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February 24, 2009

Mr. Oumar Ba
Environmental Health Officer-Kivalliq Region
Department of Health and Social Services
Bag 298, Rankin Inlet, NU X0C 0G0
Oba@Gov.nu.ca

and

Mr. David Hohnstein
Director of Technical Services
Nunavut Water Board
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0
dts@nunavutwaterboard.org

Re: Alternate water source for potable water for Doris Camp

Dear Mr. Ba and Mr. Hohnstein,

By this letter Hope Bay Mining Ltd. (HBML) is providing 24 hours notice of a temporary change in the source of potable water to be used at the Doris Camp from Doris Lake to Windy Lake and an operational change in how the potable water is transported to Doris Camp. A water truck will be used instead of a pipeline. The winter road to Windy Lake is currently in the final stages of construction.

HBML is taking these steps to deal with algae *Oscillatoria* in the current Doris Lake source water. *Oscillatoria* is a blue-green algae (cyanobacteria), which is the dominant species of algae in Doris Lake. *Oscillatoria* is well documented to be one of the producers of microcystins, a toxin released when blue-green algae cells die. While Doris Lake water quality data in 2006, 2007 and 2008 indicates that winter blooms of blue-green algae are known to occur, the current issue in which the algae entered the water system was not anticipated.

The temporary solutions mentioned above and the longer term options, which will see changes to the Doris Camp intake and filtration system can both be operationally managed by HBML within the scope of our existing Hope Bay Regional (2BE-HOP0712) and Doris North (2AM-DOH0713) water Licenses. HBML is applying

adaptive management based on regular monitoring and mitigations designed to protect the health of our workforce.

We plan to begin transporting water to Doris Camp from Windy Lake by truck via the winter road Licensed under KIA Land Use License KTL306F007. Windy Lake is the potable water source for Windy Camp and we have never had cause for concern regarding blue-green algae growth in Windy Lake. This is meant to be an interim measure until we can get our Doris Camp water source and treatment issues resolved. We believe this is the most prudent course of action considering our current blue-green algae levels in Doris Lake.

A summary of our actions to date include:

In late January 2009, HBML received the results from a sampling event that occurred in mid-December 2008 where microcystin concentrations were found in the potable water holding tanks at Doris camp: Tank #2 = 0.69 ug/L and Tank #3 = 1.55 ug/L. **The Canadian Drinking Water Guideline for the maximum acceptable concentration is 1.5 ug/L.** While the distribution system in the camp was clear of microcystin toxins, as a precaution residents were advised to only use the Reverse Osmosis (RO) tap in the kitchen for potable water.

These results prompted us to contract a drinking water specialist at Golder Associates to design a sampling program to assess the presence and concentration of the cyanobacterial toxin microcystin-LR in the holding tanks and at the faucets of the Doris Camp. The water in the kitchen and other taps in the distribution system is filtered through a series of micron filters. Further, the recommended tap for drinking water and other internal activities such as brushing teeth is filtered through an additional reverse-osmosis system, which is providing an added level of protection. It is important to stress again that the camp distribution system inside the micron filters has remained clear. **Please note that no sample from the drinking water distribution system inside the micron filters has ever come back with levels of mycrocystin above detection limits.**

A Golder representative arrived in Doris camp on January 29, 2009, to assess the water quality in the potable water system at Doris Camp and collect another set of samples which were analyzed for microcystin, nutrients, routine physical chemistry, and total and dissolved metals.

Microcystin samples were collected at the following locations:

- Water Intake at Doris Lake;
- Tank #1 (duplicate microcystin samples were collected);
- Tank #2;
- ST-7 (before micron filters);
- Water Line after filters;
- Reverse Osmosis Treated Drinking Water Tap in the main Kitchen;
- Tap in one room from Block A, B, or C ;
- The tap at one of the sinks in the men's dry ;
- The tap at one of the sinks in the woman's dry ; and,
- One blank sample (all parameters) using DI water.

The results for this sampling event were recently received and HBML again found elevated microcystin toxin levels in Tank #1, and at ST-7. But again, no levels of microcystin above detection were found in the distribution system inside the micron filter system. However, this has prompted us to make the decision to change our potable water

source until further work is done on Doris Lake water quality and HBML has an opportunity to evaluate long term treatment options for the potable water at Doris Camp.

Please find the results for both the December and January sampling attached to this letter for your records.

If you have any questions about the attached lab reports, or any of the above information, please do not hesitate to contact me directly at Chris.Hanks@Newmont.com or 720-917-4489.

Sincerely yours,

Chris Hanks
Director, Environmental and Social Responsibility
Hope Bay Mining Ltd. an affiliate of
Newmont Mining Corporation