

REGISTRATION FORM

Pursuant to Section 7 of the Environmental Assessment Act

NAME OF UNDERTAKING:

Pine Cove Gold Mine

PROPOSER:

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(iii) Chief Executive Officer: Nicholas Tintor
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EXECUTIVE SUMMARY

Anaconda Gold Corp., in partnership with Pine Cove Resources and New Island Resources proposes to construct and operate an open pit gold mine and mill at Pine Cove, Baie Verte Peninsula, Newfoundland.

The property has some 2.4 million tonnes of ore at a diluted grade of 2.93 grams gold/tonne. The ore will be mined year round by contractor and hauled to the onsite mill. Following crushing and grinding, the ore will be processed by gravity methods, using Gekko inline pressure jigs and flotation cells, producing approximately 50 tonnes of concentrate per day. Concentrates will be leached in agitated tanks, using cyanide for leaching, followed by Merrill-Crowe extraction of the gold with zinc powder. Sludge will be smelted with gold doré poured onsite.

Sodium metabisulphite with a copper sulfate catalyst and compressed air will be used for cyanide destruction of the concentrate tailings, reducing the weak acid dissociable (WAD) cyanide levels to comply with federal and provincial regulations. Cyanided tailings will be mixed with gravity tailings and deposited in a tailings dam with water decanted and recycled to the process plant.

Preliminary test work on the tailings and waste rock indicate that they will be non-acid generating. All site developments will be contained within the Pine Cove Brook watershed. The footprint of the mine project is approximately 29 ha.

Construction of the open pit and site infrastructure will result in the disruption of approximately 550 m of Pine Cove Brook, the draining of Pasture Pond and the loss of approximately 1.02 ha or 24.3 percent of the surface area of Pine Cove Pond. A fish habitat assessment of these areas has been completed and is attached. Efforts will be made to minimize the impacts of these actions and mitigate their effects.

This project was previously registered and released from the environmental assessment process in 1992 and then again in 1997. Originally, a whole ore leach plant had been proposed, and then changed to a flotation plant in 1996/97, where treatment of concentrates was proposed off the property. This registration describes a mine project with onsite milling and processing of concentrate.

The Baie Verte area has had a long history of mining, with activity dating from the late nineteenth century. The local communities have for generations derived a substantive portion of their livelihoods from mining employment, and are supportive of exploration and development activities. There have recently been three active mining operations on the Baie Verte Peninsula. Development of the Pine Cove Gold Mine will generate at least 44 jobs in the Baie Verte area.

To familiarize reviewers with the project, the following information is provided for context:

- various levels of exploration and development activities have been conducted at this site since the early 1990s;
- commercial wood harvesting was completed in the early 1990s;
- a project started in 1997 completed a few thousand tonnes of ore extraction, with processing completed offsite; and
- Anaconda completed a bulk sample in 2004, which extracted 6,000 tonnes of ore that were milled offsite.

The project footprint and development plan are fundamentally the same as was accepted by the province in 1997, however the regulatory framework under which any mine development will occur has changed since the earlier proposal. The *Metal Mines Effluent Regulations* (MMER) were updated in

2002 and now include gold mines. The provincial *Mining Act* and regulations were updated in 1999, and both the *Water Protection Act* and the *Environmental Protection Act* were put into force in 2002.

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1.0 THE UNDERTAKING

The Pine Cove Mine is located in the northern portion of the Baie Verte peninsula in north central Newfoundland (Figure 1).

1.1 Nature of the Undertaking

The undertaking comprises the construction, operation and closure of a gold mine. Open pit methods will be used to mine the ore, which will be processed by gravity concentration and flotation with leaching of concentrates.

1.2 Rationale of the Undertaking

Anaconda Gold Corp. in partnership with New Island Resources proposes to construct and operate an open pit gold mine at the Pine Cove deposit.

1.3 Existing Conditions at Pine Cove Project Site

Although there are no buildings or permanent infrastructure installed at the Pine Cove Project Site much activity has occurred at the site. A forest access road extends to the centre of the site and commercial timber harvest was completed in the last decade. Smaller trails were established to support an exploration program that has drilled off the main ore body on a 25-m grid. A mine project planned for 1993 did not proceed. A second mine plan started in 1997 completed clearing and grubbing the surface over portions of the ore body. Approximately 3,000 tonnes of shallow ore was extracted and processed offsite. A low-grade stockpile and stockpiles of organics and overburden remain from that mining effort.

In 2003/04, Anaconda Gold Corp. completed a test mining (bulk sample) program that produced favourable results.

1.3.1 Test Mining (Bulk Sample)

The bulk sample was extracted from surface and near-surface ore adjacent to Pine Cove Pond as shown on Figure 2, which depicts the current condition of the Pine Cove Project site. The ore was milled and processed offsite, resulting in no process chemicals or tailings being used or deposited onsite.

The bulk sample was conducted under the exploration licence granted through the Mines Branch and a Certificate of Approval (C of A) issued by Pollution Prevention, Department of Environment.

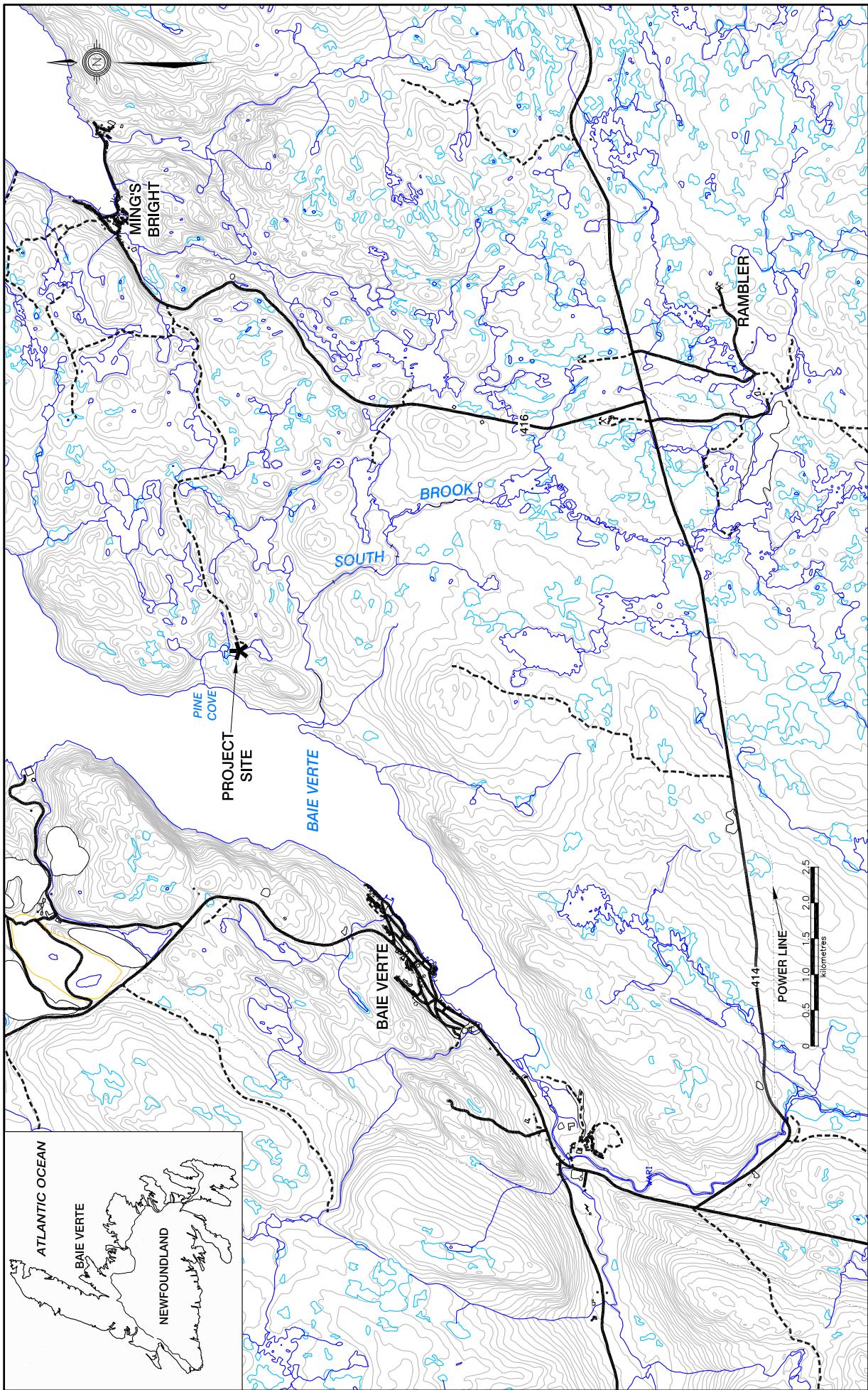


FIGURE 1

LOCATION OF PINE COVE PROJECT



NOTES:

1. ALL ELEVATIONS IN METERS UNLESS NOTED OTHERWISE.

LEGEND

-  - POND/LAKE
-  - MARSH
- - BROOK
-  - EXISTING ROAD
-  - CONDEMNED ROAD
-  - DRILL HOLE LOCATION

A	ISSUED FOR -----	---	---
No.	Description	Date	B

PROVINCE OF NEWFOUNDLAND
PERMIT HOLDER
CLASS "A"
This Permit Allows
SGE Acres Limited
To practice Professional Engineering
in Newfoundland and Labrador.
Permit No. as issued by PEG-NL C0154
which is valid for the year 2005

The card features a circular logo of the Association of Professional Engineers of Newfoundland and Labrador. The logo contains a crest with a shield, a sword, and a compass, surrounded by the text 'ASSOCIATION OF PROFESSIONAL ENGINEERS' and 'NEWFOUNDLAND LABRADOR'.

The logo for SGE Acres Limited features a stylized, blocky 'A' character on the left, composed of horizontal lines and a central vertical line. To the right of the 'A' is the company name 'SGE Acres Limited' in a large, bold, sans-serif font. Below the company name is the tagline 'Engineers, Planners & Project Managers' in a smaller, bold, sans-serif font.

