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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BB-BOS0712/E8

January 19, 2011

Chris Hanks
Director, Environment and Social Responsibility
Hope Bay Mining Ltd.
Suite 300, 889 Harbourside Drive
North Vancouver, BC
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E-mail: chris.hanks@Newmont.com

Subject: Licence No.2BB-BOS0712, Part E, Item 8: Review and Approval of a Water and Ore/Waste Rock Management Plan for the Boston Advanced Exploration Project

Dear Mr. Hanks,

The Nunavut Water Board (NWB or Board) received comments from Environment Canada (EC) and Indian and Northern Affairs Canada (INAC) concerning the above-cited Plan and supplemental information provided by Hope Bay Mining Limited (HBML). The comments were submitted on or before November 18, 2010 and are available on the NWB's ftp site at the following link:

[ftp://nunavutwaterboard.org/1%20PRUC/2%20MINING%20MILLING/2B/2BB%20-%20Bulk%20Sampling/2BB-BOS0712/3%20TECH/11%20C%20A%20I%20O%20\(E\)/E8%20Waste%20Rock%20Mgmt%20Plan/](ftp://nunavutwaterboard.org/1%20PRUC/2%20MINING%20MILLING/2B/2BB%20-%20Bulk%20Sampling/2BB-BOS0712/3%20TECH/11%20C%20A%20I%20O%20(E)/E8%20Waste%20Rock%20Mgmt%20Plan/)

The Plan submitted by HBML was a requirement under Part E, Item 8 of the Type B water licence for the Boston exploration project as follows:

The Licensee shall submit, to the Board for approval, within six (6) months of issuance of this License, a Water and Ore/Waste Rock Management Plan that addresses the ARD and metal leaching potential of the materials at the site.

After having reviewed the submission and then the additional information provided by HBML on July 16, 2010, including comments received from interested persons and responses of the Licensee, the NWB notes that parties are generally satisfied with the Plan and that the major

concerns have been addressed. The Board has therefore approved the Plan (**Motion # 2010-23-L15**) complete with the addendum as submitted.

In approving the Plan, the NWB understands that the scope of materials management is limited to the existing waste rock and ore stored on site as there are currently no plans to excavate additional waste rock or ore from Boston. Should operating plans change, HBML must provide adequate notice in accordance with Part B, Item 8 and update the Plan where required.

The Plan acknowledges that the monitoring has demonstrated that seepage occurs immediately down-gradient of the camp pad and ore stockpiles. The seepage has elevated concentrations of sulphate, chloride, arsenic, nickel and selenium, which are attenuated as the seepage flow passes over the tundra prior to entering Aimaokatalok (Spyder) Lake. EC recommended on-going monitoring of the ephemeral streams to ensure that deleterious substances do not enter waters which may enter fish bearing waters. HBML responded to EC's concern stating that the ephemera streams have been assessed and are not fish-bearing and therefore adopted the position that applicable regulations would only come into force at the point of entry into Aimaokatalok Lake. HBML further proposed a site visit to clarify the situation, which EC accepted.

In addressing the issue of seepage, the NWB would like to emphasize Part D, Item 7 of the Licence, which, in the NWB's view of the condition's intent, applies equally to seepage from camp pad as it does to the storage pads:

All Minewater and surface drainage from decline, waste rock and ore stockpiles shall be pumped to a Containment Pond prior to discharge.

The volumes of seepage and runoff are unclear in the Plan. Regardless, given the above condition, any runoff or seepage from the storage pads should not be directly entering the environment. In addition to the above condition, Part D, Item 8 of the Licence provides Effluent quality discharge for the Containment Pond at monitoring station BOS-2. The Plan indicates the following with respect to the Containment Pond and monitoring station BOS-2:

Ponds were originally designed to accommodate excess water from the underground. One pond is lined and is used to hold surface water only. The other pond is unlined and is presently used to temporarily hold non-hazardous solid waste materials pending packaging for offsite disposal. Water discharge, as required, is onto tundra east of the ponds and only after fulfilling specific discharge criteria. Monitoring is performed prior to discharge only.

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Sources of water reporting to this location are not well documented but it is assumed that these may include runoff from the camp pad or water accumulating in the fuel containment area and may therefore reflect water quality associated with runoff from the ore and waste rock¹.

¹ Water and Ore/Waste Rock Management Plan for the Boston Site, Hope Bay Project, Nunavut, SRK Consulting (Canada) Inc., July 2009; Table 2.4 pg. 10

It appears that HBML is meeting the monitoring requirements for the Containment Pond. However, the NWB's view is that the Licence requires that any runoff or seepage from storage pad areas be contained and pumped to the Containment Pond. In addition, given the parameters of concern, the NWB notes that the discharge criteria listed in Part D, Item 8 may be inadequate as sulphate, chloride and selenium are not presently regulated.

To be consistent with other projects in Nunavut involving waste rock and ore storage, the NWB requires that HBML provide an additional addendum to the Plan to address the measures required for collecting runoff and seepage from the pads, as required by the Licence. The addendum shall also propose a comprehensive set of Effluent discharge criteria for the Containment Pond addressing parameters of potential concern. The NWB believes this is an acceptable request as HBML indicated in the Plan submitted that it intends to more clearly document the criteria and procedures used to initiate active pumping and discharges. The supplemental information requested by the NWB shall be provided for review and approval by April 1, 2011, in order to facilitate review prior to spring thaw.

Should you have any question regarding the above please do not hesitate to contact the NWB office.

Yours truly,

Original signed by:

David Hohnstein
Director Technical Services

DH/tla