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May 30, 2008

Mr. Dionne Filiatrault
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0E-1J0

Dear Ms. Filiatrault:

Re: Nanisivik Mine – License Renewal

As requested by your letter of April 30, 2008 please accept our comments on the pending License Renewal for Nanisivik Mine.

The project is now entering the final stage of reclamation. The exit strategy is being implemented and the post closure monitoring phase is set to begin. For the first time since the Nanisivik project was commissioned (back in 1974), there was no one stationed at the site over the past winter. The Townsite itself is gone and at the end of this coming summer season, the final few homes will be removed.

During the past four years, the site has been under full (de)construction, as we worked towards fulfilling the commitments of our approved 2004 Reclamation and Closure Plan (the "Plan"). Some of the more significant undertakings during this period are described below.

- An engineered cover was constructed at the West Twin Disposal Area (WTDA). Approximately 760,000 m^3 of shale and 180,000 m^3 of armouring material were used to construct the geothermal layer over the surface tailings deposit.
- Shoreline tailings material at the WTDA was relocated to a depth greater than 1 metre of water cover.
- Approximately 12 km of surface piping (delivering tailings to and reclaim water from the WTDA) were removed.
- A 565 metre long emergency spillway/diversion channel was constructed at the WTDA to direct water off the surface cover and into the reservoir portion of the lake. Approximately 14,000 tonnes of in-situ material were drilled and blasted to create the 6 metre wide channel capable of handling the PMP event (probable maximum precipitation).
- An estimated 30 kilometres of electrical cable were removed from the surface lease area.

- Geothermal covers were constructed at both the East and West Open Pits. Mineralized development rock ("waste rock") was backfilled to provide the appropriate contours and then shale and armour covers were built to encapsulate the material and cover any exposed sulphides in the pit walls. Approximately 210,000 m^3 of materials were handled during this activity.
- All entries to the underground working were permanently sealed (with the exception of two working portal access ways which will be closed later this year).
- The industrial complex (including the "mill", warehouse, garage, offices and power plant) has been dismantled along with any salvageable stationary equipment earmarked for use at another site. This material has been prepared for shipping and is being temporarily stored at the sea-lift staging area at the dock.
- The concentrate storage shed and the ship loading facility have been dismantled and prepared for shipping to another site.
- All residential and public (government) buildings, save for 5 remaining houses, were demolished and removed underground for disposal. This included the "dome" (central cafeteria), the gymnasium/swimming pool complex, the daycare, the elementary school, the fire station, police station and nursing station, as well as 55 single dwellings and two large apartment blocks. The only building salvaged was the Church which was lifted from its base and relocated in its entirety to Arctic Bay as requested.
- All hazardous materials encountered during reclamation were shipped off site for disposal.
- Soils containing elevated concentrations of metals or hydrocarbons (approximately 170,000 m^3) which exceeded the soil quality remediation objectives were excavated and relocated underground. A residual amount of material remains to be cleaned up as part of the 2008 exit.
- A thermal insulation cover was constructed over the landfill. Approximately 97,000 m^3 of shale and armour material were used to encapsulate the contents of the landfill and keep the contents permanently frozen.
- Additional geothermal instruments were installed to monitor ground temperature and depth of thaw in the covered areas (bringing the total number of instruments to 71 with several hundred temperature nodes).

To provide some relativity on the scope of work conducted during reclamation, the "earthwork" component exceeded 2,000,000 tonnes of material - more than twice what was handled during an average year when the mine was operating. I have posted a Power Point file to our ftp site which contains photographs of some of the earthwork components (*Nanisivik Update October 07.ppt)*. These slides are from a presentation which we delivered to DIAND representatives in Ottawa in October 2007. (Information to access ftp site provided later in this document)

As stated at the outset of this letter, the project is now approaching its final stage - post closure monitoring. The impending License Renewal will cover this stage of the project and will contain the conditions for continuing monitoring. Our objectives for monitoring remain the same as committed to in the 2004 Nanisivik Reclamation and Closure Monitoring Plan – that being to provide appropriate information to determine if the reclamation measures are successful and that site stability is being achieved.

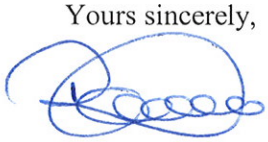
With this in mind we have reviewed the monitoring results which were compiled throughout the operations period as well as during the time since the mine closed in October 2002 when reclamation activities began. We have also solicited opinion from our consultants who were involved in the reclamation planning process and who have remained involved as part of the QA/QC processes of the associated works. Specifically we have asked Jacques Whitford Ltd. who conducted the Human Health Ecological Risk Assessment and the Environmental Monitoring Program to comment on water quality. We have asked BGC Engineering Inc. who have designed all the engineered thermal covers and are the Engineers of Record for the tailings impoundment structures to comment on the geothermal monitoring. Technical recommendations for monitoring parameters, frequencies and locations are attached to this document along with comments on reclamation monitoring results to date. (*Recommended Water Quality Monitoring for Closure Period, Jacques Whitford, May 30, 2008; Proposed 2008-2012 Geotechnical Monitoring Schedule, BGC Engineering Inc., May 31, 2008*).

We have posted supporting information for these documents on the following ftp site which can be downloaded anytime during the month of June 2008.
(ftp://nanisivik:2ruphAta@ftp.bgcengineering.info).

We, all interested parties, are at a significant milestone here. Nanisivik was Canada's first mine north of the Arctic Circle. The project went ahead despite the opinion of many who thought the harsh climate and extreme remoteness of the location would be its undoing. Yet, not only did it operate successfully for 27 years, it pioneered the way for many of the mining projects which came after it. And now, as we complete the reclamation stage and enter the closure stage, we are completing the success story. We have worked diligently to reach this point, are proud of these efforts but we are by no means finished yet. We will continue to work to ensure that our commitments are met and that the legacy of the project is a positive one. Clearly this is the right thing to do.

We look forward to your decisions on the upcoming License Renewal process and in the interim are continuing to work on the tasks at hand.

Yours sincerely,



Robert Carreau
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