

September 28, 2012

Eva Paul
Water Resources Officer
Aboriginal Affairs and Northern Development Canada
Nunavut Regional Office
Building 918, PO Box 100
Iqaluit, NU X0A 0H0

Dear Ms. Paul,

Thank you for your letter of September 27, 2012 regarding the Temporary Closure of Doris Camp during Care and Maintenance. In addition to my brief email response on September 27, 2012 to your questions regarding site preparation for the temporary closure of Doris Camp, HBML is providing the following additional information.

Although not required to do so pursuant to the terms of Type A Water Licence 2AM-DOH0713, in March 2012, HBML committed to developing a care and maintenance plan. The current version of this plan was provided to you on September 8, 2012 and it describes the preparations that have been undertaken in order to ensure that care and maintenance proceeds in a manner that is safe, protective of Nunavut waters and the environment, and in compliance with all regulatory requirements. That plan is based on identifying the plans within the Hope Bay Environmental Monitoring System (EMS) that need modifications for care and maintenance.

As described in the September 8, 2012 version of the Care and Maintenance Plan, rather than developing a stand-alone care and maintenance management plan, HBML has reviewed the existing plans and either has or will be submitting revised versions of the management plans which will be applicable to care and maintenance. In some cases, the approved plans will require no changes.

As per the September 8, 2012 Care and Maintenance Plan, HBML has identified that changes will be required to the following plans. HBML's planned submission dates are outlined below:

- Updated Spill Contingency Plan – submission date is October 5, 2012
- Updated Emergency Response Plan – submission date is October 5, 2012
- Updated Noise Abatement Plan – submission date is October 31, 2012
- Updated Air Quality Management Plan – submission date is October 31, 2012
- Updated Sewage Treatment Plan – as stated in email correspondence with you on September 27, 2012, this plan had already been revised and submitted, but the additional revision requested regarding the temporary use of the old tundra discharge point will be added and resubmitted - submission date is October 5, 2012.

- Updated Wildlife Management and Mitigation Plan – submission March 31, 2012
- Updated Aquatic Effects Monitoring Plan – submission March 31, 2012

As per our September 8, 2012 correspondence, the HBML Care and Maintenance Plan is an iterative document. Application of the HBML EMS addresses the guidelines set out in the *Mine Site Reclamation Guidelines for the Northwest Territories*, Indian and Northern Affairs Canada, Yellowknife, NWT, January 2007 Version, Section 1.4 – Temporary Mine Closure. These guidelines are consistent with the preparations that have been underway at site to prepare Doris Camp and the various sites. However, we note that your letter of September 27, 2012 was the first time that your expectation that the Care and Maintenance Plan address these guidelines was communicated to us.

As quoted in your letter, there are a number of measures that should be implemented upon temporary closure of a mine. The steps that HBML has taken to address each of these measures are set out in the list below. When Andrew Keim attends at site on October 2, 2012, we will address these areas during his site tour and inspection.

- Access to the site, buildings, and all other structures must be secured and restricted to authorized personnel only

HBML is boarding up, or locking, all accesses to buildings as they are closed down. Security cameras are being installed. Restricted access signs are being placed on all major buildings. HBML has set up survival tents at Doris and Boston for emergency use by the winter inspection team or any hunters and trappers that may be stranded. Signage to identify these locations and to direct people to the locations is being installed.

- All mine openings must be guarded or blocked and warning signs must be posted

The mine opening has been closed in compliance with the NWT and Nunavut Mines Act and in full consultation with the chief mines inspector. The doors to the vent raise have been welded closed. The portal has been blocked with waste rock and wire mesh. The vent raise building module has two doors (one inside the other) that are locked. Entry into the vent from this building would require getting through those two locked doors, then through a locked screen, then crawling in past the vent fan. In our view and in the view of the chief mines inspector, these measures fully address the risk of unauthorized access. In addition, warning signs are posted at the portal and vent raise.

- All physical, chemical and biological treatment and monitoring programs must continue according to licenses, permits, and leases in order to maintain compliance

Winter monitoring programs only include water samples if water is used or waste water is discharged. Camp will not be occupied and no water will be used nor waste deposited or generated between October 2012- April 2012. HBML will continue to submit monthly SNP reports.

HBML has also considered the requirements of NIRB Project Certificate No. 3 and its applicability during care and maintenance and will be addressing these in separate correspondence to NIRB. As an overview, given the lack of activity on site from October 2012- April 2013 the air quality monitoring program will be modified for seasonal operations. The meteorology station will continue to record data through the winter, but the passive air quality samplers and the partisol samplers will not be active. This, however, coincides with the period of

time when there will not be activity at site, therefore, no project related air emissions will be occurring. During the period that camp is not continuously occupied, HBML is installing wildlife cameras around the property to document wildlife or human use of the area. This replaces the human reports of wildlife near the infrastructure, which is the only winter wildlife monitoring required.

All other monitoring programs occur during the timeframe in which HBML intends to continuously occupy Doris North Camp (between April 2013-September 2013) specifically for conducting these programs, water management activities, and reclamation. HBML has previously discussed this intention with AANDC during site inspections and in Iqaluit in January 2012.

