

ALLYN RESOURCES INC.

LAND USE PERMIT N2004C0032



Indian and Northern Affairs Canada
Affaires indiennes et du Nord Canada

LAND USE PERMIT
NORTHERN AFFAIRS PROGRAM

PERMIS D'UTILISATION DES TERRES
PROGRAMME DES AFFAIRES DU NORD

Permit Class - Permis Catégorie

A

Permit No - N° de permis

N2004C0032

Subject to the Territorial Land Use Regulations and the terms and conditions in this permit, authority is hereby granted to:

Sous réserve du Règlement sur l'utilisation des terres territoriales et des conditions de ce permis:

Allyn Resources Inc.

Permittee - Détenteur de permis

To proceed with the land use operation described in the application of:

Est autorisé à entreprendre les travaux d'exploitation des terres décrits dans la demande de permis du:

Signature Doug Bryan	Date September 9, 2004
Type of Land Use Operation - Genre de travaux d'exploitation des terres Mineral Exploration	
Location - Emplacement Booth River Area, Kitikmeot, NU	

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Territorial Land Use Regulations.

Ce permis peut faire l'objet d'une cession, d'une prolongation d'une cessation d'une suspension ou d'une annulation, en vertu du Règlement sur l'utilisation des terres territoriales.

Dated at

Date a **Iqaluit**

Ingénieur

Engineer

This

Ce **9th** Day of **September**, 2004.

Day of

jour de

Commencement Date

Date du début des travaux **September 9, 2004**

Expiry Date

Date d'achèvement **September 8, 2006**

NOTE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE BY - LAW OR ORDER. DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

REMARQUE

LE DÉTENTEUR DU PRÉSENT PERMIS DOIT SE CONFORMER À TOUT AUTRE RÈGLEMENT, LOI, DÉCRET RÈGLEMENT MUNICIPAL OU ARRÊTÉ APPLICABLE. LE MANQUEMENT À CETTE OBLIGATION POURRAIT DONNER LIEU À LA SUSPENSION OU À L'ANNULATION DU PERMIS.

Canada

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER N2004C0032**

31(1)(a) - Location and Area

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| 1. | The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Engineer. | PLANS |
| 2. | The Permittee shall remove from Territorial Lands, all scrap metal, discarded machinery and parts, barrels and kegs, building and building material. | REMOVE WASTE MATERIAL |
| 3. | The Permittee shall not construct an adit or drillsite within 31 metres of the normal high water mark of a stream unless approval in writing is obtained from the Engineer. | LOCATION OF ADITS & DRILLSITES |
| 4. | The Permittee shall locate all camps on gravel, sand or other durable land. | CAMP LOCATION |

31(1)(b) - Time

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| 5. | The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Kugluktuk office of the Department of Indian Affairs and Northern Development, phone number 867-982-4306, at least 48 hours prior to the commencement of this land use operation. | CONTACT INSPECTOR |
| 6. | The Permittee shall advise a Land Use Inspector at least 10 days prior to the completion of the land use operation of; | REPORTS BEFORE REMOVAL |
| | a) his plans for removal or storage of equipment and materials, and | |
| | b) when final clean-up and restoration of the lands used will be completed. | |

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| 7. | The Permittee shall restore all sumps prior to spring break-up unless otherwise authorized in writing by a Land Use Inspector. | SUMPS SPRING
BREAK-UP |
| 8. | The Permittee shall complete all clean-up and restoration of the lands used prior to the expiry date of this permit. | CLEAN-UP |
| 9. | The Engineer reserves the right to impose closure of any area to the Permittee in periods when dangers to natural resources are severe. | CLOSURE |

31(1)© - Equipment

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| 10. | The Permittee shall not use any equipment except of the type, size and number that is listed in the accepted application, unless otherwise authorized in writing by the Land Use Inspector. | ONLY APPROVED
EQUIPMENT |
| 11. | The Permittee shall use a forced-air fuel-fired incinerator to incinerate all combustible garbage and debris. | INCINERATORS |
| 12. | The Permittee shall burn all combustible garbage and debris in a container acceptable to a Land Use Inspector. | INCINERATION |
| 13. | The Permittee shall keep all garbage and debris in a covered metal container until disposed of. | GARBAGE
CONTAINERS |

31(1)(d) - Methods and Techniques

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| 14. | The Permittee shall plug all bore holes as the land use operation progresses. | PLUG HOLES |
| 15. | The Permittee shall refill and restore bore hole craters as the land use operation progresses. | REFILL CRATERS |
| 16. | The Permittee shall not erect camps or store material on the surface ice of streams. | STORAGE ON ICE |

31(1)(e) - Type, Location, Capacity and Operation of Facilities

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| 17. | The Permittee shall not locate any sump within 31 metres of the normal high water mark of any stream. | SUMPS FROM WATER |
| 18. | The Permittee shall backfill and restore all sumps prior to the expiry date of this permit. | BACKFILL SUMPS |
| 19. | The Permittee shall ensure that the land use area is kept clean and tidy at all times. | CLEAN WORK AREA |

