

# Lupin Mines Incorporated

(a subsidiary of Elgin Mining Inc. )

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20 October 2014

Ms. Phyllis Beaulieu  
Manager of Licensing  
Nunavut Water Board  
P.O. Box 119  
Gjoa Haven, NU  
X0B 1J0

Dear Ms. Beaulieu

**RE: 2014 Annual Geotechnical Inspection – Lupin Mine Tailings Containment Area, Nunavut  
Lupin Mine, Nunavut, License Number 2AM-LUP0914**

Please find attached 2014 Geotechnical Inspection Report, completed by SRK Consulting, to fulfil part E, item 6 (g) of our water licence.

SRK makes the following general recommendations:

With the exception of Dam M, the majority of the dams were generally found to be performing well and stable. SRK recommends that the observed erosion on Dams 1A, 3, 4, 6, L and J be monitored and repaired as required to reduce the risk of instability.

Clause E.6.f of the Water Licence (NWB 2009) states that:

*“Weekly inspections of the dam(s), tailings line(s), and catchment basin(s) shall be carried out and records of these inspections shall be kept for review upon the request of an Inspector, or as otherwise approved by the Board.”*

SRK understands that compliance with this clause is difficult while the site is under care and maintenance. SRK suggests that LMI submit a request to the Nunavut Water Board for an amendment to the schedule. Given the lack of mining activities and loading, we suggest that a schedule consisting of bi-weekly inspections during May and June (during freshet), and monthly inspections for the remaining open water period July to October would be adequate. However, if water levels in the ponds are allowed to rise, then inspections should be carried out bi-weekly.

The inspections would specifically cover:

- Collection of and return of seepage in Dam 2,
- The water levels in Ponds 1 & 2 and Cells 3 & 5,
- General surface erosion and anomalies on dams, and
- The tension cracks in Dam M.

Observations and findings from site inspections should be included in the annual inspection records.

LMI should also consider conducting a dam safety review of the perimeter dams. The last review

was completed by Golder in 2004. The Canadian Dam Association suggests the frequency of dam safety reviews for Significant class of dams should be once every 10 years (CDA 2007).

There are no issues requiring immediate attention identified in the report. The minor erosional issues, particularly in the perimeter dams, will be addressed in the 2015 summer season. Repairs to erosion on external Dam 3 were completed shortly after the inspection. Access to internal Dam M was blocked off to prevent vehicle traffic.

The inspection schedule has been a topic of discussion for some time. It is anticipated that the inspection needs during care and maintenance will be addressed in the renewed water licence.

LMI will make plans to complete an external dam safety review in 2015, as recommended by SRK.

If you have any questions regarding the above, please do not hesitate to contact me.

Sincerely,  
**Lupin Mines Incorporated.**

Patrick Downey