



Conservation and Water Stewardship

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

File: 2815.00

May 17, 2012

Richard Sutcliffe, Ph.D., P.Geo
President and CEO
Auriga Gold Corp.
8 King Street East
Suite 1300
Toronto, ON M5C 1B5

Dear Mr. Sutcliffe:

Re: Puffy Lake Gold Mine – Environment Act Licence No. 1207E

Receipt of your May 2, 2012 letter in which you advise that Auriga Gold Corp. (Auriga) is now the legal owner of the Puffy Lake Gold Mine, which includes the mine, associated mill and tailings management area, is acknowledged.

You indicate that Auriga intends to resume operation of the Puffy Lake Mine, which has not been in operation since March of 1989. Additionally, you state that Auriga will comply in all respects with the water quality limits, sampling and reporting criteria set out in the *Metal Mines Effluent Regulation* (MMER) and will report all information to Manitoba Conservation and Water Stewardship.

In accordance with Clauses 6 and 7 of Environment Act Licence No. 1207E, the Puffy Lake Mine must comply with all criteria set out in the MMER. All reporting may be submitted to the Environmental Compliance and Enforcement Branch of Manitoba Conservation and Water Stewardship.

Should the development as Licensed require any modification or alteration, a Notice of Alteration must be filed with the Environmental Approvals Branch of Manitoba Conservation and Water Stewardship in accordance with Section 14 of *The Environment Act* prior to any change being made to the development.

Our records will be updated to show that Auriga Gold Corp. is now the Licencee of Environment Act Licence No. 1207E. Please note that the administration of Environment Act Licence No. 1207E has now been transferred to the Northwest Region of the Environmental Compliance and Enforcement Branch of Manitoba Conservation and Water Stewardship. Should you require further assistance with respect to the Licence, please contact Audrey Romanchuk 204-627-8499.

Yours truly,

A handwritten signature in blue ink that reads "Tracey Braun". The signature is written in a cursive, flowing style.

Tracey Braun, M.Sc.
Director
Environmental Approvals

- c. Don Labossiere, Director – Environmental Compliance and Enforcement, Conservation and Water Stewardship
Ernest Armitt, Director – Manitoba Innovation, Energy and Mines
Public Registries

Environment Act Licence

Manitoba
Environment and
Workplace Safety
and Health



Licence No. 1207E

Issue Date OCTOBER 13, 1989

In accordance with the Manitoba Environment Act (C.C.S.M. c. E125)

THIS LICENCE IS ISSUED TO:

PIONEER METALS CORPORATION; APPLICANT

The following limits, terms and conditions shall be complied with in connection with the operation of a gold mine and associated mill and tailings area, commonly known as the Puffy Lake Mine, located in Township 69, Range 24 WPM, approximately 35 km southeast of Sherridon, Manitoba:

1. The Applicant shall ensure that:
 - (a) at all times, all mine and mill process wastewaters discharged into the environment are discharged directly into Ragged Lake, the tailings disposal area, and that;
 - (b) any liquid effluent released as overflow from the tailings disposal area into the environment is discharged only through the designated final discharge point.
2. The Applicant shall treat all the sanitary and domestic sewage using the existing "Rotodisc" sewage treatment plant, and shall discharge all the treated effluent from this treatment plant into Ragged Lake, the tailings disposal area.
3. The Applicant shall ensure that the liquid effluent discharged at the final discharge point is of such quality that:
 - (a) the concentrations of the following substances in the effluent are not in excess of the corresponding maximum allowable concentrations shown for those categories listed under Columns I, II, and III of the following table:

