this 7th day of July in the year 2011.



Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

A letter application for amendment of permit M-232, entitled “Tulsequah Chief M-232 Amendment for Revised Interim Water Treatment Plant Location and Lime Sludge Storage” dated May 16, 2011 was submitted to the Chief Inspector of Mines (Chief Inspector) on May 17, 2011 in accordance with Section 10(6) of the *Mines Act*.

The following supporting information also forms part of the application:

- Tulsequah Chief Mine Project Waste Discharge Permit Application Technical Assessment Report: Interim Acid Water Treatment Plant, dated May 2011.

- Tulsequah Chief Mine Project, Environmental Monitoring and Surveillance Plan, dated May 2011.

CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby rescinds permit conditions (4)(d)(i) through (v), Protection of the Land and Watercourses, in the February 28, 2008 *Mines Act* Permit M-232 and approves the application subject to compliance with the following conditions:

A. General

1. Compliance with *Mines Act* and Code

All work shall be in compliance with all sections and parts of the *Mines Act* and the Health, Safety and Reclamation Code for Mines in B.C. (Code) and the owner, agent or manager (herein called the Permittee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permittee shall notify the Chief Inspector in writing of any intention to depart from the approved application and this *Mines Act* permit (M-232) to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

B. Work System

1. Water Management and Treatment Structures

(a) Design and Construction

The construction of the acid-water treatment plant and associated water management structures as described in the application is approved.

(b) Operation and Monitoring

(i) Water treatment shall be optimized and the water level in the site collection pond shall be kept as low as possible to maximize the available storage of contaminated site water.

(ii) The Permittee shall maintain an Operations, Monitoring and Surveillance Procedures manual which fully describes the procedures

necessary to carry out the operation and successful management and treatment of mine affected drainage. An updated manual shall be submitted to the Chief Inspector within 12 months of commissioning the acid-water treatment plant that includes procedures for operations, monitoring, surveillance and maintenance of water management and water treatment systems. The Permittee shall upgrade this manual over time as procedures are modified.

2. Temporary Lime Sludge Pond

(a) Design and Construction

- (i) The construction of the sludge pond near the airport for the temporary storage of lime treatment sludge from the acid-water treatment plant is approved. Temporary disposal shall be limited to a single sludge pond.
- (ii) The temporary sludge pond shall be lined with permeable material to prevent the migration of sludge fines.

(b) Operation

The Permittee shall operate the lime sludge pond with a minimum freeboard of 1 metre.

3. Exfiltration Pond

No construction activities on the exfiltration pond shall occur below the high water level of the Tulsequah River until all required authorization from other agencies are in place.

C. Protection of the Land and Watercourses

1. Drainage Collection System and Acid-Water Treatment Plant

- (a) The Permittee shall collect and treat all water discharging from the 5200, 5400 and 5900 level portals.
- (b) The Permittee shall make efforts to maximize the collection and treatment of contaminated site runoff within the limitations of the approved water management facilities.

- (c) All drainage collection and treatment facilities shall be operated and maintained for as long as is necessary to achieve environmental protection requirements, as required by the Chief Inspector.
- (d) The Permittee shall track the volume and quality of drainage inputs and outputs of the treatment system (including pH, acidity, metal concentrations), as well as the volume of lime used and sludge volumes generated. This information shall be reported in the Annual Reclamation Report.

2. Long Term Sludge Storage

- (a) A long term sludge storage plan shall be submitted to the Chief Inspector by December 15, 2013.
- (b) In the event that the long term sludge storage plan cannot be implemented, the temporary lime sludge pond will be relocated from Shaza to a suitable location as required to prevent the lime sludge from entering the receiving environment.

3. Environmental Monitoring and Surveillance Plan

The Environmental Monitoring and Surveillance Plan shall be implemented and updated over time to be consistent with permit requirements.

4. Reporting

The Annual Reclamation Report shall include data and interpretation of site water quality monitoring outlined in the Environmental Monitoring and Surveillance Plan as well as a summary of the operation of the acid-water treatment plant, reagent use, water quality trends and updated cost estimate for operating and maintaining the acid water treatment system and sludge facility.

All other terms and conditions remain the same.

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF NATURAL RESOURCE OPERATIONS

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: **M-232**

Mine #: **0100019**

Issued to: **Chieftain Metals Inc.
Unit 118 – 1515 Broadway Street
Port Coquitlam, British Columbia
V3C 6M2**

for work located at the:

Tulsequah Chief Mine

This permit contains the following sub-sections:

Issue Date

Permit

February 28, 2008

Permit Approving the Work System

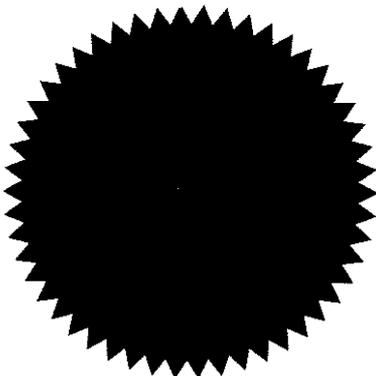
February 28, 2008

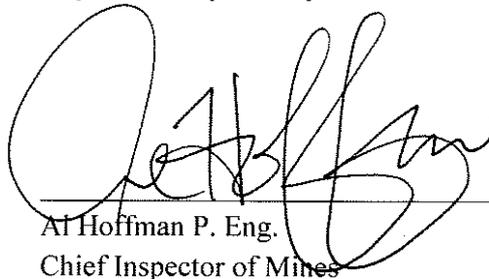
Permit Approving the Reclamation Program

Amendments

As listed on attached on page 2.

Amended in Victoria, British Columbia this 21st day of January in the year 2011.




