

## **1.0 DEVELOPER**

Tyhee NWT Corp (Tyhee) has prepared this Developers Assessment Report (DAR) in support of its application for a Water License and a Land Use Permit for the development of a gold mine and mill at the Ormsby property near Discovery, Northwest Territories (NT), named the Yellowknife Gold Project (YGP). The application is in the name of Tyhee NWT Corp, a wholly owned subsidiary of Tyhee Gold Corp, who will be the operator of the Yellowknife Gold Project. The DAR builds on information in the Project Description Report, which was previously submitted to the Mackenzie Valley Land and Water Board (MVLWB) on July 25, 2008.

The Developers Assessment Report is divided into eleven sections as follows:

- Developer;
- Description of Existing Biophysical Environment;
- Description of Existing Socio-Economic Environment;
- Development Description;
- Public Consultation and Communications;
- Environmental Assessment;
- Human Environment Assessment;
- Accidents and Malfunctions;
- Effects of Environment on the Project;
- Cumulative Effects; and
- Closure and Reclamation.

In preparing this report, Tyhee NWT Corp was assisted by the following companies:

- EBA Engineering Consultants Ltd.;
- Watts, Griffith and McQuat;
- Golder Associates Ltd.;
- Points West Heritage Consulting Ltd.;
- RWDI West Inc.; and
- GSGislason & Associates Ltd.

The report provides the necessary information to enable the MVEIRB to complete its environmental assessment of the project. Therefore, this report strives to identify the technical aspects, and environmental, social, and economic interactions the project may have during the design, construction and operation, and closure and reclamation phases of the project, and identifies the mitigation measures being proposed to effectively address these matters. The appendices provide the technical information collected to support the DAR.

## **1.1 CORPORATE OVERVIEW**

Tyhee Gold Corp is a publicly traded mineral resource company engaged in the exploration and development of mineral properties in North America and internationally. The share structure and listing information for the company is as follows:

Name:	Tyhee Gold Corp
Symbol:	TSX Venture – TDC
Incorporation:	March 3, 1993
Records:	Standard & Poor's
Authorized Shares:	unlimited
Total Shares Issued:	288,574,991
Options:	24,756,500
Warrants:	53,437,664
Fully Diluted Shares:	366,769,155
Date Listed:	October 28, 1994
Year End:	November 30

The corporate address is:

Tyhee Gold Corp/Tyhee NWT Corp  
Suite 401 – 675 West Hastings Street  
Vancouver, British Columbia, Canada V6B 1N2  
Telephone: (604) 681-2877  
Facsimile: (604) 681-2879  
Email: [info@tyhee.com](mailto:info@tyhee.com)

The Project Management Team is:

Dr. David R. Webb, President and CEO  
Mr. Hugh R. Wilson, Vice President - Environment and Community Affairs  
Mr. Doug Levesque, Vice President of Operations  
Mr. Val Pratico, Chief Geologist

## 1.2 PROJECT GOVERNANCE

The Board of Directors (Board) and the management team of Tyhee NWT Corp are committed to a high standard of corporate governance. Effective corporate governance ensures shareholder accountability through the use of specified reporting structures and business processes, a formalized strategic plan, and a commitment to adhere to these.

The Board believes that sound corporate governance practices ensure continued creation of shareholder value and continued shareholder trust and confidence in Tyhee NWT Corp. The Board of Directors of Tyhee Gold Corp is ultimately responsible under law for the stewardship of Tyhee including the business affairs of Tyhee NWT Corp.

To help execute this mandate, the Board has three standing committees, each consisting of a majority of independent directors. These are the Audit Committee, the Corporate Governance and Compensation Committee, and the Environmental, Health and Safety Committee. To ensure adherence to the highest standards, Tyhee has adopted as a minimum, the TSX Corporate Governance Policy.

### 1.3 ENVIRONMENTAL POLICY

Tyhee endeavours to respect and protect people and the environment through safe and environmentally friendly operations, and strict compliance with all levels of environmental legislation and guidelines.

Tyhee places a high priority on its responsibility for the environment and for the health and safety of its employees and the communities in which it operates.

As a mineral resource exploration and development company, Tyhee believes that it has an important role to play in the promotion of sound environmental management of the world's resources.

The Company has formalized this commitment to the environment by ensuring that environmental issues are addressed at the Board of Directors level and that all management personnel and employees are fully aware of their environmental responsibilities.

Tyhee has formed an Environmental, Health and Safety Committee of the Board of Directors, charged with the responsibility of corporate governance for all environment related matters.

This Committee reviews the operational activities of the Company on an ongoing basis, to ensure that compliance with all environmental guidelines and practices is achieved at all times.

To this end, the Company has adopted the principles espoused in the Environment Policy of the Mining Association of Canada.

### 1.4 PROPERTIES

The location of the Yellowknife Gold Project is shown on Figure 1.4-1. The claims and leases that comprise the Yellowknife Gold Project are discussed in Section 1.5 and listed in Table 1.5-1 and Table 1.5-2.

