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Eva Paul <Eva.Paul@aandc-aadnc.gc.ca>

Tue, Aug 11, 2015 at 2:25 PM

To: "Beaulieu, Phyllis" <phyllis.beaulieu@nwb-oen.ca>, "Ikkutisluk, Robin" <robin.ikkutisluk@nwb-oen.ca>, "Porter, Ida" <ida.porter@nwb-oen.ca>

Hi Ida, and thank you. The correspondence below is from July 29 onwards.
Eva

>>> Ida Porter <ida.porter@nwb-oen.ca> 8/11/2015 4:18 PM >>>

[Quoted text hidden]

----- Forwarded message -----

From: Eva Paul <Eva.Paul@aandc-aadnc.gc.ca>

To: Karyn Lewis <klewis@elginmining.com>, Patrick Downey <pdowney@elginmining.com>

Cc: Erik Allain <Erik.Allain@aandc-aadnc.gc.ca>, Terry Sewell <Terry.Sewell@aandc-aadnc.gc.ca>, "Cavanagh Norm" <Norm.Cavanagh@justice.gc.ca>, "Norm.Cavanagh@justice.gc.ca", Christine Kowbel <ckowbel@lawsonlundell.com>, licensing@nwb-oen.ca

Date: Wed, 29 Jul 2015 12:07:18 -0400

Subject: Recent events at Lupin Mine (2AM-LUP0914, amended)

Hello Karyn,

I am writing as a follow-up to the recent July 14, 2015 inspection, and to your e-mail below of July 24:

I have been conducting compliance inspections at Lupin Mine since 2012, and have issued inspection reports following each inspection that identified non-compliance with the water licences. While I have made numerous attempts to accommodate LMI's difficulties in meeting the requirements of the licences and the Act, there remains overall a failure to rectify the deficiencies that have been observed. In September 2014 I issued an Inspector's Direction that required of LMI the following:

1. *"...Decant the Lower Sewage Lagoon and maintain the facility at a level that is consistent with safe operation. No new waste is to be deposited to the facility. This shall be carried out in compliance with Part E Items 4 and 8 of the expired Licence and until such time as a new licence is issued.*
2. *A geotechnical inspection is to be conducted of the Upper and Lower Sewage Lagoon. The engineer's report is to be submitted to the Nunavut Water Board and to the Inspector by October 31 2014, accompanied by a plan and timelines to implement the engineer's recommendations. Any repairs required are to be carried out without delay."*

LMI did decant the facility in September 2014 following the issuance of the Direction.

The emergency amendment to the water licence as issued August 21, 2014 was issued to LMI for one specific purpose: *"...to preserve the necessary freeboard space and maintain the integrity of the Facilities."* As you are aware, I attended site on July 14 in order to determine whether compliance has been achieved with the existing licence(s) and the Direction. I found that the requirements of the licence(s) and the Direction have not been met: a) the lagoon had not been maintained at a safe level, and consequently effluent was flowing, unchecked, out of the facility; and b) the repairs recommended in the 2014 Geotechnical Inspection had not been undertaken.

Your e-mail of July 24 (below) indicates to me that perhaps we are suffering from a misunderstanding in terms of terminology. While standing on the Lower Sewage Dam on July 14, we both observed that effluent was both flowing around the side of the dam, and also trickling over a low point in the top of the dam. Your e-mail below states that "the lower sewage dam is not overtopping and there is no failure of a work", in spite of us both having seen it and in spite of having photos that demonstrate that this was, in fact, occurring. Whether it

is called 'overtopping', or 'failing to contain the effluent', it is very clear that the Lower Sewage Dam is not fulfilling its intended purpose, and this constitutes a failure. You also state that "The samples weren't tested for oil & grease because we are not required to test for that...", however it is clearly listed as a requirement of Part E item 8 of the effective licence (2AM-LUP0914, amended). It is not at the discretion of the sampler to determine whether or not there is a visible sheen; that is a determination to be made by the objective analyst. Misunderstandings of this nature are far from helpful in our ongoing efforts to work together to achieve compliance within this regulatory framework.