Al Hoffman P. Eng.
Chief Inspector of Mines

Amendments

September 2, 2008	Approving Paddy's Flats and Areas A and B Borrow Pits
November 14, 2008	Approving Limited Construction Activities
January 21, 2011	Approving Name Change

AMENDMENT TO PERMIT
APPROVING NAME CHANGE

Permit: **M-232**

Mine #: **0100019**

Issued to: **Chieftain Metals Inc.**
Unit 118 – 1515 Broadway Street
Port Coquitlam, British Columbia
V3C 6M2

for work located at the:

Tulsequah Chief Mine

This permit contains the following sub-sections:

Amended at Victoria, British Columbia this 21st of January in the year 2011.



Al Hoffman, P.Eng.
Chief Inspector of Mines

PREAMBLE

A letter application dated October 19, 2010 from Chieftain Metals Inc. requesting a name change to permit M-232 was received by the Chief Inspector on October 19, 2010.

CONDITIONS

The Chief Inspector approves the permit amendment hereby amending Permit M-232 to Chieftain Metals Inc. and the transfer of all reclamation liability held under M-232.

1. Reclamation Security

- (a) The Permittee shall cause to be deposited with the Minister of Finance, security in the amount of three million, three hundred thousand dollars (\$3,300,000.00). The Permittee shall deposit the security in accordance with the following installment schedule. The security will be held by the Minister of Finance for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

Within 30 days of receipt of this permit amendment	\$1,200,000.00
On or before commencement of underground development	\$2,100,000.00
Total:	<u>\$3,300,000.00</u>

All other terms and conditions under Permit M-232 remain.

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: **M-232**

Mine #: **0100019**

Issued to: **Redfern Resources Ltd.
Suite 800- 1281 West Georgia Street
Vancouver, British Columbia
V6E 3J7**

for work located at the:

Tulsequah Chief Mine

This permit contains the following sub-sections:

Issue Date

Permit

February 28, 2008

Permit Approving the Work System

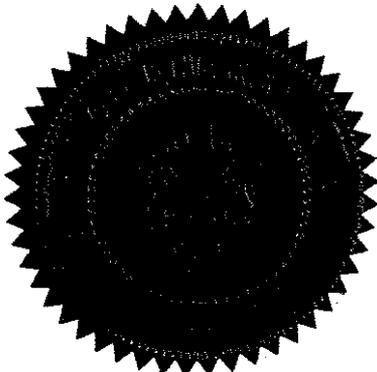
February 28, 2008

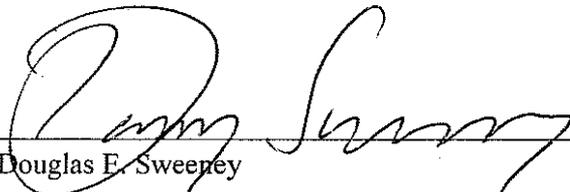
Permit Approving the Reclamation Program
Approving Pre Construction Site Cleanup

Amendments

As listed on attached.

Issued at Victoria, British Columbia this 14th day of November in the year 2008.




Douglas E. Sweeney
Chief Inspector of Mines

Amendments

September 2, 2008

Approving Paddy's Flats and Areas A and B Borrow
Pits

November 14, 2008

Approving Limited Construction Activities

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PERMIT

APPROVING WORK SYSTEM AND RECLAMATION PROGRAM

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

Permit: **M-232**

Issued to: **Redfern Resources Ltd.
Suite 800- 1281 West Georgia Street
Vancouver, British Columbia
V6E 3J7**

for work located at the:

Tulsequah Chief Mine

This permit contains the following sub-sections:

Issue Date

Permit

February 28, 2008

Permit Approving the Work System

February 28, 2008

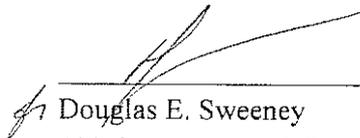
Permit Approving the Reclamation Program

Amendments

As listed on attached.

Issued at Victoria, British Columbia this 2nd day of September in the year 2008.





Douglas E. Sweeney
Chief Inspector of Mines

Amendments

September 2, 2008

Approving Paddy's Flats and Areas A and B Borrow
Pits

AMENDMENT TO PERMIT

**APPROVING PADDY'S FLATS LAYDOWN AND
AREAS "A" AND "B" BORROW PITS**

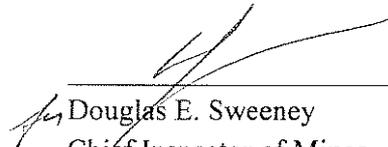
Permit: **M-232**

Issued to: **Redfern Resources Ltd.
Suite 800 – 1281 West Georgia Street
Vancouver, British Columbia
V6E 3J7**

for work located at the:

Tulsequah Chief Mine

Amended at Victoria, British Columbia this 2nd day of September in the year 2008.



Douglas E. Sweeney
Chief Inspector of Mines

PREAMBLE

A letter application for amendment of permit M-232, entitled "Application for Minor Amendment to Permit M-232" dated June 3, 2008 was submitted to the Chief Inspector of Mines (Chief Inspector) on July 22, 2008 in accordance with Section 10(6) of the *Mines Act*.

A letter application for amendment of permit M-232 entitled "Tulsequah Chief Construction" dated June 30, 2008 was submitted to the regional Inspector of Mines on June 30, 2008 in accordance with Section 10(6) of the *Mines Act*.

The following supporting information also forms part of the application:

- Report entitled "Archaeological Field Assessment, Paddy's Flats, Tulsequah Chief Mine Project", by Diana French, dated July 4, 2008.
- Report entitled "Assessment of the Effects of Paddy's Storage Area on Wildlife, Tulsequah Chief Mine", by Gartner Lee Ltd., dated June, 2008.
- Email from John Tymstra to Doug Flynn, entitled "Tulsequah Chief Construction", dated July 20, 2008, containing plan maps, sections and digital photos of Borrow A and B.
- Email from Heather Eagle to Doug Flynn, entitled "RedfernGeoCausewayWork_rev1.docx, dated July 24, 2008, containing North Causeway Fill Material Monitoring Procedure.
- Email from Mike Allen to Doug Flynn, entitled "Area B", dated July 25, 2008, containing sample location map and ABA monitoring results.

