

**Joint Submission of Lupin Mines Incorporated and
Crown-Indigenous Relations and Northern Affairs Canada
regarding Security Reduction Framework**

January 16, 2020

As stated by both Lupin Mines Incorporated (LMI) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), both parties have been working towards a joint proposal to the Nunavut Water Board (NWB or the Board) on a framework for the progressive release of security, and as a result of those discussions have reached the following mutual understandings:

-) LMI is the party responsible for the reclamation and closure of the Lupin Gold Mine Project site.
-) LMI has applied for the Nunavut Water Board to amend its water licence to authorize its use of waters and disposal of wastes required for the reclamation and closure of the Lupin Gold Mine Project site.
-) LMI desires to obtain the progressive release of the security it furnishes to the Minister of Indian Affairs and Northern Development now Minister of Northern Affairs (the Minister) in relation to the outstanding liabilities associated with the Lupin Gold Mine Project and site, as significant progress is being achieved at the satisfaction of CIRNAC towards the full reclamation and closure of the Lupin Gold Mine Project site.
-) The Government of Canada is committed to the reclamation and closure of mine sites that are no longer productive by their proponent.
-) The Government of Canada will not incur any additional liability to the Crown in relation to mine developments including their full reclamation and closure.
-) CIRNAC supports LMI's efforts to reclaim and close the Lupin Gold Mine Project site fully while reducing its costs of maintaining security with the Minister.
-) CIRNAC is willing to consider LMI's requests for partial refunds of security pursuant to subsection 76(5) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (the Act), as significant progress is being achieved at the satisfaction of CIRNAC and CIRNAC and LMI have identified milestones as set out in the attached towards the full reclamation and closure of the Lupin Gold Mine Site.
-) LMI will conduct reclamation and closure work for Lupin Gold Mine Project site to reduce outstanding environmental impact and liability in accordance with the Act, its water licence, its approved Final Closure and Reclamation Plan, and the *Mine Site Reclamation Policy for Nunavut 2002*, and to that end has retained a third party contractor to continue the ongoing reclamation and closure work in February 2020.

In light of the above, LMI and CIRNAC support revising Part C of Water Licence as follows (for clarity, the following is intended to replace Part C of the Draft Water Licence Framework filed by LMI with the Board on November 19, 2019):

Part C Conditions Applying to Security

1. The Licensee shall at all times furnish and maintain security with the Minister in the amount set out under Part C, Item 2 in accordance with section 76 of the Act, less any amount the Minister or their delegate may return to the Licensee pursuant to subsection 76(5) of the Act.
2. The Licensee shall furnish and maintain the specified reclamation security amounts with the Minister under the Licence set in Schedule C.
3. The following Schedule C Milestone items will each be considered individual aspects of the reclamation and closure work (including both direct costs and indirect costs as defined in Schedule C), such as: Cover Rock Pile; Consolidate Rock into Central Area; Hazardous Materials Removal; Contaminated Soil Removal; etc. as these are generally categorized in Schedule C.
4. Upon the completion of one or more milestones set out in Schedule C, the Licensee may submit a request to the Minister for release of security pursuant to subsection 76(5) of the Act supported by the following evidence:
 - a. Details of the reclamation and closure work completed, and (where required as per the table at Schedule 3) confirmation by an Engineer registered in Nunavut that the reclamation and closure work was completed, so as to meet the milestone; and
 - b. An updated estimation of the cost of the remaining reclamation and closure work required at the site, including cost contingency for ongoing care and maintenance monitoring and project risks.

Within 45 days of a receipt of a request for release of security from the Licensee, the Minister or their delegate will review the Licensee's request, confirm to the Licensee that it has fulfilled the requirements for release of security pursuant to subsection 76(5) of the Act, and (provided the Licensee has met the evidence requirements set out at Item 3(a) and 3(b) above) will endeavor to release the security amount attributed to that milestone to the Licensee in a timely manner.

5. For the purposes of subsection 76(5) of the Act, once evidence for work completed for a Schedule C Milestone has been evaluated by the Minister or his delegate, the Minister will be justified to exercise his discretion to reduce the amount of security held when the work has completed a portion of the planned reclamation and closure work included in the approved Final Closure and Reclamation Plan and in the reasonable opinion of the Minister addresses the potential environmental liability pertaining to that particular aspect.

6. The Licensee shall furnish and maintain such further or other amounts as may be required by the Board based on required periodic estimates of current mine reclamation liability.
7. At any time, the Licensee or the Minister may apply to change the amount of security held under the Licence. Any request to change the amount of security shall be supplemented by submission(s) that include supporting evidence to justify the request.
8. Within thirty (30) days after receiving any security released by the Minister in accordance with Part C Item 4 the Licensee shall provide written confirmation to the NWB and that the security has been received by the Licensee.
9. For greater certainty, nothing in this Part C is intended to limit the discretion of the Minister or their delegate granted under subsection 76(5) of the Act.

SCHEDULE C

Milestone	Total Security Allocated to Milestones (which was calculated taking into account corresponding reductions of potential liability to the Crown under the Act)	Evidence Required to Confirm Completion of Milestones and Support Release of Security
[Note - To be populated per attached table, which has been agreed between CIRNAC and LMI]		
Total		