

## Appendix B Copies of Applicable General Permits and Licences

- The Stall Concentrator is operated in accordance with Clean Environment Commission (CEC) Order No. 765.
- The Anderson TIA is operated in accordance with CEC Order No. 766.
- Water withdrawal from Snow Lake is authorized under License No. 2011-110, issued under *The Water Rights Act* (Manitoba).
- Electrical supply from Chisel Substation is authorized under Licence No. 3005, issued under *The Environment Act* (Manitoba) on May 10, 2012.
- The Lalor Access Road from PR 395 (at the site of the Chisel North Mine) to the Lalor site was constructed in accordance with General Permit GP59093.
- HBMS holds a Quarry Lease (QL-1928) for a quarry which will be used as the source of roadbed material needed for construction of the pipeline system.



Water Use Licensing Section  
Box 16, 200 Saulteaux Crescent  
Winnipeg MB R3J 3W3

Telephone : 204-945-3983  
Fax : 204-945-7419

March 14, 2012

File: Hudson Bay Mining and Smelting Co. Ltd. -12

Hudson Bay Mining and Smelting Co. Ltd  
Air and Water Programs  
Box 1550  
Flin Flon, MB R8A 1N9

Dear Joel Nilsen,

Herewith you will find your copy of Licence No. **2011-110** issued under *The Water Rights Act*. Licence No. **2011-110** will expire on **March 7, 2022**. You may apply for renewal of this licence not more than 365 days and not less than 90 days prior to the expiry date.

I have also enclosed a copy of a form that may be used to record your **daily** and annual water use as per Clause 13 of your licence. This form is to be completed each year and returned to this office no later than February 1<sup>st</sup> of the following year. Additional water use forms are available on-line at [www.gov.mb.ca/waterstewardship](http://www.gov.mb.ca/waterstewardship) under *Licensing, Regulation & Policy – Water Use Licensing – Forms*.

**You may also e-mail your water usage to us at [wateruse@gov.mb.ca](mailto:wateruse@gov.mb.ca). Please remember to include in your message (a) your Water Rights licence number (b) the year for which you are reporting, and (c) the unit of measurement (e.g. litres, US gallons, Imperial gallons, clock time, etc.) applicable to your system.**

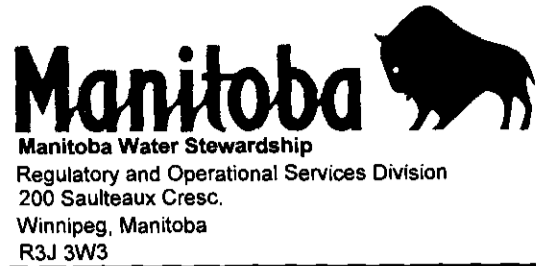
If you have any questions regarding this licence, please contact the undersigned at 204-945-3983.

Yours truly,

A handwritten signature in black ink, appearing to read "Chris McCombe".

Christopher McCombe  
Database Manager  
Water Use Licensing Section

# Licence to Use Water for Industrial Purposes



Project: Snow Lake Concentrator

Issued in accordance with the provisions of  
**The Water Rights Act** and regulations made thereunder.

Licence No.: **2011-110**  
(Original Lic. No.: 78-019)  
U.T.M.: Zone 14    434261 E  
6079763 N

Know all men by these presents that in consideration of and subject to the provisos, conditions and restrictions hereinafter contained, the Minister of Water Stewardship for the Province of Manitoba does by these presents give full right and liberty, leave and licence to **Hudson Bay Mining and Smelting Co., Limited** in the Province of Manitoba (hereinafter called "the LICENSEE") to divert water from the **Snow Lake** for **industrial** purposes by means of a pumping installation, pipeline(s) and any other appurtenances (hereinafter called "the WORKS"), the water to be used, and the WORKS to be placed, on the following described lands:

**Township 68 and Range 17 West of the Principal Meridian in Manitoba,**

and more particularly shown on a plan filed in the office of the Executive Director, Regulatory and Operational Services Division, a copy of which plan is hereto attached and marked Exhibit "A" for **industrial** purposes on the following described lands:

**Snow Lake Concentrator (Stall Lake Mill Complex)**

This licence is issued upon the express condition that it shall be subject to the provisions of The Water Rights Act and Regulations and all amendments thereto and, without limiting the generality of the aforesaid, to the following terms and conditions, namely:

1. The water shall be used solely for **industrial** purposes.
2. The WORKS shall be operated in accordance with the terms herein contained.
3. a) The maximum rate at which water may be diverted pursuant hereto shall not exceed **0.038 cubic metres per second (1.3 cubic feet per second)**.  
b) The total quantity of water diverted in any one year shall not exceed **1150 cubic decametres (932.32 acre feet)**.
4. Upon notification to the LICENSEE by the Minister or the Minister's agents, the LICENSEE shall not divert water from the **Snow Lake** during any period when the lake level at the pumping WORKS, is at or below a specified elevation.
5. The LICENSEE does hereby remise, release and forever discharge Her Majesty the Queen in Right of the Province of Manitoba, of and from all manner of action, causes of action, claims and demands whatsoever which against Her Majesty the LICENSEE ever had, now has or may hereafter have, resulting from the use of water for **industrial** purposes.
6. In the event that the rights of others are infringed upon and/or damage to the property of others is sustained as a result of the operation or maintenance of the WORKS and the rights herein granted, the LICENSEE shall be solely responsible and shall save harmless and fully indemnify Her Majesty the Queen in Right of the Province of Manitoba, from and against any liability to which Her Majesty may become liable by virtue of the issue of this Licence and anything done pursuant hereto.
7. This Licence is not assignable or transferable by the LICENSEE and when no longer required by the LICENSEE this Licence shall be returned to the Executive Director, Regulatory and Operational Services Division, for cancellation on behalf of the Minister.
8. Upon the execution of this Licence the LICENSEE hereby grants the Minister or the Minister's agents the right of ingress and egress to and from the lands on which the WORKS are located for the purpose of inspection of the WORKS and the LICENSEE shall at all times comply with such directions and/or orders that may be given by the Minister or the Minister's agents in writing from time to time with regard to the operation and maintenance of the WORKS.
9. This Licence may be amended, suspended or cancelled by the Minister in accordance with The Water Rights Act by letter addressed to the LICENSEE at **P.O. Box 1550, Flin Flon, MB, R8A 1N9, Canada** and thereafter this Licence shall be determined to be at an end.
10. Notwithstanding anything preceding in this Licence, the LICENSEE must have legal control, by ownership or by rental, lease, or other agreement, of the lands on which the WORKS shall be placed and the water shall be used.
11. The term of this Licence shall be **ten (10) years** and this Licence shall become effective only on the date of execution hereof by a person so authorized in the Department of Water Stewardship. The LICENSEE may apply for renewal of this Licence not more than 365 days and not less than 90 days prior to the expiry date.
12. This Licence expires automatically upon the loss of the legal control of any of the lands on which the WORKS are located or on which water is used, unless the Licence is transferred or amended by the Minister upon application for Licence transfer or amendment.

13. The LICENSEE shall keep records of daily and annual water use and shall provide a copy of such records to the Executive Director, Regulatory and Operational Services Division, not later than February 1st of the following year.
14. The LICENSEE shall install and maintain, on the pumping WORKS, a water measuring device acceptable to the Executive Director, Regulatory and Operational Services Division, that will accurately measure the instantaneous water flow and the accumulated annual volume of water diverted from the water source.
15. The LICENSEE shall hold and maintain all other regulatory approvals that may be required and shall comply with all other regulatory requirements for the construction, operation, or maintenance of the WORKS or to divert or use water as provided by this Licence.

In witness whereof I the undersigned hereby agree to accept the aforesaid Licence on the terms and conditions set forth therein and hereby set my hand and seal this 2 day of February A.D. 2012.

SIGNED, SEALED AND DELIVERED  
in the presence of

B. Niedermair } Brad Lantz (Seal)  
Witness Licensee

Canada, PROVINCE OF MANITOBA To Wit:

I, Brenda Fleming Niedermair of the city  
of Flin Flon in the Province of Manitoba, MAKE OATH AND SAY:

1. That I was personally present and did see Brad Lantz, the within named party, execute the within Instrument.
2. That I know the said \_\_\_\_\_ and am satisfied that he/she is of the full age of eighteen years.
3. That the said Instrument was executed at \_\_\_\_\_ aforesaid and that I am subscribing witness thereto.

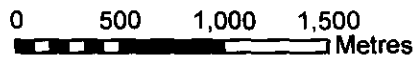
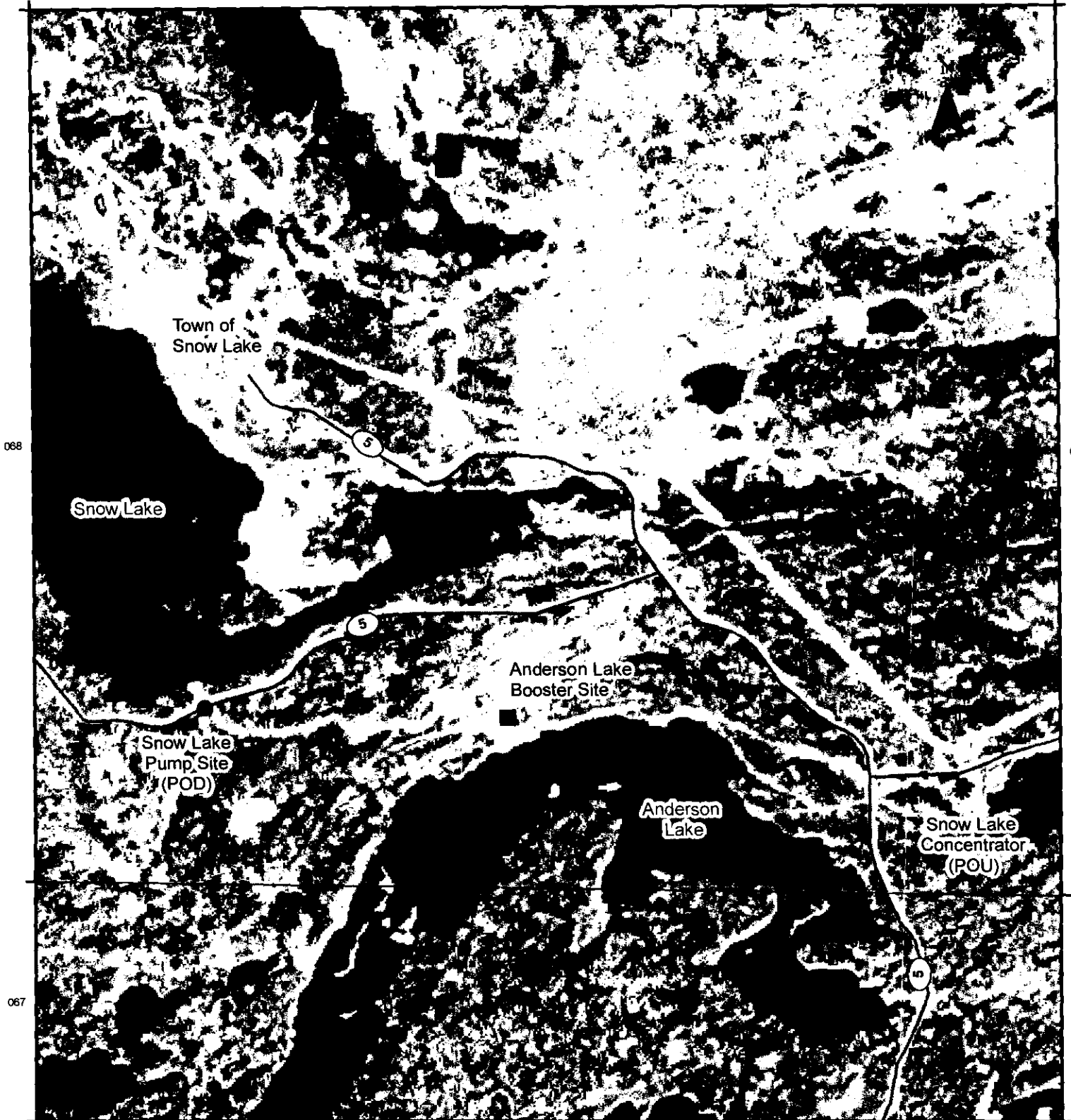
SWORN BEFORE me at the CITY OF FLIN FLON  
in the Province of Manitoba this 2nd day of February A.D. 2012.

Ante Lebeck } \_\_\_\_\_  
A COMMISSIONER FOR OATHS Witness  
in and for the Province of Manitoba

My Commission expires November 26, 2012

Issued at the City of Winnipeg, in the Province of Manitoba, this 7th day of March A.D. 2012.

Rob M. Stoes  
The Honourable the Minister of Water Stewardship



LOCATION PLAN  
 FOR  
 HUDSON BAY MINING &  
 SMELTING CO., LIMITED  
 68-17 WPM

EXHIBIT: "A"  
 THIS PLAN IS AN INTEGRAL PART OF  
 LICENCE NO. 2011-110  
 ISSUED UNDER THE WATER RIGHTS ACT



# Annual Water Use and Temperature Report for 20\_\_

## Pursuant to The Water Rights Act

LICENSEE'S NAME				LICENCE NO.
POST OFFICE ADDRESS				PHONE NO.
LOCATION OF WELL:				
QUARTER/ 	SECTION 	TOWNSHIP 	RANGE 	OR OTHER (SPECIFY) 
DESIGN PUMPING RATE:      LITRES PER SECOND _____ OR OTHER (SPECIFY) _____				
NOTE 1:      QUANTITIES OF WATER IN TABLE BELOW EXPRESSED IN (CHECK ONE)				
<input type="checkbox"/>	LITRES	<input type="checkbox"/>	DECAMETRES	
<input type="checkbox"/>	OTHER (SPECIFY): _____			
METER READING DECEMBER 31/20_____				
<b>NOTE2:</b> LICENSEE MUST COMPLETE "ANNUAL WATER USE AND TEMPERATURE REPORT" FOR EACH CALENDAR YEAR AND FORWARD THE REPORT TO THE WATER USE LICENSING SECTION AT THE ABOVE ADDRESS NOT LATER THAN FEB. 1 OF THE FOLLOWING YEAR.				

DAY OF MONTH	MAY				JUNE				JULY				AUGUST			
	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION
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Steps



CLEAN ENVIRONMENT COMMISSION

Office of the Chairman  
Box 4, 139 Tuxedo Avenue  
Winnipeg, Manitoba  
R3N 0H6

C-b-1644

December.29 , 1977

REGISTERED

Mr. W. W. Fraser, P. Eng.  
Supt. Environmental Control  
and Process Technology  
Hudson Bay Mining and  
Smelting Co., Limited  
P.O. Box 1500  
FLIN FLON, Manitoba  
R8A 1N9

Dear Mr. Fraser:

Herewith Orders No. 765 and No. 766 of The Clean Environment Commission dated December 29, 1977, issued in relation to an application filed with the Department of Mines, Resources and Environmental Management by Hudson Bay Mining and Smelting Co., Limited in connection with the operation of a proposed ore concentrator to be located adjacent to the present Stall Lake Mine near Snow Lake, in the Local Government District of Snow Lake, discharging metallurgical tailings and mine effluent to Anderson Lake and with associated noise and particulate emissions.

Should you require any clarification with respect to any of the Clauses of these Orders, please contact the Environmental Control Branch, of the Department of Mines, Resources and Environmental Management, 139 Tuxedo Avenue, at Telephone Number 489-4511 Local 134.

Yours truly,

Guy E. Moore  
Chairman  
The Clean Environment Commission

GEM/dr



AN ORDER OF THE CLEAN ENVIRONMENT COMMISSION  
UNDER THE CLEAN ENVIRONMENT ACT

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RE: THE CLEAN ENVIRONMENT COMMISSION and HUDSON BAY MINING AND SMELTING CO., LIMITED, Applicant;

WHEREAS pursuant to the provisions of The Clean Environment Act, Hudson Bay Mining and Smelting Co., Limited filed a proposal with the Department of Mines, Resources and Environmental Management in connection with the operation of a proposed ore concentrator to be located adjacent to the present Stall Lake Mine near Snow Lake, in the Local Government District of Snow Lake with associated noise and particulate emissions;

AND WHEREAS in the absence of limits being prescribed by a Regulation under the said Act, the proposal was referred to The Clean Environment Commission for the prescribing of limits;

AND WHEREAS the Commission received notices of representation from persons who are or who are likely to be affected by an Order of the Commission prescribing limits in connection with the said operation;

AND WHEREAS the Commission held a public hearing in Snow Lake, Manitoba, on the 19th and 20th days of September, 1977;

AND WHEREAS the Commission considered the proposal and evidence submitted at the hearing on the 14th day of November, 1977;

IT IS HEREBY ORDERED THAT

- 0.1 Review 5/5/77
1. The Applicant shall ensure that total particulate emissions from any area of the said concentrator, to the atmosphere, do not exceed 0.23 grams per standard cubic meter.<sup>1</sup>
  2. The Applicant shall ensure that fugitive dust emissions from vehicle traffic on the site of the said operation and/or wind entrainment of dust are minimized by surface treatment of roads, covering stockpiles and/or applying dust control products to sources of fugitive dust emissions associated with the operation of the said concentrator.

3. The Applicant shall, within 21 days of receiving a written request from the Environmental Management Division of the Department of Mines, Resources and Environmental Management, conduct emission tests on the sources of emission of particulates to the atmosphere in accordance with the method detailed in Appendix "A" to this Order.
4. The Applicant shall ensure that a high standard of maintenance and housekeeping is maintained on the site of the said concentrator.
5. The Applicant shall ensure that sounds emitted from the site or sites of the said operation including the water intake pumphouse and tailings discharge facilities do not result in one-hour equivalent continuous sound levels, as measured beyond the property line of the site or sites of the said operation and within 15 meters of a permanent or seasonal residence or a cottage located on a subdivision approved by the Manitoba Department of Tourism, Recreation and Cultural Affairs and which was in existence on the date of issuance of this Order, in excess of the sound level limits<sup>2</sup> contained in the following table:

	(i) May to September inclusive		(ii) October to April inclusive	
	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00
(a) For continuous or intermittent sounds which have neither significant impulsive characteristics <sup>3</sup> nor prominent discrete tones <sup>4</sup>	55 dBA	45 dBA	60 dBA	50 dBA

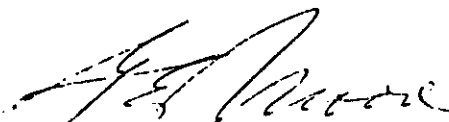
5. Continued . . .

