



Nunavut Regional Office
Operations Directorate
Water Resources Division
P.O. Box 100
Iqaluit, NU X0A 0H0

File #9545-2-1.2BB.BOSR
CIDMS #342414

July 16, 2009

Via Email

Richard Dwyer
Licensing Administrator
Nunavut Water Board
Gjoa Haven, NU

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

Dear Sirs,

**Subject Water License #2BB-BOS0712, Hope Bay Mining Ltd., Boston
Advanced Exploration Project, Kitikmeot Region, Submission
of 2008 Annual Report**

Please be advised that on behalf of Indian and Northern Affairs Canada, I have completed a review of the above referenced Hope Bay Mining Ltd. submission to the Nunavut Water Board.

A Technical Review Memorandum (attached) is provided to the Board for consideration.

Should you have any questions regarding this submission, feel free to contact me at 867-975-4555 or David.Abernethy@inac-ainc.gc.ca.

Regards,
David W. Abernethy

Cc. Ian Rumbolt, Acting Water Resources Division Manager
 Kevin Buck, Water Resources Division Manager
 Peter Kusugak, Field Operations Manager

Technical Review Memorandum

Date: July 16/09

To: Richard Dwyer, Nunavut Water Board
Chris Hanks, Hope Bay Mining Ltd.

Cc: Ian Rumbolt, Indian and Northern Affairs Canada
Kevin Buck, Indian and Northern Affairs Canada
Peter Kusugak, Indian and Northern Affairs Canada

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2BB-BOS0712 Part B, Item #3 – Hope Bay Mining Ltd. – Boston Advanced Exploration Project – 2008 Annual Report**

A. PROJECT DESCRIPTION

On June 8/09 the Nunavut Water Board (NWB or Board) distributed Hope Bay Mining Ltd.'s (HBML) 2008 Annual Report for the Boston Advanced Exploration Project to interested parties for review. This report was submitted pursuant to Part B, Item #3 of Water License #2BB-BOS0712.

The following documents were reviewed to prepare this Technical Review Memorandum,

- HBML. *2008 Annual Report Form*;
- HBML. *2008 Annual Report Supplemental Document*. May 2009;
- SRK Consulting. *2008 Annual Geotechnical Inspection, Boston Advanced Exploration Project, Hope Bay, Nunavut*. March 2009;
- HBML Letter to the NWB, *Re: 2BB-BOS0712 – Submission of the 2008 Annual Geotechnical Inspection Report and an Update on the Status of the Water and Ore/Waste Rock Management Plan and the Landfarm Operation and Maintenance Plan*. Apr. 22/09;
- NWB Letter to HBML, *Hope Bay Mining Limited; Submission of a Landfarm Operation and Maintenance Manual for the Boston Camp; Licence 2BB-BOS0712*. Oct. 7/08;
- HBML Letter to the NWB, *Re: Implementation Plan to Address Issues Identified at the Windy and Boston Camps*. May 13/08;
- NWB Letter to Miramar Hope Bay Ltd. *Submission of Abandonment and Restoration Plan under Part I, Item 1 of License 2BB-BOS0712*. Dec. 18/07;

- Miramar Hope Bay Ltd. *Landfarm Operations and Maintenance Manual for Boston Camp Landfarm Treatment Area and Windy Lake Camp Landfarm Treatment Area*. October 2007;
- Miramar Hope Bay Ltd. *Closure and Reclamation Plan for the Boston Advanced Exploration Project Nunavut*. September 2007; and,
- NWB Water License #2BB-BOS0712.

B. RESULTS OF REVIEW

1. This year HBML will replace their rotary biological contactor Sewage Treatment Plant (STP) with a new membrane technology STP. This was considered a necessary mitigation measure because license compliance values are not being met for treated effluent at monitoring station BOS-3 in spite of attempts to upgrade the rotating biological contactor STP's efficiency.
2. A detailed executive summary of this report in Inuktitut was not included in HBML's submission to the NWB. This is required under Part B, Item #13 of the license.
3. As per Part E, Item #8 of the license, HBML is required to submit a Water and Ore/Waste Rock Management Plan that addresses the acid rock drainage and metal leaching potential of materials at the site to the Board for approval. In their Apr. 22/09 letter to the NWB accompanying the 2008 Annual Geotechnical Inspection Report, HBML stated that they are "currently in the process of doing an update of this plan." The update of the plan "will include recommendations for the ongoing management of the Boston bulk sample ore."
4. On page 12 of the submitted Supplemental Document, HBML states that they "will prepare and Abandonment and Restoration (A&R) Plan specific to the Boston Camp Landfarm in 2009 and will submit it upon completion. It is planned to close the existing landfarm in 2010." This is in response to the NWB letter dated Oct. 7/08 to HBML requesting the submission of such a plan.
5. In Appendix B of the Supplemental Document, HBML states that toxicity testing was carried out on Oct. 6/08 to demonstrate Non-Acute Toxicity of the effluent discharged from the Waste Water Treatment Facility at HOP-3 in accordance with the procedures specified in Part J Item #4. HBML states that the collected samples passed the testing procedures. It is noted that test results were not made available for review and that HBML makes reference to a monitoring station that is specific to their Hope Bay Exploration Project's (Windy Camp) Type B water license, #2BE-HOP0712. They are required to conduct acute lethality tests on "treated sewage effluent at the point prior to

entry into Aimaoktatuk (Spyder) Lake, Monitoring Station BOS-4, once annually during open water season.”

6. As per Part B, Item #7(x) of the license, HBML is to provide an updated or revised Spill Contingency Plan along with Annual Report submissions when necessary. HBML did not provide a revised plan with their 2008 Annual Report. They stated on page 4 of their Annual Report Form that an updated contact is included at the end of their Supplemental Document but this list cannot be found.

C. RECOMMENDATIONS

1. INAC is requesting that HBML provide a Plan of Action with a firm timetable of implementation that addresses the above-noted deficiencies with this Annual Report. The Plan should be submitted no later than Aug. 31/09.
2. INAC recommends that HBML revise their September 2007 Closure and Reclamation Plan to reflect their ownership of the Boston Advanced Exploration Project any revisions to the plan, and once developed, details associated with the closure and reclamation of the landfarm facility.