Tables 9 and 10 show the average and daily extremes of the Silver Hart property and the two nearest environment climate stations with recorded climate normals for the purpose of water management considerations.

Table 9 Average Precipitation

	Silver Hart (mm)[1]	Teslin [2]		Watson Lake[2]	
		Rainfall (mm)	Snowfall (cm)	Rainfall (mm)	Snowfall (cm)
Jan	0.0	0.2	29.4	0.3	35.7
Feb	0.0	0.1	18.3	0.0	29.5
Mar	0.2	0.2	16.5	0.2	19.8
Apr	6.8	3.2	6.8	4.1	11.5
May	6.8	20.7	1.8	35.2	4.6
Jun	67.6	29.1	0.0	52.4	0.0
Jul	137.4	45.9	0.0	59.9	0.0
Aug	18.4	43.1	0.0	44.0	0.3
Sept	17.6	41.0	1.9	39.7	2.1
Oct	7.2	19.0	19.9	18.8	21.4
Nov	0.0	1.0	26.2	0.3	33.9
Dec	0.0	0.2	27.4	0.2	37.6
Year total	262.0	203.7	148.2	255.1	196.5

[1] Year range is from September 21 2006 to August 23 2007

[2] Environment Canada Climate Normals average precipitation 1977-2000

Table 10 Daily Precipitation Extremes

	Teslin		Watson Lake	
	Rain (mm)	Snow (cm)	Rain (mm)	Snow (cm)
Jan	4.1	32	4.3	26.4
Feb	6.6	11.7	1	27.7
Mar	6.1	27.4	13.5	18.8
Apr	9.6	11.9	11.6	19.3
May	21.1	8.1	33.4	17.2
Jun	27.7	2.5	47	0
Jul	37.8	0	41.4	0
Aug	28.2	2	39	3.2
Sept	29.4	25.4	28.4	21.1
Oct	20.8	16	15.2	17
Nov	11	33.5	13.7	25.1
Dec	3.3	23	3.6	26.7

[2] Environment Canada Climate Normals extreme daily precipitation 1977-2000

A hydrogeological study included in a 1987 report by Klohn Leonoff for Silver Hart Mines calculates the 200 year flood value to be 45 mm/hr (1.77 inches/hr) corresponding to a duration of 10 minutes and a return period of 200 years (see Appendix G).

4.4.2 Spillways

Emergency overflow spillways will be provided for the tailings reservoirs to prevent uncontrolled overtopping of embankments. The tailings spillways will be sized to pass the peak flow from a 100 yr return period storm. Embankment crest elevations will be determined by adding 500 mm of freeboard to the maximum routed water elevation.

4.4.3 Diversion Channels

Surface water diversion channels will be provided around key project facilities to divert natural runoff water away from the structures, these channels are shown on Figure 5. The channels will be designed with 250 mm freeboard above the peak flows from a 100 yr return period storm event. Diversion channels will be consistent with the design hydraulic capacity of the structure and will be based on the maximum flow velocities expected in the local channel.

4.4.4 Sediment Control

Sedimentation below the tailings pond, waste dumps and plant site will be controlled with conventional settling ponds. The settling ponds will be sized to remove inflowing suspended sediments down to fine silt sizes for events up to a 10 year return period 24 hour duration storm. Emergency spillways will be provided for the tailings reservoir as described in Section 4.7.2.

4.4.5 Mine Dewatering

The existing adit is a positive incline and has water flowing from the decommissioned adit. This water, and any water produced from pit or underground workings dewatering will be utilized as the primary water source in the milling process. Based on flow measurements at the adit, an estimated 0.5-1.0 L/s is available for use in the mill processing facilities. At lowest flows this will nearly cover the milling requirements for most of the year and any excess during the higher flow periods will be diverted to the tailings pond. Treatability testing of the adit water is currently being undertaken to

determine what type of treatment will be required for any liquids decanted from the tailings area. Any excess water requirements for milling will be made up from the tailings impoundment area or the water well, as required. During operations, the outflow from the adit and water well use will be monitored for site water balance accounting.

4.4.6 Water Disposal

Analysis of the water flowing from the existing adit has shown zinc, arsenic, and cadmium levels in exceedance of the CCME guidelines (Appendix E). This water goes subsurface near the adit and travels above and below ground for 500 m to the nearest watercourse, McCrory Creek. Analysis of the water in McCrory Creek upstream and downstream of the general flow direction from the adit flow (stations CMC-M1 and CMC-M2 respectively) showed no trend of increase in these metals levels downstream of the point where the adit flow is thought to join McCrory Creek. Adit water discharge has been going since the mid-80's and hasn't produced a measurable change to the water quality of McCrory Creek. A large portion of the adit flow is expected to be used in the milling process.

4.5 Facilities

To minimize onsite construction, the mill facilities will be prefabricated off site and transported to the site for installation. This will reduce the construction and commissioning time required plus minimize the decommissioning of the mill by being modular.

4.5.1 Temporary Camp

A temporary camp will not be required during the construction phase. A maximum of 25 people may be on sight at any time during development and construction of the initial mine and mill facilities. The construction crew will utilize the mill facilities once the camp has been installed and commissioned for use.

4.5.2 Mill Site Camp Infrastructure

The camp facility could house a maximum of 25 people. During the mining/milling operation phase a crew of 19 will be on site. A crew of 13 is required during the winter milling operations. The mill camp facilities will include bunkhouse units, a washroom and shower facilities, a drying unit for wet clothing, kitchen and dinning facilities, a recreation room, and a separate office/First Aid unit. Other infrastructure associated with the camp facilities includes a fresh water cistern, a raw sewage septic cistern, and a grey water sump.

4.5.3 Mill and Ancillary Facilities

The proposed mill and ancillary facilities will include the mill building to house the ball mill, flotation circuits, a silver recovery tank and EW (electrowinning) cells, a concentrate dryer, concentrate bins, tailings thickener, a generator building, a materials storage shed, an equipment maintenance building, and a refueling area. The metal Quonset building currently on the site will be moved to the mill site as the equipment maintenance and/or materials storage building. The camp was be mobilized to the site in 2007 in modular units. A camp inspection will be coordinated with Government of Yukon, Building Safety, as soon the camp facilities are operable.

4.5.4 Fuel Storage

Diesel, gas, and propane fuels will be used at the project. Appropriate primary containment measures in the form of above ground storage tanks and a lined and bermed storage and refueling storage area will be constructed. Secondary containment in the form of a lined bermed area will provide containment of a minimum of 110% of the maximum possible stored fuel volume. Existing onsite fuel tanks will be used and relocated to the refueling site. One 22,700 L vertical diesel fuel tank and two 4,540 L horizontal gas fuel tanks will be relocated to the refueling site.

Propane fuel will be used as the primary fuel for heating the camp facilities and as a fuel source for the concentrate dryers in 1,000 gallon tanks. Propane tanks will be refilled or replaced as required.

4.5.5 Emergency Spill Response Plan

A *Fuel Spill Contingency and Emergency Response Plan* is attached to this report as Appendix A. The plan outlines procedures to be followed in the event of a petroleum product spill during all phases of the project. Safety procedures for personnel and proper equipment usage during such operations are discussed within this plan. All contractors and staff will be trained in the *Fuel Spill Emergency Response Plan*. All heavy equipment repairs will occur at the maintenance building which will have a geotextile liner under the entire area to minimize potential fuel spills entering the subsurface.

4.6 Property Access and Security

Access to the site is through an existing 43 km access road from kilometer 1116.4 on the Alaska Highway, near the Continental Divide Lodge. Currently the roadway is used for recreational and some sports fishing and hunting. One seasonal recreational cabin (Gerald Hudson) is also accessed from this road. A separate application for a Class III Exploration Permit for a 5-year period (LQ 00213) covers the access road upgrades and reinstallation of the culverts and stream crossings. Discussions with Water Resources have indicated there is no requirement for a water use licence for these installations based on water licence thresholds in the *Waters Regulations* of the *Waters Act*. Fisheries and Oceans Canada have been contacted and all operations are following Operational Statements (pers. comm.. Paul Christensen). A gate will be installed on the CMC quartz claims to control access to the site for public safety.

