

**Appendix 3 Compliance Table**

**ULU COMPLIANCE  
WATER LICENCE 2BM-ULU0914**

July 2012

| Item                                            | Sub-item | Condition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Compliance Status                                                                                                                                                                                                                                              |
|-------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PART A - SCOPE, ENFORCEMENT, DEFINITIONS</b> |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                |
| <b>Scope</b>                                    |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                |
| 1                                               |          | This Licence allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling as per Schedule II of the Regulations for the Ulu Gold Project, located within the Kitikmeot Region, Nunavut (with the general coordinates of latitude: 66°54'27" N and longitude: 110°58'24" W).                                                                                                                                                                                                                                                                                                                                                                                                                                           | Ok.                                                                                                                                                                                                                                                            |
|                                                 | a        | This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the Nunavut Waters and Nunavut Surface Rights Tribunal Act, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be subject to such requirements; and | Ok.                                                                                                                                                                                                                                                            |
|                                                 | b        | Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation and with the requirements of the land use permit issued by the Kitikmeot Inuit Association.                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Ok.                                                                                                                                                                                                                                                            |
| <b>Definitions</b>                              |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                |
| 2                                               |          | See Licence for Definitions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Ok.                                                                                                                                                                                                                                                            |
| <b>Enforcement</b>                              |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                |
| 3                                               | a        | Failure to comply with this Licence will be a violation of the Act, subjecting the Licensee to the enforcement measures and the penalties provided for in the Act;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Ok.                                                                                                                                                                                                                                                            |
|                                                 | b        | All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the Act; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No inspections are on file for the current term of this Licence.                                                                                                                                                                                               |
|                                                 | c        | For the purpose of enforcing this Licence and with respect to the use of water and deposit or discharge of waste by the Licensee, Inspectors appointed under the Act, hold all powers, privileges and protections that are conferred upon them by the Act or by other applicable law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Ok.                                                                                                                                                                                                                                                            |
| <b>PART B - GENERAL CONDITIONS</b>              |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                |
| 1                                               |          | The amount of Water use fees shall be determined in accordance with the section 9(b) of the Regulations. Payment of fees shall be made in accordance with section 9(6)(b) of the Regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Ok.                                                                                                                                                                                                                                                            |
| 2                                               |          | The Licensee shall furnish and maintain security with the Minister, in the amount of \$1,685,210, in the form that is satisfactory to the Minister.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Ok.                                                                                                                                                                                                                                                            |
| 3                                               |          | The security referred to in Part B, Item 2 shall be maintained until such time as the Minister is satisfied that the Licensee has complied with all provisions of the approved Final Abandonment and Restoration Plan. This clause shall survive the expiry of this Licence or renewals thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Ok.                                                                                                                                                                                                                                                            |
| 4                                               |          | The Licensee may submit to the Board for approval, a request for a reduction to the amount of security. The submission shall include supporting evidence to justify the request.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Ok.                                                                                                                                                                                                                                                            |
| 5                                               |          | The Licensee shall, within ninety (90) days following issuance of the Licence, provide the Board with an updated estimate of the Ulu Gold Project restoration liability using the current version of RECLAIM, its equivalent or other similar methods approved by the Board, in accordance with principles of INAC's "Mine Site Reclamation Policy for Nunavut" (2000).                                                                                                                                                                                                                                                                                                                                                                                            | Ok, submitted August, 2011. Comments were received from Environment Canada, AANDC and the KIA prior to the comment closure date of December 31, 2011. The comments will be considered when the restoration liability estimate is reviewed and updated in 2012. |

