

1.0 INTRODUCTION

1.1 Application Background

This British Columbia Small *Mines Act* Application is for a <75,000 tonne per year open pit gold mine at the Yellowjacket Gold Project. The project is being managed by the Yellowjacket Joint Venture ("Yellowjacket JV"), which is a 60/40 joint venture between Prize Mining Corporation ("Prize") and Eagle Plains Resources Ltd. ("Eagle Plains").

Prize is a Calgary, Alberta based junior resource Tier One Company listed on the TSX Venture Exchange (symbol V.PRZ) and the Frankfurt Exchange (symbol PRZFF). Eagle Plains is a Cranbrook, British Columbia based junior mining company listed on the TSX Venture Exchange (symbol V.EPL). Corporate office information is:

Prize Mining Corporation
Sierra Place, Suite 810
706 – 7th Ave. NW,
Calgary, Alberta
Canada T2P 0Z1
Telephone: (403) 236 – 2222
Fax: (403) 398 – 0693
President: Harry McGucken

Eagle Plains Resources Ltd.
Suite 200
16 – 11th Ave. S.,
Cranbrook, British Columbia
Canada V1C 2P1
Telephone: (250) 427-0749
Fax: (250) 426-6899
President: Tim Termuende

The designated manager for the project is:

Linda Dandy. P.Geo.
Consulting Geologist
Box 5036
Lac Le Jeune, BC
Canada V1S 1Y8
lindadandy@telus.net

All planned work related to this permit application will take place within an area that has been previously placer mined for over 110 years. Prize currently holds BC Ministry of Energy, Mines and Petroleum Resources ("MEMPR") Permit #MX-1-611 issued in 2007, for a 10,000 tonne bulk sample on the Yellowjacket Zone of its Atlin Gold Property, which correlates to the Yellowjacket Gold Project referenced in this application.

This mine permit application has been developed according to the *Guide for Preparing a Mine Permit Application under the British Columbia Mines Act* (Hall, 2006). It is important to highlight the nature of the Yellowjacket Gold Project, as this project is probably unique in the British Columbia Small *Mines Act* Permitting process in its scale, impact and progression. The project site has existing infrastructure which was developed under a BC MEMPR bulk sample exploration permit, and work

continuing under the small *Mines Act* permit will operate within the same disturbance footprint. The gold processing system is a gravity only extraction method and no chemicals or additives are used. Environmental monitoring conducted to date indicates no significant Metal Leaching or Acid Rock Drainage issues.

1.2 Project Overview

The Project is located in northwestern British Columbia, approximately 9 kilometres east of the town of Atlin (see Figure 1-1). The Atlin Gold Property, which hosts the Yellowjacket Gold Project ("the Project") area, covers an area of 3044 hectares with a combination of Mineral Titles Online ("MTO") and legacy claims. The Project lies in the Atlin Mining Division and is within the traditional territory of the Taku River Tlingit First Nation ("TRTFN").

The Yellowjacket Gold Project lies entirely within an area having a long history of placer gold production. Atlin has been a centre for mining and mineral exploration since the discovery of placer gold on Pine Creek in 1897. Currently, approximately 350 permanent, full-time residents live in Atlin, of which many have or continue to work in the mining or exploration industry.

The first record of bedrock exploration was in 1899 when a shaft was sunk on the Yellowjacket showing into a newly discovered bedrock zone. Intermittent bedrock exploration continued until 1905. In 1983, Canova Resources and Tri-Pacific Resources optioned the Yellowjacket Property from the tenure holder and conducted a small diamond drill program that intersected high-grade gold mineralization at depth. In 1986, Homestake Mineral Development Co. optioned the property and conducted geological, geophysical and drilling programs until 1989.

No exploration work was conducted on the Atlin Gold Property from 1989 until Muskox Minerals Corp. (now Prize Mining Corporation) optioned the claims in 2003. From 2003 to 2006, Muskox/Prize diamond drilled 55 holes on the Yellowjacket Zone. The Yellowjacket Zone, straddles the Pine Creek Valley near the centre of the Atlin Gold Property, and is the main zone of gold mineralization identified by exploration programs to date.

The exploration drilling programs intersected gold mineralization throughout a 350 metre strike length along the Yellowjacket Zone. The gold appears to be related to original low angle thrust faulting of the host ophiolite sequences, in conjunction with two later steeply dipping fault structures (Pine Creek Fault and associated cross faults). Petrographic studies of the placer gold recovered from Pine Creek indicate a proximal source for the gold and it is believed that the Main Pine Creek Fault is the source for a portion of the placer gold found in Pine Creek.

