Request for Approval to Utilize Alternate Water Sources for Regional Drilling under Hope Bay Project Exploration Licence 2BE-HOP0712

August 2009

Upcoming regional drill targets mid belt are challenged with proximity to water sources that have been previously authorized for use under the *Hope Bay Exploration Drilling Water Sources* in Water Licence 2BE-HOP0712. Several prospective sites within the project area are >1km from any authorized and appropriate water source; extraction by pump and hose and returning of the non-recirculated water to the source water body would require significant lengths of hose and possibly multiple pumping stations.

On the 2007 *Hope Bay Exploration Drilling Water Sources* application drawing, a small lake is identified in the region of exploration activity as an approved secondary water source that does not actually exist (see Map # 1). An orthophoto is also presented with the area in question indicated (see Map # 2), and alternate water sources delineated.

Alternate Water Sources

Two alternate appropriate water sources are being proposed to support immediate drill targets 5A and 4a in the Havana 1 and Akungani 3 claims(see Map # 2), plus additional upcoming drill sites as needed in Amarok 10 and 11 claims either by direct extraction through pumping or by helicopter filling of on-site water tanks using a Bambi bucket for bulk transfers to drill site water tanks (see photo attached). These water sources are appropriate in that lake volumes would not be drawn down by drilling water use (either with or without return water). The lakes are shown to scale in the orthophoto in Map # 2 and photos are provided in Table 1.

Water Usage Extraction and Tracking

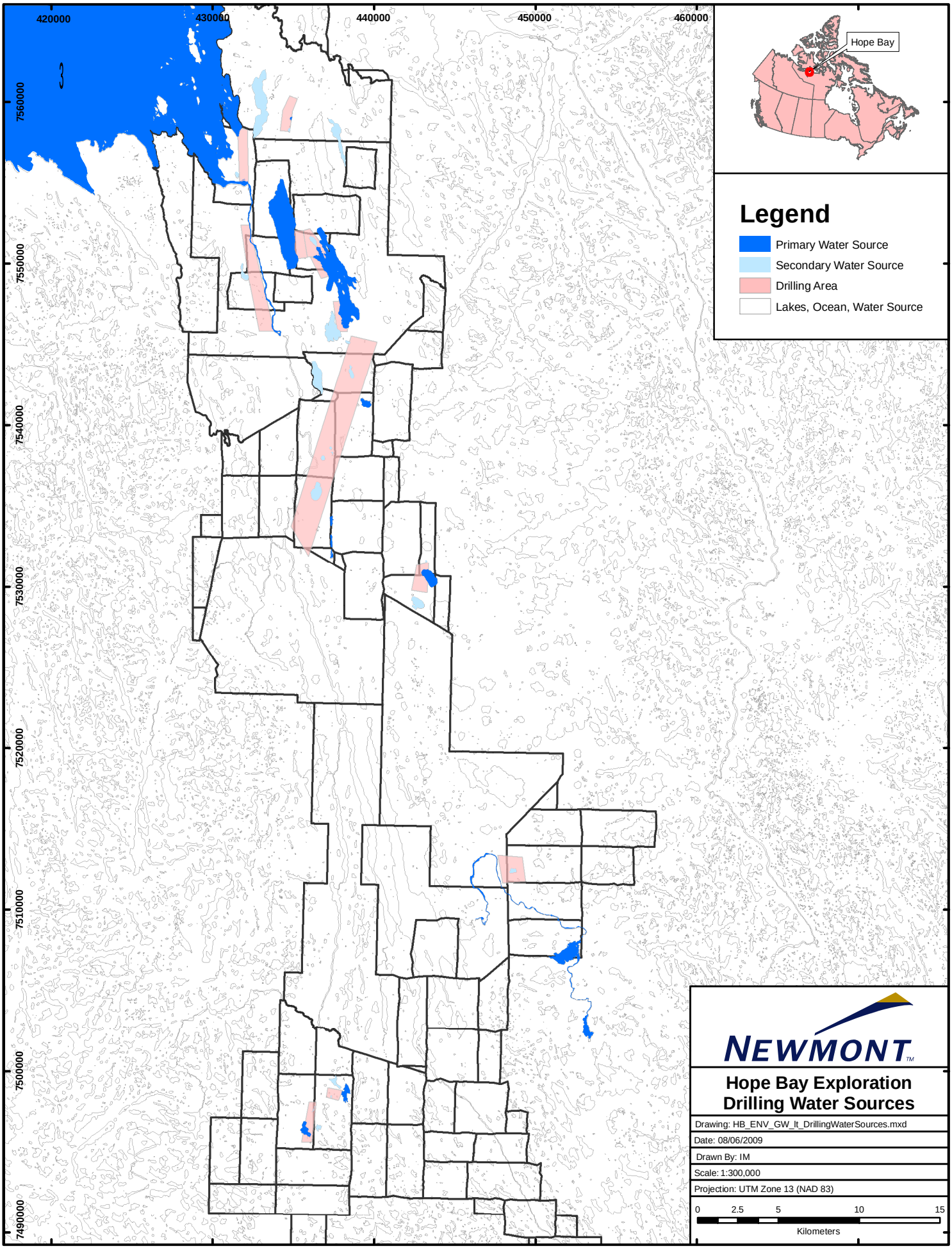
Water would be extracted by metered pump to drill 4A or tracked by number of Bambi bucket loads to drill 5A. Total daily consumption would be a maximum of $6m^3$/day/drill with water returned to source if pumped directly, or approximately $6m^3$ consumed if transported in via Bambi Bucket to a water tank to be retained and recirculated on site until drilling complete. Drill activity in these areas is expected to be of short duration at each selected target, and at any given time a maximum of two drills would be extracting from the same water body.

