



HOPE BAY JOINT VENTURE

Miramar Hope Bay Ltd. – Hope Bay Gold Corporation Inc.

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By fax to: 867-975-4560 and by e-mail.

Mr. Stephen Traynor
Director of Operations
Nunavut Regional Office
P.O. Box 2200
Iqaluit, Nunavut
X0A 0H0

Dear Mr. Traynor:

Re: Spill Reporting and Closure of Spill Files:

It was a pleasure meeting you again last week while I was in Iqaluit. As I mentioned, the Hope Bay Joint Venture (HB JV) purchased the Hope Bay Gold Belt from BHP in late 1999 and began an advanced exploration program on the belt in 2000 to better define and expand the gold resources in the belt. The advanced exploration continues in 2001 with the reactivation of the camps and exploration activities in February this year.

We discussed a number of things on March 7th, however; the focus of this letter is to get clarity on the closure of various spill files and hopefully come to a consensus on what constitutes a reportable spill.

As you know, the Water Resources Officer from your regions district office carried out an inspection in the Hope Bay Belt in July 2000 focusing on our two water licences. One of the aspects that he looked at was the condition of old spills and the desire of the inspector and the proponent to get these old spill files closed. Although some spill files were closed by DIAND Yellowknife, some of the spill files that remained open dated back to 1998, with a number in 1999 as well, which were the result of activities undertaken by the previous owners (BHP). As well, the spills that were reported by the HB JV in 2000 were also inspected, at least to the degree possible. Your Inspector visited the sites and it was our hope that all the files would be closed following his inspection. This in fact has not happened, and as we discussed, the Inspector has mentioned in his latest correspondence that closure will not be possible until next summer. This we find to be unacceptable for the following reasons:

- Spills dating back to 1998 and 1999, a result of activities of the previous owners, have in our mind, been properly remediated and residual effects are negligible.

- All of the spills that occurred in 2000, and reported to the spill line have been cleaned up with no visible or residual effects. We feel all these files should be closed by the Inspector immediately.
- Closure of spill files should be carried out in an expeditious manner and considering that some of the spills reported in 2000 were very small and the cleanup is complete, we question the delays in receiving confirmation of spill report file closure.

Since the HBJV has owned the property, we have been very diligent in attempting to minimize the number of spills and have been reporting all spills, regardless of size. This is partly due to the fact that our Land Use Permits, issued by KIA lands division require that all spills be reported to the NWT Spill Report Line. To our credit, our spill reporting diligence has been acknowledged by the various inspectors, including your Water Resources Officer. Although the HBJV appreciates the recognition, we feel there is a better, and more efficient way of dealing with spill reporting, ensuring of course there is no detrimental effect on the environment.

With the above in mind, the HBJV strongly feels that there needs to be clarity on “what constitutes a reportable spill” and “when the spill files should be closed”. On the first point, “what constitutes a reportable spill”, we provide the following:

- The HBJV has been reporting all spills, regardless of size, from less than a litre to many litres. This we feel is too onerous on the spill line and from experience the closure of these minor spill files takes far too long.
- The bulk of the spills are generally less than 50 liters and all spills, no matter what size are cleaned up immediately. In most cases, residual effects are negligible and visual evidence of the spill is non-existent.
- The HBJV proposes that spills larger than 50 litres will be reported to the spill line immediately and for those spills less than 50 litres will be recorded and filed at the operation and made available for viewing by the inspector, if required. This we feel will focus on the more serious spills without overlooking the potential impacts of smaller spills.

On the second point, “when the spill file should be closed”, we provide the following:

- As a point of clarity, when the HBJV requested that all the spill files (historic and 2000) be closed, this request went to the Nunavut Water Board (NWB) as per the requirements of our water licence. This request was copied to others including your water resources officer. The NWB response was that the spill report files had to be closed by DIAND, more specifically the water resources officer. We provided with our letter, a listing of the spills, actions taken to clean them up and a specific request that these files be closed. To date our request has not been actioned by your department.
- The HBJV proposes that all spill files up to and including the date of an inspection, be closed immediately by the water resources officer. For the spills that have been recorded and below the 50 litre threshold, they should be acknowledged by the inspector and comments made by the inspector that no further action is required.
- It would seem logical that discussions with other interests such as KIA Lands and NWB would be in order to rectify this matter and come to an agreement that satisfies all parties.

The HBJV is hopeful that the forgoing highlights our concern with spill reporting and the closure of spill files and that an acceptable solution can be reached shortly. It is imperative that the spill files, both historic and the ones reported in 2000 be closed immediately, as we feel enough information has been provided to your department to enable this to happen. Because there are other agencies that are or could be involved in this request, we have copied them accordingly.

Once again, I thank you for meeting with me on March 7th, and I look forward to your positive response. Should you have any questions, please do not hesitate to contact me at the numbers above, on my cell number 780-975-2550 or by e-mail to hwilson@miramarmining.com; hugh_r_Wilson@hotmail.com and terrbear@powersurfr.com.

Yours truly,

Original signed by: "H.R. Wilson"

Hugh R. Wilson
Manager, Environmental Affairs

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