

March 07, 2011

Ian Rumbolt
Water Resource Officer, Kitikmeot Region
Indian & Northern Affairs Canada
PO Box 278, Kugluktuk, NU X0B 0E0
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VIA EMAIL

Dear Ian,

Re: 2AM-DOH0712 – Placement of Diabase Material from Quarry 2 in the Frozen Core Dam

On February 24, 2011, the crusher operators requested assistance from the geology department to identify the hard rock encountered in the past several days while crushing materials for construction of the frozen core dam. It was determined that the hard rock encountered in Quarry 2 is diabase material that has not been encountered or tested in previous characterization or monitoring programs. Visual inspections indicated that a small portion of the diabase contained small quantities of sulphide minerals. Some of this material has been used in the construction of the frozen core. A small amount was also found mixed in the run of quarry (ROQ) rock used to construct the shell surrounding the frozen core.

The following mitigation measures have, or will, been implemented:

- The crushed materials used in the frozen core will be permanently encased, therefore, do not pose a risk for acid generation. These materials will be left in place.
- The ROQ material used in the shell area of the dam was closely inspected by a site geologist, and very little diabase (<0.1%) was found to be present. This material was well mixed with the basalt, which contains abundant carbonate minerals. Therefore, the mixed rock is expected to be non-acid generating, and this material will be left in place.
- Loose diabase material has been set aside and will not be used for further construction.
- The quarry faces have been mapped to identify the diabase, and will be inspected regularly to avoid future issues. This identified diabase material will be avoided.
- 3 samples of the diabase material have been submitted for ABA testing.
- Construction area seepage monitoring will be included in the dam and access road areas to monitor for potential acidic seepage.

If you require any further information or have any questions please feel free to contact the undersigned at angela.holzapfel@newmont.com.

Sincerely,

Angela Holzapfel
Manager of Environmental Compliance
Hope Bay Mining Ltd.

cc. Phyllis Beaulieu, Nunavut Water Board
Li Wan, Nunavut Impact Review Board