

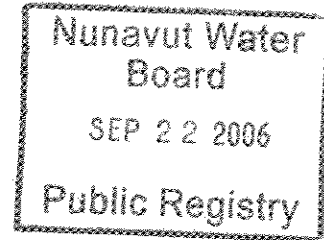


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September 22, 2006

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By FAX and e-Mail

Re: Doris North Project – Bonding Requirements for Project Reclamation

Dear Sirs:

I am writing in follow up to ongoing discussions between staff of Miramar Hope Bay Limited (MHBL) and the Kitikmeot Inuit Association (KIA) with respect to the calculation of the projected reclamation liability arising from the construction and operation of the proposed Doris North Project. As you are aware, MHBL staff continue to work in a cooperative manner with the KIA staff to determine the appropriate reclamation liability using the KIA's reclamation costing model and from previous estimates calculated using INAC's RECLAIM model. This process appears to be going well and is not the subject of this letter.

My concern is with respect to how bonding requirements will be handled for the Doris North Project. MHBL understands and accepts that it will be required to post an appropriate bond to cover the reclamation liability for the proposed Doris North Project in the unlikely event that MHBL is unable to meet its obligation in respect to reclamation of this site once mining has ceased. From our discussions with both the KIA and the Nunavut Water Board (NWB) staff, it appears that both the KIA and INAC will require that a bond be posted for this reclamation liability. Consequently, our concern is that MHBL will be asked to post two bonds as security for one liability; one to the KIA under the land leases and another to INAC under the water license. This would be an untenable situation for MHBL having significant adverse economic impact on the project financing and would require MHBL to reconsider how it moves forward with the Hope Bay Project. In effect this would result in MHBL being required to finance the cost of reclamation three times, once for the KIA bond, once for the INAC bond and once to complete the actual reclamation work before either bond was returned to MHBL.

In 2005 MHBL discussed this issue with Stephen Traynor of INAC and the KIA and we believe that all parties recognized the need to establish a mechanism to avoid double bonding. MHBL recognizes that this is primarily an issue between the KIA and INAC, but MHBL has a significant interest in the outcome and stands ready to participate wherever it would be helpful in finding a solution to this bonding issue. I would ask KIA and INAC to address this potential conflict at the earliest opportunity. We are hopeful that

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between KIA and INAC, a mechanism can be established to avoid double bonding prior to the NWB Water License hearing for the Doris North Project.

We believe that the precedent set by having duplicate bonding requirements would be a significant set back to future mining investment in Nunavut on Inuit Owned Lands. We recognize that this is not the intent of either the KIA or INAC.

Please contact David Long or Larry Connell of our office if we can be of any assistance in resolving this issue.

Regards
Miramar Hope Bay Limited



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cc:

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