



April 5, 2013

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, NU X0E 1J0

Our reference
IQALUIT-#652277

Your reference
2AM-DOH0713

**Re: Doris North Gold Project – Hope Bay Mining Ltd. – Application to assign
licence #2AM-DOH0713 to TMAC Resources Inc. – Kitikmeot Region**

Dear Ms. Beaulieu,

Thank you for your email of February 28, 2013, concerning Hope Bay Mining Ltd.
application to assign the above-mentioned water licence to TMAC Resources Inc.

A memorandum is provided for the Board's consideration. Comments have been
provided pursuant to the Department's mandated responsibilities under the *Nunavut
Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs
and Northern Development Act*.

Please do not hesitate to contact me by telephone at 867-975-4555 or email at
David.Abernethy@aandc-aadnc.gc.ca for further information.

Yours very truly,

David Abernethy
Regional Coordinator
Water Resources Division
Resource Management Directorate
Aboriginal Affairs and Northern Development Canada
Iqaluit, NU X0A 0H0

Encl.

c.c.: Murray Ball, Manager of Water Resources (AANDC, Iqaluit, NU)
Eric Allain, Manager of Field Operations (AANDC, Iqaluit, NU)
Karen Costello, Director of Resource Management (AANDC, Iqaluit, NU)

Memorandum

TO	Phyllis Beaulieu Manager of Licensing Nunavut Water Board	OUR REFERENCE IQALUIT-#652277
FROM	David Abernethy Water Resources Regional Coordinator Aboriginal Affairs and Northern Development Canada	YOUR REFERENCE 2AM-DOH0713 DATE April 5, 2013
SUBJECT	Doris North Gold Project – Hope Bay Mining Ltd. – Application to assign licence No. 2AM-DOH0713 to TMAC Resources Inc. – Kitikmeot Region	

A. PROJECT DESCRIPTION

On February 28, 2013 the Nunavut Water Board (“NWB” or “Board”) provided notification that Hope Bay Mining Ltd. (“HBML”) had submitted an application to assign the Doris North Gold Project’s Type ‘A’ licence to TMAC Resources Inc. (“TMAC”). It should be noted that HBML submitted two additional applications to assign the Hope Bay Regional Exploration Project’s Type ‘B’ licence, No. 2BE-HOP1222, and the Boston Advanced Exploration Project’s Type ‘B’ licence, No. 2BB-BOS1217, to TMAC.

On March 12, 2013, HBML and TMAC closed a January 25, 2013 transaction agreement where TMAC agreed to purchase and HBML agreed to sell the Hope Bay Gold Project, including all mineral and surface rights and related assets. This transaction agreement allows TMAC to proceed with re-commencing development of the Doris North Project and exploration of the Hope Bay Belt, which were placed in care and maintenance on January 31, 2012.

The existing reclamation security required by the licence (\$11,714,000) is in the form of a single letter of credit issued by the Bank of Montreal on behalf of HBML. It identifies Her Majesty the Queen in Right of Canada as represented by the Minister of Indian Affairs and Northern Development as the sole beneficiary.

Hope Bay Mining Ltd. has agreed to maintain or renew the required security on TMAC’s behalf for an indefinite period. This was communicated in the February 6, 2013 cover letter that accompanied submitted assignment application,

In relation to the letters of credit held by Aboriginal Affairs and Northern Development Canada pursuant to the Hope Bay Belt Water Licences, no changes to these letters of credit are requested at this time. Under the Agreement, HBML has agreed to maintain or

renew letters of credit securing the obligations under the Hope Bay Belt water licences until TMAC arranges for replacement security.

The department anticipates that the required security amount will increase following the Board's review of the August 2012 *Doris North Closure and Reclamation Plan* and the December 31, 2012 *Hope Bay Project Closure and Reclamation Cost Estimate – 2012 Update for NWB Licenses 2AM-DOH0713, 2BB-BOS1217, and 2BE-HOP1222* that HBML submitted pursuant to Parts L and C of the licence. The proposed new security amount is \$13,090,000.

B. RESULTS OF REVIEW

On behalf of Aboriginal Affairs and Northern Development Canada ("AANDC"), the following comments are submitted for the Board's consideration,

1. Replacement security

AANDC has no real concern with the requested assignment apart from the provision of replacement security in a timely manner. TMAC should furnish and maintain the reclamation security specified in Part C, Item 1 of the licence within 90 days of assignment rather than allowing this issue to remain outstanding indefinitely. The existing letter of credit should be replaced with a single letter of credit. The replacement security must be furnished and maintained with the Minister of AANDC in accordance with section 76 of the [Nunavut Waters and Nunavut Surface Rights Tribunal Act](#) and the [Mine Site Reclamation Policy for Nunavut, 2002](#). A template letter of credit can be made available upon request.

Prepared by David Abernethy