I was relieved to receive your e-mail of July 27, which indicates that LMI is returning to site immediately to complete the discharge and the repairs to the lagoon. A follow-up inspection will be conducted in August by myself or another AANDC inspector, and attended by a Geotechnical Engineer. At this time we hope to be able to confirm compliance with the recommendations that were provided by LMI's consultant in the 2014 Sewage Dam Inspection, in order to authorize use of the facility going forward.

I also expect to return to site in September, to monitor progress with the recently issued July 22 Direction (2015-KIT002-EP) with respect to the Tailings Containment discharge. It is my sincere hope that we can reach a conclusion to these problems within the confines of the inspection process and that matters do not have to escalate any further.

An inspection report for the July 14, 2015 inspection is forthcoming.

Best regards,

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>>> Karyn Lewis <klewis@elginmining.com> 7/24/2015 11:48 AM >>>

Hi Eva,

Thanks for confirming that the discharge is authorized. As we observed during our joint inspection, the lower sewage dam is not overtopping and there is no failure of a work so we were very surprised that you should include that statement in your correspondence.

As we discussed during the inspection, we have been waiting for the lab work to confirm that discharge was allowed and to organize a crew. We delivered the samples to the lab on July 10th, and received the results on July 21st, and then had the results reviewed by our consultants by July 22nd. We forwarded those results to you within a day of receiving them ourselves. We weren't able to keep a crew on standby, so we are working to get a competent crew out as soon as possible. We are taking all reasonable measures to comply with the various regulatory requirements, including the Direction dated July 22, 2015

As for oil & grease, there are no lab results. The samples weren't tested for oil & grease because we are not required to test for that, so the reference on the summary table was to the visual observation that no sheen was observed.

Karyn Lewis

From: Eva Paul [mailto:Eva.Paul@aandc-aadnc.gc.ca]
Sent: July-23-15 1:55 PM
To: Karyn Lewis
Cc: Erik Allain; Patrick Downey; licensing@nwb-oen.ca
Subject: Re: Lupin - Sewage Lagoon Sample Results

Hi Karyn,

Sorry it's taken me a day to get the attachments you sent downloaded and read; the hazards of being on a mobile device. Although it's a step up from not having wireless at all, as I was without for the last couple of days. Thank you for the results, and the summary table that you attached. I don't see the lab result for Oil and Grease, although you've included it in the summary. Can you please send the report?

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Eva

From: Karyn Lewis
Sent: Wednesday, July 22, 2015 10:57 PM
To: Eva Paul
Cc: Patrick Downey; Licensing Department
Subject: Lupin - Sewage Lagoon Sample Results

Eva,

Please find attached a copy of the lab results for samples from LMI's Sewage Lakes Disposal Facilities at the Lupin Mine. As the samples meet the limits for discharge as set out in paragraph 8 of Part E of our Type A Water Licence, and in accordance with your Direction, we are planning on discharging from the Sewage Lakes either later this week or early next week (as soon as we have confirmed a flight and crew). Once the date is confirmed, we will advise you.

Karyn Lewis

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Date: Fri, 31 Jul 2015 13:41:24 -0400

Subject: RE: Recent events at Lupin Mine (2AM-LUP0914, amended)

Hello Karyn,

In order to ensure we're not overlooking any details, I'll copy and paste from the original documents:

As per the September 8 2014 Inspector's Direction:

*"1. ...to immediately decant the Lower Sewage Lagoon and maintain the facility at a level that is consistent with safe operation. No new waste is to be deposited to the facility. This shall be carried out in compliance with Part E Items 4 and 8 of the expired Licence and until such time as a new licence is issued.
2. A geotechnical inspection is to be conducted of the Upper and Lower Sewage Lagoon. The engineer's report is to be submitted to the Nunavut Water Board and to the Inspector by October 31 2014, accompanied by a plan and timelines to implement the engineer's recommendations. Any repairs required are to be carried out without delay."*

Thus, the 2014 Direction requires that the repairs to the facility be carried out prior to use. No repairs were recommended to the upper dam; only to the lower dam. It was not undertaken in 2014, which necessitated further direction in 2015.

