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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File No: 2AM-DOH0713

June 18, 2013

Mr. Chris Hanks, VP Environmental Affairs
Hope Bay Mining Ltd.
75 Con Road, Box 2000
X1A 2M1
Email: chris.hanks@newmont.com

Mr. Gordon Morrison, President
TMAC Resources Inc.
40 King Street, Suite 2100
Toronto, ON M5H 3C2
Email: gord.g.morrison@gmail.com

Subject: Assignment of Licence 2AM-DOH0713 - Hope Bay Mining Ltd (Assignor) – to TMAC Resources Inc. (Assignee)

Dear Mr. Hanks and Mr. Morrison:

The Nunavut Water Board (“NWB” or “Board”) received an application on February 12, 2013 to assign the Licence 2AM-DOH0713 from Hope Bay Mining Ltd. (“HBML”) to TMAC Resources Inc. pursuant to Section 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (“Act”).

The Board gave public notice of the application for assignment and invited interested persons to provide comments. Submissions were received¹ from the Kitikmeot Inuit Association (KIA), Aboriginal Affairs and Northern Development Canada (AANDC) and Environment Canada (EC). No adverse environmental effects were identified that would result from the assignment of the Licence to TMAC Resources Inc.

Pursuant to Section 44(1) of the Act, the Board is satisfied that the assignment of operation of the appurtenant undertaking by the prospective Assignee is unlikely to result in a contravention of any condition of the Licence or any provision of the *Act* or the regulations. Therefore, in accordance with Section 44(2) of the *Act*, **the Board hereby authorizes the assignment of Water Licence 2AM-DOH0713 from:**

the Assignor, Hope Bay Mining Ltd., to

the Assignee, TMAC Resources Inc.

(Motion #2013-A1-01) effective on June 14, 2013, will be placed in the NWB Public Registry

¹ Aboriginal Affairs and Northern Development Canada (AANDC), April 05, 2013 and April 12, 2013; Environment Canada (EC), March 28, 2013; Kitikmeot Inuit Association (KIA), February 13, 2013, March 12, 2013 and March 28, 2013.

All **terms and conditions of this Licence remain in effect**. Sections 85 to 94 of the *Act* provide the provisions for the enforcement of this Licence. The Minister of Aboriginal Affairs and Northern Development Canada (AANDC) has the power to designate inspectors and/or analysts to identify or determine inspection and compliance related issues. The NWB recommends that TMAC Resources Inc. contact the Inspector for AANDC in Iqaluit to obtain a copy of any enforcement documents related to this licence.

The Board would like to take the opportunity to highlight the following matters that will require immediate action by TMAC Resources Inc.

Enforcement

Aboriginal Affairs and Northern Development Canada (The AANDC) carried out inspections at the Hope Bay Belt, on October 3, 2012 with respect to compliance monitoring and enforcement. Within the October 3, 2012 inspection report, the Inspector indicated that:

HBML has provided to inspectors a list of modifications to submitted and approved plans under the 2AM-DOH0713 Water License that form the basis of their Care and Maintenance Program. They have however failed to provide one document that includes a complete Care and Maintenance program for the site as required by the inspector.

The Board further advises TMAC Resources Inc. that action is required to rectify non-compliance as identified within the Inspection Report.

Security

In accordance with Part C, Item 1 of the Water License, the Licensee shall furnish and maintain security with the Minister, in the form that is satisfactory to the Minister. The existing reclamation security required by the Minister is 11.714 million dollars. Under the purchase agreement HBML Ltd. has agreed to maintain or renew the required security currently required under the Licence until TMAC arranges for replacement. In correspondence dated April 12, 2013, AANDC concerns have been addressed regarding the above issue².

In accordance with Part C, Item 2 of the Water License the Licensee shall submit to the Board for approval, within six (6) months of the start of ore processing and again following eighteen (18) months of ore processing, an updated estimate of the total mine closure restoration liability using the current version of RECLAIM, its equivalent or other similar method approved by the Board, in accordance with principles of INAC's "Mine Site Reclamation Policy for Nunavut" (2000). This updated estimate was submitted by HBML on January 14, 2013.

