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October 15, 2009

Phyllis Beaulieu
Nunavut Water Board
P.O. Box 119
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Re: Water License 2BE-HOP0712 September 2008 SNP Report INAC Review

Dear Ms. Beaulieu,

On Dec. 22, 2008, INAC prepared a technical memorandum with regards to the Sept. 2008 monthly monitoring report for license 2BE-HOP0712 that Hope Bay Mining Ltd. submitted to the NWB on Nov. 11, 2008. HBML has not yet addressed INAC's concerns in writing. Please find attached with this letter, HBML's response to the comments and recommendations made in INAC's technical memorandum.

Please contact me at Chris.Hanks@newmont.com if you have additional questions or require any further information relating to the contents of this letter.

Sincerely,

Chris Hanks
Director, Environmental and Social Responsibility
Hope Bay Mining Ltd.

2BE-HOP0712

Review of INAC Comments	INAC Recommendation	HBML Response
<p>Hope Bay Mining Ltd. explained in the Sept. 2008 Monthly SNP Report:</p> <p>“Sludge removal has been a critical component of bringing this plant into compliance and insufficient sludge removal during the period is likely the cause of the most recent non-compliance at the end of September. The sludge removal schedule and transfer to the new Doris Camp membrane plant has been authorized and we expect an accelerated schedule of sludge removal will bring this plant into back into compliance shortly.”</p>	<p>Recommendation 1: INAC recommends that Miramar Hope Bay Ltd. (i.e., HBML) indicate in their next months monitoring report whether the accelerated sludge removal schedule, as quoted under comment 1, was successful in resolving the accidents’ reported in the 2008 October Monthly Monitoring Report.</p>	<p>A positive trend in effluent quality was observed in the Windy Waste Water Treatment Facility (WWTF) performance after September as a result of these efforts, but the camp loading numbers were also dropping in preparation for camp closing. Windy camp was closed Oct. 15, 2008.</p>
<p>INAC states in Comment 2 of its Dec. 22, 2008 technical memorandum that: “The water license criteria for lead, as described in Part D, Item #17 of the license, is in exccedence at sample station HOP-5.”</p>	<p>Recommendation 2: The Licensee should investigate and report in next months monitoring report the cause of the elevated levels of lead.</p>	<p>HOP-5 is the Bulk Fuel Storage facility. This station is monitored for lead, as lead is a regular constituent of hydrocarbon fuels. Fueling of smaller tanks takes place inside this fuel berm. There must have been sufficient residue from minor spillage during normal operations to detect levels of lead at this location. Effluent to be discharged from this location is normally run through a carbon filter and re-tested to ensure compliance with the licence requirements. Discharge from this location did not occur and has been frozen over winter.</p>
<p>INAC states in Comment 3 of its Dec. 22, 2008 technical memorandum that: “As</p>	<p>Recommendation 3: As required in Part J Item #7 of the license, in future monitoring reports</p>	<p>There is no way to measure discharge volumes at monitoring station HOP-3, as this</p>

<p>required by Part J Item #7 of the Water Licence, the Licensee did not include the daily quantities of effluent discharged at Monitoring Station HOP-3 as well as volumes pumped Stations HOP-5, and HOP-6.”</p>	<p>the Licensee should include the daily quantities of effluent discharged at Monitoring Station HOP-3, HOP-5 (Effluent pumped from HOP-5), and HOP-6 (Effluent discharged from HOP-6).</p>	<p>is considered “the point of entry to Windy Lake” down slope and several hundred meters from the actual WWTF end of pipe and so there is rarely any observable flow at HOP-3. The metered discharge from the WWTF at HOP-2 is the actual volume of effluent discharge. This is the value that has been reported. Volumes are only required to be reported when they are pumped.</p>
<p>INAC states in Comment 3 of its Dec. 22, 2008 technical memorandum that: “During the month of September, 79 drums of sludge were removed from the Windy Camp WWTF and transferred to the Doris membrane camp for treatment.”</p>	<p>Recommendation 4: Miramar Hope Bay Ltd should record the quantities in cubic meters of sludge removed from the WWTF. (Part J Item #8)</p>	<p>A standard calculation into cubic meters has been developed to report sludge movement using the volume of barrels. The barrels, with a 205L capacity, are never completely filled. Rather, they are filled to approximately 75% of their maximum volume. Each 205L drum therefore is filled to a volume of approximately 153.75L. This value is then multiplied by the number of drums of sludge removed. The total volume in litres is then converted to cubic meters to provide the reporting value. The 2008 Annual Report has each monthly figure and the totals calculated in this manner. (Sept. 2008 = 12.15m³)</p>