



April 5, 2013

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, NU X0E 1J0

Our reference
IQALUIT-#652300

Your reference
2BB-BOS1217

Re: Boston Advanced Exploration Project – Hope Bay Mining Ltd. – Application to assign licence No. 2BB-BOS1217 to TMAC Resources Inc. – Kitikmeot Region

Dear Ms. Beaulieu,

Thank you for your email of February 28, 2013, concerning Hope Bay Mining Ltd. application to assign the above-mentioned water licence to TMAC Resources Inc.

A memorandum is provided for the Board's consideration. Comments 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 for further information.

Yours very truly,

David Abernethy
Regional Coordinator
Water Resources Division
Resource Management Directorate
Aboriginal Affairs and Northern Development Canada
Iqaluit, NU X0A 0H0

Encl.

c.c.: Murray Ball, Manager of Water Resources (AANDC – Iqaluit, NU)
Erik Allain, Manager of Field Operations (AANDC – Iqaluit, NU)
Karen Costello, Director of Resource Management (AANDC – Iqaluit, NU)

Memorandum

TO	Phyllis Beaulieu Manager of Licensing Nunavut Water Board	OUR REFERENCE IQALUIT-#652300
FROM	David Abernethy Water Resources Regional Coordinator Aboriginal Affairs and Northern Development Canada	YOUR REFERENCE 2BB-BOS1217 DATE April 5, 2013
SUBJECT	Boston Advanced Exploration Project – Hope Bay Mining Ltd. – Application to assign licence No. 2BB-BOS1217 to TMAC Resources Inc. – Kitikmeot Region Project Description	

A. PROJECT DESCRIPTION

On February 28, 2013 the Nunavut Water Board (“NWB” or “Board”) provided notification that Hope Bay Mining Ltd. (“HBML”) had submitted an application to assign the Boston Advanced Exploration Project’s Type ‘B’ licence to TMAC Resources Inc. (“TMAC”). It should be noted that HBML submitted two additional applications to assign the Doris North Gold Project’s Type ‘A’ licence, No. 2AM-DOH0713, and the Hope Bay Regional Exploration Project’s Type ‘B’ licence, No. 2BE-HOP1222, to TMAC.

On March 12, 2013, HBML and TMAC closed a January 25, 2013 transaction agreement where TMAC agreed to purchase and HBML agreed to sell the Hope Bay Gold Project, including all mineral and surface rights and related assets. This transaction agreement allows TMAC to proceed with re-commencing development of the Doris North Project and exploration of the Hope Bay Belt, which were placed in care and maintenance on January 31, 2012.

The existing reclamation security required by the licence (\$1,700,000) is in the form of two letters of credit issued by HSBC Bank Canada on behalf of Miramar Mining Canada (“Miramar”), a previous licensee. This security identifies the Receiver General for Canada and the Kitikmeot Inuit Association as beneficiaries and is to be applied if non-compliance with land use permit #195C058 or water licence #NWB1BOS9801 were to occur.

Hope Bay Mining Ltd. has agreed to maintain or renew the required security on TMAC’s behalf for an indefinite period. This was communicated in the February 6, 2013 cover letter that accompanied submitted assignment application,

In relation to the letters of credit held by Aboriginal Affairs and Northern Development Canada pursuant to the Hope Bay Belt Water Licences, no changes to these letters of credit are requested at this time. Under the Agreement, HBML has agreed to maintain or renew letters of credit securing the obligations under the Hope Bay Belt water licences until TMAC arranges for replacement security.

The department anticipates that the required security amount will increase following the Board's review of the June 2012 *Hope Bay Project – Boston Camp Revised Interim Closure Plan* and the December 31, 2012 *Hope Bay Project Closure and Reclamation Cost Estimate – 2012 Update for NWB Licenses 2AM-DOH0713, 2BB-BOS1217, and 2BE-HOP1222* that HBML submitted pursuant to Part I, Item 1 and Part B, Item 3 of the licence. The proposed new security amount is \$5,988,000.

B. RESULTS OF REVIEW

On behalf of Aboriginal Affairs and Northern Development Canada ("AANDC"), the following comments are submitted for the Board's consideration,

1. Replacement security

AANDC has no real concerns with the requested assignment apart from the provision of replacement security in a timely manner. TMAC should furnish and maintain the reclamation security specified in Part B, Item 2 of the licence prior to assignment or within 60 days of assignment. The existing letters of credit should be replaced with a single letter of credit that is payable only to the Minister of AANDC. The replacement security must be furnished and maintained with the Minister in accordance with section 76 of the [Nunavut Waters and Nunavut Surface Rights Tribunal Act](#) and the [Mine Site Reclamation Policy for Nunavut, 2002](#). A template letter of credit can be made available upon request.

2. Issues identified in the existing letters of credit

a. Statement required from the Receiver General to withdraw the existing letters of credit

The existing letters of credit require a statement from the Receiver General for Canada certifying that either Miramar or Cambiex Exploration Inc. (previous licensees) have failed to meet their obligations under the water licence and a land use permit. It may be difficult for a statement to be provided from the Receiver General

for Canada in a timely manner. The licence security should be readily accessible to departmental officials.

- b. Statement required from the Kitikmeot Inuit Association to withdraw the existing security

It may be difficult to get a statement from the Kitikmeot Inuit Association in addition to the Receiver General for Canada in a timely manner.

- c. Statement must state Miramar or Cambiex Exploration Inc. is in default

Considering that Miramar and Cambiex Exploration Inc. are not the current licensees, it would be difficult if not impossible to make the statement required to withdraw the letters of credit if TMAC is the licensee.

3. Security provided by Miramar Mining Corporation

The existing licence security has been furnished and maintained by Miramar. TMAC should provide Miramar's written confirmation that they agree to provide this security on their behalf until replacement security is provided (by TMAC).

Prepared by David Abernethy