

**PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY AND MINES**

**APPROVAL OF WORK SYSTEM
AND
PERMIT APPROVING RECLAMATION PROGRAM - PLACER OPERATIONS**
(Issued pursuant to Section 10 of the **Mines Act** R.S.B.C. 1996, c. 293)

Permit No.: **P-1-707**

Mine No.: **0101117**

Issued to:

**Otter Creek Resources Ltd.
202-4330 Sunshine Coast Hwy
Sechelt BC V0N 3A1**

for placer work on the following claims and/or leases: **LPM 636503**

Map Reference: **NTS:**

Trim: 104N 054

Lat: 59.55786

Northing: 6603313

Long: -133.36219

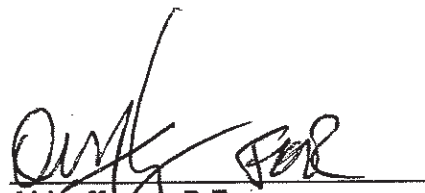
Easting: 592563

Located at: **Otter Creek east southeast of Atlin**

The Approval of the work system is issued for the period Wednesday, June 22nd, 2011 to Tuesday, December 31, 2013.

This Approval and Permit are issued pursuant to Section 10 of the **Mines Act**, and are subject to the appended conditions.

Issued this 25th day of July in the year 2011.


Al Hoffman, P.Eng
Chief Inspector of Mines

PREAMBLE

Whereas:

1. Notice of intention to commence work was given on **Wednesday, July 28, 2010**
2. A report and plan of the work system for the proposed creek diversion and/or development and/or mining activities (hereinafter termed the "Operations"), dated **Friday, July 23, 2010**, was filed with the Inspector of Mines on **Wednesday, July 28, 2010**. An amended letter of design was filed **July 18th, 2011**.
3. A proposed program for the protection and reclamation of the surface of the land and watercourses affected by the Operations (hereinafter termed the "Program"), dated **Friday, July 23, 2010**, was filed with the Inspector of Mines on **Wednesday, July 28, 2010**.

APPROVAL OF THE WORK SYSTEM (the "Operations")

The Chief Inspector of Mines (Chief Inspector) hereby approves the report of the work system for the proposed Operations for the stated period, subject to compliance with the following conditions:

1. Mine Plan Modifications:

The owner, agent or manager (herein called the Permittee) shall not depart from the report and plan of the work system to any substantial degree without the written approval of the Inspector of Mines.

2. Mines Act and Code:

The Permittee shall comply with all of the provisions of the **Mines Act** and the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

3. Termination of Work:

Pursuant to Part 10.5.1 of the **Code**, notice of intention to stop work and a report of work done shall be filed with the Inspector of Mines not less than seven (7) days prior to cessation of work.

4. Term of Approval:

The Permittee shall not perform work on the subject placer mining property after the termination of the period for which implementation of the proposed Operations has been approved without first applying for, and receiving the approval of, the Inspector of Mines.

5. **Documentation:**

While it remains valid and subsisting, a copy of this Approval must be kept at the subject placer mining property, and must be available to authorized inspectors and other authorized government officials.

PERMIT APPROVING RECLAMATION PROGRAM (the "Program")

The Chief Inspector of Mines (Chief Inspector) hereby approves the proposed Program for protection and reclamation of the land and watercourses affected by the approved Operations, subject to compliance with the following conditions:

1. **Mines Act and Code:**

The permittee shall comply with all of the provisions of the **Mines Act** and the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

2. **Reclamation Security:**

- (a) The Permittee shall maintain with the Minister of Finance security in the amount of fifteen thousand dollars (\$15,000). The security will be held by the Minister of Finance and for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.
- (b) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests and Range. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.
- (c) The Permittee shall conform to all Ministry of Environment approvals, licences and permit conditions, as well as requirements under the **Wildlife Act**. Should the Permittee not conform to these conditions, then all or part of the security may be used to fulfill these requirements.

3. **Obligation to Reclaim:**

During the entire period of the Operations, the Permittee shall:

- (a) continually and progressively reclaim the surface of the land affected by the Operations in accordance with the approved Program; and
- (b) in each year of the Operations, where required by the Chief Inspector, deposit security in an amount and form satisfactory to the Chief Inspector, so that,

together with the deposit made under Condition 2 (a) above, and calculated over the estimated life of the Operations, there will be money necessary to perform and carry out properly:

- (i) all of the requirements of the approved Program at the proper time, and
- (ii) all of the orders and directions of the Chief Inspector or an Inspector respecting the execution of the approved Program.

4. Technical Conditions and Limitations on Operations - I:

The Permittee shall conduct the Operations and carry out the Program in compliance with the following conditions and constraints, unless exempted by the Inspector of Mines after consultation with the appropriate staff in other government agencies and consideration of their concerns:

(a) Topsoil and Overburden:

Topsoil and overburden (to rooting depth) shall not be removed from the subject placer mining property, but shall be removed from operational areas first, and stockpiled separately in a manner which is adequate to prevent their entry into any watercourse, and which makes possible their re-use for reclamation purposes.

(b) Location of Facilities:

Access road construction shall be performed in compliance with Part 9.10.1, of the Code, as well as with the conditions of this Permit.

(c) Protection of Watercourses, Fish and Wildlife:

- (i) This approval is for a stream Diversion
- (ii) Every effort shall be made to minimize the impacts of access development and mining operations on fisheries and wildlife habitats, and to maximize the opportunity to reclaim the minesite upon abandonment.
- (iii) Forest cover, topsoil and debris shall be disposed of in such a manner as to prevent their entry into any watercourse, defined as any stream, lake, pond, river, creek, spring, ravine or swamp.

- (iv) This approval is for a stream diversion
- (v) Machinery and equipment shall not be operated within the wetted perimeter of any watercourse, and all stream crossings by mechanical equipment must receive prior written approval.
- (vi) Neither tailings nor any part of any tailings pond or settling pond shall be located within a minimum of ten (10) horizontal metres of the natural boundary* of any watercourse, and where water infiltrates to ground, this must not result in the entry of suspended solids into watercourses downstream of the Operations.
- (vii) All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles, shall be stabilized annually by contouring and revegetating to prevent erosion and surface run-off from carrying sediment into adjacent watercourses.
- (viii) Locations for storage of fuel shall be sited and designed in a manner which will prevent any spillage entering any watercourse. Fuel storage in excess of 25 litres shall be located on an impermeable base within a berm of sufficient height to fully contain any spillage which may occur.

