San Andreas Resources Corporation - Prairie Creek Mine site

October 25, 1993

1.0 Purpose

The meeting was requested by San Andreas Resources Corporation (SARC) as an information forum for the RERC as to the ongoing and projected activities at their Prairie Creek mine site.

2.0

In the absence of David Livingstone, Gordon Stewart acted as Chairperson. George Patterson asked that introductions be made. Gordon explained the structure of the meeting to follow with San Andreas Resources giving their presentation first and a round table of questions and discussions would follow. Peter Tsaparas, president of San Andreas Resources and Peter Taggart, consultant, represented the Company.

3.0

Mr. Tsaparas opened the presentation with a brief description of the project. He noted that at present they are only at the exploration stage now but hope to do a feasibility study due to findings of the exploration program. The collection of data on the area is accessible to SARC and their intention is to continue data collection to compliment previous studies done in the area.

Mr. Taggart then continued the presentation with a slide show. It was said that the Prairie Creek mine site is the only project SARC is involved in. The mine is located near Nahanni National Park but accessed around the Park. San Andreas has 60% ownership while Titan controls 40% (Titan is a company formed by the creditors of Cadillac who are still owed money). SARC owns 100% of mineral rights. Sixty-four million was spent on the project up to 1981 and an estimated two million in 92/93. Net exploration and development costs of $3.8 million will be spent in 1994.

The existing infrastructure at the mine site are the mill which has a 1200 tonnes per day capacity, living quarters for workers, airstrip, tailings pond, 3km. of underground
development tunnels connected to the zinc vein, 1.1 MW diesel generator, managers	house and various vehicals. The mine site is located on a flood plain of Prairie Creek.
Financing of 4.5 million to be in place in October of 93.

Short term objectives are to increase ore reserves as well as conduct engineering studies
to expedite development of the mine.

Total claim covers 28,869 acres. The ore reserves are similar to the findings in Pine
Point which are beneath the original vein (Mississippi Valley type). Rock appears not
to be acid generating. The core samples of the vein show 16% zinc, 8% lead, 2.4%
silver.

Current activities include exploration with drilling results to be received in approximately
6 weeks. Reserves must reach 5 million tonnes in order for feasibility study to be
completed. Metallurgical testing will be done as well as updating earlier studies
performed on the area. At this point SARC will review the status of the original permits.

Development will include moving and expanding existing airstrip, camp and mill.
Existing water wells will need investigation. Tailings pond will be increased in size or
other pond sites will be identified, to accommodate larger reserves. The existing tailings
pond will also have to be relined to prevent leaks. Power supply will have to be
increased. Studies on winter roads verses all weather roads will also be conducted.
Perceive local hiring where possible with training programs as well.

Environmental Considerations noted were tailings disposal, mine backfill, water supply
including water source, consumption and effluence to the environment, airborne
emissions, noise emissions and effects on wildlife. SARC would invite guidance on any
other useful studies.

Socio-economic concerns include effects of employment, contract to local company’s,
shift schedule ant transportation, use of alcohol, effects of an access road and mine
development on traditional hunting areas.

Determining factors on start up of mine would include success of exploration program,
renewal of permits, engineering and construction schedules, market considerations and
of course financing. If all goes well start up could be 1995/96.

Gordon Stewart thanked Mr. Taggart for his presentation and informed the RERC that
Erik Val from Canada Parks Service would be a new member on the RERC for this
project to assist with any concerns related to Nahanni National Park. Mr. Taggart
acknowledged that Erik had already provided the company with some baseline data and that more would be necessary. He invited all members to assist the company with any information that would be of use for this project. Gordon suggested a working sub-group be established for this project and that he would be the initial contact person.

Bill Padgham asked about the Mississippi Valley type deposits characteristics? Mr. Tsaparas noted that usually this type of deposit is large but also thought it could be a sedix type as well. It is only speculation at this time.

Erik was unsure of screening procedures and Gordon verified that when a water license is applied for it would trigger the environmental screening by the RERC. Kevin McDonnell acknowledged that Water Resources had pertinent information on baseline water quality collection and would send it to SARC.

Sandra Bradbury spoke on the existing land use permits, noting that they were for maintenance only and new permits would have to be issued before any operations could begin.

Discussions led to the road access which would be the same route used for Cadillac Mines. Gary Singer also noted that a Territorial Park is proposed for the area, but should not affect the mines plans as indicated today.

Mr. Tsaparas finished by saying that they are committed to ensuring the mine will be an asset to the area and that management at SARC is very approachable.

