

June 20, 2011

Ian Rumbolt
Water Resource Officer – Kitikmeot Region
Indian and Northern Affairs Canada
P.O. Box 100
Iqaluit, NU
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(867) 975-4548

Re: INAC Inspection of Hope Bay March 15 ‘Issues Addressed’ Update (2AM-DOH0713 and 2BB-BOS0712)

Dear Mr. Rumbolt,

Hope Bay Mining Ltd. would like to provide you with an update regarding issues that were identified during your most recent inspection of the Hope Bay project on March 15, 2011. The water licences that were inspected were 2BB-BOS0712 and 2AM-DOH0713. The issues listed in your inspection report, and how they have been addressed, are as listed below, by licence.

2AM-DOH0713

1. Water Supply: MSDS should be visible and in an easy to access location.
 - No chemicals are stored in the water supply pumphouse so there are no MSDS sheets to display.
2. Waste Disposal: No MSDS could be located for the chemicals stored in the sewage treatment plant. An updated MSDS binder should be placed in the plant and should be easily located if needed.
 - A binder with MSDS sheets has been put together and placed in an easy to access location in the sewage treatment plant.
3. Solid Waste: Metals and wires were found burned and placed outside of the burn shed, this is not permitted. The company is aware of the issue and will monitor the situation so it doesn't happen again.
 - The area continues to be monitored and clear instructions have been provided to the contractor. The area is in the process of being cleaned-up.
4. Fuel Storage: It was noticed that a couple of the bermed areas were filled with snow and one also had a gas can (open cap/funnel) placed there. It is recommended that the bermed areas be shoveled out to

avoid dealing with possible contaminated water when the snow melts. Gas cans should be capped properly and not stored in the bermed area designated for diesel storage.

- Snow was removed from the bermed areas.
- The open jerry can was removed.
- A plan for removing and treating potentially contaminated effluent in spring is being developed by Facilities.

5. Contractors

Swick – Fuel tank located outside of their building and within a secondary containment berm/liner, however the liner is not properly constructed and the sides of the liner are sticking out. There is a low end in the liner next to the pipes that should be dealt with also, so fuel is contained in the event of a spill.

- The fuel tank berm has been improved to provide spill control and the piping no longer exists.

McCaw North – Waste oil should be properly stored or removed from the shack. This waste oil must be disposed of properly. MSDS are required for the shack and should be available if needed.

- The waste oil has been properly dealt with and only minimal quantities of any product are in the shop.
- A small berm has been constructed inside the shop for containment.
- MSDS sheets are in the shop and accessible.

Geotech – Waste oil scattered throughout the warehouse. This should be properly stored or removed for proper disposal. MSDS are required for the warehouse.

- Waste oil is being managed properly now and MSDS sheets are in the shop and accessible.

2BB-BOS0712

1. Water Supply: At the time of the inspection the pump house shack was located on the lake, but will be moved back on land in the spring. The pump house was placed on the lake due to frozen lines. A plan should be developed to resolve this issue.

- The pumphouse at Boston Camp has always been placed out on the frozen lake in winter. We request clarification as to the expectation with regards to this issue.

2. Waste Disposal: To date the recorded sewage effluent was 701,479 Litres. However, it is unknown if this number is a combination of effluent discharge from both the Windy and Boston camps or from Boston alone.

- The meter that is recording the discharge at the sewage treatment plant has been in place since Boston reopened in June 2010. The monthly average for sewage effluent is ~58 m³/month and this is consistent with the population numbers at Boston since June 2010. The meter on the discharge has been replaced due to a calibration issue that was detected while investigating the discharge volumes. The freshwater intake meter has also been replaced with a more sensitive meter to improve volume measurements with low intake flows (i.e., when only small volumes of water are being pumped through the line).

3. Solid Waste: Wood materials (pallets etc) will have to be dealt with at some point.
 - Wood clean-up is on-going and the spring clean-up will be performed.
4. Fuel Storage: Waste oil in the maintenance shack was stored in 5 Gallon containers with no covers. This should be removed and stored properly in the lined area designated for fuel/waste oil storage.
 - The waste oil issue in the maintenance shop was removed and stored as directed on the day of the inspection.

General:

HBML has been looking into an online MSDS database that is customized and maintained under contract. HBML currently has access to MSDS for any chemical via the Canadian Centre for Occupational Health and Safety website; however, a plan will be developed to ensure that all HBML employees and contractors have access to this information. A plan is being developed to create, and maintain, an accurate listing of all chemicals on-site. Contractors will be held responsible for keeping all applicable MSDS available in the storage and handling area.

We trust that these answers address the issues outlined in the inspection report. Should you have any questions regarding this, please do not hesitate to contact me at angela.holzapfel@newmont.com.

Sincerely,



Angela Holzapfel
Manager of Environmental Compliance
Hope Bay Mining Ltd.

cc. Phyllis Beaulieu – Nunavut Water Board