



Gartner Lee Limited

September 29, 2006

Yukon Water Board
106-409 Range Road
Whitehorse, Yukon
Y1A 3V1

Dear Board:

Re: Anvil Range Mine, Terrestrial Effects Study

Introduction

On behalf of Deloitte & Touche Inc. (in its capacity as court-appointed Interim Receiver of Anvil Range Mining Corporation), we are pleased to submit the enclosed reports that fulfill the requirements for a study of Terrestrial Effects, per Part F, Item 49 of Water Licence QZ03-059. There are two reports, each of which is submitted as five bound copies plus one unbound original plus one electronic copy. The two reports are:

1. *Anvil Range Mine Complex – Terrestrial Effects Study: Investigation into Metal Concentration in Vegetation, Wildlife and Soils*, prepared by Gartner Lee Limited; and
2. *Summary Report Anvil Range Mine Tier 2 Risk Assessment of Current Conditions*, prepared by SENES Consultants Ltd.

The two combined reports fulfill the requirements of the Water Licence. The first report presents the findings of a two-year study for gathering information on terrestrial resources (such as animals, soil, vegetation and air). The second report assesses that information for potential risks to people and wildlife. This letter summarizes the overall results of the two reports with respect to the requirements of the Water Licence.

This Terrestrial Effects study was initiated under the recommendation of the Environmental Assessment conducted for the Water Licence Renewal for ongoing care and maintenance activities at the Anvil Range Mine Complex (Deloitte & Touche Inc. and Gartner Lee Limited 2003). The broad goal of the study is to answer two fundamental questions:

1. Are there any existing and ongoing impacts to the terrestrial environment (i.e. animals, vegetation and land users) that need to be addressed during the care-and-maintenance phase, while the Final Closure and Reclamation Plan is being prepared?



2. What are the impacts of the past mining operations on the terrestrial environment (animals, vegetation and land users) that should be addressed in the Final Closure and Reclamation Plan?

The Water Licence (QZ03-059) requires submission of a project report that responds to the care and maintenance related issues represented in the first question above.

We provided written updates to the Board on the status of the project, with respect to the requirements of the Water Licence, in December 2005 and June 2006. As outlined in the June 2006 update, the following steps needed to be completed to prepare this submission to the Board:

1. Complete the analysis of the information on the terrestrial resources;
2. Complete a preliminary assessment of risks to animals and people through an HHERA;
3. Assess the need for short-term mitigation actions to ensure that animals and people are adequately protected from risks;
4. If necessary, develop a short term action plan to be implemented while the Final Closure and Reclamation Plan is being developed and approved;
5. Meet with the Ross River Dena Council, Selkirk First Nation, Town of Faro, Faro Mine Closure Project Office and governmental representatives and incorporate their feedback; and
6. Present the above work to the Yukon Water Board on September 30, 2006.

All of the steps outlined above have been successfully completed with the exception of Step 5 (community meetings with the Ross River Dena Council, Selkirk First Nation, and the Town of Faro). This next stage of the project is more appropriately being managed by the Faro Mine Closure Planning Office (FMCPO), where these reports can be discussed in the context of the development of the Final Closure and Reclamation Plan.

That initiative by the FMCPO is important but does not delay our submission of these observations and conclusions regarding the requirements of the Water Licence.

Summary of the Investigation of Terrestrial Resources

The specific objectives for the investigation of terrestrial resources are as follows:

1. Definition of the spatial distribution of elevated metal concentrations in the terrestrial environment;
2. Determination of whether the elevated metal levels are related to historic mine activities and/or current care and maintenance activities;



3. Improvement of the characterization of natural background (reference) metal concentrations;
4. Investigation of metal levels in vegetation species of importance to humans and wildlife;
5. Investigation of metal levels in wildlife tissues, including species of importance to humans;
6. Determination of ambient air metal concentrations (required information for the Human Health and Ecological Risk Assessment (HHERA)); and
7. Identification of potential sources of ongoing metal deposition.

This work relied on the participation provided by the Ross River Dena, Selkirk First Nation, Town of Faro and scientific experts to guide the collection of information, including metal levels, in small mammals, large animals, soil, vegetation, berries and air quality.

The information collected in the terrestrial environment shows that past operations at the Anvil Range Mine have resulted in metal concentrations in the mine area that are greater than the reference/background levels. The concentrations of metals that originated from the mine site are generally higher near the mine and decline with distance from the mine.

Deposition of some metals from the mine site is still occurring in the immediate area, mostly during the snow-free period.

Metal concentrations that were greater than the reference/background levels were detected in plants, small mammals and other wildlife in the area. This information does not necessarily indicate a high risk to wildlife or people but reinforces the appropriateness of conducting a human health and ecological risk assessment, as described below.

Summary of Human Health and Ecological Risk Assessment (HHERA)

The HHERA for the current conditions at the site was developed using the information collected at the Anvil Range mine as supplemented by other general information where necessary to complete the assessment. The assessment was based on the current care and maintenance activities being carried out at the site, as is appropriate to the requirements of the Water Licence.

The results of the ecological risk assessment indicate that no adverse health effects are expected in fish and animals that are currently present on the site. The human health risk assessment indicates that humans who use the site for approximately 1.5 months per year to gather berries and trap animals and also hunt and eat animals from the site are not at risk from adverse health effects.



Conclusion

Given the results of the HHERA, there is no need for short-term mitigation to ensure animals and people are adequately protected from risks while the Final Closure and Reclamation Plan is being developed.

Closing

We trust that this letter and the accompanying reports are clear and understandable. Please contact the undersigned if you have any questions regarding the information presented.

Sincerely,
GARTNER LEE LIMITED
(on behalf of the Interim Receiver)

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Senior Environmental Engineer

c.c: Valerie Chort, Deloitte & Touche Inc.
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