

REASONS FOR DECISION

WATER USE APPLICATION QZ08-082
(AMENDMENT TO QZ06-074)
ELSA RECLAMATION AND DEVELOPMENT COMPANY LTD.
KENO HILL MINES PROPERTY

The Yukon Water Board (“the Board”) has concluded deliberations pertaining to Water Use Application QZ08-082 to amend Type B Licence QZ06-074 for a quartz mining undertaking.

In making licensing decisions pertaining to this application, the Board took into account the *Waters Act*, *Waters Regulation*, the application, recommendations from the interveners, the Board's standard licence requirements, Mining Maps 105M/13 and 105M/14, the *Yukon Environmental and Socio-economic Assessment Act* (“YESAA”) Decision Document 2006-0293, Chapter 14 of the Umbrella Final Agreement (“UFA”) and Board policies.

Licence QZ06-074, issued to Elsa Reclamation and Development Company Ltd. (“ERDC”) authorizes the use of water for care and maintenance activities at the United Hill Mines property. Clause 43 of the licence requires the ERDC to develop and submit a decommissioning and reclamation plan for the closure of the Keno Hill Mines property by December 31, 2008. In licence application QZ08-082, ERDC requests that the deadline for submitting a decommissioning and reclamation plan be changed to April 1, 2010.

Letters of support from Indian and Northern Affairs Canada and Yukon Government –Department of Energy Mines and Mineral, Abandoned Mines were submitted as part of the application.

Notice of this application was provided in accordance with the requirements of the *Waters Act*. In response, the Board received interventions from the following parties:

- Government of Yukon –Department of Environment,
- Environment Canada, and
- First Nation of Nacho Nyak Dun.

The Board did not receive a request for a public hearing, and ERDC did not respond to the interventions.

Interventions

The Department of Environment, through their intervention, stated that the existing water quality objectives for the Keno Hill Mining Property should be maintained, and extending the deadline must not compromise these objectives. The Board concluded that these guidelines would not be compromised by granting ERDC an extension for submitting their decommissioning and reclamation plan.

Environment Canada, through their intervention, recommended that a condition be included that requires the Licensee to file on-going quarterly statements with the Board regarding on-going

progress, as well as other information that the quarterly reports should include. Further detail on the Board's decision to proceed with this recommendation is provided in the "Quarterly Reports" section of this document.

The Board noted that the First Nation of the Nacho Nyak Dun, through their intervention expressed support of the request to extend the deadline for submission of the decommissioning and reclamation plan.

Quarterly Reports

The Board concurred with the spirit of Environment Canada's recommendations to require the Licensee to submit quarterly reports. The Board determined that the licence will be amended to require quarterly reports. The quarterly reports will give the Board an update on the status of the decommissioning and reclamation plan. The Board is satisfied that the quarterly reports will also provide updates to the tasks and technical studies identified in Appendices A and B of the application, as well as, an explanation of any deviation from the timeline provided. Additionally, the Board has included a requirement that the report includes a summary of interactions with interested parties, related to the development of the decommissioning and reclamation plan.

Environmental Assessment

This application for an amendment did not require an additional environmental assessment under the YESAA. The project was previously assessed prior to the issuance of licence QZ06-074.

Prior to making licensing decisions for QZ08-082, the Board reviewed the YESAA Decision Document for licence QZ06-074 that is included in the water use register. As per section 86 of YESAA, the Board is also satisfied that the issuance of licence QZ08-082 is not contrary to the terms and conditions included in the YESAA Decision Document.

UFA-Chapter 14

The requested amendment pertained to the submission date extension of the decommissioning and reclamation plan. ERDC did not request any change to the water use or waste deposit authorized under licence QZ06-074. The Board determined that the requested amendment will not substantially alter the quality, quantity, or rate of flow of water flowing on, through, or adjacent to Settlement Land, including seasonal rate of flow.

Further information relating to the Board's determination of the overall project's impact relating to Chapter 14 of the UFA is found in the *Reasons for Decision for QZ06-074*, which states:

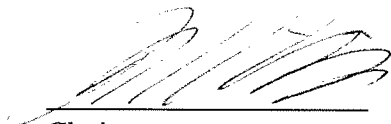
Maps 105M/13 and Map 105M/14 are included in the First Nation of Nacho Nyak Dun Final Agreement. The mining maps were reviewed for settlement land. Settlement land parcel R-20B is located adjacent to the McQuesten River is approximately 11 Km downstream from the abandoned townsite of Elsa.

In regards to Chapter 14 of the UFA, as to quantity, quality and rate of flow of water flowing on, through or adjacent to settlement land, including seasonal rate of flow the board made the following determination:

In regards to quantity and quality of water, the applicant is proposing to use a maximum combined quantity of 90 cubic metres of water per day from several sources for the purpose of treating water prior to discharge to the environment. The settling ponds will be lined with an HDPE liner resulting in minimal to no water loss during treatment. The effluent from the wastewater treatment systems will be required to meet discharge standards which are included in the licence. The board concluded that the undertaking will 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 concluded that licence QZ08-082 amending licence QZ06-074 be granted.



Chairperson
Yukon Water Board

December 10, 2008
Date