

REASONS FOR DECISION

WATER USE APPLICATION QZ08-080 AMENDMENT #3 TO WATER USE LICENCE QZ99-046 HUDSON BAY MINING AND SMELTING CO. LTD. TOM VALLEY MINE SITE

The Yukon Water Board (“the Board”) has concluded deliberations pertaining to Water Use Application QZ08-080 to amend Type B Licence QZ99-046 for a quartz mining undertaking.

The purpose of the application is to further extend the date that the effluent quality standards, which are included in the licence, come into effect. Currently Part D, Clause 17 requires the effluent quality standards to be met by September 30, 2008. The Licensee has requested that the date required by this clause be amended to replace the date with September 30, 2012.

Notice of this application was provided in accordance with the requirements of the *Waters Act*. The Board did not receive any interventions regarding this application.

In making licensing decisions pertaining to this application, the Board took into account the *Waters Act*, *Waters Regulation*, the application, Water Use Licence QZ99-046 along with amendments #1 and #2 to that licence and the accompanying Reasons for Decision, the Board's standard licence requirements, Territorial Resources Base Map 105O/01, Chapter 14 of the Umbrella Final Agreement (“UFA”), and Board policies.

Environmental Assessment

This application did not require an environmental assessment under the *Yukon Environmental and Socio-economic Assessment Act* (“YESAA”).

Effluent Quality Standards

The Board reviewed the proposal to extend the date that the effluent standards are to come into effect. The Board noted that Water Use Licence was issued December 31, 2002. The Board has previously authorized two amendments to Clause 17 to extend the date that the effluent standards are to come into effect.

The Board determined that the Licensee has had sufficient time to develop a plan to resolve the issues that are presented at this site. The Board determined that the licence will be amended to extend the effective date for the effluent quality standards; however, the Board did not agree with the Licensee’s proposal to extend this date until 2012. The Board noted that the discharge of effluent from the mine adit has been a long standing concern and must be resolved in the near future. To achieve this, the Board determined that the effluent quality standards must be met by March 12, 2009. This provides the Licensee with 6 months to ensure that remedial activities are taken to achieve compliance with the effluent quality standards.

Plan for Remediation Activities

To further ensure that the Licensee achieves compliance with the effluent quality standards, the Board has added conditions 22 and 23 in the licence. These conditions require the Licensee to submit a plan to the Board within 60 days of the effective date of licence QZ08-080. The Licensee has indicated that they are engaging in the YESAA process. The Board concluded that the Licensee has developed remediation activities for the mine site by entering into the YESAA process and should also be prepared and able to submit a detailed plan to the Board. It is the intention of the Board that the plan for remedial activities required by condition 22 will be submitted to the Board as an application for amendment. Upon submission of this application, with the minimum information requirements, along with the completed forms and inclusion of the YESAA Decision Document as part of the register, the application will proceed through the Board's public process.

The Board intends to review the plan and determine if the details presented are sufficient to mitigate the issues concerning the mine site. For certainty the Board advises all parties that the mere submission of the plan should not be interpreted to mean that the Board will approve the request for amendment.

UFA-Chapter 14

During previous deliberations of Amendments #1 and #2, the Board previously considered the Chapter 14 responsibilities that are outlined within the UFA as follows:

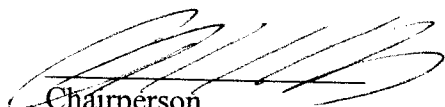
Territorial Resource Base Map 105O/01 is not included in any of the final agreements that have been signed to date; however, the map was reviewed by the Board for Settlement Land. The map does not indicate the presence of any Settlement Land. Therefore, the Board concluded that the proposed amendment 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.

Administrative Amendments

The amending licence includes several revisions to the licence to reflect current legislation and revision of the Board's standard clauses since the original licence was issued.

Conclusion

The Board has approved the issuance of Water Use Licence QZ08-080, which is amendment #3 to Water Use Licence QZ99-046.


Chairperson
Yukon Water Board

September 19, 2008
Date