***Note to Condition 4(c):**

Natural Boundary means the visible high water mark of any lake, river, stream or other body of water where the presence and action of the water are so common and usual and so long continued as to mark upon the soils of the bed of the lake, river, stream or other body of water a character distinct from that of the banks, thereof, both in respect to vegetation, and in respect to the nature of the soil itself. In addition, the best estimates of the edges of dormant or old side channels and marsh areas are considered to be natural boundaries for the purposes of Condition 4(c).

(d) Suction Dredging:

Suction dredging is not approved under this Permit.

(e) Condition of the Land:

At the termination of the Operations each year, disturbed areas are to be left in a neat, clean and safe condition. At the final completion of the Operations, all areas shall be leveled to conform with the natural terrain, covered with topsoil or overburden, and revegetated. All disturbed areas shall be reclaimed to the satisfaction of the Chief Inspector.

(f) Buildings:

Buildings will only be permitted if they are required for the Operations, and can be constructed only following written approval of the Inspector of Mines. At the completion of the Operations, all buildings are to be completely removed from the site, and any foundations must be covered with overburden and revegetated.

(g) Equipment:

At the final completion of the Operations, all equipment is to be completely removed from the subject placer mining property.

(h) Trees and Slash:

At the completion of the Operations, all dead trees and slash must be burned or buried.

5. Technical Conditions and Limitations on Operations - II:

The Permittee shall conduct the Operations and carry out the Program in compliance with the following conditions and constraints, unless exempted by means of either appropriate formal approvals from other government agencies (as identified), or, where appropriate, by consents from relevant private parties:

(a) Protection of Watercourses and Fish:

- (i)** Water intakes and those diversions authorized under Condition **5(e)** (see below) shall be screened, in accordance with the specifications of the Department of Fisheries and Oceans and the Ministry of Environment, to prevent the entry of fish.

(b) Agricultural Land Reserve:

If the subject placer mining property is wholly or partially situated within an Agricultural Land Reserve (as denoted on the Agricultural Land Reserve maps, which may be viewed in both the local regional district office and the local B.C. Lands office), the following conditions apply:

- (i) The Operations cannot take place on, or create debilitation or disturbance of, cultivated agricultural lands.
- (ii) Access needed for the purpose of implementing the Operations and Program may be located through cultivated land, provided that the owner of the land gives written approval and further, provided that any land debilitated or disturbed by the access is repaired or rehabilitated to its prior state or condition or better on completion of the Operations.
- (iii) There shall be no disturbance of, or interference with, fences, gates, cattleguards and other farm-related developments and structures without the written approval of the owner of the land, lessee or an individual holding a water licence on the subject placer mining property.
- (iv) Any Agricultural Land Reserve lands which are not covered by Conditions 5 (b)(i), (ii) and (iii), and which are disturbed or debilitated by the Operations, shall be reclaimed in accordance with the requirements of the **Mines Act and Code** and of this Permit.
- (v) There must be compliance with all other legislation, including land use by-laws of a municipality or regional district, and also with decisions of any responsible authority which may be applicable.

(c) Waste Management:

The Permittee must obtain a permit or approval under the **Waste Management Act**, prior to commencing the Operations, unless exempted under the terms of the **Placer Mining Waste Control Regulation**, which allows certain placer mining activities without a permit in the following circumstances:

- (i) Mining production is such that no chemicals or mercury are used to recover a mineral, and tailings are discharged to a tailings pond with a minimum of 0.5 metres of freeboard, and the water in the tailings pond:
 - A. is pumped back to the Operations for reuse; or

- B. is left in the pond and allowed to seep into the ground in a manner which does not result in the entry of suspended solids into a body of water at any point downstream of the Operations; or
- C. is partly pumped back, as referred to in subparagraph (A), and is partly left, as referred to in subparagraph (B), or
- D. the mine is located, as shown on the National Topographic System of Mapping, on Birch Creek 104N/11W, Boulder Creek 104N/11W, Ruby Creek 104N/11W, **Otter Creek and its tributaries** 104N/11W, Wright Creek 104N/11W, Quartz Creek 104N/11E, Spruce Creek and its tributaries 104N/11W and 104N/12E, Pine Creek between Birch Creek and Atlin Lake 104N/11W and 104N/12E, McKee Creek 104N/5E and 104N/6W, Snowy Creek 104P/5E, or Dease Creek 104J/9E.

(d) **Beaver Dams:**

Disturbance or removal of beaver dams is not approved under this Permit.

(e) **Diversion of Watercourses:**

Diversion of watercourses and other changes in and about a stream are approved under this Permit.

(f) **Forest Resources:**

Cutting of trees is not approved under this Permit.

(g) **Access from Public Highways:**

Development of road access from a public highway is not approved under this Permit.

(h) **Heritage Resources:**

Disturbance or salvage of heritage resources is not approved under this Permit.

6. **Notice of Closure:**

A report of reclamation shall be filed with the Inspector of Mines not less than seven (7) days prior to cessation of work, and this report shall accompany the notice which is required upon cessation of work under Part 10.6.1 of the **Code**.

7. **Amendment of Permit:**

The Chief Inspector of Mines reserves the right to amend the conditions set forth in this Permit.

8. **Requisition of Security:**

Where the Permittee fails to perform and complete the Program and/or fails to comply with the conditions of this Permit in a manner satisfactory to the Chief Inspector of Mines, the Chief Inspector of Mines may apply all or part of the security alluded to in Condition 2 towards payment of the cost of the work required to be performed and completed.

9. **Return of Security:**

On the final completion, discontinuance or abandonment of the Operations, and on the Chief Inspector of Mines being satisfied that the approved Program has been properly completed, the person who deposited the security under Condition 2 is entitled to a refund of it, less any amount paid out under Condition 8 (see above).

10. **Mineral Tenure:**

The Permittee may only exercise rights to undertake the Operations in accordance with all of the provisions of the **Mineral Tenure Act**, and the Operations may only be undertaken on placer mineral tenures which are in good standing, and for which the Permittee has the legal right to operate, either as tenure holder or by valid and subsisting authorization from the tenure holder. Notwithstanding any other statements and conditions in this Permit, this Permit does not approve the production of more than two thousand (2,000) cubic metres of pay dirt per legacy claim per year, or one thousand (1,000) cubic metres of pay dirt per cell per cell claim per year, on placer claims.

11. **Other Applicable Legislation:**

This Permit applies only to the requirements under the **Mines Act**, and other legislation and regulations may be applicable to the Operations.

12. **Variances:**

Where, during the course of Operations, the Permittee wishes to conduct work which does not comply with the terms and conditions of this Permit, the Permittee must apply to the Chief Inspector of Mines or the Inspector of Mines for an amendment to this Permit.

