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Operations Directorate
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July 20, 2009

Via Email

Richard Dwyer
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0E 1J0

Chris Hanks
Director, Environmental and Social Responsibility
Hope Bay Mining Ltd.
Suite 300, 889 Harbourside Drive
North Vancouver, BC V7P 3S1

Dear Sirs,

**Subject Water License #2BE-HOP0712/TR/B2, Hope Bay Mining Ltd.,
Windy Lake Camp, Kitikmeot Region, Submission of 2008
Annual Report**

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

Cc. Ian Rumbolt, Acting Manager of Water Resources
 Kevin Buck, Manager of Water Resources
 Peter Kusugak, Manager of Field Operations

Technical Review Memorandum

Date: July 20/09

To: Richard Dwyer, Nunavut Water Board
Chris Hanks, Hope Bay Mining Ltd.

Cc: Ian Rumbolt, Indian and Northern Affairs Canada
Kevin Buck, Indian and Northern Affairs Canada
Peter Kusugak, Indian and Northern Affairs Canada

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2BE-HOP0712/TR/B2 – Hope Bay Mining Ltd. –
Windy Lake Camp – 2008 Annual Report**

PROJECT DESCRIPTION

On June 3/09 the Nunavut Water Board (NWB or Board) distributed Hope Bay Mining Ltd.'s (HBML) 2008 Annual Report for the Windy Lake Camp to interested parties for review. This report was submitted pursuant to Part B, Item #3 of Water License #2BE-HOP0712.

The following documents were reviewed in the preparation of this Technical Review Memorandum,

- HBML 2008 Annual Report Form
- HBML Supplemental Information Report (dated May 2009)

RESULTS OF REVIEW

1. On page 3 of the submitted Annual Report Form HBML states that “The body of the Spill Contingency Plan submitted in October 2007 has not been modified or revised. New contact names and numbers are set out at Item 3 of the attached supplement.” This Plan should be modified / revised to include current information. This is in accordance with Part B, Item #2(v.) which reads “An up-to-date copy of the Spill Contingency Plan, including contact information.”
2. In Part F, Item #4 of the license, the NWB requests that HBML provide permafrost depths along with drill hole locations in Annual Report submissions. It is stated in the supplemental information report that,

“The majority of drill holes in the Hope Bay Belt do not go deep enough to penetrate below the permafrost layer. For the Hope Bay Project, depth of

permafrost is therefore calculated using thermistor strings that measure ground temperature, installed mainly in geotechnical drill holes. Results are used to extrapolate the lower depth of permafrost using thermal gradient. There are several such thermistor strings throughout the Hope Bay Belt and measurements are taken on an on-going basis.

For information purposes, it would be helpful if any information related to permafrost depths could be provided in Annual Report submissions as requested by the NWB in this license condition.

3. According to Appendix A of the Supplemental Document, HBML's sample results for their Oct. 6/08 toxicity tests demonstrated that effluent discharged from the wastewater treatment facility at HOP-3 was not acutely toxic. The test procedures identified in Part J, Item #3 of the license were followed. The test results are not included in the Annual Report submission. Part B, Item #2(ii.) of the License requires Annual Reports to include a summary of all information requested and results of the Monitoring Program. Therefore, HBML has not fulfilled this license requirement.
4. In Appendix B of the Supplemental Document, HBML's letter to Melissa Joy, INAC Water Resources Officer (dated Aug. 1/08), it is stated that "SRK Engineering was contracted to undertake a Phase 2 Environmental Assessment of the Major Patch Lake Shop during the summer of 2008 in order to determine the nature of environmental impacts that may be associated with the shop, lay down areas, and tank farm." This letter goes on to say that "SRK Engineering will perform a geotechnical engineering evaluation of the rutting of the Windy Lake / Narrtuk Winter Road." This information should be communicated with the Board and incorporated into any modifications / revisions to the project's Closure and Reclamation Plan.

CONCLUSIONS / RECOMMENDATIONS

1. INAC is requesting that HBML provide a Plan of Action with a firm timetable of implementation that addresses the above-noted deficiencies with this Annual Report. The Plan should be submitted no later than Aug. 28/09.
2. INAC recommends that HBML revise their September 2007 Closure and Reclamation Plan to reflect their ownership of the Windy Lake Camp, the results of SRK Engineering environmental assessment review findings, and details associated with the closure and reclamation of the landfarm facility. It is noted that HBML's May 26/09 letter to the NWB made known they have consolidated their camp facilities at the Doris Camp and that they intend to close and decommission the Windy Camp.