

**Volume 2:
Traditional Knowledge, Public Consultation and
Engagement and Assessment Methodologies**

**PHASE 2 OF THE HOPE BAY PROJECT
DRAFT ENVIRONMENTAL IMPACT STATEMENT**

December 2016

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PHASE 2

DRAFT ENVIRONMENTAL IMPACT STATEMENT

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Glossary and Abbreviations

Terminology used in this document is defined where it is first used. The following list will assist readers who may choose to review only portions of the document.

ECCC	Environment and Climate Change Canada
EIS	Environmental Impact Statement
IIBA	Inuit Impact and Benefits Agreement
INAC	Indian and Northern Affairs Canada
IOL	Inuit-Owned Lands
IQ	Inuit Qaujimajatuqangit: Inuit traditional knowledge
KIA	Kitikmeot Inuit Association
km	kilometre
MEA	Mineral Exploration Agreement
NIRB	Nunavut Impact Review Board
NRCan	Natural Resources Canada
NTI	Nunavut Tunngavik Inc.
NTKP	Naonaiyaotit Traditional Knowledge Project
NWB	Nunavut Water Board
PFS	Pre-Feasibility Study
PL	Production lease
TSM	Total Sustainable Mining
VEC	Valued Ecosystem Component

1. Proponent and Project Context

This Environmental Impact Statement (EIS) for Phase 2 of the Hope Bay Project is provided to the Nunavut Impact Review Board (NIRB) by TMAC Resources Inc. (TMAC, the Company, or the Proponent) in support of the Company's applications to develop the Madrid and Boston gold deposits of the Hope Bay Greenstone belt in the west Kitikmeot region of Nunavut.

1.1 PROPONENT INFORMATION

TMAC was incorporated on October 30, 2012, in the Province of Ontario, Canada, and is involved in the exploration, evaluation and development of the Hope Bay mineral property in the Kitikmeot Region of Nunavut, Canada ("Hope Bay"). The Company's registered head office is 95 Wellington Street West, Suite 1010, Toronto, Ontario, Canada M5J 2N7. TMAC offices also exist at the Doris Project site, in Cambridge Bay (Nunavut) and in Yellowknife (Northwest Territories). TMAC's efforts are devoted to the exploration, evaluation and development of the Hope Bay property, which includes much of the Hope Bay greenstone belt. Effective April 1, 2015, Doris transitioned from the exploration and evaluation stages to the development stage. On July 7, 2015, the Company completed an initial public offering (the "IPO") of Common Shares which began trading on the TSX. Additionally, on July 23, 2015, TMAC entered into a Credit Agreement (defined below) with respect to a senior secured term loan facility for an aggregate principal amount of up to US\$120 million maturing on December 31, 2018 (the "Debt Facility"). TMAC has sufficient funds available from existing cash on hand or available under the Debt Facility to maintain its mineral investments, fund its exploration and evaluation and administration costs, and to develop the Hope Bay Project. TMAC has provided the reclamation security that is required for current and planned activities at the permitted Doris Project and exploration areas.

Company contact information is as follows:

Toronto Corporate Office

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Suite 1010
P.O. Box 44
Toronto, Ontario, M5J 2N7
Phone: 416-628-0216

Cambridge Bay Office

18 Mitik Street, 2nd Floor
Cambridge Bay, NU X0B 0C0
Phone: 867-983-2385
Fax: 867-983-2386

Yellowknife Office

#18 Yellowknife Airport
100 McMillan Drive
Yellowknife, NT X1A 3T2
Phone: 867-873-4767
Fax: 867-766-8667

The Hope Bay Property is the Company's prime holding and the sole focus of the Company's resources. TMAC wholly holds 80 mineral claims and leases and one Inuit Mineral Exploration Agreement that comprise approximately 20 × 80 square kilometres (km²) of the Hope Bay Greenstone Belt (the Hope Bay Project) in the Canadian Arctic, east of Bathurst Inlet and south of Roberts Bay. These mineral holdings comprise the Greenstone Belt, including mineral resources in the Doris, Madrid, and Boston areas, as well as promising exploration potential across the Hope Bay Project.

TMAC was formed in 2012 for the purpose of acquiring, permitting, constructing, operating, and closing known and future gold deposits at the Property. Since the acquisition of the Property, TMAC has demonstrated its commitment and ability to achieve its own social licence to operate in the west Kitikmeot region. TMAC has:

- conducted effective community engagement;
- acted in compliance with all regulatory permits and authorizations;
- adhered to socio-economic agreements such as the Inuit Impact and Benefits Agreement (IIBA);
- re-licensed and started the Doris Mine in an environmentally responsible and safe manner;
- been successful in engaging Inuit as part of the workforce, and provided contracting opportunities for Kitikmeot Qualified Businesses and other Inuit-owned businesses; and
- initiated production at the Doris deposit to provide long-term mining benefits for the region.

The TMAC leadership team provides a performance record that supports the Company's performance going forward through superior knowledge, experience, and commitment. The members of the leadership team have extensive and successful experience in:

- community engagement and relationship building for mining projects in northern Canada;
- environmental management for mining projects in northern Canada;
- design, construction, and operation of mining projects in northern Canada; and
- corporate management in the Canadian mining industry.

TMAC will continue to engage local communities and solicit knowledge related to the local environment and its people and apply that knowledge to all aspects of the Hope Bay Project. TMAC also engages professional technical consultants and operating contractors (including Inuit-owned companies) who have relevant experience as a means of further ensuring that technology and best practices are applied to the Hope Bay Project.

TMAC is guided by a vision, values, and policies that are based on the principles of sustainable development and meaningful involvement of local communities. TMAC's Board of Directors is directly accountable for ensuring that all of the Company's activities and personnel, including employees and contractors, adhere to the Company's Policies and to all applicable laws, regulations, and operating permits. TMAC's *Code of Ethical Business Conduct* (Section 1.1.2.1), *Anti-bribery and Anti-corruption Policy* (Section 1.1.2.2), *Community Complaints Procedure* (Section 1.1.2.3) and *Mandate of the Safety, Health and Environmental Affairs Committee* (Section 1.1.2.4) specify the mechanisms by which the policies and values are respected by employees, contractors, and suppliers, linking on-the-ground operations activities to corporate lines of accountability.