700000

1200000

1700000



Prize Mining Corporation

PRZ:TSX-V

Yellowjacket Gold Project

Figure 1-1 - Regional Location Map

Projection - BC Environment Albers

Scale - 1: 7,700,000

25/03/2009

2000000

2000000

Yukon Territory

Northwest Territories

Whitehorse

Yellowjacket

Taku River Tlingit First Nation

1500000

1500000

Alaska

British Columbia

Alberta

1000000

1000000

Smithers
Terrace
Prince Rupert

Prince George

Edmonton

500000

500000

PACIFIC OCEAN

Bella Coola

Vancouver

Calgary

Kamloops

Kelowna

Nelson

Granbrook

Hope

Castlegar

Creston

Victoria



0 100 200 300 400 500



Kilometers

Legend



Project Location

Major Roads

Railway



Taku River Tlingit First Nation

Washington

700000

1200000

1700000

In 2006, as part of their MEMPR exploration permit, Prize completed a diversion channel to relocate Pine Creek to the other side of the placer mined channel, away from near surface Yellowjacket Zone gold mineralization.

In 2007, Prize received an amendment to their MEMPR exploration permit to allow for extraction of a 10,000 tonne bulk sample. 2007 work included stripping of the placer to expose bedrock in a small open pit, mapping and channel sampling of the exposed pit floor, subsequent extraction of the bedrock bulk sample, and sluicing of a portion of the placer material. Construction of a 250 tonne per day gravity grinding mill and concentrator was completed and test milling done on the bedrock bulk sample, which indicated processing problems related to the high clay/talc content of the host rocks.

In 2008, after revising the processing plant circuit, processing of the bulk sample continued. Approximately 4,200 tonnes of material was processed. The milling rate was lower than projected due to the delay in delivery of a Semi Autogenous Grinding ("SAG") mill, which arrived late in the season. The addition of the SAG mill will increase daily production rates to 350 tonnes per day.

The operation proposed by the Yellowjacket JV in this application will make use of the established milling and concentrator facility. The volume of material processed will increase from 10,000 tonnes as per the bulk sample permit to approximately 50,000 tonnes per year over a mine life of seven years. The mining cycle will consist of stripping the previously mined placer gravels to expose bedrock, followed by mining of the bedrock to a depth of approximately 15 metres using an excavator and articulating rock trucks. It is anticipated that annual stripping and mining from four progressive pits will take 4 to 6 weeks to complete. Mineralized rock and waste materials will be stockpiled on pads on top of the leveled placer gravel. Stripped placer gravel will be either trucked or pushed into the previously mined out pits, on top of waste bedrock material that has been positioned to ensure that the material will be flooded post-mining. Tailings will be stored in sedimentation ponds established within the existing placer channel. The entire footprint of the project is estimated to be approximately 18 hectares and will be contained entirely within the extensively disturbed placer mining area.

Mineralized bedrock will be processed through the mill at a rate of approximately 350 tonnes per day. Material derived from the placer – bedrock interface will be segregated and processed through a sluice plant to recover the placer gold.

The bedrock processing facility is a gravity concentrating system that does not require any chemicals. Test work to date indicates that the waste and tailings are relatively benign in terms of deleterious metals or acid rock generation potential.

This proposed plan does not limit or preclude expansion of the mine in the future.

It is anticipated that the local Atlin community, including TRTFN will derive economic benefits from the project. The Yellowjacket JV is committed to using local hire practices where possible and anticipates direct training and employment opportunities as well as opportunities for local contractors and service providers. Socio-economic impacts are anticipated to be positive, as the operation will allow local hires to remain in the community. The project is not expected to affect the current recreational use of the area.

1.3 Regulatory Framework

The Yellowjacket Gold Project's projected annual production tonnage falls below the threshold for triggering a British Columbia Environmental Assessment Act ("BCEAA") review. The project is subject to review by the Northwest Mine Development Review Committee ("NWMDRC") with regards to the application for a Small *Mines Act* Permit.

This review process in general aims to address items that major new mines and/or expansions undergoing BCEAA reviews need to address such as:

- Opportunities for interested parties, including TRTFN;
- Technical studies of the environmental, social and economic effects of the project;
- Mitigation of potentially undesirable effects and enhancements of positive ones.