As per the July 22 2015 Inspector's Direction:

"The sewage lakes may only be utilized:

- a) once the recommendations in Part 4, paragraph 2 of the 2014 Sewage Pond Dams Geotechnical Inspection_1CL008_002_PMH_AT_20141020 with respect to the Lower Dam have been carried out;*
- b) the effluent levels within those lakes is decanted to allow operation within the limits contained Part E of water licence 2AM-LUP0914; AND,*
- c) the September 8, 2014 Inspector's Direction is subsequently revoked."*

Unauthorized discharges from this facility have been documented since 2012 and it is now time to fix the problem, properly and completely. My expectation is that the full suite of recommendations given by Mr. Tong are implemented: immediately to the lower dam, and, if it should prove necessary, to the upper dam prior to the end of this field season.

In order to revoke the 2014 Direction, you are correct that AANDC requires confirmation that LMI's work on the lower sewage lagoon complies with the recommendations from the 2014 Sewage Dam Inspection report. Thank you for providing a potential solution. I would ask that while on-site, Mr. Tong again re-assess both the lower and upper dams. I am still working on the inspection report from July, however, while we were there I noted that the upper dam showed tension cracks that were not in evidence in 2014. So, it would probably be easiest if you have him assess it while he's on-site, rather than having to return at a later date, causing potential further delays.

Following the inspection, I would ask that you provide Mr. Tong's report, certified and unedited, that we may review it. Also, if you would like to expedite the process, you may authorize Mr. Tong to correspond directly with me or my representative, so that any questions we have may be answered more quickly. I will do my best to ensure that it is reviewed as soon as possible at our end. When we are satisfied with the work and the information provided, LMI will be notified that the Direction is revoked and the facility may be put into service.

AANDC will follow up with an on-site inspection as indicated in my last correspondence. However, a quick turn-around of Mr. Tong's report and/or direct discussion with Mr. Tong may provide enough information to revoke the Direction prior to the site visit. We all hope to reach a resolution to this issue as soon as possible.

Thank you,

Eva Paul

Water Resources Officer | Agent des ressources en eau
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>>> Karyn Lewis <klewis@elginmining.com> 7/30/2015 7:54 PM >>>

Eva,

Thanks for your email. We agree with you that we should be focusing on working together to reach a satisfactory conclusion. While we disagree with a number of statements in your email, we find that there is little to be gained by debating these points. We suggest it would be more productive for us to meet and discuss some of those issues in person at some future date after this summer's field season.

We wish to confirm our next steps with you. In your email, you said AANDC requires confirmation that LMI's work on the lower sewage lagoon complies with the recommendations from the 2014 Sewage Dam Inspection report before LMI can use the facility. That work should be completed by Monday, August 3rd. We suggest that Mr. Tong, P.Eng., the author of the 2014 Sewage Dam Inspection Report, attend site to inspect the work and, subject to the results of his inspection, confirm its compliance with his recommendations. Mr. Tong is scheduled to attend site on Tuesday, August 4th and we will provide AANDC with a copy of his Lower Sewage Dam Inspection report as soon as we receive it.

We look forward to continuing to work with you on this important matter.

Karyn Lewis

Lupin Mines Incorporated

778-386-7340

From: Eva Paul [mailto:Eva.Paul@aandc-aadnc.gc.ca]
Sent: July-29-15 9:07 AM
To: Karyn Lewis; Patrick Downey
Cc: Erik Allain; Terry Sewell; Cavanagh Norm <Norm.Cavanagh@justice.gc.ca>; Christine Kowbel; licensing@nwb-oen.ca
Subject: Recent events at Lupin Mine (2AM-LUP0914, amended)

Hello Karyn,

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I have been conducting compliance inspections at Lupin Mine since 2012, and have issued inspection reports following each inspection that identified non-compliance with the water licences. While I have made numerous attempts to accommodate LMI's difficulties in meeting the requirements of the licences and the Act, there remains overall a failure to rectify the deficiencies that have been observed. In September 2014 I issued an Inspector's Direction that required of LMI the following:

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Eva.Paul@aandc-aadnc.gc.ca

>>> Karyn Lewis <klewis@elginmining.com> 7/24/2015 11:48 AM >>>

Hi Eva,

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Hi Karyn,

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Date: Thu, 30 Jul 2015 23:54:07 +0000

Subject: RE: Recent events at Lupin Mine (2AM-LUP0914, amended)