Consultants

**DAN MACKIE and Associates Limited,
Project Management and Plant Design**

**A.C.A. Howe International Ltd.,
Mining and Geological Consultants**

Project Title
ANACONDA GOLD INC.
PINE COVE GOLD DEPOSIT
MINE/MILL DEVELOPMENT
BAIE VERTE NF

Drawing Title

**EXISTING
SITE SURVEY PLAN**

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1.3.2 Environmental Control at the Pine Cove Project

During the test mining program, Anaconda Gold Corp. instituted safe and responsible environmental practices to prevent the release of pollutants and to limit environmental disturbances. Care was taken with site drainage to allow opportunity for the settlement of suspended sediment prior to release to the receiving environment. During the test mining, the streams and ponds have not been altered or disturbed in any manner that would affect fish habitat or productivity. As stated above, no process chemicals or reagents have been required or used to date at the site.

1.3.3 Environmental Monitoring at the Pine Cove Project

An environmental monitoring program will be instituted at the Project site at the start of construction. Environmental monitoring will continue through the construction, operation and abandonment phases of the project. The frequency and type of parameters analyzed will comply with all regulatory requirements and be reviewed in consultation with the relevant regulatory officials on a regular basis.

1.4 Environmental Protection

Anaconda Gold Corp. will develop an Environmental Protection Plan (EPP) and submit it to the Department of Environment and Conservation. The plan will outline the roles and responsibilities of Anaconda and any contractors in regard to the environmental protection measures that are to be implemented during the construction, operation and closure of the Pine Cove mine project.

2.0 DESCRIPTION OF THE UNDERTAKING

2.1 Geographic Location

The Pine Cove property consists of four contiguous claim blocks totalling 2816 hectares. These claims are carried under Exploration License No 2663.

Terrain

Pine Cove is a crescent-shaped cove on the east side of Baie Verte. There is very little beach between the tidemark and the abruptly rising back slope. Within 250 m of the seashore, the ground levels off at 50 m elevation to form a boggy area, which surrounds Pasture Pond (Figure 2). Pine Cove Pond (elevation 63.5 m) is further up-gradient and is the major headwater of the system. The Project site, centered on the ore body between these two ponds, comprises an area of approximately 1 km² and is nested within surrounding hummocks.

The terrain surrounding the Pine Cove site is generally rolling, with gradients over portions of the site ranging up to 22 percent. The surrounding terrain is typical of the Newfoundland upland areas, with relatively dense vegetation and tree cover, interspersed with small ponds and bogs. The grey volcanic bedrock in the area is overlaid with a thin layer (0-2.5 m) of unconsolidated material being comprised of peat, loose brown sand and gravel.

Climate

Information summarized in the feasibility study (A.C.A. Howe International 2004) states that the Baie Verte Peninsula has heavy snowfalls, a late spring, frequent rain during summer and late fall. Severe winds are experienced in both summer and winter with an added intensity from the trough-like river valley and bay which parallel the prevailing wind direction. Temperatures experienced in this area range from a mean in January of -6.2°C to a July mean of 16.5°C. Average duration of freezing is from October 7 to June 3. There is an average of 100 frost-free days per year. Annual precipitation is 1,130 mm, which includes 405 cm snow. The average number of days of precipitation is 213.

2.2 Physical Features

2.2.1 Access

Highway 410 links Baie Verte with the Trans Canada Highway. Routes 414 to La Scie and 410 to Fleur de Lys comprise most of the paved roads on the peninsula. All other public and private (mostly wood access) roads are gravel surfaced. The property is accessible by the Pine Cove Forest Access Road off the Ming's Bight Road (Highway 418). Figure 2 depicts the location of the property in relation to the highway system of the Baie Verte peninsula and nearby communities.

The Pine Cove Forest Access Road terminates at the project site. The road may require some upgrading to support the movement of heavy equipment. Locally available till and rock (non acid generating) will be used for road upgrading.

2.2.2 Power Line

Newfoundland Light and Power Co. Limited have given a preliminary estimate to construct a 25 kV supply to the site. An onsite transformer will be installed to step down the voltage to 600 volts. The line will connect with an existing supply at the Stog'er Tight mine. The line will be routed along the Pine Cove Forest Access Road to the project site, a distance of approximately 4 km.

2.2.3 Construction Camp/Accommodations

The work force will be housed offsite and no permanent accommodations will exist during construction or operation of the proposed project.

2.2.4 Proposed Site Development

The following site developments are depicted in the site grading plan (Figure 3).

2.2.4.1 Mine Pit

The mine will be developed as an open pit with a total area of approximately 9.8 hectares when production is complete. The pit will reach a maximum depth of 150 m along the south wall. It is anticipated that 2.4 million tonnes of ore and 9.8 million tonnes of waste rock will be removed from the pit.

2.2.4.2 Mill Facility

The mill facility will be located on gently sloping ground to the east of the pit. It will be composed of a crushing building, a concentrate building using grinding, gravity and floatation processes, and an isolated leaching area that has an impermeable floor with raised lip to contain any spills. The mill facility will be located at a higher elevation than the tailings area to aid in the handling of tailings. The ore stockpile will be located adjacent to the crusher unit. The site will be graded to provide the level surface required for operations.

There will also be a maintenance building with office, lunchroom, and shower area. This building will be equipped with an oil-water separator in the floor drain(s) of the work areas.

Portable toilet units will be used during the initial phases of construction until a permanent sewage system can be constructed. Water required for toilets, showers, washing, etc. will be withdrawn from the conditioning pond Pine Cove Pond. Bottled water will be used for drinking and potable water in the early stages of the project.

Self-contained double-walled fuel tank and pumps will be located onsite. All fuel handling and storage will comply with the *Storage and Handling of Gasoline and Associated Products Regulations*.

2.2.4.3 Ore Stockpile

The ore stockpile will be constructed on an impervious pad of compacted till material, occupying an area of approximately 0.6 ha. The stockpile is intended to provide storage of ore for up to two weeks of mill production. The stockpile will have a holding capacity of 14,000 tonnes.

The stockpile will be placed on a compacted till pad to control seepage. Drainage collected from precipitation will be directed along with site drainage to the conditioning pond described below.

2.2.4.4 Tailings Disposal

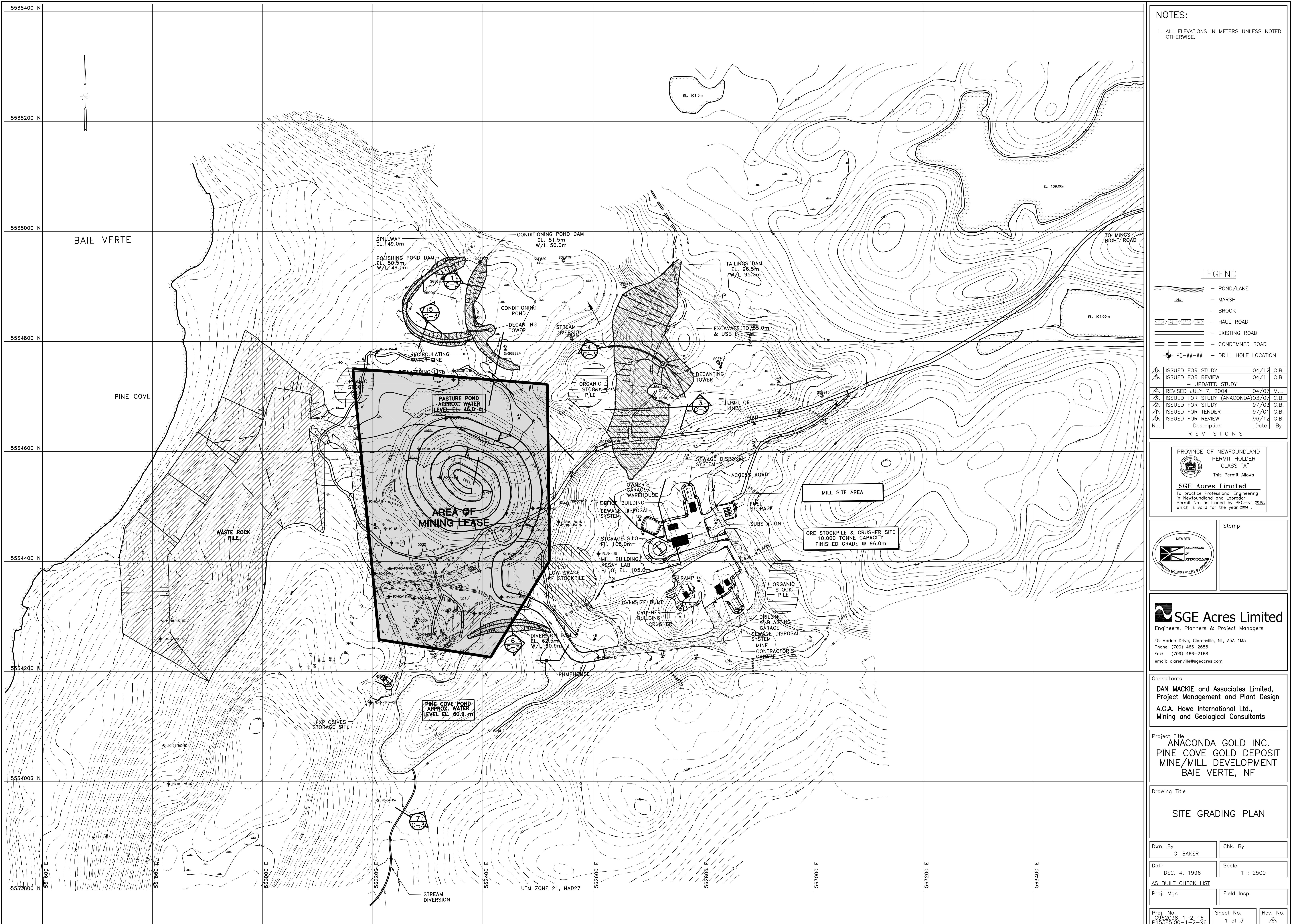
Tailings will be deposited in a shallow depression located to the north of the mill. A tailings dam will retain the tailings and allow for additional storage. The maximum size of the tailings area will be 4.1 ha. Concentrate tailings and some barren bleed solution will be detoxified with sodium metabisulphite, a copper sulfate catalyst and compressed air in a pair of agitated tanks located at the mill facility. Cyanide (WAD) levels will be reduced to comply with the MMER and provincial permits. Concentrate tailings, gravity and flotation tailings will be pumped to the tailings area.

It is anticipated that the tailings will be deposited in impoundment at a rate of 1087 tonnes per day (365,000 tonnes per year).

