

## **Appendix B**

### **Compilation of Inspection Reports, Responses and Photos**



WATER LICENCE INSPECTION FORM

☒ Original  
☐ Follow-Up Report

Licensee		Licensee Representative	
LMI / Elgin Mining		George Friesen	
Licence No. / Expiry		Representative's Title	
2AM-LUP0914 – Expired			
Land / Other Authorizations		Land / Other Authorizations	
8WLC-LUP1415		76E/14-1, -2, -10 and 76E/11-3	
Date of Inspection		Inspector	
15/07/2014		Eva Paul	
Activities Inspected			
<input checked="" type="checkbox"/> Camp	<input type="checkbox"/> Drilling	<input checked="" type="checkbox"/> Mining	<input type="checkbox"/> Construction
<input checked="" type="checkbox"/> Roads/Hauling	<input checked="" type="checkbox"/> Other: Tailings		<input checked="" type="checkbox"/> Reclamation
		<input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Fuel Storage

Conditions:		A - Acceptable	C - Concern	U - Unacceptable	NA – Not Applicable	NI – Not Inspected					
Water Use		Condition	Comment	Site Conditions		Condition	Comment	Haz/Mat Management		Condition	Comment
Intake/Screen	NA			Water Management Structures	U	3		Storage	C	3	
Flow Measure. Device	NA			Culverts / Bridges	A			Spills	U	6	
Source:	NA			Drainage	A			Spill Plan	U	6	
Water Use:	NA			Erosion / Sediment	C	4					
Recirculation ( y /n)	NA			Mitigation Measures	U	5		Administrative			
				Reclamation Activities	U	5		Records	NI		
				Materials Storage	A			Reports	U	7	
Waste Disposal				Signage	NI			Plans	U	7	
Waste Water	C	1						Notifications	A		
Solid Waste	A			Monitoring		Other					
Hazardous Waste	C	2		Sample Collection / Analysis	A						
<i>*The number in the comments field will correspond with specific comments provided below.</i>											
Samples taken by Inspector:				Location(s):							
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											

SECTION 1	<input checked="" type="checkbox"/> Comments (s.1)	<input checked="" type="checkbox"/> Non-Compliance with Act or Licence (s.2)	<input checked="" type="checkbox"/> Action Required (s.3)
<p>Lupin Mine is currently inactive and the site empty. No water use or deposit of waste is currently permitted under the Type A water licence, which is expired and pending renewal. An Approval without a Licence ('Approval') has been issued in the meanwhile, to permit LMI to undertake work necessary to maintain the site. Mr. Friesen met me on site for the inspection, with Mr. Shawn Carter who will be conducting work at site this summer in partnership with Delta Engineering.</p> <p>1. There was approximately one meter freeboard in the lower sewage lagoon. Mr. Friesen indicated that the level was lower than it was during his June visit, however, this level will have to be monitored. Mr. Friesen indicated that sample results from the June visit were compliant for discharge; however LMI is not currently authorized to discharge under the Approval.</p> <p>2. There is no great reduction in hazardous waste on-site compared to the 2012 inspection. It does not appear from the 2013 monthly reports that any hazardous waste was backhauled in 2013. Hazardous waste should be a priority for backhaul.</p> <p>3. Barrels of fuel marked 'WSC' were noted at the main water intake. These barrels were within 5 m of the water and not in containment. Tailings Containment Area (TCA) did not show any obvious faults aside from erosion. Tears are visible in the liner of the main tank farm. The satellite tank farm (STF) berm appears to be leaking; heavy staining is showing around the base (outside the berm) but the upper part of the banks are clean, indicating that it has not overflowed as was thought in 2012. This leads me to believe that the contamination is seeping from the bottom outward. Numerous barrels were noted at the shacks down the road from the quarry. There is a steady flow from Upper Sewage Lagoon to the Lower Sewage Lagoon (LSL) through a collapsed and rusted culvert. The creek downstream from the LSL discharge is exhibiting signs of impact from the discharge. It appears that an ice lens has formed under the active layer, and the active layer is being washed out. This may be due to ponding, or another effect of the discharge. In addition, there is a long crack in the dam that contains the lower sewage lagoon.</p> <p>4. TCA road at Dam 6 is washed out. Mr. Friesen reported that this is a recurring problem.</p> <p>5. The uncovered tailings remain an outstanding issue. No work has been conducted to cover the tailings despite repeated instruction to do so. No mitigation measures have been implemented to prevent windblown tailings/cover from impacting the tundra. Historic experiments to grow vegetation on the tailings cover near Dam 6 appear to have been successful; this could be implemented on other areas of covered tailings to aid in the encapsulation.</p> <p>6. Spill reported in 2012 from the STF was not cleaned up; in fact it appears to have worsened. As such, the spill plan is not being implemented. Currently, nothing is being done to ensure that the uncovered tailings do not become windblown from the TCA, nor has the material that has already been blown from the TCA (documented in 2012) been returned to the TCA. Elevated levels of arsenic where noted in the samples taken outside the TCA and reported to LMI in a follow-up report in 2012.</p> <p>7. Compliance Plan submitted in 2012 was not approved by the Inspector. This was discussed with Mr. Vokey of LMI in November 2012; however the changes that were discussed were never incorporated into the plan nor was the plan updated with the NWB. There are a number of items that were not reflected accurately in the plan. Commitments that were made in the plan have not</p>			



or in response to the 2012 inspection report have not been completed. Inspector’s instruction to cover the exposed tailings has been repeatedly postponed. Annual reports do not adequately address Inspector’s concerns from the 2012 Inspection Report.

SECTION 2

☐ Comments

☒ Non-Compliance with Act or Licence

☐ Action Required

Part E Item 6(e): Failure to contain mill tailings permanently within the TCA.  
Part E Item 14: Failure to remove hazardous wastes from site.  
Part H Item 4: Failure to provide adequate secondary containment.  
Part H Item 8(a): Failure to implement the Spill Contingency Plan with respect to spill from the STF and the TCA.  
Part I Item 9: Failure to conduct progressive reclamation, including cover of tailings and revegetation.

SECTION 3

☐ Comments

☐ Non-Compliance with Act or Licence

☒ Action Required

1. Water level of the lower sewage lagoon is to be monitored following rain events or at least monthly. Discharge may only occur with a valid licence in place.
2. An updated inventory of hazardous waste is to be submitted to the inspector and reported in the Annual Report.
3. 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. Quantities and type of waste backhauled is to be reported in the Annual Report.
4. A geotechnical inspection is to be conducted on all engineered water management structures, including but not limited to: Main and Satellite Tank Farms, Upper and Lower Sewage Lagoon, and waste containment areas. 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.
5. The uncovered tailings shall be covered according to the engineer’s specifications and any applicable operating plan, and tailings/cover blown out of the TCA is to be replaced in the TCA and permanently encapsulated. This is to be completed and a report submitted to the Inspector by October 31 2014.
6. All contaminated material from around the STF is to be removed as per the Spill Contingency Plan. An investigation as to the origin of the contamination is to be undertaken, and the STF berm is to be assessed by a qualified engineer. A report is to be submitted to the Inspector by October 31 2014 demonstrating a) the engineer’s findings, b) that the spill is cleaned up and c) that the necessary work to prevent further contamination has been completed.

Licensee or Representative	Inspector’s Name
-	Eva Paul
Signature	Signature
-	Sent electronically
Date	Date
-	August 5, 2014

Office Use Only:

Follow-up report to be issued by Inspector

☐ Yes ☐ No

Attached:

Appendix 1 - Photos of Inspection

CC:

Phyllis Beaulieu, Manager of Licensing, NWB

Erik Allain, Manager of Field Operations, AANDC

Baba Pedersen, Resource Management Officer – Kitikmeot Region, AANDC



Appendix 1: 2AM-LUP0914 PHOTOS OF INSPECTION, July 15 2014



Figure 1. Lupin Mine Site from the air July 15 2014. Main tank farm in the foreground.



Figure 2. Aerial view of the dam at Lower Sewage Lagoon (LSL).





Figure 3. Crack in the dam at LSL.



Figure 4. Main tank farm (MTF) and Hazardous Waste Storage.





Figure 5. Barrels left near the lake at the water intake. Barrels were left by Water Survey Canada without authorization.



Figure 6. Rips visible in the exposed liner at the MTF.





Figure 7. Satellite Tank (STF) Farm from the air. Heavy staining visible within and without.



Figure 8. Staining outside the STF berm.





Figure 9. Barrels noted at shack past the quarry.



Figure 10. Steady flow seen through rusted culvert from the Upper Sewage Lagoon to the Lower Sewage Lagoon.





Figure 11. Permafrost degradation noted at discharge from LSL.



Figure 12. Ice lens forming at discharge from LSL. Closeup of Figure 11.





Figure 13. Recurring wash-out location at Dam 6. Aerial view in Figure 17.



Figure 14. Dark patch shows the area of tailings still uncovered.



Figure 15. Material deposited outside the TCA.



Figure 16. Material deposited outside the TCA.





Figure 17. Growing vegetation cover near Dam 6. Recurring washouts also visible on left, resulting in deposit to water.



Figure 18. Barrel leaking in the 'Third Party' fuel berm.





NWB Tools

Robin Ikkutisluk &lt;robin.ikkutisluk@nwb-oen.ca&gt;

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**[Licensing] 2AM-LUP0914 Inspection of July 15 2014**

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**Patrick Downey** <pdowney@elginmining.com>

Mon, Aug 25, 2014 at 5:34 PM

To: Eva Paul &lt;Eva.Paul@aandc-aadnc.gc.ca&gt;, George Friesen &lt;gfriesen@elginmining.com&gt;, Karyn Lewis &lt;klewis@elginmining.com&gt;

Cc: Baba Pedersen &lt;Baba.Pedersen@aandc-aadnc.gc.ca&gt;, Erik Allain &lt;Erik.Allain@aandc-aadnc.gc.ca&gt;, Licensing Department &lt;licensing@nwb-oen.ca&gt;, Phyllis Beaulieu &lt;phyllis.beaulieu@nwb-oen.ca&gt;

Dear Eva,

Thank you for your inspection report.

We would like to take this opportunity to address some of your inspection concerns. I delayed responding until now as we had people on site that gave us the opportunity to review the points mentioned in your report in order to respond more fully:

- 1) Sewage Lagoon – Lupin Mines has applied to discharge Sewage Lagoon on an emergency basis. The sampling to the standards required from the designated location have been completed and the sample met the required discharge requirements. We forwarded this data to the relevant authorities. We understand that a decision has been reached on what to do in terms of discharge but we are awaiting an official response. As of the date of this reply, the water levels continue to be dangerously close to the top of the dam and therefore could overtop and cause significant structural damage.
- 2) We shipped significant waste off site in 2012 and 2013 as and when the opportunity arose with backhauls. Lists of all materials and quantities were included with monthly reports. Hazardous waste was a priority with backhauls.
- 3) The fuel barrels you refer to are actually WSC barrels and are not the property of Lupin Mines and were not deposited there by Lupin Mines. Lupin Mines contacted WSC who stated that they had the number of barrels they deposited did not require a berm and that they believed they had deposited 30m from the water. They did state that they would move remove the barrels and give you a call to discuss the situation and in future they would contact Lupin Mines to get the appropriate approvals as to where to store the fuel.

