

Nicole Spencer

From: Hugh Wilson <hugh@tyhee.com>
Sent: Monday, June 25, 2012 2:57 PM
To: 'Nathen Richea'
Cc: 'Kate Witherly'; Nicole Spencer
Subject: RE: Nickolas Lake Deposit - Clarification

Nathen:

Thanks for the e-mail and also thanks for calling me back this afternoon. I apologize for any confusion that may have been derived from our various submissions to the Board or YKDFN. As mentioned, I also talked to Nicole Spencer at the MVEIRB just prior to our chat. To clarify some of your questions, I provide the following:

- **Nicholas Lake is still included in the YGP** as originally submitted in the PDR and DAR and based on recent feasibility study (FS) results the ore from Nicholas Lake will now be processed at the Ormsby Mill in year 5 or so from Ormsby start up.
- Previous metallurgical testwork was carried out on a combined Ormsby (75%) / Nicholas Lake (25%) mill feed and the results of this was what we presented in the DAR. The new water balance information submitted on May 31, 2012 is based on Ormsby feed only as Nicholas Lake ore is further down the process schedule as noted below.
- The FS has now identified a longer mine life from the Ormsby Pit (now estimated at 10 years) and therefore the need for Nicholas Lake feed is not required until about year 5 as mentioned above.
- Metallurgical testwork on the Nicholas Lake ore is currently underway and this was initiated as we wanted to better understand the processing streams that would come from the Nicholas Lake ore itself with a focus on Total Arsenic. We expect to have reportable results from this testwork shortly and we could provide this information in a response to a related IR, should such an IR be developed.
- As the results of the FS are economically driven, the FS continues to include the Nicholas Lake deposit, albeit that the Nicholas Lake ore will be processed at the Ormsby mill later in the overall processing schedule.

I hope the forgoing helps and it may be beneficial to submit an IR related to Nicholas Lake should you feel the need to do so. Tyhee would then respond to that IR (and others). Please contact me should you wish to discuss and please acknowledge receipt of this e-mail.

Regards:
Hugh (780-975-2550 cell)

From: Nathen Richea [mailto:Nathen.Richea@aandc-aadnc.gc.ca]
Sent: June-25-12 12:25 PM
To: hugh@tyhee.com
Cc: Kate Witherly; nspencer@reviewboard.ca
Subject: Nickolas Lake Deposit - Clarification

Hello,

I have been going through the new information that was submitted on March 28th, May 31st, and most recently, a letter dated June 15th, 2012. I am sending this request to get clarity on whether Nickolas Lake will be included or excluded from the mine plan and this Environmental Assessment. As you know, the MVEIRB has extended the first round Information Request deadline to June 28th, 2012 (this Friday) and this information is critical to our assessment.

Note, the following statements have been pulled from the information currently available on the MVEIRB website:

Part 1 - Key Line of Inquiry Issues, IR Number: 1-1-1, Tyhee NWT Corp Response (Revised May 31st, 2012)

"To evaluate how the changed mine plan, which processes only ore from the Ormsby deposit, affects the expected concentrations of solutes in the TCA, an updated water balance and water quality modeling were performed. Additional modeling was needed due to the revised mine plan design and to incorporate the additional analytical geochemical characterization results performed on tailings from processing only the Ormsby ore instead of tailings prepared from processing combined Ormsby/Nicholas Lake ore.

The response to this IR is affected by the planned exclusion of Nicholas Lake ore from the revised mine plan/mill process and the change in TCA design concept. Previous geochemical characterization activities determined processed Nicholas Lake ore is potentially acid generating and may liberate elevated levels of metals (mainly arsenic). The exclusion of Nicholas Lake ore from the revised mine plan will improve TCA effluent water quality."

...

"The geochemical characterization of tailings prepared by processing only Ormsby ore is described in Attachment B. The data demonstrate that the absence of Nicholas Lake ore in the mill process generally improves water quality present in the TCA. The changes in TCA design also contribute to improving TCA water quality."

Letter dated June 15, 2012 from Tyhee to the MVEIRB - Response to Information Requests (IR's)

"With respect to YKDFN comments on the mine plan and in particular Nicholas Lake, this resource remains a component of the YGP as originally proposed in the Project Description Report and subsequent DAR and as such remains a part of this EA. During the Feasibility Study review and the findings that indicated elevated Arsenic levels in the Nicholas Lake ore, the following strategy has been developed to address the concerns with these elevated levels:

- Processing of the Nicholas Lake ore will be carried out later in the overall project schedule which, at this time, we expect in about year 4 from the Ormsby deposit start up.
- Further metallurgical testwork will be undertaken on the Nicholas Lake ore to determine the speciation of arsenic present as well as where in the waste streams these concentrations occur and how best to handle them. Tyhee sees this exercise as part of the overall monitoring program which would outline the treatment processes (if needed) and the MVLWB would incorporate these findings in the projects Surveillance Network Program (SNP) appended to the YGP's water licence, issued following the Regulatory Phase."

Can you clarify whether the Nickolas Lake deposit will be included in the mine plan? And, if Nickolas Lake deposits are included, when information related to the inclusion of the Nickolas Lake will be provided (tailings characterization, leachate analysis, modification to TCA water quality and effluent, etc.)?

I thank you in advance for getting back to me.

Nathen Richea
A/Head, Regulatory and Science Advisory Section
Water Resources Division
Renewable Resources & Environment
Aboriginal Affairs and Northern Development Canada
P.O. Box 1500
Yellowknife, NT X1A 2R3
Phone (867) 669-2657
Fax (867) 669-2716