



Energy, Mines and Resources

Box 2703, Whitehorse, Yukon Y1A 2C6

January 20th, 2015

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

Dear Mr. Bush,

Re: Determination of Financial Security - Minto Mine, Yukon Territory

A plan entitled "*Minto Mine Phase V/VI Reclamation and Closure Plan Revision 5.1*" (the "RCP") prepared by Access Consulting and dated August 2014 was received electronically in my office on August 11, 2014. This Plan included costing estimates for closure implementation and post-closure care, maintenance and monitoring for the entire mine site. This information was submitted to fulfil the Quartz Mining License (the "License") application requirements for the Phase V/VI expansion.

Yukon Government retained SteveJan Consultants Inc. ("SJCI") to conduct a third party review of this material and to provide an independent cost estimate for the current liability and for liability two years after Phase V/VI commences. This estimate was provided in draft form to Minto Explorations Ltd. ("MintoEx") on November 12.

On November 17 2014, a tripartite meeting with Selkirk First Nation, Minto Explorations Ltd ("MintoEx") and Yukon Government was held in Whitehorse to discuss the reclamation and closure planning and financial security requirements for the Phase V/VI expansion. At this meeting, SJCI presented his draft report and the parties discussed the main differences between the cost estimate provided by MintoEx and SJCI. MintoEx identified a number of areas where additional information could be provided to refine the cost estimate and SJCI agreed that upon receipt of this information an amended draft would be issued for review. It was agreed upon at this meeting that additional time was needed for all parties to review and provide comment on the cost estimate provided by SJCI before Energy, Mines and Resources made a security determination.

MintoEx provided comments on the SJCI report on December 8 2014 and SJCI subsequently revised the report on December 16 to reflect the new information and the discussions at the tripartite meeting.

On December 18, 2014 an amended Quartz Mining License for the Phase V/VI expansion was issued. As indicated in the cover letter from Robert Holmes to Gregg Bush a review of

Gregg Bush
Page 2 of 2
January 20, 2015

the financial security was not undertaken at the time of issuance and would be completed after review of the comments received from MintoEx and the updated SJCI report.

MintoEx has currently furnished financial security with the Government of Yukon ("Yukon") for the Minto Mine in the amount of \$41,971,095. After review and consideration of the closure plan and the activities required to implement this closure plan, I am of the view that financial security needs to be adjusted to provide for all reasonable closure costs.

Therefore, pursuant to paragraph 11.4 of the Quartz Mining License QML-0001, I am now providing you with written notice that the total security to be furnished and maintained by Minto Explorations Ltd. within 60 calendar days of the date of this letter is \$53, 627, 572. This security must be in a form as provided under the Security Regulation OIC 2007177.

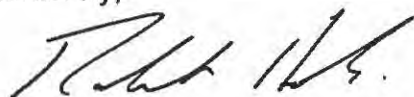
In determining this amount, I considered the activities required to implement this RCP, the estimate of reclamation and closure cost provided by MintoEx, the comments received on the SJCI report and the results of the SJCI review of reclamation and closure costs. The results of the independent third party review have been forwarded to you under separated cover. For greater clarity a table has been attached to this letter which shows the basis upon which the amount financial security has been determined.

As a reminder, as per Paragraph 7.2(a) of the License, an updated reclamation and closure plan is required on December 18 2015. A review of financial security will be undertaken at this time, and if liability is reduced on site (as is suggested in the current cost estimates by both MintoEx and SteveJan), a reduction in financial security will be provided.

As has been the case to date, the financial security to be furnished and maintained must be held to the order of Government of Yukon, Minister of Energy, Mines and Resources, pursuant to both the Quartz Mining License QML-0001 and the Type A Water Use License QZ96-006.

