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July 15, 2005

File Number: NWB1LUP0008/TR/I 3

By email

Mike Tansey, P.Eng Reclamation Manager, Lupin Kinross Gold Corporation 9818 Edmonton International Airport Edmonton, AB T5J 2T2

Email: mike.tansey@kinross.com

Subject: Final Abandonment and Restoration Plan for the Lupin Mine Tailings

Containment Area

Dear Mr. Tansey:

The Nunavut Water Board ("NWB") acknowledges receipt of your June 29, 2005 letter enclosing the Final Abandonment and Restoration Plan ("A&R Plan") for the Tailings Containment Area ("TCA") submitted as a requirement of Part I, Item 3 of water license NWB1LUP0008. This submission also responds to the request outlined in the NWB letter of April 27, 2005 and comments received from the Kitikmeot Inuit Association, the Department of Indian and Northern Affairs Canada, Environment Canada, Fisheries and Oceans Canada, and the Government of Nunavut.

The A&R Plan has been placed on the NWB public registry and is available from the NWB head office or the NWB ftp site at:

http://ftp.nunavut.ca/nwb/NWB1%20MINING/NWB1LUP0008%20Lupin/2004%20Final%20AR%20Plan/

The Kinross Gold Corporation ("KGC") currently holds a Type "A" water licence NWB1LUP0008 for mining and milling which encompasses all water uses and waste disposal activities for the entire Lupin Mine operations. These activities include the extraction and processing of ore, water use of mining, milling, camp facilities and other associated uses, and the disposal of all waste such as solid and liquid waste, mine water, waste rock, tailings, etc.

As KGC is no longer using water or depositing waste "for milling at a rate of 100 or more tonnes of ore per day"¹, all activities at Lupin now appear to meet the threshold for a Type B water licence. Consequently, the NWB proposes that you file an application to cancel your Type "A" water licence, and simultaneously apply for separate Type B water licence(s) to allow for reduced water use and waste disposal activities at the mine such as the continuing use of camp facilities and the abandonment and reclamation of current mine facilities, including the TCA.

See Schedule V of the *Northwest Territories Water Regulations*, Licensing Criteria for mining and milling undertakings

The application to cancel the Type "A" should be filed pursuant to section 11 of the *Northwest Territories Water Regulations*. Under that section, you would be required to set out in writing the reasons for the cancellation and provide a description of the measures taken or proposed to be taken, prior to cancellation, for the abandonment of the undertaking.

With respect to your request to proceed with the review and approval of the TCA separately from the rest of the other mine components, the Board has considered the comments received from interested persons and concludes that this approach is feasible, with certain conditions that will be outlined by the Board once the technical review of the stand-alone TCA A&R Plan is triggered via the application to cancel the current licence.

As previously stated in earlier correspondence to the Parties, the NWB expects to coordinate inasmuch as possible the review and approval of the Lupin Mine A&R Plan with the Department of Indian and Northern Affairs Canada ("INAC"), which must also approve the A&R Plan as it relates to land leases. This collaboration will be subject to our respective jurisdictions and authorities.

Finally, once the Board receives and reviews the information that you send pursuant to this letter, the Board may call a one or two day hearing in Kugluktuk to hear from you and interested persons any issue that may arise from processing the cancellation of the Type A licence, and approval of the Type B licence(s). These issues include such matters as cancellation and or readjustment of security, possible future use of the mine site, reclamation of the tailings containment area, etc.

Please contact the undersigned if you have any questions.

Sincerely,

Original signed by:

Phyllis Beaulieu Manager of Licensing

Cc: Lupin Distribution List

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