

**Conditions Annexed to and Forming Part
of Land Use Permit # MV2013C0021**

Part A: Scope of Permit

1. This Permit entitles New Discovery Mines Ltd. to conduct the following land-use operation:
 - a) Use, construction and maintenance of a winter road from the Ingraham Trail to Discovery Lake;
 - b) Re-opening and securing of the North and South Declines as identified in the land use permit application;
 - c) Advanced mineral exploration program including bulk sampling;
 - d) Storage of waste rock and ore;
 - e) Quarrying;
 - f) Construction and operation of camp;
 - g) Fuel storage;
 - h) Storage and use of explosives; and
 - i) Use of equipment.

All activities will take place within 62°32'4.43" N by 114°08'54.00 W and 62°54'2.00" N by 114°20'60" W.

2. This Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, item 1 of this Permit.
3. Compliance with the terms and conditions of this Permit does not excuse the Permittee from its obligation to comply with the requirements of any applicable Federal, Territorial, Tłıchǫ, or Municipal laws.

Part B: Definitions (defined terms are capitalized throughout the Permit)

Act - the *Mackenzie Valley Resource Management Act*.

Archaeological Impact Assessment - as defined by the Prince of Wales Northern Heritage Centre – Guidelines for Developers.

Board - the Mackenzie Valley Land and Water Board established under Part 4 of the *Mackenzie Valley Resource Management Act*.

Borehole - a hole that is made in the surface of the ground by drilling or boring.

Drilling Fluids - any liquid mixture of water, sediment, drilling muds, chemical additives or other wastes that are pumped down hole while drilling and are specifically related to drilling activity.

Drilling Waste - all materials or chemicals, solid or liquid, associated with drilling, including drill cuttings and Drilling Fluids.

Durable Land - land that is able to withstand repeated use, such as gravel or sand with minimal vegetative cover.

Engagement Plan - a document, developed in accordance with the Board's *Engagement and Consultation Policy* and the *Engagement Guidelines for Applicants and Holders of Land Use Permits and Water Licences*, that clearly describes how, when, and which engagement activities will occur with an affected party during the life of the Project.

Fuel Storage Container - a container for the storage of **petroleum** or **allied petroleum products** with a capacity of less than 230 litres.

Fuel Storage Tank - a closed container for the storage of **petroleum** or **allied petroleum products** with a capacity of more than 230 litres.

Greywater - all liquid wastes from showers, baths, sinks, kitchens, and domestic washing facilities but not including toilet wastes.

Habitat - the area or type of site where a species or an individual of a species of wildlife naturally occurs or on which it depends, directly or indirectly, to carry out its life processes.

Inspector - an Inspector designated by the Minister under the *Act*.

Minister - the Minister of Indian Affairs and Northern Development Canada or the Minister of the Government of the Northwest Territories – Department of Lands, as the case may be.

Ordinary High Water Mark - the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land. In flowing waters (rivers, streams) this refers to the "active channel/bank-full level" which is often the 1:2 year flood flow return level. In inland lakes, wetlands, or marine environments, it refers to those parts of the Watercourse bed and banks that are frequently flooded by water so as to leave a mark on the land and where the natural vegetation changes from predominately aquatic vegetation to terrestrial vegetation (excepting water tolerant species). For reservoirs, this refers to normal high operating levels (full supply level).

Permafrost - ground (soil or rock) that remains at or below 0°C for at least two consecutive years.

Secondary Containment - containment that prevents liquids that leak from Fuel Storage Tanks or containers from reaching outside the containment area and includes double-walled Tanks, piping, liners, and impermeable barriers.

Sewage - all toilet wastes and Greywater.

Sewage Disposal Facilities - Sump(s) and/or Sewage collection tank(s) and/or storage containers designed to hold Sewage.

Spill Contingency Plan - a document, developed in accordance with Aboriginal Affairs and Northern Development Canada's *Guidelines for Spill Contingency Planning* (April 2007), that describes the set of procedures to be implemented to minimize the effects of a spill.

Sump - a man-made pit or natural depression in the earth's surface used for the purpose of depositing waste material, such as non-Toxic Drilling Waste or Sewage, therein.

Toxic - a substance that enters or may enter the environment in a quantity or concentration or under conditions such that it:

- a) Has or may have an immediate or long-term harmful effect on the environment or its biological diversity;
- b) Constitutes or may constitute a danger to the environment on which life depends; or
- c) Constitutes or may constitute a danger in Canada to human life or health.