13. Documentation:

While they remain valid and subsisting, both this Permit and appropriate and up-to-date mineral tenure documentation (including maps of the subject placer mining property, showing both placer claims and placer leases) must be kept at the subject placer mining property, and must be available to authorized inspectors and other authorized government officials.

Special Conditions:

All work shall be under the supervision of the design engineer. No changes to the submitted design shall be made without the prior written approval of the design engineer.

PROVINCE OF BRITISH COLUMBIA
MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

APPROVAL OF WORK SYSTEM
AND
PERMIT APPROVING RECLAMATION PROGRAM - PLACER OPERATIONS
(Issued pursuant to Section 10 of the Mines Act R.S.B.C. 1996, c. 293)

Permit No.: **P-1-707** Mine No.: **0101117**

Issued to: **Otter Creek Resources Ltd.**
202-4330 Sunshine Coast Hwy
Sechelt BC V0N 3A1

for placer work on the following claims and/or leases: **PL 636503**


Map Reference: NTS:	Lat: 59.55786	Long: -133.36219
Trim: 104N 054	Northing: 6603313	Easting: 592563

Located at: **Otter Creek**

The Approval of the work system is issued for the period May 26, 2010 to December 31, 2013.

This Approval and Permit are issued pursuant to Section 10 of the **Mines Act**, and are subject to the appended conditions.

Issued this 26th day of May in the year 2010.



Al Hoffman, P.Eng
Chief Inspector of Mines

PREAMBLE

Whereas:

1. Notice of intention to commence work was given on **Tuesday, February 9, 2010**
2. A report and plan of the work system for the proposed placer exploration and/or development and/or mining activities (hereinafter termed the "Operations"), dated **Tuesday, February 9, 2010**, was filed with the Inspector of Mines on **Tuesday, February 9, 2010**.
3. A proposed program for the protection and reclamation of the surface of the land and watercourses affected by the Operations (hereinafter termed the "Program"), dated **Tuesday, February 9, 2010**, was filed with the Inspector of Mines on **Tuesday, February 9, 2010**.

APPROVAL OF THE WORK SYSTEM (the "Operations")

The Chief Inspector of Mines (Chief Inspector) hereby approves the report of the work system for the proposed Operations for the stated period, subject to compliance with the following conditions:

1. Mine Plan Modifications:

The owner, agent or manager (herein called the Permittee) shall not depart from the report and plan of the work system to any substantial degree without the written approval of the Inspector of Mines.

2. Mines Act and Code:

The Permittee shall comply with all of the provisions of the **Mines Act** and the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

3. Termination of Work:

Pursuant to Part 10.5.1 of the **Code**, notice of intention to stop work and a report of work done shall be filed with the Inspector of Mines not less than seven (7) days prior to cessation of work.

4. Term of Approval:

The Permittee shall not perform work on the subject placer mining property after the termination of the period for which implementation of the proposed Operations has been approved without first applying for, and receiving the approval of, the Inspector of Mines.

5. Documentation:

While it remains valid and subsisting, a copy of this Approval must be kept at the subject placer mining property, and must be available to authorized inspectors and other authorized government officials.

PERMIT APPROVING RECLAMATION PROGRAM (the "Program")

The Chief Inspector of Mines (Chief Inspector) hereby approves the proposed Program for protection and reclamation of the land and watercourses affected by the approved Operations, subject to compliance with the following conditions:

1. Mines Act and Code:

The permittee shall comply with all of the provisions of the **Mines Act** and the Health, Safety and Reclamation Code for Mines in British Columbia (Code).

2. Reclamation Security:

- (a) The Permittee shall maintain with the Minister of Finance security in the amount of ten thousand dollars (\$10,000). The security will be held by the Minister of Finance and for the proper performance of the approved program and all the conditions of this permit in a manner satisfactory to the Chief Inspector.
- (b) The Permittee shall conform to all forest tenure requirements of the Ministry of Forests and Range. Should the Permittee not conform to these requirements then all or part of the security may be used to cover the costs of these requirements.
- (c) The Permittee shall conform to all Ministry of Environment approvals, licences and permit conditions, as well as requirements under the **Wildlife Act**. Should the Permittee not conform to these conditions, then all or part of the security may be used to fulfill these requirements.

3. Obligation to Reclaim:

During the entire period of the Operations, the Permittee shall:

- (a) continually and progressively reclaim the surface of the land affected by the Operations in accordance with the approved Program; and
- (b) in each year of the Operations, where required by the Chief Inspector, deposit security in an amount and form satisfactory to the Chief Inspector, so that, together with the deposit made under Condition 2 (a) above, and calculated over the estimated life of the Operations, there will be money necessary to perform and carry out properly:

- (i) all of the requirements of the approved Program at the proper time, and
- (ii) all of the orders and directions of the Chief Inspector or an Inspector respecting the execution of the approved Program.

4. Technical Conditions and Limitations on Operations - I:

The Permittee shall conduct the Operations and carry out the Program in compliance with the following conditions and constraints, unless exempted by the Inspector of Mines after consultation with the appropriate staff in other government agencies and consideration of their concerns:

(a) Topsoil and Overburden:

Topsoil and overburden (to rooting depth) shall not be removed from the subject placer mining property, but shall be removed from operational areas first, and stockpiled separately in a manner which is adequate to prevent their entry into any watercourse, and which makes possible their re-use for reclamation purposes.

(b) Location of Facilities:

Access road construction shall be performed in compliance with Part 9.10.1, of the Code, as well as with the conditions of this Permit.

(c) Protection of Watercourses, Fish and Wildlife:

- (i) Forest cover and vegetation within a minimum of ten (10) horizontal metres of the natural boundary* of any watercourse shall not be disturbed or removed. (Streamside vegetation provides food and cover for fish, and wetlands also provide important wildlife habitat).
- (ii) Every effort shall be made to minimize the impacts of access development and mining operations on fisheries and wildlife habitats, and to maximize the opportunity to reclaim the minesite upon abandonment.
- (iii) Forest cover, topsoil and debris shall be disposed of in such a manner as to prevent their entry into any watercourse, defined as any stream, lake, pond, river, creek, spring, ravine or swamp.

