

6 January 2009

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
GJOA HAVEN, NU X0B 1J0

Dear Phyllis

RE: 2AM-LUP Type A Water Licence Renewal Public Written Hearing Lupin Mines Inc



Introduction

Lupin Mines Inc., a wholly owned subsidiary of OZ Minerals Canada Resources Inc. (OZ Minerals) has applied for the renewal of a Type A Water License to the Nunavut Water Board for the Lupin Mine site. As part of the review of this application, the Water Board has distributed OZ Minerals application documents to a number of involved parties to the review process. Comments have been received by OZ Minerals from the following parties:

- Government of Nunavut – Department of Environment;
- Kitikmeot Inuit Association;
- Indian and Northern Affairs Canada;
- Fisheries and Oceans Canada; and
- Environment Canada.

The following letter provides our response to these comments as part of the license review process. Where possible we have endeavoured to provide complete and definitive responses to individual comments. Where a full document could not be prepared at this time, we have indicated our intention to incorporate the parties' comments into several comprehensive documents including:

- Care and Maintenance Plan;
- Stormwater Management Plan;
- updated Spill Contingency Plan; and
- updated Interim Abandonment and Restoration Plan.

The above noted plans will be submitted with the Annual Report for the current license on or before March 31, 2009. We have first dealt with issues of common concern to the majority of parties and then deal with each agency in turn in the following discussion.

Tailings Dusting Mitigation Measures

One of the common inquiries from all respondents related to the means by which dust migration from the exposed tailings areas would be mitigated. At present there is approximately 20 hectares of exposed tailings, a portion of which is covered either seasonally or year-round with water. The remainder of the tailings were covered by approximately 1 m of sand and gravel as part of the implementation of the Abandonment and Restoration Plan (A and R Plan) by Kinross Gold. Much of the currently exposed tailings areas are in low lying areas and therefore not overly prone to excessive drying and subsequent wind-blown dust migration, however we recognize that interim measures are appropriate to contain the tailings given the period of time the site may remain under care and maintenance circumstances.

To contain the tailings solids that are not covered with water year-round we propose to cover these areas with a thin layer of sand and gravel by bulldozing material from the adjacent tailings cover. This would be an interim measure only and the final design grades for the tailings cover would be restored once the final A&R plan is implemented. The actual thickness of the cover over the currently exposed tailings will vary depending on the current surface grades and traffic ability of the tailings; however, the amount of cover will be sufficient to isolate the tailings solids from the wind and limit evaporation of water from the tailings mass. This will preclude wind-borne transport of the tailings solids to the adjacent areas outside of the Tailings Containment Facility. The areas where the tailings are currently covered by water will remain as-is until the final A and R plan is implemented as they would not be subject to wind-blown dispersion effects.

Government of Nunavut – Department of the Environment

A care and maintenance plan will be developed and submitted to the board by March 31 2009 at the same time as the annual report. This plan will detail how tailings will be managed and monitored during this period.

An updated Spill Contingency plan will be submitted to the board by March 31 2009, taking into account the issues raised by the DOE.

Kitikmeot Inuit Association

The site is expected to remain on Care and Maintenance for the term of the applied-for Water Licence of 5 years. In this time, OZ Minerals intends to focus its efforts in Nunavut on base metals exploration at or near our Izok Lake and High Lake deposits as well as to fully evaluate the potential of the Lupin site to serve as a base of operations and logistics as well as a potential central mineral processing facility for OZ Minerals and others' properties in the area. We also intend to explore the potential for joint ventures with other parties in evaluating the gold potential of the Lupin and other near-by gold deposits further with the ultimate objective of the recommissioning of the gold plant at Lupin.

These activities are expected to be carried out over the next three to five years; therefore we do not anticipate recommissioning either the underground operations or the mill at Lupin during the term of this license. We also do not intend to fully decommission the site until all practical options for resuming operations have been fully explored. Such action would hamper efforts to attract a joint venture partner and degrade the potential to utilize the Lupin infrastructure and mill as part of the Izok base metal project.

When the Water License comes up for renewal again in 5 years time, we would provide a definitive schedule for implementation of the final A and R plan if it is our intention to proceed to full decommissioning, state our intention to resume operations at the site if that was the case or request an extension under Care and Maintenance with a revised time-table for a decision on the resumption of operations vs. full decommissioning. In the interim we will keep the Water Board and the KIA informed of any anticipated changes to the status of the site on a regular basis.