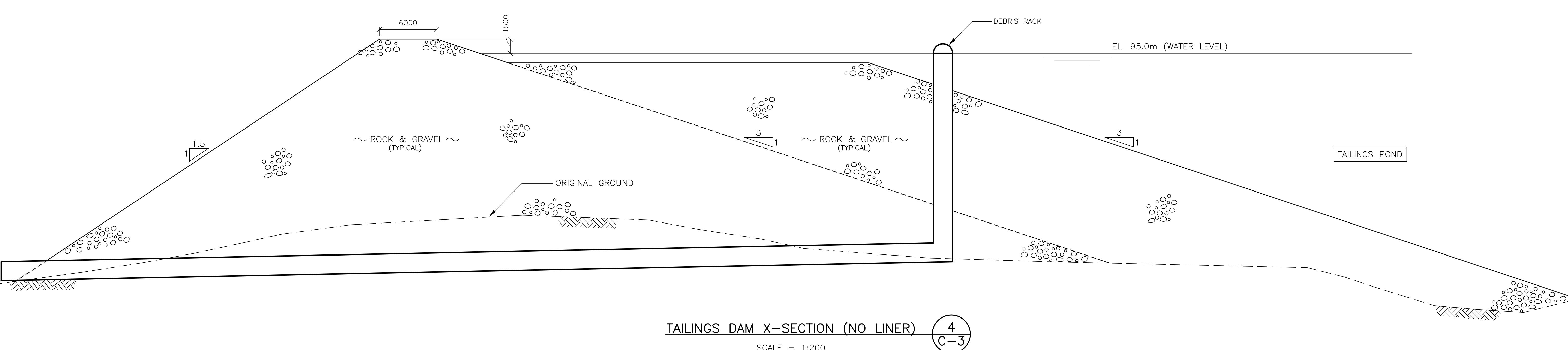
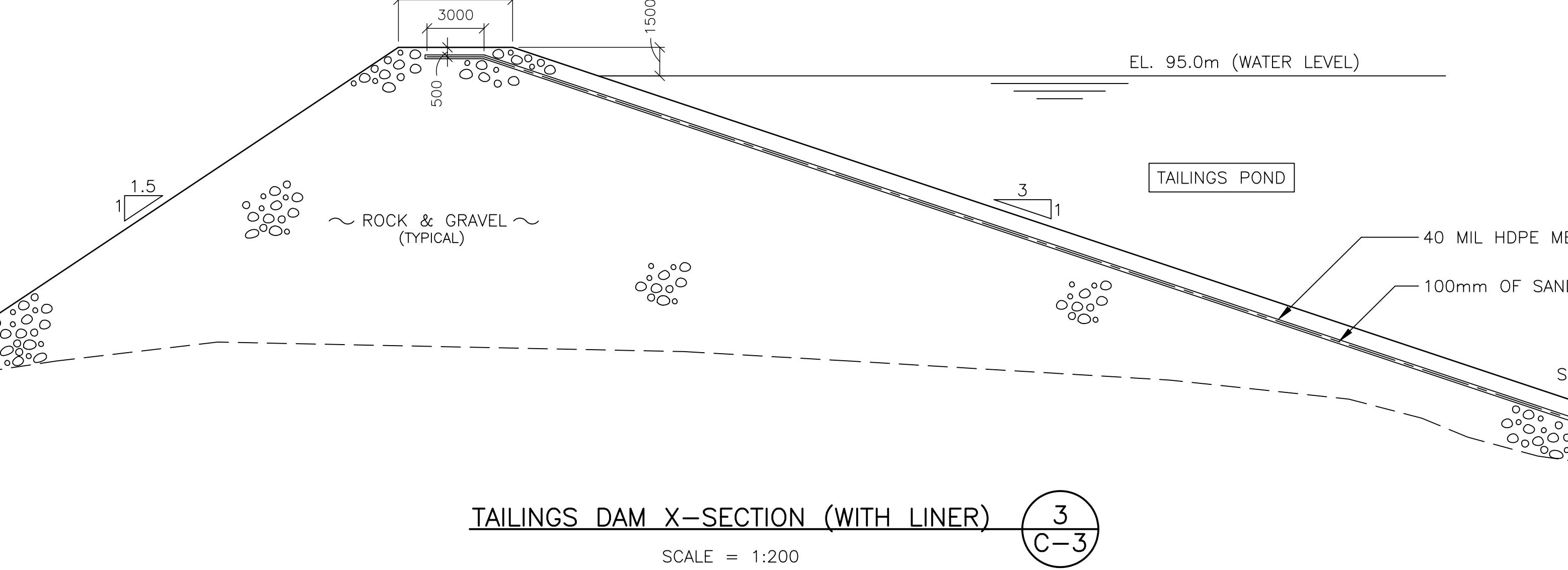
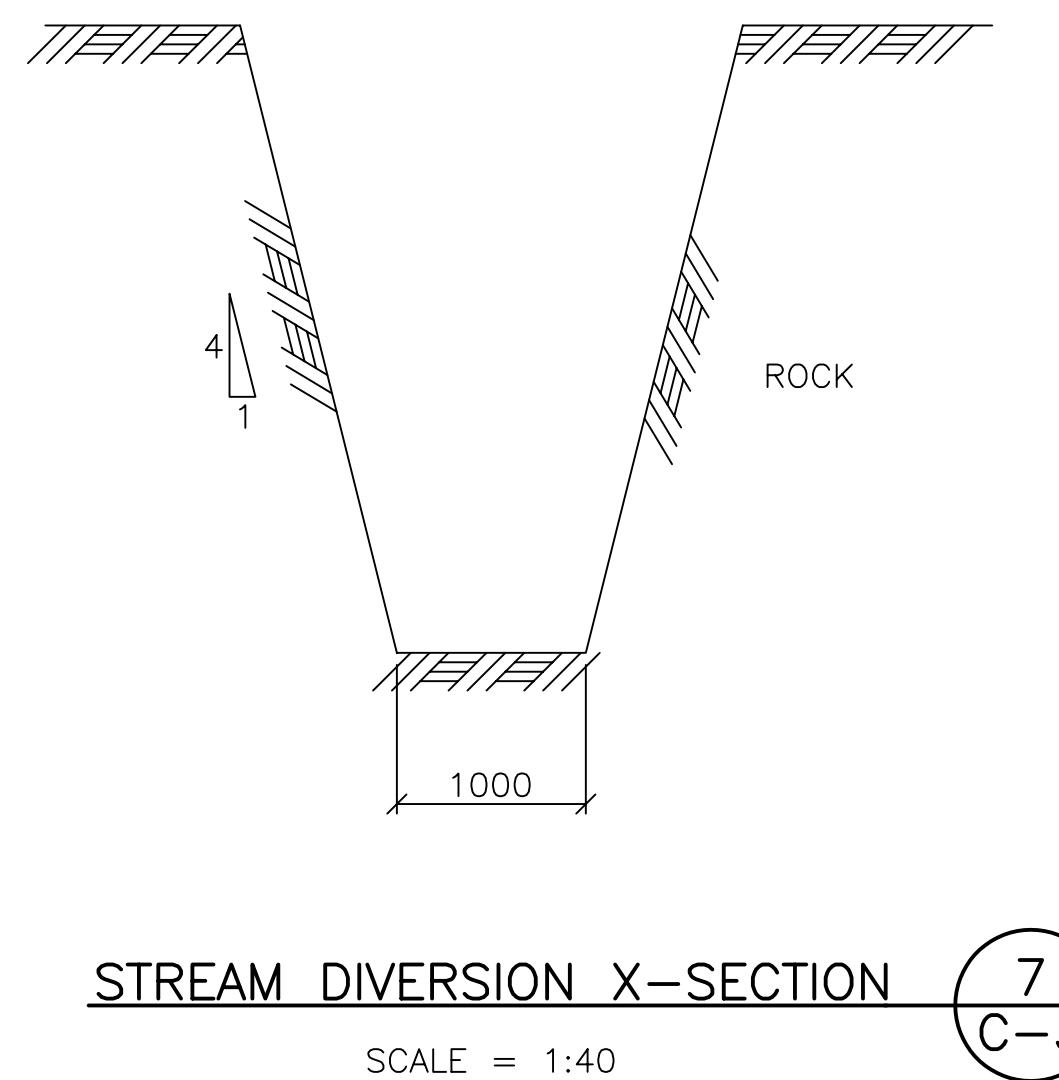
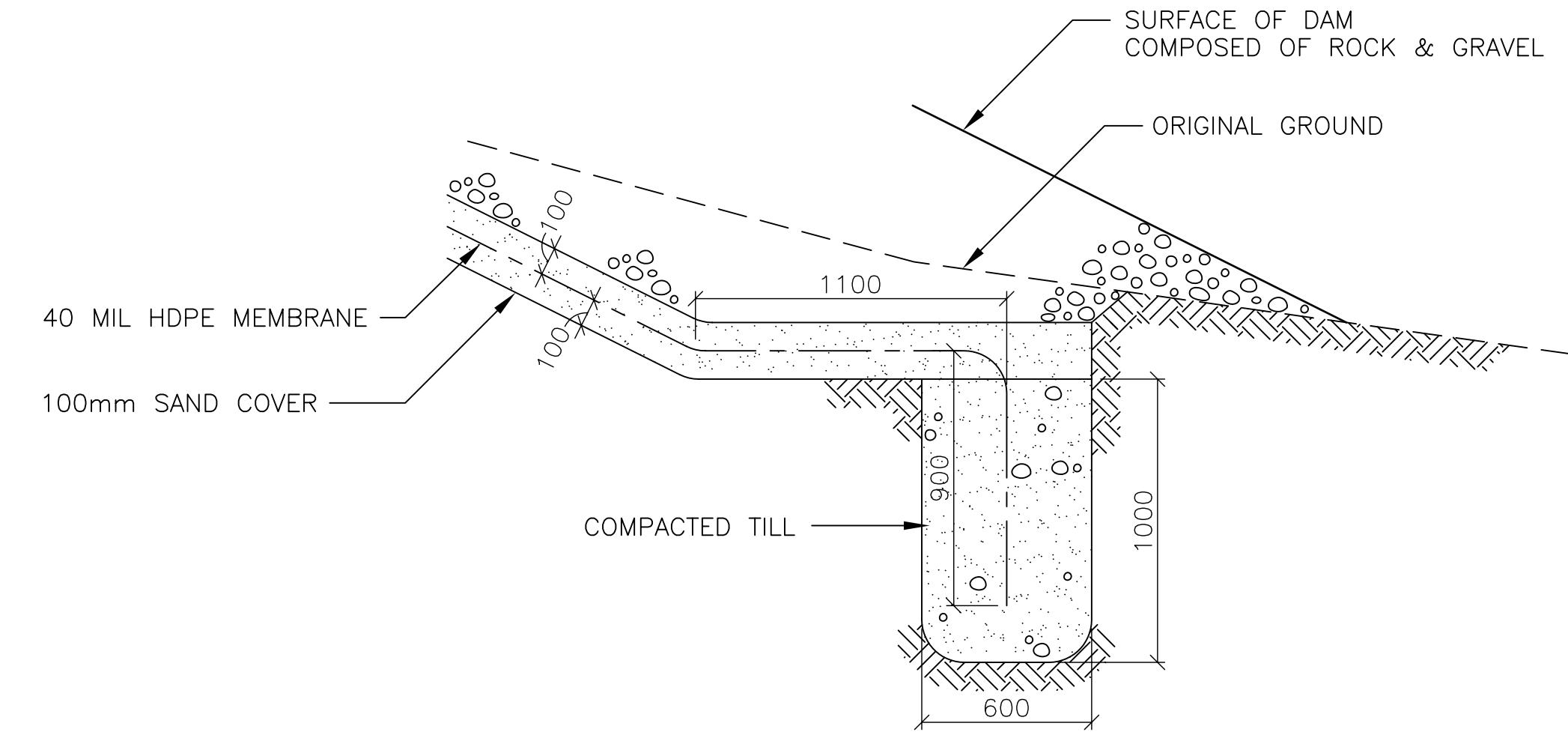
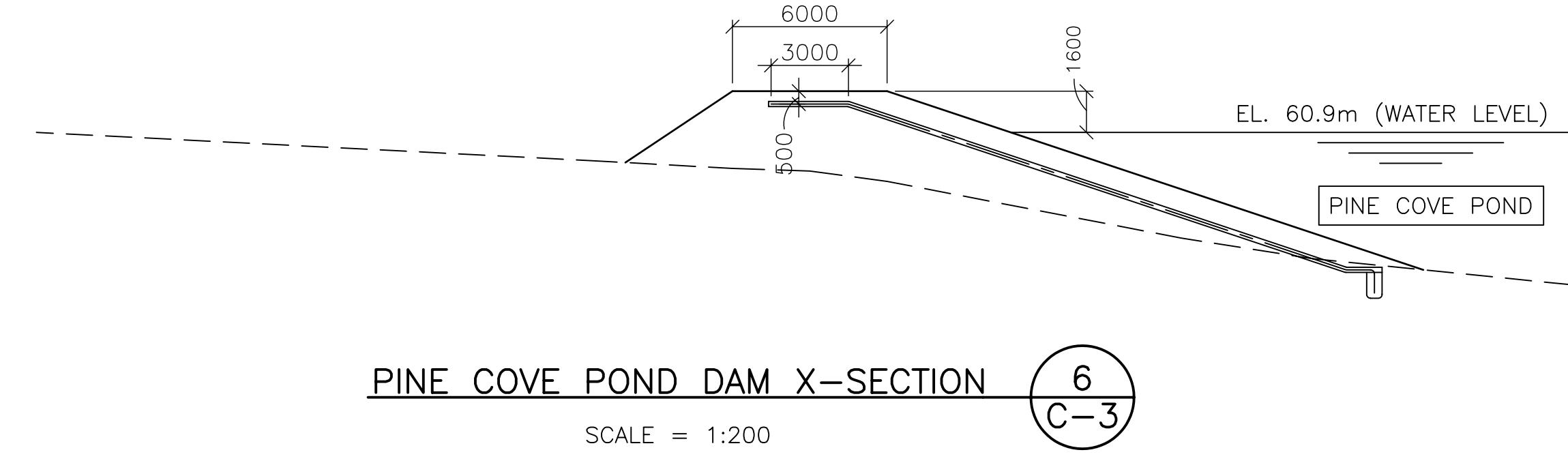
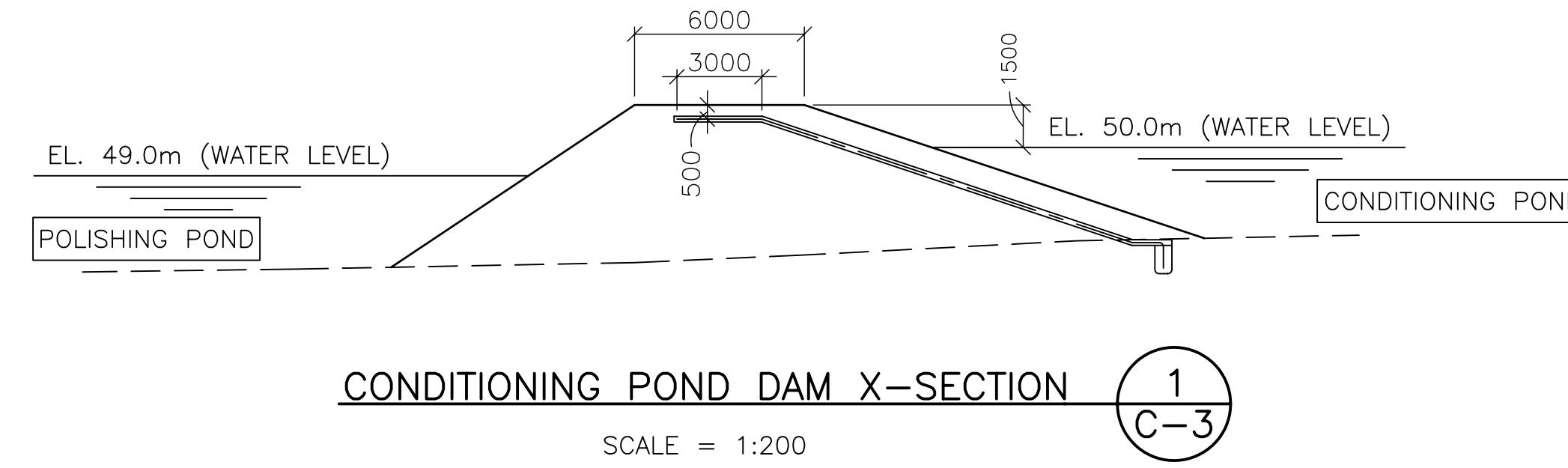
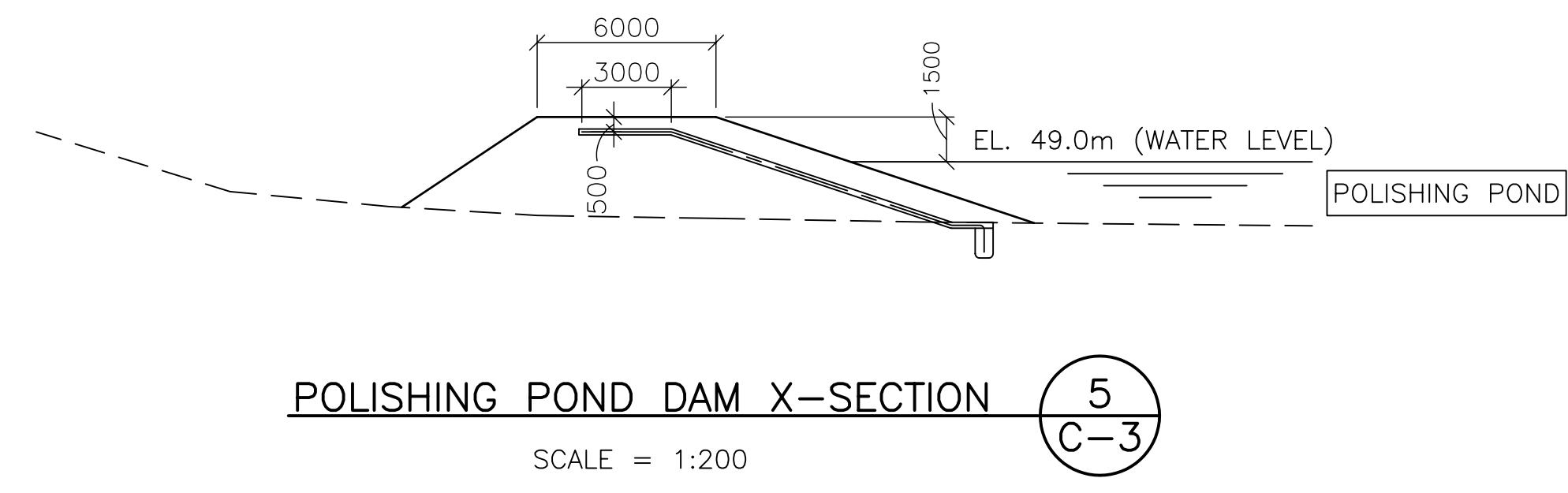
2.2.4.5 Conditioning and Polishing Ponds

