

May 20, 2010

Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU  
X0B 1J0

Attn: Phyllis Beaulieu, Manager of Licensing, NWB  
Dionne Filiatrault, Executive Director, NWB

Dear Ms. Beaulieu and Ms. Filiatrault;

**Application for Amendment No. 2 of Water Licence No. 2AM DOH0713 (amendment regarding relocation of proposed Explosives Mixing and Storage Facility)**

We have your letter of April 15, 2010 (the “April 15 Letter”) in which the Board indicates that in its view, the proposed modification of February 24, 2010 to the Explosives Mixing and Storage Facility is not consistent with Part H, Item 1 of the Licence and contrary to the definition provided under Licence 2AM-DOH0713 (the “Type A Water Licence”) Schedule A – Definitions, and therefore inconsistent with the Type A Water Licence.

As requested by the Board, please find enclosed three copies of our amendment application No. 2 for the Type A Water Licence including:

- Water Licence Application form designating this submission as an **AMENDMENT**;
- Executive summary in English and Inuinnaqtun;
- Project Description together with updated engineering drawings; and
- A cheque in the amount of \$60.00 for the application fee and water use fee.

Responses to Additional Information Requests of April 15, 2010

In the April 15 Letter, the Board requests a clarification as to the “Temporary” nature of the installation, indicated on the drawings (title block) provided with the February 24, 2010 notification. In response, HBML has removed the “temporary” designation from the attached drawings. The reason for the “temporary” designation was that if development proceeds in other areas of the Hope Bay belt, the explosives facility may eventually be relocated. Such future development is separate from the Doris North Project and would be the subject of detailed

review by regulatory (including the Board and the Nunavut Impact Review Board) and Inuit authorities.

As well, in the April 15 Letter, the Board asks for the original application information with respect to design specifications, mitigation measures and monitoring requirements. With respect to design specifications, this information is included in the notes to engineering drawings included in this amendment package. HBML believes that emergency response procedures that are already in place will be adequate to address all potential accidents and/or malfunctions associated with this proposed change. Emergency response and spill plans will need to be updated to reflect the new facility layout but the response procedures currently in place will remain the same. HBML believes that the current monitoring requirements as laid out in the Commercial Lease, in the Type A Water License from the NWB, and in the NIRB Project Certificate are adequate to ensure that all potential environmental impacts associated with this proposed change are going to be captured and reported to the land owners and regulatory agencies in a manner accessible to the public.

#### Alternative Process for Approval of Modification

As an alternative to the amendment process, in the April 15 Letter, the Board indicates that “*as the modification is inconsistent with the License, the NWB has determined that HBML is required to submit an amendment application detailing the request.*” The Board does not indicate whether it considered Part H, Item 2 of the Type A Water Licence, “*Modifications for which all of the conditions referred to in Part H, Item 1 has not been met can be carried out only with written approval from the Board.*”

HBML requests that the Board consider whether it would be appropriate to exercise the powers authorized under Part H, Item 2 to permit HBML carry out the proposed Modification with written approval from the Board, provided it is satisfied with the additional information provided in this package in response to the Board’s request.

Should you have any questions regarding this submission or require any additional information, please do not hesitate to contact me directly.

Sincerely,

Chris Hanks  
Director, Environmental & Social Responsibility  
Hope Bay Mining Ltd.

cc. Stephanie Autut, NIRB  
KIA