.../2

<u>Substance</u>	Column I	Column II	Column III
	<u>Maximum Monthly Arithmetic Mean Concentration</u>	<u>Maximum Concentration In a Composite Sample</u>	<u>Maximum Concentration In a Grab Sample</u>
Total Arsenic	0.5 mg/l	0.75 mg/l	1.0 mg/l
Total Copper	0.07 mg/l	0.10 mg/l	0.15 mg/l
Total Lead	0.04 mg/l	0.08 mg/l	0.12 mg/l
Total Nickel	0.1 mg/l	0.15 mg/l	0.2 mg/l
Total Zinc	0.1 mg/l	0.15 mg/l	0.2 mg/l
Total Iron	3.0 mg/l	4.5 mg/l	6.0 mg/l
Free Cyanide	0.06 mg/l	0.1 mg/l	0.15 mg/l
Total Cyanide	0.2 mg/l	0.3 mg/l	0.4 mg/l
Total Suspended Matter	25.0 mg/l	37.5 mg/l	50.0 mg/l

and that;

- (b) the pH of the effluent is not below the minimum allowable values shown for those categories listed under Columns I, II, and III of the following table:

<u>Parameter</u>	Column I	Column II	Column III
	<u>Minimum Monthly Arithmetic Mean pH</u>	<u>Minimum pH in a Composite Sample</u>	<u>Minimum pH in a Grab Sample</u>
pH	6.0	5.5	5.0

and that;

- (c) the pH of the effluent is not over the maximum allowable values shown for those categories listed under Columns I, II, and III of the following table:

<u>Parameter</u>	Column I	Column II	Column III
	<u>Maximum Monthly Arithmetic Mean pH</u>	<u>Maximum pH in a Composite Sample</u>	<u>Maximum pH in a Grab Sample</u>
pH	9.5	10.0	10.5

4. Subject to Clause #6, the Applicant shall ensure that:

- (a) the effluent discharged at the final discharge point is sampled and analyzed for the following substances at no less a frequency than as specified in the table below whereby the applicability of Columns I, II, III, and IV for each listed substance shall be determined on the basis of the arithmetic mean concentration of that substance in the samples of effluent collected and reported in those preceding six months during which discharge occurred:

Substance	Column I	Column II	Column III	Column IV
	At Least Weekly If Concentration Is Equal to Or Greater Than	At Least Every Two Weeks If Concentration Is Equal to Or Greater Than	At Least Monthly If Concentration Is Equal to Or Greater Than	At Least Every Six Months If Concentration Is Less Than
Total Arsenic	0.5 mg/l	0.2 mg/l	0.10 mg/l	0.10 mg/l
Total Copper	0.07 mg/l	0.04 mg/l	0.02 mg/l	0.02 mg/l
Total Lead	0.04 mg/l	0.02 mg/l	0.01 mg/l	0.01 mg/l
Total Nickel	0.1 mg/l	0.05 mg/l	0.02 mg/l	0.02 mg/l
Total Zinc	0.1 mg/l	0.05 mg/l	0.02 mg/l	0.02 mg/l
Total Iron	3.0 mg/l	1.5 mg/l	0.75 mg/l	0.75 mg/l
Free Cyanide	0.06 mg/l	0.03 mg/l	0.01 mg/l	0.01 mg/l
Total Cyanide	0.2 mg/l	0.1 mg/l	0.05 mg/l	0.05 mg/l
Total Suspended Matter	25.0 mg/l	20.0 mg/l	15.0 mg/l	15.0 mg/l

and that;

- (b) the effluent discharged at the final discharge point is sampled and analyzed for pH at no less a frequency than as specified in the following criteria:
- (i) once a week, where the pH of the effluent was less than 5.0 or greater than 10.5 at any time in those preceding six months during which discharge occurred;