- (iv) Gravel or other material shall not be displaced, or removed from, within a stream channel or within a minimum of ten (10) horizontal metres of the natural boundary* of any watercourse.
- (v) Machinery and equipment shall not be operated within the wetted perimeter of any watercourse, and all stream crossings by mechanical equipment must receive prior written approval.
- (vi) Neither tailings nor any part of any tailings pond or settling pond shall be located within a minimum of ten (10) horizontal metres of the natural boundary* of any watercourse, and where water infiltrates to ground, this must not result in the entry of suspended solids into watercourses downstream of the Operations.
- (vii) All mined or otherwise disturbed ground surfaces, including cut banks, fill slopes and tailings piles, shall be stabilized annually by contouring and revegetating to prevent erosion and surface run-off from carrying sediment into adjacent watercourses.
- (viii) Locations for storage of fuel shall be sited and designed in a manner which will prevent any spillage entering any watercourse. Fuel storage in excess of 25 litres shall be located on an impermeable base within a berm of sufficient height to fully contain any spillage which may occur.

***Note to Condition 4(c):**

Natural Boundary means the visible high water mark of any lake, river, stream or other body of water where the presence and action of the water are so common and usual and so long continued as to mark upon the soils of the bed of the lake, river, stream or other body of water a character distinct from that of the banks, thereof, both in respect to vegetation, and in respect to the nature of the soil itself. In addition, the best estimates of the edges of dormant or old side channels and marsh areas are considered to be natural boundaries for the purposes of Condition 4(c).

(d) Suction Dredging:

Suction dredging is not approved under this Permit.

(e) Condition of the Land:

At the termination of the Operations each year, disturbed areas are to be left in a neat, clean and safe condition. At the final completion of the Operations, all areas shall be leveled to conform with the natural terrain, covered with topsoil or overburden, and revegetated. All disturbed areas shall be reclaimed to the satisfaction of the Chief Inspector.

(f) Buildings:

Buildings will only be permitted if they are required for the Operations, and can be constructed only following written approval of the Inspector of Mines. At the completion of the Operations, all buildings are to be completely removed from the site, and any foundations must be covered with overburden and revegetated.

(g) Equipment:

At the final completion of the Operations, all equipment is to be completely removed from the subject placer mining property.

(h) Trees and Slash:

At the completion of the Operations, all dead trees and slash must be burned or buried.

5. Technical Conditions and Limitations on Operations - II:

The Permittee shall conduct the Operations and carry out the Program in compliance with the following conditions and constraints, unless exempted by means of either appropriate formal approvals from other government agencies (as identified), or, where appropriate, by consents from relevant private parties:

(a) Protection of Watercourses and Fish:

- (i)** Water intakes and those diversions authorized under Condition 5(e) (see below) shall be screened, in accordance with the specifications of the Department of Fisheries and Oceans and the Ministry of Environment, to prevent the entry of fish.

(b) Agricultural Land Reserve:

If the subject placer mining property is wholly or partially situated within an Agricultural Land Reserve (as denoted on the Agricultural Land Reserve maps, which may be viewed in both the local regional district office and the local B.C. Lands office), the following conditions apply:

- (i) The Operations cannot take place on, or create debilitation or disturbance of, cultivated agricultural lands.
- (ii) Access needed for the purpose of implementing the Operations and Program may be located through cultivated land, provided that the owner of the land gives written approval and further, provided that any land debilitated or disturbed by the access is repaired or rehabilitated to its prior state or condition or better on completion of the Operations.
- (iii) There shall be no disturbance of, or interference with, fences, gates, cattleguards and other farm-related developments and structures without the written approval of the owner of the land, lessee or an individual holding a water licence on the subject placer mining property.
- (iv) Any Agricultural Land Reserve lands which are not covered by Conditions 5 (b)(i), (ii) and (iii), and which are disturbed or debilitated by the Operations, shall be reclaimed in accordance with the requirements of the **Mines Act and Code** and of this Permit.
- (v) There must be compliance with all other legislation, including land use by-laws of a municipality or regional district, and also with decisions of any responsible authority which may be applicable.

(c) Waste Management:

The Permittee must obtain a permit or approval under the **Waste Management Act**, prior to commencing the Operations, unless exempted under the terms of the **Placer Mining Waste Control Regulation**, which allows certain placer mining activities without a permit in the following circumstances:

- (i) Mining production is such that no chemicals or mercury are used to recover a mineral, and tailings are discharged to a tailings pond with a minimum of 0.5 metres of freeboard, and the water in the tailings pond:

- A. is pumped back to the Operations for reuse; or
- B. is left in the pond and allowed to seep into the ground in a manner which does not result in the entry of suspended solids into a body of water at any point downstream of the Operations; or
- C. is partly pumped back, as referred to in subparagraph (A), and is partly left, as referred to in subparagraph (B), or
- D. the mine is located, as shown on the National Topographic System of Mapping, on Birch Creek 104N/11W, Boulder Creek 104N/11W, Ruby Creek 104N/11W, Otter Creek and its tributaries 104N/11W, Wright Creek 104N/11W, Quartz Creek 104N/11E, Spruce Creek and its tributaries 104N/11W and 104N/12E, Pine Creek between Birch Creek and Atlin Lake 104N/11W and 104N/12E, McKee Creek 104N/5E and 104N/6W, Snowy Creek 104P/5E, or Dease Creek 104J/9E.

- (ii) The person carrying out the Operations provides to the Regional Waste Manager, Ministry of Environment on his request, information which allows him to determine the existence and extent of the discharge of waste, and to determine that no permit or approval is required.

(d) Beaver Dams:

Disturbance or removal of beaver dams is not approved under this Permit.

(e) Diversion of Watercourses:

Diversion of watercourses and other changes in and about a stream are not approved under this Permit.

(f) Forest Resources:

Cutting of trees is not approved under this Permit.

(g) Access from Public Highways:

Development of road access from a public highway is not approved under this Permit.

(h) Heritage Resources:

Disturbance or salvage of heritage resources is not approved under this Permit.

6. Notice of Closure:

A report of reclamation shall be filed with the Inspector of Mines not less than seven (7) days prior to cessation of work, and this report shall accompany the notice which is required upon cessation of work under Part 10.6.1 of the **Code**.

7. Amendment of Permit:

The Chief Inspector of Mines reserves the right to amend the conditions set forth in this Permit.

8. Requisition of Security:

Where the Permittee fails to perform and complete the Program and/or fails to comply with the conditions of this Permit in a manner satisfactory to the Chief Inspector of Mines, the Chief Inspector of Mines may apply all or part of the security alluded to in Condition 2 towards payment of the cost of the work required to be performed and completed.

9. Return of Security:

On the final completion, discontinuance or abandonment of the Operations, and on the Chief Inspector of Mines being satisfied that the approved Program has been properly completed, the person who deposited the security under Condition 2 is entitled to a refund of it, less any amount paid out under Condition 8 (see above).