- All waste management systems must be secured

The sewage treatment plants are being shut down and winterized. These will be restarted in late-April/early-May when the camp is re-opened. This facility will be locked.

- An inventory of chemicals and reagents, petroleum products, and other hazardous materials must be conducted and secured appropriately or removed if required

An inventory of chemicals and hydrocarbons remaining onsite is included in the revised Spill Contingency Plan. This plan will be finalized when the last barge leaves the project site to ensure that the list of chemicals and hydrocarbons does not change during sealift loading and space availability. This plan will be submitted by October 5, 2012.

- Fluid levels in all fuel tanks must be recorded and monitored regularly for leaks or removed from the site.

As per our previous correspondence to you, 8 ML of fuel was removed from site in August 2012. HBML has distributed remaining 6 ML of fuel among the fuel tanks at site to ensure that the maximum total volume of fuel contained within the tanks does not exceed the containment volume of the berm around them. The tank volumes are routinely recorded. HBML is finalizing the winter inspection plan, which does include recording the volume of fuel in the tanks. These inspections will be carried out by members of the Cambridge Bay Hunters and Trappers Association, following appropriate training.

- All explosives must be relocated to the main powder magazine and secured, disposed of, or removed from the site

As per the letter from HBML to AANDC dated September 14, 2012, HBML has sold and removed some of the explosives from site, and the remaining explosives were disposed of on-site following the NRCan Draft Guidelines for the Destruction of Industrial Explosives. This activity was completed on September 23, 2012. There are currently no explosives stored on site.

- All waste rock piles, ore stockpiles, tailings, mine water and other impoundment structures must be stable and maintained in an appropriate manner (including regular geotechnical inspections)

HBML will continue conducting the annual geotechnical inspections by the Engineer of Record for the project, as required by the Type A Water Licence. This inspection takes place during the summer season. The waste rock and ore piles and the tailings impoundment area dam are stable, and will be maintained during care and maintenance.

- Drainage ditches and spillways must be inspected and maintained regularly (e.g. seasonally depending on snow and ice accumulation and melting) during the closure period and included as part of geotechnical inspections

HBML will be opening the site in late-April/early-May to remove snow accumulation from containment berms, ditches, and laydown areas as required. HBML will be managing the site water as per the licence requirements during open water season.

- Facilities and infrastructure must be inspected regularly

HBML is finalizing the winter inspection plan, which includes regular facility and infrastructure inspections during the period in which camp is not continuously occupied. During April 2013-October 2013, frequency of inspection will be increased.

- The reclamation security deposit must be kept up to date

HBML will maintain the security deposit as required. No reductions have been proposed.

An additional item had been added to your letter that was not found in the Reclamation Guidelines is:

- Compliance with all applicable federal and territorial laws and regulations, in addition to the operator's Land Use Permits, Land Leases and Water Licenses, must also be ensured

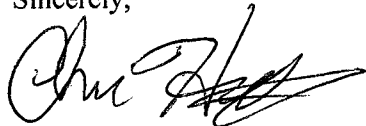
HBML will continue to operate within the applicable legislation, licences, KLA Land Use Leases, and the NIRB Project Certificate. As the Type A Water Licence expires in September 2013, HBML submitted a Type A Water Licence renewal and amendment package to the NWB on August 13, 2012, but to date, there has been no response to the submission. This amendment package suggests specific language for addition of a C&M section, which AANDC will have the opportunity to comment on once the NWB sends the package out for review. We have also submitted various plans that are pending approval, including a final closure plan for Windy, and interim closure plans for the Boston and Doris sites.

It is not uncommon in the North for mining camps to go through periods where they are not continuously occupied, and well established procedures exist to prepare the site for this purpose. All of these procedures are being followed in this case. HBML is undertaking all reasonable measures to secure the site, and particular attention has been paid to works related to the use of waters or the deposit of waste. As stated in email correspondence to you on September 27, 2012, all personnel will be vacating the Doris North camp by October 15, 2012. The site will again be continuously occupied by personnel from April 2013 – October 2013. In considering the merits of temporarily closing the camp between October and April, HBML was mindful of the previous fatality of a caretaker at Doris North in the 2000s.

HBML will continue to complete and submit revisions to the management plans and continue preparations for care and maintenance. We wish to schedule a meeting with you and Andrew Keim so that we may address any outstanding concerns, provide an opportunity for you to ask any additional questions Andrew may have after attending at site on October 2, and to provide us with the opportunity to obtain any additional advice you may have with respect to compliance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* during the care and maintenance period.

If you would like to discuss this further prior to your visit, please do not hesitate to contact me at Chris.Hanks@Newmont.com or (720) 917-4489.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hanks", with a stylized flourish at the end.

Chris Hanks
VP Environmental Affairs
Hope Bay Mining Ltd.

cc. Andrew Keim, A/Manager of Field Operations, AANDC
Phyllis Beaulieu, Manager of Licensing, NWB