



P.O. BOX 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
Fax: (867) 360-6369

ᓄᓇᓂᓪ ᐃᓕᓕᓂᓪ ᑲᓂᓕᓂᓪ
NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

NWB File No: 2AM-LUP0008/B1
NWB File No: 2BM-ULU0008/B1

May 28, 2008

By E-mail

Mr. Andrew Mitchell
Zinifex Canada Inc.
401-1113 Jade Court
Thunder Bay, ON P7B 6M7
Email: Andrew.Mitchell@zinifex.com

Subject: Preliminary Review – Application for a Water License ULU and LUPIN Mines

Dear Mr. Mitchell:

The Nunavut Water Board (“NWB”) acknowledges simultaneous receipt on January 15, 2008, of the water licence applications and supporting documentation for renewal applications for the Lupin Mine and Ulu Project. The NWB notes that the current licences 2AM-LUP0008 (Lupin Operations Licence) and 2BM-ULU0008 (Ulu Operations Licence) are subject to renewal as they will expire on June 30, 2008.

The applications and supporting documents have been placed in the NWB Public Registry and are available from the ‘ftp’ site at the following link: <http://nunavutwaterboard.org/ftp/>. Please refer to the folder 2AM-MINING/2AM-LUP and 2BM-MINING/2BM-ULU. Interested parties may wish to contact Zinifex Canada Inc. directly for copies of the submissions.

Lupin Operations Licence 2AM-LUP0008 Renewal Application (Lupin Application)

In response to the NWB’s letter of February 28, 2008, the Nunavut Impact Review Board (“NIRB”) determined that the renewal does not significantly change the general scope of the original project activities and has therefore re-issued the recommended Terms and Conditions contained in the November 16, 1999, Screening Decision, allowing the NWB to proceed with the Lupin Application.

Based on the Board’s initial review, the Lupin Application is an application for renewal of a Type “A” water licence which will require a public hearing pursuant to section 52 *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (“Act”). A public hearing will be carried out in accordance

with the Board's *Rules of Practice and Procedure for Public Hearings*, adopted May 11, 2005, (NWB Rules).

The next step in processing the Lupin Application is an assessment for completeness and a technical assessment to determine if all of the necessary information and studies to evaluate quantitative and qualitative effects are provided. **Accordingly, by copy of this letter, the Board asks interested parties to review the submitted documents for completeness and technical assessment and provide comments, to the NWB, on the type of hearing to be held (written, teleconference or in person per step 4. in the process set out below).**

Following the receipt of comments, the NWB will determine whether the application is complete, or whether additional information and studies are required to evaluate all quantitative and qualitative effects of the undertaking pursuant to section 48 of the Act. Zinifex Canada Inc. will be advised of the Board's determination at that time.

Once the application is deemed complete, the following process will be undertaken:

1. A Notice of the Application is made in accordance with subsection 55(1) of the Act. This notice will invite interested persons to make representation to the Board. Parties will be advised that consequences of failure to respond are outlined in Section 59 and Subsection 60(2) of the Act. Furthermore, the Board will distribute notice to the council of each municipality in the area affected by the application and shall publish the notice in a newspaper of general circulation in the area affected or, if there is no such newspaper, in such other manner as the Board considers appropriate.
2. Interested parties will be advised to undertake a detailed Technical Assessment of a complete application. Parties will be encouraged to work cooperatively to address technical issues during the review period. Generally, the Board provides at least sixty (60) days for technical review in advance of a technical meeting. However, as the renewal is related to the expiry of the term rather than amendments, the Board may request the parties assistance in expediting this Technical Assessment. Accordingly, parties are requested to begin a detailed technical assessment as soon as possible.
3. Rule 14 of the NWB Rules permits the Board, through its staff or in conjunction with staff, to hold a Technical Meeting and Pre-hearing Conference (PHC) with the parties, either in writing, by teleconference, or in person. The Board anticipates setting a date for a Technical meeting and PHC shortly after the date for receipt of submission of technical reviews. The PHC is typically scheduled to follow immediately after a Technical Meeting.

Following the PHC, a PHC decision will be issued and may outline the technical commitments of the Applicant and the administrative and procedural requirements for a Public Hearing.

4. Sub-section 55(2) of the Act requires that a period of at least sixty (60) days notice of a Public Hearing be provided. As with the Technical Meeting and Pre-hearing Conference,

the Board has the ability to conduct its Public Hearing either in writing, by teleconference or in person.

5. Once the Board has received the information requested through this process and is satisfied that the Public Hearing should proceed, the place, date and time of the hearing will be determined and a notice will be published by the Board at least sixty (60) days prior to the commencement of the public hearing in a manner that promotes public awareness and participation in the hearing.

Ulu Project 2BM-ULU0008 Licence Renewal Application (Ulu Application)

The application for the renewal of the Ulu Project water licence was received in conjunction with the Lupin Licence renewal. **By copy of this letter to NIRB, the NWB is requesting that an assessment be conducted on the ULU Application to determine if screening pursuant to Article 12 of the NLCA is required..**

The original Ulu Project Licence was issued by the NWB in 1999. The application was processed in conjunction with the Lupin Operations Licence. At that time, it was deemed appropriate as the Ulu Project was dependent on the Lupin Operations for its eventual development and production.

The NWB will determine whether the Lupin Application and Ulu Application should proceed together or separately. **By copy of this letter, the NWB is seeking comments from all interested parties on the desirability of proceeding with processing these applications together or separately.**

Zinifex Request for Board Approval of 2008 Activities Pending Renewal

On May 16, 2008 Zinifex Canada Inc. provided the attached information pertaining to proposed activities. The proposed activities include the discharge of the Lupin Mine Tailings Containment Area No.2 Pond during the month of August. **The Board requests comments from interested parties as to whether the current terms and conditions of the Lupin Operating Licence and the ULU Project Licence are sufficient to permit the activities proposed by Zinifex.**

The Board reiterates the June 30, 2008 expiry date for the Operating Licence and also directs parties to section 46 of the *Act* which states, “The expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence”.

The Board has requested a number of comments from interested parties, as set out in bold in the text of this letter. **The Board asks the parties to respond to these requests no later than June 28, 2008. Parties are requested to submit their comments to the Manager of Licensing at licensing@nunavutwaterboard.org.**

Please call the undersigned at (867) 360-6338 or e-mail licensing@nunavutwaterboard.org if you have any questions.

Sincerely,

Original signed by:

Phyllis Beaulieu
Manager of Licensing

Cc: Kitikmeot Distribution
Leslie Payette, NIRB