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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

File: NWB2BAF0204/Renewal

July 18, 2005

By Email and Regular Mail

Doug Winzar
De Beers Canada Inc. – Exploration Division
Unit 4, 2555 Maley Drive
Sudbury, Ontario
P3A 4R7

Email: doug.winzar@cadebeersgroup.com
Chris.Redhead@cadebeersgroup.com

Subject: Water Licence NWB2BAF Renewal Application

Dear Mr. Winzar;

The Nunavut Water Board ("NWB") would like to acknowledge receipt of the information submitted by Ms. Redhead on July 14, 2005 with respect to the letter of request for further information sent to you by the NWB on July 4, 2005, further to the Application for renewal of Licence NWB2BAF0204.

The information received consisted of:

- Email information
- Spill Reporting Checklist
- Pingu Juak site map
- Accident and Incident Report forms (2)

With reference to the letters of June 25, 2005, the information submitted with the detailed appendix referenced in the email contains most of the information required to complete the site specific Spill Contingency Plan (SCP) and Abandonment and Restoration Plan. The two Plans (policies) submitted with the application however, remain as generic plans and do not address the site specific aspects of the Project. In paragraph 6 of Ms. Redhead's email, reference is made to a "...copy of the Spill Plan..." however a Plan was not included as part of the attachments.

As part of the Application process, the NWB requires that site specific, standalone Plans be prepared for undertakings as described under the Regulations¹, Part 6(2), specifically Items g and h.

Prior to the letter that was sent July 4, 2005 an email was sent that included four attachments. These attachments provided example plans and recommendations for preparing these plans. This email was forwarded to Ms. Redhead on July 13, 2005 for information and clarification on the plans requested. In

¹ The Northwest Territories Waters Regulations, effective June 15, 1993 and adopted by the Nunavut Water Board January 1, 2004.

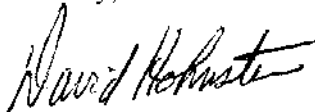
the De Beers Policy OP 031 – Spills Response and Cleanup Procedure – Generic, submitted with the application, Section 3 describes site specific plan requirements and Section 3.2 specifically describes the minimal requirements of the Spill Response Plan (very similar to those required in a NWB Spill Contingency Plan). The email received from Ms. Redhead indicated that this procedure document was submitted to the NWB for “reference” and therefore, possibly not intended to be used as the SCP. Item 31 of the application Supplementary Questionnaire, however refers to Operating Procedure 31 as the Plan in place. **This Plan is not suitable, nor is it acceptable and the NWB requests that De Beers Canada Inc. provide a “standalone”, site specific plan for the project as per paragraph four of the July 4, 2005 letter.**

The Application Supplementary Questionnaire refers to the De Beers Operating Procedure 18 as the Abandonment and Reclamation Plan in place for the Baffin Island Project. As discussed in the letter of July 4, 2005 the procedure does not include the minimal information required of a site-specific plan and has not addressed the concerns of the June 25, 2002 letter. Again, most of the information has been submitted in the form of a detailed appendix included with the application, however in order to meet the requirements of the Regulation and the NWB, this information needs to be prepared in a document that is distinct and can be reference without the need to search through all documents submitted with the application.

The Plan submitted to the NWB is not suitable, nor is it acceptable and the NWB requests that De Beers Canada Inc. provide a “standalone”, site specific plan for the project as per paragraph seven of the July 4, 2005 letter. The information previously forwarded to De Beers Canada Inc. for the preparation of an Abandonment and Reclamation Plan specific to the project provides the material and basis to prepare a plan to the requirements of the application.

Once the above information has been received and accepted, the NWB will be in a position to continue with the renewal process. Should you have any questions regarding the above, please feel free to contact me at (780) 443-4406, at your earliest convenience.

Yours truly,



David Hohnstein, C.E.T.
Technical Advisor Mining

cc Scott Stewart – Inspector INAC