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August 5, 2009

David W. Abernathy  
Water Resources Regional Coordinator  
Indian and Northern Affairs  
Nunavut Regional Office Operations Directorate  
P.O. Box 100  
Iqaluit, NU  
X0A 0H0

**Re: Water License 2BB-BOS0712 2008 Annual Report INAC Review**

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Dear Mr. Abernathy,

In response to your July 16, 2009 letter and technical memorandum reviewing Hope Bay Mining Ltd.'s (HBML) 2008 Annual Report submission for the water license 2BB-BOS0712, please find below the implementation timetable addressing the noted deficiencies.

*1. This year HBML will replace their rotary biological contrator 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 contrator STP's efficiency.*

**Action:** The STP has been delivered and is partially installed on site. Instillation was halted when an unanticipated problem was found in the Boston power distribution system. The installation was stopped and the camp closed until this problem can be rectified in 2010. The new STP will be commissioned in 2010 and operating before Boston Camp is reopened at a later date that is to be announced.

*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.*

**Action:** An Inuinnaqtun translation of the detailed executive summary of the annual report was submitted with the hard copy of the report. This dialect was chosen due to the fact that the Hope Bay project is in the Kitikmeot Region where Inuinnaqtun is the dialect of Inuktitut in use.

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.”

**Action:** The Water and Ore/Waste Rock Management Plan for Boston was submitted to the NWB on August 06, 2009.

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.

**Action:** The Landfarm Closure Plan will be submitted to the NWB by December 31, 2009.

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

**Action:** HBML will provide the 2008 BOS-4 Toxicity Testing Data to the NWB no later than September 30, 2009. There was a typographical error in the other report.

6. As per Part B, Item #7(x) of the license, HBML is to provide an updated or revised Spill Contingency Plan along with the 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.

**Action:** The Spill Contingency Plan is currently being updated and will be submitted, with the appropriate contact information, to INAC and the Nunavut Water Board no later than September 30, 2009.

In addition to these deficiencies, HBML will also revise the September 2007 Closure and Reclamation Plan to reflect our ownership of the Boston Advanced Exploration Project. Included with this will be details on the closure and reclamation of the landfarm facility.

Please contact me at [Chris.Hanks@newmont.com](mailto:Chris.Hanks@newmont.com) if you have additional questions or require any further information relating to the contents of this letter.

Sincerely,

Chris Hanks  
Director, Environmental and Social Responsibility  
Hope Bay Mining Ltd.