Mr. Taggart also ended by inviting anyone to Fort Liard and Fort Simpson where they will be meeting with the local people Oct. 26.
<table>
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<th>NAME</th>
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<tbody>
<tr>
<td>GORDON STEWART</td>
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<td>A/Chairperson</td>
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<td>KEVIN MCDONnell</td>
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<td>920-8238</td>
<td>873-9318</td>
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<td>ERIK VAL</td>
<td>CANADA PARKS SERVICE</td>
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<td>GARY SINGER</td>
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<td>STEPHEN HARBICHT</td>
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<td>BRIAN O’HEARN</td>
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<td>STEVE MATTHEWS</td>
<td>RENEWABLE RESOURCES</td>
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<td>PETER TAGGART</td>
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<td>Name</td>
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<td>ETER TSAPORAS</td>
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<td>ARNEY P SAZUMI</td>
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<td>RTHUR BOUTILLIER</td>
<td>LAND RESOURCES, DIAND</td>
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<td>ORNA SKINNER</td>
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<td>OLIN MCALEENAN</td>
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<tr>
<td>ANDY</td>
<td>GEOLOGIST, SARC</td>
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TO

RERC MEMBERS
(see attached list)

FROM

Lorna Skinner
Environment & Conservation

SUBJECT

RERC Meeting Minutes #071 San Andreas Resources Corporation

Please find attached a new page 3 for the above mentioned minutes. An error was found in the comments by Sandra Bradbury.

Sorry for any inconvenience.

Lorna Skinner
owledged that Erik had already provided the company with some baseline data and that more would be necessary. He invited all members to assist the company with any information that would be of use for this project. Gordon suggested a working sub-group be established for this project and that he would be the initial contact person.

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MINUTES OF MEETING #79

NWT Regional Environmental Review Committee

Prairie Creek Project - San Andreas Resources Corporation

May 26, 1994

1.0 Purpose

The meeting commenced at 1035 hours.

The purpose of the meeting was to provide an opportunity for San Andreas Resources, the company who has had a drilling program in effect at Prairie Creek property since 1992, to present an overview of the project to RERC members and to provide an update on studies that are and have been undertaken on the Prairie Creek property.

Representing San Andreas Resources were Peter Tsaparas and Colin McAleenan with Peter Taggart representing P. Taggart & Assoc. Ltd. and David Flather and Kelvin Dushnisky representing Rescan.

2.0 Background

Peter Taggart began the presentation by giving a brief background on the history of the property. During 1992, San Andreas Resources began exploration work on the lead-zinc-silver deposit at the Prairie Creek Property and were successful in expanding the reserves from 2.0 million to 3.2 million tonnes. The reserves currently stand at 4.25 million tonnes. Taggart went on to give a summary of the infrastructure that is there now and show slides of the camp layout. The mining equipment on the site has never been used.

Taggart went on to described the philosophies of the company; the short term objectives; factors which will effect the project schedule; employment and training philosophies; and, potential employment levels. Taggart gave the following reasons for why San Andreas is interested in the project: the high grade mineral deposit located at the Prairie Creek site; most of the necessary the facilities and equipment are already on site; and, drilling results have been positive to date. San Andreas views this meeting as the initial meeting to discuss permitting and licensing.

Kelvin Dushnisky outlined their schedule for obtaining permits pointing out that San Andreas would like to be in operation by June of 1996. Data collection will continue over the summer with the installation of a weather station and a permanent hydrology station on site. Fisheries and aquatic studies will also continue through the summer with metallurgical work beginning in the fall. Winter road alignment exists and mapping has been done for an all weather
road. San Andreas will prepare a report in the fall outlining the work that was carried out in the spring and summer.

Colin McAleenan described the Prairie Creek Project employment force stating that the company will employ diamond driller helpers from local communities. Presently, many of their supplies are from Fort Liard and Fort Simpson.

David Flather outlined the companies baseline monitoring program for the fall of 1994. The program will include seven categories: a meteorology program; an hydrology program; water quality monitoring; fisheries and aquatic biota studies; soils and terrain analysis; vegetation and wildlife resources studies; and, waste management planning.

3.0 General Discussions

Discussion among the RBRC members began with Erik Val raising the concern that San Andreas was deviating from the normal permitting process. Although there is data available on the Prairie Creek property, it is old and may not be relevant to the present project. Therefore Parks Canada is viewing this present project as requiring a new application and not just a renewal.

