

YUKON WATER BOARD REASONS FOR DECISION

Water Use Application PM11-033, Hunter Mine Services Inc. and Mining Land Use Approval AP11033

The Yukon Water Board (the Board) has made licensing decisions with respect to water use application PM11-033, for a type B licence and Class 4 mining land use approval AP11033 on Rosebute Creek for a placer mining undertaking.

Notice of the application was provided in accordance with the requirements of the *Waters Act* and the *Placer Mining Land Use Regulation*. In response, the Board received interventions from the following parties:

- Government of Yukon (GY), Energy, Mines and Resources, Client Services and Inspections; and
- GY, Energy, Mines and Resources, Mining Land Use.

No party requested a public hearing. The Applicant did not respond to the interventions.

In making licensing decisions pertaining to this application, the Board also took into account the *Waters Act*, *Waters Regulation*, the application, recommendations from the interveners, the *Yukon Environmental and Socio-economic Assessment Act* (YESAA) Decision Document, the Board's standard licence requirements, Yukon Placer Mining Fish Habitat Suitability Map, Mining Map 1150/11, Chapter 14 of the Umbrella Final Agreement (UFA) and Board policies.

Environmental Assessment

This application required an environmental assessment under the YESAA.

Prior to making licensing decisions, the Board reviewed the YESAA Decision Document (Decision Document) that is included in the water use register. As per section 86 of YESAA, the Board is satisfied that the issuance of licence PM11-033 is not contrary to the terms and conditions included in the Decision Document.

GY, Client Services and Inspections

GY confirmed for the Board that the project is located in the Dawson Mining District and Rosebute Creek is a tributary of the Yukon River. GY provided compliance standards as per the Fish Habitat Management System for Yukon Placer Mining which was listed as 1.5 ml/L (2.0 ml/L on historical development portion). The compliance standards listed under Department of Fisheries and Oceans Canada Yukon River North Watershed Authorization ("authorization") are 2.0 ml/L for Moderate-Low Habitat suitability and 2.5 ml/L for Low Habitat Suitability. The Board included the effluent quality standards in the licence as outlined in the Watershed Authorization. GY also recommended that the point of compliance should be at the point of entry to the stream. The Board included the standard clause for the effluent and point of compliance to satisfy the authorization.

GY Mining Land Use

GY provided comments regarding the requirement for the registration for fuel tanks that exceed 4,000 L before the mining land use approval is issued. The applicant confirmed in the water licence application that the fuel tank proposed in the application had not been purchased and ensured that the fuel tank would be registered prior to use.

The Board determined that the issuance of approval AP11033, which reflects the requirements of Schedule 1 of the *Placer Mining Land Use Regulations*, will satisfy the Mining Lands recommendation for compliance.

Chapter 14 of the UFA

The Board examined the proposed use of water as it relates to Chapter 14 of the Umbrella Final Agreement, as to quantity, quality, or rate of flow of water flowing on, through or adjacent to Settlement Land, including seasonal rate of flow, as follows:

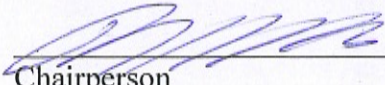
Map 1150/11, where the claims presented in the application are located, is not included in the Tr'ondek Hwech'in Final Agreement. The closest Settlement Land Parcels are located ~14 km west (TH S-49B1 on Map 1150/12) and ~17 km northwest (TH S-10B1 and TH R-78B on Map 1150/12) of the claims on the north fork of Rosebute Creek.

The Settlement Land (TH S-10B1 and TH R-78B) northwest of the claims are located hydraulically up- and cross-gradient from the claims. Since the Settlement Land is located hydraulically up- and cross-gradient from the claims. The Board concluded that the proposed mining operation would not substantially alter the quantity, quality or rate of flow of water flowing on, through or adjacent to Settlement Land, including seasonal rate of flow.

The Settlement Land (TH S-49B1) west of the claims is located hydraulically down-gradient from the claims. The Settlement Land is located on the south side of Rosebute Creek and on the east side of the Yukon River. The total quantity of water requested to be used per day is 4 500 m³. This amount of water is proposed to be used during commissioning at the beginning of the season, and throughout the rest of the season ~75% of water used will be make-up water. At the highest volume of water taken from Rosebute Creek (4 500 m³) would be an estimated 3.4% of total stream flow during spring freshet and an estimated 13% of total stream flow during the regular mining season. Based on the quantity of water proposed to be used when compared to estimated total stream flows and distance from the Settlement Land (~17 km) the Board concluded that the proposed mining operation would not substantially alter the quantity, quality or rate of flow of water flowing on, through or adjacent to Settlement Land, including seasonal rate of flow.

Conclusion

The Board has relied on the representations, warranties and undertakings provided by the Licensee in the material filed in the application. The Board has approved the issuance of Water Use Licence PM11-033 and AP11033 for a Class 4 Placer Mining Land Use Operating Plan.



Chairperson
Yukon Water Board

January 25, 2012

Date