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|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6    |          | The Licensee shall review, as required by changes in project operation, project components and or technology revise and submit annually to the Board for review, an updated estimate of the Ulu Gold Project restoration liability using the current version of RECLAIM, its equivalent or other similar method approved by the Board, in accordance with principles of INAC's "Mine Site Reclamation Policy for Nunavut" (2002). | Ok. The restoration liability estimate is currently being reviewed and will be updated in 2012.                                                                                                                                                   |
| 7    |          | Licensee shall furnish and maintain such further or other amounts of security as may be required by the Board, based upon annual estimates of current mine reclamation liability provided under Part B, Item 6.                                                                                                                                                                                                                   | Ok.                                                                                                                                                                                                                                               |
| 8    |          | The Licensee shall file an Annual Report on the appurtenant undertaking with the Board no later than March 31st of the year following the calendar year being reported, which shall contain the following information:                                                                                                                                                                                                            | Ok. See 2011 Annual Report dated March, 2012.                                                                                                                                                                                                     |
|      | a        | tabular summaries and analysis of all data collected under the Monitoring Program, Part J;                                                                                                                                                                                                                                                                                                                                        | Ok.                                                                                                                                                                                                                                               |
|      | b        | a summary of construction work, modification and/or major maintenance work carried out on the Water Supply Facilities and Sewage Treatment Facility, including all associated structures, and an outline of any work anticipated for the next year;                                                                                                                                                                               | NA, no construction work, modifications and/or major maintenance work carried out in 2011.                                                                                                                                                        |
|      | c        | results from acid generating samples collected on ore and waste rock as referred to in Part D, Item 10.                                                                                                                                                                                                                                                                                                                           | NA, no waste rock or ore was generated in 2011 (Condition should reference Part D, Item 11)                                                                                                                                                       |
|      | d        | a list of unauthorized discharges and follow-up action taken;                                                                                                                                                                                                                                                                                                                                                                     | NA, no unauthorized discharges in 2011                                                                                                                                                                                                            |
|      | e        | updates or revisions to the Waste Management Plan, Spill Contingency Plan, Abandonment and Restoration Plan, Operations and Maintenance Plan and Care and Maintenance Plan. Revisions may be subject to Board approval;                                                                                                                                                                                                           | Ok, these plans are currently being revised.                                                                                                                                                                                                      |
|      | f        | an updated estimate of the restoration liability, as required under Part B, Item 5 and 6, based upon the results of the restoration research, project development monitoring, and any modifications to the site plan;                                                                                                                                                                                                             | Ok, submitted August, 2011. Comments were received from Environment Canada, AANDC and the KIA prior to the comment closure date of December 31, 2011. The restoration liability estimate is currently being reviewed and will be updated in 2012. |
|      | g        | a brief description of follow-up action taken to address concerns detailed in inspection and compliance reports prepared by the Inspector;                                                                                                                                                                                                                                                                                        | NA, there were no inspection or compliance reports prepared by the Inspector in 2011. BCC is currently addressing the items identified in the 2007 inspection report.                                                                             |
|      | h        | a summary of hazardous materials shipped out, the treatment received, and the location of the approved treatment facility to which they were sent;                                                                                                                                                                                                                                                                                | NA, no hazardous materials were removed from the site in 2011.                                                                                                                                                                                    |
|      | i        | a summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year;                                                                                                                                                                                                                                                                                             | NA, no abandonment and restoration work activities were undertaken in 2011.                                                                                                                                                                       |
|      | j        | a summary of any specific studies or reports requested by the Board, and a brief description of any future studies planned or proposed;                                                                                                                                                                                                                                                                                           | Ok, the 2011 Annual Geotechnical Inspection Report of various earth structures was conducted and submitted to the NWB. BCC plans to address recommendations made in the report during 2012.                                                       |
|      | k        | a public consultation/participation report describing consultation with local organizations and residents of the nearby communities, if any were conducted;                                                                                                                                                                                                                                                                       | Stakeholder engagement activities conducted by BCC commenced in third quarter 2011 and were ongoing throughout the remainder of the year and into 2012.                                                                                           |
|      | l        | any other details on water use or waste disposal requested by the Board by November 1st of the year being reported.                                                                                                                                                                                                                                                                                                               | There were no uses of fresh water or waste generated in 2011.                                                                                                                                                                                     |
| 9    |          | The Licensee shall install and maintain flow meters or other such devices, or implement suitable methods capable of measuring water volumes as required to comply with Part C, Item 2 and the Monitoring Program, Part J.                                                                                                                                                                                                         | Ok. Flow metres will be utilized once drilling commences the water tank has a sight glass.                                                                                                                                                        |

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|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10   |          | The Licensee shall post signs in the appropriate areas to inform the on-site personnel and public of the location of the Water Supply Facility, Sewage treatment Facilities and Monitoring Program Stations. All signs shall be in English, Inuktitut, and Inuinnaqtun.                                                                                                                                                                                                                                                          | Ok                                                                                                                                                                                                                                                                                    |
| 11   |          | The Licensee shall, for all Plans, reports and studies submitted under this Licence, include an executive summary in terms understandable to the general public translated into Inuktitut and Inuinnaqtun.                                                                                                                                                                                                                                                                                                                       | Plans submitted in August 2011 did not include translated executive summaries. All future Plans, Reports, and Studies submitted will include the required executive summary translations.<br><br>Plans currently being updated will be submitted with translated executive summaries. |
| 12   |          | The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation and the Board recommends that a table be included with the Plan that documents the date, purpose and page(s) of the revision. Plans submitted, cannot be undertaken without subsequent written Board approval and direction. The Board may alter or modify a Plan if necessary to achieve the legislative objectives and will notify the Licensee in writing of acceptance, rejection or alteration of the Plan. | The following plans are currently being revised.<br>Spill Contingency Plan<br>Waste Management Plan<br>Care and Maintenance Plan<br>Interim Abandonment and Restoration Plan                                                                                                          |
| 13   |          | The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board in writing.                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                       |
| 14   |          | Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and conditions imposed upon approval of a Plan by the Board become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.                                                                                                                                                                          |                                                                                                                                                                                                                                                                                       |
| 15   |          | The Licensee shall review the Plans referred to in this Licence as required by changes in operation and/or technology and modify the Plans accordingly. Revisions to the Plan are to be submitted in the form of an Addendum to be included with the Annual Report, unless directed otherwise by an Inspector. Addendums should be accompanied with a concordance sheet that provides an overview of the changes made to the plan.                                                                                               |                                                                                                                                                                                                                                                                                       |
| 16   |          | The Licensee shall ensure a copy of this Licence is maintained at the site of operations at all times. Any communication with respect to this Licence shall be made in writing to the attention of:                                                                                                                                                                                                                                                                                                                              | Ok.                                                                                                                                                                                                                                                                                   |
|      |          | Manager of Licensing:<br>Nunavut Water Board<br>P.O. Box 119<br>Gjoa Haven, NU X0B 1J0<br>Telephone: (867) 360-6338<br>Fax: (867) 360-6369<br>Email: licensing@nunavutwaterboard.org                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
|      |          | Inspector Contact:<br>Water Resources Officer, INAC<br>Nunavut District, Nunavut Region<br>P.O. Box 100<br>Iqaluit, NU X0A 0H0<br>Telephone: (867) 975-4295<br>Fax: (867) 979-6445                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                       |
| 17   |          | The Licensee shall submit one paper copy and one electronic copy of all reports, studies, and plans to the Board.                                                                                                                                                                                                                                                                                                                                                                                                                | Ok.                                                                                                                                                                                                                                                                                   |