A letter approval from the regional Inspector of Mines to develop Paddy's Flats was given on July 23, 2008.

A letter approval from the regional Inspector of Mines to develop quarry Area "A" was given on July 21, 2008 and approval to develop quarry Area "B" was given on July 31, 2008.

CONDITIONS

The Chief Inspector in Mines approves the development of Paddy's Flats laydown area and the Area "A" and "B" Borrow Pits as described in the applications subject to compliance with the following conditions:

General

1. Compliance with *Mines Act* and Code

All work shall be in compliance with all sections and parts of the *Mines Act* and the Health, Safety and Reclamation Code for Mines in B.C. (Code) and the owner, agent or manager (herein called the Permittee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permittee shall notify the Chief Inspector in writing of any intention to depart from the approved Application and this *Mines Act* permit (M-232) to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

3. Permit Approval

This permit approval is limited to the following activities:

- (a) Clearing, grubbing, borrowing, and cut and fill work at areas "A" and "B" located at the old Tulsequah Chief Mine, in the area East of the Tulsequah River, South of Camp Creek and North of Portal Creek;
- (b) Use of area A and B borrow pit rock for construction of the North Causeway;
- (c) Construction of a temporary material storage facility at Paddy's Flats located 4 kilometers from the presently mapped confluence of Taku River and Tulsequah River; and,
- (d) Construction of a 1 kilometer access road to access Paddy's Flats Laydown from an existing trail.

4. Mineral Tenures

Development, including surface disturbance and works, is authorized under this permit amendment on mineral claim 513820 and 576316, Crown Grant #6161, held by Redfern Resources Ltd.

Work System

Borrow Pits

No blasting is permitted to occur in area "A" and "B" borrow pits.

Protection of the Land and Watercourses

1. Metal Leaching and Acid Rock Drainage (ML/ARD)

- (a) Prior to their use, construction materials shall be tested and characterized for their potential for ML/ARD.
- (b) Materials that are potentially acid generating shall not be used for construction purposes.
- (c) The quarry site shall be inspected daily by a suitably qualified geologist who shall make a visual determination of the quality of rock destined for causeway construction. Remarks regarding the quality of rock inspection, and results of analytical testwork on borrow materials, shall be reported weekly in the Environmental Report.

2. Sediment and Erosion Control

The Permittee shall initiate progressive reclamation where possible to control erosion in and around the approved construction areas.

3. Vegetation Management

The Permittee shall limit disturbance of the vegetation to those areas approved in the permit applications.

All other terms and conditions remain the same.

AMENDMENT TO PERMIT
APPROVING
LIMITED CONSTRUCTION ACTIVITIES

Permit: **M-232**

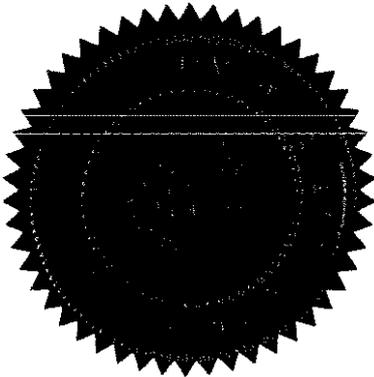
Mine: **0100019**

Issued to: **Redfern Resources Ltd.**
Suite 800 – 1281 West Georgia Street
Vancouver, British Columbia
V6E 3J7

for work located at the:

Tulsequah Chief Mine

Amended at Victoria, British Columbia this 14th day of November in the year 2008.





Douglas E. Sweeney
Chief Inspector of Mines

PREAMBLE

A letter application for amendment of permit M-232, entitled “Application to Amend Mines Act Permit M-232 for Limited Construction Activities” dated September 9, 2008 was submitted to the Chief Inspector of Mines (Chief Inspector) on September 10, 2008 in accordance with Section 10(6) of the *Mines Act*.

The Application was referred to other agencies through the Northwest Mine Development Review Committee on September 23, 2008 in accordance with Part 10.3.1 of the Code.

The following supporting information also forms part of the application:

- Application to Amend Mines Act Permit M-232 for the Construction and Operation of the New Tulsequah Chief Mine, dated March 24, 2008.
- Appendices for Tulsequah Chief Mine Project Mines Act Permit Amendment: New Mine Development, dated February 2008.
- Tulsequah Chief Mine Project Conceptual Reclamation Report, dated May 17, 2008.
- Tulsequah Chief Slash Rock ARD Characterization Memo, dated October 15, 2008, including:
 - Underground_ABA_Sampling_FinalResults.xls
 - 5400Sampling_Lab.pdf
 - 5200Sampling_Lab.pdf.
- Tulsequah Chief Waste Development Memo, dated October 15, 2008.
- Tulsequah Chief NAG Pile Seepage Monitoring Program dated October 15, 2008.
- Redfern Resources, Tulsequah Chief Mine Historic PAG Maintenance Plan, by TBT Engineering, dated September 13, 2007.
- Tulsequah Initial Slashing Limits, Map attachment, dated October 21, 2008.
- Email letter requesting the construction of the NAG camp, dated November 4, 2008.

CONDITIONS

The Chief Inspector of Mines (Chief Inspector) hereby approves the Limited Construction Activities application subject to compliance with the following conditions:

General

1. Compliance with *Mines Act* and Code

All work shall be in compliance with all sections and parts of the *Mines Act* and the Health, Safety and Reclamation Code for Mines in B.C. (Code) and the owner, agent or manager (herein called the Permittee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permittee shall notify the Chief Inspector in writing of any intention to depart from the approved application and this *Mines Act* permit (M-232) to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

3. Mineral Tenures

Development, including surface disturbance and works, authorized under this permit is amended to include mineral claim #590422.

