



P.O. Box 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

File: 2AM-LUP0008

April 13, 2007

By Email and Regular Mail

Attention: Mr. John Begeman
Director
Lupin Mines Incorporated
401 – 1113 Jade Court
Thunder Bay, ON P7B 6M7
Email: john.begeman@wolfdenresources.com

and, Mr. Mark Ioli
Vice President/General Manager
Kinross Gold USA, Inc.
670 Sierra Rose Drive
Reno, Nevada 89511
Email: mark.ioli@kinross.com

Mr. Roderick Johansen
Carrel + Partners LLP
Barristers, Solicitors, Trademark Agents
1136 Alloy Drive
Thunder Bay, ON P7B 6M9
Email: Johansen@carrel.com

Subject: Assignment of Licence 2AM-LUP0008 (previously NWB1LUP0008)

Dear Mr. Begeman and Mr. Ioli:

The Nunavut Water Board (“NWB” or “Board”) would like to acknowledge the receipt of an application on September 26, 2006 to transfer Licence 2AM-LUP0008 (previously NWB1LUP0008) from Kinross Gold Corporation to Lupin Mines Inc. (a wholly owned subsidiary of Wolfden Resources Inc.), hereinafter referred to as “Lupin Mines Inc.” This application was deemed to be an application for assignment pursuant to section 44 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* (“Act”).

The Board gave public notice of your application for assignment and invited interested persons to provide comments. Although submissions were received, there were no adverse environmental effects identified that would result from the assignment of the Licence to Lupin Mines Inc.

The Board is satisfied that the operation of the appurtenant undertaking by the prospective assignee will not be likely to result in a contravention of any condition of the Licence or any provision of the *Act* or the regulations. Therefore, in accordance with Section 44(2) of the *Act*, the **Board hereby authorizes the assignment of water license 2AM-LUP0008 from:**

the Assignor, Kinross Gold Corporation, to

the Assignee, Lupin Mines Inc., (a wholly owned subsidiary of Wolfden Resources Inc.)

(**Motion #2006-67**) effective on the date of this letter, which will be placed in the NWB Public Registry.

The Board would like to take the opportunity to highlight the following matters that will require immediate action by Lupin Mines Inc.:

Security

In accordance with Part B, Item 2 of the Water License, Lupin Mines Inc., (a wholly owned subsidiary of Wolfden Resources Inc.) is required to provide security in a form and schedule as provided by the Minister of Indian and Northern Affairs Canada (INAC). In a letter dated March 20, 2007, INAC confirmed that they have received sufficient financial security from Wolfden Resources Inc. as required by Water License 2AM-LUP0008.

Spill Contingency Plan (Licence 2AM-LUP0008, Part H)

A Spill Contingency Plan was submitted by the previous Licensee and approved by the Board. As this assignment will likely involve changes in operations, personnel and site facilities, the current Spill Contingency Plan shall be reviewed and updated.

The Board hereby notifies Lupin Mines Inc. that it shall submit to the Board for approval, within two (2) months of the effective date of this assignment, a revised Spill Contingency Plan.

Abandonment and Restoration Plan (Licence 2AM-LUP0008, Part I)

An Abandonment and Restoration Plan was submitted by the previous Licensee and approved by the Board. As this assignment may involve changes in operations and the planned abandonment and reclamation activities, the current Abandonment and Restoration Plan shall be reviewed and updated.

The Board hereby notifies Lupin Mines Inc. that it shall submit to the Board for approval, within two (2) months of the effective date of this assignment, a revised Abandonment and Restoration Plan.

Assessment of Current Restoration Liability (Licence 2AM-LUP0008)

Taking into consideration the history of the project and for the purpose of determining the need to apply a requirement for security under Section 76 of the *Act* and Section 12(1) of the *Regulations*, the NWB requests, in addition to the terms of Licence 2AM-LUP0008 (Part I), that the Licensee carry out a Liability Assessment and provide a report on the current restoration liability to reflect the current status of reclamation and monitoring.

Using the current version of RECLAIM¹, its equivalent or some other method acceptable to the Board, the report shall include a detailed cost estimate of all work required for final restoration of all components of the site and project, and shall be based on ‘third party’ costs, carried out

¹ Available on the NWB ftp site under Administration/general information, or through INAC

once the project has terminated, complete with an implementation schedule. The assessment should also take into consideration the need to assign proportionately the liability for water related and land related issues.

Updates to this assessment shall be carried out annually, or as otherwise approved by the Board, to reflect any changes in the project and operations. This update is to be included as an appendix to the Annual Report, to be received by the Board no later than the 31st of March following the year being reported.

Enforcement

Effective upon the date of this letter, **Licence 2AM-LUP0008 is assigned to Lupin Mines Inc. and all terms and conditions of this licence remain in effect.** Sections 85 to 94 of the *Act* provide the provisions for the enforcement of this water licence assigned by the NWB. The Minister of Indian and Northern Affairs Canada has the power to designate inspectors and analysts responsible for inspection and compliance. The NWB asks that you contact the Inspector at the DIAND District Office in Iqaluit to obtain a copy of any enforcement documents related to this licence.

Please contact me at your convenience should you have questions regarding this assignment.

Sincerely,

Original signed by:

Thomas Kabloona
A/Chief Executive Officer

TK/pb

Cc: Jim Rogers, DIAND
Geoff Clark, KIA
Colette Spagnuolo, DIAND
Earle Baddaloo, GN-DOE
Tania Gardinier, DFO
Carson Gillis, NTI
Erin Calder, NWMB
Andrew Keim, DIAND
Cindy Parker, EC
Cynthia Cline, Carrel+Partners LLP