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From: Karyn Lewis <klewis@elginmining.com>

To: Eva Paul <Eva.Paul@aandc-aadnc.gc.ca>, Patrick Downey <pdowney@elginmining.com>

Cc: Erik Allain <Erik.Allain@aandc-aadnc.gc.ca>, Terry Sewell <Terry.Sewell@aandc-aadnc.gc.ca>, "Cavanagh Norm" <Norm.Cavanagh@justice.gc.ca> <Norm.Cavanagh@justice.gc.ca>, Christine Kowbel <ckowbel@lawsonlundell.com>, "licensing@nwb-oen.ca" <licensing@nwb-oen.ca>

Date: Tue, 11 Aug 2015 02:24:54 +0000

Subject: RE: Recent events at Lupin Mine (2AM-LUP0914, amended)

Eva,

Please find attached a report from Alvin Tong, P.Eng. We are providing Mr. Tong's letter to you to satisfy condition (a) on page 2 of your Inspector's Direction dated July 22, 2015 for the use of the sewage lagoons at Lupin. We will advise you once we have completed decanting the sewage lagoons.

Regards,

Karyn Lewis

Lupin Mines Incorporated

[778-386-7340](tel:778-386-7340)

From: Eva Paul [mailto:Eva.Paul@aandc-aadnc.gc.ca]
Sent: July-31-15 10:41 AM
To: Karyn Lewis; Patrick Downey
Cc: Erik Allain; Terry Sewell; Cavanagh Norm<Norm.Cavanagh@justice.gc.ca; Christine Kowbel;
licensing@nwb-oen.ca
Subject: RE: Recent events at Lupin Mine (2AM-LUP0914, amended)

Hello Karyn,

In order to ensure we're not overlooking any details, I'll copy and paste from the original documents:

As per the September 8 2014 Inspector's Direction:

*"1. ...to immediately decant the Lower Sewage Lagoon and maintain the facility at a level that is consistent with safe operation. No new waste is to be deposited to the facility. This shall be carried out in compliance with Part E Items 4 and 8 of the expired Licence and until such time as a new licence is issued.
2. A geotechnical inspection is to be conducted of the Upper and Lower Sewage Lagoon. The engineer's report is to be submitted to the Nunavut Water Board and to the Inspector by October 31 2014, accompanied by a plan and timelines to implement the engineer's recommendations. Any repairs required are to be carried out without delay."*

Thus, the 2014 Direction requires that the repairs to the facility be carried out prior to use. No repairs were recommended to the upper dam; only to the lower dam. It was not undertaken in 2014, which necessitated further direction in 2015.

As per the July 22 2015 Inspector's Direction:

*"The sewage lakes may only be utilized:
a) once the recommendations in Part 4, paragraph 2 of the 2014 Sewage Pond Dams Geotechnical Inspection_1CL008_002_PMH_AT_20141020 with respect to the Lower Dam have been carried out;
b) the effluent levels within those lakes is decanted to allow operation within the limits contained Part E of water licence 2AM-LUP0914; AND,
c) the September 8, 2014 Inspector's Direction is subsequently revoked."*

Unauthorized discharges from this facility have been documented since 2012 and it is now time to fix the problem, properly and completely. My expectation is that the full suite of recommendations given by Mr. Tong are implemented: immediately to the lower dam, and, if it should prove necessary, to the upper dam prior to the end of this field season.

In order to revoke the 2014 Direction, you are correct that AANDC requires confirmation that LMI's work on the lower sewage lagoon complies with the recommendations from the 2014 Sewage Dam Inspection report. Thank you for providing a potential solution. I would ask that while on-site, Mr. Tong again re-assess both the lower and upper dams. I am still working on the inspection report from July, however, while we were there I noted that the upper dam showed tension cracks that were not in evidence in 2014. So, it would

probably be easiest if you have him assess it while he's on-site, rather than having to return at a later date, causing potential further delays.

Following the inspection, I would ask that you provide Mr. Tong's report, certified and unedited, that we may review it. Also, if you would like to expedite the process, you may authorize Mr. Tong to correspond directly with me or my representative, so that any questions we have may be answered more quickly. I will do my best to ensure that it is reviewed as soon as possible at our end. When we are satisfied with the work and the information provided, LMI will be notified that the Direction is revoked and the facility may be put into service.

