

# LUPIN MINES INCORPORATED

February 23, 2015

Eva Paul, Water Resources Officer  
Aboriginal Affairs and Northern Development  
Field Operations Division Nunavut Regional Office  
PO Box 2200  
Iqaluit, NU X0A 0H0

**RE: 2014 Inspection Matters**

Dear Inspector:

Lupin Mines Incorporated ("LMI") is writing to provide the following response to the Inspector's letter of November 27, 2014. Although the Inspector expressly indicated it was not necessary, we have also enclosed an updated table to provide responses to the matters identified in your attachment of November 27, 2014.

It is our hope that the following summary will assist in resolving any outstanding items of confusion with respect to actions taken in response to Inspector's requests identified during 2014 and any related commitments made by LMI, and to resolve any matters identified as "outstanding" in the Inspector's correspondence. Where reference is made to the "Water Licence" below, note LMI is referring to Type A Water Licence 2AM-LUP0914 (the subject of a renewal application currently before the Nunavut Water Board and filed in February 2014 prior to licence expiry).

## ***1. Sewage Lagoon***

We note the Inspector's confirmation that matters relating to the sewage lagoon have been resolved to the Inspector's satisfaction.

## ***2. Hazardous Waste***

In accordance with the Licence, LMI includes lists of materials and quantities stored on site in monthly reports. This information is also included in the "Spill Contingency Plan, Lupin Operations". As discussed previously, although LMI made every effort to undertake additional hazardous waste inventory in October 2014, it was not possible to complete this work during the 2014 season as a result of early snowfall. We are aware that the Inspector has requested additional hazardous waste inventory information to be submitted with the 2015 Annual Report, but as discussed previously directly with the Inspector and during the water licence renewal public hearings, this information will not be available due to weather challenges which arose during the inspection in October 2014.

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Toronto, ON, M5C 1P1, CANADA

LMI will include this task in its 2015 scope of work and will provide an updated inventory to the Inspector on or before August 31, 2015. As indicated during the Water Licence renewal hearings which took place in February 2015, LMI will report on hazardous waste inventory in the Annual Report in future years (as we anticipate will be reflected in the renewed Water Licence).

We trust this fully addresses any outstanding concerns of the Inspector respecting 2014 hazardous waste inventory reporting.

### ***3. Matters relating to backhauling of hazardous waste***

We noted the Inspector included the following request, “All new hazardous waste is to be backhauled in the year it is created to prevent further accumulation of waste, and a portion of the historic waste.” However, this request does not reflect the requirements or wording of the Water Licence. LMI ensures compliance with the terms and conditions of the Water Licence specific to hazardous waste, in particular E14 reproduced below:

- “The Licensee shall remove from the project site, all hazardous Wastes generated through the course of the Operation, for disposal at an approval hazardous waste disposal facility.”

At closure, all hazardous materials will be removed in compliance with Part E, Item 14 of the Water Licence. During the current care and maintenance phase, very little to no waste that would fall into the category of “hazardous waste” will be generated. As discussed, LMI removes hazardous waste at every available opportunity when safety and proper protocols so allow, as indicated by the volume of historic materials that has been removed since LMI acquired Lupin in 2005. LMI will continue to remove materials to the extent reasonably possible.

In the interim, LMI has taken the necessary steps to ensure that all hazardous waste will be contained appropriately on site. LMI has placed all hazardous waste in a lined and bermed facility pending backhaul, in compliance with the requirements of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and Water Licence.

We trust this approach resolves any outstanding concerns of the Inspector relating to hazardous waste volumes at site.

### ***4. Geotechnical inspection of engineered water management structures***

As per the request set out in the July 2014 Inspection Report (“The engineer’s report is to be submitted to the NWB and to the Inspector by October 31 2014, accompanied by a plan and timelines to implement the engineer’s recommendations”), LMI submitted the Geotechnical Report and cover letter for the TCA on October 21 2014, with Reports on the Sewage Lagoons and Fuel Storage Areas on November 4. As discussed, although the engineer was instructed by LMI to complete a review of the Waste Containment Area, unfortunately as a result of the engineer’s oversight this work was not completed during his 2014 visit. Geotechnical inspection of the waste containment areas will be undertaken during 2015.

With respect to the Inspector's request for plans/timelines to implement the recommendations requested, as discussed, during 2014 LMI completed those tasks that the engineer deemed most critical including minor dam repairs. The remaining tasks (which were not characterized by the engineer as critical) will be completed during 2015. These include periodic inspection and monitoring of seepage rate of culverts relating to the sewage lagoon facilities. LMI will report on the 2015 tasks to the Inspector by August 30, 2015, and will include a summary of these activities in the 2015 Annual Report.

We trust this approach will satisfy the Inspector's request.

### **5. Tailings Containment Area**

LMI is aware of the Inspector's request to permanently close the TCA. While LMI will eventually close the TCA during permanent closure of the Lupin Mine, this facility cannot be closed at this time as this facility is necessary in order to recommence production. As indicated in previous Annual Reports as well as public filings with securities regulatory authorities, LMI intends to bring the Lupin Mine out of care and maintenance and into production once economic conditions and market prices support. It is for this reason that LMI applied to renew the Water Licence on its current terms and conditions applicable to production mining, and the Water Licence requires LMI to place tailings in the TCA. See Part E, Item 1 of the Water Licence: *"The Licensee shall discharge all Tailings into the Tailings Containment Area, underground as Backfill or to other locations in accordance with the Guide to the Management of Tailings Facilities (Mining Association of Canada September 1998), or as otherwise approved by the Board in writing."* If Lupin Mine is to be brought out of care and maintenance, it is essential that tailings capacity remain in the TCA.

As reported during the Water Licence hearings, at least 2 times in the past 10 years, the Lupin Mine came reasonably close to recommencing production. As discussed with the Inspector and during the Water Licence renewal hearings, the Lupin Mine is in the care and maintenance phase and LMI has not made any decision to permanently close the site. It has paid fees to the Minister and maintained the mineral production leases granted to it by Aboriginal Affairs and Northern Development pursuant to the *Nunavut Mining Regulations* with a view to returning to production in future. This intention was reflected in 43-101 reports filed pursuant to the legal requirements of the provincial securities regulatory bodies (as filed and discussed during the Water Licence renewal hearings).

As stated in the Water Licence the Annual Report shall include: *"For Care and Maintenance, provide an updated status of any progressive reclamation as it relates to tailings cover remediation and justification for not processing to full reclamation under Part I, Item 5."* LMI has been consistent in advising of its intention to eventually reopen the Lupin Mine in Annual Reports (2011-2013) and its AR plans (2011 and 2012) filed with the Nunavut Water Board. We refer the Inspector to the following excerpts (we note that the Inspector included only the first sentence of the paragraph from our annual reports in the Inspector's letter of October 1, 2014):

- 2011 Annual Report: *“No reclamation activities as it relates to the tailings cover occurred in 2011. LMI is currently investigating options to restart mine operations. Until such time as this work is advanced, the property will remain under care and maintenance; formal reclamation works will not be initiated.”*
- 2012 Annual Report: *“No reclamation activities as it relates to the tailings cover occurred in 2012. LMI is currently investigating options to restart mine operations. Until such time as this work is advanced, the property will remain under Care and Maintenance; final reclamation works will not be initiated.”*
- 2013 Annual Report: *“LMI continues to monitor the global economic climate and evaluate the feasibility of operating the Lupin mine along with the potential for identifying additional resources through its exploration activities. In the interim, the site remains in care and maintenance and a decision with respect to Part I, Item 5 was not contemplated in 2013.”*

During the care and maintenance phase, LMI has carried out progressive reclamation of site facilities that will not be required in future for production mining. This is in accordance with the Water Licence condition (*“the Licensee shall implement progressive reclamation, including progressive covering of the tailings and revegetation, as soon as realistically possible”*). In compliance with this requirement, past owners did initiate pilot projects to attempt revegetation at site. This project involved transplanting soil and vegetation from areas outside the mine site to the TCA. As discussed during the public hearing, while these vegetation islands still exist, they failed to propagate and spread and the pilot demonstrated that revegetation is not realistically possible on the TCA. In LMI’s view, the adverse environmental impact from transplanting the large volumes of vegetation and soil that would be necessary to cover the TCA (including the potential to increase deposit of sediment into water bodies in the vicinity) would not serve any environmental benefit. It is for this reason that LMI has requested the Water Board remove the reference to revegetation in the renewed licence.

The Inspector identified materials (which in colour and appearance mirrored the surrounding light brown esker) in the vicinity of the TCA and expressed concern they originated from the TCA, and LMI has invested significant effort into resolving this issue. However, there is no reasonable basis to support the Inspector’s assumption that the materials are windblown tailings. In LMI’s response of October 31, 2014, LMI referred to the source of historic wind blown tailings and explained why the uncovered tailings could not be the source of the areas identified by the inspector due to wind direction and colour of that material. As discussed, Lupin tailings are a distinctive red colour. None of the materials identified by the Inspector are the colour of Lupin tailings. Analysis of the Inspector’s sample further supports this conclusion.