Waste – any garbage, debris, or chemical or toxic material to be used, stored, disposed of, or handled on land, and also as defined in section 2 of the *Northwest Territories Waters Act*.

Waste Management Plan (WMP) - a document, developed in accordance with the Board's *Guidelines for Developing a Waste Management Plan*, that describes the methods of waste management from waste generation to final disposal.

Watercourse - a natural body of flowing or standing water or an area occupied by water during part of the year, and includes streams, springs, swamps and gulches but does not include groundwater.

Part C: Conditions Applying to All Activities (headings correspond to subsection 26(1) of the Mackenzie Valley Land Use Regulations)

26(1)(a) Location and Area

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| 1. The Permittee shall locate all camps on Durable Land or previously cleared areas. | CAMP LOCATION |
| 2. The Permittee shall not construct parallel lines or roads, unless an existing line or road cannot be used. | PARALLEL ROADS |
| 3. The Permittee shall locate all lines, trails, and right-of-ways to be constructed parallel to any Watercourse a minimum of 100 metres from the Ordinary High Water Mark, except at crossings. | PARALLEL WATERCOURSE |
| 4. The Permittee shall not conduct this land-use operation on any lands not designated in the complete application. | LOCATION OF ACTIVITIES |
| 5. Prior to the commencement of the land-use operation, the Permittee shall accompany an Inspector during an inspection of the proposed land use area. | INSPECT LOCATIONS |

26(1)(b) Time

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| 6. At least 48 hours prior to the commencement of this land-use operation, the Permittee's Field Supervisor shall contact an Inspector at (867) 765-6648. | CONTACT INSPECTOR |
| 7. At least 48 hours prior to commencement of the land-use operation, the Permittee shall provide the following information, in writing, to the Board and an Inspector: (a) the name(s) of the person(s) in charge of the field operation; (b) alternates; and (c) all methods for contacting the above person(s). | IDENTIFY AGENT |
| 8. At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of: (a) the plan for removal or storage of equipment and materials; and (b) when final cleanup and reclamation of the land used will be completed. | REPORTS BEFORE REMOVAL |
| 9. The Board, for the purpose of this operation, designates March 31, as spring break-up. | SPRING BREAK-UP |

26(1)(c) Type and Size of Equipment

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| 10. The Permittee shall not use any equipment except of a similar type, size, and number to that listed in the complete application. | ONLY APPROVED EQUIPMENT |
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26(1)(d) Methods and Techniques

11. Prior to the movement of any vehicle that exerts pressure on the ground in excess of 35 kPa, the Permittee shall scout proposed lines and routes to select the best location for crossing streams and avoiding terrain obstacles.

**DETOURS AND
CROSSINGS**

12. The Permittee shall construct and maintain the overland portion of winter roads with a minimum of 10 cm of packed snow and/or ice at all times during this land-use operation.

WINTER ROADS

13. The Permittee shall not erect camps or store material, other than that required for immediate use, on the ice surface of a Watercourse.

STORAGE ON ICE

26(1)(e) Type, Location, Capacity, and Operation of All Facilities

14. The Permittee shall ensure that the land use area is kept clean at all times.

**CLEAN WORK
AREA**

15. The Permittee shall not locate any Sump within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector.

**SUMPS FROM
WATER**

26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

16. The Permittee shall insulate the ground surface beneath all structures associated with this land-use operation to prevent:
(a) any vegetation present from being removed;
(b) the melting of Permafrost; and
(c) the ground settling and/or eroding.

**PERMAFROST
PROTECTION**

17. The land-use operation shall not cause obstruction to any natural drainage.

**NATURAL
DRAINAGE**

18. The Permittee shall minimize erosion by installing erosion control structures as the land-use operation progresses.

**PROGRESSIVE
EROSION CONTROL**

19. The Permittee shall, where flowing water from a Borehole is encountered:
(a) plug the Borehole in such a manner as to permanently prevent any further outflow of water; and
(b) immediately report the occurrence to the Board and an Inspector.