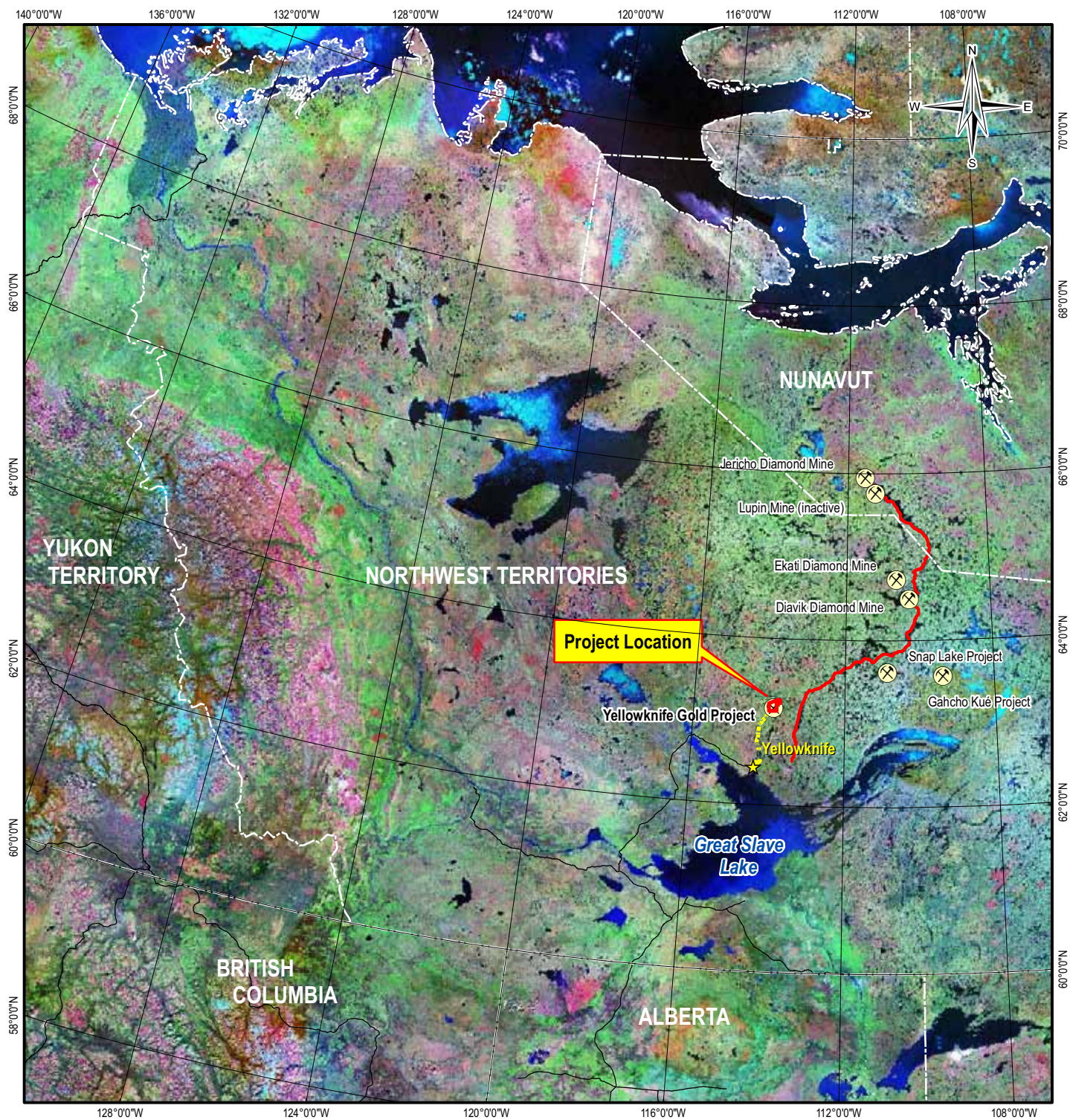
#### 1.4.1 Yellowknife Gold Project (YGP)

The Historic Discovery Mine Property is located approximately 88 km (53 miles) north of Yellowknife, NT, Canada. It is a past producer of 1,023,575 ounces of gold from 1,018,786 tonnes of ore. Tyhee purchased a 100% interest in the 1,859 acre [752 hectare (ha)] property, subject to a variable Net Smelter Royalty (NSR) from GMD Resource Corp (GMD) in early 2001 for \$265,000 (January 12, NR. Series 2, Release 13).





Three principal areas of mineralization are known to exist on the Property; the Nicholas Lake Main Zone, the Bruce Lake Zone and the Ormsby Zone. The Nicholas Lake Main Zone and Bruce Lake Zone were discovered in 1944. The Nicholas Lake Main Zone was developed to a depth of 1,235 m (4,000 ft) and the Bruce Lake Zone was developed to a depth of 152 m (500 ft). Cumulatively, the Nicholas Lake Main and Bruce Lake zones account for all of the historic production, which terminated in 1968 after the mill burnt down. Mineralization is open to depth below the shaft bottom, as well as in pillars adjacent to the existing stopes and in stope extensions.



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#### LEGEND


-  Local Study Area
-  Existing Mine
-  Winter Road to Ormsby
-  Tibbitt to Contwoyto Winter Road

#### NOTES

Base data source: LandSat7 Canada

#### YELLOWKNIFE GOLD PROJECT

##### Project Location

PROJECTION UTM Zone 12	DATUM NAD83
Scale: 1:7,500,000	
50 25 0 50 100 150 200 250	
	
Kilometres	

FILE NO.  
V23201097-DAR-001.mxd

PROJECT NO. V23201097	DWN SL	CKD RH	REV 0
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OFFICE EBA-VANC	DATE February 17, 2011
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 **tyhee NWT Corp**

EBA Engineering  
Consultants Ltd.

Figure 1.4-1

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The Ormsby Zone was discovered shortly after the Nicholas Lake Main Zone and was developed by Ormsby Mines Ltd. Discovery Mines Ltd. (Discovery) acquired these two zones in the 1950s. At that time, Discovery considered the Ormsby Zone to contain 100,000 tonnes of ore grading 0.30 ounces of gold per ton.

The mining leases lapsed in 1992, and were staked by New Discovery Mines Ltd. Subsequent exploration identified a new form of mineralization in the Ormsby Zone, which had previously not been recognized. Over 62,000 m of diamond drilling completed since then has expanded the resources on the property resulting in the resource estimates shown in Table 1.4-1.

### 1.4.2 Gold Resource

The gold resource has been established at the YGP containing 14.425 million tonnes (measured and indicated), grading 3.43 grams per tonne (gpt) gold containing 1,593,000 ounces of gold at a cut-off of 1.25 and 1.1 gpt. An additional 1.574 million tonnes are inferred, grading 3.52 gpt gold containing 178,000 ounces of gold (Table 1.4-1).

