



November 30, 2018

Mackenzie Valley Land and Water Board

7th floor, 4922 48th Street, PO Box 2130

Yellowknife, NT, X1A 2P6

Attention: Kierney Leach, Technical Regulatory Specialist

Dear Kierney:

Re: Submission of Type A Land Use and Type B Water License Applications for the Yellowknife City Gold Project (YCGP)

TerraX Minerals Inc. is please to submit Type A Land Use Permit and Type B Water License Applications for its Yellowknife City Gold Project (YCGP). The YCGP is currently operating under two Land Use Permits, MV20140005 and MV20160038. These original two land use permits were sufficient when the YCGP covered approximately 225 square kilometers. However, through the staking of claims and completing the purchase or option of several properties from other owners the YCGP currently covers 782 square kilometers. This represents an increase in area of approximately 350%. In order to have the flexibility to conduct drilling on the expanded property it has become necessary for TerraX to acquire a single Type A Land Use Permit to cover the entire YCGP. In addition, the Type B Water License application will allow TerraX the flexibility to conduct more robust drill programs on the expanded property.

As part of this application please find enclosed:

- 1) MVLWB Type A Land Use Permit Application form
- 2) MVLWB Type B Water License Application forms
- 3) Yellowknife City Gold Project, NT, Exploration Plan
- 4) Yellowknife City Gold Project, NT, Spill Contingency Plan
- 5) Yellowknife City Gold Project, NT, MSDS Sheets
- 6) Yellowknife City Gold Project, NT, Waste Management Plan
- 7) Yellowknife City Gold Project, NT, Closure and Restoration Plan
- 8) Yellowknife City Gold Project, NT, Wildlife Management and Mitigation Plan
- 9) Yellowknife City Gold Project, NT, Chance Find Procedure for Archaeology
- 10) Yellowknife City Gold Project, NT, Forward Looking Engagement Plan
- 11) Yellowknife City Gold Project, NT, Community and Government Stakeholder Engagement Program

The YCGP is comprised of 164 mineral claims and 134 minerals leases. An additional four (4) mineral claims are currently part of the federally managed Giant Remediation Project, which TerraX does not have access to. These claims are Goodwin #1 (32956), Goodwin #10 (32959), Goodwin #11 (32960) and Goodwin #12 (32961). These claims are not part of this Type A Land Use Permit application. Once the federally managed Giant Remediation



Project has resolved the status of these four claims TerraX will amend the Type A Land Use Plan accordingly in regard to these four mineral claims.

TerraX requests that the new Type A Land Use Permit, if issued, contain all the activities that are currently authorized under Land Use Permits MV2014C0005 and MV2016C0038. Additionally, based on the experience gained while working under the current Type A Land Use Permit conditions TerraX would like to request consideration from the Board for the following modifications to the conditions of a new Land Use Permit, if issued:

- 1) The current Land Use Permits have a buffer from 30 metres (MV2014C0005) to 300 metres (MV2016C0038) when conducting any part of the land use operation near “any privately owned or leased land or structure.” TerraX would like to recommend modifying this buffer to “within 50 metres of any leased land or structure.” The duration of all activities, in particular drilling, is relatively short and ranges from a few days to a couple of weeks. The impacts observed by TerraX have been minimal. The best evidence for this has been the co-operation between TerraX and the cabin owners on Walsh Lake while completing summer drilling and winter ice road construction / drilling programs over the 2016 to 2018 period using the 30 metre condition of land use permit MV2014C0005.
- 2) The majority of the exploration activity, in particular, the drilling will be conducted in the areas covered by the current permits. In these areas all personnel are accommodated locally in Yellowknife and are transported to the exploration areas by truck, boat, helicopter, UTV or ATV. Therefore, no temporary or permanent camp facilities are required. However, temporary and permanent camp facilities will be required on the far northern portion of the property in the Quyta Lake to Clan Lake area. TerraX would like to request that the Board include in the scope of the land use permit, if issued, authorization to establish and use campsites. The details of any camp would be submitted to the Land Use Inspector and the Board well in advance of any camp construction and without requiring an amendment to the new Land Use Permit, if issued. Five (5) potential campsite (not to exceed 49 persons) locations were identified by TerraX personnel and the Land Use Inspector in September, 2018. It is important to note that not all or any of the five (5) campsites would be utilized at one time. The timing and requirement for any campsite will depend on successful exploration results throughout the claim block. The five (5) chosen potential campsite locations are all sandy ridges with good drainage adjacent to lakes with deep enough water for float planes to land safely. Additional details are expanded upon in the attached Exploration Plan. The timing for the requirement of a permanent camp will be dependant on results.
- 3) Notwithstanding 2) above TerraX continue to be allowed, as authorized under current Land Use Permits MV2014C0005 and MV2016C0038, to use temporary campsites of up to 200-person days on an annual basis. TerraX requests that these temporary campsites be considered separately from the larger, more permanent campsites that would not exceed 49 persons.

