Hope Bay Mining Ltd.
Suite 300
889 Harbourside Drive
North Vancouver, BC
V7P 3S1
T 604.985.2572
F 604.980.0731
www.newmont.com

Doris North Project

Proposed Amendment No. 003 to 2AM-DOH0713

- Expansion of Fuel Storage and Containment Facility
- Airstrip/bypass road expansion
- Revised location of cyanide/reagent storage facility

October 2010

1. Introduction

In this application, Hope Bay Mining Ltd. ("HBML") is requesting that the Nunavut Water Board ("NWB") amend Type A Water Licence No. 2AM-DOH0713 to permit HBML to implement the following changes that are required in order to proceed with construction and operation of the Doris North Project:

- expansion of Fuel Storage and Containment Facility (installation of additional fuel tanks at Roberts Bay);
- airstrip/bypass road expansion;
- revised location of cyanide/reagent storage facility.

HBML seeks permission in this application to commence ground preparation for construction of the expanded Fuel Storage and Containment Facility at Roberts Bay and depositing geochemically clean rock to build the airstrip bypass road and expanded airstrip no later than March 2011. Tanks are not scheduled to be installed on site until June 2011 and would not be filled with fuel until July 2011.

HBML does not believe that there will be any additional impacts to water resulting from this application. There will be no associated increase in water consumption or waste water generation. No waste will be deposited to waters nor will it be deposited under conditions in which the waste may enter waters in Nunavut.

2. Description of Proposed Amendments

What follows provides an overview of proposed changes in order to proceed with the construction and operation of the Doris North Project.

2.1. Expansion of Fuel Storage and Containment Facility

HBML proposes to expand its existing Fuel Storage and Containment Facility to permit installation of four additional 5.7 ML total storage capacity diesel fuel tanks and one 1.5 ML tank for bulk storage of Jet A fuel (the "Proposed Roberts Bay Tanks") at a site adjacent to (approx. 100 m south) the existing 5.7 ML fuel tank at Roberts Bay as illustrated in the attached drawings. HBML is not proposing to locate the new tanks immediately adjacent to the existing in Quarry 1, as specified in the Project Certificate and Type A because this would require blasting in the immediate vicinity, which poses an extreme risk of damage to the existing tank.

This proposed expansion of the Fuel Storage and Containment Facility will increase the total site diesel fuel storage capacity from 14 ML to 36 ML and will allow for storage of 1.5 ML of Jet A fuel. Installation of on-land tanks will eliminate or reduce the current practice of staged fuel delivering from fuel barges over-wintering in Roberts Bay. The vast majority of this fuel capacity will be used for construction of the Doris North Project

and mining related activities. Some of the fuel stored at the Doris North Project may be used for exploration activities in other areas of the Hope Bay belt.

Installation of the fuel tanks will proceed as follows. During foundation preparation for the fuel tanks, the outcrop will be drilled and blasted to create a level base which will ensure adequate foundation conditions. The lined berm containment design will be similar to that used for the existing fuel tank, and is consistent with all appropriate federal and territorial guidelines and regulations as well as industry best practice standards.

The proposed location of all fuel tanks is within the Commercial Lease boundary. HBML will continue to comply with the terms of the Licence during construction and operation of all fuel tanks. The installation of additional fuel tanks at Roberts Bay will not alter the purpose or the function of the Fuel Storage Containment Facility.

The enclosed report prepared by SRK Engineering Consultants Ltd. at Appendix A provides a detailed overview of the changes and provides further engineering details, including drawings and a description of the ground condition for design and engineering.

2.2. Airstrip/ Bypass Road Expansion

Using the rock quarried during the construction of the revised Fuel Storage and Containment Facility, HBML will construct a short all weather service road bypassing the airstrip (which currently operates as both airstrip and road) and also extend its airstrip to permit landing of larger aircraft at site. These measures will improve access from Roberts Bay to Doris because it will eliminate delays waiting for aircraft and improve safety because it will eliminate vehicle traffic from the airstrip. No water crossings are required.