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|------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------------------------|-------------------------|------|------------|------|----|------------|----------------|---------------|
| 18                                             |                                          | The Licensee shall ensure that any document(s) or correspondence submitted by the Licensee to the Board is received and acknowledged by the Manager of Licensing.                                                                                                                      | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |
| 19                                             |                                          | This Licence is assignable as provided for in Section 44 of the Act.                                                                                                                                                                                                                   | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |
| PART C - CONDITIONS APPLYING TO WATER USE      |                                          |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| 1                                              |                                          | The Licensee shall obtain all water from West Lake using the Water Supply Facilities or as otherwise approved by the Board.                                                                                                                                                            | Ok.<br><br>Water Licence Amendment Application requests amendment to Part C Item 1 condition to allow: (1) domestic water to be obtained from Waste Lake; and (2) drill water to be obtained from West Lake and local water sources proximal to drill targets. |           |                                          |                         |      |            |      |    |            |                |               |
| 2                                              |                                          | The quantity of water withdrawn from West Lake shall not exceed one hundred (100) cubic metres per day.                                                                                                                                                                                | Ok.<br><br>Water Licence Amendment Application requests amendment to Part C Item 2 condition to allow 100 cubic meters per day of water withdrawal from West Lake and local water sources proximal to drill targets.                                           |           |                                          |                         |      |            |      |    |            |                |               |
| 3                                              |                                          | Within six (6) months following notification to the Board by the Licensee that operation at the site will resume, the Licensee shall submit to the Board, Terms of Reference for the Hydrological Assessment of West Lake, including an implementation schedule.                       | Ok                                                                                                                                                                                                                                                             |           |                                          |                         |      |            |      |    |            |                |               |
| 4                                              |                                          | The Licensee shall equip all water intake hoses with a screen of an appropriate mesh size to ensure that fish are not entrained and shall withdraw water at a rate such that fish do not become impinged on the screen.                                                                | Ok                                                                                                                                                                                                                                                             |           |                                          |                         |      |            |      |    |            |                |               |
| 5                                              |                                          | The Licensee shall not remove any material from below the ordinary high water mark of any water body unless authorized.                                                                                                                                                                | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |
| 6                                              |                                          | The Licensee shall not cause erosion to the banks of any body of water and shall provide necessary controls to prevent such erosion.                                                                                                                                                   | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |
| 7                                              |                                          | Sediment and erosion control measures shall be implemented prior to and maintained during the operation to prevent entry of sediment into water.                                                                                                                                       | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |
| PART D - CONDITIONS APPLYING TO WASTE DISPOSAL |                                          |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| 1                                              |                                          | The Licensee shall provide at least ten (10) days notice to an Inspector prior to any planned discharges of Effluent from the Retention Pond and Settling/Neutralization Ponds and for the start-up of the Sewage Treatment Facility.                                                  | Ok                                                                                                                                                                                                                                                             |           |                                          |                         |      |            |      |    |            |                |               |
| 2                                              |                                          | The Licensee shall direct all Sewage to the Sewage Treatment Facility or as otherwise approved by the Board.                                                                                                                                                                           | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |
| 3                                              |                                          | All Effluent discharged from the Sewage Treatment Facility at Monitoring Station ULU-2, shall not exceed the following Effluent quality limits:                                                                                                                                        | Ok                                                                                                                                                                                                                                                             |           |                                          |                         |      |            |      |    |            |                |               |
|                                                |                                          | <table><tr><th>Parameter</th><th>Maximum Concentration of Any Grab Sample</th></tr><tr><td>BOD<sub>5</sub> (mg/L)</td><td>30.0</td></tr><tr><td>TSS (mg/L)</td><td>35.0</td></tr><tr><td>pH</td><td>6.0 to 9.5</td></tr><tr><td>Oil and Grease</td><td>Visible Sheen</td></tr></table> |                                                                                                                                                                                                                                                                | Parameter | Maximum Concentration of Any Grab Sample | BOD <sub>5</sub> (mg/L) | 30.0 | TSS (mg/L) | 35.0 | pH | 6.0 to 9.5 | Oil and Grease | Visible Sheen |
| Parameter                                      | Maximum Concentration of Any Grab Sample |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| BOD <sub>5</sub> (mg/L)                        | 30.0                                     |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| TSS (mg/L)                                     | 35.0                                     |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| pH                                             | 6.0 to 9.5                               |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| Oil and Grease                                 | Visible Sheen                            |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| 4                                              |                                          | The Licensee shall maintain the Sewage Treatment Facilities to the satisfaction of an Inspector.                                                                                                                                                                                       |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
| 5                                              |                                          | All Minewater and water from the portal entrance, should it be encountered, shall be directed to the Retention Pond or as approved by the Board.                                                                                                                                       |                                                                                                                                                                                                                                                                |           |                                          |                         |      |            |      |    |            |                |               |
|                                                |                                          |                                                                                                                                                                                                                                                                                        | Ok.                                                                                                                                                                                                                                                            |           |                                          |                         |      |            |      |    |            |                |               |