1.1.1 Vision and Values

TMAC's vision and values¹ statement is:

*It is important to us that we deliver results that are aligned to our **vision** and grounded in our **values**.*

*Our **Vision** is the responsible and economically sustainable exploration, development, and mining of the Hope Bay Greenstone Belt in the Kitikmeot region of Nunavut as Canada's next major gold mining camp. We will achieve this by living our **values**, which are:*

- ***Respect:** We embrace uniqueness, treat people with dignity and equality, and are stewards of the environment.*
- ***Integrity:** We act with the highest ethical, moral, and professional standards.*
- ***Passion:** We are enthusiastic, have high personal work standards, and take pride in our successes.*
- ***Initiative:** We respond to challenges with well-planned, innovative solutions.*
- ***Learn and Adjust:** We learn from experience and embrace change.*
- ***Teamwork:** We care about one another and promote an inclusive, diverse, and unified team.*
- ***Fun:** We like our job, our company, our colleagues and appreciate smiles and laughter.*
- ***Growth:** We know that our future depends on responsible and economically sustainable growth.*
- ***Results:** We commit, execute and deliver.*

*Living our **values** will help us achieve our **vision** in a safe and responsible manner with **Zero Harm** at the core of our efforts. **Zero Harm** means we are mindful of potential hazards, strive for zero injuries and are protective of people and the environment. It is an attitude that we own 24/7, at work, at home and elsewhere.*

1.1.2 Corporate Policies and Mandates

1.1.2.1 Code of Ethical Business Conduct

TMAC operates under its *Code of Ethical Business Conduct* (August 2013; see Appendix V8-1A). Sections of the *Code of Ethical Business Conduct* document TMAC's commitments to:

- ***Guiding Principles.** All of us who conduct business on behalf of TMAC must be guided by the following principles which serve as the foundation of this Code and the policies that reinforce it:*
 - *act ethically and honestly;*
 - *accept responsibility and be accountable for our actions;*

¹ Posted on TMAC's company website <http://www.tmacresources.com/company/our-vision-and-values/default.aspx> (accessed December 2016).

- *make decisions which are in the best interests of TMAC;*
- *honour our agreements and commitments;*
- *conduct our business in an environmentally and socially responsible manner;*
- *communicate with all of our stakeholders in an honest and straight-forward manner;*
- *select and treat our employees in a respectful, fair and equitable manner and foster a work environment that is safe and healthy and free from discrimination, harassment, intimidation and hostility of any kind; and*
- *obey all laws governing the conduct of our business.*
- **Our Environment.** *TMAC is committed to sound environmental management and aims to manage exploration, mining and other operations in a manner that minimizes any adverse effect on the environment. TMAC will:*
 - *maintain active, continuing and independently audited programs to ensure compliance with corporate policy, applicable legislation and government requirements;*
 - *design, implement and continually evaluate its management systems;*
 - *regularly measure our performance against recognized industry standards and ‘best practices’; and*
 - *provide each of us with the resources necessary to identify, manage, and reduce environmental risk and, in return, expect us to understand our compliance obligations and conduct our activities in a manner consistent with TMAC’s environmental policy and generally accepted environmental policies and procedures and to take responsibility for aspects of environmental matters over which we have control.*
- **Community Relations.** *TMAC recognizes that our success is dependent upon partnering with our employees, contractors, local and Inuit communities and other stakeholders. We will engage these communities, use open, honest dialogue to build relationships and trust and respect their cultural knowledge and heritage.*
- **Compliance with Laws, Rules and Regulations.** *TMAC’s policy is to meet or exceed all legal and regulatory requirements applicable to it. Each of us must contribute to this expectation by:*
 - *making every reasonable effort to become familiar with laws, rules, regulations and any other professional policies and codes that may govern our activities;*
 - *being diligent in complying with these laws, rules and regulations and professional policies and codes; and*
 - *making sure that those who report to us, and the people we report to, are also aware of these laws, rules, regulations and professional policies and codes.*

1.1.2.2 Anti-bribery and Anti-corruption Policy

The *Anti-bribery and Anti-corruption Policy* provides a procedure to ensure that TMAC, including directors, officers, employees, agents, contractors, and consultants conduct business: in an honest and ethical manner reflecting the highest standards of integrity; in compliance with all laws, instruments, rules and regulatory requirements applicable to TMAC; and in a manner that does not contravene anti-bribery and anti-corruption laws that apply to TMAC, including without limitation the *Criminal Code* (1985) and *Corruption of Foreign Public Officials Act* (1998).

1.1.2.3 Community Complaints Procedure

TMAC operates under a *Community Complaints Procedure*, which ensures that any concerns raised by any members of local communities are respected and addressed. The purpose and scope of the procedure is defined in the following sections of the *Community Complaints Procedure*:

- *TMAC Resources Inc. (“TMAC”) are committed to treating the members of the communities in which we operate with fairness and respect and it is our goal to maintain the trust and confidence of the community.*
- *The purpose of this procedure is to:*
 - *document, investigate and resolve community concerns promptly and effectively;*
 - *provide members of the community with an effective and efficient means of reporting concerns related to our activities and operations;*
 - *provide a clear procedure for dealing with concerns;*
 - *communicate effectively throughout the complaints procedure with a community member reporting a concern; and*
 - *monitor complaints about our activities.*
- *The procedure applies to all:*
 - *jurisdictions in which we carry on business and in all affected communities; affected communities are communities where we carry out operations or that may be impacted by our operations in some way;*
 - *members of affected communities or anyone acting on their behalf; and*
 - *complaints related to the impact of TMAC’s activities and operations on members of affected communities.*

1.1.2.4 Mandate of the Safety, Health and Environmental Affairs Committee

TMAC’s Board of Directors is accountable for the Company’s safety, health and environmental performance. The committee of the Board of Directors operates under the *Mandate of the Safety, Health and Environmental Affairs Committee*. The responsibilities of the committee include:

Environment

- *Assessing environmental risks and the Corporation’s risk management thereof;*
- *reviewing from time to time and recommending to the Board for approval changes in or additions to the environmental policies, standards, accountabilities and programs of the Corporation in the context of competitive, legal and operational considerations;*
- *reviewing reports on the nature and extent of the compliance or any non-compliance of the Corporation with the environmental policies, standards, accountabilities and programs of the Corporation and environmental legislation applicable to the Corporation, monitoring the correction of any deficiencies, and reporting to the Board on the status of such matters; and*
- *reviewing such other environmental matters as the Committee considers advisable or the Board may specifically direct the Committee to review or consider.*

Safety and Health

- *Ensuring that the Corporation provides training, instruction and equipment to its personnel so that they may carry out their work in a manner that is safe for them and their colleagues;*

- *reviewing from time to time and recommending to the Board for approval changes in or additions to the occupational health and safety policies, standards, accountabilities and programs of the Corporation in the context of competitive, legal and operational considerations;*
- *reviewing reports on the nature and extent of the compliance or any non-compliance of the Corporation with the occupational health and safety policies, standards, accountabilities and programs of the Corporation and occupational health and safety legislation applicable to the Corporation, monitoring the correction of any deficiencies, and reporting to the Board on the status of such matters; and*
- *reviewing such other occupational health and safety matters as the Committee considers advisable or the Board may specifically direct the Committee to review or consider.*

Community Affairs

- *The Committee should assist the Board in overseeing matters relating to community affairs and liaising with local communities in respect of the Corporation's operations.*

1.2 PROJECT HISTORY AND EXISTING OPERATIONS

A number of companies have worked at the Hope Bay Property since 1965 for the purpose of mineral exploration. As a result of the considerable exploration and development spending over the past twenty years by previous operators, infrastructure facilities are well established, engineering/design is well advanced in many areas, and much of the stationary and surface mobile equipment has already been purchased.