- (ii) once every two weeks, where the pH of the effluent was between 5.0 and 5.5 or between 9.5 and 10.5 at any time in those preceding six months during which discharge occurred; or
 - (iii) once a month if (i) and (ii) do not apply.
5. The Applicant shall ensure that, unless otherwise specified in writing by the Director, the liquid effluent is monitored at the final discharge point once every six months for the following additional parameters:
- | | |
|----------------------|--------------------------|
| Total Cadmium | Total Silver |
| Total Mercury | Total Chromium |
| Total Ammonia (as N) | Field Temperature and pH |
6. The Applicant shall ensure that the effluent discharged at the final discharge point is sampled and analyzed in such a manner and/or analyzed for such additional parameters and characteristics and/or sampled and analyzed at such frequencies and for such duration of time as may be specified in writing by the Director.
7. The Applicant shall ensure that the total volume of final effluent discharged at the final discharge point is determined monthly by a method of measurement or estimation which has been filed with and received the approval of the Director.
8. The Applicant shall ensure that within 30 days after the month during which the data required by Clauses 4, 5, 6 and 7 is collected, the said data is submitted to the Director in such form as is satisfactory to the said Director.
9. To ensure that appropriate long range planning is identified with respect to adequately increasing the tailings holding capacity of the tailings area, while at the same time allowing for an adequate ponding area for clarification and retention of the decanted wastewater, the Applicant shall submit a report to the Director on or before December 31, 1991, which said report shall detail the measures and implementation schedule proposed to address the tailings area management strategy for the next 5 years of mining activity.

10. So that the Director may monitor the degree of wastewater recycle actually being attained, the Applicant shall submit to the Director, by the 1st day of March during each year of operations, an annual water balance study covering the preceding year of operation, and detailed to the satisfaction of the Director.
11. The Applicant shall carry out a water quality monitoring program on the receiving waters of the final effluent within such lakes, at such frequency and having such scope as is satisfactory to the Director.
12. Upon the request of an Environment Officer, the applicant shall provide transportation for an Environment Officer from the mine/mill site to the final discharge point.
13. Whereupon the Director deems it advisable to have the effectiveness of any segment or component of the wastewater treatment system established, or to have specific areas of concern investigated, the Applicant shall provide the Director with such engineering studies, reports, drawings, specifications, analysis of any wastewater streams or receiving waterways, and any other information likely to be relevant as may be requested in writing and, if necessary, carry out such corrective measures as may be indicated in writing by the Director.
14. The Applicant shall dispose of bulky metallic waste or other solid wastes (exclusive of waste rock and tailings solids) only in waste disposal grounds designated and approved for that purpose pursuant to Manitoba Regulation 98/88 R respecting waste disposal grounds.
15. (a) The Applicant shall, before July 15, 1989, file with the Director a preliminary rehabilitation plan with respect to the eventual closure of the operation, in regards to:
 - (i) the eventual orderly removal and disposal of all structures, their contents and all other accumulated material (except waste rock and tailings solids) on the site of the said operation, and;
 - (ii) the steps to be taken to rehabilitate the said site at the termination of the said operation in line with safety, aesthetic considerations and the protection of the environment;

which said plan shall be subject to the consideration, possible amendment and approval, or otherwise, by the Director.

- (b) In the event of an imminent cessation of the said operation, the Applicant shall forthwith file with the Director a final rehabilitation plan, to replace the preliminary rehabilitation plan, for the consideration, possible amendment and approval, or otherwise, by the Director.
- (c) Upon the termination of the said operation, the Applicant shall take all steps necessary to carry out the approved final rehabilitation plan within such time frame as specified by the Director.

16. In this Licence:

- (a) "final discharge point" means the control structure located along the discharge route between Ragged Lake and Puffy Lake as shown in Appendix 'A', unless otherwise designated in writing by the Director;
- (b) "monthly arithmetic mean" means the average value of the concentrations determined for each substance in all the composite and grab samples collected and reported during that month, with the exception that, if the applicant collects only one composite or grab sample during a month, the single set of analytical results shall be construed as being representative of the effluent quality for that month and hence shall be treated as the monthly arithmetic mean;
- (c) "composite sample" means a quantity of effluent consisting of a minimum of three equal volumes of effluent collected at approximately equal time intervals over a sampling period of not less than 7 hours and not more than 24 hours, or alternatively, consisting of effluent collected continuously at an equal rate over a sampling period of not less than 7 hours and not more than 24 hours.