4. Limited Construction Permit Approval

(a) This permit approves the following activities:

- Site preparation works for the site collection pond;
- Construction of the site sludge pond at the airstrip;
- Site drilling/blasting/filling and construction of retaining walls and foundation excavations;
- Installation of the fire water tank. (using fresh water);
- Installation of temporary power and foundations at the final genset location;
- Construction and installation of the fuel supply area on the lower terrace;
- Cement-in the reclaim tunnel and construction of road over top;
- Cement-in utilidor from the truck shop to the warehouse;
- Installation of foundations for crusher building, MTS camp, truck shop, limestone building, mill buildings and installation of the assay lab;
- Installation of stair towers 1 and 2, and utilidor 2;
- Construction of the 5200 level portal bridge and 5200 portal preparation;
- Construction/installation of the Procon facilities on the 5200 and 5400 levels;
- Set-up underground drainage to interim water treatment plant and Ampex clean-up of underground workings;
- Slashing of 5200 and 5400 level adits and separation of acid and clean water sources;
- Construction and operation of the Non – PAG facilities;
- Prepare the quarry and set-up crushing system, and
- Construction of the NAG camp.

- (b) This permit does not approve mining or milling at a production level, operation of the HPAG, OPAG or pyrite facilities, construction or operation of the tailings impoundment facility.
- (c) The Permittee shall not proceed with the program for the excavation and installation of the diffuser and/or the site sewage system, installation and commissioning of the potable water treatment plant, installation of the Dawn Creek Gabion and water supply and/or the Tulsequah Creek water supply, and installation of the site incinerator, until all necessary permits, approvals and authorizations from other agencies are in place.

Health and Safety

1. Health and Safety Plan

- (a) Within 30 days of receipt of this permit, the Permittee shall update and submit to the District Inspector of Mines (Inspector), a Health and Safety Plan which includes an Emergency Response Plan and emergency warning system for the underground work program.
- (b) A mutual aid agreement for mine rescue services shall be prepared and submitted to the Inspector prior to commencing work underground.

3. Ventilation

Ventilation required for 5200 and 5400 preproduction excavation shall be based on the required air flow for the sum of diesel equipment operating. The minimum requirement for flow is as specified in the Code, Part 4.6.1(3).

4. Diesel Powered Equipment

All diesel powered equipment shall comply with Part 4.6.1(2) and 4.7.1 (2) as specified in the Code.

5. Underground Blasting Procedure

The Permittee shall submit an underground blasting procedure to the Inspector for review and approval prior to any blasting being conducted underground.

6. Dust Monitoring

The Permittee shall implement a program to monitor airborne dust within the tunnel where diesel equipment is being used, and at all electrical installations. Records shall be kept and maintained at the minesite and be made available to an Inspector on request.

7. Occupational Health Monitoring Program

The Permittee shall develop and implement an Occupational Health Monitoring Program. Records shall be kept and maintained at the minesite and be made available to an Inspector on request.

Work System

1. 5200 and 5400 Level Slashing

- (a) This permit approves the pre-production work for the 5200 and 5400 levels as described in the application.
- (b) This permit approval does not include any operational development.
- (c) The Permittee shall maintain at all times, up to date mine plans, drawings, calculations, specifications and written descriptions of the:
 - geometry of existing excavations, and proposed excavations;
 - geology of the mine;
 - rock mass characteristics that are representative of the ore, footwall and hanging wall rock that will be encountered most frequently and identify the orientation of the most common joint sets; and
 - hydrological features that may affect the working of the mine.
- (d) The mine design and plan shall be continually updated to reflect the actual rock mass and geological structures encountered in the workings. All mine design information must be in a form acceptable to the Chief Inspector and made available to any Inspector upon request.
- (e) The Permittee shall designate a mining/rock mechanical engineer responsible for the implementation of a rock mechanics program at the Tulsequah Mine. This person is responsible for:
 - mapping of any structural discontinuities in mine headings;

- performing weekly and monthly inspections of the underground and surface excavations and maintaining a log book of results of the inspections;
- conducting wedge analysis for planned excavations; and
- determining rock mass ratings in new development headings and determining the rock support standard based on the rock mass headings.

2. Limestone Quarry

The Permittee shall, before pre-stripping commences, submit a detailed mine design for the limestone quarry to the Chief Inspector for approval.

3. Design and Construction of Surface Facilities

- (a) The overall layout of the surface facilities as described in the application is approved.
- (b) All buildings and structures shall be constructed in accordance with the Health, Safety and Reclamation Code and the British Columbia Building Code.
- (c) Before energizing the site, the Permittee shall submit to the Electrical Inspector for review, an electric line drawing showing power cables (size and type), substations and details of the ground protection system.

Protection of the Land and Watercourses

1. Metal Leaching and Acid Rock Drainage (ML/ARD)

(a) General

- (i) All materials with the potential to generate ML/ARD shall be placed in a manner that minimizes the production and release of metals and contaminants to levels that assure protection of environmental quality.
- (ii) Unless otherwise approved, all plans for the prediction, and if necessary, the prevention, mitigation and management of metal leaching and acid rock drainage shall be prepared in accordance with the *Guidelines for Metal Leaching and Acid Rock Drainage at Minesites in British Columbia*.

- (iii) No changes shall be made to the definition of PAG materials, waste rock handling practices or monitoring requirements without the approval of the Chief Inspector.

(b) Definition of PAG Materials

- (i) All waste rock is considered to have the potential to be ARD generating (PAG) if $NPR < 2$, where $AP = \text{total sulphur} - \text{acid soluble sulphate} - \text{acid insoluble sulphate sulphur}$ calculated from %BaO. NP is calculated as Sobek NP - 5 kg CaCO₃/tonne.
- (ii) Unit 4 is defined as non-PAG (NAG).
- (iii) Unit 1 is defined as PAG.