TMAC purchased the Property in 2013 and has continued to develop the Doris mine. TMAC has reviewed the information and proposals prepared by the previous operators of the Property, and has considered past work into plans for developing deposits at Madrid and Boston as part of this proposal and EIS.

1.2.1 Record of Compliance and Commitments

The Hope Bay Project is subject to commitments from a number of existing permits and approvals. To date, TMAC has met and intends to continue meeting all commitments and compliance requirements from these permits and approvals.

TMAC continues to be proactive in adaptively managing commitments and compliance monitoring to incorporate incremental improvements to its management systems. TMAC's proactive management actions include self-identification and implementation of corrective actions in the event of spills or incidents. TMAC internally tracks all incidents and spills which occur on site, even those below reporting thresholds, and uses this information to identify areas for improvement. Through this self-assessment, TMAC has progressively improved fuel handling, storage and transfer practices and technology used at the Hope Bay Project, and these activities will continue in future. Similarly, implementation of self-identified corrective actions related to wildlife incidents have reduced the potential for future recurrence of such incidents by improving practices which reduce wildlife attraction, vehicle-related mortality, or entanglement potential.

Through third-party direction or request, TMAC has also improved water usage practices related to drill water use by developing industry-leading water recirculation practices and has undertaken corrective actions addressing historical drill sumps and drill sites. TMAC has also conducted a circumpolar review of practices employed elsewhere to address thermokarsting concerns and has established and currently implements improved and appropriate standards for future drill-related activities.

Third-party-generated corrective actions as well as progressive reclamation progress for Hope Bay Projects are reported annually by TMAC under the various Hope Bay Project water licences and the Project Certificate, where applicable.

1.2.2 Safety Record

Operations on the Property have suffered no major accidents, spills, or emergencies.

TMAC maintains a highly safety-conscious work environment and a rigorous safety program that has demonstrated success in avoiding workplace accidents. The company promotes a Zero Harm culture as it believes that all injuries and accidents are preventable.

1.2.3 Application of Inuit Qaujimajatuqangit

TMAC has considered Inuit Qaujimajatuqangit (IQ) in the Phase 2 Project design, baseline studies and assessment of Valued Ecosystem Components (VECs) and Valued Socio-Economic Components (VSECs), and mitigation and management plans. TMAC recognizes the inherent value of Traditional Knowledge (TK) and the importance local communities place on its use in the environmental assessment of proposed developments. As such, TMAC has made significant efforts to engage local communities. Many of these efforts have been made in partnership with the KIA, who administers the Naonaiyaotit Traditional Knowledge Project (NTKP) database and has assisted TMAC in conducting a comprehensive TK study for the Phase 2 Project.

TMAC has consulted with Nunavut Tunngavik Inc. (NTI), the Kitikmeot Inuit Association (KIA), and Nunavummiut who live in the potentially affected communities as well as all government agencies. Through its engagement program, Kitikmeot Inuit have provided local knowledge and raised questions and concerns regarding the Phase 2 Project. Questions that have been raised and TMAC's responses are documented in Volume 2, Section 3 (Public Consultation and Engagement).

TMAC has entered into an IIBA and a forward-looking IQ agreement with the KIA. These agreements are evidence of TMAC's on-going commitment to assist the KIA in the collection and preservation of IQ, and to apply IQ in all phases of the Hope Bay Project.

1.2.4 Framework Agreement and Inuit Impact Benefit Agreement

Under Article 26 of the Nunavut Agreement (*Nunavut Land Claims Agreement Act 1993*), before each new major development project in Nunavut can commence (whether on Inuit-owned or Crown lands), an IIBA between the proponent and the local Inuit association must be in place.

A previous owner, Miramar Mining Corporation, entered into an IIBA for the Doris Project with the KIA in 2006 based on the requirements stated in the Nunavut Agreement. In March 2015, TMAC and the KIA announced that they had entered into a Framework Agreement that, among other matters, renewed and expanded the IIBA to cover activities across the Hope Bay Greenstone Belt over the next 20 years. Successful negotiation of the Framework Agreement is a significant milestone in the Hope Bay Project. The Framework Agreement includes provisions for TMAC to provide the KIA with royalty payments, implementation payments, and water and wildlife compensation rates, while the KIA is to provide TMAC with land access and leases when required. These agreements are described in Section 1.3.2. These provisions have been incorporated into the financial model for the Hope Bay Project.

1.3 REGULATORY REGIME

1.3.1 Regulatory Context

The Phase 2 Project is subject to a Nunavut and federal regulatory regime relating to approval, construction, operation, maintenance, reclamation and closure, and post-closure monitoring. Phase 2 is fundamentally similar to the proposal put forward in 2011 by the previous owner of the Hope Bay Property (HBML 2011). The 2011 proposal was referred in May 2012 to the NIRB for public review pursuant to Part 5 of Article 12 of the Nunavut Agreement, and EIS Guidelines were issued by the Nunavut Impact Review Board (NIRB) in December 2012 (NIRB 2012). Therefore, the NIRB's current review of the Phase 2 Project is a resumption of the review initiated in May 2012.

As of December 2016, no approved land use plan was available for the Project area. However, information contained in the *Draft Nunavut Land Use Plan* (Nunavut Planning Commission 2014) was used as a reference for aspects of the Phase 2 Project assessment.

1.3.2 Existing Permits and Authorizations

TMAC's current mining and exploration activities are supported by a number of regulatory approvals. Table 1.3-1 summarizes the key permits and approvals currently in place.