The enclosed report prepared by SRK Engineering Consultants Ltd. at Appendix B provides a detailed overview of the changes and provides further engineering details, including drawings and a description of the ground condition for design and engineering.

2.3. Change to Reagent/ Cyanide Storage Location

HBML also requests permission to construct purpose built secondary containment facilities for the relocated reagent and cyanide storage. The proposed location of these facilities has changed from the Doris North Camp laydown areas to the Lower Reagent Pad.

The enclosed report prepared by SRK Engineering Consultants Ltd. at Appendix C provides a detailed overview of the changes and provides further engineering details, including drawings and a description of the ground condition for design and engineering.

3. Predicted Environmental Impact and Proposed Mitigation Measures

The Doris North Gold Mine Project was initially proposed by Miramar Hope Bay Ltd. and underwent a Part 5 Review in accordance with Article 12 of the *Nunavut Land Claims Agreement* ("NLCA"). On September 15, 2006 the NIRB issued Project Certificate No. 003 (the "Project Certificate"), allowing the Doris North Gold Mine project to proceed subject to project specified terms and conditions.

The proposed amendment is consistent with the terms of the Project Certificate. HBML will continue to comply with the following specific conditions to the Project Certificate in relation to the proposed changes:

- 20. MHBL shall ensure the use of containment booms and berms to control potential spills whenever fuel and or waste is transferred between a barge and the shore. MHBL shall ensure spill kits are at hand at these locations at all times;
- 33. MHBL shall ensure that areas used to store fuel or hazardous materials are contained using the safest methods practically available; and
- Appendix A, "Air Quality": Use of an aggressive fuel conservation effort.

It is HBML's opinion that while the proposed changes to fuel tankage, airstrip and reagent storage represent a change from the Project as reviewed during the NIRB environmental assessment process and the NWB Type A Water License process, this change is not significant and will not change the environmental impact of the Doris North Project in any significant manner.

The enclosed report prepared by Rescan attached at Appendix D supports HBML's view that that the proposed changes are minimal in the context of the Doris North Project and will not have any impact on the predicted environmental impacts of the Doris North Project.

The enclosed report prepared by Gabriela Prager attached at Appendix E addresses the potential for impacts on archaeological resources resulting from the proposed changes and confirms the potential for such impacts is low.

4. Consultation with Respect to Proposed Amendments

Some of the proposed changes were first introduced to the public at the Kitikmeot Socio-Economic Monitoring Committee (KSEMC) meeting held in Kugluktuk on March 4, 2010. The KSEMC is chaired by the Department of Economic Development and Transportation, and includes a number of departmental representatives, representatives from Indian and Northern Affairs Canada, and Kitikmeot community representatives. The possibility of extending the Doris Airstrip was explored. No comments were made on the changes described in this application.

A more detailed plan was presented during the Nunavut Mining Symposium, April 14, 2010. The Symposium is an annual gathering of persons interested in mining in Nunavut held in Iqaluit. The audience for the presentation included government officials, investors, Nunavut explorers and miners, Inuit Organization representatives, and the public at large. At this stage of project planning, the modifications to the Roberts Bay tank farm were under consideration. No comments were made on the changes described in this application.

In the following week, on April 20, 2010, more detailed plans and maps were available for distribution and were presented to the Kitikmeot Inuit Association Board of Directors during a project briefing at their public board meeting in Gjoa Haven. The KIA is the Regional Inuit Association (RIA) for the Kitikmeot region, and its board consists of Kitikmeot community members and several executive members. The proposed infrastructure maps included the proposed location for remainder of Roberts Bay fuel tankage, extension to the airstrip and bypass road and the revised location of the cyanide and reagent storage area. No comments were made on the changes described in this application.

After April 20, 2010 the same set of Infrastructure Drawings as presented to the KIA in Gjoa Haven were made available to the general public at the Cambridge Bay Storefront Office. HBML operates a publicly accessible office in Cambridge Bay at #4 Omingmak Street. Any walk-in traffic was referred to these sets of drawings to describe Hope Bay Mining Limited infrastructure plans including the need to obtain Water License changes for same. Although specific questions and concerns were not tracked for walk-in traffic in Cambridge Bay, in general, direct in person inquiries are most often related to employment searches.

