

July 17, 2006

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Ketza River Holdings Ltd.
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RE: Water Use Application QZ04-063 - Adequacy Review

The information provided by EBA Engineering Consultants Ltd., received June 16, 2006, has been included in this water use register as exhibit 1.5. A review of this information indicates that there are remaining information deficiencies, as follows:

1. Waste Discharge from Tailings Pond

Information in the water use register, and in the Environmental Assessment Screening Report, indicates that there is a discharge from the tailings impoundment. However, the EBA report talks about confusion regarding the intent of the application, and about “care and maintenance” of certain components of the project. As previously indicated, the *Waters Act* does not provide for a “care and maintenance” licence. The Act sets out thresholds for use of water and deposit of a waste for specific undertakings. In this case, your application proposes a type A licence for Quartz Mining Undertaking.

While it is clear that you are not proposing any excavation or milling of ore, there remains some uncertainty about what activities you are proposing to include in a licence. In particular, my February 7, 2006 letter was based on the presumption that you are proposing to licence the discharge from the tailings impoundment.

Please confirm: are you requesting a licence that would authorize a discharge from the tailings impoundment? Assuming that is the case, then the following information remains outstanding.

2. Water Balance

As per item 15 of my February 7/06 letter (exhibit 4.1), a water balance is required before this application can be deemed adequate. The EBA report (exhibit 1.5) indicates that a review of a 1994 water balance was expected by the end of June.

QZ04-063 Exhibit 4.2

3. Water Quality Model

As per item 16 of my February 7/06 letter, the Board will require you to provide information about what water quality standards you are proposing, as well as proposed point(s) of compliance. The EBA report indicates that an updated water quality model was also expected by the end of June.

4. EBA References to 1994 SRK Report

This is not an information deficiency, but it may be helpful to keep in mind that, in making decisions about this application, the Board will consider only the current water use register. Although some reports may have been submitted to the Water Board as part of previous applications or licences, the water use register for this application includes only the information that has been provided to the Board since the application was submitted in October 2004. If you intend to ask the board to consider any other information, then it is your responsibility to provide it. Our office cannot go through historical files and bring forward that information on your behalf.

Please let me know if I can provide any clarification about our information requirements. Additional information about the Yukon Water Board process, including the Rules of Procedure for Public Hearings, is available at our website <http://www.yukonwaterboard.ca>

Judi White, Manager
Yukon Water Board

cc Brad Finnon, GY Water Resources