

Project Description: Revised Location of Doris North Mixing and Storage Facility

In this document, HBML outlines its proposal to revise the location of its Explosives Mixing and Storage Facility (the “Explosives Facility”), as illustrated in the drawings attached to this memo at Appendix A. The Explosives Facility has not yet been constructed. The Explosives Facility was originally intended to be located north-west of the Doris camp site, a safe distance west of the primary access road. This facility will instead be installed at the Secondary access road close to the proposed South Dam at Tail Lake.

The Explosives Facility will be within the Commercial Lease boundary and the KIA has indicated it will permit the change. No other regulatory approvals are required to permit the change.

(1) Description of Project and Reason for Change

As set out in the original project description submitted to NIRB and NWB, the Doris North Project requires an Explosives Facility that includes Type-4 magazines to store high explosives, detonators and mixed ANFO. The Explosives Facility will also contain an ANFO mixing plant and bulk storage for Ammonium Nitrate. This facility will be designed and constructed in accordance with all appropriate federal and territorial regulations and will be subject to approval from the Mines Inspector.

The reason for the change to the location of the Explosives Facility is that the original proposed location would be unsafe. Construction scheduling required installation of the Doris North camp before blasting in Quarry 2 was complete. For safety reasons, access to Quarry 2 was relocated from the north to the west. The west access to Quarry 2 conflicts with the originally proposed Explosives Facility location as it no longer complies with the relevant safe quantity-distance requirements.

This change will not expand or alter the purpose or the function of the Explosives Facility.

(2) Confirmation of No Additional Impacts on Water and No Adverse Environmental Effects

HBML does not believe that there will be any additional impacts to water resulting from the changes to the Explosives Facility location, including impacts on drainage. There will be no

associated increase in water consumption or waste water generation. The change to the Explosives Facility location will have no impact on effluent quality. Drainage from the new location will continue to flow towards Tail Lake, as anticipated with respect to the Tail Lake road and other infrastructure remaining in the proposed location

Original materials submitted with the Doris North Project application are attached. It is HBML's opinion (formed in consultation with its Rescan consultants) that the proposed change will not change the environmental impact of the Doris North Project in any significant manner. HBML has not identified any potential environmental or socio-economic effects resulting from the change. The new location of the Explosives Facility will be within the area previously assessed with respect to the Doris North Project. HBML has not identified any new potential cumulative effects associated with the change and so has not identified any new mitigation measures with respect to the change.

(3) Confirmation that Modification is Consistent with Terms of License

HBML will continue to comply with the terms of the Licence during construction and operation of the Explosives Facility, in particular Part D "Conditions Applying to Construction".

HBML has reviewed the conditions of the License to confirm that the change is consistent with the terms of the License. Where relevant, HBML has addressed specific terms of the Licence below.

- Schedule A, "*Explosives Mixing and Storage Facility*" means a facility designed for the storage of ammonium nitrate, detonators and explosives; and designed for the mixing and storage of Ammonium Nitrate Fuel Oil (ANFO), as illustrated in the Revised Water Licence Application Supporting Document S4 entitled "Engineering Drawings for Tailings Containment Area and Surface Infrastructure Components", DWG. S-04 dated Mar 2007, SRK Job Number ICM014.008.

The Explosives Facility will be illustrated in *Engineering Drawings for the Doris North Explosives Facility, Doris North Project, Nunavut, Canada DWG TL-EXP-01*

HBML confirms that the revised Explosives Facility location will not trigger any substantive revisions to the plans required under the License, including:

- Emergency Response and Contingency Plan (as described in Part I, "Conditions Applying to Contingency Planning") (also known as the "Spill Contingency Plan" dated September 30, 2009 and the "Revised Emergency Response Contingency Plan" dated September 30, 2009);
- Water Monitoring Program (as described in Part J, "Conditions Applying to General and Aquatic Effects Monitoring" and as detailed in the Tables of Schedule J) ;
- Water Management Plan (as described in Part F, "Conditions Applying to Water Management" (note this plan is currently being prepared for submission); and
- Quality Assurance/Quality Control Plan (as described in Part K, "Conditions Applying to General and Aquatic Effects Monitoring Plans").

Maps included in these plans, in particular the Spill Contingency Plan, will need to be updated to reflect the revised site layout.

(4) Construction Schedule

HBML proposes to proceed with construction of the Explosives Facility as soon as practical.

Issued for construction drawings are currently being prepared by SRK Consulting (Canada) Inc. who will act as engineer-of-record for design and construction. These drawings will be submitted to the NWB as soon as they are available and in any event prior to construction. As -built drawings by a Professional Engineer registered in Nunavut will be submitted to the NWB within 90 days of completion.