

Lupin Mines Incorporated

(a subsidiary of Elgin Mining Inc.)

25 July 2012

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

Dear Ms. Beaulieu

**RE: Monthly Report for June 2012
Lupin Mine, Nunavut, License Number 2AM-LUP0914**

Activities on site during the month of June primarily included site maintenance and general support to exploration crews. There was 1,085 person days for the month of June, with up to 41 persons on site. Accommodation arrangements remain unchanged from May.

Domestic water use for the month was estimated to be 230,344 L (230.3 m³), drawn from Contwoyto Lake. Approximately 218, 826 L (218.8 m³) of sewage was produced and discharged to the upper sewage lake.

Domestic waste generated during the month of June was incinerated in an on-site incinerator daily. There was approximately 30 drums of waste diesel oil, 32 drums of out-dated AvGas, and 68 drums of diesel oil contaminated water back-hauled to a licenced waste receiver (KBL Environmental, Yellowknife, NT) for off-site disposal.

On June 01, 2012 during routine inspections of the Tailings Containment Area (TCA), it was noted that some erosion had occurred on Dam 3 as a result of run-off from snow melt. A geotechnical inspection of the dam was conducted by SRK and determined its stability was not compromised. Some remedial work will be undertaken during late summer to repair the eroded section. The area of erosion is estimated to be approximately 10m long, 3m wide and 1.5m deep.

On June 02, 2012 during routine inspections of the sewage lakes, it was observed that the water level of the Lower Sewage Lake was substantially high due to the run-off associated with the freshet, and was by-passing the north dam on the eastern corner at a rate of approximately 30 litres/min. Verbal notification was made immediately to Eva Paul, Water Resources Officer, AANDC and followed up with written notification on June 15, 2012. This written notification also gave notice of the intent to discharge from this Lake after June 25, 2012. It is estimated that a total of 1,296 m³ of water had spilled during June. Dewatering activities commenced in the afternoon of June 30, 2012, and approximately 1333 m³ was discharged at station LUP-14.

Table 1 shows the results of samples collected from the Lower Sewage Lake (LSL) on June 02, 2012.

Table 1: Lower Sewage Lake (LSL) water sampling results – June 02, 2012

		2AM-LUP0914
Sample Location	LSL	Maximum Concentration of Any Grab Sample (mg/L)
Date and Time	June 02, 2012 @ 08:30	
ALS Lab #	L1156206-1	
Total Arsenic	0.00665	
Total Copper	0.00168	0.05
Total Lead	0.000076	0.20
Total Zinc	0.0077	0.05
TSS	<3.0	0.50
BOD ₅	<2.0	35
Faecal Coliform	<1	30
Oil & Grease	<1.0	1000 CFU/100 mL
pH	6.99	Visual sheen
		6.0 – 9.5

On June 23, 2012 dewatering of the main tank farm berm commenced. Notification of the intent to discharge from this facility was made to Eva Paul, Water Resources Officer, AANDC on June 08, 2012. Results of water samples collected from the various tank farms berms on May 08 and 24, 2012 is provided in Tables 2 & 3 below. In total, approximately 804 m³ of water was discharged at station LUP-27.

Table 2: Tank Farm Berm water sampling results – May 08, 2012

				2AM-LUP0914	
Sample Location	MTF	STF	WOTF	Maximum Average Concentration (mg/l)	Maximum Concentration of Any Grab Sample (mg/l)
Date and Time	May 08/12 @ 20:00	May 08/12 @ 20:00	May 08/12 @ 20:00		
ALS Lab #	L1146215-1	L1146215-2	L1146215-3		
pH	6.91	5.09	6.32		
TSS	<3.0	<3.0	<3.0	6.0 – 9.0	6.0 – 9.0
Total Oil & Grease	<1.0	<1.0	<1.0	15.0	30.0
Total Ammonia	<0.050	<0.050	0.070	5.0 and no visible sheen	10.0
Total Lead	0.0376	0.00450	0.0784	2.0	4.0
Benzene	<0.00050	<0.00050	<0.00050	0.01	0.02
Toluene	<0.00050	<0.00050	<0.00050	0.37	-
Ethyl Benzene	<0.00050	<0.00050	<0.00050	0.002	-
				0.090	-

Table 3: Tank Farm Berm water sampling results – May 24, 2012

					2AM-LUP0914	
Sample Location	MTF	STF	WOTF	TPDS	Maximum Average Concentration (mg/l)	Maximum Concentration of Any Grab Sample (mg/l)
Date and Time	May 24/12 @ 16:10	May 24/12 @ 17:00	May 24/12 @ 16:50	May 24/12 @ 16:25		
ALS Lab #	L1152694-1	L1152694-2	L1152694-3	L1152694-4		
pH	6.75	5.29	6.85	6.62		
TSS	<3.0	<3.0	4.0	<3.0	6.0 – 9.0	6.0 – 9.0
Total Oil & Grease	<1.0	1.1	<1.0	1.4	15.0	30.0
Total Ammonia	<0.050	<0.050	<0.050	<0.050	5.0 and no visible sheen	10.0
Total Lead	0.0135	0.00314	0.0173	0.00453	2.0	4.0
Benzene	<0.00050	<0.00050	<0.00050	0.00083	0.01	0.02
Toluene	0.00094	<0.00050	<0.00050	0.0060	0.37	-
Ethyl Benzene	<0.00050	<0.00050	<0.00050	0.00105	0.002	-
					0.090	-

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

Sincerely,

Lupin Mines Incorporated.



Patrick Downey
President and CEO