



CORONA CORPORATION

800133

120 Adelaide Street West
Suite 1900
Toronto, Canada
M5H 1T1

Telex 06-217559
Telecopier (416) 862-1860
Telecopier Exploration
(416) 862-2460
Telephone (416) 862-2000

August 29, 1989

Mr. John S. Godfrey
President
Golden North Resource Corporation
1540 - 800 West Pender Street
Vancouver, British Columbia
V6C 2V6

Dear John,

Re: Canty Property

This letter is to update you on work being done by Nickel Plate mine staff with regards to the Canty project.

Over the past twelve months our engineering and geology departments at the Nickel Plate Mine have spent about 120 man-days on ore reserve estimation, pit, dump and road design, and permitting. In addition, we have had a legal survey done on this claim at a cost of \$7,700.

Recent work has been focused on obtaining mining permits for the Canty in anticipation of an agreement on profit-sharing between Corona and Golden North. Our mining schedules now indicate that stripping of the Canty should begin June 1, 1990. About three months of lead time will be required for road building and letting the contract for the power line. Therefore, we are hoping for completion of permitting and a Golden North agreement as soon as possible.

Problem

With regard to permitting, a meeting was held at the mine site August 3 by the South Central Mine Development Review Committee, chaired by Mines Inspector Ed Sadar. I am attaching a copy of the minutes of that meeting and committee recommendations. The major stumbling block in obtaining permitting may be the requirement that we must satisfy the committee with regards to the Nickel Plate Mine tailings pond cyanide levels, which are presently much higher than permit levels. We are in the process of reducing pond cyanide levels and plan to apply for an amendment to the existing permit at a higher level. A second concern is water quality as affected by precipitation percolating through waste dumps. We are in the process of retaining Hatfield Consultants to address this problem, and to design the Sunset Creek diversion. Of lesser concern are problems with summer grazing land for cattle. We intend to contest the recommendation to fence the property during mining.

- 2 -

We have made a special effort to obtain a clearing permit as early as possible. We hope to have the pit and the dump areas and a 200' road right-of-way cleared before snowfall. This would allow us to survey the road right-of-way this fall and do road design over winter. Our application for a clearing permit has been with the Forestry for over two months. They have required a timber cruise which we have obtained at no cost through Weyerhaeuser in Princeton. Tri-Valley, out of Princeton, has arranged the timber cruise and are anxious to clear the property at no expense to ourselves or Golden North.

In this regard, we will require written permission from yourself to proceed with the clearing. No cost is involved and we need the lead time for surveying and road design. Please forward a letter to this effect as soon as possible.

We hope this letter answers your question on the Canty. If you need further information, feel free to call me.

Yours very truly,

Gil.

Gil Leathley
Sr. Vice President - Operations

cc: Mr. J. Lovering, P.Eng.
Mine Manager - Nickel Plate

R. Anand,
Sr. Project Engineer

G. Raymond
Corona - Nickel Plate

Attachments



August 17, 1989

15010-20/CANTY

Mr. J. Lovering, P.Eng.
Mine Manager
Corona Corporation
P. O. Box 788
Penticton, B. C.
V2A 6Y7

Dear Sir:

Re: Canty Property

We have completed our review of your Company's May 1989 Letter of Intent to open pit mine the Canty property. A focussed Stage I submission is required to address the following:

1. Tailings pond cyanide level compliance strategy with a discussion of options being considered.
2. Water management plan including water divisions and water quality assessment.
3. Acid mine drainage assessment.
4. Mitigation of grazing losses.
5. The mine plan, including haul roads to the mill, pit mining plan, dumps, reclamation and abandonment.

No licences/permits/approvals will be issued prior to approval of the Stage I report. However, the company is encouraged to apply for these.

The committee has no objection to the company procuring a licence-to-cut and clearing the remaining timber over the proposed pit. Review comments by the Ministries of Environment, Parks and Health are herewith attached. Please scrutinize these carefully. If further information is required contact the relevant Ministry directly. Copies of correspondence relating to this should be sent to this office.

We will require 25 copies of the focussed Stage I submission for distribution to specific government agencies. You are also requested to send copies to local libraries and other interested parties such as the Hedley Environmental Protection Committee, and the Similkameen Indian Administration, Kamloops.

Mr. J. Lovering
Page 2
August 17, 1989

A recommendation on the approval-in-principle will be made following review of your Stage I submission.

Thank you for the use of your Nickel Plate Mine offices for our meeting.

Yours very truly,



E. Sader, P.Eng.
Chairman
South Central Mine Development Review Committee

ES/lm

cc: Members of S.C.M.D.R.C. (as shown on mailing list)
✓ Gary Raymond - Corona, Pentisten



August 17, 1989
15010-20/CANTY

**Re: Canty Property
Review of the Letter of Intent**

The South Central Mine Development Review Committee (SCMDRC) met at the Nickel Plate Mine on August 3, 1989 with Corona Corporation staff to review its Letter-of-Intent, May 1989, to open pit mine the Canty gold ore deposit.