A conditioning pond having a storage volume of 137,700 m³ and a surface area of 3.2 ha will be constructed to the north of the pit to receive the drainage from the tailings area. Pit seepage, site drainage and surface flow diversion ditches will be directed to the conditioning pond. A spillway constructed of coarse rock will allow the water from the conditioning pond to pass into a polishing pond having a surface area of 0.3 ha. Water from the polishing pond will pass via a discharge control weir to a rock-lined channel and into Pine Cove Brook. The outlet of the conditioning pond will be constructed to enable the retention of water, if necessary. This will also be the final release point under MMER, and the required water quality monitoring will be conducted at this location.

Conditioning and polishing ponds will be constructed of locally available compacted glacial till with slopes and discharge areas stabilized with riprap. Any water required for mining (e.g., washing down of the working face), as well as mill process water will be withdrawn from the conditioning pond. Cross sections of the dams are shown in Figure 4.



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2.2.4.6 Organic Stockpiles

Roots, stumps, the vegetation mat, and the B soil horizon will be stripped and preserved in a number of stockpiles around the project site. The amount of material to be collected, construction and operation considerations, space availability, and future intended uses will determine the location of the stockpiles. The material will be used in the rehabilitation of the area during or following the completion of the mining operation. The combined area to be occupied by the organic stockpiles is 1.7 ha.

2.2.4.7 Waste Rock Stockpile

Waste rock will be drilled, blasted and placed in a stockpile away from the pit area and separate from any other stockpile. It is anticipated that 9.8 million tonnes of waste rock will be produced during the life of the project, covering an area of 7.3 ha. After excavation from the pit, the waste rock will be transported via a haulage road to the stockpile.

