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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2BE-HOP0712/Amend

July 20, 2010

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

Email: chris.hanks@newmont.com

RE: Licence No.2BE-HOP0712, Type "B", Hope Bay Mining Ltd. – Amendment No.3

Dear Mr. Hanks:

Please find attached, Amendment No.3 to Licence No. 2BE-HOP0712 Type "B" issued to Hope Bay Mining Ltd. by the Nunavut Water Board (NWB) (**Motion 2010-13-L03**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada and the Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

The NWB recommends that the Licensee consult the comments received by interested persons¹. This information is attached for your consideration.

Sincerely,

Thomas Kabloona
Nunavut Water Board
Chair

TK/tla/pb

Enclosure: Licence No. **2BE-HOP0712 - Amendment No.3**
Comments – KIA, GN-CLEY, DFO, EC, INAC

Cc: Distribution – Kitikmeot

¹ Kitikmeot Inuit Association dated June 15, 2010; Government of Nunavut Department of Culture Language Elders and Youth dated April 28, 2010; Fisheries and Oceans Canada dated June 28, 2010; Environment Canada dated May 26, 2010; Indian and Northern Affairs Canada dated June 28, 2010.

LICENCE AMENDMENT No. 3

Licensee:	HOPE BAY MINING LIMITED
Licence No:	2BE-HOP0712 Type "B"
Licence Issued:	May 20, 2007
Amendment No.1 Issued	July 2, 2008
Amendment No.2 Issued	May 4, 2009
Amendment No.3 Effective:	July 20, 2010
Licence Expiry:	June 30, 2012

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and the Nunavut Surface Rights Tribunal Act*, with respect to an application for amendment dated April 16, 2010, made by Hope Bay Mining Ltd (HBML or Licensee), the Nunavut Water Board (NWB) hereby grants the following Licence amendment.

The Licence issued May 20, 2007 with an expiry date of June 30, 2012 shall be amended to include the following terms and conditions, with respect to use of water and deposit of waste, to allow the Licensee to obtain water from local water source(s), proximal to the drilling targets. The amendment was requested in order to access additional water sources that are in close proximity to drill targets necessary for the Licensee's regional exploration program.

The restriction of water use to the water sources detailed in the drawing entitled "Hope Bay Exploration Drilling Water Sources" from the original 2007 application, has been amended. However, as proposed by HBML, water for use in drilling shall only be withdrawn from water bodies possessing a surface area equal to or greater than 15,000 m², unless otherwise approved by the Board. HBML also committed to following the Department of Fisheries and Oceans' "*Protocol for Winter Water Withdrawal from Ice-covered Waterbodies in the Northwest Territories and Nunavut*".

Consistent with Amendment No. 1 issued July 2, 2008, the volume of water for drilling purposes shall not exceed eighty (80) cubic metres per day. EC noted a potential concern for an increase in waste water, which is addressed through the current Licence conditions of Part D and Part F, regulating the disposal of drill wastes.

The volume of water for domestic/camp purposes remains at twenty (20) cubic metres per day. The total volume of water permitted is one hundred (100) cubic metres per day.

In order to monitor the volume of water used for drilling purposes and to ensure that the Licensee obtains water from sources that meet the 15,000 m² surface area criteria, the NWB has also amended Part J of the Licence for the monitoring of these activities.

The Licensee also included a request in the amendment application to amend Part C, Item 3 of the Licence to allow for up to a 2-cm drawdown of waterbodies used to support drilling. However, during the review of the amendment application, both Fisheries and Oceans Canada

(FOC or Department of Fisheries and Oceans, DFO) and Indian and Northern Affairs Canada (INAC) commented that the original Licence condition did not require amending:

Part C, Item #3 of the license does not require revision. HBML's proposal that a 2 cm threshold for defining draw down conditions in source water bodies would be difficult to implement based on climate factors such as precipitation, evaporation, and wave action. (INAC Pg 3).

And,

DFO acknowledges that HBML is using the DFO – Mineral Exploration Operational Statement (OS) and that condition 11.2 states the following: “*Ensure water withdrawal volumes do not impact fish or fish habitat. Withdrawals from fish-bearing waters should not result in any noticeable change in water level or downstream flows, particularly during sensitive life stages (e.g. by dewatering spawning or egg incubation areas)*”. It is our opinion that if HBML is using the OS, condition 3 of the current NWB water licence does need to be changed. (DFO Pg 2).

In a follow-up email to the NWB dated July 8, 2010, HBML agreed with the parties that it would be difficult to monitor a drawdown of 2cm or less in the field, and that the withdrawal of proposed water volumes would not result in a difference outside of naturally fluctuating water levels. HBML agreed with parties that Part C, Item 3 did not require amending.

Licence 2BE-HOP0712 shall be amended as follows:

PART C: CONDITIONS APPLYING TO WATER USE

Amend Item 1

The Licensee shall obtain all water for domestic camp use from Windy Lake for the Windy camp or Doris camp, not exceeding twenty (20) cubic metres per day. Drill water shall be obtained from local water source(s), detailed on the June, 2007 drawing entitled “Hope Bay Exploration Drilling Water Sources”, and may include additional water bodies proximal to the drilling targets that possess a surface area greater than or equal to 15,000 m², or as otherwise approved by the Board. The volume of water for drilling purposes shall not exceed eighty (80) cubic metres per day.

PART J: CONDITIONS APPLYING TO MONITORING

Amend Part J, Item 6

The Licensee shall measure and record, in cubic metres, the daily quantities of water used for Camp, drilling and for all other purposes. The use of Windy Lake as a temporary water source for the Doris Camp shall be recorded and reported as a separate use within the annual report required under Part B, Item 2(i). In addition, the daily quantities of water used for drilling shall be recorded for each water source used in accordance with Part C, Item 1.

Amend Part J, Item 9

The Licensee shall provide the GPS co-ordinates (in degrees, minutes and seconds of latitude and longitude) of all locations where sources of water are utilized for all purposes and provide the necessary information to confirm compliance under Part C, Item 1, with respect to the water body surface area for water sources used to support drilling.

All remaining terms and conditions of the Licence 2BE-HOP0712 Type 'B' dated May 20, 2007, subsequently amended on July 2, 2008 and May 4, 2009 still apply.

This Licence Amendment No.3 issued and recorded at Gjoa Haven, NU on July 20, 2010.

Approved by,



Thomas Kabloona
Nunavut Water Board
Chair