**TABLE 1.4-1: YGP, ORMSBY, BRUCE LAKE AND NICHOLAS LAKE MAIN ZONES MEASURED, INDICATED AND INFERRED GOLD RESOURCE AT 1.25 AND 1.1 GRAM PER TONNE CUT-OFF\***

Category	Tonnes	Gold Grade (gpt)	Ounces
Measured	4,252,000	3.53	482,000
Indicated	10,173,000	3.40	1,111,000
Subtotal	14,425,000	3.43	1,593,000
Inferred	1,574,000	3.52	178,000

\* The Ormsby Zone and Bruce Lake Zone resource is calculated by Pratico (2007), using an inverse distance to the second power with 5 x 5 x 5 m blocks, an arbitrary 1.25 gpt cut-off (without implying economic status) and a 60 gpt cap is used. A specific gravity of 3.0 is used in tonnage conversion, as measured from 85 sample determinations. Figures are rounded for presentation. (YGP PFS 2008)

Mineralization outcrops along prominent ridges within the Ormsby and Bruce Lake Zones, represents an excellent exploration and development target. Mineralization remains open between the two zones and to depth.

Gold mineralization occurs within altered northeast-striking metavolcanic breccias that dip steeply to the northwest. These domains, which are silicified and sulphidized, with or without carbonate, biotite, and garnet, are up to 20 m wide. Some exceed 100 m in length. Higher-grade gold zones of various dimensions transect these mineralized breccias, striking northwesterly dipping moderately to the south.

A total of 604 diamond drill holes and 95,698 assays composited into 1.5 metre lengths are used in the resource calculation for Ormsby and Bruce Lake, and 139 diamond drill holes and 13,389 assays were composited into 1.5 metre lengths are used in the resource calculation for Nicholas Lake. A specific gravity of 3.0 is used to convert volume to mass at

Ormsby and Bruce Lake, and 2.68 is used for Nicholas Lake. A 30, 60, and 90 metre search ellipsoid, determined by variography, was used in an inverse distance to the second power model for the resource. The Ormsby Lithon incorporates a volume 1,632 m long, 224 m wide, and 650 m deep (open) and the Discovery Lithon incorporates a volume measuring 1,210 m long, 160 m wide, and 422 m deep (open). The Discovery Lithon, which hosts the West Zone, is considered separately.

All calculations use fire assay data, which had been completed by previous operators as well as recent fire assay data collected by Tyhee. Tyhee completed fire assays on drill core and chip samples from the decline on 30 gram aliquots with ICP-ES finish at Acme Analytical Laboratories Ltd. in BC. Tyhee completed a rigorous quality assurance/quality control (QA/QC) program of inserting blanks and duplicates in the field and standards in the laboratory. The laboratory also conducted their own independent QA/QC program including inserting their own standards and re-running samples from pulped material and reject material. These results were provided to Tyhee. Tyhee also processed check samples at ALS Chemex Laboratories in North Vancouver for additional confirmation of results. All standards, duplicates, blanks and check assays returned acceptable results.