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| Item                 | Sub-item                      | Condition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Compliance Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
|----------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------|------------------------------------------|----------------------|-----|-----|---------------------|-----|-----|-------------------|-----|-----|---------------------|-----|-----|-------------------|-----|-----|------------|------|------|----|------------|--|----------------|---------------|--|
| 6                    |                               | All Effluent discharged from the Retention Pond and Settling/Neutralization Ponds and runoff from the waste rock storage areas and ore storage area at Monitoring Stations ULU-5, ULU-6, ULU-7 and ULU-8 shall not exceed the following Effluent quality limits:                                                                                                                                                                                                                                                                                                                                                     | Settling/Neutralization ponds have not been constructed therefore monitoring stations Ulu-5 and Ulu-6 are inactive.<br><br>As noted by AANDC in correspondence dated March 23, 2012, runoff (1l/min) from the waste rock storage area at monitoring program station Ulu-7 (sampled in September, 2011) exceeded the water license criteria for TSS. BCC clarified that the water sample was collected from a seep and was therefore not associated with discharge from the waste rock storage facility. BCC commits to address the seepage in 2012 as per 2011 Geotechnical Inspection report |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
|                      |                               | <table><tr><th>Parameter</th><th>Maximum Average Concentration</th><th>Maximum Concentration of any Grab Sample</th></tr><tr><td>Total Arsenic (mg/L)</td><td>0.5</td><td>1.0</td></tr><tr><td>Total Copper (mg/L)</td><td>0.3</td><td>0.6</td></tr><tr><td>Total Lead (mg/L)</td><td>0.2</td><td>0.4</td></tr><tr><td>Total Nickel (mg/L)</td><td>0.5</td><td>1.0</td></tr><tr><td>Total Zinc (mg/L)</td><td>0.5</td><td>1.0</td></tr><tr><td>TSS (mg/L)</td><td>25.0</td><td>50.0</td></tr><tr><td>pH</td><td>6.0 to 9.5</td><td></td></tr><tr><td>Oil and Grease</td><td>Visible Sheen</td><td></td></tr></table> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Parameter | Maximum Average Concentration | Maximum Concentration of any Grab Sample | Total Arsenic (mg/L) | 0.5 | 1.0 | Total Copper (mg/L) | 0.3 | 0.6 | Total Lead (mg/L) | 0.2 | 0.4 | Total Nickel (mg/L) | 0.5 | 1.0 | Total Zinc (mg/L) | 0.5 | 1.0 | TSS (mg/L) | 25.0 | 50.0 | pH | 6.0 to 9.5 |  | Oil and Grease | Visible Sheen |  |
| Parameter            | Maximum Average Concentration | Maximum Concentration of any Grab Sample                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| Total Arsenic (mg/L) | 0.5                           | 1.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| Total Copper (mg/L)  | 0.3                           | 0.6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| Total Lead (mg/L)    | 0.2                           | 0.4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| Total Nickel (mg/L)  | 0.5                           | 1.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| Total Zinc (mg/L)    | 0.5                           | 1.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| TSS (mg/L)           | 25.0                          | 50.0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| pH                   | 6.0 to 9.5                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| Oil and Grease       | Visible Sheen                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| 7                    |                               | All Effluent discharged shall be directed towards East Lake in such a manner to minimize surface erosion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Ok.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| 8                    |                               | The Licensee shall operate and maintain the Retention and Settling/Neutralization Ponds such that:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Ok.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| a                    |                               | At least one (1) metre of freeboard is maintained at the retention berm at all times;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| b                    |                               | Seepage from the pond is minimized at all times;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| c                    |                               | Any seepage that occurs and does not meet the Effluent quality requirements as specified in Part D, Item 3 shall be collected and immediately returned to the pond;                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| d                    |                               | Any constructed facilities that are eroded are to be repaired immediately; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
|                      | e                             | Inspections of the Retention Pond and structures are carried out weekly during periods of open water and records kept of these inspections for review upon request of an Inspector.                                                                                                                                                                                                                                                                                                                                                                                                                                  | These proposals are being assembled - currently BCC has no plans to discharge during 2012.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| 9                    |                               | The Licensee shall submit to the Board for approval, within sixty (60) days following notification to the Board in accordance with Part H, item 1 of the intent to resume on-site operations, a proposal for the disposal of Effluent from the Retention Pond and Settling/Neutralization Ponds. The proposal shall include the following:                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| a                    |                               | Options for discharge of Minewater/runoff water (including East Lake, if applicable);                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| b                    |                               | Details on quantity and quality of the Minewater/runoff water; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
|                      | c                             | Options for treatment and disposal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | BCC plans to address recommendations made in the report during 2012.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| 10                   |                               | An inspection of the earthworks, geological regime, and the hydrological regime of the Project is to be carried out by a Geotechnical Engineer prior to the recommencement of on-site activities and annually thereafter. The Geotechnical Engineer's report shall be submitted to the Board within sixty (60) days of the inspection, with a covering letter from the Licensee outlining an implementation plan to respond to the Engineer's recommendations.                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| 11                   |                               | The Licensee shall submit to the Board for approval, within sixty (60) days of resuming on-site operations, a plan for ongoing Acid Rock Drainage and Geochemical Characterization. The plan shall be developed in accordance with the Indian and Northern Affairs Canada "Guidelines for Acid Rock Drainage Prediction in the North, September 1992" and shall include the following:                                                                                                                                                                                                                               | NA - no potentially acid generating rock has been generated as a result of exploration activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| a                    |                               | Implementation of recommendations in the report entitled "Ulu Project: Preliminary Assessment of acid rock drainage potential" dated October 1996, prepared by Klohn-Crippen Consultants Ltd.;                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |
| b                    |                               | Continued field leaching testing for two years to establish long-term weathering trend;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | These proposals are being assembled                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                               |                                          |                      |     |     |                     |     |     |                   |     |     |                     |     |     |                   |     |     |            |      |      |    |            |  |                |               |  |