(c) Waste Rock Handling and Mitigation

- (i) Waste rock developed from the slashing of the 5200 and 5400 level workings shall be segregated according to its potential for ML/ARD determined through analytical testwork.
- (ii) All areas that have not been sampled and analysed for its ML/ARD potential shall be handled as PAG unless analytical data is available prior to slashing which meets the geochemical criteria outlined in permit condition 1 (b) (i). This includes all areas behind the temporary passive treatment cell on the 5200 level and the altered Unit 2 on 5400 level.
- (iii) Additional sampling shall be conducted on 5 metre intervals in the transition zones of Unit 2 to ensure proper waste handling. If results of this testwork are not available prior to slashing of these areas, the waste shall be handled as PAG.
- (iv) All PAG waste generated from the slashing shall be stored in the HPAG facility.
- (v) For the slashing program, no waste rock shall be stored underground or in the OPAG facility.
- (vi) All non-PAG waste rock shall be stored in the non-PAG (NAG) dump facility.

- (vii) No waste rock shall be deposited in the NAG dump facility until the groundwater seepage monitoring wells have been installed and a baseline sample has been collected.

(d) ML/ARD Operational Monitoring Program

(i) Mine Waste Inventory

The Permittee shall maintain an inventory of waste materials stored in the HPAG and NAG dumps, which includes composition, mass, volume, waste source, waste disposal location and geochemical monitoring data.

(ii) Monitoring of NAG Dump

Geochemical characterization of slashing waste rock stored in the NAG dump shall be conducted at a minimum frequency of at least one sample for every 2000 tonnes of waste.

(iii) Monitoring of HPAG Dump

Slashing waste stored in the HPAG dump shall be sampled for geochemical analyses at a minimum frequency of one sample for every 2000 tonnes of waste.

(e) ML/ARD Analytical Testwork

- (i) Geochemical analyses shall be conducted on the natural <2mm particle size fraction and shall include acid base accounting and total elemental composition.
- (ii) Acid base accounting analyses shall include paste pH, total sulphur, acid soluble sulphate sulphur, %BaO (for determining acid insoluble sulphate), and Sobek NP.
- (iii) Total elemental composition shall be analysed by ICP methods after strong acid digestion and shall include all major cations and trace elements.
- (iv) The Permittee shall implement an effective QA/QC program for ML/ARD testwork.

(f) NAG Dump Groundwater Monitoring

Groundwater and seepage monitoring shall be conducted in accordance with "Tulsequah Chief NAG Pile Seepage Monitoring Program", dated October 15, 2008.

(g) HPAG Dump Groundwater Monitoring

Groundwater monitoring at wells MW08-4, MW08-05 and MW08-6 shall be conducted on a monthly frequency, with the same parameters and detection limits as for NAG Dump groundwater monitoring.

(h) Reporting of Results

Results of water quality monitoring and ML/ARD analytical testwork shall be reported in the Annual Reclamation Report.

(i) Environmental Monitoring and Surveillance Plan

The Construction Environmental Monitoring and Surveillance Plan shall be updated to be consistent with the requirements of this permit, including mine waste management and monitoring requirements. The plan shall also be updated to include the HPAG monitoring and inspection requirements detailed in "Redfern Resources, Tulsequah Chief Mine Historic PAG Maintenance Plan", by TBT Engineering, dated September 13, 2007.

2. Mine Water Management

The Permittee shall ensure, prior to any structures being removed or disturbed underground, that the interim mine water treatment plant is operating and is capable of handling and treating all underground mine water discharge to acceptable criteria.

Reclamation Program

1. Reclamation Security

- (a) The Permittee shall cause to be deposited with the Minister of Finance, security in the amount of two million, seven hundred thousand dollars (\$2,700,000.00) bringing the total security for this permit to three million, three hundred thousand dollars (\$3,300,000.00). The Permittee shall deposit the security in accordance with the following installment schedule. The security will be held by the Minister of Finance for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

	\$	Cumulative \$
Currently held	\$600,000.00	\$600,000.00
On or before December 31, 2008	\$600,000.00	\$1,200,000.00
On or before April 30, 2009	\$1,000,000.00	\$2,200,000.00
On or before July 30, 2009	\$1,100,000.00	\$3,300,000.00
	Total:	<u>\$3,300,000.00</u>

2. Temporary Shutdown

If the mine ceases operation, the Permittee shall,

- (a) continue to carry out the conditions of the permit in conformity with Part 10 of the Code, and
- (b) carry out a program of site monitoring and maintenance.
- (c) continue to treat water from the HPAG facility for at least 2 years after the cover has been installed and drain-down of the waste pile has occurred.

All other terms and conditions remain the same.

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

PERMIT

APPROVING PRE CONSTRUCTION SITE CLEANUP

(Issued pursuant to Section 10 of the *Mines Act* R.S.B.C. 1996, c. 293)

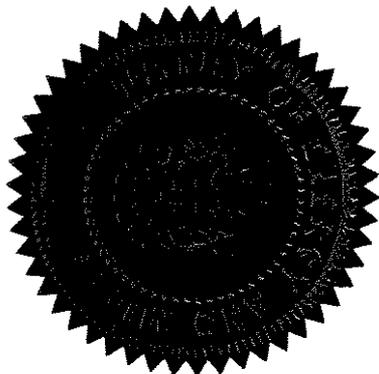
Permit: **M-232**

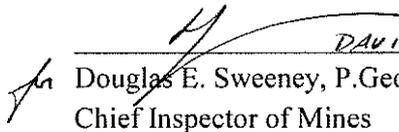
Issued to: **Redfern Resources Ltd.**
Suite 800- 1281 West Georgia Street
Vancouver, British Columbia
V6E 3J7

for work located at the:

Tulsequah Chief Mine

Issued at Victoria, British Columbia this 28th day of February in the year 2008.