1.3.3 Future Permitting and Authorizations

After issuance of a project certificate from the NIRB for the Phase 2 Project a number of permits and other authorizations will be required to construct and operate the Project. These may be new authorizations or amendments of existing authorizations, and may include, but are not limited to the following:

- Type A Water Licence from the Nunavut Water Board (NWB);
- Land use permits from INAC;
- Applicable permits for the operation of airstrips from Transport Canada;
- Authorizations from the Minister of Fisheries and Oceans (Canada) under section 35 of the *Fisheries Act* (1985b);
- Permit from Natural Resources Canada (NRCan) under the *Explosives Act* (1985a) for magazine and explosives transportation permit;
- Radio licence from Industry Canada;
- Approval from the Nunavut Office of the Fire Marshall, Department of Community, Government and Transportation under the National Building Code of Canada and National Fire Code of Canada;
- Scientific permits to conduct certain environmental monitoring activities under the federal *Fisheries Act*, *Nunavut Scientists Act* (1988), and *Nunavut Wildlife Act* (2003); and
- Archaeological permits under the Nunavut Archaeological and Paleontological Sites Regulations.

Table 1.3-1. Key Current Permits and Approvals (as of June 2016)

Name	Approval No.	Scope / Purpose	Term / Duration	Expiration Date
NIRB Project Certificate	003	Authorization for Doris to proceed provided certain conditions and requirements are incorporated in the various regulatory permits and authorizations issued by the regulatory agencies with permitting authority for the Hope Bay Project.	Life of Doris Project	None
NWB Type “A” Water Licence	2AM-DOH1323	Water Licence for Doris with a 10-year term that authorizes the construction, operation and reclamation of the Doris Project. Licence was renewed (with certain amendments) in August 2013.	10 years	August 2023
Framework Agreement		Framework Agreement provides comprehensive land tenure governing the issuance of surface exploration licences, advanced exploration leases, commercial leases, and compensation associated with tenure. Framework Agreement includes a belt-wide Land Use Licence, an Inuit Impact and Benefits Agreement (IIBA) and a Water and Wildlife Agreement. Framework Agreement was signed in March 2015 for belt-wide land tenure.	20 years	March 2035
Water and Wildlife Agreement		Included as a Schedule to the Framework Agreement, this Agreement details compensation to be provided to the KIA and Inuit beneficiaries for negative effects that may occur to wildlife harvesting and water as a result of mining related activities across the belt.	20 years	March 2035
Amended and Restated Inuit Owned Lands Commercial Lease	KTCL 313D001	Commercial Lease for use of designated lands associated with the Hope Bay Volcanic Belt (HBVB) area. Currently, lands have been designated that encompass Doris. Expansion to include other areas of the HBVB is administrative in nature. Original Commercial Lease was amended and restated in March 2015 as a means to obtain surety of belt-wide land tenure.	20 years	March 2035
Inuit Impact and Benefits Agreement		Included as a Schedule to the Framework Agreement, this Agreement details the benefits to be provided to the KIA and Inuit beneficiaries from the Hope Bay Project, including compensation, employment and contracting opportunities. The IIBA originally signed in association with Doris was revised in March 2015 and expanded in scope to encompass belt-wide activities.	20 years	March 2035
KIA Advanced Exploration Agreements	KTAE15C001 KTAE15C002	Two agreements as per the terms of the Framework Agreement enabling quarry operations at designated locations in the Hope Bay Belt and advanced exploration at Boston.	5 year renewable annually thereafter for up to 20 years	March 2020
KIA Land Use Licences		Enables exploration activities across the Hope Bay belt as per the terms of the Framework Agreement.	1 year automatic renewable for 20 years	March 2016

Name	Approval No.	Scope / Purpose	Term / Duration	Expiration Date
DFO authorization	NU-02-0117.2	Construction of the jetty in Roberts Bay.		December 2009
DFO authorization	NU-1000-0028	Changes to the Doris jetty.		July 2012
DFO authorizations	NU-02-01117.3	Construction of the Doris TIA north dam.	Life of Mine	None
Navigable Waters Permit	8200-02-6565	Installation of the jetty in Roberts Bay.	10 years	June 2017
Jetty Lease	77A3-1-2	Foreshore lease from the Crown for construction and operation of the Roberts Bay Jetty.	10 years	June 2017
Amendment to Schedule 2 of the Metal Mining Effluent Regulations (MMER)	Registration SOR/2008-216	Designation of Tail Lake as a tailings impoundment.	Life of Mine	None
Type "B" Water Licence for the HBVB including a camp at Windy Lake	2BE-HOP1222	Water Licence that allows for the use of water and disposal of waste associated with regional exploration program for the HBVB including drilling and camp operations.	10 years	June 2022
Type "B" Water Licence for bulk sample exploration at Boston	2BB-BOS1217	Water licence that allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling as per Schedule II of the Regulations for the Boston Advanced Exploration Project.	5 years	July 2017
Type "B" Water Licence for Madrid Advanced Exploration	Application submitted March 2015	Water licence that allows for the use of water and the disposal of waste for an undertaking classified as Mining and Milling as per Schedule II of the Regulations for the Madrid Advanced Exploration Project.	pending	pending

1.4 REGIONAL CONTEXT

1.4.1 Location and Access

The Hope Bay Project has an area of 1,101 km² and comprises one contiguous property approximately 80 km by 20 km. The Hope Bay Project (Doris) is located approximately 705 km northeast of Yellowknife and 153 km southwest of Cambridge Bay in Nunavut Territory, and is situated east of Bathurst Inlet as illustrated in Figure 1.4-1. The nearest settlements are Umingmaktok (Bay Chimo), located 62 km to the west, and Kingaok (Bathurst Inlet), located 130 km southwest. The centre of the Hope Bay Project lies approximately 143 km above the Arctic Circle at 67°50' N latitude and 106 °30' W longitude.

The primary access route to the Hope Bay Project for fuel, equipment and supplies is through marine transport to Roberts Bay. The shipping season is typically from late July through September when open water conditions allow for easy passage. Goods are transported by air during the rest of the year. Personnel are transported by air year-round. Currently, the gravel strip at Doris allows for propeller and jet aircraft. In addition, a winter ice strip can be constructed on Doris Lake as required. This ice strip can be operational from February to April, and is able to accommodate Boeing 737 and Hercules aircraft as required. The nearest permanent community and commercial airport is Cambridge Bay, approximately 160 km by air.

1.4.2 Physical Setting

The northern portion of the Hope Bay Property consists of several watersheds that drain into Roberts Bay, and the Koignuk River, which flows into Hope Bay west of the property. Watersheds in the southern portion of the Belt ultimately drain into the upper Koignuk River. The entire area lies within the Bathurst Inlet-Burnside Watershed.

The property is located within the Queen Maud Gulf Lowlands, which covers the east-central portion of the west Kitikmeot region. The topography of the area ranges from undulating plains near the coast to massive Archean-age rocks rising to 300 m above sea level in the south. The coastal areas are mantled by postglacial silts and clays, exposed bedrock, cryosol soils, and marine deposits. Permafrost is continuous and deep (up to 500 m) with low ice content. The area lies within the Slave Geological Province, which is underlain by granite and related gneisses, as well as by sedimentary and volcanic rocks (more than 2.5 billion years old).

