

**METALLIC GOLDFIELD INC.**

**Mr. Lee Bishop**  
**EIS Document Manager**  
**Office of National Transportation**  
**Office of Civilian Radioactive Waste Management**  
**U.S. Department of Energy**  
**1551 Hillshire Drive, M/S 011**  
**Las Vegas, Nevada 89134**  
**Fax No. 1-800-967-0739**

**December 1, 2006**

**Re: Mina Route, Environmental Impact Statement of the Proposed Yucca Mountain Nuclear Waste Repository Rail Line, East of Goldfield Nevada.**

Dear Mr. Bishop:

This letter is written in response to the Department of Energy's ("DOE") proposed inclusion of the Mina Rail Corridor ("Mina Route") in the Environmental Impact Statement for the Yucca Mountain Nuclear Waste Repository Rail Line, as noticed in the Federal Register dated October 13, 2006,

The U.S. Bureau of Land Management ("BLM") was contacted to obtain a map of the proposed Mina Route, which was not available. There were several maps published in the Las Vegas and Reno newspapers at a scale so small that the exact route could not be determined. Your office was contacted and a map was received by email, which was of a larger scale, but still not detailed enough to fully assess the impact of the Mina Route and its alternative alignments. It is essential that a detailed map of the Mina Route be provided in order to fully assess its potential impact.

The public scoping meeting was attended in Reno Nevada on November 27, 2006 and the information reviewed, including the digital image of the proposed Mina Route and its alternative alignments. The alternate route labeled MN-2 as currently proposed north of Goldfield Nevada along state route 95A would traverse the Gemfield Gold Deposit owned by Metallic Goldfield Inc. and therefore, the MN-1 alignment is preferred over the MN-2 alignment. The Gemfield Deposit has been identified in previous correspondence since March 2004 to the Department of Energy and the BLM as found in Exhibits 1, 2 and 3.

The Gemfield Deposit is a valuable asset of Metallic Goldfield Inc., (a wholly owned subsidiary of Metallic Ventures Gold Inc.) and continues to be advanced toward development and production. A Preliminary Assessment was prepared by AMEC E&C dated September 2006 for the Gemfield and McMahan Ridge deposits, which is attached

as Exhibit 7. The AMEC report contains an audit of the measured, indicated and inferred gold resource calculation conducted by Watts, Griffis and McOuat dated September 2005 which was previously submitted to you in September 2005. (Gemfield: measured 475,000 gold ounces; indicated 66,000 gold ounces; inferred 22,000 gold ounces; McMahan Ridge: measured 177,000 gold ounces; indicated 108,000 gold ounces; inferred 3,000 gold ounces.). It also includes a preliminary open pit design and production schedule. The entire deposit has not yet been defined and additional drilling is planned to further delineate the extent of the deposit. Additional work is required to finalize a facility design which will be located within the existing project boundaries. The AMEC report did not include the gold resources in the Main District (indicated: 241,800 gold ounces; inferred 80,300 gold ounces) described in the 43-101 Report dated September 2002 prepared by Mine Development Associates of Reno, Nevada.

Metallic Goldfield Inc. has been active in the Goldfield District for more than 9 years and has invested millions of dollars for the purpose of identification and development of precious metal and base metal deposits while continuing exploration for additional mineralization. During 2006 a reverse circulation drilling program was conducted under an approved Plan of Operations filed with the BLM which included a reclamation bond that had been posted for the activities. The required environmental surveys for exploration and development permitting have been performed including: a Cultural Resource Survey dated December 2004 by Western Cultural Resources; a Wildlife Baseline Report dated August 2004 by Wildlife Resource Consultants; a Vegetation Baseline Survey dated September 2004 by J. Reynolds, Botanical Consultant; a Threatened, Endangered, Candidate and Sensitive Plant Species Survey dated September 2004 by J. Reynolds, Botanical Consultant. In addition, baseline water information and geotechnical information has been collected and analyzed for future permitting, engineering and design purposes.

Metallic Goldfield Inc. currently owns or controls over 1,500 patented and unpatented mining claims in the Goldfield District which exceed 20,000 acres in total size, of which over 5,600 acres are already included in the Caliente corridor withdrawal. The significance of the Goldfield District and the known gold resources owned by Metallic Goldfield Inc. has been continually described and supported by third party documentation since March 2004. Numerous meetings (scoping and strategic planning) have been attended, and written statements submitted to provide supporting documentation and viable alternative routes. The Esmeralda County Commission passed a resolution endorsing an alternate route west of the Goldfield District rather than the original proposed Caliente alignment which bisected the district. It appears that the information has been disregarded by DOE, as evidenced by the most recent proposed Mina Route MN-2 which not only traverses the Goldfield District but is now over the top of the Gemfield deposit!