Small tears do occur on the main tank farm from time to time where the liner is exposed (generally on top of the berm )and therefore not susceptible to leaks. These are caused by caribou. Lupin Mines repairs these when found and re-covers the liner. This was completed last week.

There has been a full mitigation plan on the Satellite Tank Farm(STF) submitted and also approved by Environment Canada. This entails removing the STF from service which is partially complete. Once completed all contaminated soil will be dealt with in the appropriate manner. We have had this fully reviewed and it is part of the mine closure plan. Furthermore we had an independent expert review the spillage and the liner integrity and they stated that the contaminated soil could NOT have been leakage through the liner but was likely a spill when the STF tanks were being filled some time in the past.

We do not know who owns the shack and barrels referred to in the report and in the photos and do not believe it is even within our surface leases. We understand it belongs to and is used by a local person.

The culvert referred to in the report between the upper and lower lagoon is part of the design and although rusted it is still operating as designed.

4) All washouts on the TCA road are repaired when discovered. This is reported in our annual geotechnical reports.

5) Lupin Mines are of the opinion that photographs showing uncovered tailings are no uncovered or windblown tailings. Lupin Mines and a third party have examined this material and we are both of the opinion it is the esker material used as part of the tailings cover approved by all parties and the NWB. The material is much different than the tailings deposited in the storage ponds in grain size which we believe indicates that it is a different material. There may well be elevated arsenic levels but that it is the case for most, if not all, esker material in the vicinity of the Lupin Mine and most soil samples from all over the surface leases have elevated background of arsenic.

We do not believe that relocating the small amounts of windblown esker from the tundra is practical and in fact may well cause significant damage to the tundra. We do welcome discussion on this issue in terms of seeking a practical working solution.

7) In regards to the compliance plan, Lupin Mines submitted an updated Care and Maintenance Plan along with other updated plans with the requested changes as far as we are aware, and we are still awaiting approval for these plans. Letters submitted to you October 31, 2012 and on December 27, 2012 addressed the inspection report concerns and we were under the impression that these items had all been completed. There was compliance plans submitted with both letters. The risk assessment report was included from SRK with the annual report along with the compliance plan and all communication in relation to the site visit. There was a soil sample request that Dave Vokey did forward onto you and was included in the annual report. Dave Vokey has not been employed with Lupin since November 2013, but he stated that everything was up to date on his departure so if we are unaware if there were any further requested changes after that date, if so could you please forward to us. We would request that you advise which items or changes need to be completed for those plans so that we can re-submit them to the NWB and have them approved and then these issues can be acted upon and implemented.

I hope this provides some clarity and we look forward to continuing to improve and implement issues as we proceed.

Yours Sincerely

Patrick

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**From:** Eva Paul [mailto:[Eva.Paul@aadnc-aadnc.gc.ca](mailto:Eva.Paul@aadnc-aadnc.gc.ca)]

**Sent:** Monday, August 04, 2014 5:26 PM

**To:** George Friesen; Karyn Lewis; Patrick Downey

**Cc:** Baba Pedersen; Erik Allain; Licensing Department; Phyllis Beaulieu

**Subject:** 2AM-LUP0914 Inspection of July 15 2014

[Quoted text hidden]



**INSPECTOR'S DIRECTION**  
**Pursuant to Section 87(1) of the *Nunavut Waters***  
***and Nunavut Surface Rights Tribunal Act, 2002***

8 September 2014

**ISSUED TO: Lupin Mines Incorporated**

Attn: Patrick Downey, President and CEO  
#1204 – 700 West Pender Street  
Vancouver, BC V6V 1G8

**RE: *Nunavut Waters and Nunavut Surface Rights Tribunal Act, 2002***  
**INSPECTOR'S DIRECTION**

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This document constitutes an Inspector's Direction to Lupin Mines Inc., pursuant to subsection 87(1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act, 2002*, hereinafter referred to as the "Act".

**REASONABLE GROUNDS FOR BELIEF**

I, Eva Paul, an Inspector designated by the Minister of the Aboriginal Affairs and Northern Development Canada under subsection 85(1) of the Act, have reasonable grounds to believe:

That, pursuant to section 87(a)(iii) of the Act, there has been, or may be, a failure of a work related to the use of waters or the deposit of waste, AND;

That, pursuant to section 87(1)(b) of the Act, the adverse effects of that use, deposit or failure are causing, or may cause, a danger to persons, property or the environment.

It is my information and belief that:

1. Lupin Mines Incorporated ("LMI") holds the type 'A' water licence for Lupin Mine, 2AM-LUP0914 (the "Licence"). This licence expired on March 31 2014.
2. In the absence of a valid water licence, LMI has no authority to use water or deposit waste in relation to Lupin Mine.
3. On July 3, 2014 LMI requested an emergency amendment to the Licence in order to discharge contact water at the Lupin Mine.
4. On July 15, 2014 I conducted an inspection of Lupin Mine. In the subsequent inspection report, I identified concerns with the Lower Sewage Lagoon: less than 1 m freeboard in the cell, and a long crack running lengthwise in the lower berm. As the lower berm appeared considerably degraded from my previous inspections, I requested that a geotechnical inspection of the facility be undertaken.
5. On July 17, 2014 LMI submitted a report from SRK Consulting showing that the water requiring discharge from the lagoon is in compliance with parameters established in the expired licence.
6. On August 17, 2014 I conducted a site visit of the Lupin Mine Site. At this time there was less than 0.5 m freeboard in the Lower Sewage Lagoon, and it was raining heavily in the region. I expressed immediate concerns in writing to LMI and to the Board regarding the potential failure of this facility by way of accidental discharge.
7. On August 21, 2014 the Nunavut Water Board submitted to Minister Valcourt an emergency amendment to specific terms of 2AM-LUP0914 to permit the decant of the sewage lagoon.
8. Pursuant to subsection 56 (2) of the Act, the Minister has 45 days to make a decision on the licence issuance and may extend a further 45 days if necessary.
9. Based on my recent and past inspections at Lupin Mine, there is deterioration occurring of the Lower Sewage Lagoon berm that may lead to the failure of this waste containment facility.



## MEASURES TO BE TAKEN

1. Under the authority given to me pursuant to subsection 87(1) of the Act, I hereby direct Lupin Mines Incorporated 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.

If you fail to comply with this Direction, an AANDC Water Resources Officer duly appointed under the Act may take the measures referred to and may, for that purpose, enter any place in Nunavut, other than a place that is designed to be used and is being used as a permanent or temporary private dwelling-place. Any portion of the reasonable costs incurred by Her Majesty in right of Canada for such action may be recovered as a debt due to Her Majesty from you.

Failure to comply fully or in part with an Inspector's Direction constitutes an offence under subsection 90 (1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and may entail, upon summary conviction, a fine of \$100,000 or to imprisonment for a term of one year, or both.

Further pursuant to subsection 90 (4) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, each day on which the Inspector's Direction is not complied with shall be considered a separate offence.

## THE LAW

*Nunavut Waters and Nunavut Surface Rights Tribunal Act, S.C. 2002, c. 10*

### Definitions

4. **"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.

**"waters"** means, except for the purposes of subsection 41(2), inland waters, whether in a liquid or solid state, on or below the surface of land.

### Prohibitions

#### **Use of waters**

11. (1) Subject to subsection (2), no person shall use, or permit the use of, waters in Nunavut except in accordance with the conditions of a licence.

#### **Deposit of Waste**

12. (1) Subject to subsection (2) and except in accordance with the conditions of a licence, no person shall deposit or permit the deposit of waste





- (a) in waters in Nunavut; or
- (b) in any other place in Nunavut under conditions in which the waste, or any other waste that results from the deposit of that waste, may enter waters in Nunavut.

### **Duty to report deposits**

12. (3) Where waste is deposited in contravention of this section, every person who owns or has the charge, management or control of the waste, or who caused or contributed to the deposit, shall, subject to the regulations, without delay report the deposit to an inspector.

### **Expiry or cancellation**

46. The expiry or cancellation of a licence does not relieve the holder from any obligations imposed by the licence.

### **Remedial measures**

87. (1) An inspector may direct any person to take such reasonable measures as the inspector may specify, including the cessation of an activity, to prevent the use of waters or the deposit of waste or the failure of a work related to the use of waters or the deposit of waste, or to counteract, mitigate or remedy the resulting adverse effects, where the inspector believes, on reasonable grounds,

- (a) that
  - (i) waters have been or may be used in contravention of subsection 11(1) or of a condition of a licence,
  - (ii) waste has been or may be deposited in contravention of subsection 12(1) or of a condition of a licence, or
  - (iii) there has been, or may be, a failure of a work related to the use of waters or the deposit of waste, whether or not there has been compliance with any standards prescribed by the regulations or imposed by a licence; and
- (b) that the adverse effects of that use, deposit or failure are causing, or may cause, a danger to persons, property or the environment.

### **Powers of inspector**

87. (4) Where a person fails to comply with a direction given under subsection (1), the inspector may take the measures referred to in that subsection and may, for that purpose, enter any place in Nunavut, other than a place that is designed to be used and is being used as a permanent or temporary private dwelling-place.

### **Recovery of Her Majesty's costs**

87. (5) Any portion of the reasonable costs incurred by Her Majesty in right of Canada under subsection (4) that is not recoverable from the security furnished and maintained under section 76 may be recovered as a debt due to Her Majesty from the person to whom the direction was given.

### **Offences and Punishment**

90. (1) Any person who contravenes subsection 11(1) or section 12, or fails to comply with subsection 11(3) or with a direction given by an inspector under subsection 87(1), is guilty of an offence and liable on summary conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding one year, or to both.

90. (2) A licensee holding a type A licence who

- (a) contravenes any condition of the licence, where the contravention does not constitute an offence under section 91, or
- (b) fails, without reasonable excuse, to furnish or maintain security as required under subsection 76(1)



is guilty of an offence and liable on summary conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding one year, or to both.

### **Continuing offences**

90. (4) Where an offence under this section is committed on or continued for more than one day, it is deemed to be a separate offence for each day on which it is committed or continued.

### **Action to enjoin not prejudiced by prosecution**

93. (1) Notwithstanding that a prosecution has been instituted in respect of an offence under section 90, the Attorney General of Canada may commence and maintain proceedings to enjoin conduct that constitutes an offence under that section.

### **Civil remedy not affected**

93. (2) No civil remedy for any act or omission is affected because the act or omission is an offence under this Part.

## **CONCLUSION**

This Direction is **WITHOUT PREJUDICE** to any further course of action that AANDC may take with respect to any contravention of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, including an amended or subsequent Inspector's Direction, prosecution or injunction under any Act.

This Direction and the circumstances to which it refers will form part of AANDC's records of Lupin Mines Incorporated and its responsible officials and will be taken into account in future responses to alleged contraventions of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and for internal purposes such as setting the frequency of inspections. AANDC will consider taking further action if you do not take all necessary corrective steps to comply.

AANDC will be conducting further inspections of the site to verify compliance under the Act and with the Inspector's Direction.

This Direction is issued in accordance with the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The complete text of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* is available at the Department of Justice website: <http://laws.justice.gc.ca/en/search>. The complete text of the Water Licence is available at the Nunavut Water Board Public Registry, which may be accessed through the Board's website: <http://www.nunavutwaterboard.org/en/>.