5.0 Characterization of the Environment

5.1 Terrestrial Environment

5.1.1 Acid Rock Drainage and Metals Leachate

CMC undertook geological sampling of the TM zone on-vein ore, for the purposes of metallurgical testing of ore for mill process engineering design work. The locked cycle testing ("LCT") undertaken by SGS Lakefield Research Inc., produced a solid and a liquid tailings product that was then run for a series of Acid Base Accounting tests as described herein.

SGS labs conducted the following laboratory test work on the tailings liquid and the tailings solids:

- Modified Acid Base Accounting;
- Net Acid Generation;
- Strong Acid Digest Elemental Analysis;
- Synthetic Precipitation Leaching Procedure;
- Liquid Effluent Analysis; and
- Effluent Toxicity Testing.

The lab results from the above testing suggested uncertain acid generation potential of purely high grade ore material (i.e. without dilution effect of non-sulphide, non-ore grade rock that will be milled along with this material). Net Acid Generation (NAG) testing of the same material reported a final pH of 5.63. The equivalent of 2.3 kg H2SO4/ t was neutralized when back-titrated to pH 7.0.

Lead concentrations reported above Metal Mining Effluent Regulations (MMER) guideline values in both the liquid tailings effluents and leachates generated from Synthetic Precipitation Leaching Procedure (SPLP) testing of the tailings solids.

Toxicity testing indicated a LC50 to Daphnia magna of 37.6%. As such a treatment plant will likely be required for the tailings discharge.

The reader is directed to Appendix B, "*Environmental Testing of TM Zone Tailings, Silver Hart Mine*" prepared by SGS for a complete description of the test work and discussion of results.

Given the lack of certainty of these results, CMC has submitted further ore zone material for kinetic ARD testing, which is being conducted by SGS as well.

Also, CMC collected representative samples of hangingwall and footwall host lithologies for the same series of laboratory testing as the LCT tailings samples noted above. Although not expected to be ARD generating material due to the dominance of carbonate/sedimentary lithologies, should the results of the initial static testing suggest the potential, even weakly, for acid generation, then these samples will also be submitted for further kinetic (humidity cell) tests.

5.1.4.2 Initial Phase ML/ARD Assessment: Geological Sampling

A second series of samples for ARD testing was undertaken in July 2007, as well as treatability testing of the tailings effluent and adit discharge.

5.1.4.2 Analytical Results

See Appendix B for the initial ARD testing results.

5.1.2 Topography and Soils

The site lies within the Pelly Mountains ecoregion. The following is a general description of the Pelly Mountains ecoregion:

> "Permafrost is sporadically distributed. Dystric and Eutric Brunisols are codominant in the ecoregion. Dystric Brunisols are associated with coarse igneous rocks at higher elevation. Plateau areas with sandy loam morainal parent materials are associated with Eutric Brunisols. Turbic Cryosolic soils are found in alpine areas and in some imperfectly to poorly drained sites." (Environment Canada, 2005)

Detailed information on soils for the study area is not available. Relief on the Silver Hart Property is 660 m, from the low point of 1,000 m along the Meister River to a high point of 1,660 m on the northeast corner. The site is within the Cassiar Mountains along a ridge running southeast through the Silver Hart Property, dividing it into two topographical areas. The southern third of the Silver Hart Property is south facing steep slopes upon which all of the proposed facilities will be constructed. The northern two-thirds consist of more gentle sloping north faces. The tree line is at an elevation of 1450 m to 1,500 m. The proposed milling site has an elevation of approximately 1,440 m.

5.1.3 Vegetation

The following information on vegetation at the Silver Hart Property results from field observations taken at the site in September 2006 by an independent Vegetation Specialist (Stu Withers). A map delineating primary vegetation types within the project area is shown in Figure 11 and the original results of the survey are included in Appendix C.

The project area lies within the Pelly Mountains Ecoregion. Alpine fir forests dominate most of the area. Alpine fir occurs as both open and closed canopy forests and as a krummholz growth form on areas with increased exposure at higher elevations.

The primary vegetation types within the project area are described as follows:

5.1.4.2 Closed Alpine Fir

This closed canopy forest is dominated by alpine fir with the occasional presence of white spruce. The canopy height ranges from 8 to 10 m. Lodgepole pine is found colonizing disturbed sites. The understorey layers are poorly developed with relatively few shrub and forb species. Feather mosses (*Hylocomium splendens* and *Pleurozium schreberi*) form extensive ground carpets.

This closed alpine fir forest is successionally stable and is found at mid-elevations (lowest elevations within the area surveyed).

CMC Metals Ltd. Property

CMC METALS LTD

Legend

- Trail
- Limited-Use Road
- Contour
- Water Course
- Water Body

Quartz Claims

Claim Owner, Status

- Expired
- Archer, Cathro & Associates, Active
- CMC Metals Ltd., Active

Vegetation

- AS Alpine Shrub
- AFd Dwarf Alpine Fir
- AFo Open Alpine Fir
- AFc Closed Alpine Fir

N

Caribou Lake

Meister River

AFc

AFd

AFo

AS

CAMP

McCrory Creek

Edgar Lake

Roy Lake

Oake Creek

Beaver Creek

Projection: UTM Zone 9 NAD83
Units: Meters
NTS: 105B/07

Vegetation identified by Stu Withers, S.P Withers Consulting, Whitehorse, Yukon.

Quartz claim data obtained from Yukon Government Minerals Branch via http://www.geomaticsyukon.ca/data_download. Data current as of September 15, 2006.

Figure 11

Area Overview

Scale: 1:50,000

0 250 500 1,000 1,500 2,000 m

ACCESS CONSULTING GROUP

Drawn by: HD | Checked by: PI

Date: November 2006

Our File: D:\Project\AllProjects\CMC_Metals\gis\mxd\YESAB_Fall06\Fig11__Vegetation.mxd

5.1.4.2 Open Alpine Fir

Alpine fir dominates this open canopy forest. White spruce occurs occasionally. The shrub layer (primarily dwarf birch) is well developed. The ground cover is mostly feather moss and a variety of herbaceous species. Lichen (mostly *Cladina* spp.) occurs on the open, drier areas.

This vegetation type occurs on the project area's well-drained upland slopes. These open alpine fir stands are climax within their elevational range.

5.1.4.2 Dwarf Alpine Fir

Growth forms of dwarf alpine fir is variable, ranging from prostrate and twisted krummholz thickets to low-stature, upright individuals. Other shrub and herb species are poorly represented. The ground cover is feather mosses, liverworts and lichens (principally *Cladina* spp.)

Within the projects area, this successionally stable vegetation type occurs on higher subalpine elevations, frequently on exposed, windswept ridges.

5.1.4.2 Alpine Shrub

The alpine dwarf shrub vegetation community consists of a variety of alpine shrub and herb species. Isolated stunted trees (alpine fir, white spruce and lodgepole pine) are found in a few sheltered areas. The ground cover is a discontinuous carpet of lichens (primarily *Cladina* spp., *Cetraria* spp. and *Stereocaulon* spp.).

This alpine shrub vegetation type occurs on the project area's highest, most exposed ridges.

5.1.4.2 Vegetation Densities

The total area investigated in the vegetation survey is about 1949 ha. The area for each of the four primary vegetation types observed is shown in the following table.

Table 11 Vegetation Types

Primary Vegetation Type	Area (Total ~ ha)
Closed Alpine Fir	623.3
Open Alpine Fir	956.8
Dwarf Alpine Fir	194.8
Alpine Shrub	173.7
Total	1948.6.

5.1.4.2 Vascular Plant Species

Of the vascular plant species catalogued during the September 2006 survey, only one species (*Rubus pedatus*) is considered to be rare in the Yukon. This was the third recorded observation of this species in the territory. *Rubus pedatus* was observed in the Dwarf Alpine Fir vegetation zone.

A list of vascular plant species observed during the September 2006 survey is included in Appendix C. This is not an exhaustive inventory of plant species expected in this area.