The climate is classified as Arctic, semi-arid. Snow accumulation and freeze-up of lakes begins in mid- to late September and remains into mid-June, with areas in the higher elevation persisting through July. Temperatures in January are often below -30°C while the mean annual precipitation is approximately 220 mm. Most precipitation falls as rain during the summer, and a mean of 10 cm of snow per month falls during the winter. Prevailing winds are typically strong and steady from the northwest. Due to its location above the Arctic Circle, the site experiences 24-hour sunlight in mid-summer and 24-hour darkness in mid-winter.

Outcrop forms north to northwest ridges, while tundra covers most of the flat valleys. The general overburden profile consists of saline ice-rich (10% to 30% by volume on average, but occasionally as high as 50%) marine clay and silt.

Figure 1.4-1
Phase 2
Project Location



1.4.3 Biological Setting

The Hope Bay Project area lies north of the tree line in the west Kitikmeot region. Vegetation is in the form of low shrubs of willow, birch, Labrador tea, and mountain cranberry. Heath tundra is also common. For vegetation zones, the Hope Bay Project area lies within the *tundra, high shrub zone* (WKRLUP 2005).

Physically, the Hope Bay Project area is divided into two areas. The coastal zone has exposed rocky hills, and volcanic sills and dikes with abundant exposed rock and gravel. These rocky hills and outcrops can serve as habitat for raptors. Further inland, the topography is flatter, and is dominated by low shrubs and heath tundra. Eskers occur in the region, but are not common, particularly in the northern part of the Belt. They serve as habitat for caribou, grizzly bears, wolves, foxes, muskox, wolverine, sandhill cranes and other birds, and small mammals. Wolves and foxes den in the sandy slopes, grizzly bears feed on the animals and berries found on them, some birds use eskers for feeding and nesting, and other animals use eskers for travel and as shelter from wind during the winter.

Caribou from three herds historically occupied this area, belonging to the Bathurst, Ahiak, and Dolphin/Union herds. Since the late 1990s, the Bathurst herd has calved west of Bathurst Inlet. The Ahiak caribou are found at low numbers in the Hope Bay Project area during the summer, whereas the Dolphin/Union herd is found in the Hope Bay Project area during the winter.

Arctic char are found in the region, in lakes and rivers, and along the coasts in some areas. Char are part of the diet of Inuit and are subject to sport fishing and commercial fishing (although not on the mainland in the vicinity of the Hope Bay Project). Other fish species that are common in the hundreds of lakes and streams in the region include lake trout and Arctic grayling.

The Hope Bay Project area is located on Melville Sound, south of Kent Peninsula. Marine mammals such as ringed seals live in the coastal waters and offshore. The region also supports rich and diverse bird populations.

1.4.4 Socio-economic Setting

There are five Kitikmeot communities that are considered to be potentially affected by the development of the Project. They include Kugluktuk, Cambridge Bay, Gjoa Haven, Taloyoak, and Kugaaruk. In addition, Omingmaktok, and Kingaok are seasonal settlements and nearest to the Hope Bay Project (Figure 1.4-1). Omingmaktok is located approximately 60 km to the west and Kingaok 130 km to the southwest. The nearest permanently populated settlement is Cambridge Bay (population approximately 1,700), about 153 km to the northeast, on the southeast corner of Victoria Island. West of the Hope Bay Project site, at 600 km, is Kugluktuk (population 1,500), and northeast of the Hope Bay Project is Gjoa Haven (447 km distant, population 1,200) on King William Island. Farther east on the mainland are Taloyoak (558 km distant, population 900) and Kugaaruk (694 km distant, population 700).

All potentially affected communities, with the exception of Omingmaktok and Kingaok, possess a range of community services and infrastructure including recreational facilities, police stations, health centres, K to 12 education, and adult education facilities. Communities are linked via common sea lift transportation systems, and scheduled commercial air service; no road or rail systems are in place.

The largest community in the region, Cambridge Bay, is a regional government, logistics, and services hub. Emergency measures and medical support are available in Cambridge Bay, as well as warehousing, expediting, financial, and education and training facilities. A number of current Hope Bay Project contractors are located in Cambridge Bay including the head office of the Kitikmeot Corporation. The

head office of the NIRB and the Nunavut Planning Commission (NPC) are also located in Cambridge Bay. Cambridge Bay and Kugluktuk have contributed the largest portion of the historic Hope Bay Project workforce. Gjoa Haven is the fastest growing potentially affected community by the Project and is the head office location for the Nunavut Water Board. Taloyoak and Kugaaruk are more traditional, non-decentralized communities.

TMAC is committed to carefully considering cultural factors associated with the Inuit way of life in the development of Phase 2, as well as complying fully with its obligations as a proponent under the Nunavut Agreement. The Phase 2 Project is envisioned such that the land and resources continue to support the cultural and economic needs of the people while providing new economic opportunities. Core stakeholder values will be carefully considered when developing the Phase 2 Project. These include:

- preservation of Inuit culture and heritage;
- use of IQ in the review and operation of the Hope Bay Project;
- respect for and protection of the land;
- sharing of economic benefits; and
- on-going engagement with Inuit and Inuit organizations (KIA, NTI).

TMAC recognizes the significance of IQ in obtaining detailed knowledge of the land, wildlife behaviours, and land use knowledge of local Inuit. Collaboration between the people of the Kitikmeot region and TMAC builds successful and sustainable partnerships that are critical to creating mutually beneficial economic opportunities. TMAC has an agreement in place with KIA in which the KIA will maintain an IQ database and share IQ information with TMAC.

1.5 LAND TENURE

1.5.1 Land Tenure History

During the 1970s and the 1980s, Roberts Bay Mining and Noranda Exploration Ltd. explored portions of the Hope Bay Volcanic Belt (HBVB) for precious and base metals, respectively. In 1987, Abermin Corporation staked claims in the vicinity of Aimaokatalok Lake (formerly Spyder Lake) and Doris Lake and completed some reconnaissance exploration. These claims were allowed to expire. In 1991, BHP Minerals Canada Ltd. (now BHP Billiton Inc., or BHP) acquired a contiguous block of claims covering approximately 1,016 km², which has been expanded by the staking of additional claims.

In December 1999, these claims were purchased from BHP by the Hope Bay Joint Venture, a 50/50 joint venture between Cambiex Exploration Inc. (Cambiex) and Miramar Hope Bay Limited (MHBL), a wholly-owned subsidiary of Miramar Mining Corporation (Miramar). All claims were registered in the name of Cambiex, which changed its name to Hope Bay Gold Corporation Inc. (Hope Bay Gold) in 2001. During 2001, several additional adjoining claims were staked. In May 2002, Hope Bay Gold merged with Miramar.