Those attending were:

Ed Sadar, Engineering & Inspection Branch, EMPR, Kamloops
Art O'Bryan, Engineering & Inspection Branch, EMPR, Nelson
Ed Beswick, Engineering & Inspection Branch, EMPR, Kamloops
Norman Ringstad, Engineering & Inspection Branch, EMPR, Victoria
Rick Meyers, Geological Survey Branch, EMPR, Kamloops
Peter Jarman, Waste Management Branch, MOE, Penticton
Neil Banera, Water Management Branch, MOE, Penticton
Allan Zachodnick, Water Management Branch, MOE, Kamloops
Brian Harris, Fish & Wildlife, MOE, Penticton
John Pechybridge, Ministry of Forests, Penticton
Pat Rogers, Ministry of Parks, Kamloops
Don Gough, Ministry of Parks, Summerland
Harold Schmidt, Ministry of Parks, Summerland
John Lovering, Mine Manager, Corona Corporation, Nickel Plate
Gary Raymond, Chief Engineer, Corona Corporation, Nickel Plate
Al Bellamy, Mine Superintendent, Corona Corporation, Nickel Plate
Dominic Bordin, Exploration Geologist, Corona Corporation, Nickel Plate
Barry Given, Chief Assayer, Corona Corporation, Nickel Plate

Written comments which forms a part of this report were received from Lisa Cox, Mining & Metallurgy Program, Environment Canada, and R. E. Meyers District Geologist, EMPR.

Letters were received and read from the following agencies which have no requirements at this stage. These are also attached.

Corporate Services Division, Ministry of Social Services & Housing
Highways Engineering/Environmental Services, Ministry of Transportation & Highways
Ministry of Crown Lands, Kamloops
Regional Planning & Instruction Branch, Ministry of Economic Development
Development Services Branch, Ministry of Municipal Affairs,
Recreation & Culture
Archaeology & Outdoor Recreation Branch, Ministry of Municipal Affairs,
Recreation & Culture

Minutes

The meeting began at 10:15 a.m.

Mr. Gary Raymond, Chief Engineer, presented a brief overview of the proposed project and summarized the information presented in the Letter of Intent. He indicated that the Centy ore would be milled concurrently with Nickel Plate ore, and would thus provide mill feed for about 1 1/2 years at 1000 tpd. The stripping ratio would be 7:1 waste:ore. Sunset Creek would be diverted as it lies within the proposed pit. The project has been rescheduled to June 1990 from September 1989. Mr. Raymond and other Corona staff responded to questions throughout the presentation.

Discussions ensued on stream diversions, water quality, acid mine drainage, waste dumps, grazing impacts and permit amendments. The written submissions received to date were read. Agencies who had not yet submitted written comments were reminded to do so as soon as possible.

The meeting recessed and the committee was taken on a visit to the Centy property. The meeting reconvened for further discussion. Additional concerns brought up included fencing on abandonment, contingency plans for water diversions, reclamation of dumps, and further discussions on water quality. The company was then asked to leave the meeting temporarily to allow the committee to discuss issues between themselves.

Considerable discussion took place on the pit proposal and also the cyanide compliance issue at the existing Nickel Plate operations which would treat the Centy ore. The consensus seemed to be that the concerns over opening up the new mine were not major, and could be satisfactorily addressed. The major concern was not so much on the mining of the ore, but rather on its treatment in a mill that is currently out-of-compliance with its waste management permit requirements for cyanide.

Mr. Norman Kingstad, Secretary MDAC provided a brief summary of the proceedings and indicated that a focussed Stage I report would be procedurally correct. The following items were agreed to as needing further study.

- 1) Tailings pond cyanide level compliance strategy with a discussion of options being considered.
- 2) Water management plan including water diversions and water quality assessment.
- 3) Acid mine drainage assessment.
- 4) Mitigation of grazing issues.
- 5) The mine plan, including haul roads, pit mining plans, dumps, reclamation and abandonment.

The focussed Stage I would be distributed for study and comment only to those agencies having requirements to be met.

The following outstanding licenses and approvals were identified.

- 1) Water management for diversions.
- 2) Mine plan approval for commencement regarding stripping, haul roads, etc.
- 3) Reclamation permit amendments, if required.
- 4) Forestry for licence-to-cut. The committee had no objection to the remaining timber being cleared from the pit area immediately.

It was understood that no licences/permits/approvals, except the licence-to-cut, would be authorized prior to approval of the Stage I report. Nevertheless, the company was encouraged to initiate application for the required permits.

The company was then requested to return to the meeting. The Chairman summarized the proposal and advised the company of the focused Stage I requirements. Peter Jarman indicated the need for consultants on water quality and tailings issues. The company was advised that there was no objection to them to obtain a licence-to-cut and begin clearing the Cauty site. Pat Rogers/Parks advised that since there would be no additional pressure on Nickel Plate Lake Park, they have no further concerns.

Al Zackodnick, Peter Jarman, and Worn Ringsted re-emphasized the water quality issues and political sensitivities associated with cyanide. John Lovering summarized Corona's strategy for cyanide reduction in tailings at their Nickel Plate operation. He advised that the company is continuing to examine the options for cyanide treatment.

Barry Given, Assayer, stated that there probably is no potential for acid generation from the deposit. However the matter is under study.

On dump slope reclamation, Al Lally, Mine Superintendent, remarked that they have successfully seeded existing dumps on the angle of repose.

John Pethybridge indicated that forestry had concerns on other than range issues. These include reclamation (seeding) schedule so that use of alternative range may be planned, good water for livestock, and grazing impacts.

The project will not create new employment once it is on stream.

The meeting adjourned at about 2:30 p.m.