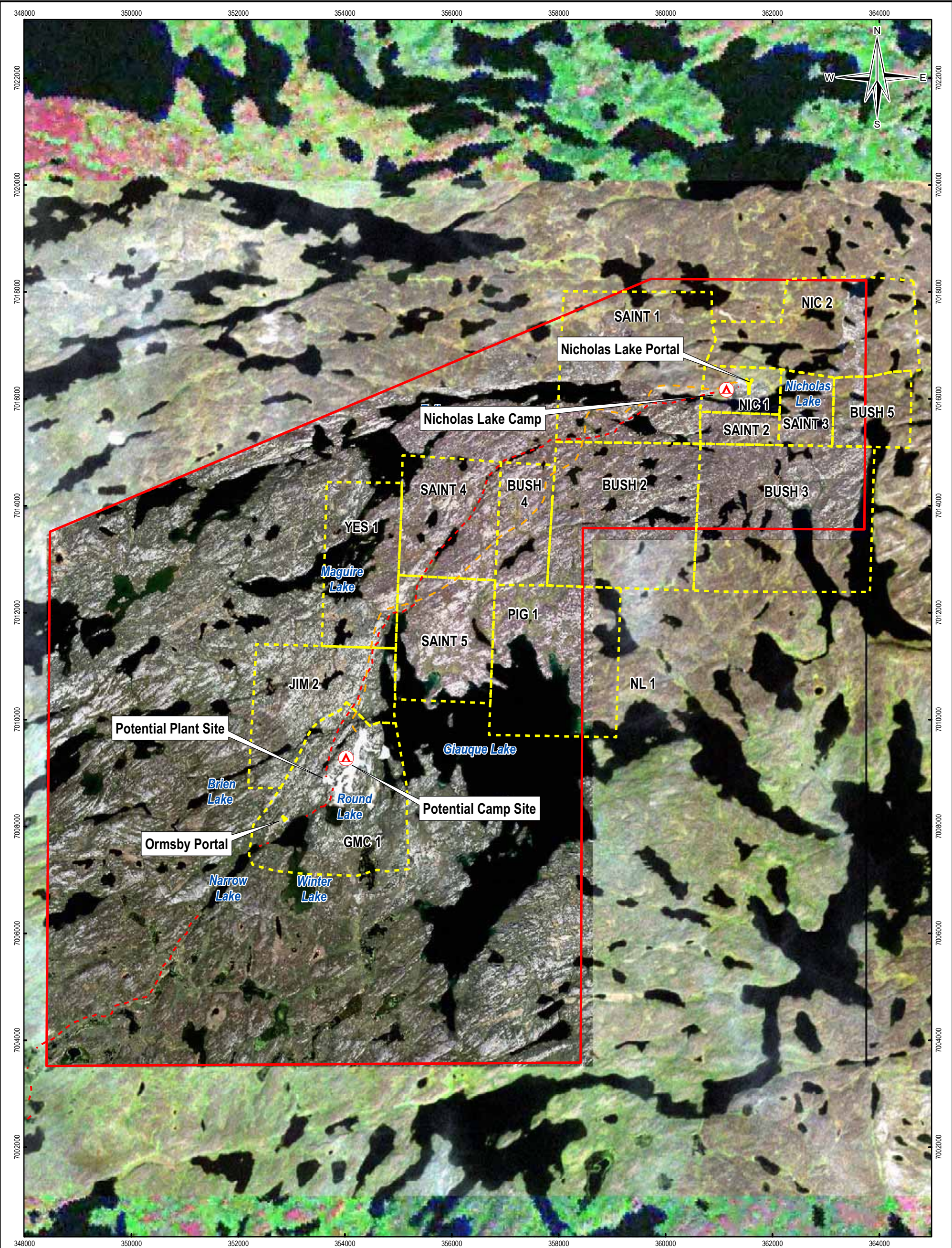
## 1.5 MINERAL CLAIMS AND LEASES

Table 1.5-1 summarizes the mineral claims and leases held by Tyhee in the YGP area. These are also identified in Figure 1.5-1.

TABLE 1.5-1: LEASES HELD BY TYHEE IN THE YGP AREA						
Lease Number	Lease Status	NTS Sheet1	NTS Sheet2	Issued Date	Expires Date	Owner Name
3929	ACTIVE	085P04	085P05	12/7/1998	12/7/2019	Tyhee NWT Corp.
3927	ACTIVE	085P04		12/7/1998	12/7/2019	Tyhee NWT Corp.
3926	ACTIVE	085P04		12/7/1998	12/7/2019	Tyhee NWT Corp.
3928	ACTIVE	085P04		12/7/1998	12/7/2019	Tyhee NWT Corp.
3930	ACTIVE	085P04		3/23/1999	3/23/2020	Tyhee NWT Corp.
3774	ACTIVE	085P04	085P05	2/27/1998	2/27/2019	Tyhee NWT Corp.
3775	ACTIVE	085P04		2/27/1998	2/27/2019	Tyhee NWT Corp.
3776	ACTIVE	085P04	085P05	2/27/1998	2/27/2019	Tyhee NWT Corp.
3543	ACTIVE	085P04		9/3/1996	9/3/2017	Tyhee NWT Corp.
3542	ACTIVE	085P04	085P05	9/3/1996	9/3/2017	Tyhee NWT Corp.
4236	ACTIVE	085P04		12/2/2002	12/2/2023	Tyhee NWT Corp.
4239	ACTIVE	085P04		12/27/2001	12/27/2022	Tyhee NWT Corp.
4547	ACTIVE	085P04		1/21/2003	1/21/2024	Tyhee NWT Corp.
4548	ACTIVE	085P04		1/21/2003	1/21/2024	Tyhee NWT Corp.

Source: [http://nwt-tno.inac-ainc.gc.ca/ism-sid/index\\_e.asp](http://nwt-tno.inac-ainc.gc.ca/ism-sid/index_e.asp)





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LEGEND

- Camp
- Local Study Area
- Nicholas Lake Access Road
- YK Gold Claims
- Winter Road
- Portal

NOTES  
1. Claims supplied by Val Pratico, Tyhee, May 14, 2008.  
2. Imagery Source: IKONOS (July 27 and August 2, 2004); Landsat TM (August 11, 2001).

YELLOWKNIFE GOLD PROJECT

Active Mineral Claims and Leases

PROJECTION UTM Zone 12		DATUM NAD83	
Scale: 1:67,500 1      0.5      0      1  Kilometres			
FILE NO. V23201097-DAR-002.mxd			
PROJECT NO. V23201097	DWN SL	CKD RH	REV 0
OFFICE EBA-VANC	DATE February 17, 2011		

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Figure 1.5-1

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## 1.6 REQUIRED PERMITS, LICENSES AND AUTHORIZATIONS

The construction and operation of the YGP mine and mill will require a Type A Water License and a Type A Land Use Permit. The Mackenzie Valley Land and Water Board (MVLWB) is the regulatory body responsible for the permit issuances under the authority of the *Mackenzie Valley Resource Management Act*, the *Mackenzie Valley Land Use Regulations*, and the *Northwest Territories Waters Regulations*.

Project activities to be licensed and permitted during the construction and operations phases are shown in Table 1.6-1.

In addition to the above, the Department of Fisheries and Oceans (DFO) is expected to assess the project for the issuance of a Habitat Alteration, Disruption or Destruction (HADD) Authorization related to Winter Lake, the proposed tailings containment area. There will also be a need to have Winter Lake added to Schedule II of the Metal Mining Effluent Regulations under the *Fisheries Act*.

TABLE 1.6-1: PERMIT ACTIVITIES		
	Construction	Operations
Water License	Water withdrawal for camp (Ormsby and Nicholas Lk.)	Water withdrawal for camp (Ormsby and Nicholas Lk.)
	Discharge of sewage (Ormsby and Nicholas Lk.)	Water withdrawal for mine and mill (Ormsby).
	Discharge of pit water/minewater	Discharge of sewage (Ormsby and Nicholas Lk.)
	Construction of tailings containment area (Ormsby)	Discharge of pit water/minewater
	Construction of Waste Rock Storage Area (Ormsby and Nicholas Lake)	Discharge from tailings containment area
	Construction of water intakes for camps and mill.	Maintenance of Tailings Containment Area
	Solid Waste Disposal/incineration of kitchen and combustible-non-hazardous material	Solid Waste Disposal/incineration of kitchen and combustible-non-hazardous material
Land Use Permit	Disposal of non-combustible and hazardous material on site in approved facilities.	Disposal of non-combustible and hazardous material on site in approved facilities. Maintenance of Waste Rock Storage Area Abandonment and Restoration Plan Spill Contingency Plan Environmental Effects Monitoring Plan
	Site preparation for mill, camp and associated facilities (Ormsby and Nicholas Lk.)	Airstrip maintenance
	Upgrade of existing airstrip	Borrow pits/aggregate sources
	Construction of Tailings Containment Area (Ormsby)	Mine waste rock storage (Ormsby and Nicholas Lk.)
	Construction of Waste Rock Storage Area (Ormsby and Nicholas Lk.)	Winter road construction, operation and maintenance (Prosperous Lake to Ormsby)



