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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYINGI  
OFFICE DES EAUX DU NUNAVUT

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File: 2AM-LUP0914/B2

January 12, 2010

Andrew Mitchell, P.Geo.  
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**Subject: Submission of a 2008 Annual Report for the Lupin Mine; Licence No. 2AM-LUP0914**

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Dear Mr. Mitchell;

The Nunavut Water Board (“NWB or Board”) received the Lupin Mine 2008 Annual Report on July 15, 2009. The Annual Report was made available for public comment from July 20, 2009 to August 19, 2009. Comments were received from Environment Canada. The 2008 Annual Report also included the following plans and reports:

1. Updated Interim Abandonment and Restoration Plan;
2. Updated Spill Contingency Plan;
3. Proposed Wildlife Management Plan;
4. Proposed Storm Water Management Plan;
5. Proposed Waste Management Plan;
6. Proposed Care and Maintenance Plan;
7. Tailings Containment Area (TCA) Discharge Procedure;
8. TCA Discharge Sampling Procedure; and
9. 2008 Geotechnical Inspection report.

The Annual Report was found to be mostly acceptable, however, some minor information was noted as missing and the Licensee is reminded that future annual reports require the submission of Faecal Coliform analyses for sewage effluent and water source testing (LUP-14 and LUP-01 respectively) and to include a summary of anticipated work for the next year. It was also noted that an assessment of the current mine reclamation liability was not included as required under Part B, Item 1(m) and specified under condition Part I, Item 3, which states:

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 addition, should any estimates include a request for reduction in security, the Licensee is reminded of Part C, Item 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.

Part E of the Annual Report provided a summary of the Monitoring Program data collected in 2008. In addition to the results of the freshwater sample (Station 925-01), additional monitoring results should have been presented for the sewage effluent discharge (925-14). These are not included within the summary although they were provided within the October monthly report. In addition, the thermistor data provided is lacking information with respect to the date of observed results and the units of measurement. It appears as though the units are for resistance (ohms), not temperature and should be converted to temperature for comparison with previously submitted ground temperature data from annual reports or the annual Geotechnical Inspection Reports. *The above information should be updated and provided with the 2009 Annual Report submission.*

Several other proposed plans were received with the 2008 Annual Report. The NWB understands that a number of these plans were prepared prior to the Minister's approval of Licence No. 2AM-LUP0914. With the new Licence requirements, these plans are outdated and will need to be resubmitted.

The Plan entitled "OZ 2009 Abandonment and Restoration Plan, Lupin Mine, Nunavut, Canada" dated June 2009 ("A&R Plan") has been reviewed with the Annual Report. It is not entirely clear if this A&R Plan was submitted as an "interim" plan or final plan and does not address or meet all the requirements listed under Schedule I of the Licence. The Licensee is advised of the requirement to submit an Interim Abandonment and Restoration Plan as required under Part I, Item 1 and Schedule I, Item 1. This Plan will require re-submission to clarify the above and address these deficiencies.

The plan entitled "OZ Spill Contingency Plan, Lupin Operations" Revised February, 2009 and dated June 15, 2009 ("SCP") does not meet the requirements under Schedule H, Item 1 of the Licence. The Licensee is advised of the requirement to submit an updated Spill Contingency Plan as per Part H, Item 1 and Schedule H, Item 1. Environment Canada has also provided a comment on their 24 hour pager which is no longer in operation and should be removed from Appendix I.

In addition to the above, the NWB also requires a resubmission of the proposed plans entitled:

- Proposed Wildlife Management Plan;
- Proposed Storm Water Management Plan;
- Proposed Waste Management Plan
- Proposed Care and Maintenance Plan;
- TCA Discharge Procedure; and
- TCA Discharge Sampling Procedure.

The Care and Maintenance Plan (C&M Plan), required under Part I, Item 2 and Schedule I, Item 2, which was submitted with the 2008 Annual Report, shall be revised to incorporate the

proposed plans into one consolidated plan, complete with revisions to each respective plan. The NWB requires a consolidated Care and Maintenance Plan by March 31, 2010.

The TCA Discharge Procedure and TCA Discharge Sampling Procedure should be appended to the consolidated Care and Maintenance Plan. The Plan shall be prepared in accordance with Schedule I, Item 2 and should also address comments made by Environment Canada. The TCA Discharge Sampling Procedure should also address the following: 10 days notice prior to discharge is required, not 5; bioassays are required on both trout and daphnia and samples should be submitted to EP of Environment Canada Lab, not ALS.

The 2008 Geotechnical report did not contain a cover letter outlining an implementation plan as required in Part E, Item 6(g), however the condition has been satisfied and no issues required immediate attention. A 2009 report has been received and will be reviewed by the NWB and parties.

Should you have any further questions, please feel free to contact the undersigned at (867) 360-6338, at your earliest convenience.

Yours truly,

*Original signed by:*

Don Carr, B.Sc.  
Technical Advisor

CC: Kitikmeot Distribution List