

Lupin Mines Incorporated

(a subsidiary of Elgin Mining Inc.)

January 31, 2016

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

To whom it may concern,

**RE: 2015 Annual Geotechnical Inspection – Lupin Mine Tailings Containment Area, Nunavut
Lupin Mine, Nunavut, License Number 2AM-LUP1520**

Please accept this cover letter with plan and timelines to implement the engineer's recommendations. The 2015 Lupin Geotechnical Inspection Report, completed by SRK Consulting, to fulfil part E, item 6 (i) of our water licence was submitted to the Nunavut Water Board in 2015.

SRK makes the following general recommendations:

1. Keep the water in Cell 5 as low as operable,
2. Keep the water in Pond 2 below the riprap armouring along the toe of Dams M and K,
3. In consultation with the Engineer-of-Record (EOR) initiate an emergency construction of a toe buttress at Dam M as priority, then Dam K,
4. Initiate a consultation with the EOR on a detailed investigation for the potential failure mode(s) in Dams M and K,
5. Monitoring and repair the animal burrow activities in Dam K,
6. Monitoring and repair the erosion in Dam L, and
7. Monitoring and surveillance the physical conditions and stability for Dam N.

LMI should carry out inspections during summer season where practical to include the following:

- Monitoring of seepage flowrates at Dam 2,
- Monitoring of any potential seepage from Dam 4,
- Recording the water levels in Ponds 1 and 2 and Cells 3 and 5,
- General surface erosion and anomalies on dams,
- Monitoring of ground animal burrow activities ,
- Observe the physical condition of Dam N, and;
- Monitoring of tension cracks in Dam M and Dam K.
- Observations and findings from site inspections should be included in the annual inspection records.

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The water in Cell 5 has been lowered during the 2015 season as recommended.

The water in Pond 2 is currently below the riprap armouring along the toe of Dams M and K as recommended.

During the 2016 season LMI will consultant with the Engineer-of-Record (EOR) to initiate an emergency construction of a toe buttress at Dam M as priority, then Dam K; and initiate a consultation with the EOR on a detailed investigation for the potential failure mode(s) in Dams M and K.

During the 2016 season LMI will monitor Dam K to track the animal burrow activities; monitor and repair the erosion in Dam L; and monitor and surveillance the physical conditions and stability for Dam N.

LMI will carry out inspections during the 2016 season, where practical, to include the following:

- Monitoring of seepage flowrates at Dam 2,
- Monitoring of any potential seepage from Dam 4,
- Recording the water levels in Ponds 1 and 2 and Cells 3 and 5,
- General surface erosion and anomalies on dams,
- Monitoring of ground animal burrow activities ,
- Observe the physical condition of Dam N, and;
- Monitoring of tension cracks in Dam M and Dam K.
- Observations and findings from site inspections should be included in the annual inspection records.

There are no issues requiring immediate attention identified in the report. The erosional issues identified in the report will be addressed in the 2016 summer season.

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

Sincerely,

Lupin Mines Incorporated.

"Karyn Lewis"

Karyn Lewis