TABLE 1.6-1: PERMIT ACTIVITIES		
	Construction	Operations
	Borrow pits/aggregate sources for construction	Camp operation (Ormsby and Nicholas Lake)
	Winter Road use and maintenance (Prosperous Lk to Ormsby)	Fuel Storage Tank Farms (Ormsby and Nicholas Lk.)
	Winter Road construction, operation and maintenance (Ormsby to Nicholas Lk.)	Borrow pits/aggregate sources for maintenance
	Camp Operation (Construction and operations)	Maintenance of Waste rock storage areas (Ormsby and Nicholas Lk.)
	Fuel Storage Tank Farms (Ormsby and Nicholas Lk.)	Winter road construction, operation and maintenance (Ormsby to Nicholas Lk.)
	Upgrade all-weather roads on Ormsby Deposit and area	

## 1.7 CORPORATE HISTORY IN CANADA AND THE NORTHWEST TERRITORIES

### 1.7.1 Name and Corporation

Tyhee Development Corp. (the “Company”) was incorporated on March 3, 1993 under the name Mongolia Gold Resources Ltd. by registration of its Memorandum and Articles of Incorporation with the Registrar of Companies for the Province of British Columbia. On August 16, 1999 its name was changed to Tyhee Development Corp. and its shares were consolidated on a one new share for twenty old share basis. On February 1, 2011 Tyhee Development Corp. changed its name to Tyhee Gold Corp.

### 1.7.2 Intercorporate Relationships

The Company owns 100% of Tyhee NWT Corp. (“Tyhee NWT”), a company incorporated in the Northwest Territories on April 20, 2001. Tyhee NWT was incorporated to hold the Company’s mineral properties in the Northwest Territories.

### 1.7.3 General Development of the Business

#### 1.7.3.1 History

The Company is a resource company engaged in the exploration and development of mineral resource properties. Historically the principal metal explored for and developed by the Company has been gold. Initially the Company’s projects were principally located in Mongolia. The Company has since shifted its focus to projects in the Northwest Territories, Canada.

The Company, as Mongolia Gold Resources Ltd. acquired and developed a gold mine in Mongolia as operator of the Bumbat Company. Operations were shut down in January 1998 for routine repairs, and were not restarted due to insufficient capital contributions from the Mongolian partner. In March 2002, the Company agreed to sell its interest in the Bumbat Company to its partner for (US) \$600,000.

Since 1998 the Company's principal focus has been on gold properties in the Northwest Territories, the Nicholas Lake, Ormsby Zone, Bruce Lake, Goodwin Lake and Clan Lake, properties which are collectively referred to as the Yellowknife Gold Project. The Company also holds an additional exploration property in the Northwest Territories, referred to as the Big Sky Property that is being investigated for precious, base, and specialty metals.

### **1.7.3.2 Acquisitions**

The Ormsby, Bruce, and Nicholas Lake Zones, purchased in 2001 for cash and royalties, are located 90 kilometres north of Yellowknife, Northwest Territories, Canada. They remain subject to a net smelter return royalty. These zones have been submitted in the Project Development Report (PDR) to the Mackenzie Valley Land and Water Board (MVLWB) for permitting to establish a mine and mill and ancillary facilities. Gold zones were identified at Clan Lake and Goodwin Lake and have been added to the Yellowknife Gold Project, but not included in the PDR.

#### **Ormsby Property**

The Company acquired a 100% interest in the GMC-1 mineral claim, tag number F24424, consisting of approximately 1,706 acres in the Northwest Territories (the "Discovery Mine Property") now known as the Ormsby Property, subject to the royalties described under the heading "General Development of the Business – Acquisitions – Net Smelter Return Royalties", from GMD Resource Corp. ("GMD") of Vancouver, British Columbia, pursuant to an agreement dated January 10, 2001, as amended (the "Discovery Agreement"). The terms of the Discovery Agreement have been met, and the Company now holds the Discovery Property subject only to the royalty. The mineral claim was subsequently converted into a mining lease, number ML4236.

#### **Nicholas Lake Property**

The Company acquired a 100% interest in the claims and leases set out below (the "Nicholas Lake Property"), subject to the royalties described under the heading "General Development of the Business – Acquisitions – Net Smelter Return Royalties", from Dr. David R. Webb, President and Director of the Company, under an agreement dated January 19 2001, as amended by an agreement dated March 21, 2002 (the "Nicholas Lake Agreement"). The terms of the Nicholas Lake Agreement have been met, and the Company now holds the Nicholas Lake Property subject only to the royalty.

#### **Net Smelter Return Royalties**

The Nicholas Lake Property and the Ormsby Property are subject to a net smelter return royalty (the "Royalty") payable to Giauque Holdings Ltd., a company in which David Webb is a Director and Officer. The terms of the Royalty provide as follows:

1. For the period beginning on the commencement of commercial production and expiring on the earlier of:



- (a) recovery of the capital costs (without interest) incurred by the Company in constructing the mining facilities and processing, treatment and other capital facilities; and
  - (b) the fifth anniversary of the commencement of commercial production, the percentage rate of the Royalty will be  $\frac{3}{4}\%$ .
2. Thereafter, the percentage rate of the Royalty will be:
- (a) if the monthly average gold price is equal to or less than (US)\$300 per ounce, then 1%;
  - (b) if the monthly average gold price is greater than (US)\$300 per ounce and less than or equal to (US)\$350 per ounce, then  $1\frac{1}{2}\%$ ;
  - (c) if the monthly average gold price is greater than (US)\$350 per ounce and less than or equal to (US)\$500 per ounce, then  $1\frac{3}{4}\%$ ; and
  - (d) if the monthly average gold price is greater than (US)\$500 per ounce, then  $2\frac{1}{4}\%$ .

Commencing in April 2004 and on every anniversary thereafter, the Company has paid advance royalties to Giauque Holdings Ltd. a non-refundable minimum payment of (US)\$20,000 credited against the Royalty.

