



Mandalay Resources Corporation  
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Toronto, ON M5H 3B7

November 19, 2024

Richard Dwyer  
Manager of Licencing  
Nunavut Water Board  
PO Box 119  
Gjoa Haven, NU X0B 1J0

**Re: Lupin Mine 2025 Work Program**  
**Project: Water Licence No: 2AM-LUP2032**

Dear Mr. Dwyer,

### **Introduction**

Lupin Mines Incorporated (Lupin Mines), a wholly owned subsidiary of Mandalay Resources Corporation (Mandalay), operates the Lupin Mine in the Kitikmeot Region of Nunavut. The Lupin Mine currently remains in a state of care and maintenance. A Final Closure and Reclamation Plan (FCRP) was approved in 2018, and Mandalay is actively working towards fulfilling commitments outlined in this document.

This memo serves to provide an update on Mandalay's decision this week to reschedule the construction of a winter road for the 2025 season and outline the planned activities for the 2025 field season. These updates demonstrate our continued commitment to regulatory compliance, effective planning, and ensuring the project remains on track to meet its closure and reclamation objectives.

### **Background and Rationale**

In anticipation of a 2025 field season, Mandalay has been securing the necessary resources to complete works described in the FCRP. This includes permitting a winter road from Lac de Gras to the Lupin Mine site, to provide access for mobilizing and demobilizing critical equipment and supplies for reclamation activities.

Following a strategic review, Mandalay has decided to reschedule the construction of the winter road for the 2025 season.



The decision was influenced by the fact that contractor proposals, for the 2025 winter road, did not align with the project's requirements or timeline constraints for the 2025 field season, despite Mandalay issuing the RFP (August 2, 2024) to a mix of local and southern contractors. While we were unable to secure a bid from a local contractor, Mandalay remains committed to supporting local contractors to ensure that the benefits of this project stay in the North as much as possible. As part of this decision, Mandalay will inform the Tibbitt-Contwoyto Winter Road Joint Venture that we will not be seeking their endorsement for the use of their section of the road during this period.

### Permit Overview

The table below outlines the types and durations of permits associated with winter road construction. Mandalay is still actively securing these necessary winter road permits in order to support both construction and operations of a 2026 winter road that will facilitate the broader logistical requirements for closure.

Permitting Agency	Winter Road Permit Validity Periods
Kitikmeot Inuit Association (KIA) - Land Access Licence	2024-2026
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) - Land Use Permit	2024-2031
The Mackenzie Valley Land and Water Board (MVLWB) - Land Use Permit	2024-2029
Nunavut Water Board (NWB) - Type B Water Licence	2024-2029

This table illustrates that Mandalay's current permitting efforts still align with the overall project schedule, ensuring there is no risk to meeting the closure and reclamation objectives outlined in the FCRP.

### Planned 2025 Activities

Given the recent decision to postpone the previously planned Q1 2025 construction of the winter road, Mandalay will prioritize tasks still planned for the 2025 field season, including essential maintenance activities, conducting necessary environmental monitoring, and undertaking additional studies to further refine closure objectives while fulfilling regulatory commitments.



## **Prioritization of Policies**

Mandalay is committed to protecting:

- The health and safety of workers, contractors, and all individuals potentially impacted by the project;
- The rights and interests of Indigenous peoples, as well as the interests of local communities and stakeholders; and
- Environmental resources, values, and stewardship.

## **2025 Regulatory Compliance Priorities**

Mandalay will incorporate requirements and recommendations from the following:

- The 2024 CIRNAC site inspection, conducted by James Bolt;
- 2023 Dam Safety Report (DSR) dated April 2024;
- 2024 Dam Safety Inspection (DSI);
- Monitoring requirements from the 2021 Post-Closure Monitoring Plan;
- Commitments made in FCRP, as logistics and costs allow; and
- Regulatory requirements under Water Licence 2AM-LUP2032 and Surface Leases.

## **The 2025 Program will include:**

### **1. Tailings Liquefaction and Stability Assessments**

- Liquefaction potential assessment
- Stability analysis of M Dam

### **2. Water Quality and Environmental Monitoring**

- Sampling and reporting
- Site waste inventory
- Waste Management Plan updates

### **3. Hazardous Waste Containers and Housekeeping**

- Assessment of hazardous waste containers
- Assess condition of landfill and address deficiencies noted in 2024 inspection report



- Create a site-specific 2026 workplan to excavate contaminated soils and place them into the underground workings, per the FCRP
- Removal of misplaced items, such as drill rods and fuel drums observed near Dam-6 and nearby lakes.

#### **4. Erosion Control and Structural Maintenance**

- Conduct annual dam safety inspection
- Implement culvert and roadway maintenance

#### **5. Operations, Maintenance, and Surveillance (OMS) Manual Update**

- Update the OMS Manual for the Tailings Containment Area

#### **6. Spillway and Drainage Structure Development**

- Produce finalized spillway designs for site water management infrastructure
- Implement Cell 3 drainage swale erosion management

#### **7. Fuel and Storage Tank Inspections**

- Conduct a review of the temporary fuel farm
- Review storage practices for hazardous materials

Despite the potential initial disappointment of this reschedule, a notable benefit of the additional time given to closure activities by Mandalay under care and maintenance is an allowance for further opportunities into researching long-term water balance and closure strategy refinements:

- 1. Water Balance Evaluation:** Developing an updated water balance model that accounts for seasonal and annual variations, climate change, and long-term water cover levels to support passive closure.
- 2. Closure Strategy Adaptation:** Refining the closure strategy to integrate recent findings on site stability and water balance, ensuring alignment with both environmental objectives and regulatory standards. These refinements could be evaluated for incorporation into the broader closure plan.
- 3. Review of the Esker Capping Requirements:** Review of capping requirements for each of the structures to be capped with esker materials while supporting long-term chemical and physical stability objectives.



## Conclusion

Mandalay remains committed to proactive environmental management and closure planning at the Lupin Mine. These scheduled activities for 2025 reflect our ongoing dedication to safety, site stability, and regulatory compliance. We greatly appreciate the ongoing support and partnership of KIA, NWB, CIRNAC and other regulatory agencies in achieving compliant mine closure.

We look forward to continued collaboration and welcome any feedback or questions regarding the outlined activities. While I will be travelling and notably offset from current Nunavut time zones for the next twelve days, I will be available from the week of December 02, 2024 to further discuss by video conference and would very much look forward to a discussion with available stakeholders at an agreeable time.

Kind regards,

A handwritten signature in black ink, appearing to read 'F. Bouchier', with a horizontal line drawn above the letters.

Frazer Bouchier  
President & Chief Executive Officer  
Mandalay Resources Corporation

cc.

Hashim Ahmed, EVP & CFO, Mandalay Resources  
Daniel Jenkins, VP Environment, JDS Energy & Mining  
Max Brownhill, COO Falkirk Environmental Consultants