On July 8, 2010, the Doris North Inuit Environmental Advisory Group commissioned under the Doris North Commercial Lease toured Site. This advisory group consists of 10 members of the Cambridge Bay Community Beneficiary Committee and Elders from the Umingmaktok and Kingaok areas. All site infrastructure was viewed and the location and timing of Doris North development described. No comments were made on the changes described in this application.

On July 15, 2010, the Kitikmeot Inuit Association Board of Directors was provided a Site tour of Doris Camp and Roberts Bay where the exact locations of proposed infrastructure changes could occur were viewed. During the Site Tour, the Board was briefed on where and when proposed Doris North infrastructure would be built. No comments were made on the changes described in this application.

On August 18, 2010, the Kitikmeot Corporation Board of Directors (KC) was provided a Site Tour of Doris North Camp and Roberts Bay where the exact locations of proposed infrastructure changes could occur were viewed. The Kitikmeot Corporation is a private company wholly owned by the KIA which operates several joint venture businesses that are active contractors for HBML at Hope Bay. The KC Board is made up of Inuit businesspeople from across the region. Also during the tour, a presentation was made

to the Board on the Doris North construction schedule and where on the site each project component would be built. During this presentation, the options of both trucking water in the wintertime and building a permanent water line to Windy Lake from Doris Camp were described. No comments were made on the changes described in this application.

On June 14, 2010, an updated version of the Nunavut Mining Symposium Presentation was delivered to the Hamlet Council for the Municipality of Cambridge Bay. The Municipality of Cambridge Bay is a municipal corporation as per Article 14 of the *Nunavut Land Claims Agreement*. Its Council is made up of members of the public resident in Cambridge Bay. During the meeting, planned infrastructure drawings were shown and where applicable, deviations from the existing water license noted. No comments were made on the changes described in this application.

On June 20, 2010, the Hope Bay contract archeologist, Gabriella Prager, made a presentation during the Kitikmeot Heritage Society Open House (KHS) in Cambridge Bay to describe archeological field investigations at Hope Bay. During this presentation, a Hope Bay Project Map was presented that included the above mentioned infrastructure elements and discussed in relation to the use of archeology to inform development plans. The KHS is a not for profit organization located in Cambridge Bay dedicated to heritage appreciation. The KHS operates the May Hakongak Community Cultural Center and gains direction through a local Board made up of Elders. No comments were made on the changes described in this application.

Between August 20 and August 27, 2010, a Kitikmeot Community Consultation Tour was conducted. Public meetings were held in Kugluktuk, Cambridge Bay, Gjoa Haven, Taloyoak and Kugaaruk respectively. The focus of these meetings was to introduce Phase 2 development plans to the public. However, during these meetings, specific reference was made for the need for Type A Doris North Water License changes, including the presentation of updated infrastructure maps. No comments were made on the changes described in this application.

> Kugluktuk - Held on a Friday night in poor weather, turnout for the Kugluktuk meeting was lower than anticipated. Discussion topics included language requirements for workers; current employment levels; camp capacity and plans for expansion; the anticipated length of mine life; underground mining plans; and development of the Roberts Bay jetty.
>
> Cambridge Bay - Many of the people who attended the Cambridge Bay meeting were involved with regulatory agencies or local organisations with an interest in the Project, such as the KIA, Nunavut Arctic College, the Hamlet of Cambridge Bay, and the community's MLA. Questions covered a range of topics, including training opportunities; the environmental assessment process; the IIBA process; potential Development Partnership Agreement with the GN; the design of the underground mine; tailings storage options; literacy requirements for the

workforce; and support mechanisms for employees, their families, and hamlet services.

Taloyoak - The meeting in Taloyoak was well attended by elders and others from across the community. Discussion topics included climate change; possible site visits for local residents; mine abandonment; training and opportunities for youth; helicopter use and wildlife; and potential effects on human health.

Kugaaruk - Participation in Kugaaruk included a number of high school students, as well as adults. Questions were primarily regarding training and employment opportunities and applications.