Indian and Northern Affairs Canada

General

OZ Minerals will develop and implement a storm water management plan for the Lupin site to manage run-off. This plan will be submitted with the Annual report by March 31 2009.

OZ Minerals will submit a care and maintenance plan for the Lupin site taking into consideration water quality, equipment storage, site maintenance, water usage and all other components associated with the site. OZ Minerals will submit this plan along with the annual report required by the Nunavut Water Board by March 31 2009.

Abandonment and Restoration

Existing petroleum hydrocarbon contaminated soil will be disposed of at final closure through an appropriate method. The intended method will be consulted upon with the appropriate Inuit and government agencies prior to disposal to determine the best possible method.

Identification, quantity, packaging and disposal of all hazardous waste on site will be addressed within the care and maintenance plan to be submitted no later than March 31 2009.

All roads and airstrips are needed throughout care and maintenance and final closure. At final closure OZ Minerals will have all such infrastructure ripped and scarified to the contour of the land. OZ Minerals will consult the water board during the finalization of the interim abandonment and restoration plan to retain the airstrip, as it constitutes a significant piece of infrastructure in the area.

Spill Contingency Plan

OZ Minerals will meet all territorial and Federal legal obligations prior to any dewatering or discharging activity.

Fuels, chemicals and all hazardous materials will be inspected regularly, this will be addressed in the care and maintenance plan to be submitted no later than March 31 2009.

Incineration will take place within an incinerator approved by the NWB.

Existing petroleum hydrocarbon contaminated soil will be disposed of at final closure through an appropriate method. This method will be consulted upon with the appropriate Inuit and government agencies prior to disposal to determine the best possible method. The care and maintenance plan will outline specific time frames for routine inspections on site to check for spills.

All spills will be reported immediately to the spill line as per the spill contingency plan.

Department of Fisheries and Oceans

Dam Management

1. The interim abandonment and closure plan will ensure that all dams meet a slope of 2.5:1. Dam 4 is already at a minimum of 3:1 slope meaning there will be no work on this dam. All detailed engineering for any geotechnical work described within the interim abandonment and restoration plan will be submitted to the board at the time of final closure or prior to the particular work commencing.
2. There will be no rip rap needed along dam 4 as the slope is already at a minimum of 3:1. All detailed engineering for any geotechnical work described within the interim abandonment and restoration plan will be submitted to the board at the time of final closure or prior to the particular work commencing.
3. Detailed design and clarification of the natural barrier will be provided for approval at the time of final closure or prior to the particular work commencing.

Tailings Storage Facility

4. The tailings lines were installed using Victaulic fittings. Details on the removal of the tailings lines will be submitted to the board at the time of final closure or prior to the particular work commencing.

Closure and Reclamation

5. OZ Minerals will consult with the water board during the finalization of the interim abandonment and restoration on all detailed drawings, activities, construction schedules and techniques prior to commencement of any work in regards to the breakwater and causeway.

Roads

6. OZ Minerals will consult with the water board during the finalization of the interim abandonment and restoration on all detailed drawings, location, removal schedules and techniques prior to commencement of any work in regards to all culverts.
7. OZ Minerals will consult with the water board during the finalization of the interim abandonment and restoration on any mitigation measures of any closure activity that may potentially impact fish and fish habitat.

Environment Canada

Closure and Reclamation

An updated interim abandonment and restoration will be submitted to the board on or before March 31 of 2008.

OZ Minerals will incorporate the comments from Environment Canada and amend the current abandonment and restoration plan to dispose of unsold accommodation facilities either in the underground or an approved landfill facility.

OZ Minerals will also investigate alternative methods for the disposal of handling hydrocarbon impacted soils prior to the finalization of the interim abandonment and restoration plan and will follow the environmental site assessment steps as established by the CCME and CSA prior to the final closure and remediation of the site.

OZ Minerals will consult with the water board during the finalization of the interim abandonment and restoration on all detailed drawings, location, removal schedules and techniques prior to commencement of any work in regards to all culverts, breakwater and causeway.

OZ Minerals acknowledges the reminders from Environment Canada and will ensure that new regulations for Storage Tank System and Petroleum Products will be abided by and that all fuel is stored within secondary containment.

Closure

We trust this submission provides the information required to progress the license review process and look forward to working with the Nunavut Water Board and the involved parties towards the renewal of the water license for the Lupin mine site. If there are any questions or concerns regarding the above, please do not hesitate to contact me.

Regards

Aaron MacDonell

Health Safety and Environment Coordinator

Tel: 807 346 1699
Fax: 807 345 0284
Email: aaron.macdonell@ozminerals.com