	(i) May to September inclusive		(ii) October to April inclusive	
	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00
(b) For continuous or intermittent sounds which have significant impulsive characteristics <sup>3</sup> and/or prominent discrete tone(s) <sup>4</sup>	50 dBA	40 dBA	55 dBA	45 dBA

Order No. 765

Dated at the City of Winnipeg

this 29th day of December, 1977

  
 Chairman,  
 The Clean Environment Commission.

C-b-1644

1 - "standard cubic meter" means the volume of air occupying a cubic meter at 20° Celsius and 760 mm of mercury.

15

2 - as measured in terms of the equivalent continuous sound level averaged over a one hour period (60 minutes), using a sound level monitoring device which equals or surpasses the requirements of Canadian Standards Association Standard Z 107.1 - 1973 - (or the equivalent) for Type 2 sound level meters, operated on the "A - weighting network" and "slow" meter response.

- 3 - "impulsive characteristics" means hammering type sounds having peaks one second or more apart - ie. less than 60 impacts per minute.
- 4 - "prominent discrete tone(s)" means a sound having a one-third octave band sound level which, when measured in a one-third octave band, exceeds the arithmetic average of the sound levels on the two adjacent one-third octave bands on either side of such one-third octave band by:
- (a) 5 dB for such one-third octave band with a centre frequency from 500 Hertz to 20,000 Hertz, inclusive, provided such one-third octave band sound level exceeds the sound level of each adjacent one-third octave band, or;
  - (b) 8 dB for such one-third octave band with a centre frequency from 160 Hertz to 400 Hertz, inclusive, provided that such one-third octave band sound level exceeds the sound level of each adjacent one-third octave band, or;
  - (c) 15 dB for such one-third octave band with a centre frequency from 25 Hertz to 125 Hertz, inclusive, provided such one-third octave band sound level exceeds the sound level of each adjacent one-third octave band.

Source Testing for Particulate Emissions

Testing of sources of emission of particulates to the atmosphere shall be carried out in accordance with the "Standard Reference Methods of Source Testing: Measurement of Emissions of Particulates from Stationary Sources - EPS 1-AP-74-1" or an alternate method approved, in writing, by the Environmental Management Division of the Department of Mines, Resources and Environmental Management. Each emission test shall consist of at least three valid test runs and be carried out under normal plant operating conditions. All emission tests shall be observed by an inspector designated by the Environmental Management Division of the Department of Mines, Resources and Environmental Management and a copy of the test results shall be forwarded to the inspector within 21 days of completion of the testing.

AN ORDER OF THE CLEAN ENVIRONMENT COMMISSION  
 UNDER THE CLEAN ENVIRONMENT ACT

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RE: THE CLEAN ENVIRONMENT COMMISSION and HUDSON BAY MINING AND SMELTING CO., LIMITED, Applicant,

WHEREAS pursuant to the provisions of the Clean Environment Act, Hudson Bay Mining and Smelting Co., Limited submitted a proposal to the Department of Mines, Resources and Environmental Management in connection with the operation of an ore concentrator discharging metallurgical tailings and liquid mine effluent to Anderson Lake, with eventual drainage into Anderson Bay on Wekusko Lake; said proposed ore concentrator to be located adjacent to the present Stall Lake Mine, near the Town of Snow Lake in the Local Government District of Snow Lake;

AND WHEREAS in the absence of limits being prescribed by a Regulation under the said Act, the said proposal was referred to The Clean Environment Commission for the prescribing of limits;

AND WHEREAS the Commission received notices of representation from persons who are, or who are likely to be affected by an Order of the Commission prescribing limits in connection with the said operation;

AND WHEREAS the Commission held a public hearing on the 19th and 20th days of September, 1977, in the Community Hall in the Town of Snow Lake, Manitoba;

AND WHEREAS the Commission is aware there exists a Government of Canada regulation which prescribes limits applicable to the discharge of tailings and effluent from the said operation;

AND WHEREAS the Commission deemed it appropriate, for the protection of the environment, to prescribe additional limits on the said tailings and effluent;

AND WHEREAS the Commission considered the application on the 25th day of October, 1977, and on the 14th day of November, 1977;

IT IS HEREBY ORDERED THAT

1. The Applicant shall ensure that the quality of the effluent, as measured at the discharge point at the outlet from Anderson Lake, is such that:
  - (a) the concentrations of the following contaminants are not in excess of the following limits:

## 1. (a) Cont'd . . . .

	<u>MAXIMUM MONTHLY MEAN CONCENTRATION*</u>	<u>MAXIMUM CONCENTRATION IN A GRAB SAMPLE</u>
Arsenic	0.5 milligrams per litre	0.75 milligrams per litre
Copper	0.3 milligrams per litre	0.45 milligrams per litre
Lead	0.2 milligrams per litre	0.3 milligrams per litre
Nickel	0.5 milligrams per litre	0.75 milligrams per litre
Zinc	0.5 milligrams per litre	0.75 milligrams per litre
Total Suspended Solids	25 milligrams per litre	37.5 milligrams per litre

(b) the concentrations of the following contaminants are not in excess of the following additional limits:

	<u>MAXIMUM MONTHLY MEAN CONCENTRATIONS*</u>	<u>MAXIMUM CONCENTRATION IN A GRAB SAMPLE</u>
Cadmium	0.2 milligrams per litre	0.3 milligrams per litre
Cyanide (free)	0.1 milligrams per litre	0.15 milligrams per litre
Mercury	0.0002 milligrams per litre	0.0003 milligrams per litre
Fecal Coliform (as indicated by the MPN Index)		20 per 100 millilitres of sample

(c) the monthly mean pH\*\*, is within the range of 6.0 to 10.0.

2. The Applicant shall ensure that grab samples of undiluted effluent from the said operation at the discharge point of the outlet from Anderson Lake are collected and analyzed:

(a) for those contaminants listed in Clause 1(a) of this Order, weekly during periods of discharge of the said effluent;

(b) for those contaminants listed in Clause 1(b) of this Order, upon request from the Environmental Management Division of the Department of Mines, Resources and Environmental Management;

## 2. Cont'd . . .

said analysis to be carried out in a manner satisfactory to the said Division.

3. Pursuant to Clause 2 of this Order, the Applicant shall ensure that facilities for the collecting and analyzing of effluent samples, are installed and maintained in a manner satisfactory to the said Division.
4. The Applicant shall ensure that, for the purpose of producing samples of the effluent from the discharge point of the Anderson Lake outlet, the said point of discharge is adequately accessible by vehicle throughout the year.
5. The Applicant shall ensure that the said Division is notified two weeks in advance of each period of discharge from Anderson Lake to Anderson Creek.
6. The Applicant shall ensure that the total volume of effluent discharged during each discharge period at the outlet from Anderson Lake is measured on a monthly basis during open water conditions and that the structure is designed to facilitate flow rate determinations during winter conditions.
7. The Applicant shall ensure that, within 30 days after the end of each month during which discharge of effluent from the discharge point of the Anderson Lake outlet has occurred, a report is forwarded to the said Division, containing the following information respecting the month in respect of which the report is made:
  - (a) arithmetic mean concentrations\*, in milligrams per litre of all the substances, analyzed pursuant to Clause 1 of this Order, in each undiluted effluent and the mean pH\*\* of each effluent;
  - (b) a list of the concentrations of all substances as determined in the analyses carried out pursuant to Clause 1 of this Order, in all samples used to determine the arithmetic mean concentrations\* referred to in Clause 7 (a) of this Order;



7. Cont'd . . .

- (c) the pH of all samples used to determine the mean pH\*\* referred to in Clause 7(a) of this Order;
- (d) the total volume in Imperial gallons of effluent discharged during the month.

8. The Applicant shall:

- (a) collect samples of the water in Anderson Bay at a point adjacent to the cottage or residence nearest to the Anderson Creek outfall 30 days before any effluent discharge from Anderson Lake, once every 30 days during such discharge and 30 days after the conclusion of each such discharge, for the purpose of determining whether the effluent from the said operation is affecting the said water; and
- (b) analyze the samples for the following substances:
  - (i) arsenic
  - (ii) cadmium *ZINC*
  - (iii) copper
  - (iv) cyanide - \
  - (v) lead
  - (vi) mercury - \
  - (vii) sulphates - \
  - (viii) total dissolved solids - \
- (c) report the results of the analyses carried out pursuant to subclause (b) to the said Division within 30 days of the end of the month in which the samples were taken.

9. The Applicant shall ensure that:

- X* (a) there is underwater distribution of tailings during placement so that no tailings/air interface occurs at any time by means of wave action or in seasonal low-water conditions;
- (b) a minimum of 5 feet of water cover is continuously maintained over the entire surface area of the submerged tailings upon termination of the said operation; and

9. Cont'd . . .

(c) every three years from the date of start-up of the said operation, the said Division is provided with a contour map of the tailings surface in relation to the minimum lake elevation maintained by the proposed outflow dam structure.

10. The Applicant shall ensure that from the date of start-up of the said operation no discharge of any effluent is directed into the Stall Lake drainage basin with the exception of:

- (a) surface drainage from the mine site due to precipitation;
- (b) fresh water from the said operation, which has not been in contact with the ore or the metal concentrates.

11. The Applicant shall provide the said Division with information of the use of any substance, along with its chemical composition, which the Applicant plans to use in the milling operation for a period in excess of 4 months and the residual of which will enter the wastewater stream.

\* { 12. The Applicant shall submit to the said Division, on or before the 1st day of January of each year of operation an overall water balance flow sheet for the mining and milling operations discharging directly or indirectly into Anderson Lake: said water balance sheet to reflect any revised flow rates based on the previous year's flow recorded within the system and to show the calculated percent of total water requirements being recycled, for the purpose of demonstrating whether that amount is being maintained in the range 70% to 80% or better. Should the percentage of total water requirements being recycled fall below 70%, the said water balance submission shall be supported by the technical considerations that necessitated higher freshwater requirements within the system.

13. The Applicant shall ensure that:

(a) every three years following the start-up date of the said operation, a limnological monitoring program is conducted in accordance with guidelines issued by the said Division;

## 13. Cont'd . . .

- (b) a report on the findings and conclusions of each study referred to in Clause 12(a) of this Order is submitted to the said Division within 6 months of the completion of each monitoring program.

14. The Applicant shall, on or before the 1st day of December, 1980, file with The Clean Environment Commission a preliminary proposal for rehabilitation measures with respect to the Stall Lake and Anderson Lake mine sites and tailings disposal area detailing:

- (a) the eventual orderly removal and disposal of all structures, their contents and all other accumulated material on the site of the said operation;
- (b) the steps to be taken to rehabilitate the said site progressively and at the termination of the operation in line with aesthetic considerations and the preservation and enhancement of the environment;
- (c) the measures proposed for the containment and/or treatment of acidic waters in Anderson Lake should they occur in the post-abandonment period.

said proposal shall be subject to consideration, amendment and approval or otherwise by The Clean Environment Commission as a basis for future planning and eventual action by the Applicant.

Order No. 766

Dated at the City of Winnipeg

this 29th day of December, 1977.

  
Chairman,  
The Clean Environment Commission.

C-b-1644

\* "mean concentrations" for the purposes of this Order, will be calculated as arithmetic mean concentrations.

\*\* "mean pH" is calculated as:  $\text{mean pH} = -\log_{10} \left[ \frac{\sum_{i=1}^n 10^{-\text{pH}_i}}{n} \right]$

where "n" is the number of samples used to determine the mean.

$$= -\log_{10} \left[ \frac{\sum_{i=1}^n 10^{-\text{pH}_i}}{n} \right]$$

Ottawa, Ontario  
K1A 1C3

MAY 25 1978

Mr. C.K. Taylor  
Senior Vice-President  
Hudson Bay Mining and Smelting  
Company Limited  
Box 28, Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1B8

Mr. Taylor

Mr. Taylor

Dear Mr. Taylor:

DESIGNATION OF ANDERSON LAKE AS A  
TAILINGS IMPOUNDMENT AREA

Further to my telephone call of May 17, 1978, I am enclosing an original copy of the document designating Anderson Lake as a tailings impoundment area which has been signed by the Minister of State (Environment).

The only change in the document is that clause 14 makes reference to consultation with the Manitoba Minister of Renewable Resources and Transportation who is responsible for fisheries in Manitoba.

I regret any inconvenience that the delay in having this document signed may have caused Hudson Bay Mining and Smelting Co., Limited. However, this was the first time that a body of water has been prescribed as a tailings impoundment area pursuant to subsection 5(2) of the Metal Mining Liquid Effluent Regulations, and the channels for clearing such a document through other appropriate government departments had not previously been established.

Yours sincerely,



S.O. Winthrop  
Acting Assistant Deputy Minister  
Environmental Protection Service

Enclosure

RECEIVED  
MAY 25 1978  
ENVIRONMENTAL PROTECTION SERVICE



**Conservation and Water Stewardship**

Climate Change and Environmental Protection Division  
Environmental Approvals Branch  
123 Main Street, Suite 160, Winnipeg, Manitoba R3C 1A5  
T 204 945-8321 F 204 945-5229  
www.gov.mb.ca/conservation/eal

**CLIENT FILE NO.: 5568.00**

May 10, 2012

Stephen West, P.Eng.  
Hudson Bay Mining & Smelting Co. Ltd.  
PO Box 1500  
Flin Flon R8A 1N9

Dear Mr. West:

Enclosed is **Environment Act Licence No. 3005** dated May 10, 2012 issued in accordance with *The Environment Act* to the **Hudson Bay Mining & Smelting Co. Ltd.** for the construction, operation and maintenance of the Development being a 115kV substation, known as the Chisel North Substation, located on property contained within the existing Chisel North Mine near the Town of Snow Lake, in accordance with the Proposal filed under *The Environment Act*, dated February 15, 2012.

In addition to the enclosed Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with. A Notice of Alteration must be filed with the Director for approval prior to any alteration to the Development as licensed.

For further information on the administration and application of the Licence, please feel free to contact Darrell Ouimet, Environment Officer @ (204) 945-7067.

Pursuant to Section 27 of *The Environment Act*, this licensing decision may be appealed by any person who is affected by the issuance of this Licence to the Minister of Conservation within 30 days of the date of the Licence.

Yours truly,

Tracey Braun, M.Sc.  
Director  
Environment Act

Enc.

c: Don Labossiere, Director, Environmental Compliance and Enforcement  
Public Registries

**NOTE:** Confirmation of Receipt of this Licence No. 3005 (*by the Licencee only*) is required by the Director of Environmental Assessment and Licensing. Please acknowledge receipt by signing in the space provided below and faxing a copy (letter only) to the Department by May 18, 2012.

\_\_\_\_\_  
Hudson Bay Mining & Smelting Co. Ltd.

\_\_\_\_\_  
Date

**\*\*A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES\*\***

# LICENCE

Licence No. / Licence n° 3005

Issue Date / Date de délivrance May 10, 2012

In accordance with The Environment Act (C.C.S.M. c. E125) /  
Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

THIS LICENCE IS ISSUED TO : / CETTE LICENCE EST DONNÉE À :

**HUDSON BAY MINING & SMELTING CO. LTD.:**  
**"the Licencee"**

for the construction, operation and maintenance of the Development being a 115kV substation, known as the Chisel North Substation, located on property contained within the existing Chisel North Mine near the Town of Snow Lake, in accordance with the Proposal filed under *The Environment Act*, dated February 15, 2012, and subject to the following specifications, limits, terms and conditions:

### **DEFINITIONS**

In this Licence:

“**Department**” means Manitoba Conservation and Water Stewardship;

“**Director**” means an employee so designated pursuant to *The Environment Act*;

“**Environment Officer**” means an employee appointed as such by the Minister;

### **GENERAL TERMS AND CONDITIONS**

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. The Licencee shall not affect any land during the construction and operation of the Development which is not leased by the Province of Manitoba.

**\*\*A COPY OF THIS LICENCE AND MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES\*\***

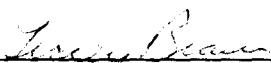
2. The Licencee shall establish any fuel storage areas required for the construction and operation of the Development:
  - a) a minimum distance of 100 metres from any waterbody; and
  - b) in compliance with the requirements of ***Manitoba Regulation 188/2001***, or any future amendment thereof, respecting ***Storage and Handling of Petroleum Products and Allied Products***.
3. The Licencee shall ensure fuel storage containers incorporate secondary containment in accordance with ***Manitoba Regulation 188/2001***, or any future amendment thereof, respecting ***Storage and Handling of Petroleum Products and Allied Products***.
4. The Licencee shall collect and dispose of all used petroleum products and other regulated hazardous wastes generated by the machinery used in the construction and operation of the Development in accordance with ***The Dangerous Goods Handling and Transportation Act***.
5. The Licencee shall, at all times during the construction of the Development, have available at the construction sites, materials to contain and recover spills of fuel and other fluids associated with construction machinery.
6. The Licencee shall during construction and operation of the Development:
  - a) immediately report any reportable spills to Manitoba Conservation's Accident Reporting Line at (204) 944-4888 pursuant to ***Manitoba Regulation 439/87***, respecting ***Environmental Accident Reporting***, or any future amendment thereof; and
  - b) at the request of the Director, provide a follow-up report to the Director on a reportable environmental accident outlining the cause(s) and proposed corrective action to prevent reoccurrence.
7. The Licencee shall dispose of solid waste and non-reusable demolition and construction debris from the Development at a waste disposal ground operating under the authority of a permit pursuant to ***Manitoba Regulation 150/91*** respecting ***Waste Disposal Grounds***, or any future amendment thereof, or a Licence pursuant to ***The Environment Act***.
8. The Licencee shall, during construction of the Development, dispose of all sewage and septage from on-site sanitary facilities in accordance with:
  - a) ***Manitoba Regulation 83/2003***, respecting ***Onsite Wastewater Management Systems Regulation***, or any future amendment thereof; or
  - b) this Licence.
9. The Licencee shall, prior to construction of the Development, provide a copy of this Licence to the contractor and subcontractor(s) involved in the Development and ensure they have a working knowledge and understanding of the conditions in the Licence.

**SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS**

10. The Licencee shall, prior to commencement of construction activities for the oil containment facilities at the Development, submit to the Director the results of an Oil Containment Assessment. Oil containment Plans and Specifications, as recommended in the Oil Containment Assessment shall be approved by the Director prior to the commencement of construction of the oil containment facilities at the Development.
11. The Licencee shall construct and install the oil containment equipment as described in the Plans and Specifications approved by the Director as required by Clause 9 of this Licence.
12. The Licencee shall, prior to disposal of soil from salvaged station site, determine acceptable levels of any PCB contaminated soils tested from current CCME guidelines. A Manitoba Conservation and Water Stewardship, Northwest Region, Environment Officer shall be notified of any plans for disposal of contaminated soils and oil from the salvaged transformers, prior to disposal.

**REVIEW AND REVOCATION**

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- B. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of *The Environment Act*.
- C. If construction of the development has not commenced within five years of the date of this Licence, the Licence is revoked.

  
\_\_\_\_\_  
**Tracey Braun, M.Sc.**  
**Director**  
**Environment Act**

**File No. 5568.00**





**Conservation and Water Stewardship**

Environmental Stewardship Division  
Environmental Approvals Branch  
123 Main Street, Suite 160, Winnipeg, Manitoba R3C 1A5  
T 204 945-8321 F 204 945-5229  
www.gov.mb.ca/conservation/eal

**CLIENT FILE NO.: 5583.00**

March 20, 2014

Jay Cooper  
Hudson Bay Mining and Smelting Co., Limited  
P.O. Box 1500  
Flin Flon, MB R8A 1N9

Dear Mr. Cooper:

Enclosed is **Environment Act Licence No. 3096** dated March 20, 2014 issued to **Hudson Bay Mining and Smelting Co., Limited** for the construction and operation of the Lalor Mine, a 4,500 tonnes/day underground copper-zinc-gold mine and its supporting surface infrastructure. The mine site is located approximately eight kilometers west of the Town of Snow Lake within the Town of Snow Lake municipal boundary. The treated sewage effluent from a 38 m<sup>3</sup>/day sewage treatment plant, mine water and discharge water from the water treatment plant will be pumped via pipeline to the Chisel Open Pit for additional treatment at the Chisel North Water Treatment Plant, which discharges to Woosey Creek and Morgan Lake. All ore from the mine will be transported to the Stall Lake Concentrator for processing in accordance with the Proposal dated May 7, 2012 and subsequent information dated May 15, 2012, December 17, 2012, December 4, 2013, January 17, 2014 and February 3, 2014.

In addition to the enclosed Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with. A Notice of Alteration must be filed with the Director for approval prior to any alteration to the Development as licensed.

The Environmental Approvals Branch encourages Hudson Bay Mining and Smelting Co., Limited to continue communications with potentially affected aboriginal communities with respect to this development.

For further information on the administration and application of the Licence, please feel free to contact Jennifer Winsor, Environmental Engineer at 204-945-7012.

Pursuant to Section 27 of *The Environment Act*, this licensing decision may be appealed by any person who is affected by the issuance of this Licence to the Minister of Conservation and Water Stewardship within 30 days of the date of the Licence.

Yours truly,

**“original signed by”**

Tracey Braun, M.Sc.  
Director  
Environment Act

c: Don Labossiere, Director, Environmental Compliance and Enforcement  
Chris Beaumont-Smith, Director, Innovation, Energy and Mines  
Public Registries

**NOTE: Confirmation of Receipt of this Licence No. 3096 (by the Licensee only) is required by the Director of Environmental Approvals. Please acknowledge receipt by signing in the space provided below and faxing a copy (letter only) to the Department by April 3, 2014.**

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On behalf of Hudson Bay Mining and Smelting Co., Limited

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Date

# LICENCE

Licence No. / Licence n° 3096

Issue Date / Date de délivrance March 20, 2014

In accordance with *The Environment Act* (C.C.S.M. c. E125)  
Conformément à la *Loi sur l'environnement* (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

**THIS LICENCE IS ISSUED TO: / CETTE LICENCE EST DONNÉE À:**

**HUDSON BAY MINING AND SMELTING CO., LIMITED;**  
**“the Licencee”**

for the construction and operation of the Lalor Mine, 4,500 tonnes/day underground copper-zinc-gold mine and supporting surface infrastructure located approximately eight kilometers west of the Town of Snow Lake within the Town of Snow Lake municipal boundary with treated sewage effluent from a 38 m<sup>3</sup>/day sewage treatment plant, mine water and discharge water from the water treatment plant pumped via pipeline to the Chisel Open Pit for additional treatment at the Chisel North Water Treatment Plant which discharges to Woosey Creek and Morgan Lake and with all ore transported to the Stall Lake Concentrator for processing in accordance with the Proposal dated May 7, 2012 and subsequent information dated May 15, 2012, December 17, 2012, December 4, 2013, January 17, 2014 and February 3, 2014 and subject to the following specifications, limits, terms and conditions:

## **DEFINITIONS**

In this Licence,

“**accredited laboratory**” means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Conservation and Water Stewardship to be equivalent to the SCC, or be able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the international standard ISO/IEC 17025, or otherwise approved by the Director;

“**affected area**” means a geographical area, excluding the property of the Development;

“**AP**” means the maximum acid-generation potential, expressed as tonnes of CaCO<sub>3</sub> per 1000 tonnes of a material tested, determined in accordance with a static Acid-Base Accounting method satisfactory to the Director;

“**approved**” means approved by the Director or assigned Environment Officer in writing;

“**as-built drawings**” means drawings complete with all dimensions which indicate all surface features of the Development as it has actually been built;

“**CCME**” means the Canadian Council of Ministers of the Environment;

“**composite sample**” means as defined in the federal *Metal Mining Effluent Regulations* (MMER);

“**contaminated soil**” means soil which contains contaminant concentrations in excess of the applicable remediation criteria cited in the CCME's “Canadian Environmental Quality Guidelines” report ISBN 896-997-34-1, update 5.0, 2006, or any future amendment thereof;

“**Chisel Open Pit**” means the Hudson Bay Mining and Smelting Co., Limited Development whereby the pit water is sent to the Chisel North Water Treatment Plant which operates in accordance with Environment Act Licence No. 1501 RR, or any revision thereto;

“**Director**” means an employee so designated pursuant to *The Environment Act*;

“**Director of Mines**” means the Director of Mines Branch of Innovation, Energy and Mines;

“**effluent**” means mine water released from the Development into the environment;

“**EEM**” means Environmental Effects Monitoring as defined in the federal *Metal Mining Effluent Regulations* (MMER);

“**Environmental Management System (EMS)**” means the part of the overall management system that includes organizational structure, planning activities, responsibilities, practices, procedures, processes, and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy;

“**Environment Officer**” means an employee so appointed pursuant to *The Environment Act*;

“**final discharge point**” means an identifiable discharge point at the mine, beyond which the Licencee no longer exercises any further control over the quality of the effluent, which for the purposes of this Licence is the outlet from the effluent discharge cells located beneath the Water Treatment Plant Building;

“**fugitive emissions**” means particulate matter escaping from sources within the Development into the atmosphere other than through any of the emission stacks or vents;

“**grab sample**” means a grab sample as defined in the federal *Metal Mining Effluent Regulations* (MMER);

**“Metal Mining Effluent Regulations (MMER)”** means the *Metal Mining Effluent Regulations* (SOR/2002-222), or any future amendments thereto, promulgated under the federal *Fisheries Act*;

**“mine”** means any of the surface and sub-surface workings, overburden, waste rock and ore stockpiles, all ancillary buildings, wastewater treatment facilities, impoundment or control facilities, tailings management areas and such other on-site infrastructure as may be located on the mine site and associated with the Development;

**“mine site”** means the entire operational, disturbed or impacted surface area of land and water located within the boundaries of those surface rights acquired and held by the Licencee for the construction and operation of the Development;

**“mine water”** means water pumped to the surface from underground mine workings or from an open pit, or contaminated runoff or leachate from ore or waste rock stockpiles exposed to precipitation, or polluted mine site runoff, or any combination thereof, but excluding sewage;

**“MSDS”** means material safety data sheets;

**“mothballed”** means placed into a state of non use, or temporarily closed, while at the same time maintained in a state of readiness for potential re-use or re-opening;

**“noise nuisance”** means an unwanted sound, in an affected area, which is annoying, troublesome, or disagreeable to a person:

- a) residing in an affected area;
- b) working in an affected area; or
- c) present at a location in an affected area which is normally open to members of the public;

if the unwanted sound

- d) is the subject of at least 5 written complaints, received by the Director in a form satisfactory to the Director and within a 90-day period, from 5 different persons falling within clauses a), b), or c), who do not live in the same household; or
- e) is the subject of at least one written complaint, received by the Director in a form satisfactory to the Director, from a person falling within clauses a), b) or c) and the Director is of the opinion that if the unwanted sound had occurred in a more densely populated area there would have been at least 5 written complaints received within a 90-day period, from 5 different persons who do not live in the same household;

**“non acid-generating”** means having a NPR greater than 4, until or unless an appropriate alternate NPR cut-off value is determined, to the satisfaction of the Director, through detailed characterizations, evaluations and interpretations, or through kinetic testing, carried out on representative test material by qualified individuals;

**“NP”** means the maximum neutralizing potential, expressed as tonnes of CaCO<sub>3</sub> per 1,000 tonnes of material tested, determined in accordance with a static Acid-Base Accounting method satisfactory to the Director;

“**NPR**” means the neutralizing potential ratio as determined from the ratio of NP/AP;

“**odour nuisance**” means a continuous or repeated odour, smell or aroma, in an affected area, which is offensive, obnoxious, troublesome, annoying, unpleasant or disagreeable to a person:

- a) residing in an affected area;
  - b) working in an affected area; or
  - c) present at a location in an affected area which is normally open to members of the public;
- if the odour, smell or aroma
- d) is the subject of at least 5 written complaints, received by the Director in a form satisfactory to the Director and within a 90-day period, from 5 different persons falling within clauses a), b) or c), who do not live in the same household; or
  - e) is the subject of at least one written complaint, received by the Director in a form satisfactory to the Director, from a person falling within clauses a), b) or c) and the Director is of the opinion that if the odour, smell or aroma had occurred in a more densely populated area there would have been at least 5 written complaints received within a 90-day period, from 5 different persons who do not live in the same household;

“**ore**” means mineralized rock containing sufficient mineral value for the purposes of this Development;

“**PAG**” means potentially-acid generating;

“**particulate matter**” means any finely divided liquid or solid matter other than water droplets;

“**polishing pond**” means a constructed pond at the mine site which receives mine water;

“**pollutant**” means a pollutant as defined in *The Environment Act*;

“**potentially acid-generating**” means having the potential or uncertain ability to generate acid as indicated by a NPR of 4 or less, until or unless an appropriate alternate NPR cut-off value is determined, to the satisfaction of the Director, through detailed characterizations, evaluations and interpretations, or through kinetic testing, carried out on representative test material by qualified individuals;

“**sewage**” means human body, toilet, liquid, waterbourne culinary, sink or laundry waste;

“**solid waste**” means solid waste as defined in *Manitoba Regulation 150/91*, or any future amendments thereto, respecting waste disposal grounds, excluding waste rock;

“**Stall Lake Concentrator**” means the Hudson Bay Mining and Smelting Co., Limited Development operating under Environment Act Licence No. 765, or any revision thereto;

“**Standard Methods for the Examination of Water and Wastewater**” means the most recent edition of Standard Methods for the Examination of Water and Wastewater published jointly by the

American Public Health Association, the American Waterworks Association and the Water Environment Federation;

**“undiluted”** means free of extraneous unpolluted sources of water which could feasibly be prevented from mixing with the mine water or effluent prior to its discharge at a designated final discharge point(s), and not having water added for the purpose of meeting any effluent quality limits specified in this Licence or in the MMER;

**“waste disposal ground”** means an area of land designated by a person, municipality, provincial government agency, or crown corporation for the disposal of waste and approved for use in accordance with *Manitoba Regulation 150/91*, or any future amendments thereto, or a Licence issued pursuant to *The Environment Act*;

**“waste rock”** means rock containing insufficient mineral value to the Development, excepting such rock which is inadvertently present in mined ore;

**“water treatment plant”** means the portion of water treatment works intended specifically for water treatment; may include, among other operations, sedimentation, chemical coagulation, filtration and chlorination; and

**“WHMIS”** means Workplace Hazardous Materials Information System.

### **GENERAL TERMS AND CONDITIONS**

**Note:** Notwithstanding this Environment Act Licence, this Development is also subject to the federal *Metal Mining Effluent Regulations*. If any specification, limit, term or condition prescribed in this Licence or in any subsequent revision thereto, results in a contradiction of one or more requirements of the federal *Metal Mining Effluent Regulations*, then the most stringent limit, term, or condition shall apply.

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

#### **Future Sampling**

1. In addition to any of the limits, terms and conditions specified in this Licence, the Licencee shall, upon the request of the Director:
  - a) sample, monitor, analyze or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, treatment, handling, disposal or emission systems, for such pollutants, ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, and for such duration and at such frequencies as may be specified;

- b) determine the environmental impact associated with the release of any pollutant(s) from the Development; or
- c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.

### **Sampling Methods**

- 2. The Licencee shall, unless otherwise specified in this Licence:
  - a) carry out all preservations and analyses on liquid samples in accordance with the methods prescribed in the most current edition of Standard Methods for the Examination of Water and Wastewater or in accordance with equivalent preservation and analytical methodologies approved by the Director;
  - b) carry out all sampling of, and preservation and analyses on, soil and air samples in accordance with methodologies approved by the Director;
  - c) have all analytical determinations undertaken by an accredited laboratory; and
  - d) report the results to the Director, in writing and in an electronic format acceptable to the Director, within 60 days of the samples being taken.

### **Reporting Format**

- 3. The Licencee shall submit all information required to be provided to the Director or Environment Officer under this Licence, in writing, in such form (including number of copies) and of such content as may be specified by the Director or Environment Officer, and each submission shall be clearly labeled with the Licence Number and Client File Number associated with this Licence.

### **Equipment Breakdown**

- 4. The Licencee shall, in the case of physical or mechanical equipment breakdown or process upset where such breakdown or process upset results or may result in the release of a pollutant in an amount or concentration, or at a level or rate of release, that causes or may cause a significant adverse effect, immediately report the event by calling 204-944-4888 (toll-free 1-855-944-4888). The report shall indicate the nature of the event, the time and estimated duration of the event and the reason for the event.
- 5. The Licencee shall, following the reporting of an event pursuant to Clause 4:
  - a) identify the repairs required to the mechanical equipment;
  - b) undertake all repairs to minimize unauthorized discharges of a pollutant;
  - c) complete the repairs in accordance with any written instructions of the Director; and
  - d) submit a report to the Director about the causes of breakdown and measures taken, within one week of the repairs being done.

### **Future Studies**

6. The Licencee shall actively participate in any future watershed and/or aquifer based management study, plan and/or nutrient reduction program, approved by the Director.
7. The Licencee shall actively participate in woodland caribou research, studies and/or monitoring activities in such a manner and within a geographical region that is acceptable to the Director.

### **Approvals and Permits**

8. The Licencee shall obtain all necessary federal, provincial and/or municipal licences, authorizations, permits and/or approvals for construction of relevant components of the Development prior to commencement of any construction.

### **Safety and Security**

9. The Licencee shall continually maintain an up-to-date inventory of any process and cleaning chemicals used and/or stored on-site that would be captured by any applicable federal/provincial WHMIS regulations and protocols, and make this information and applicable MSDS sheets available to an Environment Officer upon request.
10. The Licencee shall prepare and maintain an emergency response contingency plan in accordance with the Canadian Centre for Occupational Health and Safety “Emergency Response Planning Guide” or other emergency planning guidelines acceptable to the Director.
11. The Licencee shall implement and continually maintain in current status, an Environmental Management System (EMS) for the Development which is acceptable to the Director.

### **As-Built Drawings**

12. The Licencee shall:
  - a) prepare “as-built drawings” for the surface components of the Development and shall label the drawings “As-Built Drawings”; and
  - b) provide to the Director, not later than six months after the date of issuance of this Licence, two electronic copies of the “as-built drawings” of the Development.

## **SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS**

### **Operation of the Mine Site**

13. The Licencee shall restrict construction and operational activities to only such lands to which the Licencee possesses the mineral rights, surface rights or complete ownership, or which the Licencee has leased from another owner, wherein the leasing agreement clearly identifies the



party which accepts full responsibility for any environmental liabilities incurred by the activities of the Licencee.

14. The Licencee shall not locate any petroleum storage tank within 100 metres of the shoreline of any waterway or water body.
15. The Licencee shall with respect to on-site earthen construction works, construct and maintain silt fences in the drainage routes transporting surface runoff off the property of the Development until vegetation has been re-established on the disturbed areas.
16. The Licencee shall wherever practical, minimize the net amount of mine water effluent pumped to the Chisel Open Pit.

#### **Operation of the Sewage Treatment Plant**

17. The Licencee shall operate the sewage collection system and sewage treatment plant located at the Development in accordance with the Lalor Mine Environment Act Proposal Report dated May 4, 2012 and additional information dated December 4, 2013, January 17, 2014 and February 3, 2014 and in accordance with the specifications, limits, terms and conditions prescribed under Appendix A of this Licence.

#### **Mine Water**

18. The Licencee shall, upon beginning the mine production stage, not direct mine water to the polishing pond as shown in Appendix B.
19. The Licencee shall direct all mine water pumped to the surface from the underground mine workings at the Development into the effluent discharge cells located beneath the Water Treatment Plant Building as shown in Appendix B.
20. The Licencee shall not discharge, or cause or allow the release of, any mine water from the Development into the aqueous environment except via pipeline to the Chisel Open Pit as shown in Appendix C.

