



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

September 28, 2012

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

Dear Mr. Bush,

Re: Approval of Tailings Management Plan

Pursuant to paragraph 8.1 of Quartz Mining License QML-0001 (the "License") for the Minto Mine Project, a Tailings Management Plan was submitted by Minto Explorations Ltd. to the Chief for review and approval. This plan, dated January 19, 2011 and entitled "*Minto Mine Tailings Management Plan*" (the "TMP"), was received electronically in my office on January 20, 2012. To fulfill the requirements outlined in my May 24, 2011 letter to you entitled "*Minto Mine Project QML-0001 – Plan Requirements*" the following documents were also submitted:

- A technical memo to Daniel Avar from Cevat Catana and Brian Cutts of EBA, A Tetra Tech Company entitled "*Dry Stack Tailings Storage Facility Slope Stability Monitoring, Minto Mine, YT*" and dated December 2, 2011; and
- A manual prepared by EBA, A Tetra Tech Company entitled "*Revision 2011-1, Operation, Maintenance, and Surveillance Manual, Dry Stack Tailings Storage Facility, Minto Mine, YT*", dated January 2011.

After review and consideration, I have determined that the Minto Mine Tailings Management Plan is approved as submitted.

Schedule C of the License has been updated to reflect this approval and is attached to this letter. This amended Schedule C replaces all earlier versions.

For greater certainty, in reviewing and approving the TMP, neither I nor the Yukon Government make any representations or warranties as to the sufficiency or adequacy of the plan or designs described in the *Minto Mine Tailings Management Plan*. Further, you are reminded that the approval of the Chief pertains only to the Chief's

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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.

Please do not hesitate to contact me at (867) 667-3126 if you have any questions or wish to discuss.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Holmes', is positioned below the word 'Sincerely,'.

Robert Holmes
Director, Mineral Resources

cc: Chief Kevin McGinty, Selkirk First Nation
Jon Bowen, Director, Water Resources
Terry Anderson, Chief Mining Inspector
Steve Colp, Natural Resources Officer, Whitehorse

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:

1. "**Geotechnical Design Proposed Reclamation Overburden Dump, Minto Mine**", dated February 2008 and prepared by EBA Engineering Consultants Ltd.; and
2. 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 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. **"Mine Development and Operations Plan v1"** prepared by Minto Explorations Ltd. and dated February 2012 (the "MDOPv1") including Appendix A: a report prepared by SRK Consulting Engineers and Scientists dated December 2009 and entitled **"Pre-Feasibility Geotechnical Evaluation Phase IV Minto Mine, Yukon Territory, Canada"**, to the extent of those sections which were referenced in the MDOPv1;
3. A memorandum from Jason Nickel to Bob Holmes dated June 17th, 2011 and entitled **"Requested Amendments to Operational Plans, QML-0001"**;
4. **"Minto Mine Tailings Management Plan"** prepared by Minto Explorations Ltd. and dated January 19, 2011; and
5. A memorandum from Jennie Gjertsen to Robert Holmes dated August 30th, 2012 and entitled **"Submission of Camp Expansion and Office Space Designs"**.

These authorized activities are limited to the development of the Area 2 and Area 118 pits and portal area, developing up to 500m of decline in non-mineral waste rock, depositing overburden from Area 2 and Area 118 pits and portal area, depositing waste rock from Area 2 and Area 118 and underground workings, mining and milling of Area 2, Stage 1 & 2 and Area 118 ore, depositing filtered tailings on the Dry-Stack Tailings Storage Facility to a maximum of 5.9 million tonnes, depositing slurry tailings in the Main pit and Area 2 pit, 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;
6. A Mill Valley fill construction update shall be provided to the Natural Resources Officer - Mining on a weekly basis until further notification;

Southwest Waste Dump ("SWD") Expansion

7. 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;
8. 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

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

General Conditions

11. All organic material, overburden and bedrock must be stored separately and in a manner as described in the "Stage 2 WMP";
12. All waste rock must be characterized in accordance with the methods identified in the "Stage 2 WMP";
13. Fine grained materials must be stored separately to ensure there is adequate material for cover design;
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;
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; and
16. The addition of tailings to the Dry Stack Tailings Facility must be in accordance with the original design specifications as laid out in the "Minto Mine, Tailings Management Plan, January 2007" prepared by Access Consulting Group and cannot exceed the approved overall tailings volume of 5.9 million tonnes;
 17. Area 2, Stage 1 & 2 and Area 118 shall be mined in accordance with the design criteria specified on page 45 of the Pre-Feasibility Report and within the footprint outlined in Figures 1 & 2 of the MDOPv1;
 18. If final Stage 2 highwall designs are modified, sealed engineer designs must be submitted when complete and prior to implementation; and
 19. Monitoring survey hubs shall be installed on the final Area Highwall perimeter.

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 28th day of September, 2012



Director, Mineral Resources
Energy, Mines and Resources