5.1.4 Wildlife

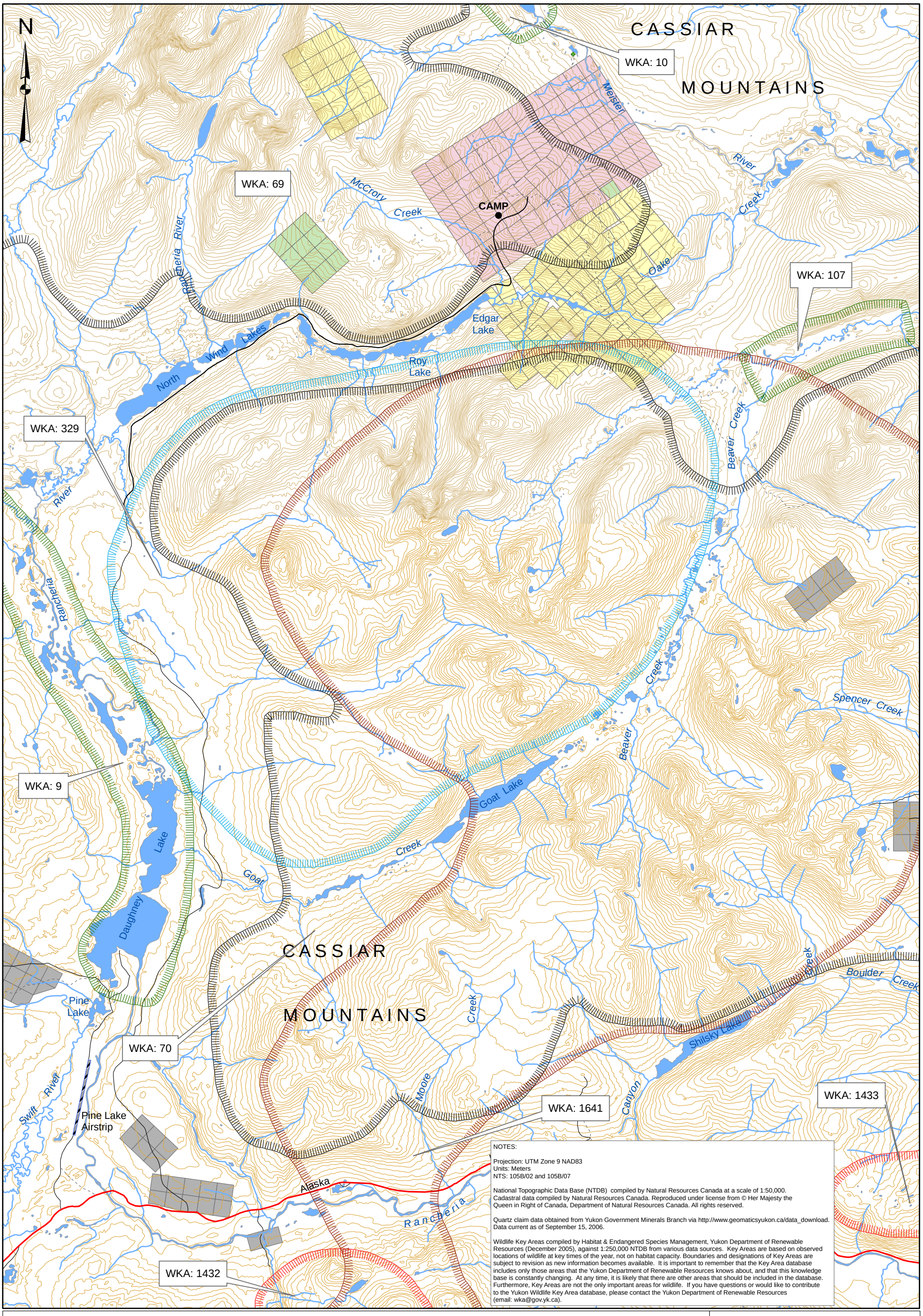
Based on the Wildlife Key Area Inventory Program produced by the Yukon Government Department of Environment, the Silver Hart Property is within a mountain goat wildlife key area (WKA) for year-round functions as it is in the upland area favoured by these animals. On the northern edge of the Silver Hart Property is a key wildlife area for beaver, following the Meister River from Caribou Lake. The access road, which travels north from the Alaska Highway alongside Daughney Lake and the Rancheria River before turning northeast and running alongside Northwind, Roy, and Edgar Lakes. Within this area, along the Rancheria River and the Northwind Lakes a beaver WKA is also noted.

Outside the Silver Hart Property and immediate project area but of note are a number of WKA to the south of the Silver Hart Property and east of the access road. These include areas used by thinhorn sheep, mountain goats, and woodland caribou (probably the

Wolf Lake Caribou herd). Discussions with the Regional Biologist for the Southern Lakes Region indicate that the area may be used by a number of different woodland caribou herds (pers. comm., Rob Florkiewicz, 2006).

The entire access road and project area is within a single Game Management Zone (GMZ), # 1028, but the Meister River is the boundary between this zone and GMZ #1027 which should be noted as a nearby second GMZ. Figure 12 shows the Game Management Zones and Wildlife Key Areas in the area of the Silver Hart Property.

A post-rut moose and caribou survey of the area was undertaken in early December 2006 by an independent wildlife biologist (Grant Lortie) to track any early winter movement of moose and other large animals in the area. The results of this survey are included in Appendix D. No moose or large mammal tracks were observed on the Silver Hart Property but a few moose and moose sign were observed on the northern side of the Meister River and in a valley to the west of the Silver Hart Property. Figure 13 shows the animals and animal tracks observed during the survey.



Legend

- Road
- Limited-Use Road
- Trail
- Contour
- Water Course
- Water Body

Quartz Claims
Claim Owner, Status

- , Expired
- Archer, Cathro & Associates, Active
- CMC Metals Ltd., Active
- Other Quartz Claims

Wildlife Key Area

- Beaver
- Golden Eagle
- Mountain Goat
- Thinhorn Sheep
- Woodland Caribou

Scale:
1:100,000
0 500 1,000 2,000 3,000 4,000 m

CMC METALS LTD

ACCESS CONSULTING GROUP

CMC METALS LTD. PROPERTY

Figure 12

Wildlife Key Areas

Drawn by: HD	Checked by: PI

Date: November 2006

Our File: D:\Project\AllProjects\CMC_Metals\gis\mxd\YESAB_Fall06\Fig12__WKA.mxd

CMC METALS LTD. PROPERTY

CMC METALS LTD

Legend

- Trail
- Limited-Use Road
- Contour
- Water Course
- Mill Site
- Area Impacted by Fire
- Proposed Waste Dump Area

Surveyed Features

- Moose Sighting
- Moose Track
- Otter Track
- Weather Station
- Other Surveyed Point
- Flight Line

Quartz Claims
Claim Owner, Status

- Expired
- Archer, Cathro & Associates, Active
- CMC Metals Ltd., Active

Figure 13

Moose Survey Results December 2006

Scale:

0 500 1,000 2,000 3,000 4,000 m

ACCESS CONSULTING GROUP

Drawn by: HD | Checked by: PI

Date: December 2006

Our File: D:\Project\AllProjects\CMC_Metals\gis\mxd\MooseSurveyFall06\Fig13_MooseSurvey.mxd

NOTES:

Projection: UTM Zone 9 NAD83
Units: Meters
NTS: 105B/07 and 105B/02

National Topographic Data Base (NTDB) compiled by Natural Resources Canada at a scale of 1:50,000. Cadastral data compiled by Natural Resources Canada. Reproduced under license from © Her Majesty the Queen in Right of Canada, Department of Natural Resources Canada. All rights reserved.

Quartz claim data obtained from Yukon Government Minerals Branch via http://www.geomaticsyukon.ca/data_download. Data current as of September 15, 2006.

