

Lupin Mines Incorporated
(a subsidiary of Elgin Mining Inc.)

29 August 2012

Ms. Eva Paul
Water Resources Officer
Aboriginal Affairs and Northern Development Canada
Nunavut Regional Office
Building 918, PO Box 100
Iqaluit, NU X0A 0H0

Dear Ms. Paul,

RE: 2AM-LUP0914 Discharge Notification for Tailings Pond 2

Thank you for your prompt review of Lupin Mines Inc. (LMI) request to discharge from the Lupin Mine Tailings Pond 2. In response to your queries, the following should clarify your concerns.

"At a maximum discharge rate of 70,000 cubic meters per day, as stipulated in the licence, this discharge will take nearly 30 days. Schedule J of the licence outlines the required sampling that is to be undertaken throughout the process at LUP10, 20, 21, 22, 24, and 25."

LMI proposes to discharge no more than 70,000 cubic meters per day, until freezing and/or weather prevents further discharge. Based upon historic records, we have approximately 30 days before the weather becomes an issue. With respect to sampling stations LUP10, 20, 21, 22, 24, and 25; we have collected the required samples outlined in the licence for pre-discharge, and will continue to collect samples at the prescribed intervals throughout the discharge period.

"During my inspection on July 5 of this year, I visited the discharge point at Pond 2 but the facility was not completely set up. I have some concerns about the dynamic nature of the process being undertaken – the addition of lime to a portion of a water body that was static during testing, but which will be flowing and mixing during the discharge."

LMI shares your concern and have contracted the services of SRK Consulting whom has expertise in water chemistry and more specifically as it relates to pH. SRK has provided an Environmental Technician whom has been in the field at Pond 2 since we commenced distributing lime throughout the water body. He monitors the pH at five (5) field established stations throughout the pond, and at various water depths, and this will continue through discharge period. This information is provided to his office, and their experts provide him with advice. The distribution of lime throughout the pond is done by moving the lines in areas showing a lower pH. This has proven to be a very effective way of controlling the pH. We will continue to mix and discharge lime throughout pond 2 during syphoning, to ensure we maintain an acceptable pH.

"Can you please outline for me which parameters are tested on-site and which are sent to the lab for analysis? Also, what actions will be taken should the daily sample be non-compliant? Lastly, is erosion downstream of the discharge a potential issue, and if so, what mitigative measures for erosion are in place for the duration of the discharge?"

2AM-LUP0914

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LMI will only conduct pH, temperature, and conductivity measurements on site. All sampling requirements will be sent to an accredited laboratory for analysis. Should the daily pH value fall outside of the discharge criteria, or we receive laboratory results that show we are non-compliant in any of the parameters outlined in the licence, we will cease discharging immediately. LMI will assess the non-compliance, and consult with SRK for a possible solution. Should this be the case, LMI will notify you of the situation and the planned course of action.

With respect to potential erosion of the downstream environment during discharge; no change has been made to the discharge pipes that have been in place and utilized for a number of years by the former owners of the property. (During 2009, the discharge was about 3 million cubic meters).

I hope the above response addresses your concerns.

Should you have any other questions regarding this discharge, don't hesitate to contact the undersigned.

Sincerely,
Lupin Mines Incorporated.



Patrick Downey
President and Chief Executive Officer

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