



Terms of Reference:

Davidson Notice of Work Closure Plan

Background

The following provides a framework for the Davidson Notice of Work Closure Plan. The Notice of Work was issued to Blue Pearl Mining for their Davidson property on September 2005 from the Ministry of Energy, Mines and Petroleum Resources. Blue Pearl Mining will complete the Closure Plan by June 16, 2006.

1. Introduction

1.1 Objectives

Address concerns raised by the Ministry of Energy, Mines and Petroleum Resources (MEMPR) and thus return the Davidson property to a state comparable to that which existed prior to exploration. This objective will be accomplished through execution of the closure plan outlined in this report which includes details on the plan, implementation and cost estimate.

1.2 Background

1.2.1 Exploration History

- brief summary of surface exploration, adit development and underground drilling

1.2.2 Site Description

- adit access road
- waste rock pile and ML/ARD test pad (description of test pad is provided in Environmental Management Plan (EMP) Addendum 3 (May 15, 2006))
- clearing stockpiles (organics removed from the road during reactivation and maintenance)
- surface drainage
- adit
- infrastructure (trailers, fuel storage, underground track and equipment)

- surface hole

1.2.3 Current Environmental Monitoring

- reference to existing EMP
- highlight environmental monitoring:
 - water quality and quantity
 - surface runoff from the access road
 - surface hole monitoring

1.3 Existing Concerns

- water quality from the adit:
 - molybdenum
 - arsenic
 - TSS
- water quantity from the adit
- arsenic remobilization from the waste rock pile
- sedimentation and erosion along the road
- water quality from surface hole

2. Closure Work Plan

2.1 Infrastructure Removal

- trailers
- fuel storage equipment
- surface services

2.2 Adit Closure

2.2.1 Adit Flows

- description of the bulkhead

- remaining flow will be diverted around the existing waste rock pile

2.3 Existing Waste Rock

2.3.1 Stability

- slopes of the pile will be recontoured where necessary
- diversion ditch will be constructed to divert upstream drainage around the pile

2.3.2 Reclamation

- waste rock pile will be revegetated
- ML/ARD test pad will remain in place; see section 4 (Inspection and Monitoring) for continued environmental monitoring after closure

2.4 Access Road

- Road will be decommissioned: culverts removed; unstable sections will be removed; seeding program

2.5 Clearing Stockpiles

- recontouring of stockpiles (where necessary)
- seeding of stockpiles

3. Implementation

3.1 Closure Sequence

- engineering study for bulkhead design will be completed and reviewed with MEMPR
- any remaining drill holes will be plugged
- site preparation for bulkhead construction
- construct bulkhead
- diversion of water around waste rock pile
- diversion ditch constructed to divert upstream drainage around the pile
- reclamation of waste rock pile (recontouring, revegetate)
- reclamation of surface hole drill station (infrastructure and seeding)

- reclamation of clearing stockpiles (recontouring and seeding)
- reclamation of the access road (culverts removed; unstable sections will be removed; seeding program)

3.2 Site Supervision

An environmental monitor will meet with the site manager to review details of the closure activities to determine precautionary measures and monitoring required during the closure phase. The Environmental Monitor will make regular site visits to inspect and monitor conditions during closure activities, see section 4 for details.

4. Inspection and Monitoring

Duties/responsibilities of the environmental monitor:

- monitoring of field parameters (turbidity/TSS, pH, conductivity and flow as per the "Trigger Table" developed for the Blue Pearl Mining's Davidson Notice of Work in conduction with MOE) every second day while activities are in progress. The "Trigger Table" is currently still in DRAFT form (May 16, 2006) but should be finalized prior to finalizing this report;
- weekly water sample collection at A1, A4 and A5 as per "Trigger Table"
- additional sampling as per the "Trigger Table" if triggers are exceeded
- should conditions deteriorate, the Environmental Monitor will be responsible for reporting to MEMPR and MOE, see section 6 (Reporting)
- quarterly water samples will be collected (except when water is frozen) from the ML/ARD test pad after closure;
- the Environmental Monitoring will develop and prescribe a seeding mix appropriate for the area and conditions and submit to MOE for comment

5. Costs

- 5.1 Plugging of Drill Holes
- 5.2 Bulkhead
- 5.3 Water Management Structures
- 5.4 Waste Rock Pile Reclamation
- 5.5 Surface Hole Reclamation
- 5.6 Clearing Stockpile Reclamation
- 5.7 Access Road Reclamation

6. Reporting

6.1 Closure Activities

- bi-weekly updates of activities will be provided to MEMPR
- final closure report to be submitted to MEMPR

6.2 Environmental Monitor

- weekly updates on field and laboratory water quality results during closure activities
- final report summarizing environmental monitoring and data collection
- quarterly sampling of ML/ARD test pad