Moose Survey and Wildlife Sightings surveyed by Grant Lortie, Whitehorse, Yukon, December 8, 2006

N

Sab Lake
East Blank Creek
1998 Fire
Caribou Lake
Meister River
1965 Fire
CAMP
McCrory Creek
Oake Creek
Edgar Lake
Roy Lake
North Wind Lake
Beaver Creek
START

Waypoint: 01010
402958 mE
6698392 mN

Waypoint: 0055
406241 mE
6698008 mN
Elevation: 1520m

Waypoint: 0033
409897 mE
6695313 mN
Elevation: 1221m

Waypoint: 0044
407832 mE
6696631 mN
Elevation: 1433m

Waypoint: 0066
409363 mE
6693605 mN
Elevation: 1218m

Waypoint: 0022
412662 mE
6694825 mN
Elevation: 1162m

Waypoint: 0077
404001 mE
6689362 mN
Elevation: 1480m

Waypoint: 0088
400432 mE
6689920 mN
Elevation: 1465m

Waypoint: 0099
395330 mE
6687705 mN
Elevation: 1316m

Waypoint: 0011
403902 mE
6685970 mN
Elevation: 1287m

Waypoint: 01111
391107 mE
6680101 mN
Elevation: 1061m

390000 391000 392000 393000 394000 395000 396000 397000 398000 399000 400000 401000 402000 403000 404000 405000 406000 407000 408000 409000 410000 411000 412000 413000 414000 415000 416000 417000

6700000 6699000 6698000 6697000 6696000 6695000 6694000 6693000 6692000 6691000 6690000 6689000 6688000 6687000 6686000 6685000 6684000 6683000 6682000 6681000 6680000

5.2 Aquatic Environment

5.2.1 Site Hydrology

Stream flows in the Yukon are generally characterized by peak flows in the spring and low flows in the winter with 1-2 peak summer precipitation events. Maximum discharges typically occur during the spring as the result of snow melt or rain-on-snow events, with flows gradually decreasing following the disappearance of snow. Sizeable flood events may also occur in the late summer due to intense rainstorms. These rainfall events are particularly significant on small basins. The smallest discharges of the year occur in mid-winter. Ice develops on all rivers and many streams freeze entirely, reducing their winter flows to zero.

Streams in the environmental study area include: the Meister River, Oake Creek, McCrory Creek, and approximately five unnamed creeks.

CMC is planning to establish a hydrometric station on McCrory Creek downstream of the Silver Hart Property in 2007 to further inform the hydrologic assumptions about the project. Data from this station and subsequent stations on the Silver Hart Property will be used to characterize flow discharges and water balances for the site. A fall water quality field program undertaken by Access Consulting Group (ACG) in 2006 included stream flow measurements gathered using a Price 121 Type AA flow velocity m at stations along McCrory Creek, Oake Creek, the Meister River and five unnamed creeks that drain the Silver Hart Property (see Appendix E).

A weather station was established on site in September 2006 that is recording a number of parameters including air temperature, wind speed and direction, and precipitation. These factors can help refine the calculation of a water balance for the area. The tailings pond has a small uphill catchment area of less than 1 km^2, and with the use of upslope diversion ditches, the amount of additional water input into the tailings area, beyond that from the milling and mine dewatering, will be quite small. Precipitation from the end of September 2006 to the end of August 2007 shows the site to have received slightly more rainfall than either of the nearest Environment Canada weather stations with a calculated climate normal from 1971-2000 (Teslin A and Watson Lake). This may be as a result of unusually heavy precipitation in June and July 2007 or orthographic

effects. Table 9 shows the annual rainfall versus the climate normals at the two nearest Environment Canada weather stations.

5.2.2 Surface Water Quality

In 2006, ACG developed a network of 15 Water Quality Stations (WQS) (see Figure 3) based on station locations established in previous monitoring programs in the 1980's. These stations have been physically marked on the ground and GPS referenced for ease of data management and mapping. Each station is described in Table 11. Some stations were removed from the 2007 sampling program because they were deemed to have little relevancy to the project. The locations were chosen to capture existing baseline conditions upstream and downstream from the Silver Hart Property and to replicate existing water quality stations established in previous baseline studies to make possible the comparison of existing data with data collected for this project. These stations were established with the intention that they continue to be used by company personnel through the production life of the mine, to post closure monitoring. At each EMS, ACG has collected water samples and sediment samples from the stream for analysis of various physiochemical parameters, conducted measurement flows, and characterized the stream substrate and riparian habitat. The laboratory test results and summary tables and are included in Appendix E. The baseline water quality data to date indicates that some metals were found in slightly elevated concentrations at various locations when compared to the CCME guidelines. These metals include arsenic, cadmium, and zinc from the adit outflow, aluminum in McCrory Creek, and pH in Oake Creek. The natural pH value is only slightly beyond the acceptable range as is common at many areas in the Yukon. The aluminum value likewise is also only slightly beyond the acceptable range. The cadmium, zinc, and arsenic values are all noteworthy natural exceedances. These exceedances could be caused by a number of factors but the most likely is that weathering of areas of heavy mineralization has resulted in the transport of dissolved metals through the watercourses. The elevated values of many metals in the adit water is likely a result of the exposure of the main ore body to groundwater and the surfacing of this groundwater at the location of the existing decommissioned adit. As the current water management plan calls for the use of the adit outflow in the milling process and subsequent disposal in the tailings area, concerns over these exceedances will be resolved during the processing.

Table 12 Environmental Monitoring Stations

EMS*	SITE DESCRIPTION	Northing	Easting
CMC-01	Mouth of Meister River at Caribou lake	6694564	405216
CMC-02	Small stream possibly contributing to Meister River	6693141	406140
CMC-03	Tributary to Meister River	6692366	406974
CMC-03A	Tributary to Meister River	6691603	407735
CMC-04	Meister River upstream from Oake Creek confluence	6690129	411208
CMC-05	Meister River just downstream of Oake Creek confluence	6690849	412312
CMC-06	Oake Creek just upstream of Meister River confluence	6690673	412137
CMC-07	Mouth of Oake Creek at Edgar Lake	6686763	403918
CMC-10	Tributary to Meister River just downstream of Caribou Lake	6694539	405212
CMC-11	Adit just south of camp	6688769	404126
CMC-M1	McCrory Creek upstream from unnamed tributary to the south	6688350	403628
CMC-M2	McCrory Creek upstream from Edgar Lake confluence;	6687110	404215
CMC-OC2	Oake Creek, downstream from McCrory Creek and Edgar Lake	6686894	404668
CMC-OC3	Oake Creek, downstream from unnamed creek confluence	6686666	406063
CMC-U1	Tributary to Oake Creek	6688432	405458
CMC-U2	Tributary to Meister River; leads to CMC-03A		

EMS - environmental monitoring station

5.2.3 Hydrogeology

As previously stated the existing incline adit is producing a small amount of water. Bucket flow measurements of the adit were taken in December 2006, with an average flow of approximately 0.5 L/s – 1.0 L./s Much of this water will be used in the milling process and any excess will be disposed of in the tailings pond. Based on the location of the planned open pit area, water is expected to be encountered at the lower levels of mining and the pit will require dewatering. Water removed from the pit will be used in the milling process when possible and any remaining water will be used in dust control or placed in the tailings area for treatment or evaporation.

5.2.4 Fishery Investigations

The Meister River watershed is a tributary to the Liard River and is part of a known fish-bearing watershed that contains a number of species of fish.

5.2.4.2 Fishery Investigations

Fish and fish habitat investigations were undertaken by R&D Environmental on September 21- 23, 2006 at nine sites within the area of the Silver Hart property. Sites included CMC-01, CMC-03, CMC-03A, CMC-05, CMC-06, CMC-07, CMC-10, CMC-M2, CMC-OC2 and CMC-OC3 (Figure 3). Several additional sites were visited during the survey in order to collect water and sediment samples but were not sampled for fish as they were either not deemed as potential fish habitat due to a limited amount of flow at the site (CMC-11, CMC-U1, CMC-U2), or sampling occurred on the same system close to the site (CMC-04, CMC-M1). Visual observations for fish however were made at all sites.

A second survey was undertaken in August 21-23, 2007 with sampling occurring at the same sites sampled in September 2006 except for CMC-05. One additional site, CMC-M1 was sampled during 2007.

5.2.4.2 Methods

Gee traps, using prepared Yukon River origin chinook salmon roe and commercial bait (frozen herring) as an attractant, were set at various sites throughout the study area during the 2006 and 2007 surveys. Traps were set for a nominal 24 hour soak. Up to four traps were set at each site.

