

LUPIN MINES INCORPORATED

March 2, 2018

Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

Attention: Karen Kharatyan, A/Manager of Licensing

Dear Mr. Kharatyan:

**Re: 2AM-LUP1520 – Lupin Mine Project – Lupin Mines Incorporated (LMI) – Next Steps
Interim Closure and Reclamation Plan and Reclamation Security Cost Estimate Review**

LMI is writing the Nunavut Water Board (“NWB”) requesting the next steps in the Security Cost Estimate Review and Interim Closure and Reclamation Plan submitted on October 18, 2017.

LMI provided the NWB with its responses to submissions on November 29, 2017 and we have yet to hear back as to what the next steps in the process will entail. Clarity on process is important for the company to appropriately manage its working capital for progressive reclamation. LMI sees the processing of credit for progressive reclamation works/reduction in security as follows:

Step 1 – LMI submitted reassessment as required under Part C, Item 4 of current water licence (October 18, 2017)

Step 2 – LMI confirm proposed reduction in liability following comments from all parties (November 29, 2017)

Step 3 – Nunavut Water Board (NWB or Board) Decision on reassessment/reduction to security consistent with provisions (i.e. where no impact to water or waste and therefore not a trigger for formal amendment/hearings) {date}?

Step 4 – Board Decision on security amendment referred to the Minister {date}?

Step 5 – Minister confirms reductions as per the Act

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As it currently stands, the project is overbonded. Once the overbonding amount is refunded, LMI plans to reinvest the refund of security to implement reclamation activities as per the final closure plan which will be submitted to the NWB during Q2/2018.

LMI would note the INAC Mine Site Reclamation Policy for Nunavut does not identify the need for site validation inspections to occur for the application and consideration of security reductions associated with progressive reclamation. LMI respectfully disagrees with any further delays.

In closing, LMI wishes to emphasise that it requests that the Board reduce the security required under Part C, of the Water Licence as soon as possible. The project is currently over bonded by \$13.6M, and the current situation is causing the company strain on its working capital, where releasing those funds can enable us putting it to work at Lupin and Ulu therefore it also is impacting the available funds to carry out reclamation activities going forward. LMI will be submitting a Final Closure and Reclamation Plan to the NWB in Q2/2018 for approval. We respectfully submit that INAC's request to delay the process not be accepted and that the NWB move forward with reviewing LMI's new security cost estimate, and providing us dates on the above schedule that we can work towards as stakeholders interested in the same positive outcome. We believe the above provides the evidence to support a reduction in security and will assist LMI in moving forward with reclaiming the Lupin Mine over the next two seasons. This would be consistent with the timelines discussed at the aforementioned meetings and discussed with various INAC groups such that we can move to permanent reclamation for the 2018 and 2019 field seasons.

Yours truly,

Karyn Lewis

Karyn Lewis
Lupin Mines Incorporated
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