DAVID MORRAN
Douglas E. Sweeney, P.Ge., M.Sc.
Chief Inspector of Mines

PREAMBLE

An application for permission to commence work, including a report on the mine plan and reclamation program entitled "Tulsequah Chief Project – Mines Act Application, Pre-Construction Site Cleanup", dated October 2007, was submitted to the Chief Inspector of Mines (Chief Inspector) in accordance with Part 10.1.2 of the Health, Safety and Reclamation Code for Mines in British Columbia (Code) on October 10, 2007.

Notice of such filing was published in the Whitehorse Star and the Yukon News on October 26, 2007 and the British Columbia Gazette on October 25, 2007.

The Application was referred to other agencies on December 11, 2007 in accordance with Part 10.3.1 of the Code.

A series of reports were also filed with the Chief Inspector and form part of the applications. These are as follows:

- Report entitled "Construction Environment Management Plans" dated November 7, 2007, submitted by Redfern Resources Ltd.
- Report entitled Mineral Exploration Road Avalanche Hazard, by Chris Stetham, dated August 15, 2007, submitted by Redfern Resources Ltd.
- Report entitled Rogers Creek Fan Slope Hazard Assessment, by Westrek Geotechnical Services, dated February 15, 2007, submitted by Redfern Resources Ltd.
- Report entitled Tulsequah Mine Hydrotechnical Report, by Northwest Hydraulic Consultants, dated January, 2008, submitted by Redfern Resources Ltd.

Meetings of the Northwest Mine Development Review Committee were held on September 27, and December 11, 2007 in Smithers, to seek input on the permit application and work plan.

An Environmental Certificate #M02-01, was issued for this project by the Environmental Assessment Office under the Authority of the *Environmental Assessment Act* S.B.C. 2002, C.43 (Act), on December 12, 2002.

This permit contains the requirements of the Ministry of Energy, Mines and Petroleum Resources. It also is compatible, to the extent possible, with the requirements of other provincial ministries. The amount of security required by this permit and the manner to which this security may be applied, will also reflect the requirements of those ministries. However, nothing in this permit limits the authority of other provincial ministries to set other conditions, or to act independently, under their respective permits and legislation.

Decisions made pursuant to this permit by staff of the Ministry of Energy, Mines and Petroleum Resources will be made in consultation with other provincial ministries and federal departments and agencies, within reasonable timeframes. Where these decisions directly affect the Ministry

of Environment, Ministry of Agriculture and Lands or Ministry of Forests and Range, and the Environmental Assessment Office, all decisions will be made in concurrence with the appropriate Manager or Director.

CONDITIONS

The Chief Inspector hereby approves the pre-construction site cleanup as described in the Application, subject to compliance with the following conditions:

General

1. Compliance with *Mines Act* and Code

All work shall be in compliance with all sections and parts of the *Mines Act* and Code, and the owner, agent or manager (herein called the Permittee) shall obey all orders issued by the Chief Inspector or his delegate.

2. Departure from Approval

The Permittee shall notify the Chief Inspector in writing of any intention to depart from either the plan of the work system or the program for the protection and reclamation of the surface of the land and watercourses to any substantial degree, and shall not proceed to implement the proposed changes without the written authorization of the Chief Inspector.

3. Permit Approval

This permit approves a limited work plan for pre-construction site cleanup as specified in the Mines Act Application. This work includes:

- (a) Construction of temporary material storage facilities on the north side of the Rogers Creek alluvial fan located 1 km south of the existing mine site including the historical (HPAG) PAG storage pad, the pyrite pond, and the Operating (OPAG) PAG storage pad;
- (b) Clearing, grubbing, borrowing from and preparation of the Non PAG waste pad on the south side of Rogers Creek alluvial fan;
- (c) Construction of water management structures and diversion ditches at the Tulsequah Chief mine site and at the Rogers Creek Facilities;

- (d) Relocation and consolidation of historic mine waste and mineral exploration infrastructure from the historic Tulsequah Chief mine site to a newly constructed temporary material storage facilities at Rogers Creek; and,
- (e) Installation and operation of a 40 m³/hr interim water treatment plant and associated piping to treat contaminated discharges from the Rogers Creek facilities and the historic mine up to plant capacity.

4. Mineral Tenures

Development, including surface disturbance and works, is authorized under this permit on Crown Grants #5669, #5668, #5676, #5670, #5679, and mineral claims 513812, 513813, held by Redfern Resources Ltd.

5. Permit

This Permit is not transferable or assignable.

6. Environmental Assessment Certificate

The Permittee shall ensure that all programs and work undertaken through this permit shall be consistent with the commitments and other requirements set out in the Environmental Certificate and amendments.

7. Taku River/Tlingit First Nation (TRTFN)

The Permittee shall submit to the TRTFN, Land Resources Manager copies of all reports relevant to this permit, including annual monitoring reports and any changes to the approved Reclamation and Closure plans.

Health and Safety

1. Mine Health and Safety Plan

- (a) The Permittee shall prepare and submit for review to the regional Inspector of Mines (Inspector), a Mine Health and Safety Plan to include an Emergency Response Plan, within 30 days after the issuance of this permit. The plan shall be kept up to date and posted at the mine site at all times.
- (b) The Permittee shall ensure that mine site employees and contractors are knowledgeable and accountable for fulfilling the actions of the Health and Safety Plan and Emergency Response Plans.

2. Avalanche Safety Program

The Permittee shall implement the avalanche safety programs as provided in the Stetham report. (August 2007).

Work System

1. Historic PAG dump (HPAG), Pyrite pond and Operating PAG dump (OPAG)

(a) Design and Construction

- (i) Before construction commences on the HPAG, OPAG or Pyrite facilities, the Permittee shall submit to the Chief Inspector final designs prepared by a qualified Professional Engineer.
- (ii) Foundation preparation work shall be completed as recommended by the design consultant and shall include tree clearing, removal of weak organic material and any other unsuitable surficial materials to provide a stable foundation for the dump.
- (iii) All rock dumps shall be operated and monitored in accordance with the Interim Guidelines of the British Columbia Mine Waste Rock Pile Research Committee (1991).