Where stream/river conditions allowed certain sites during the 2007 survey were electrofished using a Smith/Root back-back electrofishing unit. Conductivity was measured at each site and was used to determine the settings used on the electrofishing unit.

Angling, using spin casting gear was conducted at CMC-01 on the Meister River and at CMC 03A on Oake Creek.

Beach seining, using a beach seine net (12 metre length x 2 metre depth) with 1/8" mesh was conducted at two sites, CMC-01 and CMC-07 during the 2007 survey.

All fish captured were identified, and enumerated before release. Some individuals were measured for fork or total length.

In-situ water quality measurements were conducted for temperature and conductivity, dissolved oxygen (D.O.), and pH. D.O. and pH were measured using Oxyguard meters. Water and sediment samples were collected at each site and sent to a water analysis lab for analysis. Water flows were also determined at most of the sites during the fisheries surveys.

5.2.4.2 Fish Sampling Results

Sampling during the 2006 survey within the Meister River and Oake Creek watersheds resulted in the capture of only 1 fish, a Long-nose sucker (*Catastomas catastomas*). This fish was captured at CMC-07, at the outlet of Edgar Lake. Numerous slimy sculpins (*Cottus cognatus*) and other small unidentified species were observed but not captured in the Meister River during the sampling period.

In the 2007 sampling period 5 species of fish were captured in the Meister River, including lake trout (*Salvelinus namaycush*), bull trout *(Salvelinus confluentus*), Arctic grayling (*Thymallus arcticus*), Mountain whitefish (*Prosopium williamsoni*) and slimy sculpin.

A total of 3 species of fish were captured in the Oake Creek system in 2007 including slimy sculpin, Long-nose sucker and burbot (*Lota lota*).

In all 7 species of fish were captured during sampling in 2006 and 2007.

No fish were captured or observed during the 2006 and 2007 surveys in McCrory Creek or in any of the unnamed tributaries that were sampled that flow into the Meister River.

5.2.4.2 Discussion and Recommendations

Based on the results of the 2007 sampling program and anecdotal knowledge it is known that substantial fish populations inhabit the Meister River drainage. Because of this

knowledge extensive and/or intensive sampling was not conducted at sample sites along the Meister River and Oake Creek Drainage. Observations for spawning fish and or habitat use did not reveal any activity or signs of spawning activity at the sites examined.

Certain sample locations (CMC-02, CMC-11, CMC-U1) were not deemed as suitable fish habitat due to low water flow rates and/or volume of wetted habitat available to fish.

Fish were not captured or observed in tributaries of Meister River (CMC-10, CMC-03, CMC-03A or in McCrory Creek (CMC-M2) which is a tributary of Oake Creek. Habitat at these sites appears to be suitable for fish. Although these tributaries cascade down off the side of the surrounding mountains to the Meister River and Oake Creek there are no significant barriers to fish migration downstream of the sample sites (the cascades however may limit upstream migration of smaller fish) except on the tributary that flows into the Meister River at CMC-01 (near the outlet of Caribou Lake). On this tributary a fish barrier (waterfall) was observed, during aerial reconnaissance, about 500 metres upstream of its confluence with the Meister river.

The sites sampled for fish during this survey should be revisited during late spring, early summer to determine usage by fish during this season as sampling has only occurred in late summer and early fall to date.

5.2.5 Stream Sediments

Stream sediments were collected from each EMS assessed during the two water quality surveys in 2006 and a single water quality survey in 2007. A composite sample from three locations from each EMS was collected when possible and sent to Norwest Labs for analysis. At some sites substrate type in the sampling area prevented sediment sampling. The results of these sediments sample tests are included in Appendix E. The stream sediments show naturally high levels of a number of metals throughout the area, some metals found to exceed the Interim Sediment Quality Guidelines (ISQG) and, less frequently, to exceed the higher Probable Effect Level (PEL). Of the seven metals with guidelines, only mercury was not found in excess of the ISQG and only cadmium and copper were found in excess of the ISQG but not the PEL. The remaining parameters (arsenic, chromium, lead, and zinc) were all found in excess of the PEL at one or more

EMS. These exceedances indicate that weathering of mineralized areas upstream of the locations has resulted in naturally high levels of a number of metals.

5.3 Atmospheric Environment

5.3.1 Climate

The climate in the Pelly Mountains Ecoregion is cold and semiarid with a mean annual temperature of –3.0 °C. The summer mean temperature is 10.5°C and the winter mean for the ecoregion is –17.5°C. Mean annual precipitation ranges from 500 mm – 1000 mm, varying with elevation (Environment Canada, 2005). The nearest Environment Canada Weather Station is located at Teslin, approximately 110km away. Environment Canada Climate normals for Teslin indicate an average annual rainfall of 203.7mm and an average annual snowfall of 148.2 cm. Another Station at Watson Lake (approximately 125km away) shows an average annual rainfall of 510.3mm and an average annual snowfall of 329.9 cm. A meteorological station was installed at the site in September 2006. This station collects data on rainfall, air temperature, soil temperature, barometric pressure, wind speed, solar radiation, and relative humidity. Preliminary data shows climate parameters similar to the Watson Lake Environment Canada Weather Station. A data summary is included in Appendix H.