It is reasonable to conclude that rather than Lupin tailings, the materials are esker material. LMI notes the definition of “waste” set out in the NWNSRTA:

“waste” means any substance that, by itself or in combination with other substances found in water, would have the effect of altering the quality of any water to which the substance is added to an extent that is detrimental to its use by people or by any animal, fish or plant, or any water that would have that effect because of the quantity or concentration of the substances contained in it or because it has been treated or changed, by heat or other means, and includes

- (a) any substance or water that, for the purposes of the Canada Water Act, is deemed to be waste;
- (b) any substance or class of substances specified by the regulations;
- (c) water containing any substance or class of substances in a quantity or concentration that is equal to or greater than that prescribed by the regulations; and
- (d) water that has been subjected to a treatment or change described by the regulations.

There is no reasonable basis to conclude that the potential windblown esker materials meet the definition of “waste” set out in the NWNSRTA, nor would the loss of such small volumes of materials from the cover of the TCA (if the esker originated from the TCA) present any reasonable risk that tailings would escape the TCA. If this were occurring, LMI and the Inspector would see red colouration in that area and that is not the case. As committed during Fall 2014 and reiterated during the Water Licence renewal hearings, LMI has committed to carry out sampling during 2015 in order to confirm its conclusions with respect to the windblown esker materials.

## **6. SPILL 12-306**

As requested by the Inspector, LMI intends to complete removal of contaminated material by August 31, 2015 and will provide a report to the Inspector detailing its 2015 activities by September 30, 2015. With the completion of this work and reporting during 2015, LMI trusts that any outstanding issues relating to Spill 12-306 will be resolved to the Inspector’s satisfaction.

## **7. Land tenure relating to shack down the road from quarry**

LMI does not believe that this area is included within the surface lease granted by AANDC. As noted during the public hearings, LMI has spoken to the owners and they believe they are on IOL land. The owners were in attendance at the TM-PHC and they verified this information. LMI and the owners have agreed that if their shack is inadvertently located on LMI’s Crown lease that LMI will assist in moving it onto IOL land.

LMI trusts that this resolves any outstanding concerns of the Inspector relating to this item.

## 8. Environmental Site Assessment

It is noted that the Inspector has requested that LMI undertake a detailed site investigation. The Inspector has not provided any reasonable basis as to why the Inspector is of the view that such an investigation is necessary. As the Inspector is aware, the Lupin Mine was previously the subject of a detailed and comprehensive Environmental Site Assessment (ESA) in 2006 by a reputable external environmental consultant. No significant site activities have been undertaken since that time, other than progressive clean up at site and improvement of waste management practices. Areas potentially impacted by the 2012 spill are well known and are under remediation. As noted above, LMI is taking additional steps to confirm that the light brown esker materials identified by the Inspector as potential tailings are not tailings. There is no reasonable basis to undertake a new site-wide investigation and sampling program to confirm the conclusions of the ESA, as there is no evidence to indicate there is contamination present or occurring outside containment areas, or evidence of migration of contamination.

LMI has committed to review the ESA conclusions in order to bring forward the analysis in 2006 to 2015 parameters, which have been updated since 2006. We trust this commitment will address any outstanding concerns of the Inspector with respect to the ESA.

We look forward to continuing our discussions regarding compliance matters at site as we plan for the 2015 season. We also wish to reiterate LMI's commitment to ensure compliance with the regulatory requirements of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and its regulations and the Water Licence, and to work with the Inspector to resolve any additional requests or potential items of concern relating to Lupin Mine.

Please do not hesitate to contact me directly should you wish to discuss this letter.

Regards,

A handwritten signature in black ink, appearing to read 'Patrick Downey', with a stylized flourish at the end.

Patrick Downey

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
PART A - SCOPE, ENFORCEMENT, DEFINITIONS										
Scope										
1	a	This Licence authorizes Lupin Mines Incorporated ("LMI" or "Licensee") to use Water and dispose of Waste associated with Mining and Milling undertakings in accordance with Schedule V of the Regulations at the Lupin Mine, located on the west shore of Contwoyto Lake, within the Kitikmeot Region, Nunavut (approximate Latitude 65°46'N and Longitude 111°14'W), as outlined in the Water Licence Renewal Application.	Compliant.					Licensee has allowed the licence to expire.	Non-Compliant	LMI is compliant with the referenced terms of the Type A Water Licence. All activities undertaken at site are within the described scope. It is noted that there is no term or condition of the licence which states the licence may not expire. In any event, LMI applied for renewal of the licence in February 2014 prior to expiry. While the Type A Water Licence expired one month following LMI's February 2014 application for renewal, LMI underwent significant effort during Summer 2014 in order to access site and manage water and waste.
		LMI may conduct mining, milling and associated activities at the Lupin Mine located on the west shore of including, in general, as follows:								
		<ul style="list-style-type: none"> <li>• Use of water for Mining and Milling and associated activities;</li> <li>• Deposit of tailings slurry into the Tailings Containment Area (TCA);</li> <li>• Deposit of tailings paste into underground works;</li> <li>• Deposit and treatment of Sewage into Sewage Disposal Facilities;</li> <li>• Discharge of effluent from TCA;</li> <li>• Discharge of effluent from Sewage Disposal Facilities;</li> <li>• Progressive Abandonment and Reclamation of Mine facilities;</li> <li>• Care and Maintenance of facilities</li> <li>• Monitoring Program;</li> <li>• Operations of site infrastructure including: <ul style="list-style-type: none"> <li>o Mining and Milling structures;</li> <li>o Water intake and supply facilities;</li> <li>o Mine site camp facilities;</li> <li>o Tailings Containment Area;</li> <li>o Tailings Line and associated facilities;</li> <li>o Sewage Disposal Facilities;</li> <li>o Mine site roads;</li> <li>o Mine site airstrip;</li> <li>o Breakwater and Causeway;</li> <li>o Fuel Storage Facilities;</li> </ul> </li> </ul>								
	b	This Licence is issued subject to conditions contained herein with respect to the taking of Water and the depositing of Waste of any type in any Waters or in any place under any conditions where such Waste or any other Waste that results from the deposits of such Waste may enter any Waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the Act, or other statutes imposing more stringent conditions relating to the quantity, type or manner under which any such Waste may be so deposited, this Licence shall be deemed to be subject to such requirements.	Compliant.					Licensee ceased use upon expiry of licence and sought alternative authorization.	Compliant	Compliant
	c	Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with all applicable legislation, guidelines and directives.	Under review.					GN Environmental Guideline for the General Management of Hazardous Waste (see E.14)	Non-Compliant	This is a statement and not appropriate for a "compliance" determination, LMI is aware of this requirement.

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2	a	Failure to comply with this Licence will be a violation of the Act, subjecting the Licensee to the enforcement measures and the penalties provided for in the Act.	See AANDC Water Use Inspection Forms dated July 5&6, 2012 by Eva Paul and July 9, 2011 by A. Keim. No Water Use Inspection Forms are on file for 2009, 2010, or 2013. An AANDC Lands inspected the site July, 2013. Since issuance of the Licence renewal, no enforcement measures or penalties have been incurred.					Licensee shows blatant disregard for actions required by Inspectors to achieve compliance.	Non-Compliant (a)	This is a statement and not appropriate for a "compliance" determination, LMI is aware of the requirements of 2 a, b and c. LMI has made every effort to work with the Inspector with respect to items that have been requested that are not included in the Water Licence. While LMI has taken steps to clarify the basis for such requests and to provide reasonable responses to the Inspector where such requests are not reasonably practicable given the current project phase, weather conditions, and available evidence, it takes requests by the Inspector very seriously and certainly does not "blatently disregard". It can be challenging to respond to requests where they are unclear and often are not made with the benefit of review of information previously submitted to the Inspector by LMI. Working though these challenges has taken some additional time, but LMI is confident that the outstanding items can be resolved in a reasonable manner going forward.
	b	All inspection and enforcement services regarding this Licence will be provided by Inspectors appointed under the Act.								
	c	For the purpose of enforcing this Licence and with respect to the use of Water and deposit or Discharge of Waste by the Licensee, Inspectors appointed under the Act, hold all powers, privileges and protections that are conferred upon them by the Act or by other applicable law.								
Definitions										
3	a	The Licensee shall refer to Schedule A for definitions of terms used in this Licence.	Compliant.						N/A	



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PART B - GENERAL CONDITIONS										
1		The amount of Water use fees shall be determined in accordance with the section 9(b) of the Regulations. Payment of fees shall be made in accordance with section 9(6)(b) of the Regulations.	Water use fees are based on 1,700,000 m3 of authorized water use per year. Water use fee for 2009 is owed in the amount of \$63.14. Payment for 2010 is up to date. Payment for 2011 paid in the amount of \$63.14; however new water use fee calculator determined that \$23,050.00 is owed. Correspondence between NWB, AANDC, and MMG indicates that 2011 water use fee discrepancy is unresolved. <a href="#">Payment for 2012 in the amount of \$23,050.00 was made March 15, 2013.</a> <a href="#">Payment for 2013 in the amount of \$23,050.00 was made February, 2014.</a>						Assumed compliant	LMI is fully up to date with its fees throughout the duration of the licence and is compliant. It is noted that the Inspector has access to independently verify this information through AANDC.
a		The Licensee shall file an Annual Report with the Board, not later than March 31st of the year following the calendar year reported and shall be developed in accordance with Schedule B.								
	Schedule B Item 1	The Annual Report referred to in Part B, Item 2, shall include:								
	a	The monthly and annual quantities in cubic metres of water pumped from Contwoyto Lake at Station Number LUP-01;								
	b	The monthly and annual quantities in cubic metres of treated Tailings effluent discharged at Station Number LUP-10;								
	c	The monthly and annual quantities in cubic metres of Minewater discharged at Station Number LUP-11;								
	d	The monthly and annual quantities in cubic metres of treated Sewage effluent discharged at Station Number LUP-14;								

