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4 August 2009

Phyllis Beaulieu
Manager of Licencing
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0B 1J0

Dear Ms. Beaulieu,

Re: Intervenor Comments on Doris North Type A Licence 2AM-DOH0713

Thank you for the opportunity to provide the following response on behalf of Hope Bay Mining Ltd. ("HBML") with respect to the intervenor comments submitted with respect to 2AM-DOH0713 (the "Licence"):

- Comments submitted by Geoffrey Clark on behalf of Kitikmeot Inuit Association ("KIA") dated May 19, 2009;
- Comments submitted by David Abernethy on behalf of Indian and Northern Affairs Canada ("INAC") dated June 2, 2009;
- Comments submitted by Carrie Spavor on behalf of Environment Canada ("EC") dated June 5, 2009.

1. HBML is not proposing to proceed on a "Care and Maintenance" basis and is not requesting the Board to make any decision in respect of the Licence

As set out in previous correspondence to the Board and KIA, HBML has deferred construction of most of the Doris North Project facilities, activities and infrastructure originally proposed by Miramar Mining Corporation in favor of pursuing a broader strategy covering the Doris, Madrid and Boston deposits. HBML will not be in a position to make public announcements about the scheduling of development of any of the properties on the Hope Bay belt until appropriate drilling information is obtained and analyzed and a new business plan is developed. As both INAC and EC recognize, many of the terms and conditions of the Licence are not applicable to HBML's current activities at Doris.

Following discussions between HBML and the Board during the Spring of 2009, it was determined that it may not be appropriate to invoke the "Care and Maintenance" provisions of the License with respect to the terms and conditions which are not currently

applicable. Accordingly, we presented the Board with a further letter of April 21, 2009 (copy attached) in which we asked the Board to confirm our understanding of those terms and conditions of the License which are not currently applicable. This replaces the letter of January 13, 2009 which had referenced the Care and Maintenance approach.

Accordingly, to clarify, HBML is only requesting conformation that those provisions of the License that relate to Project facilities and infrastructure that have not yet been constructed and activities that are not yet underway (the specific provisions are detailed in correspondence to the Board of April 21, 2009) are not currently applicable. As suggested by INAC, HBML proposes that it would provide at least 60 days notice prior to commencing any activities which would trigger obligations under any of the currently inapplicable provisions of the Licence.

In HBML's view, this request is primarily administrative in nature. HBML is not requesting that NWB make a decision with respect to or take any action at all in respect of the License. Rather, HBML simply wishes to ensure a clear understanding of the provisions of the License which are currently applicable and those which are not.

2. HBML will continue to keep KIA informed

With respect to the comments submitted by the KIA, HBML will continue to keep the KIA informed with respect to its planned and proposed activities on Inuit owned lands on the Hope Bay Belt, as required under the applicable approvals and agreements and as otherwise appropriate.

3. No amendments to the Licence are required to permit current and planned activities

INAC Comments:

INAC has stated they are of the opinion that "the focus of project activity has changed at the site – this should not be considered "Care and Maintenance", and that "a formal licence amendment should be required that specifically advises the conditions that are applicable at this point in time. In addition, the Board should place a condition in such an amendment that requires the proponent to provide at least 60 days notice as to when the original licence conditions become applicable again. Therefore the Board should subsequently advise HBML to apply for an amendment as soon as possible noting that this proposal is satisfactory in the interim."

EC Comments:

EC has stated they believe that the deferral of the Doris North Project and proposed shift to a regional development plan renders many of the terms and conditions listed in the current water licence inapplicable, "Our concerns lie chiefly with the operational plans (e.g. waste management) and monitoring aspects that should be specific to the current use of the site. Therefore, EC recommends that the current licence either a) be formally amended to cover current activities, rather than placing select terms and conditions into Care and Maintenance, or b) be placed entirely on Care and Maintenance mode and a separate Type B licence be issued to reflect the interim operations of the Doris North

Project. It is unclear whether HBML would plan to initiate development of the activities permitted by [the Licence] as the first stage of belt-wide development, and if this is the case, there may be some advantage to maintaining the existing permits on a Care and Maintenance basis.”

HBML Response to INAC and EC Comments:

It is not necessary at the current time for the Board to require HBML to apply for a Licence amendment or a new licence to permit current activities. HBML has constructed and is currently operating the camp, airstrip, jetty and road infrastructure in compliance with the Licence. These Project components were all thoroughly reviewed by the Board during the Licence application and approval, and it would be a significant duplication of effort on behalf of HBML, KIA and the regulatory authorities to repeat that process.

It is also not appropriate to place the entirety of the current Licence into Care and Maintenance (as suggested by EC). As noted above, no final decisions have been made with respect to the Doris North Project and development of the Hope Bay belt. Further development in the region will likely ultimately include some or all of the facilities described as part of the Doris North Project and some development scenarios may be best described as a “modification” of the original project rather than a new project application.

4. HBML is preparing and submitting the various required plans to the Board as soon as practical and by the deadlines set out herein

In addition, both INAC and EC have made inquiries as to the current status of the Material Management Plan (including the Incineration Management Plan), Hazardous Materials Management Plan, Emergency Response and Spill Plan and the Reclamation and Closure Plan. These various plans were delayed while HBML determined the current scope of planned operations at the Doris site. This work has now been completed, which will permit HBML to ensure that operational plans and monitoring will be consistent with current and planned use of the site. HBML plans to submit the various required plans to the Board as soon as practical and by the following deadlines:

- the Incineration Management Plan, on or before August 14, 2009;
- the Material Management Plan, on or before September 30, 2009;
- the Hazardous Materials Management Plan, on or before September 30, 2009;
- the Emergency Response and Spill Plan, on or before September 30, 2009; and
- the updated Reclamation and Closure Plan, on or before December 31, 2009.

Thank you, for your consideration of our request.

Sincerely yours,

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