10. **Mineral Tenure:**

The Permittee may only exercise rights to undertake the Operations in accordance with all of the provisions of the **Mineral Tenure Act**, and the Operations may only be undertaken on placer mineral tenures which are in good standing, and for which the Permittee has the legal right to operate, either as tenure holder or by valid and subsisting authorization from the tenure holder. Notwithstanding any other statements and conditions in this Permit, this Permit does not approve the production of more than two thousand (2,000) cubic metres of pay dirt per legacy claim per year, or one thousand (1,000) cubic metres of pay dirt per cell per cell claim per year, on placer claims.

11. **Other Applicable Legislation:**

This Permit applies only to the requirements under the **Mines Act**, and other legislation and regulations may be applicable to the Operations.

12. **Variances:**

Where, during the course of Operations, the Permittee wishes to conduct work which does not comply with the terms and conditions of this Permit, the Permittee must apply to the Chief Inspector of Mines or the Inspector of Mines for an amendment to this Permit.

13. **Documentation:**

While they remain valid and subsisting, both this Permit and appropriate and up-to-date mineral tenure documentation (including maps of the subject placer mining property, showing both placer claims and placer leases) must be kept at the subject placer mining property, and must be available to authorized inspectors and other authorized government officials.

Victoria

0101117

The information on this form and any supporting documents are subject to the *Freedom of Information and Protection of Privacy Act*. The information requested on this form is collected and used for the purpose of administering the *Mines Act* of British Columbia and the *Health, Safety and Reclamation Code for Mines in British Columbia*. The *Mines Act* authorises the collection of the requested information on this form. The completed form is routinely available to the public. Questions about how the *Freedom of Information and Protection of Privacy Act* applies to the information collected on this form can be directed to the Office of the Information and Privacy Commissioner—phone: (250) 387-5629; fax: (250) 387-1696; mailing address: PO Box 9038 Stn. Prov. Govt. Victoria, British Columbia, V8W 9A4

Hand Operation: ☐ Yes ☒ No

If yes, complete items 1-6, 8-10, 12-15 only & applicable maps from 18

1. PLACER PROPERTY

LEASE #s: 636503.....

EXPIRY DATES: 2010 09 18...

CLAIM #s:

EXPIRY DATES:

Previous Annual Work Approval Number (09-0101117-0210)...

Reclamation Permit Number, if previously issued (may be several years old):

DURATION OF WORK: From: 2010 APR 15..... To: 2013 DEC 31.....

2. LOCATION

Are surface rights to any part of this property privately owned? (Operator responsible for contacting Owner) ☐ Yes ☒ No

Name and address of private land owner:

Mining division: All NTS map sheets (e.g. 093G/02E):

Latitude: 59° 33' 46" Longitude: 133° 20' 55"

59.56278

133.34861

3. ACCESS

Describe access route to property from nearest town (give exact distances in kms, including secondary roads):

From Atlin travel 5.6 km on the Surprise Lk Rd turning right on the Spruce Cr Rd then 4.5 km turning left on the Blue Canyon Rd for 15 km then turning left on the Upper Otter Cr Rd 4 km where the operation can be seen on the right.

Access is (please check): ☒ Existing ☐ To Be Constructed ☐ Both.

Indicate type of existing access: ☒ All season road ☐ Four wheel drive ☐ ATV. Is there an alternative access route to the property?

(explain): From Atlin travel 18 km on the Surprise Lk Rd to the Wright Cr Rd, up the Wright Cr Rd turning right on the Lower Otter Cr Rd following the east side of Otter Cr to the mine site.

4. OPERATOR/AGENT (Person or Company controlling property on behalf of the owner):

Name: John Zogas Telephone No: (604) 885-4335... Fax No: (604) 885-4348.....

Company contact person: John Zogas Address: 202-4330 Sunshine Coast Hwy

City: Sechelt..... Province: BC..... Postal Code: V0N 3A1 ...

E-mail Address: otter@eastlink.ca..... Signature of Operator/Agent: Original Signed by Owner Date: 2010 Feb 09.....

5. OWNER (Title Holder):

Name: Same as Above... (Section 4) Telephone No: Fax No:

Address: City:

Province: Postal Code: Signature of Owner:

(or submit a signed letter of authorization from owner) Date:

6. MANAGER (Person responsible for management and operation of property)

Name: John Zogas..... Telephone No: (604) 885-4335 Fax No: (604) 885-4348

To whom is correspondence sent regarding this notice? ☐ Agent ☒ Owner ☐ Operator

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7. EXPLORATION WORK (brief description, attach additional sheets if necessary):

Blasting:..... Geophysical (list type):..... Other: Excavation....
Grid and Line development (distance, width, method):.....

8. TIMBER: Will merchantable timber be cut during this project? YES ☒ NO ☐

Merchantable timber type:..... Timber..... Non-merchantable timber type: Timber

Area to be Cleared: 1200.....m² Volume of Merch.: m³ Volume of Non-merch.:.....45.....m³

Will timber be used on site? ☐ Yes ☒ No If no, indicate method of disposal below:

☒ Bucked and scattered ☐ Decked for other timber tenure holders ☐ As directed by cutting authorisation

9. WATER SUPPLY (subject to approval under the *Water Act*):

Stream name:... Otter Creek

Describe the source of water supply: Otter Creek

Draining to: Surprise Lake

Pump size in water course:.....6.....inches Quantity of water to be used:.....2.5.....c.f.s. org.p.m.

Pump size in settling pond: N/Ainches Location of water intake (show on plan):.....

Are you proposing changes in or about a stream (bridges, culverts, pipelines, dams, stream diversions, etc.)? ☐ Yes ☒ No
If yes, explain in the space provided below and attach a map (1:20,000 scale) showing the location of all proposed changes.
.....

10. WASTE WATER TREATMENT (subject to approval under the *Waste Management Act*):

Describe the waste water treatment facility (settling pond design, recycling, distance from creek, etc.) ... A series of (3) three settling ponds located in old workings. Each pond is divided with an overflow pipe. The ponds are located 100 + metres from Otter Creek. .

Is your operation planned for zero discharge (zero discharge means no water is released back into a stream either through a pipe, an overflow, by pumping, or by visible seepage through an impoundment): ☐ YES. ☒ NO If no, please describe:

Water will flow back into Otter Creek after settling has occurred in the series of (3) settling ponds described above.

