



Indian and Northern
Affairs Canada

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Our reference
File #9545-2-1.2BE.HOPA
CIDM #419277

July 30, 2010

Richard Dwyer
Licensing Administrator
Nunavut Water Board
Gjoa Haven, Nunavut X0E 1J0

Your reference
2BE-HOP0712/Application

Sent Via Email

Dear Richard,

**Subject Water License #2BE-HOP0712, Hope Bay Mining Ltd., Hope
Bay Regional Exploration Project, Kitikmeot Region,
Application for Amendment to Relocate the Windy Camp**

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 for the Board's consideration.

If 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
Bryan Rayner, INAC Water Resource Officer

TECHNICAL REVIEW MEMORANDUM

Date: July 30/10

To: Richard Dwyer, Nunavut Water Board

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2BE-HOP0712, Hope Bay Mining Ltd., Hope Bay Regional Exploration Project, Kitikmeot Region, Application for Amendment to Relocate the Windy Camp**

A. PROJECT DESCRIPTION

On June 28/10 the Nunavut Water Board (NWB or Board) distributed Hope Bay Mining Ltd.'s (HBML) May 26/10 license amendment application to allow for the relocation of their Windy Camp. On June 21/10 HBML submitted a translated executive summary and update on the submission of a closure plan. Interested parties were requested to provide written representations.

Hope Bay Mining Ltd. intends to relocate their Windy Camp and associated facilities, including fuel tanks originally installed at Patch Lake, to a nearby quarry site (Quarry D) along the Doris-Windy all-weather road. This is to address concerns associated with the camp's current location which is in close proximity to Windy Lake. The camp's freshwater intake and discharge points will not be changed as a result of this relocation. In their June 21/10 update on abandonment and restoration activities HBML stated that a revised closure plan specific to their Windy Camp and associated facilities will be submitted to the NWB by the end of 2010.

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 proposal to relocate their Windy Camp and associated facilities to Quarry D should be an improvement to the Hope Bay Regional Exploration Project. Project operations at this site should have a lower risk of affecting nearby freshwater sources. It is our understanding that the relocation also includes plans to reclaim areas previously impacted by project activities.

2. Increased Water Use

The submitted license amendment application requests an increase in domestic water use from twenty (20) m³ per day to sixty-three (63) m³ per day. This is considered to be necessary for the increased camp population (an increase in maximum accommodation capacity from 90 to 180 people) and operation of a new membrane sewage treatment plant. No changes to freshwater consumption for other purposes are proposed. As stated in INAC's July 23/10 review memo to the NWB concerning HBML's license amendment application to permit the discharge of quarry water, it is recommended that water use for dust suppression purposes be included in a revised license. HBML should provide the Board with the maximum total daily amount of water, indicating the purposes for its use, which may be used to support project activities.

3. Sewage Treatment

HBML intends to replace the Windy Camp's rotating biological contact sewage treatment plant with a membrane sewage treatment plant that was originally intended for use at their Boston Advanced Exploration Project camp. Details regarding this treatment system's operation were distributed for review in April 2009 through a notice of modification to license #2BB-BOS0712. The installation of this treatment facility is anticipated to be an improvement to the Windy Camp's sewage treatment capacity and accordingly, INAC supports its installation. HBML has stated that they will submit an operations and maintenance manual specific to this facility within ninety (90) days of an approved license amendment. It is recommended that this plan's submission date be included in the proposed license amendment. INAC will review this submission once it is made available for review.

4. Solid Waste Management

HBML has not proposed any changes to their solid waste management practices. Therefore, the requirements provided in Part D, Conditions Applying to Waste Disposal of their license do not require revision. However, it is recommended that HBML be reminded that any incineration of waste should be in accordance with Environment Canada's "Technical Document for Batch Waste Incineration."

5. Spill Prevention and Contingency Planning

HBML should revise their March 2010 Spill Contingency Plan to include spill prevention and contingency measures associated with the Windy Camp's new location.

6. Revision of Monitoring Program Stations

A monitoring program station should be allocated to the fuel storage facility that will be established at the relocated Windy Camp for the monitoring of effluent quality prior to release. Although no monitoring data was provided for station #HOP-4, effluent from the closed Windy Lake landfarm was provided in the 2009 Annual Report, this station should remain in effect for post-closure monitoring purposes. This should also apply to the current Windy Camp and Patch Lake fuel storage facilities that are scheduled for closure and reclamation.

7. Revised Closure and Reclamation Plan

It is recommended that HBML be required to submit a revised Closure and Reclamation Plan by Dec. 31/10 through their proposed license amendment. As a minimum, this plan should address the Windy Camp's relocation, the Patch Lake facilities, the Doris-Windy all-weather road, quarry sites, diamond drilling operations, and the reclaimed Windy Lake landfarm. HBML should ensure that the information requirements included in the NWB's Oct. 7/08 letter to HBML regarding this landfarm's closure are included in this submission. The estimate for financial costs provided in Section 8.3: Cost Estimate of the Sept. 2007 Closure and Reclamation Plan should also be updated.

8. Closure and Reclamation Information Notices

HBML should keep the Board and interested parties regularly informed on the progress of their Windy Camp and associated facilities relocation and their corresponding closure and reclamation program.

C. SUMMARY

Indian and Northern Affairs Canada supports HBML's proposal to relocate their Windy Camp and associated facilities to Quarry D. It is recommended that the proposed license amendment include the following conditions,

- The submission of a revised Closure and Reclamation Plan by Dec. 31/10;
- The submission of an operations and maintenance manual for the membrane sewage treatment plant that will be installed at the new Windy Camp within ninety (90) days of any license amendment;

Other points that should be considered are as follows,

- The licensed monitoring program should include a station for the fuel storage facility that will be established at the relocated Windy Camp;
- HBML should submit a revised Spill Contingency Plan based on their project's current status and planned future undertakings (i.e., relocation of the Windy Camp); and,
- HBML should keep the Board and interested parties regularly informed on the Windy Camp's and associated facilities relocation and their corresponding abandonment and reclamation program.

Prepared by David Abernethy

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