



Fish Habitat Management
Suite 101, 5204-50th Avenue
Yellowknife, Northwest Territories
X1A 1E2

Gestion de l'Habitat du Poisson
Suite 101 5204, 50^e Avenue
Yellowknife (Territoires du Nord-Ouest)
X1A 1E2

Your file *Votre référence*
MV2008D0018
MV2008L2-0003
Our file *Notre référence*

August 27th, 2008

Mackenzie Valley Land and Water Board
c/o Jason Ash, Regulatory Officer
PO Box 2130
Yellowknife, NT X1A 2P6

Dear Mr. Ash:

RE: Tyhee NWT Corp. Applications for Land Use Permit (MV2008D0018) and Water License (MV2008L2-0003), Yellowknife Gold Project, Ormsby and Nicholas Lake Properties, NT

As requested in your correspondence dated August 5, 2008, the Department of Fisheries and Oceans (DFO) has reviewed the Land Use Permit (MV2008D0018) and Water License (MV2008L2-0003) applications submitted by Tyhee NWT Corp. to conduct gold mining operations on the Ormsby and Nicholas Lake Properties. DFO is providing the following comments as per section 125 of the MVRMA as they pertain to its authority under the habitat protection provisions of the Fisheries Act.

Based on the information provided in the Project Description and supporting Appendices, DFO is unable to fully evaluate the impacts of the proposed project on fish and fish habitat. Because of this uncertainty, and because the project proposes the use of a fish-bearing lake for a tailings impoundment area, DFO is of the opinion that the project, as presently described, has the potential for significant adverse impacts on the environment.

Please find below some of DFO's project specific concerns and additional information requirements:

Winter Lake

In the project description, Winter Lake has been identified by Tyhee NWT Corp. as the only feasible Tailings Containment Area (TCA) option. A preliminary evaluation and comparison of some of the other feasible TCA alternatives has been carried out, but a more rigorous alternatives assessment is required, including an evaluation of all other viable alternatives in combination with paste backfill of the underground workings. Since Winter Lake is a fish-bearing water body, the project would require an amendment to Schedule 2 of the Metal Mining Effluent Regulations (MMER) and a decision from Government in Council (GIC) prior to this or any fish-bearing lake being approved for tailings disposal. Tyhee received a joint letter from DFO and Environment Canada in December 2005 outlining some of the additional technical and site specific information requirements needed prior to the assessment and consideration of this option.

Furthermore, DFO will require detailed plans for the proposed engineered tailings dam, separating the southern and northern portion of Winter Lake, as well as the

methods anticipated for the draining of the northern portion to accommodate the boundaries of the open pit and for use as a potential effluent discharge site.

Narrow Lake

If Winter Lake is proposed as the TCA, the potential impacts of the project on Narrow Lake must be considered. These impacts include, but are not limited to, the potential impacts of TCA failure, effluent water quality monitoring and footprints of any infrastructure.

Round Lake

Round Lake was identified as one of the potential TCA alternatives. Due to its small storage capacity, the lake area was deemed to be too small to support the estimated volume of tailings produced throughout the life of the mine. However, Round Lake was considered to be a viable option as a secondary TCA should Winter Lake's capacity be insufficient. The adequacy of the shoreline and aquatic habitat assessment that was undertaken in July 2004 will have to be assessed if this is to be proposed as a tailings management option.

Road Development

Detailed fish and fish habitat assessments will be required for all potential watercourse crossing, including intermittent waterways which may provide access to important spring spawning habitats (i.e. wetlands). Crossing designs that minimize the impacts to fish and fish habitat will be required. Depending on the crossing design, road development has the potential to negatively impact fish and fish habitat by eliminating fish habitat, impeding fish passage, or adversely affecting water quality.

Nicholas Lake

The potential impacts of all proposed activities including water withdrawals on Nicholas Lake will need to be more thoroughly considered.

Giauque Lake

The project requires a projected annual freshwater withdrawal of 618,700 m³ from Giauque Lake. Depending on timing, excessive amounts of water withdrawn from waterbodies or watercourses can lead to oxygen depletion, loss of over-wintering habitat and/or reductions in littoral habitat. Depending on the design, water intakes may cause losses of fish due to entrainment or impingement, and the required infrastructure (i.e. intake structures, docks) may lead to habitat losses. These potential impacts have not been described nor has mitigation been identified.

DFO appreciates the opportunity to provide comments on the above project. If you have any questions or wish to discuss any of the foregoing in detail, please contact Sarah Olivier at (867) 669-4919.

Sincerely,



Beverley Ross
Regional Manager, Environmental Assessment for Major Projects
Central and Arctic Region
Fisheries and Oceans Canada

cc J. Dahl, Fisheries and Oceans Canada
T. Gordanier, Fisheries and Oceans Canada
G. Fillatre, Fisheries and Oceans Canada
S. Majewski, Fisheries and Oceans Canada
A. Wilson, Environment Canada
L. Cimbalisty , Indian and Northern Affairs Canada
G. Moore, Government of the Northwest Territories