11. EQUIPMENT LIST (Note: all equipment to comply with the Health, Safety and Reclamation Code):

Number and Type	Size/Capacity
a) Ex 100.....	½ Bucket.....
b) 950 Cat Loader.....	4 yd Bucket
c) Wash Plant (Super Sluice).....	70 yds per hour.....
d) 6 " Diesel Pump.....	75 HP.....
e) 2 Haul Trucks.....	50 Ton.....
f) Excavator.....	3-4 Yard.....
g) Dozer.....	15 Cubic Yard.....
h) 325 Cat Excavator.....	2 Yard.....

12. FIRST AID FACILITIES (Must comply with W.C.B. regulations):

Describe methods of communication on site: VHF radio and Satellite Phones.

Location of nearest hospital: Atlin, BC..... Travel time to hospital (surface): 1 Hour

Number of persons on site (including contractors): 6-8 Type of transportation available: Pickup Truck

First aid equipment on site: Level II.....

First aid certificate level(s): Level III (TE)..... Expiry Date: ...2011.03.15.....

Holder of Supervisor Certificate:..... Expiry Date:.....

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13. SURFACE DISTURBANCE OFF PLACER LEASES OR CLAIMS: ☐ Yes ☒ No (if no proceed to section 14)

Campsite: Length:m Width:m Area:m²

Access construction: Total length:m Width:m Area:m²

Other (specify):

14. EXISTING SURFACE DISTURBANCE ON PLACER LEASES OR CLAIMS: (Length × Width = Area)

(includes spoil piles, travelled areas, side casts)

(a) Settling Ponds: No. 2..... Length: 30.....m Width: 20.....m Area: 1200.....m²

(b) Mining areas: No. 1..... Length: 150.....m Width: 50.....m Area: 7500.....m²

(c) Coarse tailings piles; Wash plants: Length: 100.....m Width: 50.....m Area: 5000.....m²

(d) Existing Access: Length: 7550.....m Width: 5.....m Area: 37750.....m²

(# × Length × Width = Area)

(e) Trenching: # of trenches:..... Depth:..... Length:.....m Width:.....m Area:.....m²

(f) Test pits: # of pits: ...1..... Depth: 6... Length: 30...m Width: 20.....m Area: 600.....m²

(g) Campsite: Length: 50.....m Width: 30.....m Area: 1500.....m²

(h) Other: Describe.....1 Natural Large Settling Pond Length: 75m Width: 50m..... Area: 3750.....m²

TOTAL EXISTING SURFACE DISTURBANCE ON CLAIM [add lines (a) through (h)]:57300.....m²

15. PROPOSED SURFACE DISTURBANCE ON PLACER LEASES OR CLAIMS: (Length × Width = Area)

(includes spoil piles, travelled areas, side casts)

(a) Wash plants: No. ...1..... Length: 10.....m Width: 20.....m Area: 200.....m²

(b) Settling Ponds: No. Length:m Width:m Area:m²

(c) Mining areas: Length: 100.....m Width: 50.....m Area: 5000.....m²

(d) Coarse tailings piles: Length: 50.....m Width: 20.....m Area: 1000.....m²

(e) Access construction: Length: 600.....m Width: 5.....m Area: 3000.....m²

(# × Length × Width = Area)

(f) Trenching: # of trenches:..... Depth:..... Length:m Width:m Area:m²

(g) Test pits: # of pits:5..... Depth:4..... Length: 30.....m Width: 20.....m Area: 600.....m²

(h) Campsite: Length:m Width:m Area:m²

(i) Other: Describe Area:m²

TOTAL PROPOSED SURFACE DISTURBANCE ON PLACER LEASE/CLAIMS THIS YEAR
[add lines (a) through (i)] = (A)m²

TOTAL EXISTING SURFACE DISTURBANCE ON CLAIM (see section 14 for total) = (B)m²

TOTAL AREA PLANNED FOR RECLAMATION THIS YEAR = (C) 5000.....m²

BALANCE OF UNRECLAIMED DISTURBANCE AT THE END OF THIS YEAR: (A) + (B) - (C) = 4960.....m²

Proposed production per day.....m³.....yd³ Proposed production per year.....m³.....yd³

16. PRESENT STATE OF LAND ON WHICH WORK IS PROPOSED:

Present land use: ...Mining Type of vegetation: Buckbrush/Small Spruce
Is riparian buffer (10 metre reserve) intact? ☒ Yes ☐ No
Is access presently gated? ☐ Yes ☒ No, If yes has a key been supplied to the Inspector? ☐ Yes ☒ No
Old equipment(describe):Dumps, old sluice boxes etc..... Buildings/Cabins (describe):3-5 Old camp buildings.....
Recreational Trails/use (describe): Old mining roads used to access area for hunting etc
Cultural/Heritage Resources (describe):...None.....

17. RECLAMATION PROGRAM:

- At the termination of the operations each year disturbed areas shall be left in a neat, clean, and safe condition. All mined or otherwise disturbed areas, including cut banks, fill slopes, and tailings piles, shall be stabilized annually by contouring and revegetating. All dead trees and slash shall be disposed of in an acceptable manner.
 - At the final completion of operations, all disturbed areas shall be contoured to conform with the natural terrain, covered with topsoil or growth medium and revegetated. All buildings and equipment shall be removed from the site.
- ☒ Reclamation will be conducted concurrently with mining, or ☐ Reclamation will be conducted at end of season

... Describe in detail the program of reclamation in accordance with the standards described above: Any topsoil encountered will be stockpiled and retained for later reclamation. The area will be stripped, with stripped material stockpiled in lay down area for later reclamation. Re-contouring and sloping will occur at the end of the operation. Upon final completion, stockpiled topsoil will be spread, test pits will be leveled, re-contoured and landscaped. Upon final completion, temporary camp structures will be removed from site. As in previous years areas not needed for future mining...settling ponds, plant, camp areas and access etc will be reclaimed as mining progresses.

18. Appropriate maps are required. Preferred maps are: (a) 1:20,000 topographic maps; (b) claim maps, or as required by the Inspector. Maps should show:

- | | |
|---|---|
| <input checked="" type="checkbox"/> water courses | <input checked="" type="checkbox"/> existing access |
| <input checked="" type="checkbox"/> topography | <input checked="" type="checkbox"/> location of proposed surface disturbance |
| <input checked="" type="checkbox"/> proposed new access | <input checked="" type="checkbox"/> known location of previous surface workings |

Note: If underground exploration or development is contemplated, an additional "Underground Exploration Work Application for Approval" must be completed.

