

May 20, 2011

Nunavut Water Board
PO Box 119
Gjoa Haven, Nunavut X0B 1J0

Attention: Phyllis Beaulieu, Manager of Licensing

**Canada Gazette Part 1: 2011-01-14 - Nunavut Water Regulations and
Nunavut Watershed Descriptions Consultation**

Dear Ms. Beaulieu,

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 Yellowknife on June 2, 2011. We have no proposed changes to the agenda at this time. Following INAC's presentation of the Draft Regulations at the Technical Meeting and Pre-Hearing Conference, HBML may provide further written comments on both the Nunavut Water Regulations and Nunavut Watershed Descriptions.

Our preliminary comments are summarized below.

Reclamation Security

HBML has been informed by the Kitikmeot Inuit Association that INAC does 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. As you are aware, the issue of double bonding is an additional financial cost to industry for developing mining projects. HBML agrees with the KIA that resolution of the double bonding issue is essential to supporting further investment in Nunavut.

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.

These 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, and frequently require a Type A license.

These thresholds will have the effect of triggering a significant increase in the requirement for Type A licenses. This threshold essentially requires any undertaking that uses water from a 1.5 inch pump or larger to require a Type A license. This means that almost all exploration drilling programs will be subject to a public hearing and require the federal minister's approval. 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.

The procedural and technical requirements that proponents must normally meet for a Type 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 both Type A and Type B licenses be adjusted to better reflect the size and significance of the operation, and 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 rather than approval requirement would reduce administrative burdens on both the NWB and on proponents without compromising water quality in Nunavut. This is the approach taken in other northern jurisdictions like the Yukon where the Board is to be notified within 10 days before commencing operations that an unlicensed volume of water is to be used in the course of an industrial or mining activity.

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 or at (720) 917-4489.

Sincerely,

Chris Hanks
Director, Environment and Social Responsibility
Hope Bay Mining Ltd.