(b) Liner Design and Installation

- (i) The Permittee shall construct the HPAG, OPAG liner systems in accordance with the design by the design consultant TBT Engineering.
- (ii) The Permittee shall develop a monitoring and maintenance procedure for the drainage system and pump back system. The procedure shall be submitted to the Inspector prior to operating the HPAG, OPAG and pyrite pond facilities.

(c) Operation and Monitoring

- (i) Instrumentation shall be installed around the periphery of the lined facilities to verify that the berm and liner system is performing as per the design assumptions, and in accordance with the criteria provided by the design consultant. The instrumentation shall include monitoring of pore water pressures, liner seepage, and pond elevation. Threshold warning levels shall be specified for each monitoring function.

- (ii) Dam inspections and monitoring shall be carried out in accordance with the recommendations of the design consultant and the current Canadian Dam Association, Dam Safety Guidelines. Any measurements or changes indicating instability or advanced erosion shall be immediately reported to the Inspector.

- (d) Reporting
 - (i) Construction will be signed off by a Professional Engineer prior and an "as-built" report shall be prepared by a Professional Engineer and submitted to the Chief Inspector within 30 days of the completion of facility construction, certifying the facility was constructed in accordance with the approved design.
 - (ii) This permit does not allow for operation of the pyrite pond and OPAG facilities for purposes other than water storage at this time.

2. Surface Water Management Structures and Sediment Control Structures

- (a) Design and Construction

The Permittee shall ensure that impoundment dams are constructed under the supervision of a Professional Engineer.

- (b) Operation and Monitoring
 - (i) Regular inspection of sediment control ponds, perimeter diversion and collection ditches shall be undertaken and the results included in the annual Inspection report for the storage facilities.
 - (ii) The Permittee shall implement a Maintenance and Surveillance Manual prepared by a qualified professional for all water management structures, diversion channels and stream crossings.
 - (iii) Mine site climate and hydrology shall be monitored on an ongoing basis, and water balances shall be updated periodically.

- (c) Reporting

The Permittee shall submit to the Chief Inspector an 'as-built' report for sediment ponds and water management structures within 6 months of completion of construction.

Protection of the Land and Watercourses

1. Construction Environmental Management Plan

- (a) The Permittee shall implement the Construction Environmental Management Plans. The Plans shall be kept up to date and be made available at the mine site at all times.
- (b) The Permittee shall ensure that mine site employees and contractors are knowledgeable and accountable for fulfilling the actions of the Construction Environmental Management Plan.
- (c) In the event that major changes are made to the Construction Environmental Management Plan, an updated report shall be filed with the Chief Inspector.

2. Environmental Site Manager

- (a) The Permittee shall ensure that an environmental manager is on site at the commencement, and for the duration of the activities conducted under this Permit. This person shall be a licensed qualified professional and shall be identified in writing to the Chief Inspector.
- (b) The environmental site manager shall be familiar with the objectives, procedures and requirements of the Construction Environmental Management Plans, permit requirements and the Environmental Certificate.
- (c) The environmental site manager shall have the authority to implement remedial actions as may be necessary to ensure maintenance of environmental standards and permit requirements. This person shall also have the authority to suspend mining operations on the basis of environmental concern. If suspension of mining occurs due to environmental concerns, the Permittee or environmental site manager shall immediately notify the Chief Inspector and appropriate personnel with the Ministry of Environment.

3. Fuel Handling/Spill Containment

- (a) The spill contingency plan developed in accordance with the BC MOE Guidelines for Industrial Emergency Response Contingency Plans (1992) shall be implemented prior to commencing mine operations. This plan shall be maintained at the mine and be available to all supervisors and workers. All supervisors and workers shall be instructed in the provisions of this plan prior to the commencement of site development and operations and as may be necessary thereafter.

- (b) The Permittee shall immediately contain and implement remedial measures for any spill of hydrocarbon or other deleterious substance. Any such occurrence shall be reported to the Chief Inspector, and to the Provincial Emergency Program in accordance with the Spill Reporting Regulation of the *Environmental Management Act*. Contaminated materials shall be disposed of in a manner acceptable to the Regional Waste Manager. Any spill of hydrocarbon product or other deleterious material in quantities that require reporting under Federal or Provincial regulation or statute, shall be considered a dangerous occurrence pursuant to Part 1.7.1 of the Code.

4. Metal Leaching (ML) and Acid Rock Drainage (ARD)

(a) General

- (i) All materials with the potential to generate ML/ARD shall be placed in a manner that minimizes the production and release of metals and contaminants to levels that assure protection of environmental quality.
- (ii) Unless otherwise approved, all plans for the prediction, and if necessary, the prevention, mitigation and management of metal leaching and acid rock drainage shall be prepared in accordance with the *Guidelines for Metal Leaching and Acid Rock Drainage at Minesites in British Columbia*.

(b) Construction Materials

Prior to their use, construction materials shall be tested and characterized for their potential for ML/ARD. Acid generating and potentially acid generating materials shall not be used for construction purposes.

(c) Historic Waste Rock (HPAG) Handling, Storage and Monitoring Requirements

- (i) All historic waste rock shall be placed in the HPAG containment facility. No segregation of non-PAG materials is permitted without the approval of the Chief Inspector.
- (ii) The Permittee shall ensure that any contaminated till and/or soils that are associated with the historic waste rock is excavated and placed within the HPAG storage facility.
- (iii) The Permittee shall confirm that all materials impacted by historic mine waste are fully excavated and placed in the HPAG facility, by

implementing the confirmatory soil sampling program outlined in the Environmental Monitoring and Surveillance Plan.