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|                                                                   | c        | Kinetic test work on waste rock, ore, prospective tailings to assess changes in ARD potential with depth;                                                                                                                                                                                                                                                                                                        | These proposals are being assembled.                                                                                            |
|                                                                   | d        | Options for collection and treatment of ARD; and                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                 |
|                                                                   | e        | An implementation schedule.                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                 |
| 12                                                                |          | The Licensee shall submit to the Board for approval in writing, within sixty (60) days following notification to the Board in accordance with Part H, item 1 of the intent to resume on-site operations, a Waste Rock and Ore Storage Plan to address the management of all drainage from permanent and temporary ore and waste rock storage areas. The plan shall include the following:                        | NA - no waste rock or ore has been generated as a result of exploration activities.<br><br>These proposals are being assembled. |
|                                                                   | a        | A description and site map to scale, identifying the ore and waste rock storage areas, the settling pond(s) and downstream receiving areas;                                                                                                                                                                                                                                                                      |                                                                                                                                 |
|                                                                   | b        | A schedule of ore stockpiling, coarse tailings and waste rock production by rock type, tonnage, and destination;                                                                                                                                                                                                                                                                                                 |                                                                                                                                 |
|                                                                   | c        | An identification of all potential sources of drainage from each storage site and the distance to the downstream receiving environment;                                                                                                                                                                                                                                                                          |                                                                                                                                 |
|                                                                   | d        | Detailed proposal for the management of each flow, including water quality monitoring, collection, treatment, rerouting and final disposal;                                                                                                                                                                                                                                                                      |                                                                                                                                 |
|                                                                   | e        | Detailed construction plans and drainage management for waste rock types that may be problematic as a result of ARD testing;                                                                                                                                                                                                                                                                                     |                                                                                                                                 |
|                                                                   | f        | Contingency plans for controlling runoff and seepage water chemistry;                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                 |
|                                                                   | g        | Temperature analysis of all waste rock storage areas having ARD potential to include the effect of oxidation reactions on predicted ARD generation rates; and                                                                                                                                                                                                                                                    |                                                                                                                                 |
|                                                                   | h        | An ARD sampling and analysis protocol for waste rock used in construction and/or stockpile areas.                                                                                                                                                                                                                                                                                                                |                                                                                                                                 |
| 13                                                                |          | The Licensee shall submit to the Board for approval in writing, within ninety (90) days of Licence issuance, a Waste Management Plan to address the storage and disposal of all solid and hazardous waste produced as a result of the project.                                                                                                                                                                   | Ok, submitted August 2011. BCC is currently revising the Solid and Hazardous Waste Management Plan, 2012.                       |
| <b>PART E - CONDITIONS APPLYING TO SPILL CONTINGENCY PLANNING</b> |          |                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                 |
| 1                                                                 |          | The Licensee shall submit to the Board for approval, by March 31, 2010, an updated Spill Contingency Plan prepared in accordance with the Spill Contingency Planning and Reporting Regulations developed under the Environmental Protection Act (Nunavut). The revised Plan shall include an executive summary and translations in accordance with Part B, item 11 and reflect the new ownership of the project. | Ok, submitted August 2011. BCC is currently revising the Spill Contingency Plan, 2012.                                          |
| 2                                                                 |          | The Licensee shall ensure that any chemicals, petroleum products or wastes associated with the project do not enter water. All sumps and fuel caches shall be located at a distance of at least thirty one (31) metres from the ordinary high water mark of any adjacent water body and inspected on a regular basis.                                                                                            | Ok. To be addressed in the updated Spill Contingency Plan, 2012                                                                 |
| 3                                                                 |          | The Licensee shall provide secondary containment for hazardous materials and fuel storage areas.                                                                                                                                                                                                                                                                                                                 | Ok. To be addressed in the updated Spill Contingency Plan, 2012                                                                 |
| 4                                                                 |          | The Licensee shall conduct any equipment maintenance and servicing in designated areas and shall implement special procedures (such as the use of drip pans) to manage motor fluids and other waste and contain potential spills.                                                                                                                                                                                | Ok. To be addressed in the updated Spill Contingency Plan, 2012                                                                 |
| 5                                                                 |          | The Licensee shall regularly inspect fuel tanks and connectors for leaks and movement and shall keep a written log of inspections to be made available to an Inspector upon request.                                                                                                                                                                                                                             | Ok. To be addressed in the updated Spill Contingency Plan, 2012                                                                 |
| 6                                                                 |          | If during the term of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:                                                                                                                                                                                                                                                                        | Ok                                                                                                                              |
|                                                                   | a        | Employ the Spill Contingency Plan;                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                 |
|                                                                   | b        | Report the spill immediately to the 24-Hour Spill Line at (867) 920-8130 and to the Inspector at (867) 975-4295; and                                                                                                                                                                                                                                                                                             |                                                                                                                                 |

