



Environment

Box 2703, Whitehorse, Yukon Y1A 2C6

March 12, 2007

QZ04-063 Ketza River Holdings

Ms. Judi White
Manager, Water Board Secretariat
Yukon Water Board
106 - 419 Range Road
Whitehorse, YT Y1A 3V1

Dear Ms. White:

Re: Yukon Government Intervention - Water Use Application QZ04-063, Ketza River Holdings Ltd, Ketza River Mine – Cache Creek, Tributary of Ketza River

The Yukon Government (YG) has completed its review of the above-noted Water Use Licence application and submits this intervention containing YG's recommendations from a regulatory perspective on behalf of Yukon's Department of Environment, Energy, Mines and Resources and the Development Assessment Branch of the Executive Council Office. The Board has scheduled a public hearing for this application on 11 April, 2007 for which the Yukon Government is prepared to attend in order to summarize its intervention and discuss issues concerning the site under application.

YG submits that this application should be heard by the Yukon Water Board (the Board) in the forum of a public hearing for the following reasons:

- The facility under application is a tailings pond and ancillary works used in a former quartz mining operation, however has not been licenced since 1998.
- The application process has been ongoing for almost three years. The first of two Schedule 4 applications submitted by Ketza River Holdings Ltd. (The Applicant) was submitted to the Board October 22, 2004 (exhibit 1.1), with a number of processes, updates and supplementary information submissions occurring since that time.
- A revised Schedule 4 (exhibit 1.1.1) was submitted to the Board January 26, 2007. Both Schedule 4 applications applied 'to store/alter flow of water', however did not apply to deposit waste. The Yukon Government submits that waste as defined in the Waters Act is being discharged from the tailings pond and is an issue to be presented to the Board and the Applicant.
- Yukon government's Development Assessment Branch completed the environmental screening report in October, 2005. A public hearing provides the appropriate forum to discuss issues, including prescribed mitigation measures, in the report.

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EXHIBIT 5.5.1

- The Applicant is applying for the common terminology of a 'care and maintenance licence', a type of licence not recognized in the Yukon Waters Act. Clarification is required as to the Applicant's intentions of this water licence application and expectations.
- The Yukon Government is requesting the Applicant to furnish security under the Waters Act as its obligation under the Yukon/Canada Devolution Transfer Agreement being a Type II mine site, as well as ensuring closure of the facility.

A list of Yukon Government delegates will be submitted shortly, however it is expected approximately six persons would attend representing Energy, Mines and Resources, Environment, Executive Council Office – Development Assessment Branch and Legal Services.

As required by the Board, a copy of this intervention has been forwarded to the Applicant. An electronic copy of this intervention will also be submitted to the Water Board.

Regards,

Original signed by

Randy Lamb
Manager, Environmental Affairs
Department of Environment

copy: Graham Dickson, President, Ketza River Holdings Ltd
Robert Stroshein, VP Explorations, Ketza River Holdings Ltd

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EXHIBIT 2.2.1