



August 19, 1988

Mr. David A. Cawood
Project Manager
McAdam Resources Inc.
Spud Valley Project
P.O. Box 70
Zeballos, British Columbia
VOP 2A0

LOG NO: OCT 04 1988 VAN
ACTION: <i>JOS</i>
FILE NO: ZEBALLOS

Dear Mr. Cawood:

Re: Spud Gold Project - Prospectus (April, 1988)

Participants in the Mine Development Review Process have completed their review of your company's April, 1988 prospectus. I have attached review comments for your information and necessary action. A Stage I submission will be required for this project, but it is our intention to regionalize review of that report so that, when filed, it will be handled by a locally-based committee, rather than by the Victoria-based Mine Development Steering Committee. Details are provided later in my letter.

The attached review comments should be viewed as terms of reference for the forthcoming Stage I submission. Prior to embarking on the Stage I study program, your company is urged to meet with government agencies which have a major interest in the project to fine-tune the terms of reference. If any Stage I advice or information requirements are unclear, please contact the relevant Ministry, or else myself, and I will seek clarification.

A decision on project approval-in-principle will be made after the Stage I submission has been reviewed. Approval-in-principle will be granted if there are no major outstanding policy or technical concerns. It is especially important for the Stage I submission to focus on what agencies have identified as the key issues.

I should note that the following agencies raised no concerns with respect to your company's project, and decline further involvement in project review:

- the Ministry of Parks;
- the Ministry of Transportation and Highways;
- Resource Management Branch, Ministry of Municipal Affairs, Recreation and Culture;


- the Ministry of Advanced Education and Job Training;
- the Ministry of Education; and
- the Ministry of Attorney General.

With respect to the regional review of your company's Stage I submission, please note the following. The Ministry of Energy, Mines and Petroleum Resources, in cooperation with the Mine Development Steering Committee, is planning before the end of 1988, to establish a Nanaimo-based Mine Development Advisory Committee to review and assess small, local, relatively non-controversial mine development proposals. This committee will be chaired by a District Mines Inspector, and will be comprised of regional representatives of key Mine Development Review Process agencies. The Spud Gold Project has been identified as a candidate for review and assessment by the Vancouver Island Mine Development Advisory Committee, on which will sit the same key regionally-based Provincial and Federal Government representatives who reviewed your company's April, 1988 Prospectus and June, 1988 Notice of Work application for the pilot mill operation. If the Stage I submission is filed prior to formal establishment of the new committee, the existing Vancouver Island Regional Reclamation Advisory Committee will handle the review in the interim. The latter committee is based in Nanaimo.

Please contact me when your company is ready to submit the Stage I report, and I will arrange to provide you with a list of names and addresses for direct distribution of the report for review. In addition, to members of the Regional Mine Development Advisory Committee, a few agencies which either do not have regional representation or which maintain headquarters technical review expertise, will also require copies of the Stage I submission. In any event, we trust that the new regional committee approach will materially facilitate review and final approval of your company's project.

In closing, thank you for your company's cooperation with the review process to date. Please contact me if you have any questions (phone 356-2229).

Yours truly,



Raymond Crook
Chairman
Mine Development Steering Committee
c/o Engineering and Inspection Branch
Mineral Resources Division

Attachment: Review comments on prospectus

cc: See Attached Distribution List

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