



FRASER MILNER CASGRAIN LLP

Martin Ignasiak
 Direct Line: (780) 423-7272
 martin.ignasiak@fmc-law.com

July 17, 2001

SENT BY FAX

Nunavut Water Board
 P.O. Box 119
 Gjoa Haven, NU
 X0B 1J0

Attention: Mr. Philippe di Pizzo

Dear Mr. di Pizzo:

**Subject: Echo Bay Mines Ltd. ("EBM")
 Nunavut Water Board ("NWB")
 Water Licence No. NWB1LUP0008 (the "Licence")
 Our File: 125822-706 DRT**

Nunavut Water
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Further to our letter of July 16, this is our response to your letter dated July 12.

In respect to Hearings Rule 3.1, we ask that the NWB reconsider its position. EBM's application to amend the security amount stipulated in the Licence (the "Application") is a complicated one that is highly technical in nature. As such, the evidence pertinent to the Application will consist predominantly of expert evidence in relation to the suitability of various methods of reclamation and the cost of these methods. Therefore, EBM and its experts are entitled to know prior to the hearing of the Application (the "Hearing") by whom they will be cross-examined. They are also entitled in advance of the Hearing to review any expert evidence that may be presented by other parties. This is consistent with the principles of natural justice and the procedures followed by the Courts as well as other regulatory bodies.

Moreover, the future operation of the Lupin Mine depends largely on the decision that will be rendered by the NWB in respect to the Application. Any decisions in respect to the Lupin Mine will impact many people living and working in Nunavut. Therefore, given the importance of the Application and for the reasons stated in the proceeding paragraph, we are of the view that in the event parties make submissions for which EBM has not had an opportunity to prepare, then the Hearing must out of necessity be adjourned. Given the expenses and inconvenience associated with an adjournment, there must be firm deadlines in respect to the submission of evidence in respect to the Application.

Echo Bay Mines Ltd. ("EBM")

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In respect to Mr. Brodie's participation, we are of the view that there exists an apprehension of bias because Mr. Brodie does contract administration work and consults for the Department of Indian and Northern Affairs. It is inappropriate for Mr. Brodie to act as the NWB's independent expert on the magnitude and cost of the reclamation project when he is likely to later oversee that same reclamation project for which he will be remunerated.

In our letter of July 11, we proposed that prior to dealing with the issue of Mr. Brodie's participation there be a meeting arranged between Mr. Brodie and EBM's experts. We were of the view that if the experts could come to an agreement regarding the issues raised in the Application then there would be no need to deal with Mr. Brodie's participation. EBM is still prepared to proceed in this manner. If the NWB is not then we look forward to receiving the NWB's decision as to Mr. Brodie's participation in the very near future.

We also look forward to receiving the NWB's decision as to Hearings Rule 3.1.

Yours truly,


FRASER MILNER CASGRAIN LLP

Martin Ignasiak

MKI:slh

cc Echo Bay Mines Ltd.
Attention: Mr. Bill Danyluk
(by fax)

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