

November 15, 2001

**Echo Bay Mines Ltd., Lupin Operations  
Water Licence Number NWB1LUP0008  
Amendment Hearing – Closing Remarks**

Mr. Chairman, on behalf of EBM and the Lupin operation I would like to take this opportunity to summarize the various points we have discussed throughout today's hearing.

In its decision regarding our water licence, the NWB gave notice that the reclamation security issue is to be reviewed annually, with the possibility of adjusting the security amount as new evidence or circumstances arise. It is with this annual review process in mind, that we have requested an amendment to the current security amount.

We have discussed the reclamation work that has already been completed at Lupin and the work planned for each year of the remaining mine life. The Board was given a visual representation of how this plan will continue to reduce the reclamation liability at the operation, especially within the tailings containment area.

EBM has obtained independent estimates by experienced northern construction companies that support our reclamation estimate. These estimates, prepared by Nuna Logistics and Clark Builders, are based on the past experience of actually doing the job for which the estimate was prepared. An estimate can't possibly be more accurate than that.

EBA Engineering talked about their analysis completed on our reclamation plan. The amount and quality of data collected at Lupin to date was summarized and categorized as comprehensive. Also discussed, was our plan for collecting additional geochemical based data. The basis of our future research will be to prove that an esker cover of 1.0 metre or less will adequately complete the tailings related reclamation.

EBM explained why we believe the BCL reclamation estimate is flawed and why it should not be used as the basis of the required reclamation security at the Lupin operation. Mr. Chairman, I would like to remind the board of how BCL qualifies the use of their own RECLAIM model:

*This model is not intended to replace reclamation planning or to be used to determine the activities required to reclaim a site or to dictate how much should be spent on reclamation.*

*Estimates of reclamation costs developed using the spreadsheet should be considered as “engineering estimates”. A contractor’s estimate is likely to be more accurate as it will reflect current construction costs for the specific equipment to be used.*

EBM contends that our reclamation estimate is more accurate and should therefore be the one used to set the security amount.

Mr. Chairman, EBM believes that our overall reclamation plan for the Lupin operation is technically sound. Specifically, our reclamation plan for the TCA is definitely enhanced because of the natural cold climate of the region and we will utilize the climatic conditions within our closure design. However, EBM never meant to imply that the one and only acceptable method to reclaim the TCA, was to totally encapsulate the tails in permafrost. A 1.0 metre cover of esker material will limit the active layer to a relatively thin portion of the overall depth of deposited tailings. Also, the active layer will only be so for 2-3 months, remaining frozen for the majority of the year. EBM will continue to conduct geochemical and water balance research to prove that any expected discharge from the TCA will continue to meet discharge criteria as specified in the water licence. Throughout the history of operation at Lupin, our discharge water has always met discharge requirements and there is no good reason to believe that we will not be able to meet discharge requirements once operations are completed.

Our goal for the Lupin operation is to ensure once abandonment and restoration has been completed:

- That there is no danger to public health and safety;
- That we minimize the requirement for long-term maintenance and monitoring;
- That we minimize contaminant loading to the environment from the abandoned facilities, so as to satisfy current discharge criteria;
- That we prevent the cumulative degradation of abandoned areas affected by the mining activities and enhance the natural recovery of the disturbed lands; and
- That we return the affected area to a condition compatible with the original surrounding area.

EBM fully intends to complete all the work required to reclaim the site. Much of this work will take place throughout the remainder of the expected mine life as we have illustrated to you today. The balance of work can only be started once mining is completed in 2007. EBM has proven our intention of reclaiming the site by the amount of work already completed at Lupin and by our reclamation performance at every mine the company has been involved with.

DIAND contends that it is the responsibility of the Board to set the security amount and subsequent schedule of payments and EBM agrees with DIAND on this point. EBM believes that the proposal tabled today is both fair and reasonable. The annual review process, as specified by the Board, would be a mechanism by which both parties could review the security amount and revise the schedule of payment if necessary. With this

proposal and the annual review process recommended therein, we can develop a true team approach between EBM, the NWB and other stakeholders to satisfy all concerns regarding the progress of the reclamation work.

Mr. Chairman, if the Board agrees with this proposal, EBM will then continue to work with DIAND regarding the form of the security transfer. It is then entirely possible that a completed security plan for the Lupin operation could be in place by year-end. This would be an important milestone for all three parties to achieve, allowing each of us to concentrate our efforts and resources on other matters.

Mr. Chairman, the current economic realities facing the mining industry compel both the NWB and DIAND to work with EBM to develop a reclamation security amount and subsequent schedule of payment, that is both reasonable and affordable. By staying in operation, we will continue to generate a substantial tax contribution to all levels of government. Lupin will provide many jobs for the duration of our mine life, many within the Kitikmeot region where they are much needed. Also, our strategic location could greatly enhance resource development in the Kitikmeot region. There is no doubt that mining will play a major role in the future economic development of Nunavut. The announced closing of both the Nanisivik and Polaris mines in 2002 will leave Lupin as the only operating mine in the entire territory. EBM believes it is important for the Board and all levels of government, to show their commitment to the mining industry in Nunavut by supporting the Lupin operation with respect to our security proposal.

EBM never has and is not now looking for any kind of financial assistance. All we ask is for reasonable security terms to allow us to remain in operation. Mr. Chairman, we have put forward a sound reclamation plan that will see much work performed on a progressive basis prior to closure. Also, our security proposal will provide sufficient funds to complete the balance of the post closure reclamation. EBM believes that our reclamation plan adequately provides assurance to the Board, to DIAND and to other stakeholders that the site will be reclaimed to the satisfaction of all concerned.

Mr. Chairman, on behalf of Echo Bay Mines Ltd. and the Lupin operation, I would like to thank you and the Board for allowing this hearing today. We hope and anticipate that upon further review, the security amount and payment schedule proposal that we have put forward will be acceptable to the Board. EBM will await the decision of the Board on these matters.

Mr. Chairman, I would like to now defer to Mr. McCrank who will complete our closing statement.

Bill Danyluk, P.Eng.  
General Manager, Lupin Operations