31(1)(f) - Control or Prevention of Flooding, Erosion and Subsidence of Land

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| 20. | A) The Permittee shall, where flowing water from bore holes is encountered, plug the bore hole in such a manner as to permanently prevent any further outflow of water. | PLUG ARTESIAN WELLS |
| | B) The artesian occurrence shall be reported to the Engineer within forty-eight (48) hours. | |
| 21. | The Permittee shall install erosion control structures as the land use operation progresses unless otherwise authorized by a Land Use Inspector. | EROSION CONTROL WHEN |
| 22. | The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface. | PREVENTION OF RUTTING |
| 23. | The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. | VEHICLE MOVEMENT FREEZE-UP |
| 24. | The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs. | SUSPEND OVERLAND TRAVEL |

31(1)(g) - Use, Storage, Handling and Disposal of Chemical or Toxic Material

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| 25. | The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the Engineer. | APPROVAL OF
CHEMICALS |
| 26. | The Permittee shall deposit all sewage into a sump. | SEWAGE
DISPOSAL |
| 27. | The Permittee shall deposit all drill waste into a sump. | DRILL WASTE |
| 28. | The Permittee shall not allow any drilling waste to spread to the surrounding lands or water bodies. | DRILL WASTE
CONTAINMENT |
| 29. | The Permittee shall burn all garbage and debris at least daily. | GARBAGE
DISPOSAL |
| 30. | The Permittee shall remove all non-combustible garbage and debris from the land use area to a disposal site approved in writing by a Land Use Inspector. | REMOVE
GARBAGE |
| 31. | The Permittee shall remove all garbage and debris from the area of the land use operation to a disposal site approved in writing by a Land Use Inspector. | REMOVE
GARBAGE |
| 32. | The Permittee shall dispose of all combustible waste petroleum products by incineration or removal. | WASTE
PETROLEUM
DISPOSAL |
| 33. | The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form NWT 1752(05/93). Twenty four (24) hour spill report line (867)920-8130. | REPORT
CHEMICAL AND
PETROLEUM
SPILLS |
| 34. | The Permittee shall ensure that Drilling additives or mud are not used in connection with holes drilled through the lake ice unless they are re-circulated or contained such that they do not enter the water or are demonstrated to be non-toxic. | RE-CIRCULATE
DRILL FLUIDS |

31(1)(h) - Wildlife and Fisheries Habitat

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| 35. | The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation. | HABITAT
DAMAGE |
| 36. | Your operation is in an area where bears may be encountered. Proper food handling and garbage disposal procedures will lessen the likelihood of bears being attracted to your operation. Information about the latest bear detection and deterrent techniques can be obtained from the Department of Renewable Resources at Kugluktuk. | BEAR/MAN
CONFLICT |

31(1)(I) - Objects and Places of Recreational, Scenic and Ecological Value

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| 37. | The Permittee shall not feed wildlife. | NO FEEDING
WILDLIFE |
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31(1)(k) - Petroleum Fuel Storage

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| 38. | The Permittee shall report in writing to a Land Use Inspector the location and quantity of all petroleum fuel caches within ten (10) days after the establishment. | REPORT FUEL
LOCATION |
| 39. | The Permittee shall not place any petroleum fuel storage containers within thirty one (31) metres of the normal high water mark of any stream. | FUEL BY STREAM |
| 40. | The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies. | FUEL
CONTAINMENT |
| 41. | The Permittee shall have one extra fuel storage container on site equal to, or greater than, the size of the largest fuel container. | FUEL EXTRA
CONTAINER |

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| 42. | The Permittee shall: | CHECK FOR
LEAKS |
| | a) examine all fuel storage containers for leaks a minimum of once every day. | |
| | B) repair all leaks immediately. | |
| 43. | The Permittee shall seal all container outlets except the outlet currently in use. | SEAL OUTLET |
| 44. | The Permittee shall mark all fuel containers with the Permittee's name. | MARK
CONTAINERS |

31(1)(m) - Matters Not Inconsistent with the Regulations

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| 45. | The Permittee shall not remove any material from below the ordinary high water mark of any stream without first obtaining written permission from a Land Use Inspector. | APPROVAL
NEEDED |
| 46. | The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit. | COPY OF PERMIT |
| 47. | The Permittee shall provide in writing to the Engineer, at least forty-eight (48) hours prior to commencement of this land use operation, the following information: | IDENTIFY AGENT |
| | a) person or persons, in charge of the field operation to whom notices, orders, and reports may be served; | |
| | b) alternates; | |
| | c) all the indirect methods for contacting the above person(s). | |

48. Part 1 - In this Permit:

“Sump” means a man-made pit, trench hollow or cavity in the earth’s surface used for the purpose of depositing waste material therein.

“Drill waste” means all materials or chemicals, solid or liquid, associated with the drilling of bore holes and includes bore hole cuttings.

“Dogleg” means clearing a line, trail or right-of-way that is curved sufficiently so that no part of the clearing beyond the curve is visible when approached from either direction.

“Stream” means any lake, river, pond, swamp, marsh, channel, gully, coulee or draw that continuously or intermittently contains water.

49. The Permittee shall submit to the Engineer a contingency plan, for chemical and petroleum spills, for use during the construction and operation of the winter road.

CONTINGENCY
PLAN