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October 22, 2010

David Hohnstein  
Nunavut Water Board  
PO Box 119  
Gjoa Haven NU  
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Dear Mr. Hohnstein,

**Re: 2AM-DOH0713 Section G – 6, Canada-Wide Standards for dioxins and furans and mercury emissions – Response to Nunavut Water Board Correspondence of September 28, 2010**

We are writing this letter in response to your letter of September 28, 2010 regarding HBML's Incinerator Management Plan. As requested, this letter provides further details with respect to the impact of construction of the waste management facility on 2010 incinerator stack testing, documentation of steps HBML has taken to improve incinerator efficiency, and further rationale for HBML's proposal to delay 2010 incinerator stack testing.

As set out in the memorandum attached to our February 16, 2009 letter to Dave Fox, HBML has suggested the primary focus at the Doris Camp incinerator should be on reducing and properly segregating waste products, in accordance with Environment Canada Best Management Practices ("BMP") guidance around incinerator management. It is anticipated this activity will significantly improve performance of the incinerator, which will be reflected in future stack tests.

However, wildlife interaction during waste segregation activities is a significant workplace safety hazard unless it can be done in an enclosed building. To date, HBML has not been able to implement the waste segregation program as the facility to accommodate this activity was not available. As outlined in our August 16, 2010 letter to Dave Fox, construction of the waste management facility has been delayed due to required material arriving on the September 2010 sealift. Until waste segregation is implemented, it is not expected that stack testing results will show significant improvement. Therefore, HBML is proposing to complete the stack testing after we have implemented the waste segregation BMPs as recommended by EC.

In addition to challenges associated with implementing BMPs associated with the waste management building, stack testing contractors have communicated with HBML that if the stack tests were performed during winter weather, the validity of the stack tests would be questionable. Stack testing experts recommend testing in warmer weather to ensure reliable data is produced.

Although HBML is proposing delaying incinerator stack tests until an accurate result is obtainable in July 2011, we are taking steps in the interim to improve incinerator efficiency in addition to constructing a waste management enclosure. As per previous correspondence, one recommendation was to locate the incinerator inside a building to improve the ability to maintain internal temperatures and improve combustion efficiency. In response to this recommendation, HBML is currently constructing a temporary enclosure for the incinerator until the permanent one is completed in 2011. It is expected to be completed by early November 2010. Incinerator maintenance will be performed after the incinerator is enclosed.

In summary, HBML has proposed to delay incinerator stack tests until July 2011 in order to permit sufficient time for implementation of BMPs, as well as to allow the stack test to be performed during the spring/summer season when reliable results can be obtained. This postponement will permit HBML to accurately assess the performance of the incinerator and as per Section G-6 of Type A Water Licence 2AM-DOH0713, compliance with the Canada-Wide Standards for dioxins and furans and mercury emissions and determine whether any further steps are necessary to improve incinerator performance.

Thank you for your consideration of this letter. Should you have any questions or require any additional information, please do not hesitate to contact me directly.

Sincerely,

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

cc. Dave Fox, Environment Canada  
NIRB  
KIA  
INAC