Val would like the company to prove that this project is not fundamentally different in their project description report. Dushnisky said the company will prepare a project description report and a supplementary environmental assessment report. Fritz Mueller raised the issue that an Initial Environmental Evaluation (IEE) has never been done for the Prairie Creek property. Rob Walker explained that the Environmental Assessment and Review Process Guidelines Order (EARPGO) was not in place at the time of the original water licence application. As a result, the project has not received a proper environmental assessment.

Reg Watkins said that an IEE cannot be avoided. Most of the data is there, however, no studies have been conducted since the EARPGO was introduced in 1984. An IEE should be submitted, incorporating the data that has been collected in the past.

Val raised a concern that there is still a lot of discussion required, bringing the public up to date. McAleenan stated that there are no major local environmental concerns and that they have had support for the project. There are land claims concerns locally, however, Michael Cunningham felt that this is not the forum to discuss land claims issues.

Dushnisky asked what sort of timeframe could be expected for an IEE and the review process. Walker explained the review process adding that because there is a lot of information collected already, the process may be faster. Dushnisky said that if plans for the all-
weather road are included, the companies preparation of a project description will be delayed. Several RERC members stated that the project cannot be screened without considering all aspects of the project which includes the all-weather road.

Kaye MacInnes brought up the concern about the stability of the structures on site as a result of the North Nahanni earthquake in 1985. Taggart responded by saying that the earthquake is a major concern, however, the dam and buildings withstood the force. San Andreas will include a report on how sound the structures are in their project description.

Discussion then focused on the all-weather road. McAleenan said the 100 mile road will be used to truck concentrate from Blackstone at the Liard River to the Fort Nelson Railhead. Then trained either through to Vancouver, Noranda Quebec or through the northern states and then by ocean freighter to Europe or Japan. Jim Umpherson brought up the point that the current surface lease is only for the maintenance of the buildings and therefore an application will have to be made including the mining and the road. The all-weather road construction will follow the winter road alignment.

Dushnisky asked whether a water licence can be approved without having to go through the public hearing process. Cunningham addressed this saying that the Water Board makes decisions apart from DIAND. Mueller added that the company should follow the process through. Tsaparas repeated that the company is not adding or fundamentally changing the mine, however, only expanding the ore processing capabilities.

The length of the review will depend on how fast the company can pull together all the required information for a project description and IEE and apply for the necessary licences and permits. San Andreas will be able to use data collected on the Prairie Creek property in the past as well as use current project assessment guidelines to assist them in preparing their reports to RERC.

Val offered the assistance of the Parks staff at Nahanni to those doing studies on the Prairie Creek Property this summer. It was established that Rob Walker would be the RERC contact for San Andreas.

The meeting was adjourned at 1230 hours.
# RERC/SAN ANDREAS MEETING
## MAY 26, 1994

### ATTENDANCE

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<td>Kaye Maclnnes</td>
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<td>Peter Taggart</td>
<td>P. Taggart &amp; Associates Ltd.</td>
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<td>Kelvin Dushnisky</td>
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Regional Environmental Review Committee

Prairie Creek Project

8th Floor Bellanca

10:30 a.m.

May 26, 1994

10:30 - 10:35 Introduction of members of RERC, San Andreas and Rescan

10:35 - 10:50 Background to Prairie Creek Project and current project status San Andreas Exploration and development plans for 1994

10:50 - 11:20 Description of Environmental Program and Objectives for Prairie Creek Rescan

11:20 - 11:40 Proposed development schedule All Questions and closing discussions

11:40 - 12:00 Other Business: EA Techniques Workshop

Because of the difficulty in scheduling this meeting with all interested parties, San Andreas and Rescan would appreciate the flexibility of continuing the meeting after lunch if any issues remain outstanding.
June 3, 1994

Via fax: 403-920-7809

Regional Environmental Review Committee
Environment and Conservation
Northern Affairs Program
Yellowknife, NWT

ATTN: Mr. Robert Walker, Chair

Dear Mr. Walker:

RE: San Andreas Resources Corporation
Prairie Creek Project

We would like to take this opportunity to thank you and the other RERC members who attended our recent presentation on the Prairie Creek Project. We found our discussions most informative and appreciate the guidance provided to us. The purpose of this letter is to confirm our understanding of the requirements we must meet in order to achieve the timely permitting of the project which is, of course, vital to its overall success. Before proceeding to do so, we also wish to thank you and the committee for recognizing that a Water License was earlier granted for the project. Accordingly, many issues that have already been resolved both technically and procedurally, need not be revisited so long as we can demonstrate that nothing in the current project development plan would materially affect their earlier resolution.