In late 2007, Newmont Mining B.C. Limited, an indirect wholly-owned subsidiary of Newmont Mining Corporation (together Newmont), purchased Miramar and formed Hope Bay Mining Ltd. (HBML), which became the registered owner of all the Hope Bay Project tenure.

In March 2013, TMAC completed the acquisition of 100% of the Hope Bay Project from HBML. The acquisition agreement's terms included:

- The completion of a private placement of at least \$30 million of TMAC shares. TMAC ownership prior to the completion of the private placement was 82% Newmont and 18% TMAC management and following completion of the financing was 70% Newmont, 15% TMAC management, and 15% new investors.
- Newmont will retain a 1% Net Smelter Return (NSR) on future production from the Hope Bay Project.
- \$300 million of tax attributes will be retained by TMAC for application against future income generated from the Hope Bay Project.

1.5.2 Mineral Tenure

Nunavut Tunngavik Inc. (NTI) is the organization which coordinates and manages Inuit responsibilities set out in the Nunavut Agreement. NTI holds the surface title and mineral rights to Inuit-owned Lands (IOL) in the Kitikmeot region of Nunavut, including the surface rights over the entire Hope Bay Project area and mineral rights over selected portions. The KIA administers the surface rights and the IIBA associated with the Hope Bay Project.

NTI owns approximately 50% of the subsurface minerals along the Belt with the other 50% owned by the Crown. Ownership of mineral rights is allocated roughly as follows: Doris zone is 100% owned by NTI, Patch/Madrid zone is 50/50 shared mineral rights between NTI and Crown, and Boston zone is 100% owned by Crown. NTI, on behalf of the Inuit of Nunavut, is the owner of subsurface mineral rights within two land parcels, designated BB-57 and BB-60, comprising the northern and middle portion of the Belt, respectively.

In 1994 and 1995, the then owner of the property, BHP Billiton Ltd., entered into seven 20-year term Mineral Exploration Agreements (MEAs) with NTI to acquire exploration rights within these parcels. The agreements were numbered BB57-00-01, BB57-00-02, BB57-00-03, BB57-00-04, BB60-00-01, BB60-00-02, and BB60-00-03 and comprised a total area of 49,976 ha. These agreements were among the first negotiated after the signing of the Nunavut Agreement.

TMAC has completed an agreement with NTI for a new MEA which has combined the seven exploration agreements into one for a 20-year term.

The MEAs allow mineral exploration to occur, and portions of the exploration areas to be brought into production under specified production leases (PL), provided the criteria set out in the MEAs are met.

Mineral tenure consists 69 Crown mining leases (48,019.82 ha); 9 pending Crown mining leases (6,111.16 ha), and one NTI Inuit MEA (55,976 ha). All of the Crown mining leases for the Hope Bay Project are in good standing. Mineral tenure is illustrated in Figure 1.5-1, listing mineral leases, pending mineral leases and the NTI Inuit MEA.

1.5.3 Royalties and Encumbrances

As NTI is a private owner of the Inuit-owned subsurface mineral rights, royalty rates for the NTI mineral rights are governed by PLs granted by NTI. A PL is a necessary prerequisite in order to commence production. TMAC has secured a 20-year MEA with an attached form of PL as of March 31, 2015 with NTI.

In 2011, HBML requested renewal of the MEAs by way of consolidation into a comprehensive new MEA to include the entire portions of BB-57 and BB-60 not already under Crown grandfathered mining leases, for a total area of 55,976 ha. TMAC has completed an agreement with NTI for a new MEA which

will combine the seven exploration agreements into one for a 20-year term. The agreement has been reviewed by the KIA and a memorandum issued agreeing in principle to the MEA terms. Under the PL, TMAC will pay NTI an annual 12% Net Profits Interest royalty from any production, this amount being effectively set by a limit in allowable deductions.

The Government of Canada is entitled to royalties on net profits from production from the Crown mineral leases. Royalty payments are based on a sum of graduated marginal royalty rates from zero to 14% of the value of the output of the mine to a maximum of 13% of the overall value of the output. The royalty corresponds to a portion of the net value of the ore being extracted, and not a portion of any additional value created by the mine owner from further processing of the ore. The value of the output is calculated as the mine's total revenue less the cost of mining and processing and other deductions and allowances.

Newmont has retained a 1% NSR on commercial production from the Hope Bay Project area of interest, with TMAC having a right of first refusal on the sale of the NSR.

The KIA has been granted a 1% NSR royalty on commercial production from the Hope Bay Project area of interest, as described in Section 1.5.4.

