



January 19, 2010

Heisey Ventures Inc.
4096 Skyline Drive
North Vancouver, BC V7R 3G7

Mr. Heisey,

Re: Water Use Application PM10-001, Eureka Creek and Indian River

I have completed my review of the above referenced water use application, which was received by our office January 4, 2010. In order to continue processing your application, I ask for your attention to the following:

1. As an information item only, this application will not be processed as a renewal of PM99-127, as that licence expired November 30, 2009.
2. The expiry proposed on the schedule 4 application form is December 30, 2020. Please note that if granted, the term of the water use licence and mining land use approval can not exceed 10 years.
3. The claims cards provided are no longer being accepted for water licensing purposes. Please provide a Claim Status Report for all the claims listed in this application Claim Status Reports are available from the Mining Recorder's Office.
4. Claims Lee 29, Lee 30, Lee 31, and Lee 32 are currently licensed under Eureka Placer's Ltd. water use licence PM05-489. It is the Water Board's policy to only issue one licence on any given claim. If you would like these claims to be considered for licensing, an amendment of PM05-489 would need to occur to remove the claims from the existing licence. Alternatively, you could remove these 4 claims from this application and add them in the future, by an amendment. Please advise and provide the necessary updated pages in the application.
5. Please provide a copy of the agreement between Heisey Ventures and Tamarack Inc. which allows Heisey Ventures to access their 11 claims along the Indian River for water acquisition purposes. The agreement must be valid for the proposed duration of this licence application. You may black-out any confidential financial information.
6. The Client Services and Inspections contact phone number for Dawson City is (867) 993-7300. Please ensure that this phone number is reflected in the Fuel Spill Contingency Plan.
7. Based on the mining plan sketches submitted, it is not clear where the diversions (temporary and permanent) are located. Also, any bypass of instream facilities for protection during spring freshet would be considered a seasonal diversion. Please delineate the temporary diversion on your mining plan sketch. Also, please explain why you are not proposing seasonal diversion, or update question 36 on page 52.

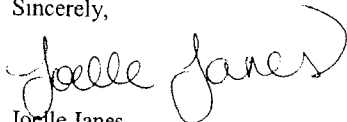
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8. Based on Eureka Creek flow information provided on page 32, it appears that you are proposing to use approximately 8% of the creek's flow during mining season. Please explain why you need an instream reservoir with a cross channel dam to impound the entire flow of Eureka Creek.
9. Please refer to the worksheets. Please fill out the following:
 - Appendix B - Riparian one. Bank Modification Worksheet
 - Appendix D1 - Severity of Effect Assessment for Seasonal Diversion Channel Worksheet (depends on response to question 7 above).
 - Appendix D2 - Severity of Effect Assessment for Temporary Diversion Channel Worksheet
 - Appendix F - Fish Habitat Feature Design Worksheet
 - Appendix G - Instream Works Worksheet and Severity of Effects Assessment for In-stream Works Worksheet
10. Please note that the compliance level for the effluent discharge standard (1.5ml/L) indicated in the Appendix A worksheet is more restrictive than the Watershed Authorization. Under the Indian River Watershed Authorization, a placer mine in Freshwater Fisheries Production Zones must meet an effluent discharge of 2.5 ml/L.
11. The application is asking the Board to consider allowing instream settling ponds, instream reservoirs and using Eureka Creek as a conduit. Please be advised that given the information presented, it is unlikely that you meet the criteria outlined in the new DFO fish habitat system. As indicated on page 34 of the application, there appears to be ample room to settle materials out-of-stream (90-275m in width), and I am unsure why it is being requested that the sediment be conveyed in Eureka Creek. Page 110 of the *Guidebook of Mitigation Measures for Placer Mining in the Yukon* states that the creek should only be used as a conduit where out-of-stream settling is not practical.

Please refer to the physical constraints assessment (page 98) of the *Fish Habitat Design, Operation and Reclamation Workbook and Worksheets for Placer mining in the Yukon Territory*. If you have any questions, or would like to seek a site specific authorization, I recommend you contact Sean Collins with DFO at (867) 393-6785. If you proposed mining plan changes, please let me know and update all applicable worksheets.

Thank you for your attention to the information requested above; I will look forward to your response at your earliest convenience. If you have any questions, please do not hesitate to contact me (collect) at (867) 456-3987.

Sincerely,



Joelle Janes
Licensing Officer

C: -Register PM10-001, Exhibit 4.1, T. Osler (by email)

Encl: -Copy of Schedule 4, copy of Fuel Spill Contingency Plan, mining plan sketch, worksheets