If you require further information, have any questions or concerns, or wish respond to the alleged facts contained in this Direction, please call or write to the undersigned at (867) 975-4548 or [Eva.Paul@aadnc-aadnc.gc.ca](mailto:Eva.Paul@aadnc-aadnc.gc.ca). Your comments will be considered, and where appropriate, a response provided. Any comments you make, as well as AANDC's response, will be maintained on file with this Direction in AANDC's records.

Eva Paul  
Inspector

  
Inspector's Signature

Cc: Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board  
Andrew Keim, A/Manager of Field Operations, AANDC  
Ian D Gray, Regional Director General, Nunavut Regional Office, AANDC



Field Operations Division  
Nunavut Regional Office  
PO Box 2200  
Iqaluit, NU X0A 0H0

October 1, 2014

Patrick Downey  
Lupin Mines Inc.  
c/o Elgin Mining Inc.  
#1204-700 West Pender St.  
Vancouver, BC V6C 1G8

Re: LMI's August 25, 2014 Response to 2014 Inspection Report

Hello Mr. Downey,

Thank you for your August 25 response to the July 15 2014 Inspection Report, sent August 5, 2014. I will respond to your comments, which are below in italics:

- 1) *Sewage Lagoon – Lupin Mines has applied to discharge Sewage Lagoon on an emergency basis. The sampling to the standards required from the designated location have been completed and the sample met the required discharge requirements. We forwarded this data to the relevant authorities. We understand that a decision has been reached on what to do in terms of discharge but we are awaiting an official response. As of the date of this reply, the water levels continue to be dangerously close to the top of the dam and therefore could overtop and cause significant structural damage.*

R: I believe this issue has been addressed in the way of the Direction issued September 8, 2014. Please provide a detailed update (date and volume of decant) as requested on September 22, by October 10, 2014.

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*We shipped significant waste off site in 2012 and 2013 as and when the opportunity arose with backhauls. Lists of all materials and quantities were included with monthly reports. Hazardous waste was a priority with backhauls.*

R: As the site is not currently occupied I did not request waste manifests while on-site. Please provide waste manifests for 2012 and 2013 to the Inspector by November 15, 2014.

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- 2) *The fuel barrels you refer to are actually WSC barrels and are not the property of Lupin Mines and were not deposited there by Lupin Mines. Lupin Mines contacted WSC who stated that they had the number of barrels they deposited did not require a berm and that they believed they had deposited*



*30m from the water. They did state that they would move remove the barrels and give you a call to discuss the situation and in future they would contact Lupin Mines to get the appropriate approvals as to where to store the fuel.*

I have been in contact with WSC and they have been notified that they are to ensure barrels deposited at Lupin are done so in compliance with the terms of LMI's authorizations. As LMI is the Licensee (or Lessee/Permittee in terms of the Lands authorizations), LMI remains ultimately responsible for occurrences on the property.

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*Small tears do occur on the main tank farm from time to tome where the liner is exposed (generally on top of the berm )and therefore not susceptible to leaks. These are caused by caribou. Lupin Mines repairs these when found and re-covers the liner. This was completed last week.*

R: Please include a description of the work in the Annual Report.

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*There has been a full mitigation plan on the Satellite Tank Farm(STF) submitted and also approved by Environment Canada. This entails removing the STF from service which is partially complete. Once completed all contaminated soil will be dealt with in the appropriate manner. We have had this fully reviewed and it is part of the mine closure plan. Furthermore we had an independent expert review the spillage and the liner integrity and they stated that the contaminated soil could NOT have been leakage through the liner but was likely a spill when the STF tanks were being filled some time in the past.*

R: Please provide this documentation with respect to the liner integrity to the Inspector with the report required as per Item 6 of the Inspection Report by October 31, 2014. The spill is to be addressed as per the approved Spill Contingency Plan.

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*We do not know who owns the shack and barrels referred to in the report and in the photos and do not believe it is even within our surface leases. We understand it belongs to and is used by a local person.*

R: I conducted a review of the surface leases and believe one or both of the shacks by Esker Lake are in fact on Lease 076E/11-2 (Fingers Lake Quarry and Access Road). See attached map and photo. As parts of each building are covered with the same orange siding as the Lupin infrastructure, it is not an unreasonable assumption that these structures belong to, or came from, Lupin site. Unless proven otherwise, these sites are to be maintained according to the land and water authorizations.

---

*The culvert referred to in the report between the upper and lower lagoon is part of the design and although rusted it is still operating as designed.*

R: Thank you for the clarification.

---

3) *All washouts on the TCA road are repaired when discovered. This is reported in our annual geotechnical reports.*





R: I look forward to the Geotechnical Report, Plan, and Timelines associated with the engineered structures to be provided by October 31, 2014.

---

4) *Lupin Mines are of the opinion that photographs showing uncovered tailings are no uncovered or windblown tailings. Lupin Mines and a third party have examined this material and we are both of the opinion it is the esker material used as part of the tailings cover approved by all parties and the NWB. The material is much different than the tailings deposited in the storage ponds in grain size which we believe indicates that it is a different material. There may well be elevated arsenic levels but that it is the case for most, if not all, esker material in the vicinity of the Lupin Mine and most soil samples from all over the surface leases have elevated background of arsenic.*

R: Please consider the following:

From Lupin's Annual Reports:

*2005: Reclamation activities in the TCA during 2005 saw a major portion of Cell 5 and another portion of cell 3 covered by a minimum of 1.0 metre of esker gravel. The work was carried out between June 23 and September 28, 2005, with a total area covered of approximately 383,001 square metres. The esker material is an effective cover medium that serves to eliminate wind dispersal of dry tailings, protects against contact with exposed tails by fauna, and the embedded moisture layer prevents oxidation of the underlying tails and provides support for plant growth. Examples of the tailings cover activity undertaken in 2005 can be seen in Photos 1 through 5. Figure 1 shows the extent of the covered cells in the TCA at the end of 2005. Approximately 250,000 square metres of exposed tailings remain to be covered.*

*2006: Approximately 250,000 square metres of exposed tailings remain to be covered. This work was scheduled to be completed during the summer of 2006; however, due to the premature shutdown of the 2006 winter road, Lupin did not receive enough fuel to carry out the program in 2006.*

*2007: There were no abandonment and restoration activities performed on site in 2007.*

*2008: There were no abandonment and restoration activities performed on site in 2008.*

*2009: There were no abandonment and restoration activities performed on site in 2009.*

*2010: only geotech recommendations from 2009 were addressed*

*2011: No reclamation activities as it relates to the tailings cover occurred in 2011.*

*2012: No progressive abandonment and reclamation works occurred in 2012. Works planned for 2013 include: Addressing uncovered tailings in TCA; Conducting an assessment of the current status of tailings cover in the TCA...*

*2013: Progressive reclamation activities during 2013 consist of backhauling 51 mega bags of waste from the site.*

From Lupin's Abandonment and Restoration Plans:

*2010 AR Plan:*

*As part of ongoing restoration activities, and as described in the 1988, 1995, 2003 and 2004 Annual Reports to the Nunavut Water Board, Lupin has continued to cover the exposed tailings in completed cells with between 1.0m to 2.0m of esker material. To date, approximately 880,000 square metres of exposed tails have been covered. It was planned (Kinross) to cover the remaining exposed areas,*



*approximately 650,000 square metres, in 2005 and 2006; however, as the mine is now in care and maintenance, the remaining exposed areas will be covered at the time of closure*

*2012 AR Plan:*

*As part of ongoing restoration activities, and as described in the 1988, 1995, 2003 and 2004 Annual Reports to the Nunavut Water Board, Lupin has continued to cover the exposed tailings in completed cells with between 1.0 m to 2.0 m of esker material. To date, approximately 880,000 m<sup>2</sup> of exposed tails have been covered. It was planned (Kinross) to cover the remaining exposed areas, approximately 650,000 m<sup>2</sup>, in 2005 and 2006; LMI plans to cover the remaining exposed tailings in 2012.*

R: (cont.) It seems unlikely that uncovered tailings would be reported every year if it were not so. Unless LMI can immediately provide documentation that the work has been undertaken, the tailings are to be covered by October 31 as outlined in the inspection report, or the matter will proceed to enforcement action.

---

*We do not believe that relocating the small amounts of windblown esker from the tundra is practical and in fact may well cause significant damage to the tundra. We do welcome discussion on this issue in terms of seeking a practical working solution.*

R: Please provide to the inspector for consideration the documentation and assessment showing that the material outside the TCA is esker material and not tailings by November 15, 2014.

---

*5) Letters submitted to you October 31, 2012 and on December 27, 2012 addressed the inspection report concerns and we were under the impression that these items had all been completed. There was compliance plans submitted with both letters. The risk assessment report was included from SRK with the annual report along with the compliance plan and all communication in relation to the site visit.*

R: The compliance plan is intended as a tool between the Inspector and the Licensee, and was not intended to be submitted to the Board until it satisfied the Inspector. The compliance plan that was submitted in 2012 had a number of errors which were identified to Mr. Vokey on the phone. Mr. Vokey did not provide the corrections as requested. I have not had the opportunity to review the newest compliance plan and compare it to the original to determine whether the items of concern were addressed. Please submit the latest version to me for review by October 10, 2014.

From LMI's December 27, 2012 letter to the Inspector: *"To adequately satisfy AANDC's request for a risk assessment of legacy hazards and contamination issues, LMI agreed to provide an addendum to the Lupin Environmental Site Assessment (ESA) dated 2006 as noted in its Plan for Compliance, dated October 2012 (Part H, Item 3). 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. Due to the amount of work involved to satisfy the risk assessment requirement it was not logistically possible to complete it by September 15, 2012 or in advance of the October 31, 2012 Plan for Compliance deadline to inform the Plan for Compliance. As such, LMI focussed its immediate attention on timely completion of the requested Plan for Compliance and agreed to submit the ESA addendum as*



*part of the 2012 Annual Report by March 31, 2013. LMI has contracted this work to its consultants who are actively working towards the March 31, 2013 submission date."*

However, what was submitted with the Annual Report was the "2012 Geotechnical Inspection Follow-Up Risk Assessment and Water Quality Review"; a document that assessed the risk of failure of M-Dam or L-Dam within the TCA, and which bears absolutely no relevance to the assessment that was requested by the Inspector in 2012. To my knowledge this item remains outstanding.

Please clarify whether the ESA update was undertaken, and when the results will be available.

---

I look forward to meeting you at the TM-PHC meetings in Kugluktuk.

