June 27, 2001

Mr. Jordan DeGroot
Habitat Management Biologist
Department of Fisheries and Oceans
P.O. Box 2415
Iqaluit, Nunavut
X0A 0H0

Dear Mr. DeGroot:

Re: Shear Lake Waste Rock Disposal

In February 2001, Homestake Canada Inc. (HCI) submitted an application to the Nunavut Water Board for approval to place approximately 40,000 cubic meters of acid generating rock in Shear Lake as part of the Cullaton project final reclamation. On April 16, 2001, HCI submitted an Application for Authorization for Works or Undertakings Affecting Fish Habitat to your office for the same project.

During our site inspection of the project on June 19, 2001, you requested HCI to amend the Application for Authorization by providing a one to two page document detailing the method of placing the rock in the lake and the proposed monitoring program. This is provided in the attached document.

HCI is also preparing a Habitat Compensation Plan for the project as you requested. This will include an assessment of the habitat potential of Shear Lake and the potential for improving habitat in stream crossings on the Cullaton road. The field work for this assessment is being conducted this week and the resulting report will be submitted to your office as soon as it is complete.

If you have any questions on the above, please contact me at 604-895-4410.

Yours truly,
Homestake Canada Inc.

Vernon Betts
Manager, Environment, Health and Safety

SHEAR LAKE WASTE ROCK DISPOSAL

Homestake Canada Inc. (HCI) has requested approval to dispose of approximately 40,000 cubic meters of waste rock from the Cullaton Mine project into Shear Lake. This is necessary to prevent acid generation from the rock. This is part of the final Abandonment and Restoration of the Cullaton Mine, which operated from 1981 to 1985.

Shear Lake has a volume of approximately 384,000 cubic meters. The estimated maximum volume of waste rock of 40,000 cubic meters will fill approximately 11% of the lake. It is expected that rock deposition will take approximately 4 weeks and thus the displacement of water will occur over the same 4 weeks.

The following describes the methodology to be used to move the rock into the lake.

1. Shear Lake has two deep areas, one of 4 meters depth and the other of 6 meters. The plan is to place the rock in the most accessible of these areas.

2. The deep areas will be identified by sounding the lake.

3. The rock will be loaded from its current stockpile into trucks using a backhoe type excavator.

4. The rock will be hauled to the lake in the trucks and dumped to form a causeway into the lake.

5. Trucks will dump at least one vehicle length from the end of the causeway and the rock will be pushed into the lake using a dozer.

6. Once all of the rock is in the lake, the excavator will be used to move the surface of the causeway so that there is a depth of at least one meter of water over all the rock.

7. During the deposition of the rock, HCI will place a silt curtain at the outlet of the lake to prevent siltation in the creek downstream of the lake.

8. During the deposition of the waste rock, HCI will sample the outlet of Shear Lake twice a week. Samples will be analysed for Total Suspended Solids (TSS), Turbidity, pH and metals. Samples will be shipped to Vancouver for analysis and the results will be submitted to the Nunavut Water Board and the Department of Fisheries and Oceans as they become available.

9. Sampling at the Shear Lake outlet will be added to the annual water quality sampling required under the Water Licence for post project monitoring.

10. Visual observations will be made of the lake outlet during the deposition work. If increased turbidity is observed, additional siltation curtains will be installed in the lake near the deposition area.