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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI
OFFICE DES EAUX DU NUNAVUT

File: 2AM-LUP1520/C3

August 16, 2018

Karyn Lewis
Lupin Mines Incorporated
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Subject: Nunavut Water Board Guidance to Lupin Mines Incorporated Regarding Interim Closure and Reclamation Plan at the Lupin Gold Mine and Associated Request to Reduce Security Held Under Part C of Type “A” Water Licence No. 2AM-LUP1520

Dear Ms. Lewis:

This correspondence provides guidance from the Nunavut Water Board (NWB or Board) in response to the correspondence from Lupin Mines Incorporated (LMI or the Applicant) received by the NWB on July 30, 2018. LMI's correspondence requested the NWB to consider a \$3.09 million reduction in the reclamation security required to be posted under Part C of Licence No. 2AM-LU1520 (the Water Licence) to reflect the successful completion of specified progressive reclamation activities at the Lupin Mine site to date.

The terms and conditions pertaining to the security for the Lupin Mine project are outlined in Part C of the Licence which was issued on August 19, 2015.

As set out in Part C, Item 3 of the Licence:

The Licensee or the Minister may apply to change the amount of security held under Part C, Item 1 and/or Part C, Item 2 of the Licence. Any request to change the amount of security shall be supplemented by submission(s) that include supporting evidence to justify the request and will be processed by the Board as an amendment to the terms and conditions of the Licence.

Therefore, LMI's request for a reduction in the amount of reclamation security is required to be processed as an amendment to the Licence similar to the reduction to reclamation security included in Amendment No. 2 issued by the Board on April 18, 2018, and subsequently approved by the Minister of Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC as the Minister was known then).

As the NWB previously advised LMI, the application for the renewal and/or amendment to the Licence is required to proceed through the pre-licensing stages of the Nunavut Planning Commission (NPC) and potentially the Nunavut Impact Review Board (NIRB) before the NWB can process the application(s). Once confirmation that the NPC and NIRB pre-licensing requirements have been met is provided to the NWB, the NWB can commence consideration of the application(s).

In discussions with LMI, and having noted the progressive reclamation approach of LMI set out in the approved Interim Closure and Restoration Plan (ICRP), it appears to the NWB that LMI will be seeking to reduce reclamation security periodically (perhaps even quarterly) over the next 12-18 months while the Board's consideration of LMI's application to renew the existing Type "A" Water Licence is on-going. Given that these reduction requests are expected to be tied to the schedule of progressive reclamation activities in the approved ICRP, it appears to the NWB that it is not feasible to require LMI to bring a separate application to reduce the security held under Part C, Item 1 of the Licence upon completion of each activity under the ICRP.

Instead, the NWB proposes that to maximize the efficiency of the amendment process to reflect progressive reclamation and LMI's associated requests to reduce security, LMI attach to their security amendment application an itemized schedule showing the future progressive reclamation activities planned linked to the associated reductions to the reclamation security that would be requested by LMI upon completion of the activities. The itemized schedule should include LMI's recent request for a reduction of \$3.09 million and include all anticipated reduction requests for the expected time period (approximately 12-18 months) during which the NWB will be processing LMI's application for renewal, including the time required by the Minister to consider and approve the NWB's recommendations in respect of the renewal application.

Providing this schedule in LMI's current request to amend security will allow the NWB and commenting parties to consider a single amendment that would incorporate a schedule of potential reductions upon LMI providing the NWB with information confirming that the required progressive reclamation steps in the ICRP have been completed rather than multiple single amendment applications being received on a quarterly basis. If LMI has any questions regarding the NWB's proposed approach or the requested submission from LMI, please contact the undersigned, in writing, or contact the NWB Licensing Department at licensing@nwb-oen.ca or at 867 360-6338.

Regards,

Karén Kharatyan
Director of Technical Services, NWB

cc: Distribution List – Lupin Mine