

Licence No. 2AM-LUP1520 Amendment Application Executive Summary – English

The Lupin Mine is located approximately 285 kilometres (km) southeast of Kugluktuk, in the Kitikmeot Region of Nunavut and is owned by Lupin Mines Incorporated (LMI), a wholly owned, indirect subsidiary of Mandalay Resources Corporation. It is an underground gold mine that was in operation from 1982 to 2005 with temporary suspensions of activities between January 1998 and April 2000, and again between August 2003 and March 2004. The mine resumed production in March 2004 until February 2005. In 2005, the Site was placed into Care and Maintenance and no active mining has taken place since.

The Lupin Mine is currently licensed under NWB Water Licence No. 2AM-LUP1520, which was issued on August 19, 2015 and expires on August 18, 2020. Two amendments with respect to the required security to be held under the Licence were issued and approved since 2015.

A decision has been made by Mandalay Resources Corporation of which Lupin Mines Incorporated is a wholly-owned, independent subsidiary, to permanently close the Lupin Mine and proceed with final closure and reclamation activities. LMI has prepared a Final Closure and Reclamation Plan (FCRP) for the Lupin Mine which provides the concepts and activities, the steps to be taken, and the final objectives of the closure. The Plan uses current management practices and appropriate mine closure techniques to comply with accepted protocols and standards. Upon acceptance, this FCRP will supersede the existing ICRP.

The overarching objective or purpose of this Plan is to return the site and affected areas to viable and, wherever practicable, self-sustaining ecosystems that are compatible with a healthy environment and with human activities. The overall closure goal is supported by the three closure principles of Physical Stability, Chemical Stability and Future Use and Aesthetics for each component of the Project.

The FCRP has been prepared on the assumption that all facilities and installations that comprise the Lupin Mine Operations will ultimately be decommissioned, removed, or reclaimed in accordance with the reclamation requirements set out in the Water Licence and under the terms of the land leases.

With the submission of the amendment application, Final Closure and Reclamation Plan and supporting documents, LMI intends to complete the full closure and reclamation of the Lupin Mine over the next 2.5 years, followed by 5 years of post-closure monitoring. Therefore, a licence term of approximately 7 years is being requested. In addition, increased water use is anticipated for final closure activities as a result of increased personnel and industrial activities. A total water use of 685m³/day is being requested (100m³/day camp use and 585m³/day industrial use). Following active closure, water requirements will decrease and upon notice from LMI, a return to the total water use in the current Licence of 5,000m³/year is being requested.

In addition to approval of the FCRP, the change in water use and term of licence, LMI anticipates that a review of the current Licence conditions will be carried out and those conditions related to the operations phase of the undertaking will be removed.

For additional information, see the executive summary provided within the Final Closure and Reclamation Plan.