

May 7, 2010

Heisey Ventures Inc. (by email)

Mr. Heisey,

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

The Yukon Water Board recently held a Water Board meeting and deliberated on your application. As a result of those deliberations, I have been directed by the Board to advise you that the mining plan provided has not been accepted by the Board, and your application has been placed on hold. The mining plan, as proposed in terms of instream works (settling ponds and the use of the creek as a conduit) is in contravention of the DFO fish habitat management system.

In my January 19th, 2010 correspondence to you, I had raised the issue of your proposal for instream works, including using Eureka Creek as a conduit and the downstream instream settling ponds. In that letter, I had advised you to contact Sean Collins at the Department of Fisheries and Oceans to discuss your mining plan to ensure that it is compliant with the new fish habitat management system. A copy of this letter is included for your reference. The reply to this letter did not propose an alternative mining plan, nor provide adequate justification for the Board to reach a decision.

The following sections of the application register were considered by the Board in reaching their decision to defer making a decision on this licence.

- a) the mining plan, as presented, proposes to use Eureka Creek as a conduit for up to 3,000 m (response to question 70);
- b) “the bulk of the hydrauliced effluent will be conduited downstream to be settled out in the existing large settling ponds...” (response to question 55);
- c) “The sluice effluent has a primary treatment facility in the vicinity of the active mining with final discharge being treated in the large downstream settling facility on Lee #1, Lee #2 and Lee #3.” (response to question 54);
- d) The mining plan sketch also reflects the description given throughout the application that there will be settling out-of-stream in the upper claims, with the effluent being conduited downstream to the large in-stream settling facilities.

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.

In order to determine the appropriateness of instream settling ponds and the use of Eureka Creek as a conduit, 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*.

The following values were used in my consideration of the "Physical Constraints Assessment":


- Channel gradient: 1.58% (provided in appendix C –worksheet)
- Depth of black muck/ overburden: 0 to 10m (response to question 37)
- Slope of valley walls: 10-30% (response to question 11)
- Upper Claims: ~140 m (response to question 10)
- Middle Claims: ~90 m (response to question 10)
- Lower Claims: ~275 (response to question 10)

Although there may be portions of the valley where instream settling ponds and the creek as a conduit may be appropriate, it is not as presented in the application. The Board did not have an alternative plan before them for consideration, and therefore was not in the position to impose an alternative mining plan.

Before the Board revisits this application, please provide a mining plan that conforms to the DFO fish habitat management system, or alternatively provide a copy of a DFO site specific authorization. Questions regarding conformity with the DFO habitat management system should be directed to Sean Collins at the DFO, (867) 393-6785.

If you have any questions, please feel free to contact myself at (867) 456-3987.

Sincerely,



Joelle Janes
Licensing Officer

C: -Register PM10-001, Exhibit 4.4, T. Osler (email)

Encl: -copy of January 19 correspondence, copies of pages 34, 64, 65, 76, 109, 142 mining plan sketch, appendix C