Failure to complete all relevant sections may cause the application to be returned

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19. MINING PLAN - Detailed Plan of Disturbed Area:

(This application will be returned if not accompanied by a legible map or sketch showing - if applicable)

- | | |
|--|---|
| <input checked="" type="checkbox"/> location of claim posts | <input checked="" type="checkbox"/> mining cuts |
| <input checked="" type="checkbox"/> property boundaries | <input checked="" type="checkbox"/> overburden stockpiles |
| <input checked="" type="checkbox"/> access to work areas | <input checked="" type="checkbox"/> tailings disposal areas |
| <input checked="" type="checkbox"/> watercourses | <input checked="" type="checkbox"/> settling ponds |
| <input checked="" type="checkbox"/> proposed grid layouts | <input checked="" type="checkbox"/> intake water |
| <input checked="" type="checkbox"/> other surface facilities | <input checked="" type="checkbox"/> fuel storage |
| <input checked="" type="checkbox"/> camp facilities | <input checked="" type="checkbox"/> north arrow |

MINING PLAN

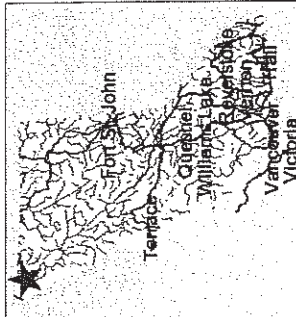
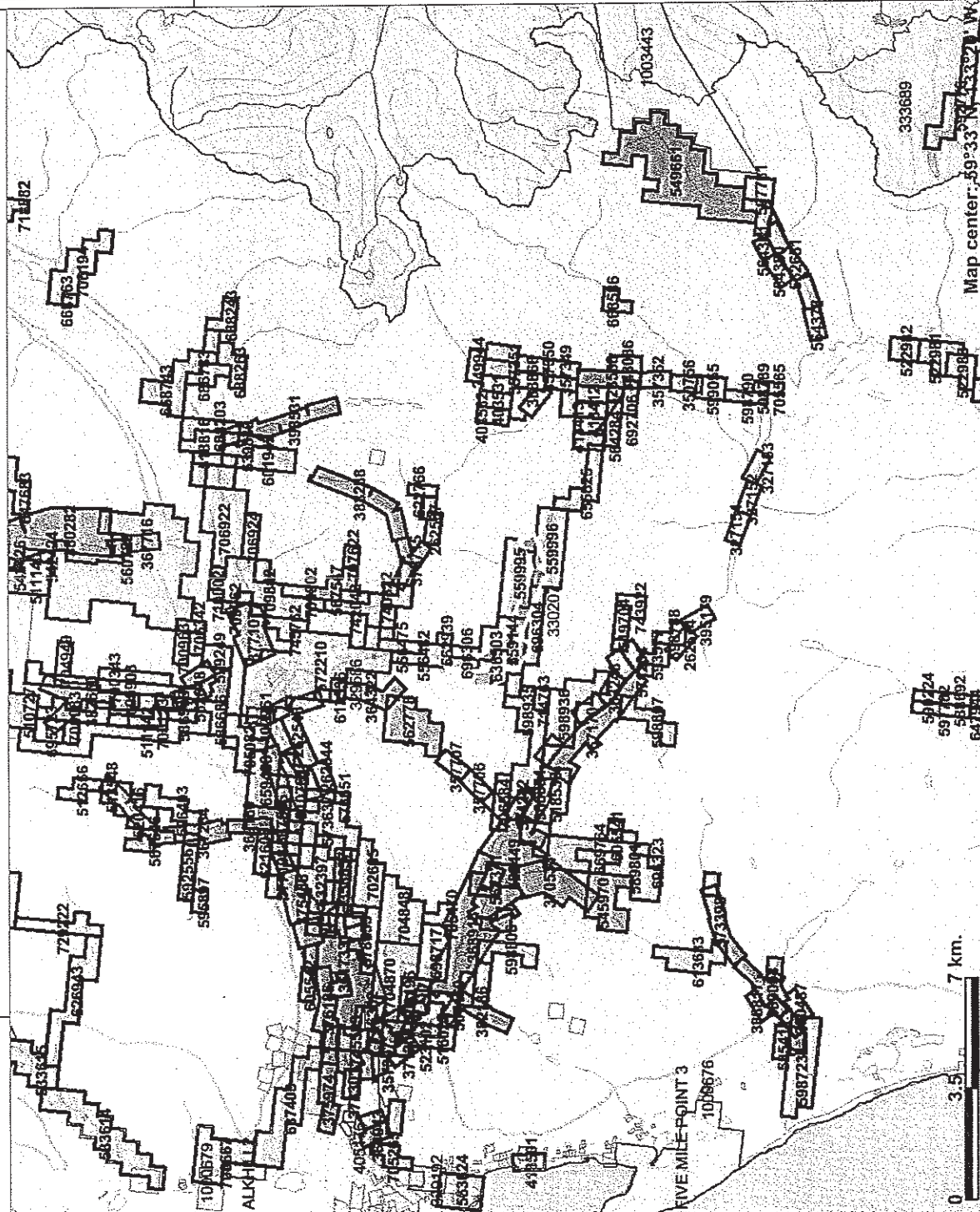
Please refer to the attached air photo for proposed works and location. It is anticipated that there will be five test pits dug. These test pits will have the required setback for riparian areas. The water for testing will be water taken from Otter Creek and settling ponds will be used. The area being tested will then be reclaimed by filling, leveling, sloping, re-contouring. Regarding the mining plan it is anticipated that similar disturbance and reclamation is expected for each of the (4) four years of this mining plan and as stated in #17 reclamation will be conducted as mining progresses.

