NWB Annual Report **Year being reported:** 2006

License No: *2BE-HOP0207* **Issued Date:** *March 11, 2002*
Expiry Date: *March 10, 2007*

Project Name: *Madrid Project (Regional)*

Licensee: *Miramar Hope Bay Limited (MHBL)*

Mailing Address:
Miramar Hope Bay Limited
300-889 Harbourside Drive
North Vancouver, BC V7P 3S1

Name of Company filing Annual Report (if different from Name of Licensee please clarify relationship between the two entities, if applicable):

same as above

General Background Information on the Project (*optional):

The focus for MHBL continues to be on the Hope Bay project. MHBL is committed to a strategy of advancing the Hope Bay project to a production decision while continuing to expand gold resources.
The staged development strategy will focus first on the high-grade gold Doris North project, with the goal of generating cash flow to pay for site infrastructure and to fund the continued exploration and development of other resources on the Hope Bay Belt. MHBL plans to pursue extensions and expansions to the initial phase of production through mining of other resources on the Hope Bay Belt.
MHBL's exploration strategy will focus on expanding and increasing the confidence level of existing deposits and on continued exploration for new gold resources in order to support a sustained intermediate production profile. MHBL will continue to conduct grassroots exploration in cooperation with strategic partners.
To achieve these objectives, MHBL needs to successfully:-
a) complete the current permitting process for the Doris North project;
b) complete a positive feasibility study during 2006 for Phase 2 expansion;
c) complete financing for mine construction;
d) successfully construct and place into production the Doris North deposit;
e) complete development of Boston, Doris, and Madrid (Naartok, Perrin, Rank & Suluk) deposits; and
f) identify additional resources along the Hope Bay Belt

Licence Requirements: the licensee must provide the following information in accodance with

Part B | Item 1

A summary report of water use and waste disposal activities, including, but not limited to: methods of obtaining water; sewage and greywater management; drill waste management; solid and hazardous waste management.

Water Source(s):	Windy Lake	
Water Quantity:	50 per day	Quantity Allowable Domestic (cu.m)
	NA	Actual Quantity Used Domestic (cu.m)
	NA	Quantity Allowable Drilling (cu.m)
	NA	Total Quantity Used Drilling (cu.m)

Waste Management and/or Disposal

- [x] Solid Waste Disposal
- [x] Sewage
- [x] Drill Waste
- [x] Greywater
- [x] Hazardous
- [ ] Other:

Additional Details:

Solid Wastes: *Solid wastes management is a challenge because of steady accumulation over the years prior to MHBL involvement at Windy Lake Camp. However, over the last 12 months (exploration season), significant progress have been made in managing this challenge. A segregation system of kitchen waste has been implemented at Windy Lake Camp. Pops cans are placed in a separate bin while combustible wastes are placed into another bin. The combustibles are incinerated daily in an incinerator-installed onsite. Ashes are collected daily and stored in 45-gal drums. Empty 45-gal drums are consistently removed from site during backload flights in 2006. A new drum crusher is on order to hlep management the large quantity of empty drums of empty 45-gal drums currently stored along the Belt. Approximately 100,000 lbs of non-combustible materials were backhauled to Yellowknife for proper disposal.*

Sewage -RBC greywater and Sludge: *The RBC greywater is released over the east of Windy camp into the tundra. During 2005, the release line was extended further past the old core boxes lay down area. MHBL is looking for ways to reduce the microbiological organisms in the release effluent to comply with permitting requirements. Note: chlorine is not used in this treatment facility.*

Drilling Waste: *Drilling Waste, as per Part A of the WUP # 2BE-HOP0207 means all materials or chemicals, solids or liquid, associated with drilling of bore holes and includes bore hole cuttings. During 2006 exploration program, MHBL conducted most of its drilling using hot water drilling methods. This involves using hot water to melt the permafrost allowing limited amount of drilling salt to be used at all drilling rigs. This process allowed MHBL to look for alternative ways of managing drill cuttings and waste water generated from the drilling process. All 2006 drill sludges/wastes were released into natural depression, sink holes or cracks in the outcrops. Some of the previsouly stored drill cuttings were used as backfill materials in the dug trenches.*

Hazardous Wastes: *Petroleum Contaminated Topsoil - In 2004, a land treatment area (LTA) was built for use to store and treat petroleum contaminated topsoil. Approximately 100 m³ of topsoil are stored in this treatment area. The facility is proving beneficiary, as contaminated topsoil are no longer stored in 45-gal barrels, but emptied into this facility.*
Broken Drilling Salt Bags – Drilling salts (NaCl & CaCl) bags that were found placed on tundra were restacked on pallets. Bags that were broken due to handling were re-bagged and properly labelled.
Solidified Cement Bags – Solidified cement bags were removed and placed in the dug trenches as backfilled materials.