During our session it was discussed that one strategy for proceeding would be for us to submit a Project Description Report, accompanied by Water License and Land Use Permit applications, as a foundation upon which the RERC could issue guidelines for the preparation of an Initial Environmental Evaluation (IEE). Assuming all is in order, upon review and acceptance of the IEE, a Water License and Land Use Permit (which would include the all-weather access road) could be issued.

We also understand that another option would be for us to proceed directly to the IEE stage and file this document, along with the appropriate license and permit applications. We are advised that this approval is also consistent with current EARP guidelines and NWT requirements. While we appreciate that caution must be taken to ensure our submission is comprehensive, and that all issues of possible concern are adequately addressed, this approach is nevertheless attractive from our perspective in that it allows us the opportunity to minimize duplication of effort, while concurrently facilitating the overall approvals process. It is our objective to submit this document before the end of 1994 in order that the necessary approvals to initiate project development activities might be obtained during the second quarter of 1995. This is essential if we are to meet necessary scheduling commitments which call for the start-up of milling operations by June 1996.

Concurrent with our permitting activities, we look forward to holding detailed discussions with First Nations people during the year.
As a final note, we wish to acknowledge the assistance provided to us and our consultants, Rescan, by Mr. Erik Val, with respect to data collected by Nahanni Park staff that he will make available for our study. Rescan will meet with Erik this week to collect these data and, in turn, to outline the data that we will provide to the park during our environmental field program to be conducted over the coming months.

We trust our understanding of the meeting as expressed herein is consistent with our discussions. Should you not concur with anything presented, we ask that you please notify us at your earliest convenience, so that we may adjust our planning accordingly.

In closing, please accept my commitment that San Andreas Resources Corporation will develop the Prairie Creek Project in only an environmentally responsible manner. We certainly appreciate your efforts in helping us achieve this objective.

Yours truly,

SAN ANDREAS RESOURCES CORPORATION

Per: Peter P. Tsaparas, P. Eng.
President

PPT:mr

CC:  David Livingstone, RERC
      Kelvin Dushinsky, Rescan
June 30, 1994

Peter Tsaparas
San Andreas Resources Corporation
#900 695 Howe Street
Vancouver, B.C.  V6C 2T5

Dear Mr. Tsaparas:

Re: Prairie Creek Project Environmental Assessment & Review

Thank you for writing regarding the Regional Environmental Review Committee (RERC) information meeting on the Prairie Creek Project.

I would like to ensure that you understand the environmental review process in the NWT. To this end I am enclosing a brief guide to the application of the Environmental Assessment and Review Process (EARP) in the NWT.

To obtain an expeditious review, proponents must provide complete information. Submitting a complete package that contains a project description, land use applications, water licence application and an IEE type document that provides sufficient information so that RERC can assess the potential impacts will expedite the process. Information gaps will almost certainly delay the completion of an RERC review.

In 1981, a previous mining company did receive a water licence for the Prairie Creek mine. As the EARP Guidelines Order came into force in 1984, the project has NOT undergone an EARP review therefore your proposal has not been addressed procedurally, as you suggest. However, much information was collected for the 1981 water licence and in subsequent studies therefore San Andreas Resources Corporation (SARC) has access to information that will assist in the preparation of its submission. Previous technical resolution of issues may or may not stand in light of changes in the project, the environment and in technology. RERC requires more than a discussion of the incremental changes since the 1981 water licence approval. SARC must address all issues within the scope of the EARP Guidelines Order (1984).

The scope of environmental assessment was reaffirmed by the Supreme Court of Canada in its decision of February 24, 1994 in the case of Quebec (Attorney General) v. Canada (National Energy Board) (the "Hydro-Quebec" decision). This decision states that for a proposal that consists of a number of works or activities, a federal decision-maker on environmental assessment matters may consider any works and activities undertaken to serve the work or activity that requires federal approval. RERC will review all aspects of this project including all mine site developments and modifications, and including related infrastructure such as the all weather road access.
During the RERC information session several issues related to access were identified and will require serious consideration, including: slope stability and terrain and sensitive karstland terrain impacts; uncontrolled access to Nahanni National Park Reserve; regional wildlife impacts; mine traffic on NWT highways; and stream crossings.

You will also require authorization under the Navigable Waters Protection Act administered by Transport Canada. Some issues may require field work this summer to allow for a complete submission this fall. I encourage you to contact the appropriate departments directly regarding their information requirements.

Thank you for your commitment to develop the Prairie Creek Project in an environmentally responsible manner. If you wish to discuss this project further please call me at (403) 920-8255 or fax (403) 920-7809.