2.2.4.8 Lower Grade Ore Stockpile

A low-grade stockpile area will be prepared adjacent to the open pit. The stockpile will cover an area of approximately 1.0 ha, and have capacity for 80,000 tonnes of ore. This ore will be stockpiled during normal operations and will be milled when appropriate. Stockpiling in this area will occur throughout the entire period of mining.

A summary of the areas that will be disturbed or developed is shown in Table 1.

Table 1 Areas of Physical Disturbance on the Pine Cove Project Site

Description	Area in Hectares
Total Watershed (pre-development)	160 (approx.)
Open Pit Mine	9.8
Mill/Maintenance Facility	1.0
Ore Stockpile	0.6
Low Grade Ore Stockpile	1.0
Tailings Area	4.1
Conditioning Pond	3.2
Polishing Pond	0.3
Organic Stockpile	1.7
Waste Rock	7.3
Total Area of Development	29.0
Note:	
• Approximately 14% of the watershed will be developed.	
• Most of the waste rock pile is not in the Pine Cove Brook watershed	

2.3 Construction

2.3.1 Construction Schedule and Labour

Following release from provincial and federal environmental assessments, construction would begin in May 2005. Site clearing, removal of overburden, construction of a mill facility and open pit is expected to take approximately nine months. The contractor will determine the number of personnel required for construction.

Work to be conducted in water (productive fish habitat) will only proceed with an authorization from DFO, if required.

2.3.2 Potential Sources of Pollution during Construction

Appropriate and practical mitigative measures will be employed to control pollution. Without environmental protection measures, construction activity may result in; siltation, noise, air emissions, dust, and the unplanned release of fuels or lubricants.

Effluent

Construction activities have the potential of introducing sediment into water bodies. To minimize this, sediment traps using approved fabrics will be used in areas subject to erosion. Siltation control curtains will be used to limit the areas that may be affected. All site drainage will report the conditioning and polishing ponds and Anaconda Gold Corp. plan to construct the pond as early as possible to provide for containment and treatment of site water, if required. Suspended sediment in site drainage will be allowed to settle prior to release into the brook below the conditioning pond. Site roads will be constructed or upgraded to provide for controlled drainage and reduced suspended sediment.

Blast residues have the potential to contaminate surface water with ammonia, which can be toxic to aquatic fauna. Areas that will require blasting during construction all drain to the conditioning pond and any required treatment of drainage will be applied at the conditioning pond.

An oil-water separator or adsorbent boom will be installed in the conditioning pond, as required. An oil-water separator will also be installed in the drain of the maintenance building. Anaconda Gold Corp. will ensure that all mechanical equipment used will be inspected routinely to ensure no hydrocarbon leaks occur. Hydrocarbon fuels will be stored in double walled containers to minimize the risk of leakage. Used oils, if produced, will be contained and disposed of by a licensed waste oil handler.

All water releases will meet the regulatory requirements of MMER (when applicable), the *Environmental Control (Water and Sewage) Regulations* and provincial Certificate of Approval.

Sewage will be handled by an approved portable facility during the initial phases of construction. The holding tanks will be emptied by a pump truck on a regular basis and disposed of in an appropriate manner. A septic drainage field will be installed for use during operations.

Garbage and Litter

To date, garbage and litter have been removed from the site by the various contractors active on the project. During construction, domestic garbage will be collected and placed in a landfill facility belonging to Ming's Bight or Town of Baie Verte, in accordance with the *Waste Material Disposal Act*. Any food or organic garbage onsite will be held in animal-proof containers to prevent attracting bear, fox, birds, or other wildlife.

Waste oil, grease and other hazardous materials will be managed under contract to a licensed disposal company.

Noise

The mine site is remote from any dwellings and the nearest communities are several kilometres distant. Therefore, construction and operational noise will not affect local residents. Local attenuation will result from the topography and the heavy surrounding forest growth. Thus, the range of potential noise effects on wildlife will be reduced.

Air Emissions and Dust

Air emissions will result from vehicles on the site. All company and contractor vehicles are required to be in proper and safe operating condition. Dust generated onsite roads will be controlled with the application of water and as required. Dust from blasting during construction will be episodic.

2.3.3 Potential Resource Conflicts during Construction

Water Resources

Water use conflicts will not occur, as there are no other users in the Project watershed. The water requirements of the mine are modest and will be met by recycling water from the conditioning pond and drawing make-up water from Pine Cove Pond.

Effluent water quality is required to comply with regulated criteria (e.g., MMER, the *Environmental Control (Water and Sewage) Regulations* and provincial Certificate of Approval) and prescribed monitoring will be conducted to document the water quality.

Fish and Fish Habitat

The total watershed is approximately 1.6 square kilometres. There are two ponds at the centre of the proposed development. The larger, Pine Cove Pond, is 5 m deep and the smaller one, Pasture Pond is much shallower (less than 1.5 m deep). Pasture Pond is nested in a bog and has poorly developed shore areas with predominantly silt and muck substrate. The only fish species reported in the watershed are brook trout (*Salvelinus fontinalis*), which are distributed from Pine Cove Pond downstream to the steep gradient approaching the shore of Baie Verte (JW 1993). The cobble beach

and steep gradient of Pine Cove Brook preclude any sea run capability. The only reported local sea-run brook trout and Atlantic salmon (*Salmo salar*) occur in South West Brook at the Town of Baie Verte, and South Brook, which enter the bay 1.5 km south of Pine Cove Brook (Morgan Oak, personal communication 1992). Ice fishing may be pursued on Pine Cove Pond.

As noted above, all construction activities will be confined to the Pine Cove watershed. Construction of the open pit, haulage road, conditioning pond and polishing pond will result in the disruption of approximately 550 m of Pine Cove Brook. Most of the habitat along Pine Cove Brook consists of either coarse bottom rearing areas, or boulder and bedrock cascades with fast flow. Little spawning habitat was observed (JW 1993). Past activities conducted before Anaconda had control of the site have resulted in alterations and disruptions of some stream sections. The condition of site streams and ponds will be documented in May-June when the snow and ice are gone.

The mine project will also require the draining of Pasture Pond, and the loss of approximately 1.02 ha (24.3%) of the surface area of Pine Cove Pond. A small dam is also planned for the north end of Pine Cove Pond to divert the present drainage away from the open pit area. The diverted flow from Pine Cove Pond will be directed southward to the adjacent watershed of South Brook. This will be accomplished by constructing a channel through the divide between the two watersheds as shown on Figure 3. This will reduce water flows in Pine Cove Brook, but not significantly increase those in South Brook, which has a watershed that is in the order of 250 times that of Pine Cove Pond (i.e., 124 km² vs. 0.5 km²). These proposed modifications to ponds and streams may be determined by DFO to be a harmful alteration disruption or destruction (HADD) of productive fish habitat, in which case an authorization will be required for work in fish habitat. The present quality and quantity of fish habitat in the ponds and streams is unknown and cannot be determined until the spring season in 2005.

As the pit is developed, there may be further disruption to Pine Cove Pond if water seeps to the pit. A substantive loss of pond water to the pit may require mitigation or compensation in the case that habitat is harmfully disturbed or lost.

In accordance with the Department of Fisheries and Oceans (DFO) policy of No Net Loss of Habitat, compensation may be required for the HADD due to the mine construction or operation. Anaconda Gold Corp. has initiated discussions with DFO to address any potential requirements for fish habitat compensation.

Wildlife

No wildlife conflicts will be introduced by this undertaking. Big game, furbearers and a wide range of birds occur in the area, and have generally adapted to human activities at Pine Cove and other sites in the area. The principle large mammal species in the area is moose (*Alces alces*), which is found within Moose Management Area 14 - Baie Verte. Moose densities are reported to be low and harvesting of moose has at times been reported to be quite heavy. Information on the abundance and distribution of moose and moose wintering areas (specialized habitat types) at the proposed mine site were collected through a survey undertaken in 1994 (JW 1994).

Caribou (*Rangifer tarandus*) are not hunted at present on the Baie Verte Peninsula. The nearest concentration of this species, the Hampden, the Humber, and the Gaff Topsails herds occur well to the south of this region.

Black bear are known to occur in the region.

Other mammals, such as furbearers and small mammals occur, but there is generally little information available on these species. Beaver (*Castor canadensis*) are common in the ponds and streams in the area, although none have been observed in either Pine Cove Pond or Pasture Pond.

Site personnel will not be allowed to feed or harass wildlife or birds, or hunt, trap or snare wildlife. Food scraps and garbage will be stored in animal-proof containers. Vehicles will yield to wildlife where they can safely do so.

The abundance of high profile raptor species such as Bald Eagle (*Haliaetus leucocephalus*) and Osprey (*Pandion haliaetus*) is probably low in the area unless sufficient cliff-nesting habitat is available; the local forest is probably unsuitable for nest sites. An aerial survey for raptors and nest sites was conducted in 1994 (JW 1994).

Land Use

The Pine Cove area was harvested for marketable timber twelve years ago and the mine project should pose no resource conflicts in regard to the timber resource. Alders have established along the streams and edges of the bog. Hunting and sport fishing activities are fairly limited around the site.

Socio-economic

The Baie Verte area has had a long history of mining, with activity dating from the late nineteenth century. The local communities have for generations derived a substantive portion of their livelihoods from mining employment, and are supportive of exploration and development activities. There have recently been three active mining operations on the Baie Verte Peninsula. Development of the Pine Cove Gold Mine will generate at least 44 jobs in the Baie Verte area.

Anaconda Gold Corp. intends to employ local labour forces where possible and will require contractors to do the same, where possible. Anaconda Gold Corp. advocates employment equity and will continue to support diversity opportunities within the workforce.

2.4 Operation

2.4.1 Mining of Open Pit

The open pit will be mined by a contractor and will operate year round. Drilling will be conducted using track-mounted drills. ANFO will be the explosive of choice initiated by non-electric detonators. Broken rock will be cleaned from the working face by front-end loader, and hauled out of the pit by truck.

One detonator and two blasting explosive magazines shall be maintained at the site. The exact location of the magazines will be determined, pending an assessment of access and safety issues near the end of the construction phase. The magazines will be maintained in accordance with relevant regulations. The frequency of blasting activities is anticipated to be approximately 20 blasts per month during operation.