A list of unauthorized discharges and a summary of follow-up actions taken.

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *July 16 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 1: *A drum of gas was leaking at Roberts Bay. This happened at the time when moving of the 45- gal gas drums from Roberts Bay to Windy Camp as requested by KIA during their visit to site via helicopter. It was noticeable that these drums had been at Roberts Bay for a consideration time as most drum tops were corroding.*
Location: *Roberts Bay*
Root Cause: *Gas drums not being moved over time. Corrosion found along the rim of the drum top, which lead to deteriorated condition of the seam to stand the pressure from tipping over of the drum into the sling ready for airlift.*
Spill Type: *Minor incident (less than 25 litres)*
Remediation: *The remaining gas was transferred into a new drum and flown to Windy Camp. The contaminated soil was removed and transported to the LTA at Windy Camp.*
Further Action Required: *No.*

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *July 20 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 2: *Bulk fuel storage tank number H444 shifted from its sand pad within the Patch Lake secondary containment berm.*
Location: *Patch Lake AST Fuel Storage Farm*
Root Cause: *The facility was founded on permaforst soil. Differential tank settlement started in July 2006 and the most likely cause would be an increased active layer thinkness underderneath the secondary containment as a result of the contruction method employed. This lead to differential thaw settlement, possible coupled with foundation bearing capacity failure.*
Spill Type: *Near Miss with potential for a major incident*
Remediation: *The remaining AST Tanks within the berm have been stabilized. Plans are underway to seek approval to built a new farm for all AST Tanks at Patch Lake. When approved, construction will begin in the winter of 2007 at Patch Lake.*
Futher Action Required: *Yes, remove remaining 4 AST tanks to new location and reclaim old site.*

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *July 22 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 3: *An unknown quantity of grey water found overflowing from the RBC unit on the surrounding environment at Windy Camp.*
Location: *Windy Camp at the RBC unit*
Root Cause: *(i) Overflow pump failed; (ii) broken overflow line to the overflow tank*
Spill Type: *Minor (less than 25 litres, but had potential to contaminate Windy Camp drinking water supply)*
Remediation: *Pumped greywater back into the RBC unit and changed the overflow line.*
Further Action Required: *No.*

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *September 1, 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 4: *An unknown volume of F-gas was leaking from a Jet B contained with the lined fuel farm at Windy Camp.*
Location: *Within lined Fuel Farm, Windy Camp*
Root Cause: *(i) Damaged occurred during relocation of the drums during the winter of 2006; or (ii) happened during snow removal during winter of 2006. The leak was not noticed until in the summer months as the helicopters were constantly using the Jet B.*
Spill Type: *Minor (less than 25 litres). The impacted area was contained within the disturbed area in the lined facility.*
Remediation: *Pumped the remaining fuel into a new drum. Contaminated soil removed and placed in the LTA at Windy Camp.*
Further Action Required: *No*

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *September 1, 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 5: *An unknown volume of engine oil was found to be leaking from a 45-gal drum at the temporary storage area at Roberts Bay.*
Location: *Roberts Bay*
Root Cause: *The location of the engine oil drums was not flagged in the winter of 2006 A challenger while removing snow to create a track accidentally crushed the top of the drum.*
Spill Type: *Minor (less than 25 litres). The spilled occurred on disturbed area within laydown area footprint and well away from the sea.*
Remediation: *Pumped the remaining oil into a new drum. The contaminated soil was removed and flown back to Windy Camp LTA for treatment.*
Further Actions Required: *No*

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *October 1, 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 6: *During a test run on the RC drill, less than 2 liters of hydraulic fluid was spilled onto the snow when the safety pressure valve went off. The impacted snow was removed immediately and placed into the LTA at Windy Camp.*
Location: *Naartok West RC Drill Site*
Root Cause: *Safety valve with off during testing of the drill*
Spill Type: *Minor Incident (less than 2 litres). Contained within disturbed area.*
Remediation: *Impacted snow was removed and placed into the LTA at Windy Camp.*
Further Action Required: *No. The RC drill had an emergency spill kit available at the drill site.*