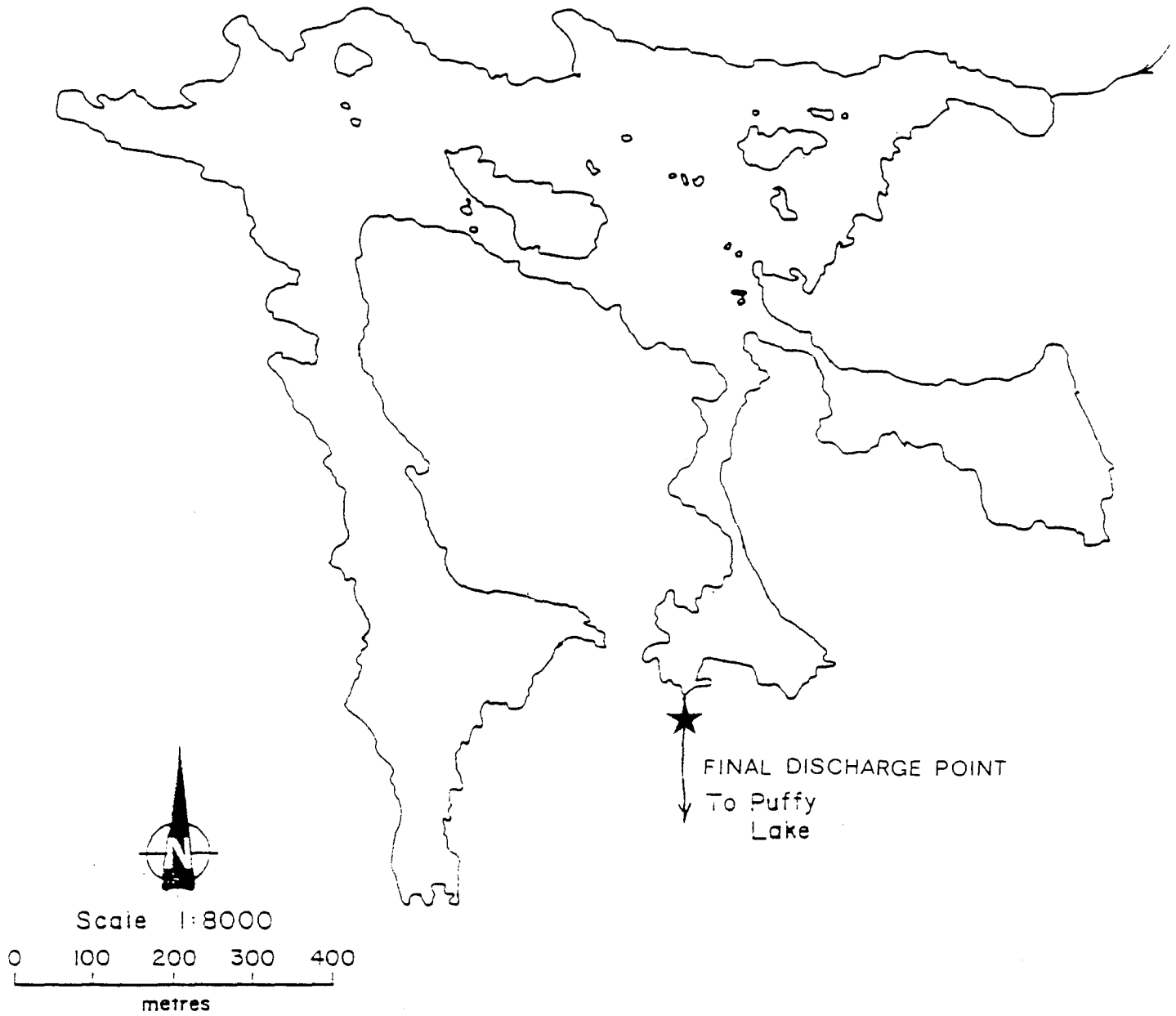


C.B. Orcutt
Director
Environment Control Services

APPENDIX A
TO LICENCE NO. 1207 E

RAGGED LAKE

TAILINGS DISPOSAL AREA



MINERAL LEASE ML-65

STATUS: IGS

RENT: \$4,536.00

PRODUCING: No

HOLDER: Pioneer Metals Unlimited Liability Company

RECORDING DATE: 01-Apr-92

ANNIVERSARY DATE: 01-Apr-13

ROUNDED AREA: 378 Ha

NTS AREA:

SW2-63N		

ACTUAL AREA: 377.3 Ha

SURVEYED: Yes

SURVEY PLAN DUE DATE: NA

FORMER NAME: LEASE H

CANCELLATION/SURRENDER DATE:

ACTIVITIES:

October 30, 1987 - Lease applied for - Lease H to Pioneer Metals Corporation.

