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Sept. 28, 2011

Paul Emingak
Executive Director
Kitikmeot Inuit Association
P.O. Box 18
Cambridge Bay, Nunavut
X0B 0C0 Canada
pemingak@qiniq.com

Dear Paul,

Re: Expansion of Roberts Bay Tank Farm Berm

We are writing to you with respect to the ongoing dialogue between HBML and BCG Engineering. triggered by HBML's notification to the Nunavut Water Board dated August 9, 2011 (the "Notice"). The Notice described HBML's planned expansion of the 5ML Roberts Bay tank farm secondary containment berm as well as its plan to relocate the 1.5ML Jet-A fuel tank from the 20ML tank farm to the 5ML tank farm. The Nunavut Water Board has not raised any concerns with respect to HBML proceeding with the planned work.

BCG Engineering has indicated it has two outstanding questions relating to reclamation security and leak detection. We have included below clarity on the leak detection and the facilities compliance with the National Fire Code and reiterated that the updating of the reclamation liability estimates will occur over the next year as construction of Phase 1 is completed. Since these questions relate to the tank farm facility generally, and are not connected to the work that HBML described in the Notice, we are proceeding on the understanding that HBML has answered the substantive questions by KIA and will now proceed with the construction activities described in the Notice.

With respect to BCG Engineering's comments respecting the site reclamation bond and leak detection:

- The site reclamation bond was calculated using the established criteria set by INAC as well as the KIA. As per previous discussions with the KIA, HBML is updating the site reclamation bond calculations as Phase 1 construction is completed and anticipates that there will be a further dialogue with the KIA with respect to the site reclamation budget at a future date.

- The following section of the 2010 Edition of the National Fire Code of Canada (the "Fire Code") applies to the facility:

> **4.3.7.7. Leak Detection**
>
> **1)** Where the contained space created by the secondary containment is not accessible for an internal visual examination, and the secondary containment is not sloped so as to permit liquid to flow to a specific location that can be monitored, a monitoring device shall be provided to indicate the loss of integrity of the secondary containment.

In accordance with these requirements, the 5ML secondary containment is sloped and drains towards a central sump that is permanently accessible for visual inspection and monitoring. Therefore, Newmont's inspection protocols are considered to be a Fire Code compliant leak detection system.

As an aside, we note the 5ML and 20ML tank farm designs were rigorously evaluated during the public NIRB and Nunavut Water Board review processes which included BCG Engineering as a participating reviewer. Although we wish to proceed with a collaborative approach to these matters, we are concerned that the approach taken by KIA advisors in this case would propose to re-assess facility designs that have already been subject to a complete and final regulatory and KIA review.

If you have any questions please feel free to contact me at chris.hanks@newmont.com or at (720) 917-4489.

Sincerely yours,

Chris Hanks

Digitally signed by Chris Hanks
DN: cn=Chris Hanks, o=Hope Bay Mining Company Ltd., ou=Director, Environment and Social Responsiblity, email=chris.hanks@newmont.com, c=US
Date: 2011.09.28 10:01:57 -04'00'

Chris Hanks
Vice President Environmental Affairs
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