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SMITHERS
FORM 2011-00085

Otter Creek Resources PL 636503



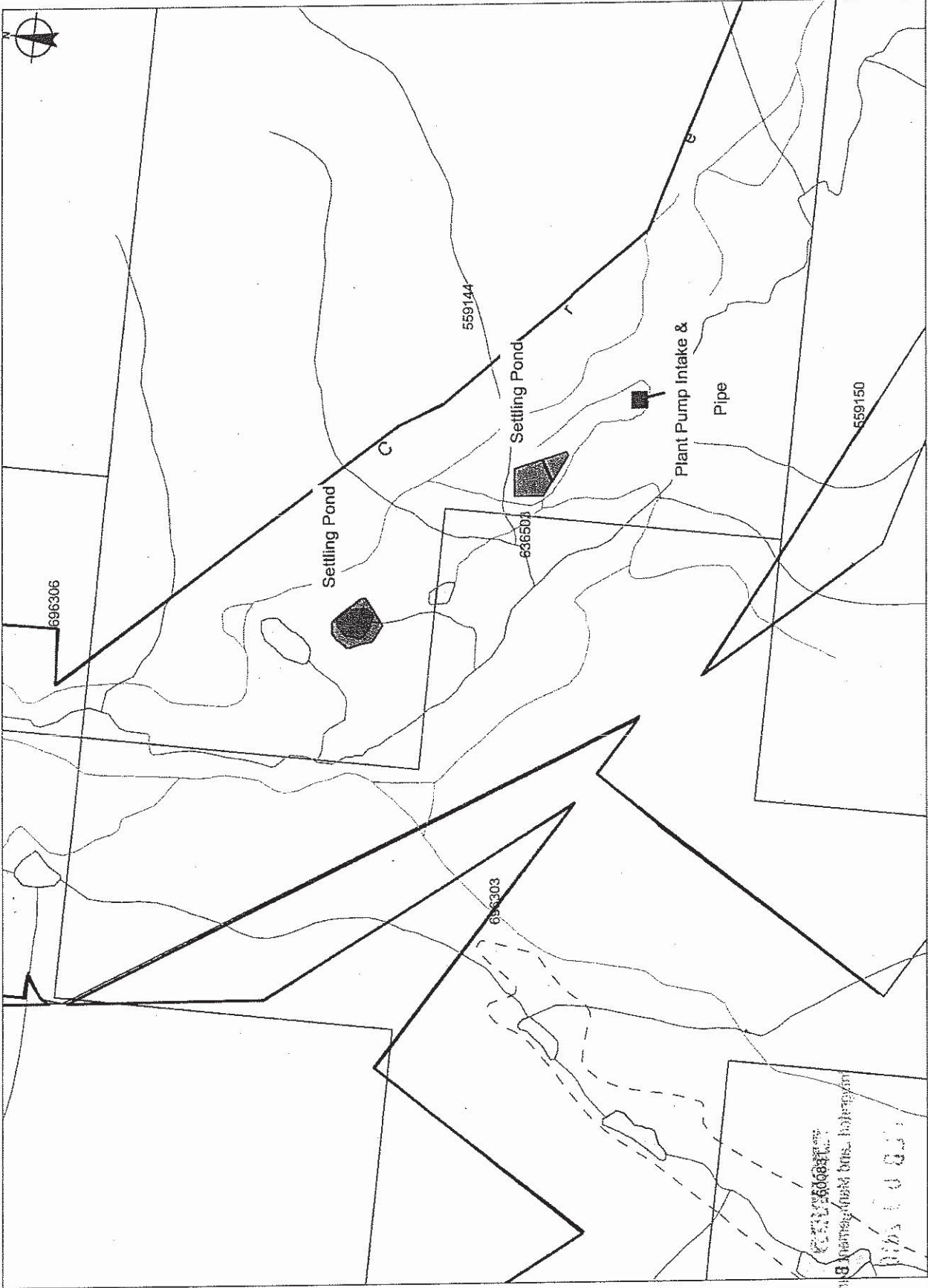
Legend

- ☐ Indian Reserves
- ☐ National Parks
- ☐ Conservancy Areas
- ☐ Parks
- ☐ Placer Tenure (current)
- ☐ Placer Claim
- ☐ Placer Lease
- ☐ Placer Reserves (current)
- ☐ Placer Claim Designation
- ☐ Placer Lease Designation
- ☐ No Staking Reserve
- ☐ Conditional Reserve
- ☐ Release Required Reserve
- ☐ Surface Restriction
- ☐ Recreation Area
- ☐ Others
- ☐ Land Districts
- ☐ Survey Parcels
- ☐ Contours (1:250K)
- ☐ Contour - Index
- ☐ Contour - Intermediate
- ☐ Areas of Exclusion
- ☐ Areas of Indefinite Contours
- ☐ Landmark - Points (1:250K)
- ☐ Mine - Abandoned
- ☐ Campground/Campsite
- ☐ Park
- ☐ Ski Area
- ☐ Park/Picnic Area
- ☐ Campground Campsite
- ☐ Town
- ☐ Village
- ☐ School
- ☐ Elsie L. Leckie - Teacher

Scale: 1:191,802

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.







Otter Creek Resources Otter Creek Resources

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Image © 2010 DigitalGlobe
Image © 2010 TerraMetrics

Google

59°33'49.39"N

133°21'57.87"W

elev 3898 ft

Eye alt 25093 ft







The Best Place on Earth

May 26, 2010

File: 14675-20/0101117

John Zogas
Otter Creek Resources Ltd.
202-4330 Sunshine Coast Hwy
Sechelt BC V0N 3A1

Dear John Zogas:

Re: Mines Act Permit P-1-707 Approval # 10-0101117-0526 Property: Otter Creek 636503

Please find enclosed your Mines Act permit which authorizes placer activities as detailed in the Notice of Work and Reclamation Program dated February 9, 2010. The Notice of Work and Reclamation Program forms part of the permit and you are reminded that you may not depart from the permitted program without written authorization.

Please ensure that you and all persons who are carrying out activities in accordance with this permit comply with all terms and conditions of the permit and are familiar with the permitted work program.

This permit applies only to the requirements under the *Mines Act* and Health, Safety and Reclamation Code for Mines in British Columbia (Code). Also attached is your Water Approval issued to you by the Ministry of Environment. **Cutting of Timer can not take place until you have received your Occupant License to Cut from the Ministry of Forests and Range.** Other legislation may be applicable to the operation and you (the Permittee) may be required to obtain approvals or permits under that legislation.

Also enclosed is copy of the bank draft covering securities described as *RBC Bank Draft* s.21 for \$10,000. The amount of your security deposit may be adjusted on the basis of reclamation performance, field inspections by this Ministry, and on reports which may be requested.

Please provide me with written notice at least 7 days prior to ceasing work on the program.

An Annual Summary of Activities form is enclosed for your convenience. Until this permit is closed, you must file this information by March 31 of each year. Failure to comply with the Code may impact your ability to obtain future permits and work authorizations.

Sincerely,


Doug Flynn, PEng
Inspector of Mines

Encl. Permit/NOW; MOE Approval; ASPA

cc: Reclamation Section, Victoria

Ministry of Energy, Mines
and Petroleum Resources

Mining & Minerals Division

Mailing Address:
Bag 5000
2nd Flr - 3726 Alfred Ave
Smithers, BC V0J 2N0
Telephone: (250) 847 7383
Facsimile: (250) 847 7603

Location:
Bag 5000
2nd Flr - 3726 Alfred Ave
Smithers, BC V0J 2N0