#### **Water Treatment Plant**

21. The Licencee shall not use the treated water from the water treatment plant as potable drinking water.
22. The Licencee shall direct all backwash water and strained solids from the water treatment plant to the effluent discharge cells located beneath the Water Treatment Plant Building.

**Solid Waste**

23. The Licencee shall remove all non-recyclable solid waste resulting from demolition, upgrading and general operational activities at the mine site from the mine site as soon as practical, and deposit such solid waste into a waste disposal ground operating under the authority of:
  - a) a permit issued pursuant to the *Manitoba Waste Disposal Grounds Regulation 150/91*, or any future amendment thereto; or
  - b) an Environment Act Licence issued pursuant to *The Environment Act*.
  
24. The Licencee shall not deposit bulky metallic wastes, used tires, used oil or other fluid lubricants, hydraulic fluids, and any other class of recyclable waste substances as may be specified by the Director, into the environment except to:
  - a) a facility or infrastructure which accepts such materials for recycling; or
  - b) a waste disposal ground where these recyclable substances are kept distinctly segregated from each other and are not buried, unless otherwise specified by the Director, so as to readily facilitate their recycling.

**Dangerous Goods or Hazardous Waste**

25. The Licencee shall not release dangerous goods or hazardous wastes into the sewage collection system or mine water collection system.
  
26. The Licencee shall comply with all the applicable requirements of:
  - a) the *Manitoba Dangerous Goods Handling and Transportation Act*, and regulations issued thereunder, respecting the handling, transport, storage and disposal of any dangerous goods brought onto or generated at the Development; and
  - b) *Manitoba Storage and Handling of Petroleum Products and Allied Products Regulation 188/2001*, or any future amendments thereto.
  
27. The Licencee shall collect, transport and store used oil or hydraulic fluids removed from on-site machinery in secure, properly labeled, non-leaking containers and shall regularly send them to a recycling or disposal facility approved to accept hazardous wastes.
  
28. The Licencee shall install and maintain spill recovery equipment at the Development at all times.

**Air Emissions**

29. The Licencee shall limit fugitive emissions from any source within the mine site such that:
  - a) distinct plume forming fugitive emissions do not exceed an opacity of 5%; and
  - b) non plume forming fugitive emissions are not visible at any time;when measured or viewed in the atmosphere at any point beyond the mine site in an area zoned commercial or residential.

30. The Licencee shall not cause or permit an odour nuisance to be created as a result of the construction, operation or alteration of the Development, and shall take such steps as the Director may require to eliminate or mitigate an odour nuisance.
31. The Licencee shall not cause or permit a noise nuisance to be created as a result of the construction, operation or alteration of the Development, and shall take such steps as the Director may require to eliminate or mitigate a noise nuisance.

### **Waste Rock**

32. The Licencee shall treat all waste rock brought to the surface as potentially acid-generating rock.
33. The Licencee shall not, other than in the waste rock bin, temporarily store waste rock at the mine site.
34. The Licencee shall, unless otherwise specified by the Director, dispose of all waste rock brought to surface at this Development by:
  - a) transporting to the Chisel Open Pit; and
  - b) utilizing as backfill for the underground operations, as necessary.
35. The Licencee shall:
  - a) not use, nor release to any person, any contaminated soil, or potentially acid-generating rock/materials, as a construction material; and
  - b) undertake such remedial work as may be specified by the Director should any of the construction materials used by the Licencee in the course of constructing or altering this Development be determined to be contaminated soil or acid generating rock/material.

### **Ore**

36. The Licencee shall not temporarily or permanently store ore brought to the surface of the Development at the mine site.
37. The Licencee shall, unless otherwise specified by the Director, transport all ore brought to the surface at the mine site to the Stall Lake Concentrator or other facility operating under the authority of an Environment Act Licence issued pursuant to *The Environment Act*.

## **MONITORING AND REPORTING REQUIREMENTS**

### **Effluent Discharge Cells**

38. The Licencee shall, in accordance with the MMER, and upon the commencement of mining:

- a) install, operate, maintain and annually calibrate a continuous flow measuring device, for the purpose of measuring the inputs to the effluent discharge cells located beneath the Water Treatment Plant Building, rated to an accuracy within  $\pm 15\%$ ; and
- b) measure and record each monthly volume (in cubic metres) of mine water pumped to the effluent discharge cells located beneath the Water Treatment Plant Building for release at the pipeline outfall at the Chisel Open Pit.

### **Environmental Effects Monitoring**

39. The Licencee shall:
- a) carry out the environmental effects monitoring program, as required by the federal *Metal Mining Effluent Regulations*, in consultation with the Water Science and Management Branch of Manitoba Conservation and Water Stewardship, and incorporate such additional monitoring requirements as may be requested in writing by the Director; and
  - b) submit to the Director a copy of each environmental effects monitoring report, submitted by the Licencee to Environment Canada in accordance with the federal *Metal Mining Effluent Regulations*, at the same time as each such report is submitted to the federal authorization officer.

### **Annual Reporting**

40. The Licencee shall submit an annual report to the Director which summarizes the following:
- a) the total volume (expressed as cubic metres) of wastewater effluent pumped to the Chisel Open Pit;
  - b) the monthly average and peak mining production rates (expressed as tonnes/day) at the Development; and
  - c) mine site operational activities directly related to this Licence.

### **Mine Closure Reporting**

41. The Licencee shall:
- a) provide the Director with:
    - i) written notice three months in advance of any imminent permanent closure of this Development; or
    - ii) provide the Director with an immediate notice of any sudden decision to temporarily close this Development whereby the Development would be placed in a mothballed state for re-opening in the foreseeable future;
  - b) comply with *Manitoba Regulation 67/99*, or any future amendment thereto, issued under *The Mines and Minerals Act*, respecting closure plans for mining developments, particularly in regards to addressing environmental issues including, but not necessarily limited to:
    - i) the decommissioning of the underground workings and surface infrastructure associated with the Development;
    - ii) the decommissioning of access roads and stream crossings used to access the mine site;

- iii) the containment, control or treatment of pollutants originating from the mine site of the Development;
  - iv) the rehabilitation of the mine site area disturbed by the Development;
  - v) the restoration or replacement of fish habitats disturbed, adversely affected or lost as a result of the Development; and
  - vi) the strategy, scope, frequency and duration of post-closure environmental monitoring activities at the mine site; where applicable; and
- c) in the course of progressive rehabilitation, as well as upon permanent or temporary closure of this Development, implement the environmentally related aspects of the Closure Plan approved pursuant to *Manitoba Regulation 67/99*, or any future amendment thereto, to the satisfaction of the Director.

### **REVIEW AND REVOCATION**

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- B. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of *The Environment Act*.

*“original signed by”*

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**Tracey Braun, M.Sc.**  
**Director**  
**Environment Act**

**File: 5583.00**

**APPENDIX A TO ENVIRONMENT ACT LICENCE NO. 3096**

**Pursuant to Clause 17**

In this Appendix,

**DEFINITIONS**

**"accredited laboratory"** means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Conservation to be equivalent to the SCC, or able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the international standard ISO/IEC 17025, or otherwise approved by the Director;

**"approved"** means approved by the Director in writing;

**"as constructed drawings"** means engineering drawings complete with all dimensions which indicate all features of the sewage collection system and sewage treatment plant as they have actually been built;

**"appurtenances"** means machinery, appliances, or auxiliary structures attached to a main structure to enable it to function, but not considered an integral part of it;

**"bioassay"** means a method of determining toxic effects of industrial wastes and other wastewaters by using viable organisms;

**"composite sample"** means a quantity of sewage consisting of a minimum of 10 equal volumes of effluent, or flow proportional volumes collected over a 24-hour period, and may be collected manually or by means of an automatic sampling device;

**"fecal coliform"** means aerobic and facultative, Gram-negative, nonspore-forming, rod-shaped bacteria capable of growth at 44.5°C, and associated with fecal matter of warm-blooded animals;

**"final discharge point"** means the outlet of the UV disinfection system at which an effluent monitoring station is located;

**"five-day biochemical oxygen demand (BOD<sub>5</sub>)"** means that part of oxygen usually associated with biochemical oxidation of organic material within 5 days at 20°C;

**"five-day carbonaceous biochemical oxygen demand (CBOD<sub>5</sub>)"** means that part of oxygen demand usually associated with biochemical oxidation of carbonaceous organic material within 5 days at a temperature of 20°C, excluding the oxygen demand usually associated with biochemical oxidation of nitrogenous organic matter;

**"grab sample"** means a quantity of sewage taken at a given place and time;

**"headworks"** means the initial structures and devices of the sewage treatment plant;

**"influent"** means water, sewage, or other liquid flowing into the sewage treatment plant;

**"MPN index"** means the most probable number of coliform organisms in a given volume of sewage as determined by statistical estimation;

**"sewage"** means human body, toilet, liquid, waterborne culinary, sink or laundry waste;

**"sewage effluent"** means sewage after it has undergone at least one form of physical, or biological treatment, flowing or pumped out of the sewage treatment plant;

**"sewage treatment plant"** means the component of this development which consists of the central facility, of the wastewater treatment facilities, which contains all treatment processes exclusive of the sewage collection system;

**"sludge"** means accumulated solid material containing large amounts of entrained water which has separated from sewage during processing;

**"sludge solids"** means solids in sludge;

**"Standard Methods for the Examination of Water and Wastewater"** means the most recent edition of Standard Methods for the Examination of Water and Wastewater published jointly by the American Public Health Association, the American Waterworks Association and the Water Environment Federation;

**"total coliform"** means a group of aerobic and facultative anaerobic, gram-negative, non-spore forming, rod-shaped bacteria, that ferment lactose with gas and acid formation within 48 hours at 35°C and inhabit predominantly the intestines of man or animals, but are occasionally found elsewhere and include the sub-group of fecal coliform bacteria;

**"UV disinfection"** means a disinfection process for treating wastewater using ultraviolet radiation;

**"UV germicidal dose"** means the units of intensity of ultra violet light that is required to kill bacteria and viruses present in the sewage effluent; and

**"sewage collection system"** means the sewer and pumping system used for the collection and conveyance of domestic, commercial and industrial wastewater.

### **GENERAL SPECIFICATIONS**

This Appendix to the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as

to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. The Licencee shall operate the sewage treatment plant in such a manner that:
  - a) all sewage generated at the Lalor Mine site is directed toward the sewage treatment plant or other approved sewage treatment facilities;
  - b) only sewage as defined in this Licence is discharged into the sewage treatment plant;
  - c) sludge solids are disposed of at the Department of Northern Affairs/Setting Lake Cottage Association wastewater treatment lagoon operated under Environment Act Licence No. 2245 S1 R or any revision thereto, or other approved sewage treatment facility; and
  - d) sludge solids are transported in containers in such a manner to prevent loss of solids to the satisfaction of an Environment Officer.
2. The Licencee shall install, operate and maintain the sewage collection system and sewage treatment plant such that freezing of the effluent in the pipes is prevented.
3. The Licencee shall not spill, or allow to be spilled, sewage and/or sludge in the area around the sewage treatment plant.
4. The Licencee shall undertake a regular program of maintenance for the sewage treatment plant.
5. The Licencee shall obtain and maintain classification of the Development pursuant to *Manitoba Regulation 77/2003* respecting *Water and Wastewater Facility Operators* or any future amendment thereof and maintain compliance with all requirements of the regulation including, but not limited to, the preparation and maintenance of a Table of Organization, Emergency Response Plan and Standard Operating Procedures.
6. The Licencee shall carry out the operation of the Development with individuals properly certified to do so pursuant to *Manitoba Regulation 77/2003* respecting *Water and Wastewater Facility Operators* or any future amendment thereof.
7. The Licencee shall have adequate instrumentation installed to provide constant monitoring of the UV process to ensure compliance with the disinfection requirements. Such instrumentation shall include but not be limited to the following:
  - a) an UV sensor to monitor lamp intensity;
  - b) an appropriate alarm and shutdown systems;
  - c) a lamp monitoring system to identify the location of individual lamp failures;
  - d) an hour meter which cannot be reset to display actual hours of UV lamp operation; and
  - e) protective circuits for overcurrent and ground current leakage detection.

### **SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS**

8. The Licencee shall operate and maintain the sewage treatment plant in such a manner that:



- a) the maximum daily flow rate is not in excess of 38 cubic metres over any 24-hour period; and
  - b) the organic loading is not in excess of 7 kilograms of five-day biochemical oxygen demand over any 24-hour period.
9. The Licencee shall utilize UV lamps that have a rated output of at least 254 nanometres (nm) capable of delivering a germicidal dose in excess of 30,000 microwatt seconds/sq cm.
10. The Licencee shall operate and maintain the UV units to give a germicidal dose of 80% or more of the design germicidal dose, at the end of the lamp life.
11. The Licencee shall not discharge effluent from the sewage treatment plant except to the effluent discharge cells located beneath the Water Treatment Plant Building with discharge via pipeline and pumping station to the outfall at the Chisel Open Pit as indicated in Appendix B and Appendix C.
12. The Licencee shall not discharge sewage effluent, as sampled at the monitoring station located after UV disinfection, where:
- a) the organic content of the effluent, as indicated by the five-day carbonaceous biochemical oxygen demand (CBOD<sub>5</sub>), is in excess of 25 milligrams per litre;
  - b) the fecal coliform content of the effluent, as indicated by the MPN index, is in excess of 200 per 100 millilitres of sample;
  - c) the total coliform content of the effluent, as indicated by the MPN index, is in excess of 1500 per 100 millilitres of sample;
  - d) the total suspended solids content of the effluent, as indicated by the non-filterable residue is in excess of 25 milligrams per litre;
  - e) concentration of unionized ammonia in excess of 1.25 mg/L, expressed as nitrogen (N), at 15°C ± 1°C; and
  - f) if effluent is chlorinated, the total residual chlorine content of the effluent is in excess of 0.02 milligrams per litre.

### **MONITORING AND REPORTING SPECIFICATIONS**

13. The Licencee shall monitor, and make the records of such monitoring available to the Director as may be requested, the sewage treatment process for the following parameters:
- a) total flow rate(s) into the sewage treatment plant;
  - b) pH, dissolved oxygen and temperature;
  - c) flow rates into and through the UV disinfection system; and
  - d) other process parameters approved or required by the Director.
14. The Licencee shall:
- a) construct and make available for use by an Environment Officer, a secured and heated effluent monitoring station, allowing direct access to the discharge pipeline following the UV disinfection;
  - b) have the monitoring station accessible to an Environment Officer at all times;

- c) install and maintain a flow measuring device at the monitoring station or at a location acceptable to the Director which is capable of measuring the volume of effluent with an accuracy of  $\pm 2$  percent;
  - d) have the flow measuring device re-calibrated every six months or on the request of an Environment Officer;
  - e) equip the monitoring station with a flow-proportional sampling device equipped to function with the flow measuring device and have the sampling device available on request for use by an Environment Officer; and
  - f) equip the monitoring station with an electrical power source of 15 amperes at 110 volts.
15. The Licencee shall arrange for the taking of samples of influent sewage at the headworks and treated sewage effluent at the final discharge point.
16. The Licencee shall:
- a) take one composite sample of effluent, from the effluent monitoring station during the discharge period once each month;
  - b) take three grab samples of the effluent from the effluent monitoring station during the discharge period once each month;
  - c) have the composite effluent sample analyzed for five-day carbonaceous biochemical oxygen demand, temperature, pH, ammonia, nitrate-nitrite, total Kjeldahl nitrogen, total suspended solids and total phosphorus;
  - d) have the grab samples analyzed for fecal coliform content and total coliform content;
  - e) notwithstanding Clause 2 c) of this Licence, if the results of the fecal coliform and/or total coliform analysis exceed the discharge criteria specified in Clause 12 of this Appendix, report the results to the Director within 48 hours of receipt of the results; and
  - f) submit the results of the effluent analysis of sub-clause c) and d) to the Director every 12 months in an annual report.
17. The Licencee shall:
- a) prepare "as constructed drawings" for the sewage treatment plant and shall label the drawings "as constructed"; and
  - b) provide to the Director, not later than six months after the issuance of this Licence, two sets of "as constructed drawings" of the sewage treatment plant.
18. The Licencee shall, during the first year of operation of the sewage treatment plant, obtain grab samples of the effluent which shall be analyzed and reported in accordance with Appendix "A-1" herein attached.

## APPENDIX A-1 TO APPENDIX A

### Initial Characterization of Wastewater

Facility Size: Very small (less than 500 m<sup>3</sup>/day)

Facility Type: Sewage Treatment Plant - Continuous discharge

#### **Effluent Sampling:**

During the first year of operation:

1. a grab sample shall be collected on a monthly basis; and
2. a grab sample shall be collected on a daily basis, if chlorine is used.

