

April 16, 2013

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0

Dear Ms. Beaulieu,

Re: Water Licence 2AM-LUP0914 – 2012 Annual Report

This letter and enclosed documentation are submitted in fulfilment of Part B Item 2 of Water Licence 2AM-LUP0914 which requires the Licensee to file an Annual Report with the Nunavut Water Board.

Inuktitut and Inuinnaqtun translations as per Appendix A are being prepared and will be forwarded to the Nunavut Water Board in the next few weeks.

Summary

Key care and maintenance activities completed in 2012 included:

- Discharge of effluent from the Tailings Containment Area (TCA), the Sewage Lakes Disposal Facility and the Bulk Fuel Storage Facilities;
- Geotechnical monitoring;
- Water quality monitoring;
- Site maintenance, including repairs on the TCA and the Sewage Lake Disposal Facility; and
- Maintenance and upgrades on the Bulk Fuel Storage Facilities

I trust that this letter and appended documentation meet your expectations. Please do not hesitate to contact me by phone or email should you have any questions or comments.

Sincerely,



James A. (Jim) Currie, P.Eng
Chief Operating Officer, Lupin Mines Incorporated