

August 25, 2011

Dionne Filiatrault, Executive Director  
Nunavut Water Board  
P.O. Box 119  
Gioa Haven, NU X0B 1J0  
dionne@nunavutwaterboard.org

Dear Ms. Filiatrault:

Re: Draft Nunavut Waters Regulations

Hope Bay Mining Ltd. ("HBML") is pleased to provide the following comments on the draft Nunavut Water Regulations. We very much appreciated this opportunity to make comments given the proposed regulations will have important implications for our project at Hope Bay in Nunavut.

We also wish to confirm that an HBML representative will be attending the Technical Meeting and Pre-Hearing Conference in Cambridge Bay on September 16, 2011.

Our comments are summarized below.

**Reclamation Security**

Aboriginal Affairs and Northern Development Canada (AANDC) has formally indicated they do not intend to address in the Nunavut Water Regulations the matter of how INAC determines and holds reclamation security so that the private landowner and INAC do not have overlapping reclamation security for water on private lands. I wish to affirm our agreement with Kitikmeot Inuit Association that resolution of the double bonding issue is essential to supporting further investment in Nunavut.

The current situation in which there is no agreement between the federal government and the Inuit land owners with respect to the administration and control of security is creating an untenable situation in which project proponents are required to post security for the same liabilities twice. In our view, it will require leadership on the part of the federal and Inuit governments to resolve this matter.

We also encourage careful consideration of the suggestions made by the NWT and Nunavut Chamber of Mines. Their suggestions may provide some further clarity with respect to the role of the Water Board in the consideration of the amount of security for resource projects and the ability of the Board to take into consideration security arrangements made between the parties that are not under the jurisdiction of the Nunavut Water Board.

In our view an effective solution requires the following be clearly and effectively addressed in statute:

- The purpose of the security must be clearly defined and closely linked to the mine closure plan;
- The responsible agency or agencies for administering security must be clearly defined as well as criteria by which decisions around the expenditures or the return of security is made;
- The statute applies as a law of general application.

It is our understanding the federal government is exploring separate legislation to address this matter, as it relates more specifically to their responsibilities for administering security. We will be looking forward to learning more about this initiative.

### **Threshold of Water Use Triggering a Type A or Type B Water License**

The draft Schedule 2 (licensing criteria for use of waters) proposes a minimum threshold of 50 cubic metres of water for a Type B license, and 300 cubic metres of water for a Type A license. The proposed thresholds will have the effect of requiring relatively small and short term exploration programs that are conducting early-stage drilling to always require a Type B license. These thresholds are considerably lower than other northern Canadian Jurisdictions. Additionally, the changing nature of an exploration program would make use of Type A Water Licenses challenging due to the more frequent requirement for amendment. We would be interested in better understanding the rationale for the much lower threshold.

The procedural and technical requirements that proponents must normally meet for a license are more appropriate for significant industrial undertakings. Securing a Type A license can be a multi-year and significant effort for proponents. It is our suggestion the threshold for Type B licenses be adjusted to better reflect the size and significance of the operation and reasonable consistency with other northern jurisdictions. We suggest that other criteria, such as milling rate, be considered.

### **NWB Approval of Unlicensed Uses**

The regulations appear to require NWB approval of water use below the Type B threshold. In HBML's view, a notification and a simple approval process would reduce administrative burdens on both the NWB and on proponents without compromising water quality in Nunavut.

We look forward to participating in this very important initiative. If you have any questions, please feel free to contact me at [Chris.Hanks@newmont.com](mailto:Chris.Hanks@newmont.com) or at (720) 917-4489.

Sincerely,

Chris Hanks  
Vice President, Environmental Affairs  
Hope Bay Mining Limited  
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