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

Sincerely,



Robert Holmes
Director, Mineral Resources

cc: Chief Kevin McGinty, Selkirk First Nation
Heather Jirousek, A/Director, Water Resources Branch
Steve Colp, Natural Resources Officer, Whitehorse
Carola Scheu, Director, Water Board Secretariat

Basis for Determination of Financial Security

Item No.	Description of Cost	Security Currently Held for QML-0001	Estimate Provided by Capstone Dec 18 2014	Estimate Provided by Stevejan Consultants Inc Dec 16 2014	Final Security Determined by Mineral Resources
Closure Implementation					
3	General & Administration	\$1,003,540	\$685,500	\$1,032,500	\$685,500
3.1	Onsite Management ¹	\$828,540	\$490,500	\$837,500	\$490,500
3.2	Transport Costs	\$175,000	\$195,000	\$195,000	\$195,000
4	Waste Dumps	\$7,863,679	\$7,660,304	\$8,334,982	\$8,334,984
4.1	Main Waste Dump	\$2,372,059	\$2,084,895	\$2,444,229	\$2,444,229
4.2	Southwest Waste Dump	\$4,115,418	\$4,341,089	\$4,562,500	\$4,562,500
4.3	Ice-Rich Overburden Dump	\$16,692	\$16,692	\$16,692	\$16,692
4.4	Reclamation Overburden Dump	\$577,672	\$595,135	\$595,135	\$595,135
4.5	Low Grade Ore Stockpile and Pad	\$124,468	\$103,603	\$124,468	\$124,468
4.6	High Grade Ore Stockpile and Pad	\$165,743	\$138,244	\$165,743	\$165,743
4.7	Main Pit Buttress	\$491,627	\$380,648	\$426,217	\$426,217
5	Pit and Haul Roads	\$426,876	\$340,359	\$340,359	\$340,359
5.1	Main Pit	\$63,665	\$63,665	\$63,665	\$63,665
5.2	Area 2 Pit	\$39,125	\$39,125	\$39,125	\$39,125
5.3	Area 118 Pit	\$66,740	\$29,223	\$29,223	\$29,223
5.4	Haul Roads	\$182,238	\$182,238	\$182,238	\$182,238
5.5	Underground	\$75,108	\$26,108	\$26,108	\$26,108
6	Primary Water Conveyance Structures	\$753,981	\$1,419,596	\$1,419,596	\$1,419,596
6.1	Decommission 100 Surface Drainage Channel	\$80,250	\$80,250	\$80,250	\$80,250
6.2	200 Surface Drainage Channel	\$196,580	\$142,096	\$142,096	\$142,096
6.3	300 Surface Drainage Channel	\$64,890	\$47,000	\$47,000	\$47,000
6.4	350 Surface Drainage Channel	\$89,703	\$64,601	\$64,601	\$64,601
6.5	400 Surface Drainage Channel	\$264,665	\$917,900	\$917,900	\$917,900
6.6	450 Surface Drainage Channel	\$57,892	\$167,749	\$167,749	\$167,749
7	Tailings & MVFE	\$1,441,504	\$9,125,401	\$9,900,259	\$9,900,259
7.1	Dry Stack Tailings Storage Facility	\$536,859	\$485,753	\$527,511	\$527,511
7.2	Dry Stack Tailings - Ditching	\$199,737	\$203,140	\$203,140	\$203,140
7.3	South Diversion Ditch	\$150,969	\$150,696	\$150,696	\$150,696
7.4	Mill Valley Fill ¹	\$553,939	\$8,285,813	\$9,018,912	\$9,018,912
8	Water Storage Pond Dam	\$661,346	\$645,029	\$661,347	\$661,346
8.1	Reclaim System	\$90,269	\$90,269	\$90,269	\$90,269
8.2	Water Storage Pond Dam	\$571,077	\$554,760	\$571,077	\$571,077
9	Mill and Facilities	\$1,388,688	\$1,318,288	\$1,333,251	\$1,333,252
9.1	Mill Building	\$345,696	\$345,696	\$345,696	\$345,696
9.2	Other Mill Area Buildings	\$160,939	\$160,939	\$160,939	\$160,939
9.3	Fuel Storage Area	\$101,564	\$101,564	\$101,564	\$101,564
9.4	Mill Reagents	\$83,225	\$83,225	\$83,225	\$83,225
9.5	Reclaim Entire Mill Site Area Including Fuel Storage and Crusher Area	\$407,242	\$345,985	\$345,985	\$345,985
9.6	Contractor's Shop and Work Area	\$81,232	\$91,062	\$91,062	\$91,062
9.7	Laydown Area	\$208,790	\$189,818	\$204,781	\$204,781
10	Mill Pond	\$199,084	\$199,084	\$199,084	\$199,084
10.1	Reclaim Mill Pond	\$199,084	\$199,084	\$199,084	\$199,084
11	Access Road	\$286,122	\$283,422	\$283,422	\$283,422
11.3.1	Road Surface	\$77,575	\$77,575	\$77,575	\$77,575
11.3.2	Big Creek Bridge	\$50,183	\$50,183	\$50,183	\$50,183
11.3.3	Barge Ramps	\$24,610	\$24,610	\$24,610	\$24,610
11.3.4	Culverts	\$133,754	\$131,054	\$131,054	\$131,054
12	Miscellaneous	\$595,978	\$561,384	\$570,918	\$570,918
12.1	Airstrip	\$12,840	\$12,840	\$12,840	\$12,840
12.2	Mine Camp and Related Infrastructure	\$455,107	\$429,832	\$439,367	\$439,367
12.3	Explosives Plant Site	\$52,569	\$43,249	\$43,249	\$43,249
12.4	Exploration Sites and Trails				
12.5	Land Treatment Facility	\$20,491	\$20,491	\$20,491	\$20,491
12.6	Solid Waste Facility	\$27,927	\$27,927	\$27,927	\$27,927
12.7	Site Roads	\$27,044	\$27,044	\$27,044	\$27,044
13	Revegetation	\$1,789,278	\$1,751,933	\$1,751,933	\$1,751,933
13.1	Determination of Revegetation Plan for Current Site	\$20,000	\$20,000	\$20,000	\$20,000
13.2	Main and Southwest Dumps	\$748,231	\$740,889	\$740,889	\$740,889
13.3	Ice-Rich Overburden Dump	\$18,888	\$18,449	\$18,449	\$18,449
13.4	Reclamation Overburden Dump	\$207,577	\$193,584	\$193,584	\$193,584
13.5	Ore Stockpiles and Pads	\$56,726	\$54,718	\$54,718	\$54,718
13.6	Mill Valley Fill	\$141,501	\$166,915	\$166,915	\$166,915
13.7	Contractor's Shop and Office Area	\$15,688	\$15,688	\$15,688	\$15,688
13.8	Tailings Surface Area	\$131,148	\$128,889	\$128,889	\$128,889
13.9	Water Storage Pond Dam	\$37,650	\$37,650	\$37,650	\$37,650
13.10	Mill Area	\$26,227	\$25,916	\$25,916	\$25,916
13.11	Haul Roads	\$42,750	\$42,750	\$42,750	\$42,750