**FLOWING
ARTESIAN WELL**

20. The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.

**PREVENTION OF
RUTTING**

21. The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting.

**SUSPEND
OVERLAND TRAVEL**

22. The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without

**VEHICLE
MOVEMENT**

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| rutting or gouging. | FREEZE-UP |
| 23. The Permittee shall not use any material other than clean water and snow in the construction of ice bridges. | ICE BRIDGE MATERIALS |
| 24. The Permittee shall not use any materials other than clean snow and water in the construction of snow fills. | SNOWFILL MATERIALS |
| 25. Prior to spring break-up or completion of the land-use operation, the Permittee shall clean up and either remove or v-notch all snowfills from stream crossings, unless otherwise authorized in writing by an Inspector. | REMOVE OR V-NOTCH SNOWFILLS |
| 26. Prior to spring break-up or completion of the land-use operation, the Permittee shall clean up and v-notch all ice bridges, unless otherwise authorized in writing by an Inspector. | V-NOTCH ICE BRIDGES |
| 27. The Permittee shall not cut any stream bank, unless otherwise authorized in writing by an Inspector. | STREAM BANKS |
| 28. The Permittee shall minimize approach grades on all Watercourse crossings. | MINIMIZE APPROACH |
| 29. The Permittee shall slope the sides of Waste material piles, excavations, and embankments — except in solid rock — to a minimum ratio of 2:1 vertical, unless otherwise authorized in writing by an Inspector. | EXCAVATION AND EMBANKMENTS |
| 30. The Permittee shall not remove vegetation or operate heavy equipment within 100 metres of the Ordinary High Water Mark of any Watercourse. | WATERCOURSE BUFFER |
| 31. The Permittee shall not excavate land within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | EXCAVATE NEAR WATERCOURSE |
| 26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material | |
| 32. At least seven days prior to the use of any chemicals that were not identified in the complete application, the MSDS sheets must be provided to the Board and an Inspector. | CHEMICALS |
| 33. When drilling within 100 metres of the Ordinary High Water Mark of any Watercourse, and when drilling on ice, the Permittee shall contain all drill water and Drilling Waste in a closed circuit system for reuse, off-site disposal, or deposit into a land-based Sump or natural depression. | DRILLING NEAR WATER OR ON ICE |
| 34. The Permittee may deposit Drilling Waste that does not contain Toxic Material in a Sump or natural depression. Any Sumps or natural depressions used to deposit Drilling Waste must be located at least 100 metres from the Ordinary | DRILLING WASTE |

High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector.

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| 35. The Permittee shall not allow any Drilling Waste to spread to the surrounding lands or Watercourses. | DRILLING WASTE CONTAINMENT |
| 36. Prior to the expiry date of this Permit or the end of the land-use operation whichever comes first, the Permittee shall backfill and restore all Sumps, unless otherwise authorized in writing by an Inspector. | BACKFILL SUMPS |
| 37. The Permittee shall maintain a record of all spills. For all reportable spills, in accordance with the GNWT <i>Spill Contingency Planning and Reporting Regulations</i> , the Permittee shall: (a) immediately report each spill to the 24-hour Spill Report Line (867) 920-8130; (b) report each spill to an Inspector within 24 hours; and (c) submit, to the Board and an Inspector, a detailed report on each spill within 30 days. | REPORT SPILLS |
| 38. The Permittee shall dispose of all Toxic Material as described in the approved Waste Management Plan. | WASTE CHEMICAL DISPOSAL |
| 39. The Permittee shall dispose of all combustible Waste petroleum products by removal to an approved disposal facility. | WASTE PETROLEUM DISPOSAL |

26(1)(h) Wildlife and Fish Habitat

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| 40. The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation. | HABITAT DAMAGE |
| 41. If migratory birds or their nesting areas, or any species at risk are encountered during the course of operations, the Permittee shall minimize all activity so as to not disturb these animals. | MIGRATORY BIRDS |

26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage

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| 42. The Permittee shall adhere to the Waste Management Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. | WASTE MANAGEMENT |
| 43. The Permittee shall keep all garbage and debris in a secure container until disposal. | GARBAGE CONTAINER |
| 44. The Permittee shall dispose of all garbage, Waste, and debris as described in the approved Waste Management Plan, unless otherwise authorized in writing by an Inspector. | REMOVE GARBAGE |

45. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan. **SEWAGE DISPOSAL - PLAN**

26(1)(j) Protection of Historical, Archaeological, and Burial Sites

46. The Permittee shall not operate any vehicle or equipment within 150 metres of a known or suspected historical or archaeological site or burial ground. **ARCHAEOLOGICAL BUFFER**

