



Our reference
File #9545-2-1.2BE.HOPA
CIDM #413505

June 28, 2010

Your reference
2BE-HOP0712

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Sent Via Email

Dear Phyllis,

Subject Water License #2BE-HOOP0712, Hope Bay Mining Ltd., Hope Bay Project, Kitikmeot Region, Application for Amendment #3

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
Water Resources Regional Coordinator
Operations Directorate, Nunavut Regional Office
Indian and Northern Affairs Canada
Iqaluit, Nunavut
X0A 0H0

Attached.

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager
Peter Kusugak, INAC Field Operations Manager
Melissa Joy, INAC Water Resource Officer

TECHNICAL REVIEW MEMORANDUM

Date: June 28/10

To: Phyllis Beaulieu, Nunavut Water Board

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2BE-HOOP0712, Hope Bay Mining Ltd., Hope Bay Project, Kitikmeot Region, Application for Amendment #3**

A. PROJECT DESCRIPTION

On May 28/10 the Nunavut Water Board (NWB or Board) distributed Hope Bay Mining Ltd.'s (HBML) Apr. 23/10 license amendment application to revise certain terms and conditions associated with water use for drilling purposes. The NWB requested representations from interested parties by June 28/10.

More specifically, HBML has requested that the Board,

1. amend Part C, Item #1 of the license to include defined criteria for the selection of drill water sources and delete the reference to the June 2007 drawing entitled, "Hope Bay Exploration Drilling Water Sources;" and,
2. amend Part C, Item #3 of the license to specify that additional NWB notice and approval for water use is required only if source water bodies may be drawn down in excess of 2 cm.

HBML wants to be permitted to draw water for drilling purposes from any water body in their project area that exceeds a surface area of 15,000 m². They are currently restricted to use water from lakes identified in the June 2007 drawing referenced above (limit of 80 m³ per day) but due to their regional exploration program's development they want to access additional water sources that are in close proximity to their drill targets. Based on their anticipated drill water use requirements, HBML considers that water bodies with this minimum surface area (15,000 m²) are appropriate water sources and that a maximum draw down threshold of 2 cm is within the region's natural lake water level variability.

B. RESULTS OF REVIEW

On behalf of Indian and Northern Affairs Canada (INAC), I am providing the following comments / recommendations for the Board's consideration,

1. General

- HBML's request to revise Part C, Item #1 of their license is a reasonable request based on the information submitted and the water consumption records included in their 2009 annual report.
- Part C, Item #3 of the license does not require revision. HBML's proposal that a 2 cm threshold for defining draw down conditions in source water bodies would be difficult to implement based on climate factors such as precipitation, evaporation, and wave action.

2. Monitoring Water Levels

- If HBML's proposed 2 cm draw down threshold is considered, HBML should,
 - describe how they will monitor draw down conditions in excess of 2 cm when source water bodies are ice free and ice-covered;
 - outline the timeframe used to determine if water levels will decrease by 2 cm (e.g., daily, weekly, monthly, or the duration of drilling activities); and,
 - maintain records of water levels.

3. Minimum Depth of Source Water Bodies

- The submitted license amendment application does not specify a minimum depth for the selection of source water bodies that can be used to support their drilling operations. This information should be provided. The environmental effects of drawing water from water bodies with shallow depths may be greater than from those that are deeper (and consequently, have larger volumes of water).

Prepared by David Abernethy

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager
Peter Kusugak, INAC Field Operations Manager
Melissa Joy, INAC Water Resource Officer