

April 14, 2011

Submission to the Minerals Strategy Dept. of Natural Resources

The NL Dept. of Natural Resources recently held a consultation session in the community of Grand Falls-Windsor as part of its proposed Minerals Strategy. The work of the provincial department and its staff is recognized nationally for the quality of service and the dedication of its staff. The scientific data collected by the department and the current regulatory regime enhance the province as a place to explore for new mineral deposits. In an attempt to improve and or maintain the province's status I make the following observations which are based upon recent exploration programs carried out in central Newfoundland by Golden Dory Resources Corp. While these are specific issues that may not appear to be relevant to a provincial minerals strategy they do point to the need for improved consultation, additional training and consistent application of the existing regulations.

1) Issue: Process of Decommissioning Resource Access Roads:

One of the attributes of central Newfoundland that makes it attractive for mineral exploration companies is the wealth of resource roads which provide easy access to many areas of the province. Government recently inherited the resource roads belonging to Abitibi Consolidated; a tremendous resource. However, maintaining these roads and the many bridges and culverts will require dedicated resources. The danger exists that many of these roads will be decommissioned and the bridges removed.

Golden Dory Resources is exploring for gold mineralization in southern central Newfoundland and two of its exploration projects have been negatively impacted by the removal of bridges and culverts after forest harvesting has taken place. These bridges and culverts were removed with no prior consultation, and to replace them would require funding well above the means of most junior mineral exploration companies. As a result access has been limited to: crossing during periods of low water, the stipulations attached to fording permits, and the salmon season.

Golden Dory recently participated in the five year planning process for Forest Districts 10, 11, 12 and 13 which cover much of central Newfoundland's mineral belt. In a presentation to the committee Golden Dory reinforced the need for improved consultation between government and industry, dedicated resources for road maintenance (industry recognizes that all roads cannot be maintained) and improved cooperation/consultation between the Forestry and Mines branches of the Dept. of Natural Resources. From attending these meetings two issues became obvious: 1) Forestry does not have the resources to maintain the resource roads; and 2) the staff had a limited

knowledge of the mineral exploration industry and the importance of these access roads to that sector.

Proposed Outcomes: i) Improved consultation with all resources road user groups prior to road decommissioning; ii) Dedicated resources to maintain trunk roads; iii) additional JEA funding to cover culvert/bridge installation or road construction; iv) improved consultation/awareness between the Branches of the Dept. of Natural Resources; and v) yearly training/information sessions for field staff from Forestry/Mines re: activity in Mineral and Forestry sectors.

2) Issue: Review of Environmental Legislation Re: 200 m buffer around salmon rivers.

Golden Dory has two gold exploration projects adjacent to the Northwest Gander River in central Newfoundland. Recently Golden Dory applied for an exploration permit to conduct diamond drilling on one of these properties only to be informed that the exploration target was within a 200 m buffer on a small tributary of the Northwest Gander River. Three previous drill programs had been carried out on that same property all within the 200 m buffer. The fact these drill programs all fell within that buffer was never brought up and as a result about \$870,000 was spent on exploring within that buffer. While Golden Dory recognizes and supports the need for sustainable exploration and ensuring the water resources of the province are protected the regulation need to be enforced fairly. The fact that this property fell within a buffer zone should have been recognized when the first round of drilling was proposed, not after \$870,000 had been spent. Also Golden Dory successfully applied to the federal Department of Fisheries and Oceans for a fording permit for this same tributary. However we were refused a permit by the province to come within 200 m of the stream!

Is there a need for a 200 m buffer adjacent to all tributaries? As the legislation stands the Northwest Gander River has 200 m buffer (which actually removes a 400 m wide strip from exploration). Given the size of this river the 200 m buffer is warranted. However, placing the same 200 m buffer on small tributaries (only a few metres wide) is excessive. Buffer width should be decreased for smaller tributaries. In the Millertown area most of the main drainage systems above Red Indian dam were stocked with salmon during the enhancement efforts of the 1980s. Streams such as Costigan, Tulks, Lloyds, Victoria etc. were all stocked with salmon. All of these streams now have 200 m buffers. Elsewhere along the lower Exploits streams such as Little Rattling, Badger Brook, Tom Joe and Stoney all have healthy salmon runs meaning they too have 200 m buffers. This alienates a tremendous amount of land from mineral exploration.

Regulations currently prevent the use of skid-mounted diamond drills from being used within the 200 m buffer. While the use of such drills should be limited in wet areas, they should be allowed in relatively dry areas or during the winter when the ground is frozen and snow covered. A skid-mounted drill pulled by a tractor leaves very little damage in its wake; much less than a skidder.

Proposed Outcomes: i) Enforce the existing legislation fairly – if a buffer exists tell us up front and not after a major expenditure; ii) Relate the size of the buffer to the size of the stream – a small tributary 3 m wide should not have the same buffer as the Gander or Exploits; and iii) Don't exclude the use of skid-mounted drills in suitable areas.

3) Issue: Genuine Prospector Claims: Prospectors are a key component in the discovery of new mineral resources. In the past, the 30 “prospector claims” have helped many individuals secure option agreements and resulted in new discoveries. Golden Dory supports this process, however, there are certain individuals that use the 30 free claims to tag 1 or 2 claims on to active exploration programs, hoping to capitalize on someone else's work. These “armchair prospectors” never set foot on their claims and never submit assessment reports. They in fact often hinder exploration efforts and stymie exploration plays from developing. A genuine prospector explores and submits an assessment report; thus advancing the property. The armchair prospector ties up the ground for the sake of tying it up.

Proposed Outcome: An individual who uses their 30 claims, but who consistently fails to submit an assessment report should lose their genuine prospector status.

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