Since all previous information submitted is relevant to the negative impacts of any proposed rail alignment which traverses the Goldfield District, including the Gemfield Deposit, the following information is enclosed, and some resubmitted, with the intent to impress upon you the significance of the mining industry in Nevada; the Goldfield

Mining District and the known gold deposits owned by Metallic Goldfield Inc. within the district. Once again it is essential that any proposed rail alignment to the Yucca Mountain Nuclear Waste Repository be located outside the Goldfield District which includes, among others, the Gemfield Deposit.

Exhibit 1: Comment Letter to BLM dated March 29, 2004, in response to the Caliente Corridor segregation, showing alternatives to a rail line through the Goldfield District.

Exhibit 2: Comment Letter to DOE dated May 18, 2004 regarding the Caliente corridor which includes a 30 page bibliography dated 1984 referencing 249 articles written on the Goldfield Mining District.

Exhibit 3: Comments on the Draft Environmental Assessment of the Proposed Yucca Mountain Nuclear Waste Repository Rail Line, Caliente Corridor, East of Goldfield Nevada dated September 16, 2005.

Exhibit 4: Portions of maps re: Mina Rail Corridor and Caliente Rail Corridor.

Exhibit 5: Independent sources of information on mineral economics and activities in Nevada include the report produced by the Nevada Division of Minerals entitled Nevada Exploration Survey 2005, Fact Sheet 2005, Press Release 4/25/06.

Exhibit 6: Frasier Institute Annual Survey of Mining Companies 2005/2006.

Exhibit 7: Preliminary Assessment prepared by AMEC E&C dated September 2006 on the Gemfield and McMahon Ridge Deposits.

There are other general comments regarding the impact of the rail alignment on the mining industry especially when that alignment traverses a significant gold district like Goldfield.

- The gold price has increased from an average of \$359 per ounce in January 2003 to \$459 per ounce in 2005 to \$640 per ounce today.
- The Nevada Division of Minerals reports an increase in Exploration Activity See Exhibit 5. The overall increase in mineral and metal prices have lead to an increase in the total number of new mining claims located as well as mineral exploration and mining activity which would be negatively impacted by the mineral withdrawal for a rail alignment.
- **The Frasier Institute Annual Survey of Mining Companies 2005/2006 identified Nevada as the number one location in the world as the most favorable for investment attractiveness. See Exhibit 6. The survey ranked 53 jurisdictions including, selected US states, Australian states, Canadian provinces, and 20 other countries. The regions were rated based on mineral potential and effects of government policies on mineral exploration investment. Nevada is also the**

largest gold producer in the US and third largest gold producer in the world, following South Africa and Australia.

If it is determined that the Mina Route becomes a viable rail alignment to Yucca Mountain, select MN-1 and do not include the MN-2 route (Exhibit 4) for the reasons included in this and previous correspondence. If necessary, consider combinations of the Mina Route and the Caliente Route that would not traverse the Goldfield District.

If the Caliente Corridor is developed, do not select GF-1 or GF-4 and instead use the alternate labeled GF-3 (Exhibit 4) for the reasons contained in this and previous correspondence.

As previously requested, please include my contact information on all pertinent lists to receive updates, information and meeting schedules on all matters relating to the Yucca Mountain Rail Corridor. If you have any questions, please contact me.

Sincerely,



Edward L. Devenyns  
VP Corporate Development  
Metallic Ventures Gold Inc.

Cc w/o attachments:

Congressman Jim Gibbons  
Congresswoman Shelley Berkley  
Congressman Jon Porter  
Senator John Ensign  
Senator Harry Reid  
Nevada Governor Kenny Guinn  
Secretary of Interior Dirk Kempthorne  
Director of BLM Kathleen Clark  
Nevada State Director of BLM Ron Wenker  
Director Transportation DOE Gary Lanthrum,  
Nevada Mining Association  
National Mining Association  
Northwest Mining Association  
Nevada Bureau of Mines & Geology  
Geologic Society of Nevada