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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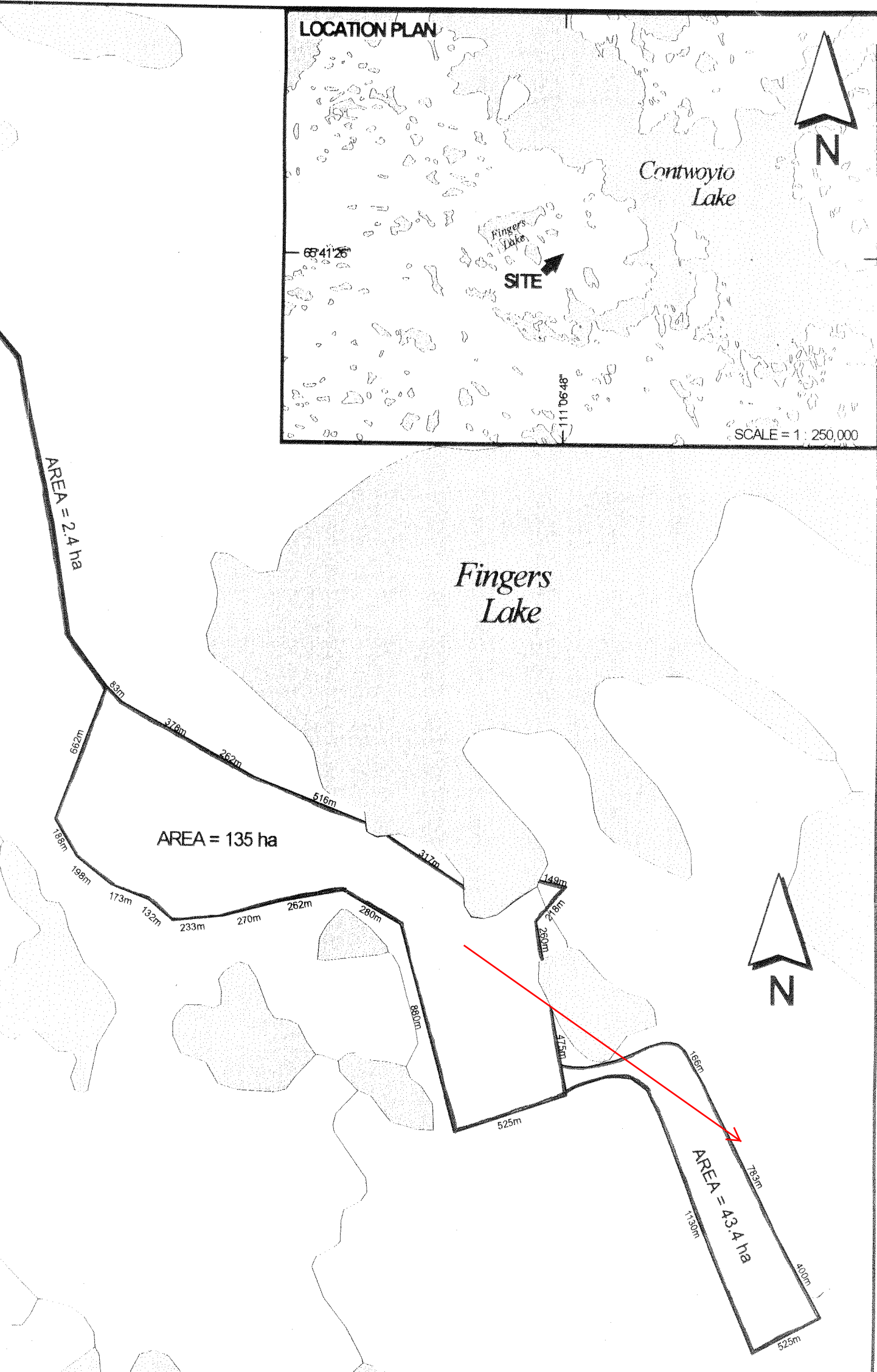
Att:           1. Photo of shacks at Esker Lake  
               2. Lease 076E/11-2 boundary drawing

CC:           Phyllis Beaulieu, Manager of Licensing, NWB  
               Erik Allain, Manager of Field Operations, AANDC  
               Baba Pedersen, Resource Management Officer, Kitikmeot Region, AANDC



Figure 1. Photo looking SE at the south end of Esker Lake, from the road towards the 43.4 ha parcel of Lease 076E/11-2.

# RETO AND FORMING PART OF LEASE No. 76E/11-2-4







NWB Tools

Robin Ikkutisluk &lt;robin.ikkutisluk@nwb-oen.ca&gt;

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**[Licensing] 2AM-LUP0914 Inspection of July 15 2014**

---

**Karyn Lewis** <klewis@elginmining.com>

Fri, Oct 31, 2014 at 3:48 PM

To: Eva Paul &lt;Eva.Paul@aandc-aadnc.gc.ca&gt;, Licensing Department &lt;licensing@nwb-oen.ca&gt;, Robin Ikkutisluk &lt;robin.ikkutisluk@nwb-oen.ca&gt;, "phyllis.beaulieu@nwb.oen.ca" &lt;phyllis.beaulieu@nwb.oen.ca&gt;

Cc: George Friesen &lt;gfriesen@elginmining.com&gt;, Patrick Downey &lt;pdowney@elginmining.com&gt;, Erik Allain &lt;Erik.Allain@aandc-aadnc.gc.ca&gt;, "baba.pedersen@aandc-aadnc.gc.ca" &lt;baba.pedersen@aandc-aadnc.gc.ca&gt;

Hi Eva,

Please find the further information requests as per your email below.

**1) Sewage Lagoon**

- The amount released from the sewage lagoon was 112,000 m3.

**2) Manifests - Manifests for 2010-2014 were emailed on October 10, 2014.**

3) Please see attached for verification that the leaks were not due to liner failure. In regards to the spill, LMI will submit a simplified land farm management plan in November 2014. Initially this proposed facility will be used to remediate the hydrocarbon contaminated soils located by the satellite tank farm. Upon approval of the land farm management plan, LMI would update the solid waste management plan and the spill contingency plan to reflect the use of an on-site facility for soil remediation along with the backhaul of contaminated soil.

4) In regards to the shack by Esker Lake, as stated by the attendees at the Technical meetings in Kugluktuk (Agnes and John) it was confirmed that this "shacks" are owned by this Inuit family, that they moved several years ago to their lands. However it should also be noted that per AANDC's response to Agnes and John at that technical meeting, AANDC clearly stated that they are not concerned about any outposts that are located on crown land at the Lupin site.

3) The Geotechnical Report was submitted on October 21, 2014. The Sewage Lagoons Report and an addendum in regards to the fuel storage areas was submitted on October 31, 2014.

4) Windblown tailings - As per the discussions with AANDC via teleconference and at the Technical meetings LMI has committed to sampling to determine if the material is tailings. The only potential wind-blown material since the covering of the tailings in 2005 is esker sand from the perimeter dam and soil cover. Limited areas of exposed tailings are saturated in low lying areas of the facility and therefore are not a source of wind-blown material. A recent independent review of the sample results obtained by AANDC in 2012 stated that the analytical results represent arsenic and metal concentrations consistent with the background soil concentrations specific to the site. It also stated that the result of this single soil sample does not indicate that further remedial efforts are warranted. The report states that the 2012 AANDC sample does not document the occurrence of ongoing windblown tailings being spread into the environment. However, LMI will conduct follow up sampling in June - August 2015 to characterize the material deposited below Dam 6. Samples will be collected in a 25 m grid pattern. Grain size analysis along with metals analysis will be conducted on every other sample collected from the grid row immediately adjacent to the dam. Based on sampling results, further actions and potential mitigation would be outlined as necessary by December 2015.

5) Compliance Plan was submitted via email on October 16, 2014.

If you have any questions or need further information please feel free to contact.

Karyn Lewis, Executive Assistant  
Elgin Mining Inc.  
#201 - 750 West Pender Street  
Vancouver, BC V6C 2T7  
Tel: [604-682-3366](tel:604-682-3366)  
Website: [www.elginmining.com](http://www.elginmining.com)

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**From:** Eva Paul [[Eva.Paul@aandc-aadnc.gc.ca](mailto:Eva.Paul@aandc-aadnc.gc.ca)]  
**Sent:** October-01-14 10:18 AM  
**To:** George Friesen; Karyn Lewis; Patrick Downey  
**Cc:** Baba Pedersen; Erik Allain; Licensing Department; Phyllis Beaulieu  
**Subject:** RE: 2AM-LUP0914 Inspection of July 15 2014

[Quoted text hidden]



**Fuel Storage Facilities - Code Compliance Report - Lupin Mine.pdf**

593K



## 2. Signs of Leaking Tanks or Piping:

- .2 The secondary containment has a 100 mmØ (4") drain pipe with a gate valve. The drain line was capped and plugged, and the valve was locked closed.
- .3 All tanks were inspected externally for signs of leakage and were found to be in good condition.
- .4 The pipeline header was pressure tested and some minor leaks were repaired. The header was retested and found to be leak free. Damaged flexible containers were replaced.
- .5 The tanks were to be separated from the header by removing the flexible connectors and blinding the valves, but were left connected with the valves closed. The tanks will be used on an individual basis, until all diesel fuel and gasoline is used up.
- .6 A solenoid valve with a bypass was installed on the piping to the dispensers (see Photo #22, to open automatically when the dispenser pump in the dispenser building is turned on, and to close when the pump is turned off. A minor leak has developed in one of the fittings and is being contained by a drip pan. The leak has since been repaired.
- .7 The broom head and stick were removed from the tanks vent.

## 3. Leaking Tanks (Overfill):

- .8 As noted above, the tanks were inspected and no leaks were found. The piping and header were also inspected, pressure tested and several minor leaks were repaired and retested. Thus no tanks were required to be withdrawn from service, and are suitable for continued service.
- .9 Two tanks were isolated from the headers, new flexible connectors were installed, where needed, and are set up to be operated individually.
- .10 It is evident from the amount of the spill and the spill pattern, shown in Photos #4 and #5, that the major spills, in the past, were caused by overfilling the tanks during pipeline diesel fuel transfers, during previous mill operations.
- .11 A portion of the 100 mm diameter aboveground diesel fuel pipeline has been removed, thus the problem with overfilling through the pipeline has been eliminated.



Field Operations Division  
Nunavut Regional Office  
PO Box 2200  
Iqaluit, NU X0A 0H0

November 27, 2014

Lupin Mines Inc.  
#1204-700 West Pender St.  
Vancouver, BC V6C 1G8

**RE: INSPECTOR'S RESPONSE TO LMI OCTOBER 31, 2014 SUBMISSIONS AND OUTSTANDING REQUIREMENTS OF THE 2014 INSPECTION OF 2AM-LUP0914 (EXPIRED).**

Mr. Downey,

On October 31, 2014 I received correspondence from Ms. Karyn Lewis on your behalf in response to the outstanding requirements resulting from the 2014 water licence inspection. To determine whether requirements have been met, I have gone back to the inspection report, dated August 5, 2014. Six actions were required of LMI as a result of the inspection:

1. Water level of the lower sewage lagoon is to be monitored following rain events or at least monthly. Discharge may only occur with a valid licence in place.
2. An updated inventory of hazardous waste is to be submitted to the inspector and reported in the Annual Report.
3. 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. Quantities and type of waste backhauled is to be reported in the Annual Report.
4. A geotechnical inspection is to be conducted on all engineered water management structures, including but not limited to: Main and Satellite Tank Farms, Upper and Lower Sewage Lagoon, and waste containment areas. 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.
5. The uncovered tailings shall be covered according to the engineer's specifications and any applicable operating plan, and tailings/cover blown out of the TCA is to be replaced in the TCA and permanently encapsulated. This is to be completed and a report submitted to the Inspector by October 31 2014.
6. All contaminated material from around the STF is to be removed as per the Spill Contingency Plan. An investigation as to the origin of the contamination is to be undertaken, and the STF berm is to be assessed by a qualified engineer. A report is to be submitted to the Inspector by October 31 2014 demonstrating a) the engineer's findings, b) that the spill is cleaned up and c) that the necessary work to prevent further contamination has been completed.