June 28, 1988 - First Charge Demand Debenture between Pioneer Metals Corporation and The Chase Manhattan Bank of Canada under Document No. 15615.

July 11, 1988 - Amendment to First Charge Demand Debenture between Pioneer Metals Corporation and The Chase Manhattan Bank of Canada registered (Document No. 15615) under Document No. 15621.

March 3, 1988 - Notice of Application for Certificate of Survey.

May 28, 1988 - Application for Certificate of Survey under Document No. 15627.

May 28, 1988 - Certificate of Survey Issued.

August 2, 1988 - Claim for Lien Under "The Builders" Liens Act by Canadian Mine Development against Pioneer Metals Corporation under Document No. 15626.

November 22, 1988 - Discharge of Builders' Lien by Canadian Mine Development against Pioneer Metals Corporation (Document No. 15626) under Document No. 15650.

February 23, 1989 - Grouping: Lease H, P 5567E, P 6516E to P 6520E under Grouping No. G 2894.

June 20, 1989 - Supplemental Debenture dated June 7, 1989 to First Charge Demand Debenture between Pioneer Metals Corporation and The Chase Manhattan Bank of Canada registered (Document No. 15615) under Document No. 15706.

June 20, 1989 - Demand Debenture dated June 7, 1989 between Pioneer Metals Corporation and Pegasus Gold Inc. in the amount of \$8,000,000.00 under Document No. 15707.

March 7, 1991 - Grouping: Lease H, CB 12301 to CB 12303, CB 11425 to CB 11428 under Grouping No. G 3188.

May 29, 1991 - Discharge of Demand Debenture dated June 7, 1989 between Pioneer Metals Corporation and Pegasus Gold Inc. in the amount of \$8,000,000.00 registered (Document No. 15707) under Document No. 15872.

February 17, 1992 - Discharge of First Charge Demand Debenture between Pioneer Metals Corporation and The Chase Manhattan Bank of Canada registered under Document No. 15615 and amendment and supplemental thereto registered (Document Nos. 15621 & 15706) under Document No. 15943.

April 1, 1992 - Lease H converted to ML-065.

February 29, 1996 - Change of company name from Pioneer Metals Corporation to Scaffold Connection Corporation was

registered under Document No. 16194.

April 2, 1996 - Change of company name from Scaffold Connection Corporation to Pioneer Metals Corporation was registered under Document No. 16195.

May 31, 2007 - Work reported and approved.

November 9, 2009 - Change of company name from Pioneer Metals Corporation to Pioneer Metals Unlimited Liability Company registered under Document No. 17374.

EFFECTIVE FROM 01-Jan-2012 TO 31-Dec-2012

Taxing Authority NORTHERN AFFAIRS

REGION NW

00114539 AURIGA GOLD CORP.
RICHARD SUTCLIFFE, PRESIDENT
1300 - 8 KING STREET EAST
TORONTO ON
M5C 1B5 CD

OTHER CLIENTS

Permit Number
GP 0002799

Sys ID: 00009812

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

LEGAL DESCRIPTION OF LAND

B 00-069-25 W

Block: Lot: Plan:

DISPOSITION PARTICULARS

100' ACCESS ROAD RIGHT OF WAY TO PUFFY LAKE ACROSS PART TWP 69-25 WPM

SPECIFIC USE: ALL WEATHER ROAD

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

SPECIFIED USE: ROAD - ALL WEATHER

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

Road - All Weather

Permit Renewal Fee

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

[SEE PARTICULARS]

ANY CUTTING OF TREES AND CLEARING REQUIRES A WORK PERMIT FROM THE LOCAL NATURAL RESOURCE OFFICER.