#### **Effluent Analysis:**

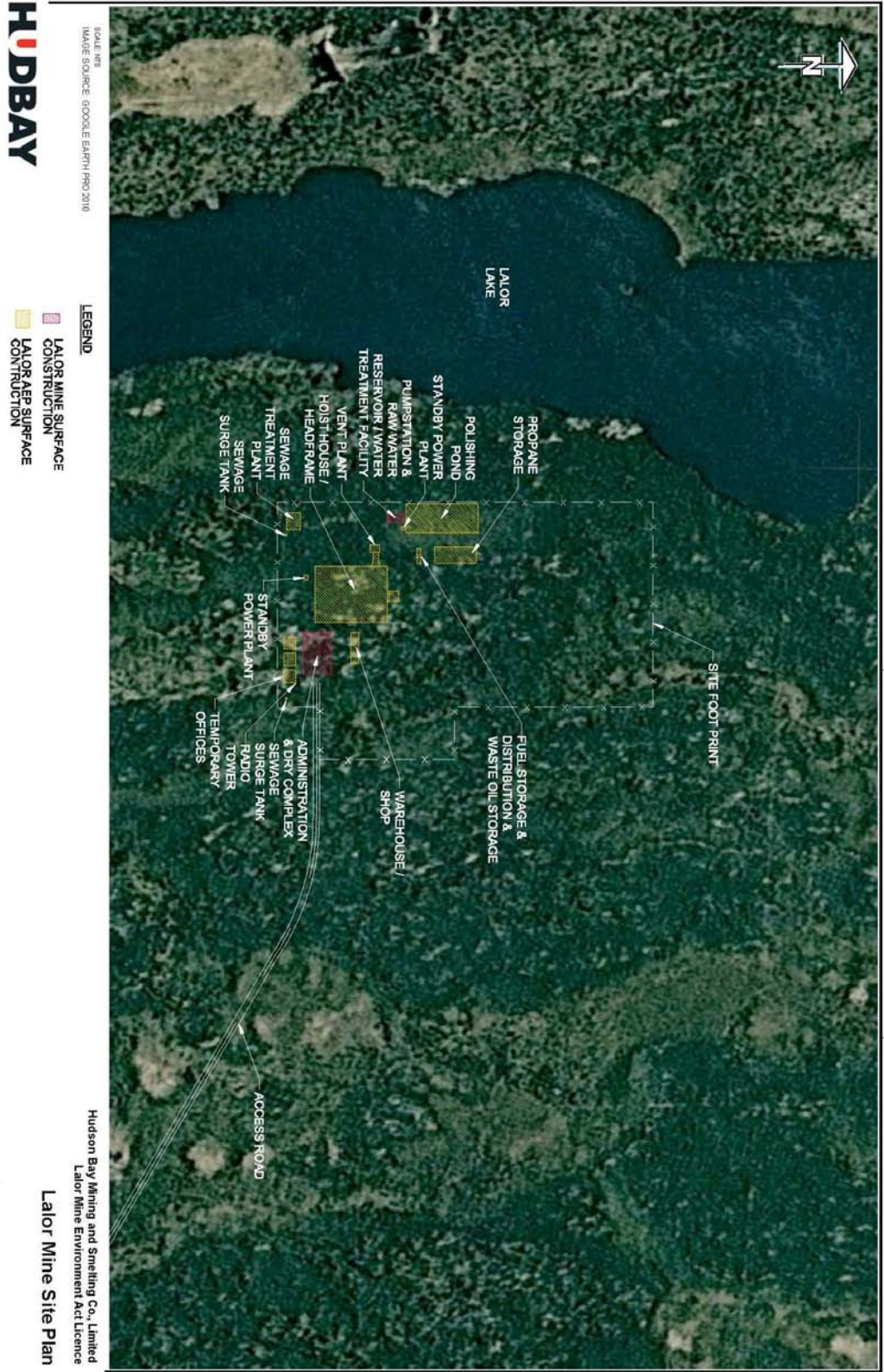
1. Have the monthly sample analyzed for:
  - a) the organic content as indicated by the five-day biochemical oxygen demand and expressed as milligrams per litre;
  - b) the organic content as indicated by the five-day carbonaceous biochemical oxygen demand and expressed as milligrams per litre;
  - c) the total suspended solids content expressed as milligrams per litre;
  - d) the *Esherichia coli* (*E. Coli*) content as indicted by the MPN index and expressed as MPN per 100 millilitres per sample;
  - e) the fecal coliform content as indicated by the MPN index and expressed as MPN per 100 millilitres per sample;
  - f) the total coliform content as indicated by the MPN index and expressed as MPN per 100 millilitres per sample;
  - g) total ammonia nitrogen expressed as milligrams per litre;
  - h) nitrate-nitrite nitrogen expressed as milligrams per litre;
  - i) total Kjeldahl nitrogen, TKN ( ammonia + organic N) expressed as milligrams per litre;
  - j) dissolved phosphorus expressed as milligrams per litre;
  - k) total phosphorus expressed as milligrams per litre;
  - l) Temperature; and
  - m) pH.
2. Have the daily sample analyzed for Total Residual Chlorine (TRC), if required.

#### **Effluent Reporting:**

1. Report the results to the Director, in writing or in an electronic format acceptable to the Director within 60 days of the sampling date. The report shall include the sampling date, sample temperature, the dates of the effluent discharge, and copies of the laboratory analytical results of the sampled effluent.

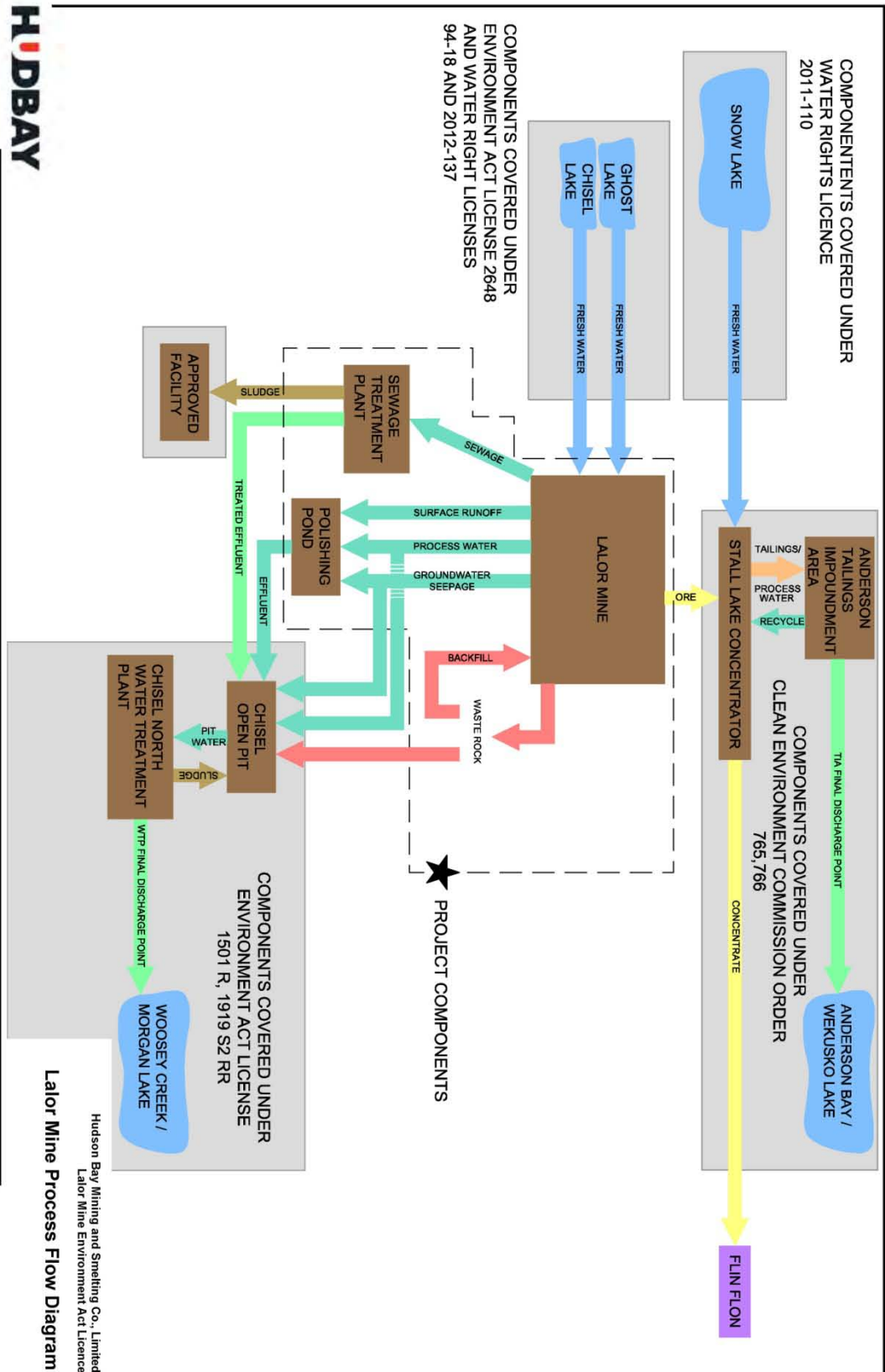
**APPENDIX B TO ENVIRONMENT ACT LICENCE NO. 3096**

Pursuant to Licence Clauses 18 and 19 and Appendix A Clause 11



**APPENDIX C TO ENVIRONMENT ACT LICENCE NO. 3096**

**Pursuant to Licence Clause 20 and Appendix A Clause 11**



EFFECTIVE FROM 01-Jan-2016 TO 31-Dec-2016

*Chisel-Ghost  
Mine Site Chisel*

Taxing Authority TOWN OF SNOW LAKE

REGION NW

00004624 HUDSON BAY MINING AND SMELTING CO. OTHER CLIENTS  
JANELLE TOFFAN, LAND MGR.  
BOX 1500  
FLIN FLON MB  
R8A 1N9 CD

Permit Number
GP 0003625

Sys ID: 00010635

IS AUTHORIZED UNDER THE CROWN LAND ACT AND REGULATIONS THEREUNDER, SUBJECT TO CONDITIONS ON THE REVERSE SIDE, HEREUNDER OR ATTACHED, TO THE FOLLOWING DESCRIBED LAND FOR THE PURPOSE STATED BELOW.

LEGAL DESCRIPTION OF LAND

6,000.000 Acres

- ALL 21-067-18 W
- ALL 22-067-18 W
- ALL 26-067-18 W
- B 27-067-18 W
- B 28-067-18 W
- B 33-067-18 W
- B 34-067-18 W
- B 35-067-18 W
- B 02-068-18 W
- ALL 03-068-18 W
- ALL 04-068-18 W

*cc: Say Cooper  
Richard Trudeau*

DISPOSITION PARTICULARS

ALL SEC 26,27,28,33,34 & 35-67-18 WPM; AND N1/2 SEC 21 & 22-67-18 WPM AND ALL SEC 2, 3 & 4-68-18 WPM - CHISEL LAKE MINE SITE

EXCEPT LAND IN LEASES #2877 (65.14A) AND #2876 (99.98A); AND EXCEPT CHISEL LAKE (APPROX 77A) AND GHOST LAKE (APPROX. 150A)

SPECIFIC USE: MINE SITE AND TAILINGS DISPOSAL AREA

As shown on Sketch/Plan/map on file in the Crown Lands Office.

SPECIFIED USE: MINE SITE

AUTHORIZED USE: To maintain and/or operate a(n):

- Permit Renewal Fee
- Commerical Lot - Mine Site
- Water Distribution Facility
- Pumphouse

SPECIAL CONDITIONS: THIS PERMIT MUST BE POSTED ON BUILDING, READILY VISIBLE, FOR INSPECTION PURPOSES. ANNUAL RENTAL IS SET ACCORDING TO THE CROWN LANDS ACT. RENTAL FEES ARE REVIEWED ANNUALLY AND SUBJECT TO CHANGE.

THIS ENCUMBRANCE IS SUBJECT TO A RECORDING FOR COLLATERAL PURPOSES ONLY, AS REGISTERED IN THE CROWN LANDS OFFICE, NEPEAWA, THE 5TH DAY OF NOVEMBER, 2012, AS NO. 4196-ELECTRONIC, IN FAVOUR OF THE BANK OF NOVA SCOTIA

[SEE PARTICULARS]

ANY CUTTING OF TREES AND CLEARING REQUIRES A WORK PERMIT FROM THE LOCAL NATURAL RESOURCE OFFICER. PERMIT IS CONDITIONAL ON PERMITTEE HOLDING CURRENT AND VALID MINERAL DISPOSITION ON THE AREA. PERMITTEE IS RESPONSIBLE FOR CONSTRUCTING AND MAINTAINING ACCESS IN ACCORDANCE WITH HIGHWAYS TRAFFIC BOARD PERMIT. SUBJECT TO APPROVAL FROM LOCAL HEALTH INSPECTOR

1. THIS PERMIT IS ISSUED SUBJECT TO ALL ACTS, REGULATIONS AND LAWS WHICH MAY BE IN EFFECT FROM TIME TO TIME AND TO THE FOLLOWING CONDITIONS:
2. That the information given in the application for this permit is true in substance and in fact.
3. Permittee shall pay Municipal and School Taxes as assessed under Part X, Chapter M225, C.C.S.M. of *The Municipal Act* and Part VII, Section 5, Chapter N100 C.C.S.M. of *The Northern Affairs Act*, or as both statutes may be amended from time to time.

Permittees located within Provincial Parks shall pay service fees as assessed under the Provincial Parks and regulations.
4. This permit shall allow only that land use for which this permit is issued. Any other use shall constitute violation of conditions of the permit and render it liable to cancellation.
5. The occupation of the lands or the operation of any facility on the lands by any person is subject to the approval of the Minister, notwithstanding the registration of any assignment of this permit.
6. Any structures allowed on permit areas must be constructed in accordance with Manitoba Building Code and Municipal by-laws and regulations. All permanent structures on unsurveyed land must be set back a minimum of 99' from the high water mark of lakes and rivers and a minimum of 125' from Provincial Road right-of-ways.

All structures and sewage disposal facilities erected or installed within Provincial Parks must conform with requirements of *The Provincial Parks Act*, Regulations thereunder and such conditions as may be prescribed by the Director of Parks.
7. Permittee shall not remove timber, fill, blackdirt, sand, gravel, etc. from permit area without authority of the Crown. Permittee requires work permit from local Conservation Officer to cut trees on permit area.

Provisions of *The Provincial Parks Act* and Regulations thereunder apply within Provincial Parks.
8. This permit shall not be assigned without consent of the Minister. If assignment is proposed the permittee shall notify the department, provide documentation to effect assignment and to pay all rents, fees and taxes up to assignment date.
9. The permit area shall be kept clean and orderly and free from fire hazard. Sanitation, garbage disposal or sewage systems shall be in accordance with Acts and Regulations.
10. Neither the Crown nor holder of mineral rights on the permit area shall be liable in any way for damages resulting from mining operations on the permit area or adjacent land.
11. Nothing herein contained shall create any liability on the part of the Crown or Manitoba Hydro for any damages caused or purporting to be caused in respect of said lands by raising or lowering waters bordering upon or adjacent to the said lands.
12. This permit shall in no way limit Manitoba Hydro's or Manitoba's right to raise or lower the water levels on any body of water which may affect the Land and Manitoba Hydro or Manitoba shall not be held liable for changes in the water level. Furthermore, this permit does not imply any guarantee of water levels at the Land.
13. The Permittee shall save the Crown harmless from any and all claims relating to or arising from the use or development of the permit area.
14. The issuing of this permit in no way implies that either the Crown or local governments shall provide any services unless otherwise stated.
15. Should any dispute arise over boundaries or use as described in this permit, decision of the Minister shall be final.
16. This permit does not warrant title.
17. This permit is subject to penalty or cancellation on 30 days notice.
18. Any notice or other communication to the Permittee shall be in writing and shall be delivered personally to the Permittee or an officer or employee of the Permittee or sent by mail postage prepaid, to the address on the Permit.
19. Any notice or communication sent by mail shall be deemed to have been received on the third (3rd) business day following the date of mailing. If mail service is disrupted by labour controversy, notice under Part 17 shall be delivered personally.
20. Notwithstanding Part 18 and 19, any written notice to be served or given by the Crown to the Permittee shall be effectively given or served by posting the same in a conspicuous place on the permit area.

**PROVINCE OF MANITOBA  
CROWN LANDS AND PROPERTY AGENCY**

**SCHEDULE "A" TO CROWN LAND PERMIT NO. GP 59093 ("the Permit")**

ISSUED BY:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA**  
represented herein by the Minister responsible for the Crown Lands and Property Agency  
("Manitoba")

ISSUED TO:

**Hudson Bay Exploration and Development Company Limited**  
(the "Permittee")

pursuant to *The Crown Lands Act* as amended from time to time.

**WHEREAS:**

- A) The Permittee has made an application to Manitoba for a Crown Land Permit for the Land (as described further in this Schedule); and
- B) Manitoba agrees to issue a Crown Land Permit to the Permittee, subject to the terms and conditions set out in this Schedule, which is Schedule "A" to the Permit, and the Standard Conditions attached to the Permit, for the land described as follows.

NW 2-68-18 W, SW 11-68-18 W, SE and SW 10-68-18 W, SE and NE 9-68-18 W

Area: 9.0 Acres

(the "Land")

**THE PERMIT IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:**

**1.00 TERM AND RIGHT TO USE AND OCCUPY THE LAND**

- 1.01 The Permit shall be effective from the date it is issued by Manitoba until December 31, 2007, subject to termination or extension under section 7.
- 1.02 Subject to the terms and conditions of the Permit, Manitoba grants to the Permittee the right to use and occupy the Land.

**2.00 PAYMENT OF FEES AND TAXES**

- 2.01 The Permittee shall pay to Manitoba rent equal to the annual fee prescribed from time to time by the Regulations under *The Crown Lands Act*, in accordance with such Regulations and the Permit, within 30 days of receipt of an invoice from Manitoba. The Permittee acknowledges that the current annual fee is  
Commercial Lot (parking)      \$210.00 plus GST per year  
All Weather Road                \$103.00 plus GST per year.

The annual fee for the All Weather Road is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (7) *Winter Roads*. The annual fee for a permit to use a winter road is \$100. plus one additional dollar for every kilometre of road.

The annual fee for the Commercial Lot (parking) is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (4) *Fees in respect of leases and permits* (d) for commercial lots that are used for purposes other than those referred to in clause (c), (i) one acre or less..\$210., (ii) each additional acre or portion of an acre..\$10.

- 2.02 The Permittee acknowledges that an application for renewal and administration fee in relation to the Permit shall be paid by the Permittee, as prescribed by the Land Administration Fees Regulation (M.R. 216/89) and as amended from time to time.
- 2.03 Payments of the annual fee and the administration fees shall be made in accordance with the directions contained in the invoice from Manitoba.
- 2.04 Manitoba may establish a new annual fee rate where there is a change in one or more of the following factors in order to reflect these changes:
  - a) the appraised value of the Land as determined by Manitoba;
  - b) the appraised value of the buildings and improvements owned by Manitoba;
  - c) the policy of Manitoba as set out in an Act of the Legislature or a Regulation relating to the determination of annual fee; or
  - d) the use of the buildings, infrastructure or Land.