Annual Report (Part B, Item 3)

The Nunavut Water Board ("NWB" or "Board") has completed a technical review of the 2012 Annual Report for the above mentioned project. The annual report was distributed for information and no comments were received regarding the report at the time of this review.

² E-mail from D Abernethy, AANDC, to P. Beaulieu, NWB, Subject: Follow-up to AANDC April 05, 2013 Review Memos re, assignment of Hope Bay Mining Ltd. Water licenses to TMAC Resources Inc., dated April 12, 2013.

The review found that the report is complete and consistent with the reporting requirements of licence 2AM-DOH0713.

Spill Contingency Plan (Part H)

The Board acknowledges that a revised Spill Contingency Plan (SCP) was submitted by the previous Licensee in October 2012 which addressed the current status of the Project where all activities are being suspended moving into a state of care and maintenance for the Hope Bay Project. The Board has approved the Plan entitled “Hope Bay Mining Ltd. Spill Contingency Plan HB-ER-ENV-MP-001 (REV 5)” dated October 2012, that was submitted by HBML. The Plan fulfills the requirement for the SCP for the NWB Licenses 2AM-DOH0713, 2BB-BOS1217, and 2BE-HOP1222.

The Licensee shall submit to the Board for review within sixty (60) days following issuance of this assignment, an updated Spill Contingency Plan that addresses the change in Licence holder and comments received during the review.

Abandonment and Restoration Plan (Part L)

The Abandonment and Restoration Plan (A&R Plan) that was submitted by the previous Licensee was approved by the Board. Part L, Item 4 requires that an Interim Closure and Reclamation Plan be submitted to the Board for approval within six (6) months of the start of ore processing and prepared in accordance with the *Mine Site Reclamation Guidelines for the Northwest Territories, 2007* and consistent with the *INAC Mine Site Reclamation Policy for Nunavut, 2002*. An updated plan has been provided and distributed for comments, with issues being addressed by the Previous Licensee³. The Board acknowledges the Plan entitled “Doris North Closure and Reclamation Plan” dated August 2012 that was submitted as an update to the original plan. In addition, HBML submitted the *December 31, 2012 Hope Bay Project Closure and Reclamation Cost Estimate – Update*, which proposed security in the amount of \$13,090,000. HBML responded to comments received⁴ on February 14, 2013.

The Board has therefore deferred approval of the Plan entitled “Doris North Closure and Reclamation Plan” dated August 2012 that was submitted by HBML as an update to the original plan. **TMAC Resources Inc. shall submit to the Board for Approval, within sixty (60) days following issuance of this assignment, an updated Abandonment and Restoration Plan that addresses the change in the Licence holder.** TMAC Resources Inc., in review and revision of the Plan, shall review/revise and confirm the included Closure Cost Estimate provided by HBML, for the purposes of the Board assessing the security requirements under the *Act*.

³ Cover letter and attachment from C Hanks, HBML, to P. Beaulieu, NWB, Subject: HBML Response to the Closure Plan Comments, dated February 14, 2013.

⁴ AANDC, October 01, 2012; EC, October 01, 2012, KIA, October 05, 2012.

Other Matters

The Licensee is reminded that the Nunavut Impact Review Board's ("NIRB") Doris North Gold Mine Project Certificate (003), dated August 13, 2006 and amended on April, 11, 2013, still applies to the project and can be obtained from <ftp://ftp.nirb.ca/>.

If you have questions regarding the assignment of the Licence or this correspondence, please contact Damien Côté, Executive Director at damien.cote@nunavutwaterboard.org or Ph. (867)-360-6338.

Sincerely,

A handwritten signature in dark ink, appearing to read 'T. Kabloona', with a stylized flourish extending to the right.

Thomas Kabloona
Nunavut Water Board Chair

TK/es/pb

Cc: Distribution List – Kitikmeot