

Expatriate Resources Ltd.  
# 701-475 Howe Street  
Vancouver, BC V6C 2B3

November 15, 2004

Attention: Harlan Mead and/or Jason Dunning

**RE: WATER USE APPLICATION QZ01-051, EXHIBIT 1.3**

I would like to confirm that your letter of response, dated November 2, 2004 was received via fax at the Yukon Water Board office on November 9, 2004. This document is included in the water use register as exhibit 1.3.

In review of the information that you have provided, I have the following comments which correspond to your letter. Where sections of your letter are not referenced, I have no further comments on the information that you provided.

1. From the information you supplied, I interpret "significant" to mean greater than 6 months. If this is inaccurate please let me know.
2. I am unclear if you interpret "long-term" and "perpetuity" to mean the same thing. By your definition, "the term "perpetuity" in practice means a duration of at least 100 years and beyond." However, you later indicate that "in case that ARD/ML phenomena stop within the planning horizon, the term "long-term" may be used."

Please define "long-term" in the context of predicting the long-term water chemistry.

3. Please note that your reference to the "Premier Gold Project" cannot be considered in any depth beyond the information that you have provided. If the details of the laboratory tests are relevant to this application, it is the applicant's responsibility to provide those details. Please confirm whether you will be submitting any additional information or if the summary of the information provided to date is sufficient.

I appreciate that "the Company will undertake a technical option study that will take into consideration the sludge quality being produced, sludge stability and quantity of sludge." However, the absence of this information leaves the following questions unanswered:

- a) When will the option study be started?
- b) How long will it take?
- c) What will the Company do with the sludge until the study and design have been completed?

Without the answers to these questions at this time, the Board may encounter difficulties in licensing these activities. This could mean that, depending on the Board's decisions, you may be required to obtain an amendment to the water use licence, if the Board approves this application. Please advise if you intend to submit the requested information at this time, or seek an amendment at a later date.

5. b) The Yukon Water Board requires applicant's to provide design drawings for the facilities to be constructed. The designs can be marked "not for construction" if the final designs are not yet available. The Board also requires that the proposed facility be identified on a map. Since the permanent waste rock facility location and design drawings cannot be provided at this time, the Board will only be able to reference the Companies intent to construct this facility within the environmental assessment screening report for this project. Without the answers to these questions at this time, the Board may encounter difficulties in licensing these activities. This could mean that, depending on the Board's decisions, you may be required to obtain an amendment to the water use licence to be authorized to construct and use this facility, if the Board approves this application. Please advise if you intend to submit the requested information at this time, or seek an amendment at a later date.
10. In regards to the water treatment system, I need to point out that should the water quality not meet the MMER discharge guidelines the Board will only be able to reference the Companies intent to operate a water treatment facility within the environmental assessment screening report for this project. Without specific details and designs, the Board may encounter difficulties in licensing these activities. This could mean that, depending on the Board's decisions, you may be required to obtain an amendment to the water use licence, if the Board approves this application. Please advise if you intend to submit the requested information at this time, or seek an amendment at a later date.
17. Same comment regarding the Premier Gold Project as I indicated for #3 above.

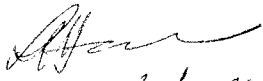
I must apologize for an oversight in my review of your application. The following documents that are included within the water use application indicate that the drawings are for the confidential use of their client and further indicate that written permission is required from BGC Engineering Inc. Since the Yukon Water Board maintains public registers you are required to obtain and submit to this office, the written permission from BGC Engineering Inc. to permit the Yukon Water Board to use these documents for distribution, public review, environmental assessment and water licensing purposes. The documents are as follows:

- a) Figure 2-Underground Mine Plan
- b) Figure 3-Test Mine Development
- c) Figure 4-Ground Support and Instrumentation
- d) Figure 5-Surface Facilities
- e) Figure 5a-Surface Facilities and Existing Roads
- f) Figure 6-Conceptual Design of Temporary Rock Storage
- g) Figure 7-Conceptual Design of Temporary Rock Storage 2
- h) Figure 9-Surface Facilities Aggregate Wash Plant Settling Pond

In addition to this list, Appendix B-Wildlife Considerations indicates on page iii "DRAFT-Not for distribution". Please confirm that the Yukon Water Board has permission to use this document for the same purposes that I have identified above.

If you have any questions, please contact me collect at (867) 456-3980.

Sincerely,

  
*on behalf of:*

Kelly Boutilier  
Licensing Officer

Cc: Judy St. Amand, Government of Yukon, Energy Mines and Resources (K-9)  
David McChaina, Consultant for Expatriate Resources Ltd.  
Register, Exhibit 4.