

December 9, 2009

Dear Resident of Buchans,

RE: Update on Environmental Issues at Buchans

The Department of Environment and Conservation (ENVC) is pleased to provide the following update regarding the environmental issues discussed at the October 6, 2009 Public Meeting in Buchans:

Residential Soil Testing

In response to the initial soil sampling that identified heavy metal impacts around the Town, ENVC committed to more extensive testing on residential properties in conjunction with bioavailability testing and a full human health risk assessment. To date the soil testing portion has been completed and the results have been provided in an update from Conestoga-Rovers & Associates (CRA), the environmental engineering consultant company engaged by government. Similar to the previous testing, the samples showed levels of various metals including arsenic, lead, cadmium, barium, copper, selenium and thallium in exceedance of Canadian Council of Ministers of the Environment soil quality guidelines for residential properties. In general the results were consistent with the previous samples released to the public on October 6, 2009. This document is available at the Town office or can be viewed online at http://www.env.gov.nl.ca/env/Env/pollution_prevention.asp.

CRA notes the results represent only a portion of the data required to conduct a risk assessment which they will complete and finalize within two months of the receipt of final bioavailability data. **CRA wishes to stress that at this time no conclusions can be or should be drawn from these total metals data until the bioavailability analyses have been received, reviewed and assessed by a CRA toxicologist as part of a Risk Assessment.**

In the interest of privacy protection, CRA has not provided personal information regarding individual residents or addresses in this update. However, based on the map, residents should easily be able to identify the samples from their general area. If you had a sample taken on your property, and wish to be directed to your sample ID, please contact me using the contact information provided in this letter.

ENVC plans to consult with the Town Council as soon as this risk assessment report is complete and conduct another public meeting this winter to present the final report and plan forward.

Tailings Spill Area

During the October 6, 2009 public meeting, ENVC committed to the remediation of the Tailings Spill Area (TSA) in 2010. ENVC has reviewed remedial options and we have chosen the “cap in place” option as it meets the objects of protecting

human health and the environment in the most practical and feasible manner. It also provides the benefit of not affecting other mining and mineral exploration activities while creating less dust and disturbance during construction. A request for proposals is currently being prepared to engage an engineering consultant to design and prepare the tender documents necessary to facilitate construction. The consultant will work with the Town over the design process and present a final design concept to the residents during the winter. Our plan is to tender the construction work in early spring so that construction can begin as soon as conditions allow.

Tailings Dams

SNC-Lavalin Limited (SNC), engineering consulting company, has been engaged by the Department of Natural Resources (DNR) to perform a Dam Safety Review of the tailings dams. As part of this study, SNC performed a physical inspection of the dams during the week of October 12, as a result of which they advised that the water level of the dam must immediately be lowered to the original design water level, three feet below the crest of the dam. In addition, SNC recommended a number of mitigative measures to be completed on the dam before the onset of winter. DNR is on schedule for completion of all these recommended items. Upon receipt of SNC's final report on the Dam Safety government will determine its next course of action towards resolving the dam related issues.

Lowering of the water level has exposed additional tailings and decreased the moisture in the tailings which may result in dusting of the newly exposed tailings. In recognition of the impact that dust from the TSA has had, the DNR has purchased dust suppressant and a contractor is currently on site applying the dust suppressant to mitigate the dust from the tailings and TSA blowing towards Town. Application of the dust suppressant started late in the week of November 23 and, to date, the TSA and the majority of the tailings have been treated.

I look forward to working with the residents and Town Council in dealing with these important issues. If you have any questions or comment please feel free to contact me at 729-6697 or E-mail at michielsend@gov.nl.ca .

Sincerely,



Dan Michielsen

Manager of Industrial Projects