



FRASER MILNER CASGRAIN LLP

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

November 22, 2001

SENT BY E-MAIL

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**

We have reviewed the supplemental submissions made on behalf of DIAND by Mr. Webber in his letter dated November 21, 2001. Given the extensive submissions contained in Mr. Webber's letter, we feel that EBM should be given an opportunity to respond.

At page 3 of his letter, Mr. Webber refers to the document entitled "Toward a Mine Site Reclamation Policy for the Northwest Territories" ("Toward Document") and emphasizes the passage that states "it is not acceptable to allow outstanding liabilities to continue or grow." The proposal put forward by EBM at the hearing on November 15, 2001 does not allow for liabilities to continue or to grow and instead reduces those liabilities both as a result of the ongoing reclamation at the Lupin Mine and as a result of the additional posting of security in the amount of \$500,000 per year.

In addition, the Toward Document states at page 16 that: "It must be recognized that the long-term goal is to move all existing mines towards complete financial security for outstanding environmental liability." This passage acknowledges that the policy put forth in the Toward Document is not meant to immediately extinguish all outstanding liabilities but to do so over time. This is precisely what EBM's proposal will do.

At page 2 of his letter, Mr. Webber refers to RECLAIM as an appropriate tool for calculating reclamation costs. EBM submits that while RECLAIM may be appropriate for a mine that does not yet exist, the policy put forth in the Toward Document never contemplated that RECLAIM

would be relied upon when there exists estimates for reclamation that are based on on-site experience, site visits and mine history. RECLAIM is obviously more appropriately suited to mines that are in the planning phase as opposed to mines already in operation. An actual cost estimate, such as that put forth by NUNA Logistics Ltd. ("NUNA"), must be preferred over a model such as RECLAIM.

Finally, again on page 2 of his letter, Mr. Webber states that in determining the cost of reclamation, third party rates should be used. NUNA is a third party totally independent of EBM. Accordingly, the EBM proposal, which relies on NUNA, is based on third party rates.

We trust the above is satisfactory.

Yours truly,

FRASER MILNER CASGRAIN LLP

Martin Ignasiak

MKI:slh

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

309026_1