### **Clan Lake**

Clan Lake was acquired by staking from 2007 to 2009. The Clan Lake Main Zone is located 33 km south of the Ormsby Zone. In 2009 a gold resource was developed from 43 new diamond drill holes. Mineralization is largely constrained to a 7.1 kilometre long, 1,200 m wide north-northeast striking domain (open along strike). Mineralization consists of altered, silicified, and sulphidized rocks that generally strike to the northwest. A 1,045-tonne bulk sample from the property taken in the mid-1960s graded 14.5 grams per tonne gold<sup>2</sup>. Mapping and prospecting has identified other significant gold mineralization throughout this domain including the 330, Pond, Cranberry, Morel, Iceberg, and Cub Zones, and two new zones, the Bear and the Spud have recently been discovered. All zones remain open along strike and to depth.

### **Goodwin Lake**

Goodwin Lake was acquired by option agreement in November 2006. Terms of the agreement have been met. The Goodwin Lake Vad Zone (GL Vad) is located 13 km south of the Ormsby Zone. In 2009 a gold resource was developed from 28 diamond drill holes over a 400 m long portion of a mafic intrusion. Mineralization occurs in shallow-plunging flattened tube-shaped domains of silicification, potassium and sulphide enrichment. Sulphide enrichment is minor and consists primarily of pyrrhotite, sphalerite and galena. Arsenopyrite is rare to absent. The Zone is open along strike and to depth.

### **BigSky Property**

The BigSky Property (not part of the Yellowknife Gold Project) was acquired in 2006 by staking and by option in 2007. Five mining leases covering extensions of historic gold showings were purchased in June 2008 to expand the property by approximately 338 acres (described further below). The claims adjoin the Giant Yellowknife Mine to the south and east, and the Bluefish hydroelectric power plant on the east.

## **1.8 CORPORATE AND INDIVIDUAL RESPONSIBILITIES FOR PROPOSED DEVELOPMENT**

Tyhee Gold Corp is the parent company of Tyhee N.W.T. Corp. Tyhee Gold Corp is incorporated in British Columbia and listed on the TSX-Venture Exchange, trading symbol TDC. Tyhee N.W.T. Corp is a registered Northwest Territories company and is 100% owned by Tyhee Gold Corp.

Tyhee Gold Corp has three executive officers, Dr. David R. Webb President and CEO, Lorne B. Anderson CFO and Cory H. Kent the Corporate Secretary. These officers act as team to ensure that the directives of the Board of Directors are carried out with regard to the Proposed Development. The primary responsibilities for these executives in respect of the Proposed Development are:

1. To ensure that the company is adequately financed to carry out its planned exploration and development of the Yellowknife Gold Project.
2. To compile the company's financial statements and file the statements and all related documents with the proper authorities.
3. Ensure that the company is complying with all the securities regulations and to file the necessary documents with the regulators.
4. Ensure that the company is complying with the rules of the TSX Venture exchange.
5. Ensure that the company and Tyhee N.W.T. Corp. are adequately staffed to reach the companies objectives.
6. To inform the shareholders of the company of the progress being made to achieve the goals of the company and to give them information regarding future plans.
7. Present the company to the investment community so that financing will be available when needed.
8. Mr. David Webb, as CEO, has overall responsibility for the all aspects of the company and the Proposed Development.

Tyhee NWT Corp has three officers in addition to CEO David Webb, being Douglas B. Levesque Vice-President, Operations, Hugh R. Wilson Vice-President, Environment and Community Affairs and Valmar Pratico Chief Geologist. The CEO of the Company has delegated to these Tyhee NWT officers the following primary responsibilities in respect of the Proposed Development:



1. To ensure that the directives from the Board and the executive of the parent Tyhee Gold Corp are carried out.
2. To ensure that operations at the planned mine site are carried out in an environmentally and safe manner.
3. Ensure that the operations are conducted within the mandates of the permits issued to operate in the Northwest Territory.
4. To conduct the affairs of the company with regard to having good relations with the First Nations and other stakeholders in the area of operations.
5. To ensure that staffing for the company is drawn from the local population and First Nations when possible.
6. To ensure that contractors and subcontractors will abide by and honour commitments made by the company

## **1.9 RELATIONSHIP BETWEEN TYHEE NWT CORP AND ITS CONTRACTORS / SUBCONTRACTORS**

Tyhee NWT Corp's policies will ensure that all contractors and subcontractors will follow Tyhee NWT Corp's lead and their actions would fall under the same guidelines as Tyhee NWT Corp. This is based on the principle that Tyhee NWT Corp is ultimately responsible for all activities at the YGP including actions by contractors and subcontractors.

Examples of where contractors and subcontractors to Tyhee NWT Corp are under the same scrutiny as Tyhee NWT Corp are in the various land use permits and any water license issued to Tyhee NWT Corp which have terms and conditions that must be followed by all personnel working for Tyhee NWT Corp including contractors and subcontractors. These actions would apply to all environmental, WSCC regulations, etc.

The above would also apply where documentation of activities is required by the contractor or subcontractor. For example, land use inspectors carry out their duties under the assumption that any and all activities at Tyhee NWT Corp's site are such as if it was Tyhee NWT Corp employees doing the work, therefore; by default, the work carried out by contractors and subcontractors and complying with the various land use permits and water licenses is the responsibility of Tyhee NWT Corp. Should any issues be raised during any inspection, it is Tyhee NWT Corp's responsibility to take the necessary corrective actions to address the concerns whether it be directly related to Tyhee NWT Corp personnel or by a contractor and subcontractor.

With the above in mind, any activities carried out at Tyhee NWT Corp operations are their responsibility and Tyhee NWT Corp ensures that its contractors and subcontractors follow Tyhee NWT Corp's policies set out for all activities on site.

All contracts issued by Tyhee NWT Corp pertaining to the Yellowknife Gold Project will contain clauses outlining the responsibilities of the contractors and subcontractors that are discussed above.