Gjoa Haven - The meeting in Gjoa Haven had the largest attendance of all the meetings this round. The broad spectrum of participants included elders, workers, regulators, and other residents. Questions were primarily regarding opportunities for work; employment requirements; training; scheduling; and activities in the Windy Lake area.

In summary, feedback on site specific infrastructure or project components related to this amendment submission is sparse or non-existent in the consultation record. No comments were made on the changes described in this application. At no time did anyone consulted indicate opposition to plans to implement the changes to the Doris North Project described in this application. The public and groups consulted did however express satisfaction that they had been informed of HBML activities.

5. Financial Security Assessment

HBML will consider the proposed facilities in respect of *Mine Site Reclamation Policy for Nunavut*, Indian and Northern Affairs Canada, 2002 and will provide a supplemental document to the NWB which will consider the issue of security in relation to the proposed amendment.

6. Updates to Required Plans

HBML confirms that the changes 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.

7. Proposed Construction Schedule

HBML must start activities relating to the installation of additional fuel tanks at Roberts Bay by March 2011 in order to minimize and avoid continued over-wintering of fuel vessels. Installing additional on land tankage is preferable from both an environmental and economic perspective.

Shortly after these activities commence, HBML will wish to start depositing rock quarried from Roberts Bay on the airstrip and bypass road. Completion of all infrastructure related to the changes is anticipated by September 2011.

8. Compliance Assessment

At Appendix F to this Project Description, HBML has provided a detailed compliance assessment and status report which confirms that HBML has implemented steps to address all potential compliance issues raised in respect of Type A Water Licence 2AMDOH0712 to date.

In HBML's view, it is currently in substantive compliance with all terms of Type A Water Licence 2AMDOH0712. As set out in Appendix H, HBML will have submitted all required plans under the licence and fully addressed all issues raised in correspondence with the NWB, by March 2011.

9. Compliance with Existing Licence Provisions

HBML will continue to comply with the terms of the Licence during construction and operation of all fuel tanks. HBML has addressed specific terms of the Licence relevant to this application in the following table.

Term	**Confirmation of HBML Compliance**
Part B, Item 12. *The Licensee shall post signs in the appropriate areas to inform the public of the location of the … Waste Disposal Facilities. All signs must be in English, Inukitut and Inuinnaqtun and shall be located and maintained to the satisfaction of an Inspector.*	HBML will install all required signage.
Part D, Item 11. *The Licensee shall ensure that the construction and operation of the Fuel Storage and Containment Facility(s) meets, at a minimum, all applicable*	All fuel tanks will be constructed and operated in accordance with applicable legislation and standards.

Term	Confirmation of HBML Compliance
legislation and industry standards that include the following: a. Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products, 2003, PN1326; CCME; b. National Fire Code, 1995.	
Part D, Item 12. *The Licensee shall discontinue quarry operations in Quarry #1 upon commissioning of the Fuel Storage and Containment Facility.*	Quarry operations in Quarry #1 are complete. As set out in the engineering drawings, the proposed location of the Roberts Bay fuel tanks is approximately 100 m away from Quarry #1. The installation site of the new Roberts Bay fuel tanks has been proposed to avoid blasting in the immediate vicinity of the existing fuel tank located within Quarry #1, which is consistent with Part D, Item 12.
Part D, Item 15. *The Licensee shall conduct all activities, including the construction of the all weather roads, in such a way as to minimize impacts on surface drainage and shall* *immediately undertake any corrective measures in the event of pooling of water or any impacts on surface drainage.*	Construction of the airstrip and bypass road will proceed in compliance with this section.
Part D, Item 25. *The Licensee shall ensure that all containment and runoff control structures are constructed and maintained to prevent escape of wastes to the surface or groundwater systems.*	All fuel tanks will be constructed and maintained in accordance with the requirements of Part D, Item 25.
Part D, Item 26. *The Licensee shall submit to the Board for review, within ninety (90) days of completion of all structures designed to contain, withhold, divert or retain waters or wastes during the construction phase, a Construction Summary Report prepared by a qualified Engineer(s) that shall include as-built drawings, documentation of field decisions that deviate from original plans and any data used to support these decisions.*	Following completion of all fuel tank installations, HBML will submit a Construction Summary Report as described in Part D, Item 26.