5.4 Human Environment

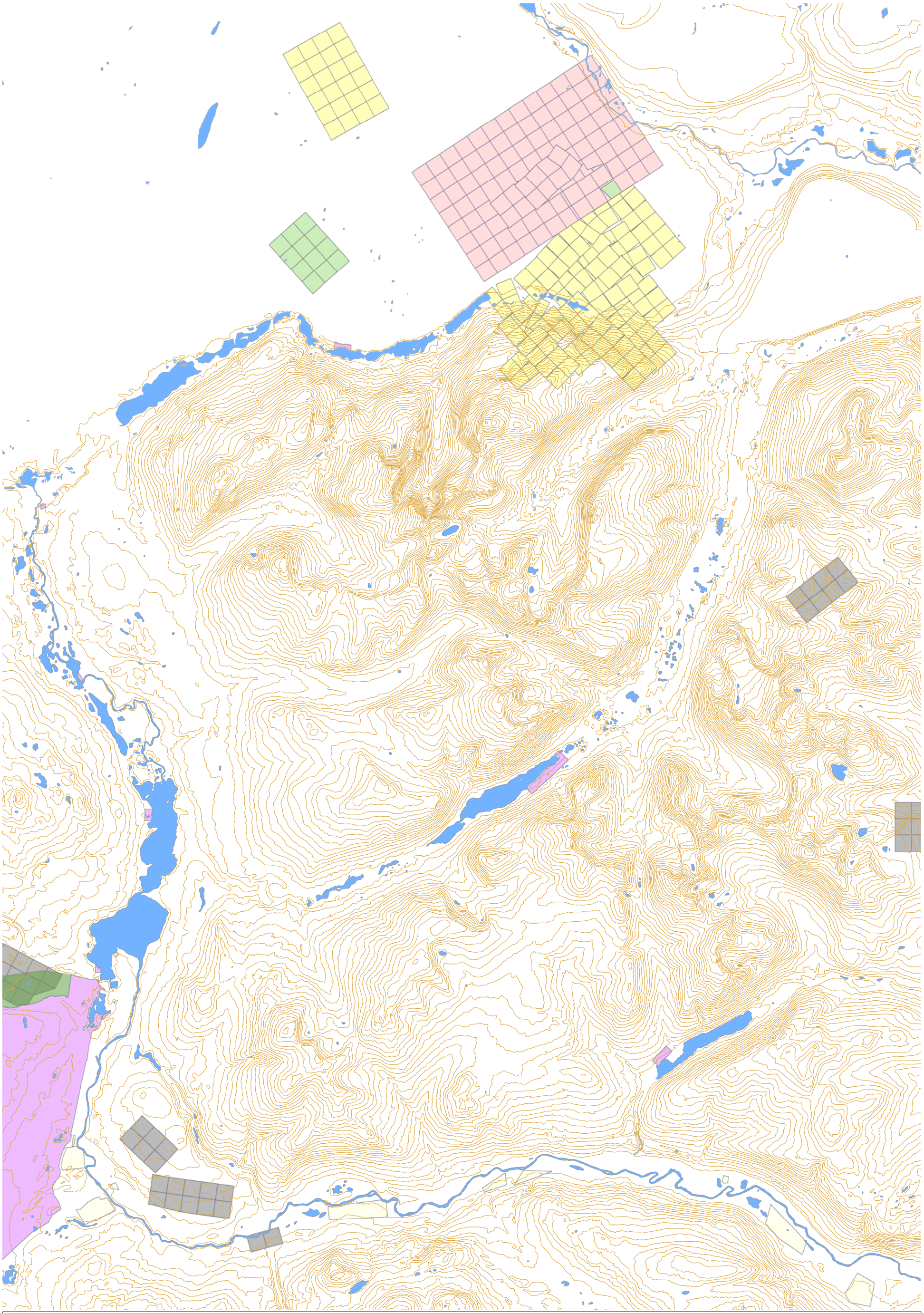
5.4.1 Land Use and Land Tenure

CMC owns 116 claims in the project area within the Meister River watershed. Southeast of the CMC claims are 125 adjacent claims owned by Archer Cathro and Associates Ltd. (Archer Cathro). To the northwest of the CMC claims are 24 claims also owned by Archer Cathro (Figure 3). The existing public access route passes through two trapping concessions; registered trapline # 348 and # 346. The Silver Hart Property is located on # 347 and # 346. The outfitting concession is # 20. CMC is in the process of discussing the project with the owners of these trapping concessions regarding the impact of the project on these activities. According to Yukon Government Traditional Territory maps

the project study area is within the Liard First Nation Traditional Territory, and the access road borders both the Teslin Tlingit First Nation and the Liard First Nation. Hunting and recreational fishing does occur in the Meister River watershed and the Upper Rancheria watershed. These activities should not be impacted by the project. Figure 14 shows the current land uses in the area.

5.4.2 Heritage Resources and Archaeology

C. Thomas of Thomas Heritage Consulting was contracted to conduct a detailed evaluation of heritage resources and archaeological sites in the project area in September 2006. No known heritage resources were found. Please refer to Appendix F for the complete report.



5.4.3 Socioeconomic Conditions

The Village of Teslin is approximately 120 km west of the project site and the Town of Watson Lake is approximately 80 km east southeast of the project site. The proposed project lies within the Liard First Nation Traditional Territory. Notifications of the project will be distributed throughout Teslin and Watson Lake as well as to interested parties in Whitehorse. A meeting with the Lands and Resources Manager of the Liard First Nation Government indicated that the only major concern was protection of the woodland caribou that use the area as a migration pathway. A meeting with the Liard First Nation Government was planned for early May, late May, and early June 2007, but was postponed each time at the request of the Liard First Nation Government. Rescheduling of this meeting has been attempted but has not been confirmed. A meeting with the Teslin Tlingit Council Government was held on the 16th of May 2007.

There will be approximately 25 people employed during the construction of the mine/mill facilities, approximately 32 during the active mining and milling portion, and during the winter milling 25 people will be employed. As mining will be undertaken on a seasonal basis and milling will be year-round, the number of people employed during the winter months will be reduced. CMC will promote the hiring of qualified local personnel including members of the Liard and Teslin Tlingit First Nations. The following information on the communities of Teslin and Watson Lake was taken from the 2004 Edition of Yukon Community Profiles complied by the Government of Yukon and Yukon Chamber of Commerce (http://yukoncommunities.yk.ca).

The economy in Teslin includes traditional subsistence activities, tourism, and territorial government highway, forestry, and social services. The major employer is the TTC. Tourism activities include accommodation, food services, transportation services, cultural activities, and outfitting and guiding services. Tle-nax Tawei Inc., the economic development arm of the TTC, promotes tourism, outfitting, and a sawmill in the area.

Teslin is 183 km from the City of Whitehorse, which are connected by the Alaska Highway. A 1,700 m gravel all season runway is located in Teslin. Float plane access is also available from Teslin Lake. The TTC offer social services that include social counselors, a community health representative, community education liaison coordinator, and youth worker.

Watson Lake sits at the junction of the Alaska Highway, the Robert Campbell Highway to the central Yukon, and the Stewart-Cassiar Highway from central British Columbia. Watson Lake is 455 km to the southeast of Whitehorse, connected by the Alaska Highway. An airport is located 13 km from the town and the town has float plane access from Watson Lake. A small hospital and health clinic operate in Watson Lake and there are volunteer fire and ambulance services.

Watson Lake had a population of approximately 1,500 people in 2004 (the last year of information provided) that has fluctuated over the years. Watson Lake has a diversified economy, in part because it is the regional service and business centre for the southeastern Yukon. Primary industries occasionally increase the local economic activity including some forestry and mining and energy exploration. Watson Lake also plays a role as a transportation hub for northern tourism and shipping to Whitehorse and Alaska.

6.0 Consultation

To date CMC has held a meeting with the Assistant Lands Manager of Liard First Nation to discuss the project and a meeting with a number of members of the Government of the Teslin Tlingit Council. A public Open House was also held in the Town of Watson Lake on May 15, 2007. A meeting with the Teslin Tlingit Council Government occurred on May 16th, 2007. More meetings will be scheduled with both the Liard First Nation and the Teslin Tlingit Council as the process moves forward. Additional public input and consultation will be made available through the Yukon Environmental and Socioeconomic Assessment Board (YESAB) and Water Use Licence application processes. The Open House included forms and an informal discussion setting to allow for public comment.

Project information posters have been developed to provide project overview and details on pertinent aspects of the environmental studies and impact assessment conducted to date. Poster components include:

- Area Overview;
- Project Overview;
- Project Timeline;
- Environmental Cultural Studies;
- The Mining/Milling Process;
- Recognition of Rights, Title and Interest;
- Promotion of First Nation growth and Business Relations; and
- Increase community relations.

Regular and open consultation will occur throughout the life of the project, including information sharing and site tours organized for community and first nations leaders.

7.0 Potential Environmental and Socioeconomic Effects and Proposed Mitigation

7.1 Summary of Potential Environmental and Socioeconomic Effects

This section identifies potential environmental and socioeconomic effects that may be associated with the project, and proposes mitigation measures to eliminate or minimize these potential effects.

Table 13 provides a summary of the assessment of potential environmental effects, a listing of mitigation measures, and a determination of the significance of the potential effects. The valued ecosystem and cultural components that were evaluated for potential environmental effects include: atmospheric; topography; soils (including permafrost); surface water quality and hydrology; groundwater hydrology; aquatic resources including fisheries resources, benthic invertebrates; wildlife and habitat; vegetation; land use capability; and, socio-economic effects including public health and safety.

Table 13 Summary of the Assessment of Potential Environmental Effects Resulting from the Proposed CMC Silver Project

