



April 28, 2009

Dear NWMDRC,

Ministry of Energy, Mines and Petroleum Resources (MEMPR) has received a Yellowjacket Gold Project BC Small Mines Act Application for an Open Pit Mine and Gravity Concentrating Plant (Volume 1) and Appendices (Volume 2) on April 6, 2009. MEMPR has screened the Application for completeness and accepted it for review by the Northwest Mine Development Review Committee (NWMDRC). The Project is below the Environmental Assessment Act threshold and has a planned production capacity below 75,000 tonnes per annum.

The purpose of this letter is to provide you with a brief outline of the Yellowjacket Gold Project and inform you that the Mines Act review has begun and that we will be asking for your participation in reviewing the Application and documents.

#### Brief Overview

A site of historical placer workings since the 1890's, the Yellowjacket Gold Project site is "Discovery"; the initial gold finds that started the Atlin Gold rush, approximately 9 km from Atlin, BC. The Yellowjacket Project area is located in the Pine Creek valley bottom which has been heavily and continuously disturbed for the past century plus. Repeated placer mining of the stream sediments has occurred using various placer methods for gold recovery.

No in-stream works are proposed. A permanent diversion of Pine Creek was constructed in 2007. Pine Creek is a managed stream - flows are controlled by a weir/dam at the headwaters of Pine Creek at the outlet of Surprise Lake for the Atlin Hydroelectric project.

The total Project footprint is proposed as less than 20 ha of land (a square 450 m long on each side). Fisheries, aquatic life, vegetation, wildlife and rare plant and animal species have been studied in the Atlin Hydroelectric Project Environmental Assessment Application although not directly in the existing mine footprint. The Atlin Hydroelectric Project area encompasses the Pine Creek from the weir at the outlet of Surprise Lake to the hydroelectric plant site, approximately 2 km downstream of the Yellowjacket Project area.

ML/ARD risk is considered low by MEMPR. The proposed mine plan includes excavation with an excavator (no blasting) of three successive pits in addition to the 10,000 tonne bulk sample pit already on site. 11 lithologies have been studied in the bedrock drilled from the first pit. ARD data indicates that NP is significantly higher than AP; NPR in 22 samples is greater than 10 (with the majority between 100 and 1000) and 1 sample of basalt (ML-6) with and NPR of 3.6. The potential for metal leaching is under further consideration with a study plan provided for 2009. Proactive ML/ARD considerations by the company include sub-aerial deposition of waste rock into shallow (5-10 m depth), flooded, mined-out pits.

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**Ministry of  
Energy, Mines and  
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**Mining and Minerals Division**

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The milling process consists of the crushing plant, primary mill and gravity concentrating processing plant (two 50 cm Knelson CD-20 concentrators and 'clean-up' Deister shaker table) only, not proposing flotation, chemical additions, or cyanide to recover gold.

The Yellowjacket Gold project will employ 15-20 individuals who will drive to the mine in private vehicles and park in the parking lot. There will not be a camp or accommodations at the mine. There is an existing septic tank, pumped out on a regular basis. Water is brought to the site and stored in a water tank.

The total estimated mine equipment fleet consists of two excavators, two dozers, two or three rock trucks, two wheel loaders, one bobcat loader, a maintenance truck and two pickups. A suburban Emergency Transport Vehicle will be parked at the site permanently.

Consultation with the Taku River Tlingit First Nation, in whose traditional territory the project lies, has been initiated by MEMPR. The Proponent has, also, initiated discussions and information sharing parallel to government consultation.

Yellowjacket submitted an Effluent Discharge Application and Technical Assessment Report to the Ministry of Environment (MOE) on April 22, 2009 for a discharge of 500 m<sup>3</sup>/day of mine effluent into constructed settling ponds to allow infiltration into surficial (alluvial) placer gravels.

The Application is available at a website set up by the Yellowjacket JV for the Yellowjacket Gold Project [www.yellowjacketgold.com](http://www.yellowjacketgold.com). All the documents are available on the website. If you require hard copies, please contact the website.

### Path Forward

Currently, there are some outstanding Project Application documents. MEMPR screened the Yellowjacket Application and Appendices and informed the Yellowjacket JV on April 21<sup>st</sup> of the following missing elements:

- a. site water balance;
- b. Traffic Control Plan;
- c. Surface Erosion Prevention and Sediment Control Plan (SEPSC);
- d. Signature pages for the components of the Application Report by the professionals who prepared it;
- e. Geotechnical assessment of the ultimate pit slope for Pits 2, 3 and 4;
- f. ARD/ML assessments of the tailings and tailings supernatant;

The Proponent has advised these documents will be available significantly in advance of the review dates.

### Schedule

As this is a small mine project, EMPR proposes to conduct the NWMDRC in a different format for this review. Rather than bi-weekly teleconference calls with the proponent, EMPR is proposing to invite the proponent to Smithers on May 25 and May 26, 2009 and review the Application as shown in Table 1, below.

Table 1. Proposed NWMDRC review of the Yellowjacket Gold mine Application.

May 25	AM	Environmental setting: wildlife, fisheries, climate, vegetation,
	PM	Water; EMA effluent permit, site water balance, hydrology
May 26	AM	ML/ARD; waste rock, tailings ponds, baseline data, future pits, mitigation plans;
	PM	Mine plan; pit design, electrical, site infrastructure, geotechnical, workforce,

After the two days of meetings, EMPR will compile meeting notes and actions items into tracking tables, draft a Recommendations Report to the Chief Inspector and forward the document to the Chief Inspector's Office. A Draft **Mines Act** Permit will be drafted in Victoria, distributed to the NWMDRC for review and finalized.

If you have any questions about the proposed path forward, please contact Loren Kelly at 250-847-7653 or Jessy Chaplin at 250-847-7452.

Yours Truly,

Loren Kelly, P.Eng., RPF  
 Regional Director  
 Ministry of Energy, Mines and Petroleum Resources  
 Mining and Minerals Division;  
 Northwest Region

CC: NWMDRC includes members from the following agencies:

- BC Ministry of Energy, Mines and Petroleum Resources
- BC Ministry of Environment
- BC Ministry of Forests and Range
- BC Ministry of Agriculture and Lands, Crown Land Administrative Division
- BC Ministry of Agriculture and Lands, Integrated Land Management Bureau
- BC Ministry of Economic Development
- BC Environmental Assessment Office
- Northern Health
- Regional District of Kitimat-Stikine
- Fisheries & Oceans Canada, Habitat and Enhancement Branch
- FOC, Environmental Assessment and Major Projects Unit
- Environment Canada, Central and Northern BC Enforcement Section
- Environment Canada, Conservation Service Delivery
- Environment Canada, Pollution Prevention and Ass. Div
- Transport Canada, Environmental Services
- Health Canada Safe Environments Programme
- Taku River Tlingit First Nation