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2	e	Tabular summaries of all data generated under the "Monitoring Program";	Compliant. <a href="#">2012: Annual report received by NWB April 30, 2013</a> <a href="#">2011: Annual report received by NWB March 31,2012</a> <a href="#">2010: Annual report received by NWB April 8, 2011</a> <a href="#">2009: Annual report received by NWB April 19, 2010</a>					Annual Reports, while filed annually, are generally lacking in detail and do not include all items required. 2013 AR was not received by the NWB until April 24.	Non Compliant in some years	The NWB has never advised that the Annual Reports are deficient in any way and has never been advised that there has been a non-compliance in previous years. It is noted that where an annual report was filed late notice was provided to NWB and acknowledged. Should the Inspector have comments on the sufficiency of the Annual Report, such comments should be forwarded to the NWB during the public comment period. LMI is compliant with this condition.
	f	A summary of actions taken to address concerns or deficiencies listed in the inspection reports and/or compliance reports filed by an Inspector.								
	g	A summary of modification and/or major maintenance work carried out on the water supply and the waste disposal facilities, including all associated structures;								
	h	A list and description of all unauthorized discharges including volumes, spill report line identification number and summaries of follow-up action taken;								
	i	Where applicable, revisions as Addendums, with an indication of where changes have been made, for Plans, Reports, and Manuals;								
	j	For Care and Maintenance, provide an updated status of any progressive reclamation as it relates to tailings cover remediation and justification for not proceeding to full reclamation under Part I, Item 5;								
	k	A summary of public consultation and participation with local organizations and the residents of the nearby communities, including a schedule of upcoming community events and information sessions.								
	l	A summary of any abandonment and reclamation work completed during the year and an outline of any work anticipated for the next year;								
	m	An updated assessment of the current mine reclamation liability using the most current version of RECLAIM as required by Part I, Item 3;and								
	n	Any other details on water use or waste disposal requested by the Board by November 1st of the year being reported.								
3		The compliance dates specified in the Licence may be modified at the discretion of the Chief Executive Officer.	Compliant.						Unknown	Compliant
4		Metres, devices or other such methods used for measuring the volumes of water used and waste discharged shall be installed, operated and maintained by the Licensee to the satisfaction of an Inspector.	Compliant.					Metered readings were not provided for 2014 decant.	Non-Compliant	LMI is aware of this requirement. The meter at site was unfortunatly non-operational, and therefore LMI took two seperate surveyed discharge readings to ensure it accurately reflected the dischare amounts. It is noted that metered readings for the 2014 decant were not required within the Direction that was issued by the Inspector. LMI will ensure that any future discharges are metred. LMI believes it is in compliance with this condition.
5		The Licensee shall maintain, to the satisfaction of the Inspector, all the signs necessary to identify the stations of the annexed "Monitoring Program".	Compliant.						Not assessed	Compliant - as the AANDC Inspector will note during the next site visit, all required signage is in place.

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6		The Licensee shall ensure a copy of this Licence is maintained at the site of operation at all times in English, Inuktitut and Inuinnaqtun.	Compliant.						Not assessed	Compliant - as the AANDC Inspector will note during the next site visit, a copy of this documentation is located at site.
7		Any communication with respect to this Licence shall be made in writing to the attention of: Manager of Licensing Nunavut Water Board P. O. Box 119 Gjoa Haven, NU X0B 1J0 Telephone: (867) 360-6338 Fax: (867) 360-6369 Email: licensing@nunavutwaterboard.org	Compliant.						Compliant	Compliant
8		Any notice made to an Inspector shall be made in writing to the attention of: Water Resources Officer Nunavut District, Nunavut Region P.O. Box 100 Iqaluit, NU X0A 0H0 Telephone: (867) 975-4295 Fax: (867) 979-6445	Compliant.						Compliant	Compliant
9		The Licensee shall submit one (1) paper copy and one (1) electronic copy of all reports, studies, and plans to the Board, or as otherwise requested by the Board. Reports or studies submitted to the Board by the Licensee shall include an executive summary in English and Inuktitut.	<a href="#">Executive summaries of the management plans submitted with the 2012 annual report remain outstanding.</a>	<a href="#">LMI will submit revised management plans including executive summaries and translated executive summaries as part of its 2013 annual report.</a>	<a href="#">By March 31, 2014</a>				Not assessed	Compliant - as the NWB can confirm, all required plans under the Licence have been submitted.
10		This Licence is assignable as provided in section 44 of the Act.	Compliant.						Not assessed	Compliant - LMI has not transferred the licence to any other corporate entity during the licence term.
11		The Licensee shall ensure that any document(s) or correspondence submitted by the Licensee to the Board is received and acknowledged by the Manager of Licensing.	Compliant.						Not assessed	Compliant - LMI has confirmed receipt of all documentation to the NWB.

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12		The Licensee shall, for all Plans submitted under this Licence, include a proposed timetable for implementation. Plans submitted, cannot be undertaken without subsequent written Board approval and direction. The Board may alter or modify a Plan if necessary to achieve the legislative objectives and will notify the Licensee in writing of acceptance, rejection or alteration of the Plan.	The following plans were submitted to the Board for approval with the 2011 annual report: Spill Contingency Plan (H,1); Fuel Management Plan (2011 Inspection report); Interim Abandonment and Restoration Plan (I,1); and Care and Maintenance Plan (I,2). <u>These plans were updated and resubmitted to the the Board for approval with the 2012 annual report.</u>	LMI requests NWB approval of the submitted plans.	As per NWB review process	Ongoing implementation of Plans in accordance with NWB approval.	Upon receipt of NWB approval of Plans.	Difficult to assess as the NWB failed to approve or comment on plans submitted for approval in 2011. Licensee has flagrantly ignored commitments and timelines that were outlined in the 2012 Plan for Compliance.	Non-Compliant	Compliant - LMI has submitted all plans to the NWB for approval in 2011. The "2012 Plan for Compliance" is not a plan required by the licence. As discussed extensively with the Inspector, due to the change in project timing which occurred since 2012 (at the time the 2012 Plan was written, LMI was intending to bring Lupin Mine back into production in the near term), certain timelines were no longer appropriate to the current care and maintenance phase.
13		In the event that a Plan is not found acceptable to the Board, the Licensee shall provide a revised version to the Board for review within thirty (30) days of notification by the Board.							Not assessed	Compliant - No revisions to the 2011 plans have been requested by the NWB, and so no updates have been required as described in this section.
14		The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board.							Non-Compliant	Compliant - LMI has submitted all plans required by the Licence to the NWB for approval in 2011. As noted above, the "2012 Plan for Compliance" is not a plan required by the licence.
15		Every Plan to be carried out pursuant to the terms and conditions of this Licence shall become a part of this Licence, and any additional terms and condition imposed upon approval of a Plan by the Board become part of this Licence. All terms and conditions of the Licence should be contemplated in the development of a Plan where appropriate.	Compliant.					To be determined.	Compliant	Compliant
16		The Licensee shall review the Plans or Manuals referred to in this Licence as required by changes in operation and/or technology and modify the Plans or Manuals accordingly. Revisions to the Plans or Manuals are to be submitted in the form of an Addendum to be included with the Annual Report required by Part B, Item 2, complete with a revisions list detailing where significant content changes are made.	Compliant. <a href="#">Addressed in Section 6 of 2012 Annual Report</a>						Compliant	Compliant
17		The expiry or cancellation of this Licence does not relieve the Licensee from any obligation imposed by the Licence, or any other regulatory requirement.	Compliant.					Licensee has not met licence requirements for inspection, monitoring, or progressive reclamation.	Non-compliant	Compliant. LMI is aware of this requirement and sought additional permits (both water licencing and land use) during 2014 in order to ensure continued compliance with all obligations under this licence. This detail was clearly provided at the public hearing in Feb 2015. Further details regarding monitoing, inspection and progressive reclamation are set out in the cover letter to this document.