Parameters	Potential Environmental Effect	Mitigation	Significance of Effects							Significant
			Duration	Geographic Extent	Magnitude	Reversibility	Ecological Context	Economic & Social Context	Overall Rating	(Y/N)
Atmospheric	fugitive dust - access roads fugitive dust - pit and facilities areas vehicle/equipment emissions	road watering watering proper maintenance	Very Low	Low	Low	High	Low	Low	Low	**N**
Topography	road cuts - access roads facility area cuts open pit area	recontoured and revegetated upon closure recontoured and revegetated upon closure recontoured and revegetated upon closure	Low	Low	Low	High High Low	Low	Low	Low	**N**
Soils (including permafrost)	stripping and erosion of soils - access roads stripping and erosion of soils - facilities area stripping and erosion of soils - open pit	stockpiling of overburden for cover/revegetation, prevent erosion stockpiling of overburden for cover/revegetation, prevent erosion recontoured and revegetated upon completion of project	Low	Low	Low	Low	Low	Low	Low	**N**
Surface Water Hydrology	stream crossings - access roads camp and mill - water use	upgrade existing bridge crossings and culverts minimize use, use groundwater and adit flow	Very Low	Low	Low	High	Low	Low	Low	**N**
Surface Water Quality	sediments - access road sediments - construction and operation infiltration of metals with recharge to Meister River surface waste waters	no instream construction, maintain vegetation buffer zones no instream construction, maintain vegetation buffer zones segregation of ARD waste on lined pad construction of septic field	Low	Very Low	Low	High	Medium	Medium	Low - Medium	**N**
Groundwater Hydrology	water use - mill and camp Lowering water table	water recycling, adit flow use in milling process water recycling, adit flow use in milling process	Low	Very Low	Low	High	Medium	Low	Low - Medium	**N**
Water Quality **Fisheries Habitat loss**	sediments - access roads sediments metals decrease in surface flows during milling	minimize instream construction, maintain vegetation buffer zones minimize instream construction, maintain vegetation buffer zones segregation of ARD waste on lined pad, no discharge to surface water, from tailings area water recycling, monitor surface flows	Very Low	Very Low	Low	High	Medium	Medium	Low - Medium	**N**
Benthic Macro invertebrates	sediments - access road sediments - construction and operation metals - operation decrease in surface flows	minimize instream construction, maintain vegetation buffer zones minimize instream construction, maintain vegetation buffer zones segregation of ARD waste on lined pad, no discharge to surface water water recycling, monitor surface flows	Very Low	Very Low	Very Low	High	Low	Low	Low	**N**
Periphyton	sediments - access road sediments metals decrease in surface flows	minimize instream construction, maintain vegetation buffer zones minimize instream construction, maintain vegetation buffer zones segregation of ARD waste on lined pad, no discharge to surface water water recycling, monitor surface flows	Very Low	Very Low	Very Low	High	Low	Low	Low	**N**
Wildlife	Direct habitat loss Indirect habitat loss, avoidance, habitat fragmentation Harassment Hunting & poaching pressure Road kills	revegetating revegetating no wildlife harrassment policy on-site no hunting policy, no firearms policy, access management posted speed limits and wildlife crossings, access management	Low	Low	Medium	Medium	Medium	Medium	Medium	**N**
Vegetation	Removal of vegetation - access roads Removal of vegetation - construction	revegetating after closure revegetating after closure	Low	Low	Low	High	Low	Low	Low	**N**
Land Capability & Historic Use Trapping Traditional/Cultural Use	 Decrease in wildlife populations, decrease trapping success Decrease in access to wildlife and cultural pursuits	 provide access and revegetation provide access and revegetation	Low	Low	Low	High	Low	Medium	Low - Medium	**N**
Socioeconomic Effects Local community Human Health & Safety (Accidents)	 Increase positive and negative local social effects Effects of health/livelihood/community	 community communication and consultation Health & safety plans, EMS, Training, Monitoring	Low	Low	Low	Medium	Medium	Medium	Low - Medium	**N**

7.2 Summary of Potential Environmental and Socioeconomic Effects and Proposed Mitigation

All field activities will be guided by a Field Operations Manual, which will include:

- A summary of legislative obligations;
- Copies of all permits and licenses;
- Emergency contact numbers;
- An Emergency Spill Response Plan;
- An Environmental Management Plan; and
- Any other applicable information (such as Fisheries and Oceans Canada Operational Statements).

CMC commits to practices that meet or exceed all terms and conditions of pertinent licenses, permits, and authorizations.

A Fuel Spill Contingency and Emergency Response Plan, provided in Appendix A, outlines response protocols for petroleum product spills. The purpose of this plan is to minimize effects of environmental disturbances and the resultant hazard to people, aquatic systems, and wildlife. Special mitigative measures for the exploration area including containment structures, response equipment, and the presence of trained spills-response personnel will be instituted to minimize the possibility of contamination of watersheds adjacent to these facilities. All employees working at the site will be familiar with the Fuel Spill Contingency Plan. Employees will understand the potentially hazardous situations that spills can create to the health and safety of workers and the environment. They will understand their responsibilities as employees to prevent, identify, report, and appropriately deal with a spill. The plan will be available for viewing by all employees and the company will advise employees of revisions or changes to the plan.

To prevent accidents and malfunctions and their associated impacts on the environment, CMC will make best effort to:

- Provide suitable and operational monitoring and emergency equipment, including fuel spill response equipment;

- Ensure proper handling and storage of fuels and hazardous substances;
- Implement safe fuel transfer procedures;
- Install suitable and operational safety devices on explosive gases;
- Maintain proper and routine servicing of all equipment and vehicles;
- Provide suitable safety and environmental training to site personnel, including manuals and plans;
- Employ qualified supervisory personnel to monitor operations;
- Follow all safety, environmental protection, and emergency response procedures; and
- Establish a high order of preparedness in the event a spill occurs by implementing and following, in the event of a spill, the Fuel Spill Contingency Plan. Spills will be immediately reported to the Spill Report Line.

7.2.1 Terrestrial Environment

To protect the terrestrial habitat, CMC will make best effort to:

- Minimize the project footprint;
- Use existing infrastructure (exploration trails, staging areas, and airstrip) to minimize disturbances;
- Instruct equipment operators not to disturb ground unnecessarily;
- Implement procedures, if fire hazards exist in the area during operations, to prevent inadvertent fires;
- Implement and follow, in the event of a spill, a Fuel Spill Contingency Plan. Spills will be immediately reported to the Spill Report Line; and
- Reclaim new site disturbance by recontouring and revegetating; and
- Implement the ARD/ML management plan as required.

7.2.2 Wildlife

To protect wildlife, CMC will undertake:

- A “no hunting” policy. The policy will be strictly enforced for company and contractors' employees while working within the project area;

- A “no firearms” policy. Firearms will be banned from company and contractor controlled operations except as authorized for protection of employee’s safety while in the field;
- A “no wildlife harassment” policy. This policy will encompass no wildlife feeding, employee wildlife education, and wildlife avoidance. The policy will be strictly enforced for company and contractors' employees while working within the project area, and include provisions for:
- Prohibiting the personal use by employees of non-company or contractor all terrain vehicles (ATV’s) and the after hour use of company or contractor recreational vehicles for non-company activity within the project area;
- Ensuring that employees comply with Government of Yukon policy with respect to bear management and bear education programs; and
- Enforcing waste management at camp and work sites.

7.2.3 Aquatic Environment

To protect aquatic resources, CMC will make best efforts to:

- Operate in accordance with applicable Fisheries and Oceans Canada Operational Statements;
- Minimize alteration of the beds or banks of watercourses;
- Maintain no disposal of waste materials, wastewater, or drilling fluids directly into watercourses in a manner than may result in seepage into watercourses;
- Monitor and treat, if necessary, of any wastewater released for land application due to unforeseen circumstances (i.e. excessive precipitation);
- Segregate waste to control and prevent metals from the drill program from circulating through the environment;
- Store liquid fuels and oils in a closed system during transportation and on site. No fuels will be stored within 100 m of a watercourse;
- Implement and follow, in the event of a spill, the Fuel Spill Contingency Plan. Spills will be immediately reported to the Spill Report Line;
- Test and monitor ice conditions and follow appropriate construction and vehicle operation procedures on winter access; and
- Create and implement an ARD/ML management plan as required.

7.2.4 Atmospheric Environment

To protect air quality, CMC will make best effort to:

- Ensure equipment is in good working order in compliance with the energy intensity policy;
- Provide suitable and operational monitoring equipment;
- Follow all safety, environmental, and emergency response procedures; and
- Employ qualified supervisory personnel and providing suitable safety and environmental training to site personnel.

7.2.5 Decommissioning

The scope and intensity of decommissioning activities for the project will be determined directly by the success of the continuing exploration programs. Should results from subsequent exploration expand the known deposit estimates from the current evaluated resources, thereby leading the proponent to prepare for further mine development and production, decommissioning of infrastructure and associated reclamation of lands associated with these project elements would not be carried out following the completion of the initially proposed mining and production activities. If, however, the situation upon completion of the proposed mining leads CMC to discontinue further exploration and development at the site, the company will implement the following decommissioning program at the site. The following activities are intended to meet Operating Conditions related to final decommissioning and the following closure objectives:

- Leave the site clean following project completion;
- Remove hazardous materials and petroleum products including items from previous work such as tanks and storage buckets; and
- Re-contour major cuts and side slopes, prevent long-term erosion/slumping and promote successful revegetation of disturbed areas.

