372 Bay Street, Suite 901,
Toronto, Ontario
M5H 2W9
416-628-0216

August 29, 2014

Eva Paul
Water Resource Officer
Aboriginal Affairs and Northern Development Canada
Building 915, P.O. Box 100
Iqaluit, NU X0A 0H0
Eva.Paul@aandc-aadnc.gc.ca

Re: 2BB-BOS1217 – July 2014 Water Licence Inspection Report

Dear Eva,

Please find enclosed with this letter TMAC Resources Inc.'s ("TMAC") response to the actions required from the July 17, 2014 2BB-BOS1217 water licence inspection. This letter is intended to cover items 1 and 3 in Section 3 of the draft License Water Inspection Form for the Boston Water License.

In response to Item 1 we have included a summary of the 2013 Boston Geotechnical report and timeline for implementation of the recommendations. In response to Item 2 we have attached with this submission an inventory of drill sites for the Hope Bay project with remediation information. TMAC will continue to remediate current and new drill sites as they are completed and opportunistically remediate historic drill sites as resources become available.

Kindly acknowledge receipt of this response and feel free to contact me if you have any questions at john.roberts@tmacresources.com.

Sincerely,

John Roberts
Vice President, Environmental Affairs
TMAC Resources Inc.
cc. Phyllis Beaulieu, Nunavut Water Board
John Roesch, Kitikmeot Inuit Association

In Response to Item 1

Inspection Item	2013 Recommendations	Actions/Timeline for Completion
Thermistors	• The functionality of the three intact thermistors, installed by Golder, should be confirmed. If these strings are operational, the severed string (drill hole 12259-03) should be spliced and tested as well. Any strings that are found to be functional should be included in the formal thermistor monitoring program for the site	• Thermistor readings were conducted at the three intact thermistors in August 2014. This data will be forwarded to SRK to confirm these strings are operational. • Repairs to the severed string (drill hole 12259-03) will be completed by the site electrician. This action will be completed by December 2014.
	• Formal monitoring of the on-site thermistor strings should continue. This program should consist of an annual reading, if resources are available. Any data collected should be reported as part of subsequent annual geotechnical inspections	• Annual readings were completed at three thermistors in August 2014 and will be submitted to SRK to be included as part of the 2014 geotechnical inspection. This monitoring will continue annually.
Primary Tank Farm Settlement Monitoring	• Annual monitoring (in either July or August) of tank settlement should recommence. This data should be reviewed and reported on as part of the annual geotechnical inspection and, should there be any signs of undue movement, appropriate mitigation plans should be put in motion	• Survey will be completed by October 2014.
	• The foundation settlement risk should be recognized in the spill response plan for the tank farm	• The Spill Contingency Plan will be revised in October 2014. The foundation settlement risk will be recognized and included in the revised plan.
Primary Tank Farm	• The appearance of surficial slip surfaces and tension cracks on the containment berms should be monitored. Remedial measures should be implemented if the tension cracks become larger. Should excessive deformation of these berms occur (the probability of which is likely low), the tank integrity is not at risk. It is simply the effectiveness of the secondary containment that will be compromised	• Containment berms will be monitored. This work is on-going.
Power Plant Fuel Containment	• No action required	• No action required.
Central Pad Fuel Containment	• No action required. Should this fuel transfer station be used, the exposed liner should be	• No action required.

Inspection Item	2013 Recommendations	Actions/Timeline for Completion
	covered to prevent exposure and/or operational damage	
Jet Fuel and Lubricant Containment	• No action required	• No action required.
Solid Waste Disposal Site (including Burn Pit)	• Remove the large pieces of black liner material from the tundra	• Material was removed following the inspection in September 2013. This action is completed.
Ore Stockpiles	• The procedures, protocols and monitoring plan stipulated in the 2009 Water and Ore/Waste Rock management plan for the Boston site (SRK 2009d) should be implemented	• This plan has been implemented in 2014. Routine monitoring has conducted at Containment Ponds (BOS-2), Bulk fuel storage sump (BOS-5), the Landfarm and the Portal as outlined in Water Licence 2BB-BOS1217. Seepage and runoff east of the ore stockpile (BOS-8) have also been monitored by sample collection in AugustThis workis on-going.
	• A comprehensive review of the annual seep survey data since 2008 should be done to confirm if any trends are present that contradict the 2009 management plan	• The report '2013 Update on Boston Geochemistry, Hope Bay Project' (SRK 2014) indicates that overall water quality from waste rock and ore stockpiles is stable and that there are no trends that contradict the 2009 management plan. On-going monitoring of routine seepage and ephemeral stream sites will continue to identify any potential changes that may impact current management plans.
Containment Pond	• No action required	• No action required.
Soil Containment Berm (Landfarm)	• No action required	• No action required.
Drill Cuttings and Settling Pond	• Remediation efforts to continue to backfill this depression in the tundra with drill cuttings should continue. Ideally this should be done from the upstream side working downstream to gradually remove any ponding water	• Salt free drill cuttings are currently being deposited into this depression (August 2014). This work is on-going as salt free cuttings are available.

