

February 6, 2013



DELIVERED AND BY EMAIL

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Attention: Phyllis Beaulieu, Manager of Licencing

Dear Sirs and Mesdames:

RE: Nunavut Water Board Approval of Assignment of Water Licence 2AM-DOH0713, 2BB-BOS1217 and 2BE-HOP1222 from Hope Bay Mining Ltd. to TMAC Resources Inc.

As we have discussed previously, Hope Bay Mining Ltd. ("**HBML**") has now entered into a Transaction Agreement (the "**Agreement**") with TMAC Resources Inc. ("**TMAC**") dated January 25, 2013, pursuant to which TMAC has agreed to purchase and HBML has agreed to sell the Hope Bay Gold Project in Nunavut (the "**Transaction**"), including all mineral and surface rights and related assets (the "**Purchased Assets**").

Completion of the Transaction will enable TMAC to proceed with re-commencing development of the Doris North Project and exploration of the remainder of the Hope Bay Belt (the "**Hope Bay Gold Project**"), which is currently in care and maintenance.

A. Request for NWB Approval of Transfer

The Agreement provides for the assignment of Water Licence 2AM-DOH0713, 2BB-BOS1217, and 2BE-HOP1222 (the "**Hope Bay Belt Water Licences**") subject to the consent of the Nunavut Water Board ("**NWB**"). Accordingly, we write to:

- (1) Request confirmation that the NWB will change the name of the holder of the Hope Bay Belt Water Licences from HBML to TMAC, to be effective as of the date of closing of the Transaction (the "**Closing Date**"); and
- (2) Request that the NWB not effect the transfer of the Hope Bay Belt Water Licences until HBML and TMAC advise the NWB of the Closing Date. It is our intent to co-ordinate the transfer of the Hope Bay Belt Water Licences with the overall completion of the Transaction.

B. Overview of Transaction

In selecting TMAC to proceed with the Hope Bay Gold Project, HBML has determined that TMAC has the financial and such other capacity and qualifications as may be required to carry out obligations under the various approvals and agreements that have been issued or entered into in relation to the Hope Bay Gold Project. With respect to the qualifications of the TMAC team, TMAC is a privately held mining exploration and development focused company comprised of the former senior executives of FNX Mining Company Inc. and headed by Terry MacGibbon, founder of FNX Mining Company Inc. and Chairman of Torex Gold Resources Inc. TMAC management has an exceptional track record for developing high grade, profitable underground mines.

The consideration to HBML for the sale of the Purchased Assets will be comprised of securities of TMAC, as well as the assumption by TMAC of certain liabilities related to the Hope Bay Gold Project. Following the Closing, HBML will be a significant shareholder in TMAC.

Prior to the Closing, HBML and its affiliates will undertake certain pre-closing steps to transfer the right, title and interest to the Hope Bay Gold Project assets held by Newmont Canada FN Holdings ULC to HBML, including the termination of the joint venture agreement between HBML and Newmont Canada FN Holdings ULC dated July 1, 2008 and the release or discharge of all security over any of the Purchased Assets granted thereunder. In addition, HBML will grant to Newmont Canada FN Holdings ULC a 1% net smelter returns royalty from the commercial production from the Hope Bay Gold Project area of interest.

Prior to the Closing Date, TMAC will complete an initial equity financing of at least \$30 million. In addition to this initial equity financing, TMAC intends to raise substantially more funds in an IPO later in 2013.

C. Documentation Supporting Request for NWB Consent

In support of our request to transfer the Hope Bay Belt Water Licences, we provide the following documentation:

- (1) A completed Application for Assignment Form, together with an executed Declaration of Licensee;
- (2) An executed Undertaking of Proposed Assignee, and Affidavit of Execution – Undertaking of Proposed Assignee;
- (3) A redacted copy of the Agreement;
- (4) A statement of TMAC's capacity to implement all of the conditions of the Hope Bay Belt Water Licences and to file all required outstanding plans, manuals and reports;
- (5) \$30 (CAN) Application Fee for each transfer;
- (6) A summary of this request for assignment, together with translations.

In addition to the above, we have requested that Kitikmeot Inuit Association confirm to the NWB that the transfer of Type A Water Licence 2AM-DOH0713 from HBML to TMAC will not negatively impact the existing Water Compensation Agreement that HBML and KIA have entered into in relation to the Doris North Project. There are no Water Compensation Agreements that have been entered into in relation to Type B Water License 2BB-BOS1217 and 2BE-HOP1222.

In relation to the letters of credit held by Aboriginal Affairs and Northern Development Canada pursuant to the Hope Bay Belt Water Licences, no changes to these letters of credit are requested at this time. Under the Agreement, HBML has agreed to maintain or renew letters of credit securing the obligations under the Hope Bay Belt Water Licences until TMAC arranges for replacement security.

With respect to the NWB's requirement for an updated security assessment, we note that updated closure plans for each of the Hope Bay Belt Water Licences including updated security assessments were recently submitted to the NWB and are currently the subject of NWB review and comment. No changes have been made to any of the facilities since the plans were submitted.

Finally, please note that the current officers of TMAC are as follows: Terry MacGibbon (Executive Chair), Catherine Farrow (Chief Executive Officer), Gordon Morrison (President and Chief Technology Officer), Ron Gagel (Executive Vice President and Chief Financial Officer), Bill Napier (Vice President Sustainability, Health, Safety and Environment) and Jay Goldman (Corporate Secretary).

D. Conclusion

We are seeking your approval of this assignment at your earliest convenience. Therefore, we request that the NWB commence its process relating to consideration of this request as soon as possible.

Thank you for your consideration of our request. If you have any questions, or require any further information, please contact the undersigned.

HOPE BAY MINING LTD.

Per: m
(Authorized Signatory)

chris.hanks@newmont.com
 Digitally signed by chris.hanks@newmont.com
 DN: cn=chris.hanks@newmont.com
 Date: 2013.02.07 12:59:54 -07'00'

TMAC RESOURCES INC.

Per: 
(Authorized Signatory)