On the south pit walls, which are up dip of the strata, safety berms 3 meters wide are to be placed at every 6-m bench interval. The bank slope for each bench will be no more than 70 degrees but less if the slope of the ore dictates. This layout will result in an overall pit slope on the south side of less than 49 degrees. The purpose of the safety berm at each 6-m bench level is twofold. First, it is easier to follow the contour of the ore and to minimize dilution, by putting frequent, smaller berms rather than less frequent, larger berms (i.e., 9-m safety berms every 18 m). Secondly, the dip of the strata crosses the benches at an angle conducive to pit slope failure if discontinuities do occur along the strata. This is a conservative measure and will be followed until in-pit experience demonstrates otherwise. These frequent safety berms will be carried around from the south side until the pit walls are parallel to the strike of the mineralized zones.

On the other sides of the pit, 9-m safety berms will be placed every 18 m, with the bank slope of each individual bench at 70 degrees. This layout results in an overall pit slope of 49.2 degrees. Given the usually high strength of gabbro and the high Bond Work Index obtained on ore samples for the purpose of determining grind ability, it is thought that this slope is conservative for the north wall of the pit. This is substantiated by inspection of the drill core, which was broken up very little in drilling.

2.4.2 Processing Crushing

The processing of the ore will follow a two-stage crushing circuit (Figure 5 (Dwg. PCGM-001)). A primary jaw crusher will reduce run of mine ore down to 50 mm (2 inches). Ore from primary crushing will be further reduced in a secondary cone crusher, the discharge of which will be a nominal 12 mm (1/2 inch) diameter. A double-deck vibrating screen operates in closed circuit with the cone crusher. Minus 12 mm (1/2 inch) ore will be fed by belt conveyor to a 3250 tonne covered storage facility. A belt feeder, in conjunction with a front-end loader, will withdraw ore to feed the milling facility.

2.4.2.1 Milling

The gravity/floatation flow sheet is shown in Figure 6 (Dwg PCGM-002). Fine crushed ore will be withdrawn from ore storage and fed to a 3.35 m x 4.27 m (11 ft x 14 ft) ball mill by means of a belt

conveyor. The mill will operate in closed circuit with a cyclone cluster. Underflow will report to a Gekko 1PJ2400 inline pressure jig for concentration of the gold. The overflow, or fines, from the cyclone cluster will pass through a conditioner, then a bank of scavenger and cleaner flotation cells. Tailings from both banks of flotation will report to a sump for disposal to the tailings facility. Concentrates from the cleaner flotation cells will combine with concentrates from the Gekko 1PJ2400 to be thickened and then ground to a P80 of 30 microns in a regrind ball mill. Discharge from this mill will be pumped to the leach plant.

The water requirements of the mill will be met by recycling water from the polishing pond and drawing make-up water from Pine Cove Pond. The pumping facility will address fire fighting needs.

2.4.2.2 Leaching

Nominally 5 percent and a maximum of 10 percent of the mill feed will report to the leach plant as indicated in Figure 7 (Dwg PCGM-003). The leach plant will be on a concrete base with raised edges that will be designed to contain any potential spill from equipment or circuit piping. Leaching will be conducted in five agitated tanks, using a dilute cyanide solution, modulated to a pH of at least 10.0. Tailings will be filtered and washed in a pair of vacuum drum filters.

Solution containing dissolved gold will be withdrawn from the drum filters, clarified in a leaf clarifier, and then de-aerated in a Crowe Tower, following which zinc powder is used to precipitate the gold. The precipitate, in the form of sludge, will be dewatered in a plate and frame filter, dried, and then smelted to doré with a (WABI) gold furnace.

Barren solution from the filter press will be stored in a tank and then returned to plant feed through the regrind mill. All solutions will be re-circulated within the confines of the leach area, which is constructed with raised edges to contain potential spills.

Residue from the system will be washed and detoxified to less than 1 ppm WAD cyanide using air, copper sulfate as catalyst, and sodium metabisulphite with lime as required for pH control.

2.4.2.3 Reagent Usage

Burnt or hydrated lime will be used for pH control in the leaching circuit to guarantee a pH of 10 or higher. Sodium cyanide will be used as a lixiviant to leach the gold from the solution. Detoxification of cyanided concentrate tailings will be completed with sodium meta-bisulphite and compressed (diffused) air used as an oxidant with a copper sulfate catalyst.

The Reagent storage area will have an impermeable floor and raised lip to contain a potential spill or leakage.

2.4.3 Rock Quality

Preliminary testing of the ore and waste rock has been conducted using material gathered during earlier diamond drilling programs. Analysis conducted at the Technical University of Nova Scotia indicates that the ore contains 0.9 percent sulphur. The results of the waste rock analysis are presented in Table 2.

Table 2 Acid Producing Characteristics of Waste Rock and Tailings

Material	pH	S (Total) Percent	Acid Producing Potential (Kg/t)	Acid Consuming Ability (Kg/t)
Waste Rock	9.3	0.0 15	0.469	146
Tailings	10.0	0.774	24.2	TBA

Additional samples of ore, waste rock are currently being analyzed to provide more data on the acid producing characteristics of the mined material.

2.4.4 Period of Production (Life of Mine)

Based on current knowledge of the mineable reserves, and diamond drill core data, processing of the ore from the pit will be completed in approximately six years. This does not consider the potential of other ore bodies on the site or in the area.

2.4.5 Potential Sources of Pollution during Operation

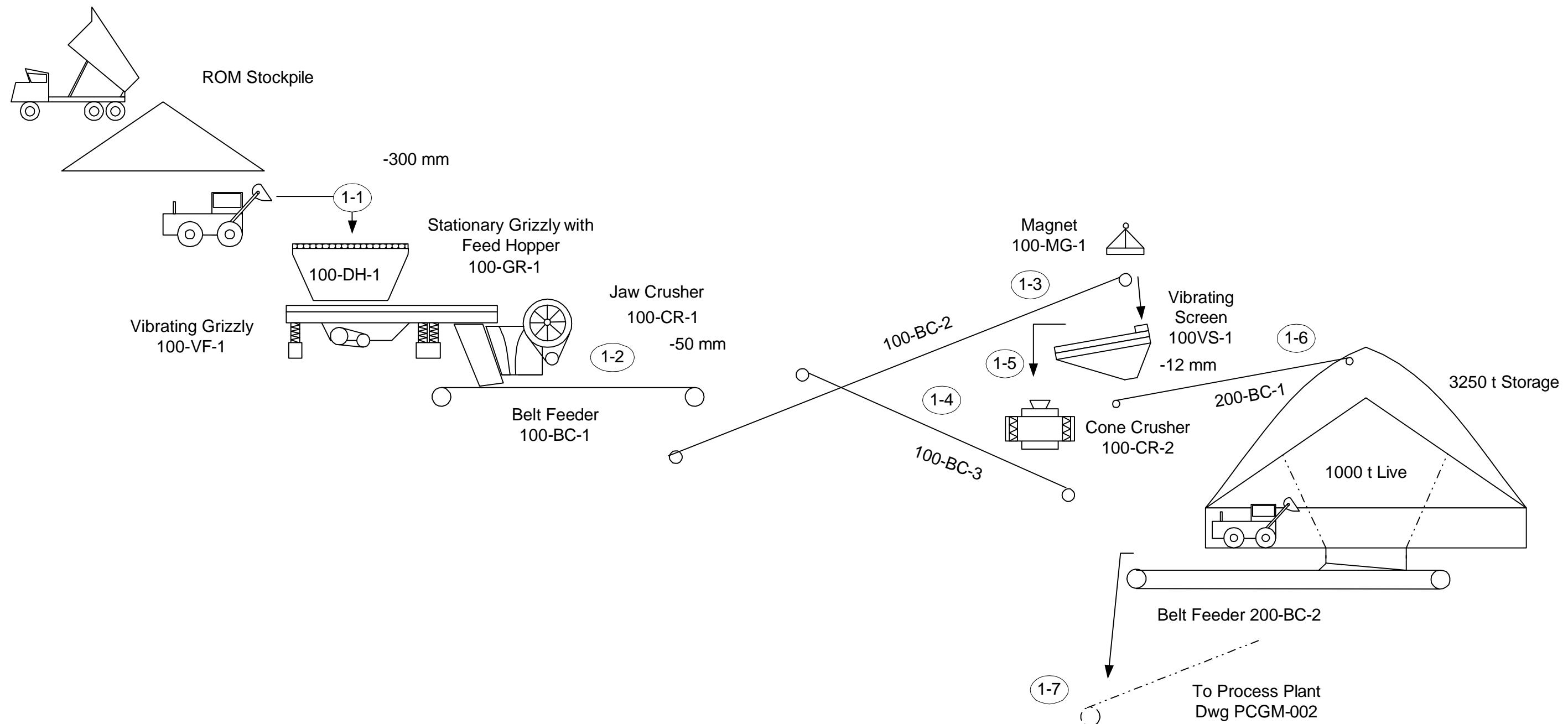
Mitigating measures to control pollution outlined in the section on construction would be continued during operations and reviewed and revised as required.

Effluent

All site drainage will report to the conditioning pond and then polishing pond, which will have a control weir discharging to Pine Cove Brook. This will be the final point of release under MMER. Suspended sediment in site drainage and tailings will settle in the tailings area and conditioning/polishing ponds prior to release, and all necessary water treatment will be conducted within the conditioning and polishing ponds. An oil-water separator or adsorbent boom will be installed in the (conditioning or polishing) pond, as required.

Blast residues have the potential to contaminate surface water with ammonia, which can be toxic to aquatic fauna. Ammonia levels in the effluent will be monitored and treatment to ensure compliance with provincial regulations and federal requirements regarding effluent toxicity. All water releases will meet the regulatory requirements of MMER, the *Environmental Control (Water and Sewage) Regulations* and provincial regulations and approvals.

Sewage will be directed to an approved septic drainage field.



