

March 1, 2012

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Attention: Dionne Filiatrault
Executive Director

Dear Sirs and Mesdames:

**Doris North Project (Type A Water Licence No. 2AM-DOH0713)
Hope Bay Belt Exploration (Type B Water Licence No. 2BE-HOP0712 and No. 2BB-BOS0712) (the
“HBML Water Licences”)**

Update regarding Care and Maintenance Planning and Current/Planned Regulatory Applications

Further to our letter of January 31, 2012, we are writing to provide you with an update regarding the Doris North and Hope Bay Belt Projects and the detailed planning relating to the HBML Water Licences currently underway to ensure all regulatory obligations are fulfilled during the care and maintenance period.

HBML is currently completing construction on site that it views as essential to managing water during the care and maintenance period (namely, completion of the tailings impoundment area dam). Following completion of essential construction, the site will likely formally be placed in care and maintenance and workforce reduced accordingly.

HBML currently plans to file in June 2012 detailed care and maintenance plans which address the following:

- Maintenance of critical facilities to sustain operations and living quarters including; accommodation area, power supply, main tank farm, waste transfer area, waste rock stock piles, first aid station and staffing levels, potable water supply, communications, truck shop, required mobile equipment, and airstrip;
- Continuing operation and maintenance of the monitoring program including collection of samples for analysis on regular basis in accordance with the water license requirements;
- Ensuring a secure fuel supply to generators and maintenance power supply facilities at all times, as well as ensuring the readiness of the backup generator;
- Handling of all waste products generated on site; and
- Ensuring the sustainability of all environmental activities including; the completion of monthly environmental water sampling as required by the water licence, logging of wildlife sightings.

In order to produce a fulsome care and maintenance plan, HBML is currently conducting a detailed review of all approved plans in order to determine whether any changes are required to address the planned change in site activity. Likewise, HBML is conducting a detailed review of all terms and conditions of all regulatory approvals to confirm that all future operations will proceed in accordance with the required terms. HBML is also reviewing all terms and conditions of all regulatory approvals to determine if any amendments are appropriate given the near term planned reductions in site activity and changes to the development schedule.

In order to support development of a cohesive care and maintenance plan, HBML has scheduled meetings with Nunavut Impact Review Board, Nunavut Water Board, and Aboriginal Affairs and Northern Development staff in Toronto, Ontario during the week of March 5, 2012. During these meetings, HBML will be seeking input from regulatory authorities with respect to site activities during the care and maintenance period. HBML is also planning to conduct community meetings during May 2012 in order to consult with members of the public. HBML will continue to communicate with the KIA prior to the formal submission of the plan in June 2012.

With respect to current regulatory processes:

- As noted in our previous correspondence dated January 31, 2012, on April 1, 2012 HBML plans to implement the 2012 Interim Water Management Plan submitted to the NWB in January 2012. HBML considers processing of this plan to be its highest regulatory priority at this time and accordingly would like to request an expedited NWB review of this plan in order to ensure approval prior to freshet.
- HBML will be submitting renewal applications for Type B Water Licence No. 2BE-HOP0712 and No. 2BB-BOS0712 on or before March 10, 2012.
- HBML is currently reviewing the “*Doris North Mine Modifications and Related Amendments to Project Certificate No. 3 and Type A Water Licence No. 2AMDOHO713*” application submitted to the Nunavut Water Board and Nunavut Impact Review Board in November 2011 to determine whether the application can be streamlined in light of near term site requirements. Accordingly, HBML would like to request that the NIRB and NWB suspend processing of this application until further notice.

We are pleased to answer any inquiries the NWB may have in respect of this update. Please do not hesitate to contact me directly at (720) 917-4489.

Sincerely,

Chris Hanks
VP Environmental Affairs
Hope Bay Mining Ltd.

cc. Ryan Barry, Li Wan, NIRB
Geoff Clark, KIA Lands
Andrew Keim, Karen Costello, Kevin Buck, Jeff Mercer, Robin Aitken, AANDC
Lyndon Kivi, Fisheries and Oceans Canada
Greg Black, Jaideep Johar, Transport Canada
Allison Loder, Peter Hale, Government of Nunavut, Department of the Environment
Tim Morton, Chad Harden, Environment Canada