



WATER LICENCE INSPECTION FORM

☒ Original
☐ Follow-Up Report

Licensee		Licensee Representative	
Lupin Mines Inc		Karyn Lewis	
Licence No. / Expiry		Representative's Title	
2AM-LUP1520 (Amendment No 1)			
Land / Other Authorizations		Land / Other Authorizations	
Lease inspections to be prepared separately			
Date of Inspection		Inspector	
11/07/2017		Eva Paul	
Activities Inspected			
<input checked="" type="checkbox"/> Camp	<input type="checkbox"/> Drilling	<input checked="" type="checkbox"/> Mining	<input type="checkbox"/> Construction
<input type="checkbox"/> Roads/Hauling	<input type="checkbox"/> Other:		<input checked="" type="checkbox"/> Reclamation
			<input checked="" type="checkbox"/> Fuel Storage

Conditions:	A- Acceptable	U-Unacceptable	C-Concern	NI-Not Inspected	NA- Not applicable	
PART:				Item No.*	Condition	Observation No.*
A: SCOPE, DEFINITIONS AND ENFORCEMENT					A	
B: GENERAL CONDITIONS				12	A	1
C: CONDITIONS APPLYING TO SECURITY				1	C	2
D: CONDITIONS APPLYING TO WATER USE					A	
E: CONDITIONS APPLYING TO WASTE DISPOSAL AND MANAGEMENT				10	A	3
E: CONDITIONS APPLYING TO WASTE DISPOSAL AND MANAGEMENT				12	C	4
F: CONDITIONS APPLYING TO MODIFICATIONS					A	5
G: CONDITIONS APPLYING TO CONSTRUCTION					A	
H: CONDITIONS APPLYING TO EMERGENCY RESPONSE AND CONTINGENCY PLANNING					A	
I: CONDITIONS APPLYING TO ABANDONMENT, RECLAMATION AND CLOSURE PLANNING					A	
J: CONDITIONS APPLYING TO MONITORING					A	
<i>*The item number corresponds with specific conditions within the licence and the observation number corresponds with specific comments provided below.</i>						
Samples taken by Inspector:		Location(s): Seep from TCA, LUP-27, LUP-01, LUP-14				
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						

SECTION 1	<input checked="" type="checkbox"/> Comments (s.1)	<input type="checkbox"/> Non-Compliance with Act or Licence (s.2)	<input checked="" type="checkbox"/> Action Required (s.3)
<p>I attended site July 10-12 to conduct a compliance inspection with respect to the above water licence. Aerial photos of the Sewage Lakes facility, and the main mine site were taken were taken July 10. On-the-ground visual inspection of the TCA, borrow area and quarry, sewage Lakes, fuel containment areas, landfarm, and main site was done July 11. Sampling was done the morning of July 12 prior to departure. Ms. Lewis (LMI) and Dave Vokey (DMS) accompanied me for the on-site inspection. I also conducted a review of the 2016 annual report and licence in conjunction with the inspection.</p> <ol style="list-style-type: none">It is noted in the 2016 Annual Report that LMI is awaiting Board approval or comment on several plans. I have reviewed the language in the licence, and these plans were to be submitted for review, and not necessarily Board approval. If no comments have been returned at this juncture, LMI should consider these plans to be accepted and in effect with the exception of the IARP which was required to be resubmitted (for Board <i>approval</i>) 90 days following the approval of the licence amendment no 1.The Minister is not yet in possession of the additional security as required by the amended licence, approved by the Minister on May 12, 2017, and which was due to be furnished on July 10, 2017. In June, LMI proposed to INAC a form of security that would require Treasury Board approval, in addition to Ministerial approval, a process that could take several months and which has uncertain outcome.I authorized LMI to combine effluents from multiple bulk fuel storage berms this spring in order to balance a marginally elevated lead result from one facility. This was a one-time dispensation. LMI should have an oil-water separator on-site for future discharges.Upon review of my aerial photos, it appears there is a seep of water from the mine portal (see photo 1). This potential effluent should be contained and managed according to licence requirements.LMI is awaiting approval of the board for modifications to the design of the Landfarm (to incorporate an integral leak detection system rather than external monitoring wells). This has caused delay in initiating the Satellite Tank Farm spill clean-up, although LMI is taking preparatory steps to speed the process once approval is received.			
SECTION 2	<input type="checkbox"/> Comments	<input checked="" type="checkbox"/> Non-Compliance with Act or Licence	<input type="checkbox"/> Action Required
<p>C.1: The Licensee shall, within sixty (60) days following the approval of Amendment No. 1 to Licence No. 2AM-LUP1520 by the Minister, furnish and maintain reclamation security with the Minister in the amount of \$34.65 million dollars, in a form that is satisfactory to the Minister and consistent with the Act.</p>			



E.12: The Licensee shall Discharge all Minewater to the Tailings Containment Area or to the Sewage Lakes Disposal Facilities, unless otherwise approved by the Board in writing.

SECTION 3 ☐ **Comments** ☐ **Non-Compliance with Act or Licence** ☒ **Action Required**

- A. Ensure that tools are available to treat effluent from berms and potentially from the landfarm to meet discharge criteria.
- B. Contain and manage potentially-contaminated effluent from the portal as per item E.12 of the licence. Please provide an update by August 4, 2017 on this matter, demonstrating the action taken.
- C. Please copy the inspector on follow-up correspondence with the NWB on the Landfarm approval.

Licensee or Representative	Inspector's Name
	Eva Paul
Signature	Signature
	<i>Sent electronically</i>
Date	Date
	18 July 2017

Office Use Only: Follow-up report to be issued by Inspector ☐ Yes ☒ No

CC: Licensing Department, NWB
 Erik Allain, Manager of Field Operations, INAC
 Tracey McCaie, Manager of Lands Administration, INAC
 Mark Sander, Mandalay Resources



PHOTO LOG

Date	Camera	Inspector	Authorization
10 July 2017	SONY DSC-HX50V	Eva Paul	2AM-LUP1520
Photo Log # 1		Location (NAD 83 DD MM SS.SS)	
Photo DSC07359		N65 46 06.5 W111 13 31.1 (approx. from air)	



Description: Flow/seep visible from the portal entrance.

Photo Log # 2	Location (NAD 83 DD MM SS.SS)
Photo DSC07369	N65 45 36.5 W111 13 50.9 (approx. from air)



Description: View of landfarm from the air. Awaiting NWB approval and final fill prior to use. Water present in the liner at this time is non-contact water, accumulated from precipitation.



Photo Log # 3	Location (NAD 83 DD MM SS.SS)	
Photo DSC07537	N65 45 46.9	W111 13 40.1



Description: Leak detection system built into landfarm.

Photo Log # 4	Location (NAD 83 DD MM SS.SS)	
Photo DSC07544	N65 45 46.2	W111 13 48.1



Description: Persistent staining at satellite tank farm.



Photo Log # 5

Location (NAD 83 DD MM SS.SS)

Photo DSC07545

N65 45 46.1

W111 13 49.0



Description: Persistent staining at satellite tank farm.

Photo Log # 6

Location (NAD 83 DD MM SS.SS)

Photo DSC07509

N65 43 52.8

W111 16 11.8



Description: Crews working to cover exposed tailings in Cell 5.