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Department of Environment

Ministère de l'Environnement

July 1, 2008

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board

via Email to: licensing@nunavutwaterboard.org

RE: NWB FILE # 2AM-LUP0008 & 2BM-ULU0008 – ZINIFEX CANADA INC. – LUPIN & ULU WATER LICENSE RENEWALS

Dear Ms. Beaulieu:

The Government of Nunavut, Department of Environment (DOE) has reviewed water license renewal applications from Zinifex Canada Inc. for their Lupin and Ulu projects that are currently at care and maintenance.

Lupin Project

As requested by NWB on May 28, 2008 about the type of hearings for the Lupin Type A water license application, DOE recommends that a written hearing be conducted without a Technical Assessment (TA), Technical Meetings (TM), and a Pre-Hearing Conference (PHC), to allow for renewal of this water license application. DOE recommends an in-person hearing along with the TA, TMs and PHC can be conducted once the licensee determines how they will proceed with the Lupin project as the outcome of the TA, TMs, PHC and the hearing will vary depending on the nature of the project activities (i.e., reclamation or mining).

Nevertheless, DOE has concerns discussed below about tailings management at the Lupin project site, based on our mandate under the *Environmental Protection Act*, and the *Wildlife Act*.

Tailings Management

Page 8 (Section 2.7: Reclamation) of the *Information Package for Water License Renewal of Lupin NWB1LUP008 & Ulu NWB1ULU0008* stated that “approximately 250,000 square metres of exposed tailings remain to be covered.”

The exposed tailings containing elevated levels of contaminants such as metals is a concern as dry tailings can be spread by wind to the surrounding

environment potentially affecting water quality, vegetation, and wildlife feeding on the vegetation. It is unclear how and when the proponent intends to address this concern, and manage the exposed tailings. Furthermore, there is a concern about wildlife drinking out of the Tailings Containment Area where there is water with elevated levels of contaminants. These concerns are not addressed in the current water license application.

Ulu Project

As requested by NWB on May 28, 2008 whether the Ulu water license application shall be processed with the Lupin application, DOE recommends the two applications can be processed separately given the two projects do not associate with each other at this time.

DOE further recommends the Ulu water license application can be renewed until the licensee determines how they intend to proceed with the project (i.e., exploration, mining or closure).

DOE thanks NWB for the opportunity to provide comments on the Lupin and Ulu water license applications. Please contact us if you have further questions.

Yours sincerely,

Original signed by

Helen Yeh
Acting Manager, Land Use & Environmental Assessment
Department of Environment
Government of Nunavut