Item No.	Description of Cost	Security Currently Held for QML-0001	Estimate Provided by Capstone Dec 18 2014	Estimate Provided by SteveJan Consultants Inc Dec 16 2014	Final Security Determined by Mineral Resources
13.12	Underground Portal Excavation	\$58,420	\$56,914	\$56,914	\$56,914
13.13	Miscellaneous Sites - Camp, Airstrip, Waste Facilities, Explosives	\$87,850	\$87,850	\$87,850	\$87,850
13.14	Main Pit Buttress	\$102,471	\$84,838	\$84,838	\$84,838
13.15	Laydown Area	\$47,251	\$46,184	\$46,184	\$46,184
13.16	Access Road	\$46,900	\$30,700	\$30,700	\$30,700
14	Supporting Studies	\$1,982,500	\$1,468,500	\$1,468,500	\$1,468,500
14.1	Kinetic Tailings and Waste Rock Materials Testing	\$36,000	\$36,000	\$36,000	\$36,000
14.2	Other Adaptive Management Plans Required	\$202,500	\$202,500	\$202,500	\$202,500
14.3	Closure Specific Studies and Field Trials	\$38,000	\$55,000	\$55,000	\$55,000
14.4	Reclamation & Closure Research Program	\$1,450,000	\$1,100,000	\$1,100,000	\$1,100,000
14.5	Passive Treatment Design	-	\$75,000	\$75,000	\$75,000
16	Interim Care and Maintenance	\$5,978,180	\$2,094,784	\$2,168,384	\$2,168,384
16.1	Personnel	-	\$711,584	\$721,184	\$721,184
16.2	Equipment	-	\$140,000	\$140,000	\$140,000
16.3	Tasks ³	-	\$1,139,600	\$1,203,600	\$1,203,600
16.4	Miscellaneous	-	\$103,600	\$103,600	\$103,600
	Sub-total⁴	\$24,370,756	\$27,553,583	\$29,464,534	\$29,117,537
	Indirect Costs (%)	18%	18%	18%	18%
	Indirect Costs	\$4,386,736	\$4,959,645	\$5,303,616	\$5,241,157
	Cost Inflation ⁵	\$1,725,450	\$1,625,661.41	\$1,738,407	\$1,717,935
	Total Closure Implementation Costs	\$30,482,942	\$34,138,890	\$36,506,557	\$36,076,628
Post Closure Care, Maintenance, and Monitoring Costs					
17	Mobilization and Demobilization	-	\$126,360	\$126,360	\$126,360
17.1	Mobilize Equipment and Fuel	-	\$60,680	\$60,680	\$60,680
17.2	Mobilize Workers and Camp	-	\$10,000	\$10,000	\$10,000
17.3	Demobilize Equipment	-	\$55,680	\$55,680	\$55,680
17.4	Demobilize Workers and Camp	-	\$0	\$0	\$0
15	Post Closure Care, Maintenance and Monitoring	\$6,220,000	\$10,570,500	\$10,945,500	\$10,370,500
15.1	Onsite Management	-	\$596,000	\$596,000	\$596,000
15.2	Transport Costs ⁶	\$632,500	\$550,000	\$350,000	\$350,000
15.3	Water Treatment Costs				
	Active Treatment Capital Replacement Costs	\$300,000	\$900,000	\$900,000	\$900,000
	Active Treatment Operating Costs	\$3,750,000	\$5,200,000	\$5,200,000	\$5,200,000
	Passive Treatment Capital Costs	-	\$1,000,000	\$1,000,000	\$1,000,000
	Passive Treatment Operation and Maintenance Costs ⁷	-	\$500,000	\$1,000,000	\$500,000
15.4	Reclamation & Closure Research Plan (Post Closure I-II)	\$750,000	\$300,000	\$300,000	\$300,000
15.5	Monitoring & Reporting	\$787,500	\$1,282,000	\$1,357,000	\$1,282,000
15.6	Post Closure I-II Maintenance	-	\$242,500	\$242,500	\$242,500
	Sub-Total	\$6,220,000	\$10,696,860	\$11,071,860	\$10,496,860
	Sub-Total NPV (2.5% DRDR)	\$5,096,324	\$8,945,799	\$9,150,573	\$8,945,799
	Indirect Costs (%)	18%	18%	18%	18%
	Indirect Costs	\$917,338	\$1,610,244	\$1,647,103	\$1,610,244
	Total (NPV)	\$6,013,662	\$10,556,042	\$10,797,677	\$10,556,043
	Total Financial Security (incl. 18% Indirect Costs)	\$36,496,604	\$44,694,932	\$47,304,234	\$46,632,671
	Contingency Allowance	15%	15%	15%	15%
	Contingency Amount	\$5,474,491	\$6,704,240	\$7,095,635	\$6,994,901
	Total Financial Security (Plus Contingency)	\$41,971,095	\$51,399,172	\$54,399,869	\$53,627,572