47. The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site. **SITE DISTURBANCE**

48. The Permittee shall, where a suspected archaeological or historical site, or burial ground is discovered:
 (a) immediately suspend operations on the site; and
 (b) notify the Board at (867) 669-0506 or an Inspector at (867) 765-6648, and the Prince of Wales Northern Heritage Centre at 767-9347 ext. 71250 or ext. 71251. **SITE DISCOVERY AND NOTIFICATION**

49. Prior to any new land disturbance, the Permittee shall conduct an Archaeological Impact Assessment of the sites where disturbance is planned and shall submit a summary report to the Board and the Prince of Wales Northern Heritage Centre. **AIA**

26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value
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BUFFER / NO ACTIVITY

26(1)(l) Security Deposit

50. Prior to the commencement of the land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of \$88,000 + **Additional fuel estimate.** **SECURITY DEPOSIT**

51. All costs to remediate the area under this Permit are the responsibility of the Permittee. **RESPONSIBILITY FOR REMEDIATION COSTS**

26(1)(m) Fuel Storage

52. The Permittee shall not place any Fuel Storage Containers or Tanks within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. **FUEL NEAR WATER**

53. The Permittee shall ensure that all fuel caches have adequate Secondary Containment. **FUEL CACHE SECONDARY CONTAINMENT**

54. The Permittee shall set up all refueling points with Secondary Containment. **SECONDARY CONTAINMENT – REFUELING**

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| 55. The Permittee shall not allow petroleum products to spread to surrounding lands or Watercourses. | FUEL CONTAINMENT |
| 56. The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name. | MARK CONTAINERS AND TANKS |
| 57. The Permittee shall have a maximum of _____ litres of fuel stored on the land use site at any time, unless otherwise authorized in writing by the Board. | MAXIMUM FUEL ON SITE |
| 58. Within ten days of the establishment of any fuel cache, the Permittee shall report the location and quantity of the cache in writing to the Board and an Inspector. | REPORT FUEL LOCATION |
| 59. The Permittee shall seal all outlets of Fuel Storage Containers and store the containers on their sides with the outlets located at 3 and 9 o'clock, except for containers currently in use. | SEAL OUTLET |
| 60. The Permittee shall adhere to the Spill Contingency Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. | SPILL CONTINGENCY PLAN |
| 61. Prior to commencement of the land-use operation the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills. | SPILL RESPONSE |
| 62. All equipment that may be parked for two hours or more, shall have a haz-mat/drip tray under it or be sufficiently diapered. Leaky equipment shall be repaired immediately. | DRIP TRAYS |
| 63. The Permittee shall clean up all leaks, spills, and contaminated material. | CLEAN UP SPILLS |
| 26(1)(n) Methods and Techniques for Debris and Brush Disposal | |
| 64. The Permittee shall not clear areas larger than identified in the complete application. | MINIMIZE AREA CLEARED |
| 26(1)(o) Restoration of the Lands | |
| 65. The Permittee shall dispose of all overburden as instructed by an Inspector. | DISPOSAL OF OVERBURDEN |
| 66. The Permittee shall store overburden and use it to recontour the site after operations are complete, unless otherwise authorized in writing by an Inspector. | SAVE AND PLACE ORGANIC SOIL |
| 67. Prior to the expiry date of this Permit, the Permittee shall complete all cleanup and restoration of the lands used. | FINAL CLEANUP AND RESTORATION |
| 68. Prior to the expiry date of this Permit, the Permittee shall prepare the site in such a manner as to facilitate natural revegetation. | NATURAL VEGETATION |

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| 69. The Permittee shall carry out progressive reclamation of disturbed areas as soon as it is practical to do so. | PROGRESSIVE RECLAMATION |
| 26(1)(p) Display of Permits and Permit Numbers | |
| 70. The Permittee shall keep a copy of this Permit on hand at all times during this land-use operation. | COPY OF PERMIT |
| 26(1)(q) Biological and Physical Protection of the Land | |
| 71. The Permittee shall adhere to the Engagement Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. | ENGAGEMENT PLAN |
| 72. If any plan is not approved by the Board, the Permittee shall revise the plan according to the Board’s direction and re-submit it to the Board for approval. | RESUBMIT PLAN |
| 73. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan. | SUMMARY OF CHANGES |