I will address the items in turn:

1. *Water level of the lower sewage lagoon is to be monitored following rain events or at least monthly. Discharge may only occur with a valid licence in place.*





The need to discharge the lagoon was addressed by way of the Direction issued September 8, 2014. Following the direction, a detailed update (date and volume of decant) was requested by the Inspector on September 22, for submission by October 10, 2014. LMI provided a volume on October 31, 2014 of 112,000 m<sup>3</sup>, but did not provide the dates that the decant was undertaken. I later gleaned the dates (September 15-18 2014) from the Discovery Mining Services Report, dated September 22 2014, embedded within the "2014 Sewage Pond Dams Geotechnical Inspection" received on November 4, 2014. From this report, it is understood that the syphons were left actively draining when DMS left site. In this regard, the decant figure provided was an estimate based on water levels. I will accept the estimate in this case; for future decant events please use a meter for accuracy.

**THIS ISSUE IS RESOLVED.**

2. *An updated inventory of hazardous waste is to be submitted to the inspector and reported in the Annual Report.*

This inventory is to be submitted with the Annual Report on or before March 31, 2015. In the interim, I requested, and received, waste manifests for 2010-2014.

**RESOLUTION OF THIS ITEM IS PENDING UNTIL THE SUBMISSION OF THE ANNUAL REPORT.**

3. *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. Quantities and type of waste backhauled is to be reported in the Annual Report.*

**RESOLUTION OF THIS ITEM IS PENDING UNTIL THE SUBMISSION OF THE ANNUAL REPORT.**

4. *A geotechnical inspection is to be conducted on all engineered water management structures, including but not limited to: Main and Satellite Tank Farms, Upper and Lower Sewage Lagoon, and waste containment areas. 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.*

The Geotechnical Report and cover letter for the TCA were received on October 21 2014. The Reports on the Sewage Lagoons and Fuel Storage Areas were received on November 4, but were not accompanied by plans/timelines to implement the recommendations as requested by the Inspector. No report was submitted for waste containment areas.

**THIS ISSUE IS NOT RESOLVED. LMI IS TO IMPLEMENT THE ENGINEER'S RECOMMENDATIONS WITH RESPECT TO THE INTEGRITY OF THE FUEL STORAGE AND SEWAGE LAGOON FACILITIES. THIS WORK IS TO BE CARRIED OUT IN 2015, REPORTED TO THE INSPECTOR UPON COMPLETION, AND REPORTED IN THE 2015 ANNUAL REPORT.**

5. *The uncovered tailings shall be covered according to the engineer's specifications and any applicable operating plan, and tailings/cover blown out of the TCA is to be replaced in the TCA and permanently encapsulated. This is to be completed and a report submitted to the Inspector by October 31 2014.*

The Licensee has refused to carry out progressive reclamation of the TCA, despite it having been a condition of the licence since its issuance in 2009, and repeated instructions to do so by Inspectors.



**THIS ISSUE REMAINS UNRESOLVED AND WILL BE ESCALATED FROM VOLUNTARY COMPLIANCE TO ENFORCEMENT ACTION IN SEPARATE CORRESPONDENCE.**

The Licensee has also refused to return the tailings/cover that has blown out of the TCA to the TCA as instructed. Moreover, the Licensee was provided the opportunity to prove that the material blown outside the TCA is esker material rather than tailings as outlined in the Inspector's response of October 1, 2014, and refused to conduct the sampling by the November 15 2014 deadline.

**THIS ISSUE IS TREATED IN DETAIL BELOW UNDER ITEM 7(c).**

6. *All contaminated material from around the STF is to be removed as per the Spill Contingency Plan. An investigation as to the origin of the contamination is to be undertaken, and the STF berm is to be assessed by a qualified engineer. A report is to be submitted to the Inspector by October 31 2014 demonstrating a) the engineer's findings, b) that the spill is cleaned up and c) that the necessary work to prevent further contamination has been completed.*

The Licensee has failed to remedy this spill as required by the Inspector.

The "verification" provided on October 31 was not acceptable to the Inspector. Further documentation was requested of LMI and two documents were provided on November 4, 2014: "Addendum Memo 2014 Lupin Fuel Tank Farm Inspection" and "2014 Sewage Pond Dams Geotechnical Inspection". According to the Discovery Mining Services (DMS) Report, dated September 22 2014 (embedded within the Sewage Pond geotechnical report), the main valve to/from the STF was leaking due to a cracked gasket and was repaired on September 17 2014. This leak could be the cause of the spill in question, however, is inconsistent with LMI's "independent expert review" as quoted in LMI's August 25 correspondence that it "was likely a spill when the STF tanks were being filled some time in the past".

The assessment of the tank farms included only a brief visual inspection by an engineer, and no actual physical testing. The three-paragraph report can be summarized by the engineer's statement: "Engineering judgment suggests the water ponding in the tank farms indicates that the liner is unlikely to be compromised by damages in the bottom of the tank farms." I can accept the logic of the statement, particularly now given the findings of the DMS report indicating that the valve was leaking.

**AS A RESULT OF THESE FINDINGS, AN UPDATE TO SPILL 12-306 IS TO BE FILED WITH THE 24-HOUR SPILL REPORTING LINE CLARIFYING THE NEW UNDERSTANDING OF THE ACTUAL SPILL (IT WAS FIRST DESCRIBED AS AN "OVERTOPPING"; MIXTURE OF OIL AND WATER) AND INDICATING THE ADDITIONAL VOLUME OF DIESEL THAT MAY HAVE LEAKED SINCE THE ORIGINAL REPORT OF JULY OF 2012.**

**I AM SATISFIED THAT ITEMS A) AND C) HAVE BEEN ADDRESSED. ITEM B), THE CLEANUP OF THE SPILL, IS TO BE UNDERTAKEN BY AUGUST 31, 2015 AND A REPORT SUBMITTED TO THE INSPECTOR BY SEPTEMBER 30, 2015. THIS WORK IS TO BE UNDERTAKEN WHETHER OR NOT A LANDFARM IS APPROVED IN THE NEW LICENCE.**

7. *Other comments/issues have arisen out of the Inspection Report and follow-up discussion:*

- a) *Numerous barrels were noted at the shacks down the road from the quarry.*





LMI's response October 31, 2014: *"per AANDC's response to Agnes and John at that technical meeting, AANDC clearly stated that they are not concerned about any outposts that are located on crown land at the Lupin site."*

The comment made by Karen Costello Director of Resource Management at AANDC at the technical meeting is taken out of context. The discussion at the TM/PCH revolved around tenure of the land, and Karen spoke in a licensing context (that AANDC did not see it as a breach of Lease to have outpost camps on the Crown Lease). She was not addressing, and does not have the authority to speak to, compliance issues related to the inspection.

**LMI IS TO DEMONSTRATE WHETHER OR NOT THE SHACK IS LOCATED ON A CROWN LEASE. IF THIS IS THE CASE, AS WITH THE WSC BARRELS THAT WERE FOUND ON-SITE IN 2014, IT IS LMI'S RESPONSIBILITY TO ENSURE THAT ACTIVITIES CONDUCTED ON THE LEASE CONFORM TO REGULATORY REQUIREMENTS.**

b) *There is a steady flow from Upper Sewage Lagoon to the Lower Sewage Lagoon (LSL) through a collapsed and rusted culvert.*

LMI's Response August 25, 2014: *"The culvert referred to in the report between the upper and lower lagoon is part of the design and although rusted it is still operating as designed."*

The geotechnical report received on November 4, 2014 indicates "this culvert is heavily corroded and partially filled with sand, and recommends periodic inspection and monitoring of seepage rate."

**LMI IS TO IMPLEMENT THE ENGINEER'S RECOMMENDATION AND REPORT ANNUALLY ON THE STATE OF THE SEWAGE LAGOON FACILITIES.**

c) *The Plan for Compliance:*

Originally created in 2012 and updated February 28 2014 for the renewal of 2AM-LUP0914. The original Plan for Compliance was submitted in 2012 as a requirement of the Inspector in order to work towards voluntary compliance. The Plan has not been an effective tool for gaining compliance; LMI has disregarded deadlines and their own commitments and has failed to carry out a significant portion of the work. In addition, some issues have 'fallen off the table' since 2012 (do not appear in the 2014 Plan). My comments with respect to the Plan are appended in a separate document. This plan is not accepted by the Inspector, however, a new plan is not sought at this time: the remaining issues will be addressed through other means as voluntarily compliance has not been a successful approach.

An outstanding issue with respect to the 2012 Inspection that appears in the Plan for Compliance was the requirement to update the Environmental Site Assessment:

From LMI's December 27, 2012 letter to the Inspector: *"To adequately satisfy AANDC's request for a risk assessment of legacy hazards and contamination issues, LMI agreed to provide an addendum to the Lupin Environmental Site Assessment (ESA) dated 2006 as noted in its Plan for Compliance, dated October 2012 (Part H, Item 3). 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. Due to the amount of work involved to satisfy the risk assessment requirement it was not logistically possible to complete it by September 15, 2012 or in advance of the October 31, 2012 Plan for*



*Compliance deadline to inform the Plan for Compliance. As such, LMI focussed its immediate attention on timely completion of the requested Plan for Compliance and agreed to submit the ESA addendum as part of the 2012 Annual Report by March 31, 2013. LMI has contracted this work to its consultants who are actively working towards the March 31, 2013 submission date."*

No such report has yet been received. On October 1 2014, I requested clarification on whether the ESA update was undertaken, and when the results would be available. No response was given in LMI's subsequent correspondence. The 2014 Plan for Compliance indicates simply that it will be undertaken "prior to recommencing mine operations". This is not acceptable to the Inspector. The Inspector is empowered as per Part J item 8 of the licence to request additional monitoring. The Licensee has failed to comply.

**THIS ISSUE REMAINS UNRESOLVED. THE OUTSTANDING WORK IS TO BE UNDERTAKEN IN 2015 AND WILL INCLUDE THE WORK ON THE TCA AS DISCUSSED IN ITEM 5. IT IS NOT NECESSARY THAT THE WORK BE CONDUCTED SPECIFICALLY AS AN ESA, BUT MUST MEET THE REQUIREMENTS SET OUT BY THE INSPECTOR BELOW:**

As per the 2012 agreement, the requirement is to a) determine the mechanisms that could cause contamination to leave the site footprint, b) assess whether or not contamination is present or occurring [outside the containment areas], and c) determine mitigation measures to prevent further contamination. The study must include assessments of the facilities containing hazardous materials or waste, including (but not limited to) the TCA, the hazardous waste storage area, the fuel farms, and the historic landfill. With regards specifically to the TCA, the following is to be achieved:

- a) characterize the tailings contained within the TCA;
- b) characterize the esker material (from the source) that was used as cover; and,
- c) determine whether tailings or contaminants from the tailings are leaving the TCA.

This is to address the TCA **as a whole**, and not only at Dam 6 where the most obvious deposition has taken place. Mechanisms other than wind are to be also considered (eg: seepage).

