



Aboriginal Affairs and Northern Development Canada  
Nunavut Regional Office  
Resource Management Directorate  
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June 4, 2012

Ms. Phyllis Beaulieu  
Manager of Licensing  
Nunavut Water Board  
P.O. Box 119  
GJOA HAVEN, NU X0E 1J0

*Our reference:*  
IQALUIT-#529421

*Your reference:*  
2BB-BOS0712

*Sent via email*

**Re: Water Licence No. 2BB-BOS0712 – Hope Bay Mining Ltd. – Boston  
Advanced Exploration Project – Renewal Application – Kitikmeot Region**

Thank you for your April 25, 2012 request for written representations on the above-referenced water licence renewal application.

A Technical Review Memorandum is provided for the Board's consideration. Comments/ recommendations have been provided pursuant to the Department's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Please do not hesitate to contact me by telephone at 867 975-4555 or email at [David.Abernethy@aandc-aadnc.gc.ca](mailto:David.Abernethy@aandc-aadnc.gc.ca) to discuss this submission.

Regards,

David W. Abernethy  
Regional Coordinator  
Water Resources Division

Encl.

Murray Ball, Manager of Water Resources (AANDC-NRO)  
Karen Costello, A/Director of Resource Management (AANDC-NRO)

## TECHNICAL REVIEW MEMORANDUM

<b>TO</b>	Phyllis Beaulieu Manager of Licensing Nunavut Water Board	OUR REFERENCE File #9545-2-1.2BB.BOSA IQALUIT-#529421
<b>FROM</b>	David Abernethy Water Resources Regional Coordinator Aboriginal Affairs and Northern Development Canada	YOUR REFERENCE 2BB-BOS0712  DATE June 4, 2012
<b>SUBJECT</b>	<b>Water Licence No. 2BB-BOS0712 – Hope Bay Mining Ltd. – Boston Advanced Exploration Project – Renewal Application – Kitikmeot Region</b>	

### A. PROJECT DESCRIPTION

On April 25, 2012 the Nunavut Water Board (NWB or Board) distributed the above-referenced water licence renewal application to interested parties for review. Hope Bay Mining Ltd. (HBML) are requesting a 10 year renewal of their Boston Advanced Exploration Project's Type B water licence with no changes to its existing terms and conditions. This authorization allows for the use of water and management of waste in support of mineral exploration and domestic activities. The Boston property is situated in the south end of the Hope Bay Greenstone Belt on Inuit Owned Land that is administered by the Kitikmeot Inuit Association.

On January 31, 2012 HBML provided written notification that their parent company, Newmont Mining Corporation, has decided to place the development of the Doris North Project and exploration of the Hope Bay Belt into care and maintenance. All development and surface exploration activities have been postponed until further notice. As stated in HBML's March 13, 2012 cover letter, "they are submitting this application in order to maintain sufficient licensing to commence exploration in the future if the decision is made to bring exploration in the Boston area out of care and maintenance."

Project facilities comprise of a 65-person camp that is equipped with a sewage treatment plant, a waste rock and ore storage pile, a landfarm treatment facility (recovered petroleum hydrocarbon contaminated soils), a small-forced air incinerator, 2.4 km of underground tunnels, core storage, a maintenance shop, offices, and a short airstrip. All non-hazardous wastes are transported to the Doris North Project's waste management facility. The underground portal has not been accessed for several years and is currently blocked by ice.

Hope Bay Mining Ltd. are permitted to consume up to 100 m<sup>3</sup> of water per day for domestic and drilling purposes (there is no differentiation between the quantities for each application). Water use for domestic purposes must be obtained from Aimaoktatuk (Spyder) Lake or as otherwise approved by the Board. Water use for domestic purposes can be obtained from Aimaoktatuk Lake, Stickleback Lake, or as required from sources proximal to drilling targets.

## **B. RESULTS OF REVIEW**

On behalf of Aboriginal Affairs and Northern Development Canada (AANDC), the following comments/recommendations are provided for the Board's consideration.

### **1. Issue:** Proposed 10 Year Renewal Term

#### **Reference:**

- March 13, 2012 HBML Cover Letter
- March 13, 2012 HBML Renewal Application Summary
- March 13, 2012 HBML Renewal Application Form, Block 25

#### **Observation:**

Hope Bay Mining Ltd. are requesting a 10 year water licence renewal with no changes to this authorization's existing terms and conditions. As stated in their March 13, 2012 cover letter, "no exploration activities are currently planned during 2012; however, HBML are submitting this application in order to maintain sufficient licensing to recommence exploration in the future if the decision is made to bring exploration in the Boston area out of care and maintenance."