- 2.05 Manitoba shall give notice to the Permittee 30 days prior to the effective date of an increase in the annual fee.
- 2.06 The Permittee shall pay all taxes, rates, duties and assessments whatsoever, whether municipal or otherwise, now or hereafter charged on the Land or in respect of the Permittee's use and occupation thereof.
- 2.07 The Permittee shall pay interest to Manitoba on any arrears of annual fee or administration fees at rate equal to the rate fixed from time to time by the Minister of Finance of Manitoba under section 25(1) of *The Financial Administration Act*. Failing such rate being fixed, interest shall be payable thereon at a rate equal to the rate fixed from time to time by Manitoba.
- 2.08 The Permittee shall pay to Manitoba an amount equal to any and all goods and services taxes now or hereafter imposed on, or collectible by Manitoba with respect to any amounts payable by the Permittee to Manitoba hereunder, whether characterized as a goods and services tax, sales tax, value added tax or otherwise ("Sales Taxes"). The intention of the parties is that Manitoba shall be fully reimbursed by the Permittee with respect to any and all Sales Taxes payable or collectible by Manitoba now or in the future.
- 2.09 The Permittee is responsible for and shall pay any and all costs, charges, impositions and expenses related to the Land, including, without limitation, all water, sewer, gas, telephone, or electric power charges.
- 2.10 If the Permittee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges as required, Manitoba may pay them or any of them and charge those payments to the Permittee who shall reimburse Manitoba forthwith and Manitoba may take the same steps for the recovery of those payments as it would be for the recovery of rent arrears.
- 2.11 The Permittee shall pay all amounts payable to Manitoba hereunder without any deduction or set-off whatsoever.

### **3.00 USE OF THE LAND**

- 3.01 The Permittee shall use the Land for an all weather road and parking lot and for no other purpose, including non-use, without prior permission in writing from Manitoba. The Permittee shall use the existing access.
- 3.02 The Permittee agrees that the following structures and improvements on the Land are authorized under the Permit: nil.
- 3.03 Other than those developments and uses permitted under paragraphs 3.01 and 3.02 of this Schedule, the Permittee shall not construct, erect or alter any other buildings or structures on the Land or effect any change in use of the Land without prior permission in writing from Manitoba.
- 3.04 Manitoba has no obligation to survey or resurvey the Land, and the Permit shall create no such obligation on Manitoba to survey or resurvey the Land.
- 3.05 The Permittee agrees that removal or relocation of any existing Manitoba Hydro facilities shall be at his/her expense.
- 3.06 The Permit shall in no way limit Manitoba Hydro's or Manitoba's right to raise or lower the water levels on any body of water which may affect the Land and Manitoba Hydro or Manitoba shall not be held liable for changes in the water level. The Permit does not imply any guarantee of water levels at the Land.
- 3.07 The Permittee and its officers, directors, agents, invitees and employees, as applicable, shall be bound by the rules, regulations and guidelines made by Manitoba from time to time. All such rules, regulations and guidelines will be deemed to be incorporated into and form part of the Permit. Some form of advance public notice shall be provided for changes in these rules, regulations and guidelines.
- 3.08 The Permittee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the Land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local District Resource Officer before cutting any trees or commencing any work on the Land, including widening of the access road, obtaining a building permit from the Department of Labour before constructing any structures, as may be authorized by Manitoba, in accordance with the Manitoba Building Code and applicable Municipal By-laws and regulations. The Permittee shall provide Manitoba with a copy of work permits or building permits obtained at the request of Manitoba.

- 3.09 The Permittee understands and agrees that the four culverts to be installed have a design capacity that will be adequate to pass flows resulting from snow melt and rainstorm events. As the most significant crossing is that at the outlet of Drained Lake and the future intent is to replace the temporary bridge with a culvert, the Permittee is required to contact Manitoba Water Stewardship for assistance in determining the size of culvert prior to installation.
- 3.10 The Permittee agrees to obtain a permit from the Department of Infrastructure & Transportation (Highway Traffic Board):
- for any new, modified or relocated/removed access connection onto PR 395 ("highway");
  - for any construction above, on or below ground level within 38.1 m (125 ft.) from the edge of the highway right-of-way;

#### 4.00 MAINTENANCE OF LAND

- 4.01 The Permittee agrees:
- to keep the Land, and all buildings and structures thereon, in a clean and sanitary condition free from inflammable materials, other than those contained in containers approved by the Canadian Standards Association;
  - to comply with all federal, provincial and municipal by-laws, Acts and regulations relating to the Permittee and/or the Land including, but not limited to, *The Crown Lands Act* and Regulations, *The Dangerous Goods Handling and Transportation Act* and Regulations and *The Environment Act* and Regulations, all as amended, replaced or substituted from time to time;
  - not to commit waste or damage the Land;
  - to keep the Land, and all buildings and structures thereon, in good and safe repair; and in a proper and neat condition and to repair in accordance with any notice from Manitoba;
  - to allow a person or persons on behalf of Manitoba to enter the Land, including all buildings and structures, at all reasonable times to examine the state of repair;
  - not to cut or remove any trees without prior written consent of Manitoba;
  - any shoreline development to be minimal on Crown land adjacent to lakes or rivers and limited only to facilities or uses approved in writing by Manitoba. Natural vegetation and features should have minimal disturbance, and a vegetative riparian zone should be maintained or encouraged.
- 4.02 The Permittee shall not release upon the Land or any part thereof any Pollutants (as defined in paragraph 4.05), but if Permittee does release any Pollutants, the Permittee shall:
- at his/her expense, immediately give Manitoba notice of the release; remove the Pollutants from the Land in a manner which conforms with all laws and regulations covering the handling, removal and management of the Pollutants and as may be directed or ordered by an Environment Officer or Director of the Environmental Approvals Branch, or such successor as appropriate, as soon as reasonably practicable; and
  - obtain from an independent Qualified Environmental Consultant, a report verifying the complete and proper removal thereof from the Land, if requested by Manitoba, otherwise the Permittee shall report as to the extent and nature of any failure to comply with this Section.
- 4.03 Any Pollutants noted in paragraph 4.02 shall not become the property of Manitoba notwithstanding any rule of the law to the contrary (save and except where such Pollutants are brought or created upon the Land by Manitoba or its servants, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee). At the option of Manitoba, any substance contaminated by such Pollutants shall become the property of the Permittee and at the Permittee's expense, the Permittee or, at Manitoba's option, Manitoba, shall remove the contaminated substance from the Land and make good any damage done in so doing.
- 4.04 The Permittee shall indemnify and save harmless Manitoba from all costs or expenses, liabilities, losses, claims, damages (including consequential damages, interest, penalties, fines or monetary sanctions), legal costs or fees on a solicitor and own client basis, and fees or expenses of professional consultants incurred by Manitoba by reason of Pollutants being present on the Land and resulting from the Permittee's use or occupation of the Land or the breach of any warranty or covenant of the Permittee in this Section.
- 4.05 In this Section, "Pollutants" means any product, solid, liquid, gas, smoke, odour, waste, radiation or organism, or any combination of these, that is foreign to or in excess of the natural constituents of the environment on the Land and that:
- has affected, is affecting or may affect the natural, physical, chemical or biological quality of the air, land and water; or
  - is, or is likely to be, injurious or damaging to the health or safety of a person(s), or injurious or damaging to property or to plant or animal life.

## **5.00 NO ASSIGNMENT OF PERMIT WITHOUT CONSENT**

- 5.01 The Permittee shall not assign the Permit without the prior written consent of Manitoba, that consent not be unreasonably withheld. If the Permittee is a corporation, any change in ownership or control of the Permittee is deemed to be a proposed assignment.
- 5.02 Manitoba shall not unreasonably withhold consent to the assignment of the Permit for collateral (financing and security) purposes.
- 5.03 The Permittee shall submit an application on a form specified by Manitoba for approval to assign the Permit or any interest in the Permit.
- 5.04 Notwithstanding paragraphs 5.01 or 5.02, Manitoba may, in its sole discretion, refuse to assign the Permit if:
- a) the Permittee has not paid any and all outstanding rent and taxes in respect of the Land and improvements, or
  - b) the proposed assignee is not eligible to hold a Permit in accordance with then current laws, regulations and policies of Manitoba.
- 5.05 The Permittee shall not sublet or rent out the Land.
- 5.06 The Permit shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Permittee.

## **6.00 RESPONSIBILITY AND INSURANCE**

- 6.01 Nothing contained in the Permit shall create any liability on the part of Manitoba or Manitoba Hydro for any damages caused or purported to be caused in respect to the Land by raising or lowering waters bordering upon or adjacent to the Land.
- 6.02 The Permittee shall use due care in the occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 6.03 The Permittee shall be solely responsible for and indemnify and save harmless Manitoba, its officers, employees and agents from and against all claims, liabilities and demands with respect to:
- a) any injury to persons (including death), damage or loss to property caused by, or related to the occupation of the Land or the performance of the Permit or the breach of any term or condition of the Permit by the Permittee, any agent, invitee, officer, director or employee of the Permittee or any other person authorized by the Permittee to occupy the Land, and
  - b) any omission or wrongful or negligent act of the Permittee, any agent, invitee, officer, director or employee of the Permittee or of any other person authorized by the Permittee to occupy the Land;
- unless such claims, liabilities, and demands arise out of the acts or omissions of Manitoba, its officers, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee.
- 6.04 It is the responsibility of the Permittee to discuss his/her insurance requirements with his/her insurance adviser/broker and to arrange for his/her own insurance coverage(s). However, at a minimum, the Permittee shall purchase and maintain comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence or claim. Manitoba reserves the right to require the Permittee to purchase and maintain a different minimum amount of liability insurance as specified by Manitoba from time to time by providing at least 180 days notice in writing of the change in the minimum amount to the Permittee. Evidence of insurance in the form of a Certificate of Insurance shall be provided by the Permittee upon request.
- 6.05 Notwithstanding paragraph 6.03, the Permittee agrees that any buildings, including any buildings existing at the issuance of the Permit, on the Land shall be maintained entirely at the Permittee's own risk, and the Permittee agrees to assume full responsibility for any damage or injury to persons or property situated on the Land resulting from flooding, erosion, ice damage, or temporary or permanent loss of Land accessibility. The Permittee agrees not to institute any action or make any claim against Manitoba or any employee or agent of Manitoba, including Manitoba Hydro, in respect to any personal injury caused by or related to flooding, whether or not the damage was occasioned by flooding resulting from the regulation or control of the adjacent waterway by Manitoba or Manitoba Hydro.
- 6.06 Notwithstanding paragraph 6.03, the Permittee agrees to indemnify and save harmless Manitoba and all employees and agents of Manitoba, including Manitoba Hydro, from and against all claims, liabilities and demands in respect of any damage to property or injury to persons located on the Land, which has been caused by flooding, erosion, ice damage, or temporary or permanent loss to Land accessibility.

6.07 The Permittee agrees not to institute any action or make any claim against the local government authority with respect to damage to any building or personal property or any injury to persons located on the Land that may be caused by flooding, erosion, ice damage, or temporary or permanent loss of land accessibility, as described herein and the Permittee agrees to enter into a written Agreement with the local government authority if the local government authority deems it necessary.

## 7.00 TERMINATION AND EXTENSION

7.01 The Permittee acknowledges that the Permit does not operate to prevent the sale or lease of the Land at any time during its term and is subject to the condition that Manitoba may give the Permittee notice of the cancellation thereof; and at the expiration of 30 days from the service of the notice, the Permit shall be cancelled.

7.02 Subject to 7.01 and provided that there has been no uncured default by the Permittee, including payment of rent, Manitoba may, in its discretion, automatically renew the Permit for a 1 year term on an annual basis and in accordance with then current laws, regulations or policies respecting rental rates and rental property of this type, unless otherwise notified by the Permittee.

7.03 Without restricting any other remedies available, Manitoba may, at its sole option, immediately terminate the Permit in writing if:

- a) the Permittee has failed to make any payment due hereunder, has misrepresented any fact on the application for the Crown Land Permit, or has failed to comply with any term or condition of the Permit and has not remedied that failure to comply within 30 days of receipt of notice in writing from Manitoba;
- b) the Permittee makes an assignment for the benefit of creditors, becomes bankrupt or insolvent, takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors (the appointment of a receiver or receiver and manager of the assets of the Permittee being conclusive evidence of insolvency), or if any certificate or order is made or granted for the winding-up or dissolution of the Permittee, voluntarily or otherwise;
- c) the Permittee suffers a lien under *The Builders' Lien Act* (Manitoba) or any similar or successor legislation registered against the Land or Manitoba's interest therein and does not contest the validity or the amount of the lien and do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Permittee.

7.04 Where the Permittee terminates the Permit under paragraph 7.02 or Manitoba terminates the Permit in accordance with paragraph 7.01 or 7.03, or upon the expiration of the term or any renewal term of the Permit:

- a) the Permittee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the date of expiration or termination of the Permit; and
- b) at the option of Manitoba:
  - (i) the Permittee and Manitoba may agree on the fair market value of the buildings or structures added to the Land by the Permittee and Manitoba may purchase such buildings or structures by paying to the Permittee that fair market value. If they fail to reach an agreement regarding the fair market value within 180 days of notice of termination being given by Manitoba, such value shall be determined by reference to the Land Value Appraisal Commission, or such other body as may hereafter be substituted therefor from time to time, or
  - (ii) the Permittee shall remove all buildings and structures added to the Land by the Permittee within six months of such expiry or termination, or such other term as agreed to by Manitoba, and where those buildings and structures are not removed within six months or the term agreed to by Manitoba, they shall become the property of Manitoba. At the end of such six months or term agreed to by Manitoba, any assets left on the property as at such date shall vest in Manitoba, and the Permittee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Permittee in such event.

7.05 Where Manitoba terminates the Permit in accordance with paragraph 7.01 in instances where the Permittee is entering into a purchase or lease Agreement in respect of the Land with Manitoba, all buildings and structures added to the Land by the Permittee shall be dealt with in accordance with the terms of that Agreement.

7.06 Where Manitoba terminates the Permit in accordance with paragraph 7.01 and 7.03 in instances where collateral assignments are recorded, it shall provide notice in writing of such termination to the holder of such collateral assignments (the "Security Holder"). The Security Holder:

- a) shall then be allowed a reasonable time frame of not less than 30 days as stipulated in the notice, to cure defaults of the Permittee, and upon doing so the Permit shall be deemed not to have terminated;
- b) shall not be obligated to go into possession; and

- c) shall be allowed to assign the Permittee's interest in the Permit to a third party purchaser, subject to the prior written consent of Manitoba being required, but which shall not be unreasonably withheld; provided that as a condition of any such assignment, such subsequent assignee shall execute such documentation as Manitoba considers reasonable to bind the assignee directly to Manitoba on the terms and conditions as contained in the Permit, and all defaults of the Permittee shall be cured and brought to good standing. In the event of such permitted assignment, the Permit shall be deemed not to have terminated.

## **8.00 ENTIRE PERMIT**

- 8.01 The Permit, including this Schedule and any Standard Conditions attached to the Permit, constitutes the entire Permit. There are no undertakings, representations, warranties, covenants, guarantees, agreements or promises, express or implied, verbal or otherwise, other than those contained in the Permit.
- 8.02 No amendment or change to, or modification of, the Permit shall be valid unless it is in writing.

## **9.00 APPLICABLE LAW**

- 9.01 The Permit shall be governed by, interpreted, performed and enforced in accordance with the laws of Manitoba.

## **10.00 NOTICES**

- 10.01 Any notice or other communication to Manitoba under the Permit shall be in writing and shall be delivered or sent by mail, postage prepaid to: Lands Branch, Attention: Director, 308-25 Tupper St N, Portage la Prairie, MB R1N 3K1.
- 10.02 Any notice or other communication to the Permittee under the Permit shall be in writing and shall be delivered personally to the Permittee or an officer, director or employee of the Permittee or sent by mail, postage prepaid, to: Box 14, Group 368, RR #3, Winnipeg, Mb., R3C 2E7.
- 10.03 Any notice or communication sent by mail shall be deemed to have been received on the third business day following the date of mailing. If mail service is disrupted by labour controversy, notice shall be delivered personally.
- 10.04 Either party may provide notice of change of address to the other in writing and thereafter all notices or communications shall be provided to the new address.
- 10.05 Any notice or other communication signed by any employee, officer or minister of Manitoba acting in that capacity shall be deemed for the purposes of the Permit to be a notice or other communication executed by Manitoba.
- 10.06 Notwithstanding paragraphs 10.02 and 10.03 any written notice to be served or given by Manitoba to the Permittee under the Permit shall be effectively given or served by posting the same in a conspicuous place on the Land.

## **11.00 ADDITIONAL PROVISIONS**

- 11.01 Time shall be of the essence of the Permit.
- 11.02 If any provision of the Permit is illegal or invalid or unenforceable at law it shall be deemed to be severed from the Permit and the remaining provisions shall nevertheless continue to be in full force and effect.
- 11.03 No waiver of any default under the Permit shall be binding unless acknowledged in writing by Manitoba. Any condoning, excusing or overlooking by Manitoba of any default shall not operate as a waiver of Manitoba's rights hereunder in respect of any subsequent default.
- 11.04 All headings in this Schedule are inserted for convenience of reference only and will not affect the construction and interpretation of the Permit.
- 11.05 If this Permit is issued to two or more persons as Permittee, the liability of each to pay rent and taxes and to perform all other obligations hereunder shall be joint and several. If the Permittee is a corporation, each person acknowledging the terms of the Permit on behalf of the Permittee by so signing hereby agrees to guarantee to Manitoba the performance by the Permittee of all obligations of the Permittee hereunder, and each such person shall be jointly and severally liable with the Permittee as Permittee hereunder.

11.06 If the Permittee remains in possession of the Land after the termination of the Permit and Manitoba accepts rent, the tenancy, in the absence of written Agreement, will be from month to month only and shall be subject to all terms of the Permit, including rent, except that the tenancy shall be from month to month.