1.5.4 Surface Rights

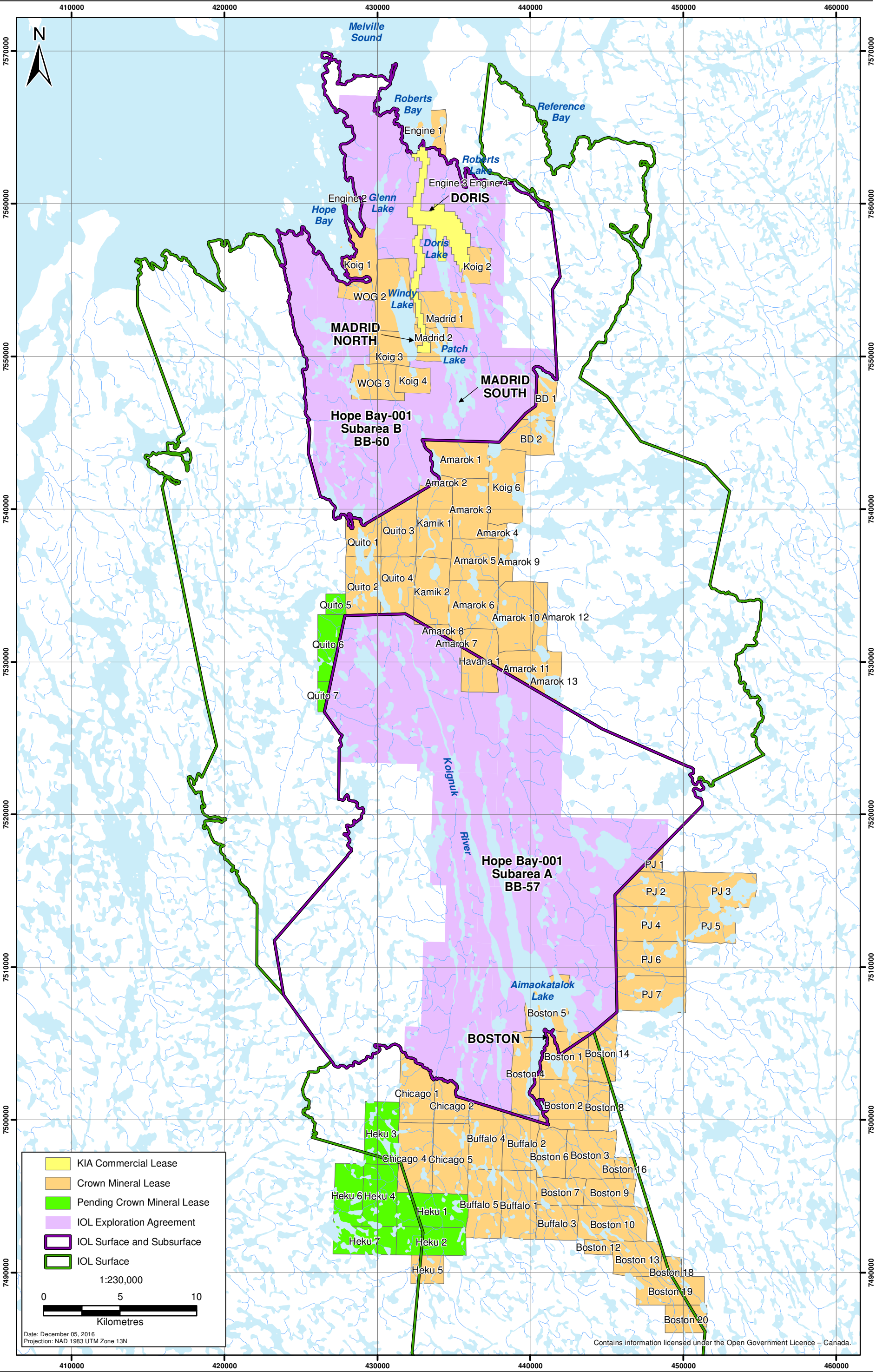
With the exception of the Roberts Bay jetty (which is located on federal lands) and mining leases PJ1 through PJ-7, Heku 4, 6, 7, and small portions of Boston 4, 18 to 20, surface lands at Hope Bay are on IOL.

The KIA administers the surface title to IOL in the Kitikmeot region of Nunavut, including the surface rights over the lands of the Hope Bay Project area.

Effective March 30, 2015, TMAC entered into a series of landmark agreements with the KIA with respect to the Inuit-owned surface title for the lands on which the Hope Bay Project is located. These agreements replace certain existing agreements and comprise a 20-year comprehensive framework agreement (the Framework Agreement). The Framework Agreement covers certain further agreements: an amended and restated IOL Commercial Lease no. KTCL313D001 (the Commercial Lease); a net smelter returns royalty agreement (the KIA Royalty Agreement); the IIBA; and a Water and Wildlife Compensation Agreement (the WWCA). As consideration for the rights and benefits received under the Framework Agreement, TMAC agreed to make certain ongoing payments to the KIA, issue to the KIA 3,400,000 Common Shares (which have been issued), and through the KIA Royalty Agreement, grant to the KIA a 1% NSR royalty on future production from the Hope Bay Project.

The Framework Agreement sets forth the terms under which land use licences, advanced exploration leases, and IOL commercial leases will be extended by the KIA to TMAC. Additionally, the Framework Agreement replaces TMAC's pre-existing land use licences with a single land use licence and replaces the Company's pre-existing quarry permits with two advanced exploration leases. Land use licences permit the holder to conduct non-exclusive exploration work over the applicable lands; advanced exploration leases permit various advanced exploration activities, including the establishment of camp sites and infrastructure, fuel storage and other such activities; and commercial leases authorize the development of mines and related operations. Land use licences, including the one currently held by the Company, operate for an initial term of one year, and are automatically renewed annually for a total period of 20 years. Advanced exploration leases, including the two currently held by the Company, operate for an initial term of five years, with the option to renew the applicable lease for additional one-year terms, up to a maximum period of 20 years, inclusive of renewals. Commercial leases, including the Commercial Lease, operate for a single term of 20 years. Surface rights are illustrated in Figure 1.5-1.

Figure 1.5-1
Hope Bay Project Land Tenements



1.6 CLOSURE AND RECLAMATION

Over the life of the Project, it is expected that techniques and methodology for mine site reclamation will continue to evolve with changes to TMAC's understanding of the Project site, stakeholder's views and technologies for cost effective and practical reclamation in northern conditions. Details of TMAC's approaches to planned or premature Project closure are detailed in Volume 3 Section 5 of the EIS and the Conceptual Closure and Reclamation Plan provided in Annex 27 of Volume 8. The Phase 2 Conceptual Closure and Reclamation Plan Detailed Cost Estimate is provided in Annex 28 of Volume 8. TMAC has a demonstrated record of continuously operating the Hope Bay Projects in an environmentally and socially responsible manner. This includes a change of project ownership in 2012 (when TMAC purchased the Hope Bay Project for Hope Bay Mining Ltd.), and a period of temporary closure from 2012 to 2015. During these periods TMAC ensured appropriate resources continued to be allocated to honor applicable social and environmental commitments. Inspections and monitoring reviews conducted during these periods by TMAC, the NIRB, the KIA, INAC, DFO and others confirmed adherence to water licences, Project certificate, land leases and other relevant agreements and commitments.

TMAC anticipates that at security bond for the full closure of the Phase 2 Project will be posted with INAC and/or the KIA, as is currently the case for the Doris Project. This bond would allow for the environmentally responsible closure of the Phase 2 Project by bond holders, as outlined in the Closure and Reclamation Plan and security estimate provided with this application, should TMAC not be able to do so. Under the Water and Wildlife Agreement between TMAC and the KIA, additional compensation is identified for water use and incidents involving wildlife mortality.

1.7 ANALYSIS OF NEED AND PURPOSE OF THE PROJECT

1.7.1 Need and Purpose for the Project

Phase 2 Project represents a timely opportunity to develop the well-established Hope Bay gold deposits into a long-term mining operation that provides sustained economic stability and benefits for the Kitikmeot region. The purpose of Phase 2 is to expand mining and processing operations at the Madrid and Boston deposits to increase gold production from the Hope Bay Belt. The development plan for Phase 2 minimizes capital investment and builds on the existing assets to generate cash flow that can sustain expansion and exploration. Phase 2 Project represents a significant opportunity for the development of a new mining development in the Canadian Arctic.

In addition to generating revenues for TMAC, Phase 2 Project will provide a long-term sustained mining operation in the Kitikmeot region that will be operated in an environmentally sound manner and that will provide direct, sustained benefits to Nunavummiut, Inuit-owned businesses, and local communities.