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|                                                                       | c        | For each spill occurrence, submit to the Inspector, no later than thirty (30) days after initially reporting the event, a detailed report that will include the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain and clean up the spill site.                                                                                                                                                                                             |                                                                                             |
| <b>PART F - CONDITIONS APPLYING TO DRILLING OPERATIONS</b>            |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                             |
| 1                                                                     |          | The Licensee shall not conduct any land based drilling within thirty one (31) metres of the ordinary high water mark of any water body, unless otherwise approved by the Board.                                                                                                                                                                                                                                                                                                               | Ok.                                                                                         |
| 2                                                                     |          | The Licensee shall ensure that all drill waste, including water, chips, muds and salts (CaCl <sub>2</sub> ) in any quantity or concentration, from land-based and on-ice drilling, shall be disposed of in a properly constructed sump or an appropriate natural depression located at a distance of at least thirty one (31) metres from the ordinary high water mark of any adjacent water body, where direct flow into a water body is not possible and no additional impacts are created. | Ok.                                                                                         |
| 3                                                                     |          | The Licensee shall, upon the completion of drilling, immediately seal and permanently cap drill holes to prevent induced contamination of groundwater or salinization of surface waters. The Licensee shall report all artesian flow occurrences within the Annual Report, including the location (GPS coordinates) and dates.                                                                                                                                                                | Ok.                                                                                         |
| 4                                                                     |          | Where drilling activity has penetrated below the permafrost layer, the NWB requests that the proponent record the depth of permafrost and location of the drill hole to be included within the Annual Report.                                                                                                                                                                                                                                                                                 | Ok.                                                                                         |
| 5                                                                     |          | Drilling additives or mud shall not be used in conjunction with holes drilled through lake ice unless they are re-circulated or contained such that they do not enter the water, or are demonstrated to be non-toxic.                                                                                                                                                                                                                                                                         | NA - no drilling conducted though ice.                                                      |
| 6                                                                     |          | For "on-ice" drilling where drill additives are not being used, return water released must be nontoxic, and not result in an increase in total suspended solids in the immediate receiving waters above the Canadian Council of Ministers for the Environment, Guidelines for the Protection of Freshwater Aquatic Life (i.e. 10mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100mg/L).                                                                        | NA - no drilling conducted though ice.                                                      |
| 7                                                                     |          | The Licensee shall establish water quality conditions prior to and upon completion of any drilling program through lake ice.                                                                                                                                                                                                                                                                                                                                                                  | NA - no drilling conducted though ice.                                                      |
| <b>PART G - CONDITIONS APPLYING TO MODIFICATIONS AND CONSTRUCTION</b> |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                             |
| 1                                                                     |          | The Licensee may, without written consent from the Board, carry out Modifications to the Water Supply Facilities and Waste Disposal Facilities provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:                                                                                                                                                                                                                         | NA, no construction work, modifications and/or major maintenance work has been carried out. |
|                                                                       | a        | the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;                                                                                                                                                                                                                                                                                                                                                  |                                                                                             |
|                                                                       | b        | such Modifications do not place the Licensee in contravention of the Licence or the Act;                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                             |
|                                                                       | c        | the Board has not, during the sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and                                                                                                                                                                                                                                                                                             |                                                                                             |
|                                                                       | d        | the Board has not rejected the proposed Modifications.                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                             |
| 2                                                                     |          | Modifications for which all of the conditions referred to in Part G, Item 1 have not been met can be carried out only with written approval from the Board.                                                                                                                                                                                                                                                                                                                                   | NA                                                                                          |
| 3                                                                     |          | The Licensee shall provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.                                                                                                                                                                                                                                                                  | NA                                                                                          |
| 4                                                                     |          | Prior to construction of any structures intended to contain or divert water or waste, the Licensee shall submit to the Board for approval design drawings stamped by an Engineer.                                                                                                                                                                                                                                                                                                             | NA                                                                                          |
| 5                                                                     |          | Construction of designed structures shall be carried out as approved by the Board.                                                                                                                                                                                                                                                                                                                                                                                                            | NA                                                                                          |