Inspection Item	2013 Recommendations	Actions/Timeline for Completion
	• When there is active placement of drill cuttings into the ponded water, best management practices must be put in place to prevent release of silt-laden water	• Best management practices are being implemented when drill cuttings are being deposited in the depression. Drill cuttings are deposited uniformly from the upstream side and working towards the downstream. Efforts will be made to spread and compact this material to displace water effectively. This work is on-going.
	• Water quality sampling should be carried out to confirm that drill cuttings are not saline	• Sampling conducted in August 2014 before and during drill cuttings placement. This work is on-going as remediation efforts continue.
Portal	• SRK recommends that TMAC replace the weathered warning notices at the portal entrance advising of the dangers associated with unauthorized access to the area	• New signs were placed at the entrance to the portal and the barrier preventing access was repaired. This action was completed in August 2014.
	• The rock spalling on the exposed section of the portal roof is likely a fall hazard. Persons entering the area should wear appropriate personal protective equipment; however, a site specific hazard assessment should be completed to make people aware of the dangers. Should there be a need for any individual to enter the area for reasons other than a brief inspection, consideration should be given to installing roof support, such as a small diameter wire mesh (50 mm mesh) to mitigate the fall hazard	• While the site remains in care and maintenance, the recommended repair work cannot be undertaken. Although staff do not generally enter the portal roof area, appropriate personal protective equipment will be worn and proper controls will be put in place in the case where the area needs to be accessed.
Vent Raise	• The tarps are significantly weathered and their attachment points are starting to come apart. The tarps should be replaced.	• The tarps currently covering the vent raise were repaired and secured to the vent raise structure. This action was completed August 2014.
	• Sign posts warning visitors of potential dangers associated with accessing the area do not exist. It is recommended that signs be erected	• Signs were posted at the vent raise access and a barrier was installed to prevent access to this area. This action was completed in August 2014.
Road to Dock	• No action required	• No action required
Camp Complex Foundation pad	• No action required	• No action required
Road to Airstrip	• No action required	• No action required

Inspection Item	2013 Recommendations	Actions/Timeline for Completion
Airstrip	• No action required	• No action required
Drill Road	• Monitor the pipe culvert for progressive permafrost degradation	• Pipe culvert will be monitored. This work is on-going.
Core Storage Pad	• No action required	• No action required
Wooden Walkway to Boat Dock	• No action required	• No action required
Radio Tower and Shack	• Remove the tower from the tundra	• Due to the site being in care and maintenance, the tower cannot be removed at this time.
Water Intake Pump Shack	• No action required	• No action required
Original STP Foundation Pad	• No action required	• No action required
New STP Foundation Pad	• The area where the ore pad was backhauled, and where minor damage to the tundra occurred, must be monitored to ensure no ponding water, which would lead to increased vegetation die back and subsequent permafrost damage	• Area will be monitored for vegetation die back and permafrost damage. This work is on-going.
Core Storage Area(s)	• Monitor the areas where the core boxes have been removed from the tundra, and where minor damage has occurred, to ensure there is no ponding water, which would lead to increased vegetation die back and subsequent permafrost degradation	• Area will be monitored for vegetation die back and permafrost damage. This work is on-going.
Grey Water Discharge	• No action required	• No action required
Historic Drill Sites	• HBML initiated remediation measures to address some of the erosion gulley's formed by drilling fluid using cocoa matting and re-vegetation. This program appears to be successful at controlling erosion and although vegetation re-growth appears slow, it is likely to occur. TMAC should consult the services of an expert knowledgeable with tundra vegetation to implement appropriate remediation strategies • An action plan is needed to remediate the drill sites where significant permafrost degradation and vegetation die back has resulted in permanent ponds of standing water. This standing water is causing further permafrost degradation, which in turn increases the pond's size	• An expert in tundra vegetation has been consulted and appropriate remediation strategies will be implemented where possible. This work is on-going. • TMAC is aware of this issue but limited action can be undertaken while the Boston site remains in care and maintenance. Remediation efforts are being conducted opportunistically. This work is on-going.

Inspection Item	2013 Recommendations	Actions/Timeline for Completion
Orbit 25 Drill Site	• Continue developing and subsequently implement an appropriate remediation plan for this site	• This work is on-going.
Vegetation Die Back Zone	• Follow recommendations of sections 3.5.3 (Historic Drill Sites) and 3.5.4 (Orbit 25 Drill site)	• See actions for 3.5.3 and 3.5.4
V-Notch Weir	• No action required	• No action required

In Response to Item 3

Please see Excel Workbook attached to email.