Spill No.: *NA* (as reported to the Spill Hot-line)
Date of Spill: *October 1, 2006*
Date of Notification to an Inspector: *NA*
Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

Incident 7: *A litre of P50 fuel was leaked onto the ground from an old cap screw on a tidy tank. This incident was noticed during a routine camp check.*
Location: *East of Work Shop Tent, Windy Camp*
Root Cause: *Faulty tidy tank cap screw*
Spill Type: *Minor Incident (1 litre). The leak occurred on a disturbed area within camp footprint.*
Remediation: *The cap was replaced immediately. Contaminated soil was removed and placed in the LTA at Windy Camp.*
Further Action Required: *No*

Revisions to the Spill Contingency Plan

SCP addendum attached for Board consideration

Additional Details:

This EER&CP has been revised taking into consideration inputs from regulatory authorities, changes to exploration strategies, new infrastures and personnel changes within MHBL. See attached document.

Revisions to the Abandonment and Restoration Plan

AR plan submitted and approved - no revision required or proposed

Additional Details:

NA

Progressive Reclamation Work Undertaken

Additional Details (i.e., work completed and future works proposed)

Restoration Activities

Coconut Fibre & Hay Mats: *As a result of increased exploration activties during the spring break-up in 2006, the access tracks both within the camp and leading to the camp was disturbed by land vehicles used to support the winter program. Coconut mats were laid down on disturbed areas to slow down the rate of high sediment ridden run offs into Windy Lake. To prevent further disturbances, barricades were set up to prevent vehicles from entering onto the disturbed areas.*

Native Seeds: *MHBL was in consultation with KIA to try to reduce erosion and speed up revegetation program of the spill site at Windy Lake using mix seeds. KIA has been on the record not wanting to introduce foreign species into Nunavut at other mining projects. Native seeds were hand picked during summer months and spread over peviosuly laid down sediment control mats. The mats provided an excellent barrier for trapping top soil and native seeds washed down during the spring runoffs. During the summer months, the mats provided moist and an excellent micro-habitat which aided in the quick germinations of the transported seeds, weeds, plant roots and runners.*

Recycle Cement: *The recycle inert cement slabs were used in disturbed tracks leading out of the camp as intermittent levees to slow down surface erosion caused by water. During summer months after the impacted areas were stablized, the cement slabs were removed and used as back filled materials for the trenches at Naartok.*

Silt Curtains: *Silt curtains were used at Patch Lake and Windy Lake where spring runoffs high in sediment were observed.*

Solid Waste Storage Area Reclamation: *During the summer of 2006, a significant amount of time was used to remove old drums and non-combustible materials. Most drums were re-packed and stacked on pallets. The area were cleaned of nay debris and coconut fibre mats were laid t encourge natural vegetation growth.*

Reclamation portion of disturbed old Fuel Farm @ Patch Lake: *The abandoned portion of the west portion the fuel farm was reclaimed by removing the west wall and mvoing it to create a new wall west wall. The distrubed area was contoured and coconut fibre mats were spread over the area to prevent erosion and encourage natural vegetation growth. Monitoring of these areas will continue in 2007.*

Closure of Exploration Trenches: *All three trenches were reclaimed. Coconut fibre mats will be spread over*

Results of the Monitoring Program including:

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where sources of water are utilized;

Details attached

Additional Details:

NA

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where wastes associated with the licence are deposited:

Details attached

Additional Details:

Water samples are taken during open water season as per 2BE-HOP0207 WUP. Sampling sites are as follows: (i) end of grey water pipe and (ii) where grey water meets lake water. A third site (along the shore ofWindy Lake whre MHBL draws its camp water from.The tabulated results are attached.

Results of any additional sampling and/or analysis that was requested by an Inspector

Select

Additional Details: (date of request, analysis of results, data attached, etc)

NA

Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.

No additional sampling requested by an Inspector or the Board

Additional Details: (Attached or provided below)

NA

Any responses or follow-up actions on inspection/compliance reports

No inspection report issued by INAC

Additional Details: (Dates of Report, Follow-up by the Licensee)

NA

Any additional comments or information for the Board to consider

NA

Date Submitted:	*March 31 2007*	
Submitted/Prepared by:	*Matthew H Kawei*	
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