

**YUKON WATER BOARD
AMENDMENT OF LICENCE**

LICENSEE: Hudson Bay Mining and Smelting Co. Ltd. LICENCE NUMBER: QZ99-046

AMENDMENT NUMBER: ONE

Application Number: QZ04-068

Pursuant to the *Waters Act*, Water Use Licence QZ99-046, is hereby amended as follows:

1. Part D, Clause 17 of this licence is hereby withdrawn and replaced by:

17. After September 30, 2007, a grab sample of any waste discharge at Station W5, and any other point of entry of a waste discharge into receiving waters, shall meet the following effluent quality standards:

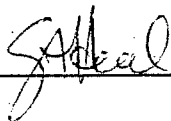
PARAMETER	CONCENTRATION
Arsenic (dissolved)	1.0 mg/L
Copper (total)	0.6 mg/L
Lead (total)	0.4 mg/L
Nickel (total)	1.0 mg/L
Zinc (total)	1.0 mg/L

Dated this 29th day of

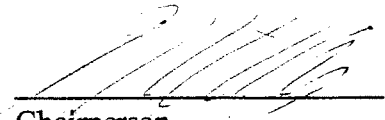
June, 2005

YUKON WATER BOARD

Witness



Chairperson



REASONS FOR DECISION

WATER USE APPLICATION QZ04-068
(AMENDMENT TO QZ99-046)
HUDSON BAY MINING AND SMELTING COMPANY LTD.
TOM VALLEY MINE SITE

The Yukon Water Board (the Board) has concluded deliberations pertaining to application QZ04-068, submitted by Hudson Bay Mining and Smelting Company Ltd. (HBMS), for an amendment to type B water use licence QZ99-046 for a quartz mining undertaking.

The purpose of the application is to amend clause 17 to require the effluent quality standards be achieved after September 30, 2007 in order to accommodate the phased studies which are currently being carried out by HBMS. The purpose of the studies is to provide the Board with the necessary information to establish site specific effluent quality standards for any adit discharge or any other point of entry of a waste discharge into receiving waters. The licence currently requires compliance with the effluent quality standards after September 30, 2005.

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-Environment, and
Environment Canada.

The Board did not receive a request for a public hearing. The applicant did respond to the interventions.

Prior to making licensing decisions, the Board undertook an environmental assessment of this project, pursuant to the *Environmental Assessment Act* (EAA). The Board is satisfied that any known adverse effects that may be caused by the project are insignificant or can be mitigated with known technology or reasonable work practices.

In making licensing decisions pertaining to this application, the Board took into account the application itself, the EAA screening report, the recommendations of interveners, Water Use Licence QZ99-046 and the Board's Reasons for Decisions, Territorial Resources Base Map 1050/01, the *Waters Act*, its Regulation, Chapter 14 of the Umbrella Final Agreement and Board policies.

Both Government of Yukon and Environment Canada indicated support, in their respective letters of intervention, to allow HBMS additional time to conduct studies and to complete a work plan that would determine appropriate site specific standards that would be achievable after September 30, 2007. The Board approved the applicant's proposal to amend clause 17, requiring HBMS to achieve compliance with the effluent quality standards after September 30, 2007. Since HBMS has been instructed to implement the phased plan, it is in keeping with those

instructions that the Board has determined to amend the licence to require compliance with the effluent quality standards in the licence should HBMS not propose site specific standards by September 30, 2007.

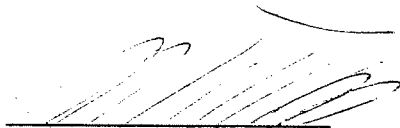
By amending the date for compliance of discharge standards to September 30, 2007, the regulatory community will be able to review the submissions required by condition 13(b) of the licence. The Board is satisfied that sufficient details of the studies being conducted will be submitted as part of the annual report, which will in turn, keep enforcement agencies apprised of any study activities being conducted. The extension will also provide sufficient time for the HBMS to choose the course of action it has determined to take, based on the results of the studies conducted, present it to the Board and to seek whatever additional authorization or licence amendment is needed, as this is the Board's intent which is detailed in the Board's Reasons for Decision for licence QZ99-046.

Both Government of Yukon and Environment Canada recommended that the Board consider further amending the licence to require submissions of detailed status reports, suggesting that the first report be submitted within 3 months of the effective date of the amendment and 6 months thereafter until September 30, 2007. The intent of this recommendation is to keep the government enforcement agencies and the Board up-to-date on any study activities being conducted. The status reports would focus either on achieving compliance with the effluent quality discharge standards required by the licence or submitting another request for amendment to the water licence that includes a proposal for site specific effluent discharge standards utilizing the guideline documents from the Canadian Council of Ministers of the Environment.

The Reasons for Decision for QZ99-046, also includes rationale for including unique requirements regarding the effluent quality standards for this licence. In regards to recommendations to amend the water licence to include requirements for detailed status reports, the Board concurred with the recommendations of Board staff, in that water licence QZ99-046 already requires, as part of the annual report, a report on all activities carried out for any studies required by the licence. In addition to the rationale provided by staff, the Board was also influenced by the applicant's response to the interventions. The applicant's response included agreement with the recommendations made by Government of Yukon and Environment Canada and provided the Board with a status of activities and commitment to complete the phased study plan in the 2005 and 2006 field seasons leaving sufficient time for any subsequent review and approval that may be required. The files indicate that HBMS has been proactive in communications with the Board and with interested parties regarding the development of the work plan. There does not appear to be any benefit in imposing additional reporting requirements through the amendment. Therefore, the Board determined that the licence will not be amended to include status reports.

Territorial Resources Base Map 1050/01 is not included in any of the final agreements that have been signed to date; however, the map was reviewed by the Board for site specific settlement land. The map does not indicate the presence of any settlement land. Therefore, it can be concluded that this project 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.

The Board's decisions are also explained in Part 7 of the EAA screening report.



Chairperson
Yukon Water Board

June 29, 2005
Date