SUBJECT TO THE CONDITIONS OUTLINED IN SCHEDULE 'A' ATTACHED TO THE CROWN LAND PERMIT.

EFFECTIVE FROM 01-Jan-2012 TO 31-Dec-2012

Taxing Authority NORTHERN AFFAIRS

REGION NW

00114539 AURIGA GOLD CORP.
RICHARD SUTCLIFFE, PRESIDENT
1300 - 8 KING STREET EAST
TORONTO ON
M5C 1B5 CD

OTHER CLIENTS

Permit Number

GP 0003758

Sys ID: 00010768

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

LEGAL DESCRIPTION OF LAND

B 12-070-24 W
Block: Lot: Plan:
B 07-070-23 W
Block: Lot: Plan:

DISPOSITION PARTICULARS

WATER PIPELINE RIGHT-OF-WAY AND ACCESS ROAD ACROSS PART SECTION 7-70-23 WPM AND SECTION 12-70-24 WPM

SPECIFIC USE: WATER PIPELINE & ALL WEATHER ROAD

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

SPECIFIED USE: ROAD - ALL WEATHER

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

Commercial Lot - Other
Road - All Weather
Permit Renewal Fee

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

[SEE PARTICULARS]

ANY CUTTING OF TREES AND CLEARING REQUIRES A WORK PERMIT FROM THE LOCAL NATURAL RESOURCE OFFICER.

SUBJECT TO THE CONDITIONS OUTLINED IN SCHEDULE 'A' ATTACHED TO THE CROWN LAND PERMIT.

EFFECTIVE FROM 01-Jan-2012 TO 31-Dec-2012

Taxing Authority NORTHERN AFFAIRS REGION NW

00114539 AURIGA GOLD CORP.
RICHARD SUTCLIFFE, PRESIDENT
1300 - 8 KING STREET EAST
TORONTO ON
M5C 1B5 CD

OTHER CLIENTS

Permit Number
GP 0004038

Sys ID: 00011047

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

LEGAL DESCRIPTION OF LAND

B 12-070-24 W

Block: Lot: Plan:

ALL 11-070-24 W

Block: Lot: Plan:

DISPOSITION PARTICULARS

ACCESS ROAD FROM JAY LAKE TO PUFFY LAKE MINE

SPECIFIC USE: ALL WEATHER ROAD

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

SPECIFIED USE: ROAD - ALL WEATHER

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

Road - All Weather

Permit Renewal Fee

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

[SEE PARTICULARS]

ANY CUTTING OF TREES AND CLEARING REQUIRES A WORK PERMIT FROM THE LOCAL NATURAL RESOURCE OFFICER.

SUBJECT TO THE CONDITIONS OUTLINED IN SCHEDULE 'A' ATTACHED TO THE CROWN LAND PERMIT.

EFFECTIVE FROM 01-Jan-2012 TO 31-Dec-2012

Taxing Authority NORTHERN AFFAIRS REGION NW

00114539 AURIGA GOLD CORP.
RICHARD SUTCLIFFE, PRESIDENT
1300 - 8 KING STREET EAST
TORONTO ON
M5C 1B5 CD

OTHER CLIENTS

Permit Number
GP 0004134

Sys ID: 00011143

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

LEGAL DESCRIPTION OF LAND

B 07-070-23 W
Block: Lot: Plan:
B 06-070-23 W
Block: Lot: Plan:

DISPOSITION PARTICULARS

SITES FOR MINE TAILINGS CONTAINMENT ON EAST END OF RUGGED LAKE IN PART SECTIONS 6 AND 7-70-23 WPM.

SPECIFIC USE: MINE SITE

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

SPECIFIED USE: MINE SITE

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

Commerical Lot - Mine Site

Permit Renewal Fee

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

[SEE PARTICULARS]

PERMIT IS CONDITIONAL ON PERMITTEE HOLDING CURRENT AND VALID MINERAL DISPOSITION ON THE AREA. SUBJECT TO THE CONDITIONS OUTLINED IN SCHEDULE 'A' ATTACHED TO THE CROWN LAND PERMIT.