**A SAMPLING PLAN THAT SATISFIES THE ABOVE REQUIREMENTS IS TO BE PROVIDED TO THE INSPECTOR FOR APPROVAL BY MAY 31, 2015. UPON APPROVAL OF THE PLAN BY THE INSPECTOR, THE WORK SHALL BE CARRIED OUT BEFORE AUGUST 31, 2015. CONFIRMATION IS TO BE PROVIDED TO THE INSPECTOR ON OR BEFORE AUGUST 31, 2015 THAT THE WORK HAS BEEN COMPLETED. A PRELIMINARY REPORT IS TO BE PROVIDED TO THE INSPECTOR BY OCTOBER 31, 2015 AND A FINAL REPORT BY DECEMBER 31, 2015.**

Failure to undertake the work as required by the Inspector will result in escalation of the issue to enforcement action. This may include the issuance of a direction or may be subject to prosecution under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act, 2002*. Should you have any questions regarding the contents of this letter, please do not hesitate to contact me.

Eva Paul  
Water Resources Officer





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[Eva.Paul@aandc-aadnc.gc.ca](mailto:Eva.Paul@aandc-aadnc.gc.ca)

Attachments: 2AM-LUP0914 2014 Plan for Compliance – Inspector’s Response (*spreadsheet*)

CC:            Phyllis Beaulieu, Manager of Licensing, NWB  
               Erik Allain, Manager of Field Operations, AANDC

Inspector's Comments In Last Two Columns (blue)  
Licensee's note: Note that comments in blue underlined text mark revisions to the previously submitted Plan for Compliance dated April, 2013

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
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 <u>Application</u> .	Compliant.					Licensee has allowed the licence to expire.	Non-Compliant
		LMI may conduct mining, milling and associated activities at the Lupin Mine located on the west shore of Contwoyto Lake, Nunavut, (65□46’N, 111□14’W) 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:</li></ul>							
		<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>							

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
	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
	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
Enforcement									
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)
	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



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
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.  <u>Payment for 2012 in the amount of \$23,050.00 was made March 15, 2013.</u>  <u>Payment for 2013 in the amount of \$23,050.00 was made February, 2014.</u>						Assumed compliant
		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.	Compliant.  <u>2012: Annual report received by NWR April 30, 2013</u>						
	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";	<a href="#">by NWB April 30, 2010</a> 2011: Annual report received by NWB March 31, 2012 2010: Annual report received by NWB April 8, 2011 2009: Annual report received by NWB April 19, 2010					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
	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
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
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
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
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

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
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
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
10		This Licence is assignable as provided in section 44 of the Act.	Compliant.						Not assessed
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
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).  <a href="#">These plans were updated and resubmitted to the Board for approval with the 2012 annual report.</a>	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
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
14		The Licensee shall, for all Plans submitted under this Licence, implement the Plan as approved by the Board.							Non-Compliant
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



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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
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
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
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
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
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

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
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.	<p>Compliant.</p> <p>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 &lt; 6.5) and pH of 6.45 (slightly below CCME FWAL guideline of between 6.5 and 9).</p> <p>2012 AANDC Inspection Report indicates that the water supply facility is acceptable, and no issues were reported.</p>	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
2		The annual quantities of water withdrawn from Contwoyto Lake for all uses, shall not exceed 1,700,000 cubic metres.	<p>Compliant.</p> <p>2009 annual report indicates that a total of 123, 100 Litres (123.1 m3) of water was collected from Contwoyto Lake in 2009.</p> <p>2010 annual report indicates that a total of 272.13 m3 of water was collected from Contwoyto Lake in 2010.</p> <p>2011 annual report indicates that a total of 439.5 m3 of water was collected from Contwoyto Lake in 2011.</p> <p>2012 annual report indicates that a total of 1917.9 m3 of water was collected from Contwoyto Lake in 2012.</p>						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
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
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.	<p>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.</p> <p>See compliance status of Part E Item 6 (f) regarding frequency of TCA inspection.</p>	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
5		The Licensee shall implement measures to prevent the generation and deposition of dust and/or sediment into Water arising from road use.	<p>NA</p> <p>Road use is limited during care and maintenance.</p>						Not assessed
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.	<p>NA</p> <p>No tailings have been generated or discharged during the term of the Licence renewal.</p>						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.	<p>Compliant.</p> <p><a href="#">Licence requirement is incorporated into section 5.2.2 of Liquid Waste Management Plan, 2013 submitted with 2012 annual report.</a></p> <p>Discharge occurrence in 2009 and 2012. <a href="#">No discharge in 2010, 2011, or 2013.</a></p>						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.	<p>Compliant</p> <p><a href="#">Licence requirement is incorporated into section 5.2.2 of Liquid Waste Management Plan, 2013 submitted with 2012 annual report.</a></p>						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																														
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)	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.		Incorporate licence requirement into operational plan: <u>Liquid Waste and Stormwater Management Plan (Care and Maintenance)</u> March 2012 and <u>Fuel Containment Management Strategy (Care and Maintenance)</u> , 2012	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																														
			Notification provided prior to discharge from LUP-14 in 2009 (dated Aug 11, 2009)							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.	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)	Incorporate requirement into operational plan <i>Discharge Procedure: Tailing Containment Area and Sewage Lakes Disposal Facility (Care and Maintenance)</i> , March 2012	Completed	Maintain copies of operational plans on-site and review plans during orientation of new site management staff.																																	
			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>																																				
5		All Effluent discharged from the Tailings Containment Area shall not exceed the following effluent quality limits at Monitoring Program station LUP-10: <table><tr><th>Parameter</th><th>Max Avg Concentration (mg/L)</th><th>Concentration of any Grab Sample (mg/L)</th></tr><tr><td>Total Arsenic</td><td>0.50</td><td>1.00</td></tr><tr><td>Total Copper</td><td>0.15</td><td>0.30</td></tr><tr><td>Total Cyanide</td><td>0.80</td><td>1.60</td></tr><tr><td>Total Lead</td><td>0.10</td><td>0.20</td></tr><tr><td>Total Nickel</td><td>0.20</td><td>0.40</td></tr><tr><td>Total Zinc</td><td>0.40</td><td>0.80</td></tr><tr><td>TSS</td><td>15</td><td>30</td></tr><tr><td>Oil and Grease</td><td>Visual Sheen</td><td></td></tr><tr><td colspan="3">The Waste discharged shall have a pH between 6.0 and 9.5</td></tr></table>	Parameter	Max Avg Concentration (mg/L)	Concentration of any Grab Sample (mg/L)	Total Arsenic	0.50	1.00	Total Copper	0.15	0.30	Total Cyanide	0.80	1.60	Total Lead	0.10	0.20	Total Nickel	0.20	0.40	Total Zinc	0.40	0.80	TSS	15	30	Oil and Grease	Visual Sheen		The Waste discharged shall have a pH between 6.0 and 9.5			Compliant.						
			Parameter	Max Avg Concentration (mg/L)	Concentration of any Grab Sample (mg/L)																																		
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			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>																																				

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		The Tailings Containment Area shall be constructed, operated and maintained to engineering standards such that:	See sub-items (a) - (g)						
	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;	<p>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.</p> <p>2012 AANDC inspection report noted freeboard as "Acceptable".</p> <p>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.</p> <p><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 5 m.</a></p>	<p>Work carried out in 2012 to address condition included:</p> <p>Treating and discharging water during and since the 2012 site inspections. Pond 1 and 2 water levels have been reduced.</p>	Completed	Continue to monitor freeboard and treat and discharge water as required.	<p>Monitoring to continue on an on-going bases.</p> <p>Treatment and discharge of water as needed.</p>		Compliant

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	b	Seepage from the Tailings Containment Area is minimized;	<p>2011 and 2012 AANDC Inspection reports did not note any seepages.</p> <p>2009 Annual Geotechnical Inspection of Perimeter Dams noted seepage at toe of Dam 4.</p> <p>2010 Annual Geotechnical Inspection of Perimeter Dams noted a small seepage zone at Dam 2.</p> <p>2011 Annual Geotechnical Inspection of Perimeter Dams noted seepage at Dam 2 and possible seepage at Dam 6.</p> <p>No major seepage from the TCA was observed during the 2012 or 2013 Annual Geotechnical Inspections.</p>	<p>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.</p> <p>Measures carried out in 2012 to address seepage issues at Dam 2 included establishment of coffer dam to collect seepage.</p>	Completed	<p>Dam 2: Surface maintenance. Monitoring regularly to pump any collected seepage back into Pond 2.</p> <p>Dam 6: Monitor regularly for potential seepage.</p> <p>All Dams: Regular monitoring</p>	<p>Monitoring to commence immediately and continue on an on-going basis.</p> <p>Surface maintenance and repairs to continue <u>as needed</u>.</p>		Compliant
	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.</p> <p>2010 and 2011 geotechnical inspection reports both recommend returning seepage from Dam 2 back to TCA upon confirmation sampling. <u>2012 geotechnical inspection report recommended re-establishment of coffer dam to collect seepage and pumping collected seepage back to TCA.</u></p> <p><u>2013 geotechnical inspection report notes that seepage collection pond is almost full and recommends pumping seepage back to TCA.</u></p>	<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.</p>	Completed	<p>Dam 2: Monitor regularly to pump the collected seepage back into Pond 2.</p> <p>All Dams: Monitor regularly</p>	<p>Monitoring to commence immediately and continue on an on-going basis.</p>	<p>These short or long term comments do not specifically 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.</p> <p>Please provide comment on the status of this item.</p>	Potentially non-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
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.</p> <p>2011 AANDC inspection report notes erosion and sloughing of the sides of Dam J.</p> <p>2012 AANDC inspection report notes erosion of road at Dam 6.</p> <p>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:</p> <p>Dam 3: Breach repaired</p> <p>Dam M: Avoidance of vehicle traffic on eroded section and monitoring regularly to determine if cracking is progressing.</p> <p><u>Dams M and L: conducted risk assessment to determine: (1) consequences in terms of water quality of uncontrolled drainage flowing from cell 3 to cell 4, assuming integrity of Dam L stays intact; and (2) potential failure of Dam M. Risk assessment was submitted as part of 2012 annual report.</u></p>	Completed	<p><u>(1) Surface maintenance, repair, erosion protection, and regular monitoring as needed on all dams.</u></p> <p><u>(2) 2013 risk assessment recommends the following measures to address Dam M:</u></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 5 including 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 planning for cell 5</li> </ul>	<p><u>(1) General dam maintenance and repair on an ongoing basis.</u></p> <p><u>(2) Dam M:</u></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".</p> <p>Please provide comment on the status of these items.</p>	Potentially non-compliant
			<p><u>2013 geotechnical inspection report notes minor erosion issues with perimeter dams with more serious erosion at Dam 1A. Internal dams were noted in good condition with the exception of Dams M and L.</u></p> <p><u>A June 19, 2013 LMI inspection noted that the roadway located adjacent to Boomerage Lake had eroded as a result of runoff.</u></p>	<p><u>Measures carried out in 2013 included:</u></p> <p><u>Dam 3: Erosion damage in roadway adjacent to Boomerang Lake repaired.</u></p> <p><u>Boomerage Lake roadway repaired</u></p>		<p><u>(3) 2013 risk assessment recommends the following measures to address Dam L:</u></p> <ul style="list-style-type: none"> <li>- verify water quality in cell 3 and 4</li> <li>- surface maintenance</li> <li>- monitoring to ensure dam toe is not undercut</li> <li>- repair breached section with well compacted esker material</li> <li>- monitor and manage water in cell 3 to prevent overflow</li> <li>- evaluate measures to permit drainage from cell 3 to cell 4 without threatening integrity of dam</li> </ul>	<p><u>(3) Dam L:</u></p> <ul style="list-style-type: none"> <li>- verify water quality in cells 3 and 4 in 2014</li> <li>- monitoring and repair as recommended in risk assessment in 2014</li> <li>- monitor and manage water in cell 3 to prevent overflow in 2014</li> <li>- evaluate measures to permit drainage from cell 3 to cell 4 without threatening integrity of dam in 2014</li> <li>- update management plans to address risk assessment in 2014</li> </ul>		