AANDC will follow up with an on-site inspection as indicated in my last correspondence. However, a quick turn-around of Mr. Tong's report and/or direct discussion with Mr. Tong may provide enough information to revoke the Direction prior to the site visit. We all hope to reach a resolution to this issue as soon as possible.

Thank you,

Eva Paul

Water Resources Officer | Agent des ressources en eau

Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada

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>>> Karyn Lewis <klewis@elginmining.com> 7/30/2015 7:54 PM >>>

Eva,

Thanks for your email. We agree with you that we should be focusing on working together to reach a satisfactory conclusion. While we disagree with a number of statements in your email, we find that there is little to be gained by debating these points. We suggest it would be more productive for us to meet and discuss some of those issues in person at some future date after this summer's field season.

We wish to confirm our next steps with you. In your email, you said AANDC requires confirmation that LMI's work on the lower sewage lagoon complies with the recommendations from the 2014 Sewage Dam Inspection report before LMI can use the facility. That work should be completed by Monday, August 3rd. We suggest that Mr. Tong, P.Eng., the author of the 2014 Sewage Dam Inspection Report, attend site to inspect the work and, subject to the results of his inspection, confirm its compliance with his recommendations. Mr. Tong is scheduled to attend site on Tuesday, August 4th and we will provide AANDC with a copy of his Lower Sewage Dam Inspection report as soon as we receive it.

We look forward to continuing to work with you on this important matter.

Karyn Lewis

Lupin Mines Incorporated

778-386-7340

From: Eva Paul [<mailto:Eva.Paul@aandc-aadnc.gc.ca>]

Sent: July-29-15 9:07 AM

To: Karyn Lewis; Patrick Downey

Cc: Erik Allain; Terry Sewell; Cavanagh Norm <Norm.Cavanagh@justice.gc.ca>; Christine Kowbel; licensing@nwb-oen.ca

Subject: Recent events at Lupin Mine (2AM-LUP0914, amended)

Hello Karyn,

I am writing as a follow-up to the recent July 14, 2015 inspection, and to your e-mail below of July 24:

I have been conducting compliance inspections at Lupin Mine since 2012, and have issued inspection reports following each inspection that identified non-compliance with the water licences. While I have made numerous attempts to accommodate LMI's difficulties in meeting the requirements of the licences and the Act, there remains overall a failure to rectify the deficiencies that have been observed. In September 2014 I issued an Inspector's Direction that required of LMI the following:

1. *"...Decant the Lower Sewage Lagoon and maintain the facility at a level that is consistent with safe operation. No new waste is to be deposited to the facility. This shall be carried out in compliance with*

- Part E Items 4 and 8 of the expired Licence and until such time as a new licence is issued.*
2. *A geotechnical inspection is to be conducted of the Upper and Lower Sewage Lagoon. The engineer's report is to be submitted to the Nunavut Water Board and to the Inspector by October 31 2014, accompanied by a plan and timelines to implement the engineer's recommendations. Any repairs required are to be carried out without delay."*

LMI did decant the facility in September 2014 following the issuance of the Direction.

The emergency amendment to the water licence as issued August 21, 2014 was issued to LMI for one specific purpose: *"...to preserve the necessary freeboard space and maintain the integrity of the Facilities."* As you are aware, I attended site on July 14 in order to determine whether compliance has been achieved with the existing licence(s) and the Direction. I found that the requirements of the licence(s) and the Direction have not been met: a) the lagoon had not been maintained at a safe level, and consequently effluent was flowing, unchecked, out of the facility; and b) the repairs recommended in the 2014 Geotechnical Inspection had not been undertaken.