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| 6                                                                                        |          | As-built drawings of all structures designed to contain or divert water or waste shall be stamped by an Engineer and submitted to the Board within ninety (90) days of completion of the structures.                                                                                                                                                                                                                                                                                                                                                                                  | NA                                                                                                   |
| 7                                                                                        |          | Should fill or quarry material be required, it must be obtained from a source approved by the Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | NA at this time but if required Bonito will obtain from a source approved by Board.                  |
| 8                                                                                        |          | The Licensee shall ensure through testing, that waste rock used in construction is non acid generating.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | NA                                                                                                   |
| <b>PART H - CONDITIONS APPLYING TO OPERATIONS AND MAINTENANCE</b>                        |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                      |
| 1                                                                                        |          | The Licensee shall notify the NWB of any intended operational changes associated with this project, including the intent to resume activity on-site, at least sixty (60) days prior to any such change.                                                                                                                                                                                                                                                                                                                                                                               | Ok, notification submitted on May 8, 2012                                                            |
| 2                                                                                        |          | The Licensee shall submit to the Board for approval in writing, within sixty (60) days following notification to the Board that operations on-site will resume, an Operation and Maintenance Plan for the Sewage Treatment Facility developed in accordance with prepared in accordance with the "Guidelines for Preparing an Operation and Maintenance Manual for Sewage and Solid Waste Disposal Facilities", October 1996. This Manual shall include contingency measures in the event of plant malfunction and method sewage Sludge disposal following chemical characterization. | Ok, Sewage Treatment Plan Operations & Maintenance Plan is currently being assembled.                |
| <b>PART I - CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION AND TEMPORARY CLOSING</b> |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                      |
| 1                                                                                        |          | The Licensee shall submit to the Board for approval in writing, within ninety (90) days of issuance of this Licence, a Care and Maintenance Plan for water and waste related infrastructure at the Ulu project site including water quality monitoring, fuel storage, equipment storage, site maintenance, water usage and maintenance of other engineered components.                                                                                                                                                                                                                | Ok, submitted August 2011. BCC is currently revising the Care and Maintenance Plan, 2012.            |
| 2                                                                                        |          | The Licensee shall submit to the Board for approval in writing, within ninety (90) days of Licence issuance, an updated Interim Closure and Reclamation Plan prepared in accordance with the Mine Site Reclamation Guidelines for the Northwest Territories, 2007 and consistent with the INAC Mine Site Reclamation Policy for Nunavut, 2002. The Plan shall include an executive summary and translations in accordance with Part B, item 11, cover all project-related components and reflect the new ownership of the project.                                                    | Ok, submitted August 2011. BCC is currently revising the Interim Closure and Reclamation Plan, 2012. |
| 3                                                                                        |          | The Licensee shall notify the Board in writing, at least sixty (60) days prior to any intent to achieve Recognized Closed Mine status.                                                                                                                                                                                                                                                                                                                                                                                                                                                | NA, BCC is not currently intending to achieve Recognized Closed Mine status.                         |
| 4                                                                                        |          | The Licensee shall submit to the Board for approval in writing, within sixty (60) days following notice pursuant to Part I, item 3, a final Abandonment and Restoration Plan.                                                                                                                                                                                                                                                                                                                                                                                                         | NA, see comment above.                                                                               |
| 5                                                                                        |          | The Licensee shall carry out progressive reclamation of any components of the project no longer required for the Licensee's operations.                                                                                                                                                                                                                                                                                                                                                                                                                                               | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                        |
| 6                                                                                        |          | The Licensee shall backfill and restore all sumps to the pre-existing natural contours of the land.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                        |
| 7                                                                                        |          | The Licensee shall remove from the site infrastructures and site material, including but not limited to, all fuel caches, drums, barrels, buildings and contents, water pumps and lines, material and equipment before the expiry of this Licence.                                                                                                                                                                                                                                                                                                                                    | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                        |
| 8                                                                                        |          | All roads and airstrip shall be re-graded to match natural contours.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                        |
| 9                                                                                        |          | All culverts shall be removed and the drainage opened up to match the natural channel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                        |
| 10                                                                                       |          | In order to promote growth of vegetation and the needed microclimate for seed deposition, all disturbed surfaces shall be prepared by ripping, grading, or scarifying the surface to conform to the natural topography.                                                                                                                                                                                                                                                                                                                                                               | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                        |