<table>
<tr><th>Term</th><th>Confirmation of HBML Compliance</th></tr>
<tr><td>Part G, Item 2. The Licensee shall ensure that all land applied discharges are performed in a manner that prevents erosion at the point of discharge and downstream.</td><td>Any land applied discharges will be performed in a manner that prevents erosion at the point of discharge and downstream.</td></tr>
<tr><td>Part G, Item 22. The Licensee shall operate and maintain the Sumps in accordance with the following: …

e. Water discharged from the Fuel Storage and Containment Facility Sumps at monitoring stations ST-5 and ST-6 shall not exceed the following effluent quality limits:

<table>
<tr><td>Parameter</td><td>Maximum Average Concentration (mg/L)</td><td>Maximum Concentration in any Grab Sample (mg/L)</td></tr>
<tr><td>pH</td><td>6.0-9.0</td><td>9.0</td></tr>
<tr><td>TSS</td><td>15</td><td>30</td></tr>
<tr><td>Total Oil and Grease</td><td>5</td><td>10</td></tr>
<tr><td>Total Lead</td><td>0.02</td><td>0.02</td></tr>
<tr><td>Benzene</td><td>0.37</td><td>-</td></tr>
<tr><td>Toluene</td><td>0.002</td><td>-</td></tr>
<tr><td>Ethyl benzene</td><td>0.090</td><td>-</td></tr>
</table>
f. Water from the Fuel Storage and Containment Facility Sump that is acceptable for discharge under Part G, Item 22(e) may be discharged to the tundra or as designated by an Inspector; and
g. Sump water from the …. Fuel Storage and Containment Facility that does not meet the criteria in Part G, Items 22 (a), (c) and (e) respectively shall be directed to the Tailings Impoundment Area.</td><td>HBML wishes to add an additional monitoring station and discharge point at the new Roberts Bay tank farm site (ST-11) in an appropriate location. If approved, HBML proposes to establish the locations and GPS coordinates of ST-11 in consultation with an Inspector. HBML will install additional monitoring stations in relation to the airstrip and bypass road as considered necessary by the NWB.</td></tr>
<tr><td>Part H, Item 3. The Licensee shall provide</td><td>Issued for construction drawings are</td></tr>
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Term	Confirmation of HBML Compliance
as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.	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 per the requirements of Part H, Item 3 of the License, as-built drawings stamped by a Professional Engineer registered in Nunavut will be submitted to the NWB within 90 days of completion.
Part I, Item 5. *The Licensee shall ensure that any chemicals, petroleum products or unauthorized wastes associated with the project do not enter water. All Sumps and fuel caches shall be located at a distance of at least thirty (30) metres from the ordinary high water mark of any adjacent water body.*	All fuel tanks and sumps will be located at a distance in excess of 30 metres from the ordinary high water mark of all adjacent water bodies.
Part I, Item 6. *The Licensee shall provide to the satisfaction of an Inspector, secondary containment for fuel storage as required by applicable standards and acceptable industry practice.*	All fuel tanks will be contained within a bermed, lined area as per the designs for the existing fuel tank farm.
Part J, Item 1. *The Licensee shall install and maintain flow meters or other such devises, or implement suitable methods required for the measuring of water use and Effluent discharge volumes, to be operated and maintained to the satisfaction of an Inspector.*	Water pumped from the sump in the lined berm will be metred.
Part J, Item 20. *The Licensee shall visually monitor and record observations on a daily basis during periods of discharge, all discharge onto the tundra from the:* *…* *d. Plant Site Fuel Storage and Containment Area Sump;* *e. Roberts Bay Fuel Storage and Containment Area Sump; and* *The monitoring results shall be made*	Discharge from the fuel tanks discharged from sumps will be monitored as per Part J, Item 20 and HBML will make monitoring results available to an Inspector as required.

Term	Confirmation of HBML Compliance
available to an Inspector upon request.	