Until such time that AANDC is confident that this project is adequately secured through this water licence and land-use authorizations (i.e., security requirements set by the Kitikmeot Inuit Association), a 10 year renewal is deemed to be too long. A longer term can be issued once an updated financial security estimate has been processed and the licence security is brought up to date.

#### **Recommendation:**

Aboriginal Affairs and Northern Development Canada recommends that a shorter licence term, in the range of 1 to 2 years be issued. The issues identified below should be addressed during this period.

**2. Issue:** Submission of a Revised Abandonment and Reclamation Plan

**Reference:**

- Jan. 23, 2008 NWB Licence Assignment.
- Dec. 18, 2007 NWB Approval of September 2007 Closure and Reclamation Plan. Motion 2007-48
- Miramar Hope Bay Ltd. September 2007 Closure and Reclamation Plan

**Observation:**

The project's Abandonment and Reclamation Plan, a requirement of Part I, Item 1 of HBML's water licence, was prepared by Miramar Hope Bay Ltd., a previous Licensee, in September 2007. Given that this licence was assigned to HBML from Miramar Northern Mining Ltd. (formerly Miramar Hope Bay Ltd.) on January 23, 2008, AANDC believes that this plan should be revised to reflect HBML management plans.

**Recommendation:**

Aboriginal Affairs and Northern Development Canada recommends that HBML submit a revised Abandonment and Reclamation Plan that reflects their plans to manage this project.

**3. Issue:** Financial Security Estimate Requirements

**Reference:**

- March 13, 2012 Renewal Application Form, Block 21;
- NWB Guide 4: Completing and Submitting an Application for a New Water Licence, Part 1, Section 5, Block 19;
- NWB Guide 7: Requirements Following the Issuance of a Water Licence, Table 3
- Jan. 31, 2012 HBML Notification of Care and Maintenance

**Observation:**

The current water licence requires HBML to furnish and maintain financial security in the amount of CAD \$1,700,000.00 with the Minister of AANDC. This requirement was set by the Board in an April 21, 1999 Decision that followed the February 22, 1999 public hearing to amend water licence No. NWB1BOS9801. This hearing was prompted by an application from BHP Diamonds Inc., a previous Licensee. This financial security requirement has not been re-evaluated by the Board since this time.

Hope Bay Mining Ltd.'s renewal application does not include an updated financial security estimate. This information is required by Block 21 of the NWB's Application for Water Licence Renewal Form and the NWB's Guide 7, *Requirements Following the Issuance of a Water Licence*. Considering that HBML did not provide this information, their application is arguably incomplete. Furthermore, it should be noted that since HBML are moving their project into a Care and Maintenance Phase, it would be prudent for this information to be provided.

**Recommendation:**

Aboriginal Affairs and Northern Development Canada recommend that the Board require HBML to submit an updated security assessment. This assessment should be made in accordance with the NWB's April 2010 Guide 4: Part 1, Section 5, Block 19.

**4. Issue:** Naming of Joint Payees on Security Deposits

**Reference:**

- Water Licence No. 2BB-BOS0712, Part B, Item 3

**Observation:**

We note that securities currently held are payable jointly to the Minister AANDC and the Kitikmeot Inuit Association.

**Recommendation:**

Aboriginal Affairs and Northern Development Canada recommends that the NWB designate the Minister, as required under existing legislation.

**5. Issue:** Combining Water Licence No. 2BB-BOS0712 and No. 2BE-HOP0712

**Reference:**

- March 13, 2012 HBML Cover Letter
- Jan. 24, 2011 (HBML) Windy Camp Final Closure Plan
- Jan. 24, 2011 (HBML) Patch Lake Final Closure Plan

**Observation:**

In their March 13, 2012 cover letter HBML wrote, "If the Nunavut Water Board sees fit for reasons of administrative efficiency and convenience, HBML would not object to combining the processing of

Type B Water Licence No. 2BB-BOS0712 with Type B Water Licence No. 2BE-HOP0712.”

Currently, Water Licence No. 2BE-HOP0712 does not require HBML to furnish and maintain a financial security for reclamation liabilities associated with this authorization. Reclamation work is necessary at the former Windy Camp and the Patch Lake Facility to mitigate environmental liabilities caused by project activities (e.g., petroleum hydrocarbon contaminated soils).

**Recommendation:**

Aboriginal Affairs and Northern Development Canada recommend that if water licence No. 2BB-BOS0712 and 2BE-HOP0712 are combined into a single licence, HBML should provide a financial security estimate and Abandonment and Reclamation Plan that reflect the environmental liabilities of activities conducted under both authorizations.

Prepared by David Abernethy