

October 10, 2006

EBA File: 1240137

Yukon Water Board  
Suite 106, 419 Range Road  
Whitehorse, YT Y1A 3V1

Attention: Judi White  
Manager

Subject: **Water Use Application QZ04-063**  
**Ketza River Holdings Ltd.**

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On behalf of Ketza River Holdings Ltd. EBA Engineering Consultants Ltd. (EBA) has compiled the following information as requested during our meeting of September 13, 2006.

To summarize, our understanding is that three issues were to be addressed:

- In the application Ketza River Holdings Ltd. should indicate which metals, in addition to arsenic, should be addressed in the water licence.
- Coordinates should be provided for all surface water monitoring locations.
- Ketza River Holdings Ltd should confirm with the DAP Branch whether the expiry date (September 2007) proposed in the application could be extended without requiring addition screening under the Yukon Environmental and Socio-economic Assessment Act.

The Yukon Water Board also wanted to ensure that it was understood that they have the authority to determine the definition of waste for the purposes of any licence that may be issued. Currently, Ketza River Holdings Ltd has been using the definition of waste as set out in the Fisheries Act.

## 1.0 METALS TO BE INCLUDED IN LICENCE

Ketza River Holdings Ltd is requesting that the metals monitored and discharge standards remain consistent with those that were set in the previous licence with adjustments to reflect the authorized limits set in Schedule 4 of the Metal Mining Effluent Regulations (SOR/2002-222). The proposed parameters, concentrations, and sampling points are identified in the following Table 1. This remains the same as was suggested in the original licence application (response to question 58) where it was proposed to employ a monitoring program consistent with that previously used at the mine. This specifically the monitoring program would include analyses of routine physical and chemical parameters (pH, electrical

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conductivity, nitrate - N, nitrite - N, Sulphate (SO<sub>4</sub>), hydroxide, carbonate, bicarbonate, total alkalinity (CaCO<sub>3</sub>), total suspended solids, total dissolved solids, ammonia - N, and cyanide - WAD) as well as total metals.

**TABLE 1: PROPOSED DISCHARGE WATER QUALITY STANDARDS**

Parameter	Concentration for any Grab Sample	Sampling Locations
Total Suspended Solids	Not greater than 15 mg/L	KR-04 N3 KR-05 S2
pH	Not less than 6.5 pH units	KR-04 N3 KR-05 S2
Turbidity	Not greater than 15 Jackson Turbidity units	KR-04 N3 KR-05 S2
Hydrocarbons	None visible	KR-04 N3 KR-05 S2
Floating solids	None	KR-04 N3 KR-05 S2
Fish toxicity	Non-toxic as determined by LC <sub>50</sub> Bioassay	KR-04 N3 KR-05 S2
Total Arsenic	0.5 mg/L	KR-04 N3 KR-05 S2 KR-08
Total Arsenic	0.05 mg/L	KR-08
Total Cyanide	1.0 mg/L	KR-04 N3 KR-05 S2
Total Copper	0.3 mg/L	KR-04 N3 KR-05 S2
Total Lead	0.2 mg/L	KR-04 N3 KR-05 S2
Total Nickel	0.5 mg/L	KR-04 N3 KR-05 S2
Total Zinc	0.5 mg/L	KR-04 N3 KR-05 S2
Total Ammonia (as N)	1.0 mg/L	KR-04 N3 KR-05 S2

Additionally Ketz River Holdings Ltd. has committed to controlling releases from the existing tailings pond to ensure that tailings pond water does not create a situation where water quality in the Ketz River at monitoring station KR-12 exceeds the CCME Water Quality Guidelines for the Protection of Aquatic Life of 0.005 ppm arsenic.

## 2.0 LOCATION OF SURFACE WATER QUALITY MONITORING STATIONS

Table 2 identifies the coordinate of the existing surface water quality monitoring stations. These coordinates were obtained using a hand held GPS unit.

**TABLE 2: GEOGRAPHIC COORDINATES OF THE EXISTING WATER QUALITY MONITORING STATIONS**

Station	Latitude		Longitude	
	Degrees	Minutes	Degrees	Minutes
KRO1	61	31.7912	132	16.1384
KRO4 N2	61	32.2104	132	14.6078
KRO4 N3	61	32.21	132	15.2
KRO5 S1	61	32.0582	132	14.9534
KRO5 S2	61	32.052	132	15.157
KRO8	61	32.5808	132	14.0366
KRO9	61	32.0204	132	15.1976
KRO9	61	32.1064	132	15.1308
KR10	61	33.8995	132	9.7545
KR11	61	33.9895	132	9.6051
KR12	61	34.5685	132	10.1996
KR13	61	32.0174	132	15.2018
KR14	61	32.0102	132	14.7302
KR15	61	32.552	132	14.7062
KR16	61	32.0192	132	17.0486
KR17	61	32.6054	132	16.1937
KR18	61	33.3194	132	14.6078
KR20	61	31.7005	132	17.8728
KR21	61	33.093	132	16.532
KR22	61	33.291	132	12.271

## 3.0 PROPOSED EXPIRY DATE OF LICENCE

EBA has contacted Mr. Derek Fraser of the Government of Yukon's DAP Branch to discuss the possible extension of the proposed expiry date of the licence. Mr. Fraser indicated that the expiry date of the Type A Licence must be consistent with the temporal scope identified in the environmental assessment screening. This temporal scope referred to the proposed expiry date in the licence application (September 2007). Changing this date would require additional assessment under the Yukon Environmental and Socio-economic Assessment Act. Therefore, no changes to the proposed expiry date are requested at this time.

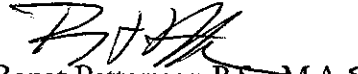
#### 4.0 CLOSURE

This information has been prepared at the request of Ketz River Holdings Ltd. for the purposes of providing the additional information requested. EBA Engineering Consultants Ltd. trusts that this information adequately addresses your concerns. If you require further information or clarification please contact the undersigned.

Respectfully Submitted,  
EBA Engineering Consultants Ltd.



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cc G. Dickson, Ketz River Holdings Ltd.