Dan Mackie & Associates
Burlington, Canada

Figure 5 Pine Cove Gold Mine
Crushing Plant Flow Sheet

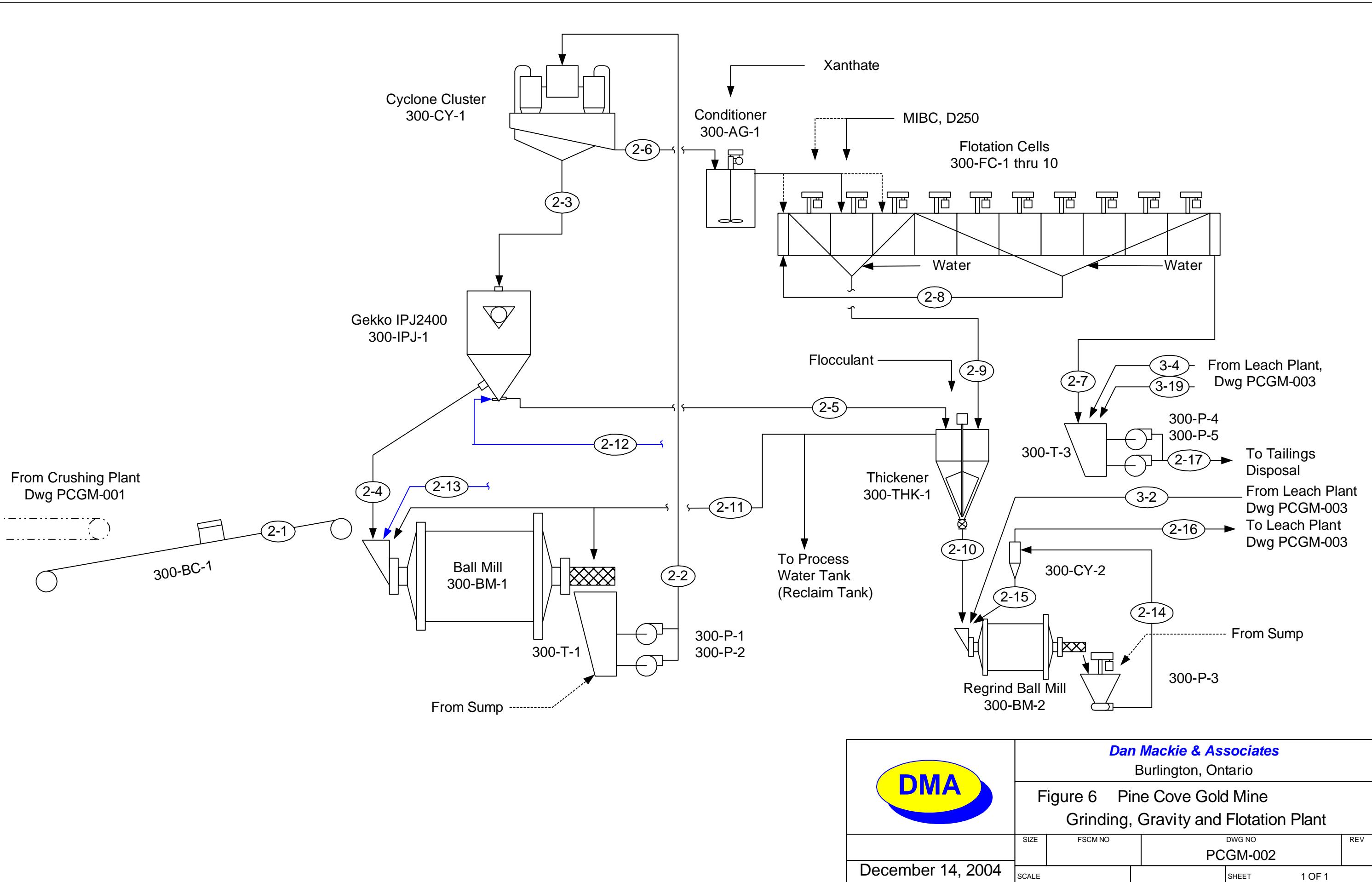
December 14, 2004

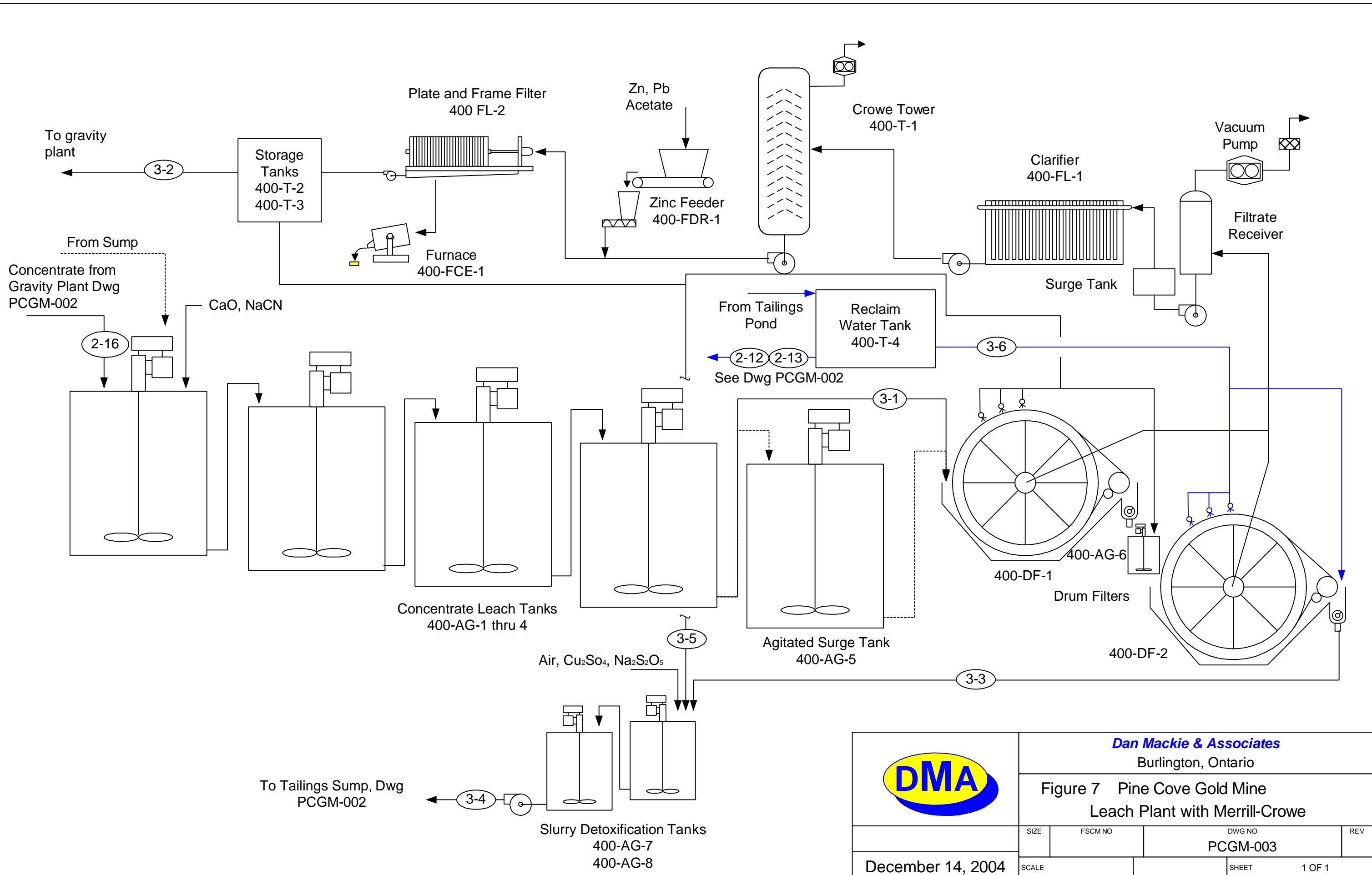
SCALE

PCGM-001

REV

SHEET





Dan Mackie & Associates
Burlington, Ontario

**Figure 7 Pine Cove Gold Mine
Leach Plant with Merrill-Crowe**

December 14, 2004

SIZE	FSCM NO	DWG NO	REV
		PCGM-003	

SCALE

SHEET

1 OF 1

Garbage and Litter

Domestic garbage will be collected and placed in a landfill facility belonging to Ming's Bight or Town of Baie Verte, in accordance with the *Waste Material Disposal Act*. All food or organic garbage onsite will be held in animal-proof containers to prevent attracting bear, fox, birds, or other wildlife.

Waste oil, grease and other hazardous materials will be handled by a licensed disposal contractor.

Noise

The mine site is remote from any dwellings; noise will not affect local residents. The topography and the heavy surrounding forest growth will attenuate noise of mechanical origin and that from scheduled blasting in the pit. Thus, the range of noise effects on wildlife will be limited in range.

Air Emissions

Air emissions will result from vehicles on the site. All company and contractor vehicles are required to be in proper and safe operating condition. During operation, emissions from the mill and refinery will meet criteria set out in the *Air Pollution Control Regulations* and provincial permits. Air quality equipment will be regularly cleaned and maintained in good working order.

Dust

Dust control equipment will be installed on the crushers, if required. Dust generated onsite roads will be controlled with the application of water if required. Dust from blasting in the open pit will be episodic and is not expected to disperse very far from the pit.

2.4.6 Potential Resource Conflicts during Operation

The potential resource conflicts discussed in Section 2.3.3 (Construction) will continue throughout the operation of the mine. Additional site clearing will be limited to the expansion of the waste rock stockpiles.

The quality of water released from the project will be regularly monitored as required by MMER and provincial regulations and permits. Disturbances to wildlife will not increase during operations. If control of nuisance animals such as black bears becomes necessary, Anaconda Gold Corp. will contact the Wildlife Division regarding appropriate responses.

Sources of noise, normal to a mining operation, will be generated during operations. The compact site plan and the surrounding terrain will result in the localization of noise disturbance.

As noted above, no acid mine drainage is anticipated with the waste rock on this site. All site drainage will be collected and stored for the reclaim use in the mill. The discharge of any excess water from the site will only occur in accordance with applicable regulations.

2.5 Environmental Monitoring

Monitoring programs will be undertaken:

- to verify compliance with regulated environmental standards, and
- to verify changes that were predicted to occur.

Water quality monitoring will be conducted as required under the *Metal Mines Effluent Regulations* (MMER). These include compliance monitoring, effluent characterization, and biological environmental effects monitoring (EEM). Additional monitoring may be required under the federal environmental assessment process or provincial permitting process. Environmental monitoring results will be reported as required by regulations and permits.

A log will be maintained at site to record wildlife observations by site personnel. This log will be held at the security office/gatehouse or other appropriate location(s) onsite.