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PART C - CONDITIONS APPLYING TO SECURITY										
1		The Licensee shall furnish and maintain security with the Minister, in the amount of \$25.5 million dollars, in the form that is satisfactory to the Minister.	Compliant.						Compliant	Compliant
2		The Licensee shall furnish and maintain such further or other amounts as may be required by the Board based on annual estimates of current mine reclamation liability.	NA Since issuance of the Licence renewal, the Board has not required any further or other amounts of security.						Compliant	Compliant
3		The Licensee may submit to the Board for approval, a request for a reduction to the amount of security. The submission shall include supporting evidence to justify the request.	NA No requests for reduction in the amount of security have been requested.						Compliant	Compliant
4		The security referred to in Part C, Item 1 shall be maintained until such time as it is fully or in part refunded by the Minister pursuant to section 76(5) of the Act. This clause shall survive the expiry of this Licence or renewals thereof and until full and final reclamation has been completed to the satisfaction of the Minister.	NA Since issuance of the Licence renewal, no part of security has been refunded by the Minister.						Compliant	Compliant

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
PART D - CONDITIONS APPLYING TO WATER USE										
1		The Licensee shall obtain all fresh Water for mining, milling and associated uses from Contwoyto Lake, at monitoring station LUP-01 using the Water Supply Facilities or as otherwise approved by the Board in writing.	Compliant. 2011 AANDC Inspection report noted that the water supply facility was not accessible for inspection and that fuel barrels marked WSC (Water Survey Canada) were located in the lake and on the shoreline. The inspector collected water samples from the shoreline adjacent to the intake pipe. Results of sample indicated aluminum concentration of 19 ug/L (slightly above CCME FWAL guideline of 5 ug/L for pH < 6.5) and pH of 6.45 (slightly below CCME FWAL guideline of between 6.5 and 9). 2012 AANDC Inspection Report indicates that the water supply facility is acceptable, and no issues were reported.	Barrels identified in 2011 AANDC Inspection were removed to a bermed area >30 m beyond the high water mark of Contwoyto Lake.	Completed early 2012	Maintain housekeeping procedures for third parties	Effective immediately	Licence expired. Licensee cannot currently use water supply facilities approved under this licence.	Compliant	Compliant
2		The annual quantities of water withdrawn from Contwoyto Lake for all uses, shall not exceed 1,700,000 cubic metres.	Compliant. 2009 annual report indicates that a total of 123, 100 Litres (123.1 m3) of water was collected from Contwoyto Lake in 2009. 2010 annual report indicates that a total of 272.13 m3 of water was collected from Contwoyto Lake in 2010. 2011 annual report indicates that a total of 439.5 m3 of water was collected from Contwoyto Lake in 2011. 2012 annual report indicates that a total of 1917.9 m3 of water was collected from Contwoyto Lake in 2012.						Compliant	Compliant
3		The Licensee shall equip the fresh water intake with a screen of an appropriate mesh size to ensure that fish are not entrained and shall withdraw water at a rate such that fish do not become impinged on the screen.	Compliant.						Compliant	Compliant
4		The Licensee shall carry out weekly inspections of all water management structures during periods of flow and maintain records of the inspections and findings, for review upon the request of the Board.	This Licence requirement has been incorporated into the Liquid Waste Management Plan, 2013 Section 5.1 and the Fuel Containment Management Strategy, 2013 Section 3. See compliance status of Part E Item 6 (f) regarding frequency of TCA inspection.	Photos and miscellaneous inspection records and findings for 2012 <a href="#">and 2013</a> to be consolidated	Ongoing	Ongoing implementation of Plans in accordance with NWB approval.	Immediately and as modified during NWB approval of Plans.	Licensee did not maintain a sufficient presence at site to maintain compliance with this condition.	Non-Compliant	Compliant. There is no current flow at site, nor has there been any flow since October 2014. The requirement of weekly inspections is currently before the NWB as part of our amendment application. As described by the Board, during periods of reduced activity there should not be any requirement for weekly inspection.
5		The Licensee shall implement measures to prevent the generation and deposition of dust and/or sediment into Water arising from road use.	NA Road use is limited during care and maintenance.						Not assessed	Compliant

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
PART E- CONDITIONS APPLYING TO WASTE DISPOSAL										
1		The Licensee shall discharge all Tailings into the Tailings Containment Area, underground as Backfill or to other locations in accordance with the Guide to the Management of Tailings Facilities (Mining Association of Canada September 1998), or as otherwise approved by the Board in writing.	NA No tailings have been generated or discharged during the term of the Licence renewal.						Compliant	Compliant
2		The discharge from the Tailings Containment Area at Monitoring Station LUP-10 shall commence no sooner than July 15 of any calendar year unless otherwise approved by the Board in writing.	Compliant. <a href="#">Licence requirement is incorporated into section 5.2.2</a>  <a href="#">of Liquid Waste Management Plan, 2013 submitted with 2012 annual report.</a> Discharge occurrence in 2009 and 2012. <a href="#">No discharge in 2010, 2011, or 2013.</a>						Compliant	Compliant
3		The discharge rate from the Tailings Containment Area shall not exceed 70,000 cubic metres per day, unless otherwise approved by the Board in writing.	Compliant <a href="#">Licence requirement is incorporated into section 5.2.2</a>  <a href="#">of Liquid Waste Management Plan, 2013 submitted with 2012 annual report.</a>						Compliant	Compliant
4		The Licensee shall provide at least ten (10) days notice to the Inspector prior to any planned Discharge from any facilities. The notice shall include an estimated volume proposed for Discharge and the receiving location.	Notification provided prior to discharge from LUP-10 in 2009 (dated Aug 24, 2009) Notification provided prior to discharge from LUP-14 in 2009 (dated Aug 11, 2009) Notification prior to discharge from LUP-27 in June 2010 missed. Notification prior to discharge of effluent from LUP-14 between Sept 23 and Oct 10, 2011 and from LUP-27 Sept 20 to 23, 2011 was missed. Inspector was not provided the analytical results prior to discharge.  Notification provided prior to discharge from LUP-27 in 2012 (June 8, 2012) Notification provided prior to discharge from LUP-10 in 2012 (dated Aug 27, 2012) Notification not provided prior to discharge from LUP-14 in 2012. Verbal notification provided immediately upon discovery of unauthorized discharge on June 2, 2012 followed by written notification on June 15, 2012. <a href="#">Notification provided prior to discharge from LUP-27 in 2013 (dated June 4, 2013)</a>	2011 unauthorized discharge events were reported in the October 2011 monthly report. All effluent was tested to determine that it met the discharge limits prior to and during discharge. 2012 unauthorized discharge reported immediately upon discovery. Also see June monthly monitoring report for water sampling results. Water licence effluent quality limits were not exceeded.  Incorporate requirement into operational plan <i>Discharge Procedure: Tailing Containment Area and Sewage Lakes Disposal Facility (Care and Maintenance)</i> , March 2012	Completed	Incorporate licence requirement into operational plan: <a href="#">Liquid Waste and Stormwater Management Plan (Care and Maintenance)</a> March 2012 and <a href="#">Fuel Containment Management Strategy (Care and Maintenance)</a> , 2012 Maintain copies of operational plans on-site and review plans during orientation of new site management staff.	LMI submitted updated copies of operational plans as part of 2012 annual report	Licensee has shown diligence in providing notifications since 2012.	Compliant in 2014	Compliant

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
5		All Effluent discharged from the Tailings Containment Area shall not exceed the following effluent quality limits at Monitoring Program station LUP-10:	Compliant. Effluent discharged from LUP-10 from August 25, 2009 until the end of September, 2009. Effluent discharged from LUP-10 from September 8, 2012 until September 29, 2012. <a href="#">No effluent was discharged from LUP-10 in 2013.</a>							Compliant
		The Tailings Containment Area shall be constructed, operated and maintained to engineering standards such that:	See sub-items (a) - (g)							Compliant
	a	A freeboard limit of 1.0 metre shall be maintained at all times or as recommended by a Geotechnical Engineer and as approved by the Board in writing;	2011 AANDC inspection report noted high water levels at Dam J and insufficient freeboard. Inspector required Elgin to undertake such measures as are required to address high water levels at Dam J within sixty (60) days of receipt of the inspection report. 2012 AANDC inspection report noted freeboard as "Acceptable". 2009 to 2012 Geotechnical Inspection reports note freeboard greater than 1 m on all perimeter dams.2012 Geotechnical Inspection report notes freeboard less than 1 m on some internal dams. <a href="#">2013 Geotechnical Inspection report notes freeboards on perimeter dams range from 2.5 to 4 m, and freeboard on internal dams range from 1 to 5m</a>	Work carried out in 2012 to address condition included: Treating and discharging water during and since the 2012 site inspections. Pond 1 and 2 water levels have been reduced.	Completed	Continue to monitor freeboard and treat and discharge water as required.	Monitoring to continue on an on-going bases. Treatment and discharge of water as needed.		Compliant	Compliant
	b	Seepage from the Tailings Containment Area is minimized;	2011 and 2012 AANDC Inspection reports did not note any seepages. 2009 Annual Geotechnical Inspection of Perimeter Dams noted seepage at toe of Dam 4. 2010 Annual Geotechnical Inspection of Perimeter Dams noted a small seepage zone at Dam 2. 2011 Annual Geotechnical Inspection of Perimeter Dams noted seepage at Dam 2 and possible seepage at Dam 6. No major seepage from the TCA was observed during the 2012 <a href="#">or 2013</a> Annual Geotechnical Inspections.	Measures to address seepage issues noted along Dam 4 in 2009 were carried out in 2010. In 2011 it was observed that erosion gullies and loose fill had been placed between the dam and coffer dam for seepage control at Dam 4. Measures carried out in 2012 to address seepage issues at Dam 2 included establishment of coffer dam to collect seepage.	Completed	Dam 2: Surface maintenance. Monitoring regularly to pump any collected seepage back into Pond 2. Dam 6: Monitor regularly for potential seepage. All Dams: Regular monitoring	Monitoring to commence immediately and continue on an on-going basis. Surface maintenance and repairs to continue <a href="#">as needed</a> .		Compliant	Compliant