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| 11                                                            |          | Areas that have been contaminated by hydrocarbons from normal fuel transfer procedures shall be reclaimed to meet objectives as outlined in the Government of Nunavut's Environmental Guideline for Site Remediation, January 2002. The use of reclaimed soils for the purpose of back fill or general site grading may be carried out only upon consultation and approval by the Government of Nunavut, Department of Environment and an Inspector.                                           | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                                                                                                                                                                     |
| 12                                                            |          | All disturbed areas shall be contoured and stabilized upon completion of work and restored to a pre-disturbed state.                                                                                                                                                                                                                                                                                                                                                                           | Ok, To be addressed in the updated Interim Closure and Reclamation Plan, 2012                                                                                                                                                                     |
| <b>PART J - CONDITIONS APPLYING TO THE MONITORING PROGRAM</b> |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                   |
| 1                                                             |          | The Licensee shall comply with the Monitoring Program annexed to this Licence as Schedule J, and any amendments to it as may be made from time to time, pursuant to the conditions of this Licence.                                                                                                                                                                                                                                                                                            | Ok.<br><br>Monitoring program for Stations Ulu-5 to Ulu-8 should replace Chlorine with Chloride, as per direction provided in email dated May 8, 2006 from D. Hohnstein, NWB, to D. Stevenson, EC, Subject <u>Re: SNP - Chlorine or Chloride?</u> |
| 2                                                             |          | The Licensee shall maintain the necessary signs to identify the stations of the Monitoring Program. All signs shall be in English and Inuktitut.                                                                                                                                                                                                                                                                                                                                               | Ok                                                                                                                                                                                                                                                |
| 3                                                             |          | The Licensee shall determine the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where wastes associated with camp operations and drilling operations are deposited.                                                                                                                                                                                                                                                                             | Ok                                                                                                                                                                                                                                                |
| 4                                                             |          | The Licensee shall, prior to the release of Effluent from Monitoring Stations ULU-5, ULU-6, ULU-7 and ULU-8 for the purpose of demonstrating compliance, sample for the parameters listed under Part D, Item 6.                                                                                                                                                                                                                                                                                | Monitoring Program Stations Ulu-5 and Ulu-6 are not active at this time as Settling/ Neutralization ponds have not been constructed.                                                                                                              |
| 5                                                             |          | The Licensee shall obtain representative samples of the water column below any ice where required under Part F, Item 7. Monitoring shall include the following:                                                                                                                                                                                                                                                                                                                                | NA - no drilling conducted though ice.                                                                                                                                                                                                            |
|                                                               |          | Total Suspended Solids<br>pH<br>Electrical Conductivity,<br>Total Trace Metals as determined by a standard ICP Scan (to include at a minimum, the following elements: Al, Sb, Ba, Be, Cd, Cr, Co, Cu, Fe, Pb, Li, Mn, Mo, Ni, Se, Sn, Sr, Tl, Ti, U, V, Zn), and<br>Trace Arsenic and Mercury                                                                                                                                                                                                  |                                                                                                                                                                                                                                                   |
| 6                                                             |          | All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of Standard Methods for the Examination of Water and Wastewater, or by such other methods approved by the Board in writing.                                                                                                                                                                                                                                     | Ok.                                                                                                                                                                                                                                               |
| 7                                                             |          | All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.                                                                                                                                                                                                                                                                                                                                       | Ok.                                                                                                                                                                                                                                               |
| 8                                                             |          | The Licensee shall, within ninety (90) days following issuance of the Licence, submit to the Board a Quality Assurance/Quality Control (QA/QC) Plan. The Plan shall include up to date field sampling methods to all applicable standards, acceptable to an accredited laboratory as required by Part J, Item 6 and Part J, Item 7. The Plan shall include a covering letter from the accredited laboratory confirming acceptance of the Plan for analyses to be performed under this Licence. | BCC is preparing a QA/QC plan will be submitted.                                                                                                                                                                                                  |
| 9                                                             |          | The Licensee shall annually review the QA/QC plan submitted under Part J, Item 8 and modify it as necessary. Revised plans shall be submitted to the NWB with an approval letter from an accredited lab that meets standards set in Part J, Item 6 and Part J, Item 7.                                                                                                                                                                                                                         | Once the QA/QC Plan is submitted, it will be reviewed and modified as necessary on an annual basis.                                                                                                                                               |

**ULU COMPLIANCE  
WATER LICENCE 2BM-ULU0914**

July 2012

| Item | Sub-item | Condition                                                                                                                                                                                                                                           | Compliance Status |
|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 10   |          | A Monthly Monitoring Program Summary Report shall be submitted to the Board for review within thirty (30) days following the month being reported. This summary shall include the monitoring results collected according to the Monitoring Program. | Ok to June 2012   |
| 11   |          | The Licensee shall include in the Annual Report required under Part B, Item 8 all data, monitoring results and information required by this Part.                                                                                                   | Ok.               |