Tyhee NWT Corp will also ensure that all project orientations provided by contractors to their staff will comply with the requirements placed on Tyhee NWT Corp and that are implemented by the contractors or subcontractors.

## 1.10 RECORD OF ENVIRONMENTAL PERFORMANCE

To outline the environmental record of Tyhee NWT Corp during the advanced exploration phase at the Yellowknife Gold Project, the following table has been prepared summarizing the contents of the inspection reports related to land use permit MV2005C0001 and water license MV2002L2 0017. This information reflects what is currently available on the Public Registry of the McKenzie Valley Land and Water Board.

The following tables itemize the date of the inspection, relevant comments from the inspection reports and the actions taken by Tyhee NWT Corp personnel to address any concerns. What is evident from these tables is that Tyhee NWT Corp's commitment and dedication to environmental stewardship and their compliance with the land use permit and water license has improved over the years. In cases when concerns were raised Tyhee NWT Corp personnel have been responsive to the inspector's requests and have generally conducted their activities that has demonstrated minimal the impact on the environment.

**TABLE 1.10-1: INSPECTIONS AND TYHEE NWT ACTION RECORD LAND USE PERMIT MV2005C001**

Date	Comment	Actions
2005 Feb. 16		Items corrected 21 Feb 2005
2005 March 5	No concerns on Nicholas Lake winter road work.	Remedial action from last inspection all completed. Spill at Conners heating tank cleaned up.
2005 March 30	Portal – Wood Scrap had to be cleaned up in area Spill report must be submitted for small spill at enviro tank.	Report Submitted in June.
2005 May 6	On April 22, 2005 a Tyhee vehicle travelled the winter road in contravention of the LUP. Details of trip provided by Tyhee to company. Portal – Sump at the compressor needed attention and absorbents.	Tyhee noted to be quick to respond to inspector's concerns.
2005 May 13	Drilling – Drill moves by skidder must cease immediately. Concerns with core shack location at old Discovery Mine site, they must be moved.	On May 18, 2005 Tyhee raised the berm on the mine water sump in response to inspector's concerns. Permit was amended to allow for core storage at old Discovery Mine 13 July



**TABLE 1.10-1: INSPECTIONS AND TYHEE NWT ACTION RECORD LAND USE PERMIT MV2005C001**

Date	Comment	Actions
		2005 as well as use of airstrip with new access road over tailings cap.
2005 June 2	Camp Area – Minor Cleanup requested Portal Area – Some minor oil drips needed attention Connors Drilling – Rutting had occurred during current set up and an incident report had to be provided.	Incident report provided In Late June 2005 Drill move damage remediated by June 13.
2005 Sept 1	No concerns noted	Work area showed continual improvement.
2005 October 2	Attention needed on clean up of spill at Portal Generator Shop area should have secondary containment area for lubricant and fuel storage Clean up needs to continue on spill at generator.	Concrete floor in new shop at Portal.
2006 March 10	Drilling - Attention to fuel storage method at Pump shack on Winter Lk needed. Portal – Cleanup of contaminated snow at Envirotanks needed Camp – Garbage at incinerator must be burnt daily not weekly and area of incinerator needed cleanup. Need to retrain staff on filling techniques for EnviroTanks	
2006 April 27	Spill Monitoring required at Portal Generator Hydrocarbon stains need attention.	
2006 August 10	Camp – Incinerator installed and bermed area for drums constructed, some minor spills need attention. Portal – Cleanup of stored trams need attention. Drills – some attention required to drill laydown area Nicholas Lk	
2006 Sept 15	Camp and Portal – Some minor oil drips noted, incinerator installed More cover material needed on route to Airstrip	Good improvement with summer effort.
2007 Feb. 22		Waste Rock Crushing Approved by Water Use Inspector
2007 Feb. 16	Hydrocarbon contaminated snow must be stored differently	

**TABLE 1.10-1: INSPECTIONS AND TYHEE NWT ACTION RECORD LAND USE PERMIT MV2005C001**

Date	Comment	Actions
	Hydrocarbon contaminated snow at pump shack on Winter Lk must be cleaned.	
2007 Feb. 22	Small spill on Winter Road between Nicholas and Giauque Lks. Problems with pump shack on Winter Lk not dealt with.	
2007 March 5	Some minor contaminated snow issues at Nicholas Lk drill sites.	
2007 March 26	Camp and Portal much improved. Some clean up of hydrocarbon contaminated snow necessary Nicholas Lk - some cleanup of small spills needed attention	
2007 May 16	The Inspectors were very pleased to see that the majority of the Nicholas Lake work area had largely been cleaned up during the past winter road season  Work on winter drill sites required (*brushing) Nicholas Lake camp Additional minor work required	
2007 August 10	Ongoing cleanup is needed for small fuel slops at the large envirotanks Brush disposal at drill sites Cleanup of the contaminated soils under the two scoop trams and at the old compressor liner.	
2008 January 25	No major concerns with Drilling.	
2008 July 4	No major concerns	
2008 Sept 18	Drilling – Minor concerns with water pump location Camp and Portal – Concerns with secondary containment at day tank in Shop	Secondary containment issues taken care of immediately.
2009 Sept. 24		Report on Clean up of Nicholas Lk. Drilling submitted by Tyhee
2010 January 25	Winter Road - Absorbent pads need to be carried on SnowCats No major concerns noted.	
2010 Feb. 23	Drill – Minor concerns with brush disposal at drill sites	Concerns noted during the previous inspection have been satisfactorily addressed
2010 March 30	No problems to Report	
2011 Feb. 17	Drilling – There were concerns with the fuel management at the drill and pump shacks	

### **1.10.1 Inspection and Tyhee NWT Action Record - Water License MV2002L2 0017**

The public registry at the MVLWB has reference to the following water license inspections:

1. September 22, 2006
2. May 16, 2007
3. July 4, 2008

It should be noted however that the water resources officer (water license inspector) accompanied the land use inspector on many of the inspections listed under the land use permit, therefore; some of the concerns raised during these inspections, could reflect concerns that would normally be reported under a water license specific inspection.