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	c	Any Seepage that occurs is collected and returned immediately to the Tailings Containment Area;	<p>2011 AANDC inspection report notes evidence of standing/ponded water. 2009 geotechnical inspection report recommended returning seepage from Dam 4 back to TCA. 2010 and 2011 geotechnical inspection reports both recommend returning seepage from Dam 2 back to TCA upon confirmation sampling. <a href="#">2012 geotechnical inspection report recommended re- establishment of coffer dam to collect seepage and pumping collected seepage back to TCA.</a> 2013 geotechnical inspection report notes that seepage collection pond is almost full and recommends pumping seepage back to TCA.</p>	Measures carried out in 2012 included placement of a coffer dam at the toe of Dam 2 to collect the seepage to be pumped back into Pond 2 when it is pooled.	Completed	<p>Dam 2: Monitor regularly to pump the collected seepage back into Pond 2.</p> <p>All Dams: Monitor regularly</p>	Monitoring to commence immediately and continue on an on-going basis.	<p>These short or long term comments do not secifically indicate whether the seepage collection pond was pumped back to the TCA. There is no evidence in the 2013 Annual Report of this work and the 2014 report is not yet due. Please provide comment on the status of this item.</p>	Potentially non-compliant	Compliant
6	d	Erosion of constructed facilities is addressed immediately;	<p>2009 to 2011 geotechnical inspection reports note minor erosion issues, worsening along downstream slopes in 2010. 2011 AANDC inspection report notes erosion and sloughing of the sides of Dam J. 2012 AANDC inspection report notes erosion of road at Dam 6. 2012 geotechnical inspection report notes minor erosion issues with perimeter dams with more serious erosion at Dam 1A. A breach in "storm ditch" constructed on crest of Dam 3 was also noted. Internal dams noted in good condition with the exception of Dams M and L.</p>	<p>Measures carried out in 2012 included: Dam 3: Breach repaired Dam M: Avoidance of vehicle traffic on eroded section and monitoring regularly to determine if cracking is progressing. Dams M and L: conducted risk assessment to determine: (1) consequences in terms of water quality of uncontrolle d drainage flowing from cel l 3 to cell 4, assuming integ rity of Dam L stays intact; and (2) potential failure of Dam M. Risk assessment was submitted as part of 2012 annual report.</p>	Completed	<p><a href="#">(1) Surface maintenance, repair, erosion protection, and regular m onitoring as needed on all dams.</a> <a href="#">(2) 2013 risk assessment recom mends the following measures to address Dam M:</a></p> <ul style="list-style-type: none"> <li>- prevent driving on dam crest</li> <li>- draw down water level in cell 5 by controlled discharge to pond 1</li> <li>- repair cracks</li> <li>- monitor water levels in pond 2 and cell 5</li> <li>- monitor water quality in cell 5including one sample at depth</li> <li>- update estimate of existing storage capacity of cell 5 and current volume of water stored in the cell</li> <li>- longer term planning to re- inforce downstream slope of Dam M</li> <li>- closure and abandonment planni ng for cell 5</li> </ul>	<p><a href="#">(1) General dam maintenance and repair on an ongoing basis.</a> <a href="#">(2) Dam M:</a></p> <ul style="list-style-type: none"> <li>-prevent driving on dam crest immediately</li> <li>-draw down water levels in cell 5 in 2014</li> <li>-monitoring and repair as recommended in risk assessment in 2014</li> <li>-update estimate of existing storage capacity of cell 5 in 2014</li> <li>-update management plans to address risk assessment in 2014</li> </ul>	<p>It is unclear whether actions identified as being required "immediately" and for completion in 2014 for the safety of internal dams M and L have been completed as they are written in the column titled "Schedule for Implementation of Long Term Plan for Compliance". Please provide comment on the status of these items.</p>	Potentially non-compliant	Compliant

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			<a href="#">2013 geotechnical inspection report notes minor erosion</a> , issues with perimeter dams <a href="#">with more serious erosion at Dam 1A</a> . Internal dams were <a href="#">noted in good condition with the exception of Dams M and L</a> . <a href="#">A June 19, 2013 LMI inspection noted that the roadway located adjacent to Boomerage Lake had eroded as a result of runoff.</a>	<a href="#">Measures carried out in 2013</a> included: <a href="#">Dam 3: Erosion damage in roadway adjacent to Boomerang Lake repaired</a> , <a href="#">Boomerage Lake roadway repaired</a>		<a href="#">(3) 2013 risk assessment recommends the following measures to address Dam L</a> <a href="#">- verify water quality in cell 3 and 4</a> <a href="#">- surface maintenance</a> <a href="#">- monitoring to ensure dam toe is not undercut</a> <a href="#">- repair breached section with well compacted esker material</a> <a href="#">- monitor and manage water in cell 3 to prevent overflow</a> <a href="#">- evaluate measures to permit drainage from cell 3 to cell 4 without threatening integrity of dam</a>	<a href="#">(3) Dam L:</a> <a href="#">- verify water quality in cells 3 and 4 in 2014</a> <a href="#">- monitoring and repair as recommended in risk assessment in 2014</a> <a href="#">- monitor and manage water in cell 3 to prevent overflow in 2014</a> <a href="#">- evaluate measures to permit drainge from cell 3 to cell 4 without threatening integrity of dam in 2014</a> <a href="#">- update management plans to address risk assessment in 2014</a>			
e		The solids fraction of the mill Tailings shall be permanently contained within the Tailings Containment Area or underground as Backfill;	2011 AANDC inspection report noted that sections within the tailings area had low water levels and approx. 5-10 hectares of exposed tailings. Inspector required LMI to undertake such measures as are required to address the exposed tailings in the pond southeast of Dam J (Cell 3) within sixty (60) days of receipt of the inspection form. 2012 AANDC inspection report noted thin to absent tailings cover as well as windblown tailings at Dam 6 (Cell 3). Samples from the toe of Dam 6 indicate elevated concentrations of arsenic. Annual Geotechnical Inspections have not addressed tailings cover.	<a href="#">Care and Maintenance Plan section 4.3 has been revised to propose measures to address windblown tailings</a>	<a href="#">Submitted as part of 2012 annual report.</a>	<a href="#">Update geotechnical, geochemical, and water balance assessments to address operational issues with TCA, including tailings cover. Based on the results of the geochemical, geotechnical and water balance assessments, update the Interim Abandonment and Restoration Plan to minimize risks and determine options for reactivation of the TCA shoulda decision be made to take the mine off care and maintenance and into production.</a>	<a href="#">Prior to recommencing mine operations</a>	Commitments made in the 2012 Plan for Compliance were not addressed in the time frame that was identified in 2012. "Geochemical and geotechnical assessments have been initiated to address operational issues associated with the TCA including tailings cover. Water balance assessment to be initiated as well. Windblown tailings will be addressed by the risk assessment requested by the AANDC inspector..." These were to have been completed by 2014. These items were not completed. Outstanding requirements from 2014 include proof that the materials blown out at Dam 6 are esker materials and not cover. This was due on November 15, 2014. No mitigation measures have been implemented to date.	Non-compliant: The proposal to carry out this work "Prior to recommencing mine operations" is NOT ACCEPTABLE to the Inspector. Outstanding commitments from the 2012 Compliance Plan are to be completed in 2015. This includes the Geochemical and geotechnical assessments that will address operational issues associated with the TCA including tailings cover. The characterization of materials blown out of the TCA is also to be undertaken in 2015.	Compliant. This is included in the closure and reclamation section of the licence. The mine is not in permanent closure and is in care and maintenance. The Licence does not require LMI to prematurely close facilities that are necessary for mine operations. LMI has fully meet this term and condition as clearly stated in our annual reports. The materials flagged by the Inspector are esker and there is no reasonable evidence to support the view that this may be tailings escaping the TCA. nonetheless, LMI has committed to a focused sampling program during 2015 in hopes of final resolution of this issue. .

