

May 27, 2010

Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay, NU
X0B 0C0

Attn: Amanda Hanson, Technical Advisor, Nunavut Impact Review Board

2010/2011 Hope Bay Belt Fuel Planning

Dear Amanda,

HBML is writing this letter in response to your e-mail to Lea-Marie Bowes-Lyon dated April 28, 2010 requesting further information regarding plans for 2010/2011 fuel storage and delivery to support construction of the Doris North Project and continued exploration activities on the Hope Bay belt. Due to the need to interact with potential vendors we held our response in order to provide you with the most fulsome response possible. We expect to have negotiated final commercial terms and to award the contract within the week. HBML has also had detailed discussions with KIA regarding Doris North project construction and Hope Bay belt exploration planning, including fuel delivery and storage components.

For 2010/2011, HBML is not proposing any changes to past fuel delivery practice. The practice of staged delivery of fuel via over-wintering of fuel barges at Roberts Bay to support operations has been ongoing since exploration on the Hope Bay belt began around 2000. In the draft Transport Canada *Arctic Waters Guidelines/Standards for Lay Up of Petroleum Barges in Land Fast Ice* (enclosed), Transport Canada recognized Roberts Bay as one of the locations where over-wintering occurs.

With respect to fuel storage at the Doris North Project, HBML will be storing fuel in the existing 5.7 million litre ("ML") fuel tank at Roberts Bay. During 2010, HBML plans to construct five-1.5 ML fuel tanks at the Doris North plant site. Each of these tank farms associated with Doris North have previously been considered by NIRB, are approved by the Nunavut Water Board ("NWB") under the Type A Water Licence 2AMDOH-0713 and are as per the KIA Commercial Lease. Fuel will be delivered directly to the Roberts Bay fuel tank from the fuel barge. Fuel will be transported to tanks located at the Doris North plant site via truck from Roberts Bay. This delivery method will take additional time and prevent immediate departure of the fuel vendor barges. In addition, HBML has approximately 1 ML of fuel in various tanks associated with exploration activities outside the scope of the Doris North Project Certificate at Windy Camp, Boston and Patch Lake as described under the Type B Water Licences 2BB-BOS0712 and 2BE-HOP0712 and applicable KIA Land Use Licences.

To supply fuel for use during construction of the Doris North Project and to support continued exploration on the Hope Bay belt during 2010/2011, HBML's fuel contractor will be shipping fuel to Roberts Bay in a double-hulled ice class fuel barge that includes internal tank subdivision (as contemplated in the draft *Arctic Waters Guidelines/Standards for Lay Up of Petroleum Barges in Land Fast*). The specific vessel that is ultimately selected will undergo detailed inspection by marine specialists in order to further confirm its suitability for the task and to ensure continued compliance with all regulatory requirements (as outlined below). This step goes above any regulatory requirement and is being conducted by Newmont as an extra step of due diligence.

In order to permit delivery to the site, as in past years the fuel barge will be moored in Roberts Bay. As in past years, it is anticipated that the contractor will not be able to deliver all fuel from the barge into the Roberts Bay fuel tank and fuel trucks (for transport to the plant site, Windy, Boston and Patch Lake tanks) before ice up and that some fuel delivery will take place while the barge is located in land-fast ice. This year, it is anticipated the fuel shipment to site will total approximately 18 ML, which will be allocated between the Doris North Project and exploration in other parts of the Hope Bay Belt. Approximately 3 ML of fuel will be delivered on Aug. 15, 2010 and approximately 2 ML will be delivered on Sept. 15, 2010. Another approximately 7.5 ML will be delivered once the Doris North plant site fuel tanks are constructed. The remaining approximately 6 ML will be delivered from the barge to site over the balance of the winter months (Q1 and Q2 of 2011). As in past years one of the reasons staged fuel delivery is necessary is that the Boston site can only be resupplied by winter road and so the consigned fuel cannot be delivered until that road is in place. As in past years, fuel delivery to the exploration sites will continue on through the winter as more fuel is needed.