Notes regarding Mineral Resources final security determination

¹ the Capstone consting estimate assumed the need for two picup trucks and an eight person crew for onsite management, this assumption has been accepted by Mineral Resources

² this line item includes \$7,732,100 for the construction of the Mill Valley Fill. The construction of the facility has been included in the cost estimate as it required to provide additional buttressing for the dry stack tailings facility; as this is required to ensure a physically stable site at closure it is not considered an operational cost

³ Additional monitoring was included in the Interim Care and Maintenance field as per the SteveJan Consultants Inc report. This includes one year of sediment and biological monitoring, enhanced groundwater and foundation monitoring, and three rounds of piezometer and thermistor monitoring.

⁴ The unit rates proposed by SteveJan Consultants Inc have been accepted which accounts for 95% of cost differences in the Closure Implementation. The unit rates used by SICI are the same rates that have been accepted in past security estimates and are based upon third party independant rates that could reasonably be secured by Yukon Government

⁵ Cost inflation is calculated at a rate 2% per year to the midpoint of active closure

⁶ the revised tables presented by Minto Explorations Ltd contained a calculation error and presented \$550,000 instead of \$350,000 for transport costs

⁷ The SteveJan Consultants Inc report recommended an additional 10 years of passive treatment for a total of 20 years, this has not been included in the cost estimate. The ten year period of passive treatment proposed by Capstone has been accepted.