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
	f	Weekly inspections of the dam(s), Tailings line(s), and catchment basin(s) shall be carried out and records of these inspections shall be kept for review upon the request of an Inspector, or as otherwise approved by the Board. More frequent inspections shall be performed at the request of an Inspector; and	<p>With respect to the required weekly inspections, LMI has not carried out formal inspections, however when water is transferred from one area to another, a general observation is made to determine any anomalies (e.g. crew working at the tailings pond will conduct a general assessment of conditions along the dams as the water level is being lowered).</p> <p>LMI has not carried out inspections on the catchment basins and the tailings line. The tailings line is not in use during care and maintenance and therefore has not been inspected.</p> <p>2013 Geotechnical Inspection report recommends the following revisions to the inspection schedule:</p> <p><u>- May to June (freshet) – bi-weekly</u></p> <p><u>- July to October (open water) – monthly.</u></p>	<p>(1) Request Board approval to revise inspection schedule as recommended in annual Geotechnical Inspection reports.</p> <p>(2) Photos and miscellaneous inspection records and findings for 2012 and 2013 to be consolidated</p>	<p>(1) <a href="#">Requested as part of this water licence renewal application and subject to NWB review process.</a></p> <p>(2) <a href="#">Consolidation of photos and inspection records to be provided as part of 2013 annual report due by March 31, 2014.</a></p>	<p>(3) Implement reduced frequency of inspection.</p> <p>(4) Update Care and Maintenance Plan to include revised inspection schedule and record keeping</p>	<p>(3) Implement revised inspection schedule upon NWB approval.</p> <p>(4) <a href="#">Update Care and Maintenance Plan upon NWB approval.</a></p>	<p>Consolidation of photos from internal inspections was to be included in the 2013 Annual Report. Inspection records were included, but no photos.</p> <p>Inspections are not being carried out as per licence requirements. Photos from inspections are to be submitted as indicated. The principal issue here is the frequency of inspection; I believe an updated inspection frequency will be determined by the renewal process.</p>	Non-compliant	The requirement of weekly inspections is currently before the NWB as part of our amendment application
	9	An inspection of the Tailings Containment Area shall be carried out annually during ice free, open water conditions by a Geotechnical Engineer. The Engineer's report shall be submitted to the Board within sixty (60) days following the inspection, and shall include a covering letter from the Licensee outlining an implementation plan to respond to the Engineer's recommendations.	Compliant. Annual Geotechnical inspection reports and cover letters were submitted for 2009, 2010 and 2011 of the TCA perimeter dams.					LMI has not consistently included "a covering letter from the Licensee outlining an implementation plan to respond to the Engineer's recommendations." Please ensure that this is done in the future, should this condition persist in the new licence.	Compliant	Compliant
7		The Licensee shall discharge all Sewage to the Sewage Lakes Disposal Facilities or as otherwise approved by the Board in writing.	Compliant.						Compliant	Compliant
8		All Effluent discharged from the Sewage Lakes Disposal Facilities shall not exceed the following effluent quality limits at Monitoring Program monitoring station LUP-14:	Compliant. Effluent was discharged from LUP-14 from August 11, 2009 to September 24, 2009. Effluent was discharged from LUP-14 from September 23, 2011 to October 10, 2011. Effluent was discharged from LUP-14 from June 30, 2012 until July 27, 2012. <a href="#">There are no recorded discharges from LUP-14 in 2013.</a>						Compliant	Compliant
9		All Effluent discharged from the Bulk Fuel Storage Facility at Monitoring Program station LUP-27 shall not exceed the following effluent quality limits	Compliant. Effluent was discharged from LUP-27 on June 10, 2010. Effluent was discharged from LUP-27 on September 20 and 23, 2011. Effluent was discharged from LUP-27 on June 23, 2012. <a href="#">Effluent was discharged from LUP-27 June 18-20, 2013.</a>						Compliant	Compliant

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10		The Licensee shall confirm compliance with Effluent quality limits in Part E, Items 5, 8 and 9 prior to Discharge.	Compliant.					Effluent quality testing is occurring, however licensee has not attended site early enough (2012 and 2014) to ensure that effluent is tested prior to uncontrolled discharge.	Compliant	Compliant
11		The Licensee shall Discharge all Minewater to the Tailings Containment Area or to the Sewage Lakes Disposal Facilities, except as specified in Part E, Item 12.	NA No minewater discharged during term of renewal Licence.						Compliant	Compliant
12		The Licensee shall submit to the board for approval, a proposal for the disposal of Minewater should a location other than those specified in Part E, Item 11 be considered. The proposal shall describe options for the Discharge of Minewater, data on the quantity and quality of the Minewater, and the options for Minewater treatment and options.	N/A No Alternate minewater disposal has been proposed						N/A	
13		The proposal specified in Part E, Item 12, shall be implemented as approved by the Board in writing	N/A						N/A	
14		The Licensee shall remove from the project site, all hazardous Wastes generated through the course of the Operation, for disposal at an approved hazardous waste disposal facility	2011 AANDC inspection report noted waste oil and barrels within the secondary containment area south of the main tank farm. 2012 AANDC inspection report notes open barrels and contamination in hazardous waste storage area. It also notes buried drums in the burn pit berm walls and exposed metal debris in the landfill.	In response to the 2011 AANDC inspection report, it is noted that the secondary containment area south of the main tank farm is for the purpose of lubricant oil storage. In response to the 2012 AANDC inspection report all open barrels were removed from site during the 2012 field season. Any contamination will remain contained within the industrial site and will be monitored for seepage. Also see status of compliance under Part H Item 3.	A program to routinely remove unusable fuels and lubricant to approved off-site hazardous waste disposal facilities was implemented in 2012. Seepage monitoring will continue during 2013 field season and will be ongoing.	Manage hazardous wastes in accordance with Board approved Waste Management Plan dated March 2013. Legacy contamination issues will be addressed as part of the Final Abandonment and Restoration Plan.	Upon approval of Plans by the Board.	Removal of hazardous waste is included in the licence under "Waste Disposal" and NOT under "Abandonment and Reclamation". LMI is reluctant to address the removal of hazardous waste, except on an opportunistic basis. AANDC is not in agreement that the removal of legacy hazardous waste be postponed until site closure. I believe that this issue will be treated through the renewal process. In the interim, I consulted with GN DOE and was informed that "If a firm intends to store a hazardous waste for more than 180 days and where the quantity is in excess of the prescribed amount as listed in Appendix 8 of our Environmental Guideline for the General Management of Hazardous Waste, they must apply for and register as a Hazardous Waste Management Facility." Please ensure that LMI is in compliance with the relevant Territorial legislation	Non-compliant	Compliant. All waste is managed in accordance with the approved plan and contained in a lined bermed facility at site, and LMI confirms it will be disposed of at a licensed facility at a later date. As stated in the "Environmental Guideline for the General Management of Hazardous Waste", programs and services described therein are applied primarily to activities taking place on Commissioner's and municipal lands and to Government of Nunavut undertakings. Waste at the Lupin Mine site is managed pursuant to the Nunavut Waters and Nunavut Surface Rights Tribunal Act and the Type A Water Licence issued pursuant to that Act.
15		The Licensee shall maintain records of all Waste backhauled and confirmation of proper disposal through the use of Waste manifest tracking system and registration with the Government of Nunavut, Department of Environment	Compliant						Compliant	Compliant

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response								
PART F - CONDITIONS APPLYING TO MODIFICATIONS																		
1		The Licensee may, without written consent from the Board, carry out Modifications provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:	NA No modifications have been carried out during the term of the Licence renewal.						Compliant	Compliant								
	a	The Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications, that includes the requirements of Part F, Item 3;																
	b	Such modifications do not place the Licensee in contravention of the Licence or the Act;																
	c	Such Modifications are consistent with the NIRB Project Certificate;																
	d	The Board has not, within sixty (60) days following notification of the proposed Modifications informed the Licensee that review of the proposal will require more than sixty (60) days; and																
	e	The Board has not rejected the proposed Modifications.																
2		Modifications, for which all of the conditions referred to in Part F, Item 1 have not been met, may be carried out only with approval of the Board in writing.																
3		Applications for modifications shall contain:																
	a	A description of the facilities and/or works to be constructed;																
	b	The proposed location of the structure(s);																
	c	Identification of any potential impacts to the Receiving Environment;																
	d	A description of any monitoring required, including sampling locations, parameters measured and frequencies of sampling;																
	e	Schedule for construction;																
	f	Drawings of engineered structures stamped by a Professional Engineer; and																
	g	Proposed sediment and erosion control measures.																
4		The Licensee shall provide as-built plans and drawings of the Modifications referred to in this Licence within ninety (90) days of completion of the Modification. These plans and drawings shall be stamped by an Engineer.																

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PART G - CONDITIONS APPLYING TO CONSTRUCTION										
1		All new final design and construction drawings, submitted as required by Licence ZAMLUP0914, shall be stamped and signed by a Professional Engineer.	NA No facilities have been designed or constructed during the term of the Licence renewal. The only earthworks conducted include maintenance work recommended by the Geotechnical Engineer.					Please clarify if engineered drawings for coffer dam built in 2012 were provided as required by the 2012 inspection.	Potentially non-compliant	Compliant - In the Inspectors 2012 report it states "No modifications or construction were noted at the time of the inspection. The licensee is to ensure that all as-built plans and drawings of modifications or construction, including works undertaken on the TCA as a result of geotechnical inspections, are filed with the Board without delay. These are to be copied also to the Inspector." No facilities have been designed or constructed during the term of the Licence renewal. The only earthworks conducted include maintenance work recommended by the Geotechnical Engineer.
2		Prior to construction of any dams, dykes or structures intended to contain withhold, divert or retain water or wastes other than as contemplated in the Contingency Plan, the Licensee shall submit to the Board, for approval, final design and construction drawings signed and stamped by an Engineer.								
3		As-built drawings of the dams, dykes or structures shall be stamped by a Geotechnical Engineer and submitted to the Board within ninety (90) days of completion of the structures.								
4		The construction of engineered earthworks shall be supervised and field checked by a qualified Engineer. Construction records shall be maintained and made available at the request of the Board.								
5		The Licensee shall submit a Construction Summary Report to the Board for review, within ninety (90) days following the completion of all new structures designed to contain, withhold, divert or retain Waters or Wastes. The Construction Summary Report shall be prepared by a qualified Engineer(s) in accordance with Schedule G, Item 1.								
6		The Licensee shall use fill material for construction from an approved source, which has been demonstrated not to produce Acid Rock Drainage and to be non-Metal Leaching.	NA No fill required for construction during term of Licence renewal.					Please clarify what materials have been used for repairs/maintenance of the TCA during this Licence term.	Potentially non-compliant	Compliant. LMI confirms no materials have been used that are ARD for repairs/maitneannce of the TCA.