The following areas of concern were noted in the water license inspection reports:

#### **1.10.1.1 Minewater Management**

This concern was related to the above ground sump at Tyhee (Ormsby) does not appear to conform to the as built drawing submitted in the Minewater Disposal Plan.

Tyhee response was to remove the above ground sump and prior to decommissioning water samples were collected and reported and the above ground sump has since been reclaimed and approved.

Since all underground activities ceased in 2005, the underground has been allowed to flood and water samples of the decline water continue to be taken on a regular basis and reported with each water license annual reports and provides the information that confirms minewater quality that meets water license discharge criteria should minewater be discharged to the receiving environment. Although this water quality monitoring is not required by the current water license, Tyhee NWT Corp continues to sample the decline water in anticipation of discharge at some future date. The inspector is aware of this and the board has approved this by accepting the annual water license reports.

#### **1.10.1.2 Fuel Spill 05-467**

This fuel spill related to the generator at the Ormsby portal, it was reported and actions taken by Tyhee NWT Corp resulted in the file being closed by the inspector.

Specific actions taken by the Tyhee NWT Corp on advice from the inspector included drilling and activating six (6) groundwater monitoring wells the area of the spill to monitor the water quality as well as accumulation of water in the wells. This monitoring and reporting was carried out for over two years, following which the inspector closed the file and the monitoring wells have since been removed and the area cleaned.

#### **1.10.1.3 Sewage Treatment**

The inspector requested an updated description of the sewage treatment system and how it is being operated in practice needs to be submitted to the MVLWB.



Tyhee NWT Corp's response to the board in February 2007 and updated in June 2007 was approved by the board in June 2007. This included a commitment to remove the sludges offsite (when winter road is in place). No further action is required by Tyhee NWT Corp and no additional information has been requested by the inspector or the board.

#### **1.10.1.4 Acid Rock Drainage Monitoring and Contingency Plan**

In the May 16, 2007 inspection report, the Inspector stated that he still awaits data on the acid rock drainage potential of the Ormsby ore and waste rock stored on site.

Tyhee NWT Corp's response was the submission of the Acid Rock Drainage Monitoring and Contingency Plan was submitted as required by the Board on June 7, 2007 and approval was received from the Board in April 2008. It should be noted that Tyhee NWT Corp provides an annual update as an appendix to the water license annual report, the most recent update (2010) being submitted to the Board on March 31, 2011.

In the July 4, 2008 inspection report, the inspector stated that Ore currently stored at the Nicholas Lake Property appears to be generating acid rock drainage. Tyhee needs to provide a plan as to how to prevent the migration of acidic drainage out of the ore pile at Nicholas Lake.

Although not covered by the current water license, Tyhee NWT Corp provided an action plan that included sampling of ponded water at the base of the Nicholas Lake ore pile and if results showed lower pH, then Tyhee NWT Corp personnel would batch treat this ponded water with lime to raise the pH to levels where metal leaching would not be a problem. No additional requests have been received from the inspector or the Board.

The Acid Rock Drainage Monitoring and Contingency Plan will be included as an appendix to the DAR (including information on the ore and waste at Nicholas Lake) so all reviewers have access to this information during the Environmental Assessment process for the Yellowknife Gold Project being undertaken by the MVEIRB.

#### **1.10.1.5 Abandonment and Restoration Plan**

In the July 4, 2008 inspection report, the inspector stated that Tyhee must submit a plan for how to deal with the Ormsby ore on or before September 30th 2009.

The abandonment and restoration plan that addressed the above concern was approved by the Board on July 10, 2008, in advance of the due date.

General comments in the inspection report of July 4, 2008 included the following statements:

##### **Main Camp**

Tyhee Camp is generally tidy with double walled enviro tanks for bulk fuel storage and a lined area in place for waste oil drums

##### **Water Use**

Water use in the camp appears to be well within the licensed daily limit of 75 cubic metres.

### **Waste Water Sump**

The above ground sump near the Ormsby portal was removed last season. Prior to any further wastewater management on site a plan must be submitted to the MVLWB for approval.

### **Sewage Treatment**

Samples of the sewage effluent were taken at SNP 17-1 at the inflow to Round Lake. Sample results within the discharge criteria in Water License.

### **Acid Rock Drainage Monitoring and Contingency Plan**

Ore currently stored at the Nicholas Lake Property appears to be generating acid rock drainage. Tyhee needs to provide a plan as to how to prevent the migration of acidic drainage out of the ore pile at Nicholas Lake.

It should be noted that Nicholas Lake is not covered by the current water license however, as mentioned above, geochemistry information is included in the Acid Rock Drainage Monitoring and Contingency Plan approved by the Board.

## **1.11 TYHEE NWT CORP ENVIRONMENTAL HEALTH AND SAFETY COMMITTEE**

Tyhee Gold Corp's environment, health and safety committee is currently comprised of William D. Burton (Chair) and Dave Nickerson. As Mr. Burton will not be nominated for re-election at the 2011 Annual General Meeting, the Company plans to replace him on the environment, health and safety committee by Dr. David R. Webb with Mr. Dave Nickerson being the Chair of this committee. Mr. Hugh R. Wilson, Vice-President of Environment and Community Affairs of Tyhee N.W.T. Corp., a subsidiary of the Company, will also be added to this committee. The purpose of the environment, health and safety committee is to assist the Board in fulfilling its oversight responsibilities by assessing the effectiveness of safety and environment-related programs, initiatives and policies of the Company. The environment, health and safety committee is responsible for:

- (a) ongoing review of the Company's safety and environment-related policies and performance, including processes to ensure compliance with applicable laws and regulations;
- (b) reviewing and providing advice on current and emerging safety and environment-related issues;
- (c) reviewing the suitability and effectiveness of safety and environment management systems and environment sustainability certification programs to which the Company or any of its subsidiaries subscribes; and
- (d) reporting to the Board on safety and environment-related matters affecting the Company.