The decommissioning goal will be to return the site as close as possible to its pre-program condition. To ensure slope stability and erosion control, the following Best Management Practices will be integrated into the final decommissioning activities:

- Capping the tailings pond with overburden and any reserved topsoil and reseeding with a native species;
- Re-contouring/re-sloping of disturbed areas to a 2.5:1 slope should be achievable in most locations, with contouring aimed at matching natural topography;
- Runoff control measures such as slope drains, cross drains or rock-lined ditches will be employed where feasible (during the project where possible, otherwise during decommissioning activities) to minimize the requirements for more expensive and less effective erosion and sediment control by diverting runoff and decreasing flow velocities;
- Long slopes (>15 m high) will be benched and slopes will be roughened mechanically across contour to discourage rill-and-gully type erosion and to provide growing sites for revegetation;
- Where possible, topsoil from disturbed areas will be stockpiled for use in preparing reclaimed areas for re-establishment of vegetation;
- Where native vegetation is not expected to re-establish naturally, an appropriate native seed mixture and fertilizing regime will be selected and applied;
- Periodic monitoring of the run-off and erosion control measures will be conducted, and if failing in sensitive areas, sediment control measures (silt fences, check dams, straw dikes) may be employed and monitored to prevent sediment transport into streams;
- Sediment control measures will be instituted in areas of high run-off/sediment transport potential to avoid downstream sedimentation (this may include sump/silt trap construction or use of slash windrows and natural vegetation buffers); and
- Systematic approach to decommissioning (progressive reclamation)

In addition to progressive cleanup during each phase of the operations, the following measures will be employed with respect to cleanliness and waste disposal upon the decision to permanently forego further exploration/development at the site being taken:

- All machinery, materials, fuel drums, used hydrocarbons, and metal waste will be removed from the site including items on site previous to the advanced exploration program;
- All non-combustible solid camp waste will be backhauled to a public landfill Waste Facility;
- Compacted areas will be loosened and prepared for revegetation measures if necessary;
- Fire hazard will be reduced by burning slash piles in accordance with a valid Burning Permit; and
- Wildlife hazards (barbed wire, glass or plastic debris) will be removed.

A detailed decommissioning and reclamation plan will be completed and submitted for approval within the first year of production. Should it be required based on Acid Base Accounting (ABA) and Metals Leachate testing results, an Acid Rock Drainage management plan will also be submitted. A detailed Decommissioning and Reclamation Plan will be submitted within six months of start-up.

7.2.6 Post Closure Management

To ensure that there are no long-term effects from the project and remediation activities have been successful, CMC will make best efforts to:

- Undertake mine planning to incorporate progressive reclamation;
- Provide short and long term slope stabilization and erosion control on linear and nonlinear disturbances;
- Ensure the long-term chemical stability of residual mining components and their effects on water quality draining the property;
- Ensure the long-term physical stability of key structures such as the waste dumps and the diversion and drainage ditches;

- Work towards a walk-away closure scenario for most or all mine components;
- Ensure site safety and controlled access;
- Monitor areas affected by the project and reclamation success;
- Conduct site visits by company, Government of Yukon, and First Nations representatives to assess mitigation implementation and success;
- Compliance monitoring;
- Periodic inspection of structures; and
- Annual reporting.

7.3 Cumulative Environmental Effects

Cumulative effects refer to those effects on the environment that result from effects of a project when combined with those of other past, existing, and imminent projects and activities. To address cumulative effects, a project's activities must be considered in context to actual or potential impacts on the environment from other sources. The approximate spatial boundaries for assessing cumulative effects are the same as the boundaries proposed for the environmental assessment study area, which are based on the potential geographic extent of effect. The geographic boundary for the project site has been identified as the area bound by Oake Creek to the south, McCrory Creek to the west and the Meister River to the north.

The cumulative assessment included the following:

- Identify environmental effects from the project's activities;
- Identify other likely projects or activities that would occur in the study area during the CMC Mine/Mill production program, and assess linkages and cumulative effects from other potential projects or activities with project related effects;
- Consider mitigation measures and evaluate significance of cumulative effects; and
- Summarize findings of cumulative effects assessment.

With an understanding of the potential environmental effects resulting from the project, interactions with any likely projects or activities that would occur during the CMC mine

production program have been considered. The CMC mine production program is located in a relatively remote area and other regional activities are limited. The current activities in the region include:

- Quartz mining exploration;
- Traditional land uses;
- Subsistence and recreational harvesting of wildlife and fisheries;
- Trapping (two traplines);
- Outfitting (one outfitter); and
- Other: In addition to considering current land uses, which may cumulatively interact with the project, consideration was also given to interactions, based on future land use activities. Upon review of the current land use activities, the potential future land use activities were identified as possible further mineral exploration and exploitation.

However, the likelihood of these other activities being undertaken is not known and no known authorizations are in place for these activities. An adjacent Archer Cathro property has seen some exploration in recent years but there are no known development plans. This property is almost entirely in the Oake Creek drainage also, thus potential effects on the watershed from this project could increase the cumulative impacts.

The potential cumulative impacts from the above mentioned activities are considered to be insignificant. Mitigation of the impacts of the development on these activities is planned and therefore there is little potential for cumulative effects.

7.4 Previous Environmental Assessments

Previous environmental assessments undertaken of the site include Phase I and Phase II Environmental Site Assessments by Environmental Services, Public Works and Government Services Canada for the Action on Waste Program, Indian and Northern Affairs Canada. The Phase I report was completed in 1996 and the Phase II report was released in 1997 entitled *Phase II Environmental Site Assessment of the Silver Hart Mine Site*. This assessment was conducted to:

"a) identify potential environmental and human health risks associated with the present condition of the mine site, and

b) provide recommendations and preliminary cost estimates for remediation of those risks."

The results of this report indicated a need for further testing of moderately acid generating waste rock disposal area and a water monitoring program to be undertaken every five years. No results from the proposed follow-up water monitoring program from the BWC reports have been made available. The items of environmental concern noted include above ground fuel storage tanks, some contaminated soil in the area of the existing Quonset shop, and 19 drums of fuel. Recommendations to remove or remediate all of these items of environmental concern, and a number of health and safety concerns have been undertaken and CMC has dealt with or is in the process of dealing with these items on a voluntary basis.

7.5 Environmental Monitoring Plans

A Monitoring Program describing the proposed environmental, geotechnical, and operational monitoring requirements for the project will be developed. A continuation of the existing baseline studies, as undertaken by Access Consulting Group in 2006 and 2007 will form a portion of the Environmental Monitoring Plan. Environmental and physical monitoring programs are required at all stages of exploration. These programs are designed to monitor the following:

- The effectiveness of component design;
- Mitigation success;
- Potential impacts to the receiving environment;
- Improve CMC's understanding of local environment to in turn improve operational and decommissioning activities;
- Collect long-term data on soil, sediment, and water quality for additional baseline conditions; and
- Ensure compliance with licence, permit and regulatory conditions.

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Yukon Minfile, www.emr.gov.yk.ca: 105B 021 and 105M 001

9.0 Limitations and Acknowledgements/Closure

Access Consulting Group (ACG) prepared this report with considerable thoughtful input from CMC Metals Ltd. Specifically, CMC Metals contributed much of, or the entire text for the following sections:

1.0 Corporate Profile;

2.0 Project Background;

4.0 Summary of Proposed Development; and

5.1.1 Geology and Mineralization

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Should you have any questions regarding this report, or require further information, please contact the undersigned at Access Consulting Group in Whitehorse, Yukon.

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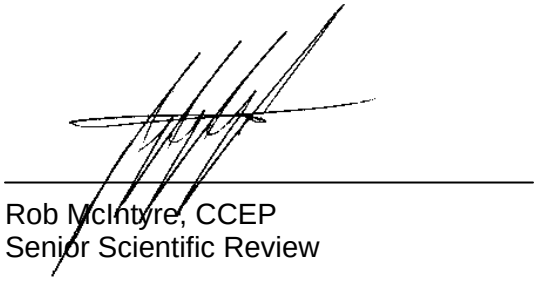

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