- (iv) The geochemistry of historic waste rock shall be characterized in accordance with the provisions of the Environmental Monitoring and Surveillance Plan.
 - (v) The Permittee shall maintain a database inventory of materials relocated to the HPAG facility that includes historical waste rock, residual ore, and contaminated native soils etc. The database shall record material type, mass, volume, storage locations, history and timing of excavation, and monitoring data. This information shall be summarized in the Annual Reclamation Report.
 - (vi) The Permittee shall ensure no significant seepage occurs from the HPAG, and OPAG facilities that could negatively impact the environment. The monitoring program for groundwater, physical aspects, and seepage detection provided in the Environmental Monitoring and Surveillance Plan shall be implemented.
- (d) Drainage Collection System and Interim Water Treatment Plant
- (i) The water level in the PAG sump shall be kept at a sufficiently low level or use backflow prevention to ensure that water does not back-up into waste rock stored in the HPAG facility.
 - (ii) The Permittee shall track the volume and quality of drainage inputs and outputs of the treatment system (including pH, acidity, metal concentrations), as well as volume of lime used and sludge volumes generated. This information shall be reported in the Annual Reclamation Report.
 - (iii) Sludge from the interim water treatment system shall be disposed of in the lined OPAG storage pond.
 - (iv) The Permittee shall maintain an operations, monitoring and maintenance procedures manual which fully describes the procedures necessary to carry out the operations and successful treatment of mine affected drainage. This manual shall be submitted to the Chief Inspector within 12 months of commissioning the interim treatment plant. The Permittee shall upgrade this manual as procedural changes are implemented.

- (v) The Permittee shall maintain all facilities and works to the satisfaction of the Chief Inspector until they are no longer required.

5. Water Management, Sediment Control and Monitoring

(a) General

- (i) The monitoring of sediment and erosion control and water quality shall be conducted in accordance with the Environmental Monitoring and Surveillance Plan.
- (ii) The Permittee shall, when required to do so by the British Columbia Ministry of Environment, obtain permits and licenses for water diversion and discharge.
- (iii) In the event that the mine site drainage is not of acceptable discharge quality, the Permittee shall collect and treat, or otherwise mitigate drainage for as long as is necessary.

(b) Sediment and Erosion Control

- (i) Sediment control and water management structures shall be constructed and operational prior to soil disturbance which has the potential to result in sediment release, including grubbing activities.
- (ii) The Permittee shall initiate progressive reclamation where possible to control erosion around the mine area.

(c) Surface Water and Ground Water Quality Monitoring

- (i) The Permittee shall develop and implement a program to monitor and track any changes to drainage chemistry from individual disturbed areas, including the historical waste rock disposal areas and newly constructed waste storage facilities. The program shall be capable of detecting significant metal leaching and provide early warning about the onset of ARD or an increase in contaminant loading to the receiving environment.
- (ii) Results of the drainage chemistry quality and water quantity monitoring, shall be reported in the Annual Reclamation Report.

6. Soil Salvage and Storage

- (a) The Permittee shall salvage and stockpile topsoil for use in reclamation and protect topsoil stockpiles through revegetation and other practices as described in the application.
- (b) Soil stockpile areas shall be clearly marked in the field to ensure that they are protected during construction activities; the locations, origins and quantities of material shall be documented and reported in the Annual Reclamation Report.
- (c) Soil suitable for use in reclamation shall not be used as fill.

7. Vegetation Management

The Permittee shall limit disturbance to the vegetation to those areas approved in the permit applications.

Contingency Reclamation and Closure Plan

1. Reclamation Security

- (a) The Permittee shall cause to be deposited with the Minister of Finance, security in the amount of one million, two hundred thousand dollars (\$1,200,000.00). The Permittee shall deposit the security in accordance with the following installment schedule. The security will be held by the Minister of Finance for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.

	\$	<u>Cumulative \$</u>
Within 30 days of the receipt of this permit	\$600,000.00	\$600,000.00
On or before December 31, 2008	\$600,000.00	\$1,200,000.00
		Total: <u>\$1,200,000.00</u>

- (b) The amount of security will be adjusted for inflation where required. The first adjustment will be made when cumulative inflation from January 1, 2009 exceeds 10% based on each of the previous year's annual increase in the British Columbia Consumer Price Index (B.C. CPI).
- (c) The Permittee shall conform to all forest tenure and special use permit requirements of the Ministry of Forests and Range. Should the Permittee not

conform to these requirements then all or part of the security may be used to cover the costs of these requirements.

- (d) The Permittee shall conform to all Ministry of Environment and Ministry of Agriculture and Lands approval, license, and permit conditions, including the *Environmental Management Act*, Contaminated Sites and Special Waste regulations, as well as requirements under the *Wildlife Act*. Should the Permittee not conform to these conditions then all or part of the security may be used to fulfill these requirements.
- (e) The Permittee shall conform to all *Land Act* tenure (permit, license of occupation, statutory right of way or lease) or *Water Act* license terms and conditions. Should the Permittee not perform any of the required obligations under any *Land Act* tenure or *Water Act* license, then all or part of the security may be used to cover any costs or expenses incurred by the Province of British Columbia to perform any of these obligations or otherwise satisfy any outstanding obligation under any such tenure or license.
- (f) Over the life of the mine the security will be adjusted to cover all the costs associated with carrying out all the conditions of this permit. Upon application by the Permittee, the amount of security in condition 1(a) may be reduced if initial mining or development work will create less disturbance and liability, or to reflect reduced liability due to reclamation work completed.

2. Reclamation/Contingency Closure Plan

In the event the project does not proceed with further mine development, the Permittee shall follow the contingency closure plan as detailed in the Application, Section 11.4, for those areas of the mine affected by the activities of this permit. In addition the Permittee shall submit a report providing the status of the work system and a breakdown of outstanding liabilities, a compilation of all monitoring data and a schedule for completion of final reclamation and closure works.