Fisheries Concerns

Fish habitat assessments were conducted on both water bodies. While potential source #1 has greater likely productivity than potential source #2, both lakes were determined to be more than sufficient in size and volume to sustain use as drill water sources under the demand as noted above without impacting fish habitat. Appended to this information are the technical recommendations with respect to water extraction considerations from fish habitat assessments performed on each of the two proposed sources.

Tundra Discharge of Non-recirculated Water

Water usage that occurs at drill site 5A by Bambi bucket will have no water return to the source water body. The polydrill cuttings dewatering systems will be operational and the anticipated total water use and potential discharge will be $7m^3$ for 2.5 days of drilling. The residual water once cuttings have been removed will be discharged slowly to the tundra in a well-drained location in a manner that does not cause erosion of the surface, pooling of water or any impact on adjacent water bodies. Two dispersion mechanisms are being considered for the discharge: flow the clean water return over a 4 x 8 sheet of plywood, or discharge via a length of PVC pipe with holes drilled at regular intervals to allow the water to seep over a broader area. Any direct tundra discharge would be monitored by the Geology and Environmental department site representatives for potential issues.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Primary Water Source
Secondary Water Source
Drilling Area
Lakes, Ocean, Water Source
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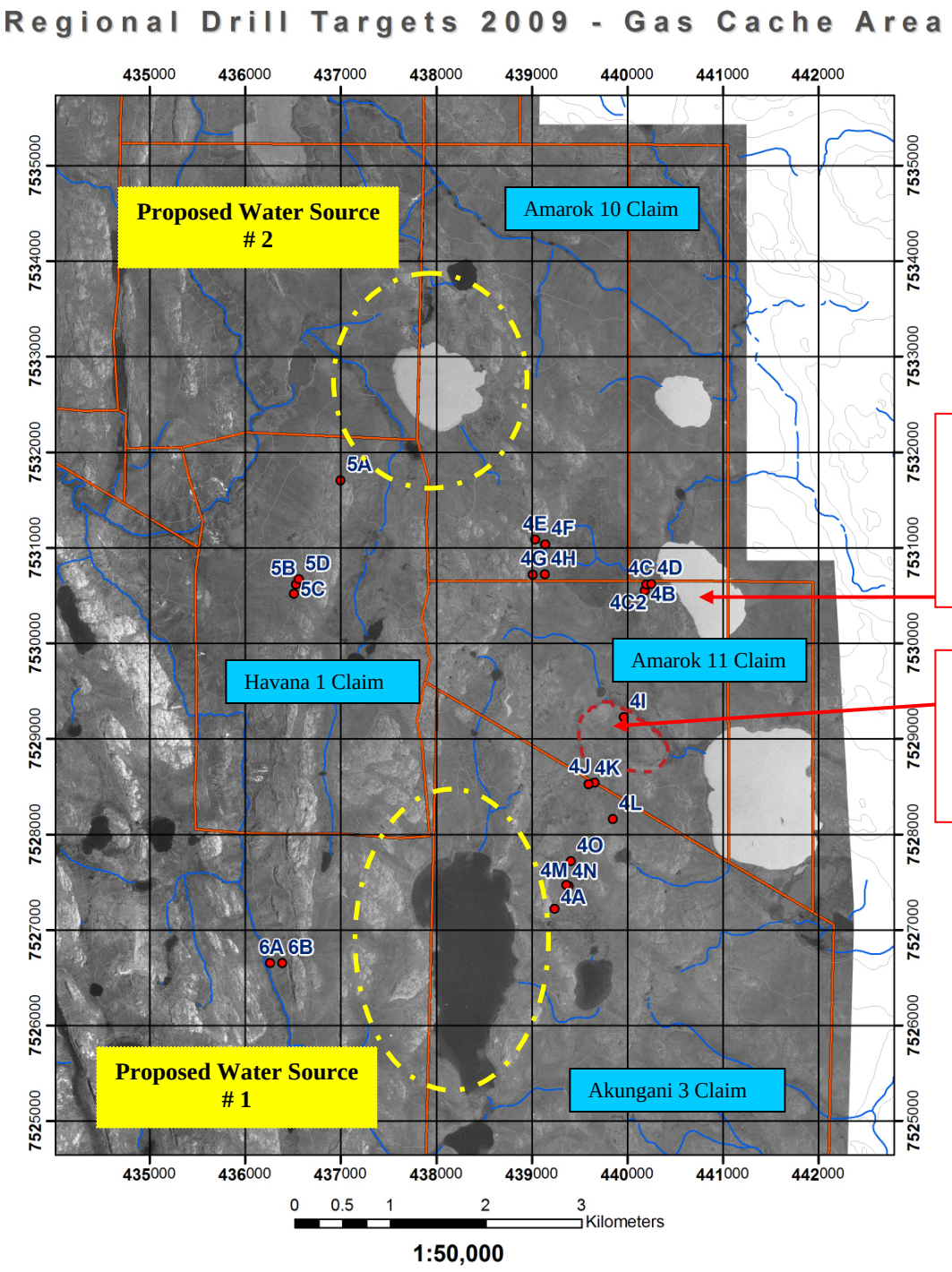
Drilling Water Sources
Drawing: HB_ENV_GW_It_DrillingWaterSources.mxd
Date: 08/06/2009
Drawn By: IM
Scale: 1:300,000
Projection: UTM Zone 13 (NAD 83)
0 2.5 5 10 15
Kilometers

Map # 2 - Regional Drill Targets 2009 – Proposed Alternate Water Sources



Authorized Primary Water Source in Amarok 11 claim from Hope Bay Exploration Drilling Water Sources 2007

Authorized as a secondary water source – but does not exist as a "lake" or appropriate water source

Table 1 . Site Photos

	
Proposed Water Source #1	**Proposed Water Source # 2**

Photo: “Bambi bucket”