Hope Bay Mining Ltd.
Suite 300
889 Harbourside Drive
North Vancouver, BC
V7P 3S1
T 604.985.2572
F 604.980.0731
www.newmont.com

July 22, 2011

Tim Morton, Enforcement Officer
Environment Canada
Nova Plaza - 5019 - 52 St
PO Box 2310 Yellowknife, NT X1A 2P7

Chad Harden, Enforcement Officer
Environment Canada
Nova Plaza - 5019 - 52 St
PO Box 2310 Yellowknife, NT X1A 2P7

Ian Rumbolt
Water Resources Officer, Kitikmeot Region
Indian and Northern Affairs Canada
PO Box 278, Kugluktuk, NU X0B 0E0

RE: 2BB-BOS0712 Orbit 25 Drill Rig Brine and Cuttings Spill Clean-Up Activities and Preliminary Restoration Plan

Dear Mr. Morton, Mr. Harden, and Mr. Rumbolt,

During a routine inspection by Environment Canada Enforcement Officers on June 14, 2011, the Hope Bay Mining Ltd. (HBML) Environment and Social Responsibility (ESR) department escorted the Environment Canada Enforcement Officers to visit the Orbit 25 drill at Boston Camp, which was placing a wedge in the hole to redirect the drill. The Orbit 25 drill rig was placed on this target via winter skids on an ice pad in early May 2011. The rig was at 1000m in a 1400m target hole. The drill was anticipated to be in place for an additional 2 to 3 months to complete a second spur with a target distance of 1400m using the same casing location.

Upon arrival at the Orbit 25 drill, a brine and cuttings spill was detected. The site was examined by the ESR department, Mr. Morton and Mr. Harden. Vegetation damage was observed downslope from the drill and a narrow salt burn was detectable up to the shore of Aimaokatalok (Spyder) Lake. A hydrocarbon sheen was visible on some of the standing water in the salt burned area. ESR shut down the drill rig immediately.

The HBML Boston facility employees were instructed by the ESR department to mobilize absorbants and coconut matting to the drill site to begin clean-up immediately. Environment

Canada and ESR collected sediment and water samples from various locations in the spill area for analysis of hydrocarbons, metals, and routine parameters.

Clean-up activities began immediately after the samples were collected. The drill crew, ESR and facility employees deployed absorbent booms at the lake edge and placed absorbent pads on the standing water surfaces. The drill crew shoveled up loose cuttings prior to covering the area with granular corncob absorbent to absorb hydrocarbons that may have been present on the soil surface and standing water. Coconut matting was placed over the bare soil to protect the area from heating and further permafrost damage while the incident investigation and restoration plans are completed.

All drilling activity by Orbit-Garant was stopped pending further review. The Orbit reverse circulation drill, which does not use salt water and produced dry cuttings, was permitted to return to drilling on July 15, 2011.

Orbit-Garant supervisors conducted an inspection of the Orbit 25 drill rig on July 16, 2011 to further identify effects of the drilling activities on the tundra near the drill. Preliminary inspection below the drill identified a hole surrounding the drill casing that is approximately 7x10 feet in area and up to 7 feet deep.

HBML will investigate options for filling the hole once the drill is removed. This may include a cover of clean soil from overburden stockpiles that will be used to cap the hole and possible the entire area of damaged tundra. This would then be covered with fully biodegradable coconut-straw matting, peat moss, and possibly be reseeded with an arctic seed mix. As the details of the restoration program are determined, HBML will provide a complete description of the restoration plan.

Please do not hesitate to contact me (angela.holzapfel@newmont.com), or Chris Hanks, VP Environment (chris.hanks@newmont.com) if you have any questions or comments regarding this clean-up summary. HBML will keep you apprised of restoration and spill contingency plans as we move forward.

Sincerely,

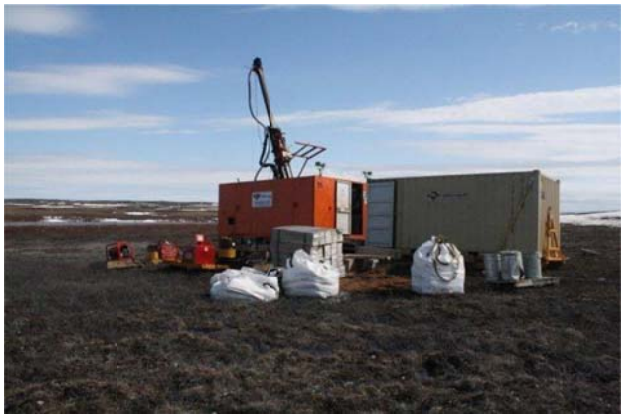
Angela Holzapfel

Digitally signed by Angela Holzapfel
DN: cn=Angela Holzapfel, o=Hope Bay Mining Ltd, ou=Environment and Social Responsibility, email=angela.holzapfel@newmont.com, c=CA
Date: 2011.07.21 09:23:54 -06'00'

Angela Holzapfel
Environmental Compliance Manager
Environment and Social Responsibility

Photos attached.

Photos for the Orbit 25 drill rig taken in early June 2011, prior to vegetation greening, were provided to the Hope Bay site management team upon request for information on the drill. Cuttings are evident on the eastern downhill slope of the drill, but salt burns are not evident.

	
Early June 2011. View west toward Orbit 25 Drill Rig prior to greening of vegetation.	Early June 2011. Aerial view north toward toward Orbit 25 Drill Rig. Cuttings spill evident.

Photos taken on July 14, 2011 during the Environment Canada inspection when the spill and tundra damage was discovered during the inspection.

	
July 14, 2011. View west toward Orbit 25 Drill Rig.	July 14, 2011. View east toward Stickleback Outflow (inflow to Aimaokatalok Lake) from Orbit 25 Drill Rig.

Clean-up activities were initiated immediately upon permission from Environment Canada on July 14, 2011. Absorbent booms and absorbent pads placed to retain residual hydrocarbons.

	
July 14, 2011. View south along Stickleback Outflow (inflow to Aimaokatalok Lake). Booms placed to absorb hydrocarbons in the event that any residuals drain into the water downhill of the Orbit 25 Drill Rig.	July 14, 2011. View north toward Boston Camp, downhill from Orbit 25 Drill Rig. Crew placing absorbant pads on standing pools to absorb residual hydrocarbons, if present.

	
July 14, 2011. Drill cuttings picked up off the tundra at the Orbit 25 Drill Rig.	July 14, 2011. View west looking at the Orbit 25 drill rig. Coconut matting placed to provide temporary insulation for the bare ground while a restoration plan is developed.