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to reduce the reclamation security currently held under the Water Licence. The Board has attached a *draft* Agenda for the proposed call. Any party wishing to provide revisions or additions to the *draft* Agenda or wanting to file additional written materials or presentation materials to be referenced during the call, are requested to file these materials with the NWB on or before **April 4, 2018**.

## **Background to the NWB's Review of LMI's *Interim Closure and Restoration Plan, Closure Cost Update and Request to Reduce Security* under the Water Licence**

As set out in the NWB's Decision<sup>2</sup> of March 28, 2018, the Board recommended that the Water Licence be amended to increase the reclamation security required to be posted by the Licensee under the Water Licence from \$25.5 million to \$34.65 million, and also to amend related requirements set out in Part I, Item 2 (Amendment No. 1) by requiring the Licensee to post an Interim Closure and Restoration Plan, including updated Closure Cost Estimate. At that time, the Board determined that the additional security was required to be posted to reflect the highest reclamation liability for land and water associated with the Mining undertaking at the Lupin Mine, a gold mine located approximately 285 kilometres southeast of Kugluktuk, in the Kitikmeot Region of Nunavut.

On May 12, 2017, the Minister of Indigenous and Northern Affairs (as she then was, now Minister of Indigenous-Crown Relations and Northern Affairs) approved the increase in the security amount to \$34,650,000.

On August 4, 2017, the NWB received correspondence from Mandalay Resources to INAC Inspections and Enforcement, Field Operations Unit, Andrew Keim re: posting of additional security in the amount of \$9,149,091 under the Water Licence that:

- Documented efforts to work with INAC in posting security in the form of a surety bond (eg Ekati Diamond Mine \$253 million); and
- Addressed Inspections by INAC during July 2017, and proposed inspection prior to close of field season.

On September 27, 2017, Bonito Capital Corp. on behalf of LMI posted a guarantee from HSBC to the Receiver General of Canada, represented by the Minister of Indian Affairs and Northern Development, in the amount of **thirty-four million six hundred fifty thousand (34,650,000) dollars**.

On October 18, 2017, LMI filed the *Lupin Mine Site Interim Closure and Restoration Plan (ICRP)*, October 2017 and the *Closure Cost Update, Lupin Mine, Nunavut*, prepared by Golder Associates, October 2017. The *Closure Cost Update* was prepared using the latest available version of RECLAIM V.7. The liability estimate provided by LMI in the *Closure Cost Update* submission is **\$21,057,411**. On this basis, LMI is seeking a reduction of **\$13.6M** in the amount of reclamation security required to be posted under the Water Licence.

On October 20, 2017, NWB acknowledged LMI's submission and issued correspondence

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<sup>2</sup> Nunavut Water Board, Decision Regarding Request of Indigenous and Northern Affairs Canada (INAC) under Part C, Item 3 of the Licence to Amend the Amount of Security Held under the Licence, March 28, 2017.

requesting comments on the submissions to be provided no later than November 20, 2017 (which was extended to November 24, 2017).

On November 20, 2017, ECCC provided a submission to the NWB on the ICRP and associated material. On November 24, 2017, INAC Water Resources Division filed a comment submission.

On November 29, 2017, LMI provided a response to comments received from interveners.

On March 2, 2018, LMI sent comments to the NWB regarding next steps with respect to the Board's consideration of the *Interim Closure and Restoration Plan, Closure Cost Update* and request to reduce security under the Water Licence.

## Next Steps

On or before April 4, 2018, the parties are requested to confirm their participation in the teleconference, as well as providing their comments on the draft Agenda (attached) and providing any additional information or presentation materials in advance of the teleconference.

If you have any questions or require further direction with respect to this matter, please contact the Board's Acting Manager of Licensing Karén Kharatyan at (867) 360-6338, ext. 35 or via e-mail: [licensing@nwb-oen.ca](mailto:licensing@nwb-oen.ca) or Technical Advisor, Assol Kubeisionova, at (867) 360-6338, ext. 31 or via e-mail: [assol.kubeisionova@nwb-oen.ca](mailto:assol.kubeisionova@nwb-oen.ca).

Regards,

Karén Kharatyan  
A/Manager of Licensing  
Nunavut Water Board



## ***Draft AGENDA***

### **TELECONFERENCE MEETING**

**NWB File No. 2AM-LUP1520, Type “A” Licence**

**Teleconference (Phone: 1-888-289-4573; Access: 7214943 )**

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**Regarding: Type “A” Licence – Interim Closure and Restoration Plan, Closure Cost Update and Request to Reduce Security – Lupin Mine Project**

**Licensee: Lupin Mines Incorporated**

**April 6, 2018, 8:45 AM – 11:00 AM MST**

- a. Introduction of Participants
- b. NWB’s Opening Remarks (5 minutes)
- c. Presentation by Lupin Mines Incorporated of Interim Closure and Restoration Plan, Closure Cost Estimate and proposed work plan 2018 (30 minutes)
- d. Presentation of technical review comments provided to date by Environment and Climate Change Canada and Indigenous and Northern Affairs Canada (15 minutes each)
- e. Identification and discussion of outstanding/resolved technical issues (30 minutes)
- f. Discussion of process and next steps for consideration of LMI’s updated closure cost estimate and potential amendments to security (30 minutes)
- g. Other Issues (15 minutes)
  - a. Interim Closure and Restoration Plan
- h. Closing of the Meeting (5 minutes)