This application utilizes a number of engineering and environmental baseline studies completed for the Yellowjacket JV, along with information obtained from the Atlin Hydroelectric Project Environmental Impact Statement (Taku Land Corp., 2006) and Ruby Creek Molybdenum Project Environmental Assessment Certificate Application (Adanac, 2006).

Prior exploration permit approval processes, covering the diversion of Pine Creek and subsequent bulk sampling program, have resulted in a good working relationship with TRTFN. In addition, current discussions with various government agencies and TRTFN have disclosed specific permitting requirements, the list of which is provided in Section 1.3.3 Federal and Provincial Approvals and Permits Required.

1.3.1 Local Government Official Community Plan and Zoning Requirements

The newly formed Atlin Community Improvement District ("ACID"), formed by the amalgamation of the Atlin Area Planning Committee ("AAPC") and the Atlin Improvement District ("AID"), is the local community governing body. These community organizations expressed concern over a significant population increase from the proposed nearby Ruby Creek Molybdenum Project and the impact it would have on infrastructure and supporting services (Adanac, 2006). The Yellowjacket Gold Project will in the majority employ local people that reside in or near Atlin on a full time basis. The net effect of this is that there will be minor additional influence

on infrastructure, primarily from four to six out of town staff and consultants that will be housed in existing rental facilities in Atlin.

It is believed that no zoning requirements are required by the ACID.

With respect to major mine development (such as the Ruby Creek Molybdenum Project), the AAPC listed four major areas of concern: landfill, recycling, sewage disposal, and fire and ambulance services. It is of opinion that the 1 to 1.5% population increase from the Yellowjacket Gold Project will not tax existing infrastructure.

No on-site camp facilities will be constructed, therefore household type waste will be minimal. All acceptable waste materials will be taken to the Atlin Landfill using commercial rates. There is no Refuse Permit required based on the proposal to date. Sewage pumped from the on-site enclosed septic tank will be disposed of into the existing Atlin sludge containment ponds. Owing to the low volume and on-site closed water system, Northern Health is the responsible authority.

1.3.2 Federal and Provincial Approvals Permits Required

Through consultation with the NWMDRC and TRTFN, the following approvals and permits are deemed to be required for the Yellowjacket Gold Project Small *Mines Act* Permit application (see Table 1-2).

**TABLE 1-2
Referral and Permitting Agencies Related to the Yellowjacket Gold Project**

AGENCY	REFERRAL/PERMIT/LICENCE/ APPROVAL	ACT	RELEVANT SECTION	CONTACT
BC Ministry of Energy, Mines and Petroleum Resources	Small Mines Permit Approving Work System and Reclamation (Mine site Construction, Operation and Reclamation)	Mines Act	Sec. 10	Loren Kelly 250.847.7383
	Mining Lease Production of over 1,000 Tonnes of Ore Per Claim Per Year	Mineral Tenure Act	Sec. 42	Rick Conte 604.660.2814
BC Ministry of Environment	Water Approval for a Short-Term Use of Water	Water Act	Sec. 8,9	Emily Bulmer 250.847.7350
	Waste Management Permit Introduce Waste into the Environment: Effluent Discharge (Sediment & Tailings)	Environmental Management Act	Part 2 Sec. 6 (2) & 6 (3); Sec. 14	Craig Stewart 250.847.7416 Jack Love 250.877.7302
BC Ministry of Health (Northern Health)	Operation Permit for Water Works System	Drinking Water Protection Act	Sec. 2	Ron Craig 250.631.4222

Ministry of Transportation	Permit for Provincial Public Highway Use and Access	Transportation Act	Part 5 – Sec. 62	Brendan Kelly 250.847.7443
Taku River Tlingit First Nation	Referral for Approval of Small Mines Permit within Traditional Lands	TRTFN Mining Policy		Bob Magill 250.651.7925
Environment Canada	Comply with Schedule 4 and 5	Metal Mining Effluent Regulations (Fisheries Act)		

1.3.3 Statement of Concurrent Permitting

The Yellowjacket Gold Project's mineral tenures underlie historical placer gravels. These gravels will be both mined and displaced in order to access bedrock. Prize Mining Corporation is 100% owner of the affected placer lease. A formal Notice of Work and Reclamation Program for PLACER OPERATIONS was submitted to MEMPR by Prize on March 11, 2009.