Based on the experience gained while working under the current Type A Land Use Permit conditions TerraX would like to request consideration from the Board that the following conditions be part of a new Type B Water License, if issued:

- 1) The Water Inspector be notified with the following information 48 hours prior to the commencement of the drill hole(s):
 - Lake name that is being used as a water source



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- Location of the drill hole(s)
 - Location of water pump
- 2) A monthly report on water usage report be provided to the Water Inspector that contains the following information:
- Lake name that is being used as a water source
 - Water pump locations
 - Water volume that was removed from each lake
 - Estimated volume of the lake being used as a water source

Based on the experience gained while working under the current Type A Land Use Permit conditions TerraX would like to request consideration from the Board for the following condition to remain unchanged in the new Land Use Permit, if issued:

- 1) Not operating any vehicle or equipment within 30 metres of a known or suspected historical or archaeological site or burial ground is a condition of land use permits MV2014C0005 and MV2016C0038.

TerraX has been in discussions with the GNWT regarding security related to the Type A Land Use Permit and Type B Water License applications. There have been face to face meetings on November 26th at an RDAG meeting and November 29th with Lands and Environment Departments. These discussions will continue during the week of December 3rd to December 7th with the goal of determining the amount of security. In addition, TerraX and the GNWT are also discussing how the security can be staged based on specific milestones. This would allow TerraX to post amounts relevant to the liabilities associated with the work activity related to the new Type A Land Use Permit and Type B Water License, if issued. The security would increase with the liability associated with each milestone.

On behalf of TerraX Minerals Inc. I would like to thank the Board for considering our Type A Land Use Permit and Type B Water License applications.

Regards,

Alan Sexton, M.Sc., P.Geol.

VP Exploration

TerraX Minerals Inc.



Mackenzie Valley Land and Water Board

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📠 867-873-6610

🌐 mvlwb.com

Land Use Permit Application Form

(Subsection 19(2) and Schedule 2 of the Mackenzie Valley Land Use Regulations)

1 Applicant Name: Alan Sexon Applicant's Mailing Address: 312-10 Green Street, Ottawa, ON, K2J 3Z6		Fax no.: 613-843-8110
		Telephone no.: 613-843-8109
2 Head office address: 1605-777 Dunsmuir Street, Vancouver BC, V7Y 1K4 Field supervisor: Alan Sexton		Fax no.: 604-648-8665 Telephone no.: 604-689-1749 Email address: as.geovector@bellnet.ca
3 Other personnel (subcontractor, contractors, company staff etc.): See page 9 Total number of persons on site: 15 to 30 persons that are all based in Yellowknife		
4 Eligibility (Refer to section 18 of the Mackenzie Valley Land Use Regulations): <input checked="" type="checkbox"/> (a)(i) <input type="checkbox"/> (a)(ii) <input type="checkbox"/> (a)(iii) <input type="checkbox"/> (b)		
5 Other rights, licences or permits related to this permit application (mineral rights, timber permits, water licences, etc.): <i>To complete this section of the Application Form, please see page 16 of the Board's Guide to the Land Use Permitting Process for more information.</i> TerraX has mineral rights to 164 mineral claims and 134 mineral leases. See the Exploration Plan, which is attached to this application, for project details and the location.		
6 a) Summary of operation (describe purpose, nature and location of all activities). Refer to paragraph 19(3)(b) of the Mackenzie Valley Land Use Regulations: <i>To complete this section of the Application Form, please see page 15 of the Board's Guide to the Land Use Permitting Process for more information.</i> The purpose of the proposed work program for the YCGP is to explore for gold and base metals (zinc, lead, copper, molybdenum) using diamond drilling and below threshold surface exploration, such as mapping, prospecting, geochemical sampling and geophysical surveys. b) Indicate if a camp is to be set up. If yes, indicate size of camp or describe camp. (Provide details on a separate page, if necessary): Yes. A camp will be required, however, the timing and location is yet to be determined.		

