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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 1AR-POL0311/B2, B3 and B4

June 5, 2009

Bruce Donald
Environment and Corporate Affairs
Teck Resources Limited
Bag 2000
Kimberley, BC
V1A 3E1

By Email: Bruce.Donald@teck.com

Subject: Application for Reduction in Security - Type "A" Water Licence 1AR-POL0311

Dear Mr. Donald:

On April 24, 2009, the Nunavut Water Board (NWB) acknowledged receipt of Teck Resources Limited's (Teck or TRL), formerly Teck Cominco Ltd., application for a reduction in the amount of security held under Part B, Item 2 of Water Licence 1AR-POL0311 (Licence).¹ The application was distributed to interested parties, with a request for comments to the NWB.

The NWB received one submission from Indian and Northern Affairs Canada (INAC) on May 15, 2009. INAC's submission confirmed the amount of security currently being held by the Minister pursuant to the Licence is \$18 million dollars. INAC also provided additional information and justification for the amount of security required for the remaining liability associated with the Polaris Mine Site under the Licence.

On June 1, 2009, Teck provided comments on the submission made by INAC. The NWB appreciates the response provided by Teck and this information will be taken into account by the Board when considering the request.

By copy of this letter, the NWB requests that INAC, the Qikiqtani Inuit Association (QIA), and Teck provide the following information in relation to the request:

¹ The Licensee shall post and maintain security in the amount of \$33.7 million in the form required by the Minister of Indian and Northern Affairs Canada, to be paid in accordance with the following schedule:

- a. Within 90 days of issuance of the license a total amount of \$3.7 million;
- b. Subject to Part B, Item 3 and 4, a total amount of \$18 million due December 31, 2003; and
- c. Subject to Part B, Item 3 and 4, a total amount of \$12 million due December 31, 2004.

1. INAC provide additional clarification and justification on the amounts proposed for security with respect to on-going monitoring of the site post licence term, including:
 - a. The proposed inclusion of an additional \$815,500 for post closure monitoring beyond the monitoring requirements established in the approved post closure monitoring plan ending in 2011. Security assessments have not typically been included for unknown monitoring requirements, or requirements outside of a licence or approved monitoring plan. Any related security requirements would typically be reassessed upon application for renewal or cancellation of the licence, depending on monitoring results during the post closure phase and demonstration of closure objectives;
 - b. Confirm that the amounts of security being recommended for individual components include a contingency;
2. QIA is asked to confirm with the NWB that there are no outstanding issues of compensation pursuant to the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* in relation to the Licence.
3. Teck to provide clarification on issue No.4 from Table 4 of the BGC report, "Review of Outstanding Items and Assessment of Crown's Remaining Liability, April 17, 2009" Final Report, which indicated \$250,000 liability for "remediation of outstanding areas identified during inspections". The NWB notes that in the financial section of the 2008 Annual Report, Appendix 3 (page 2 of 3), there is an amount of \$345,500 for projected remediation costs. Clarification is needed as to whether these costs are related to those identified by INAC in the site inspection, or in addition to those items. This issue was not commented on previously in the Teck submission of March 5, 2009, request for security reduction. INAC remained consistent with the amount as previously indicated in the BGC report.

The NWB requests INAC and QIA provide submissions on items 1 and 2 above respectively by June 15, 2009. The NWB will provide copies of these submissions to Teck upon receipt, and requests Teck's submission on item 3 above and any other issues arising from the submissions of INAC and QIA, be submitted no later than June 22, 2009.

If you have any questions or require clarification on the above, please contact the undersigned at (780) 443-4406 or dts@nunavutwaterboard.org, or Richard Dwyer, Licensing Administrator at (867) 360-6338 or licensingadmin@nunavutwaterboard.org.

Yours truly,

Original signed by:

David Hohnstein, C.E.T.
A/Director Technical Services

Cc: Distribution list

Encl. INAC Response submission, May 15, 2009