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7		The Licensee shall implement sediment and erosion control measures prior to and during Construction, and Operations where necessary, to prevent entry of sediment into Water.	Compliant. <a href="#">Conditions also considered in Care and Maintenance Plan, March 2013 (submitted to the NWB as part of 2012 annual report)</a>					Assuming no construction is taking place	Compliant	Compliant
8		The Licensee shall inspect daily, all construction activities for signs of erosion.								
9		The Licensee shall minimize disturbance to terrain, permafrost and drainage during movement of the Licensee's and its contractor's equipment and personnel around the site during construction activities.								
10		The Licensee shall not store material on the surface of frozen streams or lakes except what is for immediate use.								
11		The Licensee shall locate new equipment storage areas on gravel, sand or other durable land, a distance of at least thirty (30) metres above the ordinary high Water mark of any Water body in order to minimize impacts on surface drainage and Water quality.								
12		The Licensee shall undertake necessary corrective measures to mitigate impacts on surface drainage resulting from the Licensee's activities.	NA. No in-stream activities have been conducted during open water							
13		The Licensee shall limit any in-stream activity to low Water periods. In-stream activity is prohibited during fish migration.								
14		For the purposes of culvert and bridge installations, the Licensee shall not encroach on the natural channel width by the placement of abutments, footings or armoring below the ordinary high Water mark of any water body.	NA. No culverts or bridges have been installed during the term of this Licence renewal.							

Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
PART H - CONDITIONS APPLYING TO EMERGENCY RESPONSE AND CONTINGENCY PLANNING										
1		The Licensee shall submit to the Board for approval, no later than thirty (30) days following approval of the Licence by the Minister, an updated "Spill Contingency Plan, Lupin Operations". The Spill Contingency Plan shall be prepared in accordance with Schedule H, Item 1.	Compliant. <a href="#">See updated and revised Spill Contingency Plan dated March2013, submitted with 2012 annual report.</a>					H.1(g): AANDC has repeatedly requested an inventory of fuels on-site. LMI has committed only to  providing data on what is  currently in the main tank farm.  Please ensure that a complete list of fuels as requested by AANDC  is submitted during the renewal process.	Non-compliant (g)	Compliant - As clearly identified at the public hearing an inventory was completed and provided in 2013 as well as during the renewal process and in response to the new request of January 5, 2015 LMI has committed to provide volumes held in vessels during 2015
	Schedule H, Item 1	The Contingency Plan referred to in Part H, Item 1 shall be a revised version of the Plan "Spill Contingency Plan, Lupin Operations" submitted with the application, prepared following GN-DOE's Spill Contingency Planning and Reporting Regulations, and Contingency Planning and Spill Reporting in Nunavut: a Guide to the New Regulations, and include:								
	a	A site 24 hour per day contact number;								
	b	A description on how to manage large quantities of oil-soaked snow;								
	c	Detailed information on spill response measures under the Training and Exercises section;								
	d	Provide new contact information as submitted by parties during the written hearing process;								
	e	Include Part 2 of the Spill Report form that discusses the instructions for completing and submitting the Report;								
	f	Provide updated, detailed topographical maps showing all facilities and their relationship to surrounding water bodies;								
	g	More clarity on the quantities and locations of Jet A and Jet B fuel on site (currently under the same line item in Table 1, Appendix III;								
	h	information on the proper storage of all hazardous materials including types, volumes and location;								
2		The Licensee shall keep a copy of the Spill Contingency Plan at each site of operation.	Compliant.						Compliant	Compliant



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3		The Licensee shall prevent any chemicals, fuel or wastes associated with the undertaking from entering any Water body.	LMI has implemented prevention measures as outlined in its Care and Maintenance Plan, 2012, <a href="#">and updated in 2013</a> . 2012 AANDC inspection report noted a salt spill in the burn pit as well as other legacy hazards and contamination issues that need to be addressed through a risk assessment.	Salt spill identified during 2012 AANDC inspection was cleaned up. Provide an addendum to Lupin Environmental Site Assessment dated 2006 to address AANDC's request for a risk assessment of legacy hazards and contamination issues. This assessment will prioritize risks to the receiving environment; determine the mechanisms that could cause contamination to leave the site footprint; assess whether or not contamination is present or occurring; and determine mitigation measures to prevent further contamination.	<a href="#">ESA addendum to be conducted prior to recommencing mine operations</a> . Updated Care and Maintenance Plan dated March, 2013 was submitted as part of 2012 Annual Report.	(1) <a href="#">Update the Care and Maintenance Plan to include mitigation measures identified in the Environmental Site Assessment</a> . (2) Identify mitigation measures to be addressed in the Final Abandonment and Restoration Plan	(1) <a href="#">Prior to recommencing mine operations</a> . (2) Final Abandonment and Restoration Plan will be submitted in accordance with Part I Item 5.	In 2012 the Licensee was required to "Provide an addendum to Lupin Environmental Site Assessment dated 2006 to address AANDC's request for a risk assessment of legacy hazards and contamination issues. This assessment will prioritize risks to the receiving environment; determine the mechanisms that could cause contamination to leave the site footprint; assess whether or not contamination is present or occurring; and determine mitigation measures to prevent further contamination. ", and committed to providing this by March 31, 2013. This has not even begun. This version of the Plan now proposes this will be done "Prior to recommencing mine operations."	Non-compliant: This revised plan is not acceptable to the Inspector. This commitment is now three years due and is to be undertaken in 2015 in consultation with the Inspector.	Compliant - As stated in the condition in column C, no chemicals, fuel or wastes are or may be entering any water bodies, nor is there any evidence of such spills. There is no reasonable basis to require a new ESA when there have been no material construction activities at site since 2006 and no evidence that would indicate that any of the conclusions of the 2006 ESA are not valid. The Inspector has misunderstood the commitment that was made by LMI. LMI agreed to revisit the 2006 ESA in order to bring the data forward to 2015. this will be a paper exercise and will not involve any new site visits or sampling, as there is no reasonable basis to challenge the validity of the previous study.
4		The Licensee shall provide secondary containment for fuel and chemical storage as required by applicable standards and acceptable industry practice.	2012 AANDC inspection report notes that where liners are present, they are exposed, punctured, and generally suspect. Report also notes that satellite tank farm obviously overtopped and released contamination.	In 2012 LMI maintained all secondary containment areas dry and free of debris; disposed of accumulated water; completed inspections; and installed temporary secondary containment at fuel dispensing area. Replacement of active individual day tanks has been initiated and is ongoing. Secondary containment areas were assessed by Engineer and remedial work plan developed.	<a href="#">Remedial Work Plan is outlined in Fuel Containment Management Strategy submitted as part of 2012 Annual Report</a> .	<a href="#">Carry out Remedial Work outlined in Fuel Containment Management Strategy</a> , March 2013	<a href="#">2013 to 2015</a>	Please provide updates regarding this work in the Annual Reports.	Compliant	Compliant



Licence Condition			Status of Compliance	Short Term Plan for Compliance	Schedule for Implementation of Short Term Plan for Compliance	Long Term Plan for Compliance	Schedule for Implementation of Long Term Plan for Compliance	Inspector's Comments	Inspector's Assessment	LMI Response
PART I - CONDITIONS APPLYING TO ABANDONMENT, RECLAMATION AND CLOSURE PLANNING										
1		The Licensee shall, no later than thirty (30) days following approval of the Licence by the Minister, submit to the Board for approval, an updated Interim Abandonment, Reclamation and Closure Plan, prepared in accordance with Schedule I, Item 1.								
	Sch edul e 1, Item 1	The Interim Abandonment, Reclamation and Closure Plan referred to in Part I, Item 1 shall be prepared in accordance with the Mine Site Reclamation Guidelines for the Northwest Territories, 2007 and consistent with the INAC Mine Site Reclamation Policy for Nunavut, 2002. The Plan shall include the following:								
	a	Disposal information for unsold accommodation facilities;								
	b	Disposal of contaminated soils;								
	c	Inspections for fuel/oil spills and inspections of fuel containment facilities;							To be determined by renewal process.	
	d	Information on the geotechnical requirements, slope and the placement of rip rap along the downstream side of Dam 4;								
	e	Detailed drawings, activities, construction schedules and techniques for the breakwater and causeway; and								
	f	Justification for not proceeding to full reclamation under Part I, Item 5.								