Your e-mail of July 24 (below) indicates to me that perhaps we are suffering from a misunderstanding in terms of terminology. While standing on the Lower Sewage Dam on July 14, we both observed that effluent was both flowing around the side of the dam, and also trickling over a low point in the top of the dam. Your e-mail below states that "the lower sewage dam is not overtopping and there is no failure of a work", in spite of us both having seen it and in spite of having photos that demonstrate that this was, in fact, occurring. Whether it is called 'overtopping', or 'failing to contain the effluent', it is very clear that the Lower Sewage Dam is not fulfilling its intended purpose, and this constitutes a failure. You also state that "The samples weren't tested for oil & grease because we are not required to test for that...", however it is clearly listed as a requirement of Part E item 8 of the effective licence (2AM-LUP0914, amended). It is not at the discretion of the sampler to determine whether or not there is a visible sheen; that is a determination to be made by the objective analyst. Misunderstandings of this nature are far from helpful in our ongoing efforts to work together to achieve compliance within this regulatory framework.

I was relieved to receive your e-mail of July 27, which indicates that LMI is returning to site immediately to complete the discharge and the repairs to the lagoon. A follow-up inspection will be conducted in August by myself or another AANDC inspector, and attended by a Geotechnical Engineer. At this time we hope to be able to confirm compliance with the recommendations that were provided by LMI's consultant in the 2014 Sewage Dam Inspection, in order to authorize use of the facility going forward.

I also expect to return to site in September, to monitor progress with the recently issued July 22 Direction (2015-KIT002-EP) with respect to the Tailings Containment discharge. It is my sincere hope that we can reach a conclusion to these problems within the confines of the inspection process and that matters do not have to escalate any further.

An inspection report for the July 14, 2015 inspection is forthcoming.

Best regards,

Eva Paul

Water Resources Officer | Agent des ressources en eau

Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada

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Eva.Paul@aandc-aadnc.gc.ca

>>> Karyn Lewis <klewis@elginmining.com> 7/24/2015 11:48 AM >>>

Hi Eva,

Thanks for confirming that the discharge is authorized. As we observed during our joint inspection, the lower sewage dam is not overtopping and there is no failure of a work so we were very surprised that you should include that statement in your correspondence.

As we discussed during the inspection, we have been waiting for the lab work to confirm that discharge was allowed and to organize a crew. We delivered the samples to the lab on July 10th, and received the results on July 21st, and then had the results reviewed by our consultants by July 22nd. We forwarded those results to you within a day of receiving them ourselves. We weren't able to keep a crew on standby, so we are working to get a competent crew out as soon as possible. We are taking all reasonable measures to comply with the various regulatory requirements, including the Direction dated July 22, 2015

As for oil & grease, there are no lab results. The samples weren't tested for oil & grease because we are not required to test for that, so the reference on the summary table was to the visual observation that no sheen was observed.

Karyn Lewis

Lupin Mines Incorporated

778-386-7340

From: Eva Paul [<mailto:Eva.Paul@aandc-aadnc.gc.ca>]

Sent: July-23-15 1:55 PM

To: Karyn Lewis

Cc: Erik Allain; Patrick Downey; licensing@nwb-oen.ca

Subject: Re: Lupin - Sewage Lagoon Sample Results

Hi Karyn,

Sorry it's taken me a day to get the attachments you sent downloaded and read; the hazards of being on a mobile device. Although it's a step up from not having wireless at all, as I was without for the last couple of days. Thank you for the results, and the summary table that you attached. I don't see the lab result for Oil and Grease, although you've included it in the summary. Can you please send the report?

As you saw while we were at site on the 15th, the lower sewage dam was overtopping. I'm surprised you don't have arrangements made yet; it is still just as big a deal as it was last year when the emergency amendment was sought. Bigger, in fact, as this constitutes failure of a work. LMI needs to address this immediately. Discharge is authorized as soon as you can get there.

Eva

From: Karyn Lewis

Sent: Wednesday, July 22, 2015 10:57 PM

To: Eva Paul

Cc: Patrick Downey; Licensing Department

Subject: Lupin - Sewage Lagoon Sample Results

Eva,

Please find attached a copy of the lab results for samples from LMI's Sewage Lakes Disposal Facilities at the Lupin Mine. As the samples meet the limits for discharge as set out in paragraph 8 of Part E of our Type A Water Licence, and in accordance with your Direction, we are planning on discharging from the Sewage Lakes either later this week or early next week (as soon as we have confirmed a flight and crew). Once the date is confirmed, we will advise you.

Karyn Lewis

Lupin Mines Incorporated

778-386-7340



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