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2004 Environmental Incident Update Report

for

**The Tsa da Glisza Project Area,
Yukon Territory, Canada**

submitted

to

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The current report is a follow-up to the preliminary report submitted on June 8, 2003.

To review, a D8 CAT fell through the ice along the north shore of North Lake, YK (6805501N, 0412245E), during mobilization of the 2003 Regal Ridge camp. During recovery of the equipment, the shoreline and adjacent vegetation were damaged. True North Gems representatives visited the site to assess damage and to provide recommendations for remediation.

During the site visit, the following observations were made: 1) the extent of damage was approximately 110m long and 25-30m wide; 2) minor amounts of garbage were present; 3) three hydrocarbon spills were identified, the largest being approximately 1m x 2m; 4) large amounts of lake sediment were deposited onto the shore during the recovery of the CAT; and 5) vegetation cut during the recovery process was deposited in the lake.

The following recommendations for remediation were put forth and implemented based on the above observations: 1) all garbage collected and properly disposed, 2) all hydrocarbon contamination collected and removed from the site for proper disposal in Whitehorse, 3) vegetation spread over the area to act as a sediment stop and to promote re-vegetation of the area and 4) vegetative sediment berms constructed along the shoreline from the vegetative debris to prevent sediment overload to the lake.

Although the site has been remediated, two visits per year during each field season of operation have been undertaken by True North personnel to monitor the site. A total of three site visits have occurred since June 2003; September 15, 2003, June 23, 2004 and September 15, 2004.

On September 15, 2003 an attempt was made to complete a ground survey of the site but was hampered by the onset of snow during the previous day. An aerial survey did not find any further signs of damage.

An aerial and ground survey conducted on June 23, 2004 showed no further signs of damage one year after the incident. Remediation is progressing as expected. Photo 1 shows an aerial view of the disturbed area. The following observations were made during the ground survey: 1) the hydrocarbon spill sites have new vegetation growth (Photo 2), 2) Flora, including grasses, flowers and shrubbery have begun to inhabit the disturbed area (Photo 3-5), 3) the vegetative sediment berms as well as new vegetation along the shoreline has prevented sediment overload (Photo 6) and 4). The presence of animals to the site evident by tracks (Photo 7).

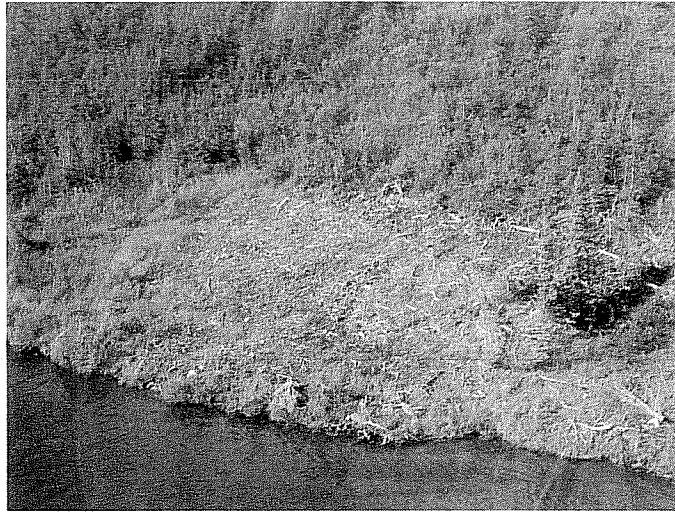


Photo1: Aerial View of disturbed area looking NW

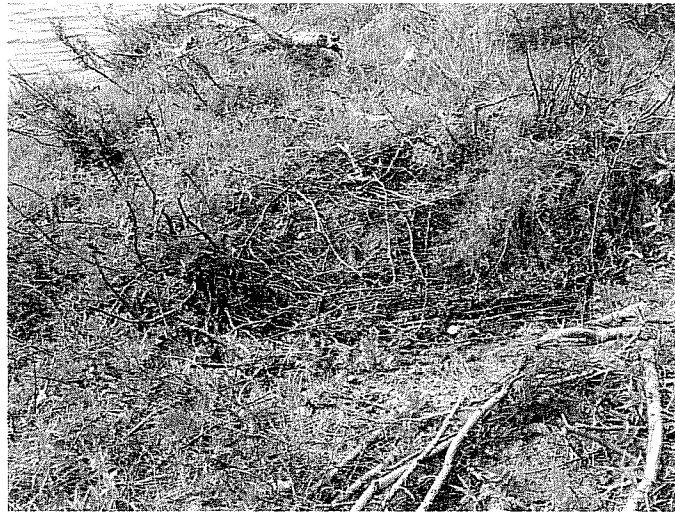


Photo 2: Site of hydrocarbon spill



Photo 3: Grasses growing in the disturbed area



Photo 4: Flora growing in the disturbed area.



Photo 5: Revegetation on the disturbed area



Photo 6: Evidence of animals to the disturbed area



Photo7: Vegetative sediment berm