



2AM-LUP1520 - LMI - Additional Details as Requested

Karyn Lewis <klewis@elginmining.com>

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To: Karén Kharatyan <karen.kharatyan@nwb-oen.ca>, "licensing@nwb-oen.ca" <licensing@nwb-oen.ca>, "David Hohnstein (david.hohnstein@nwb-oen.ca)" <david.hohnstein@nwb-oen.ca>, Sean Joseph <sean.joseph@nwb-oen.ca>

Cc: Karen Costello <Karen.Costello@aandc-aadnc.gc.ca>, Ian Parsons <Ian.Parsons@aandc-aadnc.gc.ca>, Richard Cook <rcook@knightpiesold.com>, "tmeadows@meadowslaw.ca" <tmeadows@meadowslaw.ca>, Christine Kowbel <ckowbel@lawsonlundell.com>, "Bocking, Ken" <Ken_Bocking@golder.com>, Patrick Downey <pdowney@elginmining.com>

Hello,

Thank you to everyone for participating in Friday's call. At the end of the call, LMI was asked to provide additional detail clarifying the mob/demob and camp costs. That information is set out below. Please let me know if any further information is needed by the Board or by the Board's expert arising out of Friday's call. Thank you very much.

1. Clarification of Mobilization/Demobilization Costs

– Ice Road	\$ 1,464,000
– Tariff (based on 20,000X 220 km)	\$ 968,000
– Twin Otter Flights (48 X \$4,500)	\$ 216,000
– Dash 7 Flights (20 X \$9,100)	\$ 182,000
– Hercules Flights (5 x \$70,000)	\$ 350,000
– Misc undefined costs	\$ 240,000

Total	\$3,420,000
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From the above it can be seen that LMI have included worker mobilization and travel.

2. Clarification of Camp Costs

Camp costs in the LMI estimate are at approx. \$75/person/diem.

Current camp costs over the last 4 years are approx. \$60/person/diem – see below for breakdown.

Based on a 50 persons at site and contractor rates.

- 1 cook @ \$550/diem
- 1 kitchen helper @ \$450/diem
- 1 cleaning person @ \$450/diem
- Food supplies @ \$25/person/diem
- Power (fuel at site) @ \$3/person/diem
- Sewage/water systems @ \$2/person/diem – all systems in place – based on 4 hours week of checkup/maintenance
- Cleaning supplies @ \$1.50/person/diem

Notes:

- Camp and kitchen in place and fully functional with all equipment and utensils available.
- 2 X laundry systems in place. Workers wash their own clothes – cleaner responsible for bedding laundry
- Camp includes gym facilities, TV's also in place
- Gensets new in 2012 – low hours and low maintenance requirements
- Food costs not inclusive of freight – freight included in Mob/Demob
- Backhaul of camp waste included in Mob/Demob costs

Average/Person/Diem is approx. \$60

Notes:

LMI's 2014 reclaim estimate includes additional camp maintenance person for minor repairs and snow removal duties, and part time camp manager as the camp will be run year round – this calculated to a per diem rate in the **LMI estimate of approx. \$75/person/diem.**

3. Fuel

As LMI mentioned during the call, there is currently approx. 1.9 Million litres at site and so the Board's estimates relating to fuel should be adjusted accordingly (this volume will also be reported in the Annual Report which will be filed shortly). We also referenced our correspondence from August 2016 which confirmed that there are no pledges over the fuel – that letter can be found at the following link on the registry. [ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%20LMI/3%20TECH/2%20SECURITY%20\(C\)/2016/160912%20AM-LUP1520%20LMI%20Responses%20to%20Parties%20Commitments%20to%20Supply%20Additional%20Information-IVKE.pdf](ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%20LMI/3%20TECH/2%20SECURITY%20(C)/2016/160912%20AM-LUP1520%20LMI%20Responses%20to%20Parties%20Commitments%20to%20Supply%20Additional%20Information-IVKE.pdf)

Our view continues to be that the fuel should not be treated as waste requiring disposal in any estimate, and that there is no reason to assume that the fuel would not be available to any third party contracted by the Crown to carry out remediation at site. All parties, including INAC, were in agreement with the foregoing approach provided LMI undertook testing of the fuel which was successfully completed and filed with the NWB this past season – the results can be found at the following links on the registry.

ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%
20LMI/2%20ADMIN/3%20SUBMISSIONS/2016/161003%202AM-LUP1520%20Reports%20of%
20Analysis%20for%20Diesel%20Fuels%20LUP%20MTF-IVKE.pdf

ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%
20LMI/2%20ADMIN/3%20SUBMISSIONS/2016/161003%202AM-LUP1520%20AnalyticalReport%20FL16%
201199%20001%202016%201-IVKE.pdf

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20LMI/2%20ADMIN/3%20SUBMISSIONS/2016/161003%202AM-LUP1520%20AnalyticalReport%20FL16%
201199%20002%202016%201-IVKE.pdf

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201199%20004%202016%201-IVKE.pdf

As mentioned during the call, LMI can commit to annual testing of the fuel going forward, which would be reported to the Board.

Regards,

Karyn Lewis

Lupin Mines Incorporated

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