



Mackenzie Valley Land and Water Board
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February 4, 2014

File: MV2013C0021
MV2014L2-0002

Mr. Dave R. Webb
New Discovery Mines Ltd.
1909 108 W. Cordova St.
VANCOUVER BC V6B 0G5

Email: dave@drwgcl.com

Dear Mr. Webb:

Incomplete Applications - Mineral Exploration - Mon Gold Mine

The Mackenzie Valley Land and Water Board (MVLWB or the Board) received your additional information relating to Land Use Permit MV2013C0021 and Water Licence MV2014L2-0002 on January 7, 2014. MVLWB staff has determined that there is insufficient information to conduct a preliminary screening in accordance with paragraph 22(1)(a) of the Mackenzie Valley Land Use Regulations (MVLUR). Please submit the following information so MVLWB staff can consider the Application complete and forward it for review:

1. There are inconsistencies between each of the above noted applications and also within the applications as to the total amount of water being used for the entire operation (i.e. camp, drilling, winter road construction), please clarify;
2. Please provide the location of where the water will be drawn from for both the works at the site as well as for the winter road;
3. There are inconsistencies between each of the above noted applications and also within the applications as to the total number of people on site, please clarify;
4. Please provide information relating to tenure and/or rights to the site (a list of mineral leases, mineral claims);
5. Please provide information on the type and amount of drill cuttings reporting to the sump;
6. Please identify which portal will be used (and how it relates to where waste will be deposited);

The regulated application requirements as detailed in the Northwest Territories Water Regulations as well as the Mackenzie Valley Land Use Regulations require further information be submitted to assist in the review of the application and to set water licence requirements including effluent quality criteria and a surveillance network program:

- Section 8 of the application requires information in regards to the quantity, quality, treatment, and disposal of waste to be deposited. According to the project description, there will be several types of waste generated including: groundwater from the decline, sewage, greywater, solid waste and potentially contaminated run-off from waste rock piles (i.e., from acid rock drainage or metal leaching). The management of some of these items is mentioned in New Discovery's draft Waste Management Plan, however, several pieces of information are missing including:
 - With respect to groundwater from the decline, information is required to confirm the expected quality and quantity of groundwater that will have to be managed during this phase of the project, including the rationale for the predictions made and any limitations to those predictions. Also, the proponent is required to describe greater detail for how the collected groundwater will be disposed of and any contingencies that will be in place if predictions are wrong;
 - With respect to run-off from the waste rock pile, information is needed about the expected quality and quantity of run-off from waste rock piles. Information is also needed about how that wastewater will be treated and disposed of and the likelihood of it entering any surface or ground waters; and
 - Information is needed about the expected rock characterization and run-off quality from the decline access walls, including any planned testing, monitoring, treatment, and planned contingencies for any wastewater.

If any of this information is supported by reports or studies, please include the relevant document or links to those documents.

Section 10 of the application requires information about predicted environmental impacts and proposed mitigations. Information missing to address this section of the application includes:

- With respect to run-off from the waste rock piles, please provide information on the placement of the pile, on mitigations related to collecting any run-off as well as any monitoring that will be necessary;
- With respect to mine water quantity and quality and rock characterization, please expand on the predictions and extrapolations made (how they relate to this particular site and any

limitations with the predictions). Include how predictions will be verified and any contingencies planned if predictions are wrong. Please note that mine water has been encountered at numerous northern sites that lie within permafrost and discontinuous permafrost zones. Please expand on the rationale for given for the prediction of limited mine water to be expected needs to be expanded on;

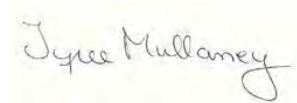
- Please clarify the total amount of explosives to be used at site and describe how explosives will be managed to minimize nitrogen species loading to the environment.

Board staff would like to extend an offer to you to further discuss the information requirements at your convenience.

For further information, please refer to “Guide To Completing Land Use Permit Applications to the Mackenzie Valley Land and Water Board” as well as the “Guide for Completing Water Use Applications to the Mackenzie Valley Land and Water Board” available on our website at www.mvlwb.com under “Apply for Permit/Licence” and “Forms and Guides”.

Upon receipt of this information, MVLWB staff will process the Application and the review period will begin. If you need further clarification, please contact me at (867) 766-7464 or email tyree@mvlwb.com.

Yours sincerely,

A handwritten signature in cursive script that reads "Tyree Mullaney". The signature is written in black ink on a light-colored background.

Tyree Mullaney
Regulatory Officer

Copied to: Scott Stewart, South Mackenzie District, AANDC
Charlene Coe, South Mackenzie District, AANDC
Robert Jenkins, Water Resources Division, AANDC