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Aug 30, 2010

Melissa Joy
Water Resource Officer
Kitikmeot Region
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VIA EMAIL

David Hohnstein
Director Technical Services
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0B 1J0
dts@nunavutwaterboard.org

Dear Melissa and David,

Re: Notification of Additional Emergency Shock Chlorination of Doris Camp Potable Water System

As of our letter of notification to you dated August 16, 2010, indicated the analytical results of potable water sampling received Aug 12/10 suggested that a colonization or bloom of blue-green algae was occurring within the camp domestic water distribution system, and as such, the domestic waterlines within Doris Camp were shocked with a sodium hypochlorite solution. Data received on August 26/10 from sampling conducted on Aug 17/10 after this shock treatment indicated that colonies still existed and additional shock treatment is required to remove it from the system. Given that the initial shock treatment was less than 100% successful in destroying the colonies, a number of additional steps are being taken going forward.

- The potable water treatment system is currently being reviewed against the design specifications to once more insure proper operation.
- The designers of the potable water treatment system, the manufacturer of the sewage treatment plan, and a specialist on blue-green algae are being engaged to review the system and suggest potential improvements to secure the system.
- The entire piping and mechanical system from Doris Lake Pump house to, and including, all within Doris Camp will be shocked treated with a sodium hypochlorite solution.
- The chlorine residual level within the system will be elevated to 150 mg/l and maintained for a minimum of 2 hours
- The super-chlorinated water will be discharged into a 10,000 gal water storage tank where it will be de-chlorinated before being used for dust suppression on site roads and airstrip. The Inspector will be notified prior to discharge.

- The entire system will be flushed into an additional 10,000 gal water storage tank and de-chlorinated if necessary, prior to use for dust suppression. The Inspector will be notified prior to discharge.
- A second dosing of the entire system will occur in the same manner within 48 hrs of the first, following the same procedures.

Emergency measures continue to be instituted at the camp to protect the health and welfare of the residents. This includes but are not necessarily limited to signage that is posted throughout the camp directing personnel to obtain drinking water from the RO outlet only, and a supply of bottled water was shipped in for additional drinking water and for minor hygiene use e.g.: brushing teeth. Other measures such as restrictions on washing have not been implemented at this time because while there are high blue-green algae levels, microcystin toxin levels are very low and have not at any time approached Canada Drinking Water Standards or those of the World Health Organization levels.

A follow-up report will be provided upon successful completion of the shock treatment identified above pending receipt of laboratory data of pre and post sampling. Our external laboratory has rush orders on our samples.

Going forward Hope Bay Mining will take the following steps:

- As described above immediately flush the potable water system.
- Implement recommended changes by the systems designer to more effectively exclude algae from entering the system. And
- As soon as a pipeline design is complete, HBML will file an application with the Nunavut Water Board to permanently shift the Doris Camp from Doris Lake to Windy Lake. The Board allowed HBML to temporarily use Windy water in the winter of 2009 while the new treatment system was installed. Given the persistence of the problem, HBML will now apply to make this a permanent solution pending the ruling of the Board on our up coming application. As the Doris pipeline will come off the new Windy Camp, it will be necessary to complete the permitting and construct that facility before Doris can switch water supplies.

HBML apologizes for not being able to provide ample notification of the shock chlorination, but the urgency of the situation demands immediate action for the protection of the health of camp residents.

If you have any questions please feel free to contact the undersigned at chris.hanks@newmont.com.

Sincerely yours,

Chris Hanks
Director of Environment and Social Responsibility
Hope Bay Mining Ltd.