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2		The Licensee shall, no later than thirty (30) days following approval of the Licence by the Minister, submit to the Board for approval, a Care and Maintenance Plan that shall be prepared in accordance with Schedule I, Item 2.	Compliant. See updated and revised Care and Maintenance Plan dated March 2012, submitted with 2011 annual report.						To be determined by renewal process.	
	Schedule I, Item 2	Care and Maintenance Plan referred to in Part I, Item 2 shall include:								
	a	Water and wastewater management plans including measures to avoid the accumulation of run-off water, wastewater retention and release, and Sewage Disposal Facility operation;								
	b	Inspections for fuels, chemicals, all hazardous materials and spills;								
	c	Details on tailings management and monitoring;								
	d	Details on the continued storage of Petroleum products including Bulk Fuel Storage;								
	e	Details on the plans to be implemented for mitigation of exposed tailings and a schedule, including assessment of alternatives; and								
	f	Justification for not proceeding to full reclamation under Part I, Item 5								
3		The Licensee shall submit to the Board annually, an updated assessment of the current mine reclamation liability using the most current version of RECLAIM, its equivalent or other method acceptable to the Board.	In 2011, LMI had limited snow- free time during which to access the site and complete the reclamation liability estimate.	Under review	LMI <u>submitted</u> an updated estimate with the 2012 Annual Report to the NWB.	Under review	LMI will submit updated estimates with annual reports as required by Part B Item 2 (m)	An updated estimate was submitted with the renewal application, however AANDC is not in accord with the information provided.	Compliant	Compliant
4		The Licensee shall notify the Board in writing, at least sixty (60) days prior to any intent to achieve Recognized Closed Mine status.	NA. The site is currently in care and maintenance.						NA	
5		The Licensee shall submit to the Board for approval, a Final Abandonment, Reclamation and Closure Plan, at least two (2) years prior to the final abandonment of the mine. The Final Plan shall be prepared in accordance with Schedule I, Item 2.	NA. The site is currently in care and maintenance.						NA	
	Sch edul e 1, Item 3	The Final Abandonment, Reclamation and Closure Plan referred to in Part I, Item 5 shall, in addition to Item 1 of Schedule I, include:								
	a	Incorporation of recommendation made in the report entitled "Closure Cost Estimate and Scoping of Mine Closure Issues, Lupin Mine NWT," (Golder Associates, 1997).								
	b	An outline of methods to contain potential pore water expulsion from the TCA;								
	c	Identification of contaminated soil sites at the mine site;								
	d	A summary of existing data for background levels of metals in the area, and identification of needs for verification of data or reassessment with modern detection limits;								
	e	Soil Quality Remediation Objectives along with CCME Guidelines and the Government of Nunavut Environmental Guideline for Site Remediation;								
	f	Environmental Site Assessment plans in accordance Canadian Standards Association (CSA) criteria;								
	g	An evaluation of the Human Health and Ecological Risk associated with closure options; and								
	h	Description of reclamation activities outlined in the Interim Abandonment, Reclamation and Closure Plan.								
	i	An implementation schedule for the completion of reclamation; and								
	j	A detailed monitoring program.								

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6		The Licensee shall, in addition to Part B, Item 16, review the Plans referred to in this Part as required by changes in operation and/or technology and modify the Plan accordingly. Revisions to the Plan should incorporate design changes and adaptive engineering required and implemented during Operations or Care and Maintenance, and on the basis of actual site conditions and monitoring results over the life of the project.	Compliant.						Compliant	Compliant
7		The Licensee shall notify the Board in writing, as soon as is practically possible, of any change in the status of the mine operations. This notice shall include a summary of Plans and a Schedule for anticipated activities related to the Care and Maintenance or the Final Closure of the Mine and associated infrastructure.	Compliant. <a href="#">The site has remained in care and maintenance since 2005.</a>						Compliant	Compliant
8		The Licensee shall notify the Board in writing, at least sixty (60) days prior to recommencement of the mining and milling undertaking on site. This notice shall include a summary of Plans and a Schedule for anticipated activities related to the change in status.	NA. LMI has not recommenced mining and milling operations.						NA	
9		Notwithstanding the time schedule referred to in the Abandonment, Reclamation and Closure Plan, the Licensee shall implement Progressive Reclamation, including progressive covering of the tailings and revegetation, as soon as is realistically possible.	LMI has outlined planned reclamation activities in its Interim Abandonment and Reclamation Plan, March <a href="#">2013</a>					No progressive reclamation has been undertaken during the tenure of this licence despite it being a requirement of the Licence and despite Inspectors' repeated instructions to do so.	Non-compliant	We have carried out progressive reclamation such as backhauling waste whenever reasonably possible. It is noted that it is not appropriate to reclaim facilities that are necessary for mine re-start prior to a final closure decision. This was clearly stated in all annual reports. Other ongoing reclamation was undertaken such as mill facility clean-ups, office clean-ups and removal of hazardous waste and general site cleanup.

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PART J - CONDITIONS APPLYING TO MONITORING										
1		The Licensee shall carry out the Monitoring Program as per Table 1 of Schedule J.	Generally compliant. Missed monitoring events include (as per annual reports): -2009 LUP-10 daily quantities of treated effluent measured and recorded in cubic meters; -2009 LUP-10 24 ICP-MS on first day of discharge and monthly thereafter; -2009 LUP-10 Static Pass/Fail Bioassay (not required by Inspector in email dated Sept 2, 2009); -2009 LUP-14 cadmuim results; -2011 LUP-14 sample results are from 4th day of discharge, not first day of discharge as required;					Monitoring is not being carried out according to licence requirements.	Non-compliant	The requirement of currently before the NWB as part of our amendment application
			- 2012 LUP-10 weekly samples missed Ra226 analyses - 2012 LUP-20,21,22,24,25 weekly Sept 12 samples missed nutrient analyses - 2012 LUP-22,24,25,27 sampling frequency does not comply							
2		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.	Compliant. Provided in <a href="#">Water Quality Monitoring Plan and Quality Assurance/ Quality Control Plan</a> , March 2013.						Compliant	Compliant
3		The Licensee shall determine the GPS co-ordinates, in degrees, minutes and seconds of latitude and longitude, of all locations where wastes associated with camp operations and drilling operations are deposited.	Compliant. <a href="#">Provided in Water Quality Monitoring Plan and Quality Assurance/ Quality Control Plan, March 2013</a> . Drilling operation GPS coordinates <a href="#">were</a> provided in the 2012 annual report for 2BE- LEP1217.						Compliant	Compliant
4		The quantity of ore milled shall be measured in tonnes and recorded monthly. The total volume and the solids/solution ratio of waste discharged to the Tailings Containment Area and underground disposal as paste Backfill shall be recorded monthly.	NA. Ore has not been milled during the term of the Licence renewal.						NA	
5		All sampling, sample preservation and analyses shall be conducted in accordance with methods prescribed in the current edition of Standard Methods for the Examination of Water and Wastewater, or by such other methods approved by the Board in writing.	Compliant.						Compliant	Compliant
6		All analyses shall be performed in a laboratory accredited according to ISO/IEC Standard 17025. The accreditation shall be current and in good standing.	Compliant.						Compliant	Compliant

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7		The Licensee shall submit to the Board a revised, Quality Assurance/Quality Control (QA/QC) Plan. The Plan shall be modified to include up to date sampling methods to all applicable standards, acceptable to an accredited laboratory as required by Part J, Item 5 and Part J, Item 6. The Plan shall include a covering letter from the accredited laboratory confirming acceptance of the Plan for analyses to be performed under this Licence.	<a href="#">Plan provided in Water Quality Monitoring Plan and Quality Assurance/ Quality Control Plan, March 2013. Submitted as part of 2012 annual report.</a>						Compliant	Compliant
8		Additional monitoring requirements may be requested by the Inspector.	Compliant. On September 2, 2009 the AANDC Inspector requested additional sampling for TCA Pond 2 (LUP-10). During the AANDC inspection of July 5 – 6, 2012, the inspector requested analysis of soil immediately downslope of the main tank farm hazardous waste storage area.					Update to ESA was not undertaken and is now 3 years overdue. Confirmatory samples outside the TCA were not undertaken.	Non-compliant	The Inspector is permitted to request additional monitoring, provided a reasonable basis exists for such a request. There is no reasonable basis for this request to conduct a new ESA and to carry out the investigation in the vicinity of the TCA. An ESA is a site investigation and not monitoring. A risk assessment for the tca has been filed. LMI has committed to carry out seep survey and sampling below Dam 6 in hopes of finally resolving this issue.
9		The Licensee shall include in the Annual Report required under Part B, Item 2, all data, monitoring results and information required by this Part and the associated Schedule.	Compliant.					Not all required monitoring was carried out.	Non-compliant	The requirement of currently before the NWB as part of our amendment application
10		The NWB may modify the Monitoring Program without a public hearing. Requests for changes to the Monitoring Program should be forwarded to the NWB in writing, and should include the justification and appropriate evidence to support the change.	NA No modifications to the monitoring program have been requested during the term of the Licence renewal.						NA	
11		The Licensee is responsible for the monitoring during Care and Maintenance as set out in this Part. In the event the Licensee fails to carry out monitoring requirements set out in this Part that are essential to ensuring the integrity of significant site components, including fuel storage, general site deterioration, tailings containment, and site water and sewage management, Canada shall carry out such monitoring during periods of highest risk to fresh water.	See Compliance Status for Part J Item 1.						NA	