Shipment of fuel to the Canadian Arctic is heavily regulated, and HBML requires its fuel contractors to ensure compliance with all legislation and with Transport Canada guidelines and standards related to fuel barges and fuel transfers in the Arctic. There are no specific governmental permits or approvals that are required to permit fuel barges to lay up at a moorage. Over-wintering fuel barges is a common shipping practice at suitable land-fast ice locations in the Arctic due to the short open water shipping season. Transport Canada has developed the draft *Arctic Waters Guidelines/Standards for Lay Up of Petroleum Barges in Land Fast Ice* to specifically address this practice, with input from interested parties including other government departments with interests in the Arctic. Although these have not been finalized, HBML and its fuel contractor will meet the standards set out in these draft guidelines to insure that best practice is being instituted.

Primarily, fuel barges operate under the jurisdiction of the *Canada Shipping Act, 2001* which is administered by Transport Canada, Marine Safety ("TCMS"). As well, all barges that carry fuel in bulk are required to meet the standards of design, construction, strength, stability, equipment and arrangements as prescribed in the *Regulations for the Prevention of Pollution from Ships and for Dangerous Chemicals* and as further outlined in the *Standards and Guidelines for the Construction, Inspection and Operation of Barges that Carry Oil in Bulk* (TP 11960). To that end, HBML's fuel contractor will engage with TCMS to ensure all requirements are met in relation to the planned shipment, as well as to obtain TCMS regulatory advice and expertise.

Additionally, fuel barging is subject to many Arctic-specific pollution prevention standards. The barges must be operated in accordance with the *Arctic Waters Pollution Prevention Act*, *Arctic Waters Pollution Prevention Regulations*, *Arctic Shipping Pollution Prevention Regulations*, and *Shipping Safety Control Zones Order*. The shipment will also be governed by the *Guidelines for the Operation of Tankers and Barges in Canadian Arctic Waters (Interim)* (TP 11663E) and the *Arctic Ice Regime Shipping System Standards* (TP 12259E).

With respect to transfers between the barge and fuel tanks/ fuel truck, the fuel contractor and HBML will follow the *Arctic Waters Oil Transfer Guidelines* (TP 10783) issued by Transport Canada, which sets out specific safety measures, best practices and checklists for oil transfers in ice-covered waters. The *Arctic Water Pollution Prevention Regulations*, the *Arctic Shipping Pollution Prevention Regulations* and the *Regulations for the Prevention of Pollution from Ships and for Dangerous Chemicals* all include provisions which apply to transfers of petroleum oil products in Canadian waters and will be followed. As well, HBML and its contractors will follow Condition 20 of the NIRB Project Certificate during all transfers, which states that, “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.”

As for specific relevant spill contingency planning and training, the fuel contractor will have a Shipboard Oil Pollution Prevention Plan in place on the barge. HBML also will outline activity-specific protocols relating to barge unloading activities in its Oil Pollution Prevention/ Oil Pollution Emergency Plan (“OPPP/OPEP”), which has been prepared by HBML to meet requirements under the *Canada Shipping Act, 2001* and its *Response Organizations and Oil Handling Facilities Regulations*. HBML’s OPPP/OPEP is presently under review by Transport Canada. A copy will be provided to NIRB once it is finalized and in any event prior to the commencement of fuel delivery. These contingency plans include detailed summaries of reporting requirements under the applicable legislation, including the federal *Fisheries Act* and *Spill Contingency Planning and Reporting Regulations for Nunavut*. HBML has also retained Mr. Steve Potter of SL Ross Environmental Research Ltd., an expert in the field of spill response training and contingency planning, to provide both basic and advanced oil spill prevention and response training to HBML employees at site during July 2010. This site-specific training will specifically address best practices for barge to truck and barge to fuel tank transfers.

Together, these legal requirements, guidelines, plans and training exercises ensure the continued safety and efficiency of fuel shipping and handling operations to the Doris North Project and to HBML's other exploration projects on the Hope Bay Belt.

Sincerely,

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

cc. KIA