The Hope Bay Project represents a predictable and stable economic platform that can provide a number of benefits that can only be realized through a sustained long-term business plan. The benefits of Phase 2 Project are:

- To support regional infrastructure initiatives, such as regional transportation networks. Phase 2 Project will require the ongoing utilization of Northern marine shipping routes. Regular and predictable marine transport of bulk supplies by ship or barge may help to support efficiency initiatives for regional shipments to Kitikmeot communities.
- To provide substantial trades, technical, and management training for Nunavummiut. These programs can be targeted towards desired long-term skills that will carry forward and create future opportunities for Nunavummiut.

- Once established, the long life mining operation will provide a platform enabling the identification, permitting, and mining of additional gold reserves on the Hope Bay Property.
- To provide sustained and predictable payment of production royalties to KIA, NTI, and Government of Canada.
- Phase 2 Project will enhance Canadian presence in Canada's North during the current period of increasing international use of the Northwest Passage connecting the Atlantic, Arctic, and Pacific oceans.

The presence of substantial physical infrastructure (i.e., airstrips, roads, camps, bulk fuel storage) may create opportunities for ongoing use by others after the mine closes.

1.7.2 Precautionary Principle

The use of the Precautionary Principle promotes action to avert risks of serious or irreversible harm to the environment. TMAC integrates the application of the Precautionary Principle in its environmental health and safety (EHS) management practices (Volume 8). The Company's approach consists of:

- Incorporating the Precautionary Principle within the Framework of its EHS Management System:
 - Incorporate the Precautionary Principle explicitly into appropriate legal, institutional and policy frameworks for environmental protection;
 - Integrate the application of the Precautionary Principle with the application of and support for other relevant principles;
 - Develop clear and context specific obligations and operational measures with respect to environmental protection and environmental management;
 - Include relevant stakeholders in a transparent process of assessment, decision-making and implementation; and
 - Base precautionary decision-making on the best available information, including that relating to human drivers of threats, and traditional knowledge.
- Defining the issues/concerns, options and consequences:
 - Characterize the *issues/concerns*, assess the uncertainties surrounding ecological, social and economic drivers of changes;
 - Identify the available actions to address *issues/concerns*, and assess the likely consequences of these various courses of action and inaction; and
 - Allocate roles and responsibilities for providing information and evidence of *issues/concerns* and/or safety according to who is proposing a potentially harmful activity, who benefits from it, and who has access to information and resources.
- Devising the appropriate precautionary measures:
 - Specify that precautionary measures are being taken and be explicit about the uncertainty to which the precautionary measures are responding;
 - In applying the Precautionary Principle adopt measures that are proportionate to the potential *issues/concerns*; and
 - Consider social and economic costs and benefits when applying the Precautionary Principle and where decisions would have negative impacts on the community explore ways to avoid or mitigate these negative impacts.

- Implementing effectively:
 - Use adaptive management approach which includes the following core elements:
 - Monitoring of impacts of management or decisions based on agreed indicators;
 - Promoting research, to reduce uncertainty;
 - Ensuring periodic evaluation of the outcomes of implementation, drawing of lessons and review and adjustment, as necessary, of the measures or decisions adopted; and
 - Establishing an efficient and effective compliance system.

1.7.3 Optimization of Benefits of the Project

The benefits of the Phase 2 Project will be best realized through successful establishment of a stable, long-term mining operation at the Hope Bay Property. A stable mining operation will provide longer-term economic benefits through wages, contracts, purchasing, taxes, and royalties. A stable mining operation also enables TMAC to provide enhanced training and capacity-building opportunities for Inuit employees and communities.

TMAC's staged approach to development of the resources within the Belt as a series of phases will optimize benefits by sustaining operations at the Property over a longer period of time. The benefits of the staged development approach include:

- Cash flow generated from one phase supports the development of the subsequent phases.
- Overall footprint is minimized by consolidating, to the extent practicable, waste management and support infrastructure in previously developed areas.
- Support, employment, and training benefits to Inuit and local communities are extended.
- Contracting opportunities for Inuit-owned business are extended.
- Revenues to Nunavut and Federal governments are extended.
- Potential negative economic and social impacts of mine closures on TMAC, its workers, Inuit, the Kitikmeot Region, and Nunavut are reduced.

In March 2015, TMAC and the KIA announced that they had entered into a Framework Agreement that, among other matters, renewed and expanded the IIBA to cover activities across the Hope Bay Greenstone Belt over the next 20 years. The Framework Agreement includes provisions for TMAC to provide the KIA with royalty payments, implementation payments, and water and wildlife compensation rates.

1.7.4 Sustainability

TMAC is committed to environmentally responsible and socially acceptable exploration and mining practices. TMAC strives to ensure that its activities provide immediate economic benefits and support longer-term training and capacity-building opportunities that will be of benefit to future generations.

TMAC has designed the Phase 2 Project to not have adverse negative effects on the natural environment or on the people and communities who rely on the natural environment. TMAC understands that Inuit reliance and use of the natural environment will extend in the future and has demonstrated through this EIS that future use of the natural environment will not be compromised by the Phase 2 Project. TMAC's environmental management systems protect biological diversity and ecosystem integrity.

As a sustained long-term mining operation, the Phase 2 Project represents a predictable and stable economic platform that can support a number of long-term initiatives that support sustainable development within the Kitikmeot region:

- The Phase 2 Project can potentially support regional infrastructure initiatives, such as regional transportation networks. For example, the Project will require the ongoing utilization of Northern marine shipping routes. Regular and predictable marine transport of bulk supplies by ship or barge may help to support efficiency initiatives for regional shipments to Kitikmeot communities.
- The Phase 2 Project will provide substantial trades, technical, and management training for Nunavummiut. These programs can be targeted towards desired long-term skills that will carry forward and create future opportunities for Nunavummiut.
- It is likely that, once established, a 20-year mining operation of the Hope Bay Project will provide a platform enabling the identification, permitting, and mining of additional gold reserves on the Hope Bay Property.
- The Phase 2 Project will provide sustained and predictable royalties and other payments to the KIA, NTI, and Government of Canada.
- The sustained nature of the Hope Bay Project will enhance Canadian presence in Canada's North during the current period of increasing international use of the Northwest Passage connecting the Atlantic, Arctic, and Pacific oceans.
- The presence of substantial physical infrastructure (i.e., airstrips, roads, camps, bulk fuel storage) may create opportunities for ongoing use by others after the mine closes. Physical infrastructure at the Hope Bay Project site might be of ongoing interest to local, regional, territorial, or federal governments.

1.8 REFERENCES

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