11.07 The Permittee shall not be entitled to file a caveat against title to the Land respecting the Permit under *The Real Property Act* (Manitoba) as it may be amended, replaced or substituted from time to time.

11.08 Sections 4 and 6 shall survive the termination or expiration of the Permit

**THE PERMITTEE** or the Permittee's duly authorized representative, on the dates noted below, acknowledges that he/she has read and understands all the terms and conditions of the Permit and agrees to be bound by same.

**WITNESS**  
SIGNED IN THE PRESENCE OF

**PERMITTEE**  
Hudson Bay Exploration and Development  
Company Limited

**Allen J. Palmiere, President**

\_\_\_\_\_  
Print Name of Witness

\_\_\_\_\_  
Name of Permittee

\_\_\_\_\_  
Signature of Witness

x   
\_\_\_\_\_  
Signature of Permittee

\_\_\_\_\_  
DATE:

\_\_\_\_\_  
DATE: Feb 26/08

**WITNESS**  
SIGNED IN THE PRESENCE OF

**PERMITTEE**

**Brian D. Gordon, Secretary**

\_\_\_\_\_  
Print Name of Witness

\_\_\_\_\_  
Name of Permittee

\_\_\_\_\_  
Signature of Witness

x   
\_\_\_\_\_  
Signature of Permittee

\_\_\_\_\_  
DATE:

\_\_\_\_\_  
DATE: Feb 26/08

**PROVINCE OF MANITOBA  
CROWN LANDS AND PROPERTY AGENCY**

**SCHEDULE "A" TO CROWN LAND PERMIT NO. GP 63483 ("the Permit")**

ISSUED BY:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA**  
represented herein by the Minister responsible for the Crown Lands and Property Agency  
("Manitoba")

ISSUED TO:

**Hudson Bay Mining and Smelting Co. Ltd.**

(the "Permittee")

pursuant to *The Crown Lands Act* as amended from time to time.

**WHEREAS:**

- A) The Permittee has made an application to Manitoba for a Crown Land Permit for the Land (as described further in this Schedule); and
- B) Manitoba agrees to issue a Crown Land Permit to the Permittee, subject to the terms and conditions set out in this Schedule, which is Schedule "A" to the Permit, and the Standard Conditions attached to the Permit, for the land described as follows and as substantially similar to that set out on the map attached as Schedule A1:

Pt. 9-68-18 WPM – East of Lalor Lake

Area: 393.80 Acres

(the "Land")

**THE PERMIT IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:**

**1.00 TERM AND RIGHT TO USE AND OCCUPY THE LAND**

- 1.01 The Permit shall be effective from the date it is issued by Manitoba until December 31, 2011, subject to termination or extension under section 7.
- 1.02 Subject to the terms and conditions of the Permit, Manitoba grants to the Permittee the right to use and occupy the Land.

**2.00 PAYMENT OF FEES AND TAXES**

- 2.01 The Permittee shall pay to Manitoba rent equal to the annual fee prescribed from time to time by the Regulations under *The Crown Lands Act*, in accordance with such Regulations and the Permit, within 30 days of receipt of an invoice from Manitoba. The Permittee acknowledges that the current annual fee is \$788.00 plus GST per year.  
  
The annual fee is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (4) *Fees in respect of leases and permits*, (c) for commercial lots that are used for (iii) a mine site..\$2/acre or portion of an acre with a minimum fee payable of \$100.;
- 2.02 The Permittee acknowledges that an application for renewal and administration fee in relation to the Permit shall be paid by the Permittee, as prescribed by the Land Administration Fees Regulation (M.R. 216/89) and as amended from time to time.
- 2.03 Payments of the annual fee and the administration fees shall be made in accordance with the directions contained in the invoice from Manitoba.
- 2.04 Manitoba may establish a new annual fee rate where there is a change in one or more of the following factors in order to reflect these changes:
  - a) the appraised value of the Land as determined by Manitoba;
  - b) the appraised value of the buildings and improvements owned by Manitoba;
  - c) the policy of Manitoba as set out in an Act of the Legislature or a Regulation relating to the determination of annual fee; or
  - d) the use of the buildings, infrastructure or Land.
- 2.05 Manitoba shall give notice to the Permittee 30 days prior to the effective date of an increase in the annual fee.

- 2.06 The Permittee shall pay all taxes, rates, duties and assessments whatsoever, whether municipal or otherwise, now or hereafter charged on the Land or in respect of the Permittee's use and occupation thereof.
- 2.07 The Permittee shall pay interest to Manitoba on any arrears of annual fee or administration fees at rate equal to the rate fixed from time to time by the Minister of Finance of Manitoba under section 25(1) of *The Financial Administration Act*. Failing such rate being fixed, interest shall be payable thereon at a rate equal to the rate fixed from time to time by Manitoba.
- 2.08 The Permittee shall pay to Manitoba an amount equal to any and all goods and services taxes now or hereafter imposed on, or collectible by Manitoba with respect to any amounts payable by the Permittee to Manitoba hereunder, whether characterized as a goods and services tax, sales tax, value added tax or otherwise ("Sales Taxes"). The intention of the parties is that Manitoba shall be fully reimbursed by the Permittee with respect to any and all Sales Taxes payable or collectible by Manitoba now or in the future.
- 2.09 The Permittee is responsible for and shall pay any and all costs, charges, impositions and expenses related to the Land, including, without limitation, all water, sewer, gas, telephone, or electric power charges.
- 2.10 If the Permittee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges as required, Manitoba may pay them or any of them and charge those payments to the Permittee who shall reimburse Manitoba forthwith and Manitoba may take the same steps for the recovery of those payments as it would be for the recovery of rent arrears.
- 2.11 The Permittee shall pay all amounts payable to Manitoba hereunder without any deduction or set-off whatsoever.

### **3.00 USE OF THE LAND**

- 3.01 The Permittee agrees to construct an advanced exploration site/mine site on the Land and to complete the mine site within 24 months from the date of the issuance of the Permit.
- 3.02 The Permittee shall use the Land for an advanced exploration site/mine site and for no other purpose, including non-use, without prior permission in writing from Manitoba.
- 3.03 The Permittee agrees that the following structures and improvements on the Land are authorized under the Permit: 1 Non Acid Generating Storage Pad (13,000m<sup>2</sup>), Non Acid Generating Storage Pad (1,200 m<sup>2</sup>), Potential Acid Generating Storage Pad (1,139m<sup>2</sup>), 2 Polishing Ponds (50m dugouts), 1 Parking Lot/Storage Pad (200m x 200m), 1 Cold Storage Area (247m<sup>2</sup>), 1 Diesel Storage Tank (30,000 litres), 2 Propane Tanks (70,000 litres), 1 Maintenance Shop (19m x 19m), 1 Warehouse (12m x 30m), 5 Temporary Administration/Dry/Shop Complex Buildings (18m x 3.6m), 1 Concrete Batch Plant (19m x 13m), 1 Electrical Substation & Switchgear (57m x 36m), 1 Communications Tower (3m x 3m x 30m height), 1 Plenum Ventilation and Heating Fan Building (13.5m x 40m), 1 Headframe (10m x 16m x 53m), 1 Collarhouse (11m x 16m x 10m), Bins and Binhouse (10m x 18m x 40m (est)), 1 Hoisting House (32m x 58m), 1 Compressor Plant (18m x 25m), 1 Underground Utilidor (35m x 5m), 1 Packaged Sewage Treatment Plant (5m x 20m), 1 Freshwater Storage Tank (20,000 litres), 1 Security Gate, 1 Diesel Generator Plant (2.0 MW generator), 1 Portable Tanker Emulsion Magazine with Heating Coils (3.0m x 5.0m), 1 Portable Heated Magazine for Pressure Pots (Steel) ( 3.6m x 7.5m), 1 Portable Enclosure for Pump and Glycol Heater (Steel) (3.0m x 5.0m), 1 Portable Powder Magazine (Steel) (4.5 m x 9.0 m), 1 Portable 4,000 unit Detonator Magazine (Steel) (4.5m x 7.0m), Access Road (5.5m x 30m), Right of way clearing (22.6 m), Power to be a 600 v Teck Cable (no less than 0.7m) along the west side of the proposed access road, Transformer to be located on the east side of the proposed access road entrance and tied into the existing 25KV Power Line.
- 3.04 Other than those developments and uses permitted under paragraphs 3.01 and 3.02 of this Schedule, the Permittee shall not construct, erect or alter any other buildings or structures on the Land or effect any change in use of the Land without prior permission in writing from Manitoba.
- 3.05 The Permittee agrees to notify Manitoba of any building destroyed, demolished, or removed from the Land within 30 days of that occurrence; and to rebuild, replace or reinstate the building within 24 months of that occurrence.
- 3.06 It is the responsibility of the Permittee to place and maintain all buildings within the boundaries of the Land, and to obtain any Surveyor's Certificates necessary to effect or verify this condition.



- 3.07 Manitoba has no obligation to survey or resurvey the Land, and the Permit shall create no such obligation on Manitoba to survey or resurvey the Land.
- 3.08 The Permittee agrees that removal or relocation of any existing Manitoba Hydro facilities shall be at his/her expense.
- 3.09 The Permit shall in no way limit Manitoba Hydro's or Manitoba's right to raise or lower the water levels on any body of water which may affect the Land and Manitoba Hydro or Manitoba shall not be held liable for changes in the water level. The Permit does not imply any guarantee of water levels at the Land.
- 3.10 The Permittee and its officers, directors, agents, invitees and employees, as applicable, shall be bound by the rules, regulations and guidelines made by Manitoba from time to time. All such rules, regulations and guidelines will be deemed to be incorporated into and form part of the Permit. Some form of advance public notice shall be provided for changes in these rules, regulations and guidelines.
- 3.11 The Permittee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the Land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local District Resource Officer before cutting any trees or commencing any work on the Land, obtaining a building permit from the Department of Labour before constructing any structures, as may be authorized by Manitoba, in accordance with the Manitoba Building Code and applicable Municipal By-laws and regulations. The Permittee shall provide Manitoba with a copy of work permits or building permits obtained at the request of Manitoba.
- 3.12 The Permittee understands and agrees that additional environmental approvals including an Environment Act License will be required if a mine is developed beyond advanced exploration.
- 3.13 The Permittee understands and agrees that the submitted Closure Plan shall be adhered to if required to decommission the site.
- 3.14 Mineral extraction operations require development permit from the Town of Snow Lake as per Part Three, Policy 4.b)vii) of the Zoning By-Law.
- 3.15 The subject property is designated "Limited Development" by the Town of Snow Lake Development Plan By-Law No. 824-03 and is zoned "Limited Development" by the Town of Snow Lake Zoning By-Law No. 846/06.
- 3.16 The Permittee agrees that prior to beginning construction of the proposed culverts, the permittee is required to submit an application for a Water Licence to Construct Water Control Works.
- 3.17 The Permittee agrees to implement erosion and sediment control measures to minimize sediment entering the watercover if there is potential for this to occur.

#### **4.00 MAINTENANCE OF LAND**

- 4.01 The Permittee agrees:
- a) to keep the Land, and all buildings and structures thereon, in a clean and sanitary condition free from inflammable materials, other than those contained in containers approved by the Canadian Standards Association;
  - b) to comply with all federal, provincial and municipal by-laws, Acts and regulations relating to the Permittee and/or the Land including, but not limited to, *The Crown Lands Act* and Regulations, *The Dangerous Goods Handling and Transportation Act* and Regulations and *The Environment Act* and Regulations, all as amended, replaced or substituted from time to time;
  - c) not to commit waste or damage the Land;
  - d) to keep the Land, and all buildings and structures thereon, in good and safe repair; and in a proper and neat condition and to repair in accordance with any notice from Manitoba;
  - e) to allow a person or persons on behalf of Manitoba to enter the Land, including all buildings and structures, at all reasonable times to examine the state of repair;
  - f) not to cut or remove any trees without prior written consent of Manitoba;
  - g) any shoreline development to be minimal on Crown land adjacent to lakes or rivers and limited only to facilities or uses approved in writing by Manitoba. Natural vegetation and features should have minimal disturbance, and a vegetative riparian zone should be maintained or encouraged.
  - h) that alterations within the Crown Land Reserve are not to exceed 25% of the shoreline length and alterations/activities (including any proposed changes to near shore aquatic habitat) are to adhere to Department of Fisheries & Oceans activity specific operational statements or be reviewed by Department of Fisheries & Oceans.

- 4.02 The Permittee shall not release upon the Land or any part thereof any Pollutants (as defined in paragraph 4.05), but if Permittee does release any Pollutants, the Permittee shall:
- a) at his/her expense, immediately give Manitoba notice of the release; remove the Pollutants from the Land in a manner which conforms with all laws and regulations covering the handling, removal and management of the Pollutants and as may be directed or ordered by an Environment Officer or Director of the Environmental Approvals Branch, or such successor as appropriate, as soon as reasonably practicable; and
  - b) obtain from an independent Qualified Environmental Consultant, a report verifying the complete and proper removal thereof from the Land, if requested by Manitoba, otherwise the Permittee shall report as to the extent and nature of any failure to comply with this Section.

4.03 Any Pollutants noted in paragraph 4.02 shall not become the property of Manitoba notwithstanding any rule of the law to the contrary (save and except where such Pollutants are brought or created upon the Land by Manitoba or its servants, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee). At the option of Manitoba, any substance contaminated by such Pollutants shall become the property of the Permittee and at the Permittee's expense, the Permittee or, at Manitoba's option, Manitoba, shall remove the contaminated substance from the Land and make good any damage done in so doing.

4.04 The Permittee shall indemnify and save harmless Manitoba from all costs or expenses, liabilities, losses, claims, damages (including consequential damages, interest, penalties, fines or monetary sanctions), legal costs or fees on a solicitor and own client basis, and fees or expenses of professional consultants incurred by Manitoba by reason of Pollutants being present on the Land and resulting from the Permittee's use or occupation of the Land or the breach of any warranty or covenant of the Permittee in this Section.

4.05 In this Section, "Pollutants" means any product, solid, liquid, gas, smoke, odour, waste, radiation or organism, or any combination of these, that is foreign to or in excess of the natural constituents of the environment on the Land and that:

- a) has affected, is affecting or may affect the natural, physical, chemical or biological quality of the air, land and water; or
- b) is, or is likely to be, injurious or damaging to the health or safety of a person(s), or injurious or damaging to property or to plant or animal life.

#### **5.00 NO ASSIGNMENT OF PERMIT WITHOUT CONSENT**

5.01 The Permittee shall not assign the Permit without the prior written consent of Manitoba, that consent not be unreasonably withheld. If the Permittee is a corporation, any change in ownership or control of the Permittee is deemed to be a proposed assignment.

5.02 Manitoba shall not unreasonably withhold consent to the assignment of the Permit for collateral (financing and security) purposes.

5.03 The Permittee shall submit an application on a form specified by Manitoba for approval to assign the Permit or any interest in the Permit.

5.04 Notwithstanding paragraphs 5.01 or 5.02, Manitoba may, in its sole discretion, refuse to assign the Permit if:

- a) the Permittee has not paid any and all outstanding rent and taxes in respect of the Land and improvements, or
- b) the proposed assignee is not eligible to hold a Permit in accordance with then current laws, regulations and policies of Manitoba.

5.05 The Permittee shall not sublet or rent out the Land.

5.06 The Permit shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Permittee.

#### **6.00 RESPONSIBILITY AND INSURANCE**

6.01 Nothing contained in the Permit shall create any liability on the part of Manitoba or Manitoba Hydro for any damages caused or purported to be caused in respect to the Land by raising or lowering waters bordering upon or adjacent to the Land.

6.02 The Permittee shall use due care in the occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.

- 6.03 The Permittee shall be solely responsible for and indemnify and save harmless Manitoba, its officers, employees and agents from and against all claims, liabilities and demands with respect to:
- a) any injury to persons (including death), damage or loss to property caused by, or related to the occupation of the Land or the performance of the Permit or the breach of any term or condition of the Permit by the Permittee, any agent, invitee, officer, director or employee of the Permittee or any other person authorized by the Permittee to occupy the Land, and
  - b) any omission or wrongful or negligent act of the Permittee, any agent, invitee, officer, director or employee of the Permittee or of any other person authorized by the Permittee to occupy the Land;
- unless such claims, liabilities, and demands arise out of the acts or omissions of Manitoba, its officers, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee.
- 6.04 It is the responsibility of the Permittee to discuss his/her insurance requirements with his/her insurance adviser/broker and to arrange for his/her own insurance coverage(s). However, at a minimum, the Permittee shall purchase and maintain comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence or claim. Manitoba reserves the right to require the Permittee to purchase and maintain a different minimum amount of liability insurance as specified by Manitoba from time to time by providing at least 180 days notice in writing of the change in the minimum amount to the Permittee. Evidence of insurance in the form of a Certificate of Insurance shall be provided by the Permittee upon request.
- 6.05 Notwithstanding paragraph 6.03, the Permittee agrees that any buildings, including any buildings existing at the issuance of the Permit, on the Land shall be maintained entirely at the Permittee's own risk, and the Permittee agrees to assume full responsibility for any damage or injury to persons or property situated on the Land resulting from flooding, erosion, ice damage, or temporary or permanent loss of Land accessibility. The Permittee agrees not to institute any action or make any claim against Manitoba or any employee or agent of Manitoba, including Manitoba Hydro, in respect to any personal injury caused by or related to flooding, whether or not the damage was occasioned by flooding resulting from the regulation or control of the adjacent waterway by Manitoba or Manitoba Hydro.
- 6.06 Notwithstanding paragraph 6.03, the Permittee agrees to indemnify and save harmless Manitoba and all employees and agents of Manitoba, including Manitoba Hydro, from and against all claims, liabilities and demands in respect of any damage to property or injury to persons located on the Land, which has been caused by flooding, erosion, ice damage, or temporary or permanent loss to Land accessibility.
- 6.07 The Permittee agrees not to institute any action or make any claim against the local government authority with respect to damage to any building or personal property or any injury to persons located on the Land that may be caused by flooding, erosion, ice damage, or temporary or permanent loss of land accessibility, as described herein and the Permittee agrees to enter into a written Agreement with the local government authority if the local government authority deems it necessary.