2.6 Closure and Reclamation

2.6.1 Rehabilitation

Anaconda Gold Corp. will implement progressive reclamation where possible. Strategies and methods, which will be employed to minimize environmental disturbances during construction and operations, are described in the following sections. Steps to promote the overall rehabilitation process will include the following:

- terrain, soil and vegetation disturbances will be limited to that which is absolutely necessary to complete the work within the defined project boundaries;
- where possible, organic soils, mineral soils, glacial till, and excavated rock will be stockpiled separately and reserved for later rehabilitation work;
- surface disturbances will be stabilized to limit erosion and promote natural revegetation;
- natural re-vegetation of surface disturbances will be encouraged and active re-vegetation will be pursued where this is deemed critical and where terrain and soil conditions permit, and
- Anaconda Gold Corp. will incorporate environmental measures in the contract documents. As such, contract documents will reflect the conditions specified for the construction and operation of the project. Contractors will thus be bound contractually to comply with the environmental protection standards set by the Owner and federal and provincial regulatory agencies having jurisdiction.

2.6.2 Waste Disposal

Testing of the mine waste rock for acid generation potential has been conducted on a preliminary basis. Additional testing is being conducted on a larger number of samples to confirm the rock's net acid consuming ability. Investigations will also be undertaken to assess the potential of using the waste rock for road construction, as a re-vegetation mat, or for dam construction.

The actual site conditions will be monitored during operation of the mine; if a net acid production is detected, the reclamation plan will be revised specifically to address this situation in consultation with the regulatory agencies having jurisdiction.

2.6.3 Abandonment

Rehabilitation subsequent to mine closure will involve the following activities:

- dismantling and removal of all surface infrastructure;
- contouring to establish permanent drainage patterns, minimize erosion, and ensure safety of the public;
- replacement (where appropriate) of stockpiled till, peat, or other suitable materials to encourage natural re-vegetation;
- re-vegetation, where natural re-vegetation does not occur, or if site conditions such as erosion and related degradation of water quality necessitates such an action; and
- attending to special rehabilitation requirements of particular project features.

The bulk of the surface infrastructure (buildings, equipment, utilities distribution systems, etc.) will be dismantled upon abandonment and disposed of in accordance with the *Waste Material Disposal Act*. Much of the material will be reusable or of value; these items will be removed from the project site. Certain waste materials (e.g., miscellaneous scrap metal, concrete footings, etc.) will be disposed of in accordance with approved means.

Road bases will be contoured to blend with the natural terrain and will be scarified to promote natural vegetation. Culverts will be removed and fill materials carefully excavated by backhoe or as otherwise directed in the watercourse alteration permits.

Facility sites will be contoured where necessary, and drainage control ditches will be redirected to the natural drainage (with sediment traps installed where appropriate). If deemed appropriate, the site dams will be breached in a controlled fashion to establish a more natural drainage pattern in the watershed.

Till, soil, and excavated bedrock stockpiles will be accessed and distributed over the contoured road and facility sites to provide suitable substrata for natural re-vegetation. Based on an assessment of soil fertility, erosion potential and other site characteristics, and where natural re-vegetation is not expected to occur in a reasonable period of time, or where site conditions indicate a requirement for speedy re-vegetation, an active re-vegetation program will be undertaken. These areas will be scarified, limed (if required), fertilized and planted with a grass seed mix or other vegetation that is appropriate for the site. Where a natural seed base for trees does not occur adjacent to the disturbed areas, tree seedlings will be planted to promote more rapid succession.

The success of erosion control, re-vegetation, and other rehabilitation measures will be inspected periodically subsequent to abandonment.

2.6.3.1 Mine Waste Disposal Area

The mine waste disposal area will be graded to a stable slope angle and the top and side slopes will be covered with topsoil. Natural re-vegetation will be promoted and if required, an active re-vegetation program will be implemented as noted above.

2.6.3.2 Open Pit

The edges of the open pit will be graded to a stable slope. A rock barrier will be constructed around the circumference of the pit and warning signs erected to ensure public safety. The open pit will be allowed to flood and will create an open water body after the closure of the mine. Efforts will be made where feasible to make the pit available as a habitat for fish native to the watershed.

2.7 Occupations

Anaconda Gold Corp will manage the overall project. As noted above, drilling and blasting, as well as portions of the construction and excavation work will be contracted out to local independent contractors. As such, the required workforce will be determined by those contractors. The milling will be carried out by Anaconda Gold Corp. staff that will employ consultants from time to time and have some test work performed by independent laboratories. Contractors will be required to use local labour from the Baie Verte peninsula wherever possible. Anaconda Gold Corp. support employment equity and diversity opportunities and will require the same from contractors where possible.

The mine site will operate twelve months of the year on a seven-day per week basis. Both the mining and milling operation will work on two 12-hour shifts per day. Table 3 lists the occupations anticipated for the operation of the project.

Table 3 Occupations for Site Development and Operation

Occupations	Number of Personnel
Administration and Supervision	
Mine Manager	1
Mine Supervisor	1
Office Manager	1
Mill Foreman	1
Pit Technicians, samplers, surveyors	3
Mineral Technologist	1
Office Assistant	3
Sub Total	11
Open Pit Mine	
Contract workers (Estimated)	25
Sub Total	25
Mill	
Loader Operators	4
Maintenance	2
Process Helper	4
Instrumentation/Electrical	1
Millwright/Welder	1
Labourer	1
Grinding/Crushing Operators	3
Sub Total	16
Combined Total	52
Note: These totals do not include the construction workforce which will be mobilized by contractors.	

2.8 Project Related Documents

A.C.A. Howe International Limited. 2004. Pine Cove Project Technical Report and Feasibility Study. Prepared for Anaconda Gold Corp., Toronto, ON. 208 p.

Jacques Whitford Limited. 1993. Proposed Gold Mine Operation Baie Verte. Newfoundland Geotechnical Investigation Phase I. Prepared for Pine Cove Resources Inc.

Jacques Whitford Limited. 1994. Pine Cove Resources Inc. Raptor Survey - Pine Cove Distribution Route. Prepared for Newfoundland Power Limited.

Jacques Whitford Limited. 1993. Pine Cove Resources Inc. Baseline Aquatic Surveys: Pine Cove Mine Site. Prepared for Pine Cove Resources Inc.

3.0 APPROVAL OF UNDERTAKING

The following table lists permits, approvals and authorizations that may be required for the project.

Table 4 Permits, Approvals and Authorizations

Permit, Approval Or Authorization	Issuing Agency
Provincial	
<ul style="list-style-type: none"> Release from Environmental Assessment 	Minister of Environment and Conservation
<ul style="list-style-type: none"> Environmental Approval to Alter a Body of Water <ul style="list-style-type: none"> Construction of conditioning and Polishing Ponds Construction of Tailings Area Site Drainage Drainage of Pasture Pond Diversion of Pine Cove Pond Infilling of small site ponds Environmental Approval for a Water Intake Structure/Withdrawal System Environmental Approval for Dams and Appurtenant Structures <ul style="list-style-type: none"> Pine Cove Pond Diversion Dam Tailings Dam Conditioning and Polishing Pond Dams Water Use Licence Environmental Permit for Culvert Installation Certificate of Approval for all Watercourse Crossings 	DOEC - Water Resources Management Division
<ul style="list-style-type: none"> Certificate of Approval for Construction Certificate of Approval for any Industrial or Processing Works 	DOEC – Pollution Prevention Division
<ul style="list-style-type: none"> Permit to Occupy Crown Land Easement Rights for Poleline 	DOEC-Lands Division
Permit to Control Nuisance Animals	DOEC-Wildlife Division
Certificate of Approval to Establish a Water Supply and Sewage	DOEC
<ul style="list-style-type: none"> Blasters Safety Certificate Certificate of Approval for a Water Supply System Certificate of Approval for a Sewage/Septic System Approval for Storing and Handling Gasoline and Associated Products <ul style="list-style-type: none"> Temporary Fuel Cache Fuel Tank Registration Fire, Life and Safety 	GSC

Permit, Approval Or Authorization	Issuing Agency
<ul style="list-style-type: none"> • Approval of Development Plan, Rehabilitation Plan, Financial Security • Mill Licence • Mining Lease <ul style="list-style-type: none"> • Surface Rights Lease 	DNR- Mineral Development Division
<ul style="list-style-type: none"> • Quarry Permit 	DNR – Quarry Materials Management
<ul style="list-style-type: none"> • Operating Permit <ul style="list-style-type: none"> • Permit to Burn 	DNR-Forest Resources
<ul style="list-style-type: none"> • Approval for Operation of Temporary Lunchroom/ Washroom Facilities • Food Establishment License 	Newfoundland and Labrador Department of Health, Public Health Inspector
Federal	
<ul style="list-style-type: none"> • Approval for Works and Undertakings Affecting Fish Habitat • Approval for Introductions and Transfers 	DFO
<ul style="list-style-type: none"> • Radio Station Licence 	Industry Canada
<ul style="list-style-type: none"> • Temporary Magazine License • Blasting Magazine License 	Energy Mines and Resources Canada, Explosives Division
<ul style="list-style-type: none"> • Approval to Conduct Work Over Navigable Waters 	Transport Canada – Navigable Waters Protection
Municipal	
<ul style="list-style-type: none"> • Approval for Waste Disposal 	Town of Baie Verte or Ming's Bight?
DOEC - Newfoundland and Labrador Department of Environment and Conservation DNR - Newfoundland and Labrador Department of Natural Resources - Mines DNR – Newfoundland and Labrador Department of Natural Resources - Forest Resources DFO – Fisheries and Oceans GSC – Newfoundland and Labrador Department of Government Services – Government Service Centre	

4.0 SCHEDULE

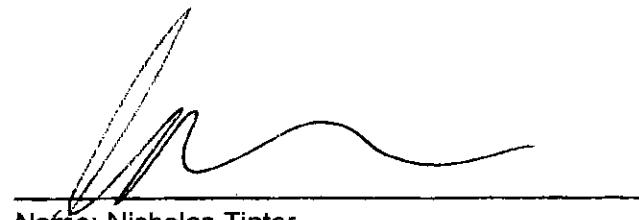
Construction is scheduled to begin in May 2005 for a period of nine months. Mill start-up is anticipated for early 2006, with full production by March 2006.

5.0 FUNDING

The project will have a total budget of \$11 to \$12 million (Canadian), with capital derived from both debt and equity financing. Financing is anticipated to be in place by March 31, 2005.

6.0 SUBMISSION

March 6/2005
Date



Name: Nicholas Tintor
Title: President