Sincerely,

[Signature]

Robert Walker
A/Chair
Regional Environmental Review Committee

Attach.

cc. David Livingstone
    RERC Members
Dear Dimitri:

Rob Prosper, Chief Park Warden, and I have reviewed your request to provide information on park concerns related to the proposed all season road serving the Prairie Creek Mine. Given the short time frame and other operational priorities, we can only provide you an initial, general response at this time. We will respond in greater detail with other government agencies when we review the Initial Environmental Evaluation prepared for this project later this winter.

We can provide you the following reaction to what we know about the existing winter road and the earlier research completed to evaluate its impact:

* The KPA 1980 report of the preliminary environmental evaluation of the winter access road is a superficial analysis based on very limited field work. Apparently only 1-2 days of reconnaissance field research was done for a 160 km road. Therefore, it is no surprise that the results are extremely generic and not site specific enough to substantially predict meaningful impacts of the road.

* The design criteria used to layout the existing winter road should not be assumed to apply equally to an all weather, four season road. Winter ground conditions can obviously be quite different than in the summer, and, accordingly result in considerably different impacts and related routing options.

* The current alignment runs through a large area of internationally significant limestone karstlands, reputed to be the most concentrated and unique in the circumpolar north. These karst structures include limestone pavements, sinkholes, caves, dry valleys, hoodoos, and poljes. They are sensitive landscape features which are highly dependent on the hydro geological processes of the area. The road is located within 500 metres of three of the most significant features, the poljes. These are the largest of the karst features, and are
enclosed basins up to 6 km in length with flat valley floors that have residual limestone towers or megates. They have been known to fill up with water overnight and drain equally fast.

Dr. Derek Ford, a Canadian expert in karst topography, describes the area: "... as an assemblage of landforms there is nothing like in the world. This can be said of very few Canadian natural landscapes of any kind (1976)." We recommend you contact Dr. Ford directly at McMaster's University in Hamilton for additional information related to the uniqueness and sensitivity of these features. You also should review his 1976 article entitled Karstlands of the South Nahanni Region.

* When flying the road corridor in June this year with Dr. McInnis and Dr. Sevigny, considerable road stability problems were noted due to permafrost, debris torrent, and slope sliding and slumping. These conditions represent both safety and maintenance problems. Furthermore, road angles and alignments in the high mountain pass appear to exceed design limits, and represent further safety and operating concerns.

* In addition to potential hydro-geological impacts and structural damage to the karst topography, public safety concerns arise due to the highly articulated landscape, particularly caves, sink holes, cenototes, and cliff faces. All terrain vehicle and snowmobile use of the area represent serious public safety concerns.

* Trumpeter swans are a threatened species that appear to be re-establishing themselves both in and outside the park. The Teclola River corridor is one area where breeding pairs have been observed in increasing numbers over the last six years. Data is available from Environment Canada (Canadian Wildlife Service) which surveys the species every five years, and the Park can provide data based on surveys completed every two years. We recommend that you contact Environment Canada, Jerry Byers-Bergen, 403-468-8910, in Edmonton for more information.

* The road will represent the only ground access into the Mackenzie Mountains. This access poses potential problems for increased hunting of big game species such as woodland caribou, sheep, and moose. All these animals are migratory, transboundary species which use the eastern portion of the Park. Local NWT resident and non-resident guided hunting will increase significantly if access is not controlled on the road.

* Associated with the road is the potential for illegal motorised access in the Park by all terrain vehicles and snowmobiles. The existing winter road runs to within 20 kilometres of the Park boundary.

* Stream crossing impacts also are of concern to the Park. All the water courses along and crossed by the road eventually
find their way into the Park by way of Prairie, Fishtrap, Lafferty, Crainger, Tetcola, and other creeks. Maintaining current water quality levels for the Park is one of the measures used to ensure the ecological integrity of the Park.

* We feel a strong need exists to involve local hunters and trappers in systematically identifying the renewable resource use of the area. This initiative involves interviewing individuals from Nahanni Butte and possibly Fort Simpson and mapping their areas of use. You should also contact the Deh Cho First Nations Council for land use and occupancy maps that they have of the area. I believe prior permission is required from the community before such maps are made available.

* Finally we are concerned with the amount of field work time that has been identified for this summer. Given the limited amount of previously completed work, the 5-10 days planned for this September seems insufficient to identify the full range of on-site impacts. It is unfortunate that the whole summer was not used to undertake this initial field work. The need to do further research in the winter season remains an outstanding question.

We hope that these initial comments are helpful as you plan your field work. Please do not hesitate to contact either Mr. Prosper or me if you require any clarification of the information provided.

Yours truly,

Erik Val

CC Peter Tsaparas (faxed 604-656-2848)