## **7.00 TERMINATION AND EXTENSION**

- 7.01 The Permittee acknowledges that the Permit does not operate to prevent the sale or lease of the Land at any time during its term and is subject to the condition that Manitoba may give the Permittee notice of the cancellation thereof; and at the expiration of 30 days from the service of the notice, the Permit shall be cancelled.
- 7.02 Subject to 7.01 and provided that there has been no uncured default by the Permittee, including payment of rent, Manitoba may, in its discretion, automatically renew the Permit for a 1 year term on an annual basis and in accordance with then current laws, regulations or policies respecting rental rates and rental property of this type, unless otherwise notified by the Permittee.
- 7.03 Without restricting any other remedies available, Manitoba may, at its sole option, immediately terminate the Permit in writing if:
- a) the Permittee has failed to make any payment due hereunder, has misrepresented any fact on the application for the Crown Land Permit, or has failed to comply with any term or condition of the Permit and has not remedied that failure to comply within 30 days of receipt of notice in writing from Manitoba;
  - b) the Permittee makes an assignment for the benefit of creditors, becomes bankrupt or insolvent, takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors (the appointment of a receiver or receiver and manager of the assets of the Permittee being conclusive evidence of insolvency), or if any certificate or order is made or granted for the winding-up or dissolution of the Permittee, voluntarily or otherwise;

- c) the Permittee suffers a lien under *The Builders' Lien Act* (Manitoba) or any similar or successor legislation registered against the Land or Manitoba's interest therein and does not contest the validity or the amount of the lien and do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Permittee.
- 7.04 Where the Permittee terminates the Permit under paragraph 7.02 or Manitoba terminates the Permit in accordance with paragraph 7.01 or 7.03, or upon the expiration of the term or any renewal term of the Permit:
- a) the Permittee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the date of expiration or termination of the Permit; and
  - b) at the option of Manitoba:
    - (i) the Permittee and Manitoba may agree on the fair market value of the buildings or structures added to the Land by the Permittee and Manitoba may purchase such buildings or structures by paying to the Permittee that fair market value. If they fail to reach an agreement regarding the fair market value within 180 days of notice of termination being given by Manitoba, such value shall be determined by reference to the Land Value Appraisal Commission, or such other body as may hereafter be substituted therefor from time to time, or
    - (ii) the Permittee shall remove all buildings and structures added to the Land by the Permittee within six months of such expiry or termination, or such other term as agreed to by Manitoba, and where those buildings and structures are not removed within six months or the term agreed to by Manitoba, they shall become the property of Manitoba. At the end of such six months or term agreed to by Manitoba, any assets left on the property as at such date shall vest in Manitoba, and the Permittee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Permittee in such event.
- 7.05 Where Manitoba terminates the Permit in accordance with paragraph 7.01 in instances where the Permittee is entering into a purchase or lease Agreement in respect of the Land with Manitoba, all buildings and structures added to the Land by the Permittee shall be dealt with in accordance with the terms of that Agreement.
- 7.06 Where Manitoba terminates the Permit in accordance with paragraph 7.01 and 7.03 in instances where collateral assignments are recorded, it shall provide notice in writing of such termination to the holder of such collateral assignments (the "Security Holder"). The Security Holder:
- a) shall then be allowed a reasonable time frame of not less than 30 days as stipulated in the notice, to cure defaults of the Permittee, and upon doing so the Permit shall be deemed not to have terminated;
  - b) shall not be obligated to go into possession; and
  - c) shall be allowed to assign the Permittee's interest in the Permit to a third party purchaser, subject to the prior written consent of Manitoba being required, but which shall not be unreasonably withheld; provided that as a condition of any such assignment, such subsequent assignee shall execute such documentation as Manitoba considers reasonable to bind the assignee directly to Manitoba on the terms and conditions as contained in the Permit, and all defaults of the Permittee shall be cured and brought to good standing. In the event of such permitted assignment, the Permit shall be deemed not to have terminated.

## **8.00 ENTIRE PERMIT**

8.01 The Permit, including this Schedule and any Standard Conditions attached to the Permit, constitutes the entire Permit. There are no undertakings, representations, warranties, covenants, guarantees, agreements or promises, express or implied, verbal or otherwise, other than those contained in the Permit.

8.02 No amendment or change to, or modification of, the Permit shall be valid unless it is in writing.

## **9.00 APPLICABLE LAW**

9.01 The Permit shall be governed by, interpreted, performed and enforced in accordance with the laws of Manitoba.

## **10.00 NOTICES**

10.01 Any notice or other communication to Manitoba under the Permit shall be in writing and shall be delivered or sent by mail, postage prepaid to: Lands Branch, Attention: Director, 308-25 Tupper St N, Portage la Prairie, MB R1N 3K1.

10.02 Any notice or other communication to the Permittee under the Permit shall be in writing and shall be delivered personally to the Permittee or an officer, director or employee of the Permittee or sent by mail, postage prepaid, to: PO Box 1500, Flin Flon, MB, R8A 1N9.

- 10.03 Any notice or communication sent by mail shall be deemed to have been received on the third business day following the date of mailing. If mail service is disrupted by labour controversy, notice shall be delivered personally.
- 10.04 Either party may provide notice of change of address to the other in writing and thereafter all notices or communications shall be provided to the new address.
- 10.05 Any notice or other communication signed by any employee, officer or minister of Manitoba acting in that capacity shall be deemed for the purposes of the Permit to be a notice or other communication executed by Manitoba.
- 10.06 Notwithstanding paragraphs 10.02 and 10.03 any written notice to be served or given by Manitoba to the Permittee under the Permit shall be effectively given or served by posting the same in a conspicuous place on the Land.

#### **11.00 ADDITIONAL PROVISIONS**

- 11.01 Time shall be of the essence of the Permit.
- 11.02 If any provision of the Permit is illegal or invalid or unenforceable at law it shall be deemed to be severed from the Permit and the remaining provisions shall nevertheless continue to be in full force and effect.
- 11.03 No waiver of any default under the Permit shall be binding unless acknowledged in writing by Manitoba. Any condoning, excusing or overlooking by Manitoba of any default shall not operate as a waiver of Manitoba's rights hereunder in respect of any subsequent default.
- 11.04 All headings in this Schedule are inserted for convenience of reference only and will not affect the construction and interpretation of the Permit.
- 11.05 If this Permit is issued to two or more persons as Permittee, the liability of each to pay rent and taxes and to perform all other obligations hereunder shall be joint and several. If the Permittee is a corporation, each person acknowledging the terms of the Permit on behalf of the Permittee by so signing hereby agrees to guarantee to Manitoba the performance by the Permittee of all obligations of the Permittee hereunder, and each such person shall be jointly and severally liable with the Permittee as Permittee hereunder.
- 11.06 If the Permittee remains in possession of the Land after the termination of the Permit and Manitoba accepts rent, the tenancy, in the absence of written Agreement, will be from month to month only and shall be subject to all terms of the Permit, including rent, except that the tenancy shall be from month to month.
- 11.07 The Permittee shall not be entitled to file a caveat against title to the Land respecting the Permit under *The Real Property Act* (Manitoba) as it may be amended, replaced or substituted from time to time.
- 11.08 Sections 4 and 6 shall survive the termination or expiration of the Permit

THE PERMITTEE or the Permittee's duly authorized representative, on the dates noted below, acknowledges that he/she has read and understands all the terms and conditions of the Permit and agrees to be bound by same.

**WITNESS**

SIGNED IN THE PRESENCE OF

Brenda Niedermair

Print Name of Witness

B. Niedermair

Signature of Witness

DATE: Aug 17, 2011

**WITNESS**

SIGNED IN THE PRESENCE OF

Brenda Niedermair

Print Name of Witness

B. Niedermair

Signature of Witness

DATE: Aug 17, 2011

**PERMITTEE**

Hudson Bay Mining and Smelting Co. Ltd.

BRAD LAUTZ

Name of Permittee

Brad Lautz

Signature of Permittee

DATE: Aug 17 11

**PERMITTEE**

Hudson Bay Mining and Smelting Co. Ltd.

Tom Goodman

Name of Permittee

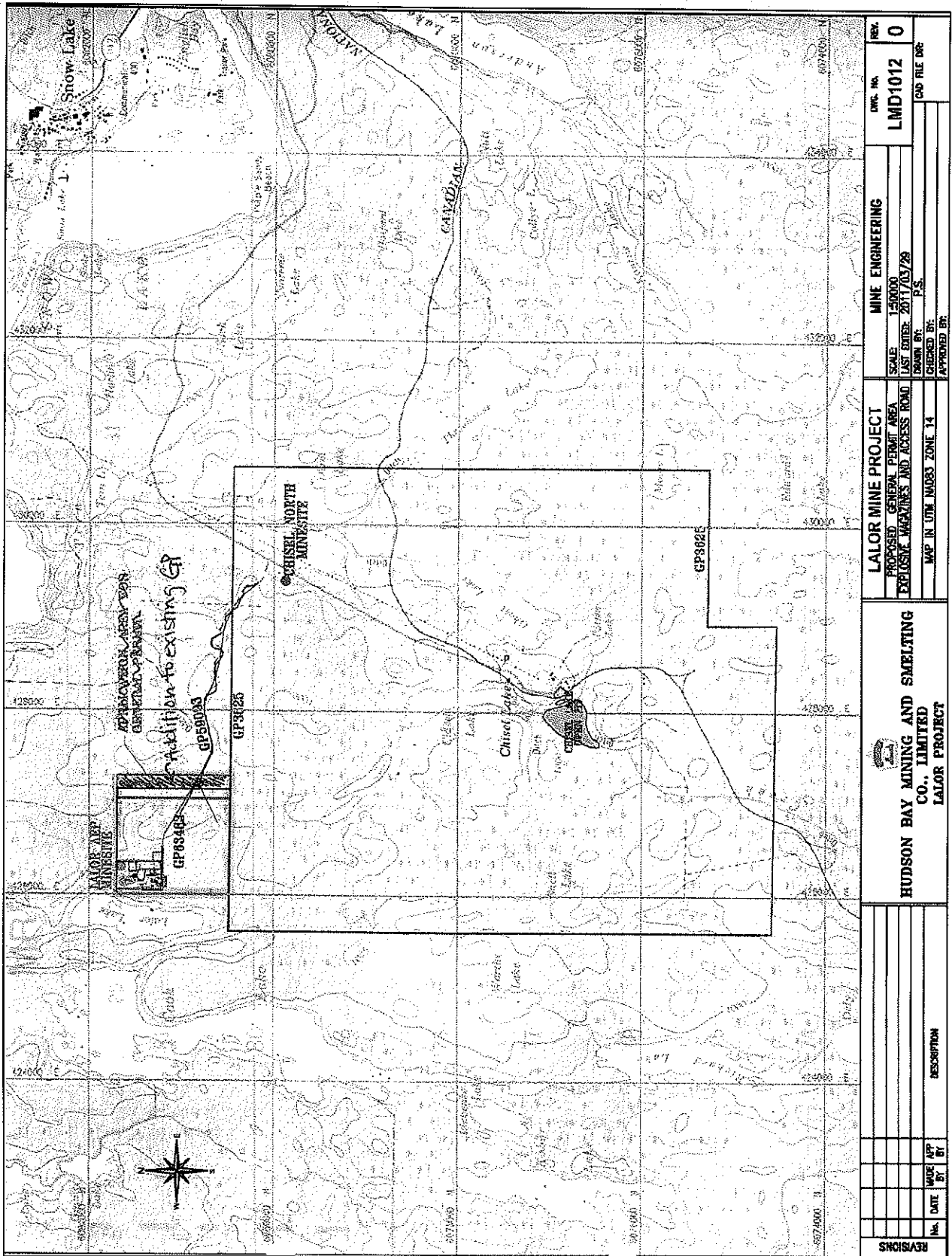
Tom Goodman

Signature of Permittee

DATE: Aug 17, 2011

SCHEDULE A1

Pt. 9-68-18 WPM – East of Lalor Lake



REVISIONS		MINE ENGINEERING		LALOR MINE PROJECT		HUDSON BAY MINING AND SMELTING CO., LIMITED		LALOR PROJECT	
No.	DATE	MADE BY	BY	SCALE	1:50000	PROPOSED GENERAL PERMIT AREA	EXPLOSIVE MAGAZINES AND ACCESS ROAD		
				LAST DATE	2017/03/28	EXPLOSIVE MAGAZINES AND ACCESS ROAD	MAP IN UTM NAD83 ZONE 14		
				DRAWN BY	P.S.	MAP IN UTM NAD83 ZONE 14	APPROVED BY:		
				CHECKED BY:			CAD FILE NO:		
				APPROVED BY:			LMD1012 0		
							DWC. NO.		
							LMD1012 0		

## QUARRY LEASE

Quarry  
Lease No.QL-1928

THIS LEASE made in duplicate this 29th day of November, 2007

BETWEEN:

Her Majesty the Queen in right of the  
Province of Manitoba, represented by the  
Minister of Science, Technology, Energy  
and Mines

(the "Minister")

of the First Part

- and -

HUDSON BAY MINING & SMELTING  
COMPANY LIMITED (WPG)  
1906-201 PORTAGE AVENUE  
WINNIPEG MB R3B 3K6

(the "Lessee")

of the Second Part

The parties agree as follows:

1. In this Lease:
  - (a) "Act" means The Mines and Minerals Act, Cap. M162 C.C.S.M., as amended, revised or substituted from time to time;
  - (b) "regulations" means regulations made pursuant to the Act, and as amended, revised or substituted from time to time;
2. Subject and pursuant to the Act and regulations, the Minister conveys to the lessee the exclusive right to explore for, develop, and produce the following quarry minerals, namely

**CLAY, GRAVEL, ROCK OR STONE** -----

that are the property of the Crown and are found on or under the land described as:

**All that portion of unsurveyed Township 68 Range 18 WPM contained within the**



21  
following limits determined by Coordinates from NAD 83 (CSRS 98) being in UTM 6°  
Zone 14, expressed in metres and further described as follows:  
Commencing at a point of coordinates 428669 E, 6080611 N , thence Ely to a point of  
coordinates 429069 E, 6080611 N, thence Sly to a point of coordinates 429069 E,  
6080336 N, thence Wly to a point of coordinates 428669 E, 6080336 N thence Nly to the  
point of commencement.

(the "Lands") and being 11 hectares, more or less, for a term of 10 years, commencing the  
26th day of November, 2007 renewable in accordance with the Act.

3. The Lessee shall comply with the Act and regulations; including, without restricting the generality of the foregoing, the payment of rent, royalty and rehabilitation levy prescribed thereunder.
4. The Lessee shall and does hereby indemnify and save harmless the Minister against any and all actions, suits, claims or demands that may be brought or made against the Minister for or by reason of any act or thing done or omitted to be done by the Lessee or its agents with respect to the Lands.
5. To be effective and binding, any waiver by the Minister of a breach by the Lessee of any term or condition of this Lease, the Act or the regulations must be in writing. Any such waiver shall extend only to the events of breach enumerated therein and shall not limit or affect the Minister's rights with respect to any other breach.
6. If the Lessee defaults, breaches, fails to perform or observe any term or condition of this Lease, the Act or the regulations, and any such event is not remedied within such notice period as the Minister may give, the Minister may cancel this Lease. Notwithstanding any such cancellation by the Minister, the rights of the Minister against the Lessee shall not be prejudiced and the Minister shall have the full remedies against the Lessee as if the Lease remained in full force and effect.
7. Any notice to a party hereto shall be in writing and may be delivered personally, sent by telegram, telex, telecopier or other means of electronic communication, or may be forwarded by mail subject to Canada Post confirmation of delivery to that party at the following address:

To the Minister:

Science, Technology, Energy and Mines  
Unit 360-1395 Ellice Avenue  
Winnipeg, Manitoba  
R3G 3P2

To the Lessee:

HUDSON BAY MINING & SMELTING  
COMPANY LIMITED (WPG)  
1906-201 PORTAGE AVENUE  
WINNIPEG MB R3B 3K6

8. This lease shall be interpreted in accordance with the laws of Manitoba.

9. Any amendments to this Lease shall be in writing and signed by both parties.
10. The Lessee shall not assign this lease except with the prior written consent of the Minister which shall not be unreasonably withheld. Any obligations of the Lessee outstanding at the date of any assignment shall remain the responsibility of the Lessee, to the extent the obligations are not performed by the permitted assignee.
11. This Lease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and permitted assigns of the parties.
12. Additional clauses:

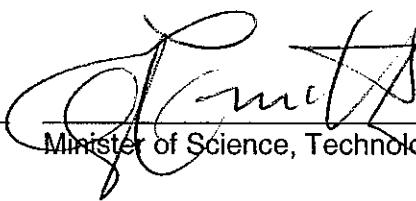
*The lessee shall comply with The Workplace Safety and Health Act and Regulation.*

In witness whereof the Minister and the Lessee have executed this Lease on the dates shown below their respective signatures.

Signed, sealed and delivered  
in the presence of:

Her Majesty the Queen in right of the Province Of  
Manitoba

Witness 



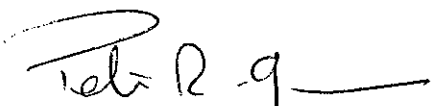
Minister of Science, Technology, Energy and Mines

Authorized Signatory  
Ernst & Young  
P. Eng.  
Director of Mines

Jan 2 2008

Date

Witness

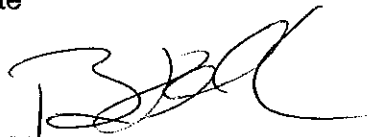


Lessee HUDSON BAY MINING & SMELTING  
COMPANY LIMITED (WPG)

Per: Peter R. Jones President & CEO

Dec 21, 2007

Date



Per: Brian D. Gordon VP & General Counsel

IN ACCORDANCE WITH SECTION 141(3) OF  
THE MINES AND MINERALS ACT THIS  
QUARRY LEASE IS HEREBY RECORDED AND  
THIS STAMP SHALL CONSTITUTE A  
CERTIFICATE OF FILING AND RECORDING.

Jan 4/08   
Dated Mining Recorder