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e		The solids fraction of the mill Tailings shall be permanently contained within the Tailings Containment Area or underground as Backfill;	<p>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.</p> <p>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.</p> <p>Annual Geotechnical Inspections have not addressed tailings cover.</p>	<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>	<p><a href="#">Update geotechnical, geochemical, and water balance assessments to address operational issues with TCA, including tailings cover.</a></p> <p><a href="#">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 should a decision be made to take the mine off care and maintenance and into production.</a></p>	<a href="#">Prior to recommencing mine operations</a>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>The characterization of materials blown out of the TCA is also to be undertaken in 2015.</p>
	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). 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><a href="#">2013</a> Geotechnical Inspection report recommends the following revisions to the inspection schedule:</p> <ul style="list-style-type: none"> <li><a href="#">May to June (freshet) – bi-weekly</a></li> <li><a href="#">July to October (open water) – monthly.</a></li> </ul>	<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.</p> <p>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

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	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																										
7		The Licensee shall discharge all Sewage to the Sewage Lakes Disposal Facilities or as otherwise approved by the Board in writing.	Compliant.						Compliant																										
8		<div><div>All Effluent discharged from the Sewage Lakes Disposal Facilities shall not exceed the following effluent quality limits at Monitoring Program monitoring station LUP-14:</div><table><tr><th>Parameter</th><th>Concentration of any Grab Sample (mg/L)</th></tr><tr><td>Total Arsenic</td><td>0.05</td></tr><tr><td>Total Copper</td><td>0.20</td></tr><tr><td>Total Lead</td><td>0.05</td></tr><tr><td>Total Nickel</td><td>0.30</td></tr><tr><td>Total Zinc</td><td>0.50</td></tr><tr><td>TSS</td><td>35</td></tr><tr><td>BOD5</td><td>30</td></tr><tr><td>Faecal Coliforms</td><td>1000 colony forming units / 100 mL</td></tr><tr><td>Oil and Grease</td><td>Visual Sheen</td></tr><tr><td>pH</td><td>6.0 to 9.5</td></tr></table></div>	Parameter	Concentration of any Grab Sample (mg/L)	Total Arsenic	0.05	Total Copper	0.20	Total Lead	0.05	Total Nickel	0.30	Total Zinc	0.50	TSS	35	BOD5	30	Faecal Coliforms	1000 colony forming units / 100 mL	Oil and Grease	Visual Sheen	pH	6.0 to 9.5	<div>Compliant.</div> <div>Effluent was discharged from LUP-14 from August 11, 2009 to September 24, 2009.</div> <div>Effluent was discharged from LUP-14 from September 23, 2011 to October 10, 2011.</div> <div>Effluent was discharged from LUP-14 from June 30, 2012 until July 27, 2012.</div> <div><a href="#">There are no recorded discharged from LUP-14 in 2013.</a></div>					Compliant					
Parameter	Concentration of any Grab Sample (mg/L)																																		
Total Arsenic	0.05																																		
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9		<div><div>All Effluent discharged from the Bulk Fuel Storage Facility at Monitoring Program station LUP-27 shall not exceed the following effluent quality limits</div><table><tr><th>Parameters</th><th>Max Avg Concentration (mg/L)</th><th>Max Concentration Grab Sample (mg/L)</th></tr><tr><td>pH</td><td>6-9</td><td></td></tr><tr><td>TSS</td><td>15</td><td>30</td></tr><tr><td>Total Oil and Grease</td><td>5 and no visible sheen</td><td>10</td></tr><tr><td>Total Ammonia</td><td>2.0</td><td>4.0</td></tr><tr><td>Total Lead</td><td>0.01</td><td>0.02</td></tr><tr><td>Benzene</td><td>0.37</td><td>-</td></tr><tr><td>Toluene</td><td>0.002</td><td>-</td></tr><tr><td>Ethyl Benzene</td><td>0.090</td><td>-</td></tr></table></div>	Parameters	Max Avg Concentration (mg/L)	Max Concentration Grab Sample (mg/L)	pH	6-9		TSS	15	30	Total Oil and Grease	5 and no visible sheen	10	Total Ammonia	2.0	4.0	Total Lead	0.01	0.02	Benzene	0.37	-	Toluene	0.002	-	Ethyl Benzene	0.090	-	<div>Compliant.</div> <div>Effluent was discharged from LUP-27 on June 10, 2010.</div> <div>Effluent was discharged from LUP-27 on September 20 and 23, 2011.</div> <div>Effluent was discharged from LUP-27 on June 23, 2012.</div> <div><a href="#">Effluent was discharged from LUP-27 June 18-20, 2013.</a></div>					Compliant
Parameters	Max Avg Concentration (mg/L)	Max Concentration Grab Sample (mg/L)																																	
pH	6-9																																		
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Benzene	0.37	-																																	
Toluene	0.002	-																																	
Ethyl Benzene	0.090	-																																	
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																										
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.	<div>NA</div> <div>No minewater discharged during term of renewal Licence.</div>						Compliant																										

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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 disposal.	NA  No alternate minewater disposal has been proposed.						NA
13		The proposal specified in Part E, Item 12, shall be implemented as approved by the Board in writing.	NA.						NA
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 <a href="#">dated March 2013</a> .  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 <i>Environmental Guideline for the General Management of Hazardous Waste</i> , 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
15		The Licensee shall maintain records of all Waste backhauled and confirmation of proper disposal through the use of Waste manifest tracking systems and registration with the Government of Nunavut, Department of Environment.	Compliant.						Compliant



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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			
	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.										
PART G - CONDITIONS APPLYING TO CONSTRUCTION												
1		All new final design and construction drawings, submitted as required by Licence 2AMLUP0914, 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					Please clarify if engineered drawings for coffer dam built in 2012 were provided as required by the 2012 inspection	Potentially non-compliant			
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.										

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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.	The only earthworks conducted include maintenance work recommended by the Geotechnical Engineer.					by the 2012 inspection.	
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
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
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.							
13		The Licensee shall limit any in-stream activity to low Water periods. In-stream activity is prohibited during fish migration.	NA. No in-stream activities have been conducted during open water						
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.						

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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 March 2013, 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)
	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

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3		The Licensee shall prevent any chemicals, fuel or wastes associated with the undertaking from entering any Water body.	<p>LMI has implemented prevention measures as outlined in its Care and Maintenance Plan, 2012, <a href="#">and updated in 2013.</a></p> <p>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.</p>	<p>Salt spill identified during 2012 AANDC inspection was cleaned up.</p> <p>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.</p>	<p><a href="#">ESA addendum to be conducted prior to recommencing mine operations.</a></p> <p>Updated Care and Maintenance Plan dated March, 2013 was submitted as part of 2012 Annual Report.</p>	<p><a href="#">(1) Update the Care and Maintenance Plan to include mitigation measures identified in the Environmental Site Assessment.</a></p> <p>(2) Identify mitigation measures to be addressed in the Final Abandonment and Restoration Plan</p>	<p>(1) <a href="#">Prior to recommencing mine operations.</a></p> <p>(2) Final Abandonment and Restoration Plan will be submitted in accordance with Part I Item 5.</p>	<p>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."</p>	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.
4		The Licensee shall provide secondary containment for fuel and chemical storage as required by applicable standards and acceptable industry practice.	<p>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.</p>	<p>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.</p> <p>Replacement of active individual day tanks has been initiated and is ongoing.</p> <p>Secondary containment areas were assessed by Engineer and remedial work plan developed.</p>	<p><a href="#">Remedial Work Plan is outlined in Fuel Containment Management Strategy submitted as part of 2012 Annual Report.</a></p>	<p><a href="#">Carry out Remedial Work outlined in Fuel Containment Management Strategy, March 2013</a></p>	<p><a href="#">2013 to 2015</a></p>	Please provide updates regarding this work in the Annual Reports.	Compliant
5		Licensee shall operate the Bulk Fuel Storage Facilities in accordance with all applicable legislation, guidelines and practices, including:	<p>2011 AANDC inspection report notes that the Bulk Fuel Storage Facilities did not appear to be registered. The tanks in the Bulk Fuel Storage Facilities were registered at that time, but no placards were in place to identify them as being so.</p> <p><a href="#">On July 25, 2013 Environment Canada Enforcement Officer conducted a site inspection.</a></p>	<p>In 2011 LMI undertook repairs and maintenance of the Bulk Fuel Storage Facilities to ensure the safety of the fuel system over winter. In 2012 placards identifying the registered tanks were erected.</p> <p>A plan to update the Bulk Fuel</p>	<p><a href="#">Fuel Containment Management Strategy including Remedial Work was submitted as part of the 2012 annual report.</a></p>	<p><a href="#">(1) Carry out Remedial Work outlined in Fuel Containment Management Strategy, March 2013.</a></p> <p><a href="#">(2) Undertake measures required by Environment</a></p>	<p><a href="#">(1) 2013 to 2015</a></p> <p><a href="#">(2) By June 3, 2014</a></p>		Believed compliant
	a	Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products, 2003; CCME;							
	b	National Fire Code, 1995, and							



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
	c	Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations, SOR/2008-197, June 12, 2008.	<a href="#">and subsequently issued an Environmental Protection Compliance Order on December 6, 2013 requiring a number of measures to be carried out on or by June 3, 2014.</a>	Storage Facilities is currently being developed by a third party engineer.		<a href="#">Canada Compliance Order.</a>			
6		The Licensee shall perform, at a minimum, weekly inspections of fuel containment facilities for leaks and settlement and shall keep a written log of inspections to be made available to an Inspector upon request, or as otherwise approved by the Board in writing.	Requirement has been incorporated into Fuel Containment Management Strategy, <a href="#">2013</a>	Photos and miscellaneous inspection records and findings for 2012 to be consolidated into readily accessible files.	Ongoing	Ongoing implementation of Plans in accordance with NWB approval.	Immediately and as modified during NWB approval of Plans.	Inspections are not being carried out as per licence requirements.	Non-compliant
7		The Licensee shall conduct emergency maintenance and servicing on equipment, in designated areas, and shall implement measures to collect motor fluids and other Waste and prevent and contain spills.	Compliant.						Compliant
8		If, during the term of this licence, an unauthorized Discharge of Waste and or Effluent occurs, or if such a discharge is foreseeable, the Licensee shall:	Compliant.					LMI is not in compliance while the Satellite Tank Farm spill remains unaddressed.	Non-compliant
	a	Employ as required, the contingency Plan referred to in Part H, Item 1;	Licence requirement is incorporated into Spill Contingency Plan, <a href="#">2013</a> .						
	b	Report the incident immediately via the 24-Hour Spill Reporting Line at (867) 920-8130 and to the Inspector at (867) 975-4295; and	As noted in the 2011 annual report, there was an unauthorized discharge of effluent from LUP-14 (Sewage Lakes Disposal Facility) and an unauthorized discharge of from LUP-27 (Bulk Fuel Storage Facility). These events were reported in the October monthly report to the NWB. All effluent was tested to determine that it met the discharge limits prior to and during discharge, however the Inspector was not provided the analytical results prior to discharge.						
	c	For each spill occurrence, submit a detailed report to the Inspector, no later than thirty (30) days after initially reporting the event, which includes the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain, clean up and restore the spill site.	As noted in July 2012 monthly monitoring report an unauthorized discharge occurred from LUP-14 on June 2, 2012. Spill report was submitted with July monthly monitoring report.					An update to Spill 12-306 is to be filed with the 24-Hour Spill Reporting based on new information provided in the recent geotechnical reports.  The spill is to be addressed by the end of the snow-free season of 2015.	