7 Summary of potential environmental and resource impacts and mitigation measures (describe the effects of the proposed land-use operation on land, water, flora and fauna and related socio-economic impacts). (Use separate page if necessary):

To complete this section of the Application Form, proponents are encouraged to use Appendix B of the Board's [Guide to the Land Use Permitting Process](#).

The proposed exploration programs are temporary and limited in extent. There should be no significant impacts. Details on impacts are outlined in the Exploration, Spill Contingency and Wildlife Management Plans attached to this application.

8 Proposed restoration plans (Use a separate page if necessary):

To complete this section of the Application Form, please see page 16 of the Board's [Guide to the Land Use Permitting Process](#) for more information.

For details of the proposed restoration plans see the Closure and Restoration Plan attached to this application.

Roads:

(Provide details on a separate page.)

Is this to be a pioneered (new) road?

Has the route been laid out or ground truthed?

9 Proposed disposal methods:

To complete this section of the Application Form, a waste management plan for the proposed activities is to be developed in accordance with the Board's [Guidelines for Developing a Waste Management Plan](#) and submitted as an attachment to the Application Form. A template for this Plan is provided in the Guidelines.

a) Garbage: See attached Waste Management Plan

b) Sewage (Sanitary and grey water): See attached Waste Management Plan

c) Brush & trees: See attached Waste Management Plan

d) Overburden (Organic soils, waste material, etc.): See attached Waste Management Plan

10 Equipment (includes drills, pumps, etc.) (Use separate page if necessary):

Number	Type and Size	Proposed use
		See attached Exploration Plan

18 Application fees for Type A or Type B permit (for federal and non-federal lands)¹:

a) Application fees for Type A or Type B permit (include the first two hectares) - \$150.00: \$ 150.00

AND

b) Land-use fees for **federal public lands only**:

If more than two hectares of federal public lands are being used, enter the number of hectares in excess of the two hectares included in the Application fee.

_____ hectares at \$50.00/hectare \$

1. To help identify whether your activity is on federal lands, please see [this map](#).

Total fees²: \$ 150.00

2. Please make all cheques payable to the Receiver General for Canada.

Section 3:

Golder Associates – Yellowknife based environmental consultants

ERM – Yellowknife based environmental consultants

Aurora Geosciences – Yellowknife based geological technicians, field assistants and geophysical technicians

Aurora Telecom Services Ltd. – Yellowknife based contractor for ice road construction

62 Degrees North – Yellowknife based contractor for medics and first aid equipment

Foraco Drilling – Yellowknife based drilling contractor

Acasta Heliflight - Yellowknife based contractor that provides helicopter support for drilling and geoscience field work

KBL Environmental Ltd. - Yellowknife based contractor that provides environmental remediation

Matrix Expediting - Yellowknife based contractor that builds, maintains and expedites to exploration camps

GeoVector Management Inc. – Ottawa based consultant that provides project management, geologists and geological technicians

TerraX Minerals Inc. – Vancouver based junior mining company that provides project management

Section 8:

There is an all-season gravel road (Crestaurum Road) that covers a portion of Land Use Permit MV2014C0005. The majority of land based winter roads are historic drill roads. Ice roads are constructed on lakes in the project area as required for winter drilling access. Details on the roads and trails used for access are outlined in the Exploration Plan attached to this application.