

Lupin Mines Incorporated

(a subsidiary of Elgin Mining Inc.)

September 30, 2017

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

To whom it may concern,

**RE: 2017 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 2017 Lupin Geotechnical Inspection Report, completed by Norwest Corporation, to fulfil part E, item 6 (i) of our water licence was submitted to the Nunavut Water Board.

Norwest makes the following general recommendations:

1. Monitor the condition of the southern section of the Divider Dykes. Repair the northern section of the Divider Dykes with compacted sand and gravel to restore the original design configuration, including side slopes, a leveled crest and armoring up to the HWM, as directed by the Engineer-of-Record.
2. Monitor the condition of Dam K. Repair the eroded toe at Dam K with compacted sand and gravel to restore the original design configuration and armor the repaired toe with boulders/riprap for wave protection.
3. Monitor the water level behind Dam N and lower the water level to maintain a minimum 1m freeboard and prevent localized erosion of dam crest.

After the completion of the priority repairs, LMI should consider carrying out the following repairs:

- Monitor the seepage at Dam 2 and manage it as necessary by pumping the seepage back into Pond 2.
- Monitor the water level in Cell 5 and manage it as necessary by pumping the water to Pond 1.
- General repairs on surface and slope erosion at the HWM.
- Monitor the performance of the completed repair at Dam N for cracks, settlement, sloughs, sinkholes, erosion and other deformation.

The water in Cell 5 has been lowered during the 2016 and 2017 seasons as recommended and will continue during the 2018 season. Monitoring at Dam will continue in the 2018 as well as continuing to monitor Dam N as required.

LMI will consult with Norwest prior to any repairs to determine if they are required for the closure plan. The company plans on completing its reclamation closure plan in the next two seasons. Any repairs required to be completed prior to closure will be completed during the 2018 and 2019 seasons.

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LMI will carry out inspections during the 2018 season, where practical, to include the following:

Monitor the condition of the southern section of the Divider Dykes.

Monitor the condition of Dam K.

Monitor the water level behind Dam N and lower the water level to maintain a minimum 1m freeboard and prevent localized erosion of dam crest.

Monitor the seepage at Dam 2

Monitor the water level in Cell 5

Monitor the performance of the completed repair at Dam N

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