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
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.	Compliant.  See updated and revised Interim Abandonment and Restoration Plan dated March 2012, submitted with 2011 annual report.  LMI submitted another revision of this Plan to the NWB as part of the 2012 annual report incorporating the following references:  Report by I. Holubec, Holubec Consulting Inc, Geotechnical Seepage and Water Balance, Volume I of Seepage and Water Quality for Reclaimed Tailings Containment Area Lupin Operation, dated March 2006;  Report by I. Holubec, Holubec Consulting Inc, Water Management After Closure, Volume II of Seepage and Water Quality for Reclaimed Tailings Containment Area Lupin Operation, dated March 2006;  Report by EcoMetrix						
	Schedule 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;							To be determined by renewal process.
	c	Inspections for fuel/oil spills and inspections of fuel containment facilities;							
	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							

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
	f	Justification for not proceeding to full reclamation under Part I, Item 5.	Report by Esomtek Incorporated, Geochemistry and Water Quality, Volume III of Seepage and Water Quality for Reclaimed Tailings Containment Area Lupin Operation, dated March 2006; and Correspondence leading up to and following April 2006 Technical Meeting to Discuss Lupin TCA A&R Plan including comments from EC, DFO, GN-DOE, and INAC.						
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

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
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
	Schedule 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.							



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
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
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
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
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 cadmium 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

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
			<p>- 2012 LUP-10 weekly samples missed Ra226 analyses</p> <p>- 2012 LUP-20,21,22,24,25 weekly Sept 12 samples missed nutrient analyses</p> <p>- 2012 LUP-22,24,25,27 sampling frequency does not comply</p>						
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.	<p>Compliant.</p> <p>Provided in <a href="#">Water Quality Monitoring Plan and Quality Assurance/ Quality Control Plan, March 2013.</a></p>						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.	<p>Compliant.</p> <p><a href="#">Provided in Water Quality Monitoring Plan and Quality Assurance/ Quality Control Plan, March 2013.</a></p> <p>Drilling operation GPS coordinates <a href="#">were</a> provided in the 2012 annual report for 2BE-LEP1217.</p>						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.	<p>NA.</p> <p>Ore has not been milled during the term of the Licence renewal.</p>						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
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
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.	<p><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></p>						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
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
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
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

# 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.

76 Richmond Street East, Suite 330  
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	<p>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.</p> <p>LMI may conduct mining, milling and associated activities at the Lupin Mine located on the west shore of including, in general, as follows:</p> <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>	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.
	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.

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
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



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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

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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

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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. <u>2012 geotechnical inspection report recommended re- establishment of coffer dam to collect seepage and pumping collected seepage back to TCA.</u> 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><u>(1) Surface maintenance, repair, erosion protection, and regular m onitoring as needed on all dams.</u></p> <p><u>(2) 2013 risk assessment recom mends the following measures to address Dam M:</u></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><u>(1) General dam maintenance and repair on an ongoing basis.</u></p> <p><u>(2) Dam M:</u></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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			<p><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 June 19, 2013 LMI inspection noted that the <a href="#">roadway located adjacent to Boomerage Lake had eroded as a result of runoff</a>.</p>	<p><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></p>		<p><a href="#">(3) 2013 risk assessment recommends the following measures to address Dam L</a></p> <ul style="list-style-type: none"> <li>- verify water quality in cell 3 and 4</li> <li>- surface maintenance</li> <li>- monitoring to ensure dam toe is not undercut</li> <li>- repair breached section with well compacted esker material</li> <li>- monitor and manage water in cell 3 to prevent overflow</li> <li>- evaluate measures to permit drainage from cell 3 to cell 4 without threatening integrity of dam</li> </ul>	<p><a href="#">(3) Dam L:</a></p> <ul style="list-style-type: none"> <li>- verify water quality in cells 3 and 4 in 2014</li> <li>- monitoring and repair as recommended in risk assessment in 2014</li> <li>- monitor and manage water in cell 3 to prevent overflow in 2014</li> <li>- evaluate measures to permit drainage from cell 3 to cell 4 without threatening integrity of dam in 2014</li> <li>- update management plans to address risk assessment in 2014</li> </ul>			
e		The solids fraction of the mill Tailings shall be permanently contained within the Tailings Containment Area or underground as Backfill;	<p>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.</p> <p>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.</p>	<p><a href="#">Care and Maintenance Plan section 4.3 has been revised to propose measures to address windblown tailings</a></p>	<p><a href="#">Submitted as part of 2012 annual report</a></p>	<p><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 should a decision be made to take the mine off care and maintenance and into production.</a></p>	<p><a href="#">Prior to recommencing mine operations</a></p>	<p>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.</p>	<p>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.</p>	<p>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. .</p>

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>- M a y t o J u n e ( f r e s h e t ) - - b i -</u></p> <p><u>- w e e k l y</u></p> <p><u>: J u l y t o O c t o b e r ( o p e n w a t e r )</u></p> <p><u>- m o n t h l y .</u></p>	(1) Request Board approval to revise inspection schedule as recommended in annual Geotechnical Inspection reports. (2) Photos and miscellaneous inspection records and findings for 2012 and 2013 to be consolidated	(1) <a href="#">Requested as part of this water licence renewal application and subject to NWB review process.</a> (2) <a href="#">Consolidation of photos - and inspection records to be provided as part of 2013 annual report due by March 31, 2014.</a>	(3) Implement reduced frequency of inspection. (4) Update Care and Maintenance Plan to include revised inspection schedule and record keeping	(3) Implement revised inspection schedule upon NWB approval. (4) <a href="#">Update Care and Maintenance Plan upon NWB approval.</a>	Consolidation of photos from internal inspections was to be included in the 2013 Annual Report. Inspection records were included, but no photos. 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.	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:	<p>Compliant.</p> <p>Effluent was discharged from LUP-14 from August 11, 2009 to September 24, 2009.</p> <p>Effluent was discharged from LUP-14 from September 23, 2011 to October 10, 2011.</p> <p>Effluent was discharged from LUP-14 from June 30, 2012 until July 27, 2012.</p> <p><a href="#">There are no recorded discharges from LUP-14 in 2013.</a></p>						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	<p>Compliant.</p> <p>Effluent was discharged from LUP-27 on June 10, 2010.</p> <p>Effluent was discharged from LUP-27 on September 20 and 23, 2011.</p> <p>Effluent was discharged from LUP-27 on June 23, 2012.</p> <p><a href="#">Effluent was discharged from LUP-27 June 18-20, 2013.</a></p>						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.																



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 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.

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
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</a> , submitted with 2012 annual report.					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

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
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.	<a href="#">(1) 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	<a href="#">(1) 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
5		Licensee shall operate the Bulk Fuel Storage Facilities in accordance with all applicable legislation, guidelines and practices, including:	2011 AANDC inspection report notes that the Bulk Fuel Storage Facilities did not appear to be registered. The tanks in the Bulk Fuel Storage Facilities were registered at that time, but no placards were in place to identify them as being so. On July 25, 2013 Environment Canada Enforcement Officer conducted a site inspection, and subsequently issued an Environmental Protection Compliance Order on December 6, 2013 requiring a number of measures to be carried out on or by June 3, 2014.	In 2011 LMI undertook repairs and maintenance of the Bulk Fuel Storage Facilities to ensure the safety of the fuel system over winter. In 2012 placards identifying the registered tanks were erected. A plan to update the Bulk Fuel Storage Facilities is currently being developed by a third party engineer.	<u>Fuel Containment Management Strategy</u> including Remedial Work was submitted as part of the 2012 annual report.	<u>(1) Carry out Remedial Work outlined in Fuel Containment Management Strategy</u> , March 2013. (2) Undertake measures required by Environment Canada Compliance Order.	(1) 2013 to 2015 (2) By June 3, 2014		Believed compliant	Compliant
	a	Environmental Code of Practice for Aboveground and Underground Storage Tank Systems Containing Petroleum and Allied Petroleum Products, 2003; CCME;								
	b	National Fire Code, 1995, and								
	c	Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations, SOR/2008-197, June 12, 2008.								
6		The Licensee shall perform, at a minimum, weekly inspections of fuel containment facilities for leaks and settlement and shall keep a written log of inspections to be made available to an Inspector upon request, or as otherwise approved by the Board in writing.	Requirement has been incorporated into Fuel Containment Management Strategy, <a href="#">2013</a>	Photos and miscellaneous inspection records and findings for 2012 to be consolidated into readily accessible files.	Ongoing	Ongoing implementation of Plans in accordance with NWB approval.	Immediately and as modified during NWB approval of Plans.	Inspections are not being carried out as per licence requirements.	Non-compliant	The requirement of weekly inspections is currently before the NWB as part of our amendment application
7		The Licensee shall conduct emergency maintenance and servicing on equipment, in designated areas, and shall implement measures to collect motor fluids and other Waste and prevent and contain spills.	Compliant.						Compliant	Compliant
8		If, during the term of this licence, an unauthorized Discharge of Waste and or Effluent occurs, or if such a discharge is foreseeable, the Licensee shall:	Compliant. Licence requirement is incorporated into Spill Contingency Plan, <a href="#">2013</a> . As noted in the 2011 annual report, there was an unauthorized discharge of effluent from LUP-14 (Sewage Lakes Disposal Facility) and an unauthorized discharge of from LUP-27 (Bulk Fuel Storage Facility). These events were reported in the October monthly report to the NWB. All effluent was tested to determine that it met the discharge limits prior to and during discharge, however the Inspector was not provided the analytical results prior to discharge. As noted in July 2012 monthly monitoring report an unauthorized discharge occurred from LUP-14 on June 2, 2012. Spill report was submitted with July monthly monitoring report.					LMI is not in compliance while the Satellite Tank Farm spill remains unaddressed. An update to Spill 12-306 is to be filed with the 24-Hour Spill Reporting based on new information provided in the recent geotechnical reports. The spill is to be addressed by the end of the snow-free season of 2015.	Non-compliant	Compliant. LMI reported the historical satellite tank farm spill and submitted a report, the update was recently requested by the Inspector and LMI will file this information and trust any outstanding issues related to Spill 12-306 will be resolved to the Inspectors satisfaction. LMI has committed to completing work related to this historical spill in 2015.
	a	Employ as required, the contingency Plan referred to in Part H, Item 1;								
	b	Report the incident immediately via the 24-Hour Spill Reporting Line at (867) 920-8130 and to the Inspector at (867) 975-4295; and								
	c	For each spill occurrence, submit a detailed report to the Inspector, no later than thirty (30) days after initially reporting the event, which includes the amount and type of spilled product, the GPS location of the spill, and the measures taken to contain, clean up and restore the spill site.								



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 <a href="#">submitted</a> 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	